



PUBLIC NOTICE

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Actions Taken Under Cable Landing License Act

Section 1.767(a) Cable Landing Licenses, Modifications, and Assignments or Transfers of Control of Interests in Cable Landing Licenses (47 C.F.R. § 1.767(a))

By the Chief, Telecommunications and Analysis Division, International Bureau:

Pursuant to An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 (Cable Landing License Act), Executive Order No. 10530, Exec. Ord. No. 10530 reprinted as amended in 3 U.S.C. § 301, and section 1.767 of the Commission's rules, 47 C.F.R. § 1.767, the following applications ARE GRANTED. These grants of authority are taken under section 0.261 of the Commission's rules, 47 C.F.R. § 0.261. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this public notice.

These applications have been coordinated with the Department of State and other Executive Branch agencies pursuant to section 1.767(b) of the Commission's rules, 47 C.F.R. §1.767(b), and consistent with procedures established with the Department of State. See Review of Commission Consideration of Applications under the Cable Landing License Act, IB Docket No. 00-106, Report and Order, 16 FCC Rcd 22167, 22192-93, paras. 51-52 (2001) (Submarine Cable Landing License Report and Order); Streamlined Procedures for Executive Branch Review of Submarine Cable Landing License Requests, State Department Media Note (Revised) (rel. Dec. 20, 2001) available at <http://2001-2009.state.gov/r/pa/prs/ps/2001/6951.htm>.

This public notice serves as each cable landing licensee's Cable Landing License, or modification thereto, pursuant to the Cable Landing License Act and sections 1.767 and 1.768 of the Commission's rules. Cable landing licensees should review carefully the terms and conditions of their licenses. Failure to comply with these terms and conditions or relevant Commission rules and policies could result in fines or forfeitures.

Acceptability for Filing Public Notice: Application filed by Quintillion Subsea Operations, LLC (Quintillion or Applicant) for a license to construct, land and operate a non-common carrier fiber-optic submarine cable network, wholly within the United States, extending between Nome, Alaska and Prudhoe Bay, Alaska (Quintillion System). The Application was placed on Public Notice on April 22, 2016. File No. SCL-LIC-20160325-00009, Public Notice, Non-Streamlined Submarine Cable Landing License Applications Accepted for Filing, Report No. SCL-00181NS (IB, April 22, 2016). No comments or oppositions were filed in response to the Public Notice. Applicant filed three Supplements to its Application for a cable landing license for the Quintillion System to include updated company ownership information and cable landing station construction, management, and lease term information for all six Alaska cable landing stations. See First Supplement (April 8, 2016), Second Supplement (May 20, 2016), and Third Supplement (September 15, 2016). Applicant was granted Special Temporary Authority (STA) to begin constructing and testing the Quintillion System predicated upon the Applicant's assertion that the cable will not be put into commercial service prior to receiving Commission authorization. See File Nos. SCL-STA-20160330-00010 and SCL-STA-20160907-00017.

The Application has been coordinated with the Department of State and other Executive Branch agencies pursuant to section 1.767(b) of the Commission's rules, 47 C.F.R. §1.767(b), and consistent with procedures established with the Department of State. See Review of Commission Consideration of Applications under the Cable Landing License Act, IB Docket No. 00-106, Report and Order, 16 FCC Rcd 22167, 22192-93, paras. 51-52 (2001) (Submarine Cable Landing License Report and Order); Streamlined Procedures for Executive Branch Review of Submarine Cable Landing License Requests, State Department Media Note (Revised) (rel. Dec. 20, 2001) available at <http://www.state.gov/r/pa/prs/ps/2001/6951.htm>. The Department of Homeland Security (DHS), with the concurrence of the Department of Justice (DOJ) and the Department of Defense (DOD; collectively, the "Agencies"), filed a Petition to Adopt Conditions to Authorizations and Licenses on March 27, 2017. DHS has no objections to the Commission approving authority to construct, land, and operate the Quintillion System, provided that the Commission conditions its approval on the commitment of Quintillion Subsea Operations, LLC to abide by the undertakings set forth in the March 24, 2017, Letter of Assurances entered into between Quintillion Subsea Operations, LLC and the Agencies.

Actions Taken: (1) Grant of Cable Landing License to Quintillion Subsea Operations, LLC for the purpose of constructing, landing and operating a private fiber-optic submarine cable network, the Quintillion System, extending between Nome, Alaska and Prudhoe Bay, Alaska; and (2) grant of the Petition to Adopt Conditions to Authorizations and Licenses filed on March 27, 2017, by the Department of Homeland Security.

