Notification to Congress was provided on June 3, 2022, and therefore the effective date for the small satellite methodology is September 1, 2022.

FOR FURTHER INFORMATION CONTACT:
Roland Helvajian, Office of Managing Director at (202) 418–0444.

SUPPLEMENTARY INFORMATION:

I. Procedural Matters

A. Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980 (RFA), the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) relating to the Report and Order. The FRFA is located at the end of this document.

B. Final Paperwork Reduction Act of 1995 Analysis

2. This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, see 44 U.S.C. 3506(c)(4).

C. Congressional Review Act


II. Introduction

4. In this document, we adopt a fee methodology for calculating small satellite fees.

A. Space Station Regulatory Fees

5. For regulatory fee purposes, space stations are divided into two main categories: (1) geostationary orbit (GSO) space stations and (2) NGSO space stations. With respect to NGSO space stations, consistent with our full time equivalent (FTE) allocation time and the distinct benefits received by small satellite NGSO fee payors, for FY 2022, we adopt a methodology for calculating the regulatory fee for small satellites and small spacecraft (for purposes of this proceeding, we refer to them together as “small satellites”) based on 1/20th (5%) of the average of the non-small satellite NGSO space station regulatory fee rates from the current fiscal year on a per license basis. To implement this methodology for FY 2022, in the notice of proposed rulemaking (NPRM) published elsewhere in this issue of the Federal Register (FY 2022 NPRM; FR Doc. 2022–13231), we seek comment on the proposed regulatory fee rates for the subcategories of NGSO—small satellite, NGSO—less complex space stations, and NGSO—other space stations for FY 2022. We also address certain regulatory fee proposals in the record regarding spacecraft involved in on-orbit servicing and rendezvous and proximity operations. We tentatively conclude that the addition of a new regulatory fee category for spacecraft conducting these types of operations would be premature, but seek further comment on this topic, including as it relates to spacecraft that may be conducting on-orbit servicing operations near the GSO arc.

1. Methodology for Calculating Regulatory Fees for Small Satellites and Related Issues

6. Although the Commission adopted the small satellite regulatory fee category in 2019, we are just beginning to implement a fee methodology for satellites and systems licensed as “small satellites” because they have just only started to become operational. This fiscal year, we will assess fees against this category of regulatees for the first time given that, as of October 2021, there were five licenses for operational space stations that are in this small satellite regulatory fee category. For the reasons discussed below, our expectation and predictive judgment is that our FTEs will spend approximately twenty times more time on regulating one non-small satellite NGSO system on average compared to the time spent regulating one small satellite license. Thus, in the FY 2022 NPRM, we propose a small satellite fee on a per-license basis of $12,145.

7. This proposed fee is based on the methodology we adopt herein by calculating 1/20th (5%) of the average regulatory fee rate for a non-small NGSO system in FY 2022, which we calculated to be $242,876 (the average of the “less complex” NGSO space station fee of $142,865 and the “other” NGSO space station fee of $342,890, which would be
the fee rates before the small satellite fees are calculated into the total NGSO space station fee category. Then we calculate the actual fee rate for non-small NGSO systems (i.e., NGSO—less complex space stations and NGSO—other space stations) after subtracting the total fee amount that would be allocated to operational small satellites from the total NGSO space station revenues.

8. In 2019, in the Small Satellite Report and Order, 85 FR 43711 (July 20, 2020), the Commission adopted a new, optional licensing process for small satellites and spacecraft. In that Report and Order, the Commission also adopted a small satellite regulatory fee category for licensed and operational space stations authorized under the process adopted in that proceeding. The Commission found that these actions would enable such applicants to choose a streamlined licensing procedure resulting in an easier application process, a lower application fee and a shorter timeline for review than currently exists for applicants. Satellites licensed through the streamlined process have characteristics that distinguish them from traditional NGSO satellite space stations, such as having a lower mass, shorter duration missions, more limited spectrum needs, and detailed certifications that must be submitted by the applicant.

9. In the FY 2018 NPRM, 83 FR 27846 (June 14, 2018), the Commission proposed a regulatory fee for small satellites that would be 1/20th of the fee applicable to NGSO systems. The Commission observed that this is a new industry sector typically involving relatively low-cost systems, as compared with traditional satellite systems, and a high regulatory fee could limit the commercial applications of small satellites. The Commission also stated that the small satellite rules are designed to lower the regulatory burden involved in licensing small satellites and reduce application processing times. As a result, the Commission expected that small satellite authorizations would take fewer Commission resources to process than traditional NGSO satellite systems. In anticipation of including small satellites in the FY 2022 regulatory fee schedule, in the notice of proposed rulemaking published at 86 FR 52429 (Sept. 21, 2021) [FY 2021 NPRM], we sought comment on the methodology for calculating the regulatory fee for this small satellite NGSO regulatory fee category.

