providing additional legal assistance or representation in the matter.

§ 1611.10 Change in circumstances.

If an eligible client becomes ineligible through a change in circumstances, a recipient shall discontinue representation if the change in circumstances is sufficient, and is likely to continue, to enable the client to afford private legal assistance, and discontinuation is not inconsistent with applicable rules of professional responsibilities.

Dated: January 10, 1995.

Victor M. Fortuno,

General Counsel.

[FR Doc. 95–1071 Filed 1–18–95; 8:45 am]

BILLING CODE 7050–01–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Chapter I

[MD Docket No. 95–3; FCC 95–14]

Assessment and Collection of Regulatory Fees For Fiscal Year 1995

AGENCY: Federal Communications Commission.

ACTION: Notice of proposed rule making.

SUMMARY: The Commission is proposing to revise its Schedule of Regulatory Fees in order to recover the amount of regulatory fees that Congress has required it to collect for fiscal year 1995. Section 9 of the Communications Act of 1934, as amended, provides for the annual assessment and collection of regulatory fees. For fiscal year 1995 sections 9(b) (2) and (3) provide for annual ''Mandatory Adjustments'' and ''Permitted Amendments'' to the Schedule of Regulatory Fees. The proposed revisions will further the National Performance Review goals of reinventing Government by requiring beneficiaries of Commission services to pay for such services.

DATES: Comments must be filed on or before February 13, 1995 and reply comments must be filed on or before February 28, 1995.

FOR FURTHER INFORMATION CONTACT: Peter W. Herrick, Office of Managing Director at (202) 418–0443, or Terry D. Johnson, Office of Managing Director at (202) 418–0445.

SUPPLEMENTARY INFORMATION:

In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 1995; Notice of Proposed Rulemaking

[MD Docket No. 95–3]

Adopted: January 10, 1995; Released: January 12, 1995

Comment Date: February 13, 1995

Reply Date: February 28, 1995

By the Commission:

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I. Introduction

1. By this *Notice of Proposed Rulemaking,* the Commission begins a proceeding to revise its Schedule of Regulatory Fees in order to recover the amount of regulatory fees that Congress, pursuant to section 9 of the Communications Act, has required it to collect for Fiscal Year 1995 (FY 1995). *See* 47 U.S.C. 159(b)(2). The current Schedule is set forth in §§ 1.1152 through 1.1155 of the Commission's rules. 47 CFR §§ 1.1152–1.1155.

2. We are proposing adjustments to the Schedule in order to recover $116,400,000 in costs, consistent with the amount that Congress has appropriated for our enforcement, policy and rulemaking and international activities and user information services for FY 1995.[1] 47 U.S.C. 159(a). In addition, we propose to amend the Schedule to assess regulatory fees from licensees of services not now included in the Schedule and to revise our method of assessing fees for certain services currently in the Schedule. 47 U.S.C. 159(b)(1)(A), (b)(3). Further, we propose to amend the format of the Schedule so that its fee categories reflect changes in the Commission's new organizational structure.[2] 47 U.S.C. 159(b)(3). Finally, we propose to adjust the threshold amounts for eligibility for installment payments and to amend our procedures governing installment payments. 47 U.S.C. 159(f)(1).

3. In many instances, the regulatory fees that we are proposing for FY 1995 are significantly higher than the fees that we assessed under the statutory fee schedule to recover our regulatory costs for FY 1994. *See* 47 U.S.C. 159(g); *see also Implementation of Section 9 of the Communications Act (FY 1994 Order),* 9 FCC Rcd 5333 (1994). These revisions result, in large part, from increases in the amounts that Congress has appropriated for Commission activities whose costs must be recovered through regulatory fees. As noted, the amount appropriated and to be recovered through regulatory fees is $116,400,000, which is 93 percent more than the $60,400,000 that the Commission was required to recover through regulatory fees in FY 1994. The impact of this increase is, however, offset to some extent by revenues from services that we propose to add to the Schedule and by increases in the number of payment units, *e.g.,* subscribers, in certain other services.[3] Appendix B sets forth our proposed Schedule of Regulatory Fees for FY 1995.

II. Background

4. Section 9(a) of the Act authorizes the Commission to assess and collect annual regulatory fees to recover the costs, as determined annually by Congress, that it incurs in carrying out enforcement, policy and rulemaking, international activities, and user information services. 47 U.S.C. 159(a). In our *FY 1994 Order,* we set forth the regulatory fee schedule for FY 1994 and prescribed rules to govern payment of the fees, as required by Congress.[4] 47 U.S.C. 159(f)(1).

5. For FY 1994, we adopted the Schedule of Regulatory Fees that Congress enacted in section 9(g) of the Act, and required regulatory fee payments from licensees and other regulatees operating in the Private Radio, Mass Media, Common Carrier and Cable Television services. We concluded that Congress did not intend for us to modify section 9(g)'s Schedule of Regulatory Fees for FY 1994, and, thus, declined to amend the statutory fee schedule in any way.[5] *See FY 1994 Order* at para. 12.

6. For fiscal years after FY 1994, however, sections 9(b) (2) and (3) provide for annual ''Mandatory Adjustments'' and ''Permitted Amendments'' to the Schedule of Regulatory Fees. In making section 9(b)(2)'s mandatory adjustments, we are first to consider the amount we are to collect as set forth in our Appropriations Act. 47 U.S.C. §§ 159(b)(2), (b)(1)(B). Second, we are to identify the number of Full Time Equivalent (FTE) employees allocated to our enforcement, policy and rulemaking, user information and international activities.[6] 47 U.S.C. § 159(b)(1)(A). 159(b)(1)(A). Third, we are to determine the amount to be recovered from each *fee category, e.g.,* Common Carrier, by proportionately increasing or decreasing the revenue requirement of each fee category relative to the ratio of FTEs in each category to the total number of FTEs allocated to our regulatory activities. 47 U.S.C. § 159(b)(2) The resulting fee category share of the total amount to be recovered is then prorated among each service within the fee category to determine the cost allocation applicable to each service. Finally, the prorated cost allocation is divided by the number of estimated payment units, *e.g.,* subscribers, for each service within the category in order to determine service fees. 47 U.S.C. § (b)(2)(A).

7. In addition, section 9(b)(3), relating to ''Permitted Amendments'' to the Schedule, provides that, if we find it necessary, we shall amend the Schedule of Regulatory Fees, as provided in section 9(b)(1)(A) to, *inter alia,* reflect the benefits of our regulation to the payors of the fees by considering their service areas, the nature of their service, and other factors that we determine are necessary in the public interest. 47 U.S.C. §§ 159(b)(3), (b)(1)(A). In making these amendments, we ''shall add, delete, or reclassify services in the Schedule to reflect additions, deletions or changes in the nature of its services.'' 47 U.S.C. § 159(B)(3). Finally, we are required to notify Congress of any permitted amendments 90 days before

[1] *See* Public Law 103–317, 108 Stat. 1724 at 1737–38 (Approved August 26, 1994).

[2] Specifically, we propose to add to the Schedule a Wireless Radio Services fee category and an International Services fee category. Concurrently, we propose to delete the Private Radio Service fee category since we have abolished the Private Radio Bureau. Also, we proposed to amend the Common Carrier Service fee category and the Mass Media Service fee category because certain services formerly subject to regulation by the Common Carrier Bureau and the Mass Media Bureau are now regulated by the Wireless Radio Bureau and the International Bureau and are, thus, properly within the scope of the Wireless Radio and International Service fee categories. Finally, we propose to add the Multipoint Distribution Service (MDS) and Multichannel Multipoint Distribution Service (MMDS) to the Mass Media Service fee category, and delete them from the Common Carrier Service fee category, since these services are now regulated by the Mass Media Bureau.

[3] Payment units represent the number by which a payor must multiply the fee amount for a particular service in order to calculate its total fee due for the service. For example, ''subscribers'' is the payment unit applicable to cable television fees. The number of subscribers is multiplied by the cable system fee amount to determine the system's total fee liability.

[4] *See* 47 CFR §§ 1.1151 through 1.1166.

[5] In the *FY 1994 Order,* we adopted rules to implement the collection of regulatory fees, including payment procedures, specific exemptions from the payment of regulatory fees, procedures for requesting waivers, reductions and deferments of fee payments, and penalties for late payment or non-payment of the fees. We shall in the near future address petitions for reconsideration of the *FY 1994 Order* and consider whether to make amendments to our implementing rules.

[6] Full Time Equivalent (FTE) employment is the total number of regular straight-time hours (*i.e.,* not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. *See* Office of Management and Budget Circular A–11, section 13.1, Definitions relating to employment.

those amendments go into effect. 47 U.S.C. § 159(b)(4)(B).

III. Discussion

A. Proposed FY 1995 Regulatory Fees

8. As noted above, Congress has required the recovery of $116,400,000 for FY 1995 through the collection of regulatory fees representing the costs applicable to our enforcement, policy and rulemaking, international activities, and our user information services. 47 U.S.C. § 159(a).

9. In adjusting our regulatory fees pursuant to section 9(b)(2)'s provisions for ''Mandatory Adjustments'', we first distributed our directly assigned FY 1995 FTE's among our various regulatory activities. We then allocated additional FTEs supporting the regulatory fee activities to the Private Radio, Mass Media, Common Carrier, and Cable Services Bureaus.[7] Appendix C contains a more detailed description of our allocation of FTEs by activity. The resulting allocation of FTEs is as follows:

	FTEs	Percentage ratio
Private Radio	103	7.3
Mass Media	253	18.0
Common Carrier	689	49.0
Cable Services	361	25.7
Total	1,406	100.00

10. Next, we allocated our $116,400,000 revenue requirement to the Private Radio, Mass Media, Common Carrier, and Cable Services activities, based on the FTE percentage ratios shown above. For example, to derive the amounts to be recovered from cable services, we calculated that the 25.7 percent of total FTEs representing the 361 FTEs assigned to the cable services activity resulted in $29,824,911 to be recovered through the collection of cable services fees.[8] The resulting allocation of costs by regulatory fee category was as follows:

Private Radio	$8.5 million.
Mass Media	20.9 million.
Common Carrier	57.0 million.
Cable Services	29.9 million.

11. After determining the cost allocation, we estimated FY 1995 payee units for the individual services within each fee category. For example, we estimated that there are approximately 57,000,000 payment units for cable systems, *i.e.*, cable subscribers. These estimates are based upon information provided by Commission program managers and supplemented by information contained in actual licensee data bases maintained by the Commission, information provided by industry groups or contained in trade publications, and actual data from FY 1994 regulatory fee collections. *See* Appendices D through G.

12. Next, in order to make the proportionate changes in the statutory schedule of fees required by section 9(b)(2), we compared our FY 1995 revenue requirement in each fee category, *e.g.*, Cable Services, with the total amount that would be collected from all of the services within each category under the FY 1994 fee schedule. For example, we estimated that approximately $21.5 million or $8.4 million less than its FY 1995 revenue requirement, would be collected from cable system payors based upon our FY 1994 fees. We pro-rated the difference in these amounts to the individual services, *e.g.*, cable systems were allocated $29.9 million to be recovered, and then divided the revenue requirement for each individual service by its estimated number of payee units to derive our ''Mandatory Adjustments'' to the fee schedule.

