PUBLIC NOTICE

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SCL-00194

Report No. SCL-00194

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/ps/ps/2001/6951.htm.

This public notice serves as each cable landing licensee's Cable Landing License, or modification thereunto, 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.
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 upon the Applicants' assertions that the cable will not be put into commercial service until all necessary authorizations have been received. File No. SCL-LIC-20150626-00016, Public Notice, Streamlined Submarine Cable Landing License Applications Accepted for Filing, Report No. SCL-00165S (IB, July 24, 2015). No comments or oppositions were filed in response to the Public Notice. Applicants were granted Special Temporary Authority (STA) predicated upon the Applicants' assertions that the cable will not be put into commercial service until all necessary authorizations have been received. File No. SCL-STA-20160914-00018.

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GA is a limited liability company organized under Delaware law, and is a telecommunications carrier in Guam. GTA is a direct, wholly-owned subsidiary of AP TeleGuam Holdings, Inc. (APTH), a Delaware holding company. APTH is owned, directly and indirectly, by a series of investment companies organized under the laws of the Cayman Islands, Hong Kong, Ireland, and Japan. These investment companies are ultimately owned primarily by three individuals: Mr. Douglas Stringer, a U.S. citizen, Mr. Richard L. Folsom, a U.S. citizen, and Mr. Taisuke Sasanuma, a Japanese citizen. APTH's ten percent or greater ownership interests are held, on a direct basis, by the following three private equity companies: (1) AP Cayman Partners II, L.P., a Cayman Islands Investment company (24.73%); (2) Advantage Partners IV, ILP, a Japan investment company (42.08%); and (3) Japan Ireland Investment Partners, an Ireland investment company (25.52%). APTH's ten percent or greater indirect ownership interests are held by the following companies and individuals: (4) AP Cayman Partners II General Partner, L.P., a Cayman Islands investment company (29.37%); (5) Cayman Capital Management II, Inc., a Cayman Islands investment company (29.37%); (6) Mr. Douglas R. Stringer, a U.S. citizen (29.37%); (7) AP TeleGuam Holdings, LLC To Telekomunikasi Indonesia International (USA) Inc. And Request For Declaratory Ruling On Foreign Ownership, WC Docket No. 15-148, Public Notice, 30 FCC Rcd 6498 (WCB 2015).

52.56% of Telin. The remaining 47.44% of Telkom Indonesia's Series B common shares are publicly-traded on the New York Stock Exchange.

(5) GTA is a limited liability company organized under Delaware law, and is a telecommunications carrier in Guam. GTA is a direct, wholly-owned subsidiary of AP TeleGuam Holdings, Inc. (APTH), a Delaware holding company. APTH is owned, directly and indirectly, by a series of investment companies organized under the laws of the Cayman Islands, Hong Kong, Ireland, and Japan. These investment companies are ultimately owned primarily by three individuals: Mr. Douglas Stringer, a U.S. citizen, Mr. Richard L. Folsom, a U.S. citizen, and Mr. Taisuke Sasanuma, a Japanese citizen. APTH's ten percent or greater ownership interests are held, on a direct basis, by the following three private equity companies: (1) AP Cayman Partners II, L.P., a Cayman Islands Investment company (24.73%); (2) Advantage Partners IV, ILP, a Japan investment company (42.08%); and (3) Japan Ireland Investment Partners, an Ireland investment company (25.52%). APTH's ten percent or greater indirect ownership interests are held by the following companies and individuals: (4) AP Cayman Partners II General Partner, L.P., a Cayman Islands investment company (29.37%); (5) Cayman Capital Management II, Inc., a Cayman Islands investment company (29.37%); (6) Mr. Douglas R. Stringer, a U.S. citizen (29.37%); (7) AP TeleGuam Holdings, LLC To Telekomunikasi Indonesia International (USA) Inc. And Request For Declaratory Ruling On Foreign Ownership, WC Docket No. 15-148, Public Notice, 30 FCC Rcd 6498 (WCB 2015).

(6) Telin is an Indonesian corporation and provides network services and international telecommunications services. Telin is wholly-owned, on a direct basis, by Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk. (Telkom Indonesia), Indonesia's principal telecommunications carrier and network operator. The Indonesian government owns 52.56% of Telkom Indonesia's Series B common shares, and owns, on an indirect basis, 52.56% of Telin. The remaining 47.44% of Telkom Indonesia's Series B common shares are publicly-traded on the New York Stock Exchange and Indonesia stock exchange.

(7) Telkom USA, a Delaware corporation, is a direct, wholly-owned subsidiary of Telin, which, in turn, is wholly-owned, on a direct basis, by Telkom Indonesia. The Indonesian government owns 52.56% of Telkom Indonesia's Series B common shares, and owns, on an indirect basis, 52.56% of Telin. The remaining 47.44% of Telkom Indonesia's Series B common shares are publicly-traded on the New York Stock Exchange and Indonesia stock exchange.

