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WC 04-157

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April 16, 2004

BY MESSENGER

Ms. Marlene H. Dortch
Secretary Federal Communications Commission
Wireline Competition Bureau
P.O. Box 358145
Pittsburgh, PA 15251-5145

Re: *Iowa Network Services and Shareholders of Iowa Telecommunications Services, Consolidated Application for Authorization to Transfer Control of Iowa Telecommunications Services, Inc., Pursuant to Section 214 of the Communications Act, as Amended*

Dear Ms. Dortch:

Please find enclosed an original and six (6) copies of an application for Commission approval to transfer control of Iowa Telecommunications Services, Inc. ("Iowa Telecom") from Iowa Network Services to Iowa Telecom's public shareholders, pursuant to Section 214 of the Communications Act.

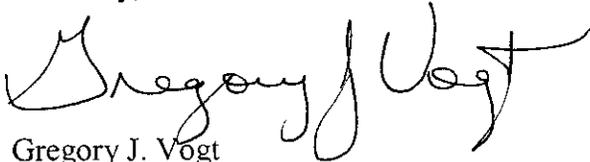
Pursuant to Section 63.04(b) of the Commission's rules, this application is submitted as a consolidated domestic and international section 214 transfer of control application ("Consolidated Application"). This Consolidated Application has been filed concurrently with the International Bureau, in accordance with the Commission's rules, via the International Bureau Filing System.

Also enclosed is a completed FCC Form 159 and a check made payable to the FCC in the amount of \$860 to cover the filing fee for the domestic transfer of control application.

Ms. Marlene H. Dortch
April 16, 2004
Page 2

Please do not hesitate to contact the undersigned should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory J. Vogt". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

Gregory J. Vogt
*Counsel for Iowa Telecommunications
Services, Inc.*

12191176

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCK BOX # 358145		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Wiley Rein & Fielding LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$860.00	
(4) STREET ADDRESS LINE NO. 1 1776 K Street NW			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20006
(9) DAYTIME TELEPHONE NUMBER (include area code) 202-719-7000 x 3581		(10) COUNTRY CODE (if not in U.S.A.) US	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0002151744		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Iowa Telecommunications Services, Inc.			
(14) STREET ADDRESS LINE NO. 1 P.O. Box 330			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Grinnell		(17) STATE IA	(18) ZIP CODE 50112
(19) DAYTIME TELEPHONE NUMBER (include area code) (641) 269-7807		(20) COUNTRY CODE (if not in U.S.A.) US	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0006236475		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$860.00	(27A) TOTAL FEE \$860.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, <u>Chin Yoo</u> , certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE <u>Chin Yoo</u>		DATE <u>4/16/2004</u>	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	

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

In the Matter of)
)
IOWA NETWORK SERVICES, INC., Transferor,)
)
and)
)
SHAREHOLDERS OF IOWA)
TELECOMMUNICATIONS SERVICES, INC.,)
Transferees)
)
Consolidated Application for Authorization to)
Transfer Control of Iowa Telecommunications)
Services, Inc. and Iowa Telecom)
Communications, Inc., Pursuant to Section 214)
of the Communications Act of 1934, as)
Amended)

File No. ITC-T/C- _____
WCB Docket No. _____

To: International Bureau
Wireline Competition Bureau

**APPLICATION TO TRANSFER CONTROL OF
IOWA TELECOMMUNICATIONS SERVICES, INC.**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, and Sections 63.03, 63.04 and 63.24(e) of the Commission's Rules, 47 C.F.R. §§ 63.03, 63.04, and 63.24(e), Iowa Network Services, Inc. ("INS" or "Transferor") hereby seeks authority to transfer control of Iowa Telecommunications Services, Inc. ("Iowa Telecom") and Iowa Telecom Communications, Inc. ("ITC") to multiple individual shareholders (collectively, the "Transferees"). The transfer of control will occur as the result of a proposed initial public offering of securities including Iowa Telecom's common stock, after which Iowa Telecom expects its equity to be widely held by numerous individual and institutional investors, none of whom will hold a controlling interest. Commission approval of the transfer is required because

Iowa Telecom and its wholly-owned subsidiary (“ITC”) each hold authority under Section 214 of the Act to provide domestic and international telecommunications services. For the reasons discussed herein, approval of the transaction would serve the public interest.