13. Following our calculation of the ''Mandatory Adjustments'' to the fee schedule, we reviewed each service and its associated fee payment to determine if the nature of a service or the public interest warranted a fee adjustment pursuant to section 9(b)(3)'s requirements for ''Permitted Amendments.'' Pursuant to our authority to make permitted amendments to the fees, we are proposing to revise our method for calculating fees for AM and FM radio stations, public mobile service, including cellular service providers, competitive access providers (CAPs), and small earth station antennas. Additionally, we are proposing a separate fee for satellite television stations to distinguish those stations from full service television stations and we are proposing to add a fee requirement for licensees of FM translator and booster stations. After making these proposed permitted amendments, we propose to revise the remaining fees within the affected service's category in order to take into account the impact of the fee modification upon other services within the category. Finally, we propose to combine certain services within a fee category having analogous fee amounts, such as public mobile and cellular licenses, in order to reduce the number of separate service categories and to simplify the overall schedule of fees.[9]

14. In the following paragraphs, we describe our mandatory adjustments and proposed permitted amendments to the Schedule of Regulatory Fees on a service-by-service basis. The Commission proposes to retain, for fee determination purposes, the fee classifications (i.e., Private Radio, Common Carrier, Cable Services and Mass Media) contained in 47 U.S.C. Section 159. Although we believe that we have authority to change the classifications to align them more closely with our current organizational structure, we want to minimize any adverse impacts to the schedule brought about solely by such a classification change. Although we have developed the fee amounts for FY 1995 based upon the service categories in the statutory fee schedule, in order to assist interested parties in locating particular fees, we have formatted the FY 1995 Schedule of Fees to reflect our new organizational structure. *See* Appendix B. With the exception of annual fees in the amount of $5.00 or less, individual fee amounts have been rounded to the nearest $5 in the case of fees under $1,000 or to the nearest $25 in the case of fees of $1,000 or more in accordance with section 9(b)(2). Appendices C through G describe the method in which FTEs were assigned to the major service categories and the development of the fees within each major service category.

1. Private Radio Services

15. Regulatory fees for services in the Private Radio category are located in the Wireless Radio category of the proposed fee schedule. We have developed our FY 1995 regulatory fees for Private Radio services by making mandatory adjustments to their statutory fees that take into account the quality of frequency allocated to those services.

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[7] The FTEs attributed to Private Radio, Mass Media, Common Carrier, and Cable services activities are primarily performed within those Bureaus. In addition, the Compliance and Information Bureau (CIB), formerly the Field Operations Bureau, the Office of Engineering and Technology (OET) and the Office of Managing Director (OMD) perform activities supporting the Bureaus. FTEs assigned to CIB, OET and some sections of OMD supporting the regulatory activities of the Bureaus were attributed to the Bureaus' activities in developing the total FTEs allocated to the activities whose costs are to be recovered through regulatory fees.

[8] We have rounded all percentages to the nearest one-tenth of a percent.

[9] We have not proposed regulatory fees for the Personal Communications Service (PCS), Commercial Mobile Radio Service (CMRS), Low Earth Orbital (LEO) Satellite Service and the Direct Broadcasting Satellite (DBS) Service because no facilities were authorized on our proposed date for calculating fees, October 1, 1994, to operate in these services or such authorizations are so recent that negligible portion of FTEs are assigned to these services other than for application processing.

See Appendix D. As a result, we are proposing to continue to assess two levels of regulatory fees for these services, exclusive use services and shared use services, on the basis of the quality of the communications channel provided to the licensee. Our action here is consistent with section 9's directive that fees take into account the benefits provided to the payee of the fees and with the policy reflected in the statutory schedule, which provides for higher fee payments for exclusive use services within the Private Radio category of services. *See* 47 U.S.C. 159(b)(1)(A), (g). Further, it is consistent with the statutory fee schedule's formulation of fees for exclusive and shared services.

16. We are proposing no change to the rules for calculating fee payments and submitting regulatory fee payments for private radio services. *See FY 1994 Order,* Appendix B at paras. 2–12. Rather, due to the relatively small regulatory fees generally assessed for these services, we propose to continue to require applicants for new, reinstatement and renewal licenses in these services to submit the entire regulatory fee for the full term of their requested license at the time they file their license applications.[10] *See* 47 U.S.C. 159(f)(1). Applicants for modification or assignment of an existing authorization will not be required to submit a regulatory fee. However, the expiration date of these authorizations will reflect only the unexpired term of the underlying license rather than a new license term.

a. Exclusive Use

17. *Land Mobile Services,* set forth in the FY 1995 regulatory fee schedule within the wireless radio service category, include those authorized under Part 90 of the Commission's Rules to provide limited access wireless radio service that allows high quality voice or digital communications between vehicles or to fixed stations to further the business activities of the licensee. These Services, using the 220–222 MHz band and frequencies at 470 MHz and above, may be offered on a private carrier basis in the Specialized Mobile Radio Services (SMRS). Our FY 1995 cost allocation to the Land Mobile Services fee category is $462,455, resulting from the mandatory adjustment of its FY 1994 revenue requirement under the statutory fee schedule. Payment units for Land Mobile Services are estimated to be 13,213 licenses. Dividing the cost allocation to the Land Mobile Service fee category by its payment units and its license term of five years results in an annual fee of $7 per license.[11] *See* Appendix D. Thus, we are proposing that Land Mobile licensees be subject to a $7 annual regulatory fee per license, payable for an entire five or ten year license term at the time of application for a new, renewal or reinstatement license. The total regulatory fee due would be either $35 for a license with a five year term or $70 for a license with a 10 year term. We are proposing no change to the rules for calculating and submitting regulatory fees by Land Mobile licensees. *See FY 1994 Order,* Appendix B at para. 4.

18. *Microwave Services,* set forth in the FY 1995 fee schedule within the wireless radio service category, include private microwave systems and private carrier systems authorized under Part 94 of the Commission's Rules to provide telecommunications services between fixed points on a high quality channel of communications. Microwave systems are often used to relay data and to control railroad, pipeline and utility equipment. Our FY 1995 cost allocation to Microwave Services is $225,400, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for Microwave Services are estimated to be 6,440 licenses. Dividing the revenue requirement of Microwave Services by its payment units and license term of five years results in an annual fee of $7 per license. *See* Appendix D. Thus, we are proposing that microwave licensees be subject to a $7 annual regulatory fee per license, payable for an entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $35 for the five year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by Microwave Services. *See FY 1994 Order*, Appendix B at para. 5.

19. *Interactive Video Data Service (IVDS),* set forth in the FY 1995 fee schedule within the wireless radio service category, is a two-way point-to-multi-point radio service allocated high quality channels of communications and authorized under Part 95 of the Commission's Rules. IVDS provides information, products and services, and also the capability to obtain responses from subscribers in a specific service area. IVDS is offered on a private carrier basis. Our FY 1995 revenue requirement attributable to IVDS is $50,750, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for IVDS are estimated at 1,450 licenses. Dividing the revenue requirement of IVDS by its payment units and license term of five years results in an annual fee of $7 per license. *See* Appendix D. We are proposing that IVDS licensees be subject to a $7 annual regulatory fee per license, payable for an entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $35 for the five year term of the license. We are proposing no change to the rules for calculating and submitting regulatory fee payments for IVDS. *See FY 1994 Order*, Appendix B at para. 6.

b. Shared Use Services

20. Licensees in the following services, set forth in the FY 1995 fee schedule within the wireless radio service category, generally operate on shared frequencies.

21. *Marine (Ship) Service* is a shipboard radio service authorized under Part 80 of the Commission's Rules to provide telecommunications between watercraft or between watercraft and short-based stations. Radio installations are required by domestic and international law for large passenger or cargo vessels. Radio equipment may be voluntarily installed on smaller vessels, such as recreational boats. Our FY 1995 cost allocation to the Marine (Ship) Service fee category is $5,070,420, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for Marine (Ship) Service are estimated to be 169,014 stations. Dividing the revenue requirement of the Marine (Ship) Service by its payment units and license term of ten years results in an annual fee of $3 per station. *See* Appendix D. Thus, we are proposing that marine (ship) station licensees be subject to a $3 annual regulatory fee per station, payable for an entire ten year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $30 for the ten year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by the Marine (Ship) Service licensees. *See FY 1994 Order,* Appendix B at para. 9.

[10] In the event that the subject application is not granted, the entire regulatory fee submitted will be returned upon request of the payor of the fee. *See* 47 C.F.R. § 1.1159(a)(2)(iii).

[11] Although this fee category includes licenses with ten year terms, the estimated volume of ten year license applications in FY 1995 is less than one tenth of one percent and, therefore, is statistically insignificant.

22. *Marine (Coast) Service*, set forth in the FY 1995 fee schedule within the wireless radio service category, includes land-based stations in the maritime services, authorized under Part 80 of our rules, to provide communications services to ships and other watercraft in coastal and inland waterways. Our FY 1995 cost allocation to the Marine (Coast) Services is $41,955, resulting from the mandatory adjustment of its FY 1994 revenue requirement under the statutory fee schedule. Payment units for the Marine (Coast) Service are estimated to be 2,797 licenses. Dividing the revenue requirement of the marine (Coast) Service by its payment units and license term of five years results in an annual fee of $3 per license. *See* Appendix D. Thus, we are proposing that these licensees by subject to a $3 annual regulatory fee per call sign, payable for the entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee done would be $15 per call sign for the five year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by the Marine (Coast) Service *See FY 1994 Order,* Appendix B at para. 9.

23. *Private Land Mobile (Other) Services,* set forth in the FY 1995 fee schedule within the wireless radio service category, includes land mobile radio services operating under Parts 90 and 95 of the Commission's Rules. Services in this category provide one or two way communications between vehicles, persons or to fixed stations on a shared basis and include radio location services, private carrier paging services, industrial radio services and land transportation radio services. Our FY 1995 cost allocation for Private Land Mobile (Other) Services is $1,396,275, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for Private Land Mobile (Other) Services are estimated to be 93,085 licenses. Dividing the revenue requirement of the Services by their payment units and license term of five years results in an annual fee of $3 per license. *See* Appendix D. Therefore, we are proposing that licensees of services in this category be subject to a $3 annual regulatory fee per call sign, payable for an entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $15 for the five year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by Private Land Mobile Service licensees. *See FY 1994 Order,* Appendix B at para. 11.

24. *Aviation (Aircraft) Service,* set forth in the FY 1995 fee schedule within the wireless radio service category, includes stations authorized to provide communications between aircraft and from aircraft to ground stations and includes frequencies used to communicate with air traffic control facilities pursuant to part 87 of our rules. Our FY 1995 revenue requirement attributable to the Aviation (Aircraft) Service is $1,130,430, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for the Aviation (Aircraft) Service are estimated to be 37,681 stations. During the revenue requirement of the Aviation (Aircraft) Service by its payment units and license term of ten years results in an annual fee of $3 per station. *See* Appendix D. Thus, we are proposing that licensees of aircraft stations be subject to a $3 annual regulatory fee per station, payable for the entire ten year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $30 per station for the ten year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by Aviation (Aircraft) Service licensees. *See FY 1994 Order,* Appendix B at para. 8.

