

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
IOWA TELECOMMUNICATIONS SERVICES, INC.,) File No. ITC-T/C-_____
Transferor)
) WC Docket No. _____
and)
)
WINDSTREAM CORPORATION,)
Transferee)
)
Applications for Transfer of Control of)
Domestic and International Authorizations)
Under Section 214 of the Communications)
Act, as Amended)

To: International Bureau
Wireline Competition Bureau

APPLICATIONS FOR CONSENT TO TRANSFER OF CONTROL

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 rules, 47 C.F.R. §§ 63.03, 63.04 and 63.24(e), Iowa Telecommunications Services, Inc. (“Iowa Telecom” or “Transferor,”) and Windstream Corporation, (“Windstream” or “Transferee”) (together “Applicants”) seek consent of the Federal Communications Commission (“FCC” or the “Commission”) for the transfer of ultimate control of Iowa Telecom and its authorized subsidiaries from Iowa Telecom to Windstream. Both Iowa Telecom and Windstream have local exchange and non-dominant interexchange carrier subsidiaries authorized by the Commission to provide international and domestic interstate telecommunications services. A Domestic Section 214 Supplement,

containing the information required by 47 C.F.R. § 63.04, is attached hereto as Exhibit A.¹ The international section 214 applications are eligible for streamlined processing pursuant to Section 63.12 of the Commission's Rules.² Applicants do not seek streamlined processing of the domestic section 214 applications but, nonetheless, request expedited review and action.

I. THE APPLICANTS

A. WINDSTREAM CORPORATION (FRN 0014400220). Windstream, a Delaware corporation headquartered in Little Rock, Arkansas, is a diversified communications and entertainment company that is publicly traded on the NASDAQ Exchange ("NASDAQ"). Windstream, through its subsidiaries, provides local and long distance telephone services, to approximately three million residential and business access lines, broadband and high-speed data services to more than one million customers, as well as video services through a partnership with DISH as of September 30, 2009. Windstream's ILEC subsidiary markets are primarily located in rural areas in 16 states.³ Windstream does not currently maintain an ILEC subsidiary in either Iowa or Minnesota and otherwise has a *de minimis* presence in those states.

¹ Five separate applications seeking Commission approval for the transfer of control of each of the individual Section 214-authorized international carriers are being submitted via IBFS; a single application seeking transfer of control of Iowa Telecom and its various domestic interstate common carrier subsidiaries is being submitted via the Bureau's lockbox. As indicated below, Iowa Telecom and certain of its subsidiaries hold a number of Advanced Wireless Service ("AWS"), 700 MHz and other title III licenses. Applications seeking approval for the transfer of control of those licensee entities are being concurrently filed with the Wireless Telecommunications Bureau.

² 47 C.F.R. § 63.12.

³ These states are as follows: Alabama; Arkansas; Florida; Georgia; Kentucky; Mississippi; Missouri; Nebraska; North Carolina; New York; New Mexico; Ohio; Oklahoma; Pennsylvania; South Carolina; and Texas. Windstream has separately requested Commission approval for the transfer of control of NuVox, Inc. to Windstream. NuVox subsidiaries provide interexchange and competitive local exchange telecommunications services in the following states: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina and Tennessee.

B. IOWA TELECOMMUNICATIONS SERVICES, INC. (FRN 0003911385).

Iowa Telecommunications Services, Inc. is an Iowa corporation headquartered in Newton, Iowa that is publicly traded on the New York Stock Exchange. Iowa Telecom, in its own right and through subsidiaries, offers local telephone, long distance, Internet, broadband and network access services to business and residential customers. Iowa Telecom and its subsidiaries serve over 450 Iowa communities and 10 Minnesota communities.

Iowa Telecom operates 288 telephone exchanges in Iowa as the ILEC.⁴ As of September 30, 2009, Iowa Telecom and its subsidiaries have approximately 255,600 total access lines (214,100 ILEC access lines and 41,500 CLEC access lines),⁵ 160,000 interexchange (long distance) subscribers, 95,000 broadband DSL customers, 11,800 dial-up Internet access subscribers, and 26,400 video subscribers.⁶ Through its subsidiaries Iowa Telecom Communications, Inc. and IT Communications, LLC, Iowa Telecom serves as a CLEC in all exchanges in Iowa in which Qwest is the ILEC, and has a *de minimis* presence in Nebraska. Iowa Telecom also serves 10 exchanges in Minnesota as the ILEC through its Lakedale Telephone Company subsidiary. Further, Iowa Telecom currently serves 104 exchanges in Minnesota as the CLEC through its Lakedale Link, Inc. and Lakedale Link, LLC subsidiaries and majority-owned EN-TEL Communications, LLC subsidiary. Iowa Telecom is also a

⁴ Two of these exchanges are served by Iowa Telecom's ILEC subsidiary, Montezuma Mutual Telephone Company. Two of Iowa Telecom's ILEC study areas include a *de minimis* extension into adjacent geographic areas of Missouri covering, between them, fewer than 70 access lines.

⁵ Effective November 1, 2009, Iowa Telecom acquired substantially all of the operating assets of WH LINK, which were assigned to Iowa Telecom's indirect subsidiary Lakedale Link, Inc. (Such transaction was approved by the Commission on Sept. 21, 2009). As of November 30, 2009, WH LINK served approximately 1,900 access lines.

licensee of 1.7/2.1 GHz Advanced Wireless Services and 700 MHz Lower Band wireless services in various markets throughout Iowa.⁷ A complete list of the subsidiary entities subject to this application is provided at Section IV(a) below, and an organizational chart illustrating the subsidiaries' relationship to Iowa Telecom is included in Exhibit B.