Pursuant to Section 63.04(b) of the Commission’s Rules, 47 C.F.R. § 63.04(b), INS, Iowa Telecom, and ITC (collectively, the “Applicants”) are filing a consolidated application for the proposed transfer of control of Iowa Telecom and ITC’s domestic and international Section 214 authorizations to the Transferees. In Section III of this application, the Applicants provide the information required by Section 63.24(e) of the FCC’s rules for transfer of the international authorizations. As specified by Section 63.04(b) of the FCC’s rules, the additional information required for the transfer of the domestic authorizations is provided in Exhibit A.

Iowa Telecom respectfully requests streamlined treatment of this Application pursuant to Sections 63.03 and 63.12 of the Commission’s rules. As shown below, both the domestic and international components of this application qualify for streamlined processing.

I. DESCRIPTION OF THE PARTIES AND TRANSACTION

Iowa Telecom is an independent incumbent local exchange carrier (“LEC”) headquartered in Newton, Iowa. Iowa Telecom currently provides local exchange and exchange access service and dial-up and high-speed internet services to residential and business customers in 294 rural exchanges widely distributed throughout the State of Iowa, comprising a total of some 258,000 access lines.

ITC, a wholly-owned subsidiary of Iowa Telecom, was created in 2001 to provide telecommunications services to customers outside Iowa Telecom’s incumbent LEC service areas. ITC is a competitive LEC that offers residential and small to mid-sized business customers reliable service at lower rates, with the convenience of in-state customer service and billing

operations. ITC provides services similar to those provided by Iowa Telecom, to approximately 5400 access lines in 13 exchanges scattered throughout Iowa.

Four entities (the “existing equity investors”) currently own shares of Iowa Telecom’s common stock. INS, the majority shareholder, currently holds 57 percent of the shares (and thus has *de jure* control of Iowa Telecom and ITC). Other existing equity investors are ING FS Private Investments III LLC, Teachers Insurance and Annuity Association of America, and BancBoston Ventures Inc. A substantial portion of the common stock held by the existing equity investors, together with additional shares of common stock to be issued by Iowa Telecom, is proposed to be offered to the public in the form of Income Deposit Securities (IDSs). IDSs are securities comprised of common stock and notes. Each IDS initially represents one share of common stock and a senior subordinated note in a principal amount and with a yield to be determined at the time of offering. Holders of IDSs are at all times the beneficial owners of the common stock and note represented by such IDSs and will have the same voting rights as direct holders of common stock. The shares of common stock represented by IDSs and shares of common equity retained by the existing equity investors are entitled to one vote per share and will vote together as a single class on all matters with respect to which holders are entitled to vote. Iowa Telecom anticipates that, after consummation of this initial public offering, ownership of its common stock will be widely dispersed among the general public. The only shareholder with a potential ten percent or greater interest will be INS, which will own no more than fifteen percent of Iowa Telecom. No single shareholder will have *de facto* or *de jure* control of Iowa Telecom.

The lead underwriters of the proposed public offering will be CIBC World Markets Corp., Citigroup Global Markets, Inc., and Lehman Brothers Inc. A registration statement has

been filed with the Securities and Exchange Commission but is not yet effective. Neither the IDs nor any other securities described in the registration statement may be sold unless and until the registration statement is declared effective and the Commission approves this Application.

With respect to the information required by Sections 63.04 and 63.24(e) of the Commission's rules, the Applicants are providing the FCC with as much information as is currently available concerning Iowa Telecom's proposed initial public offering. Should the information in this application change in any material aspect, Iowa Telecom will update the Application. Such revised information, however, will likely only be available after grant of the Application and consummation of the offering. Any such information will be included in the notice of consummation filed with the FCC following consummation of Iowa Telecom's initial public offering.

II. PUBLIC INTEREST STATEMENT

Both Iowa Telecom and ITC will emerge from the proposed transaction with a strengthened financial position, more flexible capital structure and better access to capital markets. Iowa Telecom's rural customers will continue to benefit from having a stable, locally-based carrier focused on meeting their communications needs. The relationship of Iowa Telecom and ITC with their rural customers will not be altered as a result of the proposed offering. Furthermore, customers in areas served by ITC will benefit from the choice and competition provided by the presence of an additional CLEC in those areas that is financially stronger. Iowa Telecom's experienced personnel will remain in place subsequent to the proposed public offering, and the transaction will not harm the local exchange operations, quality of service or customers of Iowa Telecom or ITC in any fashion. Because the transaction does not involve the acquisition or sale of access lines or any material change in Iowa Telecom's

operations, it raises no competitive concerns that the Commission has identified in previously transactions involving incumbent LECs.

