

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
1998 Biennial Regulatory Review -- Review of
Accounts Settlement in the Maritime Mobile and
Maritime Mobile-Satellite Radio Services and
Withdrawal of the Commission as an Accounting
Authority in the Maritime Mobile and Maritime
Mobile-Satellite Radio Services
IB Docket No. 98-96

SECOND REPORT AND ORDER

Adopted: December 18, 2018

Released: December 21, 2018

By the Commission:

I. INTRODUCTION

1. We adopt in this Second Report and Order our proposal to transition the functions and duties performed by the Federal Communications Commission (Commission or FCC) as an accounting authority for those customers in the maritime mobile and maritime mobile-satellite radio services that have not otherwise designated any such accounting authority. This default function is referred to as the "accounting authority of last resort." We find that the public interest would be better served by relying upon private accounting authorities to perform the "accounting authority of last resort" function. Such private authorities are certified under Part 3 of the Commission's rules and operate under the Commission's regulatory oversight. We instruct Commission Staff to, within 120 days, consult with federal stakeholders, including the United States Coast Guard (Coast Guard), and to work with service providers to finalize and announce a transition and outreach plan to facilitate a smooth transition. We are providing a substantial transition period of up to one year following announcement of the transition plan to ensure an orderly transfer of the Commission's accounting authority duties to private authorities.

II. BACKGROUND

2. International maritime mobile communications fall into two general categories. One consists of terrestrial radio communications on high frequency or very high frequency channels between a radio on board a U.S.-registered ship and a foreign coast station operated by a telecommunications

1 See 1998 Biennial Regulatory Review -- Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and Maritime Mobile-Satellite Radio Services, Second Further Notice of Proposed Rulemaking, 31 FCC Rcd 13785 (2016) (2016 2nd FNPRM).

2 47 CFR §§ 3.1 et seq.

3 Commission Staff herein means appropriate staff of the Office of Managing Director, International Bureau, Wireless Telecommunications Bureau, and support staff, all as necessary and designated by the Managing Director to effectuate the transition of the functions and duties performed by the Commission as an accounting authority to private accounting authorities.

provider in the country in which the station is located. The second category consists of international maritime mobile-satellite communications services between a radio on board a U.S.-registered ship and a foreign coast earth station that is operated by a satellite-based telecommunications provider. In both cases, payment for the services provided by the telecommunications provider involves interaction with an entity known as an “accounting authority,” which settles an account between the telecommunications operator and the customer. After providing services, the telecommunications provider for the coast or earth station that facilitated the communications sends its bill either to the accounting authority that the customer has designated to act for it or to the “accounting authority of last resort.” The function of the accounting authority, also referred to as a “clearinghouse” or “settlement authority,” involves presenting the bill to the customer, accepting payment from the customer, and remitting the collected funds to the telecommunications provider.

3. Historically, most countries require individual ships to settle their own accounts with foreign administrations and coast stations. The U.S. government, however, has elected to provide a nationwide accounting authority for settling maritime mobile service message charges since 1913 and, more recently, for maritime satellite service messages. To comply with its treaty obligations under the Berlin-Telegraph Convention of 1906 and the London Radiotelegraph Conference of 1912, the United States established a clearinghouse to maintain accounts with each foreign administration concerned with U.S. flag vessels operating in international or foreign waters. After various changes in administrative authority within the U.S. Government, the international radio accounts were transferred to the jurisdiction of the FCC in 1934.⁴ Since 1934, the Commission has acted as an accounting authority in the United States to settle accounts for maritime, aircraft, and hand-held terminal radio services to both private users and other U.S. federal government agencies, under accounting authority identification code (AAIC) “US01.” The Commission also has permitted private accounting authorities to perform the same settlement functions, and, in 1996, expanded its rules to provide an application and approval process and oversight, including nondiscrimination requirements, to ensure continued performance of existing private accounting authorities as well as to encourage new entities to become certified to settle charges as certified accounting authorities.⁵