10. We first consider the integration of the small satellite NGSO fee category into the NGSO space stations fee category. In the FY 2021 NPRM, we sought comment on how we should integrate the small satellite fee category into the overall space stations category. Eutelsat and Intuitive Machines comment that a small satellite fee category should be a third NGSO space stations fee category, in addition to “less complex” and “other.” In comments responsive to the FY 2021 NPRM, Amazon Web Services, Inc. and Planet Labs Inc. also favored integration of the small satellite fee category within the NGSO space stations fee category. We agree with commenters that support integration of the small satellite fee category into the NGSO space stations fee category as a third fee category. This approach recognizes that small satellites encompassed by the streamlined licensing process are, in fact, NGSO space stations. As a result, the small satellite fee category will be the third NGSO space stations fee category, in addition to “less complex” and “other.”

11. We next consider how to calculate the small satellite regulatory fee within the NGSO space stations fee category. In the FY 2021 NPRM, we proposed two different ways to assess the small satellite regulatory fee. We first sought comment on setting a fee for small satellites that would not be dependent on the number of small satellites operating in a given regulatory period. We noted that a set fee would provide more certainty for regulatees given the shorter missions lasting no longer than six years for small satellites and the likely higher fluctuation in number of small satellites that are licensed and operational each year compared to NGSO space stations that are licensed for a 15-year term. More specifically, we proposed a fee for small satellites that is 1/20th of the “other” NGSO space station fee category, either calculated using the “other” NGSO space stations fees for given year or using the FY 2021 fee and then reassessing accordingly each year, since the FTE activities for given small satellite space stations would be approximately 1/20th of the FTE activities for typical “other” NGSO space stations.

12. Commenters responded to this proposal with varying suggestions for calculating the regulatory fee for small satellites. Eutelsat proposes that we estimate aggregate small satellite regulatory costs annually by imposing a regulatory fee that is 1/20th of the average NGSO space stations fee, which would be calculated by dividing total expected NGSO space stations fee revenues by the number of traditional NGSO systems or “payment units.” Eutelsat proposes that we then adjust downward the fees for “other” and “less complex” NGSO space stations. Eutelsat submits that this methodology mitigates the potential for unexpectedly large and unsupported fee amounts resulting from significant changes in workload or the number of small satellites from year to year. Eutelsat suggests that this small satellite regulatory fee of 1/20th of the average NGSO space stations fee would be a “middle ground” and provide an opportunity to gain more experience in regulating small satellites and understanding the benefits they receive. Eutelsat notes that the benefits received by small satellite licensees from Commission regulatory activities are limited due to compatibility requirements with existing operations and the limited license term compared to traditional NGSO space stations. Eutelsat also emphasizes the importance of stability in regulatory fee amounts since small satellite systems generally have more limited potential to generate commercial revenues or are used to further scientific/experimental objectives.

13. Alternatively, Astro Digital proposes a fixed regulatory fee for small satellites that is 1/20th of the FY 2021 fee for “other” NGSO space stations and will vary minimally from year to year. Astro Digital posits that a fixed fee helps to ensure predictability for operators. Astro Digital believes that such a fee reflects the appropriate regulatory burden to the Commission and the benefits received by small satellite operators. Astro Digital also submits that this fee further accounts for reduced regulatory burdens due to the operators typically being involved in likely less contentious licensing proceedings.

14. As another alternative, Intuitive Machines proposes a fee that is 1/20th of the “less complex” NGSO space stations regulatory fee to more closely approximate the benefits and burdens associated with regulating small satellites. Intuitive Machines suggests this fee in consideration of the Commission’s estimate that FTE activities for small satellites would be approximately 1/20th of the FTE activities for typical “other” NGSO space stations.

We are finalizing the small satellite fee category by assigning satellites that would be 1/20th of the then average NGSO space stations fee, which would be calculated by dividing total expected NGSO space stations fee revenues by the number of traditional NGSO systems or “payment units.” We are finalizing the small satellite regulatory fee of approximately 1/20th of the FY 2021 “less complex” NGSO -less complex” NGSO space stations or “payment units.” We are finalizing the small satellite regulatory fee of approximately 1/20th of the FY 2021 “less complex” NGSO space stations or “payment units.”
space stations fee category today. Intuitive Machines claims that this fee assessment is not only consistent with the Commission’s prior proposal to account for FTE activities but also accounts for the reduced benefits received by small spacecraft operators.

15. In the FY 2021 NPRM, we also sought comment on whether to allocate a percentage of the allocation for space station fees for small satellites, which would cause the amount to fluctuate each year depending on the number of payors in the small satellite category. We noted that there would likely be few small satellite operators paying fees initially and that the percentage could be reassessed as the number of operational small satellites and FTE activities involving those small satellites increases. We also sought comment on the earlier proposals of AWS and Planet Labs to allocate 5% of the total NGSO space station fee requirement to the small satellite fee category. The remaining 95% would be divided between the “less complex” and “other” NGSO space stations. However, we expressed concern about redistributing solely a percentage of the “less complex” NGSO space stations fee to systems authorized under the streamlined small satellite process, given that there are important differences between small satellites and “less complex” and “other” NGSO space station systems that we believe necessitate different regulatory fees.