Commission approval of this request will also enhance the competitiveness of Iowa Telecom and ITC in their respective markets for international services, and preserve an additional choice in international service providers for consumers in those markets.

For the above reasons, the public interest, convenience and necessity would be furthered by the grant of this application.

III. REQUEST TO TRANSFER CONTROL OF INTERNATIONAL SECTION 214 AUTHORIZATIONS UNDER SECTION 63.24

In accordance with Section 63.24(e) of the Commission's Rules, Iowa Telecom submits the following information in support of this application. Since it is anticipated that no single shareholder will control Iowa Telecom following the IPO, the information for the Transferees is provided with respect to Iowa Telecom, not its individual shareholders.

Information for Transferor and Transferees

(a) Name, address and telephone number:

Transferor:

Iowa Network Services, Inc.
4201 Corporate Drive
West Des Moines, Iowa 50266-5906
Telephone: (515) 830-0110
Facsimile: (515) 830-0123

Authorized Carriers:

Iowa Telecommunications Services, Inc.
115 South Second Avenue, West
Newton, IA 50208
Telephone: (641) 787-2677
Facsimile: (641) 787-2468

Iowa Telecom Communications, Inc.

115 South Second Avenue, West
Newton, IA 50208
Telephone: (641) 787-2000
Facsimile: (641) 787-2001

Transferee:

Iowa Telecommunications Services, Inc.
115 South Second Avenue, West
Newton, IA 50208
Telephone: (641) 787-2677
Facsimile: (641) 787-2468

(b) Citizenship:

Transferor:

INS is a corporation organized under the laws of Iowa.

Authorized Carriers:

Iowa Telecom and ITC are both corporations organized under the laws of Iowa.

Transferee:

Iowa Telecom is a corporation organized under the laws of Iowa.

(c) Contact Information:

Transferor:

Richard Vohs
President and Chief Executive Officer
Iowa Network Services, Inc.
4201 Corporate Drive
West Des Moines, Iowa 50266-5906
Telephone: (515) 830-0110
Facsimile: (515) 830-0123

Authorized Carriers and Transferee:

D. Michael Anderson
Vice President – External Affairs
Iowa Telecommunications Services, Inc.
P.O. Box 330
Grinnell, IA 50112

Telephone: (641) 269-7807
Facsimile: (641) 269-7376

with a copy to:

Gregory J. Vogt
Bradley K. Gillen
Chin Kyung Yoo
Wiley Rein & Fielding LLP
1776 K Street NW
Washington, DC 20006
Telephone: (202) 719-3240
Facsimile: (202) 719-7049

(d) International Section 214 Authorizations

Transferor:

Iowa Network Services holds an authorization under Section 214 of the Act to provide international switched voice services on a resale basis. *See Iowa Network Services, Inc., Application for Authority to Operate as An International Resale Carrier*, File No. ITC-92-014, 7 FCC Rcd 877 (1992).

Authorized Carriers and Transferee:

Iowa Telecom and ITC each hold authorizations under Section 214 of the Act to provide global facilities-based and resale service. *See File No. ITC-214-20000627-00408 (Iowa Telecom); File No. ITC-214-20010823-00464 (ITC).*

Information for Transferee

(h) Ten Percent or Greater Interest Holders:

Iowa Telecom anticipates that INS will be the only entity that could potentially hold a greater than 10% interest in Iowa Telecom after the anticipated transaction is consummated. INS's interest, however, will be less than 15 percent. INS is an Iowa corporation and its principal business is telecommunications. Its address is 4201 Corporate Drive, West Des Moines, Iowa 50266-5906. In the unlikely event that other entities purchase a 10 percent or greater interest in Iowa Telecom during the IPO, Iowa Telecom will supplement this information.

None of the current directors of Iowa Telecom and ITC, nor the directors expected to join the boards of Iowa Telecom and ITC at the time of an IPO currently sit on the board of directors of any foreign carrier. If directors are named subsequent to this filing who also serve as directors of a foreign carrier, Iowa Telecom and ITC will supplement this information.

(i) Foreign Carrier Affiliations:

Iowa Telecom and ITC certify that they are not currently affiliated with any foreign carrier, and do not expect to be affiliated with any foreign carrier subsequent to the IPO. In the unlikely event that new affiliations result from the IPO, Iowa Telecom and ITC will supplement this application.

