

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

In the Matter of:	)	
	)	
TeleGuam Holdings, LLC,	)	IB Docket No. 15-_____
<i>Petitioner/Licensee</i>	)	
	)	File No. ISP-PDR-2015-_____
AP TeleGuam Holdings, Inc.,	)	
<i>Petitioner/Transferor</i>	)	
	)	
<i>and</i>	)	
	)	
Telekomunikasi Indonesia International (USA)	)	
Inc.,	)	
<i>Petitioner/Transferee</i>	)	
	)	
Petition for Declaratory Ruling Under	)	
Section 310(b)(4) of the Communications	)	
Act of 1934, as Amended	)	
	)	

**PETITION FOR DECLARATORY RULING**

Pursuant to 47 U.S.C. § 310(b)(4) of the Communications Act of 1934, as amended (the “Communications Act”), and Section 1.990(a) of the Commission’s Rules, TeleGuam Holdings, LLC (“TeleGuam”), AP TeleGuam Holdings, Inc. (“AP TG”), Telekomunikasi Indonesia International (USA) Inc. (“Telkom USA”) and PT Telekomunikasi Indonesia Tbk (“PT Telkom Indonesia”) (collectively, the “Petitioners”), hereby petition the FCC for a declaratory ruling that it would not serve the public interest to prohibit PT Telkom Indonesia and its subsidiary, PT Telekomunikasi Indonesia International Inc. (“Telin”), from assuming, through Telkom USA, their indirect and direct subsidiary, respectively, indirect foreign ownership and voting rights in

TeleGuam in excess of the 25-percent foreign ownership benchmark identified in Section 310(b)(4) of the Communications Act.<sup>1</sup>

## II. INTRODUCTION AND SUMMARY

TeleGuam holds certain Commission-issued common carrier wireless radio station licenses as described in more detail below. As explained herein, AP TG and Telkom USA have entered into a merger agreement by which Telkom USA will acquire direct control of AP TG and, thus, indirect control of TeleGuam (the “Proposed Transaction”).<sup>2</sup> As an additional consequence of the Proposed Transaction, PT Telkom Indonesia and Telin, parent companies of Telkom USA and both organized under the laws of Indonesia, will indirectly own and vote all of the equity in TeleGuam.<sup>3</sup> In addition, PT Telkom Indonesia is a semi-privatized, majority state-owned telecommunications and network service provider in Indonesia; the Government of the Republic of Indonesia holds a 52.56 percent direct ownership interest in PT Telkom Indonesia, and thus would also hold a controlling indirect interest in TeleGuam.<sup>4</sup>

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<sup>1</sup> See 47 U.S.C. § 310(b)(4); 47 C.F.R. § 1.990(a).

<sup>2</sup> As detailed below in Section II.B, in addition to AP TG and Telkom USA, PacHub Acquisition Co., a direct wholly-owned subsidiary of Telkom USA, and Cayman Orchid Capital Management, Ltd., as the representative of the owners of AP TG are also parties to the merger agreement.

<sup>3</sup> Contemporaneously with the filing of this Petition, Petitioners have submitted applications pursuant to Section 310(d) (on FCC Form 603 and FCC Form 608) and Section 214 of the Communications Act, seeking the FCC’s approval for the transfer of control of TeleGuam to Telkom USA. (“214 Transfer Application”)

<sup>4</sup> See *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 05741, 05765 (2013) (“*Foreign Ownership Second Report and Order*”) (“we adopt a new framework that requires licensees seeking approval of aggregate foreign ownership in excess of the statutory limits to identify and seek further specific approval in their petitions only of those individual foreign interests that would exceed five percent of the controlling U.S. parent of a common carrier or aeronautical radio station licensee, under section 310(b)(4), and/or exceed five percent of a common carrier licensee, under our section 310(b)(3) forbearance approach, with an exception for certain interests in excess of five percent and up to ten percent.”)

Under the applicable standard of Section 310(b)(4), the Commission may only refuse or revoke a license, and by extension deny a transfer of control application involving *indirect* foreign ownership – whether by a foreign government, a foreign corporation, or a foreign citizen – in the licensee in excess of 25 percent where it affirmatively finds that the public interest would be served by doing so. The Commission has long recognized the benefits of indirect foreign investment in U.S. carriers and, indeed, in 1997, adopted a rebuttable presumption that the competitive concerns under Sections 214 and 310(b)(4) of the Act are not raised by applications that propose indirect ownership by citizens of, entities from, or governments of World Trade Organization (“WTO”) Members of common carrier (and aeronautical) radio licensees.<sup>5</sup> In 2013, the Commission went a step further and eliminated the distinction between ownership of common carrier (and aeronautical) radio licensees by sources from WTO Member and non-WTO Member countries, providing that the same “open entry” standard that had been adopted sixteen years earlier for WTO Members would apply to non-WTO Members.<sup>6</sup> On numerous occasions, the Commission has approved up to 100 percent indirect foreign investment in common carrier licensees under Section 310(b)(4).<sup>7</sup>

As explained in detail below, the proposed indirect foreign investment in TeleGuam by Telin, PT Telkom Indonesia, and the Republic of Indonesia (collectively, the proposed “Foreign Owners”) would not be contrary to the public interest. Of principal significance, under the Commission’s “open entry” policies, PT Telkom Indonesia is entitled to a presumption of a favorable Section 310(b)(4) ruling except in “exceptional” cases where the foreign investment is

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<sup>5</sup> See *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Recon., 12 FCC Rcd 23891, 23896, 23913, 23940 (1997) (“*Foreign Participation Order*”).

