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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

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Policy Division
International Bureau

In the Matter of)	
)	
)	File No.
)	
Telecomunicaciones Ultramarinas de)	
Puerto Rico, Inc)	Application for Authority to Modify a
)	Cable Landing License and Transfer
ARCOS-1 Cable Landing License)	Control of Ownership
)	
)	

**APPLICATION FOR TRANSFER OF CONTROL AND OWNERSHIP OF
TELECOMUNICACIONES ULTRAMARINAS DE PUERTO RICO, INC., AND
AUTHORITY TO MODIFY THE ARCOS-1 CABLE LANDING LICENSE**

Telecomunicaciones Ultramarinas de Puerto Rico, Inc. (“Ultracom”), FCC Registration Number (“FRN”) 0001727304, by its undersigned attorney and pursuant to the Cable Landing License Act,¹ Executive Order No. 10530,² and Section 14(10) of the cable landing license for the Americas Region Caribbean Ring (“ARCOS-1”),³ hereby notifies and requests of the Federal Communications Commission (“Commission”) consent to transfer control and ownership of Ultracom from the Puerto Rico Telephone Authority (“PRTA”), as transferor, to PREPA Networks Corp. (“PREPA.Net”), FRN 0016946634, as transferee. Both transferor and transferee are government entities of the Commonwealth of Puerto Rico, and are in no way affiliated to, or controlled by, a foreign carrier, and thereby Ultracom requests a streamlined process to modify the ARCOS-1 Cable Landing License to reflect such change in ownership interest.

¹ 47 U.S.C. §§ 34-39 (“Cable Landing License Act”).

² Exec. Ord. No. 10530 *reprinted as amended* in 3 U.S.C. § 301.

³ *ARCOS-1 USA, Inc., Application for a License to Land and Operate in the United States a Private Fiber Optic Submarine Cable System Extending Between the United States Mainland, the Bahamas, the Turks and Caicos Islands, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize, and Mexico*, Cable Landing License, File No. SCL-LIC-19981222-00032, 14 FCC Rcd 10597 (TD/IB 1999) (“ARCOS-1 Cable Landing License Order”).

I. INTRODUCTION

Through the ARCOS-1 Cable Landing License Order, the Commission granted and issued ARCOS-1 USA, INC., a license to land and operate a non-common carrier fiber optic cable system extending between the United States, Bahamas, Turks and Caicos, Dominican Republic, Puerto Rico, Curaçao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize and Mexico. See **Exhibit 1**. Aside from being subject to all rules and regulations of the Commission, to any treaties or conventions relating to communications to which the United States is or may become a party, and to any action by the Commission or the Congress of the United States rescinding, changing, modifying, or amending it, said cable landing license is also subject to the conditions set forth in paragraph 14 of the ARCOS-1 Cable Landing License Order. Specifically, Section 14(10) of the ARCOS-1 Cable Landing License Order requires licensees to file an amendment to the cable landing license to update any changes in original ownership interests in the United States segment, prior to consummation of the sale of any original ownership interest in the United States segment.⁴

On August 23, 2001, the Commission issued an Order which modified the ARCOS-1 Cable Landing License by adding Ultracom as a licensee to the cable landing license as owner of the cable landing station and beachhead facilities located in San Juan, Puerto Rico and as owner of a 0.35 percent (0.35%) capacity interest in the cable system.⁵ See **Exhibit 2**.

PRTA, the sole owner and shareholder of Ultracom, has entered into a stock purchase agreement with PREPA.Net, by which PREPA.Net will acquire all the outstanding shares of

⁴ To the extent that the Commonwealth of Puerto Rico is an insular territory subject to the jurisdiction of the United States of America, it is included in the definition of "United States" as set forth in the Cable Landing License Act, 47 U.S.C. §38.

⁵ *ARCOS-1 USA, Inc., Application for Authority to Modify a Cable Landing License*, Cable Landing License, File No. SCL-MOD-20010302-00007, 16 FCC Rcd 15781 ("Ultracom Landing License").

common stock of Ultracom. After the consummation of the transaction, Ultracom will become a wholly-owned subsidiary of PREPA.Net, and Ultracom will continue performing the day-to-day operations of the cable landing station in San Juan and the day-to-day maintenance of the equipment and cables as set forth in the Ultracom Landing License. This transaction will not affect the control or ownership of any other cable segments, landing stations or beachhead facilities, other than those located in Puerto Rico which are owned and managed by Ultracom.

Ultracom hereby requests a streamlined procedure for the consent and approval of transfer of control and ownership, and the modification of the ARCOS-1 Cable Landing License to reflect such change of control and ownership as required by Section 14(10) of the ARCOS-1 Cable Landing License Order.

II. THE TRANSACTION

On February 28, 2008, PRTA and PREPA.Net entered into a stock purchase agreement pursuant to which PREPA.Net will acquire all the outstanding shares of common stock of Ultracom owned by PRTA. The transaction will be consummated upon the receipt of the Commission's consent and approval for the transfer of control and ownership of Ultracom to PREPA.Net, the modification thereof of the ARCOS-1 Cable Landing License, the Commission's consent and approval of the transfer to PREPA.Net of all other licenses granted to Ultracom as listed on **Exhibit 11**, and following all required consents and approvals from all other governmental or regulatory agencies.

Immediately following the consummation of the transaction, and upon the Commission's consent, Ultracom will become a wholly-owned subsidiary of PREPA.Net, will continue offering service to its customers without interruption, and will continue performing the daily operations and maintenance of the Puerto Rico cable landing station and its ancillary equipment as set forth

in the Ultracom Landing License. Ultracom will notify the Commission of the consummation of the transaction within thirty (30) days of such date, as set forth in Section 1.767(a)(11)(iii) of the Commission's cable landing licenses regulations.⁶

III. THE PARTIES TO THE TRANSACTION

The transferor, PRTA, is a government entity of the Commonwealth of Puerto Rico, created by Puerto Rico Law No. 25 of May 6, 1974, as amended ("Law 25"). The Government Development Bank for Puerto Rico ("GDBPR") is a government entity of the Commonwealth of Puerto Rico, created by Puerto Rico Law No. 17 of September 23, 1948, as amended ("Law 17"). The PRTA was entrusted to the GDBPR pursuant to Puerto Rico Law No. 94 of June 24, 1998 ("Law 94"), which amended Law 25. Pursuant to Law 94, the PRTA maintains a separate existence and independent legal personality of that of the GBDPR.

Ultracom is a corporation, created and existing under the Puerto Rico General Corporations Act, Puerto Rico Law No. 144 of August 10, 1995, as amended ("Law 144"), created by virtue of PRTA's resolution No. 92-8 of February 26, 1992. At its inception, the PRTA owned 100 percent (100%) of the common voting stock and 85.1 percent (85.1%) of Ultracom's issued stock, and Telefónica International Holding, B.V. ("TISA") owned the remaining 14.9 percent (14.9%) of the issued stock. On December 23, 2003, PRTA and TISA entered into a Settlement Agreement, pursuant to which PRTA acquired all of Ultracom's issued stock. See **Exhibit 4**. Thus, PRTA is the sole owner and shareholder of Ultracom, and by virtue of Law 94, the GBDPR, through the PRTA, is the indirect sole owner and shareholder of Ultracom.

⁶ 47CFR 1.767(a)(11)(iii).

The Puerto Rico Electric Power Authority (“PREPA”) is a public corporation of the Commonwealth of Puerto Rico, created by Puerto Rico Law No. 83 of May 2, 1941, as amended (“Law 83”). PREPA is the sole owner and shareholder of PREPA.Net, a corporation created and existing under Law 144, created by virtue of PREPA’s resolution No. 3175 of March 2, 2004. Essentially, PREPA.Net is a government-owned company. Neither PREPA nor PREPA.Net is affiliated to any foreign carriers as defined by Commission’s Rule 63.09(d).⁷

Diagrams depicting the ownership of Ultracom prior to the transaction and after the transaction, as well as the relationships between PRTA and PREPA as entities of the Commonwealth of Puerto Rico, are included as **Exhibit 5**.

IV. SECTION 1.767(A) INFORMATION

The following information is submitted as required by Section 1.767(a) of the Commission’s Regulations.⁸

(1) Name, address and telephone number(s) of the Parties (Section 1.767(a)(1))

(a) Applicant:

Telecomunicaciones Ultramarinas de Puerto Rico, Inc.
252 Ponce De León Ave.
Citibank Tower Suite 1900
San Juan, PR 00918
Attention: José D. Casillas-Aponte
Tel.: (787) 620-9810
Fax: (787) 641-9280

(b) Transferor:

Puerto Rico Telephone Authority
c/o Government Development Bank for Puerto Rico
Roberto Sánchez Vilella Government Center
De Diego Ave. San Juan, PR 00907
Attention: Samuel Sierra

⁷ 47 CFR 63.09(d)

⁸ 47 CFR 1.767(a).

Tel: (787) 722-2525
Fax: (787) 721-0540

(c) Transferee:

Prepa Networks Corp.
48 City View Plaza
Suite 803
Guaynabo, PR 00968
Attention: José D. Casillas Aponte
Tel: (787) 625-9950
Fax: (787) 625-9951

(2) Jurisdiction of Organization (Section 1.767(a)(2))

Ultracom is a corporation organized and existing under the laws of the Commonwealth of Puerto Rico. The transferor, PRTA, is a government entity of the Commonwealth of Puerto Rico, created by Law 25. The transferee, PREPA.Net, is a corporation organized and existing under the laws of the Commonwealth of Puerto Rico.

