

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN RE: APPLICATION OF TELEGUAM )  
HOLDINGS, LLC FOR APPROVAL OF ) GTA Docket 15-02  
THE TRANSFER OF CONTROL OF )  
TELEGUAM HOLDINGS, LLC TO ) **ALJ REPORT**  
TELEKOMUNIKASI INDONESIA )  
INTERNATIONAL (USA) INC. )  
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INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Application of TeleGuam Holdings, LLC, [“GTA”] for approval by the PUC of the transfer of control of TeleGuam Holdings, LLC, to Telekomunikasi Indonesia International (USA) Inc. [“TIIUSA”].<sup>1</sup>
2. If the sale is approved, TIIUSA will become the direct, one hundred percent owner, of AP TeleGuam Holdings, Inc.<sup>2</sup> AP TeleGuam Holdings, Inc., is the holding company which presently owns TeleGuam Holdings, LLC. [“GTA”].
3. On July 13, 2015, PT Telekomunikasi Indonesia Tbk. [“PTTI”], PT Telekomunikasi Indonesia International [“PTTII”], and Telekomunikasi Indonesia International (USA) Inc. [“TIIUSA”] entered an Appearance in this matter and a Joinder in the Application filed by GTA.<sup>3</sup>
4. In this Report, the Administrative Law Judge [“ALJ”] will: (1) review the applicable statutory criteria which guide the PUC in determining whether to approve the sale and transfer of control of GTA to TIIUSA; and (2) make recommendations to the PUC for an appropriate course of action in a proposed Order.<sup>4</sup>

<sup>1</sup> Application of TeleGuam Holdings, LLC, GTA Docket 15-02, filed June 16, 2015.

<sup>2</sup> Id. at Exhibit 3 [Diagram of Post-Merger Ownership and Structure Chart].

<sup>3</sup> Notice of Appearance and Joinder in Application, GTA Docket 15-02, filed July 13, 2015.

<sup>4</sup> The “record” in this Docket includes all documents filed of record, administrative e-mails and public comments, recordings of the PUC Public Hearing conducted on August 13, 2015 and relevant business meetings, applicable agendas and minutes, and testimonies presented by the parties. Various documents filed by GTA and the Purchasing parties have been filed “under seal” and with a claim of confidentiality. All such documents are not publicly discloseable pursuant to the Commission’s Rules relating to the Protection of Confidential Information in Regulatory Proceedings.

## **BACKGROUND**

5. In the Guam Telecommunications Act of 2004, “New GTA” was defined as the “entity that purchased the assets and business of the Guam Telephone Authority”. GTA, which had previously been a governmental entity, was purchased by a private entity.<sup>5</sup>
6. §12203 of the Act provided that the “new GTA” is deemed to have a Certificate of Authority, and that the PUC was ordered to “promptly issue Grandfather Certificates to New GTA and any other such telecommunications company within sixty (60) days of the effective date hereof.”<sup>6</sup> Companies which provide telecommunications services in Guam are required to have certificates of authority, which are issued by the PUC.<sup>7</sup>
7. On February 28, 2005, the PUC issued a “Grandfather” Certificate of Authority to TeleGuam Holdings, LLC, authorizing it to provide facilities based and resold local exchange telecommunications services in Guam.<sup>8</sup>
8. After privatization of GTA in 2005, Shamrock Capital Advisors purchased the company as its first private owner.<sup>9</sup>
9. On February 21, 2011, the PUC approved the sale and transfer of control of GTA from Shamrock to AP TeleGuam Holdings LLC [“APTG”]. The new owners of APTG were certain funds in Japan known as the “AP Funds.”<sup>10</sup>
10. After receipt of the present Application for sale and transfer of control of GTA, the PUC caused a notice to be published in the Pacific Daily News on July 11, 2015, and August 13, 2015, attesting to: (1) the filing of the Application; (2) the opportunity for interested persons to file comments of record regarding the Application; and (3) the

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<sup>5</sup> 12 GCA §12202(e).

<sup>6</sup> 12 GCA §12203(a).

<sup>7</sup> Id.

