

# FCC Regulatory Fees Order for FY 2015 Released; September 24 Payment Deadline Set

September 3, 2015



On September 2, 2015, the FCC released its [Assessment and Collection of Regulatory Fees for Fiscal Year 2015 Report and Order](#) ("2015 Regulatory Fees Order") and set a fee payment deadline of no later than 11:59 PM Eastern Daylight Time on September 24, 2015. Most federal licensees and other regulated entities must pay one or more type of regulatory fees which are designed to offset costs associated with the FCC's enforcement, public service, international, policy, and rulemaking activities.

New for this Fiscal Year 2015 (FY 2015), the FCC will begin collecting regulatory fees from two new classes of contributors – "Responsible Organizations" ("RespOrgs"), and Direct Broadcast Satellite ("DBS") providers. Under the 2015 Regulatory Fees Order, the FCC also reduced the fees to be assessed and collected for the submarine cable/terrestrial and satellite bearer circuit ("SBI") category.

Click on the link for a summary of the changes and the applicable fees that most regulated entities will pay.

For FY 2015, the FCC has assessed and plans to collect a total of \$339,844,000 in regulatory fees. The Commission calculates regulatory fees by first determining the number of full time employees (FTEs) who perform the regulatory activities specified in section 9(a) of the Communications Act. These employees, or FTEs, are categorized as either "direct" or "indirect." "Direct" FTEs are employees who perform regulatory activities in one of the "core" bureaus (i.e. the Wireless Telecommunications Bureau, Media Bureau, Wireline Competition Bureau, and part of the International Bureau). Notably, for FY 2015, the FCC reallocated four International Bureau FTEs from "direct" to "indirect." This change will likely reduce the fee burden for those entities regulated by the International Bureau.

The Commission also increased the *de minimus* threshold for regulatory fee obligations to \$500. Under the *de minimus* threshold, those entities that are assessed less than \$500 in regulatory fees will be exempt from paying FY 2015 fees. As a reminder, fees not paid by the due date are subject to a mandatory 25% late payment penalty. Beginning in FY 2015, payors must pay by online credit card

or wire transfer. The Commission will no longer accept payment via check, cashier check or money order.

### Notable Changes

- **RespOrgs.** Carrier and non-carrier RespOrgs will be assessed a regulatory fee of 12 cents per toll free number. For non-carrier RespOrgs, this represents the first time that these entities will be assessed regulatory fees. For carrier RespOrgs who are already responsible for ITSP fees, the net effect is likely to be a slight reduction compared to what would have been assessed without the RespOrg fee, as the amount assessed for toll free numbers was taken from the amount to be recovered from ITSPs. In sum, RespOrgs will be responsible for contributing a total of \$4,380,000 in regulatory fees and are required to pay regulatory fees on all working, assigned and reserved toll free numbers, including those toll free numbers that are in transit status, or any other status as defined in section 52.103 of the Commission's rules. Unit counts are based on toll free numbers managed by RespOrgs as of December 31, 2014.
- **Direct Broadcast Satellite.** In FY 2015, the FCC is assessing and collecting its regulatory fee for DBS providers as a subcategory of the cable television and Internet Protocol Television (IPTV) regulatory fee category, charging DBS providers 12 cents per subscriber, per year. The Commission is imposing the new fee because of the Media Bureau's increased regulation and oversight of DBS providers since the implementation of the Commercial Advertisement Loudness Mitigation Act (CALM Act), the Twenty-First Century Communications and Video Accessibility Act (CVAA), and the Satellite Television Extension and Localism Act (STELA) Reauthorization Act of 2014 (STELAR). DBS providers are responsible for contributing a total of \$4,080,000 in regulatory fees. The regulatory fees are to be paid on a per subscriber basis as of December 14, 2014. If a permit or license was transferred or assigned after October 1, 2014, the holder of the permit or license as of the fee due date (September 24, 2015) will be responsible for payment.
- **Submarine Cable Systems.** Recognizing the minimal oversight and regulation of the international bearer circuit industry (IBC), the FCC reduced the total regulatory fee apportioned for submarine cable/terrestrial and satellite bearer circuits by 7.5 percent. In sum, submarine cable providers will be responsible for contributing a total of \$4,652,576 in regulatory fees but individual fees will vary based on the submarine cable systems' capacity. Regulatory fees for submarine cable systems are to be paid on a per cable landing license basis, based on circuit capacity as of December 31, 2014. A detailed chart of fee amounts based on Gbps is available [here](#). For regulatory fee purposes, the allocation of FY 2015 will remain at 87.6 percent for submarine cable and 12.4 percent for satellite/terrestrial facilities.
- **Earth Stations.** In FY 2014, the FCC increased the regulatory fees paid by earth station licensees by nearly 7.5 percent. In the FY 2015 Notice of Proposed Rulemaking, the Commission sought comment on whether it should raise the earth station regulatory fees again and will take comments under advisement for FY 2016. For FY 2015, earth stations will be responsible for contributing a total of \$1,023,000 in regulatory fees.

### Other Standard Fee Calculations and Payment Dates

- **Telecommunications Service Providers.** ITSPs will be responsible for paying a total of \$128,428,000 in regulatory fees. Wireline services regulatory fees must be paid for authorizations that were granted on or before October 1, 2014. If a permit or license was transferred or assigned after October 1, 2014, the holder of the permit or license as of the fee

due date (September 24, 2015) will be responsible for payment. This rule also applies to audio bridging services. The fee for ITSPs is based on end user telecommunications revenues reported on the 2015 FCC Form 499-A. ITSPs pay \$0.00331 per assessable dollar.

- **CMRS Providers.** CMRS mobile service providers (cellular, public mobile) will be responsible for contributing a total of \$60,180,000 in regulatory fees while CMRS messaging service providers will be responsible for contributing \$208,000. These fees are based on the number of subscribers or telephone number counts as of December 31, 2014. CMRS mobile service providers pay \$0.17 per subscriber or telephone number while CMRS messaging service providers pay \$0.080 per subscriber or telephone number.
- **Cable TV Systems (including IPTV).** Cable TV providers will be responsible for contributing a total of \$61,920,000 in regulatory fees. Cable television providers must pay regulatory fees for the number of basic cable television subscribers as of December 31, 2014. Cable TV Systems (including IPTV) pay \$0.96 per basic cable television subscriber.

Fact sheets detailing the types of fees, fee codes, payment methods and options can be found on the FCC's website. However, due to previously scheduled maintenance, the FCC's Fee Filer system and online Fact Sheets will not be available until Tuesday, September 8, 2015.

Attorneys in Kelley Drye & Warren's Communications practice group are experienced in addressing FCC regulatory fees issues and are able to assist clients in submitting payments. For further information, please contact Steve Augustino at (202) 342-8612, Denise Smith at (202) 342-8614 or your usual Kelley Drye attorney.