

SENATE FILE **2065**  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2064)

Passed Senate, Date (P.1365) 4/9/94 Passed House, Date \_\_\_\_\_  
Vote: Ayes 45 Nays 5 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:

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SF 2065

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

33 2. A rate-regulated public utility furnishing  
34 communications services may submit and the board may, after  
35 notice and opportunity for hearing, approve or modify a plan

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

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

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

14 a. Effecting just, nondiscriminatory, and reasonable  
15 rates.

16 b. Provision of high quality, universally available  
17 communications services.

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

21 d. The introduction of new communications products and  
22 services.

23 e. Regulatory efficiency including reduction of regulatory  
24 costs and delays.

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

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

29 b. Flexibility in establishing and changing prices, terms,  
30 and conditions for nonessential communications services.

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

32 d. Reporting of service offerings, prices, and price  
33 changes to the board.

34 e. The term of the plan and a provision for full board  
35 review of the utility's operation under the plan, with notice

1 and an opportunity for hearing, prior to the termination of  
2 the plan. The review must begin within five years of the  
3 initiation of the plan.

4 f. The manner in which changes in revenues, expenses, and  
5 investment due to exogenous factors beyond the control of the  
6 utility may be reflected in rates.

7 6. Notwithstanding the provisions of a plan for  
8 alternative regulation, the board shall have authority over  
9 both of the following:

10 a. The level, extent, scope, and timing of the unbundling  
11 of services by the local exchange utility.

12 b. Appropriate methods for ensuring against cross-  
13 subsidization of nonessential services through charges made  
14 for essential services.

15 7. Nothing in this section shall interfere with the right  
16 of any person or body politic to file a complaint pursuant to  
17 section 476.3, subsection 1, regarding a utility's operation  
18 under a plan of alternative regulation.

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

20 A utility electing to participate and submitting an  
21 alternative regulation plan pursuant to section 476.30A shall  
22 not do any of the following:

23 1. Discriminate against another provider of communications  
24 services in the pricing of, or by refusing or delaying access  
25 to, essential network services of the participating utility's  
26 local exchange network.

27 2. Degrade the quality of access or service provided to  
28 another provider of communications services.

29 3. Fail to disclose in a timely manner, upon request and  
30 pursuant to a protective agreement concerning proprietary  
31 information, all information reasonably necessary for the  
32 design of network interface equipment or network interface  
33 services that will meet the specifications of the  
34 participating utility's local exchange network.

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

1 As used in sections 476.30 through 476.30B, unless the  
2 context otherwise requires:

3 1. "Essential communications service" means that  
4 communications service or equipment necessary for a  
5 residential or business end-user to pursue, at a minimum,  
6 voice communications on the public network in a manner  
7 consistent with community expectations and the public interest  
8 as determined by the board. Essential communications services  
9 include, at a minimum, basic local telephone service, switched  
10 access, 911 and E-911 services, and relay service for  
11 communications-impaired persons. The board is authorized to  
12 classify by rule other communications services as essential  
13 communications services consistent with this definition.

14 2. "Nonessential communications services" means all  
15 communications services subject to the board's jurisdiction  
16 not deemed either by statute or by rule as essential  
17 communications services.

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

20 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
21 of this subsection authorizing the consumer advocate to file a  
22 petition with the board alleging that a utility's rates are  
23 excessive, the consumer advocate shall not file a petition  
24 under this subsection which alleges that a local exchange  
25 utility's rates are excessive while the local exchange utility  
26 is participating in an approved plan of alternative regulation  
27 approved by the board pursuant to section 476.30A.

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

30

EXPLANATION

31 This bill authorizes the utilities board to establish  
32 alternative forms of rate regulation for utilities furnishing  
33 communications services. The alternative forms of regulation  
34 permitted include earnings sharing, revenue sharing, rate  
35 moratoria, network modernization, and incentive plans. A

1 utility electing to participate under plan of alternative  
2 regulation must participate for a minimum period of two years.  
3 The bill takes effect upon enactment.

