

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 24
SEPTEMBER 23, 2002**

**ADSL PROMOTIONAL OFFERING
DESCRIPTION AND JUSTIFICATION**

Introduction

Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom introduced Asymmetric Digital Subscriber Line (“ADSL”) Access Service to its F.C.C. No. 1 Tariff during February of 2001, in response to customer demand for high speed connections to the Internet and corporate local area networks. In this filing, Iowa Telecom proposes to both extend and expand an existing ADSL promotion intended both for new and existing ADSL customers, including customers in exchanges where Iowa Telecom is introducing ADSL service for the first time.

Extending and expanding Iowa Telecom’s ADSL promotion will benefit customers and will promote competition. As the Commission has previously found, allowing for more flexible pricing of ADSL furthers the objectives of promoting widespread deployment of high-speed broadband Internet access services, as announced in the Commission’s Notice of Proposed Rulemaking on February 14, 2002.¹ As part of that proceeding, the Commission has stated that it will be guided by principles and policy goals that include promoting competition across different platforms for broadband services, and creating a minimal regulatory environment that promotes investment and innovation. In making the announcement, Commission Chairman Michael Powell stated that “[n]early every responsible group that has commented on broadband deployment has cited the need to remove regulatory barriers to deployment. More importantly, Congress squarely anticipated the need to do so . . .”²

Iowa Telecom’s ADSL Offerings

Iowa Telecom has previously implemented ADSL service in the exchanges of Fairfield, Grinnell, Knoxville, Mt. Pleasant, Newton and Pella, Iowa. Since the initial promotion was introduced on March 9, 2002, under Transmittal No. 17, Iowa Telecom has implemented ADSL in the additional exchanges of Osceola, Audubon, Greenfield, New London and Sigourney. As indicated in Iowa Telecom’s Tariff F.C.C. No. 1, at Section

¹ See News Release, FCC Launches Proceeding to Promote Widespread Deployment of High-speed Broadband Internet Access Services, CC Docket 02-33, 2002 FCC LEXIS 793 (rel. Feb. 14, 2002).

² See id., Separate Statement of Chairman Michael K. Powell.

16.6(B) on page 16-44, ADSL is provided subject to the availability and limitation of Iowa Telecom’s wire centers and outside plant facilities, so that ADSL is only available where technical capabilities permit.

Iowa Telecom’s ADSL subscribers currently have a choice of five “service level packages,” which are based on the upstream and downstream download speeds of the service. They are as follows:

<u>Package</u>	<u>Downstream Speed</u>	<u>Upstream Speed</u>
ADSL Basic	128 Kbps	64 Kbps
ADSL Plus	256 Kbps	128 Kbps
ADSL Performance	512 Kbps	256 Kbps
ADSL Performance Plus	768 Kbps	512 Kbps
ADSL Performance Max	1.0 Mbps	512 Kbps

In turn, these service level packages are currently offered to customers on a month-to-month basis, or by subscribing to one-year or three-year “fixed period” service commitments. The monthly charges for Iowa Telecom’s ADSL services under these term commitments are in addition to the \$14.95 charge for Internet access:

<u>Package</u>	<u>Monthly</u>	<u>One Year</u>	<u>Three Years</u>
ADSL Basic	\$20	\$19	\$18
ADSL Plus	\$25	\$24	\$23
ADSL Performance	\$50	\$48	\$46
ADSL Performance Plus	\$80	\$77	\$74
ADSL Performance Max	\$120	\$115	\$110

A one-time, non-recurring charge of \$75.00 applies to each new subscription to an Iowa Telecom ADSL service package.

Two Year Term Promotional Offering

In order to attract new customers, in Transmittal No. 17 Iowa Telecom issued a promotional offering for a new ADSL service at the 512 Kbps download speed with a temporary promotional offering price of \$39.95 (\$25.00 for ADSL plus \$14.95 for Internet access) for ADSL Performance, in return for a two-year service commitment. The current promotion has been offered by Iowa Telecom during the period March 9, 2002, through September 8, 2002.

Iowa Telecom wishes to extend and expand this current promotion, and offer it to new, additional communities in which it has not previously provided ADSL service. Iowa Telecom’s promotion is to be available in each community to which Iowa Telecom offers ADSL, and the promotion will be available to both new and existing Iowa Telecom customers.

Since the promotion was introduced in Transmittal 17, Iowa Telecom has implemented ADSL in the additional exchanges of Osceola, Audubon, Greenfield, New London and Sigourney. In order to stimulate additional demand in these exchanges as well as its other exchanges where DSL is available, Iowa Telecom is proposing to continue this promotion for the period of September 9, 2002 through March 8, 2003. As part of the promotion, Iowa Telecom will also waive the normal installation charge of \$75.00 for new customers, as well as a software change charge of \$6.00 that would apply to existing customers that change or upgrade their ADSL service.

Confidential Cost Support

In this transmittal, Iowa Telecom is including confidential cost support demonstrating the projected effects of the ADSL promotion on Iowa Telecom's revenues over a one-year base period, between September 9, 2002 and September 8, 2003. This cost support is being submitted under confidential seal, and is accompanied with both a Request for Confidential Treatment and a Proposed Protective Order, in accordance with the Commission's requirements.

Exhibit 1

Confidential Cost Support