



The Satellite Industry Views Re: USF Reverse Auctions

SIA MEMBER COMPANIES



Summary of Satellite Position

- Use of technology-neutral distribution mechanisms for provision of universal service support, such as reverse auctions, will bring cost-effective competitive providers, such as the satellite industry, into the role of providing broadband and advanced services to rural America and high-cost areas
- Satellites provide low-cost solutions for the following:
 - o interconnecting widely distributed networks,
 - o providing mobile wideband and narrowband and
 - o providing instant infrastructure in the case of natural disasters or terrorist attacks
 - o providing communications services over wide areas,
 - o providing connectivity for the “last mile”



Reasons Satellites are Part of the USF Solution

- Satellites today deliver a variety of services to high-cost and rural areas including broadband Internet access similar to DSL or cable modem service.
- Satellite technology allows same distribution infrastructure to be shared by urban and rural areas and equalizes costs and quality of service.
- Satellites networks avoid most costly elements of wireline networks in rural areas, including multiple small switches or long loops and the attendant infrastructure such as towers, poles and trenches.
- Satellite service is largely immune from the considerations that drive up service costs in rural areas for terrestrial telecommunications technologies, such as rough topography and low population density.
- Satellite-delivered service has greater survivability in event of natural or man-made disasters.
- Recent authorization to provide ancillary terrestrial component will allow some providers to offer the benefit of both satellite and terrestrial services.

- Reverse auctions would encourage service to rural and high cost areas to be provided more efficiently and at the lowest possible cost
- Reverse Auctions must be competitively and technology neutral:
 - no set asides, credits, or other favorable treatment to incumbent providers;
 - rules should be structured to permit satellite providers and others that currently offer broadband services on a non-common carrier basis to retain that status;
 - no artificial restrictions that would disadvantage certain providers over others (e.g. satellite equipment should be supported in order to provide a level playing field).
- Technology-neutral platforms such as reverse auctions would;
 - broaden participation by providers, including satellite operators,
 - increase available options,
 - encourage deployment of new technology and,
 - reduce total subsidy burden



Satellite Industry Supports Pilot Programs

- Pilot programs could provide valuable information about ability of new technologies to deliver service to underserved areas and individuals.
- For example, reverse auctions could be used to award contracts to provide service to specific areas (e.g. tribal lands) or to individuals that persistently lack access to voice telephone and/or broadband services.
- Double benefit: demonstrate ability while bringing service to the consumers most in need of service.