

Before the  
Federal Communications Commission  
Washington, D.C. 20554

FCC STATE FILE NO. 06-100-0000  
MAY 3 10 47 AM '06

In the Matter of	)	
	)	
Lost Nation-Elwood Telephone Company	)	
	)	
and	)	
	)	
Iowa Telecommunications Services, Inc., d/b/a	)	CC Docket No. 96-45
Iowa Telecom	)	
	)	
Joint Petition for Waiver of the Definition of	)	
"Study Area" Contained in Part 36, Appendix-	)	
Glossary of the Commission's Rules	)	
	)	
Petition for Waiver of Section 69.3(e)(11) of the	)	
Commission's Rules	)	

**ORDER**

**Adopted: April 27, 2006**

**Released: April 27, 2006**

By the Chief, Wireline Competition Bureau:

**I. INTRODUCTION**

1. In this Order, we conditionally grant a joint request from Lost Nation-Elwood Telephone Company (Lost Nation) and Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom (Iowa Telecom) for a waiver of the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules.<sup>1</sup> This waiver will permit Iowa Telecom to remove one exchange comprising approximately 16 lines from its Iowa Telecom-Systems study area. This waiver also will permit Lost Nation to add those lines to its existing Iowa study area.<sup>2</sup> In addition we grant Lost Nation's request for waiver of section 69.3(e)(11) of the Commission's rules so that Lost Nation can include the acquired

<sup>1</sup> See 47 C.F.R. Part 36 App. See also Lost Nation-Elwood Telephone Company and Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, Joint Petition for Expedited Waiver, CC Docket No. 96-45 (filed October 24, 2005) (Petition). On November 7, 2005, the Wireline Competition Bureau (Bureau) released a public notice seeking comment on the petition for waivers. See Domestic Section 214 Application Filed for Transfer of Control of Oxford Junction, Iowa Exchange from Iowa Telecommunications Services, Inc. to Lost Nation-Elwood Telephone Company, WC Docket No. 05-307, Lost Nation-Elwood Telephone Company and Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom Seek Waiver of the Study Area Boundary Freeze as Codified in Part 36 and Waivers of Section 69.3(e)(11) of the Commission's Rules, CC Docket No. 96-45, Public Notice, 20 FCC Rcd 17925 (rel. November 7, 2005). No comments were filed in this proceeding. We note that the Bureau has granted transfer of control of the exchanges. See Wireline Competition Bureau Grants Consent for Transfer of Control of Oxford Junction, Iowa Exchange from Iowa Telecommunications, Inc. to Lost Nation-Elwood Telephone Company, WC Docket No. 05-307, Public Notice, 20 FCC Rcd 19363 (2005).

<sup>2</sup> Lost Nation is acquiring the Oxford Junction exchange from Iowa Telecom. See Petition at 1.

exchange and its competitive local exchange carrier (LEC) access lines operated in Iowa Telecom's service area in the National Exchange Carrier Association (NECA) common line tariff upon the completion of this transaction.<sup>3</sup>

2. Lost Nation owns and operates, as an incumbent LEC, approximately 700 access lines in one exchange in the state of Iowa. Lost Nation also operates 379 access lines, as a competitive LEC, in the same exchange that it is acquiring from Iowa Telecom. Iowa Telecom is an interstate access price cap incumbent LEC that owns and operates approximately 246,000 access lines in three study areas in the state of Iowa.<sup>4</sup> The Iowa Telecom study area at issue in this proceeding is Iowa Telecom-Systems.<sup>5</sup> Lost Nation intends to transfer its competitive LEC lines within Iowa Telecom's service area to Lost Nation's incumbent LEC operations following the completion of the transaction.<sup>6</sup>

3. Generally, the Commission's rules may be waived for good cause shown.<sup>7</sup> The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.<sup>8</sup> In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.<sup>9</sup> Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest.

