

Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Petition for Forbearance of Iowa)	CC Docket No. 01-331
Telecommunications Services, Inc.)	
d/b/a/ Iowa Telecom Pursuant to)	
47 U.S.C. § 160(c))	
)	

AT&T OPPOSITION TO IOWA TELECOM FORBEARANCE PETITION

Pursuant to the Commission's Public Notice, DA 01-2832, released December 6, 2001, AT&T Corp. ("AT&T") submits this opposition to the petition for forbearance submitted by Iowa Telecommunications Services, Inc. d/b/a/ Iowa Telecom ("Iowa Telecom"), in which Iowa Telecom seeks to be relieved of its election to choose the CALLS pricing plan, with its applicable target average traffic sensitive rate of \$.0095 per minute, and instead be permitted to set its interstate access rates at forward-looking cost levels.

INTRODUCTION AND SUMMARY

Iowa Telecom states that it was formed in 1999 to purchase 296 rural exchanges from GTE that are scattered across Iowa, and commenced operation of those exchanges July 1, 2000. In the Spring of 2000, Iowa elected price cap regulation like its predecessor GTE, because "price cap regulation was in the public interest" as "it allowed Iowa Telecom to retain some measure of pricing flexibility and provided the company with an

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incentive to operate efficiently.” Pet. at 4. As a price cap carrier, within 60 days of the release of the *CALLS Order* on May 31, 2000,¹ Iowa Telecom was required to elect either to be bound by certain rate level changes set forth in the CALLS plan or to submit a cost study based on forward-looking economic cost by February 8, 2001, that would be the basis for reinitializing rates at an appropriate level. On an interim basis, carriers selecting the cost study option would be subject to the CALLS rate levels with subsequent true-up.

Having elected to be bound by CALLS rate levels, Iowa Telecom now contends that it did not know what it was doing and the applicable CALLS ATS rate is too low for it to fund infrastructure investments that it needs to upgrade its network. While Iowa Telecom receives interstate access support under CALLS, it does not receive high-cost loop support, because GTE did not qualify for such support. Pet. at 16. Further, apparently having overpaid for the GTE assets, Iowa Telecom contends that it is not now in a position to assume additional debt. In short, Iowa Telecom requests the FCC to rescue it from its own bad business decision and improperly foist costs on access ratepayers.² Thus, it asks to be relieved of the 60-day election rule so that “it may reset interstate access rates based on the FCC standard forward-looking economic costs” – a standard which it goes on to state it does not, however, endorse. Pet. at iv.

¹ See *Access Charge Reform, etc.*, 15 FCC Rcd 12962, ¶¶ 57-62 (2000) (“*CALLS Order*”).

² Other parties have raised concerns about Iowa Telecom paying GTE an excessive price for the properties and relying heavily on debt to finance the transaction, thereby subjecting ratepayers to the risk of potential rate increases. See, e.g., Initial Brief of the Office of Consumer Advocate (pp. 2-8) (February 18, 2000), and Office of Consumer Advocate, Direct Testimony and Exhibit of Gregory Vitale (pp. 2-7) (November 29, 1999), before the Iowa Utilities Board, Docket No. SPU-99-29. According to the Omaha World Herald, May 10, 2000, “Iowa Telecom will pay slightly less than \$1 billion for the telephone exchanges, making it the second-largest local telephone service provider in Iowa and the 14th

I. IOWA TELECOM IS BOUND BY ITS KNOWING CALLS ELECTION.

Iowa Telecom contends that it should be permitted to reverse its CALLS election because “it did not have a reasonable opportunity to acquire the information to make an informed decision within the timeframe allowed.” This is sheer nonsense. By its own admission, Iowa Telecom was expressly formed to acquire the 296 GTE Iowa exchanges. Contrary to the impression that the petition seeks to paint, Iowa Telecom is run by experienced telecommunications personnel that are in fact knowledgeable about the industry. It was incumbent on them, as part of the acquisition of the GTE properties, to perform due diligence to determine the appropriate purchase price, any debt obligations that would ensue and to familiarize themselves with the state of GTE’s network as well as the regulatory paradigm. Iowa Telecom essentially stepped into GTE’s shoes, acquiring not only its exchanges, but also personnel.³ GTE was, in fact, one of the CALLS signatories and any doubts about Iowa Telecom’s ability to successfully operate under the CALLS rate levels can and should have been determined in the many months leading up to the CALLS election.

