

**IOWA TELECOMMUNICATIONS SERVICES, INC.
D/B/A IOWA TELECOM
REVISIONS TO TARIFF F.C.C. NO. 1
TRANSMITTAL NO. 44
MARCH 8, 2004**

DESCRIPTION AND JUSTIFICATION

ADSL PROMOTIONAL OFFERING

Iowa Telecom's ADSL Promotional Offering

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 as follows and 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 is proposing to offer a promotional offering to stimulate additional demand for the ADSL Performance Plus Service Level Package (768 Kbps) to meet

competitive pressures in the exchanges where DSL is available. During the period March 23, 2004 through September 22, 2004, a promotion will be offered to end user customers that subscribe to the ADSL Performance Plus service level package. The Performance Plus will be offered at a reduced monthly rate of \$30.00 for customers who sign a 6-month contract. The installation charge of \$75.00 will be waived for such customers.

Current customers subscribing to the ADSL Performance Plus at the standard tariff rate may take advantage of the promotion monthly rate of \$30.00. These customers will be required to sign a 6-month contract. If the customer is subscribing to their current service level package under a term agreement longer than six months, the customer will be required to maintain that contractual term with the promotion amount.

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 \$30.00. 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 CL remain the same. If the upgrading customer is subscribing to a current service level package under a term agreement longer than six months, the customer will be required to maintain that contractual term with the promotion amount.

At the end of the 6-month contract period, the contract will automatically be renewed for another 6-month contract period for a monthly rate of \$30.00. 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.

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It is anticipated that the demand for ADSL Performance Plus service level package as a result of this promotion will increase by 217. Iowa Telecom expects a total increase in revenue of approximately \$35,500 annualized.