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RECEIVED

FEB 10 2004

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 10, 2004

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket No. 95-116
Opposition of Telecommunications Regulatory Board of Puerto Rico

Dear Mrs. Dortch:

Please accept for filing one day late the attached Opposition of the Telecommunications Regulatory Board of Puerto Rico to the Puerto Rico Telephone Company Petition for Declaratory Ruling that Reverse Toll Billing is Preempted. Pursuant to the Public Notice DA 04-36 of January 9, 2004 this Opposition was due February 9, 2004. Despite repeated efforts, attorneys for the Board were unable to electronically file on the due date.

Because no party will be harmed by this one-day extension, the Board requests acceptance of this filing.

Respectfully submitted,

Veronica M. Ahern

cc: Suzanne Yelen, Attorney for PRTC

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

RECEIVED

FEB 10 2004

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

PUERTO RICO TELEPHONE COMPANY

Petition for Declaratory Ruling Regarding
Implementation of Local Number
Portability and Number Pooling

CC Docket No. 95-116

**OPPOSITION OF THE
TELECOMMUNICATIONS REGULATORY BOARD
OF
PUERTO RICO**

THE TELECOMMUNICATIONS REGULATORY
BOARD OF PUERTO RICO

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Its Attorney

February 9, 2004

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Summary

The Telecommunications Regulatory Board of Puerto Rico opposes the Petition for Declaratory Ruling filed by Puerto Rico Telephone Company. In that Petition, PRTC asks the FCC to preempt an Order of the Board which required PRTC to implement federal Local Number Portability requirements without eliminating a billing and marketing practice known as Reverse Toll Billing.

The Board opposes the Petition because it disagrees with PRTC's contention that Reverse Toll Billing is technically incompatible with Local Number Portability. In fact, PRTC is currently complying with LNP while retaining Reverse Toll Billing by maintaining each number's original – or “native” – rate center for billing purposes. This approach is consistent with the guidance given by the FCC on November 20, 2003. Further, the Board found PRTC claims of technical incompatibility not to be credible.

The Board also believes that PRTC is wrong when it claims that Reverse Toll Billing is unreasonably discriminatory given the public interest found in maintaining Reverse Toll Billing while transitioning to a new environment.

For these reasons, the Board asks the FCC to deny the PRTC Petition.

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

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PUERTO RICO TELEPHONE COMPANY

Petition for Declaratory Ruling Regarding
Implementation of Local Number
Portability and Number Pooling

CC Docket No. 95-116

**OPPOSITION OF THE
TELECOMMUNICATIONS REGULATORY BOARD
OF
PUERTO RICO**

The Telecommunications Regulatory Board of Puerto Rico (“the Board”), by its attorneys, hereby opposes the Puerto Rico Telephone Company (“PRTC”) Petition for Declaratory Ruling (“Petition”) filed on November 26, 2003 with the Federal Communications Commission (“FCC” or “Commission”). In its Petition, PRTC asks the FCC to declare that a November 20, 2003 Order of the Board is preempted by federal law. That Order required PRTC to keep in place a billing and marketing practice known as “Reverse Toll Billing” (“RTB”) while, complying with federal Local Number Portability (“LNP”) and Number Pooling requirements.¹ PRTC claims that it is technically impossible to do both and that, therefore, preemption is required. The Board strongly disagrees and asks the Commission to deny PRTC’s request.

¹ Under PRTC’s version of Reverse Toll Billing, PRTC and the wireless carrier mutually agree to bill the wireless carrier, rather than the originating wireline consumer, for any long distance charges associated with a wireline to wireless call. The agreed upon wholesale rate is considerably less than would have been charged the retail consumer for intra-island long distance service.

I. BACKGROUND

A. The Board

The Telecommunications Regulatory Board of Puerto Rico was created in 1996 by the Legislature of Puerto Rico as an independent entity endowed with the power and authority to facilitate the improvement of telecommunications in Puerto Rico, to promote fair and effective competition and to detect and correct anti-competitive conduct. The legislation creating the Board, known as Act 213 of September 12, 1996, gave the Board powers necessary to regulate the provision of telecommunications in Puerto Rico and provided the following general guidance:

All actions, regulations and determinations of the Board shall be guided by the Federal Communications Act, by the public interest and, especially, by the protection of consumer rights.²

In considering the difficult questions presented by Puerto Rico Telephone Company's sudden, unilateral attempt to terminate RTB, the Board has followed that guidance. Indeed, the Board's November 20 Order, the proximate subject of the PRTC Petition, balances the federal law, the public interest, and consumers' rights. That Order (included as an attachment to the PRTC Petition) was the result of a considered hearing, including oral and written pleadings and testimony from a variety of telecommunications providers. Ultimately, the Board determined that PRTC could comply with the federal requirements regarding Local Number Portability ("LNP") without eliminating RTB, that the public interest would be negatively affected by disruptions in the network and by unilateral abrogation of interconnection agreements resulting from the elimination of RTB, and that consumer rights were impinged by the elimination of RTB

² Act No. 213, 12 September 1996, Article 7(f)

as proposed by PRTC. Thus, the Board ordered PRTC to implement LNP and not eliminate RTB, consistent with the Board's November 20, 2003 Order.³

In doing so, the Board kept faith with the guideline provided by the Legislature and, in particular, complied with the heavy emphasis on protection of consumer rights. It was apparent that sudden elimination of Reverse Toll Billing would have caused considerable confusion and would have resulted in a transformation of local charges to long distance charges, without adequate justification or preparation.

B. The Reverse Toll Billing Proceeding

The Board's Case No. JRT-2003-CCG-006 was prompted by a September 19, 2003 letter from PRTC notifying the Board that PRTC would "eliminate the provision of reverse billing concurrent with the implementation of intermodal LNP."⁴ PRTC also stated that it would "notify" wireless carriers of the elimination of certain clauses associated with RTB in existing interconnection agreements. Further, PRTC provided suggested language for the Board to use to communicate to the public the changes associated with the elimination of RTB.

This letter was considered by the Board as part of Case No. JRT-2000-CCG-0001, a proceeding which had been instituted by the Board in 2000 to act as facilitator to consider intra-state issues relating to Local Number Portability. Not once in the course of this long proceeding had PRTC intimated or raised the issue of Reverse Toll Billing. Rather, PRTC simply presented the Board with a *fait accompli*, with virtually no time to consider the ramifications of the elimination of Reverse Toll Billing. Subsequently, and with only a short time remaining before the implementation of LNP, PRTC notified the Puerto Rico Commercial Mobile Radio Service

³ The Board also scheduled a January 15, 2004 public hearing to consider the impact of the implementation of a change in local calling zones on the elimination of RTB.

⁴ Letter of Jon E. Slater, President, PRTC, September 19, 2003 (Attachment A).

("CMRS") providers of its intentions. To the CMRS providers with interconnection agreements, this sudden notice represented a unilateral abrogation of the agreements upon which they had based their business plans and marketing approaches.

Prominent in PRTC's proposed message was the notification that the elimination of a "wholesale product offered by wireline companies to wireless carriers" could increase the amounts that consumers pay to call wireless phones from wireline phones. At the heart of the elimination of RTB is an increase in the cost of calling a non-local wireless number. At present, under Reverse Toll Billing, the wireline customer does not pay to call a non-local wireless number within Puerto Rico, effectively making all of Puerto Rico a single market in wireless service on a retail level. The elimination of Reverse Toll Billing would add toll charges, estimated at between 10 to 17 cents a minute, for such calls. Clearly, the impact of the unilateral elimination of RTB would be keenly felt by the consumer. In addition to a significant increase in cost, the elimination of RTB may require a new dialing pattern, including use of the prefix "1" for all calls outside of the wireline NPA-NXX.

Immediately after PRTC made public its intention, a strong and intensive public, media and governmental reaction occurred. The Puerto Rico Consumer Affairs Secretary expressed his firm opposition to any increase in charges by PRTC. Further, the press in San Juan covered the issue intensively. In addition, the Board received numerous public inquiries and expressions of opposition. Even the legislature became involved, offering a law that would have prevented PRTC from eliminating RTB. (See Attachment B)

Recognizing that the issue was of significance public interest and importance, the Board created a docket separate from the general LNP docket to consider only the question of elimination of Reverse Toll Billing, Case No. 2003-CCG-006. The Board considered Reverse

Toll Billing not as one of the issues involved in the implementation of Local Number Portability, but rather as a billing and marketing matter. RTB had been devised as a way for wireless carriers to offer an island-wide service to attract customers. It evolved as a “billing” provision in local interconnection agreements. The Board therefore believed that the elimination of Reverse Toll Billing was a matter which the FCC had specifically left to the States in its 1996 Local Number Portability decision.⁵

On October 9, the Board held a public hearing in this docket at which PRTC alleged that the implementation of Local Number Portability, mandated by the FCC, requires a change in call routing. This makes RTB technically incompatible with both Local Number Portability and with federal requirements for number pooling, according to PRTC. Further, the fact that its parent company, Verizon, had eliminated RTB supported its position of technical incompatibility.

Other companies, particularly those with interconnection agreements at stake, disagreed in written comments. Centennial de Puerto Rico, for example, argued that a method of number verification, Local Routing Number (“LRN”), could be used to overcome any claimed technical incompatibility between LNP and RTB. Centennial also argued that the controversy is not about technical incompatibility, but about increasing revenues since, with the elimination of RTB, PRTC would receive access charge payments for non-local calls, instead of the lower wholesale rate paid by the wireless carriers pursuant to their interconnection agreements.

Other carriers, such as Cingular, Telefonica Larga Distancia and AT&T Wireless, also opposed PRTC, arguing that PRTC had not adequately addressed technical issues, and that more time is needed to make whatever changes and notifications are necessary.

⁵ *In the Matter of Telephone Number Portability*, 11 FCC Rcd 8352 (1996) at para 63.

In Reply, PRTC argued that Reverse Toll Billing must be eliminated in order to comply with the FCC's LNP and pooling requirements, and that elimination must occur on November 24, 2003, the date on which PRTC would be required to begin porting wireless carriers, and pooling certain affected numbers. PRTC saw no alternative since, in its judgment, it simply could not comply with federal requirements and maintain RTB.

The Board's November 20, 2003 Order forms the crux of this Proceeding. After considering the arguments of all the parties, the Board determined that the actions proposed to be taken by PRTC were inappropriate. First, the Board found that the FCC's decision on Local Number Portability and pooling did not consider in any way the impact those decisions might have on Reverse Toll Billing. Thus, there is no specific bar to the continuation of RTB after the introduction of porting and pooling.

The Board then considered other matters, including network configuration, the integrity of interconnection agreements, investment, and notification procedures. In each of these matters, the Board found that the sudden elimination of RTB would have negative effects. Finally, the Board found that PRTC had not produced substantial evidence of a technical impairment forcing it to eliminate RTB.

Accordingly, PRTC was ordered to implement LNP without eliminating RTB.

C. The Petition

Shortly after the November 20 Order, PRTC filed its Petition for Declaratory Ruling. PRTC repeated its argument that Reverse Toll Billing is technically incompatible with intermodal LNP and pooling. It stated that it will comply with the Board's Order with respect to numbers previously assigned to wireless carriers (so-called "native" wireless numbers), but not with respect to previously wireline numbers that are now ported to wireless customers. This

approach, while compliant, defeats the purposes of porting and pooling and causes unreasonable discrimination in violation of Section 202 of the Communications Act, according to PRTC.

D. Post-Petition Activities

The Board's November 20 Order specifically recognized the importance of a future event on Reverse Toll Billing and set a public investigative hearing on January 15, 2004 for the purpose of considering how changes to local calling zones and rate centers would impact the elimination of RTB. At the time of the November 20 order, PRTC organized the Commonwealth of Puerto Rico into 68 local calling areas, each covering a relatively small area. As a result, a call of relatively short distance between these calling areas would be considered a "toll," or long-distance call and would be affected by changes to the Reverse Toll Billing arrangements. However, PRTC had announced plans to reduce the 68 local calling areas to 10, a move that would be more consistent with the practice of other local exchange carriers in Puerto Rico who offered much larger local calling areas.

The first changes to the local calling dialing patterns are occurring in early 2004. The transformation to 10 local calling areas is expected to be completed by the end of 2004. Thus, the number of non-local wireline to wireless calls – those calls affected by the elimination of Reverse Toll Billing – would be reduced as the number of local calling areas is reduced.

Another important fact coming out of the January 15 hearing concerned the number of people who had requested intermodal local number portability since it became available on November 24, 2003. Out of the approximately 1.3 million wireless subscribers in Puerto Rico, only 14 had requested that their numbers be ported to a wireless service. The Board was surprised to learn of the very small number of consumers who had requested LNP, particularly in light of the presumed pent-up demand for the service.

