

### LUJAN AGUIGUI & PEREZ LLP

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Attorneys for Applicants

### BEFORE THE GUAM PUBLIC UTILITIES COMMISION

IN RE:

DOCKET NO. 10 - 09

JOINT APPLICATION OF TELEGUAM HOLDINGS, LLC AND GTA TELECOM, LLC FOR APPROVAL OF THE TRANSFER OF CONTROL OF TELEGUAM HOLDINGS, LLC AND GTA TELECOM, LLC TO AP TELEGUAM HOLDINGS, INC.

# **JOINT APPLICATION**

TeleGuam Holdings, LLC ("TeleGuam"), and its wholly owned direct subsidiary GTA Telecom, LLC ("GTA") (TeleGuam and GTA together, the "Applicants") (Applicants together with their subsidiaries and affiliates, the "Company"), through their undersigned counsel and pursuant to Section 12103(g) of the Guam Telecommunications Act of 2004, request approval from the Commission to enable AP TeleGuam Holdings, Inc. ("Purchaser") (Applicants and Purchaser, collectively the "Parties") to complete a transaction whereby Purchaser will acquire direct control of TeleGuam and indirect control of GTA from Shamrock TeleGuam Holdings, L.L.C. ("Shamrock").

The Applicants request that the Commission act expeditiously to grant the approval requested herein as soon as possible, so that the Parties can timely consummate the proposed transaction to meet important business objectives.

Joint Application of TeleGuam Holdings, LLC and GTA Telecom, LLC

In support of their Application, the Applicants state as follows:

# I. <u>DESCRIPTION OF THE PARTIES</u>

# A. TeleGuam Holdings, LLC and GTA Telecom, LLC

TeleGuam Holdings, LLC, is a Delaware limited liability company with its principal office located at 624 North Marine Corps Dr., Tamuning, Guam 96913. TeleGuam is the parent company of GTA Telecom, LLC, a Delaware limited liability company. TeleGuam currently is majority owned by Shamrock TeleGuam Holdings, L.L.C., a Delaware limited liability company with principal offices located at 4444 Lakeside Drive, Burbank, California 91505.

TeleGuam is authorized to provide local exchange service pursuant to the Commission's authorization in Docket No. 05-2 on February 28, 2005. GTA is authorized to provide local exchange and interexchange telecommunications services pursuant to the Commission's authorization in Docket No. 05-3 on July 27, 2005. Further information concerning Applicants' legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification and other documents filed with the Commission and is, therefore, a matter of public record. Applicants respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

# B. AP TeleGuam Holdings, Inc.

AP TeleGuam Holdings, Inc. (Purchaser) is a Delaware corporation. Purchaser was formed for the purpose of acquiring TeleGuam and its subsidiaries as part of the transaction described in further detail in Section III of this Application. Purchaser is a subsidiary of Advantage Partners IV, ILP (Only for Qualified Institutional Investors (with Resale Restriction to Non-Qualified Institutional Investors) and for a Small Number of Other Investors). Purchaser and Advantage Partners IV, ILP have their principal business offices at 17F Toranomon Towers

	<b>!</b>		
1	Office, 4-1-28 Toranomon, Minato-ku Tokyo, 105-0001, Japan. Advantage Partners IV, ILP is		
2	investment limited partnership under Japanese law established in January 2007 with a total capi		
3	commitment of approximately \$0.9 billion (US\$1=JPY83) from Japanese investors. The fund h		
4	executed investments in five companies to date. Advantage Partners IV, ILP places great		
5			
6	importance on supporting operational improvement and strategic planning, based upon the		
7	extensive management consulting experience of Advantage Partners LLP, a service provider to		
8	Advantage Partners IV, ILP. Companies in the	e Advantage Partners IV, ILP portfolio include both	
9	private and publicly traded firms in various market segments including: finance/services,		
10	consumer products and manufacturing. For additional detail on the financial and managerial		
11	qualifications of Advantage Partners IV ILP please see http://www.advantagepartners.com.		
12			
13	II. <u>CONTACT INFORMATION</u>		
14	Questions or inquiries concerning this A	Application may be directed to:	
15	For Applicants:	with copies to:	
16	Leilani Lujan, Esq. Lujan Aguigui Perez LLP	Daniel J. Tydingco EVP External Affairs	
17	DNA Building	GTA TeleGuam	
	Suite 300	624 North Marine Corps Dr. Tamuning Guam 96913	
18	Hagåtña, Guam 96910 671-477-8064 (Tel)	671-644-4482 (Tel)	
19	671-477-5297 (Fax) Ilujan@lujanaguiguiperez.com	dtydingco@gta.net	
20	indjan@idjanagdigdiperez.com	and:	
21		Andrew D. Lipman Russell M. Blau	
22		Jeffrey R. Strenkowski Bingham McCutchen LLP	
23		2020 K Street, N.W.	
24		Washington, DC 20006 202-373-6000 (Tel)	
		202-373-6001 (Fax) andrew.lipman@bingham.com	
25		russell.blau@bingham.com jeffrey.strenkowski@bingham.com	
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proposed transaction will not involve a change in Applicants' operating authorities in Guam and Applicants' current tariffs will remain in effect. Thus, the proposed transaction will be seamless and virtually transparent to Guam consumers.

