



PUERTO RICO
TELECOM
CONFERENCE 2011



November 9, 2011 | Conrad San Juan Condado Plaza

THE NEW FUTURE

Broadband Innovation and Expansion in Puerto Rico

Sandra E. Torres López, Esq.

President of the Puerto Rico Telecommunications Regulatory Board



PRTRB

Creation and Organization



- The Puerto Telecommunications Regulatory Board (PRTRB or Board) was created pursuant to Puerto Rico Telecommunications Act of 1996, Act No. 213 of September 12, 1996, as amended, as the agency in charge of regulating telecommunications services in Puerto Rico and of enforcing compliance and administrating the Act.
- The Board is composed of three (3) associate members, one of whom is its Chairperson, all appointed for fixed terms by the Governor of Puerto Rico with the advice and consent of the Senate.
- The decisions of the Board are made by a majority of its members and are subject to review by the Court of Appeals of Puerto Rico, except in those cases in which the Federal Communications Act confers jurisdiction on the Federal Communications Commission (FCC) or on the Federal District Court for the District of Puerto Rico.



- The Board has primary jurisdiction over all telecommunications and cable television services, and over all those persons who render these services in the Commonwealth of Puerto Rico, including any person with a direct or indirect interest in said services or companies.
- All telecommunications companies have to receive a valid certification from the Board to render telecommunication services in Puerto Rico.
- As franchising authority for cable television services, all cable television companies have to obtain a non-exclusive franchise from the Board before building or operating a cable system in Puerto Rico.
- The Board also has authority over all companies providing satellite television services as to customer service complaints.



- The Board may exercise its jurisdiction in all that is not in conflict with federal statutory or regulatory provisions, especially those that correspond to the FCC, as well as those preemptive federal norms. In so doing, the Board's actions, regulations and determinations have to be governed by the public interest, and especially by the protection of consumers' rights.



The Puerto Rico Telecommunications Act of 1996 states as the public policy of the Commonwealth of Puerto Rico to:

- Acknowledge the telecommunications service as one whose rendering pursues a high public interest within a competitive market;
- provide universal service at a fair, reasonable, and affordable rate for all citizens;
 - Universal service as an evolving level of basic telecommunications services in Puerto Rico, as established by the Board from time to time, pursuant to the Federal Communications Act.
- establish specific, predictable, and sufficient support mechanisms to preserve and develop universal service;
- promote the investment of capital in the development of the telecommunications infrastructure;



- ensure the availability of the broadest range of competitive possibilities in the offering of telecommunications services and facilities;
- promote competition and use the market forces as key factors in determining the prices, terms, availability, and conditions of the service;
- eliminate direct or indirect subsidies between competitive and noncompetitive services, as well as prohibit any other subsidy which allows for unreasonably low prices to be sustained, whose purpose is to reduce competition or undermine a competitor;
- give access to telecommunications services which can be reasonably compared to those provided in urban areas to consumers throughout the Island, including low-income consumers and those living in rural areas or in areas where access to such services is costly.



The statement of public policy as to regulatory matters is to:

- ensure that no regulatory barriers or unnecessary administrative procedures exist, which hamper competition in the market;
- simplify the regulatory process in those situations in which regulation is necessary, and gear such regulations to the promotion of the consumer's welfare and to penalize for anti-competitive practices in the telecommunications market;
- govern our regulation process by the so-called **forbearance process**, as the Federal Act has established for providers of telecommunications service, performing its duty as guardian of the competitive environment and allowing for said environment to indeed regulate, in the first instance, the conduct of participating companies.



- In the context of broadband, as in most cases in which new services and technologies are to be encouraged, keeping regulation at a minimum, is generally critical for competition and innovation to arise.



BROADBAND

Broadband is considered:

- the “great infrastructure challenge of the early 21st century” (*America’s National Broadband Plan*);
- the “foundation for economic growth, job creation, global competitiveness and a better way of life” (*America’s National Broadband Plan*);
- “the road to progress” through the creation of “knowledge societies” (*Broadband: a Platform for Progress*” by the Broadband Commission for Digital Development, International Telecommunication Union (ITU) and the United Nations Educational, Scientific and Cultural Organization (UNESCO))
- “a key driver of economic growth more than any other telecommunications service” (*Broadband: a Platform for Progress*” by the Broadband Commission for Digital Development, International Telecommunication Union (ITU) and the United Nations Educational, Scientific and Cultural Organization (UNESCO))



BROADBAND

America's National Broadband Plan

- In 2010, the FCC published its National Broadband Plan, pursuant to a mandate from Congress to develop a strategy “for achieving affordability and maximizing use of broadband to advance ‘consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, employee training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes’”.
- The Plan makes recommendations to the FCC, the Executive Branch, Congress and state and local governments for developing a healthy broadband ecosystem. The Plan essentially recommends to:
 - (1) Design policies to ensure robust competition, that could in turn maximize consumer welfare, innovation and investment.



BROADBAND

America's National Broadband Plan (Cont.)