16. Based on the record, and the fact that small satellites are NGSO space stations, we adopt a methodology for calculating the regulatory fee rate for small satellites based on 1/20th (5%) of the average of the “less complex” NGSO space station regulatory fee rate and the “other” NGSO space station fee rate for the current fiscal year. In determining the average of the NGSO space station regulatory fee rate for the current year, we will add together the fee rates of one “less complex” and one “other” NGSO space station units, before taking into account small satellite fees in the NGSO fee category, and divide that value by two. This averaging methodology accommodates fluctuations in the number of NGSO space stations fee payors and will result in a relatively low regulatory fee for small satellites. We also find that adopting this averaging methodology rather than taking a percentage of either the “less complex” or “other” NGSO space station fee rate provides a middle ground and an opportunity to gain more experience in regulating small satellites, while also recognizing that small satellites are part of a separate fee category and not within either the “less complex” or “other” NGSO space stations fee categories.

17. We agree with commenters responding to the FY 2021 NPRM that a fair, administrable, and sustainable approach for assessing regulatory fees for small satellites is through calculating a fee that is not solely dependent on the number of small satellites operating in a given regulatory period. In addition, we find that a small satellite fee based on 1/20th (5%) of the average of the NGSO space station regulatory fee rate from the current fiscal year will fairly reflect the anticipated FTE time for regulating small satellites. Our methodology results in a predictable small satellite regulatory fee structure (since the average of the “less complex” and “other” NGSO space station fees is unlikely to fluctuate significantly each year), takes into account the differences in small satellite licensing processes, accounts for regulatory differences among NGSO space stations, and aims to reduce the risk of non-payors by increasing certainty as to the anticipated approximate small satellite regulatory fees.

18. Our methodology also takes into account the amount of work that FTEs are performing and our expectation that our FTEs will spend approximately twenty times more time on regulating one non-small NGSO space station system compared to the time spent for regulating one small satellite license. With each small satellite application, the total FTE work amount in a given year increases. We anticipate that FTEs will spend time regulating small satellites by performing International Telecommunication Union (ITU) coordination; conducting outreach to other administrations; working on rulemakings, adjudications, and licensing; handling various filings submitted by small satellite operators; handling enforcement issues; and accounting for the potentially variable number of earth stations with which small satellites may communicate, including updating ITU materials when operators add earth stations to their networks after initial licensing. Small satellite regulators, in turn, benefit from this regulatory work. This fee methodology simultaneously accounts for the characteristics of small satellites and the relatively few work hours anticipated to be spent by International Bureau FTEs in regulating them compared to FTE time spent on non-small satellite NGSO space stations, since small satellites have streamlined processing, often limited operational capabilities, spectrum compatibility requirements, and can only be licensed for a period of up to six years.

19. Our regulatory fee methodology for small satellites should also reduce artificial incentives for structuring license applications primarily for the purpose of avoiding NGSO regulatory fees. Given the unique regulatory framework and optional application process, as well as the fact that most regulatory activities benefit all NGSO space stations in some proportion and our FTE activities are not tracked based on each NGSO subcategory, calculating the small satellite fee rate on a per license basis and in relation to FTE activities involving a non-small NGSO space station on average will ensure that NGSO space stations fee payors are assessed fair and reasonable shares of the total NGSO space stations regulatory fees.

20. As the small satellite fee is calculated, the fees generated from this small satellite fee category will be deducted from the fee amount to be collected from the total NGSO space stations fees, and then the remainder of the NGSO space stations fees will be allocated on an 80/20 basis between “other” and “less complex” NGSO space stations respectively. This approach is consistent with our statutory obligation to apportion cost of regulating NGSO space stations in a fair and administrable manner among the NGSO space station fee payors. In adopting the small satellite fee category, the Commission recognized that small satellites are NGSO space stations. Taking out the small satellite fees from the total NGSO fees, rather than from one of the NGSO space station subcategories, recognizes that any small satellite fee contribution to the total fees collected from NGSO space stations should reduce the fees collected from both the “less complex” and “other” NGSO space stations in the same manner to keep the cost apportionment between those subcategories at a fair and reasonable level. As we indicated in the FY 2021 Report and Order, 86 FR 52742 (Sept. 22, 2021), FY 2022 will be the first year we assess regulatory fees for small satellites, and we anticipate that we will continue to review regulatory fees for small satellites on an ongoing basis as we gain more experience with these licensees.