Purchaser intends to maintain the Applicants' existing management team and Guam-based employees following completion of the transaction, so that the Applicants will continue to possess the same technical and managerial qualifications as they do at present; and these will be supplemented by the management team of Purchaser. Biographies of Applicants' management team and a non-executive director for Purchaser are provided as **Exhibit B**. A biography of Advantage Partners' Representative Partners is attached as **Exhibit C**.

In addition, because the proposed transaction will occur at the holding company level, there is no proposed change in any of the assets or liabilities of the Applicants; the Applicants will continue to possess the same strong financial qualifications as they do at present. In support, Applicants separately submit under seal as **Exhibit D** the financial statements of TeleGuam for 2008 and 2009. Purchaser is a special-purpose company made for the purpose of acquiring control of the Applicants and has the financial qualifications to do so. See **Exhibit E** submitted separately under seal.

# IV. PUBLIC INTEREST CONSIDERATIONS

Applicants respectfully submit that the proposed transaction serves the public interest. In particular, Applicants submit that the proposed transaction will reinforce the status of Applicants as a viable competitor, and will have no adverse effects on Guam consumers.

Immediately following the consummation of the proposed transaction, Applicants will continue to offer service with no change in the rates or terms and conditions of service. Further,

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Applicants will continue to provide service to their customers under the same name, and will continue to be led by an experienced management team, and by their existing Guam-based workforce. Therefore, the transfer of control of Applicants will be seamless and virtually transparent to consumers in Guam.

### A. Telecommunications Customers on Guam Have Benefited From Continued Company Capital Investment. This Will Continue With AP

Since privatization in 2005, the Company has made approximately \$50m of telecommunications capital investment on Guam. This capital investment has benefited residential and business telecommunications customers on Guam through an upgrade of the Company's buried copper and fiber plant to reduce outages during rainy seasons, advanced broadband Internet services, next generation wireless capabilities including first introduction of the Blackberry and iPhone to Guam, competitive 100% digital television services as well as substantial investments in the GTA Transpacific submarine cable capacity, and internal computer systems.

The Company's 2011 capex plan will remain focused on expanding 3G wireless capabilities, extending GUdTV capabilities to more island neighborhoods and extending fiber deeper into our network. The Company's five year operating plan for 2011 and beyond calls for approximately \$9m per year of additional telecom capital investment on Guam. As a new owner, Purchaser plans to adopt the current GTA five year operating plan and continue to make capital investments that will benefit telecommunications customers on Guam. In addition GTA, as the incumbent local exchange carrier, will continue its commitment to fulfill the principles of the Guam Telecommunications Act of 2004.

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### В. Telecom Customers on Guam have Benefited From Improved Service Offerings and Better Pricing from GTA and its Competitors

Competition since privatization has worked for customers on Guam. This will continue with Purchaser. The Company has introduced industry leading Quad (wireline, wireless, video and TV) bundled service offerings that have lead to improved service offerings and better pricing for residential and business customers on Guam. In Guam's highly competitive telecom marketplace, various telecommunications providers including GTA have leapfrogged one another in competitive efforts to improve service levels, offer new services and provide better pricing to customers. As a new owner, Purchaser plans to continue and accelerate GTA's competitive service offerings and provide customers on Guam with better service, more service choices and improved pricing.