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SENATE FILE 2065  
FISCAL NOTE

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A fiscal note for Senate File 2065 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.

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Senate File 2065 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 4.50 new FTE positions.
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 \$242,000 in FY 1995 and \$211,000 in FY 1996. General Fund revenues will increase by \$242,000 in FY 1995 and \$211,000 in FY 1996. Net impact on the General Fund for FY 1995 and FY 1996 is zero.

Sources: Utilities Division, Department of Commerce  
Office of Consumer Advocate, Department of Justice (LSB 3935SV, MAS)

FILED FEBRUARY 22, 1994

BY DENNIS PROUTY, FISCAL DIRECTOR

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LSB 3935SV 75  
mj/sc/14

SENATE FILE 2065

S-5465

1 Amend Senate File 2065 as follows:

2 1. Page 2, line 28, by inserting after the word  
3 "board." the following: "Prior to approving an  
4 increase in the prices for essential communications  
5 services pursuant to this section, the board shall  
6 evaluate all existing revenues of the utility subject  
7 to the board's jurisdiction to the extent provided for  
8 in the approved plan."

9 2. Page 3, by inserting after line 6 the  
10 following:

11 "g. Provisions for investment in and modernization  
12 of the utility's telecommunications infrastructure."

13 3. Page 3, by inserting after line 18 the  
14 following:

15 "8. In implementing alternative regulation, the  
16 board shall consider methods to assist lower-income  
17 Iowans to secure and retain telephone service, and to  
18 assist all Iowans to secure and retain essential  
19 communications services at reasonable costs."

By MICHAEL E. GRONSTAL  
JOHN W. JENSEN  
JIM KERSTEN

MARY KRAMER  
JOE J. WELSH  
PATRICK J. DELUHERY

S-5465 FILED APRIL 5, 1994

*Adapted 4/19/94 (P 1365)*

SENATE FILE 2065

S-5218

1 Amend Senate File 2065 as follows:

2 1. Page 2, by inserting after line 8 the  
3 following:

4 "\_\_\_\_. The board may approve the operation of a  
5 telephone utility under a plan for alternative  
6 regulation if the board finds, after notice and an  
7 opportunity for evidentiary hearing, all of the  
8 following:

9 a. Operation under a plan for alternative  
10 regulation is necessary to achieve operating  
11 efficiencies which could not otherwise be achieved.

12 b. Operation under a plan for alternative  
13 regulation is likely to provide lower rates to  
14 customers for communications services that would not  
15 be possible under traditional rate base and rate of  
16 return regulation.

17 c. Operation under a plan for alternative  
18 regulation will not result in the degradation of the  
19 quality or availability of communications services.

20 These findings may be made as part of a contested  
21 case determining the reasonableness of a utility's  
22 rates."

23 2. Renumber as necessary.

By DERRYL McLAREN

S-5218 FILED MARCH 15, 1994  
RULED OUT OF ORDER

SENATE FILE 2065

S-5219

1 Amend Senate File 2065 as follows:

2 1. Page 2, line 3; by inserting after the word  
3 "utility" the following: ", except as provided in  
4 this subsection".

5 2. Page 2, line 8, by inserting after the word  
6 "utility." the following: "A refund or rate  
7 adjustment which results from a case pending on the  
8 effective date of this Act shall not be affected as a  
9 result of the implementation, existence, or approval  
10 of a plan for an alternative form of regulation."

By DERRYL McLAREN

S-5219 FILED MARCH 15, 1994  
RULED OUT OF ORDER

SENATE FILE 2065

S-5192

1 Amend Senate File 2065 as follows:

2 1. Page 3, by inserting after line 18 the  
3 following:

4 "8. Except as provided in section 476.3,  
5 subsection 2, nothing in this section shall be  
6 construed to prevent the consumer advocate from  
7 representing consumers before the utilities board  
8 regarding any rule, order, or proceeding pertaining to  
9 alternative regulation of utilities furnishing  
10 communications services. The consumer advocate may  
11 act as attorney for and represent consumers generally  
12 before any state or federal court concerning a  
13 utilities board rule, order, or proceeding pertaining  
14 to alternative regulation of utilities furnishing  
15 communications services."

