

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Assessment and Collection of)	RM-11312
Regulatory Fees for Fiscal Year 2006)	
)	
Petition for Rulemaking of VSNL)	
Telecommunications (US) Inc.)	

To: The Commission

COMMENTS OF THE SATELLITE INDUSTRY ASSOCIATION

The Satellite Industry Association (“SIA”), pursuant to Section 1.405 of the Commission’s rules, 47 C.F.R. § 1.405, hereby submits its comments in response to the above-captioned Petition for Rulemaking of VSNL Telecommunications (US) Inc. (“VSNL Petition”). SIA strongly supports reform of the Commission’s method for collecting International Bearer Circuit (“IBC”) regulatory fees and urges the Commission to undertake such reform for the 2006 Fiscal Year. As demonstrated in the VSNL Petition, the current rules do not fairly apportion IBC fee burdens among international carriers. However, for the reasons SIA has previously expressed, any re-evaluation of the IBC fee regime must extend to the treatment of non-common carrier satellite operators as well as non-common carrier submarine cable systems.

The SIA is a U.S.-based trade association providing worldwide representation of the leading satellite operators, service providers, manufacturers, launch services providers, and ground equipment suppliers. SIA represents the

unified voice of the U.S. satellite industry on policy, regulatory, and legislative issues affecting the satellite business.¹

SIA has previously commented in support of reform of the Commission's IBC regulatory fee rules.² Last year we endorsed the Commission's proposal that the revenue requirement attributable to IBC fees be recovered based on Section 214 authorizations and cable landing licenses.³ We explained that this change in the Commission's procedures would result in a fairer allocation of regulatory costs and would significantly reduce administrative burdens on both the Commission and international carriers. *Id.*

In particular, we demonstrated that non-common carrier satellite operators are not subject to any circuit-based regulation of their international services, so collecting a circuit-based fee from these providers makes no sense and cannot be justified consistent with the purposes of the regulatory fee statute. *Id.* at 5-7. Instead, the Commission's regulation in this area focuses on the Title III radio licenses that are required before a satellite may be launched and operated, and the

¹ SIA Executive Members Include: The Boeing Company; The DirecTV Group; Globalstar LLC; Hughes Network Systems LLC; ICO Global Communications; Intelsat Ltd; Iridium Satellite LLC; Lockheed Martin Corp; Loral Space & Communications Ltd; Mobile Satellite Ventures LP; Northrop Grumman Corporation; PanAmSat Corporation; SES Americom, Inc, and TerreStar Networks Inc; and Associate Members ATK Inc; EMC Inc; Eutelsat Inc; Inmarsat Ltd; IOT Systems; Marshall Communications Corp; New Skies Satellites Inc; Spacecom Corp; Stratos Global Corp; and XM Satellite Radio.

² See Comments of the Satellite Industry Association, MD Docket No. 05-59, filed March 8, 2005 ("SIA FY 2005 Comments"); Reply Comments of the Satellite Industry Association, MD Docket No. 04-73, filed Apr. 30, 2004 ("SIA FY 2004 Reply"). SIA incorporates those previous filings by reference herein.

³ SIA FY 2005 Comments at 5-10.

Commission recovers the costs of this regulation through space station regulatory fees that are by far the highest fees imposed per station or per system. *Id.* at 5.⁴ Furthermore, we showed that for private satellite operators, calculation of IBC fee amounts is quite complicated and requires information that the operator typically would not have. As a result, determination of applicable fees is extremely time-consuming, and the Commission has no meaningful ability to ensure compliance with its requirements. *Id.* at 7-8.

Accordingly, we strongly agree with VSNL that the Commission should re-evaluate the basis for collection of IBC regulatory fees in an attempt to align the fees more closely to the regulatory costs imposed by IBC providers. However, in any such review, the Commission must treat all non-common carrier international service providers fairly. As SIA has explained, reform that benefited only private cable operators would exacerbate, not remedy, the unfairness of the current system.⁵

We also agree with VSNL's observation that the Commission can base its allocation of the IBC revenue requirement on its expertise and familiarity with its personnel and regulatory activities rather than conducting a lengthy cost accounting process. *See* VSNL Petition at 6. As noted above, since private satellite operators are not subject to any Commission entry, exit, or rate regulation in connection with their provision of international services, they impose no meaningful

⁴ In fiscal year 2005, the annual fees were \$111,925 per geostationary orbit space station and \$112,425 per non-geostationary orbit system.

⁵ SIA FY 2004 Reply at 3.

regulatory costs on Commission staff in this area. Even under the existing IBC fee regime, private satellite operators' share of the IBC revenue requirement is *de minimis*.⁶ Any reassessment of the IBC fees must take this into account.

In sum, reform of the IBC fee collection system is required in the interests of fundamental fairness and regulatory efficiency and in order to conform the fee schedule to reflect changes in the regulation of international providers.⁷ SIA urges the Commission to immediately initiate a review of the IBC fee policies in order to correct the current disparities as part of the FY 2006 regulatory fees rulemaking proceeding.

⁶ In FY 2004, the total IBC fees paid by the three largest U.S. fixed-satellite service operators, Intelsat, PanAmSat, and SES Americom, represented less than 3% of the total revenue requirement for the IBC category. *See Ex Parte Letter of Intelsat, PanAmSat and SES Americom*, MD Docket No. 05-59, filed May 26, 2005. As a result, an approach under which non-common carrier satellite operators were not subject to IBC regulatory fees would have an insignificant impact on the fee amount. *Id.*

⁷ SIA has previously identified the significant deregulatory changes affecting non-common carrier satellite operators that justify amendment of the fee schedule pursuant to Section 9(b)(3) of the Communications Act. SIA FY 2005 Comments at 9-10.

Respectfully submitted,

SATELLITE INDUSTRY ASSOCIATION

A handwritten signature in black ink, appearing to read "David Cavossa". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Cavossa, Executive Director

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