II. DESCRIPTION OF THE TRANSACTION

On November 23, 2009, Iowa Telecom, Windstream, and Buffalo Merger Sub, Inc. ("Buffalo"), a Delaware corporation and direct wholly owned subsidiary of Windstream, signed an Agreement and Plan of Merger (the "Agreement") providing for the merger of Iowa Telecom and Buffalo. Pursuant to the terms of the Agreement, Iowa Telecom will be merged with and into Buffalo, with Buffalo to be the surviving corporation following the closing of the merger (the "Transaction"). As a result of the Transaction, the separate corporate existence of Iowa Telecom will cease and Buffalo (to be re-named "Windstream Iowa Communications, Inc." immediately following consummation of the transaction) shall continue as the surviving corporation of the merger as a wholly owned subsidiary of Windstream. Closing of the Transaction is contingent upon, among other things, receipt of the necessary regulatory approvals from the Commission and other governmental and Iowa Telecom shareholder approvals. Because Windstream will control Buffalo upon consummation of the Transaction, such transfer

⁶ Iowa Telecom resells EchoStar's DISH Network satellite video service to its local exchange customers. In addition, ILEC affiliates Montezuma Mutual Telephone Company and Lakedale Telephone Company are also cable operators.

⁷ Iowa Telecom's mobile wireless operations consist entirely of the resale operations of its Minnesota subsidiary Lakedale Communications, LLC, and of Iowa Telecom subsidiary Montezuma Mutual Telephone Company, in such subsidiary's two-exchange Iowa ILEC territory. Montezuma Mutual Telephone Company leases its 10 MHz of spectrum covering its two-exchange ILEC territory to Iowa Wireless Services, LLC, which is the underlying service provider. Iowa Telecom and its subsidiaries currently hold Advanced Wireless Service and 700 MHz wireless licenses, but none are currently operational.

of control will result in a substantial change in the ultimate control over Iowa Telecom and its subsidiaries holding Commission licenses and authorizations. Diagrams illustrating the Transaction are attached at Exhibit B.

III. PUBLIC INTEREST STATEMENT

This Transaction will serve the public interest consistent with the requirements of Sections 310(d) and 214 of the Communications Act of 1934, as amended.”⁸ Windstream is legally, technically and financially qualified as the transferee entity with regard to the instant transfer of control applications.

A. Public Interest Benefits of the Merger

Commission approval of the Transaction would clearly serve the public interest. The communications industry has been and continues to be subject to rapid technological advances, evolving consumer preferences, and dynamic change. The creation of Windstream in 2006 established an independent, stand-alone wireline-centric corporation that serves the public interest by focusing squarely on enhancing local wireline operations primarily in rural areas.⁹ Iowa Telecom’s markets, principally in Iowa and Minnesota, share the same rural characteristics of Windstream’s existing ILEC subsidiary footprint and, like Windstream’s acquisitions of CT Communications, Inc. (which serves North Carolina, South Carolina, and Georgia) in 2007, D&E Communications, Inc. (Pennsylvania) in 2009, and Lexcom, Inc. (North Carolina) in 2009, combining the Iowa Telecom operations with those of Windstream’s subsidiaries will enable the merged Iowa Telecom operations to offer a broader range of high quality services to Iowa Telecom’s local residential and business customers. A map of the Applicants’ combined ILEC

⁸ 47 U.S.C. §§ 214, 310(d).

⁹ Windstream was formed on July 17, 2006 through the spin-off of ALLTEL Corporation’s landline business and its merger with Valor Communications Group.

service area in the affected states is attached hereto as Exhibit C.

The Transaction will enhance Windstream's operating subsidiaries' ability to offer a wide range of quality communications and entertainment services to rural America in general and in Iowa and Minnesota in particular. With the Transaction, Windstream's subsidiaries will serve approximately (as of September 30, 2009) 255,600 additional local exchange customers and 95,000 additional broadband customers, expanding their footprint to cover new markets in Iowa and Minnesota.¹⁰ As a result, the merged Iowa Telecom operations will realize significant synergies and efficiencies operating as part of Windstream, benefiting consumers and serving the public interest, convenience, and necessity.

The efficiencies and economies of scale resulting from the Transaction will improve the combined company's economic viability and, thus, its ability to continue to attract financing to invest in and offer new and innovative services, including those in rural areas. Increased economies of scale and efficiencies will also enhance the combined company's ability to maintain and expand its subsidiaries' product offerings. This outcome is publicly beneficial as these companies continue to face declines in access lines due to new competitive challenges, notably from wireless and cable operators, and as they transition from a market primarily focused on traditional voice services to one with more diversified product and service offerings. Post-merger, the Iowa Telecom operations also will be better positioned to secure more favorable discounts than Iowa Telecom would have had on a stand-alone basis with respect to purchases of new equipment.

¹⁰ As discussed below, Iowa Telecom also has a *de minimis* presence in Missouri and Nebraska.

B. The Merger Will be Seamless to Subscribers

But for a brand name change, the Transaction will be seamless to Iowa Telecom customers.¹¹ The Transaction is not expected to adversely affect – and if anything, will improve – the already high level and quality of service that Iowa Telecom customers currently receive. The Transaction itself is not expected to otherwise adversely affect the rates for service that customers currently experience or how the Applicants conduct business with their customers.¹²

C. The Transaction Poses No Competitive Risks for the Domestic Interstate Market and Approval Is Consistent with Commission Precedent

The transaction will not result in harm to competition in any relevant market and will yield tangible public interest benefits. Given the increasingly competitive nature of the interstate telecommunications market, the Applicants are seeking to complete the Transaction as soon as possible in order to ensure that customers and Applicants can rapidly obtain the benefits that will be generated by the combined companies.

1. Applicants Have a Miniscule Share of the Domestic Interstate Interexchange Market

Iowa Telecom and Windstream presently have a miniscule share of the domestic interstate interexchange market and are regulated as nondominant in that market.¹³ The

¹¹ Windstream or its subsidiaries, as appropriate, will provide any necessary notice to customers and the Commission pursuant to Section 64.1120(e) of the rules. *See* 47 C.F.R. § 64.1120(e).

¹² In view of the current rapidly changing communications market, any provider must constantly review its pricing strategies and product mix to respond appropriately to marketplace demands. While rates, terms, and conditions will be the same immediately after the Transaction as immediately before the Transaction, prices and product mix necessarily will change over time in the normal course of business and pursuant to standard regulatory and legal processes.