(j) Foreign Carrier and Destination Countries:

Iowa Telecom and ITC certify that (1) they are not foreign carriers, (2) they do not control any foreign carriers, (3) no entity that owns more than 25% of or controls Iowa Telecom or ITC controls a foreign carrier, and (4) two or more foreign carriers (or parties that control foreign carriers) do not own, in the aggregate, more than 25% of Iowa Telecom or ITC. Although Iowa Telecom and ITC do not anticipate that any single entity, or any two or more foreign carriers, will own more than 25% of Iowa Telecom or ITC subsequent to the IPO, Iowa Telecom and ITC will supplement this information if it such foreign ownership arises.

(k) Showing of WTO Membership for Destination Countries:

Not applicable.

(l), (m) Showing of Non-Dominance/ Regulatory Classifications:

Not applicable.

(n) Concessions:

Iowa Telecom and ITC certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) Federal Benefits:

Iowa Telecom and ITC certify pursuant to Sections 1.2001 through 1.2003 that no party to the application is subject to a denial of Federal Benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. *See* 21 U.S.C. § 862.

(p) Streamlined Processing:

Iowa Telecom and ITC do not have any foreign carrier affiliations and are not themselves foreign carriers. Furthermore, neither Iowa Telecom nor ITC seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines. Therefore, they qualify for streamlined processing pursuant to Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12.

IV. REQUEST TO TRANSFER CONTROL OF DOMESTIC SECTION 214 AUTHORIZATIONS UNDER SECTION 63.04

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, the additional information required by this section for the domestic Section 214 transfer of control application is provided in Exhibit A.

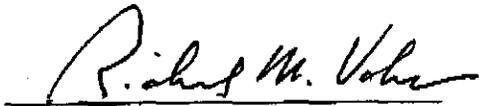
V. CONCLUSION

For the foregoing reasons, the Applicants request that the Commission authorize the transfer of control of Iowa Telecom and ITC to a group of public shareholders in connection with the transaction described herein.

Respectfully submitted,

IOWA NETWORK SERVICES, INC.

IOWA TELECOMMUNICATIONS SERVICES,
INC. AND IOWA TELECOM
COMMUNICATIONS, INC.



Richard Vohs
Chief Executive Officer
Iowa Network Services, Inc.
4201 Corporate Drive
West Des Moines, Iowa 50266-5906
(515) 830-0110

D. Michael Anderson
Vice President - External Affairs
Iowa Telecommunications Services, Inc.
P.O. Box 330
Grinnell, IA 50112
(641) 269-7807

Gregory J. Vogt
Bradley K. Gillen
Chin Kyung Yoo
WILEY REIN & FIELDING LLP
1776 K Street, NW
Washington, DC 20006
(202) 719-7000

Counsel for Iowa Telecommunications
Services, Inc.

**IV. REQUEST TO TRANSFER CONTROL OF DOMESTIC SECTION 214
AUTHORIZATIONS UNDER SECTION 63.04**

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, the additional information required by this section for the domestic Section 214 transfer of control application is provided in Exhibit A.

V. CONCLUSION

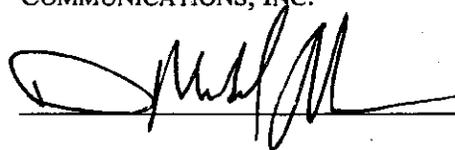
For the foregoing reasons, the Applicants request that the Commission authorize the transfer of control of Iowa Telecom and ITC to a group of public shareholders in connection with the transaction described herein.

IOWA NETWORK SERVICES, INC.

Richard Vohs
Chief Executive Officer
Iowa Network Services, Inc.
4201 Corporate Drive
West Des Moines, Iowa 50266-5906
(515) 830-0110

Respectfully submitted,

IOWA TELECOMMUNICATIONS SERVICES,
INC. AND IOWA TELECOM
COMMUNICATIONS, INC.



D. Michael Anderson
Vice President – External Affairs
Iowa Telecommunications Services, Inc.
P.O. Box 330
Grinnell, IA 50112
(641) 269-7807

Gregory J. Vogt
Bradley K. Gillen
Chin Kyung Yoo
WILEY REIN & FIELDING LLP
1776 K Street, NW
Washington, DC 20006
(202) 719-7000

Counsel for Iowa Telecommunications
Services, Inc.