21. Assessment of Fees on a Per-License Basis. In the FY 2021 NPRM, we sought comment on whether we should assess regulatory fees per system or differently than other NGSO fee categories, given that a single entity may have multiple licenses for the same system, in accordance with the structure of the small satellite process. We sought to account for the fact that one system may have multiple associated small
satellite licenses. In response, both Eutelsat and Intuitive Machines propose that we should assess regulatory fees for small satellites per small satellite system rather than per small satellite license. Intuitive Machines contends that licensing on a per-system basis would provide small spacecraft operators greater flexibility in licensing missions and would benefit non-Earth orbiting systems that may be deployed incrementally over timeframes that may not be consistent with the orbital lifetime contemplated for small spacecraft. Eutelsat favors a per-system basis because small satellite systems may be associated with multiple licenses, therefore having multiple call signs, in part because of the design of the small satellite licensing process.

Eutelsat also suggests that adopting fees on a per-system basis would avoid discouraging applicants from applying for multiple licenses because of potential regulatory fees and argues that such a policy would account for the diverse implementation options for small satellite systems.

22. We decline to adopt a per-system fee and instead adopt the small satellite regulatory fee on a per-license basis. We anticipate that adopting the fee on a per-license basis will accurately reflect the increased oversight and regulation required by International Bureau FTEs for these systems, including ongoing regulatory activities, when an operator has multiple small satellite licenses. We have experienced firsthand a correlation between the time spent by FTEs in regulating small satellites and the number of licenses for a small satellite system when issuing multiple licenses to a small satellite operator. We also anticipate that a per-license fee basis will be more efficient and administrable because it avoids potential complications and additional FTE time spent in determining whether various sets of small satellites are part of the same “system.” Applying this fee on a per-license basis also is consistent with the Commission’s statutory obligation to recover its costs while taking into account differences between the small satellite regulatory framework compared to other space stations, as discussed in more detail below, and acknowledges that there may be some advantages and additional benefits for small satellite operators to have more than one license given the shorter license term. Finally, we note that each small satellite license is assigned its own call sign in the application process, and so a small satellite call sign is effectively a proxy for license file number. As a result, in order to simplify our invoicing processing, we plan to invoice small satellite regulatory fees per call sign.

23. We anticipate that adopting a fee for small satellites on a per-license basis rather than a per-system basis used for traditional NGSO space stations will account for key differences in the regulation of small satellites. First, when a small satellite operator has multiple licenses, the number of licenses correlates with the amount of work that the Commission must perform. This per-license fee basis will account for the anticipated additional burden in regulating more complicated multi-launch small satellite systems. In contrast, the Commission has observed that when traditional NGSO space stations operators hold multiple licenses for a single NGSO system, the regulatory burden does not increase with the grant of each additional license. Traditional NGSO systems are substantially more complicated to regulate from the outset, which could include processing rounds and related disputes and greater involvement in international coordinating activities that additional authorizations create at most a nominal, if any, adjustment to the burden to regulate.

24. Second, we expect that there are greater incentives and benefits of obtaining multiple licenses for the same system for small satellites compared to traditional NGSO space stations. For example, small satellite licenses are short term, lasting up to six years, while other NGSO space station licenses are valid for 15 years. As another example, a single small satellite license can only authorize up to 10 satellites; however, under an NGSO licensing framework, there is no limit on the number of satellites that can be authorized under a single license. The small satellite licensing process is an optional streamlined process, carefully crafted to streamline regulatory work per application. Unlike other NGSO space station constellations, small satellite “systems” involving larger numbers of satellites cannot be authorized under a single license. The license term is also relatively short so with each additional small satellite license, operators of small satellite systems receive distinct benefits. For these reasons, we conclude that assessing the regulatory fee on a per-license basis is consistent with section 9 of the Communications Act and such assessments can be expected to reflect more accurately the FTE time spent on regulating these fee payors and the regulatory benefits provided to them.

25. Our actions here are under section 9(d) of the Communications Act and must be submitted to Congress at least 90 days before they become effective. We direct the Office of the Managing Director to issue the notice immediately upon release of the item.

26. Non-U.S. Licensed Small Satellite Operators. We deny the request from RBC Signals to exempt from regulatory fees non-U.S. licensed small satellite operators “whose only connection with the U.S. market is communicating with U.S. data link/[telemetry, tracking and command] TT&C earth stations.” RBC Signals argues that the Commission’s analysis in the FY 2020 Report and Order (85 FR 59864 (Sept. 23, 2020)) supports such an exemption. RBC Signals contends that, given their limited communications capabilities, small satellites typically utilize the same earth stations and low data-rate links for TT&C and data transfer. RBC Signals adds that the data transferred using these links are minimal as compared to gateway/feeder link backhaul for large communications and similar satellites. As a result, RBC Signals believes that small satellites communicating with earth stations only for data link and TT&C operations meet the factors that the Commission previously found were not present when denying creation of fee exemptions for certain non-U.S. licensed satellite systems: facilitation of safe operation of satellites and avoidance of significant data exchange traffic. RBC Signals contends that the costs of non-U.S. licensed small satellites supported by U.S. data link/TT&C earth stations should be recovered in the regulation of the U.S. earth stations that also primarily receive the corresponding regulatory benefits. RBC Signals posits that small satellite “data link/TT&C” communications involve a narrow range of spectrum bands used for much more limited purposes and that it makes little difference whether a small satellite’s supporting data link/TT&C earth station is located within or outside U.S. territory.

