

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 40
September 16, 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 ADSL customers.

Iowa Telecom’s ADSL Offerings

Iowa Telecom has implemented ADSL service in 42 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.

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	\$20	\$19	\$18
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 Performance 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 \$50, \$48 and \$46, 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 \$30, \$29 and \$28, respectively. Iowa Telecom expects a revenue reduction of \$9,600 annually as a result of this change.

Promotional Offering

Iowa Telecom is also proposing a new promotional offering to stimulate additional demand in the exchanges where DSL is available to meet competitive pressures. During the period October 1, 2003 through December 30, 2003, a promotion will be offered to end user customers that subscribe to any service level package. The installation charge of \$75 will be waived for such customers. This promotion is available on service orders placed during the promotional period, with service scheduled to begin within 15 days of the order date.

It is anticipated that the demand for DSL service level packages will increase as follows: 13 ADSL Basic, 106 ADSL Plus, 376 ADSL Performance, 18 ADSL Performance Plus, and 11 ADSL Performance Max. Iowa Telecom expects a total increase in revenue of approximately \$101,000 annualized.