<sup>8</sup> TeleGuam Holdings, LLC, Certificate of Authority, Docket 05-02, issued by the PUC on February 28, 2005.

<sup>9</sup> GTA TeleGuam News Release issued on November 15, 2010.

<sup>10</sup> PUC Order Approving Sale/Transfer of Ownership and Control of TeleGuam Holdings, LLC, and GTA Telecom LLC (Subject to Conditions), GTA Docket 10-09, dated February 21, 2011.



holding of a public hearing to receive public comment and testimony on the Application.<sup>11</sup>

11. On August 13, 2015, the PUC conducted a Public Hearing at which testimony on the Application was taken. Testimony was provided in favor of the application by representatives of TIIUSA, PTII, PTTII, and GTA. There was no testimony in opposition to the Application. The ALJ and Commissioner Andrew L. Niven questioned the respective parties concerning their testimonies.

### **A DESCRIPTION OF THE TRANSACTION**

12. On June 1, 2015, GTA announced that PT Telekomunikasi Indonesia Tbk. [PTTI], through one of its international operation arms, Telekomunikasi Indonesia International (USA) Inc., had reached a "Definitive Agreement" with funds serviced by Advantage Partners [the AP Funds], toward the acquisition of the latter's equity in AP TeleGuam Holdings, Inc. [APTG], parent company of GTA TeleGuam.<sup>12</sup> PTII, PTTII, and TIIUSA are sometimes collectively referred to as the "TELKOM" group.
13. The direct owner of APTG will be Telekomunikasi Indonesia International (USA) Inc. [TIIUSA].<sup>13</sup>
14. TIIUSA is one of ten operational offices under PT Telekomunikasi Indonesia International [PTTII, whose parent company is PTII]. The office of TIIUSA in Los Angeles has a small staff; its Section 214 authorization from the FCC is "pending".<sup>14</sup>
15. PTTII is also known as "Telin"; its operational offices are in a number of countries across the world, including Indonesia, Myanmar, Malaysia, Singapore, Hongkong, Taiwan, the United States, New Zealand and Australia.<sup>15</sup>

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<sup>11</sup> PUC Public Notice of Application of TeleGuam Holdings, LLC for PUC Approval of the Transfer of Control of TeleGuam Holdings, LLC to Telekomunikasi Indonesia International (USA) Inc., GTA Docket 15-02, published in the Pacific Daily News on July 13, 2015, and August 11, 2015.

<sup>12</sup> Id. at p. 1.

<sup>13</sup> Application of TeleGuam Holdings, LLC, GTA Docket 15-02, filed June 16, 2015, at Exhibit 3[Diagram of Post-Merger Ownership and Structure Chart].

<sup>14</sup> Presentation of the Telekom Group to the PUC on August 13, 2015, at Slide 8.

<sup>15</sup> Id at Slide 8.

16. The ultimate parent and indirect owner of AP TeleGuam Holdings, Inc (the holding company of GTA) will be PT Telekomunikasi Indonesia Tbk. [PTTI].<sup>16</sup> It, and its wholly owned subsidiaries Telekomunikasi Indonesia International [PTTII], and Telekomunikasi Indonesia International (USA) Inc. [TIIUSA], are collectively known as the “TELKOM Group”.<sup>17</sup>
17. TELKOM is the leading telecom operator in Indonesia and, as mentioned, operates in ten Countries through subsidiaries. It has been an operator since 1856.<sup>18</sup>
18. The TELKOM Group has over 25,000 employees. It supports almost 200 million subscribers in Wireless and Fixed Line Broadband Services.<sup>19</sup> It has strong infrastructure capabilities, including data centers, fiber optic networks, and Wi-Fi access points.<sup>20</sup>
19. PTTI, also known as “TELKOM Indonesia” is Indonesia’s largest provider of telecommunications and network services, delivering a full range of communication services, including wireline, wireless, interconnection, Internet and Data Services.<sup>21</sup>
20. GTA filed, under seal, a copy of the Agreement and Plan of Merger, on August 13, 2015.<sup>22</sup> The agreement contains a detailed description of the terms and conditions of the sale.<sup>23</sup>
21. With regard to the present transaction, Purchaser TIIUSA will purchase all of the ownership interest of the AP Funds in APTG, including indirect ownership of TeleGuam Holdings LLC [GTA]. A “Merger Sub” will merge into APTG. APTG will become a direct wholly-owned subsidiary of Purchaser TIIUSA; and TeleGuam [GTA] will become an indirect wholly-owned subsidiary of Purchaser. The proposed transaction will not involve a change in GTA’s operating authorities in Guam.<sup>24</sup>