Licensee Information: The Applicant for the cable landing license for the Quintillion System is Quintillion Subsea Operations, LLC (Quintillion).

Quintillion is a direct, wholly-owned subsidiary of Quintillion Subsea Holdings, LLC (Quintillion Subsea Holdings), a Delaware limited liability company, which, in turn, is 89.5% owned, on a direct basis, by Cooper Investment Fund LLC (Cooper Fund), a Delaware limited liability company whose manager, CIP Manager LLC (CIP Manager) has a 2% direct ownership interest in, and sole control over, Cooper Fund's operations. The remaining 98% direct interest in the Cooper Fund is held as a passive equity investment by AI CIP Holdings LLC (AI CIP), a Delaware limited liability company, which is wholly-owned by AI International Investments LLC (AI International), a Delaware limited liability company. GPTC, LLC, a Delaware company, has a 70% ownership interest in AI International and CT/FT Holdings LLC (CT/FT Holdings), a Delaware company, holds the other 30%. The equity interest in the Cooper Fund is ultimately held, through a series of intermediate trust funds and Delaware holding companies, by The Phoenix Charitable Trust, a trust formed under the laws of Bermuda whose trustees are Mr. Alex Blavatnik, a U.S. citizen, and Mr. Lincoln Benet, a citizen of the U.S. and the United Kingdom. Apart from Quintillion Subsea Holdings, the Cooper Fund, and CIP Manager, none of the other equity holders is authorized to make any decisions regarding, or exercise voting control over, the management and operations of Quintillion.

Quintillion Subseas Holdings exercises direct voting control through its Board of Managers (QSH Board), and the majority of the QSH Board is appointed by the Cooper Fund whose authority is vested in its manager, CIP Manager, which has 100% indirect voting control over Quintillion Subseas Holdings. CIP Manager is held, directly, by the following four members: (1) CL2 Holdings, LLC (CL2 Holdings), a Delaware limited liability company (74.67% equity and voting interest), (2) Mr. Matthew Boyer, a U.S. citizen (11.66% equity and voting interest), (3) Mr. Mitchell Taylor, a U.S. citizen (11.66% equity and voting interest), and (4) Mr. Adam Murphy, a U.S. citizen (2% equity and voting interest). Two members of CL2 Holdings each hold an indirect voting control share in Quintillion which exceeds 10%. Mr. Stephen Cooper, a U.S. citizen, holds 76.93% equity and voting interest and Mr. Leonardo LoBiondo, a U.S. citizen, holds a 23.07% equity and voting interest in CL2 Holdings. There are no other individual or entity that holds a 10% or greater direct or indirect voting or equity interest in Quintillion.

Cable Design and Capacity: The Quintillion System will be deployed as a trunk and branch configuration and consist of eleven segments, with each segment designed to initially carry up to 100 wavelengths at 100 Gigabits per second (Gb/s). The Quintillion System, along with associated cable landing stations, will consist of the following: (1) Segment 1 will connect Quintillion's planned cable landing station at Prudhoe Bay, Alaska, to the first Branching Unit (BU1), located off the coast of Alaska north of Oliktok Point, Alaska, (2) Segment 2 will connect BU1 to Branching Unit 2 (BU2), located off the coast of Alaska northwest of Barrow, Alaska, (3) Segment 3 will connect BU2 to Quintillion's planned cable landing station at Barrow, Alaska, (4) Segment 4 will connect BU2 to Branching Unit 3 (BU3), located off the coast of Alaska northwest of Wainwright, Alaska, (5) Segment 5 will connect BU3 to Quintillion's planned cable landing station at Wainwright, Alaska, (6) Segment 6 will connect BU3 to Branching Unit 4 (BU4), located off the coast of Alaska southwest of Point Hope, Alaska, (7) Segment 7 will connect BU4 to Quintillion's planned cable landing station at Point Hope, Alaska, (8) Segment 8 will connect BU4 to Branching Unit 5 (BU5), located off the coast of Alaska south of Point Hope and northwest of Kotzebue, Alaska, (9) Segment 9 will connect BU5 to an existing cable landing station at Kotzebue, Alaska, (10) Segment 10 will connect BU5 to Branching Unit 6 (BU6), located off the coast of Alaska west of Nome, Alaska, and (11) Segment 11 will connect BU6 to an existing cable landing station at Nome, Alaska. The Quintillion System is comprised of three fiber pairs and six cable landing station sites. Each fiber pair will have an initial capacity of 10 terabits per second (Tb/s), and two of the fiber pairs will be used to operate on each segment and provide redundancy between the six cable landing sites. The third fiber pair is reserved for future use in the near future to monitor and status and condition of certain fiber pairs. The Quintillion System will total 1,176 miles in length.