Iowa Telecom harps on the vast range of difficulties it confronts – the outmoded nature of the plant acquired from GTE, the lack of advanced features and services, the high costs of making network upgrades, the lack of universal service support, the large amount of debt it assumed, insufficient rate levels, rampant competition, inflexible regulation, etc. Given this vast litany of woes, which were well known (or should have been) before the

(footnote continued from previous page)

largest in the nation. The sale is expected to close June 30[, 2000].”

³ See <http://www.iowatelecom.com/>

transaction, the obvious question is why Iowa Telecom paid GTE an amount that is nearly three times book value of the acquired plant.⁴ In any event, ratepayers should not be required to pay for this acquisition premium.

Iowa Telecom also asserts that when it originally opted for price cap regulation the then-pending CALLS proposal was entirely optional. Suffice it to say that even though CALLS gave price cap LECs only two choices (the CALLS rate level plan or a forward-looking cost study option), most LECs are better off financially under CALLS than they would have been under the former price cap rules. Although it is true that CALLS reduced interstate access charges paid by long distance companies by \$3.2 billion (FCC News Release, May 31, 2000), the fact is that CALLS provides the LECs with more interstate access revenue over the five years of the plan than they would have obtained under the pre-existing price cap rules. In fact, LECs are projected to obtain an extra \$1 billion of interstate revenue over five years as a result of CALLS.⁵ Under CALLS, reduced switched access rates are largely offset by higher SLCs and additional universal service support. The overall impact of CALLS was to reduce revenue in the short-run but provide LECs with more revenue in future years because they would no longer have to reduce access rates once their target rates were met. AT&T's analysis of TRP data shows that this is particularly true for the Iowa Telecom

⁴ In contrast to the purchase price of nearly \$1 billion, the book value of the GTE properties acquired by Iowa Telecom was about \$353 million as of year-end 1998. Initial Brief of the Office of Consumer Advocate before the Iowa Utilities Board (p. 4), Docket No. SPU-99-29 (February 18, 2000). Comparable figures can be found in the report *Reshaping Rural Telephone Markets* (Legg Mason Research, Fall 2001), in which Iowa Telecom is estimated to have paid GTE about \$3200-\$3500 per line (p. 39) for plant whose depreciated value is \$1189 per line (p. 86).

⁵ *CALLS Order*, Appendix C-2, Graph 2, FCC CALLS Analysis.

companies. The combined amount of past and future access reductions avoided by Iowa Telecom far exceed the extra reduction it had to make at the onset of CALLS. *See Appendix A attached.* This conclusion is corroborated by the FCC's data which indicate that Iowa Telecom's interstate access revenues will be at least \$13.1 million higher during the five-year term of the CALLS plan as compared to the prior price cap rules. *See Appendix A attached.* Accordingly, there is no basis for Iowa Telecom's suggestion that it is prejudiced by its CALLS election.

Moreover, while Iowa Telecom notes (Pet. 16-17 & n.33) that it does not qualify for "safety valve" support under the *RTF Order*⁶ the reason that is the case is because it has not yet made the significant investments in the acquired plant so that its per-line loop costs would meet the \$276 per-loop threshold that is the trigger for high-cost support. Once it has met the requisite investment threshold, it could obtain "safety valve" support which mitigates for rural carriers the impact of Section 54.305's ban on high-cost loop support for post-acquisition investment. Iowa Telecom also notes that even if the investment were made it would not meet the threshold. That just proves that it does not warrant even safety valve support. Its further quibbling about the timing of safety valve support (were it to qualify) is simply a frontal attack on the *RTF Order* which is outside the scope of this proceeding.

⁶ *See Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order, 16 FCC Rcd 11244 (2001) ("*RTF Order*").

