# Iowa Telecommunications Services Q3 2007 Earnings Call Transcript

## Question-and-Answer Session

**Operator**

Thank you. (Operator Instructions). We'll take our first question from Simon Flannery from Morgan Stanley.

**Simon Flannery - Morgan Stanley**

Thanks very much. Good morning everybody. I was wondering if you could give us any sort of sense on run rate, CapEx and interest expense into 2008, any changes due to this sort of turmoil in the credit markets to your cost of funding on interest, and any major initiatives or savings that you see on CapEx? And also if you can talk about any productivity initiatives or cost cutting that might help you over the next few quarters? Many thanks.

**Craig Knock**

Good morning, Simon and thank you for the question. Let me start with the line of credit [jumping at us], as far as going into 2008, obviously we haven't issued guidance yet for either CapEx or interest expense in 2008. But one of the things that you probably saw was during the quarter we locked in for additional debt with the RTFC sometime, and I think it was July period, that, as a result of that we've got 90% of our debt locked in fixed rates through sometime of 2011.

So I think the turmoil in the credit markets really don't affect us too much. As with the CapEx, I think, as we go through our budgeting process we continue to look for ways to improve the operation both from CapEx on operation and our expense side, and are continuing to do that. But nothing major we've announced beyond that.

**Alan Wells**

All right yeah. And to just to highlight on the cost of funding Simon, over 90% of our term debt is of locked at fixed interest rates right now, so.

**Simon Flannery - Morgan Stanley**

Okay great. Well may be another with the way on productivity can you just talk about trends in headcount where they have been over the last couple of quarters, and where you see them going?

**Craig Knock**

We haven't had any material changes on that, but if you look to cost containments along those lines if you recall in the second quarter, we negotiated a longer-term agreement with CWA and part-and-parcel to that were certain reductions in post-retirement healthcare and that will benefit us to the tune of roughly $1.1 million annually for the next five years.

So there are a number of items like that that we continue to focus on in both that healthcare cost.