16 2. Page 4, by striking lines 28 and 29 and  
17 inserting the following:

18 "Sec. \_\_\_\_ REPORT. The utilities board shall  
19 submit a report to the general assembly no later than  
20 January 15, 1997, concerning the implementation of  
21 alternative regulation for utilities furnishing  
22 communications services."

23 3. Title page, lines 2 and 3, by striking the  
24 words "and providing an effective date".

25 4. By renumbering as necessary.

By MICHAEL E. GRONSTAL

*Adopted 3/15/94 (P. 679)*

S-5192 FILED MARCH 14, 1994

SENATE FILE 2065

S-5191

1 Amend Senate File 2065 as follows:

2 1. Page 3, by inserting after line 18 the  
3 following:

4 "8. In implementing alternative regulation, the  
5 board shall consider methods to assist lower-income  
6 Iowans to secure and retain telephone service."

By MICHAEL GRONSTAL

S-5191 FILED MARCH 14, 1994

*Adopted 3-15-94 (P. 679) Motion to R/c by Gronstal - Previous  
S-5191 now Withdrawn*

SENATE FILE 2065

S-5088

1 Amend Senate File 2065 as follows:

2 1. Page 1, line 28, by inserting after the word  
3 "include" the following: ", but are not limited to,".

4 2. Page 1, by striking lines 31 and 32.

5 3. Page 1, line 33, by striking the word "A" and  
6 inserting the following: "If rules for alternative  
7 regulation are adopted, a".

8 4. Page 1, line 34, by striking the words  
9 "services may" and inserting the following: "services  
10 shall".

11 5. Page 2, by striking lines 5 through 10 and  
12 inserting the following: "involving the utility."

13 6. Page 3, by striking line 20, and inserting the  
14 following:

15 "A utility furnishing communications services  
16 pursuant to an approved".

17 7. Page 4, line 26, by striking the words "an  
18 approved" and inserting the following: "a".

19 8. By renumbering as necessary.

By JOHN JENSEN

*Filed March 2, 1994*

*adopted 3-15-94 (p. 677)*

## SENATE FILE 2065

S-5220

- 1 Amend Senate File 2065 as follows:
- 2 1. Page 2, line 33, by inserting after the word
- 3 "board" the following: "and to the utility's
- 4 customers".

By DERRYL McLAREN

S-5220 FILED MARCH 15, 1994  
LOST

## SENATE FILE 2065

S-5222

- 1 Amend Senate File 2065 as follows:
- 2 1. Page 1, by inserting before line 1 the
- 3 following:
- 4 "Section 101. NEW SECTION. 474.2A BAN ON
- 5 EMPLOYMENT WITH PUBLIC UTILITY.
- 6 A person who has served as a member of the
- 7 utilities board shall not within two years after
- 8 termination of service become an employee of a common
- 9 carrier or other public utility which is under the
- 10 jurisdiction of the utilities board."
- 11 2. Page 4, line 28, by striking the words "DATE.
- 12 This Act" and inserting the following: "DATES.
- 13 Section 101 of this Act takes effect on July 1, 1994.
- 14 The remaining sections of this Act, except section
- 15 101".
- 16 3. Page 4, line 29, by striking the word "takes"
- 17 and inserting the following: "take".
- 18 4. Renumber as necessary.

By DERRYL McLAREN

S-5222 FILED MARCH 15, 1994  
RULED OUT OF ORDER

SENATE FILE 2065  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2064)

(AS AMENDED AND PASSED BY THE SENATE APRIL 19, 1994)

- ~~\_\_\_\_\_~~ - New Language by the Senate
- \* - Language Stricken by the Senate

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

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S.F. 2065

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 relating to rate-of-return regulation, the board may adopt  
25 rules for utilities furnishing communications services which  
26 authorize and establish alternative forms of regulation other  
27 than rate-of-return regulation. Alternative forms of  
28 regulation, if approved by the board, may include, but are not  
29 limited to, provisions for earnings sharing, revenue sharing,  
30 rate moratoria, network modernization, incentive plans, or a  
31 combination of these.

