NOTICE OF PROPOSED RULEMAKING

Adopted: April 16, 2007
Released: April 18, 2007

Comment Date: May 3, 2007
Reply Comment Date: May 11, 2007

By the Commission:

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I. INTRODUCTION

1. In this Notice of Proposed Rulemaking (Notice), we propose to collect $290,295,160 in regulatory fees for Fiscal Year (FY) 2007, pursuant to section 9 of the Communications Act of 1934, as amended (the Act). These fees are mandated by Congress and are collected to recover the regulatory costs associated with the Commission’s enforcement, policy and rulemaking, user information, and international activities.¹

II. DISCUSSION

2. In this Notice, we seek comment on the development of FY 2007 regulatory fees collected pursuant to section 9 of the Act. For FY 2007, we tentatively propose to retain the established methods and policies that the Commission has used to collect section 9 regulatory fees since FY 2003. In addition to seeking comment on the assessment methodology, the Commission typically seeks comment on various administrative and operational issues affecting the collection of regulatory fees. For the FY 2007 regulatory fee cycle, we propose to retain the vast majority of the administrative measures used for notification, assessment and pre-billing of regulatory fees in previous years, such as generating pre-completed regulatory fee assessment forms for certain regulatees. Consistent with past practice, we seek comment on ways to improve the Commission’s administrative processes for notifying entities of their regulatory fee obligations and collecting their payments. Finally, we seek comment on applying the same regulatory fee obligations applicable to interstate telecommunications providers to providers of interconnected voice over Internet Protocol services.

3. The Commission is obligated to collect $290,295,160 in regulatory fees during FY 2007 to fund the Commission’s operations. Consistent with our established practice, we intend to collect these regulatory fees in the August-September 2007 time frame in order to collect the required amount by the end of the fiscal year.

A. FY 2007 Regulatory Fee Assessment Methodology

1. Development of FY 2007 Regulatory Fees

a. Calculation of Revenue and Fee Requirements

4. For our FY 2007 regulatory fee assessment, we propose to use essentially the same section 9 regulatory fee assessment methodology adopted for FY 2006. Each fiscal year, the Commission

¹ 47 U.S.C. § 159(a).
proportionally allocates the total amount that must be collected via section 9 regulatory fees. The results of our proposed FY 2007 regulatory fee assessment methodology (including a comparison to the prior year’s results) are contained in Appendix C. For FY 2007, we propose to use the receipts collected through the FY 2006 regulatory fees as the basis for calculating the amount the Commission must collect in FY 2007. To collect the $290,295,160 required by law, we propose to adjust the FY 2006 amount downward by approximately 2.84 percent.\(^2\) Consistent with past practice, we propose to divide the FY 2007 amount by the number of payment units in each fee category to determine the unit fee.\(^3\) As in prior years, for cases involving small fees (e.g., licenses that are renewed over a multiyear term), we propose to divide the resulting unit fee by the term of the license. We propose to round these unit fees consistent with the requirements of section 9(b)(2).

b. Additional Adjustments to Payment Units

5. In calculating the FY 2007 regulatory fees proposed in Attachment D, we further adjusted the FY 2006 list of payment units (Attachment B) based upon licensee databases and industry and trade group projections. Whenever possible, we verified these estimates from multiple sources to ensure the accuracy of these estimates. In some instances, Commission licensee databases were used, while in other instances, actual prior year payment records and/or industry and trade association projections were used in determining the payment unit counts.\(^4\) Where appropriate, we adjusted and/or rounded our final estimates to take into consideration events that may impact the number of units for which regulatees submit payment, such as waivers and/or exemptions that may be filed in FY 2007, and fluctuations in the number of licensees or station operators due to economic, technical, or other reasons. Therefore, when we state that our estimated FY 2007 payment units are based on FY 2006 actual payment units, the number may have been rounded or adjusted slightly to account for these variables.

6. Additional factors are considered in determining regulatory fees for AM and FM radio stations. These factors are facility attributes and the population served by the radio station. The calculation of the population served is determined by coupling current U.S. Census Bureau data with technical and engineering data, as detailed in Attachment E. Consequently, the population served, as well as the class

\(^2\) The percentage decrease of approximately 2.84 percent is based on the total amount of regulatory fees that was mandated by Congress to be collected in FY 2006, which included an amount of $288,771,000 in regulatory fees pursuant to section 9 of the Communications Act of 1934, as amended, and an additional $10,000,000 as required by section 3013 of the Deficit Reduction Act (Public Law 109-171). Together, the total amount of regulatory fees mandated by Congress to be collected in FY 2006 was $298,771,000. Also, the decrease in regulatory fee payments of approximately 2.84 percent in FY 2007 is reflected in the revenue that is expected to be collected from each service category. Because this expected revenue is adjusted each year by the number of estimated payment units in a service category, and then adjusted for rounding, the actual fee will likely differ by an amount more or less than 2.84 percent. For example, in industries where the number of payment units is declining, the per-unit regulatory fee amount for FY 2007 may actually be more than the amount for FY 2006.

\(^3\) In many instances, the regulatory fee amount is a flat fee per licensee or regulatee. However, in some instances the fee amount represents a per-unit fee (such as for International Bearer Circuits), a per-unit subscriber fee (such as for Cable, Commercial Mobile Radio Service (CMRS) Cellular/Mobile and CMRS Messaging), or a fee factor per revenue dollar (Interstate Telecommunications Service Provider fee). The payment unit is the measure upon which the fee is based, such as a licensee, regulatee, subscriber fee, etc.

\(^4\) The databases we consulted include, but are not limited to, the Commission’s Universal Licensing System (ULS), International Bureau Filing System (IBFS), Consolidated Database System (CDBS) and Cable Operations and Licensing System (COALS). We also consulted industry sources including, but not limited to, Television & Cable Factbook by Warren Publishing, Inc. and the Broadcasting and Cable Yearbook by Reed Elsevier, Inc., as well as reports generated within the Commission such as the Wireline Competition Bureau’s Trends in Telephone Service and the Wireless Telecommunications Bureau’s Numbering Resource Utilization Forecast and Annual CMRS Competition Report. For additional information on source material, see Attachment B.
and type of service (AM or FM), determines the regulatory fee amount to be paid.\(^5\)

2. Commercial Mobile Radio Service (CMRS) Messaging Service

7. Since FY 2003, the Commission has maintained the CMRS Messaging regulatory fee at the rate that was established in FY 2002 (i.e., $0.08 per subscriber) to account for the messaging industry’s declining subscriber base.\(^6\) We note that between FY 1997 and FY 2006, the CMRS Messaging subscriber base declined 79.7 percent from 40.8 million to 8.3 million, respectively.\(^7\) We propose to continue the same approach for regulatory fees applicable to the messaging industry in FY 2007, thereby maintaining the industry’s regulatory fee at $0.08 per subscriber. We seek comment on this proposal.

3. Broadband Radio Service (BRS)/Educational Broadband Service (EBS)

8. Recently, the Commission adopted a megahertz-based formula for BRS licensees with tiered fees by markets, similar to but more complex than the Commission’s annual scale of regulatory fees paid by broadcast television stations.\(^8\) According to this formula, annual fees will be charged on a per-megahertz basis based upon three categories of Basic Trading Areas (BTA) population rankings:\(^9\) Licensees in BTA rankings 1-60 will pay the highest fee, licensees in BTA rankings 61-200 will pay a lesser fee, and licensees in BTA rankings 201-493 will pay the lowest fee.\(^10\) Because this formula is complex, we are assessing the impact of this methodology (using a per-megahertz formula and a BTA populating ranking) on the manner in which regulatory fees are calculated for this class of licensees. We seek comment on how to devise a simple method of calculating regulatory fees that incorporates BTA population rankings and a per-megahertz fee for future fiscal years. We specifically seek comment on a formula for calculating regulatory fees that not only incorporates BTAs and a per-megahertz fee, but a formula that is also sensitive to rural operators in less densely populated areas. We seek comment on this proposal. Due to the complexities mentioned above and the need for detailed analysis, however, we will not implement any such changes for FY 2007.

4. International Bearer Circuits

9. On February 6, 2006, VSNL Telecommunications (US) Inc. (VSNL) filed a Petition for Rulemaking urging the Commission to modify the current international bearer circuit fee rules and policies

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\(^5\) In addition, beginning in FY 2005, we established a procedure by which we set regulatory fees for AM and FM radio and VHF and UHF television Construction Permits each year at an amount no higher than the lowest regulatory fee in that respective service category. For example, the regulatory fee for a Construction Permit for an AM radio station will never be more than the regulatory fee for an AM Class C radio station serving a population of less than 25,000.


\(^7\) The 40.8 million number represents a unit estimate from Assessment and Collection of Regulatory Fees for Fiscal Year 1997, MD Docket No. 96-186, Report and Order, 12 FCC Rcd 17161 (1997), and the 8.3 million figure represents the number of paid units as of fiscal year end 2006.

\(^8\) See Amendment of Parts 1, 21, 73, 74 and 101 of the Commission’s Rules to Facilitate the Provision of Fixed and Mobile Broadband Access, Educational and Other Advanced Services in the 2150-2162 and 2500-2690 MHz Bands, Order on Reconsideration and Fifth Memorandum Opinion and Order and Third Memorandum Opinion and Order and Second Report and Order, 21 FCC Rcd 5606, 5756-5759, ¶¶ 367-376 (2006) (BRS/EBS Second Report and Order).

\(^9\) For BRS licensees that are licensed by geographic licensed service area (GSA), the BTA is the geographic center point of where its GSA is located.

\(^10\) BRS/EBS Second Report and Order, 21 FCC Rcd 5759, ¶ 376. (Generally, BTAs ranked 1-60 have a population greater than 1 million, BTAs ranked 61-200 have a population 250,000 to 1 million, and BTAs ranked 201-493 have a population of less than 250,000.)
as applied to non-common carrier (i.e., private) submarine cable operators.\textsuperscript{11} We issued a Public Notice designating the proceeding as RM-11312 and requesting comment on the Petition.\textsuperscript{12} We continue to review the record in that proceeding.

5. **Interconnected Voice over Internet Protocol Service Providers**

10. We tentatively conclude that providers of interconnected voice over Internet Protocol ("VoIP") service\textsuperscript{13} should pay regulatory fees. During FY 2006, the Commission concluded that providers of interconnected VoIP services should contribute to the Universal Service Fund.\textsuperscript{14} Based on section 9’s broad mandate that the Commission “assess and collect regulatory fees to recover the costs” of regulatory activities\textsuperscript{15} and our analysis in the 2006 Interim Contribution Methodology Order, we tentatively conclude that the Commission has the legal authority to extend regulatory fee obligations to interconnected VoIP service providers.\textsuperscript{16} We seek comment on whether we should assess regulatory fees on providers of interconnected VoIP services based on their revenue, which would be consistent with the regulatory fee methodology used for interstate telecommunications service providers, or whether we should assess regulatory fees using a numbers-based approach, which would be consistent with the methodology used for CMRS providers.

B. **Administrative and Operational Issues**

11. We seek comment on the administrative and operational processes used to collect the annual section 9 regulatory fees. Although these issues do not affect the amount of regulatory fees parties are obligated to submit, the administrative and operational issues affect the process of submitting payment. We invite comment on ways to improve these processes.

1. **Use of Fee Filer**

12. We continue to encourage regulatees to use the Commission’s online electronic Fee Filer application. Using the Commission’s Fee Filer application reduces paperwork burdens on payors because it eliminates the need to file a FCC Form 159. Regulatees submitting more than twenty-five (25) Form 159-Cs are strongly encouraged to use Fee Filer when sending their regulatory fee payment. We note that Fee Filer will accept credit card payments of up to $99,999.99.

2. **Proposals for Notification and Collection of Regulatory Fees**

13. In this section, we seek comment on the administrative processes that the Commission uses to notify regulatees and collect regulatory fees. Each year, we generate public notices and fact sheets that


\textsuperscript{13} See 47 C.F.R. § 9.3 for the definition of interconnected VoIP service.


\textsuperscript{15} 47 U.S.C. § 159(1).

\textsuperscript{16} See 2006 Interim Contribution Methodology Order 21 FCC Rcd at 7541, ¶¶ 46-47 (finding that Title I gives the Commission subject matter jurisdiction over interconnect VoIP services and that imposition of a universal service contribution obligation is reasonably ancillary to effective performance of the Commission's obligations under section 254 of the Act). Here, the regulatory fee obligation would be reasonably ancillary to the Commission's obligations under section 9 of the Act.
 notify regulatees of the fee payment due date and provide additional information regarding regulatory fee payment procedures. Consistent with our established practice, we propose to provide public notices, fact sheets and all other relevant material on our website at http://www.fcc.gov/fees/regfees.html for the FY 2007 regulatory fee cycle. Regulatees are then expected to pay their yearly regulatory fees by filing FCC Form 159 or by accessing the Commission’s Fee Filer web application. As a general practice, we will not send regulatory fee material to regulatees via surface mail. However, in the event that regulatees do not have access to the Internet, we will mail public notices and other relevant material upon request.

Regulatees and the general public may request such information by contacting the FCC Financial Operations HelpDesk at (877) 480-3201, Option 4. We seek comment on ways to improve our administrative processes.

14. As discussed above, we do not send public notices and fact sheets to regulatees en masse. We propose, however, to continue to send specific regulatory fee pre-bills or assessment notifications via surface mail to the select fee categories discussed below. Pre-bills are hardcopy billing statements that the Commission mails to certain regulatees. Currently, the Commission only sends pre-bills to interstate telecommunications service providers (ITSPs) and satellite space station licensees. The remaining regulatees do not receive pre-bills. We are pursuing our pre-billing initiatives as part of our effort to modernize our financial practices. These initiatives also provide licensees with notification of upcoming regulatory fees. We seek comment on expanding our pre-billing initiatives to include other regulatory fee service categories.

a. Interstate Telecommunications Service Providers (ITSPs)

15. In FY 2001, we began mailing pre-completed FCC Form 159-W assessments to carriers in an effort to assist them in paying their Interstate Telecommunications Service Provider (ITSP) regulatory fee. The fee amount on FCC Form 159-W was calculated from the FCC Form 499-A worksheet. Beginning in FY 2004, we mailed the completed FCC Form 159-W as a pre-bill, rather than as an assessment of amount due. Other than the manner in which Form 159-W payments were entered into our financial system, carriers experienced no procedural changes regarding the use of the FCC Form 159-W when submitting payment of their ITSP regulatory fees. We seek comment on continuing this pre-billing process in FY 2007.

16. We also propose to round lines 14 (total subject revenues) and 16 (total regulatory fee owed) on FCC Form 159-W to the nearest dollar. Line 14 must be rounded to a whole dollar amount because this data field is linked to the FCC Form 159 Remittance Advice Block 25A (quantity), which can only accept whole numbers. It logically follows that if line 14 must be rounded, then the form’s final line that calculates the total fee owed (line 16) should be rounded to the nearest dollar, as well. Also, rounding lines 14 and 16 will nominally ease the filing and payment burdens of our Form 159-W filers. We seek comment on these proposals and on other ways that we could improve our pre-billing initiative for ITSPs.

b. Satellite Space Station Licensees

17. Beginning in FY 2004, we mailed regulatory fee pre-bills via surface mail to licensees in our two satellite space station service categories. Specifically, geostationary orbit space station (GSO) licensees receive bills requesting regulatory fee payment for satellites that (1) were licensed by the Commission and operational on or before October 1 of the respective fiscal year; and (2) were not co-located with and technically identical to another operational satellite on that date (i.e., were not functioning 17 An assessment is a proposed statement of the amount of regulatory fees owed by an entity to the Commission (or proposed subscriber count to be ascribed for purposes of setting the entity’s regulatory fee) but it is not entered into the Commission’s accounting system as a current debt. A pre-bill is considered an account receivable in the Commission’s accounting system. Pre-bills reflect the amount owed and have a payment due date of the last day of the regulatory fee payment window. Consequently, if a pre-bill is not paid by the due date, it becomes delinquent and is subject to our debt collection procedures. See also 47 C.F.R. §§ 1.1161(c), 1.1164(f)(5), and 1.1910.
as a spare satellite). Non-geostationary orbit space station (NGSO) licensees received pre-bills requesting regulatory fee payment for systems that were licensed by the Commission and operational on or before October 1 of the respective fiscal year.

