JOHN KENNEDY
LOUISIANA

SUITE SR-416
RUSSELL BUILDING
WASHINGTON, DC 20510
(202) 224-4623

United States Senate

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May 5th, 2020

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C., 20554

Dear Chairman Pai:

On March 3rd, 2020, the Federal Communications Commission (FCC) issued a final order enabling U.S. telecommunications companies to acquire C-band spectrum currently licensed to foreign satellite operators. As you know, the intent of the public auction is to free up mid-band spectrum so as to facilitate the deployment of 5G services and connectivity throughout the United States. The deployment of nationwide 5G networks and services is believed to be vital to American technological and economic leadership. I am writing you today as I strongly believe that funds raised from this U.S. government-led auction should advantage the American manufacturing base and support job growth here in the United States. If the American taxpayer is ultimately going to foot the bill of foreign satellite companies, then we need to ensure as much of that money stays here at home as possible.

Under the FCC's auction process, wireless companies will bid for C-band spectrum in a public auction and those proceeds will be deposited with the U.S. Treasury. Upon receipt of their FCC licenses, the winning bidders must pay billions in reimbursement costs and up to $9.7 billion in incentive costs to the foreign satellite operators via an FCC auction clearinghouse. In total, these satellite companies could net almost $15 billion in payments for spectrum they do not even own. Thus, the auction proceeds will effectively be reduced by these additional sums that the winning bidders know that they will have to outlay as part of the C-band auction process.

Previously, these foreign satellite operators committed to purchasing U.S.-built satellites to accomplish the C-band spectrum relocation mission. This is no longer the case. Now that the operators have been formally promised billions of dollars, they have accepted proposals and are indeed moving forward with plans to procure launch vehicles, ground equipment and satellites from foreign manufacturers. As a result, effectively billions of U.S. taxpayer dollars will outflow to foreign companies if no action is taken.

Given that U.S. taxpayers are effectively footing the bill for these assets —assets that are already owned by the taxpayer— it makes good sense to require an investment in the American industrial base. In order to ensure that these funds are used most effectively in supporting U.S. economic growth and a continuity of service – especially in the wake of the COVID-19 pandemic – I urge the FCC to institute a "Buy American" request to all satellite operators. The U.S. aerospace industry has the capacity and ingenuity to meet objectives, on accelerated timelines, for the FCC and satellite operators alike.

The U.S. aerospace industry typically contributes hundreds of billions of dollars to GDP annually, supports hundreds of thousands of U.S. jobs, is critical to our national security and has been a vital growth sector for the past several years among both traditional and 'new space' companies. At this precarious economic time, we encourage the FCC to support American workers and families by ensuring that the C-band auction funds are used to purchase satellites and launch vehicles from U.S. manufacturers.

Thank you for considering this request. I appreciate the Commission's dedicated service to America particularly during these tough times.

Sincerely,

Senator John Kennedy
United States Senator