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July 18, 2014

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VIA IBFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Puerto Rico Telephone Company, Inc., Petition for Declaratory Ruling
under Section 310(b)(4) of the Communications Act of 1934, as Amended,
filed July 7, 2014

Dear Ms. Dortch:

Puerto Rico Telephone Company, Inc., by its counsel, files the attached Erratum to its Petition for Declaratory Ruling, which was filed on July 7, 2014. The Erratum corrects and clarifies the petition in response to questions from the International Bureau Staff.

Please direct any questions to the undersigned.

Sincerely,

/s/ Nancy J. Victory

Nancy J. Victory

cc: David Krech

**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,¹ and Section 1.990(a)(1) of the Commission's rules,² Puerto Rico Telephone Company, Inc. ("PRTC") respectfully petitions the Federal Communications Commission ("FCC" or "Commission") for an updated declaratory ruling that it would not serve the public interest to prohibit indirect foreign ownership in PRTC of more than 25 percent. Through previously granted declaratory rulings, the FCC has repeatedly approved indirect ownership in PRTC by its ultimate parent, América Móvil, S.A.B. de C.V.'s ("América Móvil"), and that company's controlling shareholders, Mr. Carlos Slim Helú and certain members of his family (hereinafter the "Slim Family"). This petition seeks approval for the Slim Family's recently increased

¹ 47 U.S.C. § 310(b)(4).

² 47 C.F.R. § 1.990(a)(1).

ownership in América Móvil³ as well as for potential future increases in the Slim Family's ownership, up to and including 100 percent of equity and voting interests.

In addition, pursuant to the FCC's recently released foreign ownership rules,⁴ PRTC requests that the Commission's declaratory ruling include the following:

1. Authority with respect to all services to which section 310(b) applies and all geographic areas;⁵
2. Authority with respect to all of PRTC's subsidiaries and affiliates, whether existing at this time or formed or acquired subsequently;⁶ and
3. Authority for América Móvil to introduce new, non-U.S.-organized entities into its vertical chain of ownership of PRTC without prior approval as long as the new non-U.S.-organized entity is under 100 percent common ownership and control.⁷

II. BACKGROUND AND PRIOR RULINGS

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, a Mexican corporation controlled by the Slim Family.⁸ Furthermore, the Commission has repeatedly

³ As discussed more fully below, on June 27, 2014, the Slim Family (through Inmobiliaria Carso, S.A. de C.V., and its subsidiary Control Empresarial de Capitales, S.A. de C.V.) purchased 72,822,656 L shares and 5,739,341,928 AA shares of the issued and outstanding capital stock of América Móvil from AT&T International, Inc. (a wholly owned subsidiary of AT&T Inc., "AT&T"). Execution of the agreement for the purchase of the shares held by AT&T and closing of that transaction took place simultaneously on June 27, 2014.

⁴ *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*").

⁵ *See 2013 Foreign Ownership Order*, 28 FCC Rcd at 5798 ¶ 109.

⁶ *See id.* at 5790 ¶ 92.

⁷ *See id.* at 5794 ¶ 100.

⁸ *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, Memorandum Opinion and Order and Declaratory Ruling, 22 FCC Rcd 6195 (2007) ("*TELPRI Order*").

confirmed this approval, including in subsequent cases in which the ownership of the Slim Family in América Móvil has increased.⁹

In the 2007 *TELPRI Order*, the Commission reviewed PRTC's foreign ownership and first 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.¹⁰ 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.¹¹ At the time of the ruling, the Slim Family had a 32.33 percent equity and 66.21 percent voting interest in América Móvil.¹² 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.¹³

The Commission has repeatedly confirmed this approval, including in subsequent cases where the ownership of the Slim Family has increased. Specifically, on February 7, 2011, the

⁹ See *International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, File No. ISP-PDR-20120820-00004 (rel. Nov. 1, 2012); *International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File No. ISP-PDR-20100623-00012 (rel. Feb. 10, 2011).

¹⁰ *TELPRI Order*, 22 FCC Rcd 6195.

¹¹ *Id.* at ¶ 62.

¹² *Id.* at ¶¶ 54 and 56.

¹³ *Id.* at ¶ 67.

Commission revised the declaratory ruling in the *TELPRI Order* to permit the 40.18% indirect equity ownership of PRTC by the Slim Family.¹⁴ In addition, on October 31, 2012, the Commission granted a petition for declaratory ruling filed by PRTC seeking approval for the Slim Family to increase its equity interest in América Móvil up to 49.99 percent.¹⁵ The instant declaratory ruling is requested to provide América Móvil and the Slim Family with additional flexibility to enter into potential business transactions that could increase the Slim Family's equity ownership and voting interest in América Móvil up to 100 percent.¹⁶ Grant of this request will not change the ultimate control of PRTC.

