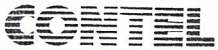


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MAY 10 1990

Federal Communications Commission
Office of the Secretary

Contel Corporation
Columbia Square
555 Thirteenth Street, NW/Suite 480 West
Washington, DC 20004-1109
202 383 8700 Office, 202 383 8710 FAX



May 10, 1990

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MAY 15 1990

Domestic Facilities Division
Satellite Radio Branch

Ms. Donna Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: American Satellite Company
d/b/a Contel ASC
Request for Authority to
Sell or Lease Transponders
on a Non-Common Carrier
Basis

29/30/31/32 -
DSS-ML-90


Attn: Cecily Holiday
2025 M Street, N.W.
Suite 6324

Dear Ms. Searcy:

Enclosed for filing on behalf of American Satellite Company, d/b/a Contel ASC, are the original and five (5) copies of an application for authority to sell or lease transponders on a non-common carrier basis.

Please direct all questions and correspondence regarding this application to the undersigned (direct dial: 383-8704).

Yours truly,


Joan M. Griffin
Its Attorney

Enclosure

JMG/smd

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MAY 10 1990

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Federal Communications Commission
Office of the Secretary

In the Matter of)
)
AMERICAN SATELLITE COMPANY) File No.
)
For Modification of Authority)
to Construct, Launch and)
Operate Space Stations in)
the Domestic Fixed-Satellite)
Service)

REQUEST FOR MODIFICATION OF
AUTHORIZATION

American Satellite Company d/b/a Contel ASC ("Contel ASC") hereby applies for modification of its authority for ASC-1, ASC-2, Contelsat-1 and Contelsat-2¹ to permit the sale or long-term lease of transponders on a noncommon carrier basis. In support of this application, Contel ASC provides the following information in accordance with the criteria established by the Commission in Martin Marietta Communications Systems, Inc.²

Contel ASC requests authority to market, on a noncommon carrier basis, eight (8) additional transponders on each of

¹ Contel ASC, 3 F.C.C. Rcd. 6982 (1988) (Contelsat satellites); American Satellite Company, 94 F.C.C. 2d 39 (1983) (ASC-1 and ASC-2).

² Martin Marietta Communications Systems, Inc., 51 Fed. Reg. 24223 (July 2, 1986) [hereinafter "Martin Marietta"].

the ASC-1 and ASC-2 satellites³. In addition, Contel ASC seeks authority to sell or lease, on an individualized basis, up to 30 of the 40 transponders on each of the Contelsat-1 and Contelsat-2 satellites. The remaining transponders on these four spacecraft will be offered (if not retained for Contel ASC's internal purposes) on a common carrier basis.

Contel ASC will enter into arrangements for the sale or long-term lease of transponders at negotiated prices and under terms and conditions individually tailored to the needs of specific customers. In marketing its transponders, Contel ASC will "make individualized decisions, in particular cases, whether and on what terms to deal."⁴ The purchaser of each transponder will acquire ownership attributes for the life of the transponder. However, Contel ASC will retain responsibility for the operation of the satellite as appropriate to its status as the satellite licensee. According, Contel ASC's proposal is consistent with the NARUC I decision and the Transponder Sales Order.⁵

³ Contel ASC has already been authorized to sell or long-term lease on a noncommon carrier basis up to 12 transponders on each of the ASC-1 and ASC-2 satellites. See File No. 310-DSS-MP/ML-87, granted March 11, 1987.

⁴ National Association of Regulatory Utility Commissions v. FCC, 626 F.2d 630, 641-642 (D.C. Cir.), cert. denied, 425 U.S. 999 (1976) [hereinafter "NARUC I"].

⁵ Domestic Fixed Satellite Service: Transponder Sales, 90 FCC 2d 1238 (1982) (Transponder Sales Order), aff'd sub nom. World Communication, Inc. v. FCC, 735 F.2d 1465 (D.C. Cir. 1984).

Contel is requesting this authority to provide it with additional flexibility in marketing its services. Contel ASC will be better able to address the needs of its customers if it is allowed to sell or lease its transponder capacity on a noncommon carrier basis. As such, grant of this request will service the public interest.

Since Contel ASC's showing in support of the requested modification is in conformity with the Commission's standards announced in Martin Marietta, the authority requested should be "routinely" granted, absent a persuasive showing to the contrary.⁶ Thus, Contel ASC respectfully requests that its modification of authority to permit the sale or long-term lease of transponders as proposed herein be granted.

Respectfully submitted,

AMERICAN SATELLITE COMPANY,
d/b/a Contel ASC


Joan M. Griffin
Assistant Secretary

Contel Corporation
555 13th Street, NW
Suite 480 West
Washington, D.C. 20004
(202) 383-8704

May 9, 1990

⁶ Martin Marietta, supra note 2.