

20. We think that it is evident, absent countervailing considerations, that the public interest in a strong, efficient communications system requires that adequate facilities be available when required to meet demand. This is particularly true in an increasingly complex world society which depends more and more on reliable and instant communications.

21. There are, of course, other benefits to the public interest which require no extended discussion here in the circumstances (e.g., added diversity of facilities, the desirability for additional nonsatellite facilities for combination with satellite facilities to serve distant areas which cannot be reached via a single satellite in synchronous orbit, foreign policy consideration, enhanced ability to meet national defense and security requirements, and the opportunity for prompt and substantial rate reductions by both the U.S. carriers and the foreign counterparts). In connection with the latter point, we note that our experience indicates that the availability of high quality facilities at reduced rates stimulates substantial increases in demand. Accordingly, we believe that it is entirely possible and indeed probable that the total demand for satellite circuits may actually be higher with TAT-5 and its impact upon rate reductions than without TAT-5 and no reductions, or reductions of a lesser magnitude.

22. Finally, for the reasons set forth in paragraph 24, *infra*, we do not believe that any useful purpose would be served by going over relative costs or the revenue requirement data filed by the interested parties in response to the Commission's informal inquiry. In any event, our decision to grant these applications is based on the above broad spectrum of considerations.

Relation to Global Communications Satellite System

23. There is no doubt that the global satellite system, strongly supported by this Government, has not yet reached its maturity. Equally, there is no doubt that additional and improved satellites will be needed to reach this state of maturity, so that modern communications will be available to all countries on a practical and economic basis, and so that the benefits of communications satellites will be fully realized. We do not, however, think that a grant of the instant applications will inhibit development of the global satellite system, nor delay this development in any way. Our analysis of circuit demands in the decade of the 1970's indicates that both the proposed cable and any augmented satellite system will receive sufficient traffic to be economically viable. As already noted, we are confident that the satellite system will benefit from an increase in demand for transatlantic service resulting from service improvement and rate reductions resulting from the cable system proposed herein.

24. We stress that this is not a situation where we are choosing between the proposed cable and the next generation of satellites. As we have made abundantly clear, we support plans for a large, efficient, flexible and longer life satellite and look forward to affirmative action on such proposal by Intelsat. We are confident that as satellite technology moves from its initial stages to more sophisticated satellites it will provide increasingly more economical facilities in future years. Accordingly, we do not feel it necessary to make definitive findings on the relative economic merits of TAT-5 and present satellites, those now being constructed and those proposed for the early 1970's.⁴ In this connection, see also paragraph 31, *infra*.

Comsat statement

25. Comsat, in the statement filed by it herein, states that reasonable protection would be afforded to the future growth of the satellite system traffic by the condition in our February 16 letters relating to allocation of circuits between the proposed cable system and the satellite system. We also note that Comsat does not request denial of the instant applications if the several questions it raises in its statement are clarified and appropriate conditions imposed to assure implementation of the conditions set out in our February 16 letters.

⁴ We do note in passing that there are difficulties in making comparisons between cable and satellite costs, as is evident from the difference in the methodology used by Comsat and A.T. & T. in the filings. In short, Comsat uses a year-by-year method to derive its rate base, whereas A.T. & T. uses an average investment method over full life to derive its base. Also, Comsat, in its filing, computed average revenue requirements for all areas served, whereas A.T. & T. computed them for its shorter Atlantic cables separately from those for its longer Pacific cables. Comsat included all costs and total capitalized research and development, whereas A.T. & T., in order to place cable costs on the same basis as its costs for leased satellite circuits, included only costs directly attributable to the cables in question. Comsat included unrecovered portions of the investment in satellites replaced and no longer revenue producing, whereas A.T. & T. continues to use each generation of cables to recover revenues over their entire anticipated service lives.