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<sup>16</sup> Id at Exhibit 3.

<sup>17</sup> Presentation of the Telekom Group to the PUC on August 13, 2015, at Slide 6.

<sup>18</sup> Id at Slide 3.

<sup>19</sup> Id at Slide 7.

<sup>20</sup> Id.

<sup>21</sup> Application of TeleGuam Holdings, LLC, GTA Docket 15-02, filed June 16, 2015, at p.3.

<sup>22</sup> Agreement and Plan of Merger dated May 29, 2015, GTA Docket 10-09, filed August 13, 2015.

<sup>23</sup> Id.

<sup>24</sup> Application of TeleGuam Holdings, LLC, GTA Docket 15-02, filed June 16, 2015, at p. 5.



22. It is a condition of the transaction that it be consummated by March 31, 2016, or as extended by the Parties.<sup>25</sup>
23. The transaction must also be approved by the Federal Communications Commission and other federal authorities including the Committee on Foreign Investment and Team Telecom. It is hoped by the Parties that there will be final federal approvals in the first Quarter of 2016.<sup>26</sup>
24. When the transaction is completed, APTG will be the surviving entity.<sup>27</sup>

#### **THE ROLE OF THE PUC AND THE APPLICABLE LEGAL STANDARDS**

25. The duties of the PUC relative to issuance of Certificates of Authority for Telecommunications companies are set forth in 12 GCA §12203 [the Guam Telecommunications Act of 2004]. Pursuant thereto a person is not authorized to provide or sell telecommunications services in Guam [with the exception of commercial mobile service] without a certificate of authority issued by the PUC.<sup>28</sup>
26. In the instant case, neither the Applicant nor Purchaser TIIUSA are applying for the issuance of a new Certificate of Authority, nor are they required to do so. TeleGuam Holdings LLC [GTA] is presently the holder of Certificates of Authority validly issued by the PUC.
27. Even were the proposed sale transaction set forth in the Application to be fully consummated and approved by the PUC, TeleGuam Holdings LLC [GTA] will continue as the named entity holding Certificates of Authority. This proceeding does not impact the right or entitlement of GTA to continue to hold its existing Certificates of Authority.
28. In this instance, Applicants request PUC approval of the sale of APTG [the holding company of GTA] by its present owner, AP Funds, to the Purchaser TIIUSA.

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<sup>25</sup> Agreement and Plan of Merger, GTA Docket 15-02, filed [pursuant to GPUC Rules relating to the Protection of Confidential Information] August 11, 2015, at p. 2.

<sup>26</sup> Email from GTA Counsel Vince Camacho to ALJ Horecky, GTA Docket 15-02, dated August 18, 2015 [responses to ALJ questions prepared by Daniel Tydingco, GTA Executive Vice President of Legal, Regulatory, and External Affairs.

<sup>27</sup> Application of TeleGuam Holdings, LLC, GTA Docket 15-02, filed June 16, 2015, at p.5.

<sup>28</sup> 12 GCA §12203(a)

29. 12 GCA §12203(g), provides as follows in pertinent part:

A telecommunications company shall not sell, assign, or transfer a certificate of authority, or any portion thereof, issued under this Article, or transfer control of a telecommunications company holding a certificate of authority issued under this Article, without the prior approval of the Commission and a determination by the Commission that the proposed sale, assignment or transfer satisfies the requirements for granting a certificate of authority under Subsection (c). Prior approval shall not be required for transfers of control that do not result in a substantial change in ultimate ownership of a telecommunications company holding a certificate of authority. (Emphasis added).