27. For the following reasons, we disagree with RBC Signals’ proposal that the Commission should exempt non-U.S. licensed small satellite operators whose only connection with the U.S. market is communicating with U.S. data link earth stations. RBC does not provide any meaningful distinction between data link stations and the gateway/feeder link stations previously addressed in the FY 2020 Report and Order. In that Report and Order, the Commission found that space station operators benefit from our regulatory actions regardless of the direction of the data flow or whether services are provided ultimately to end users in the United States. The Commission also
found that non-U.S. licensed satellites accessing U.S. gateway/feeder link earth stations and non-U.S. licensed non-geostationary orbit (NGSO) systems that downlink traffic to U.S. licensed earth stations, solely for immediate transit outside the United States, are involved in significant data exchange traffic in the United States and are not exempt from regulatory fees. With respect to small satellites, we note the Commission’s earlier conclusion that services including TTx&C and non-domestic data link to, or data link from, earth stations in the United States are meaningfully gaining access to the U.S. market and are subject to regulatory fees. We also note that the Commission has made clear that operators that communicate with TTx&C earth stations in the United States will not pay regulatory fees, but only where the relevant earth station license clearly limits the non-U.S. licensed space station’s access to TTx&C communications. RBC Signals’ request to exempt a space station communicating with a data link earth station exceeds that limit that the Commission has previously determined.

III. Final Regulatory Flexibility Analysis

28. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), an Initial Regulatory Flexibility Analysis (IRFA) was included in the FY 2021 NPRM. The Commission sought written public comment on these proposals, including comment on the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the IRFA.

A. Need for, and Objectives of, the Report and Order

29. The Commission is required by Congress to assess regulatory fees each year in an amount that can reasonably be expected to equal the amount of its annual appropriation. Although the Commission adopted the small satellite regulatory fee category in 2019, we are still at the start of implementing a fee methodology for satellites and systems licensed as “small satellites” because they have just only started to become operational. This fiscal year, we would apply this category of fees for the first time given that, as of October 2021, there were 5 licenses for operational space stations that fall in this small satellite regulatory fee category. In the Report and Order, we adopt a methodology for calculating the regulatory fee for small satellites and small spacecraft (for purposes of this proceeding, we refer to them together as “small satellites”) based on 1/20th (5%) of the average of the non-small satellite non-geostationary orbit (NGSO) space station regulatory fee rates from the current fiscal year. We adopt this fee on a per-license basis. This methodology will recognize the more limited regulatory work associated with small satellite licenses. It also results in a relatively low regulatory fee for small satellites. FY 2022 will be the first year we assess regulatory fees for small satellites, so we anticipate that the Commission will review the regulatory fees for small satellites on an ongoing basis as it gains more experience with these licensees and market access grantees. In the Report and Order, we also deny an exemption requested from regulatory fee obligations for non-US licensed space stations.

B. Summary of the Significant Issues Raised by the Public Comments in Response to the IRFA

30. None.

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

31. No comments were filed by the Chief Counsel for Advocacy of the Small Business Administration.

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

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

33. Small Businesses, Small Organizations, Small Governmental Jurisdictions. Small Businesses, Small Organizations, Small Governmental Jurisdictions. Our actions, over time, may affect small entities that are not easily categorized at present. We therefore describe here, at the outset, three broad groups of small entities that could be directly affected herein. First, while there are industry specific size standards for small businesses that are used in the regulatory flexibility analysis, according to data from the SBA’s Office of Advocacy, in general a small business is an independent business having fewer than 500 employees. These types of small businesses represent 99.9% of all businesses in the United States, which translates to 30.7 million businesses.

34. Next, the type of small entity described as a “small organization” is generally “any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.” The Internal Revenue Service (IRS) uses a revenue benchmark of $50,000 or less to delineate its annual electronic filing requirements for small exempt organizations. Nationwide, for tax year 2018, there were approximately 571,709 small exempt organizations in the U.S. reporting revenues of $50,000 or less according to the registration and tax data for exempt organizations available from the IRS.

35. Finally, the small entity described as a “small governmental jurisdiction” is defined generally as “governments of cities, counties, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand.” U.S. Census Bureau data from the 2017 Census of Governments indicates that there were 90,075 local governmental jurisdictions consisting of general purpose governments and special purpose governments in the United States. Of this number there were 36,931 general purpose governments (county, municipal and town or township) with populations of less than 50,000 and 12,040 special purpose governments— independent school districts with enrollment populations of less than 511 governmental jurisdictions.”

36. Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry. Wired Telecommunications Carriers are also referred to as wireline carriers or fixed local service providers.
37. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms that operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 1,227 providers that reported they were incumbent local exchange service providers. Of these providers, the Commission estimates that 929 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, the Commission estimates that the majority of incumbent local exchange carriers can be considered small entities.

38. Local Exchange Carriers (LECs). Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to local exchange services. Providers of these services include both incumbent and competitive local exchange service providers. Wired Telecommunications Carriers is the closest industry with an SBA small business size standard. Wired Telecommunications Carriers are also referred to as wireline carriers or fixed local service providers. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms that operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 5,183 providers that reported they were fixed local exchange service providers. Of these providers, the Commission estimates that 4,737 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.

39. Incumbent Local Exchange Carriers (Incumbent LECs). Neither the Commission nor the SBA have developed a small business size standard specifically for incumbent local exchange carriers. Wired Telecommunications Carriers is the closest industry with an SBA small business size standard. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms that operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 151 providers that reported they were engaged in the provision of interexchange services. Of these providers, the Commission estimates that 131 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, the Commission estimates that the majority of providers in this industry can be considered small entities.

40. Competitive Local Exchange Carriers (LECs). Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to local exchange services. Providers of these services include several types of competitive local exchange service providers. Wired Telecommunications Carriers is the closest industry with an SBA small business size standard. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms that operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 1,375 firms operated with fewer than 250 employees.

41. Interexchange Carriers (IXCs). Neither the Commission nor the SBA have developed a small business size standard specifically for Interexchange Carriers. Wired Telecommunications Carriers is the closest industry with an SBA small business size standard. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms that operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 57 providers that reported they were incumbent local exchange service providers. Of these providers, the Commission estimates that 57 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.

42. Prepaid Calling Card Providers. Neither the Commission nor the SBA has developed a small business size standard specifically for prepaid calling card providers. Telecommunications Resellers is the closest industry with an SBA small business size standard. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Resellers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 shows that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 58 providers that reported they were engaged in the provision of payphone services. Of these providers, the Commission estimates that 57 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.

43. Local Resellers. Neither the Commission nor the SBA have developed a small business size standard specifically for Local Resellers. Telecommunications Resellers is the closest industry with an SBA small business size standard. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Resellers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 shows that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 58 providers that reported they were engaged in the provision of payphone services. Of these providers, the Commission estimates that 57 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.
operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry. The SBA small business size standard for Telecommunications Carriers classifies a business as small if it has 1,500 or fewer employees. U.S. Census Bureau data for 2017 shows that 1,386 firms in this industry provided resale services for the entire year. Of that number, 1,375 firms operated with fewer than 250 employees.

Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 293 providers that reported they were engaged in the provision of local resale services. Of these providers, the Commission estimates that 289 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.

44. **Toll Carriers.** Neither the Commission nor the SBA has developed a definition for small businesses specifically applicable to Other Toll Carriers. This category includes toll carriers that do not fall within the categories of interexchange carriers, operator service providers, prepaid calling card providers, satellite service carriers, or toll resellers. Wired Telecommunications Carriers is the closest industry with an SBA small business size standard. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that there were 3,054 firms in this industry that operated for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 115 providers that reported they were engaged in the provision of toll services. Of these providers, the Commission estimates that 113 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, most of these providers can be considered small entities.

45. **Other Toll Carriers.** Neither the Commission nor the SBA has developed a definition for small businesses specifically applicable to Other Toll Carriers.
these radio stations that would permit it to determine how many of these stations qualify as small entities under the SBA small business size standard. Nevertheless, given the SBA’s large annual receipts threshold for this industry and the nature of radio station licensees, we presume that all of these entities qualify as small entities under the above SBA small business size standard.

51. **Cable Companies and Systems (Rate Regulation).** The Commission has developed its own small business size standard for the purpose of cable rate regulation. Under the Commission’s rules, a “small cable company” is one serving 400,000 or fewer subscribers nationwide. Based on available data, as of December 2020, there were approximately 45,308,192 basic cable video subscribers in the top Cable multiple system operators (MSOs) in the United States. Only five cable operators serving cable video subscribers in the top Cable MSOs had more than 400,000 subscribers. Accordingly, the Commission estimates that the majority of cable operators are small.

52. **Cable System Operators (Telecom Act Standard).** The Communications Act of 1934, as amended, contains a size standard for small cable system operators, which classifies “a cable operator that, directly or through an affiliate, serves in the aggregate fewer than one percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed $250,000,000” as small. As of December 2020, there were approximately 45,308,192 basic cable video subscribers in the top Cable MSOs in the United States. Accordingly, an operator serving fewer than 453,082 subscribers shall be deemed a small operator if its annual revenues, when combined with the total annual revenues of all its affiliates, do not exceed $250 million in the aggregate. Based on available data, all but five of the cable operators in the Top Cable MSOs have less than 453,082 subscribers and can be considered small entities under this size standard. We note however, that the Commission neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed $250 million. Therefore, we are unable at this time to estimate with greater precision the number of cable system operators that would qualify as small cable operators under the definition in the Communications Act.

