

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: HEARTLAND TELECOMMUNICATIONS COMPANY OF IOWA, INC. | DOCKET NO. SPU-99-5 |
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**ORDER APPROVING INTRALATA DIALING PARITY PLAN
SUBJECT TO MODIFICATIONS**

(Issued June 18, 1999)

On April 20, 1999, Heartland Telecommunications Company of Iowa, Inc. (Heartland), filed for the Board's consideration and approval a plan for implementing intraLATA dialing parity. Heartland generally proposes to allow customers to choose their intraLATA toll carrier in the same manner they already select their preferred interLATA toll carrier. Heartland is currently the designated intraLATA toll carrier for its local exchange service customers. Heartland proposes to continue in that status for each customer unless the customer or an authorized carrier initiates a change. Heartland proposes to permit existing customers to make one selection of a different primary intraLATA carrier (PIC) without being assessed a PIC change charge if that selection is made no later than August 16, 1999.

On May 5, 1999, the Consumer Advocate Division of the Justice Department (Consumer Advocate) filed a response to Heartland's dialing parity plan. Consumer Advocate objected to the plan on the grounds that it did not include a copy of the proposed customer notification form; it did not give customers an adequate notice

and time to change preferred carriers without charge; and it proposed to automatically extend interLATA PIC freezes to intraLATA service on the day of implementation.

On May 13, 1999, Heartland resubmitted its dialing parity plan with changes intended to address the Consumer Advocate objections. Heartland amended its plan by attaching the proposed customer and carrier notification letters; providing earlier notice to customers and a full 120 days to change preferred carriers without charge; and a proposal to implement intraLATA PIC freezes after the 120-day period has passed.

On May 25, 1999, Consumer Advocate filed an amended response stating the amended Heartland plan addresses the concerns raised by Consumer Advocate in its initial response.

The Board will require two modifications to Heartland's plan for implementation of intraLATA dialing parity. Heartland can indicate its acceptance of the modifications through a written acknowledgement to the Board. If Heartland accepts in a timely manner, the plan will be automatically approved effective June 22, 1999. If Heartland does not accept both modifications, it will have to file a different plan for Board review, seek rehearing from the Board on this plan, or seek such other relief as may be appropriate.

The first modification relates to Heartland's proposal to automatically extend interLATA PIC freezes to intraLATA service beginning 120 days after implementation

of dialing parity. Automatic extension of a freeze from one service to another is prohibited by a new FCC regulation; 47 C.F.R. § 64.1190 now requires a separate customer authorization for each service subjected to a PIC freeze. Heartland's plan will have to be modified to delete automatic extension of PIC freezes from interLATA service to intraLATA service.

The second modification relates to Heartland's proposed PIC Dispute Rates, set forth on page 7 of the Amended Plan filed on May 12, 1999. These proposed charges appear to apply when Heartland resolves a dispute regarding an alleged unauthorized change in a customer's preferred carrier, an activity sometimes known as "slamming." The Board has previously rejected local exchange carrier (LEC) tariff provisions for slamming dispute resolution because the Board finds it inappropriate and anticompetitive for a LEC to regulate competitive activities in a market in which the LEC is a competitor. See Re: U S WEST Communications, Inc., Docket No. RPU-99-1 (TF-99-78), "Order Rejecting Certain Tariff Provisions And Docketing Tariff For Investigation," slip opinion at pages 5-7. Heartland's plan will have to be modified to delete the provisions relating to slamming dispute resolution.

Subject to these modifications, Heartland's intraLATA dialing parity plan will be approved, effective June 22, 1999.

PAGE 4

IT IS THEREFORE ORDERED:

The IntraLATA Dialing Parity Plan filed by Heartland Telephone Company on April 26, 1999, and amended on May 13, 1999, and as modified in the two respects described in this order, is approved effective June 22, 1999. If Heartland does not accept both modifications described in this order, without further modification, the plan is rejected.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 18th day of June, 1999.