

Vinson & Elkins

ATTORNEYS AT LAW

VINSON & ELKINS L.L.P.
THE WILLARD OFFICE BUILDING
1455 PENNSYLVANIA AVE., N.W.

WASHINGTON, D.C. 20004-1008

TELEPHONE (202) 639-6500
FAX (202) 639-6604

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Federal Communications Commission
Office of Secretary

WRITER'S TELEPHONE

(202) 639-6755

March 20, 1998

Ms. Regina Keeney
Chief, International Bureau
Federal Communications Commission
2000 M Street, N.W., Room 858
Washington, D.C. 20554

Re: Final Analysis Communications Services, Inc.
File No. 25-SAT-P/LA 95; 76-SAT-AMEND-95; 89-SAT-AMEND-96;
151-SAT-AMEND-96; 7-SAT-AMEND-98

Dear Ms. Keeney:

On behalf of Leo One USA Corporation ("Leo One USA"), we are writing in response to the March 16, 1998 letter of Final Analysis Communications Services, Inc. ("Final Analysis") regarding Final Analysis' launch arrangements with the Russian state-owned Polyot Design Bureau ("Polyot"). Final Analysis' letter asks the Commission to render determinations about the status and effect of what clearly are far-reaching official decisions of the Government of Russia, without critical supporting documentation and without advice and information from the only source able to provide a full and conclusive explanation of the current validity of those arrangements -- the Russian Space Agency. As any Commission action without such input could be interpreted as impinging on the Russian Space Agency's authority to implement its policies, Leo One USA urges the Commission to ensure that the record is complete before it makes any decision on the above-referenced application. In particular, the Commission needs to determine the precise nature of the Polyot/Final Analysis arrangement, the legal status of that arrangement, and whether Polyot and Final Analysis possess the legal authority and capability to perform their responsibilities under that arrangement.¹

¹ For example, it is puzzling that the February 27, 1998 letter from Polyot attached to the Final Analysis March 16, 1998 filing fails to reaffirm Polyot's commitment to launch all Final Analysis' satellites for free in exchange for rights to market Final Analysis' services in Russia.

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The Commission should seek to develop a more enlightening record in three ways. First, given that Final Analysis is using its arrangement with Polyot to demonstrate its financial qualifications, the Commission should insist that Final Analysis submit the "fully negotiated terms" of the Polyot/Final Analysis agreement, as required by § 25.140(d) of the Commission's Rules. 47 C.F.R. § 25.140(d). See *Orion Satellite Corporation*, 5 FCC Rcd 4937 (1990).

Second, the Commission should avail itself of the significant information on Russian launch services that resides in the Department of Commerce's International Trade Administration Office of Aerospace, the Office of the Assistant U.S. Trade Representative for Europe, and the Office of Space Transportation of the Federal Aviation Administration.

Third, either directly or through the U.S. Department of State (or the Office of the U.S. Trade Representative), the Commission should request the Russian Space Agency to explain what are the current legal requirements that Final Analysis and Polyot must satisfy in order to implement their arrangement; whether those companies have secured the necessary licenses and other authority for that purpose; and whether Polyot possesses the requisite standing and legal authority to carry out the obligations it has purportedly undertaken with respect to Final Analysis.

At present, the Commission only has before it a general description of Final Analysis' arrangements with Polyot and the assertions of those parties about the scope and legal effect of official actions taken by the Russian Space Agency. The news reports to which Final Analysis refers clearly indicate the possibility that the Russian Space Agency's actions are more far-reaching than Final Analysis admits. It would be impudent in these circumstances for the Commission to make findings of fact about the Polyot/Final Analysis relationships without a full record, especially because such findings could have commercial and political implications beyond this proceeding. For example, a Commission finding that the purported Polyot/Final Analysis arrangement is valid and capable of being implemented could contradict the determinations of the Russian Space Agency and cause substantial confusion in U.S. capital markets about the status -- and therefore the financability -- of various Little LEO systems that may negotiate launch services with Russian launch service providers. Additionally, any FCC finding in this regard could affect bilateral discussions between the U.S. and Russian Governments on the pricing and provision of launch services. As the FCC is aware, following the negotiation of an accord with China last October on the pricing of LEO launches, the Administration has begun to review the pricing of Russian launch vehicles for LEO satellites in response to complaints from U.S. launch service providers.

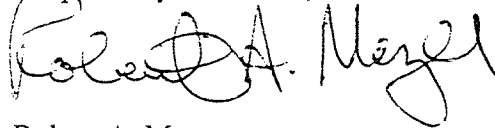
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For all the above reasons, Leo One USA urges the Commission to expeditiously obtain the full and accurate information necessary to make an informed judgment regarding the status of the Polyot/Final Analysis arrangement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert A. Mazer". The signature is fluid and cursive, with the first name "Robert" and last name "Mazer" clearly legible.

Robert A. Mazer

Albert Shuldiner

Counsel to Leo One USA Corporation

cc: Cassandra Thomas
Daniel Conners
Tania Hanna
Joseph Heaps
Parties of Record