

Webber to raise the funds for the project.⁴¹ GTE will be responsible for design and construction of the system and to provide, as needed, guidance and consulting services for the system operations.⁴² Pursuant to the agreement, GTE will provide systems engineering, equipment engineering, site engineering, site acquisition, site construction management, materials management, installation and test support, and Network Management Consulting Services consisting of marketing and distribution, customer care, billing, network operations, and maintenance services necessary for the efficient operation of the network.

36. Upon dismissal of the lawsuit, TPR is prepared to proceed immediately to execute a final agreement with its selected digital equipment vendor. Further, TPR is currently negotiating with a tower company in Puerto Rico. Under the proposed terms, the tower company would lease space to TPR at existing sites owned by the tower company, as well as additional sites developed to accommodate TELECELLULAR's Network requirements. TPR believes that such an arrangement will reduce the capital cost of its project.

VI. CONTRARY TO THE EI ORDER, TELECELLULAR WOULD NOT BE "MADE WHOLE" AT AUCTION.

37. According to the EI Order, if TELECELLULAR desires a to provide wide-area 800 SMR service, it will have an opportunity to bid for the necessary spectrum under flexible construction requirements in the 800 MHz auction.⁴³ TELECELLULAR submits that this

⁴¹ See, letter from Thomas D. Dale, Paine Webber to David Barrett, CFO, Telecellular de Puerto Rico, Inc. (May 7, 1997), attached as Exhibit 7.

⁴² See, Letter from Arthur M. Hadley, Director, Wireless Systems & Services, GTE to Roger A. Crane, President, TeleCellular de Puerto Rico attached hereto as Exhibit 8.

⁴³ EI Order at ¶ 12.

conclusion is not entirely correct, at least in any reasonable time period. Under its original EI authority, TELECELLULAR has authority to redeploy the 170 frequencies associated with its 38 participating SMR stations at a projected 73 base station sites. The 170 frequencies are a mixture of the "upper 200" and "lower 80" SMR channels. It is expected that the Order finalizing the rules for the "Upper 200" frequencies will be issued shortly with an anticipated auction sometime in the fall. However, it is doubtful that an auction for the "lower 80" frequencies will be conducted until 1998 at the earliest. Although TPR intends to participate in the upcoming auction for the upper 200 channels, even if it is successful its anticipated spectrum supply will be reduced by almost fifty percent (50%), with no certainty as to when the FCC will undertake auctioning the "lower 80" channels. Accordingly, TELECELLULAR will not be able to recover at auction what it now has.

VII. CONCLUSION

TELECELLULAR urges the Commission not to negate TELECELLULAR's efforts to bring its proposed Network to the public, a decision that would result in a loss to the company of the many hundreds of thousands of dollars already spent on this effort. Instead, TELECELLULAR urges the FCC to confirm that the company will retain its EI authority as currently granted.

TELECELLULAR

PETITION FOR RECONSIDERATION

EXHIBIT 1



MOTOROLA INC.

June 18, 1997

Mr. David Furth
Federal Communications Commission
Washington, D.C.

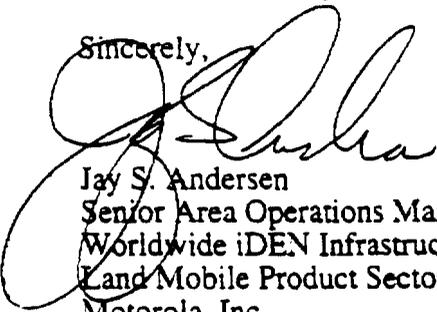
Mr. Furth:

Motorola has supported TeleCellular de Puerto Rico, Inc. (TPR) efforts, beginning in 1994, to install an island wide digital system (iDEN) in Puerto Rico.

Motorola has devoted many man hours into system and RF engineering, marketing studies and providing detailed pricing information covering up to seven years of iDEN capital expenditures. All of this information has been utilized by TPR to develop their business and marketing plans for the development of the iDEN system in Puerto Rico.

Motorola looks forward to a successful relationship and project with TPR in Puerto Rico. Currently Motorola has no obligations to TPR, however, we look forward to continuing discussions and negotiating with TPR to implement an iDEN system in Puerto Rico.