### C. Strong Focus on Hiring and Developing Employees on Guam and Paying At or Above Market Wage Rates Will Continue With Purchaser Ownership

The Company has a strong and longstanding focus on local Guam employment, with 100% of the company's 335 employees residing on the island of Guam. The Company's workforce philosophy is to maintain a Great Place to Work (GPW) company. GPW means the Company has pay and employee benefits that are at market or better rates, the company treats people with "respetu" and gives them opportunities to grow professionally at the Company. As a result, the local employees of the Company, many of whom are Gov Guam heritage employees, have stepped up and competed successfully in the highly competitive local telecom marketplace.

The Company continues to invest in upgrading its local employees' customer service and technical skills through the overall efforts of GTA University as administered by its People (HR) Department. The Company pays its hourly employees for learning new skills under the GTA

Triple Certification program by paying employees an extra \$1 per hour for passing each of three certification tests (Blackberry, Internet and GUdTV). The average hourly employee at the Company starts at \$10 per hour and makes \$13 an hour after passing Triple Certification.

The Company has an ongoing Trades Apprenticeship program with approximately 50 GTA craft employees participating. It also conducts semi-annual GTA management training. The Company funds its employees for approved tuition reimbursement at Guam Community College (GCC) and the University of Guam. Managers at the Company are eligible for the University of Guam Professional MBA program and four have completed the PMBA in the past two years. All technical employees at the Company are eligible for Company paid Cisco certification and Lean Six Sigma (LSS) quality training.

# D. Important Company Working Relationships with Government and Emergency Entities Will Continue with Purchaser's Ownership

The Company has important and longstanding working relationships with Guam
Homeland Security/ Office of Civil Defense, FBI, Guam International Airport Authority, Guam
Police Department, Guam Fire Department and many other civil and military entities on Guam.
Purchaser will continue these close and longstanding relationships and maintain the Company as
"Always There".

The Company is the "carrier of last resort" for typhoons and other civil emergencies, has dedicated staff, redundant battery and generator systems to support its telecommunications equipment and 99% buried outside plant infrastructure, and the Company continuously updates its Severe Weather Action Plans (SWAP). All telecommunications carriers on Guam use the Company's services. The Company will continue to maintain its key presence as the carrier of last resort.

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# E. The Company is a Generous Community Service and Charitable Contributor on Guam

The Company believes that giving back to the island is the both the right thing to do and also good for community goodwill for the Company. This will continue with Purchaser. The Company makes ongoing charitable contributions to over 50 entities on island. For example, the Company is a charter supporter to the Hurao Organization which is devoted to preserving the local Chamorro culture and language. In the past year the Company has contributed to a number of other organizations devoted to the people of Guam: American Cancer Society, American Red Cross, Cape Koban, Chinese Chamber of Guam -Typhoon Morokot Relief, Crimestoppers, Division of Aquatic and Wildlife Research, Guahan Napu, Guam All Stars Senior Division Baseball Team, Guam Chamber of Commerce, Guam Community College, Guam Cycling Federation, Guam Football Association, Guam Humanities Council, Guam Museum Foundation. Guam National Youth Football Federation, Guam Nurses Association, Guam Veterans, GVB – Guam Micronesia Island Fair / Koko Road Race, Hagatna Pool Foundation, Inafa Maolek, Kamalen Karidat, KGTF, KPRG, Make A Wish Foundation, Micronesian Area Research Center, PBS, Proa Group, Rainbows For All Children, Sagan Kotturan Chamorro, Salvation Army, Small Business Development Center, Special Olympics, Strides for the Cure, Tamuning Typhoons Basketball Team, Tasi Group, Telemedicine Service Donation, Tourism Education Council, University of Guam, UOG Endowment Foundation, UOG PTAC, US Navy League, and USO.