III. THE RECENT TRANSACTION

On June 27, 2014, the Slim Family (through Inmobiliaria Carso, S.A. de C.V. and its subsidiary Control Empresarial de Capitales, S.A. de C.V.) purchased 72,822,656 L shares and 5,739,341,928 AA shares of the issued and outstanding capital stock of América Móvil from AT&T International, Inc. (a wholly owned subsidiary of AT&T Inc., "AT&T").¹⁷ AT&T sold its

¹⁴ *International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File No. ISP-PDR-20100623-00012 (rel. Feb. 10, 2011).

¹⁵ *See International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, File No. ISP-PDR-20120820-00004 (rel. Nov. 1, 2012).

¹⁶ *2013 Foreign Ownership Order* at 5744, ¶ 3.

¹⁷ At the time of the 2007 *TELPRI Order*, AT&T held only AA shares in América Móvil. On June 16, 2010, América Móvil acquired the majority of the outstanding shares of Telmex Internacional, S.A.B. de C.V. ("Telmex Internacional"). The acquisition of Telmex Internacional was structured as a tender offer made by América Móvil for the outstanding shares of Telmex Internacional, in exchange for which tendering shareholders of Telmex Internacional would receive cash or L shares of América Móvil, at the option of the tendering shareholder. AT&T tendered all of its shares in Telmex Internacional in the offer in exchange for L shares of América Móvil. On June 23, 2010, América Móvil filed a Petition for Declaratory Ruling with the Commission, which disclosed the issuance of additional L shares by América Móvil. *See América Móvil, S.A.B. de C.V., Petition for Declaratory Ruling*, filed June 23, 2010 ("*2010 Petition*"). On February 7, 2011, the International Bureau granted the *2010 Petition*. *See International Authorizations Granted*, Report No. TEL-01481, DA No. 11-259, File No. ISP-

shares in connection with its recently announced deal to buy DirecTV, which competes directly with América Móvil in Central and South America. Because Mexican law prohibited América Móvil from directly repurchasing the shares held by AT&T, the Slim Family – as América Móvil’s controlling shareholder group – purchased the shares. The purchase of these shares, which represented an 8.37 percent equity interest in América Móvil,¹⁸ increased the Slim Family’s equity interest in América Móvil from 48.69 percent to 57.06 percent and the Slim Family’s voting interest from 65.73 percent to 89.54 percent. Execution of the agreement for the purchase of the shares held by AT&T and the closing of that transaction took place simultaneously on June 27, 2014.

PRTC’s most recent declaratory ruling allowed the Slim Family to hold up to a 49.99 percent equity interest in América Móvil.¹⁹ Due to an oversight, PRTC and América Móvil inadvertently did not seek Commission approval prior to the Slim Family’s purchase of the shares held by AT&T. In fact, PRTC was not made aware of the transaction until it was publicly announced and consummated. Upon realizing this oversight, PRTC and América Móvil moved with utmost dispatch to seek the Commission’s approval by filing the instant Petition within days

PDR-20100623-00012 (rel. Feb. 10, 2011). Thus, from June 16, 2010 through June 27, 2014, AT&T held AA shares and L shares in América Móvil.

¹⁸ AT&T’s equity and voting interests are calculated as follows. With respect to the equity interests, as of June 27, 2014, the outstanding capital stock of América Móvil, which consisted of A, AA and L shares, was 69,374,600,000. AT&T owned 72,822,656 L shares and 5,739,341,928 AA shares of the issued and outstanding capital stock of América Móvil. AT&T’s 8.37 percent equity interest in América Móvil is calculated by dividing the total number of AA and L shares owned by AT&T by the total number of issued and outstanding shares of América Móvil stock. With respect to the voting interests, as of June 27, 2014, the total outstanding full voting shares of América Móvil, which consisted of A and AA shares, was 24,096,813,841. AT&T owned 5,739,341,928 AA shares. AT&T’s 23.81 percent voting interest in América Móvil is calculated by dividing the number of AA shares owned by AT&T by the total outstanding full voting shares of América Móvil.

¹⁹ See *International Authorizations Granted*, Report No. TEL-01585, DA No. 12-1740, File No. ISP-PDR-20120820-00004 (rel. Nov. 1, 2012).

of the Slim Family's transaction. In addition, it is worth noting that the purchase of the América Móvil shares held by AT&T did not in any way change the ultimate control of América Móvil or PRTC.

IV. 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

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

There are no applications associated with the instant petition.

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, Piso 4, 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, Piso 4, 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, Piso 4, 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 Sercotel.²⁰

Name: Slim Family
Address: c/o Alejandro Cantu Jimenez, América Móvil, S.A.B. de C.V., Lago Zurich 245, Plaza Carso / Edificio Telcel, Piso 4, Colonia Ampliación Granada, 11529, México, D.F., México
Citizenship: México
Principal Business: Investors
Type of Business Organization: N/A (individuals)
Percentage Held: 57.06 percent equity interest in América Móvil. As of June 30, 2014, the Slim Family – through their beneficial ownership held by (i) a Mexican trust that holds AA Shares and L Shares for their benefit (the “Family Trust”); (ii) Inmobiliaria Carso, S.A. de C.V.; (iii) Control Empresarial de Capitales, S.A. de C.V. (a subsidiary of Inmobiliaria Carso); and (iv) their direct ownership of shares – holds 57.06 percent of the equity and 89.54 percent of the voting stock in América Móvil.²¹

²⁰ 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.

