

Comment

As you are aware, by its memorandum, opinion, order, and certificate of February 1, 1967, the Federal Communications Commission issued authorizations to the international record carriers to acquire satellite circuits from the Communications Satellite Corp. to meet the requirements of the DOD for 30 such circuits between Hawaii and the Far East. At the same time a short-term temporary authorization to furnish such channels to DOD was granted to Comsat in order to permit it to make any arrangements necessary to facilitate the provision of the service. It is the intention of the DOD to assign these 30 circuits to one or more of the international record carriers shortly after the initiation of service through Comsat.

NO. 8, TIMELY NOTICE AND ADVANCE FILINGS

"The Defense Communications Agency, on order of the Secretary of Defense, undertook a sole-source procurement with Comsat and then invited competitive offers from other carriers after Comsat had a long head start in negotiating with foreign entities for the necessary terminals and interconnections for through service. The ground rules were not clear, and much confusion and needless controversy were engendered by this attempt to (a) conduct competitive negotiations when one offeror was in an advantaged position; (b) evaluate, in a regulated industry, price and service offers which had not been approved by the FCC; and (c) maintain the argument that competition was not necessary because the Government, as an authorized user under the Satellite Act, was entitled to deal with Comsat exclusively on a sole-source basis. The committee recommends that if and when competitive negotiations are in order, the Defense Communications Agency cooperate with the FCC, give the carriers timely notice of the need for new services, and request advance filings of new tariffs and authorizations for the required services."

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The DCA, in the subject procurement, followed existing DOD policy, i.e., a procurement shall be made on a competitive basis to the maximum practical extent. Accordingly, DCA requested proposals from all carriers, including Comsat, in order to obtain the greatest overall advantage to the Government. To suggest, however, that the evaluation of proposals be made subject to FCC approval would, in effect, constitute a delegation of procurement responsibility for which there exists no authority, if this is what is meant by your recommendation that the DCA should cooperate with the FCC. No exception, however, is taken to the recommendation that carriers be given timely notice of the need for new services since the DCA follows such a policy when circumstances permit. On the other hand, to request advance filings of new tariffs and authorizations for required services before a contract is negotiated for the required service would, in effect, put the carrier in a position of prejudging the Government's disposition of its offering. This appears to be undesirable from the Government's point of view.

NO. 12, CLEARER DELINEATION OF POLICY

"The committee's studies and investigations in the past 3 or 4 years have shown a lack of clear delineation in responsibilities for telecommunications policy formation and management. The Director of Telecommunications Management gives overall policy guidance, and the Secretary of Defense is executive agent in a technical role for the National Communications System, which is being developed to serve the telecommunications needs of major Government users. In this capacity, by order of the President, the Secretary of Defense also reviews and approves Government agency requirements for satellite services and proposals to deal with Comsat. The committee pointed out an earlier report that the Department of Defense, as a major claimant on telecommunications resources is not in the best position to identify and evaluate other Government user requirements for communications or to make policy decisions affecting them. We recommend that this responsibility be assumed by the Director of Telecommunications Management. The committee renews this recommendation and also recommends specifically in this connection that the Director be assigned responsibility for review and approval of Government agency decisions to deal with Comsat. A reconsideration of existing orders and directives and a redefinition of interagency responsibilities and relationships with respect to these matters are in order."