

**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
)	

**COMMENTS OF THE
SATELLITE INDUSTRY ASSOCIATION**

The Satellite Industry Association (“SIA”)¹ hereby files Comments in response to the *Public Notice* (“*Public Notice*”)² released by the Federal Communications Commission (“FCC” or “Commission”) on May 1, 2007, in connection with the above-referenced proceedings. In the *Public Notice*, the Federal-State Joint Board on Universal Service (“Joint Board”) seeks comment on various proposals to reform the high-cost universal service fund (“USF”) and specifically seeks comment on “the use of reverse auctions to determine high-cost universal service support.”³ SIA, in response to this *Public Notice*, offers these Comments describing the importance of satellite telecommunications services as a part of a universal service support system and stating its support for the use of reverse auctions to

¹ SIA is a U.S.-based trade association providing worldwide representation of the leading satellite operators, service providers, manufacturers, launch services providers, 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. SIA Executive Members include: Arrowhead Global Solutions Inc.; Artel Inc.; The Boeing Company; Datapath, Inc., The DIRECTV Group; Globalstar, Inc; 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 Americom, Inc.; and TerreStar Networks Inc.. Associate Members include: ATK Inc.; EchoStar Satellite LLC; EMC Inc.; Eutelsat Inc.; Inmarsat Inc.; IOT Systems; Marshall Communications Corp.; SES New Skies; Spacecom Corp.; Spacenet; Stratos Global Corp; SWE-DISH Space Corp; and WildBlue Communications, Inc.

² Federal-State Joint Board on Universal Service, WC Docket No. 05-337, CC Docket No. 96-45, Public Notice, FCC 07J-2 (released May 1, 2007) (*Public Notice*).

³ See , *Public Notice*, FCC 07J-2, at ¶¶ 3, 4 and 8. SIA does not provide comments on other issues presented in the *Public Notice* including, the use of GIS technology and network cost modeling, disaggregation of support, the methodology for calculating support for competitive ETCs, and broadband eligibility for USF.

determine high-cost universal service support and recommendations for development of a reverse auction plan.

DISCUSSION

I. Satellites Are The Most Cost-Effective Means of Serving Hard-To-Reach Areas.

Satellites are an integral part of the solution to the problem of bringing high-quality and affordable service to rural and hard-to-serve areas requiring USF support. Satellites provide low-cost solutions for interconnecting widely distributed networks, mobile wideband as well as narrowband, and infrastructure that is generally not susceptible to the type of natural disasters or terrorist attacks that can occur terrestrially. Satellites also deliver a variety of services to rural areas and to non-rural areas that are too expensive for terrestrial build-out in addition to basic telephony, including broadband Internet access similar to DSL or cable modem service. The Commission's policy of enabling an ancillary terrestrial component⁴ to Mobile Satellite Service will now even allow some providers to offer the benefit of both satellite and terrestrial services using the same handset.

It is clear that satellites provide communications services over wide areas and are often the most inexpensive and easiest method for providing connectivity for the "last mile". Satellite technology allows the same distribution infrastructure to be shared by urban and rural areas and 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 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. Satellite-delivered service even has greater survivability in case of natural or man-made disasters.

SIA urges the Commission to recognize that satellites should be a key component of a cost-effective, technology-neutral USF structure that takes full advantage of whatever technology is best suited to serve an area in the most efficient manner possible.

⁴ See Flexibility for Delivery of Communications by Mobile Satellite Service Providers in the 2 GHz Band, the L-Band, and the 1.6/2.4 GHz Bands, IB Docket Nos. 01-185, 02-364 (Order FCC 03-15, released February 10, 2003; Order on Reconsideration, FCC 05-30, released February 25, 2005).

II. SIA Supports Technology-Neutral Reverse Auctions.

The Satellite Industry Association supports the use of technology-neutral distribution mechanisms, such as reverse auctions, for provision of universal service support. SIA believes that a well-designed competitively and technologically neutral reverse auction program will foster more efficient deployment of service offerings to rural and high cost areas at the lowest possible cost, and increase the available options open for rural and hard-to-serve customers. Reverse auctions will make it possible for satellite companies and other cost-effective competitive providers to offer basic, broadband and advanced services to rural America and high-cost areas. Reverse auctions will also encourage deployment of new technology and reduce total subsidy burdens.

Competitive and technological neutrality would require the Commission to establish a system in which there were no set asides, credits, or other favorable treatment to incumbent providers. The reverse auction rules should be structured to permit satellite providers and others that currently offer telecommunications services, including broadband services, on a non-common carrier basis to retain that status. Further, the FCC should design the reverse auction so that there are no artificial restrictions that would disadvantage certain providers over others (e.g. satellite equipment that is part of the satellite infrastructure should be supported in order to provide a level playing field).⁵

SIA urges the Commission to implement a technologically-neutral reverse auction in which satellite service providers are on equal footing with other potential providers of USF.

CONCLUSION

For the reasons discussed above, SIA urges the Commission to recognize the importance of

⁵ See, Comments of the Satellite Industry Association, Petition of Alenco Communications, Inc. et. al., for a Declaratory Ruling and for Preemption of an Order by the Public Utility Commission of Texas, CC Docket No. 96-45 (filed June 22, 2007).

satellite telecommunications services as a part of a universal service support system and implement use of technology-neutral reverse auctions to determine high-cost universal service support.

Respectfully submitted,

SATELLITE INDUSTRY ASSOCIATION

A handwritten signature in black ink, appearing to read "David Cavossa". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Cavossa,

Executive Director

1730 M Street, NW

Suite 600

Washington, D.C. 20036

July 2, 2007