(3) Correspondence concerning this application should be sent to (Section 1.767(a)(3))

José D. Casillas-Aponte
General Manager
Prepa Networks Corp.
48 City View Plaza
Suite 803
Guaynabo, PR 00968
Tel: (787) 625-9950
Fax: (787) 625-9951
e-mail: jd-casillas@prepanetworks.net

with a copy to:

Pamela González, Esq.
Bufete Roberto Corretjer Piquer
625 Ponce de León Avenue
San Juan, Puerto Rico 00917-4819
Tel: (787) 751-4618
Fax: (787) 759-6503
e-mail: licenciadapg@yahoo.com
Counsel for PREPA Networks Corp.

and a copy to:

Gladys A. Maldonado-Rodríguez, Esq.

Quiñones & Sanchez PSC

PO Box 71405

San Juan, PR 00936-8505

Tel.: (787) 620-6776

Fax: (787) 620-6050

e-mail: gmaldonado@qslaw.net

Counsel for Telecomunicaciones Ultramarinas de Puerto Rico, Inc., the Puerto Rico Telephone Authority and the Government Development Bank for Puerto Rico

(4) Transferee's Foreign Carrier Affiliations (Sections 1.767(a)(8) and 63.18(i))

The transferee, PREPA.Net, is not affiliated with any foreign carrier as defined by Rule §63.09(d), 47 CFR 63.09(d), and is not affiliated with any entity that owns or controls a foreign cable landing station in any of ARCOS-1's destination markets. See **Exhibit 6**.

(5) Ownership of Transferee (Section 63.18(h))

PREPA is the sole owner and shareholder of PREPA.Net. PREPA is a public corporation and a government entity of the Commonwealth of Puerto Rico, created by Law 83. PREPA's main offices are located at 1110 Ponce de León Ave., San Juan, Puerto Rico 00907. Its mailing address is PO Box 364267, San Juan PR 00936-4267.

PREPA is not affiliated with any foreign carrier as defined by Section 63.09(d), 47 CFR 63.09(d), and is not affiliated with any entity that owns or controls a foreign cable landing station in any of ARCOS-1's destination markets. See **Exhibit 7**.

(6) Transferee's international telecommunications services (Sections 63.18(j) and 63.18(k))

Neither PREPA.Net nor PREPA are foreign carriers or control any foreign carriers, in any of the cable's destination markets. As such, PREPA.Net does not seek to

provide international communications services to a destination country for which PREPA.Net is a foreign carrier or controls a foreign carrier.

PREPA is the sole owner and shareholder of PREPA.Net. No foreign carriers in any of the cable's destination markets own or control PREPA.Net.

(7) Transferee's Anti-Drug Abuse Act Certification (Sections 1.2001-1.2003 and 63.18(o))

PREPA.Net is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 USCS § 862. See **Exhibits 6**.

(8) Transferee's Certification of Acceptance of Routine Conditions (Section 1.767 (a)(9))

PREPA.Net hereby certifies that it will abide by the routine conditions specified in Section 1.767(g).

(9) Other Information (Section 1.767 (a)(10))

We notify that the proceedings listed on **Exhibit 11** are currently pending before the Commission. We disclose this information pursuant to Section 1.767(10) as it may be pertinent to enable the Commission to act on this application.

V. REQUEST FOR STREAMLINED PROCESSING

Ultracom seeks a streamlined processing for the instant application pursuant to the Commission's Report and Order in IB Docket No. 00-106, *Review of Commission Consideration of Applications under the Cable Landing Act*, FCC 01-332, released on December 14, 2001. Neither PREPA.NET, nor its parent company, PREPA, are foreign carriers or are affiliated with a foreign carrier in any of the cable's destination markets. See **Exhibits 6 and 7**.


VI. CONCLUSION

Based on the foregoing, Ultracom respectfully requests the Commission to initiate a streamlined procedure to consider this application, grant the instant petition, authorize the transfer of control and ownership of Ultracom from PRTA to PREPA.Net, and modify the ARCOS-1 Cable Landing License Order to reflect said change in ownership.

RESPECTFULLY SUBMITTED.

**TELECOMUNICACIONES
ULTRAMARINAS DE PUERTO RICO,
INC.**
through their counsel

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Gladys A. Maldonado-Rodríguez
Puerto Rico Bar No. 15004
e-mail: gmaldonado@qslaw.net

March 17, 2008

Certificate of Service as Required by Section 1.767(j)

I hereby certify that on this 17th day of March, 2008, a true and exact copy of this Application and its exhibits was sent via regular mail as listed below:

Ambassador David Gross
U.S. Coordinator
EB/CIP
U.S. Department of State
2201 C Street, NW
Washington, DC 20520-5818;

Kathy Smith
Chief Counsel, NTIA
U.S. Department of Commerce
14th St. and Constitution Ave., NW
Washington, DC 20230;

Hillary Morgan
Defense Information Systems Agency
Code RGC
701 S. Courthouse Road
Arlington, VA 22204

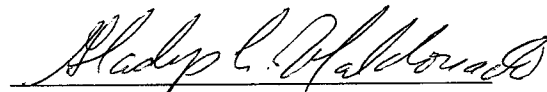

Gladys A. Maldonado

Exhibit List

- Exhibit 1** ARCOS-1 Cable Landing License Order; File No. SCL-LIC-19981222-00032, 14 FCC Rcd 10597

- Exhibit 2** Ultracom ARCOS-1 Cable Landing License, File No. SCL-MOD-20010302-00007, 16 FCC Rcd 15781

- Exhibit 3** Licenses granted by the Federal Communications Commission to Telecomunicaciones Ultramarinas de Puerto Rico, Inc. to be transferred

- Exhibit 4** Settlement Agreement between Telefónica International Holding, B.V. and Puerto Rico Telephone Authority of December 23, 2003

- Exhibit 5** Diagrams - Ownership and Corporate Relationship

- Exhibit 6** Certification by Prepa Networks Corp.

- Exhibit 7** Certification by Puerto Rico Electric Power Authority

- Exhibit 8** Certification by Telecomunicaciones Ultramarinas de Puerto Rico, Inc.

- Exhibit 9** Certification by Puerto Rico Telephone Authority

- Exhibit 10** Certification by Government Development Bank for Puerto Rico

- Exhibit 11** Proceedings currently before the Federal Communications Commission regarding Telecomunicaciones Ultramarinas de Puerto Rico, Inc.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

ARCOS-1 USA, INC.

Application for a license to land and operate in)) File No. SCL-LIC-19981222-00032
the United States a private fiber optic submarine)	
cable system extending between the United States)	
mainland, The Bahamas, the Turks and Caicos Island,)	
the Dominican Republic, Puerto Rico, Curacao,)	
Venezuela, Colombia, Panama, Costa Rica,)	
Nicaragua, Honduras, Guatemala, Belize and)	
Mexico)	
)	
)	

CABLE LANDING LICENSE

Adopted: July 1, 1999

Released: July 2, 1999

By the Chief, Telecommunications Division:

I. Introduction

1. In this Order, we grant the application of ARCOS-1 USA, INC. (ARCOS), under the Cable Landing License Act¹ and Executive Order No. 10530², for authority to land and operate a fiber optic submarine telecommunications cable system to be called the "Americas Region Caribbean Ring System" or "ARCOS-1," extending between the U.S. Mainland, The Bahamas, the Turks and Caicos Island, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize and Mexico. The system will be operated on a non-common carrier basis. We find that ARCOS has provided sufficient information under our rules to comply with the Cable Landing License Act and that it would serve the public interest to grant the cable landing license subject to the conditions listed below.

II. Application

2. ARCOS, a Delaware corporation, is a wholly-owned subsidiary of CEN-TA Telecom (CEN-TA), organized under the laws of the Grand Cayman Islands. Fifty-one percent of CEN-TA is owned by Inversiones Jaafe S.A., organized under the laws of Panama, and 49 percent is owned by Sun Financial Corporation, organized under the laws of the Cayman Islands.³ The majority owner of Inversiones Jaafe S.A. is a citizen of Colombia. Sun Financial Corporation is owned equally by a citizen of Germany and a citizen of Colombia.

3. The proposed ARCOS-1 system, designed as a ring configuration, will connect: (1) Hollywood, Florida; (2) Nassau, The Bahamas; (3) Cockburn Town, The Bahamas; (4) Acklins Island, The Bahamas; (5) Grand Turk, Turks and Caicos Island (U.K.); (6) Nagua, Dominican Republic; (7) El Macao, Dominican Republic; (8) San Juan, Puerto Rico; (9) Willemstad, Curacao; (10) Punto Fijo,

¹ An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (1994) (Cable Landing License Act).

² Exec. Ord. No. 10530 *reprinted as amended in* 3 U.S.C. § 301.

³ In its application, ARCOS had requested confidential treatment for ten percent ownership information regarding CEN-TA. ARCOS subsequently notified the Commission that it was withdrawing its request for confidential treatment. Letter from Catherine Wang and Maria L. Cattafesta, counsel to ARCOS-1, USA, INC. to Magalie Roman Salas, Secretary, Federal Communications Commission (Mar. 30, 1999).