Sincerely,



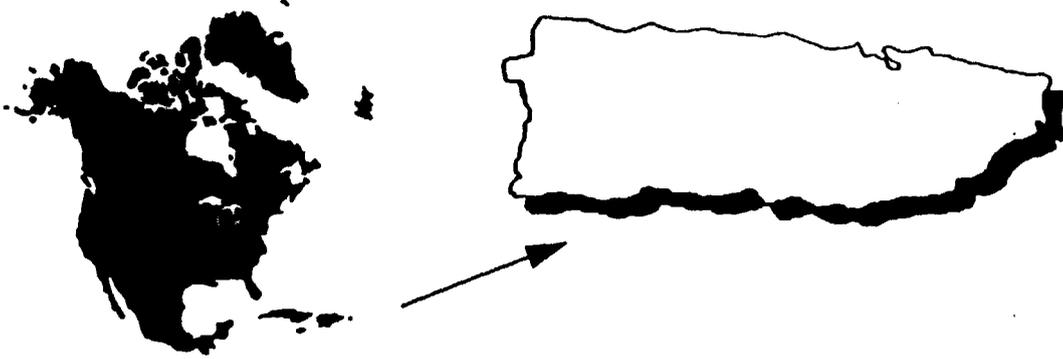
Jay S. Andersen
Senior Area Operations Manager
Worldwide iDEN Infrastructure Division
Land Mobile Product Sector
Motorola, Inc.

TELECELLULAR

PETITION FOR RECONSIDERATION

EXHIBIT 2

TeleCellular de Puerto Rico, Inc.



***Business Plan
for the
Implementation
of an
iDEN Wireless System
in
Puerto Rico***

Business Plan Outline

Section I Confidentiality Statement

Section II Business Summary

1. *Company Overview*
2. *FCC Channel Position*
3. *Strategy*
 - a. *Motorola iDEN Technology*
 - b. *Formulate New Company*
 - c. *Management*
 - d. *Project Participants*
4. *Risk Factors*

Section III Market Plan

1. *Introduction*
2. *Wireless Market*
3. *Puerto Rico Wireless Market*
4. *Puerto Rico Demographics*
5. *Services and Products*

Section III Market Plan - continued

6. *Target Market*
 7. *Market Programs and Initiatives*
 8. *Sales and Distribution*
 9. *Advertising and Promotion*
- Appendix: Further Demographic Information*

Section IV Financial Projections

1. *Assumptions*
2. *Results*

Section I

Confidentiality Statement

THE FOLLOWING IS CERTAIN INFORMATION CONCERNING TELECELLULAR DE PUERTO RICO, INC. ("TPR") IN ORDER TO ASSIST YOU IN EVALUATING A POTENTIAL PARTICIPATION IN THE TPR. AS A CONDITION TO OUR FURNISHING SUCH INFORMATION TO YOU, AND IN CONSIDERATION THEREFORE, YOU AGREE THAT YOU WILL HOLD SUCH INFORMATION IN STRICT CONFIDENCE AND WILL NOT DISCLOSE ANY SUCH INFORMATION OTHER THAN TO YOUR DIRECTORS, OFFICERS, EMPLOYEES AND REPRESENTATIVES WHO NEED TO KNOW SUCH INFORMATION FOR THE PURPOSE OF EVALUATING SUCH POTENTIAL INVESTMENT. SAID DIRECTORS, OFFICERS, EMPLOYEES AND REPRESENTATIVES SHALL ALSO BE DIRECTED BY YOU TO TREAT SUCH INFORMATION CONFIDENTIALLY. IN ADDITION, YOU AGREE THAT ANY SUCH INFORMATION FURNISHED TO YOU HEREUNDER WILL NOT BE USED BY YOU OR YOUR AGENTS FOR ANY PURPOSE OTHER THAN EVALUATING THE POTENTIAL TRANSACTION.

Section II

Business Summary

Company Overview

TPR is a Delaware corporation with a single purpose of developing a wireless telecommunications system in Puerto Rico. TPR has entered into identical project agreements with fifteen corporations that hold 800 MHz licenses in Puerto Rico ("License Corporations"). The project documents include a Joint Venture Agreement, Construction Management Agreement and Purchase Option Agreement ("Project Documents"). The Project Documents supersede a previous joint venture agreement between the same parties and designate TPR as the manager of the joint venture. It is the intent of the Project Documents that TPR acquire all FCC licenses at the earliest time they can be transferred per the FCC requirements. It is anticipated that the licenses would become owned by TPR prior to the operations of the system.