²¹ As of June 30, 2014, 24.34 percent of the equity (approximately 45.20 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 8 percent of the equity (approximately 17.67 percent of the voting stock) of América Móvil. Control Empresarial de Capitales, S.A. de C.V. (a subsidiary of Inmobiliaria Carso, S.A. de C.V.) owns shares of América Móvil that represent 5.8 percent of the equity (approximately 11.9 percent of the voting stock). 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

Other Mexican and foreign investors hold the remaining equity and voting stock of América Móvil. 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 indirect foreign ownership in PRTC as part of the *TELPRI Order* and in subsequent Section 310(b)(4) petitions for declaratory ruling.²² This aggregate foreign ownership information is incorporated by reference. Other than the purchase by the Slim Family of the América Móvil shares held by AT&T, no further material changes have occurred in PRTC's indirect foreign ownership since the Commission granted these previous authorizations.

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). No other non-U.S. individual, entity, or group of such individuals or entities requires specific approval under Section 1.991(i) of the rules.

Section 1.991(k): Requests for Advance Approval

PRTC requests advance approval for the following entities with a controlling interest in PRTC, and in turn, in its 100% controlling U.S.-organized parent company, TELPRI, to increase

Inmobiliaria Carso hold approximately 57.06 percent of the equity and 89.54 percent of the voting stock in América Móvil.

As of March 31, 2014, 20.3 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 99.3 percent of the L Share ADSs were held by 9,612 registered holders with addresses in the United States. As of such date, 32.5 percent of the A shares were held in the form of A Share ADSs, each representing the right to receive 20 A shares, and 99.6 percent of the A Share ADSs were held by 4,194 registered holders with addresses in the United States.

²² 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).

their interests in TELPRI, at some future time, up to any amount, including 100 percent of the direct and/or indirect equity and/or voting interests in TELPRI.

- Radiomóvil Dipsa, S.A. de C.V.
- Sercotel, S.A. de C.V.
- The Slim Family

V. GRANT OF THIS PETITION IS IN THE PUBLIC INTEREST

The requested declaratory ruling is fully consistent with the standard set forth in Section 310(b)(4), the Commission's new foreign ownership rules and prior precedent. Indeed, as noted previously, since 2007 the Commission has repeatedly concluded that control of PRTC by América Móvil, its subsidiaries, and the Slim Family raises no public interest concerns and the agency has issued multiple declaratory rulings authorizing such ownership.²³ Other than the requested authority for increased equity ownership and voting interests by América Móvil's already approved controlling shareholders, the current and contemplated foreign ownership of TELPRI remains materially unchanged since PRTC's last Section 310(b)(4) declaratory ruling was issued. Thus, the same public interest rationale that applied to the Commission's prior rulings authorizing PRTC's indirect non-U.S. ownership should also apply in this instance.

Further, the requested authority for the Slim Family to have the flexibility to increase their equity ownership and voting interest up to and including 100 percent of América Móvil is consistent with the FCC's foreign ownership rules and policies. Since the last time the agency 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

²³ See pp. 3-4 *supra*. PRTC is subject to a network security agreement with which it will continue to comply.

innovation, economic growth, and job creation.”²⁴ In adopting those rules, the Commission recognized that it is in the public interest to allow a certain amount of flexibility for approved foreign investors to increase their indirect interests in FCC licensees without the complexities, delays and burdens of having to return to the Commission for incremental approvals.²⁵ As such, the new foreign ownership rules and policies expressly permit petitioners to seek and receive approval for up to and including 49.99 percent ownership for non-controlling foreign investors and up to and including 100 percent ownership for controlling foreign investors.²⁶

América Móvil and the Slim Family expect that they will continue to engage in business transactions that may modify América Móvil’s capital structure and, as such, would like some flexibility to do so without having to seek a declaratory ruling for future minor changes in ownership. The newly adopted rules were implemented specifically to provide licensees with the type of flexibility PRTC requests in this Petition – to “substantially reduce the current costs and burdens associated with filing multiple petitions with the Commission.”²⁷ Grant of the requested relief will also allow the Commission to avoid expending its scarce administrative resources on the review of repetitive filings that raise the same or substantially similar issues. Grant of this request therefore will serve the public interest by permitting América Móvil and the Slim Family to proceed without delay in pursuing future commercial transactions, while ensuring PRTC remains compliant with its licensing obligations.

²⁴ *2013 Foreign Ownership Order* at 5744, ¶ 3.

²⁵ *Id.* at ¶ 43.

²⁶ *Id.* at ¶ 42.

²⁷ *Id.* at ¶ 43.

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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July 7, 2014

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