18. For FY 2007, we propose to continue mailing pre-bills for our GSO and NGSO satellite space station categories. We seek comment on this proposal. We emphasize that the pre-bills that we propose to generate for our GSO and NGSO licensees will only be for the satellite or system aspects of their respective operations. GSO and NGSO licensees typically have regulatory fee obligations in other service categories (such as earth stations, broadcast facilities, etc.), and we expect satellite operators to meet their full fee payment obligation for all of their FCC holdings. We seek comment on our proposal to generate regulatory fee pre-bills for our two satellite space station service categories.

c. Additional Service Categories for Billing

19. We propose to expand our section 9 regulatory fee pre-billing initiative to include the service categories for Earth Stations and Cable Television Relay Service (CARS) Stations, beginning in FY 2007. Pre-billing can be accomplished for these categories because they are comprised of relatively few payment units (relative to many other categories in our Schedule of Regulatory Fees), and because the Commission maintains licensing databases for both categories. We seek comment on our proposal to send regulatory fee pre-bills via surface mail to licensees of Earth Stations and CARS.

d. Media Services Licensees

20. Beginning in FY 2003, we sent fee assessment notifications via surface mail to media services entities on a per-facility basis. The notifications provided the assessed fee amount for the facility in question, as well as the data attributes that determined the fee amount. We have since refined this initiative with improved results.\(^1\) We propose to continue our assessment initiative for media services licensees this year.\(^2\) We seek comment on this proposal.

21. Consistent with procedures used last year, we propose to mail assessment notifications to licensees to their primary record of contact populated in CDBS (Consolidated Database System) and to their secondary record of contact, if available. We will continue to make the Commission-authorized web site available to licensees to update or correct any information concerning their facilities and to amend their fee-exempt status, if need be.\(^3\) We seek comment on this proposal.

22. Under our proposal, licensees must still submit a completed FCC Form 159 Remittance Advice with their fee payments. The assessment notifications cannot be used as a substitute for a completed Form 159.

e. Commercial Mobile Radio Service (CMRS) Cellular and Mobile

\(^1\) Some of those refinements have been to provide licensees with a Commission-authorized web site to update or correct any information concerning their facilities, and to amend their fee-exempt status, if need be. Also, our notifications now provide licensees with a telephone number to call in the event that they need customer assistance. The notifications themselves have been refined so that licensees of fewer than four facilities receive individual fee assessment postcards for their facilities; whereas licensees of four or more facilities now receive a single assessment letter that lists all of their facilities and the associated regulatory fee obligation for each facility.

\(^2\) Fee assessments are proposed again to be issued for AM and FM Radio Stations, AM and FM Construction Permits, FM Translators/Boosters, VHF and UHF Television Stations, VHF and UHF Television Construction Permits, Satellite Television Stations, Low Power Television (LPTV) Stations and LPTV Translators/Boosters, to the extent that applicants, permittees and licensees of such facilities do not qualify as government entities or non-profit entities. Fee assessments have not been issued for broadcast auxiliary stations in prior years, nor will they be issued in FY 2007.

\(^3\) The Commission-authorized web site for media services licensees is http://www.fccfees.com.
Services Assessments

23. As we have done in prior years, we propose to mail an assessment letter to Commercial Mobile Radio Service (CMRS) providers using data that is based on the Numbering Resource Utilization Forecast (NRUF) form, which includes a list of the carrier’s Operating Company Numbers (OCNs) upon which the assessment is based.\textsuperscript{21} Consistent with existing practice, the letters will not include OCNs with their respective assigned number counts, but rather, an aggregate total of assigned numbers for each carrier. We also propose to continue our procedure of giving entities an opportunity to amend their subscriber counts by sending two rounds of assessment letters – an initial assessment and a final assessment letter. We seek comment on this proposal.

24. If the number of subscribers on the initial assessment letter differs from the subscriber count the service provider provided on its NRUF form, the carrier can correct its subscriber count by returning the assessment letter or by contacting the Commission and stating a reason for the change, such as the purchase or the sale of a subsidiary, including the date of the transaction, and any other information that will help to justify a reason for the change.

25. If we receive no response or correction to our initial assessment letter, we will expect the fee payment to be based on the number of subscribers listed on the initial assessment. We will review all responses to initial assessment letters and determine whether a change in the number of subscribers is warranted. We will then generate and mail a final assessment letter. The final assessment letter will inform carriers as to whether or not we accept the changed number of subscribers. As in previous years, operators will certify their subscriber counts in Block 30 of the FCC Form 159 Remittance Advice when making their regulatory fee payments. We seek comment on our current procedures of assessing CMRS subscriber counts (for NRUF filers), and other ways to improve the process.

26. Although an initial and a final assessment letter will be mailed to carriers that have filed an NRUF form, some carriers may not be sent a letter of assessment because they did not file the NRUF form. We propose that these carriers compute their fee payment using the standard methodology\textsuperscript{22} that is currently in place for CMRS Wireless services (e.g., compute their subscriber counts as of December 31, 2006), and submit their payment accordingly on FCC Form 159. However, regardless of whether a carrier receives an assessment letter or computes the subscriber count itself, the Commission may audit the number of subscribers for which regulatory fees are paid. In the event that the Commission determines that the number of subscribers is inaccurate or that an insufficient reason is given for making a correction on the initial assessment letter, the Commission will assess the carrier for the difference between what was paid and what should have been paid.

27. We, therefore, propose to (1) derive the subscriber count from NRUF data based on “assigned” number counts that have been adjusted for porting to net Type 0 ports (“in” and “out”); (2) provide carriers with an opportunity to revise their subscriber counts at the time when the initial assessment letter is mailed; and (3) require carriers to confirm their subscriber counts at the aggregate level using data in the NRUF report. We seek comment on these proposals.

\textsuperscript{21} See Assessment and Collection of Regulatory Fees for Fiscal Year 2005 and Assessment and Collection of Regulatory Fees for Fiscal Year 2004, MDocket Nos. 05-59 and 04-73, Report and Order and Order on Reconsideration, 20 FCC Rcd 12259, 12264, ¶¶ 38-44 (2005) (FY 2005 R&O and Order on Recon)

f. Cable Television Subscribers

28. We propose to continue to permit cable television operators to base their regulatory fee payment on their company’s aggregate year-end subscriber count, rather than requiring them to sub-report subscriber counts on a per community unit identifier (CUID) basis on the FCC Form 159 Remittance Advice. We seek comment on this proposal. Operators, after providing their company’s aggregate subscriber count in Block 25A of the FCC Form 159, will still be required to certify the accuracy of the subscriber count in Block 30. This practice has worked well for the Commission the past three fiscal years and has eased administrative burdens for the cable television industry.

29. Last year, for the first time, we sent a message to e-mail addresses populated in the Media Bureau’s Cable Operations and Licensing System (COALS) to notify recipients of the FY 2006 regulatory fee payment due date and the fee amount for basic cable television subscribers. We propose to continue this effort for FY 2007. We also propose to discontinue our practice of sending fee assessment letters via surface mail to cable television operators who are on file as having paid regulatory fees the previous fiscal year. We seek comment on our proposals.

3. Streamlined Regulatory Fee Payment Process for Commercial Mobile Radio Service (CMRS) Cellular and Mobile Providers

30. In FY 2006, we streamlined the CMRS payment process by eliminating the requirement for CMRS providers to identify their individual calls signs when making their regulatory fee payment, requiring instead for CMRS providers to pay their regulatory fees only at the aggregate subscriber level without having to identify their various call signs.

We propose to continue this practice in FY 2007. We seek comment on this proposal. As an additional measure to reduce the administrative burden on CMRS licensees, we propose to consolidate the CMRS cellular and CMRS mobile fee categories into one fee category, thereby eliminating the requirement for CMRS providers to separate their subscriber counts into CMRS cellular and CMRS mobile fee categories during the regulatory fee payment process. We seek comment on this proposal.

31. In our FY 1998 Report and Order, the Commission classified Wireless Communications Service (WCS), which included Personal Communications Services (Part 24), as a CMRS Mobile Service, stating that the Commercial Mobile Radio Service (CMRS) is “an ‘umbrella’ descriptive term attributed to various existing broadband services authorized to provide interconnected mobile radio services.” However, beginning in FY 1998, a separate fee code was provided for Personal Communications Service (PCS) to monitor the number of units in this category of service. In recent years, the need to track the number of units for CMRS cellular and CMRS mobile separately has become unnecessary, especially for regulatory fee purposes. Therefore, beginning in FY 2007, we propose to consolidate the CMRS cellular and CMRS mobile fee categories into one CMRS fee category. To illustrate, in FY 2007 the CMRS cellular fee category of “0711” and the CMRS mobile fee category of “0712” would be consolidated into the fee category of “0711.” Licensees paying regulatory fees for CMRS cellular and CMRS mobile will need only to identify their aggregate subscriber unit totals under the fee code of “0711.” We seek comment on this proposal.

4. Future Streamlining of the Regulatory Fee Assessment and Collection Process

32. We continue to welcome comments concerning our commitment to reviewing, streamlining, and modernizing our statutorily required fee assessment and collection procedures. Our areas of particular interest include: (1) the process for notifying licensees about changes in the annual Schedule


of Regulatory Fees and how it can be improved; (2) the most effective way to disseminate regulatory fee assessments and bills, e.g., through surface mail, e-mail, online website, or some other mechanism; (3) the fee payment process, including how the agency’s online regulatory fee filing system (Fee Filer) can be enhanced; (4) the timing of fee payments, including whether we should alter the existing section 9 regulatory fee payment window in any way; and (5) the timing of fee assessments and pre-bills.

III. PROCEDURAL MATTERS

A. Payment of Regulatory Fees

1. De Minimis Fee Payment Liability

33. Consistent with past practice, regulatees whose total FY 2006 regulatory fee liability, including all categories of fees for which payment is due, amounts to less than $10 will be exempted from payment of FY 2007 regulatory fees.

2. Standard Fee Calculations and Payment Dates

34. The Commission will, for the convenience of payers, accept fee payments made in advance of the window for the payment of regulatory fees. Licensees are reminded that, under our current rules, the responsibility for payment of fees by service category is as follows:

a) Media Services: Regulatory fees must be paid for initial construction permits that were granted on or before October 1, 2006 for AM/FM radio stations, VHF/UHF television stations and satellite television stations. Regulatory fees must be paid for all broadcast facility licenses granted on or before October 1, 2006. In instances where a permit or license is transferred or assigned after October 1, 2006, responsibility for payment rests with the holder of the permit or license as of the fee due date.

b) Wireline (Common Carrier) Services: Regulatory fees must be paid for authorizations that were granted on or before October 1, 2006. In instances where a permit or license is transferred or assigned after October 1, 2006, responsibility for payment rests with the holder of the permit or license as of the fee due date.

c) Wireless Services: Commercial Mobile Radio Service (CMRS) cellular, mobile, and messaging services (fees based upon a subscriber, unit or circuit count): Regulatory fees must be paid for authorizations that were granted on or before October 1, 2006. The number of subscribers, units or circuits on December 31, 2006 will be used as the basis from which to calculate the fee payment.

The first eleven regulatory fee categories in our Schedule of Regulatory Fees (see Attachment D) pay what we refer to as “small multi-year wireless regulatory fees.” Entities pay these regulatory fees in advance for the entire amount of their 5-year or 10-year term of initial license, and only pay regulatory fees again for the license at the time its next renewal. So while we include these eleven categories in our Schedule of Regulatory Fees to publicize the fee amounts, we do not actually collect these fees on an annual basis.

d) Multichannel Video Programming Distributor Services (cable television operators and CARS licensees): Regulatory fees must be paid for the number of basic cable
television subscribers as of December 31, 2006.\textsuperscript{25} Regulatory fees also must be paid for CARS licenses that were granted on or before October 1, 2006. In instances where a CARS license is transferred or assigned after October 1, 2006, responsibility for payment rests with the holder of the license as of the fee due date.

e) International Services: Regulatory fees must be paid for earth stations, geostationary orbit space stations and non-geostationary orbit satellite systems that were licensed and operational on or before October 1, 2006. In instances where a license is transferred or assigned after October 1, 2006, responsibility for payment rests with the holder of the license as of the fee due date. Regulatory fees must be paid for international bearer circuits, the payments of which are determined by the number of active circuits as of December 31, 2006.\textsuperscript{26}

B. Enforcement

35. As a reminder to all licensees, section 159(c) of the Communications Act requires us to impose an additional charge as a penalty for late payment of any regulatory fee. As in years past, a late payment penalty of 25 percent of the amount of the required regulatory fee will be assessed on the first day following the deadline date for filing of these fees. Regulatory fee payment must be received and stamped at the lockbox bank by the last day of the regulatory fee filing window, and not merely postmarked by the last day of the window. Failure to pay regulatory fees and/or any late penalty will subject regulatees to sanctions, including the Commission’s Red Light Rule (see 47 C.F.R. § 1.1910) and the provisions set forth in the Debt Collection Improvement Act of 1996 (DCIA). We also assess administrative processing charges on delinquent debts to recover additional costs incurred in processing and handling the related debt

\textsuperscript{25} Cable television system operators should compute their basic subscribers as follows: Number of single family dwellings + number of individual households in multiple dwelling unit (apartments, condominiums, mobile home parks, etc.) paying at the basic subscriber rate + bulk rate customers + courtesy and free service. Note: Bulk-Rate Customers = Total annual bulk-rate charge divided by basic annual subscription rate for individual households. Operators may base their count on "a typical day in the last full week" of December 2006, rather than on a count as of December 31, 2006.

\textsuperscript{26} Regulatory fees for International Bearer Circuits are to be paid by facilities-based common carriers that have active international bearer circuits in any transmission facility for the provision of service to an end user or resale carrier, which includes active circuits to themselves or to their affiliates. In addition, non-common carrier satellite operators must pay a fee for each circuit sold or leased to any customer, including themselves or their affiliates, other than an international common carrier authorized by the Commission to provide U.S. international common carrier services. Non-common carrier submarine cable operators are also to pay fees for any and all international bearer circuits sold on an indefeasible right of use (IRU) basis or leased to any customer, including themselves or their affiliates, other than an international common carrier authorized by the Commission to provide U.S. international common carrier services. See Assessment and Collection of Regulatory Fees for Fiscal Year 2001, MD Docket No. 01-76, Report and Order, 16 FCC Rcd 13525, 13593 (2001); Regulatory Fees Fact Sheet: What You Owe – International and Satellite Services Licensees for FY 2004 at 3 (rel. July 2004) (the fact sheet is available on the FCC web-site at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-249904A4.pdf). On February 6, 2006, VSNL Telecommunications (US) Inc. filed a Petition for Rulemaking urging the Commission to reform the current International Bearer Circuit Fee rules and policies as applied to non-common carrier submarine cable operators. See Petition for Rulemaking of VSNL Telecommunications (US) Inc., RM-11312 (filed February 6, 2006). This Petition remains pending before the Commission, which has issued a Public Notice requesting comment on the petition. See Consumer and Governmental Affairs Bureau, Reference Information Center, Public Notice, Report No. 2759 (released February 15, 2006). The Commission intends to resolve the complex issues presented by this Petition separately, and any comments on these issues filed in the instant proceeding will be incorporated into, and addressed, with those filed on the Petition for Rulemaking.
pursuant to the DCIA and 47 C.F.R. §1.1940(d) of the Commission’s rules. These administrative processing charges will be assessed on any delinquent regulatory fee, in addition to the 25 percent late charge penalty. In case of partial payments (underpayments) of regulatory fees, the licensee will be given credit for the amount paid, but if it is later determined that the fee paid is incorrect or not timely paid, then the 25 percent late charge penalty (and other charges and/or sanctions, as appropriate) will be assessed on the portion that is not paid in a timely manner.

36. Furthermore, our regulatory fee rules provide that we will withhold action on any applications or other requests for benefits filed by anyone who is delinquent in any non-tax debts owed to the Commission (including regulatory fees) and will ultimately dismiss those applications or other requests if payment of the delinquent debt or other satisfactory arrangement for payment is not made. See 47 C.F.R. §§ 1.1161(c), 1.1164(f)(5), and 1.1910. Failure to pay regulatory fees can also result in the initiation of a proceeding to revoke any and all authorizations held by the entity responsible for paying the delinquent fee(s).