II. THERE IS NO APPLICABLE FORWARD-LOOKING COST STANDARD FOR RURAL CARRIERS.

In all events, Iowa Telecom's attempt to use the Commission's Synthesis Model to develop rates based on forwarding-looking cost must fail. First, the Commission has expressly held that the Synthesis Model may not be used to set access rates, even for the non-rural carriers to whom the model applies.⁷ Second, the *RTF Order*⁸ held that the Synthesis Model was not a TELRIC model for rural carrier purposes, and it adopted a modified embedded cost approach to universal service for rural carriers precisely because of the absence of an applicable TELRIC model. Thus, there is no applicable cost model and Iowa Telecom's attempt to embrace the Synthesis Model so as to exact higher interstate access rates must fail as a matter of law.

III. IOWA'S ASSERTION THAT IT SHOULD BE PERMITTED TO PRICE ACCESS AT CLEC LEVELS IS FRIVOLOUS.

Iowa Telecom contends that it should alternatively be relieved of the CALLS rate level mechanism because CLECs that have entered its markets are permitted to charge up to 2.5 cents per minute for interstate access. Iowa Telecom's assertions that CLECs may charge higher access rates and use those revenues to subsidize lower local rates just proves the point that AT&T has repeatedly made in the CLEC access context that excessive CLEC

⁷ *Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High-Cost Support for Non-Rural LECs*, 14 FCC Rcd 20156, ¶ 32 (1999) (“*Inputs Order*”); *Federal-State Joint Board on Universal Service*, 14 FCC Rcd 20432, ¶ 41 (1999) (“the federal cost model . . . may not be appropriate . . . [for] determining prices for unbundled network elements”); *Joint Application by SBC Communications, Inc., et al. for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, Memorandum Opinion and Order, FCC 01-29, ¶ 84 (released January 22, 2001) (“the USF model should not be relied upon to set rates for UNEs”).

⁸ See *RTF Order*, 16 FCC Rcd 11244, ¶¶ 24-25.

access rates have a distorting effect on competition.⁹ The solution to that problem is not to let incumbent LECs, such as Iowa Telecom, price up to CLEC levels but rather to require CLECs to price at appropriate levels. Had Iowa Telecom wanted to price as a CLEC, it should have entered the market on that basis rather than purchasing GTE's incumbent exchanges.

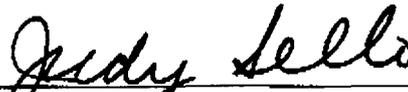
CONCLUSION

For the reasons stated above, Iowa Telecom's petition for forbearance should be denied.

Respectfully submitted,

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By /s/


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⁹ See, e.g., AT&T Additional Comments, *Access Charge Reform*, CC Docket No. 96-262 (filed January 11, 2001) ("failure to control the market failure that permits CLECs now to assess these exorbitant charges will have serious distortive effects on competition in interexchange markets and, ultimately, adverse consequences for end users served by those IXC's").

IMPACT OF CALLS ON IOWA TELECOMMUNICATIONS SERVICES, INC

Compared to the former price cap rules, the impact of the CALLS plan was to reduce LEC revenues during the initial year of the plan but provide LECs with more revenue in future years because they would no longer be subject to X-factor reductions once their target rates were met. Examination of TRP data for the two filing entities acquired by Iowa Telecom shows that the combined value of past and future rate reductions avoided under CALLS far exceeds the extra reduction made by Iowa Telecom in July 2000. As part of the CALLS plan, Iowa Telecom's "GTIA" filing entity was required to reduce its traffic sensitive rates by an extra \$1.6 million on July 1, 2000. However, no further rate reductions would be required once certain targets were reached, which for Iowa Telecom consist of a \$0.0095 per minute ATS (average traffic sensitive) rate and the elimination of its CCL (carrier common line) charge. As shown in Table 1, the total reductions avoided by Iowa Telecom far exceed the \$1.6 million initial reduction, amounting to about \$6.4 million over the 5 years of the CALLS plan.