53. **Direct Broadcast Satellite (DBS) Service.** DBS service is a nationally distributed subscription service that delivers video and audio programming via satellite to a small parabolic “dish” antenna at the subscriber’s location. DBS is included in the Wired Telecommunications Carriers industry which comprises establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired telecommunications networks. Transmission facilities may be based on a single technology or combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution; and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.

54. The SBA small business size standard for Wired Telecommunications Carriers classifies firms having 1,500 or fewer employees as small. U.S. Census Bureau data for 2017 shows that 3,054 firms operated in this industry for the entire year. Of this number, 2,964 firms operated with fewer than 250 employees. Based on this data, the majority of firms in this industry can be considered small under the SBA small business size standard. According to Commission data however, only two entities provide DBS service—DIRECTV (owned by AT&T) and DISH Network, which require a great deal of capital for operation. DIRECTV and DISH Network both exceed the SBA size standard for classification as a small business. Therefore, we must conclude based on internally developed Commission data, in general DBS service is provided only by large firms.

55. **Satellite Telecommunications.** This industry comprises firms primarily engaged in providing telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications.” Satellite telecommunications service providers include satellite and earth station operators. The SBA small business size standard for this industry classifies a business with $35 million or less in annual receipts as small. U.S. Census Bureau data for 2017 shows that 275 firms in this industry operated for the entire year. Of this number, 242 firms had revenue of less than $25 million. Additionally, based on Commission data in the 2021 Universal Service Monitoring Report, as of December 31, 2020, there were 71 providers that reported they were engaged in the provision of satellite telecommunications services. Of these providers, the Commission estimates that approximately 48 providers have 1,500 or fewer employees. Consequently, using the SBA’s small business size standard, a little more than these providers can be considered small entities.

56. **All Other Telecommunications.** This industry is comprised of establishments primarily engaged in providing specialized telecommunications services, such as satellite tracking, communications telemetry, and radar station operation. This industry also includes establishments primarily engaged in providing satellite terminal stations and associated facilities connected with one or more terrestrial systems and capable of transmitting telecommunications to, and receiving telecommunications from, satellite systems. Providers of internet services (e.g., dial-up ISPs) or voice over internet protocol (VoIP) services, via client-supplied telecommunications connections are also included in this industry. The SBA small business size standard for this industry classifies firms with annual receipts of $35 million or less as small. U.S. Census Bureau data for 2017 shows that there were 1,079 firms in this industry that operated for the entire year. Of those firms, 1,039 had revenue of less than $25 million. Based on this data, the Commission estimates that the majority of “All Other Telecommunications” firms can be considered small.

57. **RespOrgs.** Responsible Organizations, or RespOrgs (also referred to as Toll-Free Number (TFN) providers), are entities chosen by toll free subscribers to manage and administer the appropriate records in the toll-free Service Management System for the toll-free subscriber. Based on information on the website of SOMOS, the entity that maintains a registry of Toll-Free Number providers (SMS/800 TFN Registry) for the more than 42 million Toll-Free numbers in North America, and the TSS Registry, a centralized registry for the use of Toll-Free Numbers in text messaging and multimedia services, there were approximately 446 registered RespOrgs/Toll-Free Number providers in July 2021. RespOrgs are often wholesale carriers, however they can include non-carrier entities. Accordingly, the
Carriers (except Satellite) are the closest industries with an SBA small business size applicable to Carrier RespOrgs.

59. **Wireless Telecommunications Carriers** are establishments primarily engaged in providing telecommunications services (except advertising agency services, public relations agency services, media buying agency services, media representative services, display advertising services, direct mail advertising services, advertising material distribution services, and marketing consulting services). The SBA small business size standard for this industry classifies a business as small that has annual receipts of $16.5 million or less. U.S. Census Bureau data for 2017 shows that 5,650 firms operated in this industry for the entire year. Of that number, 3,693 firms operated with revenue of less than $10 million. Based on this data, we conclude that a majority of non-carrier RespOrgs that provide TFN-related management consulting services are small.

60. **Wireless Telecommunications Carriers (except Satellite)** engage in operating and maintaining switching and transmission facilities to provide communications via the airwaves. Establishments in this industry have spectrum licenses and provide services using that spectrum, such as cellular services, paging services, wireless internet access, and wireless video services. The SBA small business size standard for this industry classifies a business as small if it has 1,500 or fewer employees. For this industry, U.S. Census Bureau data for 2017 shows that there were 2,893 firms that operated for the entire year. Of this number, 2,837 firms employed fewer than 250 employees. Based on this data, we conclude that the majority of Carrier RespOrgs that operated with wireless-based technology are small.