25. *Aviation (Ground) Service,* set forth in the FY 1995 fee schedule within the wireless radio service category, includes stations authorized to provide ground-based communications to aircraft for weather or landing information, or for logistical support pursuant to Part 87 of the rules. Our FY 1995 revenue requirement attributable to the Aviation (Ground) Service is $39,900, resulting from the mandatory fee adjustment to its revenue requirement under the statutory fee schedule. Payment units for the Aviation (Ground) Service are estimated to be 2,660 licenses. Dividing the Service's revenue requirement by its payment units and licenses term five years results in an annual fee of $3 per license. *See* Appendix D. Thus, we are proposing that these licensees of aviation ground stations be subject to a $3 annual regulatory fee per license, payable for the entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee would be $15 per call sign for the five year license term. We are proposing no change to the rules for calculating and submitting regulatory fee payments by Aviation (Ground) Service licensees. *See FY 1994 Order,* Appendix B at para. 8.

26. *General Mobile Radio Service (GMRS),* set forth in the FY 1995 fee schedule within the wireless radio service category, includes land mobile radio licensees providing personal and limited business communications between vehicles or to fixed stations for short-range, two-way communications pursuant to Part 95 of our rules. Our FY 1995 cost allocation for GMRS is $41,775, resulting from the mandatory adjustment to its FY 1994 revenue requirement. Payment units for GMRS are estimated to be 2,785 licenses. Dividing GMRS' revenue requirement by its payment units and license term of five years results in an annual fee of $3 per license. *See* Appendix D. Thus, we are proposing that (GMRS) licensees be subject to a $3 annual regulatory fee per license, payable for an entire five year license term at the time of application for a new, reinstatement or renewal license. The total regulatory fee due would be $15 per license for the five year license term. We are proposing no change to the rules for calculation and submission of regulatory fee by GMRS licensees. *See FY 1994 Order,* Appendix B at para. 10.

c. Amateur Radio Vanity Call-Signs

27. *Amateur Vanity Call-Signs,* set forth in the FY 1995 fee schedule within the wireless radio service category, covers voluntary requests for specific call-signs in the Amateur Radio Service. We have not yet concluded our rulemaking proceeding concerning authorizing vanity call-signs. See *Notice of Proposed Rulemaking,* 9 FCC Rcd 105 (1993), 59 FR 558 (January 5, 1994). Nevertheless, we are including a fee for vanity call signs since we expect to conclude this proceeding during FY 1995. Our FY 1995 cost allocation to Amateur Vanity Call-Signs is $60,000, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. *See* Appendix D. Payment units for Amateur Vanity Call-Signs are estimated to be 2,000 licenses. Dividing this service category's cost allocation by its estimated payment units and license term of ten years results in a fee of $3 per year per license. Thus, we are proposing that applicants for amateur vanity call-signs be subject to a $3 annual regulatory fee per call-sign, payable for an entire ten year license term at the time of application for a vanity call sign. The total regulatory fee due would be $30 per license for the ten

year license term.[12] We are proposing no change to the rules for calculating and submitting regulatory fees for amateur vanity call-sign licensees. *See FY 1994 Order,* Appendix B at para 12.

2. Mass Media

28. The regulatory fees for the Mass Media fee category apply to broadcast licensees and permittees.

a. Commercial AM and FM Radio

29. These categories include licensed commercial AM (Classes A, B, C, and D) and FM (Classes A, B, B1, C, C1, C2, and C3) radio stations operating under Part 73 of the Commission's rules. In developing our FY 1995 individual fee amounts for AM and FM stations, we determined that the public interest required that we retain the operational class distinctions among AM and FM stations that Congress established in its statutory fee schedule. Also, as a permissive amendment and consistent with petitions for rulemaking filed by Teddy Bear Communications, Inc. and La Paz Broadcasting, Inc., we included a further distinction in order to recognize that the population density of a station's geographic location was also a public interest factor warranting recognition in the fee schedule. After due consideration, we decided that stations located in Arbitron radio markets vis-a-vis those not located in these markets provided a logical distinction for allocating a fee ratio burden.[13] We quantified this distinction by adopting a fee ratio between the Arbitron and non-Arbitron markets similar to the ratio of the fee requirement the statutory fee scheduled established for the larger television station markets and the schedule's ''remaining markets.'' [14] Thus, for AM and FM stations we exercised our authority to make permitted amendments to the fee schedule in order to lower the fees for stations with relatively small coverage areas and daytime only operations and for stations operating in rural areas. The following are our proposed regulatory fees for AM and FM stations.

AM Radio:	
Class A (Arbitron Market)	$1,525
Class A (Non-Arbitron Market)	565
Class B (Arbitron Market)	850
Class B (Non-Arbitron Market)	315
Class C (Arbitron Market)	340
Class C (Non-Arbitron Market)	125
Class D (Arbitron Market)	425
Class D (Non-Arbitron Market)	155
FM Radio:	
Classes C, C1, C2, B (Arbitron Market)	$1,525
Classes C, C1, C2, B (Non-Arbitron Market)	565
Classes A, B1, C3 (Arbitron Market)	1,025
Classes A, B1, C3 (Non-Arbitron Market)	375

We are proposing no change to the rules for calculating and submitting regulatory fees by AM and FM radio station licensees. *See FY 1994 Report,* Appendix B at paras. 14–17 and 19.

b. Construction Permits—Commercial AM Radio

30. This category includes holders of permits to construct new AM stations. The FY 1995 cost allocation for commercial AM construction permit fee category is $9,480, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units for the category are estimated to be 79 AM construction permits. Dividing the revenue requirement for AM construction permits by estimated payment units results in a regulatory fee of $120 per construction permit. *See* Appendix E. Thus, for FY 1995, we are proposing to assess permittees $120 for each permit held. Upon issuance of an operating license, this fee would no longer be applicable and licensees would be required to pay the applicable fee for the designated class/market of the station. We are proposing no change in the rules for calculating and submitting the regulatory fee by AM construction permittees. *See FY 1994 Order,* Appendix B at para. 18.

c. Construction Permits—Commercial FM Radio

31. This category includes holders of permits to construct new commercial FM stations. The FY 1995 cost allocation for commerical FM radio construction permits is $418,285, resulting from the mandatory adjustment to the category's FY 1994 revenue requirement under the statutory fee schedule. Payment units are estimated to be 703 FM construction permits. Dividing the revenue requirements for FM construction permits by estimated payments units results in a regulatory fee $595 per permit. *See* Appendix E. Thus, for FY 1995, we are proposing to assess permittees $595 for each permit held. Upon issuance of an operating license, this fee would no longer be applicable. Instead, licensees would pay a regulatory fee based upon the designated class/market of the station. We are proposing no change in the rules for calculating and submitting regulatory fees by FM construction permittees. *See FY 1994 Order,* Appendix B at para. 20.

d. Commercial Television Stations

32. This category includes licensed commercial VHF and UHF television stations covered under Part 73 of the Commissions rules, except commonly owned television satellite stations, addressed separately below. We are proposing to assess commercial television stations annual fees based on the station's market rankings as published by Warren Publishing in the 1994 Edition of the Television and Cable Factbook (No. 62). The FY 1995 revenue requirements for the different categories of VHF and UHF commercial television stations are shown in Appendix E, including both an amount resulting from the services mandatory adjustment and an additional amount required to offset the reduced fee for satellite television stations, described below, pursuant to our authority to make permitted amendments to the fees. Payment units for each service category with the commercial television fee category are shown in Appendix E. Dividing the revenue requirements for each commercial television station category by the corresponding estimate of payment units results in the following proposed fees to be assessed on stations in each ADI market grouping:

VHF Markets 1–10	$21,450
VHF Markets 11–25	19,075
VHF Markets 26–50	14,300
VHF Markets 51–100	9,525
VHF Remaining Markets	5,950
UHF Markets 1–10	17,150
UHF Markets 11–25	15,250
UHF Markets 26–50	11,450
UHF Markets 51–100	7,625
UHF Remaining Markets	4,775

See Appendix E. We are proposing no change to the rules for calculating and submitting regulatory fee payments by television stations licensees. *See FY 1994 Order,* Appendix B at para. 21–24.

[12] Section 9(h) exempts ''amateur radio operator licenses under part 97 of the Commission's regulations (47 C.F.R. Part 97)'' from the requirement. However, section 9(g)'s fee schedule explicitly includes ''Amateur vanity call signs'' as a category subject to the payment of a regulatory fee.

[13] Arbitron has identified 261 Metro Survey Areas (MSAs) that range in population from 14,033,500 (Market 1) to 47,100 persons (Market 261). Stations operating outside Arbitron's MSAs are considered to be located in ''non-arbitron markets'' serving more rural geographic areas. *See* Arbitron rankings, *Broadcasting & Cable Yearbook*, compiled annually by R. R. Bowker, a Reed Reference Publishing Company. For the formulation of FY 1995 AM and FM fees, we have used the 1994 edition of the Yearbook since it provides the most recently published market data.

[14] *See* Appendix for a more detailed explanation of the development of our fees for AM and FM radio stations.

e. Commercial Television Satellite Stations

33. Pursuant to our authority to make permissive amendments to our regulatory fees, we are also proposing that commonly owned television satellite stations in any market (authorized pursuant to Note 5 of Section 73.3555 of the Commission's Rules) that retransmit programming of the primary station be assessed a fee of $595 annually, based upon the $500 fee for FY 1994 passed by the House of Representatives for satellite stations. While not legally binding, the $500 base fee was determined to be appropriate for licensees of television satellite stations in our FY 1994 authorization bill passed in the House of Representatives. See H.R. 4522. In addition, we believe that this fee amount takes into account the public interest factors reflected in comments filed in the proceeding to adopt the FY 1994 Schedule of Regulatory Fees. *See* 447 U.S.C. § 159(b)(3). In developing the FY 1995 fee for television satellite stations, we used the $500 fee that the House enacted for FY 1994 for television satellite stations to derive a FY 1995 fee requirement of $595 per television satellite station resulting from a ''simulated'' FY 1994 revenue requirement divided by the estimated payments units of 101 satellite television station licenses. Therefore, we propose to exercise our authority to make permitted amendments to the fees to establish the satellite television fee at $595 per license. We expect that this fee will result in approximately $60,095 of revenues. *See* Appendix E. We caution that only those stations designated as satellite television stations in the 1994 edition of the Television and Cable Factbook (No. 62) are eligible to submit the fee applicable to satellite television stations. All other television licensees are subject to the regulatory fee payment required for their class of station and market.[15]

f. Construction Permits—Commercial VHF Television Stations

34. This category includes holders of permits to construct new commercial VHF television stations. For FY 1995, the cost allocation for this service category is $52,525, resulting from the fee category's FY 1994 revenue requirement under the statutory fee schedule. Payment units for VHF construction permits are estimated to be 11 permits. Dividing the revenue requirement for VHF construction permits by its estimated payment units results in a fee of $4,775. *See* Appendix E. Therefore, for FY 1995, we are proposing to assess permittees $4,775 for each VHF construction permit held. Upon issuance of an operating license, this fee would no longer be applicable. Instead, licensees would pay a fee based upon the designated market of the station. We are proposing no change to the rules for calculating and submitting regulatory fees by VHF television station construction permittees. *See FY 1994 Order,* Appendix B at para. 24.

