

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Verizon Communication, Inc.,
Transferor,

and

América Móvil, S.A. de C.V., Transferee,

Application for Authority to Transfer Control of
Telecomunicaciones de Puerto Rico, Inc.
(TELPRI)

WT Docket No. 06-113

REPLY

The Telecommunications Regulatory Board of Puerto Rico ("Board") hereby submits this Reply to the ("*Opposition*") to its February 11, 2008 Motion to Reject ("*Motion*"), filed by América Móvil S.A.B. de C.V. ("América Móvil") and its indirect wholly-owned subsidiary, Telecomunicaciones de Puerto Rico, Inc. ("TELPRI").¹

The *Motion* asked the Federal Communications Commission ("FCC" or "Commission") to reject the December 31, 2007 Annual Report filed by TELPRI because the Report did not contain quantifiable and verifiable data and because it included, or appeared to include, investment in wireless services (which is not required to be included within the Annual Report) and investment necessary to maintain service (which should not be included in any accounting of "new" investment). The Report was filed pursuant to paragraph 36 of the Federal Communications Commission ("FCC" or "Commission") Order authorizing the transfer of control of TELPRI, and its wholly-owned subsidiaries, Puerto Rico Telephone Company ("PRTC") and PRT Larga Distancia, Inc. ("PRTLTD").² The *Transfer Order* required that

¹ To the extent that this Reply is subject to the filing deadlines of 47 C.F.R. § 1.45, the Board requests that the Commission accept this late-filed pleading. Administrative issues prevented the Board from replying earlier. In addition, no party will be harmed by acceptance of this Reply as a late-filed pleading.

² Application for Authority to Transfer Control of Telecomunicaciones de Puerto Rico, Inc., 22 FCC Red 6195 (2007) ("*Transfer Order*").

América Móvil must invest “\$1 billion over five years to improve services in Puerto Rico”³ The FCC also required that América Móvil:

provide a written report to the Commission on an annual basis describing the progress it has made in *deploying infrastructure* used to provide basic telephone and broadband services in Puerto Rico. This Report, which shall include quantifiable and verifiable data shall be due to the Commission on December 31 of each calendar year.⁴

After reviewing the Annual Report filed on December 31, 2007, the Board became concerned that it consisted of no more than a narrative, containing no quantifiable and verifiable data. Further, the Board was concerned because the Report seemed to include investment attributable to both wireless services and normal maintenance necessary to provide service. If this were the case, the highly touted \$1 billion investment by América Móvil would be a sham and a scam at the expense of the citizens of Puerto Rico.

Now that América Móvil has responded to the Board’s Motion, it is clear that our concerns are justified. First, América Móvil asserts that the information in its Annual Report is “quantifiable and verifiable” by asserting that the investment data was compiled in conformance with 47 C.F.R. Section 32.2, Instructions for Telecommunications Plant. This four sentence response to the main point of the Board’s *Motion* is no response at all. It is one thing to say that “investment data” conforms to the Uniform System of Accounts. It is another thing to identify the accounts and the amounts and, even, the operating subsidiary. (For example, investments made by PRTLD are not distinguished from investments made by PRTC in the Annual Report and PRTLD is not even required to conform to the Uniform System of Accounts.) Furthermore, the notion that the investment is “quantifiable” because América Móvil divides gross amounts into 3 services is ludicrous.

It is obvious that for the FCC to determine whether América Móvil is abiding by the condition in the *Transfer Order*, the FCC is going to need further detail, on a more granular level. Without it, América Móvil will be able to avoid the commitment it made, to improve broadband and basic telephone service. The Board respectfully requests the Commission to require more detailed reporting. Even the update provided by America Movil, after the Board’s *Motion*, does not meet the threshold of quantifiable and verifiable reporting.