C. Initial Regulatory Flexibility Analysis
37. With respect to this Notice, an Initial Regulatory Flexibility Analysis (IRFA), is contained in Attachment A of the Appendix. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the Notice specified infra. The Commission will send a copy of the Notice, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

D. Initial Paperwork Reduction Act of 1995 Analysis
38. This Notice does not contain proposed or modified information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified “information collection burden for small business concerns with fewer than 25 employees,” pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4). Completion of the 159 family of forms required by the Commission’s regulatory fee payment process is already approved by the Office of Management and Budget under information collections 3060-0589 and 3060-0949.

E. Ex Parte Rules
39. Permit-But-Disclose. This proceeding will be treated as a “permit-but-disclose” proceeding subject to the “permit-but-disclose” requirements under section 1.1206(b) of the Commission’s rules. Ex parte presentations are permissible if disclosed in accordance with Commission rules, except during the Sunshine Agenda period when presentations, ex parte or otherwise, are generally prohibited. Persons making oral ex parte presentations are reminded that a memorandum summarizing a presentation must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one- or two-sentence description of the views and arguments presented is generally required. Additional rules pertaining to oral and written presentations are set forth in section 1.1206(b).

F. Filing Requirements
40. Comments and Replies. Pursuant to sections 1.415 and 1.419 of the Commission’s rules, interested parties may file comments on or before the dates indicated on the first page of this document. Comments may be filed using: (1) the Commission’s Electronic Comment Filing System (ECFS), (2) the

27 See 5 U.S.C. § 603. In addition, the Notice and the IRFA (or summaries thereof) will be published in the Federal Register.

28 See 47 C.F.R. § 1.1206(b); see also 47 C.F.R. §§ 1.1202, 1.1203.

29 See 47 C.F.R. § 1.1206(b)(2).

30 See id. §§ 1.1415, 1419.
Federal Government’s eRulemaking Portal, or (3) procedures for filing paper copies.\footnote{See Electronic Filing of Documents in Rulemaking Proceedings, 13 FCC Rcd 11322 (1998).}

41. **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: http://www.fcc.gov/cgb/ecfs or the Federal eRulemaking Portal: http://www.regulations.gov. Filers should follow the instructions provided on the website for submitting comments. For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, “get form.” A sample form and directions will be sent in response.

42. **Paper Filers:** Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission’s Secretary, Office of the Secretary, Federal Communications Commission.
   - The Commission’s contractor will receive hand-delivered or messenger-delivered paper filings for the Commission’s Secretary at 236 Massachusetts Avenue, NE., Suite 110, Washington, DC 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.
   - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
   - U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, SW, Washington DC 20554.

43. **Availability of Documents.** Comments, reply comments, and \textit{ex parte} submissions will be available for public inspection during regular business hours in the FCC Reference Center, Federal Communications Commission, 445 12\textsuperscript{th} Street, S.W., CY-A257, Washington, D.C., 20554. These documents will also be available free online, via ECFS. Documents will be available electronically in ASCII, Word 97, and/or Adobe Acrobat.

44. **Accessibility Information.** To request information in accessible formats (computer diskettes, large print, audio recording, and Braille), send an e-mail to fcc504@fcc.gov or call the FCC’s Consumer and Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (TTY). This document can also be downloaded in Word and Portable Document Format (PDF) at: http://www.fcc.gov.
IV. ORDERING CLAUSES

45. Accordingly, IT IS ORDERED that, pursuant to sections 4(i) and (j), 9, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 159, and 303(r), this Notice of Proposed Rulemaking is HEREBY ADOPTED.

46. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Notice of Proposed Rulemaking, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary
ATTACHMENT A

INITIAL REGULATORY FLEXIBILITY ANALYSIS

47. As required by the Regulatory Flexibility Act (RFA), the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules in the present Notice. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed on or before the dates indicated on the first page of this Notice. The Commission will send a copy of the Notice, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration. In addition, the Notice and IRFA (or summaries thereof) will be published in the Federal Register.

I. Need for, and Objectives of, the Proposed Rules:

48. This rulemaking proceeding is initiated to obtain comments concerning the Commission’s proposed amendment of its Schedule of Regulatory Fees in the amount of $290,295,160, the amount that Congress has required the Commission to recover. The Commission seeks to collect the necessary amount through its proposed Schedule of Regulatory Fees in the most efficient manner possible and without undue public burden.

II. Legal Basis:

49. This action, including publication of proposed rules, is authorized under sections (4)(i) and (j), 9, and 303(r) of the Communications Act of 1934, as amended.

III. Description and Estimate of the Number of Small Entities to which the Proposed Rules Will Apply:

50. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the proposed rules and policies, if adopted. The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.” In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act. A “small business concern” is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.

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33 5 U.S.C. 603(a).

34 Id.

35 47 U.S.C. 154(i) and (j), 159, and 303(r).


38 5 U.S.C. § 601(3) (incorporating by reference the definition of “small-business concern” in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

51. **Small Businesses.** Nationwide, there are a total of 22.4 million small businesses, according to SBA data.\(^{40}\)

52. **Small Organizations.** Nationwide, there are approximately 1.6 million small organizations.\(^ {41}\)

53. **Small Governmental Jurisdictions.** The term “small governmental jurisdiction” is defined generally as “governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand.”\(^{42}\) Census Bureau data for 2002 indicate that there were 87,525 local governmental jurisdictions in the United States.\(^ {43}\) We estimate that, of this total, 84,377 entities were “small governmental jurisdictions.”\(^ {44}\) Thus, we estimate that most governmental jurisdictions are small.

54. We have included small incumbent local exchange carriers in this present RFA analysis. As noted above, a “small business” under the RFA is one that, inter alia, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and “is not dominant in its field of operation.”\(^ {45}\) The SBA’s Office of Advocacy contends that, for RFA purposes, small incumbent local exchange carriers are not dominant in their field of operation because any such dominance is not “national” in scope.\(^ {46}\) We have therefore included small incumbent local exchange carriers in this RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

55. **Incumbent Local Exchange Carriers (ILECs).** Neither the Commission nor the SBA has developed a small business size standard specifically for incumbent local exchange services. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\(^ {47}\) According to Commission data,\(^ {48}\) 1,303 carriers have reported that they are engaged in the provision of incumbent local exchange services. Of these 1,303 carriers, an estimated 1,020 have 1,500 or fewer employees and 283 have more than 1,500 employees. Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses that may be affected by our proposed action.

\(^ {40}\) See SBA, Programs and Services, SBA Pamphlet No. CO-0028, at page 40 (July 2002).


\(^ {42}\) 5 U.S.C. § 601(5).

\(^ {43}\) U.S. Census Bureau, Statistical Abstract of the United States: 2006, Section 8, page 272, Table 415.

\(^ {44}\) We assume that the villages, school districts, and special districts are small, and total 48,558. See U.S. Census Bureau, Statistical Abstract of the United States: 2006, section 8, page 273, Table 417. For 2002, Census Bureau data indicate that the total number of county, municipal, and township governments nationwide was 38,967, of which 35,819 were small. Id.


\(^ {47}\) 13 C.F.R. § 121.201, North American Industry Classification System (NAICS) code 517110.

\(^ {48}\) FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, “Trends in Telephone Service” at Table 5.3, Page 5-5 (June 2005) (hereinafter “Trends in Telephone Service”). This source uses data that are current as of October 1, 2004.
56. **Competitive Local Exchange Carriers (CLECs), Competitive Access Providers (CAPs), “Shared-Tenant Service Providers,” and “Other Local Service Providers.”** Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\(^\text{49}\) According to Commission data,\(^\text{50}\) 769 carriers have reported that they are engaged in the provision of either competitive access provider services or competitive local exchange carrier services. Of these 769 carriers, an estimated 676 have 1,500 or fewer employees and 94 have more than 1,500 employees. In addition, 12 carriers have reported that they are “Shared-Tenant Service Providers,” and all 12 are estimated to have 1,500 or fewer employees. In addition, 39 carriers have reported that they are “Other Local Service Providers.” Of the 39, an estimated 38 have 1,500 or fewer employees and one has more than 1,500 employees. Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, “Shared-Tenant Service Providers,” and “Other Local Service Providers” are small entities that may be affected by our proposed action.

57. **Local Resellers.** The SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\(^\text{51}\) According to Commission data,\(^\text{52}\) 143 carriers have reported that they are engaged in the provision of local resale services. Of these, an estimated 141 have 1,500 or fewer employees and two have more than 1,500 employees. Consequently, the Commission estimates that the majority of local resellers are small entities that may be affected by our proposed action.

58. **Toll Resellers.** The SBA has developed a small business size standard for the category of Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\(^\text{53}\) According to Commission data,\(^\text{54}\) 770 carriers have reported that they are engaged in the provision of toll resale services. Of these, an estimated 747 have 1,500 or fewer employees and 23 have more than 1,500 employees. Consequently, the Commission estimates that the majority of toll resellers are small entities that may be affected by our proposed action.

59. **Payphone Service Providers (PSPs).** Neither the Commission nor the SBA has developed a small business size standard specifically for payphone services providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\(^\text{55}\) According to Commission data,\(^\text{56}\) 654 carriers have reported that they are engaged in the provision of payphone services. Of these, an estimated 652 have 1,500 or fewer employees and two have more than 1,500 employees. Consequently, the Commission estimates that the majority of payphone service providers are small entities that may be affected by our proposed action.

60. **Interexchange Carriers (IXCs).** Neither the Commission nor the SBA has developed a small business size standard specifically for providers of interexchange services. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size

\(^{49}\)13 C.F.R. § 121.201, NAICS code 517110.

\(^{50}\)“Trends in Telephone Service” at Table 5.3.

\(^{51}\)13 CFR § 121.201, NAICS code 517310.

\(^{52}\)“Trends in Telephone Service” at Table 5.3.

\(^{53}\)13 CFR § 121.201, NAICS code 517310.

\(^{54}\)“Trends in Telephone Service” at Table 5.3.

\(^{55}\)3 CFR § 121.201, NAICS code 517110.

\(^{56}\)“Trends in Telephone Service” at Table 5.3.
standard, such a business is small if it has 1,500 or fewer employees.\textsuperscript{57} According to Commission data,\textsuperscript{58} 316 carriers have reported that they are engaged in the provision of interexchange service. Of these, an estimated 292 have 1,500 or fewer employees and 24 have more than 1,500 employees. Consequently, the Commission estimates that the majority of IXCs are small entities that may be affected by our proposed action.

61. **Operator Service Providers (OSPs).** Neither the Commission nor the SBA has developed a small business size standard specifically for operator service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\textsuperscript{59} According to Commission data,\textsuperscript{60} 23 carriers have reported that they are engaged in the provision of operator services. Of these, an estimated 20 have 1,500 or fewer employees and three have more than 1,500 employees. Consequently, the Commission estimates that the majority of OSPs are small entities that may be affected by our proposed action.

62. **Prepaid Calling Card Providers.** Neither the Commission nor the SBA has developed a small business size standard specifically for prepaid calling card providers. The appropriate size standard under SBA rules is for the category Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\textsuperscript{61} According to Commission data,\textsuperscript{62} 89 carriers have reported that they are engaged in the provision of prepaid calling cards. Of these, an estimated 88 have 1,500 or fewer employees and one has more than 1,500 employees. Consequently, the Commission estimates that the majority of prepaid calling card providers are small entities that may be affected by our proposed action.

63. **800 and 800-Like Service Subscribers.**\textsuperscript{63} Neither the Commission nor the SBA has developed a small business size standard specifically for 800 and 800-like service ("toll free") subscribers. The appropriate size standard under SBA rules is for the category Telecommunications Resellers. Under that size standard, such a business is small if it has 1,500 or fewer employees.\textsuperscript{64} The most reliable source of information regarding the number of these service subscribers appears to be data the Commission receives from Database Service Management on the 800, 866, 877, and 888 numbers in use.\textsuperscript{65} According to our data, at the end of December 2004, the number of 800 numbers assigned was 7,540,453; the number of 888 numbers assigned was 5,947,789; the number of 877 numbers assigned was 4,805,568; and the number of 866 numbers assigned was 5,011,291. We do not have data specifying the number of these subscribers that are independently owned and operated or have 1,500 or fewer employees, and thus are unable at this time to estimate with greater precision the number of toll free subscribers that would qualify as small businesses under the SBA size standard. Consequently, we estimate that there are 7,540,453 or fewer small entity 800 subscribers; 5,947,789 or fewer small entity 888 subscribers; 4,805,568 or fewer small entity 877 subscribers, and 5,011,291 or fewer entity 866 subscribers.

\begin{itemize}
\item \textsuperscript{57} 13 C.F.R. § 121.201, NAICS code 517110.
\item \textsuperscript{58} "Trends in Telephone Service" at Table 5.3.
\item \textsuperscript{59} 13 C.F.R. § 121.201, NAICS code 517110.
\item \textsuperscript{60} "Trends in Telephone Service" at Table 5.3.
\item \textsuperscript{61} 13 C.F.R. § 121.201, NAICS code 517310.
\item \textsuperscript{62} "Trends in Telephone Service" at Table 5.3.
\item \textsuperscript{63} We include all toll-free number subscribers in this category, including those for 888 numbers.
\item \textsuperscript{64} 13 C.F.R. § 121.201, NAICS code 517310.
\item \textsuperscript{65} "Trends in Telephone Service" at Tables 18.4, 18.5, 18.6, and 18.7.
\end{itemize}
64. **International Service Providers.** There is no small business size standard developed specifically for providers of international service. The appropriate size standards under SBA rules are for the two broad census categories of “Satellite Telecommunications” and “Other Telecommunications.” Under both categories, such a business is small if it has $13.5 million or less in average annual receipts.  

65. The first category of Satellite Telecommunications “comprises establishments primarily engaged in providing point-to-point telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications.” For this category, Census Bureau data for 2002 show that there were a total of 371 firms that operated for the entire year. Of this total, 307 firms had annual receipts of under $10 million, and 26 firms had receipts of $10 million to $24,999,999. Consequently, we estimate that the majority of Satellite Telecommunications firms are small entities that might be affected by our action.

66. The second category of Other Telecommunications “comprises establishments primarily engaged in (1) providing specialized telecommunications applications, such as satellite tracking, communications telemetry, and radar station operations; or (2) providing satellite terminal stations and associated facilities operationally connected with one or more terrestrial communications systems and capable of transmitting telecommunications to or receiving telecommunications from satellite systems.” For this category, Census Bureau data for 2002 show that there were a total of 332 firms that operated for the entire year. Of this total, 259 firms had annual receipts of under $10 million and 15 firms had annual receipts of $10 million to $24,999,999. Consequently, we estimate that the majority of Other Telecommunications firms are small entities that might be affected by our action.

67. **Wireless Service Providers.** The SBA has developed a small business size standard for wireless firms within the two broad economic census categories of "Paging" and "Cellular and Other Wireless Telecommunications." Under both categories, the SBA deems a wireless business to be small if it has 1,500 or fewer employees. For the census category of Paging, Census Bureau data for 2002 show that there were 807 firms in this category that operated for the entire year. Of this total, 804 firms had employment of 999 or fewer employees, and three firms had employment of 1,000 employees or more.

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66 13 C.F.R. § 121.201 , NAICS codes 517410 and 517910.
68 U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 4, NAICS code 517410 (issued Nov. 2005).
69 Id. An additional 38 firms had annual receipts of $25 million or more.
70 U.S. Census Bureau, 2002 NAICS Definitions, “517910 Other Telecommunications”; http://www.census.gov/epcd/naics02/def?NDEF517.HTM.
71 U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 4, NAICS code 517910 (issued Nov. 2005).
72 Id. An additional 14 firms had annual receipts of $25 million or more.
73 13 C.F.R. § 121.201, NAICS code 517211.
74 13 C.F.R. § 121.201, NAICS code 517212.
75 U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 5, NAICS code 517211 (issued Nov. 2005).
76 Id. The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”
Thus, under this category and associated small business size standard, the majority of firms can be considered small. For the census category of Cellular and Other Wireless Telecommunications, Census Bureau data for 2002 show that there were 1,397 firms in this category that operated for the entire year. Of this total, 1,378 firms had employment of 999 or fewer employees, and 19 firms had employment of 1,000 employees or more. Thus, under this second category and size standard, the majority of firms can, again, be considered small.