30. Under the applicable statutory provisions, the control of a telecommunications company holding a certificate of authority may not be transferred without the prior approval of the Commission and a determination by the Commission that the proposed sale or transfer satisfies the requirements for granting a certificate of authority. Since the present transaction involves the sale of the holding company that owns GTA and a complete transfer of control and ownership from the AP Funds to TIIUSA, such transfer of control must be approved by the PUC.
31. Before the sale or transfer of control can be effective, the Commission must make a determination that the proposed sale or transfer satisfies the requirements for granting a certificate of authority as set forth in 12 GCA §12203(c).
32. The two findings required by the Commission in subsection (c), before a sale or transfer of control can be approved, are as follows:
- (1) The applicant possesses sufficient technical, financial, and managerial resources and abilities to provide the telecommunications services in Guam; and (2) the sale is not be contrary to the public interest.<sup>29</sup>

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<sup>29</sup> See 12 GCA §12203(c)(1) and (2).



**APPLICANTS WILL CONTINUE TO HAVE SUFFICIENT FINANCIAL  
RESOURCES TO PROVIDE TELECOMMUNICATION SERVICES IN  
GUAM UNDER THE EXISTING CERTIFICATES OF  
AUTHORITY AFTER THE TRANSFER OF CONTROL OF GTA**

33. The “Applicant” herein is TeleGuam Holdings LLC [GTA]. In addition, PT Telekomunikasi Indonesia Tbk. [PTTI], PT Telekomunikasi Indonesia International [PTTII], and Telekomunikasi Indonesia International (USA) Inc. [TIIUSA] have joined in the Application and will also be considered as “Applicants” under the statutory criteria set forth.
34. A review of the record herein regarding the “financial resources” of TeleGuam Holdings LLC [GTA] establishes that Applicants will continue to have sufficient financial resources to provide telecommunications services after the transfer of control of GTA:
- a. The holding company for GTA is APTG (AP TeleGuam Holdings LLC). Applicants have filed herein the “Consolidated Balance Sheets” for APTG as of December 31, 2012, 2013, and 2014.<sup>30</sup> Such Balance Sheets and Income Statements indicate that Applicants have substantial and significant financial resources which should enable them to continue to provide telecommunications services in Guam after a transfer of control of GTA/APTG to Purchaser TIIUSA.
  - b. GTA owns assets, including property, plant and equipment which constitute its telecommunications system and enable it to provide telecommunications services.<sup>31</sup>
  - c. The Balance sheets and Income Statements indicate that there was a consistent and healthy increase in GTA’s revenues for each year from 2012 to 2014 in amounts totaling millions of dollars.
  - d. Long term debt was substantially reduced between 2013 and 2014. Payoff of long term debt by GTA is an indication that it is capable of meeting its current debt obligations.

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<sup>30</sup> Exhibit D to Application, GTA Docket 15-02, filed under seal on June 16, 2015.

<sup>31</sup> Id.

- e. There is every indication that Applicants will continue to have the same strong financial resources available to provide telecommunications services after the sale as they had before the sale. GTA will continue to own the same assets and telecommunications system.
- f. 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 that they do at present after the sale.<sup>32</sup>
- g. No changes are required to the existing Certificates of Authority. Those Certificates are not being transferred to a new or separate company; they remain with the same company that is presently providing telecommunications services [GTA].
- h. The PUC, by previously granting Certificates of Authority to TeleGuam Holdings LLC, determined that those Applicants do possess sufficient financial resources to provide the telecommunications services covered by the Certificates of Authority.