<sup>6</sup> See *Foreign Ownership Second Report and Order*, 28 FCC Rcd at 05755 (2013).

<sup>7</sup> See *Applications of Softbank Corp., Starburst II, Inc., Sprint Nextel Corporation, and Clearwire Corporation For Consent to Transfer Control of Licenses and Authorizations Petitions for Reconsideration of Applications of Clearwire Corporation for Pro Forma Transfer of Control*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd 9642, ¶ 124 (2013).

shown to pose a “very high risk” to competition.<sup>8</sup> No such risk can be shown in this case. Competition in the Guam wireless market would not be adversely affected by the proposed transaction. To the contrary, the Foreign Owners’ proposed indirect interest in TeleGuam would substantially benefit Guam and U.S. consumers and serve the public interest generally by providing beneficial financial resources and enhancing TeleGuam’s competitive capabilities. Additionally, although PT Telkom Indonesia is the largest provider within Indonesia,<sup>9</sup> there is no basis for believing it will favor TeleGuam on the U.S. / Indonesia route or that U.S. providers seeking access to the markets of Indonesia to complete U.S.-originated traffic would be disadvantaged.<sup>10</sup>

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<sup>8</sup> *Foreign Participation Order*, at 23913-914.

<sup>9</sup> Note that Petitioners accept that TeleGuam, through the proposed affiliation with PT Telkom Indonesia and Telkomsel, would become dominant on the U.S. Indonesia route in their 214 Transfer Application and that protections in place under the Commission’s Rules and policies to monitor and protect competition on that route would apply.

<sup>10</sup> PT Telkom Indonesia faces growing competition and operates in an increasingly rigorous regulatory environment at home. Reformation in Indonesian telecommunications regulation initiated by the Government over fifteen years ago have promoted liberalization in the Indonesian telecommunications industry, removing barriers to entry and supporting increased competition. Specifically, Law No. 36/1999 on the Elimination of Telecommunications Monopoly (“Telecommunications Law”), which became effective in September 2000, set guidelines for reforms in the Indonesian telecommunications industry, the facilitation of new entrants, and enhanced transparency and competition. Under the Telecommunications Law, network providers must allow users to access other providers or obtain services from other networks by paying interconnection fees agreed upon by each network operator. Government Regulation No. 52/2000 dated July 11, 2000 regarding Telecommunications Operations provides that interconnection charges between two or more network operators must be transparent, mutually agreed upon and fair. The Telecommunications Law prohibits monopolistic practices and unfair competition among telecommunications operators and has been implemented through numerous government regulations, ministerial regulations and ministerial decrees. In March 2004, for example, the Ministry of Communications (“MoC”) issued Decree No.33/2004, which prescribes measures to prohibit abuse by dominant network and service providers through, to name just several examples, predatory pricing, cross subsidies, mandatory use of a provider’s services (to the exclusion of competitors) and hampering mandatory interconnection (including discrimination against specific providers). Further, on February 8, 2006, the Ministry of Communication and Information (which replaced the MoC) issued Regulation No.8/PER/M.KOMINFO/02/2006 on Interconnection (“Regulation No.8/2006”) which mandated an interconnection tariff scheme based on a long-run incremental cost formula for all network and services operators determined by the network on which a call terminates and which requires that network interconnection be implemented transparently and without discrimination. Competition in the Indonesian telecommunications sector is

Further, this transaction will undergo a national security and law enforcement review by Federal Executive Branch agencies – the Departments of Justice, Homeland Security, and Defense – who will determine whether TeleGuam’s existing National Security Agreement will address their concerns, if any, raised by the Proposed Transaction, or whether certain modifications to the agreement will be required.

For these reasons, the Commission should promptly grant the Petitioners’ request and issue a declaratory ruling that it would not serve the public interest to deny consent to the Foreign Owners from holding indirect foreign ownership and voting rights in TeleGuam in excess of the Section 310(b)(4) benchmark up to 100 percent in the case of PT Telkom Indonesia and Telin and 52.56 percent in the case of the Republic of Indonesia.<sup>11</sup>

The information requested under Section 1.991 of the Commission’s Rules in connection with this Petition filed under Section 310(b)(4) of the Act is supplied in **Exhibit A** hereto.<sup>12</sup>

## **II. THE PROPOSED TRANSACTION AND FOREIGN OWNERSHIP**

### **A. DESCRIPTION OF THE PETITIONERS**

#### **1. TeleGuam Holdings, LLC (“TeleGuam”) & AP TeleGuam Holdings, Inc. (“AP TG”)**

TeleGuam is a limited liability company formed under the laws of Delaware. Its principal place of business is 624 North Marine Corps Dr., Tamuning, GU 96913.

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also governed more generally by Law No. 5/1999 dated March 5, 1999 regarding Prohibition of Monopolistic Practice and Unfair Business which bans agreements and activities tending toward unfair business competition, as well as the abuse of a dominant market position. In combination, the regulations summarized herein preclude PT Telkom Indonesia from affording an affiliate a favored position regarding access to its network facilities in Indonesia to the detriment of competitors.

<sup>11</sup> PT Telkom Indonesia does not anticipate an increase in the Government’s ownership of PT Telkom Indonesia.

<sup>12</sup> See 47 C.F.R. § 1.991.

TeleGuam operates as the incumbent local exchange carrier in Guam, following its winning bid in the privatization of Guam's state-owned network.<sup>13</sup> TeleGuam provides local wireline, long distance (both international and domestic) and wireless services in Guam. TeleGuam also provides video services and Internet access services within Guam.

