

3/22/93 Referred from Reg. Calendar to Commerce Comm.

FILED 3/22/93

3/31/93 ~~House~~ Amend/Do Pass w/53332
4/20/93 ~~House~~ Do Pass

SENATE FILE 277

BY COMMITTEE ON COMMUNICATIONS

AND INFORMATION POLICY

4/20/93 Referred to approp

4/20/93 Do Pass

(SUCCESSOR TO SSB 179)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to authorization of alternative forms of
2 regulation for utilities providing communications services and
3 providing an effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF277

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1 Section 1. NEW SECTION. 476.30 FINDINGS -- STATEMENT OF
2 POLICY.

3 The general assembly finds, in addition to other standards
4 for the provision of communications services established in
5 this chapter, all of the following:

6 1. Communications services should be available to all
7 citizens of this state at just, reasonable, and affordable
8 rates.

9 2. Competition should be permitted to function as a
10 substitute for certain aspects of regulation in determining
11 the variety, quality, and pricing of communications services,
12 when it is consistent with the protection of consumers of
13 communications services and the furtherance of other relevant
14 public interests and goals.

15 3. The utilities board should be authorized to respond
16 with sufficient flexibility to the rapidly changing nature of
17 the communications industry.

18 4. Development of, and prudent investment in, advanced
19 communications networks which foster economic development in
20 this state should be encouraged.

21 Sec. 2. NEW SECTION. 476.30A ALTERNATIVE FORMS OF
22 REGULATION.

23 1. Notwithstanding contrary provisions of this chapter,
24 the board may adopt rules for utilities furnishing
25 communications services which authorize and establish
26 alternative forms of regulation other than rate-of-return
27 regulation. Alternative forms of regulation, if approved by
28 the board, may include earnings sharing, revenue sharing, rate
29 moratoria, network modernization, incentive plans, or a
30 combination of these. Participation in an alternative form of
31 regulation is optional and at the election of the utility.

32 2. A rate-regulated public utility furnishing
33 communications services may submit and the board may, after
34 notice and opportunity for hearing, approve or modify a plan
35 for an alternative form of regulation specific to that

1 utility. The plan may be applied to any pending proceeding
2 involving the utility. The hearing on the plan may be
3 conducted separately or as part of any pending proceeding
4 involving the utility. If the board modifies the proposed
5 plan, participation in the modified plan for alternative
6 regulation shall be optional and at the election of the
7 utility.

8 3. A utility participating in an alternative form of
9 regulation must participate for at least two years.

10 4. The board, in considering a plan for an alternative
11 form of regulation for a utility, shall evaluate the effect of
12 the proposed plan in relationship to all of the following:

13 a. Effecting just and reasonable rates.

14 b. Provision of high quality, universally available
15 communications services.

16 c. Encouragement of investment in the communications
17 infrastructure, efficiency improvements, and technological
18 innovation.

19 d. The introduction of new communications products and
20 services.

21 e. Regulatory efficiency including reduction of regulatory
22 costs and delays.

23 5. Any utility plan for alternative regulation shall, at a
24 minimum, include all of the following:

25 a. The terms upon which changes in prices for essential
26 communications services may be approved by the board.

27 b. Flexibility in establishing and changing prices, terms,
28 and conditions for nonessential communications services.

29 c. Applicability of the board's service quality standards.

30 d. Reporting of service offerings, prices, and price
31 changes to the board.

32 e. The term of the plan and the time for board review of
33 the plan before the plan terminates.

34 f. The manner in which changes in revenues, expenses, and
35 investment due to exogenous factors beyond the control of the

1 utility may be reflected in rates.

2 Sec. 3. NEW SECTION. 476.30B PROHIBITED ACTS.

3 A utility electing to participate and submitting an
4 alternative regulation plan pursuant to section 476.30A shall
5 not do any of the following:

6 1. Discriminate against another provider of communications
7 services by refusing or delaying access to the participating
8 utility's local exchange network.

9 2. Degrade the quality of access or service provided to
10 another provider of communications services.

