



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

DA 04-1248
Released: April 30, 2004

DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF IOWA TELECOMMUNICATIONS SERVICES, INC. AND IOWA TELECOM COMMUNICATIONS, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-157

Comments Due: May 14, 2004
Reply Comments Due: May 21, 2004

On April 16, 2004, Iowa Network Services, Inc. (“INS”) filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,¹ seeking approval to transfer control of domestic section 214 authorizations held by two subsidiaries, Iowa Telecommunications Services, Inc. (“Iowa Telecom”) and Iowa Telecom Communications, Inc. (“ITC”), in connection with a public offering of Income Deposit Securities (“IDSs”) in INS.²

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(iii) of the Commission’s rules³ because: (1) the proposed transfer would result in Iowa Telecom and its subsidiary, ITC, having a market share in the interstate, interexchange market of less than ten percent; (2) ITC will provide competitive telephone

¹ 47 C.F.R. §§ 63.03, 63.04; *see also* 47 U.S.C. § 214.

² Applicants are also filing applications for transfer of control associated with authorization for international services. Moreover, on November 26, 2003, Iowa Telecom and Heart of Iowa Communications Cooperative (“Heart of Iowa”) filed a separate application to transfer control of certain exchanges from Iowa Telecom to Heart of Iowa. That application is currently pending. *See Domestic Section 214 Application Filed for Transfer of Control of the Conrad, Eldora, and Steamboat Rock (Iowa) Exchanges*, Public Notice, WC Dkt. No. 03-249 (rel. Dec. 19, 2003). Any action on this domestic section 214 application is without prejudice to Commission action on other related pending applications.

³ 47 C.F.R. § 63.03(b)(2)(iii).

exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; (3) Iowa Telecom and ITC have fewer than two percent of the subscriber lines installed in the aggregate nationwide; and (4) the transaction would result in no new overlapping or adjacent service areas.⁴

Iowa Telecom, an Iowa corporation, is an independent incumbent local exchange carrier (“LEC”) headquartered in Newton, Iowa. Iowa Telecom currently provides local exchange and exchange access service, as well as dial-up and high-speed Internet services, to residential and business customers in 294 rural exchanges widely distributed throughout Iowa. ITC, also an Iowa corporation, is a wholly owned subsidiary of Iowa Telecom. ITC is a competitive LEC that provides telecommunications services similar to those offered by Iowa Telecom to customers in 13 exchanges falling outside Iowa Telecom’s service areas. INS, also an Iowa corporation, currently holds 57 percent of Iowa Telecom’s common stock, and thus exercises *de jure* control over that company, and, by attribution, over ITC.

INS proposes to conduct an initial public offering in which a substantial portion of the Iowa Telecom common stock held by it and three other investors, together with additional shares, would be offered to the public in the form of IDSs, each of which will represent one share of Iowa Telecom common stock and one senior subordinated note. Iowa Telecom anticipates that following the public offering, ownership will be widely dispersed among the public, with INS owning no more than fifteen percent of its common stock, and no other party owning ten percent or more.

The Applicants state that the proposed transaction is in public interest, because it will strengthen the financial positions of both Iowa Telecom and ITC, according each company a more flexible capital structure and better access to capital markets. Applicants assert that Iowa Telecom’s rural customers will continue to benefit from the presence of a stable local carrier, while customers in areas served by ITC will continue to benefit from the choice and competition provided by a financially secure competitive LEC.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission’s rules and policies. Interested parties may file **comments on or before May 14, 2004** and **reply comments on or before May 21, 2004**.⁵ Unless otherwise notified by the Commission, Applicants are permitted to transfer control on the

⁴ See Letter from Gregory J. Vogt and Chin Kyung Yoo, Counsel for Iowa Telecommunications Services, Inc., to Marlene H. Dortch, Secretary, FCC, WC Dkt. No. 04-157 (filed Apr. 27, 2004).

⁵ See 47 C.F.R. § 63.03(a).

31st day after the date of this notice.⁶ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;
- (3) Russell Hanser, Competition Policy Division, Wireline Competition Bureau, 445 12th Street,

⁶ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

S.W., Room , Washington, D.C. 20554; e-mail: russell.hanser@fcc.gov;

- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: julie.veach@fcc.gov;
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov; and
- (6) Christopher Killion, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: chris.killion@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Russell Hanser at (202) 418-0832.

- FCC -