



PUBLIC NOTICE

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Applications Granted for the Transfer of Control of Subsidiaries of MCV Guam Holding Corp. to DOCOMO Guam Holdings, Inc.

WC Docket No. 12-265

MCV Guam Holding Corp. (MCVGH and together with its affiliates, MCV) and DOCOMO Guam Holdings, Inc. (DOCOMO Guam) (collectively, Applicants) filed a series of applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (Communications Act),¹ and the Cable Landing License Act of 1921,² seeking approval for the transfer of control of the licenses and authorizations held by MCV to DOCOMO Guam.³ MCVGH's affiliate, Guam Telecom LLC, provides cable television and competitive telecommunications services to business and residential customers in Guam. CNMI Telecom LLC, an affiliate of MCVGH, is authorized to provide competitive telecommunications services in the Commonwealth of the Northern Mariana Islands (CNMI) but does not currently provide any services. CNMI Cablevision LLC d/b/a Marianas Cablevision provides cable television service in the main CNMI islands of Saipan, Tinian, and Rota. DOCOMO Guam provides facilities-based wireless services in Guam and CNMI through its wholly owned subsidiary, DOCOMO PACIFIC, INC. The Wireline Competition Bureau (WCB), International Bureau (IB), and Media Bureau (MB) (collectively, Bureaus) have determined that grant of these applications as conditioned serves the public interest,⁴ and accordingly the applications are granted with the conditions stated herein

On October 3, 2012, the Bureaus released a public notice accepting the application for non-streamlined processing.⁵ On October 16, 2012, the Department of Justice, including the Federal Bureau

¹ 47 U.S.C. §§ 214, 310(d).

² 47 U.S.C. §§ 34-39.

³ Application of MCV Guam Holding Corp and DOCOMO Guam Holdings, Inc. to Transfer Control of Domestic Section 214 Authorizations, WC Docket No. 12-265 (filed Sept. 24, 2012) (Domestic 214 Application); Applications of MCV Guam Holding Corp. and DOCOMO Guam Holdings, Inc. to Transfer Control of International Section 214 Authorizations, File Nos. ITC-T/C-20120921-00240, ITC-T/C-20120921-00241; ITC-T/C-20120921-00243 (filed Sept. 21, 2012); Application of DOCOMO Guam Holdings, Inc. to Transfer Control of Guam Cable Group, Inc.'s Interest in the China-U.S. Cable, SCL-T/C-20120924-00011 (filed Sept. 21, 2012); Application of DOCOMO Guam Holdings, Inc. to Transfer Control of CARS Licensee CNMI Cablevision, LLC, CAR-20120927AA-09 (filed Sept. 21, 2012).

⁴ *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, CC Docket No. 01-150, Report and Order, 17 FCC Rcd 5517, 5540, para. 45 (2002).

⁵ *Applications Filed for the Transfer of Control of Subsidiaries of MCV Guam Holding Corp. to DOCOMO Guam Holdings, Inc.*, WC Docket No. 12-265, Public Notice, 27 FCC Rcd 12099 (WCB, IB, MB 2012).

of Investigation, with the concurrence of the Department of Homeland Security (collectively, the Executive Branch Agencies), filed a letter requesting that the Commission defer action on the applications while they reviewed potential national security, law enforcement, and public safety issues.⁶ On April 24, 2013, the Executive Branch Agencies submitted a Petition to Adopt Conditions to Authorizations and Licenses (Petition).⁷ In the Petition, the Executive Branch Agencies advise the Commission that they have no objection to the Commission granting its consent in this proceeding, provided the Commission conditions the grant on the assurances of DOCOMO Guam to abide by the commitments and undertakings set forth in the October 2006 National Security Agreement (Agreement) entered into by these parties.⁸ The Executive Branch Agencies filed the Petition in WC Docket No. 12-265 on April 24, 2013 (Petition). DOCOMO Guam affirms that the commitments and undertakings in the Agreement will continue to be binding after the proposed transfer of control. In addition, DOCOMO Guam agrees to accept as a condition to grant of the proposed transfer of control that the terms and conditions of the Agreement apply to the additional facilities and licenses proposed to be transferred to DOCOMO Guam.