¹³ *See* 47 C.F.R. § 63.01; *Regulatory Treatment Of LEC Provision Of Interexchange Services Originating In The LEC's Local Exchange Area and Policy And Rules Concerning The Interstate, Interexchange Marketplace*, 12 FCC Rcd. 15756, ¶ 163 (1997) (independent ILECs subject to nondominant regulatory treatment conditioned on separation requirements).

Commission has already determined that combinations between nondominant carriers resulting in less than 10 percent market share of the interstate interexchange market are “extremely unlikely [to] result in a public interest harm” and “unlikely to raise public interest concerns.”¹⁴

The Applicants’ combined market share will fall well below that threshold.¹⁵

2. Applicants Have No ILEC-CLEC Overlaps and *De Minimis* Adjacencies

With respect to the Applicants’ ILEC markets, the Commission has found that where mergers between non-BOC ILECs result in *de minimis* overlaps and no or minimal adjacencies between markets where the adjacent exchanges are very small, “no harm to competition is likely to occur.”¹⁶ Here, neither Windstream’s subsidiaries nor Iowa Telecom (or its affiliates) is a

¹⁴ *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd. 5517, ¶ 30 (2002) (citing to U.S. Dept. of Justice and Federal Trade Commission Horizontal Merger Guidelines, § 1.51 n.18).

¹⁵ Commission data indicate that in 2006 U.S. telecommunications carriers reported over \$31 billion in interstate toll revenues. (Windstream expects that figure may have decreased somewhat in the years since.) As Windstream’s total 2008 revenues for *all* of its services – including local, broadband, and long distance – amount to about \$3 billion, it is safe to presume that its share of the interstate interexchange market falls well below 10 percent of the total. *See Trends in Telephone Service*, Industry Analysis and Technology Division, at Table 9-2 (WCB Aug. 2008) (“*2008 Trends Report*”). Similarly, with respect to international long distance service, for 2006 the Commission reported that Windstream’s \$246 million in international resale revenues constituted only 4.04 percent of the total of *pure resale revenues* – a figure that *excludes* the over \$8 billion of revenues generated by facilities-based services. *See id.* at Tables 6-4 and 6-5.

¹⁶ *See Joint Applications of Global Crossing Ltd. and Citizens Communications Co.*, 16 FCC Rcd. 8507, ¶ 9 (CCB, CSB, WTB 2001) (“*Global Crossing-Citizens*”). Indeed, the Commission has approved mergers between smaller ILECs where the mergers resulted in the *loss* of a competitor in an exchange area. *See Joint Applications of Telephone and Data Systems, Inc. and Chorus Communications, Ltd.*, 16 FCC Rcd. 15293, ¶¶ 8-9 (CCB, WTB 2001) (“*TDS-Chorus*”). The Commission approved Windstream’s acquisitions of CT Communications, D&E Communications and Lexcom in light of these precedents. *See* Public Notice, WC Docket No. 09-172, DA 09-2394 (WCB rel. Nov. 6, 2009) (“*Windstream-Lexcom*”) (citing *Global Crossing-Citizens* and *TDS-Chorus* in concluding that the transfer of control of CTC to Windstream “will serve the public interest, convenience and necessity”); Public Notice, WC Docket No. 09-79, DA 09-1729 (WCB rel. July 31, 2009) (“*Windstream-D&E*”) (citing *Global Crossing-Citizens* in

CLEC operating in the other's ILEC territory.¹⁷ Thus, the Transaction results in no ILEC-CLEC overlaps. Moreover, the Transaction involves ILEC adjacencies affecting a *de minimis* number of subscribers.¹⁸ These adjacencies occur in the very types of rural and less populated areas the Commission has found "are less attractive to new entrants" and, thus, concerns relating to the loss of potential competition are even less acute.¹⁹ Even so, in many of the affected exchange

concluding that the transfer of control of CTC to Windstream "will serve the public interest, convenience and necessity"); Public Notice, WC Docket No. 07-127, DA 07-3580 (WCB rel. Aug. 10, 2007) (citing *Global Crossing-Citizens* and *TDS-Chorus* in concluding that the transfer of control of CTC to Windstream "will serve the public interest, convenience and necessity") ("*Windstream-CTC*"). See also *Applications Filed for the Transfer of Control of Embarq Corporation to CenturyTel, Inc.*, Memorandum Opinion and Order, 24 FCC Rcd. 8741, ¶¶ 16-19 (2009) ("*Embarq-CenturyTel*") (citing *TDS-Chorus* in "find[ing] that the proposed transaction is unlikely to harm competition or potential competition in those local markets where the Applicants currently compete"); *Madison River Communications Corp.*, Public Notice, WC Docket No. 07-03, DA 07-125, at 1-3 (rel. Jan. 19, 2007) (transferee provided competitive access service in transferor's ILEC territory in one state) ("*Madison River*"), *granted*, Public Notice, DA 07-744 (rel. Feb. 20, 2007) ("*Madison River Grant*").

¹⁷ As the Commission is aware, Windstream is party to pending applications seeking Commission consent to the transfer of control of regional CLEC NuVox, Inc. See Public Notice, *Domestic Section 214 Application Filed for the Transfer of Control of NuVox, Inc. to Windstream Corporation*, WC Docket No. 09-211, DA 09-2523 (WCB rel. Dec. 2, 2003). None of the exchanges in which NuVox is a CLEC overlap with markets in which Iowa Telecom or its affiliates is the ILEC. Iowa Telecom's CLEC subsidiary, IT Communications, LLC received its certificate from the Nebraska Public Service Commission on July 14, 2009. Although it is technically authorized to provide competitive local exchange service in and adjacent to Windstream's ILEC subsidiary's service area, Iowa's CLEC subsidiary is not offering service in Windstream's Nebraska ILEC service area.

