



The Satellite Industry is Opposed to Non-Cost-Based U.S. Spectrum Fees and Auctions for Satellites

The Satellite Industry Association is opposed to the imposition of auctions or additional non-cost -based spectrum fees for the international spectrum bands used to deliver satellite services in the United States.

Satellites Provide Critical Communications

- Satellites provide secure and essential communications, navigation, weather, and imaging services in the United States and around the world.
- Governments, media, industry, first responders, and consumers across the world rely on satellite networks to provide primary and backup communications for essential business transactions, operational missions and mass communications.
- Satellites provide television content to nearly every household in the United States, either directly to a satellite dish or indirectly to a cable head end.
- Broadband services delivered via satellite enable nationwide internet access to consumers and businesses at the speeds and qualities that U.S. consumers demand.
- During emergencies, satellite-based communications are heavily relied upon by first responders when terrestrial communications are disrupted.
- Satellite companies make significant investments in the U.S. communications infrastructure, and are proven innovators in technology and services.

The Satellite Industry Is Already Incentivized to Use Spectrum Efficiently

- Spectrum fees aimed at incentivizing efficient spectrum use are not necessary because satellite operators have powerful existing economic incentives to maximize spectrum efficiency, in order to recover the large up-front, fixed investment costs inherent in building and delivering satellites to orbit.
 - The business of purchasing, launching, operating and insuring even a single satellite is highly capital intensive, with each satellite requiring an investment of \$250-\$500 million before any revenues from services are realized.
- National and international milestone regulations require satellite operators to bring their spectrum into use in a timely manner.

- Satellite operators and service providers continue to innovate, resulting in even more efficient use of satellite spectrum. Today's satellites have much more capacity than their predecessors and can utilize the same frequencies up to nine times across the country, maximizing both return on investment and spectrum efficiency.

Satellite Companies Already Share Spectrum

- Satellite operators frequently share spectrum with other satellite operators and also with other federal and non-federal users, including terrestrial services. For example:
 - The C band is shared with U.S. government radar systems;
 - The Ku band is shared with NASA's Tracking and Data Relay Satellites;
 - The Ka band is shared with fixed, point-to-point microwave systems.
- These complex sharing arrangements would make any auctions or fees for satellite spectrum difficult to structure and complicated to value.

Satellite Fees Should be Limited to the Levels Necessary to Recover the Costs of Regulation

- U.S. satellite regulatory fees are among the highest for any fee category, and are far in excess of the fees directly attributable to the time spent processing space station and ground station license applications.
- The imposition of additional market-based fees would drive up the overall regulatory costs borne by satellite operators, reducing incentives to further invest or innovate in essential satellite-based services.

Satellite Spectrum is Not Suitable for Auctions

- Satellite companies rely on consistent spectrum policies to design and invest in space-based networks. Because the lifetime of a satellite is typically 12-15 years, the sector is particularly disadvantaged by short-term fluctuations in regulatory or spectrum policies that disrupt the intended use of these systems.
- Satellites operate in an inherently international environment, both in terms of their orbital position in space and their coverage areas, making any major spectrum policy shift on the part of an individual country vastly more complex.
 - Satellite spectrum allocations require both considerable international approvals by the International Telecommunications Union (ITU) and intensive coordination of the spectrum of adjacent satellite operators, often between U.S. and foreign regulators
- Imposing new auctions for satellite spectrum would in effect disadvantage U.S. satellite licensees vis-à-vis foreign-licensed satellite systems that serve the U.S. market, in contravention of other U.S. policy objectives.

U.S. Spectrum Fees or Auctions Would Set a Harmful International Precedent

- Foreign regulatory agencies and policy makers often look to U.S. regulatory policies as precedent for their treatment of satellite operators and satellite services. As a result, U.S. decisions may be adopted as regional or international practices, regardless of applicability and with far greater impact than originally contemplated domestically.
- If spectrum fees or auctions were replicated in numerous countries, the cumulative financial burden placed on international satellite operators would threaten the viability of the sector's overall business models and ultimately reduce investment, innovation, and service quality.
- These concerns resulted in provisions in the ORBIT Act that require the President to oppose the introduction of any international satellite auctions in bilateral and multilateral fora. Any new U.S. auctions for domestic satellite spectrum would make it more difficult to meet this legal requirement.

Conclusion: No New Spectrum Auctions or Fees Are Needed

- Spectrum auctions and market-based fees not focused on cost recovery would not meaningfully strengthen the already powerful incentives for the satellite industry to use allocated spectrum efficiently.
- U.S. satellite licensing fees are already among the highest in the world, with even further increases proposed in a pending FCC proceeding.
- Satellite spectrum "for the provision of international or global satellite communications services" is legally prohibited by U.S. law from being auctioned. Most satellite spectrum bands are used to provide services both domestically and internationally, and are therefore ineligible for auctions under current law.
- The impact of replicating market-based spectrum fee or satellite auctions in every country would severely curtail the ability of satellite operators to raise the needed capital to construct, launch and operate their systems, threatening the long-term survival of the industry.