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Policy Division
International Bureau

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

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)
 In the Matter of)
)
) File No.
 TELECOMUNICACIONES)
 ULTRAMARINAS DE PUERTO RICO,)
 INC.) Application for Authority to Transfer
) Control of Ownership of Licensee to
) Cable Landing License
 COLUMBUS II Cable System)
 AMERICAS-1 Cable System)
)
)

**APPLICATION FOR TRANSFER OF CONTROL AND OWNERSHIP OF
 TELECOMUNICACIONES ULTRAMARINAS DE PUERTO RICO, INC., LICENSEE
 TO THE COLUMBUS II/AMERICAS-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 Section 11(4) of the COLUMBUS II cable landing license,³ and Section 11(4) of the AMERICAS-1 cable landing license,⁴ (together hereinafter

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

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

³ *In the Matter of AMERICAN TELEPHONE AND TELEGRAPH COMPANY; GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED; MCI INTERNATIONAL, INC.; SPRINT COMMUNICATIONS COMPANY; LIMITED PARTNERSHIP TELE-FONICA LARGA DISTANCIA DE PUERTO RICO; THE ST. THOMAS AND SAN JUAN TELEPHONE COMPANY, INC.; TRT/FTC COMMUNICATIONS, INC.; WORLD COMMUNICATIONS, INC. Joint Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Between and Among the United States Mainland, Mexico, U.S. Virgin Islands, Spain, Italy and Portugal*, File No. SCL-93-001; Cable Landing License, DA 93-908, 8 FCC Red 5038 (1993) (“COLUMBUS II Cable Landing License”).

⁴ *In the Matter of AMERICAN TELEPHONE AND TELEGRAPH COMPANY; GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED; MCI INTERNATIONAL, INC.; SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP; TELE-FONICA LARGA DISTANCIA DE PUERTO RICO; THE ST. THOMAS AND SAN JUAN TELEPHONE COMPANY, INC.; TRT/FTC COMMUNICATIONS, INC.; WORLD COMMUNICATIONS, INC. Joint Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Between and Among the United States Mainland, U.S. Virgin Islands, Brazil, Trinidad and*

referred to as the “COLUMBUS II/AMERICAS-1 Cable Landing Licenses”) 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 COLUMBUS II/AMERICAS-1 Cable Landing Licenses to reflect such change in ownership interest.

I. INTRODUCTION

On July 26, 1993, the Commission released the COLUMBUS II Cable Landing License, adopted on July 13, 1993, authorizing the landing and operation of a high capacity cable system, the COLUMBUS II, extending from Mexico, to the U.S. mainland, to the U.S. Virgin Islands (“U.S.V.I.”), and across the Atlantic Ocean to branching units in Spain, Italy and Portugal. Segments of the COLUMBUS II Cable System operating between the U.S. mainland and the U.S.V.I. would be used in tandem with corresponding segments on the AMERICAS-1 Cable System. On that same day, the Commission also released the AMERICAS-1 Cable Landing License to land a cable system from Florida to St. Thomas, and then to branching units extending to Brazil, Trinidad, and Venezuela. Copy of the COLUMBUS II Cable Landing License is included as **Exhibit 1** and copy of the AMERICAS-1 Cable Landing License is included as **Exhibit 2**. A summary of Ultracom’s current interest in the COLUMBUS II/AMERICAS-1 Cable System is included as **Exhibit 3**.

Venezuela, File No. SCL-93-002; Cable Landing License, DA 93-909, 8 FCC Rcd 5041 (1993) (“AMERICAS-1 Cable Landing License”)

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, these cable landing licenses are also subject to the conditions set forth in paragraph 11 of the COLUMBUS II Cable Landing License and paragraph 11 of the AMERICAS-1 Cable Landing License. Specifically, Section 11(4) of both cable landing licenses state that neither the license nor the rights granted therein, shall be transferred, assigned, or in any manner either voluntarily or involuntarily disposed of or disposed of indirectly by transfer of control of the Licensees to any persons, unless the Commission gives prior written consent.

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 common stock of Ultracom. After the consummation of the transaction, Ultracom will become a wholly-owned subsidiary of PREPA.Net. The transaction between the PRTA and PREPA.Net will not affect the participation, ownership or minimum investment units (“MIU”) of the other licensees to the COLUMBUS II/AMERICAS-1 Cable Landing Licenses.

Ultracom hereby requests a streamlined procedure for the consent and approval of transfer of control and ownership to reflect such change of control and ownership, as required by Section 11(4) of the COLUMBUS II/AMERICAS-1 Cable Landing Licenses.

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 COLUMBUS II/AMERICAS-1 Cable Landing Licenses, the Commission's consent and approval of the transfer to PREPA.Net of all other licenses granted to Ultracom as listed on **Exhibit 4**, 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, and will continue offering service to its customers without interruption. 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.⁵

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 GDBPR.

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

⁵ 47CFR 1.767(a)(11)(iii).

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 5**. 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.

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. 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 are affiliated to any foreign carriers as defined by Commission's Rule 63.09(d).⁶

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 11**.

IV. SECTION 1.767(A) INFORMATION

The following information is submitted as required by Section 1.767(a) of the Commission's Regulations.⁷

(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

⁶ 47 CFR 63.09(d)

⁷ 47 CFR 1.767(a).

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
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 COLUMBUS II/AMERICAS-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 COLUMBUS II/AMERICAS-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 COLUMBUS II/AMERICAS-1'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 **Exhibit 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 12** 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 the application, grant the instant petition, and authorize the transfer of control and ownership of Ultracom from PRTA to PREPA.Net.

RESPECTFULLY SUBMITTED.

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

Through their counsel

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San Juan, PR 00936-8505
Tel.: (787) 620-6776
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Gladys A. Maldonado-Rodríguez
Puerto Rico Bar No. 15004
e-mail: gmaldonado@qslaw.net

March 24, 2008.

Certificate of Service as Required by Section 1.767(j)

I hereby certify that on this 24th day of March, 2008, a true and exact copy of this Application and its exhibits were sent via Federal Express 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

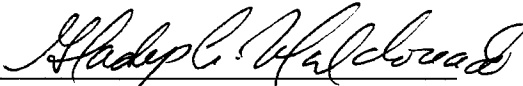

Gladys A. Maldonado

Exhibit List

- Exhibit 1** COLUMBUS II Cable Landing License; File No. File No. SCL-93-001, DA 93-908; 8 FCC Rcd 5038 (1993).
- Exhibit 2** AMERICAS-1 Cable Landing License; File No. File No. SCL-93-002, DA 93-909; 8 FCC Rcd 5041 (1993).
- Exhibit 3** Summary of Ultracom's interests in the COLUMBUS II/AMERICAS-1 Cable System.
- Exhibit 4** Licenses granted by the Federal Communications Commission to Telecomunicaciones Ultramarinas de Puerto Rico, Inc. to be transferred
- Exhibit 5** Settlement Agreement between Telefónica International Holding, B.V. and Puerto Rico Telephone Authority of December 23, 2003
- 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** Diagrams - Ownership and Corporate Relationship
- Exhibit 12** Proceedings currently before the Federal Communications Commission regarding Telecomunicaciones Ultramarinas de Puerto Rico, Inc.