The two important facts to come out of the January 15 hearing – that time would ameliorate the RTB problem and that there is *de minimis* demand for LNP – served to affirm the Board’s November 20, 2003 Order. As will be discussed below, PRTC’s two arguments – technical incompatibility and discriminatory treatment – do not support the elimination of Reverse Toll Billing at this time.

II. ARGUMENT

A. Reverse Toll Billing Is Not Incompatible With Federal Local Number Portability and Pooling Requirements.

1. PRTC Currently Is In Compliance.

The principal argument that PRTC makes in its Petition is that RTB is technically incompatible with federal portability and pooling requirements. Previously, PRTC could look at an NPA-NXX and immediately know which carrier it belonged to and could then “rate” the call according to the interconnection agreement it had with that carrier. In the new era of porting and pooling however, no such quick look suffices. Therefore, PRTC has decided that all non-local calls will be passed to the presubscribed intra-island carrier of the wireline customer.⁶ All such calls will be subject to toll charges, no matter what the terms of the interconnection agreement say, no matter the confusion and expense caused to the consumer.

PRTC is plain wrong when it says Reverse Toll Billing cannot be done in a pooling and porting environment. PRTC is doing it. In the Petition, PRTC:

... emphasizes that it has implemented intermodal LNP and pooling in compliance with the Commission’s deadlines, and all calls to and from ported and pooled numbers are being routed appropriately and without delay.⁷

⁶ A non-local call is a call with a different rate center and a different exchange area than the originating rate center and exchange area. Obviously, in a wireless environment, the notion of actual geographic location is not relevant.

⁷ Petition at p. 2.

Yet, PRTC is also complying with the Board's Order and has not eliminated Reverse Toll Billing. Thus, according to PRTC's own actions and affirmations, RTB is not technically incompatible with Local Number Portability.

The method PRTC has chosen to retain RTB is simple: maintain the *status quo*. That is, ported numbers are being rated in accordance with their original – or “native” – rate center.⁸ But this solution is fatally flawed, according to PRTC, because it must provide RTB for all numbers in that NPA-NXX. Consequently, wireline customers who as a result of porting or pooling have a “wireless” NPA-NXX will benefit from Reverse Toll Billing, while wireline customers ported to a wireless carrier would not.

The Board recognizes that perhaps over a long period, this is not the best solution. But, in the short term, it is not only a good solution, it is completely compatible with federal requirements. Shortly before the Board issued its November 20 Order, the FCC addressed a similar issue in a Memorandum Opinion and Order designed to resolve a variety of LNP implementation issues.⁹ In considering a dispute between Bellsouth and Sprint over the rating and routing of calls to ported numbers the Commission found that

To ensure that permitting porting beyond wireline rate center boundaries does not cause customer confusion with respect to charges for calls, we clarify that ported numbers must remain rated to their original rate center.¹⁰

The Board takes this to mean that PRTC's “native” solution is the preferred FCC solution as well and thus is not at all incompatible with federal requirements.

⁸ A rate center is that point within an exchange area defined by rate map coordinates used as the primary basis for the determination of toll rates. See *Newton's Telecom Dictionary*, 18th Update, February, 2002.

⁹ *In the Matter of Telephone Number Portability*, CC Docket No. 95-116, FCC 03-284, November 10, 2003, (“November Order”).

¹⁰ *November Order* at para 39.

2. Reliance on PRTC's "Technical Incompatibility" Agreement is Misplaced.

In addition to the present apparent compatibility of RTB and LNP, PRTC's argument is lacking in credibility. First, the Commission should recognize that the entity most likely to benefit from the elimination of Reverse Toll Billing is PRTC. Over 51% of all wireline customers are presubscribed to PRTC or its affiliate. Consequently to the extent non-local traffic is routed to a toll carrier, most of the time PRTC will be that carrier. Further, PRTC will receive access charges on the wireline to wireless calls. While we do not agree with Centennial's characterization in the October hearing of this matter as a *de facto* \$250,000,000 rate increase for Puerto Rico consumers, the Board does recognize PRTC's economic incentive to eliminate Reverse Toll Billing. It is understandable that, rather than search for a technical solution that would allow for Reverse Toll Billing, PRTC would declare defeat and prepare to reap the benefit.

Another assault on PRTC's credibility comes from the September 19, 2003 letter from Jon Slater, then President of PRTC. That letter included a "Proposed Message on the Elimination of Reverse Billing."¹¹ It was apparently PRTC's notion that the Board could use this message to communicate the elimination of Reverse Toll Billing. Included in the message is the following statement, referring to the elimination of Reverse Toll Billing:

An investment to keep the service in place after the implementation of WLNP would make the cost of the wholesale service prohibitive¹²

PRTC's protest that RTB is technically incompatible with LNP is thus revealed to be a matter of money, not technology.

¹¹ See Attachment A.

¹² *Id*

Moreover, during the hearing phase of the Board's proceeding, PRTC had the opportunity to present evidence on the question of overall technical incompatibility. In the Board's judgment, PRTC failed to carry the burden of proof on this issue. In fairness, no other carrier provided conclusive evidence on the technical issues. However, PRTC's failure to make a compelling case for long-term (and short-term) technical incompatibility formed the basis of the Board's decision.

In sum, while there are constraints to the growth of RTB in a pooling and porting environment, it is apparent that maintaining the *status quo* – through “native” RTB – is both technically feasible and entirely compatible with federal requirements. Indeed, “native” RTB appears to be the FCC's required solution. Further, PRTC lacks credibility in asserting that there is “technical incompatibility.” For these reasons the Board urges the FCC to find that there is no technical impediment to maintaining Reverse Toll Billing, consistent with the requirements in the *November Order*.

B. Compliance With the Board's Order Does Not Result in Unreasonable Discrimination.

PRTC's second argument is that its “native” solution will discriminate against wireless customers that receive native wireline numbers on their wireless phones (and are thus not eligible for RTB) by charging more for calls to them than to “native” wireless customers. This will, in PRTC's judgment, “serve as a powerful incentive” not to port and to reject a pooled number. Thus, according to PRTC, not only is there discrimination, but the “native” solution undermines the objectives of porting and pooling: reducing barriers to switching carriers and ensuring sufficient number resources.¹³

¹³ Petition at 9.

Whether or not there is discrimination inherent in the “native” solution, the Board believes it is not discrimination in violation of the Communications Act, which prohibits only “unjust and unreasonable” discrimination. Nor are the objectives of pooling and porting undermined by use of the original rate center – the “native” solution.

There is a familiar three-prong test to determine whether discrimination has occurred in any given case: (1) whether the services are like; (2) whether there is disparate treatment; and (3) whether the disparity is justified.¹⁴ PRTC argues that because of the different treatment of similarly situated wireless customers – one ported and not subject to RTB, the other “native” and subject to RTB – there is clear discrimination.¹⁵ As a preliminary matter, the Board questions whether any discrimination occurs between ported and non-ported customers, since Reverse Toll Billing refers to an advantage received by the wireline customer who does not pay long distance charges for calls to a wireless customer, not to an advantage received by the ported or non-ported customer.

Notwithstanding our questions regarding whether any discrimination exists, the Board is confident that whatever disparity may be caused by temporary reliance on the “native” rate center solution, it is entirely justified by the circumstances surrounding the proposed elimination of Reverse Toll Billing. Maintaining the *status quo* while the transition to larger local calling areas is made, while the consumer is made familiar with new dialing patterns and charges, and while interconnection agreements are renegotiated, would serve the public interest. Certainly, maintaining the *status quo* while parties search for a more permanent technical solution is a reasonable justification for the *de minimis* disparate treatment potentially to be suffered.

¹⁴ See *MCI Telecommunications Corp. v. FCC*, 917 F.2d 30 (D.C. Cir. 1990)..

¹⁵ The opposite case of a wireline customer ported from a wireless carrier receiving RTB would also apply.

Similarly, a temporary prohibition on the elimination of Reverse Toll Billing does not undermine the objectives of the federal rules. Consumer porting between wireless carriers would not be affected by the “native” solution since all such customers can continue to be reached via a native wireless NPA-NXX and thus take advantage of RTB. A customer porting from a wireless carrier to a wireline carrier would similarly be reached via his or her native NPA-NXX and would be unaffected. Only a customer ported from a wireline carrier to a wireless carrier would be deprived of the billing advantage conferred by RTB. However, since that customer has never enjoyed the advantage and since seeking the advantage will not factor into her decision making, it is unclear how this would undermine the Commission’s pooling and porting requirements.¹⁶

PRTC finds this latter case a “strong disincentive” to port because a new wireless customer would not share the advantages of a “native” wireless customer.¹⁷ However, customers sign up for wireless plans that often differ from plans offered to other wireless customers without engaging in the kind of sibling rivalry that PRTC sees as a strong disincentive. In short, a decision to port from a wireline to a wireless carrier will be based on a number of factors, including reliability, coverage and price. We sincerely doubt whether the decision will be based on the idea that “another wireless customer gets to have RTB and I don’t!”

For these reasons, the Board does not believe that maintaining Reverse Toll Billing is either unreasonably discriminatory or a contradiction of the Commission’s rules.

C. Unilateral Elimination of Reverse Toll Billing Provisions Violates State and Federal Requirements

PRTC’s plan to unilaterally abrogate its interconnection agreements is itself a violation of Puerto Rico Law No. 213 and the Communications Act. Under Article 5(e) of Law 213, the

¹⁶ We remind the Commission that between November 24, 2003 and January 15, 2004, a total of 14 people requested portability to a wireless service.

¹⁷ Petition at 10.

Board is required to approve interconnection agreements including each of PRTC's agreements containing Reverse Toll Billing provisions. Similarly, Section 252(e) of the Communications Act requires state approval. Such approval is meaningless if one party to an agreement has the unilateral right to decide when compliance with an approved provision is no longer convenient or "compatible." Typically "change of law" provisions in interconnection agreements require that the parties renegotiate the agreement and submit any amendments for approval. If the parties cannot agree, there are often provisions that require a proceeding before the Board or the FCC.

In this case, PRTC alone decided that the implementation of Local Number Portability required the elimination of Reverse Toll Billing. However, the matter is not so clear cut. The CMRS carriers disagree with PRTC, as does the Board. Further, PRTC is unable to point to any FCC ruling that says definitively that RTB and LNP are incompatible.

In these circumstances, any effort by PRTC to eliminate RTB is an attempt to delete a provision of an approved interconnection agreement, without consultation with any other party and without approval from the Board. This effort violates state and federal requirements concerning Board approval.

D. The November 20 Order Is Not Preempted.

As the Board has demonstrated, there is no conflict between the November 20 Order and the Commission's LNP and pooling requirements. Nor does the Order cause unreasonable discrimination. Because the Commission will not find any conflict, preemption is unwarranted.

III. CONCLUSION

For these reasons, the Telecommunications Regulatory Board of Puerto Rico respectfully requests that the Commission deny PRTC's Petition for Declaratory Ruling.

Respectfully submitted,

THE TELECOMMUNICATIONS REGULATORY
BOARD OF PUERTO RICO

By 
Veronica M. Ahern
Nixon Peabody LLP
401 Ninth Street
Washington, D.C. 20004
(202) 585-8000

Its Attorney

February 9, 2004

ATTACHMENT A

Jon Slater
Presidente

JRT-2000-CCG-0001

September 19, 2003

Phoebe Forsythe Isales, Esq.
President
The Puerto Rico Telecommunications Regulatory Board
Capital Center
North Tower, 10th. Floor
235 Hostos Street
Hato Rey, Puerto Rico

03 SEP 19 13:02

Hon. Phoebe Forsythe Isales:

The Puerto Rico Telephone Company (PRT) is preparing to comply with the FCC mandates on intermodal Local Number Portability (LNP) and must make modifications to current commercial arrangements for the exchange of traffic with wireless carriers. This includes the manner in which PRT bills its customers for wireline-to-wireless toll calls. The implementation of number pooling and LNP will make it possible for any NPA-NXX to contain both wireline and wireless numbers. Technical barriers associated with switching and billing will prevent PRT from continuing the reverse billing offering once intermodal LNP is implemented.

With the elimination of the reverse billing offering, all wireline to wireless calls will be rated and billed to the customer as either toll or local depending on the rate center of the calling party and the NPA-NXX of the wireless customer. This is the same arrangement used today for wireline-to-wireline calls. To allow the Puerto Rico Telecommunications Regulatory Board (PRTRB) the greatest amount of time for educating customers on the changes, PRT is notifying the PRTRB that it will eliminate the provision of reverse billing concurrent with the implementation of intermodal LNP.

