

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Puerto Rico Telephone Company, Inc.

Petition for Declaratory Ruling under  
Section 310(b)(4) of the Communications  
Act of 1934, as Amended

IB Docket No. \_\_\_\_\_

To: International Bureau  
Federal Communications Commission

**PETITION FOR DECLARATORY RULING**

Pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended,<sup>1</sup> and Section 1.990(a)(1) of the Commission’s rules,<sup>2</sup> Puerto Rico Telephone Company, Inc. (“PRTC”) respectfully petitions the Federal Communications Commission (“FCC” or “Commission”) for a declaratory ruling that it would not serve the public interest to prohibit foreign ownership in PRTC of more than 25 percent with respect to licenses that PRTC may acquire in Auction 96.

The Commission has previously determined that the public interest would be served by allowing up to 100 percent indirect foreign investment in PRTC by América Móvil, S.A.B. de C.V. (“América Móvil”).<sup>3</sup> Furthermore, the Commission has repeatedly confirmed this approval,

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<sup>1</sup> 47 U.S.C. § 310(b)(4).

<sup>2</sup> 47 C.F.R. § 1.990(a)(1).

<sup>3</sup> *Verizon Communications Inc. and América Móvil, S.A. de C.V. Application for Authority to Transfer Control of Telecomunicaciones de Puerto Rico, Inc.*, WT Docket No. 06-113,

including in subsequent cases where the ownership of América Móvil’s controlling shareholders – Mr. Carlos Slim Helú and members of his immediate family – has increased.<sup>4</sup> As described below, PRTC intends to participate in Auction 96 for H Block licenses in the 1915-1920 MHz and 1995-2000 MHz bands. Until recently, the Commission’s general practice was to issue section 310(b)(4) rulings on a service-specific and geographic-specific basis. Because PRTC’s existing section 310(b)(4) authority to hold interests in common carrier radio licenses does not include H Block licenses, PRTC requests that the Commission extend its Section 310(b)(4) authority to hold interests in common carrier radio licenses to include licenses that PRTC may acquire in Auction 96.

In addition, pursuant to the FCC’s recently released foreign ownership rules,<sup>5</sup> PRTC requests that the Commission’s declaratory ruling include the following authority:

1. This declaratory ruling should include authority with respect to all services to which section 310(b) applies and all geographic areas;<sup>6</sup>
2. This declaratory ruling should include all of PRTC’s subsidiaries and affiliates, whether existing at this time or formed or acquired subsequently;<sup>7</sup>
3. América Móvil should be permitted to introduce new, non-U.S.-organized entities into its vertical chain of ownership of PRTC without prior approval as long as the

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Memorandum Opinion and Order and Declaratory Ruling, 22 FCC Rcd 6195 (2007) (“TELPRI Order”).

<sup>4</sup> See *International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, ISP-PDR-20120820-00004 (rel. Nov. 1, 2012); *International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File Nos. ISP-PDR-20080103-00009, ISP-AMD-20100722-00016, ISP-PDR-20080909-00018, ISP-AMD-20100722-00017 (rel. Feb. 10, 2011).

<sup>5</sup> *Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Second Report and Order, 28 FCC Rcd 5741 (2013) (“2013 Foreign Ownership Order”).

<sup>6</sup> See *2013 Foreign Ownership Order*, 28 FCC Rcd at 5798 ¶ 109.

<sup>7</sup> See *id.* at 5790 ¶ 92.

new non-U.S.-organized entity is under 100 percent common ownership and control;<sup>8</sup> and

4. Mr. Carlos Slim Helú and members of his immediate family, who have an indirect controlling interest in PRTC, should be permitted to increase their indirect interest up to and including 100 percent of PRTC's equity and/or voting interests at some future time.

## II. BACKGROUND AND DESCRIPTION OF OWNERSHIP

In 2007, the Commission reviewed PRTC's foreign ownership and granted América Móvil, a company organized under the laws of Mexico, authority to hold a 100 percent indirect ownership interest in PRTC and its common carrier radio licenses and section 214 authorizations.<sup>9</sup> Specifically, the Commission found that: (1) América Móvil and its indirect subsidiaries have their principal places of business in Mexico; (2) the shares held in América Móvil by Mexican citizens constitute 95 percent of América Móvil's full voting shares and that the majority interest in these shares is held by Mr. Carlos Slim Helú and members of his immediate family, all of whom are Mexican citizens; and (3) Mr. Slim exercises control of América Móvil.<sup>10</sup> At the time of the ruling, members of the Slim Family had a 32.33 percent equity and 66.21 percent voting interest in América Móvil.<sup>11</sup> The ruling authorized the Slim Family to increase their equity and/or voting interests held directly or indirectly in América Móvil by an aggregate three percent above the levels they held upon approval of the initial declaratory ruling to account for fluctuation in publicly traded shares.<sup>12</sup>

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<sup>8</sup> See *id.* at 5794 ¶ 100.