## II. STUDY AREA WAIVER

### A. Background

4. A study area is a geographic segment of an incumbent LEC's telephone operations. The Commission froze all study area boundaries effective November 15, 1984, to prevent the establishment of high-cost exchanges within existing service territories as separate study areas merely to maximize high-cost support.<sup>10</sup> A carrier must therefore apply to the Commission for a waiver of the study area boundary freeze if it wishes to sell or purchase additional exchanges.<sup>11</sup>

5. Section 54.305(b) of the Commission's rules provides that a carrier acquiring exchanges from an unaffiliated carrier shall receive the same per-line levels of high-cost loop support and local switching support for which the acquired exchanges were eligible prior to their transfer.<sup>12</sup> Section 54.305(b) is meant

<sup>3</sup> 47 C.F.R. § 69.3(e)(11); Petition at 6.

<sup>4</sup> See Petition at 3.

<sup>5</sup> *Id.* at 1 n.1. The Petition states that the relevant study area number is 351170. This number corresponds to the Iowa Telecom-System study area.

<sup>6</sup> *Id.* at 2.

<sup>7</sup> 47 C.F.R. § 1.3.

<sup>8</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*).

<sup>9</sup> *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972); *Northeast Cellular*, 897 F.2d at 1166.

<sup>10</sup> See *MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, CC Docket Nos. 78-72, 80-286, Decision and Order, 50 Fed. Reg. 939 (1985) (*Part 67 Order*) adopting Recommended Decision and Order, 49 Fed. Reg. 48325 (1984). See also 47 C.F.R. Part 36 App.

<sup>11</sup> *Part 67 Order* at para. 1.

<sup>12</sup> 47 C.F.R. § 54.305(b). Carriers' acquired exchanges may receive additional support pursuant to the Commission's "safety valve" mechanism, which allows an acquiring carrier to receive support for new investments in acquired lines. 47 C.F.R. § 54.305(d). Moreover, carriers acquiring exchanges may be eligible to receive Interstate Common Line Support (ICLS), which is not subject the limitations set forth in section 54.305(b). See

(continued....)

to discourage carriers from transferring exchanges merely to increase their share of high-cost universal service support.<sup>13</sup> Iowa Telecom currently does not receive high-cost loop support or local switching support.

6. In evaluating petitions seeking a waiver of the rule freezing study area boundaries, the Commission traditionally has applied a three-prong standard: (1) the change in study area boundaries must not adversely affect the universal service fund; (2) no state commission having regulatory authority over the transferred exchanges opposes the transfer; and (3) the transfer must be in the public interest.<sup>14</sup> In evaluating whether a study area boundary change will have an adverse impact on the universal service fund, we analyze whether a study area waiver will result in an annual aggregate shift in an amount equal to or greater than one percent of high-cost support in the most recent calendar year.<sup>15</sup> The Commission began applying the one-percent guideline in 1995 to limit the potential adverse impact of exchange sales on the overall fund, also recognizing that, because high-cost loop support is capped, an increase in the draw of any fund recipient necessarily reduces the amounts that other LECs receive from the fund.<sup>16</sup> After the Commission adopted section 54.305, it continued to apply the one-percent guideline to determine the impact on the universal service fund in light of the adoption of safety valve support and ICLS.<sup>17</sup>

## B. Discussion

7. We find that the pertinent facts in the instant proceeding are identical to those contained in the Commission's recently released order conditionally granting a joint study area waiver request of Heart of Iowa and Iowa Telecom.<sup>18</sup> For the same reasons set forth in the *Heart of Iowa Order* and subject to the

---

(...continued from previous page)

*Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers in CC Docket No. 00-256, Federal-State Joint Board on Universal Service in CC Docket No. 96-45, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation in CC Docket No. 98-77, Prescribing the Authorized Rate of Return From Interstate Services of Local Exchange Carriers in CC Docket No. 98-166, Second Report and Order and Further Notice of Proposed Rulemaking, Fifteenth Report and Order, Report and Order, and Report and Order, 16 FCC Rcd 19613, 19667-69, paras. 155-57 (2001), recon. pending.*