Currently, TeleGuam is a wholly-owned subsidiary of AP TG, a Delaware holding company. Approximately 92 percent of AP TG is held by three private investment funds: AP Cayman Partners II, L.P., Advantage Partners IV, ILP, and Japan Ireland Investment Partners (the "AP Entities").<sup>14</sup> A diagram of the pre-transaction corporate structure of TeleGuam and AP TG is provided hereto as **Exhibit B**.

**2. Telekomunikasi Indonesia International (USA) Inc. ("Telkom USA") & PT Telekomunikasi Indonesia Tbk ("PT Telkom Indonesia")**

Telkom USA is a corporation organized under the laws of Delaware. Its principal place of business is The Bloc Executive Suites, 700 S Flower Street, 11th Floor, Office No. 36, 37A-B, Los Angeles, CA 90017.

Telkom USA's ultimate parent, PT Telkom Indonesia,<sup>15</sup> is Indonesia's largest provider of telecommunications and network services, delivering a full range of communications services, including wireline, wireless, interconnection, Internet and data services. The Government of the Republic of Indonesia owns 52.56 percent of PT Telkom Indonesia. In support of enhanced global connectivity, PT Telkom Indonesia, beyond the businesses engaged in by Telin and its

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<sup>13</sup> In 2012, GTA Telecom, LLC, GTA Services, LLC and Pulse Mobile, LLC merged into TeleGuam, with TeleGuam surviving and holding all FCC telecommunications authorizations and wireless licenses.

<sup>14</sup> See Notification Regarding Pro Forma Change in Indirect Ownership of TeleGuam Holdings, LLC, ITC-T/C-20150427-00100 (filed April 27, 2015).

<sup>15</sup> PT Telkom Indonesia is a licensee on the Asia America Gateway Consortium ("AAG") submarine cable system. See FCC File No. SCL-LIC-20070824-00015 (July 3, 2008).

subsidiaries, is collaborating to develop an inter-regional and intercontinental gateway via submarine cable communications systems.<sup>16</sup> Collectively, the PT Telkom Indonesia companies' undertakings have met with measurable success. Illustrative of this, PT Telekom Indonesia's 2014 annual report listed double-digit growth in revenues, EBITDA and net income for its core mobile business operations.<sup>17</sup> Of all the Telkom Indonesia companies, only PT Telkom Indonesia and, its mobile telephone subsidiary, PT Telekomunikasi Selular ("Telkomsel"), Telkomsel, both operating in Indonesia, have market share above 50 percent in their respective product markets.<sup>18</sup> Both companies are subject to Indonesian regulation designed to promote competition and curb potential abuses. Telkom USA accepts dominant status and the related regulatory obligations, under FCC regulation, on the Indonesian route.<sup>19</sup> For this reason, the transaction poses no adverse competitive effect.

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<sup>16</sup> Telin and Telkom USA are members of a consortium that announced in August 2014 plans to build a new submarine cable system (SEA-US) linking areas and territories of Manado (Indonesia), Davao (Philippines), Piti (Guam), Oahu (Hawaii), and Los Angeles. The system will be approximately 9000 miles in length and will avoid earthquake-prone areas in East Asia, thereby helping to ensure stable connectivity. Globe Telecom, RAM Telecom International (RTI), Hawaiian Telecom, GTI Corp. (a member of the Globe Telecom group of companies), and TeleGuam Holdings (GTA) are also members of the consortium. See <http://www.lightwaveonline.com/articles/2014/09/global-consortium-to-build-sea-us-undersea-cable-system.html>. Last visited on June 6, 2015.

<sup>17</sup> Telkom Indonesia 2014 Annual Report: *Sustainable Competitive Growth Through Digital Business* P. 2-3 (Mar. 26, 2015).

<sup>18</sup> In the past fifteen years, after implementation of the Telecommunications Law beginning in 2000, PT Telkom Indonesia and its affiliates have experienced the effects of increased competition. Revenues derived from PT Telkom Indonesia's wireline voice services have declined, especially during the past several years, mainly due to new entrants and the increasing popularity of mobile voice services and other alternative means of communication. Similarly, its data and internet services are facing increased competition from other data and internet operators as well as mobile operators which adversely affects its market share and revenues from our fixed line data and internet services. The Indonesian commercial mobile business is highly competitive based on various factors, including pricing, network quality and coverage, the range of services, features offered and customer service. PT Telkom Indonesia's majority-owned subsidiary, Telkomsel, competes primarily against Indosat and XL, and several smaller GSM and CDMA operators.

<sup>19</sup> *IB File No. ITC-214-20140918-00265 (currently under review by Team Telecom).*

Telkom USA was formed in 2013 to provide communications services in the U.S. The company has a pending application for international Section 214 authority to provide facilities-based and resold services to all international points.<sup>20</sup> A diagram of the pre-transaction corporate structure of Telkom USA is provided hereto as **Exhibit C**.

## **B. DESCRIPTION OF THE PROPOSED TRANSACTION**

As described in the *214 Transfer Application*, pursuant to the terms of an Agreement and Plan of Merger (“Agreement”) dated May 29, 2015, by and among AP TG; Telkom USA; PacHub Acquisition Co. (“Merger Sub”), a direct wholly-owned subsidiary of Telkom USA; and Cayman Orchid Capital Management, Ltd., solely as the representative of entities currently holding ownership interests in AP TG; Telkom USA will acquire all of the ownership interests in AP TG, including indirect ownership of TeleGuam. Specifically, Merger Sub will merge with and into AP TG and AP TG will be the surviving entity. As a result of this merger, AP TG will become a wholly-owned direct subsidiary of Telkom USA, and TeleGuam (the licensee for Section 310(b)(4) purposes) will become a wholly-owned indirect subsidiary of Telkom USA. The Proposed Transaction would result in 100 percent indirect foreign ownership of TeleGuam by PT Telkom Indonesia and Telin, and an indirect controlling interest held by the Republic of Indonesia government. A diagram of the corporate structure of Telkom USA, AP TG and TeleGuam post-closing is provided in **Exhibit D**.

