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Iowa Telecommunications Services Inc. q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Chris King - Stifel Nicolaus.

Chris King - Stifel Nicolaus

Two quick questions for, first of all I just wanted to get your take, if you have any, on the presumably somewhat lengthy delay or postponement on the inter-carrier compensation issue before the FCC which got put on hold yesterday and what you see is the future for that going forward. And secondly also I wanted to get your reaction to the CenturyTel embarked transaction and what you think that means going forward for potential M&A opportunities within the ILEC sector. Thanks.

Alan Wells

Good morning, Chris. Thanks for the question. As far as the FCC actions or maybe inaction on intercarrier comp, I think the internet industry stopped for quite sometime. There will be intercarrier comp and US [separate] form that will take place over the next several years. I think the FCC delay seems to indicate to us that the majority that there was a need to have kind of a thoughtful and open process to evaluate the impacts of the proposed orders on, not only the customers or the companies at all, but also the real customers that we all serve. So, we are encouraged by the delay and think that probably bodes well for a rational process to reformat both in intercarrier comp and USF.

As far as the Century embarked transaction, it is a one more example of a further consolidation in the industry. We think that as access lines have declined, we think consolidation makes sense for the sector and we think it is just one more step towards that which will subsequently be more as times goes by.

Operator

Your next question comes from the line of Patrick Rand - Barclays Capital.

Patrick Rand - Barclays Capital

Just a follow up on that last one in terms of consolidation, in all your previous transactions and all that have been done with the cash given where current credit markets are and the difficulty of getting a hold of cheap credits you have in the past, would you be able to deal with equity? Is that something that you guys have not done because it is your choice or the acquisitions you have done, the seller is not interested in the equity and then just on top of that, the average rate of 5.3% you are paying on your drawn revolver, can you get that amount on the remaining \$17 million on that revolver? Thanks.

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