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| **Council 2018Geneva, 17-27 April 2018** |  |
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| **Agenda item: ADM 1** | **Document C18/90-E** |
| **3 April 2018** |
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| Note by the Secretary-General |
| CONTRIBUTION FROM THE UNITED STATES OF AMERICAcOST RECOVERY FOR NON-GSO SATELLITE SYSTEMS |

I have the honour to transmit to the Member States of the Council a contribution submitted by the **United States of America**.

 Houlin ZHAO
 Secretary-General

## CONTRIBUTION FROM THE UNITED STATES OF AMERICA

## COST RECOVERY FOR NON-GSO SATELLITE SYSTEMS

The United States thanks the Secretary-General for the discussion of Cost Recovery for non-geostationary (non-GSO) satellite systems contained in Document C18/36. The United States also has participated in and/or has awareness of discussions on this topic in ITU-R Working Party 4A, the Radiocommunication Advisory Group, and the Radio Regulations Board.

The United States is of the view that Cost Recovery charges applicable to various types of non‑GSO satellite systems should be linked to the actual costs by the Bureau to process the filings. While the United States appreciates the information that has been provided by the Bureau, the United States is concerned that the information may be insufficient to justify all of the proposed changes to the current Cost Recovery charges. The aggregated/averaged data provided makes it difficult to analyze the relative impact of the larger filings. The United States believes it would be useful to have specific, quantitative documentation of how complex filings relate to increased costs to process filings.

Document C18/36 proposes three possible procedures (A, B, and C) to amend the Cost Recovery fee schedule of non-GSO satellite systems. The procedures are independent and not mutually exclusive in that any one, two, or all three procedures could be implemented.

The United States believes there is merit to the Bureau’s proposed Procedure A in that it maintains the regulatory integrity of the filing while allowing – in consultation with the notifying administration on the mutually exclusive configurations – a potentially more accurate Cost Recovery computation. The United States recommends that ITU Council 2018 adopt Procedure A.

With respect to the Bureau’s proposed Procedures B and C, the United States believes it would be very helpful for the Bureau to provide ITU Council with as much data as possible so that ITU Council can make a decision on Cost Recovery. To that end, the United States believes it would be useful to establish at ITU Council 2018 an ITU Council expert group that would include expert representatives from ITU-R membership to consider this issue as an urgent matter and report the results of their considerations to Council at an agreed time.

The Annex to this contribution provides further details of the United States’ views on Cost Recovery and the Bureau’s proposed procedures.

**Annex:** 1

ANNEX

# 1 Introduction

The United States is of the view that Cost Recovery charges applicable to various types of non‑GSO satellite systems should be linked to the actual costs by the Bureau to process the filings. While the United States appreciates the information that has been provided by the Bureau, the United States is concerned that the information may be insufficient to justify all of the proposed changes to the current Cost Recovery charges. The aggregated/averaged data provided makes it difficult to analyze the relative impact of the larger filings. The United States believes it would be useful to have specific, quantitative documentation of how complex filings relate to increased costs to process filings.

# 2 Discussion

The United States understands and agrees with the principle that it is proposed not to make any change to the current Cost Recovery charges for Advance Publication (API/A) of non-GSO satellite systems not subject to coordination. The United States further understands this to mean that there will also be no change to the Cost Recovery charges for Notifications associated with API/As of non-GSO satellite systems not subject to coordination.

The United States notes the concern that the impact to the Cost Recovery of non-GSO satellite systems arising from studies under WRC-19 agenda item 7, Issue A, concerning the Bringing Into Use of non-GSO satellite systems. However, these studies are not related to processing of API, CR/C and notification filings and such impacts could be identified after WRC-19 takes a decision on this Issue. As such, the United States believes that additional study, if any, could be required after decisions on agenda item 7, Issue A, by WRC-19.

The United States believes there is merit to the Bureau’s proposed Procedure A in that it maintains the regulatory integrity of the filing while allowing – in consultation with the notifying administration on the mutually exclusive configurations – a potentially more accurate Cost Recovery computation. The United States recommends that ITU Council 2018 adopt Procedure A.