\* 32 2. If rules for alternative regulation are adopted, a  
33 rate-regulated public utility furnishing communications  
34 services shall submit and the board may, after notice and  
35 opportunity for hearing, approve or modify a plan for an

1 alternative form of regulation specific to that utility. The  
2 plan may be applied to any pending proceeding involving the  
3 utility. The hearing on the plan may be conducted separately  
4 or as part of any pending proceeding involving the utility.

5 3. The board, in considering a plan for an alternative  
6 form of regulation for a utility, shall evaluate the effect of  
7 the proposed plan in relationship to all of the following:

8 a. Effecting just, nondiscriminatory, and reasonable  
9 rates.

10 b. Provision of high quality, universally available  
11 communications services.

12 c. Encouragement of investment in the communications  
13 infrastructure, efficiency improvements, and technological  
14 innovation.

15 d. The introduction of new communications products and  
16 services.

17 e. Regulatory efficiency including reduction of regulatory  
18 costs and delays.

19 4. Any utility plan for alternative regulation shall, at a  
20 minimum, include all of the following:

21 a. The terms upon which changes in prices for essential  
22 communications services may be approved by the board. Prior  
23 to approving an increase in the prices for essential  
24 communications services pursuant to this section, the board  
25 shall evaluate all existing revenues of the utility subject to  
26 the board's jurisdiction to the extent provided for in the,  
27 approved plan.

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

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

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

33 e. The term of the plan and a provision for full board  
34 review of the utility's operation under the plan, with notice  
35 and an opportunity for hearing, prior to the termination of

1 the plan. The review must begin within five years of the  
2 initiation of the plan.

3 f. The manner in which changes in revenues, expenses, and  
4 investment due to exogenous factors beyond the control of the  
5 utility may be reflected in rates.

6 g. Provisions for investment in and modernization of the  
7 utility's telecommunications infrastructure.

8 5. Notwithstanding the provisions of a plan for  
9 alternative regulation, the board shall have authority over  
10 both of the following:

11 a. The level, extent, scope, and timing of the unbundling  
12 of services by the local exchange utility.

13 b. Appropriate methods for ensuring against cross-  
14 subsidization of nonessential services through charges made  
15 for essential services.

16 6. Nothing in this section shall interfere with the right  
17 of any person or body politic to file a complaint pursuant to  
18 section 476.3, subsection 1, regarding a utility's operation  
19 under a plan of alternative regulation.

20 7. Except as provided in section 476.3, subsection 2,  
21 nothing in this section shall be construed to prevent the  
22 consumer advocate from representing consumers before the  
23 utilities board regarding any rule, order, or proceeding  
24 pertaining to alternative regulation of utilities furnishing  
25 communications services. The consumer advocate may act as  
26 attorney for and represent consumers generally before any  
27 state or federal court concerning a utilities board rule,  
28 order, or proceeding pertaining to alternative regulation of  
29 utilities furnishing communications services.

30 8. In implementing alternative regulation, the board shall  
31 consider methods to assist lower-income Iowans to secure and  
32 retain telephone service, and to assist all Iowans to secure  
33 and retain essential communications services at reasonable  
34 costs.

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

1 A utility furnishing communications services pursuant to an  
2 approved alternative regulation plan pursuant to section  
3 476.30A shall not do any of the following:

4 1. Discriminate against another provider of communications  
5 services in the pricing of, or by refusing or delaying access  
6 to, essential network services of the participating utility's  
7 local exchange network.

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

10 3. Fail to disclose in a timely manner, upon request and  
11 pursuant to a protective agreement concerning proprietary  
12 information, all information reasonably necessary for the  
13 design of network interface equipment or network interface  
14 services that will meet the specifications of the  
15 participating utility's local exchange network.