4. Currently, 22 active entities are certified as U.S. private accounting authorities.⁶ Since 1996, as more users have selected these private accounting authorities to settle their accounts, the Commission has reduced its accounting authority or clearinghouse function related to the maritime

⁴ On June 10, 1934, pursuant to the Communications Act of 1934, the FCC absorbed the Federal Radio Commission (“FRC”). Title VI, Sections 603 and 604, of the Act provided that the employees, records, property, authorities, and appropriations of the FRC be transferred to the FCC. This transfer included the international radio accounts that the FRC administered at that time.

⁵ See *Establishment of Commission Rules Concerning the Administration of U.S.-Certified Accounting Authorities in the Maritime Mobile and Maritime Mobile-Satellite Radio Services Except for Distress and Safety Communications*, Report and Order, 11 FCC Rcd 4692, 4696 (1996) (1996 Report and Order). Certification and operation of private accounting authorities are governed by Part 3 of our rules, which ensures that qualified applicants are authorized as accounting authorities and that such authorities, once approved, have adequate guidance regarding the standard of conduct the Commission requires of them. 47 CFR §§ 3.1 *et seq.*

⁶ Some of these private accounting authorities may not currently settle accounts for maritime services; however, our certification permits any certified U.S. accounting authority to settle accounts for any class of service. See Letter from Bruce Henoeh, Inmarsat, to Accounting Authority Certification Office, Federal Communications Commission (Apr. 20, 2015); Letter from Robert Swanson, Airbus Defense and Space, to Marlene Dortch, Federal Communications Commission (Jan. 30, 2015); Letter from Steven Chernoff, Lukas, Nace, Gutierrez, and Sachs, LLP, to Accounting Authority Certification Officer, Federal Communications Commission (Apr. 15, 2015) (providing inventories of accounting authority settlements).

mobile radio services and the maritime-mobile satellite-based services.⁷ The Commission has, however, continued to act as the accounting authority of last resort; that is, foreign operators have sent to the Commission all accounts where the customer has not designated a specific accounting authority.⁸

5. The Commission initially considered withdrawing as the accounting authority of last resort almost twenty years ago and at that time found no public policy reason for the Commission's continued function as an accounting authority.⁹ In its *1999 R&O and FNPRM*, the Commission decided to withdraw as the accounting authority of last resort and to leave the settlement of accounts to the private accounting authorities subject to Part 3 of our rules. Such withdrawal was not effectuated, however, and the Commission never implemented a transition plan. Nonetheless, based on the clear indication that the FCC intended to withdraw as accounting authority of last resort, many users of the Commission's services subsequently have transitioned to private accounting authorities that have continued to provide these functions. As the activity handled by other accounting authorities, in general, appears to have increased in scope,¹⁰ the number of users relying on the Commission to provide accounting authority services has continued to decrease. From August 2017 through August 2018, the FCC settled accounts for only 43 users, and all but two of those users had total settlement amounts for the entire 13-month period of less than \$1,000. In addition, no new terminals have been activated with the FCC as an accounting authority in the last five years.

III. DISCUSSION

6. In 2016, the Commission sought further comment on the question of its withdrawal as an accounting authority and proposed a one-year transition period for affected users to allow them to designate a private accounting authority of their choosing.¹¹ It also sought comment on possible transition approaches to ensure that an alternative accounting authority would be in place for users at the end of the transition period, including: (1) requiring all customers to pre-subscribe to an accounting authority or to designate an accounting authority on every message; (2) developing a formula to spread undesignated messages among several private accounting authorities; and/or (3) appointing through comparative selection one of the private accounting authorities as the new authority of last resort.¹² The FNPRM also sought comment on the appropriateness of adopting a separate transition period for government agencies.¹³

7. *Comments.* Commenters unanimously support the Commission's proposal to withdraw as accounting authority of last resort. They raise concerns, however, about the need to ensure that users who currently use the Commission as their accounting authority are not left without the ability to access critical communications in the event of an emergency.

