



Satellite Industry Association's Views **On the 2008 President's Budget Request** **Re: Spectrum Auctions and Fees**

Satellites = Redundant Communications -- Commercial satellite communications play a critical role in our national, economic and homeland security redundant communications.

- Commercial satellite communications networks play a significant role in making the global telecommunications infrastructure robust enough to sustain major outages as a result of natural or man-made disasters.
- First responders and public safety rely on satellite communications before, during, and after disasters, often serving as the only means of reliable, redundant, and ubiquitous communications during times of emergency.

Satellites = Ubiquitous/Rural Connectivity -- Satellites provide practically all TV and news distribution to networks and their affiliates, to virtually all cable systems, and directly to consumers. They also provide important mobile satellite services (MSS), including voice, data, and audio services and broadband services to Americans who live in rural and remote portions of the country.

Auctions and Fees Fail To Promote Spectrum Efficiency -- Continued advances in satellite technology have allowed the satellite industry to provide greater overall capacity, achieve a higher level of frequency reuse and share spectrum with other satellite and terrestrial networks.

- Segmenting and auctioning the ancillary terrestrial component separate from the related mobile satellite system would, even if technically feasible, foreclose the benefits of spectrum efficiency.
- Satellite systems have extremely high up-front infrastructure costs - The business of purchasing, launching, operating and insuring even a single geostationary satellite is highly capital intensive. Non-Geostationary satellite systems cost even more.
- In the satellite context, strict FCC-imposed licensing milestones effectively ensure that spectrum is not warehoused.

Auctions and Fees Set A Troubling International Precedent -- Building a viable satellite system and using the spectrum resource efficiently requires operators to secure landing rights in many countries rather than bidding for just one license in one country.

- The U.S leads the world in licensed international satellite systems, thus the precedent of auctions or fees would disproportionately impact U.S. licensed systems operating globally.
- If the U.S. were to impose auctions or fees, other countries would follow the U.S. lead and most likely do so in a way that favors their local domestic operators.

- There is a danger that short-term revenue-generating policies in the U.S. will affect the long-term economic viability of rolling out new satellite services.
- The uncertainty of spectrum fees and/or auctions in every country would severely curtail the ability of operators to raise the needed capital to construct, launch and operate their systems.
- Consumers of satellite services would face higher prices and less choice among competing providers.

Auction of ATC Rights Would

- **Conflict with Prior Congressional and FCC Technical Determinations** -- Auctioning of ATC rights separately from the satellite licenses for the same spectrum runs counter to established congressional policy against auctioning international satellite services (ORBIT ACT) and to the FCC's technical determination that such separation is infeasible.
- **Increase Regulatory Uncertainty** -- MSS spectrum is internationally coordinated and as such is subject to possible change in amount or location as a result of future coordination activities. If the terrestrial component were to be auctioned, there would be no certainty as to what amount is being auctioned, since the spectrum used is subject to the coordination negotiations of the relevant Administrations and would be subject to periodic changes based on current and projected usage demands of the relevant international satellite systems.
- **Decrease Spectrum Efficiency and Undercut Broadband Deployment** -- A single operator is key to spectrum efficiency, service quality and seamless roaming between the satellite and terrestrial components for the provision of advanced communications systems, including broadband, to all Americans.

Auction of DBS Spectrum

- **Discriminates Against U.S. DBS Licensees** – U.S. DBS satellite systems should not be singled out unfairly compared to satellites licensed by other countries (which gain market access without being "licensed.")

Solution

- Spectrum Fees for satellite services should only be tied to reimbursement of regulatory and/or administrative costs
- ATC auctions are not technically feasible and entirely inconsistent with U.S. and international satellite licensing policies.
- Equitable treatment should be afforded for United States DBS systems vis-à-vis satellites licensed by other countries.