Cable Design and Capacity: The SEA-US cable system will consist of two subsystems, with each subsystem containing three segments with two optical fiber pairs per segment, for a total of twelve optical fiber pairs. The SEA-US West subsystem (segments 1-3) will connect Indonesia, the Philippines and Guam, and the SEA-US East subsystem (segments 4-6) will connect Guam, Hawaii, and California. Together, SEA-US, along with associated cable landing stations, will consist of the following: (1) Segment 1 will connect a newly constructed cable landing station at Kauditan, Indonesia with Branch Unit 1, located off the coast of the Philippines, (2) Segment 2 will connect Branch Unit 1 with a newly constructed cable landing station at Davao, the Philippines, and (3) Segment 3 will connect Branch Unit 1 with a newly constructed cable landing station at Piti, Guam, (4) Segment 4 will connect the newly constructed cable landing station at Piti, Guam with Branch Unit 2, located off the coast of Oahu, Hawaii, (5) Segment 5 will connect Branch Unit 2 with HTSC's existing inter-island cable landing station at Makaha, Hawaii, which will be augmented for the SEA-US Hawaii landing, and (6) Segment 6 will connect Branch Unit 2 with an existing cable landing station at Hermosa Beach, California. The cable system will have an initial configuration capacity of 1.6 terabits per second (Tb/s), and a total design capacity of 20 Tb/s using 100 gigabit wavelength technology. The SEA-US cable system will total approximately 15,000 kilometers in length.

Ownership of the Cable System and Landing Points: The SEA-US system is a consortium system owned by seven members. Five of the seven members own and control cable landing stations in the United States, and five consortium members own or control a five percent or greater interest in the cable system. The ownership interests and control held by members in each cable landing station, and the ownership interests and control of the basic infrastructure of the SEA-US cable system are as follows: (1) GTI, RTI and Telkom USA will jointly own and operate the cable station located at Hermosa Beach, California. GTI and RTI will hold a 22.12% and a 39.82% ownership interest, respectively, in segments 4, 5, and 6 of SEA-US-East, and GTI will hold a 50% ownership interest in segment 3 of SEA-US-West; (2) HTSC will own and operate the Makaha, Hawaii cable landing station and will hold a 13.27% ownership interest in segments 4, 5, and 6 of SEA-US East; (3) GTA will own and operate the cable landing station located at Piti, Guam and will hold a 2.65% ownership interest in segments 4, 5, and 6 of SEA-US East; (4) Globe will own and operate the cable landing station located at Davao, Philippines, and will hold a 100% ownership interest in segment 2 of SEA-US-West; and (5) Telin will own and operate the cable landing station located at Kauditan, Indonesia, and will hold a 100% ownership interest in segment 1 of SEA-US West, a 50% ownership interest in segment 3 of SEA-US-West, and a 22.12% ownership interest in segments 4, 5, and 6 of SEA-US-East. The SEA-US system will also include two branching units, each owned in equal half-shares by GTI and Telin, which may be used for future connection to cable systems located in the Republic of Palau and the island of Yap in the Federated States of Micronesia. These systems will be owned and operated separately from SEA-US system. Telkom USA holds no ownership interest in the SEA-US cable.

Regulatory Status of the Cable: The Applicants propose to operate the cable system on a non-common carrier basis. They state that by routing the cable south of the Philippines, the SEA-US system will avoid the disaster-prone Luzon Strait between the northern Philippines and Taiwan and the coastal areas of Japan, thereby enhancing the continuity of communications between the United States and Southeast Asia. The Applicants also state that competition will be increased on this undersea cable, as the cable will compete with a variety of cable systems to these routes and on routes to Guam. The system will be used in a hub-and-spoke configuration, and the system will support additional economic activity in Guam and Hawaii.
connectivity across the four regions of Asia, Japan, Australia/New Zealand, and the United States. Application at 8-10. The Applicants further state that they will not offer capacity to the public indifferently, but rather use the available capacity for their own internal needs, and provide available capacity to customers on particularized terms and conditions pursuant to individually negotiated indefeasible rights of use (IRUs) and capacity leases.


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

Telin and Telkom USA are affiliated with foreign carriers that are presumed to have market power in Indonesia. Telin and Telkom USA each agree to accept and abide by the reporting requirements in section 1.767(l) of the Commission's rules, 47 C.F.R. § 1.767(l), for the U.S.-Indonesia route.

We grant the Petition to Adopt Conditions to Authorizations and Licenses (Petition) filed in this proceeding on January 12, 2017 by the Department of Homeland Security. Accordingly, we condition grant of this application on GTI Corporation d/b/a GTI Telecom (GTI), Hawaiian Telcom Services Company, Inc. (HT), RAM Telecom International, Inc. (RTI), and TeleGuam Holdings, LLC d/b/a GTA (GTA) (each a SEA-US Mitigation Party and collectively the SEA-US Mitigation Parties) abiding by the commitments and undertakings contained in the National Security Agreement between the SEA-US Mitigation Parties and the Department of Homeland Security (2017 NSA). 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 the 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 NSA are publicly available and may be viewed on the FCC website through the International Bureau Filing System (IBFS) by searching for SCL-LIC-20150626-00016 and accessing "Other filings related to this application" from the Document Viewing area.