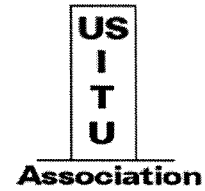


The USITUA is working to improve coordination and cooperation between the private sector and the U.S. Government to enhance U.S. effectiveness in the International Telecommunication Union (ITU).



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January 14, 2005

Richard C. Beard
Senior Coordinator for Communications
And Information Policy
U.S. Department of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Richard,

The Association and its members were pleased to receive your letter to the Director of the Radiocommunication Bureau regarding Circular Letter CR/225 (Implementation of cost recovery for satellite network filings). The process leading up to the letter was an excellent example of how government and industry can work together to address key issues and problems concerning the ITU.

The issue of cost recovery at the ITU is one of the issues being closely monitored by the USITUA. At a recent meeting of Association members, we reviewed a number of items related to cost recovery for ITU processing of satellite network filings. The two most prominent items discussed were: (1) the time recording process that the ITU has implemented; and (2) invoices the ITU has issued for the processing of BSS-related filings — which invoices were not consistent with Decision 482 as modified. After extensive discussions, we arrived at the following conclusions which would like to share with you.

Regarding the ITU time recording process, we are of the view that there is potentially a fundamental flaw in what is being recorded. To be meaningful, the data being collected must be sufficiently detailed to allow the identification of expended resources for specific filings in the various “categories.” This would allow a meaningful assessment of costs and rationalization of effort and would lead to a more full understanding of the work expended to support the overall process. The ability to collect such data is not unduly difficult and has been done within government and the private sector cost accounting and resource management activities.

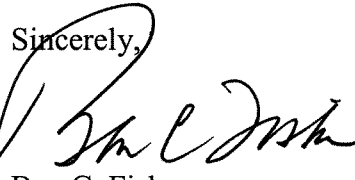
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It does not appear that the time recording process currently underway will provide data to document specific filing costs. This conclusion is based on information provided by BR management during an informal session of the Council Ad Hoc Group on satellite network cost recovery held during the Working Party 4A meeting this past October. If this is the case, we are concerned that what will be available is a composite set of cost data that will take us back to a “budget” recovery exercise which is unsatisfactory.

The issuance of invoices by the ITU that do not conform to the conditions contained in past or existing versions of Decision 482 is also of particular concern. Specifically, the BR by its own admission in Circular Letter CR/225 has been issuing invoices for processing of BSS filings that include test points in the calculation of “units” which results in excessive costs clearly inconsistent with Decision 482. This is a process that you have recommended be stopped until Council 05 addresses this and other issues of cost recovery. Further, it is our view that outstanding invoices for BSS filings that included test points should be recalled and new invoices issued consistent with the provisions of Decision 482 (Council 2004). For those invoices that have been paid which included test points, refunds or credits should be issued.

It is our view that the U.S. Government should bring these two issues to the immediate attention of the Director of the Radiocommunication Bureau along with a request that: (1) the time recording process be carried out in a fashion that allows individual filing costs to be identified, and (2) that outstanding invoices associated with BSS filings that included test points in the calculation of “units” be recalled and new invoices issued consistent with Decision 482 (Council 2004) and refunds or credits be issued for such invoices that have already been paid. Both of these issues suggest a need for heightened transparency and consultation during the on-going discussions about both cost recovery and the larger financial management review.

Thank you for your continuing attention to these important matters. We are available for further discussions.

Sincerely,

Ben C. Fisher
Chair