g. Construction Permits—Commercial UHF Television Stations

35. This category includes holders of permits to construct new UHF television stations. For FY 1995, the cost allocation for this service category is $554,625, resulting from the mandatory increase to its statutory fee schedule. Payment units for UHF construction permits are estimated to be 145 permits. Dividing the revenue requirement for this service category by its estimated payment units results in a fee of $3,825 for each UHF construction permit held. Therefore, we are proposing a fee of $3,825 per UHF television station construction permit. *See* Appendix E. Upon issuance of an operating license, this fee would no longer be applicable. Instead, licensees would pay a fee based upon the designated market of the station. We are proposing no change to the rules for calculating and submitting regulatory fees by UHF television station permittees. *See FY 1994 Order,* Appendix B at para. 25.

h. Construction Permits—Satellite Television Stations

36. We are proposing to add a new service category to the fee schedule in recognition that the holders of construction permits for UHF and VHF television satellite stations should be charged a separate, lower fee than the fee for holders of construction permits for fully operational television stations. *See* above, where we propose to exercise our authority to make permitted amendments to the fee schedule relating to the fee for television satellite stations. We developed the fee for television satellite construction permits by taking the average fees for VHF and UHF television stations ($12,655) and relating it to the average fee for construction permits for VHF and UHF television stations ($4,300). Using this relationship, (.339:1) for satellite stations results in a computed fee of $200 for construction permits for television satellite stations ($595 times .339). *See* Appendix E. An individual regulatory fee payment is to be made for each television satellite station construction permit held.

i. Low Power Television, Translator and Booster Stations

37. This category includes Low Power UHF/VHF Television stations operating under Part 74 of the Commissions rules with a transmitter power output limited to 0.01kw for a UHF facility and, generally, 1kw for a VHF facility. Low Power Television (LPTV) stations may retransmit the programs and signals of a TV broadcast station, originate programming, and/or operate as a subscription service. This category also includes translators and boosters operating under Part 74 which rebroadcast the signals of full service stations on a frequency different from the parent station (translators) or on the same frequency (boosters). We propose to exercise our authority to make permitted amendments to the fee schedule to include FM translator and booster stations in this fee service because we believe these facilities were inadvertently omitted from the statutory fee schedule and we are unaware of any reason not to establish a fee for these services. The stations in this category are secondary to full service stations in terms of frequency priority. The FY 1995 cost allocation for this service category is $1,368,640, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units are estimated to be 8,554 licenses, including licenses covering FM translators. Dividing the revenue requirement for this category by its estimated payment units results in a fee of $160 per license. *See* Appendix E. Thus, for FY 1995, we are proposing to assess licensees of low power television stations and licensees of both FM and TV translators and boosters an annual regulatory fee of $160 for each license held. We are proposing no change to the rules for calculating and submitting regulatory fee payments by licensees in this service category. *See FY 1994 Order,* Appendix B at paras. 26–27.

j. Broadcast Auxiliary Stations

38. This category includes licensees of remote pickup stations, aural broadcast auxiliary stations, television broadcast auxiliary stations, and low power auxiliary stations, authorized under Part 74 of the Commission's Rules. Auxiliary stations are generally associated with a

[15] We acknowledge that the Commission has initiated an NPRM seeking comment on whether satellite stations should continue to be exempt from the Commission's national television ownership restrictions. Be advised that the Commission's decision to assess a regulatory fee for satellite stations that is less than the amount for commercial television stations should not be taken as a signal that any determination has been made with regard to this outstanding proceeding.

particular television or radio broadcast station or cable television system. The FY 1995 cost allocation for this category is $1,500,000, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units are estimated to be 50,000 licenses. Dividing the category's revenue requirement by its estimated payment units results in a fee of $30 per license. *See* Appendix E. Thus, we are proposing that licensees of commercial auxiliary stations be assessed a $30 annual regulatory fee for FY 1995 on a per call sign basis. We are proposing no change to the rules for calculating or submitting regulatory fee payments by licensees of facilities in this service category. *See* FY 1994 Report, Appendix B at para. 28.

k. International HF Broadcast (Short Wave)

39. This category covers international broadcast stations licensed under Part 73 to operate on a frequency in the 5,950 Khz to 26,100 Khz range to provide service to the general public in foreign countries. The proposed fees for International HF Broadcast are set forth in the International Service category in the FY 1995 fee schedule. For FY 1995, the cost allocation for the category is $4,560, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units are estimated to be 19 licenses. Dividing the category's revenue requirements by its estimated payment units results in a fee of $240 per license. *See* Appendix E. Thus, for FY 1995, we are proposing to assess an annual regulatory fee of $240 per station license. We are proposing no change to the rules for calculating and submitting fees by licensees of facilities in this service category. *See FY 1994 Order,* Appendix B at para. 29.

3. Cable Services

a. Cable Television Systems

40. This category includes operators of cable television systems, as the term is defined in Section 76.5 of our rules, providing or distributing programming or other services to subscribers under Part 76 of our Rules. For FY 1995, the cost allocation for cable television systems is $29,070,000, resulting from the mandatory adjustment to the category's FY 1994 revenue requirement under the statutory fee schedule. Estimated payment units are 57,000,000 subscribers. Dividing the categories cost allocation by its estimated payment units results in a fee of $.51 per subscriber. *See* Appendix F. Therefore, we are proposing a fee of $.51 per cable television subscriber.[16]

41. Payments for cable systems are to be made on a per subscriber by community unit basis as of December 31, 1994 as reported on each cable system's 1994 Annual report of Cable Systems (FCC Form 325). As in FY 1994, cable systems should determine their subscriber numbers by calculating the number of single family dwellings, the number of individual households in multiple dwelling units, *e.g.*, apartments, condominiums mobile home parks, etc., paying at the basic subscirber rate, the number of bulk rate customers and the number of courtesy or fee customers. In order to determine the number of bulk rate subscribers, a system should divide its bulk rate charge by the annual subscription rate for individuals households. We are proposing no change in the rules for calculating or submitting regulatory fees by cable system operators. *See FY 1994 Order,* Appendix B at para. 31.

b. Cable Antenna Relay Service

42. This category includes cable television relay service (CARS) stations used to transmit television and related audio signals, signals of AM and FM broadcast stations and cablecasting from the point of reception to a terminal point from where the signals are distributed to the public by a cable television system. For FY 1995, the cost allocation for CARS is $635,010, resulting from the mandatory adjustment to its FY 1994 revenue requirement based upon the statutory fee schedule. Payment units are estimated to be 2,082 licenses. Dividing the revenue requirement for CARS by its estimated payment units results in a fee of $305 per license. *See* Appendix F. Thus, for FY 1995, we are proposing to assess a $305 regulatory fee per CARS license. We are proposing no change to the rules for calculating and submitting regulatory fees by CARS licensees.

4. Common Carrier Services

a. Mobile Services

43. *Public Mobile/Cellular Radio Services,* set forth in the FY 1995 fee schedule within the wireless radio service category, include common carriers and others (e.g., cellular radio licensees) offering, under Parts 22 and 24, a wide variety of land-based or air-to-ground mobile telephone, paging or data transmission services to the public. Licensees include those using radio to provide telephone services at fixed locations, such as Basic Exchange Telecommunications Radio Services, Rural Radio and Offshore Radio. For FY 1994, we required a fee payment on a subscriber basis pursuant to the statutory requirement to charge a per subscriber fee. *See* 47 U.S.C. § 159(g).

44. We recognize that the statutory language permitted a licensee to submit a single per subscriber fee for an entity subscribing to its service no matter how many actual units of communication services that subscriber obtained from the licensee. Nevertheless, we believe that a more equitable payment formulation would require each licensee to submit a fee based upon the total number of telephone numbers or call signs that it provides to customers so that its fee payment would better reflect the benefit that the licensee receives from its use of frequencies of communications. Therefore, for FY 1995, we propose to exercise our authority to make permitted amendments to the fee schedule to propose that each licensee in the Public Mobile/Cellular Radio Services pay an annual regulatory fee for each mobile or cellular unit (mobile or cellular call sign or telephone number), including paging units, assigned to its customers, including resellers of its services. For FY 1995, the service category's cost allocation is $4,420,000, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units under our proposed formulation are estimated to be 34,000,000 subscribers. Dividing the category's cost allocation by its estimated subscribers results in a regulatory fee of $.13 per payment unit. *See* Appendix G. Thus, we are proposing a fee of $.13 per subscriber. With the exception of extending the regulatory fee to all units provided by licensees in this service category, we are proposing no change to the rules for payment of fees by licensees in the Public Mobile/Cellular Radio Services. *See FY 1994 Order,* Appendix B at para. 31.[17]

b. Fixed Radio Services

45. *Domestic Public Fixed Radio Service* includes stations authorized under Part 21 of the Commission's Rules to use microwave frequencies for video and data distribution within the United States. This category includes licensees

[16] Consistent with our earlier interpretation of Congressional intent, we propose to require payment of the cable system regulatory fees on a per subscriber basis rather than per 1,000 subscribers as set forth in the statutory fee schedule. *See FY 1994 Order* at para. 100.

[17] As noted above, we are proposing no regulatory fee for Personal Communications Services (PCS) and Commercial Mobile Radio Services (CMRS) for FY 1995 because no facilities were authorized for PCS and CMRS by our proposed date for calculating fees, October 1, 1994.

in the Point-to-Point Microwave Radio Service, Local Television Transmission Radio Service, Digital Electronic Message Service, Multipoint Distribution Service (MDS), and Multichannel Multipoint Distribution Service (MMDS).[18] For FY 1995, the cost allocation for the Domestic Public Fixed Radio Services is $158,000, resulting from the mandatory adjustment to its FY 1994 revenue requirement under the statutory fee schedule. Payment units are estimated to be 1,320 licenses. Dividing the Service's cost allocation by its estimated payment units results in a fee of $120 per call sign. *See* Appendix G. Therefore, we are proposing that Domestic Public Fixed Radio Service licensees be subject to a $120 annual regulatory fee per call sign, payable on a specified date to be announced by the Commission. We are proposing no change to the rules for calculation and submission of the fee payment by licensees in the Domestic Public Fixed Radio Services. *See FY 1994 Order,* Appendix B at para. 37.

46. *International Public Fixed Radio Service,* set forth in the FY 1995 fee schedule within the International fee category, includes common carriers authorized under Part 23 of the Commission's Rules to provide radio communications between the United States and a foreign point via microwave or HF troposcatter systems, other than satellites and satellite earth stations, but not including service between the United States and Mexico and the United States and Canada using frequencies above 72 MHz. The cost allocation for the International Public Fixed Radio Service is $4,800, resulting from the mandatory adjustment to its revenue requirement under the statutory fee schedule. Payment units for the Service are estimated to be 20 call signs. Dividing the Service's revenue requirement by its estimated payment units results in a fee of $240 per call sign. *See* Appendix F. thus, we are proposing that international public fixed radio service licensees be subject to a $240 annual regulatory fee per call sign, payable on a specified date to be announced by the Commission. We are proposing no change to the rules for calculating and submitting fees by licensees in the International Public Fixed Radio Services. *See FY 1994 Order,* Appendix B at para. 38.