# V. <u>CONCLUSION</u>

For the reasons stated above, Applicants respectfully submit that the public interest will be furthered by a grant of this Application. Accordingly, Applicants respectfully request expedited

treatment to permit the Parties to complete the proposed transaction as soon as possible. DATED: Hagatna, Guam, November 19, 2010. Respectfully submitted, LUJAN AGUIGUI PEREZ LLP б By: Mtorneys for Applicants 

# ATTACHMENTS TO JOINT APPLICATION

**EXHIBIT A** 

Pre- and Post-Transaction Corporate Organizational

Structure

**EXHIBIT B** 

Management Biographies

**EXHIBIT C** 

Advantage Partners' Biographies of Representative

Partners

**EXHIBIT D** 

Financial Statements of TeleGuam

[CONFIDENTIAL-SEPARTELY SUBMITTED

UNDER SEAL]

**EXHIBIT E** 

Financial Information regarding Purchaser

(Attachments 1-4)

[CONFIDENTIAL-SEPARTELY SUBMITTED

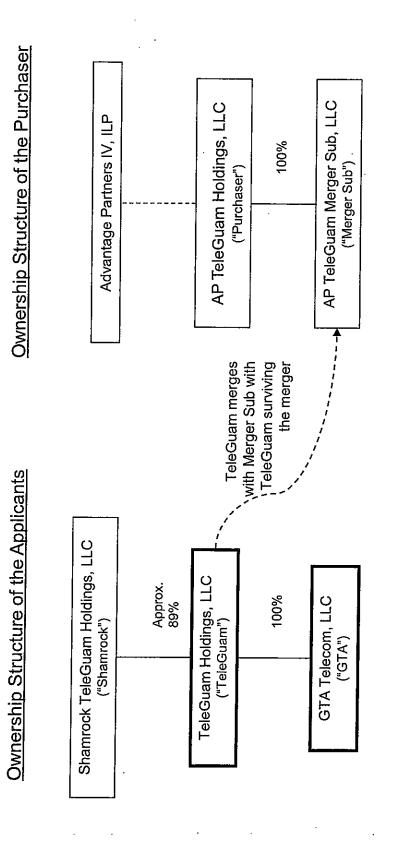
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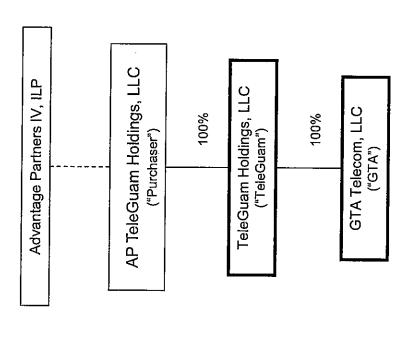
VERIFICATION

# **EXHIBIT A**

PRE- AND POST-TRANSACTION CORPORATE ORGANIZATIONAL STRUCTURE

# Pre-Transaction Ownership Structure of the Parties





# **EXHIBIT B**

MANAGEMENT BIOGRAPHIES

# Management Biographies for Applicants

Name	Daniel Moffat
Title	President and Chief Executive Officer
Years in Industry	25 Years
Areas of	Chief Executive Officer overseeing all aspects of operations and planning
Responsibility	of GTA TeleGuam.
Bio  Previous president of GST Whole Earth Networks before starting Edge Networks in 1999. Founded a telecom strategy firm, Access Services, which was later sold to Cathey, Hutton and Associates, a telecommunications consulting company. Telecommunications can included sales, marketing and operations positions with U.S. Intelection Networks Inc. (Illuminet), IBM/ROLM Corporation, U.S. West Continuous Tymnet, one of the original packet-based, value-added networks.	
	Prior to GTA, Mr. Moffat was Executive Vice President with EarthLink (NASDAQ:ELNK). EarthLink acquired and merged with New Edge Networks in April 2006. Mr. Moffat was co-founder, president and CEO of New Edge Networks Inc., a Vancouver, Washington-based company that builds and manages private networks for businesses and communications providers. Moffat founded New Edge Networks in 1999.
	Moffat graduated with a BS Finance with honors from California State University Chico. He has a MS in Telecommunications from Golden Gate University and a MBA from University of Santa Clara both with honors.

Name	John Brady
Title	Chief Financial Officer
Years in Industry	25 Years
Areas of	Oversees financial planning and accounting departments.
Responsibility	
Bio	Previous to joining GTA in 2007, most recently held the position of Chief Financial Officer at Orbcomm, a global satellite communications and asset tracking company based in New Jersey. Prior to his work at Orbcomm, John was CFO of Magyar Telekom in Budapest, Hungary, an incumbent local exchange carrier. Also held title of Deputy CFO of the Danish telecommunications provider, Teledanmark, based in Copenhagen, Denmark. Mr. Brady graduated with honors from the University of Pennsylvania with a Bachelor of Science in Metallurgical Engineering and received a Master of Business Administration in Finance/ Accounting from the University of Michigan, also graduating with honors.