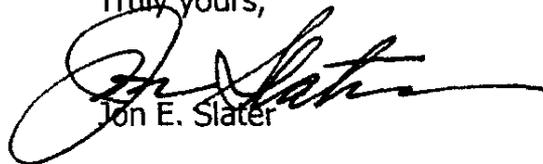
PRT wants to work with the PRTRB and the wireless industry in Puerto Rico to make the transition to an environment without reverse billing as smooth as

possible. The exact date for the implementation of intermodal LNP in Puerto Rico is not known at this time. As of this date, no Bona Fide Requests have been issued by wireless carriers, nor have any agreements been negotiated between PRT and wireless carriers for intermodal porting.

PRT will also notify wireless carriers of the elimination of certain clauses associated with the reverse toll billing arrangements contained in the interconnection agreements. In addition, PRT will be prepared to notify its customers of the possible changes to their bills associated with the elimination of reverse toll. Attached is a document with suggested language the PRTRB could use to communicate to the public the changes associated with the elimination of the reverse billing offering.

The implementation of intermodal LNP in Puerto Rico poses challenges that PRT believes can be best addressed by a well-coordinated effort by the telecommunications industry. PRT stands prepared to support such efforts.

Truly yours,



Jon E. Slater

Encls.

C: Jorge L. Bauermeister, Esq., Member PRTRB
Vicente Aguirre Iturrino, Esq., Member PRTRB
Jeanne Habib, AT&T
Omar E. Martínez-Vázquez, Esq., Centennial Puerto Rico License Corp.
Francisco Silva, Esq., Cingular Wireless
María Pizarro, Esq., Movistar
Miguel J. Rodríguez-Marxuach, Esq., Sprint
Juan R. Delíz Román, Esq., Verizon Wireless P. R.

Proposed Message on the Elimination of

Reverse Billing

- With the introduction of local number portability in the coming months, the elimination of a wholesale product offered by wireline companies to wireless carriers could cause an increase in what some consumers pay to call cell phones from traditional landline phones.

Background

- Area codes are divided into 'rate centers' with their own number prefixes. Calls to nearby rate centers are considered local, while those to distant rate centers incur intraIsland or regional toll charges. Calls to numbers in more distant rate centers incur long-distance charges.
- Because of differences in how wireless and land line networks are set up wireless carriers are not obligated to obtain phone numbers in every local rate center, so your cell phone could have a number from a rate center distant from your home.
- Years ago, to stimulate the use of mobile phones, wireless carriers asked landline companies to provide a wholesale service that masks the toll charge for many intraIsland calls from land line to wireless numbers. Wireless carriers then reimbursed landline companies for those toll charges – a process known as "reverse billing".
- Reverse billing products do not allow for the co-existence of reverse billing and wireline to wireless Number Portability. An investment to keep the service in place after the implementation of WLNP would make the cost of the wholesale service prohibitive. Wireless and landline providers are working together to transition away from the product in preparation for the implementation of WLNP.
- The change means that the toll charges for some landline calls to cell phones that once were paid for by the wireless carriers will now be incurred by the landline caller.
- For such customers, a call from a landline home phone to their cell phone could incur per-minute toll charges.
- You should contact your carrier and request a wireless phone number that is in a local rate center so you and others can avoid paying toll charges.

ATTACHMENT B

DOW INDEX

DOWN
9,343.96
-81.55

S&P 500 INDEX

DOWN
1,003.26
-6.12

NASDAQ INDEX

DOWN
1,817.20
-26.50

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Phone number portability could add call costs

BY MICHELLE KANTROW VAZQUEZ
mkantrow@sanjuanstarmedia.net
Of The STAR Staff

Puerto Rico Telephone announced Thursday it will launch wireline and wireless local number portability (LNP) to allow customers to take their phone numbers to their carrier of choice.

Sister company Verizon Wireless will launch wireless local number portability (WLNP) one month after the Federal Communications Commission's Nov. 24 deadline, in response to a request submitted this week by Cingular Wireless, company officials said.

Verizon will take advantage of a 30-day window the FCC allows carriers to process requests for WLNP that came in after February, company officials said.

Landline LNP, also known as intermodal LNP, allows customers to convert their residential or business numbers to wireless. However, if PRT implements the feature, it will immediately impact long-distance rates on the island. In the early 1990s, PRT and wireless carriers agreed upon reverse toll billing to encourage the use of mobile phones as they were entering the market.

Toll charges were eliminated from calls originating from landline telephones to wireless units, representing significant savings for consumers on per-minute fees that wireless carriers absorbed.

For example, a call dialed from a home telephone in Arecibo to a wireless unit activated in San Juan did not carry long-distance charges for the caller.

The potential elimination of reverse toll billing means that fixed line customers will have to dial "1" before the 10-digit mobile number when calling from landline phones



STAR PHOTO BY FRANCISCA VON NARBINA O'REILLY

Wireless customers will soon be able to migrate to providers of choice while keeping their mobile phone number.

outside the San Juan metropolitan area. The majority of wireless numbers in Puerto Rico are assigned in San Juan, even if the customer buys the unit in Ponce.

That means even if you live in Ponce and call your teenager's mobile phone in the next room, you will likely have to dial "1" on the home phone and pay long-distance fees for the call, since 99 percent of Puerto Rico's

mobile numbers are assigned to San Juan.

The launch date for switching landline phone numbers to cell phone (intermodal LNP) is Nov. 24 but PRT has not announced when it will be able to implement the feature. PRT said Thursday it will wait for the FCC to decide the final date, which may be held off indefinitely, unless wireless carriers request it.

Still, PRT has already informed wireless carriers that it will modify its commercial agreements to handle calls to mobile units, including the way they are billed, upon launching intermodal LNP.

Companies reacted immediately, some claiming the change is a breach of contract. "The situation PRT proposes would change the terms of interconnection agreements with cellular companies, which will result in PRT's residential and business customers having to pay long-distance fees to call a cell phone," said Robert Haulbrook, general manager of Centennial's wireless division.

"We're opposed to that proposition because it goes against the best interests of telephone customers," he said.

Centennial claimed the reversal will mean that it will be more expensive to call a mobile telephone than to call New York, as local long-distance rates average about 10 cents a minute.

PRT notified the Telecommunications Regulatory Board on Sept. 19, but the

agency has not made any statements on the matter thus far.

Attempts to reach board officials were unsuccessful Thursday.

The STAR obtained a copy of the letter, in which PRT stated its billing system is not prepared to handle reverse toll billing once intermodal LNP goes into effect.

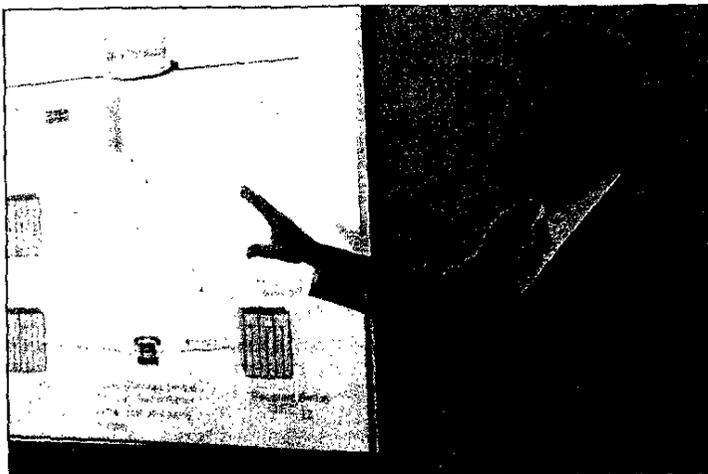
Francisco Silva, Cingular's vice president of legal affairs, said the company is analyzing the reverse toll billing clause and refrained from commenting.

But in regards to WLNP, Silva said Wednesday's request to Verizon Wireless is the second from Cingular this year. Cingular's stateside operations submitted a letter to Verizon Wireless on the U.S. mainland in February listing all of the markets where it proposed to launch WLNP, including Puerto Rico. The FCC required all carriers to submit their requests for number portability by February for the Nov. 24 deadline.

However, Verizon's Puerto Rico operations work separately from the stateside company and it was not until July that Cingular's local officials were informed, Silva said.

Cingular has made WLNP arrangements will all other local carriers, and is ready to launch on Nov. 24.

Local number portability allows telephone users — whether fixed or wireless — to



STAR PHOTO BY FRANCISCA VON NARBINA O'REILLY

Roberto Corrao, PRT's vice president of engineering and technical planning, said while Verizon Wireless and PRT are ready to comply with number portability, it will lead to new industry behaviors and rates.

Please see "LNP," Page 59 ▶

From Page 25
LNP

keep their numbers when switching service providers. This feature gives consumers the freedom to migrate to a company that offers better services and pricing.

"Verizon Wireless and PRT are ready to comply with the mandate, which will lead to new industry behaviors," said Roberto Correa, PRT's vice president of engineering and technical planning.

Landline LNP, also known as intermodal LNP, allows customers to convert their residential or business numbers to wireless. However, if PRT implements the feature, it will immediately impact long-distance rates on the island.

AT&T Wireless, Movistar, Sprint PCS and Centennial have announced they are also ready for WLNP, but have not submitted their requests.

On Thursday, Movistar confirmed it will submit its request to Verizon Wireless by mid-October.

To prepare for wireless and fixed LNP, PRT and Verizon invested a combined \$15 million in network upgrades and technical support. PRT spent the bulk, \$10 million, to prepare its islandwide network for the change.

In the case of wireless, customers wanting to switch carriers will get to keep their numbers, but not their telephone numbers, said José Guzmán, Verizon's director of network operations.

This is because companies use differing technologies that may not be compatible with the units. Switching customers may have to comply with existing contractual obligations, and pay cancellation fees, when applicable. Issues such as outstanding debts with the prior carrier should not be an obstacle to switching, although the FCC is still analyzing the matter.

Once the customer requests a switch, the process should

take no longer than two and a half hours to complete," Guzmán said. "One of the benefits of WLNP is that customers will be free to select the best service out there."

While the transition should be seamless to customers, com-

panies have had to overhaul their systems to launch WLNP, he said.

"We're still negotiating contracts and conducting tests with other carriers," Guzmán said.

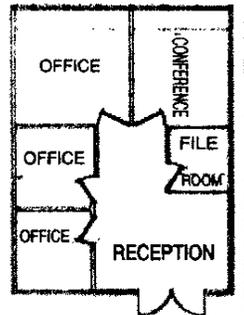


SEGUNDO AVISO
CANTIDADES NO RECLAMADAS AL 30 DE JUNIO DE 2003

EL Banco radicó con el Comisionado de Instituciones Financieras el Informe sobre Cantidades No Reclamadas. Dicho informe contiene cantidades no reclamadas en poder del Banco con balances mayores de cien dólares (\$100.00). En este informe se incluyeron, conforme a derecho, además, cuentas con balances menores de cien dólares (\$100.00) no publicadas en este aviso. Copia del informe podrá ser examinado en cualquier sucursal de Eurobank. Usted podrá reclamar dichas cantidades en cualquier sucursal de Eurobank hasta el 30 de noviembre de 2003. El 10 de diciembre de 2003 las cantidades contenidas en el informe serán entregadas al Comisionado de Instituciones Financieras. A partir de dicha fecha el Banco queda relevado de toda responsabilidad en relación a tales cantidades.

