

SENATE FILE **504**
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 213.1)

Passed Senate, Date 3/27/91 (p. 923) Passed House, Date 4/23/91 (p. 1447)
Vote: Ayes 48 Nays 0 Vote: Ayes 96 Nays 0
Approved May 9, 1991 (p. 1846)

A BILL FOR

1 An Act relating to the method of deregulation of communication
2 services and facilities.

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

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SF 504

1 Section 1. Section 476.1, unnumbered paragraph 8, Code
2 1991, is amended by striking the paragraph.

3 Sec. 2. NEW SECTION. 476.1D REGULATION AND DEREGULATION
4 OF COMMUNICATIONS SERVICES JURISDICTION.

5 1. Except as provided in this section, the jurisdiction of
6 the board as to the regulation of communications services is
7 not applicable to a service or facility that is provided or is
8 proposed to be provided by a telephone utility that is or
9 becomes subject to effective competition, as determined by the
10 board. In determining whether a service or facility is or
11 becomes subject to effective competition, the board shall
12 consider, among other factors, whether a comparable service or
13 facility is available from a supplier other than the telephone
14 utility and whether market forces are sufficient to assure
15 just and reasonable rates without regulation.

16 2. Deregulation of a service or facility for a utility is
17 effective only after all of the following:

- 18 a. A finding of effective competition by the board.
- 19 b. Election by a utility providing the service or facility
20 to file a deregulation accounting plan.
- 21 c. Approval of a utility's deregulation accounting plan by
22 the board.

23 3. If the board determines a service or facility is
24 subject to effective competition and approves the utility's
25 deregulation accounting plan, the board shall deregulate the
26 service or facility within a reasonable time.

27 4. Upon deregulation, all investment, revenues, and
28 expenses associated with the service or facility shall be
29 removed from the telephone utility's regulated operations and
30 shall not be considered by the board in setting rates for the
31 telephone utility unless they continue to affect the utility's
32 regulated operations. If the board considers investment,
33 revenues, and expenses associated with unregulated services or
34 facilities in setting rates for the telephone utility, the
35 board shall not use any profits or costs from such unregulated

1 services or facilities to determine the rates for regulated
2 services or facilities. This section does not preclude the
3 board from considering the investment, revenues, and expenses
4 associated with the sale of classified directory advertising
5 by a telephone utility in determining rates for the telephone
6 utility.

7 5. Notwithstanding the presence of effective competition,
8 if the board determines a service or facility is an essential
9 communications service or facility and the public interest
10 warrants retention of service regulation, the board shall
11 deregulate rates and may continue service regulation.

12 6. The board may reimpose rate and service regulation on a
13 deregulated service or facility if it determines the service
14 or facility is no longer subject to effective competition.

15 7. The board may reimpose service regulation only on a
16 deregulated service or facility if the board determines the
17 service or facility is an essential communications service or
18 facility and the public interest warrants service regulation,
19 notwithstanding the presence of effective competition.

20 8. If the board reimposes regulation pursuant to
21 subsection 6 or 7, the reimposition of regulation shall apply
22 to all providers of the service or facility.

23 9. The board may investigate and obtain information from
24 providers of deregulated services or facilities to determine
25 whether the services or facilities are subject to effective
26 competition or whether the service or facility is an essential
27 communications service or facility and the public interest
28 warrants service regulation. However, the board shall not,
29 for purposes of this subsection, request or obtain information
30 related to the provider's costs or earnings.

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EXPLANATION

32 The bill amends sections regulating telephone utilities.
33 It provides for changes in the manner of deregulating and
34 reregulating communication services and facilities subject to
35 competition.

SENATE FILE 504

H-3735

1 Amend Senate File 504, as passed by the Senate, as
2 follows:
3 1. Page 1, by inserting after line 22, the
4 following:
5 "d. The utility has filed with the board, and
6 started implementation of, a network upgrade plan.
7 For purposes of this paragraph, a "network upgrade
8 plan" means a plan for the replacement of all
9 nondigital central office switches with digital
10 central office switches and associated improvements in
11 other facilities as required to allow the transmission
12 of signals within the local exchange at a level
13 consistent with the quality allowed by the digital
14 switch. The network upgrade plan shall be implemented
15 in good faith by the utility involved. Such
16 replacement and associated improvements under the plan
17 shall be completed no later than December 31, 1994."

By DICKINSON of Jackson

H-3735 FILED APRIL 19, 1991

Law 4/23/91 (p. 1446)

SENATE FILE 504

H-3716

1 Amend Senate File 504, as passed by the Senate, as
2 follows:
3 1. Page 2, line 30, by inserting after the word
4 "earnings" the following: ", unless the board
5 determines that such information will assist in
6 determining whether a service or facility is subject
7 to effective competition".