We received one comment associated with the proposed transaction. One Economy Corporation and One Global Economy (together, One Economy), which state that they research Internet use, access, and barriers to broadband adoption in Guam and CNMI, filed comments supporting the proposed transaction and requesting a condition. They assert that the transaction does not raise competitive concerns and will likely lower consumer costs because DOCOMO Guam could offer bundled service options in competition with the incumbent local exchange carriers (LECs). One Economy states that its research suggests that cost is an important factor preventing residents, especially in CNMI, from obtaining Internet services.⁹ It cites a Commission survey as finding that consumers who purchase Internet service through bundles pay \$8.55 less per month for service as compared to buying it as a standalone product, and One Economy expects that DOCOMO Guam could offer competitive bundles in Guam and CNMI that could produce this type of significant savings for consumers.¹⁰ One Economy recommends that the Commission place a condition on the merger to require DOCOMO Guam to implement training and awareness programs for older residents and immigrants to Guam and CNMI in order to increase broadband use and adoption in the home.¹¹ Applicants filed reply comments stating that MCV currently supports and will continue to support digital inclusion programs, serve anchor

⁶ Letter from Kristin A. Taylor, Attorney, U.S. Department of Justice, to Marlene H. Dortch, FCC, WC Docket 12-265 (filed Oct. 16, 2012).

⁷ Petition to Adopt Conditions to Authorizations and Licenses, WC Docket No. 12-265 and File Nos. ITC-T/C-20120921-00240, ITC-T/C-20120921-00243, CAR-20120927AA-09, ITC-T/C-20120921-00241, SCL-T/C-20120924-00011 (filed Apr. 24, 2013).

⁸ *Id.* at 1-2. The Agreement is set out at *Applications of Guam Cellular and Paging, Inc. and DoCoMo Guam Holdings, Inc. for Consent to Transfer Control of Licenses and Authorizations*, WT Docket No. 06-96, Memorandum Opinion and Order and Declaratory Ruling, 21 FCC Red 13580, 13169 (Appendix) (2006).

⁹ Comments of One Economy Corporation and One Global Economy, WC Docket No. 12-265, at 3-4 (filed Oct. 17, 2012) (Comments).

¹⁰ *Id.* at 3-4, 7-8 (citing Horrigan, John B., “Broadband Adoption and Use in America—Results from an FCC Survey” at 8 (March 2010), available at <http://transition.fcc.gov/DiversityFAC/032410/consumer-survey-horrigan.pdf> (accessed April 29, 2013)).

¹¹ Comments at 4, 7-8.

institutions, and promote broadband adoption post-closing.¹² Applicants assert that that they look forward to future discussions with One Economy to identify opportunities to promote digital adoption and expand their base of broadband customers, and that a condition is not necessary.¹³

We will not impose this condition on the proposed transaction. One Economy does not argue that the transaction will cause any public interest harms with regard to broadband use and adoption, and we find nothing in the record to suggest that it would do so. Indeed, One Economy states that the transaction will likely lower broadband costs for consumers, which we conclude should lead to greater broadband adoption. DOCOMO Guam states that MCV will continue to offer and expand cable television, high-speed data, and telephone services to customers through upgrades to its network, which currently passes 50,000 residential homes.¹⁴ We agree with the Applicants that the general concerns raised by One Economy are appropriately addressed by the voluntary digital inclusion and broadband adoption efforts Applicants state they are undertaking rather than through a condition on the transaction.

The Bureaus find, upon consideration of the record, that approving the transaction will serve the public interest, convenience, and necessity.¹⁵ We find that the transaction is unlikely to result in any public interest harms. Upon consummation of the transaction, the resulting entity will have a market share in the U.S. interstate interexchange market of less than ten percent and will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier in the United States that is not a party to the transaction. In addition, no party to the transaction is dominant with respect to any domestic service.¹⁶ We also find the transaction is likely to result in certain public interest benefits, including allowing DOCOMO Guam, a wireless provider in Guam and CNMI, to bring telecommunications expertise and financial resources to MCV so that MCV is better positioned to compete with the incumbent LECs on the islands.