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AVILES GONZALEZ, ENRIQUE	RES P LAMOS ANTIHINI 52518 SAN JUAN PR 00926	10,010.34
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BERMUDEZ COLON, SANTANA	URB SAN JOSE 403 SARRIA SAN JUAN PR 00923	1,828.36
BERMUDEZ COLON, SANTANA	URB SAN JOSE 403 SARRIA SAN JUAN PR 00923	3,334.21
BERRIOS RODRIGUEZ, LUZ E	URB VILLA CARMEN J-26 CALLE 20 CAGUAS PR 00725	189.17
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CARDON PENNA, JULIO N	BALDORIO TY EQ NUM MOLINA 6 FO PONCE PR 00731-0000	620.87
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CASAD ARCHEVAL, MARIA V	#145 CALLE F GUAYAMA PR 00794-0000	661.74
CASIANO OLIVERA, DABSY M	URB SAN JOSE 360 BISBAL SAN JUAN PR 00923	1,372.03
CASIRO RANCA, SATURNINO	URB PUERTO NUEVO 1340 CALLE 10 SAN JUAN PR 00920	302.21
CATALINO SILVA, JOSE	URB PUERTO NUEVO 1340 CALLE 10 SAN JUAN PR 00920	10,305.02
CATALINO SILVA, JOSE	PO BOX 2802 JUNCOS PR 00777	12,159.85
CATAQUET ROLDAN, JOSE A	E VIGOREAUX ESQ EDUARDO CONDE SAN JUAN PR 00915	100.04
CLASE GRADUANDA 97-98 ESCUELA	376 AVE BARBOSA SAN JUAN PR 00923	163.06
COMITÉ DE NORMAS IGLESIAS	URB DELGADO O-15 CALLE 18 CAGUAS PR 00725	107.70
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DAVILA PABON, FELIX	URB VILLA PALMERAS 374 CORTON SAN JUAN PR 00915	700.76
DELGADO OSORIO, AMPARO	HATO REY STATION HATO REY PR 00919-1635	352.14
DIAZ CAMILO, RAFAEL A	PO BOX 436 TRUJILLO ALTO PR 00976	113.92
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DOCE, ALAN WILLIAM	P.O. BOX 36274 SAN JUAN PR 00936-2474	124.14
ESPINOSA GUERRA, HUGO		310.40
ESTEVEZ LOPEZ, SERGIO		4,117.74
FIRST AMERICAN INSURANCE COMPANY		735.00
GALARZA ORTIZ, JUAN		1,550.16
GARCIA MARTINEZ, FELIX R	VILLA PALMERAS 2063 AVE EDUARDO CONDE SAN JUAN 00915	250.10
GARRIDO SANTILLAN, FRAY M	VILLA CLEMENTINA J 52 GUAYNABO 00908	105.92
GEIGEL SOJO, MERCEDIS	BERWIND ESTATES J 13 CALLE 1 SAN JUAN PR 00925	148.52
GONZALEZ CANDELARIA, MELANIA	HC 02 BOX 5818 LARES PR 00669	133.22
GONZALEZ GONZALEZ, PAULA	RES SAN JOSE EDIF 17 APTO 935 SAN JUAN PR 00923	23,356.03
GONZALEZ SUAREZ, BENJAMIN	URB PUERTO NUEVO 1223 CAIRO SAN JUAN PR 00921	20,074.15
HERNANDEZ, MARIA MAGDALENA	CAPARRA TERRACE 1254 CALLE CASTILLA SAN JUAN PR 00921	378.97
HERNANDEZ RODRIGUEZ, PURA	1206 AVE ROOSEVELT SAN JUAN PR 00920	119.74
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KALVITO AUTO SALES INC	32 BETANCES CAGUAS PR 00725	214.68
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MALDONADO ALVELO, ANGEL T	PO BOX 3 CAGUAS PR	480.43
MARTINEZ HERNANDEZ, CARLOS A	BO OBRERO 405 CORTELUJO SAN JUAN PR 00915	376.80
MARTINEZ NIÑEZ, ANTONIO E	PO BOX 14452 BARRIO OBRERO STATION SAN JUAN PR 00916	104.32
MARTINEZ RIVERA, CARMEN	URB DOS PINOS 780 AVE LOPEZ SICARDO SAN JUAN PR 00923	280.68
MARTINEZ RIVERA, ELISEO	VILLA PALMERA 314 CALMA SAN JUAN PR 00912	587.33
MATOS CARRASCO, FERMIN	3115 AVE SANTIAGO DE LOS CABALLEROS EDIF 8 STE 801 PONCE PR 00731	150.30
MCKENSIE & ASSOCIATES		2,124.33
MEDERO MARQUEZ, CARMEN		155.26
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MICHAEL ANDUJAR, ANTERA U	90 CARACOLAS CENTRAL, PONCE PR 00731	284.12
MIMBS, JOSE R	JARDINES DE COUNTRY CLUB L 5 CALLE 17 CAROLINA PR 00983	3,550.01
MOJICA CRUZ, JUAN A		898.76
MOJICA HERNANDEZ, MANUEL		123.87
MORALES DIAZ, MARIA	BDA ISRAEL 418 CUBA SAN JUAN PR 00917	231.48
MORALES RIVERA, MIGUEL A		1,984.89
ORTIZ MORALES, RAMON	URB VALLE ARRIBA 137 ROBLES ST COAIMO PR 00769-0000	719.47
OTERO RODRIGUEZ, LUIS RAUL	URB PUERTO NUEVO 1104 BOHEMIA SAN JUAN PR 00921	5,440.02
PEGUERO, RAMONA A	BO OBRERO 180 DOS HERMANOS SAN JUAN PR 00909	6,979.68
PEGUERO GUERRERO, HECTOR I		103.70
PENA COLORADO, ANTONIO		640.96
PEREZ DE CHARDON, JOSEFINA	BDA ISRAEL 404 FRANCA SAN JUAN PR 00917	142.10
PEREZ GARCIA, FRANCISCO	CL NO MOLINA 4 RUST FOR PONCE PR 00731-0000	1,373.26
PINTO MOYET, JOSE F	URB VILLA PRADES 625 JULIO C ARTEAGA SAN JUAN PR 00924	109.43
PONCE HERNANDEZ, ISMAEL	URB JRDOS DEL PARAISO EDF 32 APT 240 SAN JUAN PR 00926	475.93
PRO-FONDOS ASOCIACION	RES SAN JOSE EDF 15 APT 718 SAN JUAN PR 00923	303.41
REYES ORTIZ, MAGDALENA	URB SAN JOSE EDF 13 APTO 98 SAN JUAN PR 00923	654.22
REYES PEREZ, VIOLETA	URB CONDADO MODERNO M 21 CALLE 1 CAGUAS PR 00725	1,453.30
RIVERA DIAZ, RAMON N	PO BOX 62 CIDRA PR 00739	506.17
RIVERA GALARZA, PAULA	PO BOX 6356 PONCE PR 00733-0000	205.03
RIVERA MATOS, JOSE L	EXT EL VERDE 84 NEPTUNO CAGUAS PR 00725	444.20
RIVERA NORBERTO		310.00
RIVERA VAZQUEZ, ELLIOT D		141.20
RODRIGUEZ CAMACHO, JUANA	HC 20 BOX 20918 SAN LORENZO PR 00754	116.01
RODRIGUEZ GALBAN, JULIO C	PARC AMALIA MARIN CL B #7 PLAYA DE PONCE, PONCE PR 00731-0000	850.74
RODRIGUEZ MALDONADO, BLANCA	PO BOX 548 BAYAMON PR 00960	696.90
RODRIGUEZ RAMOS, SONIA Z	BO COLLORRES RES CAYABO H-29 CL HC 03 BOX 11333 JUANA DIAZ PR 00795-0000	131.41
RODRIGUEZ RODRIGUEZ, LUIS	MIRADOR BAIROA 2 T 79 CALLE 17 CAGUAS PR 00725	279.82
RODRIGUEZ RODRIGUEZ, MIGUEL P	VILLA PALMERAS 2084 AVE PUERTO RICO SAN JUAN PR 00915	1,868.50
RODRIGUEZ TORRES, CANDIDO	VILLA PALMERAS 2089 SAGRADO CORAZON SAN JUAN 00915	10,899.59
ROMAN RIVERA, ANTONIO	454 ESPANA BDA ISRAEL SAN JUAN PR 00917	361.35
ROSBARIO GARCIA, DULCEMA	VILLA CARMEN J 8 BOX 1944 CAGUAS PR 00725	191.31
SAN ANTONIO, LEBBIA	URB PARQUE LAS MERCEDES AE 9 CALLE 5 CAGUAS PR 00725	1,453.68
SAN MARTIN, RAMON	104 LUIS SOTO SUR SAN LORENZO PR 00754	105.15
SANCHEZ DE HINOJOSA, ADIS		3,558.59
SANTOS CRUZ, HIPOLITO	PALMA SUR 9 FATINA CAROLINA PR 00984	4,971.90
SUCEDON JORGE LOPEZ ROSADO	PO BOX 171 CIDRA PR 00739	1,630.52
TORRES SAN CRISTOBAL	PO BOX 7772 CAGUAS PR 00725	4,112.63
TORRES RODRIGUEZ, CARLOS E	BOX 853, JUANA DIAZ PR 00795-0000	394.16
TORRES ROSARIO, LUZ M	SANTA JUANA 1V Z-10 CALLE 12 CAGUAS PR 00725	119.81
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PRT must justify rates, board to consult with FCC

BY MICHELLE KANTROW VAZQUEZ
mkantrow@sanjuanstar.com
Of The STAR Staff

The Telecommunications Regulatory Board will investigate Puerto Rico Telephone's announced intention to charge long-distance fees for calls from residential and business telephones to wireless units with the introduction of Local Number Portability.

Board President Phoebe Forsythe Isaacs said Friday she will also consult with the Federal Communications Commission about the possibility of exempting Puerto Rico from landline LNP, potentially saving millions for consumers and wireless companies.

PRT has been summoned to an investigative hearing Oct. 9, where it will have to answer board questions on the need to change the pricing scheme and customer billing if the new service is implemented.

PRT will also have to present less costly alternatives for consumers in its activation of LNP and details of the potential impact to the rest of the telecom industry, according to the board order.

LNP allows telephone users — whether fixed or wireless — to keep their numbers when switching service providers. This feature gives consumers the freedom to migrate to a company that offers better services and pricing, without having to change their phone number.

LNP also enables consumers to convert residential or business phones into wireless,



Telecommunications Regulatory Board President Phoebe Forsythe Isaacs said "The board is going to investigate because we want to know the impact to the consumer and the effect on the [telecom] companies."

known in the industry as intermodal LNP. The FCC established a Nov. 24 deadline for carriers to launch LNP. However, the service cannot be deployed locally until the investigation ends.

Forsythe also said that in a letter sent to the board on Sept. 19, PRT made no reference to costs or consumer effects associated with LNP, though they did say their billing system could not handle it.

"The board is going to investigate because we want to know the impact to the consumer and the effect on the companies," she said.

PRT announced Thursday that upon launching LNP, at an undetermined date, it will cancel reverse toll billing, an agreement reached with wireless carriers in the early 1990s to eliminate long-distance charges from calls originating from landline telephones to wireless units.

Wireless carriers absorbed the per-minute costs, saving millions every year for consumers.

PRT claimed its billing system is not capable of detecting which carrier will own a phone number after LNP is launched, so it will not be able to charge accordingly.

"PRT is aware of the negative impact implementing intermodal LNP will have upon consumers," PRT vice president Ileana Molina de Bachman said. "This is why we began a proactive dialog process with the board and wireless service providers so they were aware of the adverse effects to clients."

"It is not PRT's intention to establish intermodal LNP unless it is requested," Molina said.

The STAR attempted to get an estimate Friday of how much wireless carriers absorb every year in long-distance charges associated

with landline-to-mobile phone calls.

But because the charge — less than one cent — is embedded in other costs PRT charges carriers in their interconnection contracts, the figure was not readily available.

Robert Haulbrook, general manager of Centennial's wireless division, said preliminary estimates show that the proposed increase would result in "tens of million of dollars per month in increased revenue for PRT."

Movistar general manager Claudio Hidalgo censured the way PRT handled the issue of LNP.

"I think this is something we should have worked on as an industry, as we've worked other important issues that definitely affect clients and the general market and which go against the development of telecom in Puerto Rico," Hidalgo said, noting Movistar is ready to offer landline customers offers to lure them to migrate to wireless.

Meanwhile, Mario Garcia, general manager of Cingular Wireless said PRT's announcement took the rest of the wireless players "by surprise."

He said Cingular will evaluate ways to prevent long-distance charges to landline customers, in case intermodal LNP goes into effect.

The board's investigation will be part of a broader audit that will start next week into PRT's affairs, including transactions with affiliate companies such as Verizon Wireless.

Plot thickens on Las Colinas land titles

BY J.A. DEL ROSARIO
jadelros@sanjuanstar.com
Of The STAR Staff

An almost 40-year-old legal fight over the ownership of an abandoned residential development in Fajardo could reignite — 25 years after the last legal brief on the matter was filed.

The land in question is more than 750 acres of oceanfront property between Fajardo and Ceiba — composed of rolling hills overlooking Fajardo's Derrigagua Bay.

Last year, more than 200 families living in a residential project called Terrazas de Derrigagua, which sits on part of the land, sued the bank that financed the project for property sale and construction defects. It was the lawyer representing the families of that lawsuit, Monge-LaFosse, who while investigating the original ownership of the land, may have rung the bell on another round of one of the most unorthodox legal battles in the island's recent history.

Monge-LaFosse was not available for comment on Friday.

From 1964 to 1980, the land was known as Las Colinas Properties, a residential develop-

ment that was never completed, but which spawned an 8-year court battle between Banco Popular and the project's developer, Vigdor Schreiberman, over the financing of the project.

The legal war became fodder for the local papers when Schreiberman decided to represent himself against the bank's battery of lawyers. Without a law degree, or even a college education, Schreiberman won the case in 1972, and Banco Popular paid the developer \$3.5 million and returned the title deeds for Las Colinas which the bank had foreclosed on.

After the trial, against his peers' advice, Schreiberman decided to continue the development of his project. He lined up new financiers and started work again. But by 1977, his new financiers were recalling their loan, and the developer ended up in another drawn-out legal battle, which he lost.

For the past 25 years Schreiberman has been in self-described exile in Washington D.C. That was until Monge-LaFosse called him in September 2002 to request my assistance to discover the truth about the history of Las

Please see "LAND TITLES," Page 28 >

Lights, camera, action!