68. Internet Service Providers. The SBA has developed a small business size standard for Internet Service Providers. This category comprises establishments “primarily engaged in providing direct access through telecommunications networks to computer-held information compiled or published by others.” Under the SBA size standard, such a business is small if it has average annual receipts of $21 million or less. According to Census Bureau data for 1997, there were 2,751 firms in this category that operated for the entire year. Of these, 2,659 firms had annual receipts of under $10 million, and an additional 67 firms had receipts of between $10 million and $24,999,999. Thus, under this size standard, the great majority of firms can be considered small entities.

69. Cellular Licensees. The SBA has developed a small business size standard for wireless firms within the two broad economic census categories of “Paging” and “Cellular and Other Wireless Telecommunications.” Under both categories, the SBA deems a wireless business to be small if it has 1,500 or fewer employees. For the census category of Paging, Census Bureau data for 2002 show that there were 807 firms in this category that operated for the entire year. Of this total, 804 firms had employment of 999 or fewer employees, and three firms had employment of 1,000 employees or more. Thus, under this category and associated small business size standard, the majority of firms can be considered small. For the census category of Cellular and Other Wireless Telecommunications, Census Bureau data for 2002 show that there were 1,397 firms in this category that operated for the entire year. Of this total, 1,378 firms had employment of 999 or fewer employees, and 19 firms had employment of 1,000 employees or more.

77 U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 5, NAICS code 517212 (issued Nov. 2005).
78 Id. The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”
80 13 C.F.R. § 121.201, NAICS code 518111.
83 13 C.F.R. § 121.201, NAICS code 517211.
84 13 C.F.R. § 121.201, NAICS code 517212.
86 Id. The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”
87 U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 5, NAICS code 517212 (issued Nov. 2005).
more.\textsuperscript{88} Thus, under this second category and size standard, the majority of firms can, again, be considered small.

70. \textbf{Common Carrier Paging}. As noted, the SBA has developed a small business size standard for wireless firms within the broad economic census categories of “Cellular and Other Wireless Telecommunications.”\textsuperscript{89} Under this SBA category, a wireless business is small if it has 1,500 or fewer employees. For the census category of Paging, U.S. Census Bureau data for 1997 show that there were 1,320 firms in this category, total, that operated for the entire year.\textsuperscript{90} Of this total, 1,303 firms had employment of 999 or fewer employees, and an additional 17 firms had employment of 1,000 employees or more.\textsuperscript{91} Thus, under this category and associated small business size standard, the great majority of firms can be considered small.

71. In addition, in the Paging Second Report and Order, the Commission adopted a size standard for “small businesses” for purposes of determining their eligibility for special provisions such as bidding credits and installment payments.\textsuperscript{92} A small business is an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $15 million for the preceding three years.\textsuperscript{93} The SBA has approved this definition.\textsuperscript{94} An auction of Metropolitan Economic Area (MEA) licenses commenced on February 24, 2000, and closed on March 2, 2000. Of the 2,499 licenses auctioned, 985 were sold.\textsuperscript{95} Fifty-seven companies claiming small business status won 440 licenses.\textsuperscript{96} An auction of MEA and Economic Area (EA) licenses commenced on October 30, 2001, and closed on December 5, 2001. Of the 15,514 licenses auctioned, 5,323 were sold.\textsuperscript{97} One hundred thirty-two companies claiming small business status purchased 3,724 licenses. A third auction, consisting of 8,874 licenses in each of 175 EAs and 1,328 licenses in all but three of the 51 MEAs commenced on May 13, 2003, and closed on May 28, 2003. Seventy-seven bidders claiming small or very small business status won 2,093 licenses.\textsuperscript{98} Currently, there are approximately 74,000 Common Carrier Paging licenses. According to the most recent \textit{Trends in Telephone Service}, 408 private and common carriers reported that they were engaged in the provision of either paging or “other mobile” services.\textsuperscript{99} Of these, we estimate that 589 are small, under the

\textsuperscript{88} \textit{Id.} The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”

\textsuperscript{89} 13 C.F.R. § 121.201, NAICS code 513322 (changed to 517212 in October 2002).


\textsuperscript{91} U.S. Census Bureau, 1997 Economic Census, Subject Series: “Information,” Table 5, Employment Size of Firms Subject to Federal Income Tax: 1997, NAICS code 513321 (issued October 2000). The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is “Firms with 1000 employees or more.”


\textsuperscript{93} Paging Second Report and Order, 12 FCC Rcd at 2811, para. 179.


SBA-approved small business size standard. We estimate that the majority of common carrier paging providers would qualify as small entities under the SBA definition.

72. **Wireless Communications Services.** This service can be used for fixed, mobile, radiolocation, and digital audio broadcasting satellite uses. The Commission defined “small business” for the wireless communications services (WCS) auction as an entity with average gross revenues of $40 million for each of the three preceding years, and a “very small business” as an entity with average gross revenues of $15 million for each of the three preceding years. The SBA has approved these definitions. The Commission auctioned geographic area licenses in the WCS service. In the auction, which commenced on April 15, 1997 and closed on April 25, 1997, there were seven bidders that won 31 licenses that qualified as very small business entities, and one bidder that won one license that qualified as a small business entity. An auction for one license in the 1670-1674 MHz band commenced on April 30, 2003 and closed the same day. One license was awarded. The winning bidder was not a small entity.

73. **Wireless Telephony.** Wireless telephony includes cellular, personal communications services, and specialized mobile radio telephony carriers. The SBA has developed a small business size standard for “Cellular and Other Wireless Telecommunications” services. Under the SBA small business size standard, a business is small if it has 1,500 or fewer employees.

74. **Broadband Personal Communications Service.** The broadband personal communications services (PCS) spectrum is divided into six frequency blocks designated A through F, and the Commission has held auctions for each block. The Commission has created a small business size standard for Blocks C and F as an entity that has average gross revenues of less than $40 million in the three previous calendar years. For Block F, an additional small business size standard for “very small business” was added and is defined as an entity that, together with its affiliates, has average gross revenues of not more than $15 million for the preceding three calendar years. These small business size standards, in the context of broadband PCS auctions, have been approved by the SBA. No small businesses within the SBA-approved small business size standards bid successfully for licenses in Blocks A and B. There were 90 winning bidders that qualified as small entities in the Block C auctions. A total of 93 “small” and

(...continued from previous page)

99 “Trends in Telephone Service” at Table 5.3.

100 13 C.F.R. § 121.201, NAICS code 517211.

101 Amendment of the Commission’s Rules to Establish Part 27, the Wireless Communications Service (WCS), Report and Order, 12 FCC Rcd 10785, 10879, para. 194 (1997).


103 13 C.F.R. § 121.201, NAICS code 517212.

104 13 C.F.R. § 121.201, NAICS code 517212.

105 “Trends in Telephone Service” at Table 5.3.


“very small” business bidders won approximately 40 percent of the 1,479 licenses for Blocks D, E, and F. On March 23, 1999, the Commission reauctioned 155 C, D, E, and F Block licenses; there were 113 small business winning bidders.109 On January 26, 2001, the Commission completed the auction of 422 C and F Broadband PCS licenses in Auction No. 35. Of the 35 winning bidders in this auction, 29 qualified as “small” or “very small” businesses.111 Subsequent events, concerning Auction 35, including judicial and agency determinations, resulted in a total of 163 C and F Block licenses being available for grant. On February 15, 2005, the Commission completed an auction of 188 C block licenses and 21 F block licenses in Auction No. 58. There were 24 winning bidders for 217 licenses.112 Of the 24 winning bidders, 16 claimed small business status and won 156 licenses.

76. **Narrowband Personal Communications Services.** The Commission held an auction for Narrowband PCS licenses that commenced on July 25, 1994, and closed on July 29, 1994. A second auction commenced on October 26, 1994 and closed on November 8, 1994. For purposes of the first two Narrowband PCS auctions, “small businesses” were entities with average gross revenues for the prior three calendar years of $40 million or less.113 Through these auctions, the Commission awarded a total of 41 licenses, 11 of which were obtained by four small businesses.114 To ensure meaningful participation by small business entities in future auctions, the Commission adopted a two-tiered small business size standard in the Narrowband PCS Second Report and Order.115 A “small business” is an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $40 million.116 A “very small business” is an entity that, together with affiliates and controlling interests, has average gross revenues for the three preceding years of not more than $15 million.117 The SBA has approved these small business size standards.118 A third auction commenced on October 3, 2001.

113 Implementation of Section 309(j) of the Communications Act – Competitive Bidding Narrowband PCS, Third Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, 10 FCC Rcd 175, 196, para. 46 (1994).
and closed on October 16, 2001. Here, five bidders won 317 (Metropolitan Trading Areas and nationwide) licenses. Three of these claimed status as a small or very small entity and won 311 licenses.

77. **Lower 700 MHz Band Licenses.** We adopted criteria for defining three groups of small businesses for purposes of determining their eligibility for special provisions such as bidding credits. We have defined a “small business” as an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $40 million for the preceding three years. A “very small business” is defined as an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than $15 million for the preceding three years. Additionally, the lower 700 MHz Service has a third category of small business status that may be claimed for Metropolitan/Rural Service Area (MSA/RSA) licenses. The third category is “entrepreneur,” which is defined as an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than $3 million for the preceding three years. The SBA has approved these small size standards. An auction of 740 licenses (one license in each of the 734 MSAs/RSAs and one license in each of the six Economic Area Groupings (EAGs)) commenced on August 27, 2002, and closed on September 18, 2002. Of the 740 licenses available for auction, 484 licenses were sold to 102 winning bidders. Seventy-two of the winning bidders claimed small business, very small business or entrepreneur status and won a total of 329 licenses. A second auction commenced on May 28, 2003, and closed on June 13, 2003, and included 256 licenses: 5 EAG licenses and 476 Cellular Market Area licenses. Seventeen winning bidders claimed small or very small business status and won 60 licenses, and nine winning bidders claimed entrepreneur status and won 154 licenses. On July 26, 2005, the Commission completed an auction of 5 licenses in the Lower 700 MHz band (Auction No. 60). There were three winning bidders for five licenses. All three winning bidders claimed small business status.

78. **Upper 700 MHz Band Licenses.** The Commission released a Report and Order, authorizing service in the upper 700 MHz band. This auction, previously scheduled for January 13, 2003, has been postponed.

79. **700 MHz Guard Band Licenses.** In the 700 MHz Guard Band Order, we adopted size standards for “small businesses” and “very small businesses” for purposes of determining their eligibility.

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120 See Reallocation and Service Rules for the 698-746 MHz Spectrum Band (Television Channels 52-59), Report and Order, 17 FCC Rcd 1022 (2002).
for special provisions such as bidding credits and installment payments.\textsuperscript{130} A small business in this service is an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $40 million for the preceding three years.\textsuperscript{131} Additionally, a very small business is an entity that, together with its affiliates and controlling principals, has average gross revenues that are not more than $15 million for the preceding three years.\textsuperscript{132} SBA approval of these definitions is not required.\textsuperscript{133} An auction of 52 Major Economic Area (MEA) licenses commenced on September 6, 2000, and closed on September 21, 2000.\textsuperscript{134} Of the 104 licenses auctioned, 96 licenses were sold to nine bidders. Five of these bidders were small businesses that won a total of 26 licenses. A second auction of 700 MHz Guard Band licenses commenced on February 13, 2001, and closed on February 21, 2001. All eight of the licenses auctioned were sold to three bidders. One of these bidders was a small business that won a total of two licenses.\textsuperscript{135}

80. **Specialized Mobile Radio.** The Commission awards “small entity” bidding credits in auctions for Specialized Mobile Radio (SMR) geographic area licenses in the 800 MHz and 900 MHz bands to firms that had revenues of no more than $15 million in each of the three previous calendar years. The Commission awards “very small entity” bidding credits to firms that had revenues of no more than $3 million in each of the three previous calendar years.\textsuperscript{136} The SBA has approved these small business size standards for the 900 MHz Service.\textsuperscript{137} The Commission has held auctions for geographic area licenses in the 800 MHz and 900 MHz bands. The 900 MHz SMR auction began on December 5, 1995, and closed on April 15, 1996. Sixty bidders claiming that they qualified as small businesses under the $15 million size standard won 263 geographic area licenses in the 900 MHz SMR band. The 800 MHz SMR auction for the upper 200 channels began on October 28, 1997, and was completed on December 8, 1997. Ten bidders claiming that they qualified as small businesses under the $15 million size standard won 38 geographic area licenses for the upper 200 channels in the 800 MHz SMR band.\textsuperscript{138} A second auction for the 800 MHz band was held on January 10, 2002 and closed on January 17, 2002 and included 23 BEA licenses. One bidder


\textsuperscript{133} See Service Rules for the 746-764 MHz Bands, and Revisions to Part 27 of the Commission’s Rules, Second Report and Order, 15 FCC Rcd 5299, 5343, para. 108 n.246 (for the 746-764 MHz and 776-794 MHz bands, the Commission is exempt from 15 U.S.C. § 632, which requires Federal agencies to obtain SBA approval before adopting small business size standards).


\textsuperscript{136} 47 C.F.R. § 90.814(b)(1).

\textsuperscript{137} 47 C.F.R. § 90.814(b)(1).

\textsuperscript{138} See Letter to Thomas Sugrue, Chief, Wireless Telecommunications Bureau, Federal Communications Commission, from Aida Alvarez, Administrator, Small Business Administration, dated Aug. 10, 1999. We note that, although a request was also sent to the SBA requesting approval for the small business size standard for 800 MHz, approval is still pending.

claiming small business status won five licenses.\footnote{140}

81. The auction of the 1,053 800 MHz SMR geographic area licenses for the General Category channels began on August 16, 2000, and was completed on September 1, 2000. Eleven bidders won 108 geographic area licenses for the General Category channels in the 800 MHz SMR band qualified as small businesses under the $15 million size standard.\footnote{141} In an auction completed on December 5, 2000, a total of 2,800 Economic Area licenses in the lower 80 channels of the 800 MHz SMR service were sold.\footnote{142} Of the 22 winning bidders, 19 claimed small business status and won 129 licenses. Thus, combining all three auctions, 40 winning bidders for geographic licenses in the 800 MHz SMR band claimed status as small business.

82. In addition, there are numerous incumbent site-by-site SMR licensees and licensees with extended implementation authorizations in the 800 and 900 MHz bands. We do not know how many firms provide 800 MHz or 900 MHz geographic area SMR pursuant to extended implementation authorizations, nor how many of these providers have annual revenues of no more than $15 million. One firm has over $15 million in revenues. We assume, for purposes of this analysis, that all of the remaining existing extended implementation authorizations are held by small entities, as that small business size standard is approved by the SBA.

83. **220 MHz Radio Service – Phase I Licensees.** The 220 MHz service has both Phase I and Phase II licenses. Phase I licensing was conducted by lotteries in 1992 and 1993. There are approximately 1,515 such non-nationwide licensees and four nationwide licensees currently authorized to operate in the 220 MHz band. The Commission has not developed a definition of small entities specifically applicable to such incumbent 220 MHz Phase I licensees. To estimate the number of such licensees that are small businesses, we apply the small business size standard under the SBA rules applicable to “Cellular and Other Wireless Telecommunications” companies. This category provides that a small business is a wireless company employing no more than 1,500 persons.\footnote{143} The Commission estimates that most such licensees are small businesses under the SBA’s small business standard. For census data on these entities, see paragraph 65, supra.

84. **220 MHz Radio Service – Phase II Licensees.** The 220 MHz service has both Phase I and Phase II licenses. The Phase II 220 MHz service is a new service, and is subject to spectrum auctions. In the 220 MHz Third Report and Order, we adopted a small business size standard for defining “small” and “very small” businesses for purposes of determining their eligibility for special provisions such as bidding credits and installment payments.\footnote{144} This small business standard indicates that a “small business” is an entity that, together with its affiliates and controlling principals, has average gross revenues not exceeding $15 million for the preceding three years.\footnote{145} A “very small business” is defined as an entity that, together with its affiliates and controlling principals, has average gross revenues that do not exceed $3 million for the preceding three years.\footnote{146} The SBA has approved these small size standards.\footnote{147}

\footnote{143} 13 C.F.R. § 121.201, NAICS code 517212.
\footnote{144} Amendment of Part 90 of the Commission’s Rules to Provide For the Use of the 220-222 MHz Band by the Private Land Mobile Radio Service, Third Report and Order, 12 FCC Red 10943, 11068-70, paras. 291-295 (1997).
\footnote{145} Id. at 11068, paras. 291.
\footnote{146} Id.
Phase II licenses commenced on September 15, 1998, and closed on October 22, 1998. In the first auction, 908 licenses were auctioned in three different-sized geographic areas: three nationwide licenses, 30 Regional Economic Area Group (EAG) Licenses, and 875 Economic Area (EA) Licenses. Of the 908 licenses auctioned, 693 were sold. Thirty-nine small businesses won 373 licenses in the first 220 MHz auction. A second auction included 225 licenses: 216 EA licenses and 9 EAG licenses. Fourteen companies claiming small business status won 158 licenses. A third auction included four licenses: 2 BEA licenses and 2 EAG licenses in the 220 MHz Service. No small or very small business won any of these licenses.

