



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

DA 04-1946
Released: June 28, 2004

**DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL
OF THE BAXTER, MELBOURNE, RHODES, AND STATE CENTER (IOWA)
EXCHANGES**

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-231

**PARTNER COMMUNICATIONS COOPERATIVE AND IOWA
TELECOMMUNICATIONS SERVICES, INC., d/b/a IOWA TELECOM SEEK WAIVER
OF THE STUDY AREA BOUNDARY FREEZE AS CODIFIED IN PART 36 AND
WAIVERS OF SECTIONS 69.3(e)(11) AND 69.605(c) OF THE COMMISSION'S RULES**

PLEADING CYCLE ESTABLISHED

CC Docket No. 96-45

Comment Date: July 12, 2004
Reply Comment Date: July 19, 2004

On June 14, 2004, Partner Communications Cooperative (Partner) and Iowa Telecommunications Services, Inc. (Iowa Telecom) (collectively, the Applicants) filed an application, pursuant to section 63.04 of the Commission's rules, to transfer control of the Baxter, Melbourne, Rhodes, and State Center exchanges (Exchanges) from Iowa Telecom to Partner, a total of 2,030 lines (Transfer of Control Application)¹ and a joint petition for waiver of the study area boundary freeze as codified in the Appendix-Glossary of Part 36 of the Commission's rules (Study Area Waiver).² Partner also seeks a waiver of section 69.3(e)(11) of the Commission's rules regarding participation in the National Exchange Carrier Association (NECA) carrier common line tariff and a waiver of the definition of "average schedule company" in section 69.605(c) of the Commission's rules (Part 69 Waivers).³

¹ 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

² 47 C.F.R. § 36, App. (defining "study area").

³ 47 C.F.R. §§ 69.3(e)(11) and 69.605(c).

Transfer of Control Application: Although the proposed transaction involves only the transfer of the local exchange assets of an incumbent local exchange carrier by means other than an acquisition of corporate control, this application is not subject to streamlined treatment.⁴ In this instance, non-streamlined treatment is appropriate because the Applicants have filed associated waiver requests that are not likely to be resolved in the 31-day period provided for approval under the Commission's streamlining rules.

Iowa Telecom, a corporation, is an independent incumbent local exchange carrier (LEC) headquartered in Newton, Iowa. Iowa Network Services, Inc. owns 57 percent and FS Private Investments III, LLC owns 28 percent of the equity in Iowa Telecom.⁵ Iowa Telecom currently provides local exchange and exchange access service, and dial-up and high-speed Internet services to residential and business customers in approximately 294 exchanges widely distributed throughout the State of Iowa, comprising a total of approximately 260,000 access lines.

Partner, a cooperative, is headquartered in Gilman, Iowa. It provides incumbent local exchange and exchange access services as well as Internet access services to residential and business customers (approximately 1,488 access lines total) in the small rural central Iowa communities of Gilman and Kellogg. Partner presently serves the Baxter and Melbourne exchanges as a competitive LEC. Partner's incumbent service areas do not overlap and are not adjacent to the Exchanges.

The Applicants have entered into an Asset Purchase Agreement in which Iowa Telecom has agreed to transfer its customer base and assets in the Exchanges to Partner. After consummation, Partner will continue to offer the services currently offered to Iowa Telecom customers in these Exchanges.

Applicants state that the proposed transaction is in the public interest because affected customers will be able to purchase from Partner a complete bundle of voice, high-speed Internet access, and video services for the first time. In addition, Applicants state that Partner has committed to provide customers a price reduction. They further assert that customers may also benefit from Partner's cooperative structure, which provides for local management, and the ability of all customers to be an owner of the cooperative, including the right to vote for the cooperative's Board of Directors. Moreover, Applicants state that Partner will benefit from new economies of scale and administratively simpler operations as a result of the transaction. They further argue that Iowa Telecom's telecommunication services would be strengthened through

⁴ See 47 C.F.R. § 63.03(b)(1)(iii) (explaining that transactions involving "only the transfer of the local exchange assets of an incumbent local exchange carrier by means other than an acquisition of corporate control" are presumed to be subject to streamlined procedures).

⁵ The ownership structure of Iowa Telecom is subject to change as a result of its pending initial public offering. See *Notice of Streamlined Domestic 214 Applications Granted*, WC Docket No. 04-157, Public Notice, DA 04-1544 (rel. June 1, 2004).

subtraction, permitting Iowa Telecom to focus greater resources on its remaining exchanges throughout the state, better positioning the company to provide new services to its customers in a shorter timetable in its rural exchanges and to modernize its network.

Study Area Waiver and Part 69 Waivers: The requested study area waiver would permit Iowa Telecom to remove from its study area the Baxter, Melbourne, Rhodes, and State Center exchanges (approximately 2,030 access lines) that it is transferring to Partner. The waiver would also allow Partner to add the acquired exchanges to its incumbent study area. As noted above, Partner currently provides service as a competitive LEC in the Baxter and Melbourne exchanges. According to its petition, Partner intends to discontinue its competitive LEC operations and transfer those subscribers to its incumbent LEC operations. Partner's requested waiver of section 69.3(e)(11) of the Commission's rules would permit Partner to begin using NECA as its tariff pool administrator for the acquired exchanges upon consummation of the transaction. Section 69.3(e)(11) states that any changes in common line tariff participation resulting from a merger or acquisition of telephone properties are to be made effective on the next annual access tariff filing effective date following consummation of the merger or acquisition transaction. Finally, Partner's requested waiver of section 69.605(c) of the Commission's rules would permit its continued operation as an average schedule company after the acquisition of the three exchanges from Iowa Telecom. Section 69.605(c) defines an average schedule company as a telephone company that was participating in average schedule settlements on December 1, 1982.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a non-streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments on the transfer of control application and the waiver requests on or before July 12, 2004** and **reply comments on or before July 19, 2004**.⁶ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail

⁶ *See* 47 C.F.R. § 63.52(b).

to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; website: www.bcpweb.com; phone: 1-800-378-3160;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov;
- (3) Christi Shewman, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C142, Washington, D.C. 20554; e-mail: christi.shewman@fcc.gov;
- (4) William Dever, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C266, Washington, D.C. 20554; e-mail: william.dever@fcc.gov;
- (5) Christopher Killion, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: ckillion@fcc.gov;
- (6) Gary Seigel, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, S.W. Room 5-A633, Washington, D.C. 20554; e-mail: gary.seigel@fcc.gov;
- (7) Cathy Carpino, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, S.W. Room 5-A441, Washington, D.C. 20554; e-mail: cathy.carpino@fcc.gov; and

(8) Sheryl Todd, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, S.W. Room 5-B540, Washington, D.C. 20554; e-mail: sheryl.todd@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 1-800-378-3160, or via e-mail www.bcpweb.com.

For further information regarding the Transfer of Control Application, please contact Tracey Wilson at (202) 418-1394 or Christi Shewman at (202) 418-1686. For further information regarding the Study Area Waiver and the Part 69 Waivers, please contact Gary Seigel at (202) 418-0879.

- FCC -