

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 28
FEBRUARY 21, 2003**

DESCRIPTION AND JUSTIFICATION

INTERNATIONAL BLOCKING SERVICE

SERVICE PROVIDER NUMBER PORTABILITY FEE

PAYPHONE-SPECIFIC CODING DIGITS SERVICE CHARGE

ADSL PROMOTIONAL OFFERING

International Blocking Service

Background:

Iowa Telecom currently offers International Blocking Service to local business exchange service customers. The service blocks end user direct dialed 011+ and 101XXXX+011 calls made from an end user's location.

Description:

Iowa Telecom has recently received requests for its International Blocking Service from residential customers. To accommodate the needs of the company's customers, this filing therefore proposes to expand the availability of International Blocking Service to include residential customers.

Service Provider Number Portability Fee

Introduction:

The Telecommunications Act of 1996 mandated that local telephone companies offer "telephone number portability" in accordance with requirements prescribed by the Commission. In the Commission's Third Report and Order in Docket No. 95-116, 13 FCC Rcd 11701 (1998) ("Third Report and Order") it determined what types of costs could be recovered through separate charges for establishing and providing telephone number portability service. In the Commission's ruling, local telephone companies were allowed to recover certain costs of implementing and providing telephone number portability through a small, fixed monthly charge assessed on the end user customer. The

charge was to be assessed for a five-year period from when local number portability became available in an exchange serving the end user customer.

Background:

Iowa Telecom purchased the GTE properties in Iowa and commenced providing service to Iowa customers on July 1, 2000. When Iowa Telecom began providing service, the tariff that Iowa Telecom filed with the Commission mirrored the tariff language previously filed by GTE, for the sake of continuity.

Prior to Iowa Telecom's purchase of its exchanges, and based on the Commission's Third Report and Order, GTE filed a tariff to bill a Service Provider Number Portability Fee which established a billing implementation date of March 19, 1999. This provision was carried over into Iowa Telecom's Tariff F.C.C. No. 1 when it acquired the exchanges and adopted the GTE tariff provisions. When the GTE billing records were converted to Iowa Telecom's systems, however, it was determined that the Service Provider Number Portability Fee had never been implemented by GTE in Iowa. This was apparently because local telephone number portability had been deployed on a very limited basis in the GTE properties in Iowa, and remains available only where the Central Office Equipment has been updated after receiving a bona fide request for number portability.

Description:

Iowa Telecom therefore proposes to remove the March 19, 1999 date-specific language for billing implementation of its Service Provider Number Portability Fee from Tariff F.C.C. No. 1, since this GTE-based language is inapplicable. Instead, Iowa Telecom intends to bill the Number Portability Fee for a five-year period from the initial billing implementation date after local number portability becomes available in a particular exchange.

Payphone-Specific Coding Digits Service Charge

Introduction:

The Payphone-Specific Coding Digits Service Charge provision that is currently in Iowa Telecom's tariff is a result of the Memorandum Opinion and Order issued in CC Docket No. 96-128, 13 FCC Rcd 4998 (1998). In this order, the Commission allowed local telephone companies to file tariffs to recover the costs of implementing Flexible Automatic Number Identification ("Flex ANI") from Payphone Service Providers ("PSPs"). The tariffs were to be filed no later than 30 days after full implementation of Flex ANI.

Background :

GTE added the Payphone-Specific Coding Digits Service Charge to its tariff in 1999, to recover the initial costs of deploying Flex ANI capability to each pay telephone service line. At that time, network enhancements were required to equip local exchange telephone lines ordered by Payphone Service Providers with the capability to transmit three (3) payphone specific coding digits. The digits transmitted to the Interexchange Carrier are: “27” for pay telephones requiring central office supervision, “29” for prison/inmate pay telephones, and “70” for pay telephones not requiring central office supervision. These digits are transmitted via the Flex ANI Optional Feature. The Interexchange Carriers use this information to compensate the PSPs for subscriber 800 series calls, dial-around access code calls (e.g., 101XXXX) and any other calls placed from pay telephones and deemed compensable by the Commission. When Iowa Telecom purchased the GTE properties in Iowa and commenced providing service in the year 2000, as discussed above, Iowa Telecom carried this Payphone-Specific Coding Digits charge over to its own tariff.

Description:

Iowa Telecom proposes to eliminate the Payphone-Specific Coding Digits charge from its tariff, as it is no longer applicable. As described above, the charge was established to recover the initial costs of deploying Flex ANI capability to each pay telephone service line, and was to be assessed for a thirty-six month period beginning September 1, 1999. This 36-month period expired on August 30, 2002, and Iowa Telecom discontinued billing the charge at that time.

ADSL Promotional Offering

Introduction:

Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom introduced Asymmetric Digital Subscriber Line (“ADSL”) Access Service to its Tariff F.C.C. No. 1 in 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 extend 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.

Background and Description:

Iowa Telecom has implemented ADSL service in the exchanges of Audubon, Fairfield, Greenfield, Grinnell, Knoxville, Mt. Pleasant, New London, Newton, Osceola, Pella, and Sigourney, Iowa. Iowa Telecom is currently introducing ADSL service to customers in the additional exchanges of Albia, Aplington, Avoca, Columbus Junction, Donnellson, Eddyville, Emmetsburg, Exira, Janesville, Lake City, LeClaire, Lisbon, Madrid, Monroe, Mount Ayr, New Sharon, Pleasantville, Rockwell City, Roland, State Center and Sumner, Iowa. As indicated in Iowa Telecom’s Tariff F.C.C. No. 1, at Section 16.6(B) on page

16-44, ADSL service 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.

In order to attract new customers, on March 8, 2002, under 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 initial promotion was offered by Iowa Telecom during the period March 8, 2002, through September 8, 2002. This promotion was later extended and expanded under Transmittal No. 24, and continued for the period between September 9, 2002 through March 8, 2003.

Description:

Iowa Telecom proposes to extend its current ADSL promotional offering, and offer it to new, additional communities in which Iowa Telecom 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 ADSL customers.

In order to stimulate additional demand in the exchanges where ADSL is available, Iowa Telecom is proposing to continue this promotion for the period of March 8, 2003 through September 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.

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

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 March 8, 2003 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.

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.

Exhibit 1

Confidential Cost Support