<sup>9</sup> *TELPRI Order*, 22 FCC Rcd 6195 (2007).

<sup>10</sup> *Id.* at ¶ 62.

<sup>11</sup> *Id.* at ¶¶ 54 and 56.

<sup>12</sup> *Id.* at ¶ 67.

On February 7, 2011, the Commission extended PRTC's Section 310(b)(4) authority to the 700 MHz Band and Advanced Wireless Services licenses PRTC won in Auction Nos. 73 and 78 and permitted Mr. Carlos Slim Helú and members of his immediate family to increase their indirect equity ownership to 40.18 percent.<sup>13</sup> On October 31, 2012, the Commission further extended PRTC's Section 310(b)(4) authority to permit Mr. Carlos Slim Helú and members of his family to increase their ownership interest in América Móvil, PRTC's ultimate parent, up to 49.99 percent.<sup>14</sup> The October 2012 declaratory ruling was requested to provide América Móvil with flexibility to enter into potential business transactions that could increase the Slim Family's ownership in América Móvil over the permissible threshold. No material changes have occurred in PRTC's foreign ownership since the Commission granted these previous authorizations.

Until recently, the Commission's general practice was to issue Section 310(b)(4) rulings on a service-specific and geographic-specific basis. In its *2013 Foreign Ownership Order*, the Commission eliminated such practice, thus permitting a licensee with a foreign ownership ruling to add new services and new geographic service areas without filing a new petition for declaratory ruling.<sup>15</sup> As PRTC intends to participate in Auction 96, it requests that this declaratory ruling include the licenses that PRTC may acquire in Auction 96 and, as permitted under the Commission's new foreign ownership rules, licenses in all services to which Section 310(b) applies and in all geographic areas. Furthermore, PRTC requests the additional authority previously noted, as permitted by the Commission's new foreign ownership rules.

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<sup>13</sup> *International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File Nos. ISP-PDR-20080103-00009, ISP-AMD-20100722-00016, ISP-PDR-20080909-00018, ISP-AMD-20100722-00017 (rel. Feb. 10, 2011).

<sup>14</sup> *See International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, File No. ISP-PDR-20120820-00004 (rel. Nov. 1, 2012).

<sup>15</sup> *2013 Foreign Ownership Order*, 28 FCC Rcd at 5798 ¶ 109.

### **III. INFORMATION REQUIRED BY SECTION 1.991**

#### **Section 1.991(a): Contact Information, FRN, Place of Organization, Type of Business Organization, and Name and Title of Officer Certifying to the Information Contained in the Petition**

Name: Puerto Rico Telephone Company, Inc.  
FCC Registration Number: 0001731470  
Mailing Address: PO Box 360998, San Juan, PR 00936-0998  
Telephone Number: (787) 792-9510  
Facsimile Number: (787) 793-7650  
Electronic Mail Address: fsilva@claropr.com  
Place of Organization: Puerto Rico  
Type of Business Organization: Corporation  
Name and Title of Officer Certifying to the Information Contained in the Petition:  
Francisco J. Silva, Secretary and General Counsel

#### **Section 1.991(b): Legal Counsel Contact**

Nancy J. Victory  
Wiley Rein LLP  
1776 K Street, N.W.  
Washington, DC 20006  
Tel: (202) 719-7344  
Fax: (202) 719-7049  
Email: [nvictory@wileyrein.com](mailto:nvictory@wileyrein.com)

#### **Section 1.991(c)(1): Licensees and Licenses Covered By Declaratory Ruling**

PRTC currently holds the following types of radio authorizations to which Section 310(b) is applicable:

AWS, 1710-1755/2110-2155 MHz bands (AW)  
Cellular (CL)  
Common Carrier Fixed Point to Point Microwave (CF)  
Digital Electronic Message Service - Common Carrier (CE)  
PCS Broadband (CW)  
700 MHz Lower Band (Blocks A, B & E) (WY)

As noted previously, PRTC seeks a declaratory ruling for itself and all of its commonly controlled U.S. organized subsidiaries and affiliates, whether currently existing or acquired or formed subsequently, so long as the foreign ownership remains in compliance with the terms and conditions of the ruling. *See* 47 C.F.R. § 1.994(b). PRTC also requests that its declaratory ruling include all services to which Section 310(b) applies and all geographic areas.