<sup>13</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8942-43, para. 308 (1997) (subsequent history omitted). For example, if a rural carrier purchases an exchange from a non-rural carrier that receives support based on the Commission's high-cost support mechanism for non-rural carriers, the loops of the acquired exchange shall receive the same per-line support as calculated under the non-rural mechanism, regardless of the support the rural carrier purchasing the exchange may receive for any of its other exchanges. Rural carriers receive high-cost loop support based on the extent to which their reported average cost per loop exceeds 115 percent of the nationwide average cost per loop. See 47 C.F.R. §§ 36.601-.631. The mechanism for non-rural carriers calculates support to carriers based on the forward-looking economic cost of operating a given exchange. See 47 C.F.R. § 54.309.

<sup>14</sup> See, e.g., *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order, 10 FCC Rcd 1771, 1772, para. 5 (1995) (*PTI/Eagle Order*).

<sup>15</sup> See *id.* at 1774, paras. 14-17. See also *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules, and Petition for Waiver of Section 61.41(c) of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 4644 (1997).

<sup>16</sup> See *PTI/Eagle Order* at 1773, para. 13.

<sup>17</sup> See *supra* n.12.

<sup>18</sup> See *Heart of Iowa Communications Cooperative and Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom, Joint Petition for Waiver of the Definition of "Study Area" of the Appendix-Glossary of Part 36 of the*

(continued....)

condition mentioned below,<sup>19</sup> we find that good cause exists to waive the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules to permit Iowa Telecom to alter the boundaries of its existing Iowa Telecom-Systems study area by removing the one exchange that it is transferring to Lost Nation. We also find that, subject to the condition described below, good cause exists to permit Lost Nation to add this exchange to its existing study area. We conclude that the petitioners have satisfied the three-prong standard that the Commission applies to determine whether a waiver is warranted. In making this assessment, we have considered the effect of Lost Nation converting its competitive LEC lines to its incumbent LEC operations after the transfer of the 16 lines from Iowa Telecom is completed.

8. Impact on the Universal Service Fund. Because the proposed study area waiver will not result in any significant increase in high-cost support, we conclude that the universal service fund will not be adversely affected. With regard to the 16 lines that Iowa Telecom proposes to transfer to Lost Nation, section 54.305(b) of the Commission's rules limits high-cost loop support and local switching support to the same per-line levels of support that Iowa Telecom received prior to the transfer.<sup>20</sup> Iowa Telecom has not been eligible for high-cost loop support or local switching support for the 16 access lines at issue. Therefore, Lost Nation will not receive such support for the 16 lines it acquires from Iowa Telecom. Pursuant to Commission rules, Lost Nation may be eligible for safety valve support for investments in the acquired lines. We have no reason to believe, however, that this amount would significantly increase the high-cost fund, and certainly, if disbursed, would fall well short of the one percent threshold.<sup>21</sup>

9. Lost Nation intends to transfer its competitive LEC operations within the acquired exchanges to its incumbent LEC operations after this transaction is completed.<sup>22</sup> Consistent with the precedent established by the Commission in the *Heart of Iowa Order*, we allow Lost Nation to transfer its existing competitive lines to Lost Nation's newly configured incumbent LEC study area subject to the conditions set forth below. These competitive LEC lines currently do not receive high-cost loop support or local switching support because Iowa Telecom is not eligible for such support in the exchanges at issue. To prevent regulatory distortions and consistent with the intent of section 54.305, we find that these competitive LEC lines should be treated, for universal service purposes, in the same manner as the 16 lines acquired from Iowa Telecom.<sup>23</sup>

10. Approval of this study area waiver is conditioned on Lost Nation treating its former competitive LEC lines as if these lines were acquired from an unaffiliated carrier and subject to the provisions of section 54.305. Moreover, our approval is effective only upon the merger of Lost Nation's

---

(...continued from previous page)

*Commission's Rules, Petition for Waiver of Sections 69.3(e)(11) and 69.605(c) of the Commission's Rules*, CC Docket No. 96-45, Order, FCC 06-29 (rel. March 15, 2006) (*Heart of Iowa Order*).