Venezuela; (11) El Cabo de la Vela, Colombia; (12) Baranquilla, Colombia; (13) Mulatos, Colombia; (14) Colón (Maria Chica), Panama; (15) Puerto Limón, Costa Rica; (16) Bluefields, Nicaragua; (17) Puerto Cabezas, Nicaragua; (18) Puerto Lempira, Honduras; (19) Trujillo, Honduras; (20) Puerto Cortez, Honduras; (21) Puerto Barrios, Guatemala; (22) Belize City, Belize; (23) Isla de Cozumel, Mexico; and (24) Cancun, Mexico. According to the application, the 8,400 km ARCOS-1 system, consisting of 74 percent unrepeaters cables and 26 percent repeaters cables, will be a state-of-the-art wavelength division multiplexing (WDM) optically amplified fiber system. The system will initially consist of six STM-16 (2.5 Gbps) optical channels for a combined capacity of 15 Gbps with an equal restoration capacity. The cable segments between Curacao; Venezuela; Colombia; Panama; Costa Rica; Nicaragua; Honduras; Guatemala; Belize; and Mexico as well as the cable segments between Hollywood, Florida; The Bahamas; Turks and Caicos Island; Dominican Republic; and Puerto Rico will consist of 12 fiber pairs that are unrepeaters in a festooned configuration. The cable segment between Cancun, Mexico and Hollywood, Florida and the cable segment between San Juan, Puerto Rico and Willemstad, Curacao will consist of four fiber pairs that are repeaters. The entire wetplant of the system is designed for a maximum available capacity of 640 Gbps and will function with totally duplicated terminal equipment (1 + 1) in a self-healing protective ring via fiber-path/line switching.

III. Comments

4. The application was placed on public notice on January 6, 1999 (Report No. TEL-00051NS). We received no comments. Pursuant to Section 1.767(b) of the Commission's rules,⁴ the Cable Landing License Act, and Executive Order No. 10530, we informed the Department of State of the Application.⁵ The Department of State, after coordinating with the National Telecommunications and Information Administration and the Department of Defense, stated that it has no objection to the issuance of the cable landing license.⁶

⁴ 47 C.F.R. § 1.767(b) (1997).

⁵ Letter from Rebecca Arbogast, Chief, Telecommunications Division, International Bureau, Federal Communications Commission, to Steven Lett, Deputy U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State (Mar. 19, 1999).

⁶ Letter from Amb. Vonya B. McCann, United States Coordinator, International Communications and Information Policy, U.S. Department of State, to Roderick Kelvin Porter, Acting Chief, International Bureau, Federal Communications Commission (May 24, 1999).

IV. Discussion

A. Private Submarine Cable Policy

5. ARCOS proposes to operate ARCOS-1 as a non-common carrier submarine cable system in which capacity will not be offered indifferently to the public. ARCOS requests a license under the Commission's private submarine cable policy, which is intended to promote competition in the provision of international transmission facilities.⁷ Pursuant to this policy, the Commission has authorized non-common carrier cables where: (1) there is no legal compulsion to serve the public indifferently; and (2) there are no reasons implicit in the nature of the operations to expect that the applicant would make capacity available to the public indifferently and indiscriminately.⁸

6. In applying the first prong of the test to submarine cable authorizations, the Commission has stated that there will be no legal compulsion to serve the public indifferently where there is no public interest reason to require facilities to be offered on a common carrier basis. This public interest analysis has generally focused on whether an applicant will be able to exercise market power because of the lack of alternative facilities. Where there are sufficient alternatives, the Commission has found that the licensee will lack market power and will not be able to charge monopoly rates for cable capacity. The Commission has found that, in those circumstances, the public interest would be served by allowing a submarine cable to be offered on a non-common carrier basis.⁹

7. No one has suggested that the public interest requires ARCOS-1 to be operated on a common carrier basis. ARCOS is not affiliated with any foreign carriers on the foreign ends of the cable system and therefore does not control any bottleneck facilities in the markets ARCOS-1 proposes to serve. No commenter has disputed this fact, and we find that, in light of all the circumstances, it would not serve the public interest to impose common carrier regulation on the operations of ARCOS-1 at this time. We note, however, that we retain the authority to impose common carrier or common-carrier-like obligations on the operations of this or any other submarine cable system if the public interest so requires.¹⁰ Furthermore, we have always maintained the authority to classify facilities as common carrier facilities subject to Title II of the Communications Act if the public interest requires that the facilities be offered to the public indifferently.¹¹

⁷ See *Tel-Optik, Ltd., Memorandum Opinion and Order*, 100 F.C.C.2d 1033, 1040-42, 1046-48 (1985); see also *Cable & Wireless, plc, Cable Landing License*, 12 FCC Rcd 8516 (1997).

⁸ See *Cable & Wireless*, 12 FCC Rcd at 8522; see also *Optel Communications, Inc., Conditional Cable Landing License*, 8 FCC Rcd 2267 (1993); *National Association of Regulatory Utility Commissioners v. FCC*, 525 F.2d 630, 642 (D.C. Cir.) (*NARUC I*), cert. denied, 425 U.S. 992 (1976).

⁹ See, e.g., *Cable & Wireless*, 12 FCC Rcd at 8523.

¹⁰ See 47 U.S.C. § 35 (providing that a license may be granted "upon such terms as shall be necessary to assure just and reasonable rates and service in the operation and use of cables so licensed").

¹¹ See, e.g., *Cable & Wireless*, 12 FCC Rcd at 8531; AT&T Corp. et al., *Cable Landing License*, DA 98-1711, File No. SCL-AMD-19980902-00018, ¶ 15 (rel. Dec. 15, 1998).

8. Regarding the second prong of the test, we conclude that there is no reason to expect that capacity in the proposed cable system would be held out to the public indifferently and indiscriminately. ARCOS states that capacity will not be sold indifferently to the user public. ARCOS will make "individualized decisions, in particular cases, [on] whether and on what terms to deal;"¹² it will not hold itself out indifferently to serve the user public. We therefore conclude that ARCOS will operate ARCOS-1 on a non-common carrier basis.

9. We conclude that ARCOS will not offer capacity in ARCOS-1 to the public on a common carrier basis and that the public interest does not require that it does so. Accordingly, we conclude that it is appropriate to license ARCOS-1 on a non-common carrier basis. We also find that the applicant will not provide a telecommunications service for a fee to such class of users as to be "effectively available directly to the public" and thus will not be a "telecommunications carrier" under the Telecommunications Act of 1996.¹³

B. Ownership and Landing Points

10. ARCOS has provided the ownership information required by Section 63.18(e)(6), 1.767(a)(6), and Section 63.18(h) of the Commission's rules. ARCOS seeks to own or control ARCOS-1, including the portion of the transmission facilities located in the United States. However, ARCOS states that the cable landing stations in Hollywood, Florida, and San Juan, Puerto Rico, may be owned by ARCOS or by another licensed U.S. carrier, depending upon the availability of such facilities. ARCOS's parent company, CEN-TA, currently maintains a 100 percent voting interest in ARCOS-1. ARCOS anticipates that it will solicit U.S. and foreign carriers, including foreign incumbent carriers, and other investors to obtain ownership interests in ARCOS-1. ARCOS will also offer bulk capacity to a specific class of eligible users, including common carriers, on an original ownership, IRU or lease of capacity basis. ARCOS has stated that it will, through its parent company CEN-TA, continue to maintain at least 51 percent ownership in ARCOS-1, maintaining ultimate *de jure* and *de facto* control of ARCOS-1. In the event ARCOS successfully solicits other investors to obtain original ownership in the U.S. segment of ARCOS-1, prior to the consummation of the sale of any original ownership interest in the U.S. segment of the cable system, it must file an amendment to the cable landing license granted by this order to update the ownership and voting interest in the subject license.

11. ARCOS has stated that it will comply with Section 1.767(a)(5) of the Commission's rules by providing specific information on the cable landing locations 90 days prior to commencing construction. We find the applicant's description of the likely landing points to be sufficient to determine that the proposed cable system will comply with the provisions of the Commission rules. Section 1.767(a) of the Commission's rules permits applicants in an initial application to provide a general description of the landing points. The applicant must file a specific description of any landing point, including a map, no later than 90 days prior to construction at that landing point. The Commission will give public notice of the filing of the specific description, and grant of the license will be considered final with respect to that landing point unless the Commission notifies the applicants to the contrary no later than 60 days after receipt of the specific description of the landing point.

C. Environmental Impact

12. Based on the information provided by the applicant and pursuant to the Commission's procedures implementing the National Environmental Policy Act of 1969,¹⁴ we find that action on the present application would not significantly affect the environment according to Section 1.1307(a) or (b) of the Commission's rules. Therefore, pursuant to Section 1.1306 of the Commission's rules, we conclude that grant of the requested license would not significantly affect the environment.

¹² *NARUC I* at 641.

¹³ See 47 U.S.C. § 153(44) (defining "telecommunications carrier"); *Cable & Wireless*, 12 FCC Rcd at 8523.

¹⁴ 47 C.F.R. §§ 1.1301–1.1319 (1997).

Consequently, ARCOS is not required to submit an environmental assessment, and this application is categorically excluded from environmental processing. As stated above, however, we condition this license upon final approval of each landing point. If necessary, we will address environmental impacts after the applicant specifically identifies the landing points.