¹⁸ Applicants have identified only one ILEC-CLEC adjacency in which the companies are providing service: Windstream's Murray, NE exchange (1,191 access lines) is adjacent to Iowa Telecom's CLEC offering service in the Glenwood-Mineola, IA exchange (2 access lines). Public interest concerns under the Commission's streamlining framework are not raised in markets where there are CLEC-ILEC adjacencies, as the non-dominant CLEC will be operating "in geographic areas served by a dominant local exchange carrier" not a party to the transaction. See *Domestic Streamlining Order* at ¶¶ 31-32.

¹⁹ See *Global Crossing/Citizens* at ¶ 7 (citing *Application of GTE Corp. and Bell Atlantic Corp.*, 15 FCC Rcd. 14032, 14095 ¶ 117 (2000)). Like the *Global Crossing/Citizens* transaction, the nature of the Transaction – involving a limited number of exchanges in a discrete geographic

areas, Windstream's subsidiaries and Iowa Telecom face direct or potential competition by other competitive carriers, such as CLECs or wireless carriers.²⁰

These adjacencies (with access line figures as of November 30, 2009), together with information on competitors, are as follows:

- Iowa Telecom's Percival exchange (99 access lines) is adjacent to Windstream's exchanges of Nebraska City, NE (3,220 access lines) and Union, NE (290 access lines). In Percival, IA, Iowa Telecom faces competition or potential competition from wireless providers AT&T Mobility, RSA 1 Limited Partnership d/b/a Chat Mobility, Sprint Nextel, T-Mobile and U.S. Cellular. In Nebraska City, NE, Windstream faces competition or potential competition from Time Warner Cable, Nebraska Technology & Telecommunications ("NT&T"), Verizon Wireless and AT&T Mobility. In Union, Windstream faces competition or potential competition from NT&T, Heartland Wireless, Jag Wireless, and Verizon Wireless.
- Iowa Telecom's Thurman exchange (158 access lines) is adjacent to Windstream's exchanges of Union, NE (290 access lines) and Murray, NE (1,191 access lines). In Thurman, Iowa Telecom faces competition or potential competition from wireless providers AT&T Mobility, RSA 1 Limited Partnership d/b/a Chat Mobility, Sprint Nextel, T-Mobile and U.S. Cellular. In Union, Windstream faces competition or potential competition from NT&T, Heartland Wireless, Jag Wireless, and Verizon

area – indicates that the Commission's extensive merger analysis previously employed in BOC-related mergers is inapplicable here.

²⁰ See *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd. 5662, ¶¶ 99, 105 (2007) ("acknowledg[ing] that mobile wireless services are in the relevant product market at least to some extent" with respect to mass market services and finding that competitors for such services "include ... wireless carriers, to the extent consumers use their services as a replacement for local or long distance services."). Underscoring that wireless and wireline services are increasingly becoming substitutes for one another, the Centers for Disease Control National Center for Health Statistics recently announced that preliminary results from its July-December 2008 National Health Interview Survey found that "[m]ore than one of every five American homes (20.2%) had only wireless telephones (also known as cellular telephones, cell phones, or mobile phones) during the second half of 2008." See <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless200905.htm>. Applicants also note that rates for most local exchange services in the affected Iowa markets were deregulated July 1, 2005, and effective July 1, 2008, the Iowa Utilities Board held that competition is sufficiently effective to warrant ending its retail rate jurisdiction to single line flat-rated residential and business service. See Iowa Code §§ 476.1D and 476.55; *In re: Possible Extension of Board Jurisdiction Over Single Line Flat Rated Residential and Business Rates for Local Exchange Carriers*, Final Order, Docket No. INU-08-1 (Iowa Utils. Bd. June 27, 2008).

Wireless. In Murray, Windstream faces competition or potential competition from NT&T, Galaxy Cable, Jag Wireless, and Verizon Wireless.

- Iowa Telecom's Redding exchange (73 access lines) is adjacent to Windstream's exchanges of Grant City, MO (719 access lines) and Allendale, MO (94 access lines). In Redding, Iowa Telecom faces competition or potential competition from wireless providers RSA 1 Limited Partnership d/b/a Chat Mobility, Sprint Nextel, T-Mobile and U.S. Cellular. In Grant City, Windstream faces competition or potential competition from B&L Technologies and CCP Online. In Allendale, Windstream faces competition or potential competition from Longview Communications.

In addition, through subsidiaries Windstream and Iowa Telecom both maintain CLEC operations in the Omaha, Nebraska and Council Bluffs, Iowa markets where Qwest Corporation is the ILEC. As of November 30, 2009, in Omaha, Windstream and Iowa Telecom subsidiaries had 8,324 and 0 access lines, respectively,²¹ and, in Council Bluffs, Windstream and Iowa Telecom subsidiaries had 289 and 0 access lines, respectively.

The Commission has uniformly approved non-RBOC transactions involving a limited number of overlapping and/or adjacent exchanges affecting a limited number of access lines.²² This Transaction clearly falls into this category.²³ None of the exchange areas involved in the

²¹ Since November 30, 2009 IT Communications, LLC has put 8 access lines into service in Omaha. As mentioned in note 17 above, Iowa Telecom's CLEC subsidiary, IT Communications, LLC received its certificate from the Nebraska Public Service Commission on July 14, 2009. Its interconnection agreement with Qwest Corporation was recently approved on October 27, 2009.

²² See, e.g., *Windstream-CTC* at 1; *Global Crossing/Citizens* at ¶¶ 1, 5-8; Public Notice, *Wireline Competition Bureau Grants Consent for Transfer of Control of Hartman Tel. Exchanges, Inc. to Randall J. Raile and Kacey L. Raile*, WC Docket No. 04-320, DA 04-3225, n.3 (WCB rel. Oct. 13, 2004); *TDS-Chorus*, 16 FCC Rcd. at 15297-99; *Madison River* at 1-3 and *Madison River Grant*; Public Notice, *Wireline Competition Bureau Grants Consent for Transfer of Control of Certain Affiliates of MJD Services Corp. to Golden West Telephone Properties, Inc.*, WC Docket No. 03-186, DA 03-3004, n.2 (WCB rel. Sept. 30, 2003); see also Public Notice, *Wireline Competition Bureau Grants Consent for Transfer of Control of Berkshire Tel. Co. to Fairpoint Communications, Inc.*, WC Docket No. 03-184, DA 05-1095, n.5 (WCB rel. Apr. 15, 2005).