Dorac Bank Center in Isla Verde celebrates its opening all this weekend with special activities today and Sunday. The inaugural celebration kicked off Thursday night with a light show and live music. The new branch offers full banking services, extended hours and HF Mortgage Bankers services.

Local Briefs

SENATE PANEL HEAD SAYS MERCADO NOMINATION WILL GET FAIR HEARING

Senate Nominations Committee Chairman Bruno Ramos maintained Saturday Supreme Court chief justice nominee Ferdinand Mercado will have a "fair and impartial" confirmation hearing.

He added that the hearings will not be superficial, but said that those who oppose the nomination will not be allowed to make disrespectful comments.

"I want to guarantee the Supreme Court nominee Ferdinand Mercado that the process of public hearings in the Nominations Committee will be fair and impartial," he said.

The members of the committee will also make a deep analysis of Mercado's merits for the position. Gov. Calderón nominated Mercado to the post.

Ramos said he has still not decided how to vote, and will wait for the public hearings to make a decision.

PIP PLANS REGISTRATION PUSH FOR YOUNG VOTERS

Puerto Rican Independence Party Electoral Commissioner Juan Dalmau expressed concern Saturday that at least 100,000 young people eligible to vote may not be registered yet.

Dalmau said while the number includes everyone between the ages of 17 and 25, most of those who are not yet signed up to vote fall between 24 and 25 years old.

He disputed claims by New Progressive Party Electoral Commissioner Thomas Rivera Schatz that the NPP primaries and former Gov. Pedro Rosselló's bid for La Fortaleza have prompted mass voting registrations.

"I can say that according to the numbers and calculations I have, and the analysis carried out by my office, there are nearly 100,000 young people who could vote in the next elections but are not registered," he said. "The State Elections Commission needs to take steps to get them signed up."

According to the SEC, there are some 5,000 fewer people registered this year than at

the same date last year.

Dalmau intends to prod the SEC to step up a media campaign, and send officials to local high schools and universities to get more people signed up.

ECHEVARRIA OPPOSES PRTC RATE INCREASES

Consumer Affairs Secretary Javier Echevarría said Saturday he is firmly against any increase in services by the Puerto Rico Telephone Company.

"The natural tendency, not only mine as secretary but also the communities and agencies in charge, is to reject any type of increase in that nature," Echevarría said.

He said he will meet with the president of the Telecommunications Regulations Board to collect information on changes PRTC may make to try to increase its rates or impose additional charges per service.

"Our opposition is firm against any type of increase or modification in a service that results in a [rate] increase for consumers," he said.

He also said the administration should look into whether it can nip any planned change in the bud internally, as it is a major shareholder in the company.

BHATIA CALLS FOR UNITY IN POP PRIMARIES

Eduardo Bhatia, running for the Popular Democratic Party's San Juan mayoral candidacy, urged party faithful on Saturday to be united during the primaries.

Bhatia said he has noticed a general disinterest among the grassroots in the electoral process, and blamed it on the lack of confidence in the island's leaders.

"Go on with your respective campaigns, talking about the good qualities you have to obtain their trust at the polls, and not talking about the negative qualities of the opposition, which are you colleagues and brothers," Bhatia said Saturday during the inauguration of his campaign committee on Roosevelt Avenue in Puerto Nuevo.

From STAR Staff and wire reports

Law professor defending rights of women through Planned Parenthood

BY ROSARIO FAJARDO rfajardo@sanjuanstar.com OF THE STAR Staff

Esther Vicente is breaking new ground as the first woman to be elected to serve on the governing board of International Planned Parenthood, a non-profit organization that works to promote and provide sexual and reproductive health services in more than 150 countries.

With more than 20 years of legal experience, this "Unsung Hero" has worked to defend the rights of women, especially with regard to violence against women and children, and their sexual and reproductive rights.

Vicente was elected during a recent International Planned Parenthood conference in the Dominican Republic. She will serve on the governing board for at least two years.

Vicente, a law professor at InterAmerican University, also has served as chairman of the board of Profamilia, since 2002. Profamilia is a non-profit organization that works with sexual and reproductive health in Puerto Rico, with a focus on adolescents and impoverished communities.

Vicente said her first priority will be to raise awareness about the "gag rule" imposed by the Bush administration requiring non-profit organizations in foreign countries to sign a document vowing not to talk to their clients about abortion, before they are able to receive money from the United States Agency for International Development (USAID).

"This gag rule doesn't apply to Puerto Rico because we are within U.S. territory, but we are concerned that it could be extended to [domestic] organizations," she said.

Nevertheless, the requirement puts many non-profits in a difficult position because they often depend greatly on USAID funds, she said. "This [policy] closes services and access to many women and their families, who often live in the poorest



communities," she said. Above all, Vicente said she looks forward to representing "the voice" of Puerto Rican women in the international sphere.

Noting that the rate of teenage pregnancy remains "very high" on the island, Vicente said she also wants to continue educating young people about "the responsibilities of sexual freedom." Preventing teenage pregnancy has to be a priority in Puerto Rico, she said.

"The public policy of the Education Department has been promoting abstinence,

but this ignores the problem that our children are sexually active," she said. "We have to face reality and confront this problem head on because the present policy is not working."

According to 2000 Health Department figures, an estimated 19.2 percent of all babies born in Puerto Rico are to teenage mothers under the age of 18.



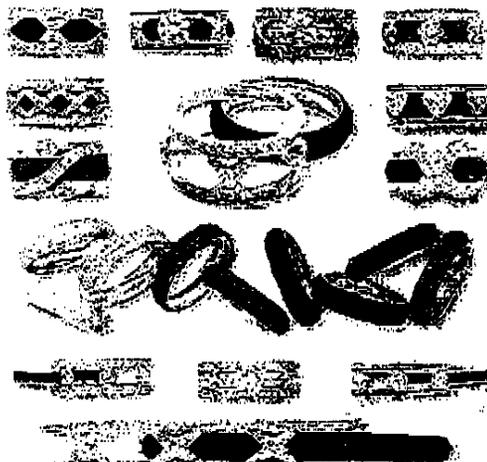
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Tuesday, September 30, 2003 B-1

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PRT reacts to controversy on number portability

BY TERESA ZARCOONE-PEREZ
tzarcoone@sanjuanstar.com
Of The STAR Staff

Puerto Rico Telephone President Jon Slater reacted Monday to media reports that he said "misinformed" the public about the consequences of local number portability (LNP) and reverse toll elimination.

"PRT is not going to charge 10 cents for long-distance calls," he said.

In some cases, however, long-distance toll charges will apply for calls dialed from landline telephones outside the San Juan metropolitan area to wireless units, he said.

Slater was responding to Centennial's claim in a STAR article on Friday that the reversal will mean that it will be more expensive to call a mobile telephone than to call New York, as local long-distance rates average about 10 cents a minute.

On Thursday, PRT announced that it will launch wireline and wireless LNP to allow customers to take their phone numbers to their carrier of choice. Upon launching LNP, at an undetermined date, it will cancel reverse toll billing, an agreement reached with wireless carriers in the early 1990s to eliminate long-distance charges from calls originating from landline telephones to wireless units.

The Federal Communications Commission requires carriers to be prepared to offer intermodal LNP, also known as landline LNP, by Nov. 24. Intermodal LNP and reverse toll are not compatible, thus requiring the elimination of reverse toll billing to be able to implement intermodal LNP.

The toll charges for such calls have heretofore been absorbed by the carriers.

Number portability however, will make it extremely difficult to determine if the number exchange is a mobile phone or a



Puerto Rico Telephone President Jon Slater said Monday that the expressed surprise among local carriers over the end of reverse toll billing was unusual since their parent companies are encountering it stateside.

landline number, so the system must revert back to the standard — caller pays.

Slater also criticized the "surprised" reaction among other local phone service providers about the reverse toll billing elimination.

He said it was "not an act of good faith on their part as their mother companies [stateside telecoms] are informing their customers about it [the elimination of reverse toll billing as a result of intermodal LNP]."

PRT distributed a July notification letter from Sprint to its wireless customers on the U.S. mainland, for example, stating that effective Oct. 31, the reverse toll billing service currently offered in the Florida and Tennessee general exchange tariffs will be removed due to the implementation of wireless local number portability on Nov. 24.

On the U.S. mainland, landline and wireless carriers have begun the process to terminate the reverse toll billing arrangements because of the pending implementation of LNP.

On Oct. 9, the Telecommunications Regulatory Board will begin an investigative hearing, having summoned PRT to answer board questions on the need to change customer billing if the new service is implemented.

Board President Phoebe Forsythe Isaacs reportedly plans to consult with the FCC about the possibility of exempting Puerto Rico from intermodal LNP.

According to Slater, while it could be considered, the FCC has refused exempt any other jurisdiction in the United States.

"I wouldn't hold much optimism for Puerto Rico to be exempt," he said.

"Verizon domestic has taken the position to move forward and that is probably the direction that the FCC is going to prefer."

Malpractice rates force hospitals to insure themselves

BY JOSE ALVARADO VEIGA
jalvarado@sanjuanstar.com
Of The STAR Staff

Rising premiums for medical malpractice insurance are forcing many hospitals in Puerto Rico to partly or wholly insure themselves.

The trend has grown in the last two years with a shortage of malpractice insurance for doctors and hospitals that has resulted from insurers leaving the local market or going bankrupt, a hospital executive and an insurance broker said Monday.

While local doctors, particularly specialists, have been vocal in their complaints — resorting to the Legislature to seek enactment of limits in pain and suffering awards to patients in malpractice cases — hospitals have been more quiet on the issue.

Physicians in specialized areas such as gynecology and orthopedics are claiming that mounting jury awards in liability lawsuits are driving up their premiums and forcing them to either give up certain medical procedures or take their business elsewhere.

Alfredo Volkiers, executive vice president of Pravia Health Inc., owner of Pravia Hospitals in Santurce and Hato Rey, and recently chosen president-elect of the Puerto Rico Hospital Association, agrees with this view.

"Caps on awards will help insurance companies establish a reasonable premium rate because they will know the maximum that can be awarded," he said.

With malpractice insurance premiums for hospitals often higher than what the insurance covers, hospitals are assuming

Puerto Rico Insurance Code stipulates that self-insurance funds for hospitals must have a minimum of \$1 million, he said.

"After an insurance company wanted to charge us \$500,000 for \$100,000 per case and up to \$300,000 for the year, we decided to go it alone," he said. "At least the reinsurance fund will be earning interest for us."

Pravia has a \$1 million self-insurance fund with a so-called umbrella coverage after that amount.

"We are assuming more risk, pushing us to monitor our medical services with more precision," he said.

The hospital has 94 malpractice lawsuits ranging from \$10,000 to \$6.5 million that have been filed during the last decade. Volkiers said. Most suits are filed by patients treated in the emergency and operating rooms, he said.

While Volkiers said that 95 percent of cases fall through, hospitals prefer to reach settlements than pay legal expenses for cases that run for years.

Figures from the Insurance Commissioner's Office for 2000 found Puerto Rico's average malpractice settlement was \$27,750, compared with the lowest average on the U.S. mainland of \$55,000.

There are no industry-wide figures on the number of malpractice lawsuits filed against hospitals and how many of these have resulted in awards to patients. By law, the Puerto Rico Medical Examiner's Board should be collecting such data, but it has not, industry officials said.

"This is a huge problem," said Luis Rodriguez, president of



Alfredo Volkiers, executive vice president of Pravia Health Inc. and president-elect of the Puerto Rico Hospital Association, says hospitals have been forced to assume more risk through self insurance.

Please see "INSURANCE," Page B-7

DOW
INDEXDOWN
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1,043.63
-6.72NASDAQ
INDEXDOWN
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Free calls to mobile phones at final Capitol hurdle

BY MICHELLE KANTROW VAZQUEZ
mkantrow@sanjuanstarmedia.net
The STAR Staff

A legislative conference committee is expected to give the final go-ahead today to a measure that would block telecommunications companies from charging long-distance fees on calls from landline to wireless telephones.

Senate Bill 2508 was passed unanimously by the Senate, but stumbled through the House on its way to a late approval early Friday.

The bill suffered slight amendments in both chambers, forcing a conference committee to convene today to harmonize the changes and approve a final version that would be sent to Gov. Calderón for approval.

Bill 2508 was authored by Sen. Cirilo Tirado, PDP-at large, to protect consumers from new toll charges that Puerto Rico Telephone would implement after Local Number Portability starts next week.

LNP will let customers retain their telephone numbers when migrating from one wireless carrier to another and when switching from landline to wireless.

Last month, PRT announced it will start charging long-distance fees for landline calls from outside the San Juan metropolitan area to wireless units because of problems with its



Sen. Cirilo Tirado, PDP-at large, authored Senate Bill 2508 to protect consumers from new toll charges when Local Number Portability starts next week

billing system.

