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**August 10, 2022**

### **FCC Denies SpaceX Starlink \$885.5 Million in Rural Broadband Subsidies**

On August 10, 2022, the U.S. Federal Communications Commission ("FCC"), the U.S. satellite and terrestrial wireless broadband regulator, denied SpaceX's Starlink Low Earth Orbit ("LEO") broadband service network \$885.5 million in rural broadband subsidies previously awarded in a 2020 spectrum auction under the Rural Digital Opportunity Fund, part of the FCC's Universal Service Fund ("USF"), finding that SpaceX Starlink had not demonstrated that it could deliver the promised service to provide broadband connectivity to underserved rural communities. A smaller provider, LTD Broadband, was also rejected. A copy of the FCC Order can be found [Here](#). FCC Chair Jessica Rosenworcel cited the fact that SpaceX Starlink's plan required rural customers to purchase a \$600 satellite dish at a publicly subsidized cost of nearly \$900 million in USF funds until 2032 as an unjustified use of USF funds for technology still in development.

We recently reported that SpaceX-Starlink had opposed the pending Viasat-Inmarsat \$7.3 billion merger on grounds of alleged misuse of FCC licenses. See, "Eutelsat and OneWeb Agree to \$3.4 Billion Merger" at [Kurtin PLLC Satellites & Space](#). SpaceX has launched over 2,700 Starlink satellites to date, has over 400,000 subscribers and has raised over \$2 billion this year, both for Starlink rollout and its launch vehicle programs. It remains to be seen what effect the loss of nearly \$900 million in public subsidies will have on the rollout of Starlink service. Although SpaceX has become a global leader in launch services through its Falcon 9 heavy launch vehicle, Dragon Crew and Cargo servicing of the International Space Station and science fiction-like return of reusable launch vehicles to precision soft landings on their launch pads on land and at sea, broadband satellite connectivity is a much larger potential market and is critical to the company's future, as it is to its competitors.

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