

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 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
)	
Lifeline and Link Up)	WC Docket No. 03-109
)	
Universal Service Contribution Methodology)	WC Docket No. 06-122
)	
Numbering Resource Optimization)	CC Docket No. 99-200
)	
Implementation of the Local Competition)	
Provisions in the Telecommunications Act of)	CC Docket No. 96-98
1996)	
)	
Developing a Unified Intercarrier)	CC Docket No. 01-92
Compensation Regime)	
)	
Intercarrier Compensation for ISP-Bound)	CC Docket No. 99-68
Traffic)	
)	
IP-Enabled Services)	WC Docket No. 04-36

To: The Commission

REPLY COMMENTS OF SKYTERRA SUBSIDIARY LLC

SkyTerra Subsidiary LLC (“SkyTerra”)¹ hereby submits these Reply Comments in response to comments filed on the Further Notice of Proposed Rule Making (“*Notice*”) in the above-captioned proceeding. In the *Notice*, the Commission seeks comment on proposals to reform the Universal Service Fund (“USF”).²

¹ Mobile Satellite Ventures Subsidiary LLC changed its name to SkyTerra Subsidiary LLC on December 8, 2008.

² In the Matter of High-Cost Universal Service Support; Federal-State Joint Board on Universal Service; Lifeline and Link Up; Universal Service Contribution Methodology; Numbering Resource Optimization; Implementation of

SkyTerra is authorized by the FCC to construct, launch and operate a Mobile Satellite Service system in the L Band.³ With more than 13 years of operational experience, SkyTerra offers a variety of voice and data services customers throughout the United States. SkyTerra is in the process of constructing two replacement satellites that, when launched in the 2009-2010 timeframe, will be two of the most powerful commercial satellites in operation, providing enough power to offer two-way services to handsets the size of today's cell phones. SkyTerra is also authorized to construct and operate an Ancillary Terrestrial Component network, which, with the satellite coverage, will provide ubiquitous wireless broadband services, including Internet access and voice services, in the United States.

As discussed more fully below, SkyTerra supports the Commission's proposal to condition USF high cost support on the provision of broadband Internet access. However, eligible telecommunications carriers ("ETCs") should be permitted to meet this requirement by providing satellite broadband services, without the need for a waiver or any limitation on the number of loops that may be served using satellite broadband. In addition, SkyTerra recommends that Lifeline and Link Up funding be made available for qualifying consumers that purchase dual mode handsets that are capable of communicating with both terrestrial wireless and mobile satellite service systems.

SkyTerra's proposals are consistent with the goals embodied in the universal service provision of the Communications Act. The increased availability of satellite services will ensure

the Local Competition Provisions in the Telecommunications Act of 1996; Developing a Unified Intercarrier Compensation Regime; Intercarrier Compensation for ISP-Bound Traffic; IP-Enabled Services; WC Docket No. 05-337; CC Docket No. 96-45; WC Docket No. 03-109; WC Docket No. 06-122 CC Docket No. 99-200; CC Docket No. 96-98; CC Docket No. 01-92; CC Docket No. 99-68; WC Docket No. 04-36; Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, FCC 08-262 (rel. Nov. 5, 2008) (Notice). See also, 73 Fed. Reg. 66821 (November 12, 2008), establishing the deadline for filing comments in this proceeding as November 26, 2008 and the deadline for filing reply comments as December 3, 2008.