⁷ The Commission has not as a matter of practice settled accounts other than maritime mobile and maritime satellite for several years although the accounting authority of last resort extends to aircraft and handheld radio services as well. See *2016 2nd FNPRM*, 31 FCC Rcd 13785 at n.4.

⁸ Thus, any terminal for which a private accounting authority has not been selected has historically been "defaulted" to AAIC US01.

⁹ See *1998 Biennial Regulatory Review -- Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and Maritime Mobile-Satellite Radio Services*, Report and Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd 20703, 2079, para. 14 (1999) (*1999 R&O and FNPRM*).

¹⁰ See *2016 2nd FNPRM*, 31 FCC Rcd at 13788, para. 9.

¹¹ *Id.*

¹² *Id.* at 13789-90, para. 15.

¹³ *Id.* at 13789, para. 13.

8. COMSAT, INC.¹⁴ (“COMSAT”) supports the Commission’s withdrawal as accounting authority of last resort, noting that “all interested parties now seem to agree, private accounting authorities are well-equipped to handle the function under the Commission’s Part 3 rules.”¹⁵ COMSAT also agrees that the Commission should “encourage users to pre-subscribe to an accounting authority of their choosing.”¹⁶ However, COMSAT urges the Commission to designate a default accounting authority of last resort, namely COMSAT, as the only way to ensure uninterrupted access to safety-related communications, such as Ship Security and Alerting System (SSAS), Long Range Identification and Tracking (LRIT), or other communications beyond the Global Maritime Distress and Safety System (GMDSS) distress alert, which is typically free of charge to all vessels.¹⁷

9. The Coast Guard agrees that the primary consideration should be ensuring that mariners not lose access to these important communications alerts. The Coast Guard points out that “due to the closures of most public coast stations worldwide, and because most newer mobile satellite services operate their own land earth stations, the greatest need for continuing with accounting authorities is for legacy mobile satellite systems capable of operating through independently-owned land earth stations.”¹⁸ The Coast Guard notes that one such legacy system is Inmarsat-C; the other is Inmarsat Fleet-77, which is being phased out of service by December 1, 2020.¹⁹ The Coast Guard is particularly concerned that Inmarsat-C users, which tend to be infrequent private users that may not have designated an accounting authority, could be refused service by independently owned earth stations if the terminal does not have a current accounting authority for settlement of accounts with those land earth stations.²⁰ Given this potential risk to Inmarsat-C terminal holders, the Coast Guard argues that if the Commission withdraws as the accounting authority of last resort, it is important that all holders of maritime terminals that currently designate the FCC as accounting authority be provided notice and sufficient time to make alternative plans for settling their accounts, and especially important that such notice reach users “who are completely unaware of the FCC’s plans,” which likely includes these infrequent private users.²¹ The Coast Guard also recommends that the Commission develop a strategy to convey the transition plan to all affected parties and offers to help the Commission inform the maritime community of the FCC’s plans,

¹⁴ Formerly known as Satcom Direct Government, Inc.; Airbus DS Satcom Government, Inc.; Astrium Services Government, Inc.; Vizada, Inc.; and Telenor Satellite Services, Inc. COMSAT acquired the COMSAT Mobile Communications division of COMSAT Corporation in 2002 and acquired the rights to the COMSAT name in 2016.

¹⁵ COMSAT, INC. Reply Comments at 2.

¹⁶ *Id.* at 3.

