LAW OFFICES
BIRCH, HORTON, BITTNER AND CHEROT A PROFESSIONAL CORPORATION
1155 CONNECTICUT AVENUE, N.W. • SUITE 1200 • WASHINGTON, D.C. 20036 • TELEPHONE (202) 659-5800 • FACSIMILE (202) 659-1027

HAL R. HORTON (1944 - 1998)

RONALD G. BIRCH**
WILLIAM H. BITTNER
KATHRYN A. BLACK
SUZANNE CHEROT
DEVIN L. CROCK†
JON M. DEVORE**
MARK E. FINEMAN, P.E.
GREGORY S. FISHER
DOUGLAS S. FULLER*
MAX D. GARNER
DAVID KARL GROSS
TINA M. GROVIER
WILLIAM P. HORN*
STEPHEN H. HUTCHINGS
DANIEL C. KENT
THOMAS F. KLINKNER
DAVID E. LAMPP*◊
STANLEY T. LEWIS
JAMES H. LISTER*†◊
GREGORY A. MILLER
JENNIFER L. OWENS, Ph.D.
MICHAEL J. PARISE
TIMOTHY J. PETUMENOS
ELISABETH H. ROSS**

OF COUNSEL:
JENNIFER C. ALEXANDER
SHELLEY D. EBENAL
KENNETH E. VASSAR

1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501-3399
(907) 276-1550
FACSIMILE (907) 276-3680

* D.C. BAR
** D.C. AND ALASKA BAR
† MARYLAND BAR
◊ VIRGINIA BAR
ALL OTHERS ALASKA BAR

August 6, 2007

EX PARTE PRESENTATION
Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Petition for Waiver and Forbearance by Iowa Telecommunications Services, Inc., WC Docket No. 05-337*

Dear Secretary Dortch:

On August 3, 2007, Joel Shifman, Senior Advisor, Maine Public Utilities Commission; Billy Jack Gregg, Director, Consumer Advocate Division, West Virginia Public Utilities Commission; and I met with Commissioner Michael Copps and Scott Deutchman, Competition and Universal Service Legal Advisor. In the meeting we highlighted issues raised in the states' May 31, 2007 opposition to the petitions of Iowa Telecommunications Services, Inc. ("Iowa Telecom"); the states' August 1, 2007 response to Iowa Telecom's *ex parte* presentations on July 25 – 27, 2007; and the West Virginia Consumer Advocate Division's August 2, 2007 letter. In particular, we discussed that granting the petitions would harm the public interest by disrupting Joint Board and FCC efforts underway to develop a long term solution to universal service reform and restrain the Universal Service Fund's growth. We described why Iowa Telecom's petitions amount to regulatory arbitrage of universal service support rules.

We also described the impacts on states that would lose support, including Maine. We discussed that it would be unfair to take money away from states when Iowa Telecom had not shown that it needed more support in order to keep rates reasonable comparable and affordable. Attached are two exhibits that we discussed in the meeting.

Pursuant to 47 C.F.R. §1.1206, please include this *ex parte* filing in the above referenced docket.

Sincerely,
Birch, Horton, Bittner & Cherot

/s/
Elisabeth H. Ross
Attorney for the Vermont Public Service Board

Attachments

cc: Commissioner Michael Copps
Scott Deutchman

BACKGROUND: IOWA TELECOM

Rural carrier serving 250,000 lines in three study areas in Iowa

Current residential service rate: **$16.60** (less than rates in West Virginia, Vermont, Maine and other states currently receiving support under the non rural mechanism)

Service offerings include CLASS, bundled broadband and video

USF receipts: No High Cost Loop Support because loop costs are too low.
Interstate Access Support = **$400,000** per month, or **$1.61** per line.

Impacts of granting relief:

- Iowa Telecom's USF support increases from $4.8 million to $27 million annually
- Qwest-Iowa support increases by $6.3 annually (only Iowa non-rural)
- Iowa Telecom's claim: Net increase to Fund: $7.7 million annually
- Likely: Fund will increase more as Iowa wireless ETCs receive support (identical support rule)
- Ten states that receive non rural support now will lose $20.8 million annually

Iowa Telecom's current support is higher per line than support received by a number of non-rural companies:

Iowa Telecom (average)	$1.61
Verizon-Maine	$0.23
Qwest-South Dakota	$0.67
Windstream-Nebraska	$0.83
Qwest-Nebraska	$1.27

Impact of granting Iowa Telecom's request:

Iowa Telecom's support increases from $1.61 per line/mo to $9 per line/mo. Per line support decreases in other states served by non-rural carriers.

USF Support Losses by State if the FCC Grants Iowa Telecom Petitions

State	Current Support	Change	New Support	Support % Change
AL	$ 44,248,705	- $ 4,350,283	$ 39,898,421	- 10%
KY	$ 16,958,529	- $ 3,512,067	$ 13,446,462	- 21%
ME	$ 1,915,023	- $ 1,319,440	$ 595,583	- 69%
MS	$199,245,840	- $ 4,883,755	$194,362,085	- 2%
MT	$ 20,866,596	- $ 791,165	$ 20,075,431	- 4%
NE	$ 10,773,160	- $ 1,869,036	$ 8,904,124	- 17%
SD	$ 2,626,867	- $ 718,123	$ 1,908,743	- 27%
VT	$ 9,929,071	- $ 777,200	$ 9,151,871	- 8%
WV	$ 26,962,375	- $ 1,978,708	$ 24,983,667	- 7%
WY	$ 14,083,508	- $ 565,253	$ 13,518,254	- 4%
Total	$347,609,672	- $20,765,031	$326,844,642	- 6%