

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Assessment and Collection of Regulatory) MD Docket No. 10-87
Fees for Fiscal Year 2010)

**REPLY COMMENTS OF
QWEST COMMUNICATIONS INTERNATIONAL INC.**

Qwest Communications International Inc. (Qwest) submits these reply comments in response to the Notice of Proposed Rulemaking (*NPRM*) in the above-captioned proceeding.¹ Qwest disagrees with the opening comments of Global Crossing North America, Inc. (GCNA) which propose changes to the new submarine cable regulatory fee methodology.

GCNA comments that the new fee methodology has created a significantly increased regulatory fee burden on GCNA's subsidiary GT Landing II Corp. which owns multiple submarine cable landing licenses. Further, GCNA argues that the fee burden seems unfair relative to its apparent percentage of undersea cable capacity. And, GCNA asserts that the new fee-per-license methodology will discourage investment in expanding submarine cable networks. As a result, GCNA proposes that the Commission modify the new fee methodology to essentially cap the amount of regulatory fees that a submarine cable operator owning multiple licenses could pay.²

Qwest has some concerns about GCNA's proposals. First, capping the submarine cable licensing fees that each provider with multiple licenses would have to pay will only result in shifting the fee burden to other submarine cable license owners. And, it could even result in

¹ *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2010*, MD Docket No. 10-87, Notice of Proposed Rulemaking, FCC 10-51 (rel. Apr. 13, 2010).

² See GCNA Comments, filed herein May 4, 2010 at 6-8.

preventing the Commission from collecting the regulatory fees it calculates it needs to recover from submarine cable owners. Second, providing volume fee discounts to larger providers will not aid investment and competition, but potentially will only serve to disadvantage smaller submarine cable owners and limit the submarine cable market to fewer cable owners with the size to participate.

GCNA also proposes other possible modifications to the new methodology that could reduce GT Landing II's submarine cable regulatory fees. One is to assess the regulatory fee per submarine cable "system" instead of per submarine cable license. Another is to adjust the revenue allocation between terrestrial and satellite facilities on the one hand and submarine cables on the other. But, developing a cable "system" as the new base unit for the submarine cable fee would require the Commission to establish a new process for identifying and updating the cables that comprise each "system". Additionally, while the Commission has acknowledged that the terrestrial/satellite vs. submarine cable allocation percentage may need to be re-examined periodically, and has reserved the right to do so,³ GCNA has provided no data on which to base any such re-allocation. GCNA complains that the current allocation is not tied to the level of regulatory activity or cost associated with each category, but its own suggestion of a 50-50 allocation suffers from the same malady.

For now, the Commission has adopted a regulatory fee methodology for submarine cable international bearer circuits that is fair in application. If it turns out that it is significantly unfair in effect, the Commission may need to modify its methodology to mitigate substantially harmful effects. But, for the moment, all the Commission has before it is anecdotal statements regarding

³ *NPRM* ¶¶ 5-6.

the impact of the new methodology on one submarine cable owner. This is not enough to warrant any systemic modification to the new methodology.

For these reasons, Qwest respectfully urges the Commission not to make any changes to the submarine cable regulatory fee methodology along the lines suggested by GCNA without further data as to the scope of the excessive fee issue identified and further opportunity for industry comment on any proposed modifications to the current methodology.

Respectfully submitted,

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May 11, 2010

CERTIFICATE OF SERVICE

I, Richard Grozier, do hereby certify that I have caused the foregoing **REPLY**
COMMENTS OF QWEST COMMUNICATIONS INTERNATIONAL INC. to be: 1) filed
with the FCC via its Electronic Comment Filing System in MD Docket No. 10-87; and 2) served
via email on the FCC's duplicating contractor, Best Copy and Printing, Inc. at
fcc@bcpweb.com.

/s/ Richard Grozier

May 11, 2010