¹⁷ *Id.* at 4. COMSAT also has engaged in a number of ex parte communications on this issue, and at least one member of Congress expressed support for COMSAT’s request to be designated as the default accounting authority of last resort. See Congressional inquiry from The Honorable Bill Posey, United States House of Representatives, to Marlene H. Dortch, Secretary, FCC (dated Aug. 9, 2017) (Posey Letter). See also Letter from Allison D. Rule and Michael P. Donahue, counsel for COMSAT INC., to Marlene H. Dortch, Secretary, FCC, IB Docket No. 98-96 (filed Apr. 13, 2018); Letter from Allison D. Rule, counsel for COMSAT INC., to Marlene H. Dortch, Secretary, FCC, IB Docket No. 98-96 (filed Mar. 27, 2018); Letter from Allison D. Rule, counsel for COMSAT INC., to Marlene H. Dortch, Secretary, FCC, IB Docket No. 98-96 (filed Sept. 29, 2017).

¹⁸ Coast Guard Comments at 4.

¹⁹ *Id.* at n.3.

²⁰ Currently Inmarsat is the only worldwide maritime mobile satellite system providing needed public safety communication services and while land earth stations would still be required to transmit distress calls, the communications that typically accompany a distress call could be blocked if the terminal is not assigned to a valid accounting authority. See *1999 R&O and FNPRM*, 15 FCC Rcd at 20715, para. 28; see also Coast Guard Comments at 1.

²¹ Coast Guard Comments at 6-7.

once finalized.²² The Coast Guard urges the Commission to “articulate precisely what procedures will be put in place for mariners to file complaints with the FCC” should mariners encounter unreasonably high accounting authority services rates and/or discriminatory treatment in violation of our rules after the Commission ceases to operate as an accounting authority.²³ The Coast Guard recommends that the FCC employ the same notification and transition period for all affected users and not proscribe different transition periods for governmental users and the public.²⁴ Finally, although the Coast Guard agrees with COMSAT’s concern that mariners not lose access to important communication alerts, the Coast Guard does not advocate for COMSAT to be designated the accounting authority of last resort.

10. Inmarsat also supports the Commission’s withdrawal as accounting authority of last resort and points out that there “are ample private accounting authorities available to settle accounts.”²⁵ Inmarsat stresses the need for robust outreach by the Commission and sufficient time to ensure a successful transition,²⁶ and it states that it will support the Commission’s outreach effort.²⁷ Finally, Inmarsat contends that the Commission need not identify a new accounting authority of last resort, but, rather, should move forward with its proposal to require all users to subscribe to an accounting authority.²⁸ Inmarsat has made clear that it will assist the Commission with the transition, including notification to all Inmarsat-C terminal holders.²⁹

11. *Discussion.* We conclude that the record supports a renewed decision to withdraw as the accounting authority of last resort and to provide users with a definitive timeframe within which to transition to a new accounting authority of their choosing. All commenters supported our proposal to withdraw completely as an accounting authority. This unanimous support is a change from 1999, and it reflects that, today, not only are there are sufficient private accounting authorities available to settle accounts, but there also has been a significant reduction in reliance on the FCC as an accounting authority.³⁰ Given this reduction in reliance on the FCC and the reduced volume of customers who may be affected when we withdraw as accounting authority, as well as the presence of a functioning market for this service that will mitigate the adverse impact of the FCC’s withdrawal, we find that the best alternative is for the FCC to withdraw as an accounting authority. We continue to believe that it remains the basic responsibility of the user, whether a private or governmental entity, to designate an accounting authority to handle its calls.³¹

12. We are not persuaded that we should name COMSAT as the default accounting authority of last resort. No party other than COMSAT has urged us to take such a step; in fact, other commenters, notably the Coast Guard, have supported our proposal to require users to select a new accounting

²² *Id.*

²³ *Id.* at 8.

²⁴ *Id.* at 12.

²⁵ Inmarsat Comments at 1.

²⁶ *Id.* at 4.

²⁷ Inmarsat offers, for example, that when transition details are finalized, it could send an enhanced group call to all ocean regions notifying them, similar to how it notifies users when services go end-of-life. *Id.* at 5.

²⁸ *Id.* at 6.