V. Conclusion

13. We grant ARCOS's application for authority to land and operate a non-common carrier fiber optic submarine cable extending between the United States mainland, The Bahamas, the Turks and Caicos Island, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize and Mexico, subject to the conditions listed below.

VI. Ordering Clauses

14. Consistent with the foregoing and pursuant to the Cable Landing License Act and Executive Order 10530, we hereby GRANT AND ISSUE ARCOS-1 USA, INC. a license to land and operate a non-common carrier fiber optic cable system (initially consisting of six STM-16 (2.5 Gbps) optical channels for a combined capacity of 15 Gbps, with a maximum availability of 640 Gbps) extending between the United States mainland, The Bahamas, the Turks and Caicos Island, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize and Mexico. This grant is subject to all rules and regulations of the Commission; any treaties or conventions relating to communications to which the United States is or may hereafter become a party; any action by the Commission or the Congress of the United States rescinding, changing, modifying, or amending any rights accruing to any person hereunder; and the following conditions:

- (1) The location of the cable system within the territorial waters of the United States, its territories and possessions, and upon its shore shall be in conformity with plans approved by the Secretary of the Army, and the cable shall be moved or shifted by the Licensee at its expense upon the request of the Secretary of the Army whenever he or she considers such course necessary in the public interest, for reasons of national defense, or for the maintenance or improvement of harbors for navigational purposes;
- (2) The Licensee shall at all times comply with any requirements of U.S. government authorities regarding the location and concealment of the cable facilities, buildings, and apparatus for the purpose of protecting and safeguarding the cable from injury or destruction by enemies of the United States;
- (3) The Licensee or any persons or companies controlling it, controlled by it, or under direct or indirect common control with it do not enjoy and shall not acquire any right to handle traffic on a common carrier basis to or from the United States, its territories, or its possessions unless such service be authorized by the Commission pursuant to Section 214 of the Communications Act, as amended;
- (4) The Licensee or any persons or companies controlling it, controlled by it, or under direct or indirect common control with it shall not acquire or enjoy any right for the purpose of handling or interchanging traffic to or from the United States, its territories, or its possessions to land, connect, or operate cables or land lines, to construct or operate radio stations, or to interchange traffic, that is denied to any other United States company by reason of any concession, contract, understanding, or working arrangement to which the Licensee or any persons controlling it, controlled by it, or under direct or indirect common control with it are parties;
- (5) Neither this license nor the rights granted herein shall be transferred, assigned, or in any manner either voluntarily or involuntarily disposed of or disposed of indirectly by transfer of control of the Licensee to any persons, unless the Commission shall give prior consent in writing;
- (6) The Licensee shall notify the Commission in writing of the precise locations at which the cable will land in the United States and in foreign countries. Such notification with respect to

any given landing location shall occur no later than 90 days prior to commencing construction at that landing location. The Commission will give public notice of the filing of each description, and grant of this license will be considered final with respect to that landing point unless the Commission issues a notice to the contrary no later than 60 days after receipt of the specific description;

(7) Pursuant to Section 2 of the Cable Landing License Act, 47 U.S.C. § 35; Executive Order No. 10530, as amended; and Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, the Commission reserves the right to impose additional common carrier or common-carrier-like regulation on the operations of the cable system if it finds that the public interest so requires;

(8) The Commission reserves the right to require the Licensee to file an environmental assessment or environmental impact statement should it determine that the landing of the cable at those locations and construction of necessary cable landing stations would significantly affect the environment within the meaning of Section 1.1307 of the Commission's procedures implementing the National Environmental Policy Act of 1969; this license is subject to modification by the Commission upon its review of any environmental assessment or environmental impact statement that it may require pursuant to its rules;

(9) The Licensee shall maintain *de jure* and *de facto* control of the U.S. segment of the cable system, including the cable landing stations in the United States, sufficient to comply with the requirements of this license;

(10) In the event the Licensee successfully solicits other investors to obtain original ownership interests in the U.S. segment of the cable system, it shall file, prior to the consummation of the sale of any original ownership interest in the U.S. segment of the cable system, an amendment to the cable landing license granted by this order to update the ownership and voting interests in the subject license;

(11) This license is revocable by the Commission after due notice and opportunity for hearing pursuant to Section 2 of the Cable Landing License Act, 47 U.S.C. § 35, or for failure to comply with the terms of the authorizations;

(12) The Licensee shall notify the Commission in writing of the date on which the cable is placed in service, and this license shall expire 25 years from such date, unless renewed or extended upon proper application, and, upon expiration of this license, all rights granted under it shall be terminated; and

(13) The terms and conditions upon which this license is given shall be accepted by the Licensee by filing a letter with the Secretary, Federal Communications Commission, Washington, D.C. 20554, within 30 days of the release of the cable landing license.

15. This Order is issued under Section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and is effective upon adoption. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of public notice of this order (see 47 C.F.R. § 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Rebecca Arbogast
Chief, Telecommunications Division
International Bureau

LEXSEE 16 FCC RCD 15781

In the Matter of ARCOS-1 USA, INC., Com Tech International Cable Corporation Tele-
telecomunicaciones Ultramarinas de Puerto Rico; Application for Authority to Modify a
Cable Landing License

SCL-MOD-20010302-00007

RELEASE-NUMBER: DA 01-1996

FEDERAL COMMUNICATIONS COMMISSION

16 FCC Rcd 15781; 2001 FCC LEXIS 4578

August 24, 2001 Released; Adopted August 23, 2001

ACTION:

[**1] MODIFICATION OF CABLE LANDING LICENSE

JUDGES: By the Associate Chief, Telecommunications Division, International Bureau

OPINION BY: RUFF

OPINION:

[*15781] **I. Introduction**

1. In this Order, we modify the cable landing license for the Americas Region Caribbean Ring (ARCOS-1) cable system held by ARCOS-1 USA, Inc. (ARCOS-1 USA) to add Com Tech International Cable Corporation (Com Tech) and Telecomunicaciones Ultramarinas de Puerto Rico, Inc. (Ultracom) to the cable landing license. n1 The license authorized ARCOS-1 USA, pursuant to the Cable Landing License Act, n2 and Executive Order No. 10530, n3 to land and operate the ARCOS-1 cable system, a non-common carrier fiber optic submarine cable system extending between the United States mainland, the Bahamas, the Turks and Caicos Islands, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize, and Mexico. n4

n1 *See ARCOS-1 USA, Inc., Application for a License to Land and Operate in the United States a Private Fiber Optic Submarine Cable System Extending Between the United States Mainland, the Bahamas, the Turks and Caicos Islands, the Dominican Republic, Puerto Rico, Curacao, Venezuela, Colombia, Panama, Costa Rica, Nicaragua, Honduras, Guatemala, Belize, and Mexico, Cable Landing License, File No. SCL-LIC-19981222-00032, 14 FCC Rcd 10597 (TD/IB 1999) (ARCOS-1 Cable Landing License Order).*

[**2]

n2 An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (Cable Landing License Act).

n3 Exec. Ord. No. 10530 *reprinted as amended in 3 U.S.C. § 301.*

n4 Subsequently we approved transfers of control involving the ARCOS-1 cable: (1) CENTA, which originally held a 100 percent ownership interest in ARCOS-1 USA, changed its name to New World Network Holdings, Ltd. and its jurisdiction of incorporation to Bermuda (File No. SCL-T/C-19991006-00023), *see International Authorizations Granted, Public Notice, Report No. TEL-00165, 15 FCC Rcd 1607 (TD/IB 1999)*; (2) New

World Network Holdings, Ltd. transferred control of ARCOS-1 USA to its wholly-owned subsidiary New World Network, Ltd. (File No. SCL-T/C-20000502-00016), *see International Authorizations Granted, Public Notice, Report No. TEL-00236, 15 FCC Rcd 18682 (TD/IB 2000)*, *see also Erratum, 15 FCC Rcd 17943 (TD/IB 2000)*; and (3) Brightstar, Ltd. and Siemens Project Ventures GmbH acquired a controlling equity interest in New World Network Holdings, Ltd. (File No. SCL-T/C-20000428-00015), *see ARCOS-1 USA, Inc., Memorandum Opinion and Order, 15 FCC Rcd 17943 (TD/IB 2000)*.

[**3]

[*15782] 2. In this Application, ARCOS-1 USA, Com Tech and Ultracom (jointly, Applicants) request authority for: (1) the addition of Com Tech, a wholly owned subsidiary of ARCOS-1 USA, as the owner of the cable landing station in North Miami Beach, Florida, the U.S. land portion from the landing station to the U.S. beach joints of the submerged portion of the cable, and all other related assets; and (2) the addition of Ultracom as owner of the cable landing station and beachhead facilities in San Juan, Puerto Rico and as owner of a 0.35 percent capacity interest in the cable system. n5 Applicants advise that ARCOS-1 USA will maintain *de jure* and *de facto* control of the North Miami Beach landing station and beachhead facilities, and that the proposed transaction will result only in a change of the direct subsidiary company that will be performing the day-to-day operations of the cable landing station. n6 Applicants also advise that Ultracom will perform the day-to-day operations of the cable landing station in San Juan and the day-to-day maintenance of the equipment and cables, but that, through an Indefeasible Right of Use (IRU), Ultracom will grant to ARCOS-1 USA or one of its affiliates [**4] access to the San Juan cable landing station and its vicinity, including the beachhead facilities, cable rights-of-way, cable ducts, and to the services or equipment necessary for the operation and maintenance of the ARCOS-1 system. ARCOS-1 USA will continue to maintain ultimate *de jure* and *de facto* control of the ARCOS-1 system. n7

n5 *See* ARCOS-1 USA, Inc., Com Tech International Cable Corporation, and Telecomunicaciones Ultramarinas de Puerto Rico, Inc., Application for Authority to Modify a Cable Landing License, File No. SCL-MOD-20010302-00007 (filed Mar. 2, 2001) (Application).

n6 *Id.* at 4.

n7 Application at 5.