As compensation for entering into the Project Documents each License Corporation received 37,500 shares of TPR common stock and will receive an additional 25,000 share upon the transfer of the FCC licenses. With 2.5 million TPR shares authorized, each license corporation owns 2.5% of TPR (totaling 37.5% for all License Corporations). The remaining ownership is held by officers and investors.

TPR entered into an Equipment Acquisition Agreement and a \$2.0 million, six month Bridge Loan in October 1995 with Ericsson, Inc.. A total of \$879,000 was advanced under the loan. It was the intent of the agreement with Ericsson that the Bridge Loan would be converted into full project loan. As final documents were being completed, a nuisance law suit was filed which disrupted the process. Ericsson canceled the Acquisition Agreement demanded repayment of funds advanced under the Bridge Loan.

TPR is resolving the litigation and reached an understanding with Ericsson that it will be repaid from funds raised to finance the project. Without the vendor loan available from Ericsson, TPR has selected to install Motorola iDEN equipment, iDEN offers greater functionality and revenue potential. Additional discussion of the litigation is discussed in the Risk Factors section.

Business Summary

Company Overview

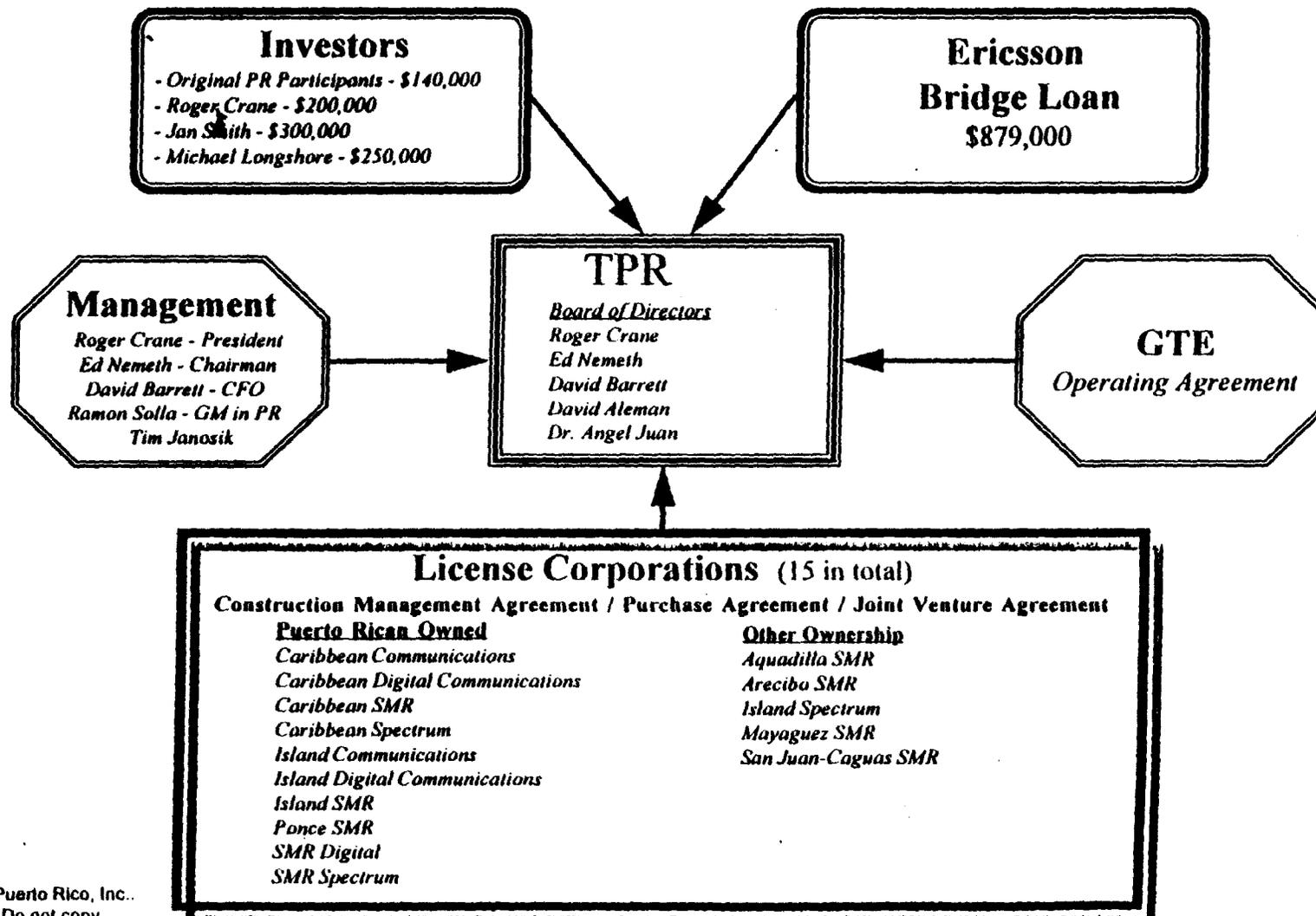
TPR has completed a significant contract with GTE whereby GTE would be responsible for design and construction of the system and to provide, as needed, guidance and consulting services for the system operations.