85. **Private Land Mobile Radio (PLMR).** PLMR systems serve an essential role in a range of industrial, business, land transportation, and public safety activities. These radios are used by companies of all sizes operating in all U.S. business categories, and are often used in support of the licensee’s primary (non-telecommunications) business operations. For the purpose of determining whether a licensee of a PLMR system is a small business as defined by the SBA, we use the broad census category, “Cellular and Other Wireless Telecommunications.” This definition provides that a small entity is any such entity employing no more than 1,500 persons. The Commission does not require PLMR licensees to disclose information about number of employees, so the Commission does not have information that could be used to determine how many PLMR licensees constitute small entities under this definition. We note that PLMR licensees generally use the licensed facilities in support of other business activities, and therefore, it would also be helpful to assess PLMR licensees under the standards applied to the particular industry subsector to which the licensee belongs.

86. The Commission’s 1994 Annual Report on PLMRs indicates that at the end of fiscal year 1994, there were 1,087,267 licensees operating 12,481,989 transmitters in the PLMR bands below 512 MHz. We note that any entity engaged in a commercial activity is eligible to hold a PLMR license, and that the revised rules in this context could therefore potentially impact small entities covering a great variety of industries.

87. **Fixed Microwave Services.** Fixed microwave services include common carrier, private operational-fixed, and broadcast auxiliary radio services. At present, there are approximately 22,015

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149 See “FCC Announces It is Prepared to Grant 654 Phase II 220 MHz Licenses After Final Payment is Made,” Public Notice, 14 FCC Rcd 1085 (1999).


152 See 13 C.F.R. § 121.201, NAICS code 517212.

153 See generally 13 C.F.R. § 121.201.


155 See 47 C.F.R. §§ 101 et seq. (formerly, Part 21 of the Commission’s Rules) for common carrier fixed microwave services (except Multipoint Distribution Service).

156 Persons eligible under parts 80 and 90 of the Commission’s Rules can use Private Operational-Fixed Microwave services. See 47 C.F.R. Parts 80 and 90. Stations in this service are called operational-fixed to distinguish them from common carrier and public fixed stations. Only the licensee may use the operational-fixed station, and only for communications related to the licensee’s commercial, industrial, or safety operations.

157 Auxiliary Microwave Service is governed by Part 74 of Title 47 of the Commission’s Rules. See 47 C.F.R. Part (continued...
common carrier fixed licensees and 61,670 private operational-fixed licensees and broadcast auxiliary radio licensees in the microwave services. The Commission has not created a size standard for a small business specifically with respect to fixed microwave services. For purposes of this analysis, the Commission uses the SBA small business size standard for the category “Cellular and Other Telecommunications,” which is 1,500 or fewer employees.\(^{158}\) The Commission does not have data specifying the number of these licensees that have no more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of fixed microwave service licensees that would qualify as small business concerns under the SBA’s small business size standard. Consequently, the Commission estimates that there are 22,015 or fewer common carrier fixed licensees and 61,670 or fewer private operational-fixed licensees and broadcast auxiliary radio licensees in the microwave services that may be small and may be affected by the rules and policies proposed herein. We note, however, that the common carrier microwave fixed licensee category includes some large entities.

88. **39 GHz Service.** The Commission created a special small business size standard for 39 GHz licenses – an entity that has average gross revenues of $40 million or less in the three previous calendar years.\(^{159}\) An additional size standard for “very small business” is: an entity that, together with affiliates, has average gross revenues of not more than $15 million for the preceding three calendar years.\(^{160}\) The SBA has approved these small business size standards.\(^{161}\) The auction of the 2,173 39 GHz licenses began on April 12, 2000 and closed on May 8, 2000. The 18 bidders who claimed small business status won 849 licenses.

89. **Local Multipoint Distribution Service.** Local Multipoint Distribution Service (LMDS) is a fixed broadband point-to-multipoint microwave service that provides for two-way video telecommunications.\(^{162}\) The auction of the 986 Local Multipoint Distribution Service (LMDS) licenses began on February 18, 1998 and closed on March 25, 1998. The Commission established a small business size standard for LMDS licenses as an entity that has average gross revenues of less than $40 million in the three previous calendar years.\(^{163}\) An additional small business size standard for “very small business” was added as an entity that, together with its affiliates, has average gross revenues of not more than $15 million

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\(^{158}\) 13 CFR § 121.201, NAICS code 517212.

\(^{159}\) See Amendment of the Commission’s Rules Regarding the 37.0-38.6 GHz and 38.6-40.0 GHz Bands, ET Docket No. 95-183, Report and Order, 12 FCC Rcd 18600 (1997).

\(^{160}\) Id.


\(^{162}\) See Rulemaking to Amend Parts 1, 2, 21, 25, of the Commission’s Rules to Redesignate the 27.5-29.5 GHz Frequency Band, Reallocate the 29.5-30.5 Frequency Band, to Establish Rules and Policies for Local Multipoint Distribution Service and for Fixed Satellite Services, Second Report and Order, Order on Reconsideration, and Fifth Notice of Proposed Rule Making, 12 FCC Rcd 12545, 12689-90, para. 348 (1997).

\(^{163}\) See Rulemaking to Amend Parts 1, 2, 21, 25, of the Commission’s Rules to Redesignate the 27.5-29.5 GHz Frequency Band, Reallocate the 29.5-30.5 Frequency Band, to Establish Rules and Policies for Local Multipoint Distribution Service and for Fixed Satellite Services, Second Report and Order, Order on Reconsideration, and Fifth Notice of Proposed Rule Making, 12 FCC Rcd 12545, 12689-90, para. 348 (1997).
for the preceding three calendar years.\textsuperscript{164} The SBA has approved these small business size standards in the context of LMDS auctions.\textsuperscript{165} There were 93 winning bidders that qualified as small entities in the LMDS auctions. A total of 93 small and very small business bidders won approximately 277 A Block licenses and 387 B Block licenses. On March 27, 1999, the Commission re-auctioned 161 licenses; there were 32 small and very small business winning that won 119 licenses.

90. \textbf{218-219 MHz Service}. The first auction of 218-219 MHz (previously referred to as the Interactive and Video Data Service or IVDS) spectrum resulted in 178 entities winning licenses for 594 Metropolitan Statistical Areas (MSAs).\textsuperscript{166} Of the 594 licenses, 567 were won by 167 entities qualifying as a small business. For that auction, we defined a small business as an entity that, together with its affiliates, has no more than a $6 million net worth and, after federal income taxes (excluding any carry over losses), has no more than $2 million in annual profits each year for the previous two years.\textsuperscript{167} In the 218-219 MHz Report and Order and Memorandum Opinion and Order, we defined a small business as an entity that, together with its affiliates and persons or entities that hold interests in such an entity and their affiliates, has average annual gross revenues not exceeding $15 million for the preceding three years.\textsuperscript{168} A very small business is defined as an entity that, together with its affiliates and persons or entities that hold interests in such an entity and its affiliates, has average annual gross revenues not exceeding $3 million for the preceding three years.\textsuperscript{169} The SBA has approved of these definitions.\textsuperscript{170} A subsequent auction is not yet scheduled. Given the success of small businesses in the previous auction, and the prevalence of small businesses in the subscription television services and message communications industries, we assume for purposes of this analysis that in future auctions, many, and perhaps most, of the licenses may be awarded to small businesses.

91. \textbf{Location and Monitoring Service (LMS)}. Multilateration LMS systems use non-voice radio techniques to determine the location and status of mobile radio units. For purposes of auctioning LMS licenses, the Commission has defined “small business” as an entity that, together with controlling interests and affiliates, has average annual gross revenues for the preceding three years not exceeding $15 million.\textsuperscript{171} A “very small business” is defined as an entity that, together with controlling interests and affiliates, has average annual gross revenues for the preceding three years not exceeding $3 million.\textsuperscript{172}

\textsuperscript{164} See Rulemaking to Amend Parts 1, 2, 21, 25, of the Commission’s Rules to Redesignate the 27.5-29.5 GHz Frequency Band, Reallocate the 29.5-30.5 Frequency Band, to Establish Rules and Policies for Local Multipoint Distribution Service and for Fixed Satellite Services, Second Report and Order, Order on Reconsideration, and Fifth Notice of Proposed Rule Making, 12 FCC Rcd 12545, 12689-90, para. 348 (1997).

\textsuperscript{165} See Letter to Dan Phythyon, Chief, Wireless Telecommunications Bureau, FCC, from Aida Alvarez, Administrator, SBA (Jan. 6, 1998).

\textsuperscript{166} See “Interactive Video and Data Service (IVDS) Applications Accepted for Filing,” Public Notice, 9 FCC Rcd 6227 (1994).

\textsuperscript{167} Implementation of Section 309(j) of the Communications Act – Competitive Bidding, Fourth Report and Order, 9 FCC Rcd 2330 (1994).


\textsuperscript{169} Id.


\textsuperscript{172} Amendment of Part 90 of the Commission’s Rules to Adopt Regulations for Automatic Vehicle Monitoring Systems, Second Report and Order, 13 FCC Rcd at 15192, para. 20; see also 47 C.F.R. § 90.1103.
These definitions have been approved by the SBA.\textsuperscript{173} An auction for LMS licenses commenced on February 23, 1999, and closed on March 5, 1999. Of the 528 licenses auctioned, 289 licenses were sold to four small businesses.

92. **Rural Radiotelephone Service.** The Commission has not adopted a size standard for small businesses specific to the Rural Radiotelephone Service.\textsuperscript{174} A significant subset of the Rural Radiotelephone Service is the Basic Exchange Telephone Radio System (BETRS).\textsuperscript{175} In the present context, we will use the SBA’s small business size standard applicable to “Cellular and Other Wireless Telecommunications,” i.e., an entity employing no more than 1,500 persons.\textsuperscript{176} There are approximately 1,000 licensees in the Rural Radiotelephone Service, and the Commission estimates that there are 1,000 or fewer small entity licensees in the Rural Radiotelephone Service that may be affected by the rules and policies proposed herein.

93. **Air-Ground Radiotelephone Service.**\textsuperscript{177} We have previously used the SBA’s small business definition applicable to “Cellular and Other Wireless Telecommunications,” i.e., an entity employing no more than 1,500 persons.\textsuperscript{178} There are approximately 100 licensees in the Air-Ground Radiotelephone Service, and under that definition, we estimate that almost all of them qualify as small entities under the SBA definition. For purposes of assigning Air-Ground Radiotelephone Service licenses through competitive bidding, the Commission has defined “small business” as an entity that, together with controlling interests and affiliates, has average annual gross revenues for the preceding three years not exceeding $40 million.\textsuperscript{179} A “very small business” is defined as an entity that, together with controlling interests and affiliates, has average annual gross revenues for the preceding three years not exceeding $15 million.\textsuperscript{180} These definitions were approved by the SBA.\textsuperscript{181} In May 2006, the Commission completed an auction of nationwide commercial Air-Ground Radiotelephone Service licenses in the 800 MHz band (Auction No. 65). On June 2, 2006, the auction closed with two winning bidders winning two Air-Ground Radiotelephone Services licenses. Neither of the winning bidders claimed small business status.

94. **Aviation and Marine Radio Services.** Small businesses in the aviation and marine radio services use a very high frequency (VHF) marine or aircraft radio and, as appropriate, an emergency position-indicating radio beacon (and/or radar) or an emergency locator transmitter. The Commission has not developed a small business size standard specifically applicable to these small businesses. For purposes of this analysis, we will use the SBA small business size standard for the category “Cellular and

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\textsuperscript{174} The service is defined in § 22.99 of the Commission’s Rules, 47 C.F.R. § 22.99.

\textsuperscript{175} BETRS is defined in §§ 22.757 and 22.759 of the Commission’s Rules, 47 C.F.R. §§ 22.757 and 22.759.

\textsuperscript{176} 13 C.F.R. § 121.201, NAICS code 517212.

\textsuperscript{177} The service is defined in § 22.99 of the Commission’s Rules, 47 C.F.R. § 22.99.

\textsuperscript{178} 13 CFR § 121.201, NAICS codes 517212.


\textsuperscript{180} Id.

Other Telecommunications,” which is 1,500 or fewer employees. Most applicants for recreational licenses are individuals. Approximately 581,000 ship station licensees and 131,000 aircraft station licensees operate domestically and are not subject to the radio carriage requirements of any statute or treaty. For purposes of our evaluations in this analysis, we estimate that there are up to approximately 712,000 licensees that are small businesses (or individuals) under the SBA standard. In addition, between December 3, 1998 and December 14, 1998, the Commission held an auction of 42 VHF Public Coast licenses in the 157.1875-157.4500 MHz (ship transmit) and 161.775-162.0125 MHz (coast transmit) bands. For purposes of the auction, the Commission defined a "small" business as an entity that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $15 million dollars. In addition, a "very small" business is one that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $3 million dollars. There are approximately 10,672 licensees in the Marine Coast Service, and the Commission estimates that almost all of them qualify as "small" businesses under the above special small business size standards.

95. **Offshore Radiotelephone Service.** This service operates on several ultra high frequencies (UHF) television broadcast channels that are not used for television broadcasting in the coastal areas of states bordering the Gulf of Mexico. There are presently approximately 55 licensees in this service. We are unable to estimate at this time the number of licensees that would qualify as small under the SBA’s small business size standard for “Cellular and Other Wireless Telecommunications” services. Under that SBA small business size standard, a business is small if it has 1,500 or fewer employees.

96. **Multiple Address Systems (MAS).** Entities using MAS spectrum, in general, fall into two categories: (1) those using the spectrum for profit-based uses, and (2) those using the spectrum for private internal uses. With respect to the first category, the Commission defines “small entity” for MAS licenses as an entity that has average gross revenues of less than $15 million in the three previous calendar years. “Very small business” is defined as an entity that, together with its affiliates, has average gross revenues of not more than $3 million for the preceding three calendar years. The SBA has approved of these definitions. The majority of these entities will most likely be licensed in bands where the Commission has implemented a geographic area licensing approach that would require the use of competitive bidding procedures to resolve mutually exclusive applications. The Commission’s licensing database indicates that, as of January 20, 1999, there were a total of 8,670 MAS station authorizations. Of these, 260 authorizations were associated with common carrier service. In addition, an auction for 5,104 MAS licenses in 176 EAs began November 14, 2001, and closed on November 27, 2001. Seven winning bidders claimed status as small or very small businesses and won 611 licenses. On May 18, 2005, the Commission completed an auction (Auction No. 59) of 4,226 Multiple Address Systems (MAS) licenses in

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182 13 CFR § 121.201, NAICS code 517212.
185 13 C.F.R. § 121.201, NAICS code 517212.
186 Id.
188 Id.
the Fixed Microwave Services from the 928/959 and 932/941 MHz bands. Twenty-six winning bidders won a total of 2,323 licenses. Of the 26 winning bidders in this auction, five claimed small business status and won 1,891 licenses.

97. With respect to the second category, which consists of entities that use, or seek to use, MAS spectrum to accommodate internal communications needs, we note that MAS serves an essential role in a range of industrial, safety, business, and land transportation activities. MAS radios are used by companies of all sizes, operating in virtually all U.S. business categories, and by all types of public safety entities. For the majority of private internal users, the small business size standard developed by the SBA would be more appropriate. The applicable size standard in this instance appears to be that of “Cellular and Other Wireless Telecommunications”. This definition provides that a small entity is any such entity employing no more than 1,500 persons.\(^\text{191}\) The Commission’s licensing database indicates that, as of January 20, 1999, of the 8,670 total MAS station authorizations, 8,410 authorizations were for private radio service, and of these, 1,433 were for private land mobile radio service.

