

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: DEREGULATION OF LOCAL EXCHANGE SERVICES IN COMPETITIVE MARKETS	DOCKET NO. INU-04-1
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ORDER APPROVING COST ALLOCATION PLAN

(Issued March 7, 2005)

On December 23, 2004, the Utilities Board (Board) issued its "Final Decision and Order" in Docket No. INU-04-1, deregulating rates for local exchange service in certain Iowa exchanges. In that order, the Board also provided that the deregulation of local exchange service in those exchanges would be effective upon the Board's approval of a cost allocation manual or alternative accounting plan pursuant to Iowa Code § 476.1D(2).

On February 7, 2005, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom), submitted a cost allocation plan as described in the Board's December 23, 2004, order. Iowa Telecom intends to offer unregulated local exchange service in the Armstrong, Coon Rapids, Delmar, Forest City, Harlan, Lowden, Oxford, Oxford Junction, Primghar, Saint Ansgar, Solon, Stacyville, Stanwood, and Tiffin exchanges. No objections have been filed with respect to Iowa Telecom's cost allocation plan.

The Board has reviewed the plan and finds that it adequately identifies the revenues, expenses, and investments attributable to the provision of retail local exchange service in the above-listed deregulated exchanges. Therefore, the Board will approve Iowa Telecom's cost-allocation manual. Local exchange service in the listed exchanges will be considered a deregulated service upon the issuance of this order.

IT IS THEREFORE ORDERED:

The cost allocation plan submitted by Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, on February 7, 2005, is approved as described in this order.

UTILITIES BOARD

/s/ John R. Norris

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 7th day of March, 2005.