TPR has been capitalized to date through individual investment and the Ericsson Bridge Loan.

The following sheets are diagrams showing the TPR agreements and participation and the present ownership of TPR.

Business Summary

Company Overview



Business Summary

Company Overview

Present Ownership of TPR

	Ownership
	<u>With Options</u>
E. Nemeth *	17.2%
R. Crane *	15.4%
P. Conrad *	9.6%
T. Janosik *	5.5%
D. Barrett	7.2%
M. Longshore *	5.2%
J. Smith *	5.9%
D. Aleman	1.0%
A. Juan	1.0%
L. Antonetti	1.0%
R. Solla	0.6%
9-Puerto Rico LC's	30.3%
Total	100.0%

* License Corporation Sole-Owner

Business Summary

FCC Channel Position

TPR has acquired the dominant 800 MHz SMR license position in the Commonwealth of Puerto Rico with 120 YX channels in San Juan and 120 YX channels in Mayaguez. Combined, these channels give TPR 100 island wide frequency channels for FCC and frequency re-use purposes. The island of Puerto Rico is approximately 105 miles long and 30 to 35 miles wide.

TPR has received various FCC approvals including its Five-Year Extended Implementation grant on February 27, 1995, Five-Year Extended Implementation Modification grant on July 31, 1995 and its License Application Freeze Waiver on June 30, 1995. In addition, TPR has been granted additional primary sites from the FCC to support the initial system build-out process.

<i>Region</i>	<i>25 kHz Channels</i>
<i>San Juan - East Island</i>	
151-400 (lower 80)	65
401-600 (Upper 200)	55
	120
<i>Mayaguez- West Island</i>	
151-400 (lower 80)	55
401-600 (Upper 200)	65
	120
<i>Island Wide</i>	
151-400 (lower 80)	55
401-600 (Upper 200)	45
	100

Business Summary

Strategy

Motorola iDEN Technology

TPR's strategy will be to implement the Motorola iDEN technology in Puerto Rico. The iDEN features include cellular telephony, paging and two-way trunked (SMR) radio communications and will allow TPR to target a business market and obtain a profitable niche in the wireless market. More detailed information on the features of iDEN and the segments of the Puerto Rico market we will target are included in the Section III - Market Plan.

Going into the Puerto Rico market with the iDEN technology, TPR will have the following advantages:

- **Spectrum Acquired with Equity** -- PCS providers have invested between \$55 million to \$113 million for the 30 MHz licenses and \$44 million to \$49 million for the 10 MHz licenses. TPR's spectrum was acquired by the license corporations through applications and through the joint venture agreements the licenses are controlled by TPR in exchange for equity in TPR.
- **Small Niche Participant** -- TPR's financial projections do not assume greater than a 6% market share penetration.
- **Motorola Affiliation** -- TPR will be able to advertise and promote that the infrastructure and handsets are manufactured by Motorola and will be seen as high quality.
- **Unique Features** -- The iDEN technology will permit us to participate in two distinct markets: cellular and SMR. No other competitor will be able to match TPR's services.