Name	David R. Chase	
Title	Chief Technical Officer	
Years in Industry	22 Years	
Areas of Oversight and responsibility for information technology and eng		
Responsibility	for landline, data, video, and mobile services.	
Bio	David Chase joined GTA TeleGuam in October 2007. He brings over 22 years of experience in the telecommunications industry, with a deep technical background in product definition, development, applications, and deployment with emphasis in telecommunications, wireless systems, control systems, and signal processing fields.	
	Prior to his employment with GTA TeleGuam, David most recently held the position of President and CEO of Vareda Engineering, Inc., based in California, as well as prior positions at Agile Materials and Technologies, Inc., and Superconductor Technologies, Inc. also in California.  David graduated from the University of California, Santa Barbara, with a Masters of Science, specializing in Electrical Engineering.	

Name	Andrew Gayle
Title	Executive Vice President of Product Development
Years in Industry	18 Years
Areas of Overall responsibility for new product development including landling	
Responsibility	service, data service, Pulse Mobile, and video services.
Bio	Andrew has 18 years of experience in the telecommunications and information technology field in Guam, including stints at GUAMCELL Communications, ComputerLand of Guam, and Pacific Data Systems. Andrew joined GTA in June of 2005 and was tasked with building, launching, and operating the MPulse GSM network, which debuted in January of 2006.  Andrew graduated from Harvard University with a Bachelor's Degree in Computer, Electrical, and Systems Engineering.

Name	Lawrence P. Perez
Title	Executive Vice President of Operations
Years in Industry	16 Years
Areas of Outside plant construction, repair and maintenance. Local, long dis	
Responsibility	and wireless switch planning, repair, and maintenance
Bio	Perez previously worked for Guam Telephone Authority from 1988 through 2004 and held various engineering and managerial positions over the 16-year period. He was general manager of Guam Telephone Authority before Guam privatized the government-owned telephone company in January 2005. Perez has bachelor's degrees in both mechanical engineering and industrial (operations) management from Oregon Institute of Technology.

Name	Daniel J. Tydingco	
Title	Executive Vice President of External and Legal Affairs	
Years in Industry 27 Years		
Areas of	Responsibility for legal, regulatory, and compliance issues at local and	
Responsibility	federal level.	
Bio  Before joining GTA TeleGuam, Tydingco was director of policy, pla and community relations for the Unified Courts of Guam. Previously served as executive officer of the Supreme Court of Guam. He holds bachelor's degree in political science from Regis University in Denve Colorado.		
	Tydingco began his public service career in 1983 as a congressional aide in the U.S. House of Representative for then Guam Congressman A. B. Won Pat. Later, he served as deputy press secretary for the late Gov. Ricardo J. Bordallo. Tydingco also served as chief of staff for the legislative committees on Water, Utilities and Telecommunications as well as Judiciary and Criminal Justice.  Tydingco is a member of the boards of directors of various professional, civic and service organizations.	

Name	Roland Certeza	
Title	Executive Vice President Sales & Marketing	
Years in Industry	12 Years	
Areas of Oversees retail, business, and government sales. Other duties included		
Responsibility	marketing, communications, and retail stores.	
Bio	Roland Certeza comes to GTA with over 12 years of telecom sales experience. In 2005, Roland joined GTA as Sales Director for Business Markets and was promoted to Vice President to oversee all of the sales activities related to government, corporate and wholesale market segments. Prior to this, Roland held various sales and management positions with Hewlett Packard, Sprint, Deloitte & Touche and MCI WorldCom	

Name	Marie Mesa
Title	Executive People Department
Years in Industry	20 Years
Areas of Human resources and staff development. Other duties include ben	
Responsibility	training.
Bio	Marie began her employment with GTA as a Project Manager for implementing Directory Assistance and Toll Operator Service in 2005. In October 2005 she took on the role of Managing Director of Client Services, Before coming to GTA, Marie held such positions as Program Director for the Citibank Women in Business Program at the University of Guam College of Professional Services and Business Manager of Marketing and Sales at GTE Pacifica. She has also held multiple management positions with US West Communications in Phoenix, Arizona.