98. **Incumbent 24 GHz Licensees.** This analysis may affect incumbent licensees who were relocated to the 24 GHz band from the 18 GHz band, and applicants who wish to provide services in the 24 GHz band. The applicable SBA small business size standard is that of “Cellular and Other Wireless Telecommunications” companies. This category provides that such a company is small if it employs no more than 1,500 persons.\(^\text{192}\) For the census category of Paging, Census Bureau data for 2002 show that there were 807 firms in this category that operated for the entire year.\(^\text{193}\) Of this total, 804 firms had employment of 999 or fewer employees, and three firms had employment of 1,000 employees or more.\(^\text{194}\) Thus, under this category and associated small business size standard, the majority of firms can be considered small. For the census category of Cellular and Other Wireless Telecommunications, Census Bureau data for 2002 show that there were 1,397 firms in this category that operated for the entire year.\(^\text{195}\) Of this total, 1,378 firms had employment of 999 or fewer employees, and 19 firms had employment of 1,000 employees or more.\(^\text{196}\) Thus, under this second category and size standard, the majority of firms can, again, be considered small. These broader census data notwithstanding, we believe that there are only two licensees in the 24 GHz band that were relocated from the 18 GHz band, Teligent\(^\text{197}\) and TRW, Inc. It is our understanding that Teligent and its related companies have fewer than 1,500 employees, though this may change in the future. TRW is not a small entity. Thus, only one incumbent licensee in the 24 GHz band is a small business entity.

99. **Future 24 GHz Licensees.** With respect to new applicants in the 24 GHz band, we have defined “small business” as an entity that, together with controlling interests and affiliates, has average annual gross revenues for the three preceding years not exceeding $15 million.\(^\text{198}\) “Very small business” in

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\(^\text{191}\) See 13 C.F.R. § 121.201, NAICS code 517212.

\(^\text{192}\) 13 C.F.R. § 121.201, NAICS code 517212.

\(^\text{193}\) U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 5, NAICS code 517211 (issued Nov. 2005).

\(^\text{194}\) Id. The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”

\(^\text{195}\) U.S. Census Bureau, 2002 Economic Census, Subject Series: Information, “Establishment and Firm Size (Including Legal Form of Organization),” Table 5, NAICS code 517212 (issued Nov. 2005).

\(^\text{196}\) Id. The census data do not provide a more precise estimate of the number of firms that have employment of 1,500 or fewer employees; the largest category provided is for firms with “1000 employees or more.”

\(^\text{197}\) Teligent acquired the DEMS licenses of FirstMark, the only licensee other than TRW in the 24 GHz band whose license has been modified to require relocation to the 24 GHz band.

\(^\text{198}\) Amendments to Parts 1, 2, 87 and 101 of the Commission’s Rules To License Fixed Services at 24 GHz, Report (continued...)

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the 24 GHz band is defined as an entity that, together with controlling interests and affiliates, has average gross revenues not exceeding $3 million for the preceding three years.199 The SBA has approved these definitions.200 The Commission will not know how many licensees will be small or very small businesses until the auction, if required, is held.

100. **Multipoint Distribution Service, Multichannel Multipoint Distribution Service, and Instructional Television Fixed Service.** Multichannel Multipoint Distribution Service (MMDS) systems, often referred to as “wireless cable,” transmit video programming to subscribers using the microwave frequencies of the Multipoint Distribution Service (MDS) and Instructional Television Fixed Service (ITFS).201 In connection with the 1996 MDS auction, the Commission defined “small business” as an entity that, together with its affiliates, has average gross annual revenues that are not more than $40 million for the preceding three calendar years.202 The SBA has approved of this standard.203 The MDS auction resulted in 67 successful bidders obtaining licensing opportunities for 493 Basic Trading Areas (BTAs).204 Of the 67 auction winners, 61 claimed status as a small business. At this time, we estimate that of the 61 small business MDS auction winners, 48 remain small business licensees. In addition to the 48 small businesses that hold BTA authorizations, there are approximately 392 incumbent MDS licensees that have gross revenues that are not more than $40 million and are thus considered small entities. In addition, hundreds of “pre-auction stations were licensed to incumbent MDS licensees prior to implementation of § 309(j) of the Commissions Act of 1934, 47 U.S.C. § 309(j).

101. In addition, the SBA has developed a small business size standard for Cable and Other Program Distribution,205 which includes all such companies generating $12.5 million or less in annual receipts.206 The Census Bureau defines this category as follows: “This industry comprises establishments primarily engaged as third-party distribution systems for broadcast programming. The establishments of this industry deliver visual, aural, or textual programming received from cable networks, local television stations, or radio networks to consumers via cable or direct-to-home satellite systems on a subscription or fee basis. These establishments do not generally originate programming material.”207 The SBA has

(...continued from previous page)


199 24 GHz Report and Order, 15 FCC Red at 16967, para. 77; see also 47 C.F.R. § 101.538(a)(1).


204 Basic Trading Areas (BTAs) were designed by Rand McNally and are the geographic areas by which MDS was auctioned and authorized. See MDS Auction R&O, 10 FCC Red at 9608, para. 34 (1995).

205 13 C.F.R. § 121.201, NAICS code 517510.

206 Id.

207 U.S. Census Bureau, 2002 NAICS Definitions, “517510 Cable and Other Program Distribution”; http://www.census.gov/epcd/naics02/def/NDEF517.HTM.
developed a small business size standard for Cable and Other Program Distribution, which is: all such firms having $13.5 million or less in annual receipts. According to Census Bureau data for 2002, there were a total of 1,191 firms in this category that operated for the entire year. Of this total, 1,087 firms had annual receipts of under $10 million, and 43 firms had receipts of $10 million or more but less than $25 million. Thus, under this size standard, the majority of firms can be considered small.

Finally, concerning ITFS, we note that educational institutions are included in this analysis as small entities. There are currently 2,032 ITFS licensees, and all but 100 of these licenses are held by educational institutions. Thus, we tentatively conclude that at least 1,932 ITFS licensees are small businesses.

Television Broadcasting. The Census Bureau defines this category as follows: “This industry comprises establishments primarily engaged in broadcasting images together with sound. These establishments operate television broadcasting studios and facilities for the programming and transmission of programs to the public.” The SBA has created a small business size standard for Television Broadcasting entities, which is: such firms having $13 million or less in annual receipts. According to Commission staff review of the BIA Publications, Inc., Master Access Television Analyzer Database as of May 16, 2003, about 814 of the 1,220 commercial television stations in the United States had revenues of $12 (twelve) million or less. We note, however, that in assessing whether a business concern qualifies as small under the above definition, business (control) affiliations must be included. Our estimate, therefore, likely overstates the number of small entities that might be affected by our action, because the revenue figure on which it is based does not include or aggregate revenues from affiliated companies.

In addition, an element of the definition of “small business” is that the entity not be dominant in its field of operation. We are unable at this time to define or quantify the criteria that would establish whether a specific television station is dominant in its field of operation. Accordingly, the estimate of small businesses to which rules may apply do not exclude any television station from the definition of a small business on this basis and are therefore over-inclusive to that extent. Also as noted, an additional element of the definition of “small business” is that the entity must be independently owned and operated. We note that it is difficult at times to assess these criteria in the context of media entities and our estimates of small businesses to which they apply may be over-inclusive to this extent.

There are also 2,117 low power television stations (LPTV). Given the nature of this service, we will presume that all LPTV licensees qualify as small entities under the above SBA small business size standard.

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208 13 C.F.R. § 121.201, NAICS code 517510.


210 Id. An additional 61 firms had annual receipts of $25 million or more.

211 In addition, the term “small entity” under SBREFA applies to small organizations (nonprofits) and to small governmental jurisdictions (cities, counties, towns, townships, villages, school districts, and special districts with populations of less than 50,000). 5 U.S.C. §§ 601(4)-(6). We do not collect annual revenue data on ITFS licensees.

212 U.S. Census Bureau, 2002 NAICS Definitions, “515120 Television Broadcasting” (partial definition); http://www.census.gov/epcd/naics02/def/NDEF515.HTM.

213 13 C.F.R. § 121.201, NAICS code 515120.

214 “Concerns are affiliates of each other when one concern controls or has the power to control the other or a third party or parties controls or has to power to control both.” 13 C.F.R. § 21.103(a)(1).

106. **Radio Broadcasting.** The SBA defines a radio broadcast entity that has $6 million or less in annual receipts as a small business.\(^{216}\) Business concerns included in this industry are those “primarily engaged in broadcasting aural programs by radio to the public.”\(^{217}\) According to Commission staff review of the BIA Publications, Inc., Master Access Radio Analyzer Database, as of May 16, 2003, about 10,427 of the 10,945 commercial radio stations in the United States have revenue of $6 million or less. We note, however, that many radio stations are affiliated with much larger corporations with much higher revenue, and that in assessing whether a business concern qualifies as small under the above definition, such business (control) affiliations\(^{218}\) are included.\(^{219}\) Our estimate, therefore likely overstates the number of small businesses that might be affected by our action.

107. **Auxiliary, Special Broadcast and Other Program Distribution Services.** This service involves a variety of transmitters, generally used to relay broadcast programming to the public (through translator and booster stations) or within the program distribution chain (from a remote news gathering unit back to the station). The Commission has not developed a definition of small entities applicable to broadcast auxiliary licensees. The applicable definitions of small entities are those, noted previously, under the SBA rules applicable to radio broadcasting stations and television broadcasting stations.\(^{220}\)

108. The Commission estimates that there are approximately 3,868 FM translators and boosters.\(^{221}\) The Commission does not collect financial information on any broadcast facility, and the Department of Commerce does not collect financial information on these auxiliary broadcast facilities. We believe that most, if not all, of these auxiliary facilities could be classified as small businesses by themselves. We also recognize that most commercial translators and boosters are owned by a parent station which, in some cases, would be covered by the revenue definition of small business entity discussed above. These stations would likely have annual revenues that exceed the SBA maximum to be designated as a small business ($6.5 million for a radio station or $13.0 million for a TV station). Furthermore, they do not meet the Small Business Act’s definition of a "small business concern" because they are not independently owned and operated.\(^{222}\)

109. **Cable and Other Program Distribution.** The Census Bureau defines this category as follows: “This industry comprises establishments primarily engaged as third-party distribution systems for broadcast programming. The establishments of this industry deliver visual, aural, or textual programming received from cable networks, local television stations, or radio networks to consumers via cable or direct-to-home satellite systems on a subscription or fee basis. These establishments do not generally originate programming material.”\(^{223}\) The SBA has developed a small business size standard for Cable and Other Program Distribution, which is: all such firms having $13.5 million or less in annual receipts.\(^{224}\)


\(^{217}\) Id.

\(^{218}\) “Concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party or parties controls or has the power to control both.” 13 CFR § 121.103(a)(1).

\(^{219}\) “SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern’s size.” 13 CFR § 121(a)(4).

\(^{220}\) 13 CFR 121.201, NAICS codes 513111 and 513112.

\(^{221}\) FCC News Release, “Broadcast Station Totals as of September 30, 2004.”


\(^{223}\) U.S. Census Bureau, 2002 NAICS Definitions, “517510 Cable and Other Program Distribution”; http://www.census.gov/epcd/naics02/def/NDEF517.HTM.

\(^{224}\) 13 C.F.R. § 121.201, NAICS code 517510.
According to Census Bureau data for 2002, there were a total of 1,191 firms in this category that operated for the entire year. Of this total, 1,087 firms had annual receipts of under $10 million, and 43 firms had receipts of $10 million or more but less than $25 million. Thus, under this size standard, the majority of firms can be considered small.

110. **Cable Companies and Systems.** The Commission has also developed its own small business size standards, for the purpose of cable rate regulation. Under the Commission’s rules, a “small cable company” is one serving 400,000 or fewer subscribers, nationwide. Industry data indicate that, of 1,076 cable operators nationwide, all but eleven are small under this size standard. In addition, under the Commission’s rules, a “small system” is a cable system serving 15,000 or fewer subscribers. Industry data indicate that, of 7,208 systems nationwide, 6,139 systems have under 10,000 subscribers, and an additional 379 systems have 10,000-19,999 subscribers. Thus, under this second size standard, most cable systems are small.

111. **Cable System Operators.** The Communications Act of 1934, as amended, also contains a size standard for small cable system operators, which is “a cable operator that, directly or through an affiliate, serves in the aggregate fewer than 1 percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed $250,000,000.” The Commission has determined that an operator serving fewer than 677,000 subscribers shall be deemed a small operator, if its annual revenues, when combined with the total annual revenues of all its affiliates, do not exceed $250 million in the aggregate. Industry data indicate that, of 1,076 cable operators nationwide, all but ten are small under this size standard. We note that the Commission neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed $250 million, and therefore we are unable to estimate more accurately the number of cable system operators that would qualify as small under this size standard.

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226 Id. An additional 61 firms had annual receipts of $25 million or more.

227 47 C.F.R. § 76.901(e). The Commission determined that this size standard equates approximately to a size standard of $100 million or less in annual revenues. Implementation of Sections of the 1992 Cable Act: Rate Regulation, Sixth Report and Order and Eleventh Order on Reconsideration, 10 FCC Rcd 7393, 7408 (1995).


229 47 C.F.R. § 76.901(c).

230 Warren Communications News, *Television & Cable Factbook 2006,* “U.S. Cable Systems by Subscriber Size,” page F-2 (data current as of Oct. 2005). The data do not include 718 systems for which classifying data were not available.

231 47 U.S.C. § 543(m)(2); see 47 C.F.R. § 76.901(f) & nn. 1-3.

232 47 C.F.R. § 76.901(f); see Public Notice, *FCC Announces New Subscriber Count for the Definition of Small Cable Operator,* DA 01-158 (Cable Services Bureau, Jan. 24, 2001).


234 The Commission does receive such information on a case-by-case basis if a cable operator appeals a local franchise authority’s finding that the operator does not qualify as a small cable operator pursuant to § 76.901(f) of the Commission’s rules. See 47 C.F.R. § 76.909(b).
112. **Open Video Services.** Open Video Service (OVS) systems provide subscription services. The SBA has created a small business size standard for Cable and Other Program Distribution. This standard provides that a small entity is one with $13.5 million or less in annual receipts. The Commission has certified approximately 25 OVS operators to serve 75 areas, and some of these are currently providing service. Affiliates of Residential Communications Network, Inc. (RCN) received approval to operate OVS systems in New York City, Boston, Washington, D.C., and other areas. RCN has sufficient revenues to assure that they do not qualify as a small business entity. Little financial information is available for the other entities that are authorized to provide OVS and are not yet operational. Given that some entities authorized to provide OVS service have not yet begun to generate revenues, the Commission concludes that up to 24 OVS operators (those remaining) might qualify as small businesses that may be affected by the rules and policies proposed herein.

113. **Cable Television Relay Service.** This service includes transmitters generally used to relay cable programming within cable television system distribution systems. The SBA has developed a small business size standard for Cable and Other Program Distribution, which is: all such firms having $13.5 million or less in annual receipts. According to Census Bureau data for 2002, there were a total of 1,191 firms in this category that operated for the entire year. Of this total, 1,087 firms had annual receipts of under $10 million, and 43 firms had receipts of $10 million or more but less than $25 million. Thus, under this size standard, the majority of firms can be considered small.

114. **Multichannel Video Distribution and Data Service.** MVDDS is a terrestrial fixed microwave service operating in the 12.2-12.7 GHz band. The Commission adopted criteria for defining three groups of small businesses for purposes of determining their eligibility for special provisions such as bidding credits. It defined a very small business as an entity with average annual gross revenues not exceeding $3 million for the preceding three years; a small business as an entity with average annual gross revenues not exceeding $15 million for the preceding three years; and an entrepreneur as an entity with average annual gross revenues not exceeding $40 million for the preceding three years. These definitions were approved by the SBA. On January 27, 2004, the Commission completed an auction of 214 MVDDS licenses (Auction No. 53). In this auction, ten winning bidders won a total of 192 MVDDS licenses. Eight of the ten winning bidders claimed small business status and won 144 of the licenses.

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236 13 CFR § 121.201, NAICS code 517510.


238 13 C.F.R. § 121.201, NAICS code 517510.