**PURCHASER HAS SUFFICIENT FINANCIAL RESOURCES  
TO FUND THE SALE TRANSACTION AND TO ASSIST GTA IN  
CONTINUING TO PROVIDE TELECOMMUNICATION SERVICES  
IN GUAM UNDER THE EXISTING CERTIFICATES OF AUTHORITY**

35. Purchaser Telekomunikasi Indonesia International (USA) Inc. [TIIUSA], its immediate parent company PT Telekomunikasi Indonesia International [PTTII], and its ultimate parent company PT Telekomunikasi Indonesia Tbk. [PTTI], have evidenced a strong financial commitment to continue to provide for the expansion of telecommunications services in Guam. Purchaser has adopted the Five Year Build Out Plan previously filed by GTA, under which an additional approximate amount of \$16M per year will be spent on telecom capital investment on Guam.<sup>33</sup>

- a. The Purchaser has committed to continue to build the infrastructure improvements set forth in the Five Year Build Out Plan. The Purchaser

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<sup>32</sup> Application of TeleGuam Holdings, LLC for Approval of the Transfer, GTA Docket 15-02, at p.6.

<sup>33</sup> Id. at p. 7.



has also agreed to continue with GTA's 2016 "Capex Plan", which will expand 3G wireless capabilities, extend digital television capabilities to more island neighborhoods, and extend fiber deeper into the network.<sup>34</sup>

- b. The Financial Statements of Purchaser and its parent companies indicate that they have substantial financial assets.<sup>35</sup>
- c. Purchaser and its parent companies, as previously indicated, are part of the TELKOM Group, which is a leading Indonesian telecommunication operator. The consolidated revenue of the TELKOM Group for 2014, which includes the Purchaser, was \$7.2Billion; Net Income for 2014 was \$1.7Billion.<sup>36</sup>
- d. Revenue growth for the last ten years for the TELKOM Group was 8% compound annual growth rate [CAGR]; cash & equivalents as of the end of 2014 were approximately \$1.42 Billion, with debt to equity ratio (DER) of 48%.<sup>37</sup>
- e. The TELKOM Group reflects steadily increasing annual revenues from 2010 to the present. The value of its total assets exceeds \$11.4 billion.<sup>38</sup>
- f. Having reviewed the details of the proposed transaction between Purchaser and the prior owner AP Funds, the ALJ concludes that Purchaser and the TELKOM Group have the necessary financial assets to successfully complete the proposed sale agreement.
- g. For all of the reasons set forth herein, Applicants, including the Purchaser and the TELKOM Group, have established that they have sufficient financial resources to continue to provide the telecommunications services in Guam after the sales transaction is consummated.

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<sup>34</sup> Id.

<sup>35</sup> See Exhibit E1 to Application, GTA Docket 15-02, filed under seal on June 16, 2015; 2014 Annual Reports of TELKOM Indonesia and Telin.

<sup>36</sup> Presentation of the Telekom Group to the PUC on August 13, 2015, at Slide 3.

<sup>37</sup> Id.

<sup>38</sup> TELKOM Indonesia, 2014 Annual Report on form 20-F, p.11.

**APPLICANTS HAVE SUFFICIENT TECHNICAL AND  
MANAGERIAL RESOURCES TO PROVIDE  
TELECOMMUNICATIONS SERVICES IN GUAM**

36. The Applicants indicate that “the proposed transaction will not involve a change in Applicants’ operating authorities in Guam...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.”<sup>39</sup>
37. Applicants also indicate that the same management team which has guided GTA forward will continue to manage GTA after the transfer of control of TeleGuam Holdings, LLC to TIIUSA. That management team has demonstrated its ability to successfully provide telecommunications services to the people of Guam under the Certificates of Authority.
38. The current experienced Management Team, whose biographies are set forth in Exhibit B to the Application, will continue to provide the telecommunications services authorized under the Certificates of Authority.<sup>40</sup>
39. In addition, the Purchaser indicated to the PUC during its presentation that it currently does not plan to become directly involved in the day to day management of TeleGuam Holdings LLC.<sup>41</sup>
40. There are additional reasons to believe that the TELKOM Group will provide beneficial technical and managerial resources to GTA. To begin with, the TELKOM Group is an operating telecommunications company. As the largest such company in Indonesia, it will be able to provide GTA with considerable technical and managerial resources. It has committed to supporting GTA’s local work force and plans to provide greater training opportunities and working opportunities beyond Guam.<sup>42</sup>

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<sup>39</sup> Application of TeleGuam Holdings, LLC for Approval of the Transfer, GTA Docket 15-02, at p. 5.