²³ See *Global Crossing/Citizens* at ¶ 7.

Transaction have ILEC-CLEC overlaps. Moreover, the Commission has consistently determined that adjacencies such as these do not raise public interest concerns and has routinely granted applications in these circumstances.²⁴ Indeed, the combined company will be a more effective competitor in the Omaha and Council Bluffs markets where the Applicants have operated individually as CLECs.²⁵

D. International Section 214 Public Interest Considerations

Approval of the Transaction (i) will promote and preserve competition in the international telecommunications marketplace and (ii) will ensure that the affected Iowa Telecom subsidiaries will have the necessary authority to continue to offer seamless international services to existing customers. The Transaction poses no risk of anticompetitive impact on the U.S. international telecommunications marketplace. Applicants together hold only a miniscule share of the international telecommunications market and therefore the Applicants would have no ability to adversely affect competition.²⁶

In addition, the Commission's principal concern for "the exercise of foreign market power in the U.S. market" is that such market power "could harm U.S. consumers through

²⁴ See *Global Crossing/Citizens* at ¶ 7. In contrast to the instant Transaction, *Global Crossing/Citizens* involved adjacencies in four states, and involved 71 exchanges ranging from a couple hundred to nearly 300,000 access lines. See *Global Crossing Ltd. and Citizens Communications Co. Ex Parte Presentation*, CCB Pol. No. 00-1, at 5-6 and Attachment C. Windstream's acquisition of CT Communications entailed many adjacencies as well as several ILEC-CLEC overlaps (of which there are none here), and the Bureau found that the Commission's rationale from the *Global Crossing/Citizens* and *TDS-Chorus* supported approval of that transaction. See *Windstream-CTC* at 1; see also *Windstream-D&E* at 1; *Windstream-Lexcom* at 1.

²⁵ See *TDS-Chorus*, 16 FCC Rcd. at 15298 (transaction will "increase competition by making [combined company] a stronger competitor to" the ILEC in the affected markets).

²⁶ See *supra* note 15 (describing Commission's international revenue data).

increases in prices, decreases in quality, or reductions in alternatives in end user markets.”²⁷ As the Commission explained further, “generally, this risk occurs when a U.S. carrier is affiliated with a foreign carrier that has sufficient market power on the foreign end of a route to affect competition adversely in the U.S. market.”²⁸ As discussed herein, Windstream does not currently have and will not acquire any affiliations with foreign carriers – with market power or otherwise – as a result of the Transaction. Thus, consumers will not be harmed by the Transaction.

IV. SECTION 63.24 INFORMATION

In accordance with Section 63.24(e) of the Commission’s rules, 47 C.F.R. § 63.24(e), the Applicants submit the following information in support of the instant application. Information is provided responsive to the provisions of Section 63.18 of the rules, paragraphs (a) through (p), as applicable.

(a) Name, address, and telephone number

Transferor:

Iowa Telecommunications Services, Inc.
403 W. 4th St. N.
Newton, Iowa 50208
Tel: (641) 787-2337
Fax: (641) 787-2347

Authorized Carriers (International and/or Domestic), with FRN information:

Iowa Telecommunications Services, Inc. (FRN 0003911385)
Iowa Telecom Communications, Inc. (FRN 0005089446)
IT Communications, LLC (FRN 0013623335)
Montezuma Mutual Telephone Company (FRN 0003708575)

²⁷ *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order and Order on Reconsideration, 12 FCC Rcd. 23891, 23951-54 (1997).

²⁸ *See id.*

Lakedale Telephone Company (FRN 0003738416)
Lakedale Link, Inc. (FRN 0003738424)
Lakedale Link, LLC (FRN 0018879585)
EN-TEL Communications, LLC (FRN 0003738465)
Direct Communications, LLC (FRN 0003738432)

Transferee:

Windstream Corporation
4001 Rodney Parham Rd.
Little Rock, AR 72212
(501) 748-7000
(501) 748-7996 (Fax)

(b) Citizenship

Transferor:

Iowa Telecommunications Services, Inc. is an Iowa Corporation.

Authorized Carriers (international and/or domestic):

Iowa Telecommunications Services, Inc. is an Iowa Corporation
Iowa Telecom Communications, Inc. is an Iowa Corporation
IT Communications, LLC is an Iowa Limited Liability Company
Montezuma Mutual Telephone Company is an Iowa Corporation
Lakedale Telephone Company is a Minnesota Corporation
Lakedale Link, Inc. is a Minnesota Corporation
Lakedale Link, LLC is a Minnesota Limited Liability Company
EN-TEL Communications, LLC is a Minnesota Limited Liability Company
Direct Communications, LLC is a Minnesota Limited Liability Company

Transferee:

Windstream is a Delaware Corporation.

(c) Contact Information (Answer to IBFS Main Form Question 10)

For the Transferor and Authorized Carriers:

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For the Transferee:

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(d) International Section 214 Authorizations (Answer to IBFS Main Form Question 10)

Authorized Carriers:²⁹

Iowa Telecommunications Services, Inc. (File Nos. ITC-214-20000627-00408 – Global Facilities-Based and Resale; ITC-214-19961219-00634 – Global

²⁹ The entities listed immediately below are the only entities subject to the international Section 214 applications for this Transaction.

Resale; ITC-214-20080709-00316 – Global Resale; and ITC-214-20010501-00266 – Global Resale)
Iowa Telecom Communications, Inc. (File No. ITC-214-20010823-00464 – Global Facilities-Based and Resale)
IT Communications, LLC (File No. ITC-214-20050906-00360 – Global Facilities-Based and Resale)
Lakedale Link, Inc. (File No. ITC-214-19960725-00339 – Global Resale)
EN-TEL Communications, LLC (File No. ITC-214-20010501-00265 – Global Resale)

Transferor:

See above.