LEXSEE 8 FCC RCD 5038

In the Matter of AMERICAN TELEPHONE AND TELEGRAPH COMPANY; GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED; MCI INTERNATIONAL, INC.; SPRINT COMMUNICATIONS COMPANY; LIMITED PARTNERSHIP TELEFONICA LARGA DISTANCIA DE PUERTO RICO; THE ST. THOMAS AND SAN JUAN TELEPHONE COMPANY, INC.; TRT/FTC COMMUNICATIONS, INC.; WORLD COMMUNICATIONS, INC. Joint Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Between and Among the United States Mainland, Mexico, U.S. Virgin Islands, Spain, Italy and Portugal

File No. SCL-93-001

RELEASE-NUMBER: DA 93-908

FEDERAL COMMUNICATIONS COMMISSION

8 FCC Rcd 5038; 1993 FCC LEXIS 3799

July 26, 1993 Released; Adopted July 13, 1993

ACTION:

[**1]

CABLE LANDING LICENSE

JUDGES: By the Acting Chief, Common Carrier Bureau

OPINION BY: LEVITZ

OPINION:

[*5038] 1. On November 10, 1992, eight United States international service carriers (hereinafter referred to as Joint Applicants) n1 filed the above-captioned Joint Application requesting authority pursuant to "An Act Relating to the Landing and Operation of Submarine Cables in the United States," 47 U.S.C. §§ 34-39, to land and operate a high capacity digital submarine cable system known as the COLUMBUS II Cable System, extending from Mexico, to the U.S. mainland, then to the U.S. Virgin Islands (U.S.V.I.), then across the Atlantic Ocean to a branching unit which extends both to Spain and to another branching unit which extends to Italy and to Portugal. Segments of the COLUMBUS II Cable System operating between the U.S. mainland and the U.S.V.I. will be used in tandem with corresponding segments on the AMERICAS-1 Cable System (FCC File Nos. SCL-93-002, ITC-93-030), permitting the balancing of traffic and sharing of restoration capabilities between the two cable systems. These combined segments will be known as the "Common Segment." n2

n1 The Joint Applicants include American Telephone and Telegraph Company (AT&T), GTE Hawaiian Telephone Company Incorporated (HTC), MCI International, Inc. (MCII), Sprint Communications Company Limited Partnership (Sprint), Telefonica Larga Distancia de Puerto Rico (TLD), The St. Thomas and San Juan Telephone Company, Inc. (STSJ), TRT/FTC Communications, Inc. (TRT/FTC), and World Communications, Inc. (Worldcom).

n2 See *infra* n.4.

[**2]

2. The Joint Application was placed on public notice on November 18, 1992. STC Submarine Systems, Inc. (STC) filed comments requesting the Commission to condition the requested Section 214 authorization and accompanying cable landing license on the Joint Applicants' competitive procurement of equipment and services for COLUM-

BUS II. AT&T and STSJ filed a joint reply. On March 12, 1993, AT&T filed a letter requesting the Commission to bifurcate the proceeding, and consider TLD's ownership interest apart from the other Joint Applicants. n3 TLD opposed AT&T's request, and AT&T responded. On May 7, 1993, the Commission, in a public notice, requested additional comments on AT&T's request. MCII and TLD filed comments, and AT&T and TLD filed reply comments.

n3 Letter from Elaine R. McHale, Senior Attorney for AT&T, to Donna Searcy, Secretary of the FCC, dated March 12, 1993. AT&T's letter referenced a previously filed request by Sprint on January 19, 1993 that the Commission consider in future proceedings involving TLD both the general issue of reciprocal entry rights, and the issue of how Spain's treatment of U.S. carriers may affect grant of additional Section 214 authority to Spanish-owned carriers.

[**3]

The COLUMBUS II Cable System

3. The proposed COLUMBUS II Cable System will extend from a landing point at a new cable station at Cancun, Mexico, to the cable station at West Palm Beach, Florida, to the cable station at Magens Bay, St. Thomas, U.S.V.I., then across the Atlantic Ocean to a branching unit which extends to the cable station at Sardina, Spain, and to another branching unit which extends both to the cable station at Palermo, Italy and to the cable station at Funchal, Portugal. Between Florida and St. Thomas there will be a "Common Segment" which will permit the sharing of capacity and restoration capabilities between the COLUMBUS II and AMERICAS-1 Cable Systems. The proposed cable system consists of nine segments. n4 The [*5039] Common Segments B and N will be comprised of 2 fiber pairs each employing AT&T's latest SL2000 technology, operating at 2.4 Gigabits per second (Gbps). One fiber pair in each segment will be used for service while the other will be used for restoration. The Joint Applicants will have their traffic on the common segment balanced between Segments B and N in order to minimize circuit failures in the event of a disruption to either cable. [**4] In addition, by having a fully redundant restoration pair, 100% fiber-on-fiber restoration and route diversity is possible between Florida and St. Thomas on both COLUMBUS II and AMERICAS-1, resulting in high circuit reliability.

n4 The Joint Application identifies these as: Segments T1, T2, T3, T4, T5 and T6, which are, respectively, the cable station at Cancun, Mexico; the cable station in West Palm Beach, Florida; the cable station at Magens Bay, St. Thomas, U.S.V.I.; the cable station at Sardina, Spain; the cable station at Palermo, Italy; and the cable station at Funchal, Portugal; Segment A -- the submarine cable linking Segments T1 and T2; Segment B -- the submarine cable linking Segments T2 and T3; and Segment C -- the submarine cables linking Segments T3, T4, T5 and T6.

The portions of COLUMBUS II and AMERICAS-1 identified as the Common Segment are: (a) COLUMBUS II -- Segment B, and parts of Segments T2 and T3 of that system (b) AMERICAS-1 -- Segments N, T1 and part of T2 of that system (see AMERICAS-1 Section 214 authorization, DA 93-911, adopted July 13, 1993, for description of AMERICAS-1 segments); and (c) Segment L, a terrestrial fiber optic cable linking the Vero Beach (AMERICAS-1) and West Palm Beach (COLUMBUS II) cable stations. Because Segment L consists of a domestic facility, the Joint Applicants do not include it for purposes of this authorization as belonging to either the AMERICAS-1 or COLUMBUS II Cable Systems.

