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September 24, 2003

Marlene H. Dortch
 Secretary
 Federal Communications Commission
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 Washington, D.C. 20554

RECEIVED

SEP 24 2003

Federal Communications Commission
 Office of Secretary

Re *IB Docket No. 03-115*

Dear Ms. Dortch:

This letter is submitted on behalf of Pacific Telecom Inc. ("Pacific Telecom"), the proposed transferee of the Micronesian Telecommunications Corporation ("MTC") in IB Docket No. 03-115, in response to the September 12, 2003, letter from the Office of the Governor of the Commonwealth of the Northern Mariana Islands ("Office of the CNMI Governor").

In accordance with the public notice initiating this proceeding, the pleading cycle in IB Docket No. 03-115 has been closed since June 24, 2003.¹ Nevertheless, the Office of the CNMI Governor continues to submit letters rearguing the same issues. As a purported justification for its latest untimely submission, the Office of the CNMI Governor claims that it is providing "new information which is of significant relevance" to this proceeding.² As described below, the information submitted in the September 12, 2003, Letter is neither new nor significant.

¹ Commission Seeks Comment On Applications For Consent To Transfer Control Filed By Bell Atlantic New Zealand Holdings, Inc. and Pacific Telecom Inc., 18 FCC Rcd 9489 (2003).

² Letter from Thomas K. Crowe and Gregory E. Kunkle, counsel for the Office of the CNMI Governor, to Marlene H. Dortch, Secretary, FCC, IB Docket No. 03-115, September 12, 2003 ("September 12, 2003, Letter") at 1. The Office of the CNMI Governor also states that it is responding to the August 15, 2003, letter from Pacific Telecom and Bell Atlantic New Zealand Holdings, Inc. ("BANZHI") demonstrating that the FCC's rules do not provide a governor an automatic right to a trial-type hearing. The Office of the CNMI Governor fails to rebut the joint applicants' showing and otherwise adds nothing to what it has previously stated.

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First, the Office of the CNMI Governor presents nothing substantively new in its arguments regarding national security. The only item “new” to this proceeding is a three-week old newspaper article about homeland security from a local CNMI newspaper. In any event, the Executive Branch agencies have investigated the national security implications of the proposed transaction. By letter dated September 22, 2003 (attached as Appendix A), the Committee on Foreign Investment in the United States (“CFIUS”), chaired by the U.S. Treasury Department, notified Pacific Telecom that it “determined that there are no issues of national security sufficient to warrant an investigation under section 721 [of the Defense Production Act].”

Second, the Office of the CNMI Governor provides no rationale for raising for the first time in the September 12, 2003, Letter a Dun & Bradstreet business report on Citadel Holdings Inc. dated May 21, 2003, a report that presumably was available when it filed its June 9, 2003, Petition to Deny. Moreover, the creditworthiness of Pacific Telecom already has been addressed in concrete terms by a letter submitted in response to the Commission staff’s information request that indicates that the largest bank in South East Asia has made a firm financial commitment to partially fund the purchase of MTC.³

Finally, the Office of the CNMI Governor once again challenges Pacific Telecom’s technical qualifications to assume control of MTC. Its challenge is both untimely and substantively without merit.

As the Office of the CNMI Governor acknowledges, the report from the Philippine National Telecommunication Commission (“NTC”) attached as Exhibit A to its September 12, 2003, Letter was posted on the NTC’s website March 4, 2002. The Office of the CNMI Governor fails to provide any justification why the Commission should consider for the first time now a report that was publicly available a year and a half ago. It is simply too late.

It also is too little. Pacific Telecom has repeatedly stated that upon grant of the proposed transfer of control it will retain MTC’s management team as well as MTC’s skilled and dedicated workforce. Pacific Telecom also has stated that upon grant of the transfer applications it intends to hire as MTC’s new CEO an American citizen with decades of telecommunications experience. This alone should be sufficient to address any issues regarding the technical continuity of services in the CNMI.