The Proposed Transaction will be transparent to TeleGuam’s customers. All existing customers of TeleGuam will continue to be served by TeleGuam pursuant to its existing wireless telecommunications services authorizations as well as domestic and international Section 214 authorizations. The transaction does not involve any assignment of TeleGuam’s licenses, spec-

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<sup>20</sup> IB File No. ITC-214-20140918-00265 (currently under review by Team Telecom).

trum leases, or authorizations, or any change in the licensee that holds such licenses and authorizations. TeleGuam will continue to provide service to the customers served by the radio station licenses in question and will maintain its quality of service under current managerial, technical, and operational standards. The Petitioners intend that TeleGuam will continue to operate under its existing management team and personnel pursuant to existing service arrangements and authority. As a result, consummation of the Proposed Transaction will be seamless and not affect customers.

Concurrent with this Petition, the Petitioners are filing an FCC Form 603 application to transfer control of TeleGuam to Telkom USA as well as a FCC Form 608 application in connection with TeleGuam's wireless spectrum leases. The Petitioners intend to consummate the transaction as promptly as possible, but only after receiving the necessary FCC consent and other federal and Guam territorial regulatory approvals. Additional information related to the parties and the underlying transaction as required under section 1.991 of the Commission's Rules has been provided in Exhibit A.

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

In its implementation of Section 310(b)(4) of the Communications Act, the Commission has determined that allowing indirect foreign investment in common carrier radio licensees beyond the 25 percent threshold established in that Section, regardless of whether the entity or entities holding that interest are from WTO Member countries, could promote competition in the U.S. market, thereby advancing the public interest.<sup>21</sup> The Commission has declared that "foreign investment has been and will continue to be an important source of financing for U.S. telecom-

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<sup>21</sup> *Foreign Participation Order*, ¶111.

munications companies, fostering technical innovation, economic growth, and job creation.”<sup>22</sup> In other words, foreign investment benefits U.S. consumers by encouraging additional competition in the U.S. markets, allowing the Commission to better prevent anticompetitive conduct in the provision of international services and facilities more effectively and promote further opening to U.S. carriers in foreign markets.<sup>23</sup>

Consistent with its Rules and precedents, the Commission should grant this petition and issue a declaratory ruling that the Proposed Transaction is not contrary to the public interest. The Commission has, on numerous occasions, approved indirect foreign ownership beyond the 25 percent benchmark prescribed in Section 310(b)(4) up to 100 percent.<sup>24</sup> Notably, the Commission has previously approved indirect foreign control for the licensee in the instant Petition, TeleGuam.<sup>25</sup>

Of particular relevance to the instant Petition, in its Section 310(b)(4) precedent, the Commission has made clear that foreign investment by a foreign government is subject to the

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<sup>22</sup> *Foreign Ownership Second Report and Order*, ¶3. *See also Foreign Participation Order*, ¶11 (“[R]emoving barriers to [foreign investment and] entry and focusing on competitive safeguards will promote effective competition in the U.S. telecommunications services market by removing unnecessary regulation and barriers to entry that can stifle competition and deprive U.S. consumers of the benefits of lower prices, improved service quality, and service innovations.”).

<sup>23</sup> *Id.*, ¶¶10-11.

<sup>24</sup> *See e.g., VoiceStream Wireless Corp., Powertel, Inc., Transferors, and Deutsche Telekom AG, Transferee*, 16 FCC Rcd 9779 (2001) (“VoiceStream”) (approved 100% indirect ownership by the German carrier Deutsche Telekom in cellular licensees and a 43% indirect ownership in the licensees by the German government.); *See also Foreign Ownership Second Report and Order*, ¶8; note 7, *supra*.

<sup>25</sup> *See Applications Granted for the Transfer of Control of the Licensees of TeleGuam Holdings LLC to AP TeleGuam Holdings, Inc.*, WC Docket No. 10-260, Public Notice, DA 11-1005 (2011). *See also, TeleGuam Holdings, LLC Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act, as Amended, to Permit Indirect Foreign Investment Above 25 Percent*, File No. ISP-PDR-20131218-00013, Public Notice, DA 14-657 (2013).

same statutory provisions and standards as is investment by a foreign corporation or citizen.<sup>26</sup> In *VoiceStream*, the Commission explained that the Act “does not expressly prohibit indirect foreign government control of licensees,” noting that “[Section] 310(b)(4) allows indirect ownership of a licensee corporation in excess of 25 percent by foreign governments and their representatives—as well as aliens, aliens’ representatives, and foreign corporations— as long as the Commission does not find it would serve the public interest to deny such ownership. Nothing in the language of section 310(b)(4) limits its application to holdings [by foreign governments or their representatives or by foreign persons or corporations] that amount to less than control.”<sup>27</sup> Commenting on the presumption adopted in 1997 in favor of foreign ownership in excess of the Section 310(b)(4) limits up to 100 percent, the Commission explained that “[i]n adopting this presumption as a factor in its public interest analysis, the Commission made no distinction between government and private foreign ownership.”<sup>28</sup>

In its Section 310(b)(4) analysis of a proposed indirect foreign investment, the Commission examines whether the proposed foreign ownership interests, either by foreign entities or foreign governments, would “pose a high risk of harm to competition in the U.S. market.”<sup>29</sup> In doing so, the Commission has been mindful that “the Commission’s regulatory safeguards, and

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<sup>26</sup> See *VoiceStream*, ¶¶ 33-48. The Commission made clear that indirect foreign government ownership is reviewed solely under Section 310(b)(4) of the Act and not Section 310(a): “we conclude that, pursuant to the terms of the statute, indirect ownership of the licensee by a foreign government, foreign corporation, and aliens resulting from the proposed transaction should be addressed only under section 310(b)(4).” *Id.* ¶ 33. As the Commission summed up, “section 310(b)(4) gives no indication that foreign governments are to be treated any differently than aliens or foreign corporations,” *Id.* ¶ 42.

