

**IOWA TELECOMMUNICATIONS SERVICES, INC.**  
**D/B/A IOWA TELECOM**  
**REVISIONS TO TARIFF F.C.C. NO. 1**  
**TRANSMITTAL NO. 42**  
**DECEMBER 17, 2003**

**DESCRIPTION AND JUSTIFICATION**

Universal Service Contribution Recovery

In the Public Notice released on December 4, 2003 in CC Docket 96-45 (DA 03-3866), the FCC announced the new USF Contribution Factor for the first quarter, 2004. The factor was changed from .092 to .087. The percent contribution recovery is changed from 9.2% to 8.7%. This filing proposes to reduce the recovery factor to comply with the FCC's public notice.

Unbundled Network Elements

The FCC's *Report and Order on Remand and Further Notice of Proposed Rulemaking*, FCC 03-36, adopted February 20, 2003, and Section 51.309 of the FCC's *Rules*, establish requirements relating to the connection of unbundled network elements. Pursuant to these requirements, Iowa Telecom revises its tariff to establish a new Section 2.5.2 that sets forth the terms and conditions associated with this capability. Specifically, Iowa Telecom will permit a requesting telecommunications carrier to commingle an unbundled network element or combination of unbundled network elements with wholesale access services obtained from Iowa Telecom under the tariff. Rates, terms and conditions of the tariff will apply only to the access services that are commingled. Unbundled network elements or combinations of unbundled network elements that are commingled with access services will not be available.

Iowa Telecom's ADSL Promotional Offering

Iowa Telecom has implemented ADSL service in 43 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.

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.

Iowa Telecom is proposing to extend its promotional offering to stimulate additional demand in the exchanges where DSL is available to meet competitive pressures. During the period January 1, 2004 through June 30, 2004, 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 as a result of this promotion will increase as follows: 29 ADSL Basic, 240 ADSL Plus, 848 ADSL Performance, 41 ADSL Performance Plus, and 25 ADSL Performance Max. Iowa Telecom expects a total increase in revenue of approximately \$356,685 annualized.