

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
CODETEL International Communications
Incorporated
Application for Authority to Provide
International Message Telephone Service
Between the United States and Cuba in
Accordance the Provisions of Section
63.18(e)(3) of the Rules
File No. ITC-214-20030312-00130

ORDER, AUTHORIZATION AND CERTIFICATE

Adopted: June 2, 2003

Released: June 3, 2003

By the Chief, Policy Division, International Bureau:

I. Introduction

1. In this Order, we grant CODETEL International Communications Incorporated ("CIC") authority, pursuant to section 214 of the Communications Act of 1934, as amended (the "Act"), and section 63.18(e)(3) of the Commission's rules, to provide international facilities-based service between all points in the United States and Cuba via indirect switched transit through the Dominican Republic.

II. Background

2. CIC is a Delaware corporation that is indirectly, wholly owned by Verizon Communications Inc. ("Verizon") (formerly, Bell Atlantic Corporation). CIC holds several authorizations to provide U.S. international facilities-based and resale service pursuant to section 214 of the Act and section 63.18 of the rules. CIC is classified as a dominant international carrier, pursuant to section 63.10 of the rules, on the

1 47 U.S.C. § 214.

2 47 C.F.R § 63.18(e)(3).

3 Because CIC is an "affiliate" of the Verizon Bell operating companies, as that term is defined in section 3(1) of the Act, 47 U.S.C. § 153(1), it is subject to the limitations on Bell operating company provision of interLATA services, including international interexchange services, as set forth in section 271 of the Act, id. § 271.

4 See Application, File No. ITC-214-20030312-00130 ("Application"), at 4-6. CIC currently is authorized to provide, inter alia, facilities-based international message telephone service ("IMTS") between Verizon's out-of-region states and one of its in-region states, New York, and Cuba via indirect switched transit through the Dominican Republic. This authorization originally covered service between all points in the United States and Cuba. See CODETEL International Communications Incorporated, Application for Authority to Provide

U.S.-Dominican Republic, U.S.-Venezuela, and U.S.-Gibraltar routes, where CIC has affiliations with foreign carriers that possess market power on the foreign end of those routes.<sup>5</sup> On March 12, 2003, CIC filed the instant Application (“Application”) seeking Section 214 authority to provide international facilities-based service pursuant to section 63.18(e)(3) of the rules between all points in the United States and Cuba via indirect switched transit through the Dominican Republic. Specifically, CIC requests authority to provide international message telephone service (“IMTS”) between all of Verizon’s in-region and out-of-region states, and Cuba.<sup>6</sup> CIC plans to offer service to Cuba through the facilities of Compañía Dominicana de Teléfonos (CODETEL), an authorized carrier in the Dominican Republic with which CIC is affiliated within the meaning of Section 63.09(e) of the Commission’s rules.<sup>7</sup> On March 21, 2003, we placed the Application on public notice.<sup>8</sup> We received no comments or petitions to deny.

### III. Discussion

#### A. Policy Guidelines for Applications to Serve Cuba

3. In a letter dated July 22, 1993,<sup>9</sup> the U.S. Department of State informed the Commission of the Executive Branch’s policy guidelines for implementation of the telecommunications provisions of the Cuban Democracy Act of 1992, which provides that “telecommunications services between the United

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*International Message Telephone Service Between the United States and Cuba in Accordance with the Provisions of Section 63.18(e)(4) of the Rules, Order, Authorization and Certificate, 15 FCC Rcd 6337 (2000) (“CIC Cuba Order”).* When CIC’s parent, GTE Corp., merged with Bell Atlantic Corporation, CIC’s international section 214 authorizations were modified to exclude the provision of international service originating in Bell Atlantic’s in-region states other than New York (the only state for which Bell Atlantic had acquired Section 271 authority at that time). *See Application of GTE CORPORATION, Transferor, and BELL ATLANTIC CORPORATION, Transferee, For Consent to Transfer Control of Domestic and International Section 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, 15 FCC Rcd 14032, 14234, para. 401 (2000) (“Merger Order”).*

<sup>5</sup> See Application at 4-6.

