

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: IOWA TELECOMMUNICATIONS SERVICES, INC., d/b/a IOWA TELECOM | DOCKET NO. TF-05-182 |
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ORDER APPROVING REPLACEMENT TARIFF

(Issued November 4, 2005)

On June 1, 2005, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom), filed with the Utilities Board (Board) a proposed local exchange tariff to replace its current tariff on file with the Board. Iowa Telecom filed the proposed tariff in response to Iowa Code § 476.1D as amended by 2005 Iowa Acts, House File 277 (HF 277), which became effective July 1, 2005. The proposed tariff has been identified as TF-05-182.

HF 277 deregulates the retail rates for business and residential local exchange services in Iowa with the exception of single line flat-rated residential and business service rates. However, under HF 277, the Board retains service quality jurisdiction over all local exchange carriers.

Iowa Telecom states that its proposed tariff conforms to the Board's reduced jurisdiction over local exchange rates pursuant to HF 277. Iowa Telecom states that the services retained in the proposed tariff represent what it believes remain under the Board's jurisdiction after HF 277 became effective. Iowa Telecom states that all

deregulated services will be moved to the company's catalogs and obsolete services, such as party lines, are not retained in the proposed tariff and will not be moved to the company's catalogs.

On June 20, 2005, the Board issued an "Order Docketing Tariff" in this docket due to the Board's concern that more services were being removed from the tariff than was appropriate and that the proposed removals would create problems for the Board's service quality jurisdiction.

On July 13, 2005, Board staff held a technical conference with representatives from Iowa Telecom, Qwest Corporation (Qwest), Frontier Communications of Iowa, Inc. (Frontier), and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) to discuss replacement tariffs filed by Iowa Telecom, Qwest, and Frontier pursuant to the enactment of HF 277. During the technical conference and subsequent conversations with these companies and Consumer Advocate, there was significant discussion regarding the apparent overlap between retail rate deregulation and ongoing service quality regulation, i.e., the companies' proposed removal of ancillary services that may be associated with flat-rated services, such as construction charges. The companies and Consumer Advocate acknowledge that the removal of these services could, for example, result in the Board having authority to protect consumers from excessive rates for flat-rated services, but no authority to protect consumers against excessive construction charges to install those services,

potentially negating the legislative intent that these services continue to be available on a price-regulated basis.

Following the technical conference, the Board completed its review of Iowa Telecom's proposed replacement tariff and finds that it substantially complies with Board rules for the filing and processing of tariff pages. The Board will approve the tariff effective the date of this order, subject to complaint or investigation pursuant to 199 IAC 7.4(4).

The Board identified certain provisions that are being removed from the current tariff that have the potential to affect the Board's remaining authority over service quality or its continuing jurisdiction over single line flat-rated services. However, these effects are only hypothetical at this time. The Board recognizes that attempting to explicitly identify all potential areas of this overlap between retail rate regulation and service quality regulation would involve significant resource expenditure by all parties and may have no benefit if the hypothetical situations never come to pass. Under those circumstances, it would be contrary to the public interest to expend those resources to identify certain provisions to be retained in the tariff because they might be relevant in the future. Instead, the Board will approve Iowa Telecom's replacement tariff subject to the caveat that if it becomes apparent that the deletion of certain tariff language has adversely affected the Board's jurisdiction over service quality or single-line price regulation or has negated the legislative intent underlying HF 277 or has otherwise adversely affected the public interest, the Board

may consider Iowa Telecom's prior tariff language in resolving the issues before it at that time.

IT IS THEREFORE ORDERED:

The tariff filed by Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, on June 1, 2005, is approved effective the date of this order, subject to the conditions set forth in this order.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 4th day of November, 2005.