3. ARCOS-1 USA is a corporation organized and existing under the laws of the state of Delaware. ARCOS-1 USA is a wholly-owned subsidiary of New World Network Ltd. (New World), a Bermuda company, which in turn is an indirect wholly-owned subsidiary of New World Network Holdings, Ltd. (NWN Holdings), a Bermuda company. NWN Holdings, together with its wholly-owned operating subsidiaries, owns and operates the ARCOS-1 cable system. n8 Shareholders owning 10 percent or more of NWN Holdings include: Inversiones JAAFE, S.A., a Panama investment business [**5] (12 percent), which is 90-percent owned by Julio Carrizosa Mutis, a Colombian citizen; Brightstar, Ltd., a Bermuda investment business (47 percent), which is wholly-owned by UN, Ltd. of Canada, a Bermuda investment business, which in turn is wholly-owned by Global Light Telecommunications Inc. (Global Light), a Canadian holding company; and Siemens Project Ventures GmbH, a German investment business (19 percent), which is wholly-owned by Siemens AG, a Germany engineering and telecommunications business. n9

n8 *See* Application at 3.

n9 *See* Application at 9-11.

4. Com Tech is a company organized under the laws of the state of Delaware. Com Tech, a [*15783] wholly-owned subsidiary of ARCOS-1 USA, is qualified to do business in Florida. n10

n10 *See* Application at 3.

5. Ultracom is a predominantly government-owned company organized and existing under the laws of the Commonwealth of Puerto Rico. n11 The Government Development Bank for Puerto Rico (GDBPR) owns 100 percent of the common voting stock of Ultracom and 85.1 percent of the company's issued stock. n12 The remaining 14.9 percent of

the issued stock of Utracom is owned by Telefonica International Holding, B.V. (TISA), [**6] a Netherlands corporation that is a wholly-owned subsidiary of Telefonica Internacional de Espana, S.A., a corporation organized under the laws of Spain and whose principal business is telecommunications, which in turn is wholly-owned by Telefonica de Espana, S.A. n13 Telefonica de Espana, S.A., which also is organized under the laws of Spain and has a principal business of telecommunications, is listed on several stock exchanges. No individual shareholder of Telefonica de Espana, S.A. holds a 10-percent or higher direct or indirect interest in Utracom. n14

n11 See Application at 3-4.

n12 GDBPR is a company created by Law Number 25, approved on May 26, 1974, by the Legislature of the Commonwealth of Puerto Rico. See Application at 4.

n13 See Application at 4, 12.

n14 See Application at 12.

6. The Application also notifies the Commission of several additional investors that have acquired an ownership interest in the capacity of the ARCOS-1 cable, stating that all of these investors collectively own approximately 13 percent of all of the capacity of the ARCOS-1 cable system. n15 Applicants further state that because these investors do not have any right, [**7] title or interest in any specific ARCOS-1 system assets within the United States, there is no requirement to add them to the cable landing license. n16 However, Applicants state that they provide this notification based on paragraph 14(10) of the *ARCOS-1 Cable Landing License Order*. n17 The investors include: Alestra, S. de R.L. de C.V.; Avantel, S.A.; Bahamas Telecommunications Corporation; Belize Telecommunications Limited; Cable & Wireless (W.I.) Ltd.; Cable Onda; Caribbean Cable Links, Inc.; Centennial Undersea Cable Corp.; Compania Dominicana de Telefonos, C. por A.; Compania Anonima Nacional Telefonos de Venezuela; Concert Global Network Services, Ltd.; Concert Global Networks USA, L.L.C.; Empresa Hondurena de Telecomunicaciones; Genuity Inc.; Interconexion Electrica S.A. E.S.P.; MCI International, Inc.; Nicatel, S.A.; Orbinet Inc.; Radiografica Costarricense S.A. (RACSA); Servicios Globales de Telecomunicaciones, S.A.; Utracom; Tricom USA, Inc.; and Tricom Dominican Republic.

n15 Application at 5.

n16 Application at 5-6.

n17 See *ARCOS-1 Cable Landing License Order*, at para. 14(10) (requiring ARCOS-1 USA to file, prior to the consummation of the sale of any original ownership interest in the U.S. segment of the cable system, an amendment to the cable landing license to update the ownership and voting interests in the license). See also *ARCOS-1 Cable Landing License Order*, at para. 10 (noting ARCOS-1's plans to solicit U.S. and foreign investors to obtain original ownership interests in the cable system and requiring ARCOS-1, if successful in such solicitations, to file an amendment to the cable landing license to update the ownership and voting interests).

[**8]

[*15784] 7. Under section 1.767(a)(8) of the Commission's rules, applicants are required to disclose their affiliations with foreign carriers. n18 Applicants state they are affiliated with Bestel, a Mexican domestic and international facilities-based long distance carrier, because Global Light owns 100 percent of GST Mextel, Inc., a Delaware corporation that owns 49 percent of Bestel. n19

n18 See 47 C.F.R. § 1.767(a)(8). See also 47 C.F.R. § 63.09.

n19 See Application at 13 and Attachment B. Applicants also state that Global Light has a 52-percent interest in Highpoint, a publicly traded Canadian corporation that owns companies that provide or whose subsidiaries provide telecommunications services in Canada and Europe, which are not destination points for the ARCOS-1

cable system. *Id.* Applicants also state they have interlocking directorates with North American Gateway, Bestel, and Orbinet, Inc. *See* Application at 12 and Attachment A [sic].

II. Comments

8. We placed the Application on public notice on March 23, 2001. n20 We received no comments. Pursuant to section 1.767(b) of the Commission's rules, n21 the Cable Landing License Act, and Executive Order No. [**9] 10530, we informed the Department of State of the Application. n22 The Department of State, after coordinating with the National Telecommunications and Information Administration and the Department of Defense, stated that it has no objection to approving Applicants' request to modify the cable landing license. n23

n20 *See Non Streamlined International Applications Accepted for Filing*, Public Notice, Report No. TEL-00370NS (rel. Mar. 23, 2001).

n21 *See 47 C.F.R. § 1.767(b)*.

n22 Letter from George Li, Deputy Chief, Telecommunications Division, International Bureau, Federal Communications Commission, to Steven Lett, Deputy U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State (Mar. 23, 2001).

n23 Letter from Richard C. Beard, Acting United States Coordinator, International Communications and Information Policy, U.S. Department of State, to Donald Abelson, Chief, International Bureau, Federal Communications Commission (Aug. 20, 2001).

III. Discussion

9. We grant the Applicants' request to modify the ARCOS-1 cable system landing license to add Com Tech and Ultracom as licensees. We conclude that adding Com [**10] Tech and Ultracom to the cable landing license for the ARCOS-1 cable system raises no significant competitive concerns and does not provide a basis for altering the non-common carrier status of the cable. n24 Specifically, we find that Com Tech's ownership and operation of the North Miami Beach, Florida cable station, and Ultracom's ownership of the San Juan, Puerto Rico cable landing station and 0.35 percent ownership of the cable capacity in the ARCOS-1 system, do not change our earlier competitive analysis for this cable. Moreover, Applicants have asserted that grant of the Application is in the public interest because the proposed transaction will help ARCOS-1 USA to efficiently operate the ARCOS-1 system, which in turn will [*15785] provide connection from two locations in the United States to fourteen countries in the Caribbean and in North, Central and South America. n25 Applicants further assert such connection will provide additional submarine cable capacity on these routes and will facilitate route diversity and restoration capabilities for existing cables landing in the United States. n26 Although a number of the additional investors that have taken small original ownership interests [**11] in ARCOS-1 are dominant telecommunications carriers and serve as the landing station parties in their destination markets, ARCOS-1 has provided a summary of relevant conditions from the ARCOS-1 Construction and Maintenance Agreement (C&MA), and further notes that the foreign landing parties are not affiliated with Applicants. n27 These C&MA conditions - involving backhaul and collocation access - serve to mitigate possible concerns about potential dominant carrier control over foreign landing stations in the cable's destination markets. ARCOS-1 states it will ensure that the landing parties fully comply with the obligations set forth in the C&MA. n28 Accordingly, we find that grant of the Application is in the public interest.

n24 Existing and planned cables with landing points in most of the destination markets to be served by ARCOS-1 include Americas-I, Americas-II, Antillas I, Bahamas-II, Bahamas Internet, MAYA I, PAC, PanAmerican, SAC, SAM-1, TCS-1, and 360americas.

n25 *See* Application at 7.

n26 *Id.*

n27 See Letter from Jose A. Palma and Troy F. Tanner, Counsel for Applicants, to Kathleen Collins, International Bureau, Federal Communications Commission (May 10, 2001).

[**12]

n28 *Id.* at 2. ARCOS-1 further states that its parent New World controls the majority of voting interests and the Management Committee and thus has *de jure* and *de facto* control over the ARCOS-1 system. Moreover, as Network Administrator, New World will be responsible for operating and administering the ARCOS-1 system. *Id.* at 4.