- (2) Ensure efficient allocation and management of assets government controls or influences, such as spectrum, poles, and rights-of-way, to encourage network upgrades and competitive entry.
- (3) Reform current universal service mechanisms to support deployment of broadband and voice in high-cost areas; and ensure that low-income Americans can afford broadband; and in addition, support efforts to boost adoption and utilization.
- (4) Reform laws, policies, standards and incentives to maximize the benefits of broadband in sectors government influences significantly, such as public education, health care and government operations.



BROADBAND

America's National Broadband Plan (Cont.)

The National Broadband Plan sets as goals for the next decade to:

- Provide affordable broadband and voice with at least **4 Mbps actual download speeds** and **1 Mbps upload speeds**, through the creation of the Connect America Fund (CAF);
- Provide affordable access to **actual download speeds of at least 100 Mbps** and **actual upload speeds of at least 50 Mbps** to at least 100 million homes, and
- Provide affordable access to **at least 1 Gbps broadband service** to anchor schools, hospitals, government buildings and similar institutions in every American community



CHALLENGES IN PR

Telephone and Broadband Penetration and other factors



Puerto Rico faces tremendous challenges to achieve the goals established in *America's National Broadband Plan*, due to several factors such as:

- Lower telephone and broadband penetration rates in comparison to those in the mainland, and broadband speeds below the basic goals of **4 Mbps actual download speeds** and **1 Mbps upload speeds** for the vast majority of those with access to broadband services
- Higher costs for network buildout because of the island's topography and limited basic infrastructure, and also higher costs of maintenance because of climate conditions
- Challenging economic situation of the island, in which the average income per capita is almost half of the income per capita of the poorest U.S. state; in Puerto Rico, over 40% of the population is below the poverty level.



CHALLENGES IN PR

Addressing those Challenges

- The Board has supported multiple industry efforts seeking that the FCC adopt a new high-cost universal service support mechanism to address Puerto Rico's particular telecommunications needs. If these needs are not adequately addressed, the broadband gap and digital divide will widen even further in the island.
- The Board, Members of Congress, the Governor of Puerto Rico and the Resident Commissioner have advocated and engaged in multiple efforts so that the FCC reforms the federal universal service support methodology to address our particular needs. These efforts will continue until the FCC renders its decision in the current proceedings for the creation of the Connect America Fund (CAF).



CHALLENGES IN PR

Addressing those Challenges (Cont.)



- The Board may subsidize broadband through the Puerto Rico Universal Service Fund, at its own discretion, if it deems it necessary, or if the FCC authorizes it at the federal level.
- As Chairman of the Board, I have been actively working to implement the establishment of Internet Access Centers in every municipality of Puerto Rico in which there is a lack thereof, and Wi-Fi connectivity in public squares at every municipality. As Vice-Chair of the Broadband Taskforce created by the Governor of Puerto Rico, Hon. Luis Fortuño Burset, and chaired by Mr. Juan Eugenio Rodríguez, Puerto Rico Chief Information Officer, we have also been actively working to promote other valuable initiatives.



INTERNET ACCESS & WI-FI CONNECTIVITY

- Act No. 101 of July 28, 2010, amended the Puerto Rico Telecommunications Act of 1996, to authorize the Board to establish Free Internet Access Centers in municipalities in which there is a lack thereof, in a joint effort with the Government of Puerto Rico, local governments and private, community and educational entities.
- The Act also authorizes the Board to establish Wi-Fi connectivity in public squares at every municipality of Puerto Rico, subject to the agency's budgetary constraints.
- In the case of Internet Access Centers, the Board provides all the computer equipment, a multifunctional printer, software, security equipment and furniture. It also covers minor remodeling expenses of the spaces in which these centers will be located. After this initial investment by the Board, the municipalities take responsibility for administering these centers, and for personnel, maintenance and utilities expenses.



INTERNET ACCESS & WI-FI CONNECTIVITY

Internet Access Centers

- 3 Established Centers (Moca, Toa Alta and Manatí)
- 9 Centers to be inaugurated before the end of this year
- 18 Centers projected to be inaugurated next year

Wi-Fi Connectivity

- 1 Established Connection (Ponce)
- 6 pending to be connected before the end of this year
- 14 projected to be connected next year



OTHER JOINT INITIATIVES

- As member of the Broadband Taskforce, I should add there are other projected initiatives intended to reach low-income consumers and unserved areas. Mr. Juan Eugenio Rodríguez, Puerto Rico Chief Information Officer and Chairman of the Broadband Taskforce, will mention some of these initiatives as part of his participation in this Panel.



THE FUTURE

Joining Efforts



- The Government of Puerto Rico is up to the task of overcoming the challenges for the deployment and adoption of broadband in Puerto Rico. We encourage you to join us in these efforts, in order to reap the benefits that broadband offers for progress in Puerto Rico.



PUERTO RICO
TELECOM
CONFERENCE 2011
THE NEW FUTURE

THANK YOU!

