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Iowa Telecommunications Services, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) We'll hear first from Chris King with Stifel Nicolaus.

Chris King – Stifel Nicolaus

Hi, good morning guys. I just had a quick question for you on your spectrum acquisition and I know you guys have said in the past that you don't have any immediate plans to do anything with that. I just was wondering if a good way to think about it would be trying to keep the spectrum out of the hands of your competitors such as Mediacom that may or may not have had interest in that or how should we think about the \$5 million or so expenditure if you guys are just going to be sitting on this spectrum for the foreseeable future?

Alan Wells

Thanks, Chris. Good question. I think as we look at the spectrum acquisitions, I think we believe this offers us additional flexibility as the market for these services develop. Obviously, as you know, there's been a lot discussed and written about wireless data and the potential for that. Also keep in mind that we have quite a few CLEC lines across the state that those lines and others can also offer a market for us to offer wireless data services. And as we've looked at how that market might unfold, it seemed to us like one of the important things you'd want to have in order to maintain the flexibility that you'd like to have is spectrum. And given that it only becomes available every now and then, over the past couple of years to the last auctions, we were able to acquire spectrum that covers, again, 85% probably our ILEC lines and not quite that high that closed [ph] of our CLEC lines that exist today. And so I think at this point, we're kind of in a mode to wait and see how the market evolves, but I think in terms of additional flexibility for us down the road, it appears to be an attractive offering.

Chris King – Stifel Nicolaus

Thanks. And in terms of the dial-up Internet and the subscriber loss of about 1,700, do you have any good sense as to how many of those losses just simply went directly to your DSL products?

Craig Knock

Chris, good morning. We monitor that and we would suspect that a majority of those do migrate to one of our DSL products.

Chris King – Stifel Nicolaus

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