

HOUSE RESOLUTION NO. 175

BY BAUDLER

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3 A Resolution requesting the Legislative Council to
4 establish an interim committee to conduct a study of
5 issues related to competition in rural telephone
6 exchanges.

7 WHEREAS, during the 2005 Legislative Session, the
8 General Assembly passed and the Governor signed a bill
9 deregulating most telephone rates in the state of
10 Iowa; and

11 WHEREAS, on December 23, 2004, the Iowa Utilities
12 Board deregulated local rates in the following rural
13 exchanges: Laurens, Mapleton, Spencer, Storm Lake,
14 Whiting, Armstrong, Coon Rapids, Delmar, Forest City,
15 Harlan, Lowden, Oxford, Oxford Junction, Primghar,
16 Saint Ansgar, Solon, Stacyville, Stanwood, and Tiffin;
17 and

18 WHEREAS, on December 4, 2005, the Iowa Utilities
19 Board deregulated the single line flat-rates in the
20 following rural exchanges: Alta, Belle Plaine,
21 Bennett, Cambridge, Carter Lake, Greene, Grundy
22 Center, Guthrie Center, Hartley, Manning, Marble Rock,
23 Marengo, Onawa, Orange City, Osage, Oyens, Paullina,
24 Reinbeck, Slater, and Wapello; and

25 WHEREAS, the Iowa Utilities Board, in the order
26 deregulating the rates in these areas, stated that it
27 intended to monitor the rates in the deregulated areas
28 and would act appropriately for any attempt by one
29 provider to determine or control prices; and

30 WHEREAS, a petition filed with the Iowa Utilities

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1 Board specifically alleged that a company offering
2 local exchange service was engaging in pricing service
3 far below prices charged in regulated areas and was
4 improperly subsidizing deregulated services; and

5 WHEREAS, the Iowa Utilities Board dismissed the
6 complaint, stating it lacked jurisdiction because the
7 exchanges had been deregulated; and

8 WHEREAS, price predation is harmful to consumer
9 choice and to the ability of rural Iowans to receive
10 quality telecommunications services at a reasonable
11 price in the long run; and

12 WHEREAS, it should be determined whether an
13 affordable forum exists for small rural independent
14 telephone utilities to challenge price predation; and

15 WHEREAS, it should be determined whether the
16 deregulation of rural telephone exchange services is
17 leading to price predation; NOW THEREFORE,

18 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES,
19 That the Legislative Council is requested to create an
20 interim committee to study the issues related to
21 competition in rural telephone exchanges that have
22 been deregulated since December 23, 2004, including
23 any issue raised but not resolved in complaints made
24 to the Iowa Utilities Board regarding alleged price
25 predation in rural exchanges described in this
26 Resolution; and

27 BE IT FURTHER RESOLVED, That the interim committee
28 should be directed to submit its findings to the
29 Governor and the General Assembly, which findings may
30 include recommendations for legislation to address

1 predatory pricing and other anticompetitive behavior.

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