

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)
)
High-Cost Universal Service Support) WC Docket No. 05-337
)
Federal-State Joint Board on Universal Service) CC Docket No. 96-45
)

To: The Commission

COMMENTS OF THE SATELLITE INDUSTRY ASSOCIATION

The Satellite Industry Association (“SIA”) hereby files these consolidated comments in response to the Commission’s three Notices of Proposed Rulemaking on comprehensive reform of the universal service support system for rural and high-cost areas.¹ SIA is a U.S.-based trade association providing worldwide representation of the leading satellite network service providers, manufacturers, launch services providers, operators, remote sensing operators, and ground equipment suppliers. SIA is the unified voice of the U.S. satellite industry on policy, regulatory, and legislative issues affecting the satellite business.²

¹ *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337; CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-22 (rel. January 29, 2008) (“*Joint Board NPRM*”); *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337; CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-5 (rel. January 29, 2008) (“*Auctions Further NPRM*”); *High-Cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337; CC Docket No. 96-45, Notice of Proposed Rulemaking, FCC 08-4 (rel. January 29, 2008) (“*Support Calculation NPRM*”).

² SIA Executive Members include: Arrowhead Global Solutions Inc.; Artel Inc.; The Boeing Company; DataPath, Inc.; The DIRECTV Group; Hughes Network Systems LLC; ICO Global Communications; Integral Systems, Inc.; Intelsat, Ltd.; Iridium Satellite LLC; Lockheed Martin Corp.; Loral Space & Communications Inc.; Mobile Satellite Ventures LP; Northrop Grumman Corporation; SES New Skies; and TerreStar Networks Inc. Associate Members
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As the Commission continues its ongoing consideration of universal service reform, it should bear in mind that satellite-based networks often are the most cost-effective means of reaching hard-to-serve areas with both voice and broadband offerings. As such, satellite-based communications are an integral part of the solution to the problem of bringing high-quality and affordable voice and broadband to rural and hard-to-serve areas that are the focus of USF support mechanisms. Satellite-based networks provide communications services over wide areas, and are often the least expensive and easiest method for providing connectivity for the “last mile.”

Another advantage of satellite-based communications is that it allows the same distribution network infrastructure to be shared by urban and rural areas, and thus equalizes costs and quality of service, while avoiding the 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-based service is also 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. In addition, satellite-delivered service has greater survivability in case of natural or man-made disasters, offering important diversity of infrastructure in such events.

SIA urges the Commission to recognize that network services using satellites should be a key component of a cost-effective, technology-neutral USF support structure that takes full advantage of whatever technology is best suited to serve an area in the most efficient manner possible. To do so, however, the support mechanism must recognize that different network

include: ATK Inc.; Constellation Networks Corp.; EchoStar Satellite LLC; EMC Inc.; Eutelsat Inc.; Inmarsat Inc.; IOT Systems; Marshall Communications Corp.; New Skies Satellites, Inc.; Spacecom Ltd.; Stratos Global Corp; SWE-DISH Satellite Systems; Telesat and WildBlue Communications, Inc.

infrastructures have widely varying cost structures. Satellite-based networks, for example, make use of equipment and other assets with extremely high up-front costs. As such, satellite networks are different than the traditional terrestrial wireline or wireless network infrastructure models, which are able to defer build-out costs based upon demand.

These types of differences should be borne in mind in any revised support mechanism. SIA has expressed its support, in earlier stages of this proceeding, for technology-neutral universal service distribution mechanisms, such as reverse auctions, that will ensure that the promise of all network technologies can be put to best use to serve consumers in rural and high-cost areas.³ SIA reiterates that support today. If the Commission selects some other basis for determining high-cost support,⁴ however, SIA urges the Commission to ensure that that mechanism treats all technology platforms even-handedly, and accounts for the differences in cost structure among different service-delivery platforms.

SIA also urges the Commission to bear competitive neutrality in mind as it addresses broadband speed issues.⁵ Like all spectrum-based platforms, satellite-based networks face capacity constraints, though satellite-based offerings' data speeds are increasing steadily. SIA encourages the Commission to recognize consumer preference, and not arbitrarily exclude offerings from the definition of broadband that are accepted and valued by consumers in rural and high-cost areas.

³ Comments of the Satellite Industry Ass'n, WC Docket No. 05-337 (filed July 2, 2007); Comments of the Satellite Industry Ass'n, WC Docket No. 05-337 (filed Oct. 10, 2006).

⁴ See, e.g., *Support Calculation NPRM* (proposing to require all ETCs to submit detailed accounting and cost information).

⁵ See *Joint Board NPRM* at ¶ 72.

CONCLUSION

Universal service is a crucial element of American telecommunications policy, and SIA appreciates the Commission's comprehensive review of the issue in these proceedings. SIA urges the Commission to recognize the enormous efficiencies possible with new means of delivering basic voice and broadband services. Satellite-based network technologies are particularly well-suited to deliver these services efficiently and inexpensively in rural areas. To maximize the potential of universal service reform, the new mechanism should be designed to encourage the participation of new and innovative technologies, including satellite-delivered services.

Respectfully submitted,

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