<sup>19</sup> See *infra* para. 10.

<sup>20</sup> See 47 C.F.R. § 54.305(b).

<sup>21</sup> In reaching this conclusion, we note that the proposed study area waiver directly involves the transfer of only 16 access lines. Moreover, safety valve support is capped at 50 percent of any positive difference between a rural carrier's calculated high-cost loop support for the transferred exchanges and the index year amount. See 47 C.F.R. § 54.305(d). Also, the total amount of safety valve support available to rural carriers is capped at five percent of annual high-cost loop support available to rural carriers in any particular year, thereby providing an additional limitation on the amount of safety valve support available to carriers. See 47 C.F.R. § 54.305(e).

<sup>22</sup> Petition at 2.

<sup>23</sup> See *Heart of Iowa Order* at para. 13, n.29. See also *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order and Twenty-Second Order on Reconsideration, *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Report and Order, 16 FCC Rcd 11244, 11284, para. 97 (2001).

incumbent and competitive LEC operations.<sup>24</sup> Any new subscribers or lines that Lost Nation adds within the boundaries of the acquired exchange shall also be subject to the provisions of section 54.305 for universal service support purposes. We find that the application of section 54.305 to the former competitive LEC lines and to newly added lines will ensure that the universal service effects of this entire transaction will not have an adverse impact on the universal service fund.

11. Lost Nation estimates that, initially, it will receive an additional \$103,490 annually in ICLS support after the addition of the 16 acquired lines and the 379 competitive LEC lines to its study area.<sup>25</sup> We conclude that the amount of additional ICLS as a result of this transaction, in addition to any amounts it may be eligible to receive in safety valve support, will not have an adverse impact on the universal service fund.

12. To further ensure that this transaction is in the public interest, we direct Lost Nation as part of its annual universal service data submissions, to file a schedule showing its methodology for excluding the costs associated with the acquired access lines and the access lines previously operated as a competitive LEC from the costs associated with its pre-acquisition exchanges.<sup>26</sup>

13. *State Commission Position.* The state commission with regulatory authority over the transferred exchanges does not oppose the transfer. On September 30, 2005, the Iowa Public Utilities Board issued an order indicating that it does not object to the Commission granting this study area waiver.<sup>27</sup>

14. *Public Interest Analysis.* We conclude that the public interest is served by a conditional waiver of the study area freeze rule. Lost Nation states that it will provide Iowa Telecom's former customers with new services from a locally-based carrier specializing in meeting the communications needs of the few rural communities it serves. Lost Nation intends to ensure that necessary investments are made in order that acquired customers receive basic telephone service and Internet access over more modern and reliable facilities.<sup>28</sup> As the Commission found in the *Heart of Iowa Order*, we also find that permitting Lost Nation to acquire the Oxford Junction from Iowa Telecom, coupled with the transfer of Lost Nation's competitive operations into its incumbent LEC operations, serves the public interest because Lost Nation will be able to operate more efficiently in this exchange.<sup>29</sup> We expect consumers to benefit from these efficiencies. The increased economies of scale will also permit Lost Nation to focus its upgrading plans in a more efficient manner to the benefit of its other subscribers.<sup>30</sup> We conclude that Lost Nation has demonstrated that the grant of this waiver request will serve the public interest.<sup>31</sup>

---

<sup>24</sup> We therefore direct Lost Nation to notify the Bureau when it has merged its competitive LEC operations with its incumbent LEC operations.

<sup>25</sup> See Petition at 4.

<sup>26</sup> See 47 C.F.R. §§ 36.611, 54.301. See also *Heart of Iowa Order* at n.36.