The Bureau’s proposed Procedure B increases the Cost Recovery fee of filings with more than a to-be-determined number of units (‘breakpoint’, currently proposed as [1000] units, refer to new footnote e) in the Annex to Document C18/36) by charging a supplemental fee for each unit more than the breakpoint. Under this proposal, the proposed Cost Recovery fee will not change for filings with fewer units than the breakpoint ([1000] units). For filings of 1 to 100 units, the Cost Recovery fee will be the start fee plus the number of units multiplied by the fee per unit. For filings with more than 101 units, but less than the breakpoint, the Cost Recovery fee will be the flat fee. Filings with more units than the breakpoint ([1000] units) will be charged the flat fee plus a supplemental fee for each unit more than the breakpoint. This proposed Cost Recovery fee will increase with the number of units and is not bounded. The United States believes this proposal needs to be studied further but asks that the Bureau consider a new mechanism to limit the Cost Recovery fee as the number of units becomes very large. In particular, the Bureau may wish to consider a new second breakpoint number of units, where filings with more units than this new second breakpoint number do not incur any further increases in their Cost Recovery fee. A graphical comparison of the current Cost Recovery, Procedure B, and the United States’ new second breakpoint are shown below in Figure 1.

Figure 1

Graphical Comparison of Cost Recoveries

100

flat

fee

Units

CR Fee

start

fee

Now

break

point

[1000]

100

flat

fee

Units

CR Fee

start

fee

Procedure B

corresponding

new upper

bound

CR Fee

Units

USA

new second

breakpoint

This new mechanism should take into account the actual time spent by Bureau staff on processing filings. The United States notes the usefulness of the existing flat fee, while recognizing filings with a large number of units pay the flat fee. The Bureau provided the average trend in filed units prior to and following the 2013/2014 period; however, the United States believes other statistics (e.g., median, standard deviation) should also be used to evaluate the effect of filings containing a large number of units on the average. The aggregated / averaged data provided makes it difficult to analyze the relative impact of the larger filings. It would be useful to understand recent trends of the vast majority of filings, by presenting subsets of data that exclude the filings containing a large number of units.

With respect to the Bureau’s proposed Procedure C, the United States is of the view that before Council considers a decision on this topic more statistical information is required to be provided to Council by the Bureau. The United States is concerned that an ITU Council 2018 decision regarding Procedure C would appear to be premature at this point in time.

The United States understands there are capital investments associated with future improvements in the Bureau’s software and hardware resources, but believes such investments will improve the processing time of filings, especially of the larger systems. The Bureau should keep the ITU Council (and other interested parties) informed of these improvements, and provide information as to the alignment of Cost Recovery charges to the Bureau’s actual costs to process the filings.

The United States is of the view that any changes to Cost Recovery charges should apply only to CR/Cs with a date of receipt after the effective date of approved changes, and to Notifications which are associated with CR/Cs with a date of receipt after the effective date of approved changes.

# 3 Conclusion

The United States is of the view that Cost Recovery charges applicable to various types of non-GSO satellite systems should be transparent, reviewed with care, ensure a fair and appropriate sharing of associated processing costs, and reflect the actual and demonstrable costs by the Bureau to process the filings taking into account that the purpose of cost recovery is not revenue creation but purely recovery of actual cost. The United States recognizes that the current methodology to calculate the fees is being reviewed to assess the impact of recently submitted non-GSO systems on the ITU assessment process. The complexity of those systems increases with the evolution of technological and computational means to design and optimize constellations. With respect to the Bureau’s proposed procedures in Document C18/36, the United States recommends that ITU Council 2018 adopt Procedure A. With respect to the Bureau’s proposed Procedures B and C, the United States believes further study is necessary; and it would be very helpful for the Bureau to provide ITU Council with as much data as possible so that ITU Council can make a decision on Cost Recovery. The aggregated/averaged data provided makes it difficult to analyze the relative impact of the larger filings. The United States also believes it would be useful to have specific, quantitative documentation of how complex filings relate to increased costs to process filings. Hence, the United States encourages the Bureau to continue to develop the revised cost recovery model in consultation with the relevant ITU-R Working Parties before ITU Council considers modification to the Decision 482. The United States notes that one way to accelerate such studies could be to establish at ITU Council 2018 an ITU Council expert group that would include expert representatives from ITU-R membership to consider this issue as an urgent matter and report the results of their considerations to Council at an agreed time.