10. We also conclude that Applicants have provided information that is consistent with paragraph 14(10) of our licensing order. n29 Further, although paragraph 14(10) requires licensees to file an amendment to the cable landing license to update any changes in original ownership interests in the U.S. segment, prior to consummation of the sale of any original ownership interest in the U.S. segment, it is at this time uncertain whether the new minority investors will own interests in the U.S. segment when the cable is put into service. Their interests may be limited to non-U.S. links of this multi-link ring system. Therefore, we agree with Applicants that they do not need to add these investors to the cable landing license at this time.

n29 See *ARCOS-1 Cable Landing License Order*, 14 FCC Rcd 10597, at para. 14(10).

[**13]

IV. Ordering Clauses

11. Consistent with the foregoing and pursuant to the Cable Landing License Act and Executive Order No. 10530, IT IS ORDERED that the Application, File No. SCL-MOD-20010302-00007, IS GRANTED and the ARCOS-1 cable landing license IS MODIFIED to: (1) add Com Tech as the owner of the cable landing station in North Miami Beach, Florida, the U.S. land portion from the landing station to the U.S. beach joints of the submerged portion of the cable, and all other related assets; and (2) add Ultracom as owner of the cable landing station and beachhead facilities in San Juan, Puerto Rico and as owner of a 0.35 percent capacity interest in the cable system.

12. This Modification of Cable Landing License does not modify any other terms or conditions imposed in the license.

13. This Order is issued under section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, [*15786] and is effective upon adoption. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of public notice of this Order (see 47 C.F.R. § 1.4(b)(2)).

Jacquelynn Ruff

Associate Chief, [**14] Telecommunications Division

International Bureau

Exhibit 3

Licenses granted by the Federal Communications Commission to Telecomunicaciones Ultramarinas de Puerto Rico, Inc. to be transferred

A. Cable Landing License Authorizations and Participation:

	<u>File Number</u>
1. ARCOS-1	SCL-MOD-20010302-00007; 16 FCC Rcd 15781
2. ANTILLAS I	SCL-95-008; SCL-95-012; 11 FCC Rcd 7690
3. AMERICAS I / COLUMBUS II	I-T-C-96-050; I-T-C-96-051; I-T-C-96-066; DA 96-515; 1996 FCC LEXIS 1763

B. Satellite Earth Stations Authorizations:

	<u>Call Sign</u>	<u>File Number</u>	<u>Expiration Date</u>
1.	E872647	SES-RWL-20000912-01765	9/28/2010
2.	E910100	SES-RWL-20010223-00426	3/29/2011
3.	E980310	SES-LIC-19980710-00842	8/02/2009
4.	E980311	SES-LIC-19980710-00843	6/16/2009
5.	E980330	SES-LIC-19980724-00964	6/16/2009
6.	E980331	SES-LIC-19980724-00965	6/16/2009
7.	E980332	SES-LIC-19980724-00966	6/16/2009
8.	E980333	SES-LIC-19980724-00967	6/16/2009
9.	E990221	SES-LIC-19990625-00918	8/24/2009
10.	E000075	SES-LIC-19990817-02396	3/29/2010
11.	E960160	SES-LIC-20080118-00074	3/04/2023

C. Common Carrier Fixed Point to Point Microwave License:

	<u>Call Sign</u>	<u>File Number</u>	<u>Expiration Date</u>
1.	WPQY209	0000184751	11/21/2010

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("this Agreement") is made as of the 23rd day of December, 2003, among the Puerto Rico Telephone Authority ("PRTA"), a government instrumentality of the Commonwealth of Puerto Rico, on the one hand, and Telefónica International Holding, B.V. ("T.I. Holding"), a corporation organized and existing under the laws of the Netherlands, and Telefónica Internacional, S.A. ("TISA") (formerly T.I. Telefónica Internacional de España, S.A.), a corporation organized and existing under the laws of Spain, on the other hand. PRTA, T.I. Holding and TISA are each individually referred to as a "Party" and collectively referred to as the "Parties."

WHEREAS, in 1992 PRTA agreed to sell and T.I. Holding and LD Acquisition Corporation, a subsidiary of TISA, agreed to buy, assets of a subsidiary of PRTA, Telefónica Larga Distancia ("TLD");

1992
PRTA
sold
TLD
T.I. Holding
&
TISA

WHEREAS, in connection with this transaction, a new corporation, Telecomunicaciones Ultramarinas de Puerto Rico, Inc. ("TUPR"), was formed and certain assets of TLD were transferred thereto;

TUPR
was for
TLD assets
transferred
TUPR

WHEREAS, as a result of the transaction, 85.1% of the shares of TUPR were issued to and held by PRTA, and 14.9% of the shares of TUPR were issued to and held by TI Holding;

85% P
15% TI

WHEREAS, PRTA and TI Holding entered into a Stockholders Agreement dated December 22, 1992 among the provisions of which were provisions for the exercise of a "Call" of PRTA's shares of TUPR by TI Holding and a "Put" of PRTA's shares of TUPR by PRTA ("Put Option");

WHEREAS, a dispute arose among the Parties concerning the exercise by PRTA of the Put Option of its shares of TUPR to TI Holding;

WHEREAS on March 31, 2003 PRTA filed an action against TI Holding and TISA in the Court of First Instance, Superior Court, San Juan Part, Civil No. KPE03-0697 (907), which suit was subsequently removed to the United States District Court for the District of Puerto Rico, Civil No. 03-1369 (SEC) ("the Litigation"), by which PRTA sought, inter alia, specific performance of the Stockholders Agreement compelling payment by defendants of the Put price for the shares of TUPR;

PRTA
sued
TI/TI

to be
man.
buy

WHEREAS, TI Holding and TISA answered PRTA's complaint and asserted certain counterclaims against PRTA; and

WHEREAS, the Parties, without admitting any of the allegations or claims made against each other, or any liability related thereto, are desirous of fully concluding and resolving all disputes between them and terminating the Litigation;

NOW THEREFORE, it is agreed by the undersigned on behalf of each of the Parties that all claims in the Litigation between the Parties be settled, compromised and dismissed on the merits and with prejudice, on the following terms and conditions:

1. PRTA agrees hereby to withdraw and cancel the notice of the Put of its shares of TUPR sent to TI Holding on or about April 22, 2003 ("Put Notice"), such Put Notice to be hereafter treated by the Parties as null and void as of its date of issuance. PRTA agrees that the Put Option set forth in Section 8 of the Stockholders Agreement is hereby cancelled in its entirety and shall hereafter be treated by the Parties as null, void, and of no effect. PRTA shall retain the shares held by it representing its 85.1% interest in TUPR ("PRTA Shares").

PRTA
withdraw
the Put
order
& retain
85%

2. The Parties agree that the total consideration payable to PRТА by TISA in connection with this Agreement is Fourteen Million Seven Hundred Fifty Thousand Dollars (\$14,750,000). The Parties have allocated the sum of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) to the acquisition of the TI Holding Shares by PRТА, such amount to be subtracted from the cash consideration due to PRТА from TISA. Accordingly, the net balance of the cash consideration due to be paid by TISA to PRТА is Thirteen Million Five Hundred Thousand Dollars (\$13,500,000).

PRТА
\$ 15M
TISA

\$13.5M

3. On the date of execution of this Agreement, TISA shall pay in cash by wire transfer to PRТА the sum of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), and TI Holding shall transfer to PRТА its shares of TUPR representing its 14.9% interest in TUPR ("T.I. Holding Shares") by duly endorsing said shares and delivering them to PRТА. PRТА shall accept the T.I. Holding Shares upon their delivery.

pay to PRТА

\$ 13.5M
+ 14.9% of the sum

(15% \$1.25

4. Upon execution of this Agreement, the Stockholders Agreement dated December 22, 1992 by and between PRТА and TI Holding shall terminate and have no further force and effect.

Stockholders agr. terminated

5. TISA and TI Holding agree to fully cooperate with PRТА in making all filings required to be made with the Federal Communications Commission ("FCC") or any other government entity with respect to the transfer of the TI Holding Shares. The Parties agree that it is an essential condition of this Agreement that the FCC shall not object to the same. The Parties thus agree that this Agreement will be automatically rescinded in the event that the FCC or any other United States government entity determines that the transactions described herein violate any statute, regulation, or policy of the United States.

6. In consideration of the mutual release by the Parties of all claims and counterclaims and causes of action, and such other consideration as provided for by this Settlement Agreement, within ten (10) days of the Closing Date, counsel of record in the Litigation shall file the necessary documents to accomplish the dismissal with prejudice of the Litigation, including all claims, counterclaims and causes of action that were asserted therein.

7. This Settlement Agreement is part of a compromise and settlement of the Litigation. No action taken by the Parties, either previously or in connection with the compromise reflected in this Settlement Agreement shall be deemed or construed to be an admission of the truth or falsity of any matter pertaining to any claim, demand, or cause of action referred to herein or relating to the subject matter of this Settlement Agreement, or any acknowledgment by them, or any of them, of any fault or liability to any party or to any person in connection with any matter or thing.