[**5]

4. Segments A and C of the COLUMBUS II Cable System will employ technology operating at 560 Megabits per second (Mbps). Unless otherwise noted, the fiber pairs in these segments will be active, with none reserved for restoration. Segment A will consist of two fiber pairs. Subsegment C1, between St. Thomas and the First Branching Unit (BU1), will consist of three fiber pairs. Subsegment C2, between BU1 and Sardina, Spain, will consist of four fiber pairs, with one fiber pair reserved for restoration. Subsegment C3, between BU1 and the Second Branching Unit (BU2), will consist of two fiber pairs. Subsegments C4 and C5, between BU1 and Palermo, Italy, and between BU2 and Funchal, Portugal, respectively, will consist of one fiber pair each. The COLUMBUS II terminal equipment will employ the CCITT Recommendation G.703 paragraph 9.1 (Blue Book Vol. III, Fascicle III.4 November 1989) interface at 139,264,000 bits per second (140 Mbps) which is the Basic System Module (BSM). n5

n5 Each BSM consists of 63 Minimum Investment Units (MIUs).

5. The design capacity of the COLUMBUS II Cable System Segments A, B, and C is as follows:

SEGMENT OR SUBSEG- MENT	NUMBER OF BASIC SYSTEM MODULES	NUMBER OF MIUs n6 (DESIGN)	NUMBER OF 64 kbps VOICE PATHS
A	8	504	15,120
B	32	2016	60,480
C1	12	756	22,680
C2	16	1008	30,240
C3	8	504	15,120
C4	4	252	7,560
C5	4	252	7,560

[**6]

n6 A MIU is the minimum unit of investment for ownership in the AMERICAS-1 Cable network, allowing the use of 2.048 Mbps and the additional approximately 421 kilobits per second (kbps) required for multiplexing in each direction. Each MIU includes thirty 64 kbps voice paths. For voice services, digital circuit multiplication equipment (DCME) can be employed to derive about 150 virtual voice paths from a MIU.

6. The proposed cable system will be jointly owned by the Joint Applicants and foreign telecommunications entities in the following countries: Argentina, Aruba, Australia, Austria, Barbados, Belgium, Brazil, Canada, Chile, China, Colombia, Costa Rica, Dominican Republic, El Salvador, France, Germany, Guatemala, Guyana, Haiti, Honduras, Hong Kong, India, Italy, Japan, Korea, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Panama, Paraguay, Philippines, Portugal, Singapore, Spain, Sweden, Switzerland, Trinidad and Tobago, Taiwan, the United Kingdom, Uruguay and Venezuela.

7. Although expressly supporting the construction of COLUMBUS II, STC requests the Commission to condition approval of the cable landing license and accompanying Section 214 authorization by requiring [**7] the Joint Applicants to use a fair and open procurement process in awarding the construction contracts for COLUMBUS II as it did in Pacific Telecom Cable. n7 As detailed in the companion Section 214 authorization of COLUMBUS II, given competitive market circumstances, we can find no public interest benefit to involving the Commission in the management of the COLUMBUS II procurement decisions and do not believe that it is necessary to condition the grant of COLUMBUS II on assurances of competitive procurement practices. n8

n7 *Pacific Telecom Cable, Inc.*, 2 FCC Rcd 2686 (1987) (Conditional license); 4 FCC Rcd 8061 (1989) (Final license).

n8 See COLUMBUS II Section 214 authorization, DA 93-910, adopted July 13, 1993.

8. Pursuant to our obligations under 47 U.S.C. §§ 34-39, the Department of State has been notified and, after having coordinated with the National Telecommunications and Information Administration and the Defense Information System Agency, has approved the landing of COLUMBUS II in the United States on the condition that approval of TLD's ownership interests in that portion of [**8] the cable system designated for service to Spain be deferred pending further review. n9

n9 Letter from Michael T. N. Fitch, Acting U.S. Coordinator and Director, Bureau of International Communications and Information Policy, Department of State to Kathleen Levitz, Acting Chief, Common Carrier Bureau, Federal Communications Commission, dated June 30, 1993.

9. Based on the information provided by the Joint Applicants, we conclude that the grant of the requested authorization will not have a significant effect on the environment as defined in Section 1.1307 of the Commission's Rules and Regulations implementing the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321-4335 (1976). n10 Consequently, no environmental assessment is required to be submitted with this Joint Application under Section 1.1311 of the Commission's Rules.

n10 See Section 214 Application, File No. ITC-93-029, at p. 23.

10. Concurrent with consideration of this application, this Commission has granted the Joint Applicants authority under Section 214 of the Communications Act of 1934, as amended, to construct and operate the COLUMBUS II Cable System. n11 As [**9] detailed in the companion Section 214 authorization of COLUMBUS II, we find that the proposed COLUMBUS II Cable System is in the public interest. However, we incorporate by reference our findings there that consideration of TLD's proposed ownership interest shall be deferred to a separate proceeding. Therefore, we grant to the Joint Applicants, except TLD, a cable landing license for the COLUMBUS II Cable System.

n11 See supra n.8.

[*5040] ORDERING CLAUSES

11. Accordingly, this Commission HEREBY GRANTS AND ISSUES under the provisions of "An Act Relating to the Landing and Operation of Submarine Cables in the United States," 47 U.S.C. §§ 34-39, and pursuant to authority delegated to this Commission under Executive Order No. 10530, dated May 10, 1954, 3 C.F.R. 1954-1958, Comp., p. 189 (1961), reprinted in 3 U.S.C.A. § 301 at 1052 (1985), to Joint Applicants AT&T, HTC, MCII, Sprint, STSJ, TRT/FTC, and Worldcom a license to land and operate one high capacity digital submarine cable system, having a capacity of: (a) 2.4 Gbps on each of two fiber pairs, extending between West Palm Beach, Florida and St. Thomas, [**10] U.S. Virgin Islands, (b) 560 Mbps on two fiber pairs between Cancun, Mexico and West Palm Beach, Florida, (c) 560 Mbps on three fiber pairs between Magens Bay, St. Thomas and the First Branching Unit (BU1), (d) 560 Mbps on four fiber pairs between BU1 and Sardina, Spain, (e) 560 Mbps on two fiber pairs between BU1 and the Second Branching Unit (BU2), (f) 560 Mbps on each single fiber pair between BU2 and Funchal, Portugal, and BU2 and Palermo, Italy. This license is subject to: (1) "An Act Relating to the Landing and Operation of Submarine Cables in the United States," 47 U.S.C. §§ 34-39; (2) the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-609; (3) subsequent applicable acts; (4) all relevant rules and regulations of the Federal Communications Commission; (5) any treaties or conventions to which the United States of America is now or may hereafter become a party; (6) any actions by the Commission or the Congress of the United States of America rescinding, changing, modifying, or amending any rights accruing to any person; and (7) the following conditions:

(1) The location of the cable within the [**11] territorial waters of the United States of America, its territories and possessions, and upon the foreshore thereof, shall be in conformity with plans approved by the Secretary of the Army, and the cable shall be moved or shifted by the Licensees at their 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 Licensees shall at all times comply with any requirements of United States Government authorities regarding the location and concealment of the cable facilities, buildings, and apparatus with a view to protecting and safeguarding the cable from injury or destruction by enemies of the United States of America;

(3) The Licensees or any persons or companies controlling them or controlled by them do not enjoy and shall not acquire any right, for the purpose of handling traffic to or from the United States, its territories or possessions, to land, connect or operate cables or landlines, to construct or operate radio stations, or to interchange traffic, which is denied to any other United States [**12] company by reason of any concession, contract, understanding, or working arrangement to which the Licensees or any persons or companies controlling them or controlled by them are parties;

(4) 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 Licensees to any persons, unless the Federal Communications Commission shall give prior consent in writing;

(5) This license is revocable after due notice and opportunity for hearing by the Federal Communications Commission in the event of breach or nonfulfillment of any requirement specified in Section 2 of "An Act Relating to the Operation of Submarine Cables in the United States," 47 U.S.C. §§ 34-39, or for failure to comply with the terms of the authorization;

(6) The Licensees 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 that date, unless renewed or extended upon proper applications duly filed no less than six months prior to the expiration date; and, upon expiration [**13] of the license, all rights granted under it shall be terminated; and

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

12. IT IS FURTHER ORDERED that STC's request to condition the COLUMBUS II cable landing license is hereby denied.

13. This order is issued under Section 0.291 of the Commission's Rules 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 may be filed within 30 days of public notice of this order (see Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Kathleen B. Levitz

Acting Chief, Common Carrier Bureau

LEXSEE 8 FCC RCD 5041

In the Matter of AMERICAN TELEPHONE AND TELEGRAPH COMPANY; GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED; MCI INTERNATIONAL, INC.; SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP; TELEFONICA LARGA DISTANCIA DE PUERTO RICO; THE ST. THOMAS AND SAN JUAN TELEPHONE COMPANY, INC.; TRT/FTC COMMUNICATIONS, INC.; WORLD COMMUNICATIONS, INC. Joint Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Between and Among the United States Mainland, U.S. Virgin Islands, Brazil, Trinidad and Venezuela

File No. SCL-93-002

RELEASE-NUMBER: DA 93-909

FEDERAL COMMUNICATIONS COMMISSION

8 FCC Rcd 5041; 1993 FCC LEXIS 3800

July 26, 1993 Released; Adopted July 13, 1993

ACTION:

[**1]

CABLE LANDING LICENSE

JUDGES: By the Acting Chief, Common Carrier Bureau

OPINION BY: LEVITZ

OPINION:

[*5041] 1. On November 10, 1992, eight United States international service carriers (hereinafter referred to as Joint Applicants) n1 filed the above-captioned Joint Application requesting authority pursuant to "An Act Relating to the Landing and Operation of Submarine Cables in the United States." 47 U.S.C. §§ 34-39, to land and operate a high capacity digital submarine cable system known as the AMERICAS-1 Cable System, extending from the U.S. mainland to the U.S. Virgin Islands (U.S.V.I.), then to a branching unit which extends to both Brazil and Trinidad and then to Venezuela. Segments of the AMERICAS-1 Cable System operating between the U.S. mainland and the U.S.V.I. will be used in tandem with corresponding segments on the COLUMBUS II Cable System (FCC File Nos. SCL-93-001, ITC-93-029), permitting the balancing of traffic and sharing of restoration capabilities between the two cable systems. These combined segments will be known as the "Common Segment." n2

n1 The Joint Applicants include American Telephone and Telegraph Company (AT&T), GTE Hawaiian Telephone Company Incorporated (HTC), MCI International, Inc. (MCII), Sprint Communications Company Limited Partnership (Sprint), Telefonica Larga Distancia de Puerto Rico (TLD), The St. Thomas and San Juan Telephone Company, Inc. (STSJ), TRT/FTC Communications, Inc. (TRT/FTC), and World Communications, Inc. (Worldcom).

n2 See infra n.4.

[**2]

2. The Joint Application was placed on public notice on November 18, 1992. No comments were received. On March 12, 1993, AT&T filed a letter requesting the Commission to bifurcate the proceeding, and consider TLD's ownership interest apart from the other Joint Applicants. n3 TLD opposed AT&T's request, and AT&T responded. On May 7, 1993, the Commission, in a public notice, requested additional comments on AT&T's request. MCII and TLD filed

comments, and AT&T and TLD filed reply comments. For the reasons discussed below, we partially grant this application.

n3 Letter from Elaine R. McHale, Senior Attorney for AT&T, to Donna Searcy, Secretary of the FCC, dated March 12, 1993. AT&T's letter referenced a previously filed request by Sprint on January 19, 1993 that the Commission consider in future proceedings involving TLD both the general issue of reciprocal entry rights, and the issue of how Spain's treatment of U.S. carriers may affect grant of additional Section 214 authority to Spanish-owned carriers.

The AMERICAS-1 Cable System

3. The proposed AMERICAS-1 Cable System will land at Vero Beach, Florida in the United States and extend to Magens Bay, St. Thomas, U.S.V.I., [**3] then to a branching unit which extends to both Fortaleza, Brazil and Macqueripe, Trinidad, and then to Camuri, Venezuela. The proposed cable system consists of seven segments. n4 The Common Segments B and N will be comprised of 2 fiber pairs, each employing AT&T's latest SL2000 technology, operating at 2.4 Gigabits per second (Gbps). One fiber pair in each segment will be used for service while the other will be used for restoration. The Joint Applicants will have their traffic on the common segment balanced between Segments B and N in order to minimize circuit failures in the event of a disruption to either cable. In addition, by having a fully redundant restoration pair, 100% fiber-on-fiber restoration [*5042] and route diversity is possible between Florida and St. Thomas on both AMERICAS-1 and COLUMBUS II, resulting in high circuit reliability.

n4 The Joint Application identifies these as: Segments T1, T2, T3, T4 and T5, which are, respectively, the cable station at Vero Beach, Florida; the cable station at Magens Bay, St. Thomas, U.S.V.I.; the cable station at Macqueripe, Trinidad; the cable station at Camuri, Venezuela; and the cable station at Fortaleza, Brazil; Segment N -- the submarine cable linking Segments T1 and T2; and Segment S -- the submarine cables linking Segments T2, T3, T4, and T5.