[18] MDS and MMDS are now regulated by the Mass Media Bureau and, therefore, the regulatory fees for these services are shown within the Mass Media category in the FY 1995 fee schedule. *See* Appendix B.

c. VSATs and Equivalent C-Band Antennas/Mobile Satellite Earth Stations

47. *VSATs and Equivalent C-Band Antennas* includes VSAT earth stations and equivalent C-Band earth stations and antennas and earth station systems comprised of very small aperture terminals operating in the 12 and 14 GHz bands and providing a variety of communications services to other stations in the network. VSAT systems consist of a network of technically-identical small fixed-satellite earth stations which often include a larger hub station. VSAT earth stations and C-Band equivalent earth stations are authorized pursuant to Part 25 of the Commission's Rules. *Mobile Satellite Earth Stations,* operating pursuant to Part 25 of the rules under blanket licenses for mobile antennas (transceivers), are smaller than one meter and provide voice or data communications, including position location information for mobile platforms such as cars, buses or trucks. The 1995 cost allocation for this category is $56,810, resulting from the category's mandatory adjustment under the FY 1994 statutory fee schedule. Payment units are estimated to be 437,000 antennas. *See* Appendix G. Dividing the revenue requirement by estimated payments units results in a regulatory fee for FY 1995 of $.13 per authorized antenna. Therefore, we propose to assess licensees of VSATs an annual regulatory fee of $.13 per authorized antenna for FY 1995. The proposed fee for this service is set forth in the International category in the FY 1995 fee schedule. *See* Appendix B. We are not proposing to change the rules for calculation and payment of the fee for VSATs, VSAT equivalents and mobile earth station antennas.

d. Fixed Satellite Earth Station Antennas

48. *Transmit/Receive and Transmit Only Earth Stations.* This category includes fixed-satellite transmit/receive and transmit only earth sation antennas, authorized or registered under Part 25 of the Commission's rules, operated by private and public carriers to provide telephone, television, data, and other forms of communications. The proposed fees for this fee category are set forth in the FY 1995 fee schedule in the International Service category. Included in this category are telemetry, tracking, and control (TT&C) earth stations and earth station uplinks.

49. In our *FY 1994 Order,* we adopted this statutory fee schedule's requirement that assessed a higher fee for fixed satellite earth stations antennas of 9 meters or more than for those less than 9 meters. This distinction resulted in the anomaly that antennas performing the same function were subjected to different fees, one several thousand percent higher than the other. To rectify this disparity, we propose to exercise our permitted authority to eliminate the differing fee levels for these earth stations. We are proposing that any earth station in this service category be charged a fee based upon size as measured in meters. This modification will eliminate the disparity in fees under the former schedule, but assure that smaller antennas will continue to be subject to a smaller fee requirement than larger antennas.

50. The FY 1995 cost allocation for transmit and transmit/receive earth stations is $3,533,500, resulting from the mandatory adjustment under the FY 1994 revenue requirement for this fee category. Payment units are estimated to be 19,100 antenna meters. Dividing the cost allocation for this category by its estimate payment units results in a fee of $185 per meter. *See* Appendix G. Therefore, we are proposing a regulatory fee of $185 per meter for transmit/receive and transmit only earth stations. In determining the number of meters of an earth station, all measurements should be made to the tenth of a meter.

51. *Receive Only Earth Stations.* For the reasons discussed above, we propose to eliminate the disparity in the fee requirement for receive only antennas above and below 9 meters. Thus receive only earth stations will be assessed a per meter fee, regardless of whether they are above or below 9 meters in size. The FY 1995 cost allocation for receive only earth stations is $4,116,000, resulting from the mandatory adjustment to the fee category's revenue requirement under the statutory fee schedule. Payment units are estimated to be 34,300 antenna meters. Dividing the cost allocation for the category by its estimated payment units results in a fee of $120 per meter. *See* Appendix G. Thus, we are proposing a regulatory fee of $120 per meter for receive only earth stations. All measurements will be to the tenth of a meter.

e. Space Stations (Geosynchronous)

52. Geosynchronous space stations, set forth in the FY 1995 fee schedule within the International Service category, are domestic and international satellites positioned in orbit to remain approximately fixed relative to the earth. They are authorized under Part 25 of the Commission's rules to provide communications between satellites and

earth stations on a common carrier and/or private carrier basis. The FY 1995 cost allocation for geosynchronous space stations is $4,978,750, resulting from the mandatory increase in the category's FY 1994 revenue requirement under the statutory fee schedule. Payment units estimated to be 35 operational space stations in orbit. Dividing the revenue requirement for this category by its estimated payment units results in a fee of $142,250 per operational space station in orbit. *See* Appendix G. Thus, we are proposing that entities authorized to operate geosynchronous space stations in accordance with section 25.120(d) will be assessed an annual regulatory fee of $142,250 per operational station in orbit. Payment is required for any geosynchronous satellite that has been launched and tested and is authorized to provide service. We are proposing no change to the rules for calculating and submitting regulatory fee payments by licensees of geosynchronous space stations. *See FY 1994 Order,* Appendix B at para. 35.

f. International Bearer Circuits

53. Regulatory fees for international bearer circuits are computed ''per 100 active 64 Kbps circuits or equivalent.'' International bearer circuits are set forth in the International Service category in the FY 1995 fee schedule. The proposed fee is to be paid by the facilities-based common carrier activating the circuit in any transmission facility for the provision of service to an end user or resale carrier. However, we propose to modify our requirements for payment of the fee for bearer circuits by private submarine cable operators to require that they pay fees for circuits sold on an indefeasible right of use (IRU) basis or leased to any customer other than an international common carrier authorized by the Commission to provide U.S. international common carrier services. *Compare FY 1994 Order* at 5367. The fee is based upon active 64 Kbps circuits, or equivalent circuits. Under this formulation, 64 Kbps circuits or their equivalent will be assessed a fee. Equivalent circuits include the 64 Kbps circuit equivalent of larger bit stream circuits. For example, the 64 Kbps circuit equivalent of a 2.048 Mbps circuit is 30 64 Kbps circuits. Analog circuits such as 3 and 4 KHz circuits used for international service are also included as 64 Kbps circuits. However, circuits derived from 64 Kbps circuits by the use of digital circuit multiplication systems are not equivalent 64 Kbps circuits. Such circuits are not subject to fees. Only the 64 Kbps circuit from which they have been derived will be subject to payment of a fee. The FY 1995 cost allocation is $310,000 based on an estimated volume of 62,000 active 64 Kbps circuits or equivalent. For FY 1995, we are proposing an annual regulatory fee of $5.00 for each active 64 Kbps circuit or equivalent. For analog television channels we will assess fees as follows:

Analog television channel size in MHz	No. of equivalent 64 Kbps circuits
36	630
24	288
18	240

See Appendix G. for a description of the development of the fees for international bearer circuits. *See FY 1994 Order,* Appendix B at para. 45.

g. Inter-exchange and Local Exchange Carriers, Competitive Access Providers, Pay Telephone Providers, and Other Non-mobile Providers of Interstate Service

54. In the *FY 1994 Order,* we adopted the fees and calculation methodology for Inter-Exchange Carriers (IXC's), Local Exchange Carriers (LECs) and Competitive Providers (CAPs) contained in the section 9(g)'s fees schedule. We rejected proposals to modify the fees schedule because Congress intended us to adopt that schedule in its entirety for FY 1994. Under the statutory schedule, CAPs are assessed fees based upon their number of subscribers. As a consequence, some CAPs filed very small fee payments because they serve only a few subscribers even though these subscribers are large entities with heavy communications requirements.

55. Several of the commenters in the FY 1994 proceeding urged that we extend the fee requirement to other providers of interstate communications services, including resellers, in addition to those subject to a fee requirement under the statutory fee schedule. We declined to do so. However, we stated that we would review the fee schedule to determine if other carriers should be subject to the regulatory fee requirement for FY 1995.

56. We now believe that resellers and other carriers providing interstate services subject to our jurisdiction and directly benefiting from our regulation of the interstate network should be subject to a regulatory fee payment. In particular, we are cognizant that our decisions requiring facilities based carriers to eliminate any restrictions on the resale and sharing of their interstate private line communications services and facilities and our continuing market surveillance has fostered the growth of a strong communications resale industry. In opening up the interstate network to resellers, we asserted our jurisdiction over their activities pursuant to Title II of the Communications Act.[19] We believe that carriers subject to our regulation should bear the costs of that regulation. For these reasons, we are proposing, as described below, to subject any carrier, whether facilities based or reseller, using the interstate network to a regulatory fee payment.

57. We propose to expand the schedule of fees for carriers to include not only IXCs, LECs and CAPs, but also domestic and international carriers that provide operator services, WATS, 800, 900, telex, telegraph, video, other switched, interstate access, special access, and alternative access services either by using their own facilities or by reselling facilities and services of other carriers or telephone carrier holding companies, and companies other than traditional local telephone companies that provide interstate access services to long distance carriers and other customers.[20]

58. The FY 1995 cost allocation for this category is $39,000,000, resulting from the mandatory adjustment of the Commission's FY 1994 revenue requirement under the statutory fee schedule. *See* Appendix G. Because our proposal and a proposed alternative method of calculating fees for the carrier category, represent a significant modification of the method in which regulatory fees are calculated, interested parties are requested to file comments concerning the most efficient and equitable method for assessment of regulatory fees.

59. We propose to calculate carrier fees based on the number of customer units, *i.e.,* the number of users of a service, provided by a carrier as of December 31, 1994. For access service

[19] *See Resale and Shared Use of Common Carrier Services,* 60 FCC 2d 588, 600 (1977) (In addition to allowing resellers to obtain lines from facilities based carriers, we declared that ''' [resale carriers],' whether they be brokers or value added carriers * * * , are equally subject to the requirements of Title II of the Communications Act.''); *see also American Tel & Tel. Co.* v. *F.C.C.,* 978 F.2d 727, 735 (D.C. 1992) (finding that resellers and other nondominant carriers must file tariffs and offer their services pursuant to just, reasonable and nondiscriminatory rates and practices pursuant to sections 201 and 202 of the Act.) Resellers currently are subject to filing fees pursuant to section 8 of the Act.

[20] A holding company may combine fee payments of its operating companies and pay their combined fees for a particular service in a single combined payment or by installments, if the aggregate of their fees in a single service qualifies the holding company to make installment payments.

provided by local exchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commission's Rules. For pay telephone service, the number of customer units would equal the number of pay telephones used as the basis for pay telephone compensation. For MTS provided by pre-selected interexchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commission's Rules. For pay telephone service, the number of customer units would equal the number of pay telephones used as the basis for pay telephone compensation. For MTS provided by pre-selected interexchange carriers, the number of customer units would equal the number of presubscribed lines as described in Section 69.116 of the Commissions Rules. For other switched services, such as MTS, WATS, 800, 900 and operator service not billed to the number from which the call is placed, the number of customer units would equal the number of billing accounts less those accounts already associated with presubscribed lines reported by the carrier. For non-switched services, including service provided by CAPs, special access, and private (alternative access) line providers, the number of customer units would be based on the total capacity provided to customers measured as voice equivalent lines. For this purpose, 4 Khz or 64 Kbps equivalents would equate to one voice equivalent line. Dividing the $39,000,000 cost allocation by an estimated 300,000,000 customer units [21] results in a fee of $.13 per customer unit.

