

February 22, 2002

Honorable Michael Powell
Chairman
Federal Communications Commission
445 12th St. S.W.
Washington, D.C. 20554

Dear Chairman Powell:

RE: Proceeding # 01-348
Comments of Iowa Lakes Electric Cooperative

In 1995, Iowa Lakes Electric Cooperative began offering DIRECTV to help fill the needs of the rural customer-owners in Northwest Iowa by providing high-quality television programming to those citizens who did not have access to multi-channel programming. Iowa Lakes Electric Cooperative (ILEC) currently provides DIRECTV programming to over 6,500 homes, in an eight (8) county area in rural Iowa consisting of 45,500 homes. Today, over six years later, approximately 54% of the homes in our service territory still do not have access to digital cable and rely exclusively on satellite technology for the delivery of digital programming.

Our Cooperative's founding principles are based on the belief that rural Americans are entitled to the same benefits and advantages as those enjoyed in the urban markets. Rural America is entitled to emerging telecommunication choices and opportunities; one (1) source of programming in rural American cannot offer those choices or opportunities to the rural consumer. Because ILEC believes the proposed merger between EchoStar and DIRECTV will create a satellite monopoly in rural America, ILEC strongly opposes this merger based on the following concerns:

- Although EchoStar has "suggested" a national pricing plan that would guarantee rural Americans receive the same competitive prices as in urban markets, a flat rate plan across the United States does not keep prices continuously in check as compared to real competition between competitors.
- Beyond price, the proposed merger would give EchoStar and the "Dish" the market power with programmers to negotiate only the prices Mr. Ergen is willing to pay and the programmers either agree or are ignored. Rural Americans will have access only to the programming EchoStar chooses to offer while public interest will suffer.

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- Quality and service go hand in hand with competition. In our Cooperative's DIRECTV service territory, the local cable programming quality and selection has improved over the last few years in an effort to directly compete with the digital satellite service.
- At this time, both DIRECTV and EchoStar offer High Speed Internet services through a satellite system. If the proposed merger were approved, EchoStar would control nearly all of the nation's satellite broadband Internet services. This proposed merger has already had profound effects on the expansion to Ka-band and other high-speed Internet technologies for the future by limiting competitors.
- EchoStar and DIRECTV claim the combined spectrum of the two (2) satellite companies will enable an expansion of local-into-local channels to more markets. However, by using existing capacity, both DIRECTV and EchoStar could expand local carriage to the top 110 designated market areas (DMA). Mr. Ergen has stated that even if the merger goes through he does not plan to expand local-into-local service beyond the top one hundred (100) markets out of 210 total DMA markets in the nation. Ninety-five percent (95%) of ILEC's customers are far below the top one hundred (100) markets such as Sioux City, Iowa (#144) and Mankato, Minnesota (#196).

Mr. Chairman, I hope that you share our many concerns on the effects the proposed merger between EchoStar and DIRECTV would have on the rural consumer. Because the merger between EchoStar and DIRECTV would not be in the best interest of consumers, I strongly recommend that the Federal Communications Commission (FCC) not support any merger that would leave over 10 million rural consumers with fewer choices, today and tomorrow.

Sincerely,

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