8. In exchange for good and valuable consideration received, the Parties hereby agree that except as to such rights or claims created by this Settlement Agreement, each Party, as to the other Parties, and each such Party's present and former agents, servants, privies, officers, directors, employees, shareholders, principals, predecessors, subsidiaries, affiliates, alter egos, partners, parents, attorneys, consultants, sureties, heirs, executors, administrators, trustees, successors and assigns (collectively, the "Releasing Party"), hereby release, remise, and discharge each of the other Parties, and such other Parties' present and former agents, servants, privies, officers, directors, employees, shareholders, principals, predecessors, subsidiaries, affiliates, alter egos, partners, parents, attorneys, consultants, sureties, spouses, heirs, executors, administrators, trustees, successors and assigns (collectively, the "Released Parties"), from any and all claims, demands and causes of action that the Releasing Party may have or may have had

against the Released Parties, known or unknown, arising out of or relating to any facts and circumstances related to the Parties' ownership of shares of TUPR, the Stockholders Agreement, or the Parties' relationship as shareholders of TUPR, including but not limited to those facts and circumstances giving rise to the Litigation, from the beginning of time until the date of this Agreement.

9. This Agreement constitutes the entire agreement among the Parties and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter hereof, including, without limitation, the Stockholders Agreement dated as of December 22, 1992, and any other agreement entered into by the Parties in 1992 or thereafter related to rights, duties or obligations of the Parties with respect to TUPR.

10. TI Holding and TISA represent and warrant that TI Holding owns the TI Holding Shares free and clear of any liens and of any other restraints on sale or ownership.

11. The Parties confirm: (a) that they are not relying on any representations from any person or party other than those expressly stated in this Agreement; (b) that there exist no legal or equitable restrictions that prevent the transfer of the TI Holding Shares; and (c) that each party has the power and authority to enter into this Agreement and to consummate the transactions contemplated herein.

12. Within thirty (30) days after receipt by PRTA, PRTA shall provide to TISA audited financial statements of TUPR for the years 2002 and 2003.

13. No changes in, additions to, or modifications of this Settlement Agreement shall be valid unless set forth in a writing executed by the Parties.

14. This Settlement Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. The Parties shall submit to a court of

competent jurisdiction in the Commonwealth of Puerto Rico any and all controversies, disputes, or claims arising between them out of or related to: (a) this Agreement, or any provision thereof; (b) the validity of this Agreement, any related agreements, or any provision thereof; or (c) the relationship between the Parties as established by the 1992 Asset Purchase Agreement and Stockholders Agreement.

15. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The delivery of the executed Agreement may be accomplished via facsimile, and the signature transmitted via facsimile shall have the same force and effect as the original.

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Agreement as of the date first written above.

Puerto Rico Telephone Authority

By  _____
Its Chairman and Executive Director

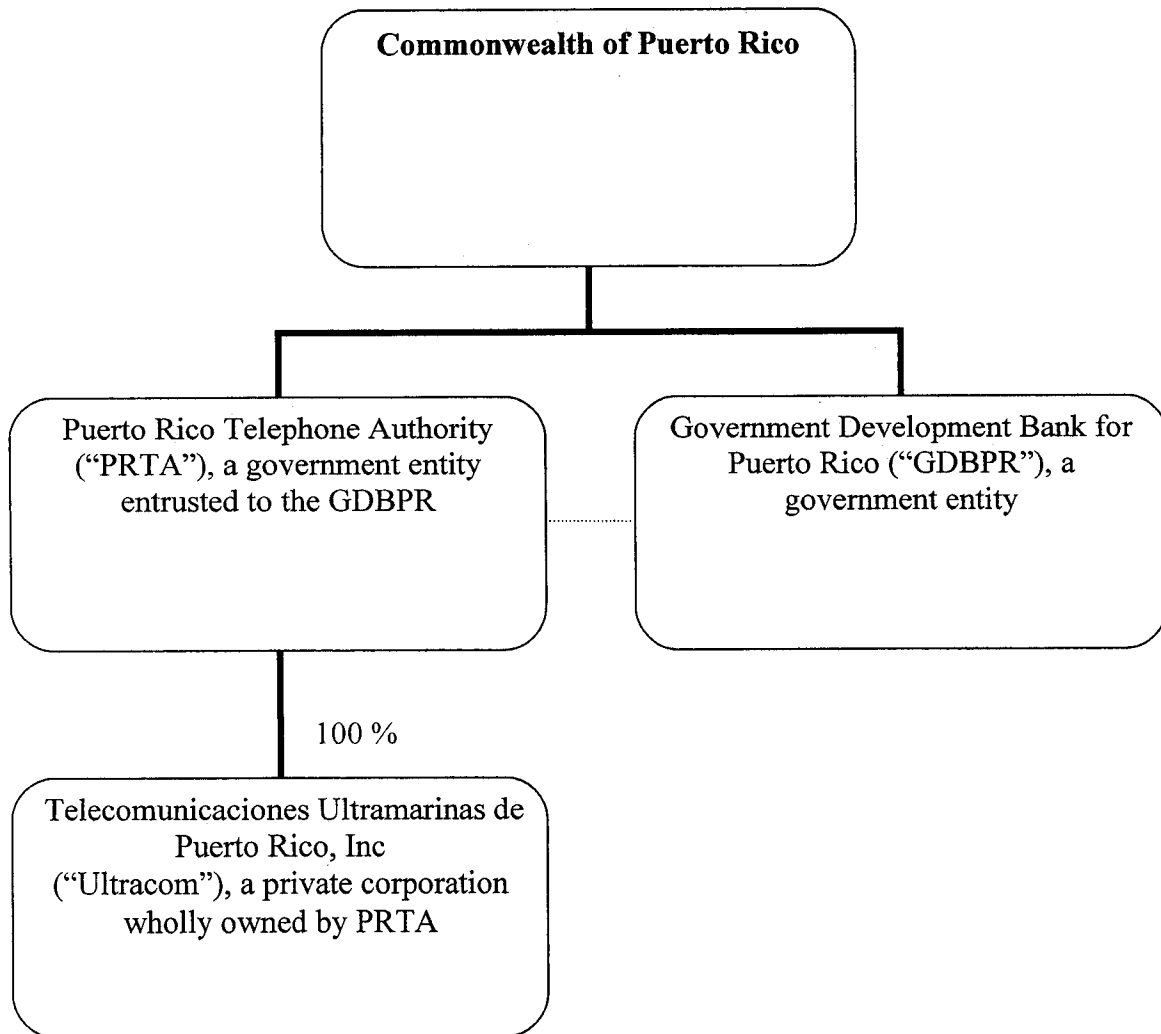
Telefónica International Holding, B.V.

By _____
Its:

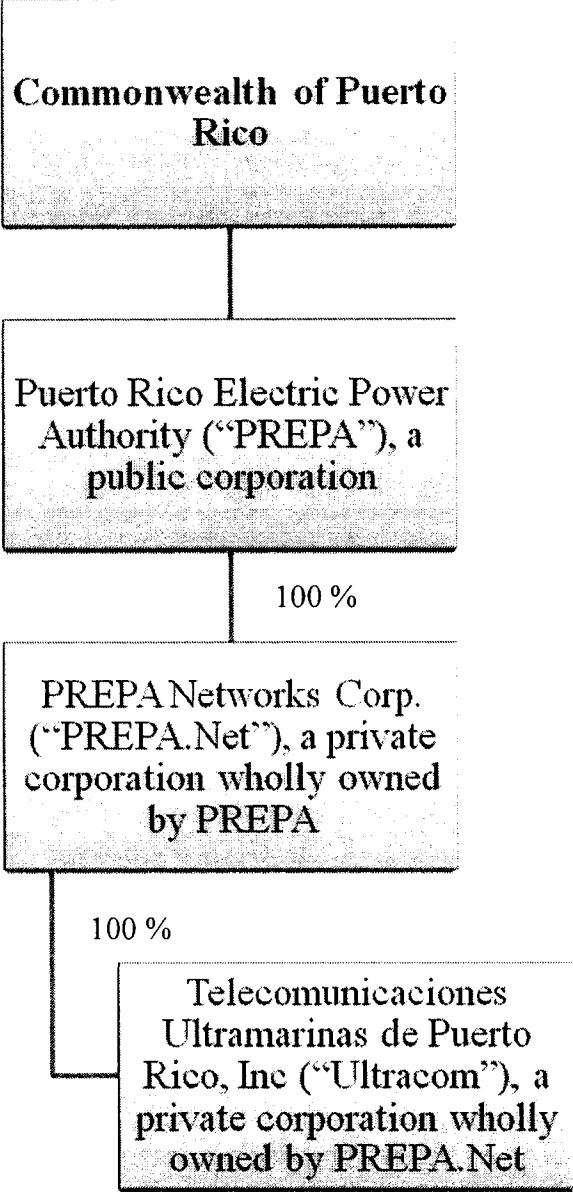
Telefónica Internacional, S.A.

