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July 13, 2015

VIA ELECTRONIC FILING

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

Re: PS Docket No. 14-174, GN Docket No. 13-5, RM-11358, WC Docket No. 05-25, RM-10593

Dear Ms. Dortch:

Over the past couple of months, WorldNet Telecommunications, Inc. ("WorldNet") has submitted a number of written filings and met with a number of Commission staff to discuss the Commission's currently proposed amendments to its copper retirement rules and related issues. In these communications, WorldNet has urged the Commission to take a number of affirmative (yet relatively modest) steps in reforming its copper retirement rules to preserve competition. These steps strike what WorldNet believes is the correct balance between permitting the proposed rules to move forward versus ensuring that the Commission's stated commitment to preserve competition (as well as the other core values) is actually achieved. WorldNet has urged the Commission, primarily to make specific and express efforts in the revision of its copper retirement rules to preserve the just, reasonable, and nondiscriminatory competitor access to incumbent last mile facilities that, in many places, is still the foundation for the price competition, innovation, and increased service quality that Congress, the FCC, and the Puerto Rico Legislature have worked very hard to create through competition in the communications industry over the past two decades.[1] Now, at this moment in time, more than ever, it is critical that WorldNet's concerns in Puerto Rico be heard.

In the past week, the front pages of national news outlets have reported the "unprecedented financial crisis" that now faces the Commonwealth of Puerto Rico, the market that WorldNet

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[1] It should be noted that the Puerto Rico Legislature affirmed, in 1996, its own commitment to competition through the availability of unbundled network elements and interconnection through the passage of its Law 213, a Puerto Rico Telecommunications Act modeled closely upon the Telecommunications Act of 1996. In so doing, Puerto Rico made clear its own separate and specific commitment to competition in the telecommunications markets. See, e.g., PR Law 213 Statement of Motives ("this Legislature has determined that it is essential to establish a Board that fosters total, equal, and fair competition in telecommunications . . . in order to allow and ensure for the people of Puerto Rico, better and more varied telecommunications services at reasonable rates, in order to promote economic development for the general welfare of our Island.").

787.706.2600 • Fax: 787.277.0297 • www.worldnetpr.com • Centro Internacional de Mercadeo 90 Carretera 165 Suite 201 Guaynabo, PR 00968-8059

serves.[2] In past filings, WorldNet has noted the fragility of the Puerto Rico economy generally, but the breaking news from the past week that Puerto Rico is reportedly poised to default on more than $70 billion of debt is, in WorldNet's view, a clarion call for the Commission to do everything it can in this proceeding to preserve and, indeed, bolster competition in Puerto Rico's telecommunications markets.

It would seem beyond debate that competition in Puerto Rico's telecommunications markets is vitally needed, now more than ever, in Puerto Rico's struggling economy.[3] As WorldNet has documented in its previous communications, it is WorldNet's competitive efforts to date that has brought more service choices, lower prices, vastly improved service quality, and greater productivity to Puerto Ricans. WorldNet is also leading the charge in Puerto Rico to provide IP-based services and innovation. It was WorldNet that lead the deployment of IP based services, and WorldNet that has pioneered innovative facilities based cloud computing services over its telecommunications network in Puerto Rico. And, it has done (and continues to do) all of this relying, in primary part, on the market-opening provisions of the federal Telecommunications Act of 1996 and the Commission's implementing rules that require unbundled access to an incumbent's last mile facilities, as well as Puerto Rico's Law 213 to similar effect.

In this proceeding, the Commission is considering the revision and/or perpetuation of copper retirement rules that would essentially enable incumbents to avoid last mile unbundling obligations with little to no protection that such decisions are consistent with the pro-competitive policy embodied in the 1996 and repeatedly heralded by the Commission as one of the cornerstones of all of its implementing orders and rules. Quite plainly, however, the approach that the Commission has proposed for its rules could not come at a worse time for the citizens of Puerto Rico. Puerto Rico is on the brink of financial disaster and the Commission is considering rules that would ostensibly erode competitive telecommunications options for the Puerto Rico businesses that may be the only hope for Puerto Rico's faltering economy. If ever there was a wrong time to undermine the competitive alternatives that small and medium sized businesses, as well as the Puerto Rico government and other enterprise end users, have for attaining telecommunications and technology services, this is it.

At the end of the day, WorldNet has no interest in creating undue barriers to the deployment of new technologies and transmission mediums that will create value for Puerto Ricans. Indeed, WorldNet has been at the forefront of these efforts in Puerto Rico. In WorldNet's view, however,

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2 See, e.g., http://www.washingtonpost.com/business/economy/puerto-rico-says-it-cannot-pay-its-debt-setting-off-potential-crisis-in-the-us/2015/06/28/cbae1bc4-1e05-11e5-84d5-eb37ee8eaa61_story.html. A copy of this article is attached for convenience as Attachment A. ("The implications are serious for Americans outside Puerto Rico both because a taxpayer bailout would be expensive and a default would be far more disruptive than Detroit's record bankruptcy filing in July. Officials in San Juan and Washington are adamant that a federal bailout is not on the table, but the situation is being closely monitored by the White House, which recently named an advisory team to help Puerto Rican officials navigate the crisis.") 30/f40a22c6-5376-11e3-9fe0-fd2ca728e67c_story.html

3 See, e.g., William E. Kennard Chairman, FCC, Connecting The Globe: A Regulator's Guide To Building A Global Information Community, June 1999 at V-I, ("A competitive market promotes innovation by rewarding producers that invent, develop, and introduce new and innovative products and production processes. By doing so, the wealth of the society as a whole is increased.") available at https://transition.fcc.gov/connectglobe/welcome.html.

the balance that the Commission has currently proposed to strike between incentivizing incumbent fiber deployment and competition will not work for Puerto Rico. It will make things worse. Instead, in its previous submissions, WorldNet has asked the Commission to re-balance these consideration by adopting (at least for Puerto Rico) modest protections that will give providers like WorldNet the opportunity to preserve one of the best things that the Puerto Rico economy and Puerto Rico consumers have going for them – competitive telecommunications options. Accordingly, WorldNet respectfully requests that the Commission give full and due consideration to these proposals at this critical juncture in Puerto Rico's history.