Transferee:

Windstream holds no international Section 214 authorization in its own right.³⁰

(h) Ten Percent or Greater Interest Holders/Interlocking Directorates (Answer to IBFS Main Form Questions 11 and 12)

Iowa Telecom is a widely-held, publicly traded corporation. To its knowledge Iowa Telecom has no 10 percent or greater holders.

To its knowledge Windstream is and will remain post-closing a publicly-traded company with no 10 percent or greater interest holders.

Neither Iowa Telecom nor Windstream have any interlocking directorates with a foreign carrier, nor will they have any such interlocking directorates after consummation of the transaction.

(i) Foreign Carrier Affiliation Certification (Answer to IBFS Main Form Question 14)

Windstream certifies that it will have no foreign carrier affiliations upon consummation of the transaction.

³⁰ Windstream's authorized subsidiaries provide international telecommunications services pursuant to the following international Section 214 authorizations: File Nos. ITC-214-2006-0816-00433; ITC-214-20000719-00451; ITC-214-19981110-00835; ITC-214-20010802-00418; ITC-214-20060501-00261; ITC-214-19930405-00054; ITC-214-19970707-00382; and ITC-214-19930302-00003.

(j) Foreign Carrier and Destination Countries (Answer to IBFS Main Form Questions 14-17)

Windstream certifies that upon consummation of the Transaction: (1) it will not be a foreign carrier; (2) it will not control any foreign carriers; (3) no entity that will own more than 25 percent of or control Windstream controls a foreign carrier; and (4) two or more foreign carriers (or parties that control foreign carriers) will not own, in the aggregate, more than 25 percent of Windstream.

(k) WTO Membership of Destination Countries (Answer to IBFS Main Form Questions 14-17)

Not applicable.

(l),(m) Nondominant Regulatory Classification (Answer to IBFS Main Form Questions 14-17)

Not applicable. As Windstream will have no foreign carrier affiliations, it is entitled to continued nondominant regulatory classification pursuant to Section 63.10(a)(1) of the rules, 47 C.F.R. § 63.10(a)(1).

(n) Special Concessions Certification (Answer to IBFS Main Form Question 21)

Windstream certifies that it has not agreed to accept special concessions directly or indirectly from any foreign country 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/Anti-Drug Abuse Act of 1988 Certification (Answer to IBFS Main Form Question 25)

Applicants certify pursuant to Sections 1.2001 through 1.2003 of the rules, 47 C.F.R. § 1.2001-1.2003, 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, 21 U.S.C. § 862.

(p) Eligibility for Streamlined Processing (Answer to IBFS Main Form Question 20)

As Windstream is not a foreign carrier and does not have any foreign carrier affiliations, the instant application qualifies for streamlined processing pursuant to Section 63.12 of the rules, 47 C.F.R. § 63.12.

V. TRANSFER OF CONTROL OF DOMESTIC SECTION 214 AUTHORITY

Pursuant to Section 63.04(b) of the rules, 47 C.F.R. § 63.04(b), information responsive to Section 63.04(a)(6)-(a)(12) of the rules is provided in Exhibit A.

VI. CONCLUSION

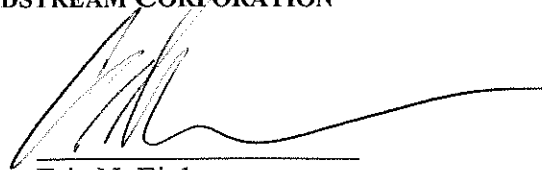
For the foregoing reasons, Applicants request Commission consent to the transfer of control of Iowa Telecom and its subsidiaries to Windstream in connection with the Transaction described herein.

Respectfully submitted,

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December 18, 2009

VI. CONCLUSION

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EXHIBIT A

Transfer of Control of Domestic Section 214 Authority Information Responsive to Section 63.04(a)(6)-(a)(12) of the Rules

1. Description of Transaction (§ 63.04(a)(6))

The Transaction is described in Section II.

2. Description of Geographic Service Area and Services in Each Area (§ 63.04(a)(7))

Applicants' wireline domestic interstate and international services are described in detail in Sections I and III. A map showing the parties' combined subsidiary service areas in the affected states is attached as Exhibit C hereto. Iowa Telecom and Windstream subsidiaries both presently offer resold domestic interstate and international interexchange services in their service territories, and Windstream subsidiaries of the combined companies will continue to offer such services after consummation of the merger.

3. Streamlined Processing (§ 63.04(a)(9))

Applicants do not seek streamlined processing of the domestic interstate section 214 application.

4. Other Related Applications (§ 63.04(a)(9))

Related to the instant Application are concurrently-filed applications to transfer control of Iowa Telecom and its subsidiaries holding various Title III wireless licenses to Windstream. (See ULS File No. 0004063956 for the lead application.) In addition, Iowa Telecom notes that it is a party to two pending applications before the Commission which are unaffected by the instant application. These are: (1) a pending Study Area waiver request involving Qwest's Ankeny, Iowa exchange and Iowa Telecom's Elkhart, Iowa exchange (*see* Public Notice, DA 08-58 (WCB rel. Jan. 9, 2008)); (2) a pending Study Area waiver request involving Wellman Cooperative Telephone Association's Wellman, Iowa exchange and Iowa Telecom's

Williamsburg, Iowa exchange, submitted October 15, 2009; and (3) a domestic section 214 application filing to reflect the transfer of control of domestic interstate carrier Direct Communications, LLC submitted December 14, 2009.

5. Statement of Imminent Business Failure (§ 63.04(a)(10))

Not applicable.

6. Separately Filed Waiver Requests (§ 63.04(a)(11))

Not applicable.