Business Summary

Strategy

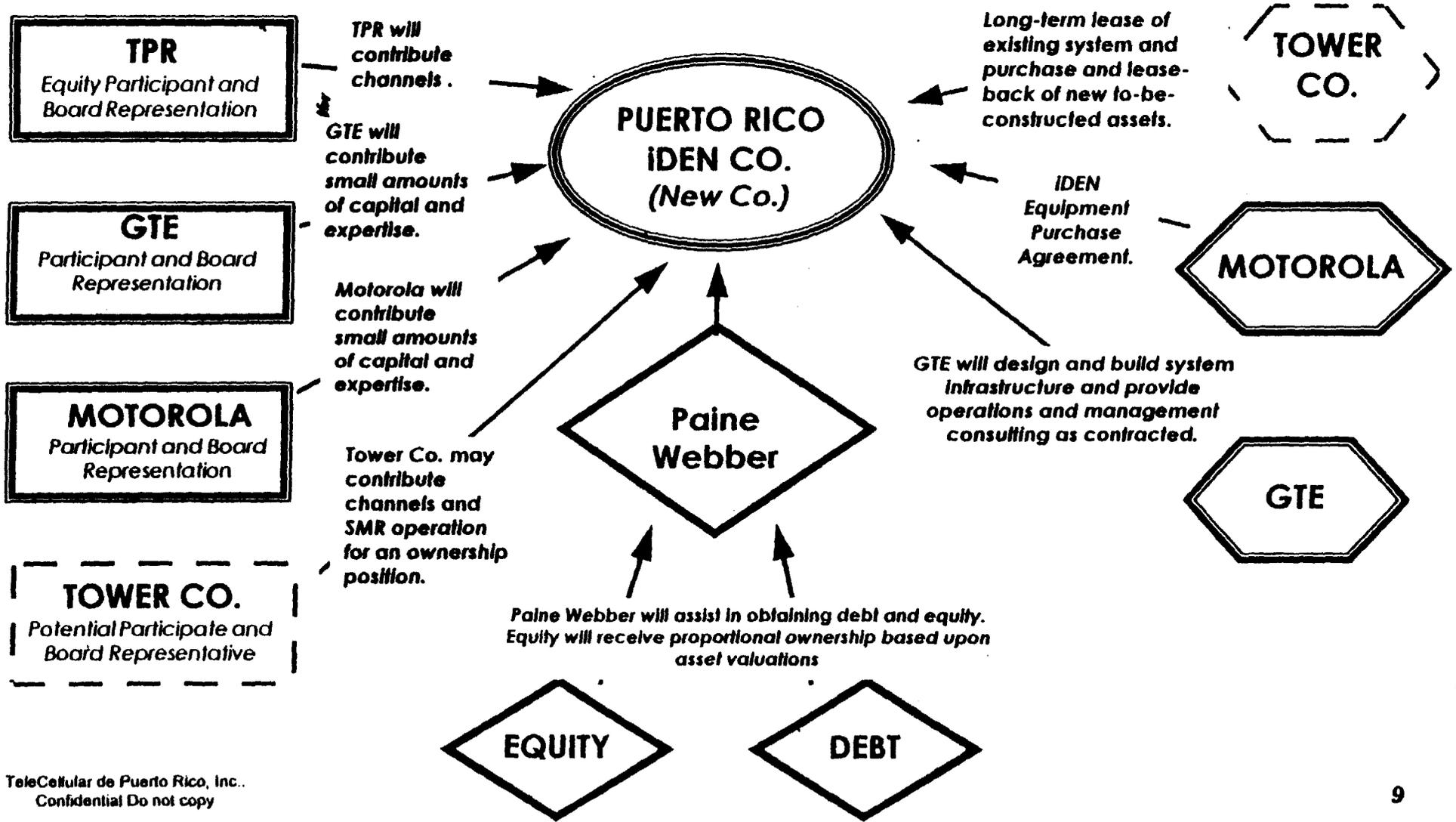
Motorola iDEN Technology -- Continued

- ***Roaming Capability*** -- We will be able to connect with the Nextel network and offer joint roaming with US major markets and potentially Canada, Mexico and other markets worldwide.
- ***Competitive Handsets*** -- Present handsets are equal or better than competitors' cellular and PCS instruments.

Formulate New Company

A new company will be formed to operate the system ("NewCo"). By forming NewCo, we will be better able to attract investors and partners. TPR will contribute its channels to NewCo and receive ownership based upon their value. Equity investors will also receive ownership in NewCo based upon their investment. The following is a diagram of NewCo participants. We anticipate the board of NewCo to include representation from Motorola, GTE, TPR and Equity investors. Additional channels from other participants may be contributed on a equivalent basis as TPR's.