By HOLVECK of Polk

H-3716 FILED APRIL 18, 1991

Law 4/23/91 (p. 1447)

DELUHERY, CH.
PALMER
NYSTROM

SSB 213.1
COMMERCE

SENATE FILE 504

BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON DELUHERY)

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

A BILL FOR

1 An Act relating to the method of deregulation and the
2 reimposition of regulation of communication services and
3 facilities.

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10 board. In determining whether a service or facility is or
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12 consider, among other factors, whether a comparable service or
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19 b. Election by a utility providing the service or facility
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21 c. Approval of a utility's deregulation accounting plan by
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23 3. If the board determines a service or facility is
24 subject to effective competition and approves the utility's
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27 4. Upon deregulation, all investment, revenues, and
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30 shall not be considered by the board in setting rates for the
31 telephone utility unless they continue to affect the utility's
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33 revenues, and expenses associated with unregulated services or
34 facilities in setting rates for the telephone utility, the
35 board shall not use any profits or costs from such unregulated

1 services or facilities to determine the rates for regulated
2 services or facilities. This section does not preclude the
3 board from considering the investment, revenues, and expenses
4 associated with the sale of classified directory advertising
5 by a telephone utility in determining rates for the telephone
6 utility.

7 5. Notwithstanding the presence of effective competition,
8 if the board determines a service or facility is an essential
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10 warrants retention of service regulation, the board shall
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12 6. The board may reimpose rate and service regulation on a
13 deregulated service or facility if it determines the service
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15 7. The board may reimpose service regulation only on a
16 deregulated service or facility if the board determines the
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18 facility and the public interest warrants service regulation,
19 notwithstanding the presence of effective competition.

20 8. The board may investigate and obtain information from
21 providers of deregulated services or facilities to determine
22 whether the services or facilities are subject to effective
23 competition or whether the service or facility is an essential
24 communications service or facility and the public interest
25 warrants service regulation.

26 EXPLANATION

27 The bill amends sections regulating telephone utilities.
28 It provides for changes in the manner of deregulating and
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SENATE FILE 504

AN ACT
RELATING TO THE METHOD OF DEREGULATION OF COMMUNICATION SERVICES AND FACILITIES.

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

Section 1. Section 476.1, unnumbered paragraph 8, Code 1991, is amended by striking the paragraph.

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1. Except as provided in this section, the jurisdiction of the board as to the regulation of communications services is not applicable to a service or facility that is provided or is proposed to be provided by a telephone utility that is or becomes subject to effective competition, as determined by the board. In determining whether a service or facility is or becomes subject to effective competition, the board shall consider, among other factors, whether a comparable service or facility is available from a supplier other than the telephone utility and whether market forces are sufficient to assure just and reasonable rates without regulation.

2. Deregulation of a service or facility for a utility is effective only after all of the following:

- A finding of effective competition by the board.
- Election by a utility providing the service or facility to file a deregulation accounting plan.
- Approval of a utility's deregulation accounting plan by the board.

3. If the board determines a service or facility is subject to effective competition and approves the utility's deregulation accounting plan, the board shall deregulate the service or facility within a reasonable time.

4. Upon deregulation, all investment, revenues, and expenses associated with the service or facility shall be removed from the telephone utility's regulated operations and shall not be considered by the board in setting rates for the telephone utility unless they continue to affect the utility's regulated operations. If the board considers investment, revenues, and expenses associated with unregulated services or facilities in setting rates for the telephone utility, the board shall not use any profits or costs from such unregulated services or facilities to determine the rates for regulated services or facilities. This section does not preclude the board from considering the investment, revenues, and expenses associated with the sale of classified directory advertising by a telephone utility in determining rates for the telephone utility.

5. Notwithstanding the presence of effective competition, if the board determines a service or facility is an essential communications service or facility and the public interest warrants retention of service regulation, the board shall deregulate rates and may continue service regulation.

6. The board may reimpose rate and service regulation on a deregulated service or facility if it determines the service or facility is no longer subject to effective competition.

7. The board may reimpose service regulation only on a deregulated service or facility if the board determines the service or facility is an essential communications service or facility and the public interest warrants service regulation, notwithstanding the presence of effective competition.

8. If the board reimposes regulation pursuant to subsection 6 or 7, the reimposition of regulation shall apply to all providers of the service or facility.

9. The board may investigate and obtain information from providers of deregulated services or facilities to determine whether the services or facilities are subject to effective competition or whether the service or facility is an essential

communications service or facility and the public interest warrants service regulation. However, the board shall not, for purposes of this subsection, request or obtain information related to the provider's costs or earnings.

JOE J. WELSH
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 504, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved May 9, 1991

TERRY E. BRANSTAD
Governor