²⁹ Letter from Ethan Lucarelli, Director, Regulatory and Public Policy, Inmarsat, to Dana Shaffer, Deputy Chief & Chief of Staff, Wireless Telecommunications Bureau, Federal Communications Commission (Feb. 6, 2018).

³⁰ We note that, since 2016, traffic billed by the FCC as accounting authority to private and/or third parties was exclusively satellite traffic.

³¹ In fact, our rules explicitly require ship stations utilizing the AAIC of an accounting authority whose certification has been suspended, cancelled, or relinquished to “make contractual arrangements with another properly authorized accounting authority to settle its accounts.” 47 CFR § 3.74

authority, provided we ensure users are given adequate notice and time to put in place arrangements with another accounting authority.³² There is no record support from users for a wholesale transfer of the settlement of the accounts of terminal holders currently subscribed to US01 to COMSAT or any other private accounting authority. Moreover, Inmarsat adamantly opposes designation of a default accounting authority of last resort.³³ Notably, Inmarsat is the underlying service provider for the majority of non-governmental entities who will be impacted by the FCC's withdrawal.³⁴ Reassigning all users to COMSAT as accounting authority was not one of the proposals on which the Commission sought comments in the *FNPRM*, and there is no record support from any users for a wholesale transfer of the settlement of their accounts to COMSAT or any other private accounting authority.

13. Further, we are not persuaded that there is a compelling need to engage in either a comparative selection or procurement process to select a new accounting authority of last resort. Given the small number of current users of the FCC's accounting authority, the availability of numerous private accounting authorities from which to choose, and the fact that no new terminals have been activated with the FCC as accounting authority in the past five years, we find there is no compelling need to designate a new accounting authority of last resort. Moreover, there is little benefit in procuring an alternative accounting authority for the few remaining terminal holders using the FCC as their accounting authority that would outweigh the administrative burden and cost of conducting further proceedings to determine how best to select an accounting authority of last resort, conducting such selection or procurement process, and then continuing to manage whichever vendor is chosen. For the same reasons the Commission has decided to withdraw as an accounting authority, it should not then "re-enter" by selecting or contracting with a private entity to take the FCC's place, when there are private accounting authorities—competitive alternatives—from which terminal holders may choose their preferred accounting authority.

14. Instead, based on the record in this proceeding, we find that the more reasonable approach is to provide ample notice and time to allow users to select their preferred accounting authority. We find that this will ensure the continuity of lifesaving maritime communications services."³⁵

15. Commenters generally have noted that one year is the minimum amount of time that would be required for the Commission to conduct outreach and for terminal holders that currently use the Commission as their accounting authority to migrate their terminals to a new accounting authority of their choice. Given the long pendency of this proceeding and the Commission's repeated proposal, from 1998 to present, to withdraw as an accounting authority, the vast majority of users already have effectuated such transition. We note that, for governmental users with large accounts and multiple terminals, such transition efforts have been ongoing for some time, even in the absence of a specific transition plan or definitive timing; we find that one year is sufficient notice to such users of the need to complete the

³² Coast Guard Comments at 10; *see also* Inmarsat Comments at 1, 4, 5.

³³ Inmarsat Comments at 6 (noting that designating a private accounting authority of last resort "could distort the function of the competitive maritime mobile satellite market"). Given both the lack of record support for developing a formula to spread undesignated messages among several private accounting authorities, and the lack of accounting authorities coming forward on the record to offer to settle accounts for affected users, we find no basis for exploring that option further. We note, moreover, that one option we considered – to allow customers to designate an accounting authority on every message in lieu of pre-subscribing to an accounting authority -- is not technically feasible, because the accounting authority is selected by the user when the device is activated for service in the first instance, not prior to each call.

³⁴ *See* Inmarsat Comments at 1.

