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January 12, 2010

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EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

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

Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch:

This letter is to inform you that on January 11, 2010, the undersigned with Wiley Rein LLP, on behalf of Iowa Telecommunications Services, Inc. ("Iowa Telecom"), met with Jennifer Schneider, Broadband, Wireline and Universal Service Legal Advisor for Commissioner Copps. The meeting addressed Iowa Telecom's request that the Commission grant its waiver petition or, alternatively, adopt a proposed rule to provide rural price cap carriers the opportunity to opt in to the non-rural high cost fund as a part of comprehensive universal service reform. The attached materials were discussed during this meeting.

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

Sincerely,

Bennett L. Ross

BLR/rw

Enclosure

cc: Jennifer Schneider

IOWA TELECOM: ACHIEVING THE GOALS OF HIGH COST SUPPORT

Ex Parte Presentation

January 11, 2010

Goals of High Cost Support

- Ensure that rural areas of the Nation have access to communications services comparable to those available in urban areas
- Facilitate deployment of broadband infrastructure in rural areas
- Establish high cost support based on a forward-looking economic cost mechanism

Introduction to Iowa Telecom

- Headquartered in Newton, Iowa, Iowa Telecom and its subsidiaries serve over 450 Iowa communities, 10 Minnesota communities and employ approximately 800 people.
- Iowa Telecom provides service in approximately 286 exchanges and serves no market with a population greater than 16,000 people
- Approximately 20% of Iowa Telecom's

Introduction to Iowa Telecom

- As a rural price cap carrier, Iowa Telecom currently gets no high cost loop support for any of its wire centers in Iowa, despite having invested $170 million to modernize its network.
- This anomaly is due to the fact that Iowa Telecom acquired an under-invested network from GTE in 2000.

Iowa Telecom's Efforts to Obtain High Cost Loop Support

- Iowa Telecom's retail and access rates, like those of the largest ILECs, are regulated on a price cap basis without regard to historic investment.
- Solely for USF purposes, however, because it is a rural telephone company, Iowa Telecom's "costs" are determined using historic investment as opposed to the forward-looking economic cost mechanism used for the historically price cap non-rural

Iowa Telecom's Efforts to Obtain High Cost Loop Support

- The FCC's universal service rules should be modified to reflect Iowa Telecom's unique position and regulatory status.
- Iowa Telecom filed a forbearance petition and a waiver petition on May 8, 2006, to permit it to be treated as a non-rural carrier for high cost loop support purposes.
- Although its forbearance request was denied on August 6, 2007, Iowa Telecom's waiver request remains pending.

Forward-Looking Economic Cost Support Mechanism

- The Commission consistently has endorsed forward-looking economic cost as the appropriate basis for determining eligibility for high cost support. *Federal-State Board on Universal Service*, Report and Order, 12 FCC Rcd. 8776, ¶¶ 199 & 224-225 (1997)
- In *Federal-State Joint Board on Universal Service,* Fourteenth Report and Order, 16 FCC Rcd. 11244, ¶ 4 (2001), the Commission reiterated its conclusion that "rural carriers would shift gradually to a forward-looking economic cost

Forward-Looking Economic Cost Support Mechanism

- Two years ago, the Commission underscored its "goal" of moving all carriers "to a forward-looking economic cost support mechanism." *Iowa Telecom Petition for Forbearance Under 47 U.S.C. § 160(c) from the Universal Service High-Cost Loop Support Mechanism*, Memorandum Opinion and Order, 22 FCC Rcd 15801, ¶ 11 (2007).

Achieving the Goals of High Cost Support

- The FCC should grant Iowa Telecom's waiver petition to allow it to be treated as a non-rural carrier for high cost loop support purposes, which would allow support to be calculated based on forward-looking cost.
- Alternatively, the Commission should adopt rules that would provide a one-time opportunity for rural price cap carriers to opt in to the non-rural high cost fund.