The second argument made by the Board was simply that investment in wireless infrastructure and investment necessary to maintain service should not be included in the Annual Report as if it were part of the \$1 billion commitment. TELPRI argues in response that the Board is confusing the Annual Report requirement with the investment commitment, as codified in a March 23, 2007 letter from América Móvil to the Commission.⁵ TELPRI points out that one (the commitment) is a condition, as evidenced by its presence among the ordering clauses; the other (the Annual Report), a mere requirement, as evidenced by its absence from the ordering clauses. Therefore, the Annual Report requirement cannot be read to limit the scope of investments promised in the March 23 Letter, which formed the basis of the condition. The

³ *Id.* at para 36.

⁴ *Id.*

⁵ Letter from Michael G. Jones, Counsel to América Móvil to Marlene S. Dortch, Secretary, Federal Communications Commission, March 23, 2007 (“March 23 Letter”).

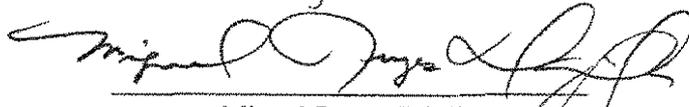
March 23 Letter, according to TELPRI “covers the full range of telecommunications and services.”⁶ It cannot be read to exclude wireless services and doing so would be inconsistent with the Board’s position before the FCC which supported investment in both wireline and wireless.⁷

The Board disagrees. Before the *Transfer Order*, PRTC had committed itself to \$280 million in improvements to its CMRS operations. The Board welcomed this. We support and encourage investment in both wireline and wireless infrastructure, but we view a previously made commitment to be separate and apart from the commitment made by America Movil.

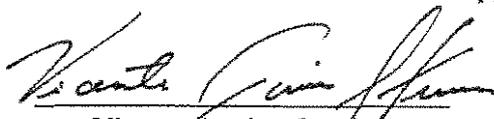
Further, the *Opposition* is notably silent about the Board’s other concern: that portions of the so-called investment commitment are actually funds derived by the operating companies in the normal course of business and used for normal plant improvement and maintenance. Every year a certain portion of its operating revenue is plowed back into PRTC and PRTLD to upgrade or replace equipment, maintain outside plant and engage in the routine operation of the network. TELPRI never addresses whether these funds are included in the \$1 billion investment. Its silence convinces us that there is to be no influx of \$1 billion, but that a significant portion of that amount is coming not from América Móvil, but from the rate-paying customers of PRTC and PRTLD. There is no “new” commitment in that case, no “new” money, only the routine shuffling of amounts from one account to another in an attempt to convince the FCC that América Móvil is complying with the commitment condition, when it is not.

The Board believes that the Commission intended that the \$1 billion commitment should be a reflection of America Movil’s resolve to improve service in Puerto Rico. The Annual Report is no reflection of such resolve and should be rejected. The Commission should insist upon a quantifiable and verifiable report that shows that America Movile is not just giving lip service to the Commission’s *Transfer Order* condition.

Respectfully submitted today Wednesday, March 19, 2008.



Miguel Reyes Dávila
Presidente



Vicente Aguirre Iturrino
Miembro Asociado



Nixyvette Santini Hernández
Miembro Asociado

⁶ *Opposition at 7.*

⁷ *Opposition at 8.*

Certificate of Service

I Dewone T. Tuning, certify that I have on this date March 19, 2008, provided copies of the attached Motion to Reply by first class mail and email to the following:

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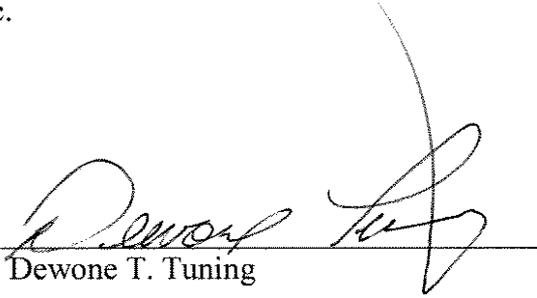
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