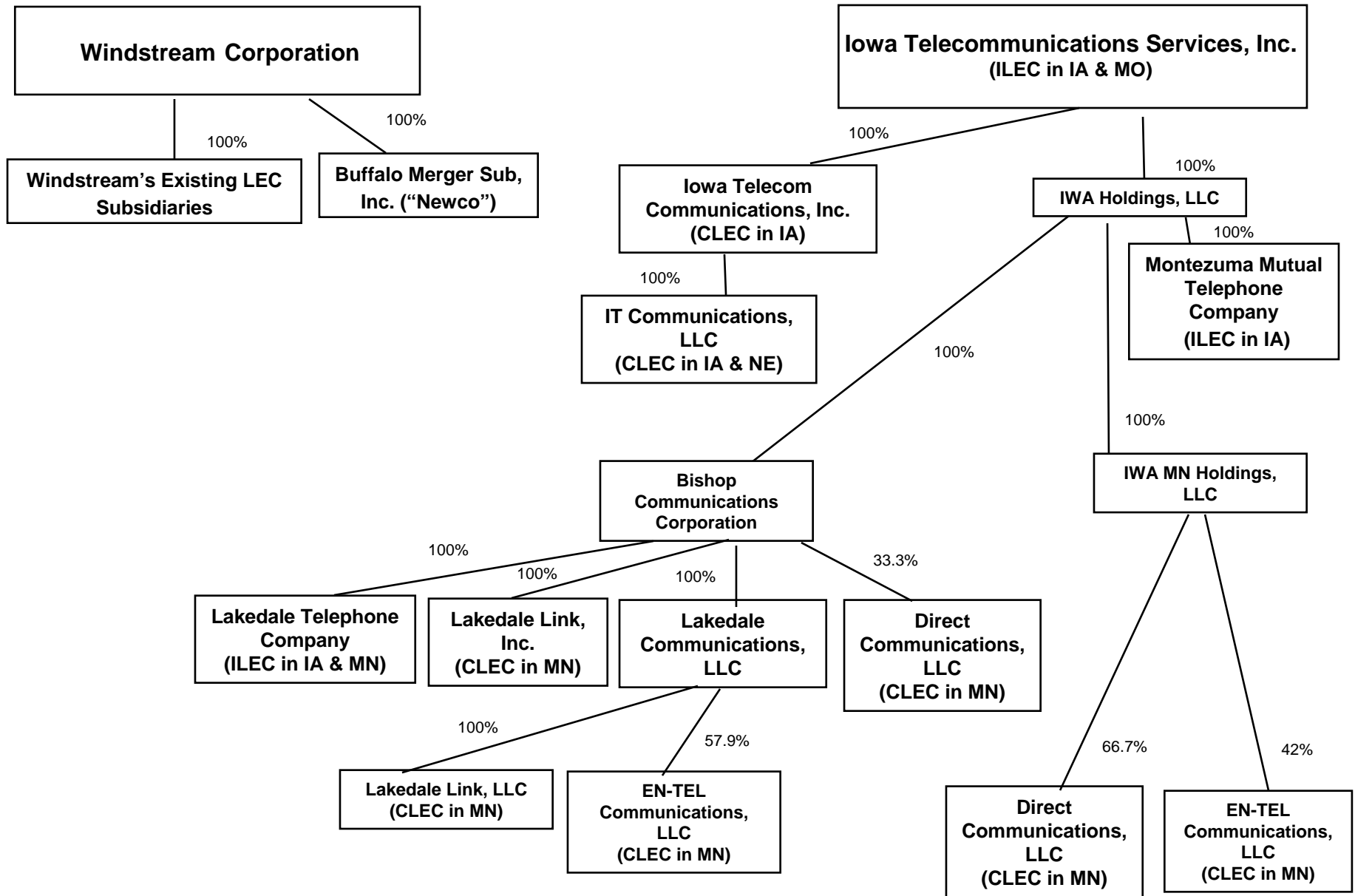
7. Public Interest Statement (§ 63.04(a)(12))

See Section III.