³⁵ Posey Letter at 2.

transition of their terminals to a new accounting authority, and one year is ample notice to private users of single terminals of the need to select a new accounting authority.³⁶

16. We direct Commission Staff to, within 120 days of the release of this *Second Report and Order*, finalize and announce a transition and outreach plan of no more than one year from the date of announcement, which we find is sufficient time for affected users to contract with an accounting authority of their choice and to perform the necessary recommissioning of their terminals. The broad outlines of the transition plan shall be as follows: The Commission will continue to act as the accounting authority for terminals currently subscribed to US01 for one year after the plan is announced. After that one-year period, the Commission will stop performing the functions of an accounting authority and will formally withdraw as an accounting authority; AAIC US01 will be deactivated. At any time before the end of the transition period, but no later than the last day of the transition period, users that have relied on the Commission as an accounting authority will need to affirmatively select an accounting authority, contract with such entity as their new accounting authority, and reactivate/recommission their terminal(s) with the AAIC of their selected accounting authority. A failure to do so could render such users unable to transmit maritime communications other than distress signals.³⁷

17. Commission Staff will work with stakeholders to effectuate the transition and facilitate the selection of new accounting authorities for terminals currently subscribed to US01. Given the Coast Guard's concern regarding Inmarsat-C terminal holders, we also direct the Staff to work with Inmarsat to notify all Inmarsat-C terminal holders of the need to select a new accounting authority. We further direct the Staff, when formulating the transition plan, to take into account the safety concerns of the Coast Guard, and to coordinate with the Coast Guard to ensure that the message to potentially affected users is clear and disseminated in multiple ways to reach, to the extent feasible, all affected terminal users. The outreach plan shall include, at a minimum, direct notification to every terminal holder, governmental and non-governmental, that has used the FCC as an accounting authority since January 1, 2016;³⁸ one or more enhanced group call messages to Inmarsat-C terminal holders notifying them of the requirement to select a new accounting authority; any other feasible direct notification to all Inmarsat-C terminal holders in a manner developed collaboratively with Inmarsat and the Coast Guard; and broad outreach via public notices and other means to provide clear notice to all potentially affected users.

18. Beyond commenting on the withdrawal of the FCC as accounting authority and the associated transition, the Coast Guard asks that the FCC "articulate precisely what procedures will be put in place for mariners to file complaints with the FCC" should they encounter discriminatory treatment or unreasonably high rates from an accounting authority. We note, however, procedures already exist for the filing of complaints regarding any violation of our rules and/or for a determination of whether a practice comports with our rules, so no new procedures need be put in place. Specifically, section 3.10(e) states, "Applicants [accounting authorities] must offer their services to any member of the public making a reasonable request therefor, without undue discrimination against any customer or class of customer," and must charge "reasonable and non-discriminatory" fees for service.³⁹ In addition, we believe section 3.52

³⁶ Commission Staff also have assisted nongovernmental users in transitioning to a new accounting authority; however, most of the current users of the FCC's accounting settlement services are governmental users.

³⁷ 47 U.S.C. §§ 321, 357 (giving priority to radio communications or signals relating to ships in distress and prohibiting a charge for the transmission of maritime distress calls and related traffic).

³⁸ As this would capture the past three years of terminal use/activity from terminals that have the FCC as their designated accounting authority, this should be an adequate length of time to form a representative picture of which terminal holders continue to rely on the Commission as their accounting authority. Moreover, since any terminals not in use in the past three years are more likely to be those of infrequent personal users, the outreach we require as part of the transition plan will also notify all Inmarsat-C terminal holders via messaging over the terminal itself, regardless of whether the FCC has received billing for such terminal in the past three years.

³⁹ 47 CFR § 3.10(e). Only one accounting authority is exempt from this requirement: EXXON, which had become an accounting authority only to settle accounts for its own fleet of ships, was "grandfathered" and exempted from

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adequately addresses procedures for resolving complaints and inquiries regarding accounting authorities.⁴⁰ We do, however, direct the Commission Staff, as part of their outreach efforts, to coordinate with the Coast Guard and provide guidance to terminal holders regarding how to file complaints and where to go for more information on Commission complaint procedures.