<sup>27</sup> See Petition at Attachment A (attaching Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom and Lost Nation Telephone Company, Order Approving Joint Application for Discontinuance of Service, Docket No. SPU-05-19, State of Iowa, Department of Commerce, Utilities Board (September 30, 2005)).

<sup>28</sup> See Petition at 5.

<sup>29</sup> See *Heart of Iowa Order* at para. 19.

<sup>30</sup> See Petition at 5-6.

<sup>31</sup> In the *Heart of Iowa Order*, the Commission expressed its concern regarding the elimination of a competitor in the Iowa Telecom-North study area. The Commission also stated that it expects study area waiver petitions filed after the effective date of the *Heart of Iowa Order* to include a strong public interest showing that the loss of

(continued....)

### III. WAIVER OF SECTION 69.3(e)(11)

#### A. Background

15. Under section 69.3 of the Commission's rules, annual access tariffs, including the tariffs filed by NECA on behalf of companies that participate in NECA's access tariffs, go into effect on July 1 of each year.<sup>32</sup> To minimize the complexity of administering NECA's common line pool, any change in NECA common line tariff participation resulting from a merger or acquisition of telephone properties is effective on the next annual access tariff filing effective date following the merger or acquisition.<sup>33</sup> Because the next annual access tariff filing effective date is July 1, 2006,<sup>34</sup> Lost Nation would have to wait until that date to participate in NECA's access tariffs and would be required to file its own interstate tariff for the interim period. To avoid the burdens associated with filing its own tariff during this interim period, Lost Nation has requested a waiver of section 69.3(e)(11) of the Commission's rules.<sup>35</sup> The waiver would enable Lost Nation to include the acquired access lines in the NECA carrier common line tariff upon the closing date of its acquisition transaction with Iowa Telecom. Lost Nation indicates that the inclusion of the small number of access lines that it is acquiring from Iowa Telecom in the NECA carrier common line tariffs would represent a minimal increase in NECA common line pool participation.<sup>36</sup> NECA has indicated that it has no objection to the inclusion of the acquired lines in its common line tariff.<sup>37</sup> NECA has also indicated that it has no objection to including in such tariff the competitive LEC lines Lost Nation intends to transfer to its incumbent LEC operations upon completion of the transaction between Iowa Telecom and Lost Nation.<sup>38</sup>

#### B. Discussion

16. We find that Lost Nation has demonstrated that special circumstances warrant a deviation from section 69.3(e)(11) of the Commission's rules and that it is in the public interest to grant Lost Nation's waiver request. NECA indicates that it has "no objection to including both Lost Nation's acquired exchange and its former CLEC operation within that exchange in the NECA tariff, as this would create no undue administrative burden for NECA."<sup>39</sup> Based on NECA's representation in its letter, we conclude that the inclusion of the acquired access lines and the former competitive LEC lines in the NECA carrier common line tariff represent a minimal increase in NECA common line pool participation. Also, we believe that it would be administratively burdensome for Lost Nation to develop and file its own interstate tariff until July 1, 2006 for a relatively small number of access lines. Consequently, we find that Lost Nation presents special circumstances to justify a waiver of section 69.3(e)(11). Moreover, we

---

(...continued from previous page)

competition in the acquired exchanges is outweighed by other public interest benefits. *See Heart of Iowa Order* at para. 11. We note that the instant petition was filed prior to the effective date of the *Heart of Iowa Order*.

<sup>32</sup> See 47 C.F.R. § 69.3(a).

<sup>33</sup> 47 C.F.R. § 69.3(e)(11). *See Amendment of Part 69 of the Commission's Rules Relating to the Common Line Pool Status of Local Exchange Carriers Involved in Mergers or Acquisitions*, CC Docket No. 89-2, Report and Order, 5 FCC Red 231, 248 (1989).

<sup>34</sup> See 47 C.F.R. § 69.3(a).

<sup>35</sup> See Petition at 6.