60. In addition, as an alternative to the fee structure described above, we are proposing to base our carrier fees on the number of minutes of interstate service in calendar year 1994. For access service provided by local exchange carriers, the number of interstate minutes would equal the number of originating and terminating access minutes. For interstate service upon which access charges are paid, the number of minutes would equal the number of originating and terminating access minutes. For other interstate services billed based on timed usage, the number of minutes would equal the number of billed minutes. For interstate services not billed on the basis of timed usage, minutes would be estimated as the billed revenue in dollars times 10. This represents a cross-over assumption that customers would substitute ordinary MTS for any service which cost more than ten cents per minute. Hence, revenue in dollars time 10 represents a lower bound number of minutes. Dividing the $39,000,000 cost allocation by 508 billion minutes [22] results in a fee of $.08 per 1000 minutes.

D. Procedures for Payment of Regulatory Fees

61. Generally, we propose to retain the procedures that we established in our *FY 94 Report and Order* for the payment of regulatory fees. Section 9(f) requires that we permit ''payment by installments in the case of fees in large amounts, and in the case of small amounts, shall require the payment of the fee in advance for a number of years not to exceed the term of the license held by the payor.'' *See* 47 U.S.C. § 1559(f). Consistent with the section, we are again proposing three categories of fee payments, based upon the category of service for which the fee payment is due and the amount of the fee to be paid. The fee categories are (1) ''standard'' fees, (2) ''large'' fees, and (3) ''small'' fees.

1. Annual Payments of Standard Fees'

62. Standard fees are those regulatory fees that are payable in full on an annual basis. Payers of standard fees are not required to make advance payments for their full license term and are not eligible for installment payments. All standard fees are payable in full on the date we establish for payment of fees in their regulatory fee category. The payment dates for each regulatory fee category will be announced either in the *Report and Order* in this proceeding or by public notice in the Federal Register following the termination of the proceeding.

2. Installment Payments for Large Fees

63. In our *FY 1994 Order*, we classified fees for several services at certain payment amounts and above as ''large'' fees, eligible to be paid by installment payments, and afforded eligible payers the opportunity to submit fees for these services in two equally divided payments.[23] We indicated, however, that based on our experience with the fee program, we would consider increasing eligibility to make installments payments. After gaining some experience, we are proposing to now lower eligibility or installment payments. Our decision to lower the eligibility threshold results from a determination that our payment processing system feasibly can handle a reasonable increase in the number of regulatees who pay in installments. Therefore, we propose to set the eligibility requirement at the lowest installment payment level permitted in FY 1994, $12,000, and propose that regulatees in any category of service with a payment liability of $12,000 or more be eligible to make installment payments. Eligibility for payment by installment will be based upon the amount of either a single regulatory fee payment or a combination of fee payments by the same licensee or regulatee.

64. In our *FY 1994 Order*, we permitted payment of ''large'' fees in two installments and stated that for future years we would permit four installment payments by eligible regulatees. The limited time that will be available following completion of this proceeding and the required 90 day notification period to Congress of our amendments to the Schedule of Regulatory Fees following completion of this proceeding makes the use of four installment payments impractical for installment payers and unduly burdens our fee collection process. Therefore, we propose that regulatees eligible to pay by installment payments may submit their required fee in two equal payments (on dates to be announced in the *Report and Order* terminating this proceeding or in the Federal Register following the proceeding's termination), or, in the alternative, may submit a single full payment on the date that their final installment payment is due.

3. Advance Payments of Small Fees

65. We are proposing to treat regulatory fee payments by certain radio licensees as small fees subject to advance payments. Advance payments will be required from licensees of those services that we decided would be subject to advance payments in our *FY 1994 Order*.[24] Payers of advance fees

[21] Local exchange carriers and toll carriers will each report a total of 142 million presubscribed lines. Allowing for ½ million privately owned pay telephone lines, 4 million special access lines, and approximately 5% resale and competitive access provision, it appears that carriers would report approximately 300 million customer units.

[22] There will be approximately 393 billion common carrier line access minutes in 1994 based on minutes reported for the first half of the year times 2. Adding 5% for resale results in 413 billion minutes. Based on 1992 published TRS Fund data, carriers provided nine and one half billion dollars of nonswitched interstate service, which adds 95 million minutes to the total.

[23] See *FY 1994 Order* at paragraphs 39 through 45.

[24] Applicants for new, renewal and reinstatement licenses in the following services will be required to pay their regulatory fees in advance: Land Mobile Services, Microwave services, Interactive Video Data Services (IVDS), Marine (Ship) Service, Marine

Continued

will submit the entire fee due for the full term of their licenses when filing their initial, reinstatement or renewal application. Those subject to the fee payment pay the amount due for the current fiscal year multiplied by the number of years in the term of their requested license. In the event that the required fee is adjusted following their payment of the fee, the payor would not be subject to the payment of a new fee until filing an application for renewal or reinstatement of the license. Thus, payment for the full license term would be made based upon the regulatory fee applicable at the time the application is filed. Refunds will not be made in cases where the fee for a service is lower for FY 1995 than the fee paid under the FY 1994 fee schedule. The Commission will announce by public notice in the Federal Register the effective date for the payment of small fees pursuant to the FY 1995 fee schedule.

4. Timing of Standard Fee Calculations and Payment Dates

66. As noted, the date for payment of standard fees and installment payments will be published in the Federal Register. For licensees, permittees and holders of other authorizations in the Common Carrier, Mass Media, and Cable Services, whose fees are not based on a subscriber, line or circuit count, fees should be submitted for any authorization held as of October 1, 1994. As in our *FY 1994 Order*, we are proposing October 1 as the date to be used for calculating standard fees since it is the first day of the fiscal year and, therefore, current licensees subject to the fees would have benefited from our regulatory activities from the beginning of the period covered by the payment.

67. In the case of regulatees whose fees are based upon a subscriber, line or circuit count, we propose that the number of a regulatees' subscribers, licenses or circuits on December 31, 1994, will be used to calculate the fee payment. We have selected the last date of the calendar year because many of these entities file reports with us as of that date. Others calculate their subscriber numbers as of that date for internal purposes. Therefore, calculation of the regulatory fee as of that date will facilitate both an entity's computation of its fee payment and our verification that the correct fee payment has been submitted.[25]

(Coast) Service, Private Land Mobile (Other) Services, Aviation (Aircraft) Service, Aviation (Ground) Service, General Mobile Radio Service (GMRS). In addition, applicants for amateur radio vanity call signs will be required to submit an advance payment.

[25] Cable systems should calculate their FY 1995 regulatory fees using the subscriber data to be submitted to the Commission in their 1994 Annual Report of Cable Television Systems (FCC Form 325). Accordingly, their number of subscribers will not necessarily be based on December 31, 1994, but rather on ''a typical day in the last full week'' of December 1994. (*See* FCC Form 325 Instructions.)

IV. Procedural Matters

A. Comment Period and Procedures

68. Pursuant to the procedures set forth in sections 1.415 and 1.419 of the Commission's rules, interested parties may file comments on or before February 13, 1995 and reply comments on or before February 28, 1995. All relevant comments will be considered by the Commission before final action is taken in this proceeding. To file formally in this proceeding, participants must file an original and four copies of all comments, reply comments and supporting materials. If participants want each Commissioner to receive a personal copy of their comments, an original and nine copies must be filed. Comments and reply comments should be sent to the Office of the Secretary, Federal Communications Commission, Washington, D.C. 20554. Interested parties, who do not wish to formally participate in this proceeding, may file informal comments to the same address. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center (Room 239) of the Federal Communications Commission, 1919 M Street, NW., Washington, DC 20054.

B. Ex Parte Rules

69. This is a non-restricted notice and comment rulemaking proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed pursuant to the Commission's rules. *See* 47 C.F.R. §§ 1.1202, 1.1203 and 1026(a).

C. Initial Regulatory Flexibility Analysis

70. As required by section 603 of the Regulatory Flexibility Act (Pub. L. No. 96–354, 94 Stat. 1165, 5 U.S.C. § 601 *et seq.* (1981), the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) of the expected impact on small entities of the proposals suggested in this document. The IRFA is set forth in Appendix A. Written public comments are requested with respect to the IRFA. These comments must be filed in accordance with the same filing deadlines for comments on the rest of the *Notice*, but they must have a separate and distinct heading, designating the comments as responses to the IRFA. The secretary shall send a copy of this *Notice*, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration in accordance with section 603(a) of the Regulatory Flexibility Act.

D. Authority and Further Information

71. Authority for this proceeding is contained in sections 4(i) and (j, 9, and 303(r) of the Communications Act of 1934 as amended, 47 U.S.C. §§ 154(1) and (j) and 159 and 303(r).

72. Further information about this proceeding may be obtained by contacting Peter W. Herrick, Acting Associate Managing Director, Program Analysis at (202) 418–0443.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

Appendix A—Initial Regulatory Flexibility Analysis

Reason for Action

This rulemaking proceeding is initiated to obtain comment regarding the Commission's proposed amendment of its Schedule of Regulatory Fees in order to revise its regulatory fees to collect $116,400,000, the amount that Congress has required the Commission to recover through regulatory fees in Fiscal Year 1995.

Objectives

The Commission seeks to collect the necessary amount through its proposed revised regulatory fees, as contained in the attached Schedule of Regulatory Fees, in the most efficient manner possible and without undue burden to the public.

Legal Basis

The proposed action is authorized under sections (4) (i) and (j), 9 and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154 (i) and (j), 159, and 303(r).

Reporting, Recordkeeping and Other Compliance Requirements

The Commission has developed FCC Form 159 and FCC Form 159C for submission with regulatory fee payments. Also, the Commission has adopted implementation rules governing the payment of regulatory fees. *See* 47 C.R.R. 1.1151 *et seq.*

Federal Rules That Overlap, Duplicate or Conflict With Proposed Rule

None.

Description, Potential Impact, and Number of Small Entities Involved

The proposed amendment of the Schedule of Regulatory Fees will affect permittees, licensees and other regulatees in the cable, common carrier, mass media, private radio and international services. After evaluating the comments in this proceeding, the Commission will further examine the impact of any fee revisions or additions or rule changes on small entities and set forth our findings in the Final Regulatory Flexibility Analysis.

Any Significant Alternatives Minimizing the Impact on Small Entities Consistent With the Stated Objectives

The Notice solicits comments on alternative methods of assessing the regulatory fees necessary to recover the $116,400,000 in costs that Congress has required us to recover through regulatory fees in FY 1995.