For example, Ponce residents who call a wireless telephone could start paying per-minute long distance fees when calling a wireless phone, as most are registered in the San Juan metropolitan area.

The company did not say how much it would charge after LNP's Nov. 24 start date. However, the announcement drew immediate opposition from wireless carriers that said imposing long-distance fees went against the best interests of telephone customers.

Bill 2508 proposes amending Law 213, also known as the Puerto Rico Telecom Act, to empower the Telecommunications Regulatory Board to prevent PRT from imposing the new per-minute charges.

While the measure sailed smoothly through the Senate, it was held back from a quick House approval allegedly because of external pressures on several legislators.

Among those who allegedly called House representatives asking them to block the bill was Fortaleza's Chief of Staff César Miranda, said Tirado.

"He improperly intervened with the legislative process," Tirado said when he called law

Please see "PHONES," Page 62

Wyndham buys Laguna Wing for \$20 million

BY MARTHA DREYER DUPERRAY
Special to The STAR

In what has been an active few weeks for Wyndham International in Puerto Rico, the chain has closed a \$94.5 million refinancing package for the Condado Plaza Hotel & Casino and purchased the Laguna Wing across the bridge for some \$20 million.

Proceeds of the 570-room refinancing of the Condado Plaza will go toward debt service of Wyndham International which has now paid \$180 million of the \$194 million required commitment to extend the terms of the company's credit facilities to April 2006, leaving the company with no significant mortgage maturities in 2004.

Meanwhile, in a wide-ranging interview, Rich Cortese, Wyndham regional vice president for the Caribbean, confirmed the purchase from the Koffman family of Binghamton, N.Y., of the Laguna Wing by Wyndham. No changes are anticipated as a result of the buy out.

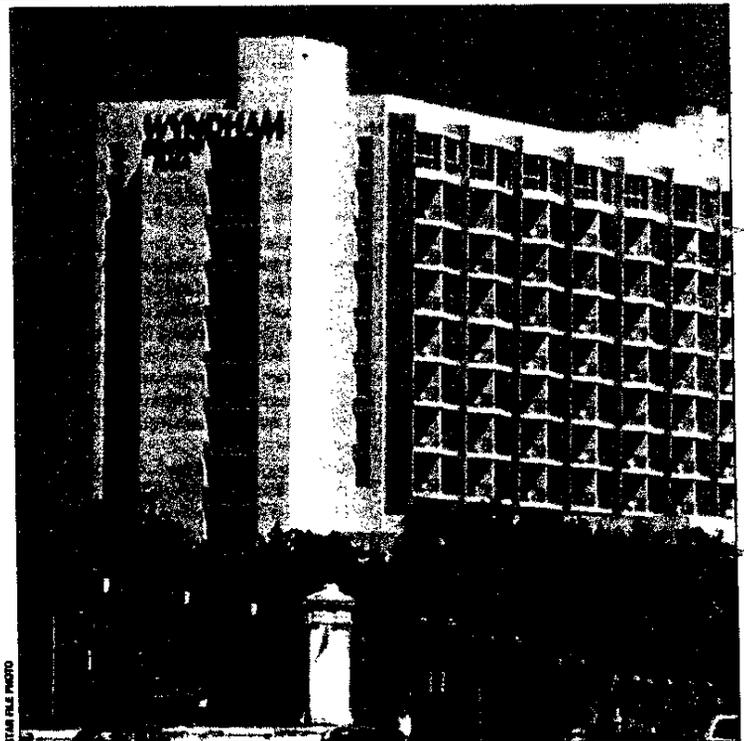
At the Condado Plaza, Cortese said a Chinese-owned Italian restaurant at the site of the old Capriccio is due to open before Christmas as well as a nightclub at the hotel's

entrance where Millennium briefly operated some years ago. Plans also call for turning the Avante beauty salon into a smaller boutique operation and opening a cafe in part of the space.

In other Wyndham news, Cortese confirmed that the Wyndham Old San Juan property is still up for sale with the possibility being that the Tishman group would be purchasing it next year. "There's no question that they are interested but the deal is really dragging," Cortese said. "Although the hotel has been successful from day one in 1997 and always able to meet its debt service, Tishman is waiting for the government to take a position before entering into any final agreement."

He said this year has been the Wyndham Old San Juan hotel's best year other than the year after the hurricane, when much of the Condado and Isla Verde was closed, but that any new owners would have to invest to upgrade the facility.

"About half of the slot machines are not working right and in all the years it has been open I think the total capital investment has



Refinancing \$94.5 million for the Condado Plaza Hotel & Casino leaves Wyndham with no significant mortgage maturities in 2004.

Please see "WYNDHAM," Page 62

► From Page 59
Wyndham

been only some \$100,000," he

said.
Cortese said he is also looking into what to do with the Regency Hotel, which the

chain owns as well.
The Ashford Avenue facility is available if the right deal with the right partners

comes along, he said.
"We're looking at various ideas such as time share but have come to no conclusion as yet. The building," he noted, "is solid concrete which makes any possible changes of usage very difficult."

On a positive note, Cortese is predicting the best holiday season since he came to Puerto Rico in 1997, which he attributes to the fact that both Christmas and New Years fall on days providing very long weekends as well as a great deal of pent-up demand.

"The bookings at our two holiday hotels — El San Juan and El Conquistador — are fabulous," he said, adding that "both places will be jumping."

Other upcoming additions to the chain's properties here include:

■ Opening two restaurants at El San Juan — the Mediterranean Pasha, where Back Street Hong Kong was, and a wood-burning pizza restaurant where Nono Maldonado had his store — both set for next month.

■ Wyndham will begin construction next year of a

900-car parking garage with retail space across from El San Juan in Isla Verde.

The \$16 million to \$19 million construction is set to get under way once permits are in place, with opening expected some 20 to 24 months after construction gets underway.

■ The Condado Plaza will receive a \$3 million to \$5 million capital infusion next year with 50 new slots set for the casino as well as improvements to the hotel's guest rooms.

■ El Conquistador will shortly be home to 65 new one-, two- and three-bedroom casitas, which will sell for between \$395,000 and \$895,000 and may be, as is the case with the existing units, used by the owners as a condo or rented out by the hotel.

Also expected to open late this year or in January is a 4000-square-foot infinity swimming pool in the area of Las Casitas.

■ Martineau Bay will finally have scheduled air service due to a deal struck with M&N Aviation which, starting Nov. 25, will be flying nine and 19-seaters on schedule to

Viques and back.

Cortese said the commonwealth government has promised as well that American Eagle will begin scheduled service to the neighboring island Dec. 15. He noted that that even with this, Martineau Bay will not see any profits for a while.

But not all is positive. Cortese noted that increasing insurance rates for ocean-front hotels is becoming more and more prohibitive with some hotels, such as the Wyndham in St. Thomas, opting to self-insure against disaster.

He also noted that the utility problems and costs in Puerto Rico are making business very difficult.

"Just since 2001 our electric bills have jumped 40 percent," he said, "while water service at the Conquistador is becoming worse and worse due to the inadequate infrastructure. Even though we have a 1.5 million gallon storage there, which lasts five days, this is no longer sufficient."

Cortese said each time he has to buy water for the Conquistador it costs \$36,000 a day.

Santander Securities

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y a su equipo de trabajo:

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Phones

makers whose names Tirado would not reveal.

But The STAR learned Reps. Roberto Maldonado and House Vice President Ferdinand Pérez were called. However, both denied having any communication with La Fortaleza on the matter last week.

Tirado said Miranda's interference "should be reproached and shows how he went behind the gover-

nor's back to seize power belonging to the legislative branch."

Attempts to reach Miranda were unsuccessful Monday.

Several sources said Miranda's alleged calls could represent a conflict of interest because of his past employment with PRT.

They also point out that he has been mentioned as a potential successor to Phoebe Forsythe Isales as president of the Telecom Regulatory Board.

Tokyo stocks open mixed, dollar down against yen

By The Associated Press

Tokyo stocks opened mixed today following Wall Street's drop amid new fears of terrorism. The dollar was down against the Japanese yen.

The Nikkei Stock Average of 225 issues was up 4.09 points, or 0.04 percent, at 9,790.92 points shortly after the open. On Monday, the index fell 380.23 points, or 3.74 percent, at 9,786.83 points — its lowest since the Aug. 13 finish of 9,752.75.

But the broader Tokyo Stock Price Index was down 3.54 points, or 0.36 percent, at 968.35 points. The TOPIX, which charts more than 1,000 of Japan's largest companies, fell 34.88 points, or 3.46 percent, on Monday. The dollar was trading at 109.02 yen on the Tokyo foreign exchange market at 9 a.m.

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Final convention center contract awarded

By the STAR Staff

The last construction contract for the Convention Center, for the interiors of the building, was awarded to Caparra Construction, said Manuel Sánchez Biscombe, executive director of the Convention Center District Authority.

The \$25 million contract will make Caparra responsible for all the interior work of the convention center, currently under construction in Isla Grande.

The convention center will be the centerpiece of the \$400 million district — a government initiative to boost local tourism by attracting world-class conventions to the island.

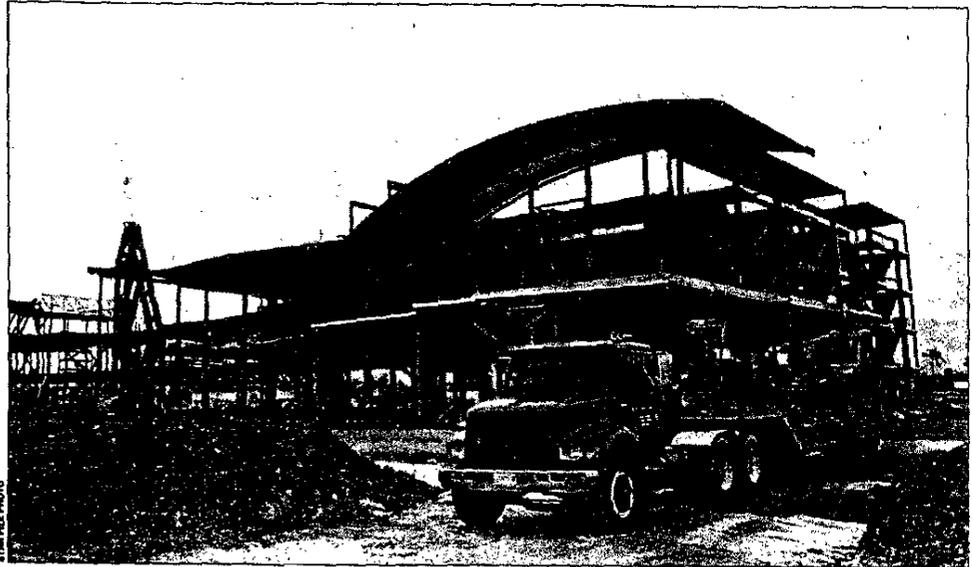
The amount of work to be performed in the interiors was so much that the authority allowed bidding companies to submit proposals for individual aspects of the work. Thirteen companies submitted bids for individual aspects of the work, such as the floors and the woodwork. Caparra was the only one to submit an all-inclusive proposal.

"Choosing Caparra Construction means a saving of \$232,000 compared to the individual contracts proposed," Sánchez said.

The contract will make Caparra responsible for all the finishing touches, including the floors, woodwork and all the operational divisions inside the center.

The contract also closes out the bidding process on the work to be done at the center, and opens a new wave of bids for the work to be done in the rest of the convention center district, Sánchez said.

Among the new contracts to go up for bidding are sidewalks, parks, landscaping and the pool areas.



The new Convention Center in Isla Grande is shown under construction in this July 8 file photo.

Miranda: Telecom bill may preempt agencies' jurisdiction

BY MICHELLE KANTROW VAZQUEZ
mkantrow@sanjuanstarmedia.net
Of The STAR Staff

Chief of Staff César Miranda admitted Tuesday that he called several legislators late last week concerned over pending measures, including Senate Bill 2508, that would block telecommunications carriers from charging toll fees on calls from landline to wireless telephones.

Miranda said he wanted to alert legislators that that the bill could pre-empt an area regulated by the Federal Communications Commission and the local Telecommunications Regulatory Board.

The measure was approved Tuesday in a legislative conference committee and will be submitted for Gov. Calderón's signature before the end of this week, a legislative source said.

Bill 2508, authored by Sen. Cirilo Tirado, PDP-at large, was submitted last Tuesday and quickly approved by the House and Senate by Friday.

Miranda said the bill should have been ana-



Fortaleza Chief of Staff César Miranda

lyzed in public hearings.

"[Legislators] did not hear the technical aspects regarding pre-emption issues and board considerations," he said.