<sup>36</sup> *Id.*

<sup>37</sup> See Letter from Tracey E.J. Saltenberger, Deputy General Counsel, NECA, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 96-45 (filed March 30, 2006).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

believe that a waiver of section 69.3(e)(11) will be in the public interest because, according to Lost Nation, it will be able to devote additional resources to providing improved telecommunications services to the affected rural areas that, absent the waiver, may otherwise be spent preparing a tariff filing that will be effective for only a brief period of time until the next NECA access tariff period begins on July 1, 2006.<sup>40</sup> We therefore conclude that good cause exists to grant a waiver of section 69.3(e)(11) to Lost Nation.<sup>41</sup>

#### IV. OTHER MATTERS

17. Section 61.45(d) of the Commission's rules grants it discretion to require price cap carriers to make adjustments to their price cap indices to reflect cost changes resulting from rule waivers.<sup>42</sup> Accordingly, we require Iowa Telecom to adjust its price cap indices to reflect the removal of the transferred access lines from its Iowa Telecom-Systems study area.

18. Finally, on May 11, 2001, the Commission adopted an order requiring incumbent LECs to freeze, on an interim basis, the Part 36 jurisdictional separations factors beginning July 1, 2001.<sup>43</sup> In the *Separations Freeze Order*, the Commission addressed how an incumbent LEC acquiring exchanges from another incumbent LEC shall recalculate its frozen separations factors.<sup>44</sup> Accordingly, Lost Nation is required to recalculate its jurisdictional separations factors pursuant to the *Separations Freeze Order* and the Commission's rules.<sup>45</sup>

#### V. ORDERING CLAUSES

19. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i), 5(c), 201, 202 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, and 254, and sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of the study area boundary freeze as codified in Part 36, Appendix-Glossary, of the Commission's rules, filed by Lost Nation-Elwood Telephone Company and Iowa Telecommunications Services, Inc. on October 24, 2006, IS CONDITIONALLY GRANTED, as described herein.

20. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of section 69.3(e)(11) of the Commission's rules, 47 C.F.R. § 69.3(e)(11), filed by Lost Nation-Elwood Telephone Company on October 24, 2006, IS GRANTED, as described herein.

21. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and sections 0.91, 0.291, 1.3, and 36.3(d) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, and 36.3(d), that Lost Nation-Elwood Telephone Company SHALL ADJUST its jurisdictional separations factors to reflect this transaction, consistent with this Order.

22. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the

---

<sup>40</sup> See Petition at 6.

<sup>41</sup> Our finding will not become effective until Lost Nation's competitive LEC lines become incumbent LEC lines.

<sup>42</sup> See 47 C.F.R. § 61.45(d).

<sup>43</sup> See generally *Jurisdictional Separations and Referral to the Federal-State Joint Board*, Report and Order, CC Docket No. 80-286, 16 FCC Rcd 11382 (2001) (*Separations Freeze Order*). See also 47 C.F.R. § 36.3(c) and (d).

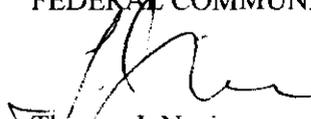
<sup>44</sup> See *Separations Freeze Order*, 16 FCC Rcd 11382, 11405-7, paras. 48-53.

<sup>45</sup> See 47 C.F.R. § 36.3(d).

Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and sections 0.91, 0.291, 1.3 and 61.43 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3 and 61.43, that Iowa Telecommunications Services, Inc. SHALL ADJUST its price cap indices in its annual price cap filing to reflect cost changes resulting from this transaction, consistent with this Order.

23. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that Lost Nation-Elwood Telephone Company, SHALL SUBMIT, as part of its annual universal service data submissions to the fund administrator, a schedule showing the methodology for excluding costs associated with the acquired access lines and the lines previously operated as a competitive LEC, from costs associated with its pre-acquisition study area.

FEDERAL COMMUNICATIONS COMMISSION



Thomas J. Navin  
Chief  
Wireline Competition Bureau