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Appendix B

SCHEDULE OF REGULATORY FEES

Fee Category	Annual Regulatory Fee
WIRELESS RADIO	
Land Mobile (per license) (220-222 Mhz, above 470 Mhz, Base Station and SMRS) (47 CFR Part 90)	7
Microwave (per license) (47 CFR Part 94)	7
Interactive Video Data Service (per license) (47 CFR Part 95)	7
Marine (Ship) (per station) (47 CFR Part 80	3
Marine (Coast) (per license) (47 CFR Part 87)	3
General Mobile Radio Service (per license) (47 CFR Part 95)	3
Land Mobile (per license) (all stations not covered above)	3
Aviation (Aircraft) (per station) (47 CFR Part 87)	3
Aviation (Ground) (per license) (47 CFR Part 87)	3
Amateur Vanity Call Signs	3
Cellular/Public Mobile Radio (per subscriber) (47 CFR Part 22)	.13
MASS MEDIA	
AM Radio (47 CFR Part 73)	
Class A (Arbitron Market)	1,525
Class A (Non-Arbitron Market)	565
Class B (Arbitron Market)	850

Fee Category Mass Media (continued)	Annual Regulatory Fee
Class B (Non-Arbitron Market)	315
Class C (Arbitron Market)	340
Class C (Non-Arbitron Market)	125
Class D (Arbitron Market)	425
Class D (Non-Arbitron Market)	155
Construction Permits	120
FM Radio (47 CFR Part 73)	
Classes C, C1, C2, B (Arbitron Market)	1,525
Classes C, C1, C2, B (Non-Arbitron Market)	565
Classes A, B1, C3 (Arbitron Market)	1,025
Classes A, B1, C3 (Non-Arbitron Market)	375
Construction Permits	595
TV (47 CFR Part 73) VHF Commercial	
Markets 1-10	21,450
Markets 11-25	19,075
Markets 26-50	14,300
Markets 51-100	9,525
Remaining Markets	5,950
Construction Permits	4,775
TV (47 CFR Part 73) UHF Commercial	
Markets 1-10	17,150
Markets 11-25	15,250
Markets 26-50	11,450
Markets 51-100	7,625
Remaining Markets	4,775
Construction Permits	3,825
Terrestrial Satellite Television Stations (All Markets)	595

Fee Category Mass Media (continued)	Annual Regulatory Fee
Construction Permits - Tererrestial Satellite Television Stations	200
Low Power TV, TV/FM Translators & Boosters (47 CFR Part 74)	160
Broadcast Auxiliary (47 CFR Part 74)	30
Multipoint Distribution Service (per call sign) (47 CFR Part 21)	120
CABLE TELEVISION	
Cable Antenna Relay Service (47 CFR Part 78)	305
Cable Television Systems (per subscriber) (47 CFR Part 76)	.51
COMMON CARRIER	
Inter-Exchange Carrier (per customer unit)	.13
Local Exchange Carrier (per customer unit)	.13
Competitive Access Provider (per customer unit)	.13
Operator Service Provider/Pay Telephone Operators (per customer unit)	.13
Resellers (per customer unit)	.13
Other Interstate Providers (per customer unit)	.13
Domestic Public Fixed (per call sign) (CFR Part 21)	120
INTERNATIONAL	
Earth Stations (47 CFR Part 25)	
VSAT/Equivalent C-Band antennas/Mobile Satellite Earth Stations (per antenna)	.13
Earth Station Antennas - Transmit/Receive and Transmit Only (per meter)	185
Earth Station Antennas - Receive Only (per meter)	120
Space Station (per operational station in geosynchronous orbit) (47 CFR Part 25)	142,250
International Circuits (per active 64KB circuit	5
International Public Fixed (per call sign) (CFR Part 23)	240
International (HF) Broadcast (CFR Part 73)	240

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Appendix C—How Full Time Equivalents (FTEs) Were Calculated

(1) FTE allocations represent how the Commission anticipates FTEs will actually be spent during the course of the fiscal year.[26] Many factors influence how FTEs are actually employed during the year, including varying rates of attrition, speed of hiring new and replacement staff, the use of part time or temporary employees in lieu of permanent staff, changing Commission priorities, and reorganizations and other activities requiring a reallocation or reassignment of staff. The FTE allocations used in the fee development process have been updated to reflect a number of personnel reassignments made incident to recent reorganizations within the Commission. The impact on the fee development process is negligible since the reorganizations, although resulting in a reassignment of staff and functions, have not significantly changed the type of work the reassigned staff is performing.[27]

(2) Only the Commission's enforcement, policy and rulemaking, international, and user information activities are covered by the regulatory fee program.[28] Of the Commission's total of 2,271 FTEs, 846 FTEs are directly assigned to the agency's primary operating bureaus to perform enforcement, policy and rulemaking, international, and user information activities. An additional 560 FTEs have been identified by the agency as supporting these feeable activities.[29] The results of our FTE allocations are as follows:

Fee category	FTEs
Mass Media	253
Common Carrier	689
Private Radio	103
Cable Services	361
Total	1406

(3) The total of the costs to be offset by regulatory fees in FY 1995 is $116,400,000. Each fee category was allocated its share of costs based upon the ratio of its FTEs to the total number of FTEs allocated to all regulatory fee categories. The results of this allocation of costs are shown below:

Fee category	FTEs	Percent	Cost allocation (in millions)
Mass Media	253	18.0	$20.9
Common Carrier	689	49.0	57.0
Private Radio	103	7.3	8.5
Cable Services	361	25.7	29.9
Total	1406	100.0	[30]116.4

[30] May not add due to rounding.

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[26] It should be noted that FTE allocations are year-end estimates and thus represent projected work time of on-board staff as well as new and replacement staff yet to be hired.

[27] The Commission has chosen to retain, for fee determination purposes, the fee classifications (i.e., Private Radio, Common Carrier, Cable Services and Mass Media) contained in 47 U.S.C. Section 159. Although we believe that we have authority to change the classifications to align them more closely with our current organizational structure, we wanted to minimize any adverse impacts to the schedule brought about solely by such a classification change.

[28] The regulatory fee program encompasses a total of 1,406 FTEs. The agency's Authorization of Service, Legal Services and Executive Direction Activities cover an additional 865 FTEs. Authorization of Service regulatory costs are recovered pursuant to Section 8 of the Communications Act.

[29] These support activities include a proportionate share of field operations, engineering and technology and certain general program support staff FTEs.

Appendix D

DEVELOPMENT OF PRIVATE RADIO SERVICES REGULATORY FEES

Activity Cost Allocation: The Private Radio Activity was allocated 7.3% (103 FTEs) of the total 1,406 FTEs associated with all regulatory fee activities. The same percentage (7.3%) was applied to total regulatory fee activity costs ($116.4 million times 7.3% = $8.5 million).

Revision of Payee Unit Volumes: Payee volume estimates (units of payment) were updated for FY 1995. See Table #1 below.

Projected Revenue Using FY 1994 Fee Amounts & Revised FY 1995 Payee Units: Projected revenue for FY 1995 for Private Radio Activities using FY 1994 fee amounts was calculated by multiplying the updated payee volume in each fee category times the FY 1994 fee amounts. The resulting total revenue in these categories totaled approximately $19.8 million.

Pro-Rata Application of FY 1995 Revenue Requirement: Because projected revenues using FY 1994 fee amounts would have resulted in excess collections of $11.3 million ($19.8 million minus $8.5 million), proposed Private Radio fees for FY 1995 needed to be multiplied by 43% ($8.5 million divided by $19.8 million = 43%) so that revenue would better approximate the $8.5 million cost allocation for this Activity. Table #1 below shows cost allocations that were computed for each fee category within the Private Radio Activity:

Calculation of Fee: We then divided each of the above cost allocations by the applicable license term and then divided that result by the FY 1995 projected payee volume to determine the new fee requirement for each fee category within the Private Radio Activity:

CATEGORY	COST ALLOCATION	DIVIDED BY LICENSE TERM (YRS)	DIVIDED BY PAYEE VOLUME	EQUALS NEW FEE[31]
Land Mobile (220-222 MHz, 470 MHz and above, unless otherwise noted)	$462,455	5	13,213	7
Microwave	225,400	5	6,440	7
IVDS	50,750	5	1,450	7
Marine (Ship)	5,070,420	10	169,014	3
GMRS	41,775	5	2,785	3
Land Mobile (Other)	1,396,275	5	93,085	3
Aviation (Aircraft)	1,130,430	10	37,681	3
Marine (Coast)	41,955	5	2,797	3
Aviation (Ground)	39,900	5	2,660	3
Amateur Vanity Call Signs	60,000	10	2,000	3
Total	$8,527,169			

Table #1

[31] Rounded (applies to all tables).

Appendix E

DEVELOPMENT OF MASS MEDIA SERVICES REGULATORY FEES

Activity Cost Allocation: The Mass Media Activity was allocated 18.0% (253 FTEs) of the total 1,406 FTEs associated with all regulatory fee activities. The same percentage (18.0%) was applied to total regulatory fee activity costs ($116.4 million times 18.0% = $20.9 million).

Revision of Payee Unit Volumes: Payee volume estimates (units of payment) were updated for FY 1995. See Table #2 below.

Projected Revenue Using FY 1994 Fee Amounts & Revised FY 1995 Payee Units: Projected revenue for FY 1995 for Mass Media Activities using FY 1994 fee amounts was calculated by multiplying the updated payee volume in each fee category times the FY 1994 fee amounts. The resulting total revenue in these categories totaled approximately $17.6 million.

Pro-Rata Application of FY 1995 Revenue Requirement: Because projected revenues using FY 1994 fee amounts would have resulted in collections $3.3 million less than required ($20.9 million minus $17.6 million), proposed Mass Media fees for FY 1995 needed to be adjusted upward by 119.2% ($20.9 million divided by $17.6 million = 119.2%) so that revenue would better approximate the $20.9 million cost allocation for this Activity. Table #2 below shows cost allocations that were computed for each fee category within the Mass Media Activity.

Calculation of Fee: We then divided each of the above cost allocations by the FY 1995 projected payee volume to determine the new fee requirement for each fee category within the Mass Media Activity.

Revision to AM/FM Radio Fees: In the legislated FY 1994 fee schedule, AM & FM radio stations are distinguished by operational class (Class A, B, etc.). In order to provide a greater degree of progressivity for AM/FM fees, we added a simple market structure that further distinguishes small stations from large stations of the same operational class. In effect, we created two fees for each class or group of stations by distinguishing the fees to be paid by stations located in Arbitron ranked markets and those in remaining non-Arbitron markets. To calculate the new fees we first totalled the revenues required to be collected for each fee category contained in the FY 1994 schedule:

AM (Class A)	$82,775	FM(Class C,C1,C2,B)	$2,779,950
AM (Class B)	1,026,600	FM (Class A,B1,C3)	1,996,800
AM (Class C)	247,920	Total	$4,875,550
AM (Class D)	636,000		
Total	$1,993,295		

We determined that the most logical distinction between these kinds of stations is whether or not they are located in Arbitron ranked markets. Next, we quantified this market-based distinction by adopting a differentiation in fees similar to that between "remaining market" fees and larger market fees for television stations. We computed this relationship as follows:

(Markets 1-10 fee)+(Markets 11-25 fee)+(Markets 26-50 fee)+(Markets 51-100 fee) divided by 4 = Average Market fee. (Average Market fee) divided by (Remaining Markets fee) = Ratio

The resulting ratio for both VHF and UHF television stations is 2.7, meaning that stations in higher ranked markets, on average, pay 2.7 times what stations in remaining markets pay. For example, the computation for VHF television stations is:

($18,000 + $16,000 + $12,000 + $8,000)/4 = $13,500 ($13,500)/($5,000) = 2.7

We recognize that other ratios would also provide some degree of differentiation between large and small stations, but chose the 2.7:1 ratio in the belief that it best provides a meaningful separation between the two types of stations and keeps the calculation of individual fees relatively simple.