³ *Order and Authorization*, 4 FCC Rcd 6041 (1989); *remanded by Aeronautical Radio, Inc. v. FCC*, 928 F.2d 428 (D.C. Cir. 1991); *Final Decision on Remand*, 7 FCC Rcd 266 (1992); *aff'd, Aeronautical Radio, Inc. v. FCC*, 983 F.2d 275 (D.C. Cir. 1993); *see also AMSC Subsidiary Corporation, Memorandum Opinion and Order*, 8 FCC Rcd 4040 (1993).

that consumers in rural, insular and high cost areas have access to basic telecommunications and information services. In addition, as services evolve with new generations of high-powered satellite systems, consumer will receive the benefits of competition where none may presently exist.⁴

High Cost Fund. SkyTerra supports the Commission's proposal to condition USF support on the provision of broadband internet access.⁵ However, SkyTerra agrees with those commenters that oppose limitations on the availability of USF support for eligible telecommunications carriers ("ETCs") that offer broadband internet access by satellite.⁶ Specifically, ETCs should be permitted to use satellite broadband to serve more than 2 percent of its high cost loops, without being required to obtain a waiver.⁷ Satellite-based technology is the only option available for broadband Internet access in many areas of the United States.⁸ Service providers must be permitted to use all available solutions to deploy broadband, including satellite service in hard to service remote locations.⁹ Currently, millions of households in rural and high-cost areas are beyond the reach of terrestrial wireline or wireless networks, while satellite-based providers are uniquely able to reach virtually every one of these households today. As the

⁴ *Federal State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776 at ¶ 2 (1997) ("Universal Service Order") (subsequent history omitted).

⁵ Chairman's Draft Proposal, *Notice*, Appendix A at ¶¶ 19-27 (*Appendix A*); Alternative Proposal, *Notice*, Appendix C at ¶¶ 19-27 (*Appendix C*).

⁶ See, e.g., *Comments of The National Rural Telecommunications Cooperative*, CC Docket 96-45, pp. 5-7 (filed November 26, 2008) (stating that ETCs should be able "to use satellite broadband technology to meet its obligations in all instances without the necessity of a waiver."); *Comments of Hughes Network Systems, LLC and Inmarsat, Inc.*, CC Docket 96-45, p. 5 (filed November 26, 2008) (stating that ETCs "should be able meet their broadband internet access obligations in the most economical and efficient means necessary – including the use of satellite technologies."); *Comments of Oklahoma Rural Telephone Coalition*, CC Docket 96-45, p. 10 (filed November 26, 2008); *Comments of Minnesota Independent Coalition*, CC Docket 96-45 (recommending that rural ILECs be permitted to serve a higher proportion of their service area using satellite service; *Comments of the Texas Statewide Telephone Cooperative*, CC Docket 96-45, p. 9 (filed November 26, 2008) (opposing the 2 percent limitation).

⁷ *Appendices A and C* at ¶ 27.

⁸ *Comments of the Rural Independent Competitive Alliance*, CC Docket 96-45, p. 28 (filed November 26, 2008) (stating that certain areas of the country will only be served by satellite; *Comments of Texas Statewide Telephone Cooperative*, CC Docket 96-45 (filed November 26, 2008) (stating that 10 percent of its customer are out of the reach of traditional broadband facilities and that satellites may be the only way to serve these areas).

⁹ *Comments of the National Exchange Carriers Association*, CC Docket 96-45 (filed November 26, 2008)

Commission itself noted, “for certain customers, satellite-provided broadband may be the only economic means of reaching them.”¹⁰

The Commission’s concerns that satellite technology is somehow less desirable for broadband Internet access because of latency and rain fade are unfounded. Indeed, both latency and rain fade problems have been greatly alleviated by improvements in technology and have virtually no impact on customers’ most common uses for the Internet, including online searches, instant messaging, watching a video, sharing files and creating a blog.¹¹ Today, satellite broadband users are provided with a high-quality, always-on, Internet experience, with availability well over 99%, rivaling most terrestrial technologies. The kind of Internet access that is critical to job creation in rural areas is well within the capability of satellite-provided broadband service.

Low Income Programs. The low income program of the USF is designed to ensure that quality telecom services are available to low income customers at just, reasonable and affordable rates.¹² There are two programs for which ETCs can receive funding for providing services to qualifying customers, Link Up and Lifeline. There are also state-funded programs that complement the federal support provided to low income customers. Link Up and Lifeline support are available for one primary phone line, either wireline or wireless.