11 Sec. 4. NEW SECTION. 476.30C DEFINITIONS.

12 As used in sections 476.30 through 476.30B, unless the
13 context otherwise requires:

14 1. "Essential communications service" means that
15 communications service or equipment necessary for a
16 residential or business end-user to pursue, at a minimum,
17 voice communications on the public network in a manner
18 consistent with community expectations and the public interest
19 as determined by the board. Essential communications services
20 include, at a minimum, basic local telephone service, switched
21 access, 911 and E-911 services, and relay service for
22 communications-impaired persons. The board is authorized to
23 classify by rule other communications services as essential
24 communications services consistent with this definition.

25 2. "Nonessential communications services" means all
26 communications services subject to the board's jurisdiction
27 not deemed either by statute or by rule as essential
28 communications services.

29 Sec. 5. Section 476.3, subsection 2, Code 1993, is amended
30 by adding the following new unnumbered paragraph:

31 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions
32 of this subsection authorizing the consumer advocate to file a
33 petition with the board alleging that a utility's rates are
34 excessive, the consumer advocate shall not file a petition
35 which alleges that a local exchange utility's rates are

1 excessive while the local exchange utility is participating in
2 an approved plan of alternative regulation approved by the
3 board pursuant to section 476.30A.

4 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 This bill authorizes the utilities board to establish
8 alternative forms of rate regulation for utilities furnishing
9 communications services. The alternative forms of regulation
10 permitted include earnings sharing, revenue sharing, rate
11 moratoria, network modernization, and incentive plans. A
12 utility electing to participate under plan of alternative
13 regulation must participate for a minimum period of two years.

14 The bill takes effect upon enactment.

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**SENATE FILE 277
FISCAL NOTE**

A fiscal note for Senate File 277 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 277 authorizes the Utilities Board to establish alternative forms of rate regulation for utilities providing communications services. The alternative forms of regulation permitted include earnings sharing, revenue sharing, rate moratoria, network modernization, and incentive plans. A utility electing to participate in an alternative plan must do so for a minimum of 2 years.

Assumptions:

1. The Office of Consumer Advocate would require 4 new FTE positions. Two of the positions (Utilities Regulation Engineer II and Utilities Specialist) would be added in FY 1994. Two of the positions (Senior Analyst and Utilities Analyst I) would be added in FY 1995.
2. The Utilities Division of the Department of Commerce would require no new staff.
3. All additional regulatory costs would be billed to the utility companies and the receipts deposited in the General Fund.

Fiscal Impact:

General Fund expenditures will increase by \$141,000 in FY 1994 and \$228,000 in FY 1995. General Fund revenues will increase by \$141,000 in FY 1994 and \$228,000 in FY 1995. Net impact on the General Fund for FY 1994 and FY 1995 is zero.

Sources: Utilities Division, Department of Commerce
Office of Consumer Advocate, Department of Justice (LSB 2225sv, MAS)

FILED MARCH 22, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

DELUNERY, CH.
VARN
KERSTEN

SSB 179

COMMUNICATIONS + INFORMATION
POLICY

SENATE FILE 277

BY (PROPOSED COMMITTEE ON
COMMUNICATIONS AND INFORMA-
TION POLICY BILL BY CHAIR-
PERSON VARN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

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9 2. Degrade the quality of access or service provided to
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The Iowa sheep and wool promotion board is not an agency of state government.

Sec. 3. NEW SECTION. 196A.14A NOT A STATE AGENCY.

The Iowa egg council is not an agency of state government.

LEONARD L. BOSWELL
President of the Senate

BAROLD VAN HAANEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 278, Seventy-fifth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved *May 5*, 1993

TERRY E. BRANSTAD
Governor

SENATE FILE 278

AN ACT

TO EXCLUDE AGRICULTURAL COMMODITY PROMOTIONAL BOARDS, WHICH ARE SUBJECT TO A PRODUCER REFERENDUM, FROM THE REQUIREMENTS APPLICABLE TO STATE AGENCIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 181.18A NOT A STATE AGENCY.

The Iowa beef cattle producers association is not an agency of state government.

Sec. 2. NEW SECTION. 182.13A NOT A STATE AGENCY.