The portions of AMERICAS-1 and COLUMBUS II identified as the Common Segment are: (a) AMERICAS-1 -- Segments N, T1 and part of T2; (b) COLUMBUS II -- Segment B, and parts of Segments T2 and T3 of that system (see COLUMBUS II Section 214 authorization, DA 93-910, adopted July 13, 1993, for description of COLUMBUS II segments); and (c) Segment L, a terrestrial fiber optic cable linking the Vero Beach (AMERICAS-1) and West Palm Beach (COLUMBUS II) cable stations. Because Segment L consists of a domestic facility, the Joint Applicants do not include it for purposes of authorization as belonging to either the AMERICAS-1 or COLUMBUS II Cable Systems.

[**4]

4. Segment S of the AMERICAS-1 Cable System, which will link the St. Thomas cable station with all of the foreign cable stations, will employ technology operating at 560 Megabits per second (Mbps). All of the fiber pairs in Segment S will be active, with none reserved for restoration. Subsegments S1 and S2, between St. Thomas and the Branching Unit (BU), and the BU and Macqueripe, Trinidad respectively, will consist of three fiber pairs. Subsegments S3 and S4, between Macqueripe, Trinidad and Camuri, Venezuela, and the BU and Fortaleza, Brazil respectively, will consist of two fiber pairs. The AMERICAS-1 terminal equipment will employ the CCITT Recommendation G.703 paragraph 9.1 (Blue Book Vol. III, Fascicle III.4 November 1989) interface at 139,264,000 bits per second (140 Mbps) which is the Basic System Module (BSM). n5

n5 Each BSM consists of 63 Minimum Investment Units (MIUs).

5. The Design Capacity of the AMERICAS-1 Cable System Segments N and S are as follows:

SEGMENT OR SUBSEG- MENT	NUMBER OF BASIC MODULES SYSTEM	NUMBER OF MIUs n6 (DESIGN)	NUMBER OF 64 kbps VOICE PATH
N	32	2016	60,480
S1	12	756	22,680
S2	12	756	22,680
S3	8	504	15,120

SEGMENT OR SUBSEG- MENT	NUMBER OF BASIC MODULES SYSTEM	NUMBER OF MIUs n6 (DESIGN)	NUMBER OF 64 kbps VOICE PATH
S4 [**5]	8	504	15,120

n6 A MIU is the minimum unit of investment for ownership in the AMERICAS-1 Cable System, allowing the use of 2.048 Mbps and the additional approximately 421 kilobits per second (kbps) required for multiplexing in each direction. Each MIU includes thirty 64 kbps voice paths. For voice services, digital circuit multiplication equipment (DCME) can be employed to derive about 150 virtual voice paths from a MIU.

6. The proposed cable system will be jointly owned by the Joint Applicants and foreign telecommunications entities in the following countries: Argentina, Aruba, Australia, Austria, Barbados, Belgium, Brazil, Canada, Chile, Colombia, Dominican Republic, El Salvador, France, Germany, Guatemala, Guyana, Haiti, Honduras, Hong Kong, India, Italy, Japan, Korea, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Panama, Paraguay, Philippines, Portugal, Singapore, Spain, Sweden, Switzerland, Trinidad and Tobago, Taiwan, the United Kingdom, Uruguay and Venezuela.

7. Pursuant to our obligations under *47 U.S.C. §§ 34-39*, the Department of State has been notified and, after having coordinated with the National Telecommunications and Information Administration and the Defense Information System Agency, has approved the landing of AMERICAS-1 in the United States on the condition that approval of TLD's ownership interests in that portion of the cable system designated for service to Spain be deferred pending further review. n7

n7 Letter from Michael T. N. Fitch, Acting U.S. Coordinator and Director, Bureau of International Communications and Information Policy, Department of State to Kathleen Levitz, Acting Chief, Common Carrier Bureau, Federal Communications Commission, dated June 30, 1993.

8. Based on the information provided by the Joint Applicants, we conclude that the grant of the requested authorization will not have a significant effect on the environment as defined in Section 1.1307 of the Commission's Rules and Regulations implementing the National Environmental Policy Act of 1969, *42 U.S.C. §§ 4321-4335* (1976). n8 Consequently, no environmental assessment is required to be submitted with this Joint Application under Section 1.1311 of the Commission's Rules.

n8 See Section 214 Application, File No. ITC-93-030, at p. 25.

9. Concurrent with consideration of this application, [**7] this Commission has granted the Joint Applicants authority under Section 214 of the Communications Act of 1934, as amended, to construct and operate the AMERICAS-1 Cable System (DA 93-911, adopted July 13, 1993, File No. I-T-C-93-030). As detailed in the companion Section 214 authorization of AMERICAS-1, we find that the proposed AMERICAS-1 Cable System is in the public interest. However, we also incorporate by reference our findings there that consideration of TLD's proposed ownership interest shall be deferred to a separate proceeding. Therefore, we grant to the Joint Applicants, except TLD, a cable landing license for the AMERICAS-1 Cable System.

ORDERING CLAUSES

10. Accordingly, this Commission HEREBY GRANTS AND ISSUES under the provisions of "An Act Relating to the Landing and Operation of Submarine Cables in the United States," *47 U.S.C. §§ 34-39*, and pursuant to authority delegated to this Commission under Executive Order No. 10530, dated May 10, 1954, 3 C.F.R. 1954-1958, Comp., p. 189 (1961), reprinted in *3 U.S.C.A. § 301* at 1052 (1985), to Joint Applicants AT&T, HTC, MCI, Sprint, STSJ, TRT/FTC, and [**8] Worldcom a license to land and operate one high capacity digital submarine cable system, having a capacity of: (a) 2.4 Gbps on each of two fiber pairs, extending between Vero Beach, Florida and St. Thomas, U.S. Virgin Islands, (b) 560 Mbps on each of three fiber pairs between St. Thomas and the Branching Unit (BU), and the BU and Macqueripe, Trinidad, and (c) 560 Mbps on each of two fiber pairs between Macqueripe, Trinidad and Camuri, Venezuela, and the BU and Fortaleza, Brazil. This license is subject to: (1) "An Act Relating to the Landing and Operation of Submarine Cables in the United States," *47 U.S.C. §§ 34-39*; (2) the Communications Act of 1934, as amended, *47 U.S.C. §§ 151-609*; (3) subsequent applicable acts; (4) all relevant rules and regulations of the Federal Communica-

tions Commission; (5) any treaties or conventions to which the United States of America is now or may hereafter become a party; (6) any actions by the Commission or the Congress of the United States of America rescinding, changing, modifying, or amending any rights accruing to any person; and (7) the following conditions:

(1) The location [*9] of the cable within the territorial waters of the United States of America, its territories and possessions, and upon the foreshore thereof, shall [*5043] be in conformity with plans approved by the Secretary of the Army, and the cable shall be moved or shifted by the Licensees at their 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 Licensees shall at all times comply with any requirements of United States Government authorities regarding the location and concealment of the cable facilities, buildings, and apparatus with a view to protecting and safeguarding the cable from injury or destruction by enemies of the United States of America;

(3) The Licensees or any persons or companies controlling them or controlled by them do not enjoy and shall not acquire any right, for the purpose of handling traffic to or from the United States, its territories or possessions, to land, connect or operate cables or landlines, to construct or operate radio stations, or to interchange traffic, which [**10] is denied to any other United States company by reason of any concession, contract, understanding, or working arrangement to which the Licensees or any persons or companies controlling them or controlled by them are parties;

(4) 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 Licensees to any persons, unless the Federal Communications Commission shall give prior consent in writing;

(5) This license is revocable after due notice and opportunity for hearing by the Federal Communications Commission in the event of breach or nonfulfillment of any requirement specified in Section 2 of "An Act Relating to the Operation of Submarine Cables in the United States," 47 U.S.C. §§ 34-39, or for failure to comply with the terms of the authorization;

(6) The Licensees 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 that date, unless renewed or extended upon proper applications duly filed no less than six months prior [**11] to the expiration date; and, upon expiration of the license, all rights granted under it shall be terminated; and

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

11. This order is issued under Section 0.291 of the Commission's Rules 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 may be filed within 30 days of public notice of this order (see Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Kathleen B. Levitz

Acting Chief, Common Carrier Bureau

**PARTICIPATION OF
TELECOMUNICACIONES ULTRAMARINAS DE PUERTO RICO, INC.
IN THE AMERICAS-1/COLUMBUS II CABLE SYSTEM**

Schedule B Voting Interest in the Columbus II Cable System
Percent 0.09761%

Schedule D-2 Columbus II Cable System: Quantities of MIUs Jointly Held by the Parties

Between West Palm Beach, Vero Beach and Mogens Bay

MIUs Jointly Assigned 0

MIUs Wholly Assigned 8

Schedule E-2 Columbus II Cable System: Assignment of Capacity in Segment B

Between West Palm Beach, Vero Beach and Mogens Bay

MIUs Jointly Assigned 0

MIUs Wholly Assigned 8

Schedule 1

Note: this schedule is no longer in existence, and there is no overall schedule representing voting interests for the Common Segment. Decisions regarding the Common Segment have been reviewed by a Joint Steering Committee, and are then proposed to each cable's respective GC for approval. However, if there were such a schedule, it is calculated by taking the simple average of the Schedule B % in Americas-1 and Columbus II respectively

Voting Interests AMERICAS-1 0.12652%

Voting Interests COLUMBUS II 0.09761%

Voting Interests in Common Segment 0.11207%

Schedule B Voting Interests in the Americas 1 Cable System

Percent 0.12652%

Ownership in Segments N, B and S

Allocation of Capital, Operating and Maintenance Costs of Segments N, B, S, and L of the AMERICAS 1 and Columbus II Cable Systems

Segments N, B, L 0.39860%

Segment S 0.00000%

Exhibit 4

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	File No. ITC-95-490; File No. ITC-95-580; DA 96-1053
3. AMERICAS I / COLUMBUS II	File No. SCL-93-001; File No. SCL-93-002 DA 93-908; DA 93-909

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
85%
15%

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;

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 go
to
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
withdrew
the Put
order
& retain
85%

2. The Parties agree that the total consideration payable to PRTA 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 PRTA, such amount to be subtracted from the cash consideration due to PRTA from TISA. Accordingly, the net balance of the cash consideration due to be paid by TISA to PRTA is Thirteen Million Five Hundred Thousand Dollars (\$13,500,000).

PRTA
TISA
\$15M
(\$1.25M)

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

acc to PRTA
\$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 PRTA and TI Holding shall terminate and have no further force and effect.

Stockholders Agt. terminated

5. TISA and TI Holding agree to fully cooperate with PRTA 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:

70644.2

**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: 129

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

CERTIFICATION BY
PUERTO RICO ELECTRIC POWER AUTHORITY

I, Jorge A. Rodríguez ^{Ruiz} of legal age, married ^(civil status), resident of Aguadilla, ^(city or town) Puerto Rico 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 ^(city or town) Puerto Rico, this 11th day of March, 2008.

[Signature]
Signature

Affidavit Number: 126

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, ^(city or town) Puerto Rico.



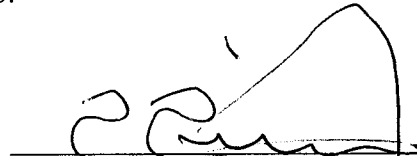
[Signature]
NOTARY PUBLIC

**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 14th day of March, 2008.


Signature

Affidavit Number: 2293

SUBSCRIBED and SWORN before me by Samuel Sierra, of the above stated circumstances, whom I personally know, this 14th day of March, 2008, in San Juan, Puerto Rico.

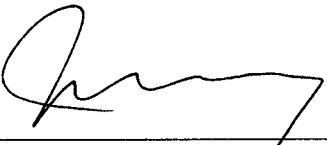


NOTARY PUBLIC

**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.

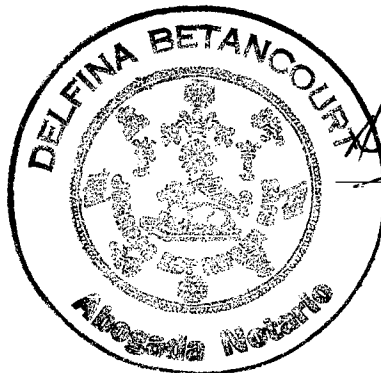
AND SO AS TO MAKE IT KNOWN, I hereby swear and sign this statement in San Juan, Puerto Rico, this 17th day of March, 2008.