- On July 1, 2000, GTIA reduced its TS (traffic sensitive) rates by an extra \$1.6 million in addition to normal X-factor reductions. Iowa Telecom's other filing entity, "COIT", did not have to make this reduction because it was already close to the \$0.0095 target ATS rate, which it reached via the X-factor mechanism.
- In July 2000, the X-factor for the Special Access Basket was 3% rather than 6.5%. As a result, rate reductions were approximately 3.5 percentage points less than they would have been under the former price cap rules. These avoided reductions amounted to about \$95,000 for GTIA and \$203,000 for COIT.
- By July 2001, both filing entities had reached the \$0.0095 per minute ATS target and thus were not subject to X-factor reductions in their TS and Trunking Baskets. These avoided reductions amounted to about \$135,000 for GTIA and \$198,000 for COIT.
- For July 2002, it is expected that the increase in primary SLCs from \$5 to \$6 will provide sufficient revenue to eliminate the CCL charge in both filing entities.¹ As a result, the Common Line Basket will not be subject to any further X-factor reductions. The avoided reductions in the Common Line, TS, and Trunking Baskets amount to about \$755,000 for GTIA and \$1,041,000 for COIT, based on data from the 2001 TRPs and an assumed GDPPI increase of 2%. These reductions will also be avoided in July 2003 and July 2004.
- For July 2004, there will no longer be any price cap adjustment for special access (*i.e.*, X = GDPPI), thus enabling GTIA to avoid a \$148,000 reduction and COIT to avoid a \$261,000 reduction. These figures are also based on data from the 2001 TRPs and an assumed GDPPI increase of 2%.

¹ In its 2001 TRP, GTIA reported CCL revenue of \$1,089,879 and 1,197,056 primary/SLB lines. A \$1 SLC increase would thus provide \$1,197,056 - more than enough to eliminate the CCL charge. Similarly, COIT reported \$1,460,891 in CCL revenue and 1,599,265 primary/SLB lines.

All in all, the TRP data indicate that Iowa Telecom made out quite well as a result of CALLS. These findings are corroborated by the rate projections presented by the Commission in its CALLS Analysis.

These projections, along with revenues generated by the projected rates at recent demand levels, for Iowa Telecom's two filing entities are shown in Tables 2 and 3. For the "GTIA" filing entity shown in Table 2, total interstate access revenues under CALLS are projected to be \$103.6 million over the five-year term of the CALLS plan, as compared to \$101.3 million over the same period had the former price cap rules remained in effect. The CALLS plan is even more favorable for the "COIT" filing entity shown in Table 3, with total revenue under the CALLS plan projected to be \$144.8 million over the five-year period, versus only \$133.9 million under the former price cap rules. Together, Iowa Telecom's two study areas will thus have \$13.1 million more in revenues under CALLS than under the former price cap rules.

Projected switched access rates are obtained from Appendix E of the Commission's CALLS Analysis attached to the May 31, 2000 CALLS Order (FCC 00-193), with rates under the former price cap rules (identified as the "base case") shown on pages E-2 to E-6 and rates under CALLS shown on pages E-7 to E-11. The projected per-minute rates for the GTIA and COIT filing entities under CALLS were apparently calculated on the basis of a \$0.0055 per minute target ATS rate (GTE's target rate), rather than the \$0.0095 target rate applicable to Iowa Telecom. As a result, projected revenues under CALLS are understated.

Switched access revenues are estimated by multiplying projected rates by demand volumes for the year 2000, as reported in the June 2001 TRP filings. Originating and terminating projected access rates are multiplied by originating and terminating CCL minutes, respectively, to obtain usage-based revenues.

Special access revenue for the July 2000 tariff year under CALLS consists of "base period demand x current rates" for the Special Access Basket, as reported in the June 2001 TRP. (*See, e.g.*, Table SUM-1, line 340, column B). For the year beginning July 2001, special access revenue under CALLS consists of "base period demand x proposed rates" (Table SUM-1, line 340, column C). For July 2002 and July 2003, special access revenue is calculated by multiplying the prior year's revenue by the factor $(1 + \text{GDPPI} - 6.5\%)$ to reflect the impact of annual price cap adjustments with demand held constant at 2000 levels. An inflation rate of 1.95%, the same as that used in the FCC's analysis, is assumed for the GDPPI. Revenue for July 2004 is the same as that for July 2003, because there will no longer be any price cap adjustment in 2004 under the CALLS rules.