<sup>40</sup> Exhibit B to Application, GTA Docket 15-02, filed on June 16, 2015.

<sup>41</sup> Presentation of the TELKOM Group to the PUC on August 13, 2015.

<sup>42</sup> Presentation of the TELKOM Group to the PUC on August 13, 2015 at Slide 9.



41. During the Public Hearing, Mr. Andrew M. Gayle, Jr., Chief Operating Officer of GTA, testified concerning the anticipated benefits to the GTA work force that will result from its association with the TELKOM Group.
42. As a result of its proposed new ownership, GTA will enjoy access to the resources of the TELKOM Group. GTA and the TELKOM Group will be positioned to collaborate more effectively in efforts to develop and introduce new services to customers and expand global network facilities and capabilities.<sup>43</sup>
43. GTA has made a sufficient showing that GTA will continue to possess sufficient technical and managerial resources and abilities to provide the telecommunications services to the people of Guam under the Certificates of Authority after the transfer of control of GTA to TIIUSA.

**APPROVAL BY THE PUC OF THE SALE/TRANSFER  
OF CONTROL OF TELEGUAM HOLDINGS LLC [GTA] IS  
NOT CONTRARY TO THE PUBLIC INTEREST**

44. Under the applicable statutory standards, the PUC must determine whether the sale/transfer of control of TeleGuam Holdings to the ownership of TIIUSA and the TELKOM Group is “not contrary to the Public Interest.”<sup>44</sup>
45. There is no evidence in the record in this proceeding that the transfer of control of GTA to the TELKOM Group would be “contrary to the Public Interest”.
46. No written or public testimony has been submitted to the PUC claiming that such transfer would be contrary to the Public Interest.
47. Applicants’ Petition presents a number of reasons why the granting of the Petition is in the Public Interest: (1) following the consummation of the proposed transaction, GTA will continue to offer services with no change in the rates or terms and conditions of service; (2) the customers of Guam will benefit from new services and expanded global network facilities and capabilities offered by the collaboration between GTA and the TELKOM Group; (3) telecommunications customers in Guam have benefited from the continuing capital investments by GTA, and such investments will continue after the sale; (4) customers on Guam have benefited

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<sup>43</sup> Application of TeleGuam Holdings, LLC for Approval of the Transfer, GTA Docket 15-02, at p. 7.

<sup>44</sup> 12 GCA §12203(c)(1) and (2).

from improved service offerings and better pricing from GTA and will continue to do so after the sale; (5) GTA has had a strong focus on hiring and developing employees on Guam and paying at or above market wage rates, and will continue to do so after the sale; (6) important working relationships with the Government of Guam and Emergency Entities will continue with Purchaser's Ownership; (7) GTA is a generous community service and charitable contributor on Guam and will continue to be so.<sup>45</sup>

48. One of the public benefits which will result from the sale is the continuing working relationship between TELKOM and GTA on the SEA-US submarine cable consortium to provide Guam, the United States, and the South-East Asia region with massive bandwidth capacity.<sup>46</sup>
49. This partnership between GTA and TELKOM was undertaken in 2014. The international submarine infrastructure will total 69,300KM in length (consisting of TELKOM's existing international cable systems; SEA-US Cable System; SEA ME WE Cable system 2<sup>nd</sup> Indonesian Gateway Cable System), and will connect Europe, Asia, Guam and the continental US.<sup>47</sup>
50. The Guam Telecommunications Act of 2004 provides that it is in the public interest to provide the people of Guam with modern, innovative, accessible and affordable telecommunications services and products.<sup>48</sup>
51. The transfer of control of TeleGuam Holdings, LLC is not contrary to the public interest; TeleGuam Holdings, LLC, will continue to offer service to the customers of Guam with no change in rates or terms and conditions.<sup>49</sup> The sale will facilitate GTA's ability to provide telecommunications services and products to the people of Guam. All of the Applicants' current tariffs will remain in effect.
52. It is also in the interest of consumers of telecommunications services on Guam that the expansion of facilities and technology continue. TIIUSA and the TELKOM

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<sup>45</sup> Application of TeleGuam Holdings, LLC for Approval of the Transfer Control, GTA Docket 15-02, at pgs. 6-11.