### **Section 1.991(c)(2): Associated Applications**

PRTC is contemporaneously filing a short-form application as required by the FCC to participate in Auction 96 for H Block licenses in the 1915-1920 MHz and 1995-2000 MHz bands.

### **Section 1.991(d): Type of Declaratory Ruling**

PRTC seeks authority under Section 1.990(a)(1) of the Commission's rules.

### **Section 1.991(e) and (g): Direct Ownership**

The following entity holds a ten percent or greater direct ownership interest in PRTC:

Name: Telecomunicaciones de Puerto Rico, Inc. ("TELPRI")

Address: 1515 FD Roosevelt Avenue, 12th Floor, Guaynabo, PR 00921

Citizenship: United States (Puerto Rico)

Principal Business: Holding company for telecommunications-related investments

Type of Business Organization: Corporation

Percentage Held: 100 percent direct interest in PRTC

No other individual or entity holds a ten percent or greater direct equity or voting interest in PRTC.

### **Section 1.991(f) and (g): Indirect Ownership**

The following entities hold a ten percent or greater indirect ownership interest in PRTC:

Name: Tenedora Telpri, S.A. de C.V. ("Tenedora")

Address: Lago Zurich No. 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, C.P. 11529, México, D.F.

Citizenship: Mexico

Principal Business: Holding company for telecommunications-related investments

Type of Business Organization: Corporation

Percentage Held: 100 percent direct interest in TELPRI

Name: Radiomóvil Dipsa, S.A. de C.V. ("Telcel")

Address: Lago Zurich No. 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, C.P. 11529, México, D.F.

Citizenship: Mexico

Principal Business: Telecommunications company

Type of Business Organization: Corporation

Percentage Held: 99.99 percent direct interest in Tenedora

Name: Sercotel, S.A. de C.V. ("Sercotel")

Address: Lago Zurich No. 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, C.P. 11529, México, D.F.

Citizenship: Mexico

Principal Business: Holding company for telecommunications-related investments

Type of Business Organization: Corporation

Percentage Held: 99.99 percent direct interest in Telcel

Name: América Móvil, S.A.B. de C.V.

Address: Lago Zurich No. 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, C.P. 11529, México, D.F.

Citizenship: Mexico

Principal Business: Holding company for telecommunications-related investments

Type of Business Organization: Corporation

Percentage Held: 100 percent interest in Sercotel.<sup>16</sup> As of October 2013, and based on beneficial ownership reports filed with the SEC on October 25, 2013, the Slim Family (through their beneficial ownership held by a Mexican trust that holds AA Shares and L Shares for their benefit (the “Family Trust”), Inmobiliaria Carso, S.A. de C.V., and their direct ownership of shares) holds 46.30 percent of the equity and 65.7 percent of the voting stock in América Móvil.<sup>17</sup> Other Mexican and foreign investors hold the remaining equity and voting stock of América Móvil. Except

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<sup>16</sup> América Móvil owns directly 99.99 percent of Sercotel. The remaining 0.01 percent is held by Amov IV, S.A. de C.V., a wholly owned indirect subsidiary of América Móvil.

<sup>17</sup> As of October 2013, and based on beneficial ownership reports filed with the SEC on October 25, 2013, 23.72 percent of the equity (approximately 45.17 percent of the voting stock) of América Móvil is owned directly and indirectly, including beneficially owned, through the Family Trust. Inmobiliaria Carso, S.A. de C.V. (a non-public holding company wholly owned by the Slim family and duly organized under Mexican laws) also owns shares of América Móvil that represent less than ten percent of the voting shares of América Móvil. In addition, Carlos Slim Helú and members of his family individually own shares of América Móvil, though none in his or her individual capacity, excluding Carlos Slim Helú, own five percent or more of the voting shares of América Móvil. Collectively, members of the Slim family, the Family Trust, and Inmobiliaria Carso hold approximately 46.30 percent of the equity and 65.7 percent of the voting stock in América Móvil.