240 Id. An additional 61 firms had annual receipts of $25 million or more.


The Commission also held an auction of MVDDS licenses on December 7, 2005 (Auction 63). Of the three winning bidders who won 22 licenses, two winning bidders, winning 21 of the licenses, claimed small business status.244

115. **Amateur Radio Service.** These licensees are held by individuals in a noncommercial capacity; these licensees are not small entities.

116. **Aviation and Marine Services.** Small businesses in the aviation and marine radio services use a very high frequency (VHF) marine or aircraft radio and, as appropriate, an emergency position-indicating radio beacon (and/or radar) or an emergency locator transmitter. The Commission has not developed a small business size standard specifically applicable to these small businesses. For purposes of this analysis, the Commission uses the SBA small business size standard for the category “Cellular and Other Telecommunications,” which is 1,500 or fewer employees.245 Most applicants for recreational licenses are individuals. Approximately 581,000 ship station licensees and 131,000 aircraft station licensees operate domestically and are not subject to the radio carriage requirements of any statute or treaty. For purposes of our evaluations in this analysis, we estimate that there are up to approximately 712,000 licensees that are small businesses (or individuals) under the SBA standard. In addition, between December 3, 1998 and December 14, 1998, the Commission held an auction of 42 VHF Public Coast licenses in the 157.1875-157.4500 MHz (ship transmit) and 161.775-162.0125 MHz (coast transmit) bands. For purposes of the auction, the Commission defined a “small” business as an entity that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $15 million dollars. In addition, a “very small” business is one that, together with controlling interests and affiliates, has average gross revenues for the preceding three years not to exceed $3 million dollars.246 There are approximately 10,672 licensees in the Marine Coast Service, and the Commission estimates that almost all of them qualify as “small” businesses under the above special small business size standards.

117. **Personal Radio Services.** Personal radio services provide short-range, low power radio for personal communications, radio signaling, and business communications not provided for in other services. The Personal Radio Services include spectrum licensed under Part 95 of our rules.247 These services include Citizen Band Radio Service (CB), General Mobile Radio Service (GMRS), Radio Control Radio Service (R/C), Family Radio Service (FRS), Wireless Medical Telemetry Service (WMTS), Medical Implant Communications Service (MICS), Low Power Radio Service (LPRS), and Multi-Use Radio Service (MURS).248 There are a variety of methods used to license the spectrum in these rule parts, from licensing by rule, to conditioning operation on successful completion of a required test, to site-based licensing, to geographic area licensing. Under the RFA, the Commission is required to make a determination of which small entities are directly affected by the rules being proposed. Since all such entities are wireless, we apply the definition of cellular and other wireless telecommunications, pursuant to which a small entity is defined as employing 1,500 or fewer persons.249 Many of the licensees in these

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245 13 CFR § 121.201, NAICS code 517212.


247 47 CFR Part 90.


249 13 C.F.R. § 121.201, NAICS Code 517212.
services are individuals, and thus are not small entities. In addition, due to the mostly unlicensed and shared nature of the spectrum utilized in many of these services, the Commission lacks direct information upon which to base an estimation of the number of small entities under an SBA definition that might be directly affected by the proposed rules.

118. **Public Safety Radio Services.** Public Safety radio services include police, fire, local government, forestry conservation, highway maintenance, and emergency medical services. There are a total of approximately 127,540 licensees in these services. Governmental entities as well as private businesses comprise the licensees for these services. All governmental entities with populations of less than 50,000 fall within the definition of a small entity.

IV. Description of Projected Reporting, Recordkeeping and Other Compliance Requirements:

119. With certain exceptions, the Commission's Schedule of Regulatory Fees applies to all Commission licensees and regulatees. Most licensees will be required to count the number of licenses or call signs authorized, complete and submit an FCC Form 159 Remittance Advice, and pay a regulatory fee based on the number of licenses or call signs. Interstate telephone service providers must compute their annual regulatory fee based on their interstate and international end-user revenue using information they already supply to the Commission in compliance with the Form 499-A, Telecommunications Reporting

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250 With the exception of the special emergency service, these services are governed by Subpart B of part 90 of the Commission's Rules, 47 C.F.R. §§ 90.15-90.27. The police service includes approximately 27,000 licensees that serve state, county, and municipal enforcement through telephony (voice), telegraphy (code) and teletype and facsimile (printed material). The fire radio service includes approximately 23,000 licensees comprised of private volunteer or professional fire companies as well as units under governmental control. The local government service that is presently comprised of approximately 41,000 licensees that are state, county, or municipal entities that use the radio for official purposes not covered by other public safety services. There are approximately 7,000 licensees within the forestry service which is comprised of licensees from state departments of conservation and private forest organizations who set up communications networks among fire lookout towers and ground crews. The approximately 9,000 state and local governments are licensed to highway maintenance service provide emergency and routine communications to aid other public safety services to keep main roads safe for vehicular traffic. The approximately 1,000 licensees in the Emergency Medical Radio Service (EMRS) use the 39 channels allocated to this service for emergency medical service communications related to the delivery of emergency medical treatment. 47 CFR §§ 90.15-90.27. The approximately 20,000 licensees in the special emergency service include medical services, rescue organizations, veterinarians, handicapped persons, disaster relief organizations, school buses, beach patrols, establishments in isolated areas, communications standby facilities, and emergency repair of public communications facilities. 47 CFR §§ 90.33-90.55.

251 47 CFR § 1.1162.


253 The following categories are exempt from the Commission's Schedule of Regulatory Fees: Amateur radio licensees (except applicants for vanity call signs) and operators in other non-licensed services (e.g., Personal Radio, part 15, ship and aircraft). Governments and non-profit (exempt under section 501(c) of the Internal Revenue Code) entities are exempt from payment of regulatory fees and need not submit payment. Non-commercial educational broadcast licensees are exempt from regulatory fees as are licensees of auxiliary broadcast services such as low power auxiliary stations, television auxiliary service stations, remote pickup stations and aural broadcast auxiliary stations where such licenses are used in conjunction with commonly owned non-commercial educational stations. Emergency Alert System licenses for auxiliary service facilities are also exempt as are instructional television fixed service licensees. Regulatory fees are automatically waived for the licensee of any translator station that: (1) is not licensed to, in whole or in part, and does not have common ownership with, the licensee of a commercial broadcast station; (2) does not derive income from advertising; and (3) is dependent on subscriptions or contributions from members of the community served for support. Receive only earth station permittees are exempt from payment of regulatory fees. A regulatee will be relieved of its fee payment requirement if its total fee due, including all categories of fees for which payment is due by the entity, amounts to less than $10.
Worksheet, and they must complete and submit the FCC Form 159. Compliance with the fee schedule will require some licensees to tabulate the number of units (e.g., cellular telephones, pagers, cable TV subscribers) they have in service, and complete and submit an FCC Form 159. Licensees ordinarily will keep a list of the number of units they have in service as part of their normal business practices. No additional outside professional skills are required to complete the FCC Form 159, and it can be completed by the employees responsible for an entity's business records.

120. Each licensee must submit the FCC Form 159 to the Commission's lockbox bank after computing the number of units subject to the fee. Licensees may also file electronically to minimize the burden of submitting multiple copies of the FCC Form 159. Applicants who pay small fees in advance and provide fee information as part of their application must use FCC Form 159.

121. Licensees and regulatees are advised that failure to submit the required regulatory fee in a timely manner will subject the licensee or regulatee to a late payment penalty of 25 percent in addition to the required fee. If payment is not received, new or pending applications may be dismissed, and existing authorizations may be subject to rescission. Further, in accordance with the Debt Collection Improvement Act of 1996 (DCIA), Public Law 194-134, federal agencies may bar a person or entity from obtaining a federal loan or loan insurance guarantee if that person or entity fails to pay a delinquent debt owed to any federal agency. Nonpayment of regulatory fees is a debt owed the United States pursuant to 31 U.S.C. §3711 et seq., and the DCIA. Appropriate enforcement measures as well as administrative and judicial remedies, may be exercised by the Commission. Debts owed to the Commission may result in a person or entity being denied a federal loan or loan guarantee pending before another federal agency until such obligations are paid.

122. The Commission's rules currently provide for relief in exceptional circumstances. Persons or entities may request a waiver, reduction or deferment of payment of the regulatory fee. However, timely submission of the required regulatory fee must accompany requests for waivers or reductions. This will avoid any late payment penalty if the request is denied. The fee will be refunded if the request is granted. In exceptional and compelling instances (where payment of the regulatory fee along with the waiver or reduction request could result in reduction of service to a community or other financial hardship to the licensee), the Commission will defer payment in response to a request filed with the appropriate supporting documentation.

V. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered:

123. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives: (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities. In the NPRM, we have sought comment on alternatives that might simplify our fee procedures or otherwise benefit filers, including

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254 47 CFR § 1.1164.
255 47 CFR § 1.1164(c).
258 47 CFR § 1.1166.
small entities, while remaining consistent with our statutory responsibilities in this proceeding.

124. The Omnibus Appropriations Act for FY 2007, Public Law 109-383, requires the Commission to revise its Schedule of Regulatory Fees in order to recover the amount of regulatory fees that Congress, pursuant to Section 9(a) of the Communications Act, as amended, has required the Commission to collect for Fiscal Year (FY) 2007.\textsuperscript{260} As noted, we seek comment on the proposed methodology for implementing these statutory requirements and any other potential impact of these proposals on small entities.

125. Several categories of licensees and regulatees are exempt from payment of regulatory fees. See, e.g., footnote 253, supra. Also, waiver procedures provide regulatees, including small entity regulatees, relief in exceptional circumstances. See Section IV, supra.

VI. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposed Rules:

126. None.

\textsuperscript{260} 47 U.S.C. § 159(a).
ATTACHMENT B

SOURCES OF PAYMENT UNIT ESTIMATES FOR FY 2007

In order to calculate individual service fees for FY 2007, we adjusted FY 2006 payment units for each service to more accurately reflect expected FY 2007 payment liabilities. We obtained our updated estimates through a variety of means. For example, we used Commission licensee data bases, actual prior year payment records and industry and trade association projections when available. The databases we consulted include our Universal Licensing System (ULS), International Bureau Filing System (IBFS), Consolidated Database System (CDBS) and Cable Operations and Licensing System (COALS), as well as reports generated within the Commission such as the Wireline Competition Bureau’s *Trends in Telephone Service* and the Wireless Telecommunications Bureau’s *Numbering Resource Utilization Forecast*.

We tried to obtain verification for these estimates from multiple sources and, in all cases; we compared FY 2007 estimates with actual FY 2006 payment units to ensure that our revised estimates were reasonable. Where appropriate, we adjusted and/or rounded our final estimates to take into consideration the fact that certain variables that impact on the number of payment units cannot yet be estimated exactly. These include an unknown number of waivers and/or exemptions that may occur in FY 2007 and the fact that, in many services, the number of actual licensees or station operators fluctuates from time to time due to economic, technical or other reasons. Therefore, when we note, for example, that our estimated FY 2007 payment units are based on FY 2006 actual payment units, it does not necessarily mean that our FY 2007 projection is exactly the same number as FY 2006. It means that we have either rounded the FY 2007 number or adjusted it slightly to account for these variables.

<table>
<thead>
<tr>
<th>FEE CATEGORY</th>
<th>SOURCES OF PAYMENT UNIT ESTIMATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Mobile (All), Microwave, 218-219 MHz, Marine (Ship &amp; Coast), Aviation (Aircraft &amp; Ground), GMRS, Amateur Vanity Call Signs, Domestic Public Fixed</td>
<td>Based on Wireless Telecommunications Bureau (WTB) projections of new applications and renewals taking into consideration existing Commission licensee data bases. Aviation (Aircraft) and Marine (Ship) estimates have been adjusted to take into consideration the licensing of portions of these services on a voluntary basis.</td>
</tr>
<tr>
<td>CMRS Mobile Services</td>
<td>Based on Wireless Telecommunications Bureau reports.</td>
</tr>
<tr>
<td>CMRS Messaging Services</td>
<td>Based on Wireless Telecommunications Bureau Competition Report findings.</td>
</tr>
<tr>
<td>AM/FM Radio Stations</td>
<td>Based on CDBS data, adjusted for exemptions, and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>UHF/VHF Television Stations</td>
<td>Based on CDBS data, adjusted for exemptions, and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>AM/FM/TV Construction Permits</td>
<td>Based on CDBS data, adjusted for exemptions, and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>LPTV, Translators and Boosters, Class A Television</td>
<td>Based on CDBS data, adjusted for exemptions, and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>Broadcast Auxiliaries</td>
<td>Based on actual FY 2006 payment units.</td>
</tr>
<tr>
<td>BRS (formerly MDS/MMDS)</td>
<td>Based on Wireless Telecommunications Bureau reports and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>Cable Television Relay Service</td>
<td>Based on data from Media Bureau’s COALS database and actual</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(CARS) Stations</td>
<td>FY 2006 payment units.</td>
</tr>
<tr>
<td>Cable Television System Subscribers</td>
<td>Based on publicly available data sources for estimated subscriber counts and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>Interstate Telecommunication Service Providers</td>
<td>Based on actual FY 2006 interstate revenues reported on Telecommunications Reporting Worksheet, adjusted for FY 2007 revenue growth/decline for industry, and projections by the Wireline Competition Bureau.</td>
</tr>
<tr>
<td>Earth Stations</td>
<td>Based on International Bureau reports and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>Space Stations (GSOs &amp; NGSOs)</td>
<td>Based on International Bureau reports and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>International Bearer Circuits</td>
<td>Based on International Bureau reports and actual FY 2006 payment units.</td>
</tr>
<tr>
<td>International HF Broadcast Stations, International Public Fixed Radio Service</td>
<td>Based on International Bureau reports and actual FY 2006 payment units.</td>
</tr>
</tbody>
</table>
**ATTACHMENT C**

**CALCULATION OF FY 2007 REVENUE REQUIREMENTS AND PRO-RATA FEES**

Regulatory fees for the categories shaded in gray are collected by the Commission in advance to cover the term of the license and are submitted along with the application at the time the application is filed.

