

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 33
April 11, 2003**

DESCRIPTION AND JUSTIFICATION

ADSL Price Change and Promotional Offering

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 reduce the rates for certain of its ADSL offerings, and to introduce a new, limited ADSL promotion intended both for new and existing ADSL customers.

Introducing this 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 implemented ADSL service in 32 exchanges in Iowa. As indicated in Iowa Telecom’s Tariff F.C.C. No. 1, at Section 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.

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.

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 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.

Price Reduction

As indicated above, the ADSL Plus service level package is currently offered to customers on a month-to-month basis, or by subscribing to one-year or three-year “fixed period” service commitments. This package is priced at \$25, \$24 and \$23, respectively. In order to meet the market expectations of our customers when providing this highly competitive offering, Iowa Telecom is proposing to reduce the package prices to \$20, \$19 and \$18, respectively.

Promotional Offering

Iowa Telecom is also proposing a new promotional offering for the ADSL Plus (256 Kbps down/128 Kbps up) and the ADSL Performance Plus (768 Kbps down/512 Kbps up) service level packages to stimulate additional demand in the exchanges where DSL is available and in new exchanges as ADSL service is implemented and to meet competitive pressures, During the period April 26, 2003 through July 26, 2003, a promotion will be offered to end user customers that subscribe to or upgrade to an ADSL Plus (256 Kbps down/128 Kbps up) or ADSL Performance Plus (768 Kbps down/512 Kbps up) service

level package. The installation charge of \$75 will be waived for such customers. In addition, end user customers that agree to sign a 6-month contract will receive the ADSL Performance Plus service level package for a monthly rate of \$30. Existing customers that upgrade from an ADSL Basic, Plus or Performance service level package to a ADSL Performance Plus service level package and agree to sign a 6 month contract will also receive the ADSL Performance Plus for a monthly rate of \$30. The \$6.00 software change charge to upgrade their service will be waived. The upgrade will be allowed provided the ADSL channel interface and the customer location remain the same. If the customer requests the discontinuance of the ADSL Performance Plus service level package prior to the expiration date of the 6 month contract, termination liability charges will apply. The customer will be billed 50% of any remaining portion of the contract. This promotion is available on service orders placed during the promotional period, with service scheduled to begin within 15 days of the order date.

Confidential Cost Support

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

Exhibit 1

Confidential Cost Support