

King
Jensen
Johnson
Hansen
Flynn

SSA - 1117
Commerce
Succeeded By
SENATE FILE SF HF 429
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON JOHNSON)

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

A BILL FOR

1 An Act relating to price regulation for local exchange carriers,
2 by changing certain definitions related to price regulation,
3 permitting certain rate increases, requiring certain network
4 infrastructure investments, and making related changes.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

1 Section 1. Section 476.96, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. "Basic communications service" includes at a minimum,
4 basic local telephone service, ~~switched-access~~, 911 and E-911
5 services, and dual party relay service. The board is
6 authorized to classify by rule at any time, any other two-way
7 switched communications services as basic communications
8 services consistent with community expectations and the public
9 interest.

10 Sec. 2. Section 476.97, subsection 11, paragraph e,
11 subparagraph (3), Code 2001, is amended to read as follows:

12 (3) A price-regulated local exchange carrier ~~shall not~~ may
13 increase its aggregate revenue weighted prices for nonbasic
14 communications services ~~more-than-six-percent~~ once in any
15 twelve-month period.

16 (a) The aggregate revenue weighted prices for switched
17 access services shall not exceed the switched access prices
18 charged by rural Iowa independent telephone companies as of
19 December 31, 2000.

20 (b) Local exchange carriers electing to make price changes
21 to nonbasic communication services under this subparagraph (3)
22 shall make additional network infrastructure investments that
23 on an annual or cumulative basis equal any additional revenue
24 generated by each price change made under this subparagraph
25 for a period of five years. The local exchange carrier shall
26 file, at the time of each price change, a calculation of the
27 network infrastructure commitment required by this
28 subparagraph. Subsequent to the rate change filing, the local
29 exchange carrier shall annually file a report with the board
30 demonstrating that the local exchange carrier has complied
31 with this subparagraph. The local exchange carrier may invest
32 the aggregate five-year incremental investment in any specific
33 year or years of the period, but the total investment
34 commitment must be completed within the five-year period.

35 Sec. 2. Section 476.97, subsection 11, paragraph i, Code

1 2001, is amended to read as follows:

2 i. This subsection shall not be construed to prohibit an
3 additional decrease or to permit any increase in a local
4 exchange carrier's average intrastate access service rates
5 during the term first four years of the local exchange
6 carrier's operation under price regulation.

7 EXPLANATION

8 This bill amends sections in Code chapter 476 dealing with
9 price regulation for telecommunications services providers.

10 The bill amends the definition of "basic communications
11 service" in Code section 476.96 by removing switched access
12 service from the definition.

13 The bill amends Code section 476.97 to provide that a
14 price-regulated local exchange carrier may increase its
15 aggregate revenue weighted prices for nonbasic communication
16 services once in any 12-month period, rather than limiting its
17 increase in aggregate revenue weighted prices to 6 percent in
18 any 12-month period. The bill adds new language providing
19 that the aggregate revenue weighted prices for switched access
20 services shall not exceed the switched access prices charged
21 by rural Iowa independent telephone companies as of December
22 31, 2000.

23 The bill also adds new language that provides that local
24 exchange carriers that elect to make the new price changes
25 shall be required to make additional network infrastructure
26 investments that on an annual or cumulative basis equal
27 additional revenue generated by each price change. The local
28 exchange carrier must file a calculation of the network
29 infrastructure commitment required at the time of each price
30 change, and must file an annual report with the Iowa utilities
31 board demonstrating compliance with this requirement.

32 The local exchange carrier may invest the aggregate five-
33 year incremental investment in any specific year or years of
34 the period, but the total investment must be completed within
35 the five-year period.

1 The bill also amends Code section 476.97 to specify that
2 subsection 11 applies to the first four years of the local
3 exchange carrier's operation under price regulation with
4 regard to intrastate access service rates.

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

REPRINTED

FILED MAR 13 '01

SENATE FILE 429
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1117)

(COMPANION TO HSB 149 BY
COMMITTEE ON COMMERCE AND
REGULATION)

Passed Senate, ^(P. 944) Date 4-2-01 Passed House, ^(P. 804) Date 3-14-02
Vote: Ayes 32 Nays 18 Vote: Ayes 85 Nays 0
Approved 4/4/02

*Re. Passed 3/29/02
Vote 44-2
(P. 702)*

A BILL FOR

1 An Act relating to price regulation for local exchange carriers,
2 by changing certain definitions related to price regulation,
3 permitting certain rate increases, requiring certain network
4 infrastructure investments, and making related changes.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19

SF 429

1 Section 1. Section 476.96, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. "Basic communications service" includes at a minimum,
4 basic local telephone service, ~~switched-access~~, 911 and E-911
5 services, and dual party relay service. The board is
6 authorized to classify by rule at any time, any other two-way
7 switched communications services as basic communications
8 services consistent with community expectations and the public
9 interest.