Ownership of the Cable System and Landing Points: Quintillion will own and control all portions of the Quintillion System including the portion of the cable located in territory subject to the jurisdiction of the United States, U.S. territorial waters, and outside of the territory subject to U.S. jurisdiction. For cable landing station buildings, (1) Quintillion will enter into twenty year leases with Arctic Holdings, an Alaskan real estate developer, for cable landing stations located at Barrow, Point Hope, and Wainwright, Alaska (with the option to extend each lease for an additional five years on the same terms and conditions, and thereafter the option to renew such extensions three times for a potential 40 year term each), (2) Quintillion will own and operate the cable landing station located at Prudhoe Bay, Alaska, and the cable landing station building will be located on land leased by Conoco Phillips from the State of Alaska, and (3) Quintillion will lease spaces for collocation of the Kotzebue and Nome cable landing station equipment within Central Office buildings owned by OTZ Telephone Cooperative and TelAlaska. Certain operations of the landing stations may be performed under Quintillion's control through a third party Network Operations Center (NOC) service network. Quintillion states that it will have full access to and control and use of cable landing station equipment in each of its buildings, and confirms it will have the right to access and control, as a lessee, the landing sites and landing stations throughout the entire 25 year schedule license period for the cable system. See First Supplement at p. 2-3 and Third Supplement at p. 1-2.

Regulatory Status of the Cable: The Applicant proposes to operate the Quintillion System on a non-common carrier basis. Quintillion states that the cable system will provide coastal communities of north and northwest Alaska much needed additional transmission facilities to existing mobile and fixed wireless, and cable service platforms, thereby providing redundancy in communications paths and exerting downward pressure on service rates. Quintillion also states that the cable system will benefit the people of the Arctic by stimulating resource development, promoting infrastructure to support Arctic and national security, and creating demand for direct, secure, low latency telecommunications routes that will allow local, tribal, state, and federal government agencies to deliver services, including tele-medicine and digital learning, more efficiently and effectively. The Applicant further states that it will not offer capacity to the public indifferently, but rather provide available capacity to third parties based on individually tailored agreements. See Application at 14-18.

Applicant has provided information sufficient enough to demonstrate that the proposed operation of the cable on a non-common carrier basis satisfies the requirements set forth in National Association of Regulatory Utility Commissioners v. FCC, 525 F.2d 630, 642 (D.C. Cir. 1976)(NARUC I), cert. denied, 425 U.S. 992 (1976). See also Submarine Cable Landing License Report and Order, 16 FCC Rcd at 22202-22203, paras. 69-70; Review of Commission Consideration of Applications under the Cable Landing License Act, IB Docket No. 00-106, Notice of Proposed Rulemaking, 15 FCC Rcd 20789, 20815-20818, paras. 62-67 (Cable Landing License Act).

Conditions and Requirements: Applicant will comply with the routine conditions set out in 1.767(g)(1)-(14) of the Commission rules, 47 C.F.R. § 1.767 (g)(1)-(14), and with the requirements of section 1.768 of the Commission's rules, § 1.768 (Notification by and prior approval for submarine cable landing licensees that are or propose to become affiliated with a foreign carrier).

We grant the Petition to Adopt Conditions to Authorizations and Licenses (Petition) filed in this proceeding on March 27, 2017, by the Department of Homeland Security (DHS), with the concurrence of the Department of Justice (DOJ) and the Department of Defense (DOD). Accordingly, we condition grant of the application on Quintillion abiding by the commitments and undertakings contained in the March 24, 2017, Letter of Assurances from Elizabeth Pierce, Chief Executive Officer, Quintillion Subsea Operations, LLC to the Acting Assistant Secretary for International Affairs, DHS, the Acting Assistant Attorney General for National Security, DOJ, the Supervisory Special Agent, Federal Bureau of Investigation, the Director Implementation & Acquisition Integration, DOD, and the Associate General Counsel, Defense Information Systems Agency (2017 LOA). A failure to comply and/or remain in compliance with any of these commitments and undertakings shall constitute a failure to meet a condition of the cable landing license and thus grounds for declaring license terminated without further action on the part of the Commission. Failure to meet a condition of the license may also result in monetary sanctions or other enforcement action by the Commission. A copy of the Petition and the 2017 LOA are publicly available and may be viewed on the FCC website through the International Bureau Filing System (IBFS) by searching for SCL-LIC-20160325-00009 and accessing "Other filings related to this application" from the Document Viewing area.
