

Telecom's network ("loops") in each of its 288 exchanges. Any DSL-addressable Iowa Telecom customer can subscribe to DSL for less than an additional \$30 per month, many for less than \$20 per month.²

While a very efficient and reliable technology, DSL has a limited range. Potential customers whose premises are reached by particularly long loops cannot receive DSL service. Iowa Telecom has combated this problem by deploying fiber optic facilities further out into its network and installing special equipment that extends the distance that copper wire can support DSL. Nevertheless, Iowa Telecom local telephone customers who live more than four or five miles from town generally cannot be served by DSL today. Further, such customers are rarely, if ever, part of a cable television companies addressable footprint and therefore unable to receive cable modem service.

From Iowa Telecom's interactions with other major rural carriers throughout the Nation, Iowa Telecom has strong reason to believe that the situation in Iowa is not unique. Millions of Americans live out of the current reach of deployed DSL and cable modem service. These are the consumers on which Iowa Telecom believes the Broadband Loan program should focus, to the extent possible.

Iowa Telecom applauds the hard work of the RUS in trying to bring the benefits of advanced communications services to rural America. Many of the proposed changes to RUS rules are important steps to maximizing the effectiveness of the Broadband Loan Program. What follows are Iowa Telecom's suggestions for improving the proposed rules.

² Based on price difference between Iowa Telecom's Freedom bundles without Internet access service and with 384 kbps DSL.

**The RUS Should Develop More Effective Systems For
Gathering Information Pertinent To Pending Applications**

The RUS in its Notice repeatedly observes the importance of information gathering in the application review process.³ The current system, however, is not adequately designed to collect such information.

Iowa Telecom endorses the proposed rule revision that would require posting of basic application data on the RUS website and appreciates efforts of the RUS in that regard.⁴ Iowa Telecom has found it very resource-intensive to monitor newspaper legal notice sections covering over 440 communities statewide and would appreciate a centralized accurate source. Iowa Telecom also observes that the Administrative Procedure Act does not require the RUS to undertake a rulemaking to provide better access to public information. The RUS need not wait await conclusion of this proceeding to begin posting lists of pending applications along with other basic information.

The RUS should also revise its rules to provide an opportunity for the public as well as incumbent broadband service providers to offer more than statistical information in response to a Broadband Loan Program application. Incumbent broadband service providers, as well as local members of the public, are ideally situated to provide qualitative (as well as unanticipated quantitative) information that

In particular, Iowa Telecom suggests that the RUS append the following language to proposed Section 1738.33(b): “In addition, Existing Broadband Service Providers may provide any other information they consider to be relevant to the Agency’s consideration of the

³ See, e.g., 72 Fed. Reg., at 26750.

⁴ Proposed 7 C.F.R. § 1738.33(a).

application.” Further, to provide for public comment, the RUS should add a new subsection (d) to proposed Section 1738.33 which would state as follows: “The Agency shall also provide a means by which members of the public may provide information they consider to be relevant to the Agency’s consideration of the application.”

Iowa Telecom also suggests that the RUS amend its rules to develop better information on the intended uses of loan proceeds. This information would enhance the ability of the RUS to determine the value of the proposed project to rural consumers and also the extent to which the project truly focuses on broadband deployment rather than provision of other services. If such details were made available to the public as part of the notice process, the RUS would obtain better information regarding viability of the proposed business plan. Iowa Telecom recommends that the RUS amend subsection (a) of proposed Section 1738.33 to include as part of the notice requirements something similar to the following: “[the applicant’s] proposed services, including data transmission capacity.” Similarly, the RUS should amend its proposed Section 1738.38(a) concerning system design to include a subsection requiring a description of all services to be provided using the system.

The Broadband Loan Program Should Be Focused Exclusively On Bringing Broadband To Unserved Areas, Not Funding Duplication And Gold-Plating

In discussing broadband deployment in the Notice, the RUS correctly focuses on rural areas where no or limited broadband service is available.⁵ Not only does this seem appropriate as a matter of fairness to rural consumers, but it is also critical to broadband adoption in areas where broadband is already available. The larger the network of broadband consumers, the more valuable such a network becomes, enhancing the value of “killer applications” that drive

⁵ Notice, 74 Fed. Reg., at 26744.

broadband adoption. Through such broadband adoption, broadband service providers recover more of their network investment, making further network enhancements possible.

As discussed above, there are large areas of rural America where the fundamental economics make broadband deployment difficult – the incorporated areas outlying rural communities. The RUS should be devoting its limited Broadband Loan Program funds to aiding the buildout of broadband to such areas where it does not exist today.

Instead, current RUS rules, including RUS rules as proposed in the Notice, permit funding of broadband buildout projects where broadband service already exists.⁶ Such projects have included “gold plated” redundant networks that provide services functionally equivalent to what is already available today. RUS rules recognize the wastefulness of funding two projects in the same area by prohibiting loans to areas where another loan recipient is already providing service,⁷ but, at the same time, permit loans where the incumbent providers are not Broadband Loan Program recipients. There is no reason for such a distinction – funding an additional provider in either circumstance would be equally wasteful.

Therefore, Iowa Telecom suggests that the RUS amend the first sentence of proposed Section 1738.21(a)(2) to remove the clause “or access to only one Existing Broadband Service Provider.”⁸ Rural America would be better served by funding broadband projects in areas completely without such service.

⁶ See, e.g., proposed 7 C.F.R. § 1738.21(a)(2).

⁷ See proposed 7 C.F.R. § 1738.19.

⁸ While amending proposed Section 1738.21(a)(2) would resolve the duplicate provider issue, there are numerous provisions of the RUS rules that make reference to the possibility of a loan recipient being the second broadband provider in an area. Iowa Telecom recommends that the RUS remove the clause “or can receive Broadband Service from only one Existing Broadband Service Provider” or similar such wording from the following provisions: 7 C.F.R. §§ 1738.21(a)(2), 1738.31(e), 1738.34(d), 1738.38(b), 1738.42(c), 1761(a)(1), 1761(a)(2).

Conclusion

For the reasons previously stated, Iowa Telecom respectfully requests that the RUS make the modifications discussed above to its proposed rules to ensure fully-informed decisions that maximize the value of the Broadband Loan Program to rural Americans.

Respectfully submitted,

**IOWA TELECOMMUNICATIONS
SERVICES, INC. D/B/A IOWA TELECOM**

By: /s/ Edward B. Krachmer
Edward B. Krachmer
Director-Regulatory Affairs

403 W. 4th St. N.
Newton, Iowa 50208
(641) 787-2337

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