Executive Summary

a) PREPA Networks Corp.'s (hereinafter PREPA.Net) system seeks to provide telecommunication carriers and information service providers with a new alternative to expand their services to the residents of rural areas in Puerto Rico, while at the same time reducing them the cost related to the construction, operation and maintenance of transport network. PREPA.Net’s MPLS network system opens the way to new business opportunities and services that currently are not available in rural areas in Puerto Rico due to the lack of a middle mile broadband infrastructure. b) The proposed funded service area consists of 34 rural areas within the Island of Puerto Rico. The following municipalities (34) fall within the mentioned funded rural areas: Adjuntas, Aibonito, Añasco, Arecibo, Arroyo, Cabo Rojo, Culebra, Fajardo, Florida, Guanica, Guayama, Hatillo, Hormigueros, Isabela, Juana Diaz, Lares, Manatí, Maricao, Moca, Naguabo, Orocovis, Patillas, Peñuelas, Ponce, Quebradillas, Rincón, Sabana Grande, Salinas, San Germán, San Sebastian, Utuado, Vieques, Villalba and Yauco. c) To determine the potential number of end users we used the Global Information System (GIS) system census data. The amount of households that will be served are 150,827; the amount of businesses are 8,501 according to the economic census. d) According to Census statistical data a total of 34 communities will be served within the proposed geographic area, of which 386 anchor institutions were identified. Please see Supplemental Information 1 under the Uploads section of the application beginning in page 11 of such document. e) PREPA.Net’s middle mile broadband infrastructure will provide bandwidth to Last Mile providers to serve underserved and unserved rural areas in Puerto Rico. Last Mile providers will use such infrastructure to provide broadband services; thus, enhancing education awareness, training equipment and support to anchor institutions, organizations and agencies serving vulnerable populations. f) PREPA.Net will abide to the requirements of the NOFA. PREPA.Net is committed to the following Nondiscrimination and Interconnection Obligations: i. Adhere to the principles contained in the FCC’s Internet Policy Statement (FCC 05–151, adopted August 5, 2005); ii. Not favor any lawful Internet applications and content over others; iii. Display any network management policies in a prominent location on the service provider’s web page and provide notice to customers of changes on these policies (awardees must describe any business practices or technical mechanisms they employ, other than standard best efforts Internet delivery, to allocate capacity; differentiate among applications, providers, or sources; limit usage; and manage illegal or harmful content); iv. Connect to the public Internet directly or indirectly, such that the project is not an entirely private closed network; and v. offer interconnection, where technically feasible without exceeding current or reasonably anticipated capacity limitations, on reasonable rates and terms to be negotiated with requesting parties. This includes both the ability to connect to the public Internet and physical interconnection for the exchange of traffic. These requirements are subject to the needs of
law enforcement and reasonable network management. Generally accepted technical measures may be employed to provide acceptable service levels to all customers. PREPA.Net will negotiate in good faith with all parties by making a bona fide request and negotiate terms such as business arrangements, capacity limits, financial terms, and technical conditions for interconnection. If PREPA.Net and a requesting party cannot reach an agreement, they may seek voluntarily an interpretation by the FCC of any FCC rules implicated in the dispute. If an agreement cannot be reached within 90 days, the party requesting interconnection may notify RUS or NTIA in writing of the failure to reach satisfactory terms with PREPA.Net. The 90 day limit is to encourage the parties to resolve differences through negotiation. Regarding non-discrimination, those who believe PREPA.Net has failed to meet the non discrimination obligations should first seek action at the FCC of any FCC rules implicated in the dispute. If the FCC chooses to take no action, those seeking recourse may notify RUS or NTIA in writing about the alleged failure to adhere to commitments of the award. Entities that successfully reach an agreement to interconnection with a system funded under BIP may not use such to provide services that duplicate services provided by projects funded but outstanding telecommunications loans made under the RE Act. Interconnection may not result in a BIP funded facility being used for ineligible purposes under the Recovery Act. These conditions will apply for the life of PREPA.Net’s facilities used in the project and not to