Business Summary Strategy



Business Summary Strategy

Management

Roger Crane- President TPR - In 1974, Mr. Crane founded National Tower Services, Inc. (NTS) in Houston, Texas. National Tower provided installation and maintenance of communication towers and antenna systems. In 1983, Mr. Crane founded National Tower Trunking Systems, Inc. (NTTS) to license and operate SMR systems. NTTS operated 50 channels of SMR, with 40 channels in the Houston market and the rest in the San Antonio and Austin markets. NTTS became the 10th largest operator in the U.S. according to RCR Magazine. In 1990 NTTS was sold to Motorola, Inc.

In 1994 , NTS was sold to Hutton Communications, Inc. Mr. Crane will remain as consultant to Hutton until 1999.

Mr. Crane served on the Board of Directors of AMTA(American Mobile Telecommunications Association- the SMR industry association) for six (6) years (1983-89). Currently, Mr. Crane is licensed as a 10 channel , 900 Megahertz operator in Houston. Roger Crane graduated from Louisiana State University, in 1971, with a Bachelor in Science of Business Administration.

Dave Barrett- Financial Officer: In 1992, Mr. Barrett created Privatization Capital Group, Inc. a financial advisory firm that has provided financing advisor services to technology companies. prior to forming PCG, Mr. Barrett was Managing Director of Kendall Capital Partners, L.P. , a financial advisory firm specializing in asset-based financing and a leader in project financing. Kendall's industry rankings consistently placed it as a leader in project finance advisor services. In 1992, Kendall was acquired by First Boston.

Before joining Kendall, Mr. Barrett was Vice President in the U.S. Capital Equipment Finance Group of U.S. Leasing, a subsidiary of Ford Motor Company. Prior to Ford's 1987 acquisition of U.S. Leasing, Mr. Barrett was in Diversified Financing Operations of Ford Motor Credit Company which he joined in 1981.

Mr. Barrett has a BA in Mathematics, from Michigan State University (1977) and a Masters of Science in Industrial Administration, Finance from Purdue University (1980).

Business Summary Strategy

Management

Henoch Davila- President NEWCO. Henoch Davila is currently President of HD Telecommunications Consultants, Inc. His firm offers consulting to executive management in all areas of telecommunications. His experience and involvement in the telecommunications industry in Puerto Rico keeps him up to date in all aspects with both the telephone and interconnecting companies. Henoch's extensive experience spans many positions ranging from Special Facilities Technician to Director of Marketing in the Puerto Rico Telephone Company. He is a prominent and active member of several business associations and groups such as PR Chamber of Commerce, Telecommunications Council of Consultants, Sales and Marketing Executives Association among others.

Mr. Davila has a BBA from Inter-American University (Magna Cum Laude) and has an Associate of Electronics degree from the Technological Institute of PR.

Ramón Solla- General Manager NEWCO. Mr. Solla was until March of 1996 Regional Sales Manager for Motorola de Puerto Rico (Land Mobile Sector). He developed several new markets in the Caribbean for two-way and SMR radios. He was also very active in the transformation of the Motorola operation, in Puerto Rico, from a direct sales organization to a dealer based and major account focus environment. Of special importance was his participation of expansion of Motorola's SMR system through direct sales and the dealer network.

Previously, Mr. Solla has had twelve years of management, marketing and direct sales experience in the computer industry. Ramón Solla graduated Cum Laude from the University of PR, Rio Piedras with major in Economics and minor in Mathematics.

Business Summary

Strategy

Project Participants

The project will have three outside entities that will assist in the construction of the project. These parties include GTE, Motorola, and a tower Company.

GTE -- Based in Stamford, Connecticut, GTE is the 4th largest publicly owned telecommunications company in the world. It is the number one local telephone company in the US and provides traditional wireline telephone services in 28 states. Through our contract with GTE, GTE will be responsible for the design and buildout of the system. Their expertise will assure the quality of design and construction.

Motorola -- As the equipment provider, Motorola is providing assistance in: i) the design of the system, ii) direction of the marking and selection of products to offer and iii) development of the business plan. Ongoing, the association with Motorola will be critical in obtaining acceptance of the technology. The Motorola brand name will mean acceptance.