10 Sec. 2. Section 476.97, subsection 11, paragraph e,
11 subparagraph (3), Code 2001, is amended to read as follows:

12 (3) A price-regulated local exchange carrier ~~shall not~~ may
13 increase its aggregate revenue weighted prices for nonbasic
14 communications services ~~more-than-six-percent~~ once in any
15 twelve-month period.

16 (a) The aggregate revenue weighted prices for switched
17 access services shall not exceed the switched access prices
18 charged by rural Iowa independent telephone companies as of
19 December 31, 2000.

20 (b) Local exchange carriers electing to make price changes
21 to nonbasic communication services under this subparagraph (3)
22 shall make additional network infrastructure investments that
23 on an annual or cumulative basis equal any additional revenue
24 generated by each price change made under this subparagraph
25 for a period of five years. The local exchange carrier shall
26 file, at the time of each price change, a calculation of the
27 network infrastructure commitment required by this
28 subparagraph. Subsequent to the rate change filing, the local
29 exchange carrier shall annually file a report with the board
30 demonstrating that the local exchange carrier has complied
31 with this subparagraph. The local exchange carrier may invest
32 the aggregate five-year incremental investment in any specific
33 year or years of the period, but the total investment
34 commitment must be completed within the five-year period.

35 Sec. 3. Section 476.97, subsection 11, paragraph i, Code

1 2001, is amended to read as follows:

2 i. This subsection shall not be construed to prohibit an
3 additional decrease or to permit any increase in a local
4 exchange carrier's average intrastate access service rates
5 during the term first four years of the local exchange
6 carrier's operation under price regulation.

7 EXPLANATION

8 This bill amends sections in Code chapter 476 dealing with
9 price regulation for telecommunications services providers.

10 The bill amends the definition of "basic communications
11 service" in Code section 476.96 by removing switched access
12 service from the definition.

13 The bill amends Code section 476.97 to provide that a
14 price-regulated local exchange carrier may increase its
15 aggregate revenue weighted prices for nonbasic communication
16 services once in any 12-month period, rather than limiting its
17 increase in aggregate revenue weighted prices to 6 percent in
18 any 12-month period. The bill adds new language providing
19 that the aggregate revenue weighted prices for switched access
20 services shall not exceed the switched access prices charged
21 by rural Iowa independent telephone companies as of December
22 31, 2000.

23 The bill also adds new language that provides that local
24 exchange carriers that elect to make the new price changes
25 shall be required to make additional network infrastructure
26 investments that on an annual or cumulative basis equal
27 additional revenue generated by each price change. The local
28 exchange carrier must file a calculation of the network
29 infrastructure commitment required at the time of each price
30 change, and must file an annual report with the Iowa utilities
31 board demonstrating compliance with this requirement.

32 The local exchange carrier may invest the aggregate five-
33 year incremental investment in any specific year or years of
34 the period, but the total investment must be completed within
35 the five-year period.

1 The bill also amends Code section 476.97 to specify that
2 subsection 11 applies to the first four years of the local
3 exchange carrier's operation under price regulation with
4 regard to intrastate access service rates.

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

SENATE FILE 429

S-3285

1 Amend Senate File 429 as follows:

2 1. Page 1, by inserting after line 9 the
3 following:

4 "Sec. ____ Section 476.96, Code 2001, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 3A. "Essential facilities"

7 includes essential facilities as defined in section
8 476.100, subsection 2, and also includes all
9 telecommunications facilities, features, functions, or
10 capabilities of a local exchange carrier's network
11 constituting network infrastructure investments
12 required by section 476.97, subsection 11, paragraph
13 "e", subparagraph (3), subparagraph subdivision (b)."

14 2. By renumbering as necessary.

By STEVEN D. HANSEN

JOHN REDWINE

O. GENE MADDOX

ROBERT E. DVORSKY

MARK SHEARER

JOE BOLKCOM

S-3285 FILED APRIL 2, 2001

LOST

(p. 959)

SENATE FILE 429**S-3289**

1 Amend Senate File 429 as follows:

2 1. Page 1, by striking lines 25 through 34, and
3 inserting the following: "for a period of five years.

4 (c) The local exchange carrier shall file, at the
5 time of each price change, a network infrastructure
6 investment plan for investing the additional revenue
7 generated by the price change, which plan shall
8 include all of the following:

9 (i) A calculation of the network infrastructure
10 commitment required by this subparagraph (3).

11 (ii) A detailed statement of the specific
12 telecommunications facilities, features, functions, or
13 capabilities to which such network infrastructure
14 commitment applies.

15 (iii) A detailed statement of any and all purposes
16 for which such infrastructure will be utilized by the
17 local exchange carrier.

18 (iv) Such other information as the board may
19 require.

20 (d) The board, after notice and opportunity for
21 hearing, may approve, modify, or reject the plan
22 submitted under subparagraph subdivision (c). If the
23 plan is rejected, all additional revenue generated by
24 such price change shall be refunded with interest to
25 customers affected by the price change.

26 (e) Subsequent to the rate change filing, the
27 local exchange carrier shall annually file a report
28 with the board demonstrating that the local exchange
29 carrier has complied with this subparagraph (3) and
30 any requirements imposed by the board as a result of
31 the board's review of the network infrastructure
32 investment plans submitted by the local exchange
33 carrier under subparagraph subdivision (c).