DECLARATION OF RICHARD VOHS

I, Richard Vohs, President and Chief Executive Officer of Iowa Network Services, Inc., ("INS") do hereby certify under penalties of perjury that to the best of my knowledge, information, and belief, INS, including all officers, directors, or persons holding 5% or more of the outstanding stock or shares (voting and/or non-voting) of INS as specified in Section 1.2003(b) of the Commission's Rules, are not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Date April 16, 2004



Richard Vohs

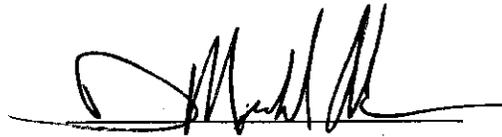
President and Chief Executive Officer

Iowa Network Services, Inc.

DECLARATION OF D. MICHAEL ANDERSON

I, D. Michael Anderson, Vice President – External Affairs of Iowa Telecommunications Services, Inc., (“Iowa Telecom”) do hereby certify under penalties of perjury that to the best of my knowledge, information, and belief, Iowa Telecom and ITC, including all officers, directors, or persons holding 5% or more of the outstanding stock or shares (voting and/or non-voting) of Iowa Telecom and ITC as specified in Section 1.2003(b) of the Commission’s Rules, are not subject to denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Date April 16, 2004



D. Michael Anderson

Vice President – External Affairs

Iowa Telecommunications Services, Inc.

EXHIBIT A

Pursuant to Section 63.04(b) of the Commission's rules, 47 C.F.R. § 63.04(b), the Applicants submit the following additional information in support of their application to transfer control of domestic lines under Section 214 of the Act.

63.04(a)(6): Description of the Transaction

The proposed transaction is described in Section I of the application.

63.04(a)(7): Description of Geographic Service Areas and Services in Each Area

Transferor provides exchange access service and long distance service to the Iowa exchanges of more than 100 independent incumbent LECs. Transferor's geographic service area is therefore outside the service areas of Iowa Telecom and ITC.

Iowa Telecom is an independent incumbent local exchange carrier headquartered in Newton, Iowa. Iowa Telecom currently provides local exchange and exchange access service and dial-up and high-speed internet services to residential and business customers in 294 exchanges widely distributed throughout the State of Iowa, comprising a total of some 258,000 access lines.

ITC, a wholly-owned subsidiary of Iowa Telecom, was created in 2001 to provide telecommunications services to customers outside Iowa Telecom's incumbent LEC service areas. ITC is a competitive LEC that offers residential and small to mid-sized business customers reliable service at lower rates, with the convenience of in-state customer service and billing operations. ITC provides services similar to those provided by Iowa Telecom, to approximately 5400 access lines in 13 exchanges scattered throughout Iowa.

63.04(a)(8): Eligibility for Streamlined Processing

This application is eligible for streamlined processing pursuant to Section 63.03 of the Commission's rules, 47 C.F.R. § 63.03. The Commission has stated that transactions in which the transferee is not a telecommunications carrier should be presumptively streamlined "because in such situations there is not likely to be an increase in concentration in a particular market."¹ See 47 C.F.R. § 63.03(b)(1)(ii). Analogously, no increase in concentration is expected in this instance because the only telecommunications carrier likely to have a ten percent or greater interest in Iowa Telecom or ITC subsequent to the IPO is INS, the Transferor, which will actually be reducing its equity interest in Iowa Telecom and ITC. Furthermore, subsequent to the transaction, the market share of Iowa Telecom and ITC in the interstate, interexchange market will be less than 10 percent; ITC will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant LEC that is not a party to the transaction; and Iowa Telecom is an incumbent independent LEC that has fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide, and will not gain any subscriber lines by virtue of this transaction. See 47 C.F.R. § 63.03(b)(2)(iii). Thus, although the Commission's domestic Section 214 streamlining rules do not precisely address a transfer of control to diverse investors through an IPO, multiple policy rationales for streamlined treatment are clearly met here.

¹ *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd 5517 ¶ 29 (2002).

63.04(a)(9): Other Related Applications

Concurrently with this application, Iowa Telecom is filing an application to transfer control of Part 90 industrial/business licenses used to meet internal business communications needs.

63.04(a)(10): Statement of Imminent Business Failure

Not applicable.

63.04(a)(11): Separately filed waiver requests

None.

63.04(b)(12): Public Interest Statement

The public interest statement is provided in Section II of the Application.