As of June 2013, and based on beneficial ownership reports filed with the SEC on June 4, 2013, AT&T, Inc. (“AT&T”), a widely and publicly held corporation incorporated under the laws of the state of Delaware, holds approximately 9.41 percent of the equity (approximately 23.8 percent of the voting stock) of América Móvil through AA and L Shares. As of March 31, 2013, 25.4 percent of the outstanding L shares of América Móvil were represented by L Share ADSs, each representing the right to receive 20 L shares, and 96.2 percent of the L Share ADSs were held by 10,095 registered holders with addresses in the United States. As of such date, 32.3 percent of the A shares were held in the form of A Share ADSs, each representing the right to receive 20 A shares, and 91.7 percent of the A Share ADSs were held by 4,369 registered holders with addresses in the United States.

for the Family Trust and AT&T Inc., no other public investor holds more than 10 percent of the voting shares of América Móvil.

No other individual or entity holds a direct or indirect ten percent or greater interest in PRTC.

### **Section 1.991(h)(1): Estimate of Aggregate Foreign Ownership**

The Commission has previously approved 100 percent aggregate foreign ownership in PRTC as part of the *TELPRI Order* and in subsequent Section 310(b)(4) petitions for declaratory ruling.<sup>18</sup> This aggregate foreign ownership information is incorporated by reference. No material changes have occurred in PRTC's foreign ownership since the Commission granted these previous authorizations.<sup>19</sup>

### **Section 1.991(h)(2): Ownership Chart**

A chart depicting PRTC's ownership is attached as Appendix A.

### **Section 1.991(i) and (j): Requests for Specific Approval**

PRTC requests specific approval for each of the entities listed above in response to Sections 1.991(f)-(g).

### **Section 1.991(k): Requests for Advance Approval**

PRTC requests approval for the following entities with a controlling interest in PRTC to increase their interests in PRTC, at some future time, up to any amount, including 100 percent of the equity and voting interests in PRTC.

- Radiomóvil Dipsa, S.A. de C.V.
- Sercotel, S.A. de C.V.
- Mr. Carlos Slim Helú and members of his immediate family

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<sup>18</sup> See *TELPRI Order*, 22 FCC Rcd 6195 (2007); *International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File Nos. ISP-PDR-20080103-00009, ISP-AMD-20100722-00016, ISP-PDR-20080909-00018, ISP-AMD-20100722-00017 (rel. Feb. 10, 2011); *International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, File No. ISP-PDR-20120820-00004 (rel. Nov. 1, 2012).

<sup>19</sup> This excludes typical day-to-day stock transactions in the open market that effectively change "ownership" but do not trigger any of the conditions imposed on PRTC by the Commission.



#### **IV. GRANT OF THIS PETITION IS IN THE PUBLIC INTEREST**

In 2007, the Commission issued a declaratory ruling determining that the public interest would be served by allowing up to 100 percent indirect foreign investment in PRTC through América Móvil and its subsidiaries. Recently, the Commission extended PRTC's Section 310(b)(4) authority to permit the Slim Family to increase their ownership in América Móvil to 49.99 percent without having to seek additional declaratory ruling authority. Other than the fact that PRTC is seeking to participate in Auction 96 and may, as a result, obtain H Block licenses in the 1915-1920 MHz and 1995-2000 MHz bands, the foreign ownership of PRTC remains materially unchanged. Furthermore, ultimate control of PRTC is not affected by its participation in Auction 96. Thus, the same public interest rationale that applied to the Commission's prior decisions approving PRTC's non-U.S. ownership should also apply to this instance.

Since the last time the Commission revised PRTC's declaratory ruling in November of 2012, the Commission has streamlined its foreign ownership rules, finding that "foreign investment has been and will continue to be an important source of financing for U.S. telecommunications companies, fostering technical innovation, economic growth, and job creation."<sup>20</sup> The newly adopted rules were implemented specifically to provide licensees with the type of flexibility PRTC requests in this Petition. Grant of this Petition will serve the public interest by facilitating foreign investment in a U.S. telecommunications company that will allow expanded and improved service to U.S. consumers.

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<sup>20</sup> 2013 *Foreign Ownership Order* at 5744, ¶ 3.

**V. CONCLUSION**

For the forgoing reasons, PRTC requests that the Commission promptly grant this Petition.

**PUERTO RICO TELEPHONE COMPANY, INC.**

By: /s/ Francisco J. Silva

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# Appendix A - Puerto Rico Telephone Company, Inc. Ownership Chart