Special access revenue for July 2000 under the former price cap rules is calculated by multiplying the July 2000 CALLS amount by the factor $(1 + \text{GDPPI} - 6.5\%) / (1 + \text{GDPPI} - 3\%)$, to reflect the fact that special access rates would have been subject to a 6.5% X-factor rather than the 3% X-factor applied under CALLS.² As a result, special access revenue under the former price cap rules would have been approximately 3.5% less than the revenue obtained under CALLS. For the remaining years, special access revenue is calculated by multiplying the

² The value of GDPPI was 1.6425% in the 2000 annual filing.

prior year's revenue by the factor $(1 + \text{GDPPI} - 6.5\%)$ to reflect the impact of annual price cap adjustments with a 6.5% X-factor.³

Finally, USAC receipts under CALLS are obtained from the June 2001 TRP filings, with the amount for July 2000 consisting of "base period demand x current rates" and the amount for July 2001 consisting of "base period demand x proposed rates" (SUM-1, line 118, columns B and C). USAC receipts for subsequent years are assumed to remain constant at the 2001 level.

TABLE 1
IMPACT OF CALLS

	GTIA	COIT	TRP source
July 2000 rates	Reduced TS rates by an extra \$1,608,865. Special access reductions were \$95,095 less because of 3% X-factor.	Reached \$0.0095 target ATS rate without extra reduction. Special access reductions were \$202,955 less because of 3% X-factor.	TGT-1, row 610 3.5% of SUM-1, row 340A
July 2001 rates	Avoided \$135,308 in TS and Trunking basket reductions because the ATS rate was already below the \$0.0095 target.	Avoided \$198,342 in TS and Trunking basket reductions because the ATS rate had already reached the \$0.0095 target in 2000.	TGT-2, row 550c + 550d.
July 2002 rates	Will avoid \$755,420 in TS, Trunking and CL basket reductions because the SLC increase to \$6 will reduce CCL rate to 0. (Based on $\text{GDPPI} = 2\%$, $g = 0$)	Will avoid \$1,041,169 in TS, Trunking and CL basket reductions because the SLC increase to \$6 will reduce CCL rate to 0. (Based on $\text{GDPPI} = 2\%$, $g = 0$)	4.5% of SUM-1, rows 120C + 170C + 220C.
July 2003 rates	Will avoid \$755,420 in TS, Trunking and CL basket reductions because ATS and CCL targets are already met.	Will avoid \$1,041,169 in TS, Trunking and CL basket reductions because ATS and CCL targets are already met.	4.5% of SUM-1, rows 120C + 170C + 220C.
July 2004 rates	Will avoid \$755,420 in TS, Trunking and CL basket reductions and \$148,008 in special access reductions, because $X = \text{GDPPI}$ in 2004.	Will avoid \$1,041,169 in TS, Trunking and CL basket reductions and \$261,253 in special access reductions, because $X = \text{GDPPI}$ in 2004.	4.5% of SUM-1, rows 120C + 170C + 220C. 4.5% of SUM-1, row 340C.
Total reductions avoided = \$6,430,729			

³ The value of GDPPI was 2.3742% in the 2001 annual filing and is assumed to be 1.95% in subsequent filings.

Table 2

PROJECTED RATES AND REVENUES
Iowa Telecommunications Services, Inc.
Filing Entity: GTIA