<sup>46</sup> Presentation of the TELKOM Group to the PUC on August 13, 2015 at Slide 3.

<sup>47</sup> Id at Slide 7; supplemental information submitted in email from Jehan Martinez, Attorney for TELKOM, in email to ALJ dated August 25, 2015.

<sup>48</sup> 12 GCA §12101(a)(2).

<sup>49</sup> Application of TeleGuam Holdings, LLC for Approval of the Transfer of Control, GTA Docket 15-02, at p. 6.



Group are committed to investing in Guam to offer state of the art service to all customer segments. With Purchaser's financial backing, GTA should be able to accelerate competitive service offerings and provide customers with better service, more service choices and improved pricing.<sup>50</sup>

### **RECOMMENDATIONS**

53. The PUC should authorize Applicants TeleGuam Holdings, LLC, ["GTA"], PT Telekomunikasi Indonesia Tbk. ["PTTI"], PT Telekomunikasi Indonesia International ["PTTII"], and Telekomunikasi Indonesia International (USA) Inc. ["TIIUSA"], to proceed with, and complete a transaction whereby Purchaser TIIUSA will acquire direct control of the holding company of GTA, AP TeleGuam Holdings LLC ["APTG"].
  54. PUC should determine that Applicants satisfy the requirements of 12 GCA §§12203(c) and (g): Applicants will continue to have sufficient financial resources to provide telecommunication services in Guam under the existing Certificates of Authority after the transfer of control of GTA.
  55. Applicants and Purchaser also will possess sufficient technical and managerial resources and ability to provide the telecommunications services authorized by the present Certificates of Authority after the sale of GTA.
  56. Applicants and Purchaser have sufficient financial resources to fund the sale transaction and to assist GTA in continuing to provide telecommunication services in Guam under the existing Certificates of Authority.
  57. The sale or transfer of control of TeleGuam Holdings LLC to Purchaser TIIUSA is not contrary to the public interest.
  58. The sale and/or transfer of control of TeleGuam Holdings, LLC from the AP Funds to TIIUSA will not adversely affect the abilities of TeleGuam to continue to provide telecommunications services under its Certificates of Authority.
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59. Authorization for Applicants to complete the sale or transfer of control must be subject to certain conditions (approval is conditioned upon satisfaction of certain

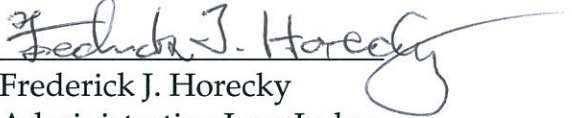
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<sup>50</sup> Response of APTG and AP Funds to PUC Request for Information, GTA Docket 10-09, filed January 26, 2011 at p. 3.

additional requirements): (1) Applicants must satisfy all requirements of the Federal Communications Commission with regard to this transaction, complete all necessary proceedings required by the FCC, and obtain all necessary FCC approvals; (2) all terms and conditions of the Agreement and Plan of Merger must be materially complied with, and the transaction completed in all material respects; (3) Purchaser must receive its Section 214 Authorization from the FCC; (4) Once the proposed transaction is completed in all respects, Applicants shall continue to be subject to the terms, conditions and requirements of 12 GCA §12203, and all PUC rules, regulations and orders; (5) Applicants PTTI, PTTII, and Purchaser TIIUSA must comply with their representation, made of record, in the CERTIFICATION STATEMENT filed on July 22, 2015, that they will comply with all terms and conditions of the Certificates of Authority presently held by TeleGuam Holdings LLC [GTA].

60. The ALJ has prepared an Order for the Commissioners' consideration which would approve the Application of Applicants, the proposed transaction, and the sale/transfer of control of GTA, subject to the conditions set forth herein.

Dated this 24<sup>th</sup> day of August, 2015.

  
Frederick J. Horecky  
Administrative Law Judge