We also believe it would best serve the public interest to retain the relative relationships between each AM and FM fee classification contained in the legislated fee schedule utilized in FY 1994. For example, in FY 1994 a Class B AM station fee of $500 was exactly twice that of a Class D AM station ($250). We therefore retained the same relative values between the station classes for those fees associated with remaining markets.[32] As noted above, the fees for ranked markets were established at an amount equaling 2.7 times that of stations in remaining markets within each station class.

Since our overall methodology for calculating FY 1995 fees identified the costs which have to be recovered in each major fee category, including the AM and FM radio categories, we next performed a series of simple mathematical calculations to determine each of the individual AM and FM fees. The results of our computations

[32] The relationship between fees assessed to the various classes of station follow the same relationship as the 1994 fees. For example, AM Class A stations were assessed $900 which was 4.5 times the $200 fee for AM Class C stations. The FM Class C, C1, C2 & B fee of $900 was 1.5 times the $600 fee for FM Class A, B1 & C3) stations.

are as follows:[33]

AM Class A/Arbitron Markets	$1,525
AM Class A/Non-Arbitron Markets	565
AM Class B/Arbitron Markets	$ 850
AM Class B/Non-Arbitron Markets	315
AM Class C/Arbitron Markets	$ 340
AM Class C/Non-Arbitron Markets	125
AM Class D/Arbitron Markets	$ 425
AM Class D/Non-Arbitron Markets	155
FM Classes (C, C1, C2 and B)/Arbitron Markets	$1,525
FM Classes (C, C1, C2 and B)/Non-Arbitron Markets	565
FM Classes (A, B1 and C3)/Arbitron Markets	$1,025
FM Classes (A, B1 and C3)/Non-Arbitron Markets	375

Category	Cost Allocation	Divided By Payee Volume	Equals New Fee[34]
AM Radio (Class A)	$82,775	77	1,075
AM Radio (Class B)	1,026,600	1,711	600
AM Radio (Class C)	247,920	1,033	240
AM Radio (Class D)	636,000	2,120	300
AM Radio (Construction Permit)	9,480	79	120

[33] Individual fee amounts were computed by applying the ratios cited in Footnote #1 to the number of stations in each service category, and determining the base (lowest) fee given the amount of revenue allocated to the Mass Media services to be collected. Once we determined the base fee we then used the ratio between fees for different classes of service to determine the fees for each class. For example, we computed the FM fees as follows:

The 1994 fee for Class C, C1, C2 & B stations is $900 and is 1.5 times the $600 fee for Class A, B1, & C3 stations. This ratio was then applied to the non-Arbitron markets. Thus, the fees for the C, C1, C2 and B stations in non-Arbitron markets is also 1.5 times the fees for Class A, B1 and C3 stations in non-Arbitron markets. We then determined that there is a 2.7 to 1 ratio between the fee for television stations in the top 100 markets and in the remaining markets for FY 1994. We applied this 2.7 ratio to the fees for FM stations in Arbitron ranked markets and the fees for the same classes of stations in non-Arbitron markets. Thus, if the algebraic expression of x is the value of non-Arbitron market A, B1 and C3 stations, 2.7x is the value of Arbitron market A,B1 and C3 stations, and 2.7 (1.5x) or 4.05x is the value of Arbitron ranked C, C1, C2 and B stations. The estimated payee volume for C, C1, C2 and B stations is 2,481, of which 1,629 are located in Arbitron ranked markets and 852 are located in non-Arbitron markets. Likewise, the estimated payee volume for A, B1 and C3 stations is 2,586 of which 934 are located in Arbitron markets and 1,652 are located in non-Arbitron markets.

Algebraically, the fees are computed as follows:

$$1{,}652x + (2.7x)\ (934) + (1.5x)(852) + (4.05x)(1{,}629) = \$4{,}553{,}865$$

$$x = \$377$$

The calculated fees are rounded to the nearest $25 if over $1,000 and the nearest $5 if under $1,000. Thus, the FM fees are:

Class A, B1, C3 in non-Arbitron markets = $375
Class A, B1, C3 in Arbitron ranked markets = $1,025
Class C, C1, C2 and B in non-Arbitron markets = $565
Class C, C1, C2 and B in Arbitron ranked markets = $1,525

[34] Represents fee amounts resulting from application of mandatory adjustments. The cost allocations for AM and FM fee categories were subsequently totaled and used to calculate more progressive AM and FM fees incorporating a market structure basis. These calculations are shown in Footnote #2.

Category	Cost Allocation	Divided By Payee Volume	Equals New Fee
FM Radio (Classes C,C1,C2,B)	2,779,950	2,481	1,120
FM Radio (Classes A,B1,C3)	1,773,915	2,586	685
FM Radio (Construction Permit)	418,285	703	595
VHF TV (Mkt 1-10)	922,237	43	21,450
VHF TV (Mkt 11-25)	1,086,667	57	19,075
VHF TV (Mkt 26-50)	1,115,264	78	14,300
VHF TV (Mkt 51-100)	962,749	101	9,525
VHF TV (Remaining Mkts)	1,000,878	168	5,950
VHF TV (Construction Permit)	52,427	11	4,775
UHF TV (Mkt 1-10)	1,475,580	86	17,150
UHF TV (Mkt 11-25)	1,113,357	73	15,250
UHF TV (Mkt 26-50)	1,040,913	91	11,450
UHF TV (Mkt 51-100)	1,037,100	136	8,325
UHF TV (Remaining Mkts)	700,614	147	5,200
UHF TV (Construction Permit)	552,866	145	4,150
Auxiliaries	1,489,401	50,000	30
LPTV/Translators/ Boosters	1,375,956	8,554	160
Int'l Short Wave	4,528	19	240
TV Satellite (Any Mkt)[35]	60,172	101	595
TV Satellite (Construction Permit)[36]			200
Multipoint Distribution Service[37]			120
Total	$20,960,285		

Table #2

[35] The FY 1994 legislated fee schedule did not distinguish between full service television stations and satellite television stations. Although final legislation has not yet been passed by the Congress to assess satellite stations a reduced fee, the House of Representatives did pass legislation establishing a $500 fee for satellite stations in FY 1994. While not legally binding, we used the $500 House passed fee as a "simulated" FY 1994 fee in order to calculate a FY 1995 fee for satellite stations.

[36] Unlike other fees proposed for FY 1995, the TV satellite station construction permit fee of $220 was determined by taking the average fee for UHF & VHF television stations ($12,655) and relating it to the average UHF/VHF construction permit fee ($4,300). Using the same relationship (.340 to 1) for satellite television stations results in a computed fee of $200 (rounded) for satellite television station construction permits ($595 times .340).

[37] The fee for single-channel and multi-channel Multipoint Distribution Service (MDS & MMDS) was developed as part of the Domestic Public Fixed Radio Service, a common carrier service. Regulation of the MDS and MMDS services was subsequently transferred to the Mass Media Bureau.

Appendix F

DEVELOPMENT OF CABLE SERVICES REGULATORY FEES

Activity Cost Allocation: The Cable Services Activity was allocated 25.7% (361 FTEs) of the total 1,406 FTEs associated with all regulatory fee activities. The same percentage (25.7%) was applied to total regulatory fee activity costs ($116.4 million times 25.7% = $29.9 million).

Revision of Payee Unit Volumes: Payee volume estimates (units of payment) were updated for FY 1995. See Table #3 below.

Projected Revenue Using FY 1994 Fee Amounts & Revised FY 1995 Payee Units: Projected revenue for FY 1995 for Cable Services Activities using FY 1994 fee amounts was calculated by multiplying the updated payee volume in each fee category times the FY 1994 fee amounts. The resulting total revenue in these categories totaled approximately $21.5 million.

Pro-Rata Application of FY 1995 Revenue Requirement: Because projected revenues using FY 1994 fee amounts would have resulted in collections $8.4 million less than required ($21.5 million minus $29.9 million), proposed Cable Services fees for FY 1995 needed to be adjusted upward by 139% ($29.9 million divided by $21.5 million = 139%) so that revenue would better approximate the $29.9 million cost allocation for this Activity. Table #3 below shows cost allocations that were computed for each fee category within the Cable Services Activity.

Calculation of Fee: We then divided each of the above cost allocations by the FY 1995 projected payee volume to determine the new fee requirement for each fee category within the Cable Services Activity.

CATEGORY	COST ALLOCATION	DIVIDED BY PAYEE VOLUME	EQUALS NEW FEE
CARS	$635,288	2,082	305
Cable Television Systems	29,251,199	57,000,000	.51
Total	$29,824,911		

Table #3

Appendix G

DEVELOPMENT OF COMMON CARRIER SERVICES REGULATORY FEES

Activity Cost Allocation: The Common Carrier Activity was allocated 49.0% (689 FTEs) of the total 1,406 FTEs associated with all regulatory fee activities. The same percentage (49.0%) was applied to total regulatory fee activity costs ($116.4 million times 49.0% = $57.0 million).

Revision of Payee Unit Volumes: Payee volume estimates (units of payment) were updated for FY 1995. See Table #2 below.

Projected Revenue Using FY 1994 Fee Amounts & Revised FY 1995 Payee Units: Projected revenue for FY 1995 for Common Carrier Activities using FY 1994 fee amounts was calculated by multiplying the updated payee volume in each fee category times the FY 1994 fee amounts. The resulting total revenue in these categories totaled approximately $26.1 million.

Pro-Rata Application of FY 1995 Revenue Requirement: Because projected revenues using FY 1994 fee amounts would have resulted in collections $30.9 million less than required ($57.0 million minus $26.1 million), proposed Common Carrier fees for FY 1995 needed to be adjusted upward by 218.9% ($26.1 million divided by $30.9 million = 218.9%) so that revenue would better approximate the $57.0 million cost allocation for this Activity. Table #4 below shows cost allocations that were computed for each fee category within the Common Carrier Activity.

Calculation of Fee: We then divided each of the above cost allocations by the FY 1995 projected payee volume to determine the new fee requirement for each fee category within the Common Carrier Activity:

Category	Cost Allocation	Divided By Payee Volume	Equals New Fee
Domestic Public Fixed Radio	$158,894	1,320	120
Cellular/Public Mobile Radio	4,464,803	34,000,000	.13
International Public Fixed Radio	4,815	20	240
VSATs/Mobile Earth Stations	57,386	437,000	.13
Earth station Antennas (Tr & T/R)	3,553,239	19,100	185
Earth Station Antennas (Receive)	4,128,849	34,300	120
Space Stations	4,979,131	35	142,250
IXC,LEC,CAPS,Other Providers	39,395,321	300,000,000	.13
International Circuits	298,529	62,000	5
Total	$57,081,566		

Table #4

[FR Doc. 95–1274 FIled 1–18–95; 8:45am]

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