<sup>27</sup> *Id.* ¶ 39. See also *id.* ¶ 48 (“we confirm that the language in section 310(b)(4) permits the Commission, without implied limitation, to find that the public interest would not be served by denying indirect foreign government ownership that amounts to control of a licensee.”)

<sup>28</sup> *Id.*, ¶ 51.

<sup>29</sup> *Id.* at 9845.

antitrust laws should, collectively, address competitive concerns resulting from foreign participation by carriers from WTO Members in U.S. telecommunications markets.”<sup>30</sup> In particular, Commission has inquired whether the proposed foreign investment would “be so detrimental that the standard competitive safeguards would be ineffective”<sup>31</sup>

This public interest standard, as applied to the Proposed Transaction, favors a ruling under Section 310(b)(4) that the contemplated transfer of control should be permitted. As a threshold matter, Telkom USA is well qualified to become the new owner of TeleGuam. Telkom USA currently benefits from the considerable financial, managerial, operational, and technical resources both of its ultimate parent, PT Telkom Indonesia, and its immediate parent, Telin. As a result of the Proposed Transaction, TeleGuam will enjoy access to these resources as well. TeleGuam, which provides both wireless services using the radio station licenses and leases it holds and a plethora of non-wireless services as well, will enjoy access to the financial and technical resources of PT Telkom Indonesia and its subsidiaries as well to introduced expanded and innovative services as greater opportunities to collaborate on international communications ventures. At the same time, as detailed in Section II.B above, TeleGuam will maintain its quality of service, continuing to operate pursuant to existing service arrangements and authority. The transaction will be effectively transparent to TeleGuam’s customers and those customers will incur no loss or diminishment of service whatsoever as a result of the transfer of control.

The transaction will not result in any loss or impairment of service for any TeleGuam customers and will have no adverse effects upon competition in Guam, the rest of the United States, or abroad. The PT Telkom Indonesia companies do not operate in Guam and thus there

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<sup>30</sup> *VoiceStream, supra*, ¶53.

<sup>31</sup> *Id.*

will be no adverse concentration of resources or elimination of competitors in that market. Indeed, Telkom USA does not as yet operate in the United States in any capacity and Telin holds only a 7.08 percent interest on the AAG system with landing points in Los Angeles, Hawaii, Guam, Philippines, Hong Kong, Malaysia, Singapore, Thailand, Brunei and Vietnam. TeleGuam thus will not gain any operational or network advantage in Guam as a result of the contemplated merger. PT Telkom Indonesia also holds just under 20 Gbps on both the Unity (4800 Gbps lit capacity) and the Japan-U.S. (1280 Gbps lit capacity) systems. TeleGuam currently does not own any submarine cable capacity, and it holds merely 20 Gbps combined in IRU interests on the AAG System (700 Gbps lit capacity), AJC System (320 Gbps lit capacity), China-UCN System (80 Gbps lit capacity), and TGN System (1600 Gbps lit capacity).<sup>32</sup> Consequently, as a result of the small shares held by TeleGuam on these systems, by any measure there will be no substantial concentration of submarine cable capacity on any international route as a result of the Proposed Transaction. The proposed transaction will have no adverse competitive effects.

More importantly, the licenses at issue in this Petition are common carrier mobile radio stations. The Commission has previously recognized that “because common carrier wireless markets are, ‘for the most part, wholly domestic, there is no possibility of leveraging foreign bottlenecks in order to create advantages for some competitors in U.S. markets.’”<sup>33</sup> That is certainly the case in the instant circumstances. Instead, the communications market sectors in Guam, and the commercial mobile wireless sector in particular, will remain highly competitive and TeleGuam will be able to avail itself of its new financial resources to bring enhanced service to the market.

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<sup>32</sup> All lit capacities as reported at [www.submarinenetworks.com](http://www.submarinenetworks.com)

<sup>33</sup> See *Foreign Ownership Second Report and Order*, at 5756.

Telkom USA and its parent companies currently provide no interstate telecommunications services in the United States. TeleGuam holds well below ten (10) percent of the interstate interexchange market in the U.S. Therefore, there will be no competitive concern in the interstate market as a result of the contemplated merger.

Further, the Proposed Transaction will not result in a foreign carrier's ability to exercise market power to favor a new U.S. affiliate. Currently, TeleGuam does not operate in any foreign markets. Post-close, TeleGuam will become affiliated with a number of foreign carriers; however, as discussed above, none of these hold market power, with the exception of PT Telkom, and its mobile telephone subsidiary, Telkomsel, in Indonesia, and TeleGuam will accept dominant carrier status and the attendant regulatory responsibilities on the U.S. / Indonesia route as noted in the contemporaneously filed *214 Transfer Application*.