Tower Company -- We are presently negotiating with a tower company that has an operation in Puerto Rico. The negotiations would have the tower company leasing to TPR space on the existing sites and would have any towers to be constructed would be owned by the tower company and space would be leased back to TPR. This arrangement will reduce the capital cost of the project.

Section III

Business Summary

Risk Factors

Risks

The project will be subject to the following risks:

Technology -- The technology to be implemented will be the iDEN system developed by Motorola. The system is now being implemented by numerous companies with Nextel, Inc. being the primary customer. The system is performing under first generation of commercial operation. To continue to be competitive Motorola will need to continue its development of the technology including increasing efficiencies and features.

Capital -- The project will require significant capital to construct and operate. Buildout costs are expected to be \$ _____ and the system is expected to incur operating losses for the first _____ years totaling _____. The capital is anticipated to be raised through debt and equity investors.

Competition -- The market is and will become more competitive. Presently there are two cellular dealers that our operating island-wide system. In addition, at least three other PCS providers will be constructing and operating systems. The financing models assume TPR will be able to obtain a segment of the market. The majority of competitors are better capitalized and will be able to compete on price.

Spectrum -- The channels under control by TPR have not been constructed and if not constructed by mid-June 1998 will be forfeited back to the FCC. TPR will implement plans so that if the iDEN system is not going to be constructed on time, the channels will be broadcast on a temporary analog system to preserve the channels.

Litigation -- TPR was subject to a law suit that has delayed the project development. To date the charges have been found not to have merit. TPR has received one judgment and is close to receiving another judgment to completely defeat the litigation.

Section III

Market Plan *Introduction*

TPR's choice of iDEN/Motorola technology will permit it to market to business users in need of integration in their wireless communications. In one handset, the three top wireless technologies: cellular telephony, paging, and two-way trunked (SMR) radio communications will be offered.

Current cellular competition and the startup of PCS operators will educate the market in the benefits of digital technologies and integrated services (cellular/paging). This education will facilitate the introduction of the ultimate advantage of real integrated services. TPR would have the major share of the integrated wireless services business market segment by creating awareness of the cost effectiveness and convenience of the wireless communication package we can offer, including an appealing business approach to the heavy and cellular only users. Current cellular and PCS competitors would have no answer to the additional offering that would include two-way trunked radio communications because of lack of technology (cellular type systems have not been designed for two-way trunked radio usage).

TPR has, in the next 8 Years, the following two subscriber type objectives:

- 15,000 SMR users.
- 60,000 Cellular users.

As stated in Section IV the quantity of subscribers, though representing a small share of the total market, do provide an interesting return on investment.

Market Plan

Introduction

The SMR subscribers will be the following two market segments:

- 5,000 converting from existing analog SMR users.
- 10,000 converting from conventional two way radio systems.

The cellular subscribers will be from the following market segments:

- New market entrants
- Cellular/paging users. (Multiple device users)
- Cellular/two-way radio users. (Multiple device users).
- Hi-volume cellular users.

TPR will require no more than a 6% share of the total cellular market for a successful business venture.

Market Plan

Introduction

Our initial distribution/marketing strategies will take advantage of three factors:

- the lack of experience, awareness and need of current wireless providers in selling the advantages and uses of integrated communications in business environments.
- the lack of a need to sell (justify) to business versus taking orders for me-too cellular subscribers.
- the current state of the Puerto Rico SMR market.

Integration and business justification will be the focus of TPR's market thrust.

The market that TPR will address are organizations that have a hierarchy of users ranging from a pager-only going through a multiple device operational manager user to a high usage cellular user.

TPR will be unique in its capability to offer customized internal and external communications packages to the business user. We know there is no direct competition in this market segment capable of offering all these wireless capabilities in one handset.

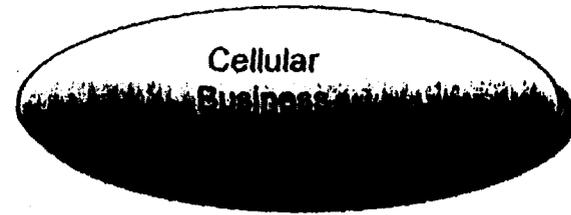
Market Plan

Introduction

TPR's Target



15,000 Subscribers



60,000 Subscribers

Market Plan Introduction

Market Segment Overview

Distinct Channel and Cost Justification will be required to access different user needs and types