Signature

Affidavit Number: 2296

SUBSCRIBED and SWORN before me by Jorge Irizarry Herrans, of the above stated circumstances, whom I personally know, this 17th 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:

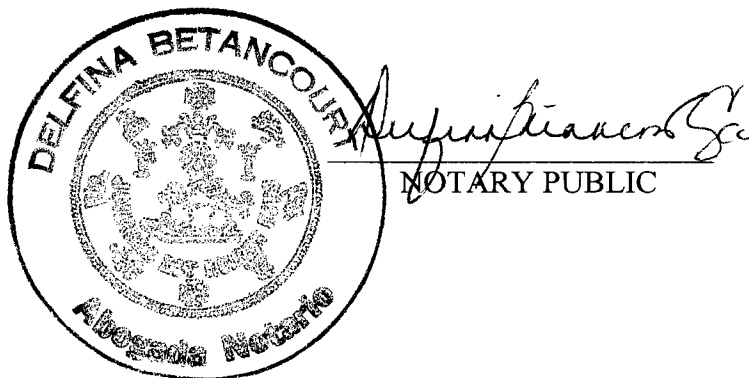
1. That I have been duly authorized to submit this Certification on behalf of the Government Development Bank for Puerto Rico ("GDBPR").
2. That I have read the foregoing Application and exhibits thereto, and to the best of my knowledge, information and belief, all the information related to GDBPR set 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 17th day of March, 2008.

