

instances of small fees, such as licenses that are renewed over a multiyear term, the resulting unit fee was also divided by the term of the license. These unit fees were then rounded in accordance with 47 U.S.C. 159(b)(2).

*ii. Additional Adjustments to Payment Units*

3. In calculating the FY 2003 regulatory fees proposed in Attachment D, the Commission further adjusted the FY 2002 list of payment units (Attachment B) based upon licensee data bases and industry and trade group projections. Whenever possible, the Commission verified these estimates

from multiple sources to ensure accuracy of these estimates.

4. The NPRM also proposes adjusting payment units for FY 2003 by expanding the AM and FM Radio Station Regulatory Fees Grid. Since FY 1998, the Commission has used a grid that divides broadcast station regulatory fees by class of service, population, and type of service (AM/FM).<sup>4</sup> This grid was originally adopted to provide equity and fairness among radio stations with varying signal strengths and market reach. However, in recent years, modifications to radio stations, a trend toward more powerful stations, and

increases in the overall general population—resulting in an ever-larger number of stations grouped together in the one million-plus category of the grid—necessitated the need to review this grid.

5. The NPRM is therefore proposing a revised grid (six by seven) that includes a population category of “greater than three million people.” In addition, the NPRM is also proposing to change the population threshold amounts to reflect a slightly wider population field. The current and proposed radio station grids follow:

**CURRENT RADIO STATION REGULATORY FEE GRID**

[Six by Six]

Population served	AM class A	AM class B	AM class C	AM class D	FM classes A, B1 & C3	FM classes B, C, C1 & C2
<=20,000						
20,001–50,000						
50,001–125,000						
125,001–400,000						
400,001–1,000,000						
>1,000,000						

**PROPOSED RADIO STATION REGULATORY FEE GRID**

[Six by Seven]

Population served	AM class A	AM class B	AM class C	AM class D	FM classes A, B1 & C3	FM classes B, C, C1 & C2
<=25,000						
25,001–75,000						
75,001–150,000						
150,001–500,000						
500,001–1,200,000						
1,200,001–3,000,000						
>3,000,000						

*iii. Request for Comment on Possible Service Reclassification*

6. In both 2001,<sup>5</sup> and then again in 2002,<sup>6</sup> the Commission denied requests to move the Local Multipoint Distribution Service (LMDS) to a microwave fee category. Thus, at

present, LMDS services’ regulatory fees are assessed based upon the Multipoint Distribution Service (MDS) category. However, while evaluating these requests it has become clear that product innovation, evolving service offerings, and further technological

developments may be creating changes in these services such that reclassification—of some sort—might be appropriate. MDS and LMDS are licensed in different spectrum bands.<sup>7</sup>

Mobile Radio Service (CMRS) Cellular/Mobile and CMRS Messaging), a per unit fee (such as for International Bearer Circuits), or a fee factor per revenue dollar (Interstate Telecommunications Service Provider fee).

<sup>4</sup> *Assessment and Collection of Regulatory Fees for Fiscal Year 1998* (63 FR 35847), paragraph 37, (July 1, 1998).

<sup>5</sup> *See Assessment and Collection of Regulatory Fees for Fiscal Year 2001, Report and Order*, 16 FCC Rcd 13525, 13532 (2001).

<sup>6</sup> *See Assessment and Collection of Regulatory Fees for Fiscal Year 2001, Memorandum Opinion and Order*, MD Dkt. No. 01–76, FCC 02–320, paragraphs 1, 6 (rel. Dec. 4, 2002).

<sup>7</sup> The majority of MDS operations is located in the 190 megahertz in the 2500–2690 MHz band. FCC Staff Releases Its Interim Report on Spectrum Study