	Primary SLC	Secondary SLC	Multi-line SLC	Primary PICC	Secondary PICC	Multi-line PICC	Originating Access	Terminating Access	USF Support	Special Access	Total Revenue
Demand:	1,197,056	69,560	235,983	1,197,056	69,560	194,948	134,435,295	185,234,417			
Former rules											
July 1, 2000											
Rate	\$3.50	\$7.24	\$9.46	\$1.56	\$3.58	\$5.89	\$0.0416	\$0.0181			
Revenue	\$4,189,696	\$503,614	\$2,232,399	\$1,867,407	\$249,025	\$1,148,244	\$5,592,508	\$3,352,743	\$0	\$3,315,054	\$22,450,691
July 1, 2001											
Rate	\$3.50	\$8.38	\$9.64	\$2.09	\$4.65	\$7.51	\$0.0233	\$0.0173			
Revenue	\$4,189,696	\$582,913	\$2,274,876	\$2,501,847	\$323,454	\$1,464,059	\$3,132,342	\$3,204,555	\$0	\$3,164,219	\$20,837,963
July 1, 2002											
Rate	\$3.50	\$9.54	\$9.82	\$2.63	\$5.09	\$5.09	\$0.0165	\$0.0165			
Revenue	\$4,189,696	\$663,602	\$2,317,353	\$3,148,257	\$354,060	\$992,285	\$2,218,182	\$3,056,368	\$0	\$3,020,247	\$19,960,052
July 1, 2003											
Rate	\$3.50	\$9.73	\$9.73	\$3.18	\$1.75	\$1.75	\$0.0158	\$0.0158			
Revenue	\$4,189,696	\$676,819	\$2,296,115	\$3,806,638	\$121,730	\$341,159	\$2,124,078	\$2,926,704	\$0	\$2,882,826	\$19,365,764
July 1, 2004											
Rate	\$3.50	\$8.98	\$8.98	\$3.54	\$0.00	\$0.00	\$0.0150	\$0.0150			
Revenue	\$4,189,696	\$624,649	\$2,119,127	\$4,237,578	\$0	\$0	\$2,016,529	\$2,778,516	\$0	\$2,751,658	\$18,717,754
TOTAL REVENUE UNDER FORMER PRICE CAP RULES (2000-2005)											\$101,332,223
CALLS rules											
July 1, 2000											
Rate	\$4.35	\$7.00	\$8.04	\$0.00	\$0.00	\$4.31	\$0.0412	\$0.0116			
Revenue	\$5,207,194	\$486,920	\$1,897,303	\$0	\$0	\$840,226	\$5,538,734	\$2,148,719	\$2,870,621	\$3,437,005	\$22,426,722
July 1, 2001											
Rate	\$5.00	\$7.00	\$8.06	\$0.00	\$0.00	\$4.31	\$0.0305	\$0.0098			
Revenue	\$5,985,280	\$486,920	\$1,902,023	\$0	\$0	\$840,226	\$4,100,276	\$1,815,297	\$2,884,990	\$3,289,066	\$21,304,079
July 1, 2002											
Rate	\$6.00	\$7.00	\$8.10	\$0.00	\$0.00	\$4.31	\$0.0187	\$0.0083			
Revenue	\$7,182,336	\$486,920	\$1,911,462	\$0	\$0	\$840,226	\$2,513,940	\$1,537,446	\$2,884,990	\$3,139,413	\$20,496,733
July 1, 2003											
Rate	\$6.50	\$7.00	\$8.13	\$0.00	\$0.00	\$4.31	\$0.0124	\$0.0070			
Revenue	\$7,780,864	\$486,920	\$1,918,542	\$0	\$0	\$840,226	\$1,666,998	\$1,296,641	\$2,884,990	\$2,996,570	\$19,871,750
July 1, 2004											
Rate	\$6.50	\$7.00	\$8.16	\$0.00	\$0.00	\$4.31	\$0.0111	\$0.0059			
Revenue	\$7,780,864	\$486,920	\$1,925,621	\$0	\$0	\$840,226	\$1,492,232	\$1,092,883	\$2,884,990	\$2,996,570	\$19,500,306
TOTAL REVENUE UNDER CALLS RULES (2000-2005)											\$103,599,591

Table 3

PROJECTED RATES AND REVENUES
Iowa Telecommunications Services, Inc.
Filing Entity: COIT