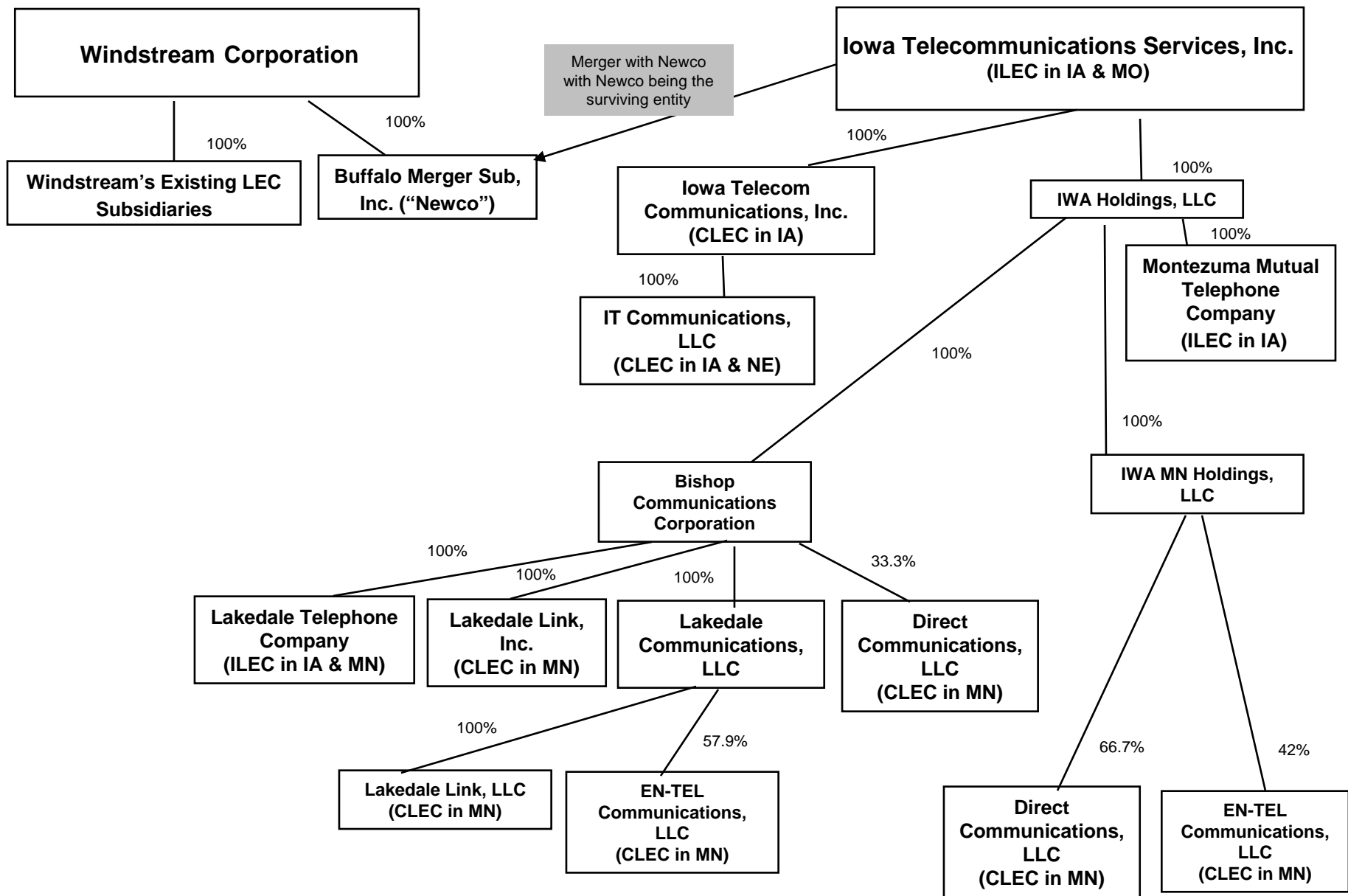
EXHIBIT B

Diagrams Illustrating the Transaction

Existing Corporate Structures



Transaction



Post-Transaction Corporate Structure

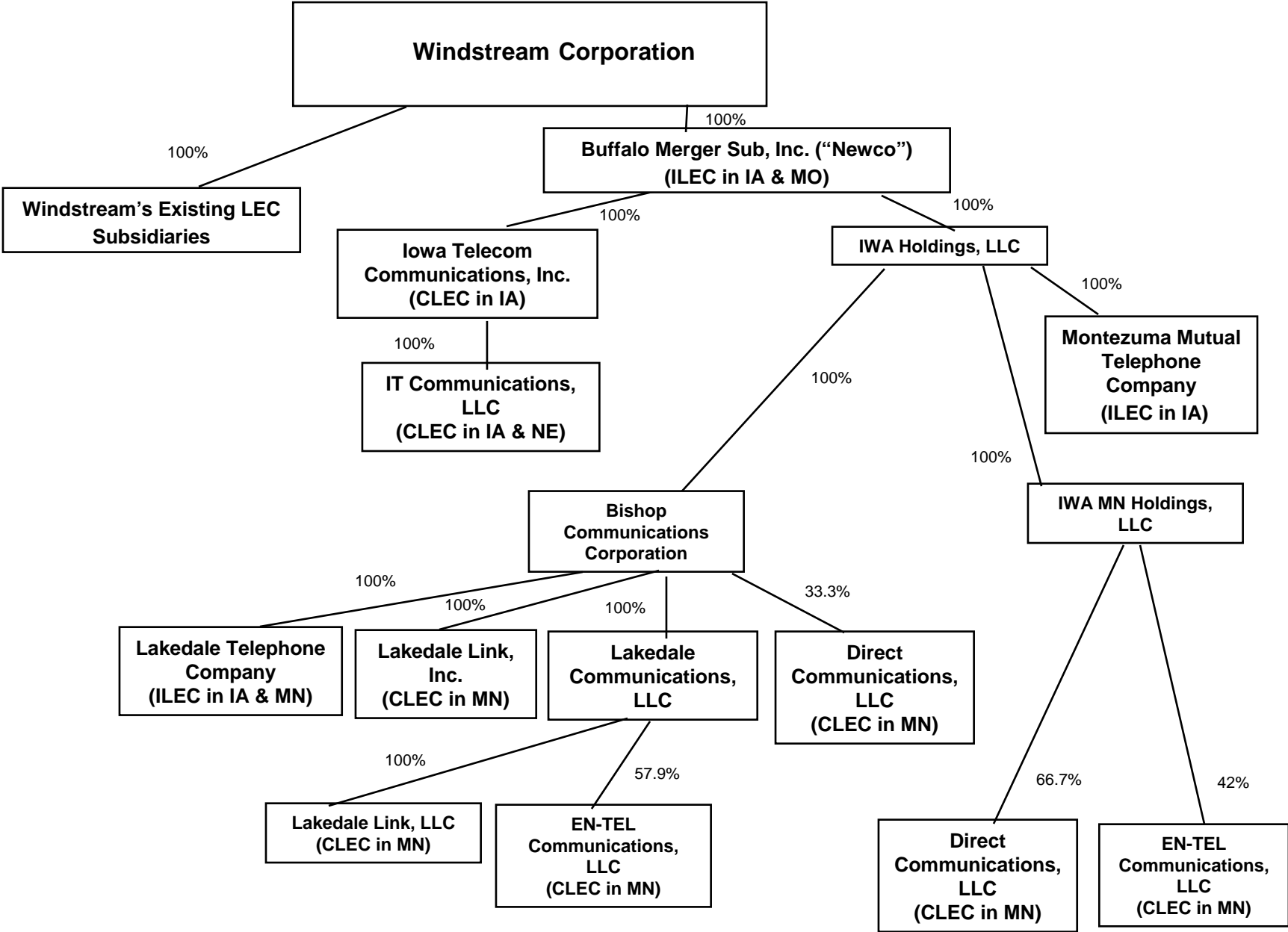


EXHIBIT C

Service Area Coverage Map



and



ILEC Territories