By _____
Its:

Ultracom Ownership Before the Transaction



Ultracom Ownership After the Transaction



Relationship After the Transaction

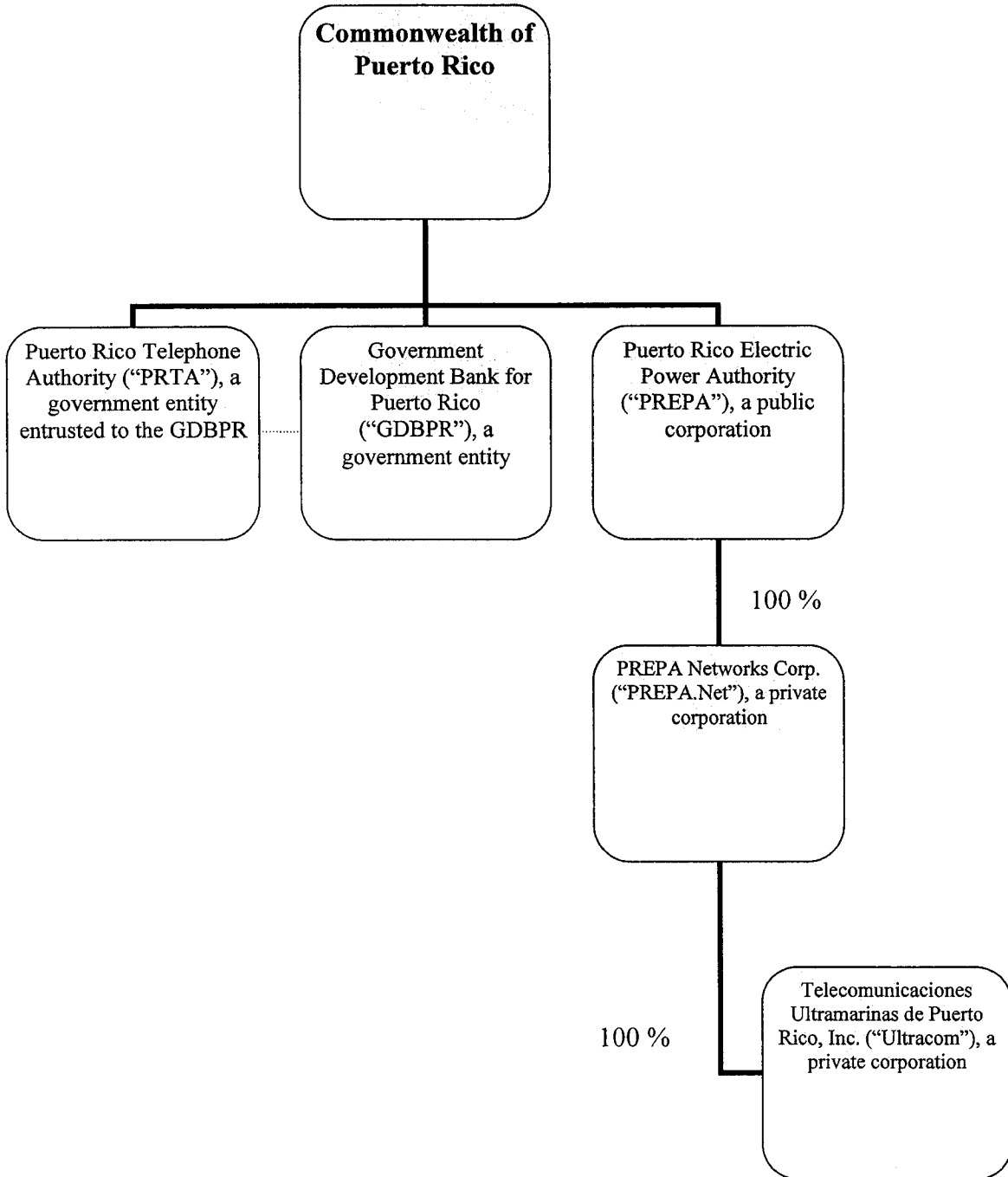


Exhibit 6

**CERTIFICATION BY
PREPA NETWORKS CORP.**

I, José Casillas Aponte, of legal age, married, resident of Guaynabo, Puerto Rico, being duly sworn on my oath to depose and say:

1. That I am the General Manager of PREPA Networks Corp. ("PREPA.Net").
2. That I am duly authorized to submit this Certification on behalf of PREPA.Net.
3. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to PREPA.Net as set forth therein is true and correct.
4. That PREPA.Net is not affiliated to a foreign carrier as defined by 47 CFR 63.09(d).
5. That PREPA.Net is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan Puerto Rico, this 13th day of March, 2008.


Signature

Affidavit Number: 130

SUBSCRIBED and SWORN before me by José Casillas Aponte, of the above stated circumstances, whom I personally know or I have identified by means of _____, this 13th day of March, 2008, in San Juan, Puerto Rico.




NOTARY PUBLIC

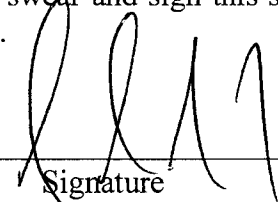
Exhibit 7

**CERTIFICATION BY
PUERTO RICO ELECTRIC POWER AUTHORITY**

I, Jorge A. Rodríguez Ruiz, of legal age, married, resident of San Juan, Puerto Rico,
(name) (civil status) (city or town)
being duly sworn on my oath to depose and say:

1. That I am Executive Director of the Puerto Rico Electric Power Authority ("PREPA").
2. That I am duly authorized to submit this Certification on behalf of PREPA.
3. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to the PREPA as set forth therein is true and correct.
4. That PREPA is not affiliated to a foreign carrier as defined by 47 CFR 63.09(d).
5. That PREPA is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan Puerto Rico, this 11th day of March, 2008.
(city or town)




Signature

Affidavit Number: 127

SUBSCRIBED and SWORN before me by Jorge A. Rodríguez Ruiz, of the above stated
circumstances, whom I personally know or I have identified by means of
_____, this 11th day of March, 2008, in San Juan, Puerto Rico.
(city or town)






NOTARY PUBLIC

**CERTIFICATION BY
TELECOMUNICACIONES ULTRAMARINAS DE PUERTO RICO, INC.**

I, Samuel Sierra, of legal age, married, resident of Guaynabo, being duly sworn on my oath to depose and say:

1. That I have been duly authorized to submit this Certification on behalf of Telecomunicaciones Ultramarinas de Puerto Rico, Inc. ("Ultracom").
2. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to Ultracom as set forth therein is true and correct.
3. That Ultracom is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan, Puerto Rico, this 13th day of March, 2008.


Signature

Affidavit Number: 2289

SUBSCRIBED and SWORN before me by Samuel Sierra, of the above stated circumstances, whom I personally know, this 10th day of March, 2008, in San Juan, Puerto Rico.




NOTARY PUBLIC

**CERTIFICATION BY
PUERTO RICO TELEPHONE AUTHORITY**

I Jorge Irizarry Herrans, of legal age, married, resident of San Juan, being duly sworn on my oath to depose and say:

1. That I have been duly authorized to submit this Certification on behalf of the Puerto Rico Telephone Authority ("PRTA").
2. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to PRTA set forth therein is true and correct.
3. That PRTA is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan, Puerto Rico, this 13th day of March, 2008.



Signature

Affidavit Number: 2290

SUBSCRIBED and SWORN before me by Jorge Irizarry Herrans, of the above stated circumstances, whom I personally know, this 10th day of March, 2008, in San Juan, Puerto Rico.





NOTARY PUBLIC

**CERTIFICATION BY
GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO**

I Jorge Irizarry Herrans, of legal age, married, resident of San Juan, being duly sworn on my oath to depose and say:

1. That I have been duly authorized to submit this Certification on behalf of the Government Development Bank for Puerto Rico ("GDBPR").
2. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to GDBPR set forth therein is true and correct.
3. That GDBPR is not subject of a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

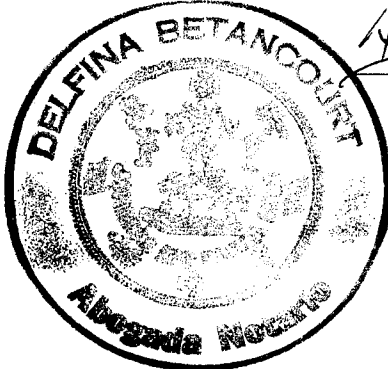
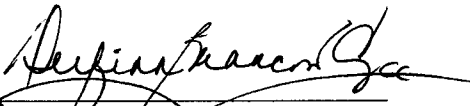
AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan, Puerto Rico, this 13th day of March, 2008.



Signature

Affidavit Number: 2291

SUBSCRIBED and SWORN before me by Jorge Irizarry Herrans, of the above stated circumstances, whom I personally know, this 13th day of March, 2008, in San Juan, Puerto Rico.

NOTARY PUBLIC

Exhibit 11

**Proceedings currently before the Federal Communications Commission
regarding Telecomunicaciones Ultramarinas de Puerto Rico, Inc.**

1. In the Matter of Telecomunicaciones Ultramarinas de Puerto Rico, Inc., EB-06-IH-5049

Before the Enforcement Bureau, Investigations and Hearings Division.

Investigation by the Enforcement Bureau regarding certain allegations that PREPA Networks Corp., the Government Development Bank for Puerto Rico, and Telecomunicaciones Ultramarinas de Puerto Rico, Inc. may have violated Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Part 63 of the FCC's rules, 47 C.F.R. Part 63.

2. In the Matter of Telecomunicaciones Ultramarinas de Puerto Rico, Inc., EB-08-SE-047

Before the Enforcement Bureau, Spectrum Enforcement Division.

Investigation by the Enforcement Bureau regarding potential violations by Telecomunicaciones Ultramarinas de Puerto Rico, Inc. of Section 301 of the Communications Act of 1934, as amended, 47 U.S.C. § 301, and sections 25.102(a) and 25.121(e) of the FCC's rules, 47 C.F.R. §§ 25.102(a), 25.121(e).