19. Finally, we find that the code US01 should, after deactivation, be retained by the Commission and not reassigned except upon review and approval by the Commission. This will allow for the potential assignment of the code to another governmental agency, should such need arise, and will prevent the code from being reassigned for use without the full knowledge of the Commission. Given the historic use of this code by various governmental users and potentially sensitive information associated with such governmental users,⁴¹ this code should not be made available for reassignment to private accounting authorities. We find that protection of the US01 accounting code will reduce confusion and prevent the inadvertent provision of confidential or sensitive information without the knowledge or consent of terminal holders; therefore, continued reservation of this code is in the public interest. We instruct Commission Staff to take appropriate steps to ensure these protections are put in place.

IV. PROCEDURAL MATTERS

20. *Final Regulatory Flexibility Analysis.* As required by the Regulatory Flexibility Act of 1980 (RFA),⁴² the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) of the possible significant economic impact on small entities of the policies and rules proposed in the Notice. The FRFA is found in Appendix A.

21. *Copies to Private Accounting Authorities and Governmental Users.* The Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, shall send a copy of this Second Report and Order to the current U.S.-certified private accounting authorities: Mackay Communications, Inc.; Astrium Services Business Communications Inc.; Seven Seas Communications Inc.; Omnet, Inc.; KFS World Communications dba GLOBE WIRELESS; GMPCS Personal Communications, Inc.; ShipCom, L.L.C. (formerly M M R Radio, L.L.C.); Stratos Mobile Networks Inc.; Exxon Communications Company; Vizada, Inc.; Raytheon Service Co.; Telemar USA LLC; MVS USA Inc.; A-N-D Group Plc; Selex ES Ltd; Selex ES Ltd; and NSSLGlobal, Airtime Billing Department.

22. *Paperwork Reduction Analysis.* This document does not contain any new or modified information collection 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).

23. *Congressional Review Act.* The Commission will send a copy of this Second Report and Order in a report to be sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act (CRA), *see* 5 U.S.C. § 801(a)(1)(A).

24. *Further Information.* For further information regarding this Order, please contact Dana Shaffer, Deputy Bureau Chief and Chief of Staff, Wireless Telecommunications Bureau, Federal Communications Commission, 445 12th Street, S.W., Washington, DC 20554, at 202-418-0832 or Dana.Shaffer@fcc.gov.

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the requirement to deal with the public at large, subject to the condition that, should the need arise, the Commission could require EXXON to serve the public in a non-discriminatory basis or to surrender its accounting code for reassignment. *1999 R&O and FNPRM*, 15 FCC Rcd at 20706-09, para. 23.

⁴⁰ 47 CFR § 3.52.

⁴¹ *See* Appendix B, *infra*.

⁴² *See* 5 U.S.C. § 603.

V. ORDERING CLAUSES

25. IT IS ORDERED that pursuant to Sections 4(i), 4(j), 11, 201-205 and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 161, 201-205 and 303(r), this Second Report and Order IS ADOPTED.

26. IT IS FURTHER ORDERED that the actions taken in this Second Report and Order WILL BECOME EFFECTIVE [30 days from the date of publication in the Federal Register].

27. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Second Report and Order, including the Final Regulatory Flexibility Analysis to the Chief Counsel for Advocacy of the Small Business Administration.

28. IT IS FURTHER ORDERED that this Second Report and Order SHALL BE sent to Congress and the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C. 801(a)(1)(A).

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

APPENDIX A
Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act (RFA),¹ the Commission prepared and properly published in the Federal Register an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in the Notice of Proposed Rulemaking (*Notice*).² No written comments were received on this IRFA.