We find that grant of the application, subject to DOCOMO Guam and MCV abiding by the commitments and undertakings contained in the Petition and Agreement, will serve the public interest, convenience, and necessity. Consistent with Commission precedent, we accord the appropriate level of deference to the Executive Branch Agencies' expertise on national security and law enforcement issues.¹⁷

¹² Reply Comments of DOCOMO Guam Holdings, Inc. and MCV Guam Holding Corp., WC Docket No. 12-265 at 4-5 (filed Oct. 24, 2012) (Reply).

¹³ *Id.* at 5.

¹⁴ Domestic 214 Application, Exh. 1 at 2-6; Reply at 4-5.

¹⁵ See 47 U.S.C. §§ 214(a), 310(d).

¹⁶ 47 C.F.R. 63.03(b)(2)(i).

¹⁷ The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing a transfer of control or assignment application in which foreign ownership is an issue. See *Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Satellites Providing Domestic and International Service in the United States*, Report and Order, 12 FCC Rcd 24094, 24170-72, paras. 178-82 (1997); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919-21, paras. 61-66 (1997) (*Foreign Participation Order*), Order on Reconsideration, 15 FCC Rcd 18158 (2000). In assessing the public interest, the Commission considers the record and accords the appropriate level of deference to Executive Branch expertise on national security and law enforcement issues. See *Foreign Participation Order*, 12 FCC Rcd at 23919-21, paras. 61-66.

Pursuant to Sections 4(i), 214, and 310(d) of the Communications Act of 1934, as amended,¹⁸ and Sections 0.291, 0.261, and 0.331 of the Commission's rules,¹⁹ WCB, IB, and MB, under delegated authority, approve the applications listed herein subject to the condition set forth above.

SECTION 214 AUTHORIZATIONS

A. International

The International Bureau grants the applications to transfer control of international section 214 authorizations held by MCVGH to DOCOMO Guam to provide facilities-based and resold service in connection with the proposed transaction.²⁰

<u>File Number</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
ITC-T/C-20120921-00240	CNMI Telecom, LLC	ITC-214-20050825-00347
ITC-T/C-20120921-00241	Guam Cable Group Inc.	ITC-214-19910624-00006
		ITC-214-20030404-00169
		ITC-214-19960730-00354
		ITC-214-19950613-00022
		ITC-214-19921211-00121
ITC-T/C-20120921-00243	Guam Telecom, LLC	ITC-214-20050825-00349

B. Domestic

The Wireline Competition Bureau grants the application to transfer control of domestic section 214 authority in connection with the proposed transaction.

CABLE LANDING LICENSE APPLICATION

The International Bureau grants the application for consent to the transfer of control of a cable landing license held by Guam Cable Group, Inc.

<u>File Number</u>	<u>Authorization Holder</u>	<u>Authorization Numbers</u>
SCL-T/C-20120924-00011	Guam Cable Group, Inc.	SCL-LIC-19980309-00005

SECTION 310(d) AUTHORIZATIONS

¹⁸ 47 U.S.C. §§ 154(i), 214, 310(d).

¹⁹ 47 C.F.R. §§ 0.291, 0.261, 0.331.

²⁰ DOCOMO Guam is classified as a dominant carrier on the U.S.-Japan route pursuant to section 63.10 of the Commission's rules, 47 C.F.R. § 63.10, and agrees to comply with the dominant carrier safeguards in section 63.10(c) in the provision of international service between the United States and Japan.

The Media Bureau grants the application for consent to the transfer of control of a cable television relay service license held by CNMI Cablevision, LLC.

<u>File Number</u>	<u>Authorization Holder</u>	<u>Call Sign</u>
CAR-20120927AA-09	CNMI Cablevision, LLC	WLY-826

For further information, please contact Jodie May, (202) 418-0913, Competition Policy Division, Wireline Competition Bureau; David Krech, Policy Division, International Bureau, (202) 418-7443; Wayne McKee, Engineering Division, Media Bureau, (202) 418-2355.

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