Moreover, the NTC report addressed a very ambitious project to bring state of the art telecommunications services for the first time to the many insular, rural areas of a developing country within a few short years. The report candidly acknowledges that the government should have “adopt[ed] a more realistic program” and that the “required supporting program such as rate

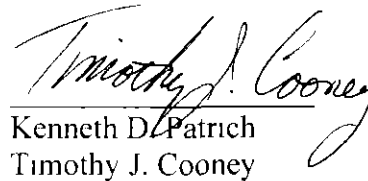
³ By letter dated August 27, 2003, requesting confidential treatment, Pacific Telecom submitted (1) a *pro forma* balance sheet upon closing of the proposed transfer and (2) the above-referenced bank letter.

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restructuring was not in place. thus weakening the financial position of the industry”⁴ The report also noted that the 1997 Asian economic crisis aggravated the new entrants’ difficulties.⁵ This explains in part why as of 2000 six operators were able to roll-out the required number of local lines but “were deficient in covering the required areas,” while three operators, including ISLACOM, were deficient in rolling out the required number of lines “but were able to meet rural development.”⁶ Not mentioned in the NTC report is that the ultimate owners of Pacific Telecom closed the sale of ISLACOM to Globe Telecom in May 1999; this was prior to the NTC administrative proceedings in mid-2000 cited by the Office of the CNMI Governor. The owners of Pacific Telecom were not involved in those proceedings.

Please contact the undersigned attorneys for Pacific Telecom if you have any questions.

Respectfully submitted,


Kenneth D. Patrich
Timothy J. Cooney

cc Attached Service List
Peter D. Shields, Counsel for Bell Atlantic New Zealand Holdings, Inc
Jennifer D. Hindin, Counsel for Bell Atlantic New Zealand Holdings, Inc

⁴ Assessment of the Implementation of Service Area Scheme (SAS) available at <http://www.ntc.gov.ph> (Exhibit A to September 12, 2003, Letter) at Sections H(1) and (4)

⁵ *Id.* at Section A(6)

⁶ *Id.* at Sections F(1) and (2)

APPENDIX A
9-24-03



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 22, 2003

Mark Plotkin, Esq.
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1201 Pennsylvania Avenue, NW
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Re: CFIUS Case 03-28: Prospector Investment Holdings Inc. [Ricardo C. Delgado & Jose Ricardo Delgado (Philippines)](Cayman Islands)/The Micronesian Telecommunications Corporation

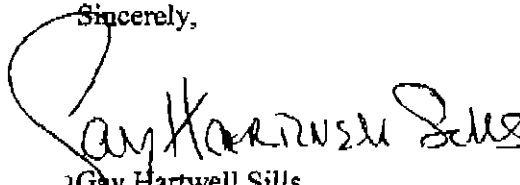
Dear Messrs. Plotkin and Marchick:

A letter dated August 22, 2003, informed the Committee on Foreign Investment in the United States ("CFIUS") of the proposed acquisition of The Micronesian Telecommunications Corporation by Pacific Telecom, Inc., which is owned by Prospector Investment Holdings Inc., a Cayman Islands Corporation, whose sole shareholders are Ricardo C. Delgado (60% ownership) and Jose Ricardo Delgado (40% ownership), both of whom are citizens of the Philippines.

As you know, section 721 of the Defense Production Act authorizes the President or the President's designee to review certain mergers, acquisitions and takeovers which could result in foreign control of persons engaged in interstate commerce in the United States. Executive Order 12661, signed December 27, 1988, designates the Committee on Foreign Investment in the United States to receive notices and initiate investigations under section 721.

CFIUS has reviewed the information submitted to it regarding the proposed transaction. Based on this review, CFIUS has determined that there are no issues of national security sufficient to warrant an investigation under section 721. Therefore, I am writing as staff chairman of CFIUS to advise you that action under section 721 is concluded with respect to this transaction.

Sincerely,


Gay Hartwell Sills
Director,
Office of International Investment

CERTIFICATE OF SERVICE

I, Felicia Lane, a legal secretary at Wilkinson Barker Knauer, LLP certify that on September 24, 2003, the foregoing was served on all parties listed below by hand delivery (indicated by asterisk) and US mail, first class, postage prepaid.

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