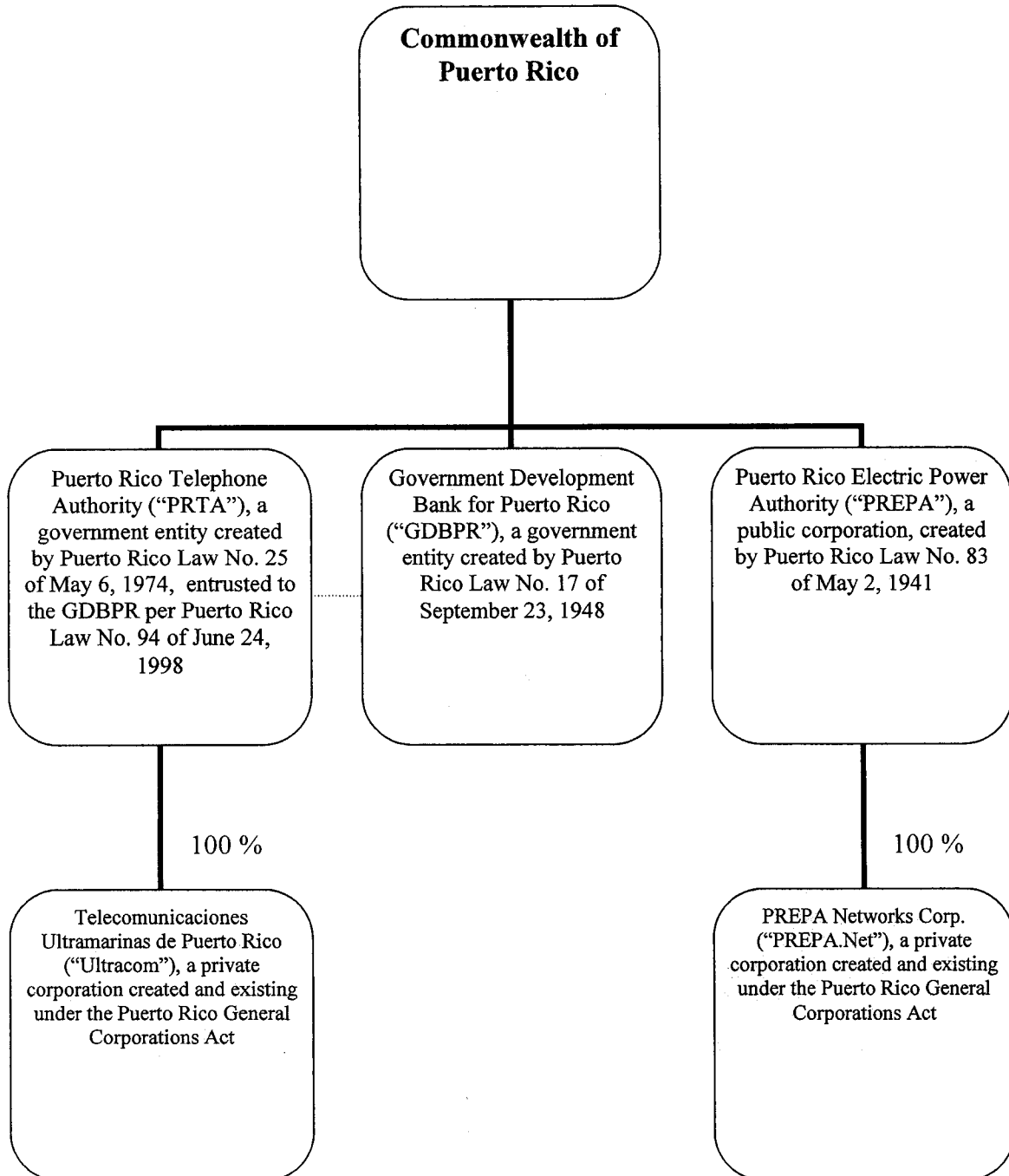

Signature

Affidavit Number: 2299

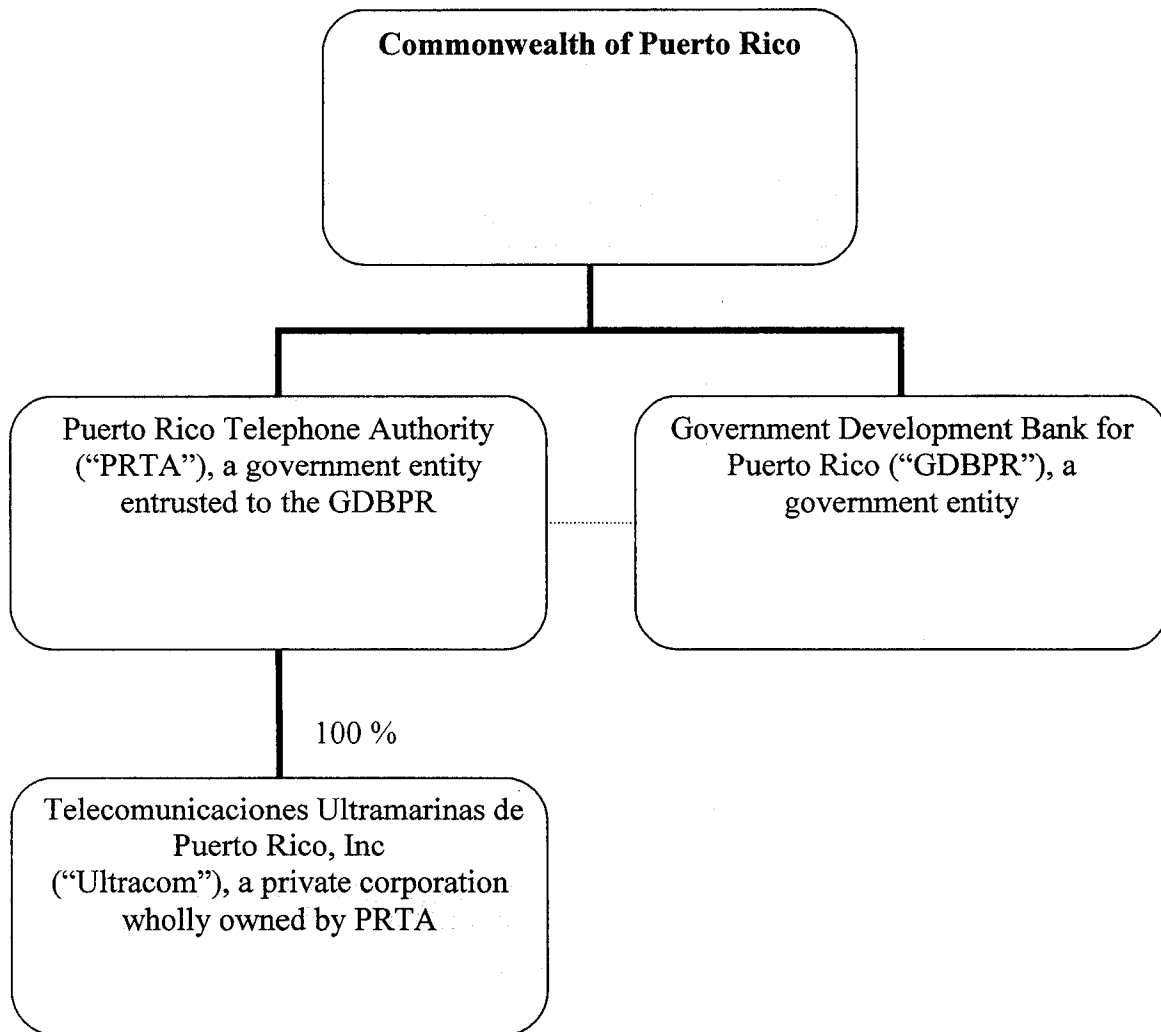
SUBSCRIBED and SWORN before me by Jorge Irizarry Herrans, of the above stated circumstances, whom I personally know, this 17th day of March, 2008, in San Juan, Puerto Rico.



Relationship Before the Transaction



Ultracom Ownership Before the Transaction



Ultracom Ownership After the Transaction

Commonwealth of Puerto Rico

Puerto Rico Electric Power Authority ("PREPA"), a public corporation

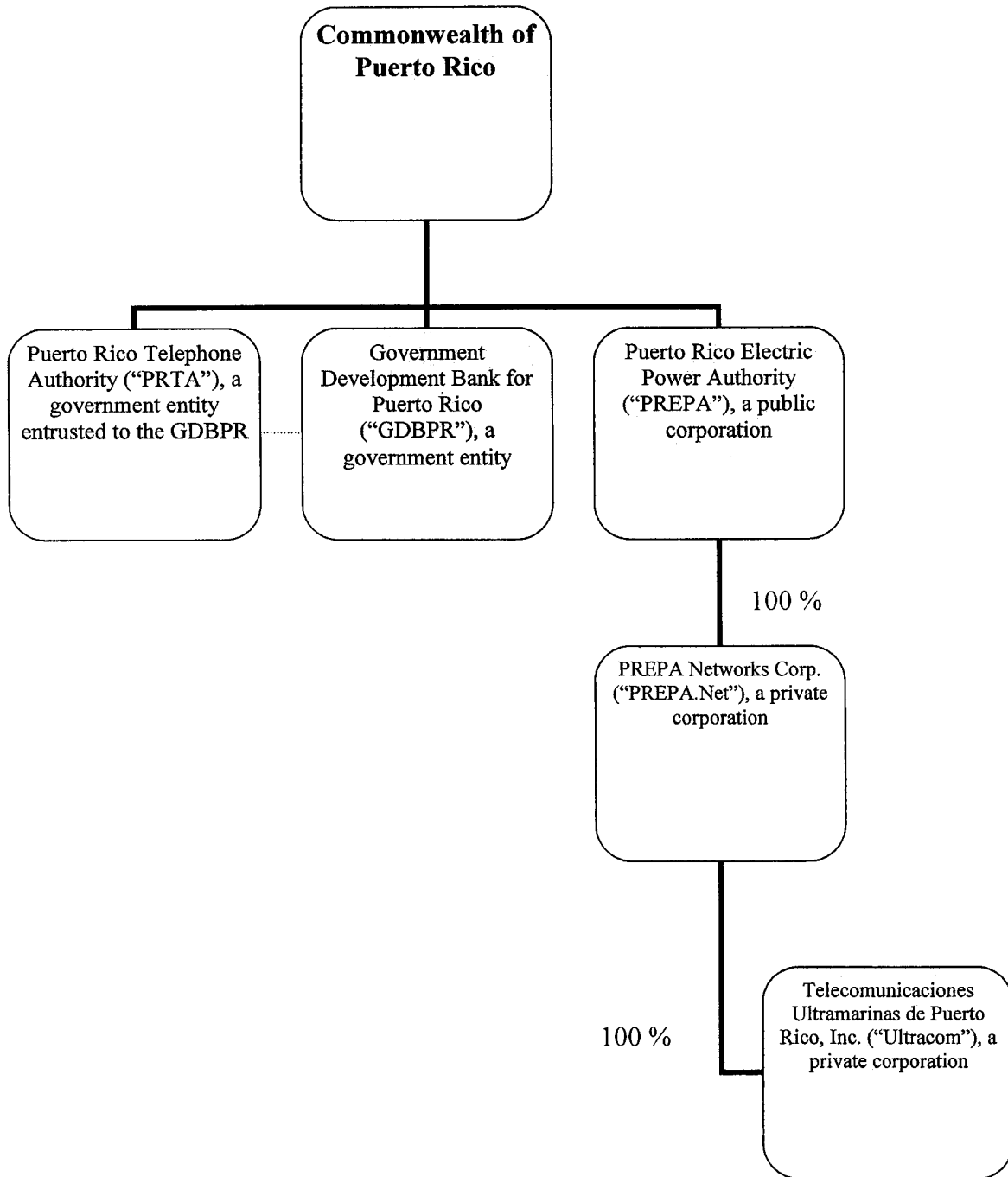
100 %

PREPA Networks Corp. ("PREPA.Net"), a private corporation wholly owned by PREPA

100 %

Telecomunicaciones Ultramarinas de Puerto Rico, Inc ("Ultracom"), a private corporation wholly owned by PREPA.Net

Relationship After the Transaction



**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).