Name	Steve Redman
Title	Vice President of Quality Control
Years in Industry	22 Years
Areas of	Responsible for 24x 7-customer service and network operation center.
Responsibility	
Bio	Steve Redman joined GTA TeleGuam in October 2009. 10 years experience at New Edge Networks as Director of Operations and Director of Customer Experience. Steve also worked in submarine fiber optic cables for AT&T and Pacific Telecom as well as e-commerce for an Internet Service Provider. Steve has a BS in Mathematics from University of Washington and an MS in Management in Science and Technology from Oregon Health & Science University.

# **Management Biography for Purchaser**

# Stanley Emmett Thomas, Non-Executive Director

Emmett joined Advantage Partners, LLP in 2007 to lead the firm's activities in outside of Japan Asia. Funds served by Advantage Partners, LLP are one of the leading Private Equity funds in North Asia, having invested over US\$ 1.5 billion in more than 30 companies over the last thirteen years. He started his career in Tokyo at the TSE-listed SMC Corporation, the factory automation manufacturer. After graduation from business school, he spent eighteen years at the Monitor Group, the global strategy consulting firm, working in the Cambridge, Tokyo and Hong Kong offices. He spent his last 10 years there as President of their Asian division. He has led more than 200 consulting engagements, across a wide variety of sectors. The telecoms sector was a particular focus, where he led more than 50 projects for clients all over the world, across all aspects of the industry. He graduated from Duke University with a B.A in economics and holds an MBA from Harvard Business School. He has resided in Asia for more than seventeen years. Emmett represents First Media Holdings, a company wholly owned by funds serviced directly and indirectly by Advantage Partners LLP, on the Board of QJY Media, a Hong Kong listed media company.

# **EXHIBIT C**

ADVANTAGE PARTNERS' BIOGRAPHIES OF REPRESENTATIVE PARTNERS

# **Advantage Partners**

⊕ H@ME > Corporate Profile > Representatives

Corporate Outline
Representatives
Company Profile
Access

# Representatives

### Taisuke Sasanuma - Representative Partner



Mr. Sasanuma founded Advantage Partners in 1992 with Mr. Folsom. Previously, he established and was the senior Japanese manager of the Tokyo office of Cambridge-based Monitor Company. He also has significant management consulting experience with Bain & Company. Prior to that, he worked for several years with Sekisui Chemical Corporation in Sales, Human Resources, Corporate Planning, and New Business Development. Mr. Sasanuma received his BS and MBA degree from Keio University and also holds an MPA degree from the John F. Kennedy School at Harvard University. He also serves as the Representative Director of APM Co., Ltd.

# Richard Folsom - Representative Partner



Mr. Folsom founded Advantage Partners in 1992 with Mr. Sasanuma. His previous experience was in management consulting with Bain & Company, primarily in their Tokyo office, where he accumulated eight years of experience in developing and implementing strategies for both foreign and domestic corporations in the Japanese market. He received his undergraduate degree in Japanese and Economics from Brigham Young University, and received an MBA degree from the Wharton School of the University of Pennsylvania. Mr. Folsom also serves as Representative Director of APM Co., Ltd.



Recruitment

Privacy Policy

<u>Disclaimer</u>

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# VERIFICATION

Tamuning	)	
	)	ss:
Guam, USA	)	

I, Daniel G. Moffat, state that I am President and Chief Executive Officer of TeleGuam Holdings, LLC and GTA Telecom, LLC ("the Companies"); that I am authorized to make this Verification on behalf of the Companies; that the foregoing filing was prepared under my direction and supervision; and that the contents thereof are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this day of November, 2010

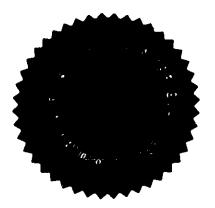
DANIEL G. MOFFAT

President and Chief Executive Officer

TeleGuam Holdings, LLC

GTA Telecom, LLC

Sworn and subscribed before me this 1974 day of November, 2010



NOTARY PUBLIC

My commission expires

In and for Guam, U.S.

My Cornsion Expires: 4, 2011
624 Vivan 95. Orive Tamuning, Guam 96913