Respectfully submitted,

David L. Bogaty
Founder and CEO
E-mail: dbogaty@worldnetpr.com

ATTACHMENT A

The Washington Post

Business

Puerto Rico's governor on need to postpone debt payments for years: 'It's about math'

By Michael A. Fletcher June 29

The governor of Puerto Rico said in a televised address Monday that the island cannot pay back more than $70 billion in debt, setting up an unprecedented financial crisis that could rock the municipal bond market and lead to higher borrowing costs for governments across the United States.

"This is not about politics," said Puerto Rico's governor, Alejandro Garcia Padilla. "It's about math."

Garcia Padilla said the country needed to postpone for several years its debt payments.

"The first step is to revive economic growth...We will never get out of this vicious cycle," said Garcia Padilla. "But we need to do more—much more—to return to riches and to become more competitive and have an expansion in the private market."

Garcia Padilla proposed creating a committee that would work together to create reforms to the country, but he said "sacrifices should be shared," adding that he welcomed "creditors who want to cooperate."

Puerto Rico's move could roil financial markets already dealing with the turmoil of the renewed debt crisis in Greece. It also raises questions about the once-staid municipal bond market, which states and cities count on to pay upfront costs for public improvements such as roads, parks and hospitals.

[Puerto Rico, with at least $70 billion in debt, confronts a rising economic misery]

For many years, those bonds were considered safe investments — but those assumptions have been shifting in recent years as a small but steady string of U.S. municipalities, including Detroit, as well as Stockton and Vallejo in California, have tumbled into bankruptcy.

Those defaults at least offered investors the protection provided by Chapter 9 of the U.S. bankruptcy code, which sets out an orderly process by which investors can recoup at least some of their money. But like states, Puerto Rico is not permitted to file for bankruptcy. A failure to iron out an agreement with creditors could ignite an unwieldy, uncharted and long-lasting process to sort out the island's financial obligations.

In addition, with as much as $73 billion in debt, the island's debt obligation is four times that of Detroit, which became the largest U.S. city to file for bankruptcy in 2012.

The implications are serious for Americans outside Puerto Rico largely because many hold island bonds in mutual funds. At one point in 2013, an estimated three out of four municipal bond mutual funds held Puerto Rican bonds, which were attractive because of their high yields and exemption from federal, state and local taxes.

Garcia Padilla will seek concessions from creditors, which range from mutual funds in the United States to large hedge funds that have been buying Puerto Rican debt at high interest rates, in an effort to stretch out loan payments and drive down borrowing costs that are hamstringing Puerto Rico's struggling economy.

[Can bankruptcy save Puerto Rico's state-run corporations?]

On Monday, the governor and Puerto Rico's government development bank released a report analyzing the island's finances written by former World Bank chief economist and former deputy director of the International Monetary Fund Anne Krueger and economists Ranjit Teja and Andrew Wolfe.

"The report...for the first time acknowledges the true extent of the problem," said Garcia Padilla in a statement Monday. "We must make difficult decisions to meet the challenges we now know are ahead, and I intend to do everything in my power to lead us through this time."

The government's conclusion that it is unable to pay its debts was first reported by the New York Times. "It's accurate," said Gabriela Melendez, a Washington-based spokeswoman for the Puerto Rican government.

"My administration is doing everything not to default," Garcia Padilla said in an interview with the New York Times. "But we have to make the economy grow. If not, we will be in a death spiral."

A U.S. commonwealth with a population of 3.6 million, Puerto Rico carries more debt per capita than any state in the country. The island has been staggering under the increasing weight of those obligations for years as its economy has tanked, triggering an exodus of island residents to the mainland not seen since the 1950s.

Meanwhile, the government has raised taxes, cut government employment and slashed pensions in a futile effort to get its debt burden under control. Those actions have only slowed the acceleration of debt creation, while harming efforts to reignite the economy.

The financial crisis in Puerto Rico has been playing out for years, although until now the government has been able to keep things moving by cutting spending and borrowing more and more money on Wall Street. But with rating agencies downgrading Puerto Rican debt to near-junk levels, the island has had to pay high rates to borrow money.

"What will happen is that our economy will get into a worse situation and we'll have less money to pay them," the governor said in the New York Times interview. "They will be shooting themselves in the foot."

The island's web of debt includes general-obligation bonds, which Puerto Rico's constitution says must be repaid even before government workers receive their pay.

But billions of dollars more in bonds were floated by public corporations that provide critical services on the island, including providing electric power, building roads and running water and sewer authorities. Beyond the bond debt, the island owes some $37 billion in pension obligations to workers and former workers.

Puerto Rico has been pushing for Congress to grant bankruptcy protection for its public corporations, but that legislation has gone nowhere.

Jonnelle Marte contributed to this report.

Michael A. Fletcher is a national economics correspondent, writing about unemployment, state and municipal debt, the evolving job market and the auto industry.