<table>
<thead>
<tr>
<th>Fee Category</th>
<th>FY 2007 Payment Units</th>
<th>FY 2006 Revenue Estimate</th>
<th>Pro-Rated FY 2007 Revenue Requirement*</th>
<th>Computed New FY 2007 Regulatory Fee</th>
<th>Rounded New FY 2007 Regulatory Fee</th>
<th>Expected FY 2007 Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLMRS (Exclusive Use)</td>
<td>1,250</td>
<td>10</td>
<td>440,000</td>
<td>426,300</td>
<td>34</td>
<td>35</td>
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<tr>
<td>PLMRS (Shared use)</td>
<td>15,500</td>
<td>10</td>
<td>2,500,000</td>
<td>2,422,162</td>
<td>16</td>
<td>15</td>
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<td>Microwave</td>
<td>4,350</td>
<td>10</td>
<td>1,700,000</td>
<td>1,647,070</td>
<td>38</td>
<td>40</td>
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<tr>
<td>218-219 MHz (Formerly IVDS)</td>
<td>3</td>
<td>10</td>
<td>1,650</td>
<td>1,599</td>
<td>53</td>
<td>55</td>
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<tr>
<td>Marine (Ship)</td>
<td>8,000</td>
<td>10</td>
<td>800,000</td>
<td>775,092</td>
<td>10</td>
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<td>GMRS</td>
<td>16,000</td>
<td>5</td>
<td>425,000</td>
<td>411,768</td>
<td>5</td>
<td>5</td>
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<td>Aviation (Aircraft)</td>
<td>8,800</td>
<td>10</td>
<td>300,000</td>
<td>290,659</td>
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<td>5</td>
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<td>Marine (Coast)</td>
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<td>10</td>
<td>120,000</td>
<td>116,264</td>
<td>32</td>
<td>30</td>
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<td>Aviation (Ground)</td>
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<td>10</td>
<td>150,000</td>
<td>145,330</td>
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<td>10</td>
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<tr>
<td>Amateur Vanity Call Signs</td>
<td>14,700</td>
<td>10</td>
<td>177,116</td>
<td>171,601</td>
<td>1.17</td>
<td>1.17</td>
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<td>AM Class A</td>
<td>68</td>
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<td>217,350</td>
<td>210,428</td>
<td>3,095</td>
<td>3,100</td>
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<td>AM Class B</td>
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<td>2,619,500</td>
<td>2,534,141</td>
<td>1.617</td>
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<td>AM Class C</td>
<td>937</td>
<td>1</td>
<td>921,500</td>
<td>890,541</td>
<td>950</td>
<td>950</td>
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<td>AM Class D</td>
<td>1,705</td>
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<td>3,095,750</td>
<td>2,994,982</td>
<td>1.757</td>
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<td>FM Classes A, B1 &amp; C3</td>
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<td>6,519,500</td>
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<td>FM Classes B, C, C0, C1 &amp; C2</td>
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<td>7,675,996</td>
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<td>AM Construction Permits</td>
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<td>37,525</td>
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<td>FM Construction Permits1</td>
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<td>1</td>
<td>115,000</td>
<td>117,898</td>
<td>575</td>
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<td>Satellite TV</td>
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<td>1</td>
<td>141,450</td>
<td>137,046</td>
<td>1,096</td>
<td>1,100</td>
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<td>Satellite TV Construction Permit</td>
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<td>1</td>
<td>1,710</td>
<td>1,657</td>
<td>552</td>
<td>550</td>
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<td>Fee Category</td>
<td>FY 2007 Payment Units</td>
<td>Years</td>
<td>FY 2006 Revenue Estimate</td>
<td>Pro-Rated FY 2007 Revenue Requirement</td>
<td>Computed New FY 2007 Regulatory Fee</td>
<td>Rounded New FY 2007 Regulatory Fee</td>
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<tr>
<td>------------------------------</td>
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<td>VHF Markets 1-10</td>
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<td>2,850,100</td>
<td>2,765,285</td>
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<td>2,392,781</td>
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<td>VHF Markets 51-100</td>
<td>115</td>
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<td>2,372,200</td>
<td>2,300,839</td>
<td>20,007</td>
<td>20,000</td>
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<td>1,045,200</td>
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<td>5,125</td>
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<td>5,125</td>
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<td>19,650</td>
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<td>UHF Markets 11-25</td>
<td>76</td>
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<td>1,528,000</td>
<td>1,478,819</td>
<td>19,458</td>
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<td>UHF Markets 26-50</td>
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<td>1,284,075</td>
<td>1,242,489</td>
<td>10,804</td>
<td>10,800</td>
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<td>UHF Markets 51-100</td>
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<td>1,092,000</td>
<td>1,056,977</td>
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<td>6,300</td>
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<td>UHF Remaining Markets</td>
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<td>331,925</td>
<td>321,590</td>
<td>1,757</td>
<td>1,750</td>
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<td>UHF Construction Permits¹</td>
<td>22</td>
<td>1</td>
<td>33,725</td>
<td>38,517</td>
<td>1,751</td>
<td>1,750</td>
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<td>Broadcast Auxiliaries</td>
<td>27,000</td>
<td>1</td>
<td>240,000</td>
<td>232,528</td>
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<td>10</td>
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<tr>
<td>LPTV/Translators/Boosters/</td>
<td>3,400</td>
<td>1</td>
<td>1,218,000</td>
<td>1,180,077</td>
<td>347</td>
<td>345</td>
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<tr>
<td>Class A TV</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>CARS Stations</td>
<td>780</td>
<td>1</td>
<td>148,750</td>
<td>144,119</td>
<td>185</td>
<td>185</td>
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<tr>
<td>Cable TV Systems</td>
<td>64,500,000</td>
<td>1</td>
<td>49,770,000</td>
<td>48,220,399</td>
<td>0.74760</td>
<td>0.75</td>
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<tr>
<td>Interstate Telecommunication Service Providers</td>
<td>51,000,000,000,000</td>
<td>1</td>
<td>140,184,000</td>
<td>135,819,336</td>
<td>0.00266312</td>
<td>0.00266</td>
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<td>CMRS Mobile Services</td>
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<td>42,000,000</td>
<td>40,596,052</td>
<td>0.177</td>
<td>0.18</td>
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<tr>
<td>(Cellular/Public Mobile)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>CMRS Messag. Services</td>
<td>7,500,000</td>
<td>1</td>
<td>520,000</td>
<td>600,077</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>Fee Category</td>
<td>FY 2007 Payment Units</td>
<td>FY 2006 Revenue Estimate</td>
<td>Pro-Rated FY 2007 Revenue Requirement*</td>
<td>Computed New FY 2007 Regulatory Fee</td>
<td>Rounded New FY 2007 Regulatory Fee</td>
<td>Expected FY 2007 Revenue</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------------------</td>
<td>--------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------------------</td>
<td>----------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>BRS2</td>
<td>1,300</td>
<td>485,925</td>
<td>425,139</td>
<td>327</td>
<td>325</td>
<td>422,500</td>
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<tr>
<td>LMDS</td>
<td>410</td>
<td>90,750</td>
<td>134,077</td>
<td>327</td>
<td>325</td>
<td>133,250</td>
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<tr>
<td>International Bearer Circuits</td>
<td></td>
<td>7,791,000</td>
<td>7,548,425</td>
<td>1.16</td>
<td>1.16</td>
<td>7,540,000</td>
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<td>International Public Fixed</td>
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<td>1,925</td>
<td>1,865</td>
<td>1,865</td>
<td>1,875</td>
<td>1,875</td>
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<tr>
<td>Earth Stations</td>
<td>3,900</td>
<td>752,500</td>
<td>729,071</td>
<td>187</td>
<td>185</td>
<td>721,500</td>
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<tr>
<td>International HF Broadcast</td>
<td>5</td>
<td>4,100</td>
<td>3,972</td>
<td>794</td>
<td>795</td>
<td>3,975</td>
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<tr>
<td>Space Stations (Geostationary)</td>
<td>86</td>
<td>9,693,975</td>
<td>9,392,151</td>
<td>109,211</td>
<td>109,200</td>
<td>9,391,200</td>
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<tr>
<td>Space Stations (Non-</td>
<td>6</td>
<td>721,350</td>
<td>698,891</td>
<td>116,482</td>
<td>116,475</td>
<td>698,850</td>
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<tr>
<td>Geostationary)</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>***** Total Estimated Revenue to be Collected</td>
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<td>290,274,768</td>
<td>291,035,465</td>
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<tr>
<td>***** Total Revenue Requirement</td>
<td>298,771,000</td>
<td>290,295,160</td>
<td>290,295,160</td>
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<td>Difference</td>
<td>853,101</td>
<td>(20,392)</td>
<td>740,305</td>
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</table>

* -0.028369018 factor applied based on the amount Congress designated for recovery through regulatory fees (Public Law 109-108 and 47 U.S.C. § 159(a)(2)).

1 The AM and FM Construction Permit revenues and the VHF and UHF Construction Permit revenues were adjusted to set the regulatory fee to an amount no higher than the lowest licensed fee for that class of service.

Regulatory fees for the categories shaded in gray are collected by the Commission in advance to cover the term of the license and are submitted along with the application at the time the application is filed.

<table>
<thead>
<tr>
<th>Fee Category</th>
<th>Annual Regulatory Fee (U.S. $'s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLMRS (per license) (Exclusive Use) (47 CFR part 90)</td>
<td>35</td>
</tr>
<tr>
<td>Microwave (per license) (47 CFR part 101)</td>
<td>40</td>
</tr>
<tr>
<td>218-219 MHz (Formerly Interactive Video Data Service) (per license) (47 CFR part 95)</td>
<td>55</td>
</tr>
<tr>
<td>Marine (Ship) (per station) (47 CFR part 80)</td>
<td>10</td>
</tr>
<tr>
<td>Marine (Coast) (per license) (47 CFR part 80)</td>
<td>30</td>
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<tr>
<td>General Mobile Radio Service (per license) (47 CFR part 95)</td>
<td>5</td>
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<tr>
<td>Rural Radio (47 CFR part 22) (previously listed under the Land Mobile category)</td>
<td>15</td>
</tr>
<tr>
<td>PLMRS (Shared Use) (per license) (47 CFR part 90)</td>
<td>15</td>
</tr>
<tr>
<td>Aviation (Aircraft) (per station) (47 CFR part 87)</td>
<td>5</td>
</tr>
<tr>
<td>Aviation (Ground) (per license) (47 CFR part 87)</td>
<td>10</td>
</tr>
<tr>
<td>Amateur Vanity Call Signs (per call sign) (47 CFR part 97)</td>
<td>1.17</td>
</tr>
<tr>
<td>CMRS Mobile/Cellular Services (per unit) (47 CFR parts 20, 22, 24, 27, 80 and 90)</td>
<td>.18</td>
</tr>
<tr>
<td>CMRS Messaging Services (per unit) (47 CFR parts 20, 22, 24 and 90)</td>
<td>.08</td>
</tr>
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<td>Broadband Radio Service (formerly MMDS/ MDS) (per license) (47 CFR part 21)</td>
<td>325</td>
</tr>
<tr>
<td>Local Multipoint Distribution Service (per call sign) (47 CFR, part 101)</td>
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<tr>
<td>AM Radio Construction Permits</td>
<td>400</td>
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<td>FM Radio Construction Permits</td>
<td>575</td>
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<tr>
<td>TV (47 CFR part 73) VHF Commercial</td>
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<tr>
<td>Markets 1-10</td>
<td>64,300</td>
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<tr>
<td>Markets 11-25</td>
<td>46,350</td>
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<td>Markets 26-50</td>
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<tr>
<td>Remaining Markets</td>
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<td>Construction Permits</td>
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<tr>
<td>Fee Category</td>
<td>Annual Regulatory Fee (U.S. $'s)</td>
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<tr>
<td>------------------------------------------------------------------------------</td>
<td>----------------------------------</td>
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<tr>
<td>TV (47 CFR part 73) UHF Commercial</td>
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<td>Markets 1-10</td>
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<td>Markets 11-25</td>
<td>19,450</td>
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<td>Markets 26-50</td>
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<td>Markets 51-100</td>
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<td>Construction Permits</td>
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<tr>
<td>Satellite Television Stations (All Markets)</td>
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<td>Construction Permits – Satellite Television Stations</td>
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<td>Broadcast Auxiliaries (47 CFR part 74)</td>
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<td>CARS (47 CFR part 78)</td>
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<td>Cable Television Systems (per subscriber) (47 CFR part 76)</td>
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<td>Earth Stations (47 CFR part 25)</td>
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<tr>
<td>International (HF) Broadcast (47 CFR part 73)</td>
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FY 2007 SCHEDULE OF REGULATORY FEES (continued)

<table>
<thead>
<tr>
<th>Population Served</th>
<th>AM Class A</th>
<th>AM Class B</th>
<th>AM Class C</th>
<th>AM Class D</th>
<th>FM Classes A, B1 &amp; C3</th>
<th>FM Classes B, C, C0, C1 &amp; C2</th>
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<tbody>
<tr>
<td>&lt;=25,000</td>
<td>625</td>
<td>475</td>
<td>400</td>
<td>475</td>
<td>575</td>
<td>725</td>
</tr>
<tr>
<td>25,001 – 75,000</td>
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<td>925</td>
<td>600</td>
<td>725</td>
<td>1,150</td>
<td>1,250</td>
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<tr>
<td>75,001 – 150,000</td>
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<td>1,150</td>
<td>800</td>
<td>1,200</td>
<td>1,600</td>
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<td>150,001 – 500,000</td>
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<td>1,200</td>
<td>1,425</td>
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<td>500,001 – 1,200,000</td>
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<td>2,375</td>
<td>3,900</td>
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<tr>
<td>&gt;3,000,000</td>
<td>7,275</td>
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<td>3,800</td>
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<td>8,075</td>
<td>9,125</td>
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</table>
ATTACHMENT E

FACTORS, MEASUREMENTS AND CALCULATIONS THAT GO INTO DETERMINING STATION SIGNAL CONTOURS AND ASSOCIATED POPULATION COVERAGES

AM Stations

For stations with nondirectional daytime antennas, the theoretical radiation was used at all azimuths. For stations with directional daytime antennas, specific information on each day tower, including field ratio, phasing, spacing and orientation was retrieved, as well as the theoretical pattern root-mean-square of the radiation in all directions in the horizontal plane (RMS) figure milliVolt per meter (mV/m) @ 1 km) for the antenna system. The standard, or modified standard if pertinent, horizontal plane radiation pattern was calculated using techniques and methods specified in §§73.150 and 73.152 of the Commission's rules. Radiation values were calculated for each of 360 radials around the transmitter site. Next, estimated soil conductivity data was retrieved from a database representing the information in FCC Figure R3. Using the calculated horizontal radiation values, and the retrieved soil conductivity data, the distance to the principal community (5 mV/m) contour was predicted for each of the 360 radials. The resulting distance to principal community contours were used to form a geographical polygon. Population counting was accomplished by determining which 2000 block centroids were contained in the polygon. (A block centroid is the center point of a small area containing population as computed by the U.S. Census Bureau.) The sum of the population figures for all enclosed blocks represents the total population for the predicted principal community coverage area.

FM Stations

The greater of the horizontal or vertical effective radiated power (ERP) (kW) and respective height above average terrain (HAAT) (m) combination was used. Where the antenna height above mean sea level (HAML) was available, it was used in lieu of the average HAAT figure to calculate specific HAAT figures for each of 360 radials under study. Any available directional pattern information was applied as well, to produce a radial-specific ERP figure. The HAAT and ERP figures were used in conjunction with the Field Strength (50-50) propagation curves specified in 47 C.F.R. § 73.313 of the Commission's rules to predict the distance to the principal community (70 dBu (decibel above 1 microVolt per meter) or 3.17 mV/m) contour for each of the 360 radials. The resulting distance to principal community contours were used to form a geographical polygon. Population counting was accomplished by determining which 2000 block centroids were contained in the polygon. The sum of the population figures for all enclosed blocks represents the total population for the predicted principal community coverage area.

261 47 C.F.R. §§ 73.150 and 73.152.
262 See Map of Estimated Effective Ground Conductivity in the United States, 47 C.F.R. § 73.190 Figure R3.
263 47 C.F.R. § 73.313.
## ATTACHMENT F
### FY 2006 SCHEDULE OF REGULATORY FEES

<table>
<thead>
<tr>
<th>Fee Category</th>
<th>Annual Regulatory Fee (U.S. $'s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLMRS (per license) (Exclusive Use) (47 CFR part 90)</td>
<td>20</td>
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<tr>
<td>Microwave (per license) (47 CFR part 101)</td>
<td>85</td>
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<tr>
<td>218-219 MHz (Formerly Interactive Video Data Service) (per license) (47 CFR part 95)</td>
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<tr>
<td>Marine (Ship) (per station) (47 CFR part 80)</td>
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<tr>
<td>Marine (Coast) (per license) (47 CFR part 80)</td>
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<tr>
<td>General Mobile Radio Service (per license) (47 CFR part 95)</td>
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<tr>
<td>Rural Radio (47 CFR part 22) (previously listed under the Land Mobile category)</td>
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<td>PLMRS (Shared Use) (per license) (47 CFR part 90)</td>
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<tr>
<td>Aviation (Aircraft) (per station) (47 CFR part 87)</td>
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<td>Aviation (Ground) (per license) (47 CFR part 87)</td>
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<td>CMRS Mobile/Cellular Services (per unit) (47 CFR parts 20, 22, 24, 27, 80 and 90)</td>
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<tr>
<td>CMRS Messaging Services (per unit) (47 CFR parts 20, 22, 24 and 90)</td>
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<td>Local Multipoint Distribution Service (per call sign) (47 CFR, part 101)</td>
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<td>FM Radio Construction Permits</td>
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<td>TV (47 CFR part 73) VHF Commercial</td>
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<td>Remaining Markets</td>
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<td>TV (47 CFR part 73) UHF Commercial</td>
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<td>Markets 1-10</td>
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<td>Fee Category</td>
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<td>Markets 26-50</td>
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<td>CARS (47 CFR part 78)</td>
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<td>International (HF) Broadcast (47 CFR part 73)</td>
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FY 2006 SCHEDULE OF REGULATORY FEES (continued)

<table>
<thead>
<tr>
<th>Population Served</th>
<th>AM Class A</th>
<th>AM Class B</th>
<th>AM Class C</th>
<th>AM Class D</th>
<th>FM Classes A, B1 &amp; C3</th>
<th>FM Classes B, C, C0, C1 &amp; C2</th>
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<tr>
<td>&lt;=25,000</td>
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<td>500</td>
<td>400</td>
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<tr>
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<td>500,001 – 1,200,000</td>
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