

**STATEMENT OF
COMMISSIONER MICHAEL J. COPPS,
APPROVING IN PART, DISSENTING IN PART**

Re: *In the Matter of Verizon Communications, Inc. and América Móvil, S.A. DE C.V., Application for Authority to Transfer Control of Telecomunicaciones de Puerto Rico, Inc.*, WT Docket No. 06-113

The lens by which I view all transactions is the one mandated by Congress: any acquisition must serve the public interest, convenience and necessity. There is certainly much that needs to be done to help consumers in Puerto Rico. To say the situation in Puerto Rico for basic telephone service is dreadful puts it mildly. The penetration rate for basic telephone service is more than 30 percentage points lower than the national average of 94%. By some accounts there are approximately 200 communities in the most rural parts of Puerto Rico that don't have any telephone service. This is to say nothing of access to broadband. With this as backdrop, there is plenty of opportunity for the Applicant to demonstrate that its new ownership will markedly change the situation.

The Applicant's commitment to invest \$1 billion over five years to improve telephone service in Puerto Rico is a promising start. This commitment, comprehensively implemented, can be a real agent for positive change. But important questions remain. Will this commitment lead to desperately-needed investment in wireline services? Will it deliver broadband deployment to rural areas? Will it translate into significantly wider penetration of services and ensure the quality of those services? Will the FCC follow through with the kind of rigorous monitoring and auditing to ensure implementation of the commitment? The people of Puerto Rico have been waiting for commitments to be implemented for a long time. This transaction must be made to serve these people.

Our Order requires that the Applicant annually provide the Commission quantifiable and verifiable data on its progress in deploying basic telephone and broadband services throughout Puerto Rico. A year from now we will take stock of where we are and I expect the Commission to be vigilant in keeping the Applicant's feet to the fire.

The stakes are high here. Many parties on record, including labor leaders, local and federal officials, local regulators, and competitive carriers urged the Commission not to approve the merger without a significant commitment by the Applicant to invest in improving Puerto Rico's telephone and broadband services. Because of the real possibility that this commitment will better serve Puerto Rico, and because of the reporting obligations and the Commission's monitoring and oversight capabilities to ensure that the promise becomes reality, I approve those parts of the Order. And I thank the Chairman for his work in developing support for the item.

I do, however, find the Order's handling of foreign ownership issues troubling, and I must respectfully dissent to this analysis. The Applicant seeks control of U.S.

common carrier radio licenses comprised of 100% indirect foreign ownership of the acquired company and with 57% of the equity interest remaining unknown. To my knowledge, this will be the first time that an incumbent local exchange carrier is wholly-owned by a foreign corporation and this is the largest percentage of unknown foreign ownership the Commission has ever approved. While most commenters appear more interested in ensuring substantial investments and real improvements in service for the people of Puerto Rico rather than preventing the transaction altogether, and while the Commission has previously relied upon WTO membership in approving transactions involving foreign ownership exceeding the ceilings set forth by statute, I remain concerned about our lack of inquiry and analysis to fully understand the implications of our actions in approving a transaction of this sort. When we consider the sale of our nation's critical infrastructure to foreign owners – whether it be ports or telephone networks or utilities – we must always be extra cautious in our analysis. These are serious questions deserving a more thorough vetting. I believe in this case the Applicant's public commitment, the safeguards and remedies available to us, and the commitment of the Commission to monitor implementation may be minimally adequate to produce a satisfactory result, but I also remain concerned about foreign ownership and the lack of transparency that can result from transactions like this.