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

17 As used in sections 476.30 through 476.30B, unless the  
18 context otherwise requires:

19 1. "Essential communications service" means that  
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21 residential or business end-user to pursue, at a minimum,  
22 voice communications on the public network in a manner  
23 consistent with community expectations and the public interest  
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25 include, at a minimum, basic local telephone service, switched  
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28 classify by rule other communications services as essential  
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30 2. "Nonessential communications services" means all  
31 communications services subject to the board's jurisdiction  
32 not deemed either by statute or by rule as essential  
33 communications services.

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

1 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
2 of this subsection authorizing the consumer advocate to file a  
3 petition with the board alleging that a utility's rates are  
4 excessive, the consumer advocate shall not file a petition  
5 under this subsection which alleges that a local exchange  
6 utility's rates are excessive while the local exchange utility  
7 is participating in a plan of alternative regulation approved  
8 by the board pursuant to section 476.30A.

9 Sec. 6. REPORT. The utilities board shall submit a report  
10 to the general assembly no later than January 15, 1997,  
11 concerning the implementation of alternative regulation for  
12 utilities furnishing communications services.

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Gronstal. Chair  
Deluhery  
Jensen

SSB-2064  
Commerce

SENATE FILE 2065  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CHAIRPERSON DELUHERY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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8 alternative regulation, the board shall have authority over  
9 both of the following:

10 a. The level, extent, scope, and timing of the unbundling  
11 of services by the local exchange utility.

12 b. Appropriate methods for ensuring against cross-  
13 subsidization of nonessential services through charges made  
14 for essential services.

15 7. Nothing in this section shall interfere with the right  
16 of any person or body politic to file a complaint pursuant to  
17 section 476.3, subsection 1, regarding a utility's operation  
18 under a plan of alternative regulation.

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

20 A utility electing to participate and submitting an  
21 alternative regulation plan pursuant to section 476.30A shall  
22 not do any of the following:

23 1. Discriminate against another provider of communications  
24 services in the pricing of, or by refusing or delaying access  
25 to, essential network services of the participating utility's  
26 local exchange network.

27 2. Degrade the quality of access or service provided to  
28 another provider of communications services.

29 3. Fail to disclose in a timely manner, upon request and  
30 pursuant to a protective agreement concerning proprietary  
31 information, all information reasonably necessary for the  
32 design of network interface equipment or network interface  
33 services that will meet the specifications of the  
34 participating utility's local exchange network.

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

1 As used in sections 476.30 through 476.30B, unless the  
2 context otherwise requires:

3 1. "Essential communications service" means that  
4 communications service or equipment necessary for a  
5 residential or business end-user to pursue, at a minimum,  
6 voice communications on the public network in a manner  
7 consistent with community expectations and the public interest  
8 as determined by the board. Essential communications services  
9 include, at a minimum, basic local telephone service, switched  
10 access, 911 and E-911 services, and relay service for  
11 communications-impaired persons. The board is authorized to  
12 classify by rule other communications services as essential  
13 communications services consistent with this definition.

14 2. "Nonessential communications services" means all  
15 communications services subject to the board's jurisdiction  
16 not deemed either by statute or by rule as essential  
17 communications services.

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

20 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
21 of this subsection authorizing the consumer advocate to file a  
22 petition with the board alleging that a utility's rates are  
23 excessive, the consumer advocate shall not file a petition  
24 under this subsection which alleges that a local exchange  
25 utility's rates are excessive while the local exchange utility  
26 is participating in an approved plan of alternative regulation  
27 approved by the board pursuant to section 476.30A.

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

30 EXPLANATION

31 This bill authorizes the utilities board to establish  
32 alternative forms of rate regulation for utilities furnishing  
33 communications services. The alternative forms of regulation  
34 permitted include earnings sharing, revenue sharing, rate  
35 moratoria, network modernization, and incentive plans. A

1 utility electing to participate under plan of alternative  
2 regulation must participate for a minimum period of two years.

3 The bill takes effect upon enactment.

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