Transactions resulting in material indirect foreign ownership of a U.S. carrier can theoretically raise concerns triggering increased scrutiny to ensure they do not present a threat to national security, raise law enforcement concerns, foreign policy, or trade policy. The Commission accords deference to the expertise of executive branch agencies in identifying and interpreting issues of concern in the context of such foreign investment. Nonetheless, the Proposed Transaction raises no such concerns. AP TG and TeleGuam are currently parties to a 2011 Security Agreement ("Security Agreement") with the U.S. Department of Justice, U.S. Department of Defense and U.S. Department of Homeland Security (collectively, "Team Telecom"). The Petitioners anticipate AP TG and TeleGuam will continue to be subject to that existing Security Agreement, or a modified Security Agreement, post transfer of control. The transfer of control to Telkom USA would not alter the security protections in that Security Agreement. Accordingly, any national security concerns pertaining to TeleGuam's operations will remain

safeguarded post transfer of control, just as they are at present. AP TG and TeleGuam have complied with the Security Agreement since its inception, and Telkom USA understands the importance of ensuring TeleGuam continues to operate in a manner that protects national security and supports law enforcement.

In the event that Team Telecom should intervene in the Commission review of this Petition, the Petitioners will cooperate fully to resolve the agencies' concerns and to negotiate amendments to the Security Agreement that may be deemed necessary. Simultaneously with this Petition, the Petitioners intend to initiate discussions with the Executive Branch Agencies to address any concerns about national security, foreign policy, or related issues. For this reason, Petitioners would not object to the Commission's making approval of the transaction contingent upon Petitioners' compliance with any agreement reached with Team Telecom.

For all of the foregoing reasons, although the Proposed Transaction will result in a change in indirect foreign corporation and foreign government ownership and control of TeleGuam, the Commission should find that the Proposed Transaction will serve the public interest and not be contrary to it.

**VI. CONCLUSION**

Based on the foregoing, the Petitioners respectfully submit that the public interest, convenience, and necessity would be furthered by the Commission granting the instant petition and issuing a declaratory ruling that the Proposed Transaction is in the public interest.

Respectfully submitted,

**TELEKOMUNIKASI INDONESIA  
INTERNATIONAL (USA) INC.**



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**TELEGUAM HOLDINGS, LLC AND AP  
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## **LIST OF EXHIBITS**

EXHIBIT A – Information requested under Section 1.991 of the Commission’s Rules
EXHIBIT B – Diagram of the pre-transaction corporate structure of TeleGuam and AP TG
EXHIBIT C – Diagram of the pre-transaction corporate structure of Telkom USA
EXHIBIT D – Diagram of the corporate structure of Telkom USA, AP TG and TeleGuam post-closing
VERIFICATIONS

## **EXHIBIT A**

Information requested under Section 1.991 of the Commission's Rules

**EXHIBIT A**

**§1.991 Contents of Petitions For Declaratory Ruling Under The Communications Act Of 1934.**

The petition for declaratory ruling required by §1.990(a)(1) and/or §1.990(a)(2) shall contain the following information:

**(a) Contact Information, FRN, Place of Organization, and Type of Business of each Applicant.**

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PT Telekomunikasi Indonesia, Tbk  
Grha Citra Caraka Building 10th Floor  
Jalan Jend. Gatot Subroto 52  
Jakarta selatan  
Jakarta, 12710, Indonesia

FRN: 0017103565  
Incorporated under the Laws of Indonesia  
Name and Title of Officer Certifying Information: Indra Utoyo, Director of Innovation & Strategic Portfolio

TeleGuam Holdings, LLC  
624 North Marine Corps. Dr.  
Tamuning, GU 96913  
Tel: 671-687-9363

FRN: 0011458999  
Formed in Delaware  
Name and Title of Officer Certifying Information: Robert Haulbrook, President and CEO

AP TeleGuam Holdings, Inc.  
c/o 160 Greentree Drive, Suite 101  
Dover, DE 19904  
Tel: 302-674-4089

FRN: 0020386967  
Incorporated in Delaware  
Name and Title of Officer Certifying Information: Stanley Emmett Thomas, III, Sole Director

**(b) Legal Counsel Contact**

For TeleGuam Holdings, LLC  
Russell Blau  
Danielle Burt  
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2020 K Street NW  
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With a Copy to:  
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Tel: 202-342-8400  
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[cyorkgitis@kelleydrye.com](mailto:cyorkgitis@kelleydrye.com)  
[dsmith@kelleydrye.com](mailto:dsmith@kelleydrye.com)

**(c)(1) Information about Types of Radio Service Authorizations**

<b>Station Call Sign</b>	<b>Radio Service</b>
KNKQ317	CL - Cellular
KNLF917	CW - PCS Broadband
WQGV789	AW – AWS
WQLD398	AW – AWS
L000013674 (Lease)	AW – AWS
L000013675 (Lease)	AW – AWS

Additionally, TeleGuam currently has a pending assignment application, FCC File Number 0006489830, seeking to acquire stations WQOU676, WQRL253 and WQRL254.

**(2) Type of Declaratory Ruling Request**

Telkom USA requests a declaratory ruling pursuant to Section 310(b)(4) and Section 1.990(a)(1) of the Communications Rules.

**(e)/(g) Direct Equity/Voting Interests of 10 percent or More in the U.S. Parent of Petitioning Common Carrier**

The following entities directly hold 10 percent or more of the interest in Telkom USA:

PT Telekomunikasi Indonesia International (“Telin”)  
Menara Jamsostek, North Tower 24<sup>th</sup> Floor  
Jl. Jend. Gatot Subroto Kav. 38  
Jakarta 12710 - Indonesia  
Citizenship – Indonesia

Principal Business – Telecommunications  
Resulting interest in TeleGuam: 100% (indirect, voting)

**(f)/(g) Indirect Equity / Voting Interests of 10 percent or More in the U.S. Parent of Petitioning Common Carrier**

The following entities indirectly hold 10 percent or more of the interest in Telkom USA:

PT Telekomunikasi Indonesia Tbk (“PT Telkom Indonesia”)  
Jl. Japati No. 1  
Bandung 40133 – Indonesia  
Citizenship - Indonesia  
Principal Business - Telecommunications  
Resulting interest in TeleGuam: 100% (indirect)

The Government of the Republic of Indonesia holds a 52.56% direct interest in PT Telkom Indonesia. The remaining 47.44% ownership of PT Telkom Indonesia is widely held and no other entity or individual or entity holds more than 5% of PT Telkom Indonesia.