The purpose of Bill 2508 is to amend Law 213, also known as the Puerto Rico Telecom Act, to empower the board with the legal ability to prevent carriers from imposing per-minute rates on landline to wireless calls.

The issue came up several weeks ago, when Puerto Rico Telephone announced it would implement charges for those calls after Local Number Portability kicks in Nov. 24.

LNP will let customers retain their telephone numbers when migrating from one wireless carrier to another and when switching from landline to wireless.

PRT said it will begin charging long-distance fees for calls made from outside the San Juan metropolitan area to wireless units — the majority of which are registered in San Juan.

Wireless carrier executives have said the charges are unnecessary and go against the best interest of telephone customers. To that effect, the Senate stepped in with the bill.

Several industry sources told The STAR that the bill does not pose a pre-emption issue because the FCC has delegated jurisdiction over most telecom issues to local regulatory

agencies. The board also has the authority to set the rules about how local calls should be routed and charged, which the bill would further enforce.

Miranda said the content of Bill 2508 is an issue under consideration at the board.

"Our responsibility is to inform, when we have knowledge, of facts that could lead to doubts about the viability of the bill," he said.

Miranda has been mentioned as the next possible president of the board. He is a former director of PRT's regulatory affairs division.

Miranda said he is not opposed to a measure that would protect consumers from new charges, but the board should be the one to pass judgment. He said he will not abstain from reviewing the measure when it reaches La Fortaleza for approval, noting that "nothing will happen until the board expresses itself on the issue."

On Monday, Tirado said the governor should not allow Miranda to participate in discussions related to this bill, because of his attempted intervention with the legislative process.

Commercial bankruptcies up 6% as of October

BY HECTOR BERRIOS FIGUEROA
hberrios@sanjuanstarmedia.net
Of The STAR Staff

The number of bankruptcy cases filed in October decreased 1 percent to 1,314 compared with 1,333 for the same month last year.

For the 10-month period ended Oct. 31, there were 11,698 filings, down 4.5 percent from 12,254 for the same period last year, according to statistics released Tuesday by Boletín de

Puerto Rico.

However, approximately 775 commercial bankruptcies had been filed as of Oct. 31, up 6 percent from 729 in the year-ago period.

The top five commercial sectors with the highest incidence of bankruptcy cases were construction contractors, with 69 filings; truckers, 36 filings; cafeterías, 34; restaurants, 27; and bakeries, 26 filings.

As of October, 109 cases have been filed under the Chapter 11

category, down from 115 cases filed as of October 2002. Under Chapter 11 protection, businesses are able to reorganize their finances while keeping control of the operation.

The number of Chapter 13 cases filed during the first 10 months of the year was 8,467, up 5 percent from 8,086 cases filed in the year-ago period. Chapter 13 cases are filed by individuals looking to liquidate debt by establishing repayment

Please see "BANKRUPTCIES," Page 46 ►

DOW INDEX

DOWN
9,619.42
-71.04

S&P 500 INDEX

DOWN
1,033.65
-8.79

NASDAQ INDEX

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1,881.92
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Consumers spared more local long-distance charges for now

Telecom Board halts landline-to-wireless charges pending further study

BY MICHELLE KANTROW VAZQUEZ
mkantrow@sanjuanstarmedia.net
Of The STAR Staff

Puerto Rico Telephone cannot impose long-distance fees on landline to wireless calls when Local Number Portability starts Monday, as per a Telecommunications Regulatory Board order issued Thursday.

Consumers will be spared from seeing any new charges until at least Jan. 15, when the board will hold a hearing on the matter, agency President Phoebe Forsythe Isales said late in the day.

The board cited negative impact on consumers and conflicts related to existing interconnection agreements with wireless carriers as reasons for halting PRT from effecting the new charges.

When LNP starts Nov. 24, consumers will be able to keep their telephone numbers when switching wireless carriers and when converting landline residential numbers to wireless.

But in September, PRT officials said the company could not implement the latter feature, known as intermodal LNP, unless it eliminated reverse toll billing.

Reverse toll billing was effected in the early 1990s between PRT and the local wireless carriers to do away with toll charges related to calls originating from landline telephones outside the San Juan metropolitan area to wireless units.

The agreement has represented significant savings for consumers on per-minute fees that carriers have absorbed. The savings served as a benefit for the carriers who wished to increase market penetration of wireless phones.

"I have been stopped on the street by people saying 'What about that 10 cents a minute?' [in possible long distance charges]," said Forsythe Isales. "Right now, we're ordering that it [eliminating reverse toll billing] does not go into effect."

Reverse toll billing is included as a clause in interconnection agreements between PRT and the six local wireless carriers.



Puerto Rico Telephone had expected to be able to charge long-distance fees on calls from rural landline to wireless phones when Local Number Portability goes into effect on Monday.

"PRT's proposed action could have the effect of unilaterally undermining those contracts, a position the board cannot support," the order states.

Carriers claimed PRT's decision would not only result in breach of contract but could cost consumers millions a year in long-distance fees.

On Thursday, Centennial de Puerto Rico filed a petition at the

board for an injunction against PRT's decision.

Alvaro Pilar, general manager of Centennial, applauded the board's decision "because it shows that the TRB is on the consumer's side and has seen that we cannot allow the whim of one company to decide the future of Puerto Rico's telecom industry."

According to the order, PRT failed to prove during a hearing last month that it would not be able to implement LNP without eliminating reverse toll billing.

The agency also said that PRT did not give wireless carrier enough time to prepare for an expected change in calling traffic that could result from the elimination of reverse toll billing.

Wireless networks could get clogged by an overwhelming amount of traffic that might result if people opted to use mobile phones to avoid the landline-to-mobile phone charges, industry sources said.

"The board deems that PRT's proposal would have a negative impact on telephone networks," according to the order. "Our action is necessary to prevent a network downgrade."

Eliminating reverse toll billing would also mean consumer would be required to dial "1" before the 10-digit mobile number which the board said would be an added burden on consumers. PRT officials offered only a brief statement Thursday about the board's decision.

"We received the board's resolution and order this afternoon and our legal team is reading and reviewing it to determine the course of action we will follow," said Ileana Molina de Bachmar vice president of PRT's corporate communications division.

The impending imposition of new long-distance rates for landline-to-wireless telephones also drew the attention of legislators who submitted a last-minute bill last week to authorize the board to ban such action.

However, the bill authored by Sen. Cirilo Tirado, PDP-at large, got stuck in the House late Monday when House Speaker Carl Vizcarrondo held it from final voting.

Tirado blasted Vizcarrondo's actions during a news conference Thursday.

The measure was also followed closely by Chief of Staff César Miranda, who admitted to calling several legislators to alert them that the bill could conflict with federal mandates.

But several telecom sources have told The STAR that the Federal Communications Commission has delegated the power to oversee how local calls are handled and charged to local regulatory agencies.

Bill to merge development agencies headed for La Fortaleza

BY JOSE ALVARADO VEGA
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Of the STAR Staff

A bill to merge the Commerce Development Administration and Promoexport is on its way to La Fortaleza for the governor's signature after being passed by the Legislature this week, Antonio Sosa Pascual, who heads both entities, said Thursday.

House Bill 4241 would create a new public corporation called the Puerto Rico Commerce and Export Co., which would operate under the Department of Economic Development and Commerce. The new law is slated to go into effect 90 days after being signed by the governor.

"This project forms part of the commitments by Gov. Calderon to strengthen the private sector so it can be competitive locally as well as in

the international market," Sosa said in a press release. "[This] in turn contributes to strengthening Puerto Rico's economy and creating and retaining jobs."

For the past three years, Sosa has been at the helm of both the Commercial Development Co., which aids small- and medium-size businesses, and Promoexport, which promotes exports of locally produced goods and services. They currently operate as separate entities under the Department of Economic Development and Commerce, which is headed by Milton Segarra.

It is unclear whether Sosa will head the new corporation. He did not return calls to The STAR on Thursday.

The merger seeks to establish a single operational budget of between \$30 million and \$40 million, a leaner work force and a reduction in overhead costs, Sosa said last month.

correct the "ineffectiveness" and "bureaucracy" latent in the existing entities, which has left local businesses at the mercy of bigger corporations, Gustavo Vélez, a chief aide to House Vice President Ferdinand Pérez, told The STAR earlier this year.

The new public corporation will receive legislative allotments granted to the Commerce Development Co. for six years.

These include \$6 million for the Valempleo program subsidizing wages and \$6 million for operating expenses. Promoexport, a public corporation, generates income from its leasing of warehouses at Free Trade Zone No. 61, which it manages.

A related bill, which has yet to be voted on, would offer an early-retirement incentive to employees who have served more than 15 years with either entity.



Commerce Development Administrator Antonio Sosa Pascual

You can take your cell number with you, but where to go?

BY MARK NIESSF
The Associated Press

ATLANTA

Don't leave! Pick me! Cell phone companies are blanketing the market with price cuts, extra minutes, premium services and sleek handsets to lure customers from rivals and make sure their own subscribers don't bolt come Monday.

That is when new federal rules will begin that allow legions of dissatisfied customers and bargain-hunters to switch wireless companies without losing their cell numbers.

Wireless phone companies tried hard to block the rule from taking effect, but are trying to make the best of it now that it is here, baiting customers with some of the most generous deals ever.

They are offering more minutes and cheaper rates, camera phones and other cutting-edge handsets, as well as enhanced features such as faster Internet connections and walkie-talkie services.

T-Mobile, for example, expanded its free weekend calling feature to include all day Friday, the busiest calling day of the week.

Sprint and Cingular have taken a similar tack, offering to roll back the start time for off-peak calling from 9 p.m. to 7 p.m. The option costs \$5 a month at Sprint, and \$7 at Cingular, which is also offering 500 extra minutes for customers to use if they exceed their monthly allotment.

This week, AT&T Wireless unveiled major upgrades in speed and features for its wireless data services. Next, the company plans to cut the charges for calls above a subscriber's monthly allowance to 8 or 9 cents per minute, down from 25 to 40 cents. Previously, it also halved the charge for extra phones on an account to \$9.99 a month.

Also this week, Sprint launched an aggressively priced walkie-talkie service, an area long dominated by Nextel, which along with Verizon Wireless has generally stood on the sidelines of the marketing frenzy.

But even Verizon, which is the market leader and insists there is no need to go beyond its normal holiday offers, is pushing a 2-for-1 deal on a Nokia handset and cut the price on an LG camera phone to \$100 after a \$50 mail-in rebate.

The catch? Most of these deals require an agreement to stay with the same company for a year or two.

"It's a lot cheaper to keep an existing customer than acquire a new one," said Cingular spokesman Clay Owen, noting that it costs about \$350 in marketing and promotions to sign up each new customer.

If there's one reason that many would-be switchers may choose to stay put for now, it's that about 75 percent of the nation's 152 million



A hockey fan talks on his cell phone during the Atlanta Thrashers game with the Boston Bruins in Atlanta, Wednesday.

cell phone users are under contract and subject to stiff penalty fees if they terminate early.

Even so, wireless companies are clearly eager to steal customers from their rivals, especially those subscribers with no contract or penalty fees to worry about. Many have wanted to switch for some time, but didn't want to give up an established cell number.

"It's a good idea because you don't have to tell everyone your new number," said 21-year-old Kenny Richardson of Atlanta, the city with the highest percentage of households with mobile phones. "But then you have to deal with the new contracts."

And, if the competition turns especially fierce, today's bargains could prove a costly

mistake compared with new deals down the road.

Verizon, Cingular and AT&T Wireless have set up Web pages where customers from other companies can pre-register to switch. Those customers can expect to receive phone calls and e-mails with cell phone deals. Other companies are providing information on their sites about how to switch over your number to them.

Estimates of how many people will switch vary widely, ranging from several million to as high as 30 million in the first year.

For the most part, cell phone companies haven't pegged their promotions to the new phone number rules, which are mandated by the Federal Communications Commission. Instead, they are touting the deals as holiday sales pitches designed to offer the best service possible. Verizon, in particular, has tried to maintain a business-as-usual posture.

Meanwhile, the FCC on Thursday denied a request from a trade group to temporarily postpone the new rules.

"I don't want to be arrogant here, but if you noticed, all of the other carriers are already doing their advertising and pre-positioning themselves," said Verizon CEO Ivan Seidenberg during an earnings conference call Oct. 16. "This is an issue for everyone else to worry about and for us to keep doing what we're doing."

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PRT sets its own date for new long-distance charges

BY MICHELLE KANTROW VAZQUEZ
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 The STAR Staff

Puerto Rico Telephone will put off eliminating reverse toll billing agreements with wireless carriers until April 1, countering a recent Telecommunications Regulatory Board order to address the issue in January.

The carrier announced late Friday it will comply with the other part of the board's order requiring it to launch Local Number Portability Monday, alongside every other local and stateside carrier as mandated by the Federal Communications Commission.