any existing network arrangements. The conditions apply to any contractors or subcontractors of such awardees employed to deploy or operate the network facilities for the infrastructure project. Recipients that fail to accept or comply with the terms listed above may be considered in default or breach of their loan or grant agreements. RUS and NTIA may exercise all available remedies to cure the default. g) PREPA Networks Corp.’s (PREPA.Net) main goal with its middle mile project is to provide broadband capacity to unserved rural areas in Puerto Rico In order to provide such service, PREPA.Net has to extend its already existing fiber optic infrastructure that runs only in urban areas in Puerto Rico. As stated, the proposed design considers: • the construction of three (3) backbone routes and sixty seven (67) communications rooms in the rural areas identified in the Network Diagram of this application (item 30), • the installation of aerial fiber optic infrastructure, and • the setting up and configuration of approximately seventy (70) network equipments. The overall design of the project connects the already existing transport network (i.e. the backbone) with the new broadband transport infrastructure (i.e. the three (3) new backbone routes) at high transmission speeds of one (1) Gbps. The transport network will then deliver Internet traffic from Last Mile providers to the Submarine Cable Station of PREPA.Net International Wholesale Transport, Inc., (hereinafter PREPA.Net IWT), a subsidiary of PREPA.Net, the Applicant. Last but not least, the Internet traffic from PREPA.Net IWT will then be routed to the NAP of the Americas located in Miami, Florida. The proposed project is designed to meet the demands of the next generation requirements. What is more, the project engineering design is based on IP Protocol and Multiprotocol Label Switching (MPLS) with capability to accommodate even more bandwidth demand for different types of services such as Triple Play which is the service of voice, video and data using the same connection. h) PREPA.Net is the catalyst and a driving force behind the digital revitalization in Puerto Rico, USA. PREPA.Net works to ensure the Island’s competitiveness in the economies of the twenty-first century by driving the expansion and availability of advanced broadband networks and next-generation communications services. PREPA.Net envisions the day when Puerto Rico becomes a state of connected communities, where access to ubiquitous, ultra-capacity communications services allows every business to compete on an equal playing field, both locally and globally, and where
every resident has access, through their respective Last Mile providers, to the finest educational opportunities, the most advanced health care services, and the most affordable and highest-quality e-lifestyle services available. Founded in 2004 as a private carrier, PREPA.Net now seeks to deploy broadband infrastructure in unserved and underserved areas in the Island, enhancing, through different Last Mile providers, broadband capacity at public computer centers, and promoting sustainable broadband adoption projects. In doing so, it recognizes the growing importance of access to broadband services to economic development and to the quality of life of all communities. As the main Strategist and Architect of the network, the company brings unmatched expertise and experience in the design, project funding, implementation, and management of broadband infrastructure. PREPA.Net provides a framework that enables competition and innovation from a range of competing content, commerce, communications and application service providers, thereby enabling communities to break free from the monopolistic constraints and pricing practices of incumbent carriers and cable operators and choose a different type of Last Mile provider. PREPA.Net’s proposed middle mile broadband model opens the door to Last Mile providers to offer accessible and affordable Internet, voice, video and data services at high speeds. i)The infrastructure cost of the proposed broadband system is $24,269,795.00. j)A total of 159,328 subscribers fall within the expected projections for the project. According to a July 2009 study conducted by Mark Dutz, Jonathan Orszag and Robert Willig of Compass Lexecon, broadband investment, deployment and adoption in the United States will bring significant benefits to the economy facilitating business growth and creating jobs. Said study reveals that for every $5 billion dollars invested in broadband facilities, 250,000 jobs are created, including “100,000 direct and indirect jobs from telecom and IT equipment spent plus another 150,000 in “network effects” spurring new online applications and services.” Taking into consideration the above formula, with $24,269,795.00, approximately, 1,000 direct and indirect employments should be created.