

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 41
SEPTEMBER 16, 2003
MID YEAR ACCESS CHARGE FILING**

Description and Justification

Introduction

The accompanying material issued by Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom ("Iowa Telecom") is filed to fulfill the requirements established in Sections 61.38, 61.39 and 61.41 through 61.49 of the Commission's Rules.

Iowa Telecom is comprised of two separate and distinct service groups. The Iowa Telecom Service Group includes the exchanges located in the Iowa Telecom North Study Area 351167 and is identified by the COSA ITNO. The Iowa Telecom Systems Service Group includes the exchanges located in the Iowa Telecom and Iowa Telecom Systems Study Areas, 351178 and 351170 respectively, and is identified by the COSA ITIT. Information in this filing is provided for both ITNO and ITIT.

The information included in this filing is submitted in support of (a) the exemption of payphone lines from the presubscribed interexchange carrier charge (PICC); (b) updated factors utilized for exogenous cost adjustments for telecommunications relay service and regulatory fees; (c) revised methodology to allocate exogenous costs among the price cap baskets based on total interstate end user revenues rather than on total interstate revenues; and (d) revision of the fourth quarter universal service fund contribution prescribed by the Commission.

Exemption of Payphone Lines from PICC

The Commission released an Order on June 25, 2003¹ that granted the request of One Call Communications, Inc., d/b/a Opticom to reconsider the treatment of payphone lines under the Commission's access charge rules. The FCC adopted a rule exempting payphone lines from the PICC. Exhibit 1 reflects the removal of PICC rates for Payphone customers.

¹ *In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, CC Docket Nos. 96-262 and 94-1, Order on Reconsideration (FCC 03-139), released June 25, 2003.*

Exogenous Changes

The TRP guidelines provide for the consideration of the exogenous cost changes between periods for Regulatory Fees, Excess Deferred Tax Amortization, Investment Tax Credit, Telecommunications Relay Service Fees, and North America Numbering Plan Administration. In Iowa Telecom's filing submitted June 16, 2003, calculations were included for the exogenous cost changes for Regulatory Fees, Telecommunications Relay Service and North America Numbering Plan Administration. These calculations were based on the factors that were before the Commission at the time of filing. Since that time, the FCC has issued final orders and some of the factors approved are different than the proposed rate. The following outlines the adjustments necessary to reflect the new factors. In the June 16, 2003 filing, the allocation of the exogenous costs among the price cap baskets was based on total interstate revenues. This filing revises the allocation method to be based on total interstate end user revenues and is consistent with Part 64.404 of the Commission's rules. The supporting calculations and the allocation to price cap baskets are included in Exhibit 2.

Regulatory Fees

The calculation of the Regulatory fees to be paid in the 2003 tariff year in the June 16, 2003 filing was based on Iowa Telecom 499A data for the period January 1, 2002 through December 31, 2002 utilizing the factor of .00198 as proposed on March 24, 2003 (FCC-03-64). In this filing, the calculation is updated to the .00199 factor prescribed in the Commission's order released July 25, 2003 in MD Docket No. 03-83 (FCC 03-184).

Telecommunications Relay Service

The Telecommunications Relay Service Fee calculation for the 2003 tariff year is based on Iowa Telecom's 499A filed April 1, 2003 and utilized the factor of .00171 proposed by NECA on May 5, 2003 (DA 03-1527). This calculation is updated in this filing to reflect the .00149 contribution factor prescribed in CC Docket No. 98-67 (DA 03-2111) released June 30, 2003.

North America Numbering Plan Administration

The contribution factor of .000036 developed by NBANC and proposed to the FCC on May 6, 2003 (DA 03-1704) was applied to the end user revenues filed in Iowa Telecom's Form 499A filed April 1, 2003 to determine the funding for tariff year 2003.

Excess Deferred Tax and Investment Tax Credit

At present, Iowa Telecom does not have any Excess Deferred and Income Tax Credit Amortization amounts to consider.

Iowa Telecom Pooling

Pursuant to Section 61.48(m)(1)(ii) of the Commission's rules, Iowa Telecom elects to pool local switching revenues transferred to the common line basket in Exhibits 3A and 3B. Exhibit 3A is associated with ITIT916A & ITNO916A and Exhibit 3B is associated with ITIT916B and ITNO916B. Page 1 shows the local switching revenues subject to pooling along with the allocation of the shortfall between COSA's. Pages 2 and 3 of the Exhibit display the new pooled local switching amount based on access line growth along with the allocation of the pooled revenues to the multi-line business SLC for each individual COSA.

Price Cap Revenue Impact Analysis

Exhibit 4A and 4B display the change in revenues associated with rate adjustments resulting from the payphone and exogenous cost revisions included in this filing. In addition, the exhibit details the end user and carrier common line impacts, along with the impacts for recurring and nonrecurring traffic sensitive, trunking, special access, and miscellaneous charges.

Universal Service Fund Contribution Charge

In the Public Notice released on September 5, 2003 in CC Docket 96-45 (DA 03-2833), the FCC announced the new USF Contribution Factor for fourth quarter, 2003. The factor was changed from .095 to .092. The change in factor is included in this filing. The percent contribution recovery is changed from 9.5% to 9.2%.

Summary of Exhibits

- Exhibit 1 Exemption of Payphone Lines from PICC
- Exhibit 2 Exogenous Calculations
- Exhibit 3 Pooling Revenue
- Exhibit 4 Price Cap Revenue Impact Analysis