The Link Up program reduces the cost of initiating new telephone service. Specifically, it reduces the qualifying customer’s charge by one-half of the company’s charge, or \$30, whichever is less.¹³ For subscribers on tribal lands, the discount is up to \$70 or 100% of the charges between \$60 and \$130, in addition to the \$30 available to non-tribal subscribers.¹⁴

¹⁰ Appendices A and C at ¶ 27.

¹¹ *Comments of The National Rural Telecommunications Cooperative*, CC Docket 96-45 pp. 5-6 (filed November 26, 2008).

¹² 47 U.S.C. Section 254(b).

¹³ 47 C.F.R. Section 54.411(a)(1).

¹⁴ 47 C.F.R. Section 54.411(a)(3).

The Lifeline program reduces the cost of basic, monthly local telephone service.¹⁵ There are four tiers of support. In Tier 1, the support is equal to the ETC's actual subscriber line charge and is capped at \$6.50. Tier 2 support is an additional \$1.75 per month. Tier 3 support is an additional amount equal to one-half of the amount of any state-mandated lifeline support or support provided by the carrier, up to \$1.75 per month. Tier 4 support is up to \$25 per month and is available to eligible residents of tribal lands, as long as the support does not bring the price below \$1 per month per subscriber.¹⁶

In addition to broadband services, SkyTerra will provide basic voice telephone-type services in rural and remote areas, including tribal areas, through the use of dual mode phones that will operate on both satellite frequencies and with the networks of terrestrial wireless providers. SkyTerra expects that dual-mode phones, at consumer prices, will be widely available in the market in the 2010-2011 timeframe.

In order to increase the availability of voice telephone services, SkyTerra proposes that the FCC should provide Lifeline and Link Up support for ETCs that provide voice services through dual-mode, wireless/satellite phones. The support can be used to enhance the coverage and service that will be available to qualifying consumers in rural and remote areas or on tribal lands who cannot otherwise reasonably rely on terrestrial services. Without a satellite option, qualifying consumers living in areas of the country with no access or limited access to terrestrial services will effectively be barred from participating in any USF programs.

Wider coverage and more diverse service offerings will enhance public safety, save lives and serve the public interest in the provision of more robust communications services to all Americans. SkyTerra expects that the ETC will likely be a wireless service provider offering the terrestrial and satellite service through a dual-mode phone, particularly in rural and remote areas,

¹⁵ 47 C.F.R. Section 54.401(a)(2).

¹⁶ 47 C.F.R. Section 54.4031(a)(1-4).

where the satellite coverage can be used to fill service gaps in the terrestrial providers licensed service area.¹⁷ Commission policy should favor a diversity of systems because it ensures the widest availability of service in each area.

Specifically, SkyTerra proposes the following changes to the Link Up and Lifeline programs:

Link Up: ETCs providing a satellite service through a dual-mode phone would be entitled to receive an additional \$25 from the Universal Service Fund to offset the one-time cost of initiating the satellite service, the full amount of which shall be passed through to the qualifying customer.

Lifeline: ETCs can receive an additional \$10 month for the satellite service, as long as the ETC certifies that it will pass through the full amount of this support to its qualifying customers.

This additional funding will help make high quality communications services available in those areas of the United States that cannot be adequately served by terrestrial technologies. With the increased availability of affordable satellite services for qualifying customers, the FCC will be taking another step toward reaching its ultimate goal of 100 percent subscribership for basic telephone services.

¹⁷ SkyTerra's proposal addresses only dual-mode phones because it is expected that providers of stand-alone satellite services will apply for their own ETC certification and seek Lifeline and Link Up funds directly for services provided to qualifying consumers.

CONCLUSION

SkyTerra urges the Commission to adopt policies consistent with the proposals herein.

Respectfully submitted,

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