<sup>6</sup> Through this application, CIC seeks to consolidate and update its existing facilities-based authority for Cuba to include authority to provide IMTS between Cuba and Massachusetts, Connecticut, Pennsylvania, Rhode Island, Vermont, Maine, New Jersey, Delaware, New Hampshire, Virginia, Maryland, West Virginia and the District of Columbia. Application at 6. *See also supra* note 4. Verizon has now acquired authority to provide interLATA services originating in all of its in-region states pursuant to section 271 of the Act. *See, e.g., Verizon Application to Provide InterLATA Services in Maryland, Washington, D.C., and West Virginia, FCC 03-57 (rel. March 19, 2003).*

<sup>7</sup> CIC is classified as a dominant international carrier on the U.S.-Dominican Republic route due to its affiliation with CODETEL. *See supra* para. 2.

<sup>8</sup> *See Non Streamlined International Applications Accepted for Filing, Public Notice, Report No. TEL-00650NS (rel. March 21, 2003) (accepting the application for filing).*

<sup>9</sup> *See Letter from Richard C. Beaird, Acting U.S. Coordinator and Director, Bureau of International Communications and Information Policy, U.S. Department of State to James H. Quello, Chairman, Federal Communications Commission (July 22, 1993) (“Department of State letter”).*

States and Cuba shall be permitted.”<sup>10</sup> Among the policy guidelines are the following requirements: 1) the proposals must have the potential to be operational within a year; 2) settlements must not be more favorable to Cuba than the current 50/50 split of the \$1.20 per minute accounting rate; 3) proposals must be limited to equipment and services necessary to deliver a signal to Cuba; 4) proposals must utilize modes of communications already in place between the U.S. and Cuba<sup>11</sup>; and 5) carriers shall report the number of circuits activated by facility on June 30 and December 31 of each year and on the one-year anniversary of the FCC authorization.

4. Upon consideration of the Application, we find that a grant of the Application will serve the public interest subject to the conditions set forth below. The Application is consistent with the Executive Branch guidelines set forth in the Department of State letter. CIC states that it would be able to begin carrying traffic within one year because the circuitry is already in place. We find, on this basis, that the proposal has the potential to be operational within a year.

5. CIC states that the settlement rate for traffic to Cuba shall be \$0.60 per minute delivered, which is the current settlement rate paid by CODETEL for its traffic to Cuba, and is the same as the current U.S.-Cuba settlement rate. Settlement with Cuba will be made by CODETEL. We find that the proposed settlement rate is no more favorable to Cuba than the current 50/50 split of the \$1.20 per minute accounting rate for U.S.-Cuba traffic.

6. CIC states that the authority requested is limited to the equipment and services necessary to deliver traffic to Cuba. CIC plans to deliver traffic to Cuba by transiting the Dominican Republic. In a letter dated March 10, 1995, the U.S. Department of State indicated that it has no objection to transiting arrangements such as that proposed here by CIC.<sup>12</sup> We find that CIC’s request for authority is limited to the equipment and services necessary to deliver traffic to Cuba.

7. CIC states that its proposed arrangement uses modes of communication already in place between the United States and Cuba. Specifically, CIC will hand off its Cuba-bound traffic originating in the continental United States to CODETEL in Miami at the NAP of the Americas. From there, CODETEL will carry the calls to the Dominican Republic on its existing circuits on the ARCOS-1 cable, which are already used to transport calls to the Dominican Republic and other international points, and will use satellite circuits already in use for CODETEL’s traffic with Cuba to complete CIC’s Cuba-bound calls. CIC will hand off its Cuba-bound traffic originating in Puerto Rico to CODETEL at the Puerto Rico landing station of the Antillas I submarine cable. From there, CODETEL will carry the calls to the Dominican Republic on its existing circuits on the Antillas I cable, which are already used to transport calls to the Dominican Republic and other international points, and will use satellite circuits already in use for CODETEL’s traffic with Cuba to complete CIC’s Cuba-bound calls. We find that that this

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<sup>10</sup> See 22 U.S.C. § 6004(e)(1).