**(h) (1) Estimate of aggregate foreign ownership**

Exhibit D and the Telkom USA FCC Form 602 Ownership Disclosure Report provide the percentages of Telkom USA and TeleGuam’s aggregate foreign equity interests and foreign voting interests post closing, which totals 100 percent.

**(h)(2) Ownership and control structure**

Exhibit D depicts the ownership and control structure of Telkom USA and TeleGuam and identifies the controlling interests.

**(i) Request for Specific Approval of 5 percent or more in the Controlling U.S. Parent of Petitioning Common Carrier**

Telkom USA requests specific approval for the following foreign entities to directly or indirectly hold equity and/or voting interests of 5 percent or more in Telkom USA and ultimately in TeleGuam.

PT Telekomunikasi Indonesia International	direct 100 percent equity/voting
PT Telekomunikasi Indonesia Tbk	indirect 100 percent equity
Republic of Indonesia	indirect 52.56 percent equity

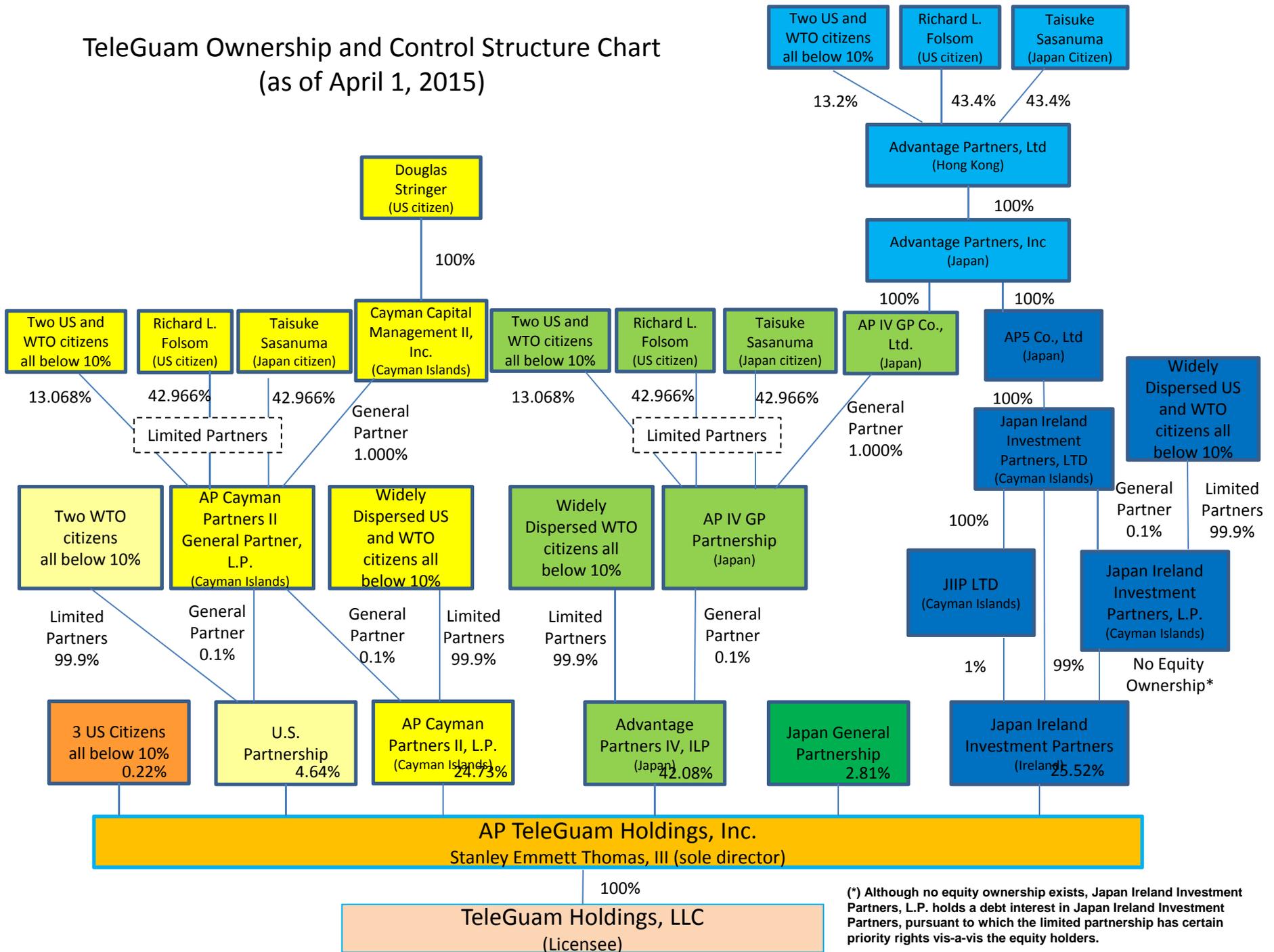
**(j) Citizenship or Place of Organization/Type of Business & Principal Business Foreign Investors Named in (i)**