The announcement came only one day after the TRB banned PRT from effecting new

long-distance rates when LNP starts Monday. PRT said in a prepared statement it will eliminate reverse toll billing agreements in four months, "when the impact to the market will be less as a result of a planned access charge reduction and the expansion of local calling zones."

Reverse toll billing is the term given to voluntary agreements PRT struck with wireless carriers in the 1990s to spur the mobile industry. Wireless carriers agreed to absorb long distance fees for landline calls outside the metro area to wireless units, which are mostly activated in San Juan.

This translated into hefty savings for consumers on a yearly basis.

But the picture has changed with the onset

of LNP, which allows consumers to migrate from one wireless carrier to another and from a landline company to a wireless provider, while keeping their telephone number.

PRT claimed in September that it would be unable to keep track of the origin of the numbers and thus would have to eliminate reverse toll billing.

The issue was the subject of a board hearing last month. On Thursday, the agency banned PRT from imposing any new long-distance charges until the matter is scrutinized in a public hearing Jan. 15.

Board President Phoebe Forsythe Isaes was unaware of the PRT's announcement late Friday, and refrained from commenting except to say that the "future of reverse toll

billing will be decided at the hearing."

In the statement, PRT claimed putting off the start of long-distance charges to wireless calls until April will work out better because intra-island long-distance rates will be lower then and calling zones will be different.

PRT will reduce the per-minute fees it charges long-distance carriers from 9 cents to 6.4 cents in January, which should translate into lower rates for consumers.

The company will also begin to reduce local calling zones from 68 to 10 to "relieve the burden that eliminating reverse toll billing will have on Puerto Rico consumers and will provide the telecom industry the time needed to develop new offers to respond to this change."

Fund boards still not upfront with investors

BY RACHEL BECK
 The Associated Press

NEW YORK

Directors of mutual funds have one primary role: to protect their shareholders. Yet, with many funds under investigation for improper trading, it appears board members didn't have a clue that any bad behavior was going on.

And now, even with this scandal in full view, some boards aren't keeping investors as informed as they should be.

In recent months, many of the nation's mutual funds have been accused of allowing select customers to use "market timing," or short-term, "in and out" trading of funds intended to be longer-term investments. Market timing is largely legal, but many funds prohibit it. Others allegedly participated in "late trading" — an illegal practice of accepting buy and sell orders at the 4 p.m. price long after the market closes.

It would be unrealistic to expect boards to monitor every trade at every fund, but the troubles hitting many of these firms aren't isolated, one-time events.

So fund directors are on the hot seat for missing the wrongdoing. There's no telling exactly why these serious infractions were overlooked, but two possible reasons are conflict of interest and money.

At Strong Mutual Funds, for instance, the board chairman had been Richard Strong, who resigned earlier this month amid multiple inquiries into his personal trading of the company's funds. He also served, and continues to do so, as a board member as well as chairman and CEO of Strong Capital Management, the investment adviser to Strong Mutual Funds.

So whose interest did he put first: the shareholders or his company?

There is also big money to be made as a mutual fund director. Each fund technically operates as its own company and therefore has its own board. But often the same board governs all the funds at a given company, which can mean the same directors are overseeing dozens of different funds.

As Russel Kinnel, the director of fund analysis at Morningstar, points out, a salary in the thousands of dollars for each fund adds up to a mighty hefty paycheck — one that may give a board member little incentive to seek out wrongdoing.

"Some fund boards don't get who they are representing and don't have much motivation to represent," Kinnel said. "This system is set up for rubber stamping. Being on 50 boards can't do anyone justice."

And it's not that boards didn't have the tools to uncover trouble. They could have held random checks to see if trades were really being closed at 4 p.m., instead of leaving the oversight to the advisory firms or the fund managers. They also could have easily monitored all trading done by their fund managers, which would have revealed whether they were participating in market timing.

In addition, they could have looked more closely at shareholder redemption rates. The fund research firm Lipper compares redemptions to both fund sales and average assets to track possible excessive trading.

For instance, Lipper's data found that the AllianceBernstein Technology Fund saw redemptions of \$12.5 billion in 2002, while the fund's average net assets for the year totaled \$1.49 billion. That makes redemptions as a percentage of average net assets 837 percent, according to Lipper — which sees anything above 200 percent as possibly suspect.

As it turns out, the portfolio manager of that fund was suspended in September amid questions about market timing. The fund company, Alliance Capital Management, is also under investigation by regulators.

And even though this scandal has raised awareness of directors' responsibilities, some boards still aren't so quick to act.

Morningstar's Kinnel points out that some funds have said little or nothing to shareholders in the wake of this scandal. Among the firms he cites is Federated Investors, which informed investors on Oct. 22 that there may be late trading or market timing in its funds, but has yet to disclose which funds are under investigation.

That makes it tricky for shareholders to figure out whether

they've been hurt or what their next move should be.

The good news is that regulators are already talking about making boards more independent and in touch with the dealings of the funds they oversee.

Maybe then, shareholders will finally get the protection that they were supposed to have all along.

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Stones

SMG Inc., the company that manages the coliseum, is making first-, second- and third-hold reservations, that is, when they have more than one party wanting to book a specific date, she explained.

"But we cannot make formal bookings because we don't know when the coliseum will open."

It costs \$24,000 to hold a major concert [for entertainers like Ednita Nazario, Eros Ramazzotti, etc.] at the coliseum, according to Bob Rice, general manager of SMG.

The fee includes usage of the site's stage, spotlights, general facilities, equipment and staff.

Special features include state-of-the-art sound, lighting, acoustic and theatrical systems.

"We are trying to make the coliseum attractive for local special events producers and for the industry in general," Rice said.

"There are some issues that need to be worked out with the general contractor," Rice said regarding the completion date.

With seating capacity for nearly 20,000 people, the coliseum is expected to become the island's premier venue for concerts, sports, corporate, and family entertainment events.

The coliseum will also host trade shows, conferences and theatrical performances, aiming to attract not only islanders, but also people from Central and South America, and the United States mainland.

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Triple-S

providers and denial of medical services to patients, the suit states. The lawsuit invokes federal RICO statutes in the case.

In August, after a House Finance Committee probe, the commonwealth Treasury Department stripped Triple-S Inc. of the tax-exempt status it had been granted in 1979 and ordered it to pay \$67 million in back taxes.

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By Scott Adams

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PRT asks FCC to override board order

BY MICHELLE KANTROW VAZQUEZ
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Of The STAR Staff

Puerto Rico Telephone has asked the Federal Communications Commission to override an order the Telecommunications Regulatory Board issued two weeks ago banning it from imposing long-distance charges on landline to wireless calls.

In its petition, PRT claimed the board's Nov. 20 order is inconsistent with federal requirements for Local Number Portability, a change that went into effect last week to let consumers migrate from one wireless carrier to another and from landline to wireless while keeping their telephone numbers.

Several weeks before LNP started, PRT announced that it would have to begin charging tolls for calls that had previously been free to consumers by eliminating its reverse toll billing agreements with wireless carriers. Those agreements, from the early days of wireless phones, spared consumers from paying long-distance charges on landline calls to mobile phones.

Wireless carriers absorbed the costs.

The announcement caused immediate reaction from wireless carriers which claimed that PRT did not give them enough time to prepare for the elimination of the contractual clause.

The board and the legislature also stepped in to prevent the change, resulting in an aborted bill and the TRB order prohibiting PRT from doing away with reverse toll billing until after Jan. 15, when a hearing is scheduled on the matter.

In its petition filed Nov. 26, PRT told the FCC that LNP and another concept called number pooling cannot be achieved without eliminating the agreements.

PRT explained LNP and number pooling (a method of assigning new phone numbers) depend on using a telephone number's first six digits — known in the industry as the NPA-NXX code — to determine which carrier serves that number.

The implementation of pooling and LNP results in the scattering of numbers among providers, thus disabling PRT from matching a carrier with a number, PRT claimed.

Consequently, it can no longer bill the carrier for the long distance charges incurred from a landline phone to a mobile phone that may be outside the same calling area.

"With the implementation of LNP and pooling, PRT can no longer determine (based on the NPA-NXX) which telephone numbers are associated with wireless carriers and which with wireline carriers," PRT claimed. "This effectively precludes the offering of reverse toll billing arrangements for all wireless numbers."

"For this reason, other [stateside] local exchange carriers have discontinued their reverse toll billing offerings," the company claimed in its petition.

However, PRT said that it will comply with the board's order not to eliminate reverse toll billing agreements with regards to numbers already assigned to wireless carriers, which are not ported.

PRT claimed the board's order covers an issue that the FCC has already decided upon, thus is preempted by the federal agency.

Retailer-friendly program aims to increase tourist spending

BY HECTOR BERRIOS FIGUEROA
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Of The STAR Staff

Old San Juan retailers can either do business as usual or they can become "friends" of the city and increase sales.

Amigos de San Juan (Friends of San Juan) is the name of the program presented Wednesday by the San Juan Municipality and the Corporation for the Entrepreneurial and Cultural Development of San Juan (Codevisa).

The program aims to improve the image of retail establishments and increase tourism and visitors' spending.

"This is a combined effort to promote businesses that offer good service, quality and that have a nice image," Codevisa Director Marisol Dieppa said at press conference Wednesday.

More than 40 retail establishments are already in the program, including jewelry, fur-

niture and hardware stores, pharmacies, hotels and restaurants.

By joining the program, — free of cost for retailers — businesses benefit from the promotions and events sponsored by the Municipality.

"We have already invested nearly \$30,000 to promote the program and the businesses that participate in it," said San Juan Mayor Jorge Santini.

Amigos de San Juan participants receive a sticker with the program's logo to be displayed on the establishment's window.

All vehicles of the San Juan Trolley transportation system will also carry the logo.

"The program and the participating businesses will also be featured in newspaper ads, tourist information booths in San Juan, and activities by the Puerto Rico Convention Bureau, the Hotel and Tourism Association and



Marisol Dieppa, director of the Corporation for the Entrepreneurial and Cultural Development of San Juan, explains Amigos de San Juan, a program to improve the image of retail establishments and increase tourists' spending in the old city.

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Reform

lawmakers as deficient.

MIDA refrained from revealing the results of the survey before to the November primaries to "not influence or prejudice voters," Cordero said.

"This pole was not conducted to evaluate sympathies for candidates or political parties, and we were not evaluating a legislative administration, but rather Puerto Rico's legislative institution," Cordero said.

MIDA will continue its lobbying efforts with

a number of subsequent studies that it will release periodically.

The next study will be conducted by research firm Estudios Técnicos and should be ready in January to show the costs of maintaining full-time legislators.

Industry sources knowledgeable with the legislative process said Wednesday that local full-time lawmakers earn an average of \$120,000 including salary, food stipends, transportation and mobile telephone benefits. The amount is about four times what it costs to pay stateside legislators for similar or more work, they said.

"We can no longer carry the weight of our legislature which costs citizens more than \$400 million over a four-year term," Cordero said.

Legislative Failures

Political nonsense 7%
Corruption, scandals 8%
Approval of unnecessary bills 11%
Not meeting P.R.'s needs 14%
Lack of vision, direction 42%
None 7%
Source: Research & Research

Level of Voter Confidence in the P.R. Legislature

A lot 7%
Some 44%
None 45%
No opinion 5%
Source: Research & Research

the Chamber of Commerce," said Dieppa.

To join the program, business owners must prove that their facilities are in good condition, and that the store has at least one bilingual

employee, among other requisites. "We will also have mystery shoppers who will visit stores to make sure they offer good service in order to be part of the program," said Dieppa.

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Bonuses

\$200 bonus.

"Christmas bonuses are a touchy subject," said Orlando Mercado, practice leader on compensation for Hewitt Associates. "But I think it is incorrect to compare the private and public sectors. Private companies seek profitability, and everything in the company, even bonuses must be attached to that goal."

Private sector bonuses

While local government law establishes a minimum bonus compensation, some statistics show that market competition might be doing a fair job of regulating the market.

According to a PRMA survey, 67 percent of the companies pay employees more than the \$200 government-mandated bonus.

Of these companies, 47 percent offer percentage bonuses without caps. These rates range

between 2 percent and 8 percent of base salary. One growing trend in the survey are companies that are attaching Christmas bonuses to yearly performance.

Approximately 11 percent of the companies that exceed the government-established bonus use a performance formula to determine the amount to be paid.

Riefkohl said that the number has been on the rise for the past few years.

"I think we are going to see more and more of that," he said. "When you start handing out bonuses without a thought to performance, you are diluting your profitability and your efficiency. In the long run, everybody loses."

It is precisely the government's bending to political pressures that have turned the public sector into a bloated bureaucracy, Riefkohl said.

"Don't get me wrong, I am the first one to support a 1,000 percent Christmas bonus," he said. "As long as it reflects the performance of the company."