<sup>11</sup> Proposals utilizing new modes of communications will be reviewed by the appropriate agencies on a case-by-case basis, as stated in the Department of State letter. See Department of State letter at 2.

<sup>12</sup> See Letter from Ambassador Vonya B. McCann, U.S. Coordinator, Bureau of International Communications and Information Policy, U.S. Department of State to Reed Hundt, Chairman, Federal Communications Commission (March 10, 1995).

routing arrangement uses modes of communication that are already in place.

8. This authorization is subject to CIC's obtaining all necessary licenses and authorizations from the Departments of Treasury<sup>13</sup> and Commerce for the proposed business activity, as described in the Department of State letter.<sup>14</sup>

#### **B. Dominant Carrier Safeguards**

9. For each international section 214 application we must examine whether it is necessary to impose the Commission's international dominant carrier safeguards on an applicant in its provision of service on the route or routes for which the applicant seeks authorization.<sup>15</sup> CIC is not presently affiliated with any foreign carrier in Cuba and therefore will not be subject to dominant carrier safeguards on the U.S.-Cuba route at this time.

#### **IV. Conclusion**

10. We find that a grant of CIC's application will serve the public interest under Section 214 of the Act, by increasing competition on the U.S.-Cuba international services route and providing more choices to U.S. consumers.

#### **V. Ordering Clauses**

11. Accordingly, IT IS HEREBY CERTIFIED that the present and future public convenience and necessity require a grant of the above-captioned application to the extent specified in this Order. Therefore, IT IS ORDERED that Application File No. ITC-214-20030312-00130 is GRANTED, and CODETEL International Communications Incorporated ("CIC") is authorized pursuant to Section 63.18(e)(3) of the Commission's rules, 47 C.F.R. § 63.18(e)(3), to provide facilities-based international message telephone service between all points in the United States and Cuba via indirect switched transit through the Dominican Republic, subject to all current and future Commission regulations, including those specifically listed below.

12. IT IS FURTHER ORDERED that CIC shall comply with the requirements specified in Sections 63.11, 63.14, 63.17, 63.19, 63.21, 63.22, and 63.24 of the Commission's rules. 47 C.F.R. §§ 63.11, 63.14, 63.17, 63.19, 63.21, 63.22, and 63.24.

13. IT IS FURTHER ORDERED that the service authorized herein must be implemented within one year from the date of release of this order.

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<sup>13</sup> The Application states that a Treasury license was received on June 7, 2000, in connection with the *CIC Cuba Order*.

<sup>14</sup> See Department of State letter at 3-4.

<sup>15</sup> The Commission's international dominant carrier safeguards are set forth in Section 63.10(c), (e) of the Commission's rules, 47 C.F.R. § 63.10(c), (e).

14. IT IS FURTHER ORDERED that this authorization is subject to the applicant's obtaining all necessary licenses and authorizations from the Departments of Treasury and Commerce.
15. IT IS FURTHER ORDERED that this authorization is subject to revocation without a hearing in the event that the Department of State or the Federal Communications Commission determines that the continuation of communications between the United States and Cuba is no longer in the national interest.
16. IT IS FURTHER ORDERED that CODETEL International Communications, Inc. shall file a Section 214 application for any additional circuits it proposes to establish between the United States and Cuba.
17. IT IS FURTHER ORDERED that acceptance of this Authorization shall be deemed acceptance of the conditions set forth herein.
18. IT IS FURTHER ORDERED that this authorization, issued pursuant to Section 0.261 of the Commission's Rules, is effective upon release. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's Rules may be filed within 30 days of public notice of this order (see Section 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

James L. Ball  
Chief, Policy Division  
International Bureau