A. Need for, and Objectives of, the Notice

2. In this *Second Report and Order*, we conclude that the Commission will withdraw as an accounting authority in the maritime mobile and maritime mobile-satellite radio services. We conclude that a 120-day period is appropriate to permit the preparation of a transition plan in coordination with the United States Coast Guard and industry, and a one-year transition period to implement that plan is sufficient to ensure a smooth, non-disruptive transition to private accounting authorities.

B. Legal Basis:

3. This Second Report and Order is adopted pursuant to Sections 4(i), 4(j), 11, 201-205 and 303(r) of the Communications Act of 1934, as amended, [47 U.S.C. §§ 154\(i\), 154\(j\), 161, 201-205](#) and [303\(r\)](#),

C. Response to Comments by the Chief Counsel for Advocacy of the Small Business Administration

4. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the Commission is required to respond to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA) and to provide a detailed statement of any change made to the proposed rules as a result of those comments.³ The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

D. Description and Estimate of the Number of Small Entities to Which the Rules Will Apply

5. 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.⁴ The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”⁵ In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act.⁶ A “small

¹ 5 U.S.C. § 603. The RFA, 5 U.S.C. §§ 601-612 has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 847 (1996).

² *1998 Biennial Regulatory Review -- Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and Maritime Mobile-Satellite Radio Services*, Second Further Notice of Proposed Rulemaking, 31 FCC Rcd 13785 (2016) (2016 2nd FNPRM). The Commission’s Consumer and Governmental Affairs Bureau, Reference Information Center, also sent a copy of the proposed action, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

³ 5 USC § 604(a)(3).

⁴ 5 U.S.C. § 603(b)(3).

⁵ 5 U.S.C. § 601(6).

⁶ 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

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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.⁷

6. The action taken in this Order will transition the Commission’s accounting authority to one or more entities providing account-settlement services for maritime mobile and maritime mobile-satellite radio services. Small businesses may be able to become accounting clearinghouses, as the establishment of such a function does not appear to involve high implementation costs. This transition also applies to existing maritime mobile and maritime satellite customers who have not presubscribed to a private U.S. accounting authority and are, therefore, billed through the FCC as the accounting authority of last resort. An estimated thirty small entities were billed for traffic by the FCC as an accounting authority in 2016. The transition to a new accounting authority does not appear to involve high implementation costs for such entities.

D. Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

7. This action will not affect the existing reporting, recordkeeping, or other compliance requirements of those entities already certified and those applying for certification as a private accounting authority pursuant to Part 3 of the Commission’s rules

E. Steps Taken to Minimize Significant Economic Impact on Small Entities and Significant Alternatives Considered

8. As stated above, we are transitioning the functions and duties performed by the Commission as an accounting authority to private accounting authorities. There is minimal impact on small entities, and affected small entities will be given ample time to effectuate this transition for any terminal for which they had prescribed the Commission as the accounting authority. No alternatives have been identified that would lessen the economic impact on small entities while remaining consistent with the objectives of this proceeding. Moreover, the Commission will conduct, in coordination with the United States Coast Guard and other stakeholders, as appropriate, extensive outreach to inform and minimize impact on all affected entities, including small entities.

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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.”

⁷ 15 U.S.C. § 632.

APPENDIX B**Government Agencies That Use Commission as an Accounting Authority**

Defense Information Systems Agency
Department of Agriculture
Department of Air Force
Department of the Army
Department of Commerce
Department of Defense-Office of Secretary of Defense
Department of Energy
Department of Health and Human Services
Department of Homeland Security- United States Coast Guard
Department of Justice
Department of Justice - Federal Bureau of Investigation
Department of Justice – U.S. Drug Enforcement Administration
Department of the Interior
Department of the Navy
Department of State
Department of Transportation
Department of Treasury
Department of Veteran Affairs
Federal Aviation Administration
Federal Emergency Management Agency
National Aeronautics and Space Administration
National Science Foundation
On-Site Inspection Agency
U.S. Environmental Protection Agency
U.S. General Services Administration
United States Information Agency
U.S. Postal Service