61. **Non-Carrier RespOrgs**. Neither the Commission nor the SBA have developed a small business size standard for Non-Carrier RespOrgs. **Other Services Related to Advertising and Other Management Consulting Services** are the closest industries with an SBA small business size applicable to Non-Carrier RespOrgs.

62. The **Other Services Related to Advertising industry** contains establishments primarily engaged in providing advertising services (except advertising agency services, public relations agency services, media buying agency services, media representative services, display advertising services, direct mail advertising services, advertising material distribution services, and marketing consulting services). The SBA small business size standard for this industry classifies a business as small that has annual receipts of $16.5 million or less. U.S. Census Bureau data for 2017 shows that 5,650 firms operated in this industry for the entire year. Of that number, 3,693 firms operated with revenue of less than $10 million. Based on this data, we conclude that a majority of non-carrier RespOrgs who provide TFN-related management consulting services are small.

63. **The Other Management Consulting Services** industry contains establishments primarily engaged in providing management consulting services (except administrative and general management consulting; human resources consulting; marketing consulting; or process, physical distribution, and logistics consulting). Establishments providing telecommunications or utilities management consulting services are included in this industry. The SBA small business size standard for this industry classifies a business as small if it has annual receipts of $16.5 million or less. U.S. Census Bureau data for 2017 shows that 4,696 firms operated in this industry for the entire year. Of that number, 3,700 firms had revenue of less than $10 million. Based on this data, we conclude that a majority of non-carrier RespOrgs who provide TFN-related management consulting services are small.

F. **Steps Taken To Minimize Significant Economic Impact on Small Entities and Significant Alternatives Considered**

65. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its approach, which may include the following four alternatives, among others: (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.

66. In the Report and Order, the Commission adopted a methodology for calculating the regulatory fee for small satellites (a type of non-geostationary orbit space station) at a much lower amount than non-geostationary orbit space stations are assessed. This was designed to allow small satellites, which may be licensed by small entities, to operate without the financial burden of the alternative, i.e., paying the regulatory fee for non-geostationary orbit space stations. This new methodology was adopted specifically to minimize the economic burden for these small satellite systems. The Commission considered other options raised by commenters to calculate the regulatory fee for small satellites but ultimately determined, based on the record, that the adopted methodology best recognizes the limited regulatory work associated with small satellite licenses and results in a relatively low regulatory fee for small satellites.

67. Additionally, the Commission has minimized the economic impact on small entities by adopting a de minimis threshold under the section 9(e)(2) exemption in the Communications Act. Under the section 9(e)(2) exemption of the Communications Act, a regulatee is exempt from paying regulatory fees if the sum total of all of its annual regulatory fee liabilities is $1,000 or less for the fiscal year. The threshold applies only to annual regulatory fees, not regulatory fees paid through multi-year filings.

G. **Report to Congress**

68. The Commission will send a copy of the Report and Order and Notice of Proposed Rulemaking, including this FRFA, in a report to be sent to Congress and the Government Accountability Office pursuant to the Small Business Regulatory Enforcement Fairness Act of
1996. In addition, the Commission will send a copy of the Report and Order and Notice of Proposed Rulemaking, including the FRFA, to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the Report and Order and Notice of Proposed Rulemaking and FRFA (or summaries thereof) will also be published in the Federal Register.

IV. Ordering Clauses

69. Accordingly, it is ordered that, pursuant to sections 47 U.S.C. 4(i), 4(j), 9, 9A, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 159, 159A, and 303(r), the Report and Order is hereby adopted.

70. It is further ordered that paragraphs 21–42 of this document adopting the small satellite fee methodology shall be effective on September 1, 2022.

71. It is further ordered that the Commission shall send a copy of the Report and Order, including the Final Regulatory Flexibility Analysis and the Initial Regulatory Flexibility Analysis, in a report to be sent to the Congress and the Government Accountability Office pursuant to the Congressional Review Act, 5 U.S.C. 801(a)(1)(A).

72. It is further ordered that the Commission’s Consumer and Governmental Affairs Bureau, Reference Information Center, shall send a copy of the Report and Order and Final Regulatory Flexibility Analysis to the Chief Counsel for Advocacy of the Small Business Administration.

Federal Communications Commission.

Marlene Dortch,
Secretary.

[Federal Register Doc. 2022–13439 Filed 6–27–22; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 9

[PS Docket Nos. 20–291 and 09–14, FCC 21–80; FRS 91583]

911 Fee Diversion; New and Emerging Technologies 911 Improvement Act of 2008

Correction

In rule document 2022–13230, appearing on pages 37237–37239, in the issue of Wednesday, June 22, 2022, make the following correction:

"Effective date: This rule is effective June 22, 2022."

In rule document C1–2022–13230 Filed 6–27–22; 8:45 am]

BILLING CODE 0099–10–D