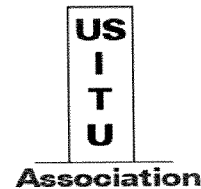


*The USITUA is working to improve coordination and cooperation between the private sector and the U.S. Government to enhance U.S. effectiveness in the International Telecommunication Union (ITU).*



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April 30, 2004

Ambassador David A. Gross  
Deputy Assistant Secretary of State for  
Communications and Information Policy  
U.S. Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520

Dear Ambassador Gross:

Members of our Association are directly impacted by decisions taken within the ITU on financial matters. Prior to the Marrakech Plenipotentiary, we raised concerns about the growing pressures to substantially increase the Union's income from cost recovery and the potential negative impacts this might have on the U.S. industry.

We are writing now to express particularly concerns about recent developments regarding cost recovery for satellite network filings. It was clear from the discussions and actions taken in Marrakech that the shortfall in the Union's budget would trigger another round of attempts to increase revenues from cost recovery. Indeed, the Ad Hoc Group of Council on Cost Recovery for Satellite Network Filings is now addressing methodologies and actions that would result in much higher fees for satellite filings. These fees can not be justified under Resolution 91 (Minneapolis, 1998), and would be detrimental to the U.S. satellite industry and its customers.

We agree with and fully support the positions advocated by the Satellite Industry Association (SIA) in a letter to you dated April 16, 2004 on this subject. Rather than repeat those positions, we are attaching a copy of the Appendix to SIA's letter that sets forth a number of critical points that members of our Association feel strongly should be advocated at upcoming Ad Hoc Group meetings and at the 2004 Session of Council.

United States ITU Association  
2300 N Street, NW  
Washington, DC 20037-1128  
ph. 202.663.9047 • fax 202.663.8007  
www.usitua.org • email: info@usitua.org

We appreciate the on-going opportunity to work with you and your staff to address these issues and hope that the USA will continue to be successful in keeping ITU charges for processing satellite filings reasonable and affordable. Excessive fees being considered now could impede the growth and success of the industry.

Your efforts to ensure a successful outcome are very much appreciated.

Sincerely yours,



Ben C. Fisher  
Chair

Attachment

Appendix  
Positions on Cost Recovery that SIA Advocates for the Upcoming Ad Hoc  
Group and Council Meetings

- Cost recovery for processing of satellite network filings must be conducted in accordance with the provisions of Resolution 91, giving special attention to the requirement that only actual costs that are transparent and auditable are charged and that cost recovery revenues and expenditures are segregated from the general or reserve budget accounts.
- The methodology proposed by the BR during the February 2004 meeting of the Ad Hoc Group should be opposed because of its budget recovery approach, the lack of actual cost data, the excessive increase in fees for basic filings, significant increases in up-front charges and application to the full range of network processing.
- Prior to the June 04 meeting of Council there are significant barriers to the development of an actual cost based methodology that conforms to the provisions of Resolution 91. As an interim solution, the current methodology of Decision 482 (as modified by the February Ad Hoc meeting) with key incremental changes should serve as an interim cost recovery methodology.
- Incremental changes to Council Decision 482 need to be expanded beyond those agreed during the February 2004 meeting of the Ad Hoc Group to include:
  - inclusion of the provisions of Council Decision 513 into Decision 482;
  - provisions stating that modifications to filings that require technical and regulatory analysis should only be charged for the units associated with the specific modification and not a flat fee;
  - the cost recovery fees for many networks were calculated using the methodology in place at the time of publication, which often resulted in higher fees than calculated under the methodology in force when the network was filed. Administrations should be provided the option to request that the fees be recalculated for specific networks using the methodology in force at the time the network was filed. The administration should be able to choose which of its networks to have reviewed. Credits should be issued to the filing entity if the methodology in force at the time of filing results in a lower fee;
  - the availability of software for administrations to use to calculate the associated cost recovery charges prior to filing.

- Cost recovery should not be extended beyond its current limitation to Request for Coordination or Plan Modifications<sup>1</sup> until a suitable actual cost based methodology is agreed, tested and approved by the Council.
- Detailed BR staff time and associated accounting procedures should be developed as a matter of priority. No readily available and validated time studies have been provided by BR from which detailed cost data can be developed for a range of network filings.
- The current reallocated cost model, which was never approved by Council, produces unjustified excess charges. Reallocated costs should be put in abeyance or at minimum be reduced by 50% until a new and validated cost model is developed and tested.
- The definition of units for BSS Categories 7 and 8 should be maintained as defined in Decision 482 (Modified) and not changed to include “test points” in the calculation of units which is the current non-conforming practice of the BR. Fees for BSS networks should be based on the unit definition in Decision 482.

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<sup>1</sup> In addition, Advance Publication information for networks not subject to coordination is subject to cost recovery. For Plan modifications, Part A and B publications under Article 4 of Appendix 30 and 30A are subject to cost recovery.