	Primary SLC	Secondary SLC	Multi-line SLC	Primary PICC	Secondary PICC	Multi-line PICC	Originating Access	Terminating Access	USF Support	Special Access	Total Revenue
Demand:	1,599,265	119,415	328,651	1,599,265	119,415	259,869	185,025,512	253,914,689			
Former rules											
July 1, 2000											
Rate	\$3.50	\$7.24	\$8.82	\$1.56	\$3.58	\$5.89	\$0.0311	\$0.0160			
Revenue	\$5,597,428	\$864,565	\$2,898,702	\$2,494,853	\$427,506	\$1,530,628	\$5,754,293	\$4,062,635	\$0	\$5,859,916	\$29,490,526
July 1, 2001											
Rate	\$3.50	\$8.38	\$8.73	\$2.09	\$4.65	\$7.51	\$0.0213	\$0.0108			
Revenue	\$5,597,428	\$1,000,698	\$2,869,123	\$3,342,464	\$555,280	\$1,951,616	\$3,941,043	\$2,742,279	\$0	\$5,593,290	\$27,593,220
July 1, 2002											
Rate	\$3.50	\$8.53	\$8.63	\$2.63	\$5.74	\$8.16	\$0.0103	\$0.0103			
Revenue	\$5,597,428	\$1,018,610	\$2,836,258	\$4,206,067	\$685,442	\$2,120,531	\$1,905,763	\$2,615,321	\$0	\$5,338,795	\$26,324,215
July 1, 2003											
Rate	\$3.50	\$8.54	\$8.54	\$3.18	\$4.38	\$4.38	\$0.0099	\$0.0099			
Revenue	\$5,597,428	\$1,019,804	\$2,806,680	\$5,085,663	\$523,038	\$1,138,226	\$1,831,753	\$2,513,755	\$0	\$5,095,880	\$25,612,225
July 1, 2004											
Rate	\$3.50	\$8.45	\$8.45	\$3.74	\$1.47	\$1.47	\$0.0094	\$0.0094			
Revenue	\$5,597,428	\$1,009,057	\$2,777,101	\$5,981,251	\$175,540	\$382,007	\$1,739,240	\$2,386,798	\$0	\$4,864,017	\$24,912,439
TOTAL REVENUE UNDER FORMER PRICE CAP RULES (2000-2005)											\$133,932,624
CALLS rules											
July 1, 2000											
Rate	\$4.35	\$7.00	\$8.47	\$0.00	\$0.00	\$4.31	\$0.0299	\$0.0116			
Revenue	\$6,956,803	\$835,905	\$2,783,674	\$0	\$0	\$1,120,035	\$5,532,263	\$2,945,410	\$4,917,668	\$6,075,484	\$31,167,242
July 1, 2001											
Rate	\$5.00	\$7.00	\$8.50	\$0.00	\$0.00	\$4.31	\$0.0284	\$0.0055			
Revenue	\$7,996,325	\$835,905	\$2,793,534	\$0	\$0	\$1,120,035	\$5,254,725	\$1,396,531	\$3,825,643	\$5,805,625	\$29,028,322
July 1, 2002											
Rate	\$6.00	\$7.00	\$8.54	\$0.00	\$0.00	\$4.31	\$0.0183	\$0.0055			
Revenue	\$9,595,590	\$835,905	\$2,806,680	\$0	\$0	\$1,120,035	\$3,385,967	\$1,396,531	\$3,825,643	\$5,541,469	\$28,507,820
July 1, 2003											
Rate	\$6.50	\$7.00	\$8.57	\$0.00	\$0.00	\$4.31	\$0.0133	\$0.0055			
Revenue	\$10,395,223	\$835,905	\$2,816,539	\$0	\$0	\$1,120,035	\$2,460,839	\$1,396,531	\$3,825,643	\$5,289,332	\$28,140,047
July 1, 2004											
Rate	\$6.50	\$7.00	\$8.61	\$0.00	\$0.00	\$4.31	\$0.0125	\$0.0055			
Revenue	\$10,395,223	\$835,905	\$2,829,685	\$0	\$0	\$1,120,035	\$2,312,819	\$1,396,531	\$3,825,643	\$5,289,332	\$28,005,173
TOTAL REVENUE UNDER CALLS RULES (2000-2005)											\$144,848,604

CERTIFICATE OF SERVICE

I, Tracy L. Rudnicki, do hereby certify that on this 4th day of January, 2002, a copy of the foregoing "AT&T Opposition to Iowa Telecom Forbearance Petition" was served by U.S. first class mail, postage prepaid, on the parties named below.

D. M. Anderson
Vice President – External Affairs
Iowa Telecommunications Services, Inc.
P.O. Box 330
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/s/ Tracy L. Rudnicki
Tracy L. Rudnicki