PT Telekomunikasi Indonesia International	Indonesia, Telecommunications
PT Telekomunikasi Indonesia Tbk	Indonesia, Telecommunications
Republic of Indonesia	Indonesia, Investment

## **EXHIBIT B**

Diagram of the pre-transaction corporate structure of TeleGuam and AP TG

# TeleGuam Ownership and Control Structure Chart (as of April 1, 2015)

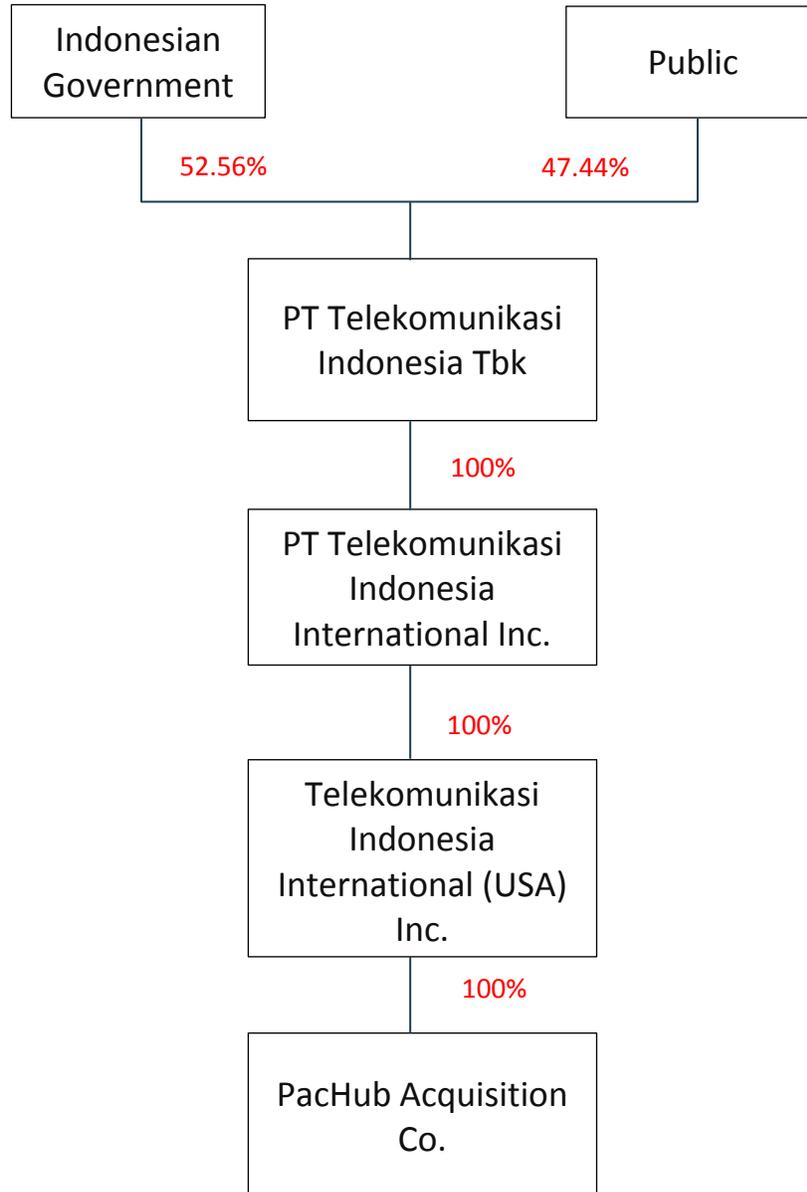


(\* Although no equity ownership exists, Japan Ireland Investment Partners, L.P. holds a debt interest in Japan Ireland Investment Partners, pursuant to which the limited partnership has certain priority rights vis-a-vis the equity holders.

## **EXHIBIT C**

Diagram of the pre-transaction corporate structure of Telkom USA

Telkom Indonesia International (USA) Inc.  
Pre-Merger Ownership and Structure Chart\*



\* Note that these diagrams highlight the ownership chain of the entities impacted by the transaction; unaffected affiliate entities have been omitted to provide greater clarity of the transaction.

## **EXHIBIT D**

Diagram of the corporate structure of Telkom USA, AP TG and TeleGuam post-closing

Telkom Indonesia International (USA) Inc.  
Post-Merger Ownership and Structure Chart\*



\* Note that these diagrams highlight the ownership chain of the entities impacted by the transaction; unaffected affiliate entities have been omitted to provide greater clarity of the transaction.

\*\* AP TeleGuam Holdings will have merged with PacHub Acquisition with AP TeleGuam surviving the merger.

## VERIFICATION

I, Robert Haulbrook, state that I am the President and Chief Executive Officer of Teleguam Holdings, LLC; that I am authorized to make this Verification on behalf of Teleguam Holdings, LLC; that the foregoing filing was prepared under my direction and supervision; and that the contents thereof and the certifications contained therein, regarding TeleGuam Holdings, LLC, are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 12 day of June, 2015.

  
\_\_\_\_\_  
Robert Haulbrook  
President and Chief Executive Officer  
Teleguam Holdings, LLC

## VERIFICATION

I, Joseph Sahat Raja, Panggabean, state that I am the Chief Executive Officer; that I am authorized to make this Verification on behalf of Telekomunikasi Indonesia International (USA), Inc. and its affiliates; that the foregoing Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended, was prepared under my direction and supervision; and that the contents thereof and the certifications contained therein, regarding Telekomunikasi Indonesia International (USA), Inc., its subsidiaries, and its affiliates, are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 12<sup>th</sup> day of June, 2015.



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Joseph Sahat Raja, Panggabean  
Chief Executive Officer  
Telekomunikasi Indonesia International (USA), Inc.