34 (f) The local exchange carrier may invest the
35 aggregate five-year incremental investment required
36 under subparagraph subdivision (b) in any specific
37 year or years of the period, but the total investment
38 commitment must be completed within the five-year
39 period."

40 2. By renumbering, relettering, redesignating,
41 and correcting internal references as necessary.

By JOHN REDWINE

ROBERT E. DVORSKY

STEVEN D. HANSEN

JOE BOLKCOM

O. GENE MADDOX

DONALD B. REDFERN

S-3289 FILED APRIL 2, 2001

RULED OUT OF ORDER

(p. 944)

SENATE FILE 429

S-3292

1 Amend Senate File 429 as follows:

2 1. Page 1, by striking lines 16 through 34 and
3 inserting the following:

4 "Sec. ____ Section 476.97, subsection 11,
5 paragraph e, subparagraph (3), Code 2001, is amended
6 by adding the following new subparagraph subdivisions:

7 NEW SUBPARAGRAPH SUBDIVISION. (a) The aggregate
8 revenue weighted prices for switched access services
9 shall not exceed the switched access prices charged by
10 rural Iowa independent telephone companies as of
11 December 31, 2000.

12 NEW SUBPARAGRAPH SUBDIVISION. (b) Local exchange
13 carriers electing to make price changes to nonbasic
14 communications services under this subparagraph (3)
15 shall make additional network infrastructure
16 investments in advanced telecommunications services,
17 including high-speed internet services, that on an
18 annual or cumulative basis equal any additional
19 revenue generated by each price change made under this
20 subparagraph (3) for a period of five years.

21 NEW SUBPARAGRAPH SUBDIVISION. (c) Advanced
22 telecommunications services provided as part of the
23 additional network investments under subparagraph
24 subdivision (b) shall be made available on an
25 equivalent basis to all customers in the service area
26 of the local exchange carrier.

27 NEW SUBPARAGRAPH SUBDIVISION. (d) The local
28 exchange carrier shall file, at the time of each price
29 change, a calculation of the network infrastructure
30 investment commitment required by this subparagraph
31 (3).

32 NEW SUBPARAGRAPH SUBDIVISION. (e) Subsequent to
33 the rate change filing, the local exchange carrier
34 shall annually file a report with the board
35 demonstrating that the local exchange carrier has
36 complied with this subparagraph (3).

37 NEW SUBPARAGRAPH SUBDIVISION. (f) The local
38 exchange carrier may invest the aggregate five-year
39 incremental investment required under subparagraph
40 subdivision (b) in any specific year or years of the
41 period, but the total investment commitment must be
42 completed within the five-year period.

43 NEW SUBPARAGRAPH SUBDIVISION. (g) The board shall
44 annually evaluate the impact of a rate change under
45 this subparagraph (3) on customers and ratepayers,
46 including but not limited to evaluation of rates and
47 services, and if the board determines that the overall
48 impact is contrary to the interest of Iowa consumers,
49 the board may either:

50 (i) Prohibit further price changes, reinstate the

S-3292

S-3292

Page 2

1 price limitation previously imposed under this
2 subparagraph (3), and void any investment requirements
3 and any other related requirements under this
4 subparagraph (3).

5 (ii) Allow other rate-regulated local exchange
6 carriers to participate in an equivalent five-year
7 plan."

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

10 "Sec. ____ . REPEAL -- CONTINGENCY. This Act is
11 repealed effective June 30, 2006, except as provided
12 in section 100 of this Act. Upon repeal, the Code
13 editor shall delete from the Code new language added
14 to the Code by this Act and restore to the Code
15 language deleted by this Act.

16 Sec. 100. DIRECTIVE TO THE BOARD -- EXTENSION OF
17 REPEAL. If the utilities board adopts rules pursuant
18 to this Act that permit other rate-regulated local
19 exchange carriers to participate in equivalent five-
20 year plans involving price changes and network
21 investments, the board shall take appropriate action
22 as necessary to extend the June 30, 2006, repeal date
23 to allow completion of all such five-year plans under
24 the provisions of this Act."

25 3. By renumbering, redesignating, and correcting
26 internal references as necessary.

By STEVE KING
JOHN P. KIBBIE

S-3292 FILED APRIL 2, 2001

ADOPTED (p. 944)

SENATE FILE 429**S-3293**

1 Amend the amendment, S-3292, to Senate File 429, as
2 follows:

3 1. Page 2, by inserting after line 7 the
4 following:

5 "NEW SUBPARAGRAPH SUBDIVISION. (h) Notwithstanding
6 the provisions of this paragraph "e" and paragraph "h"
7 to the contrary, the board may consider, and require,
8 a local exchange carrier to adjust the carrier's
9 average rates for basic communications service to
10 generate a sum equal to the total price change
11 generated under this subparagraph (3), after the
12 carrier has completed the first year of a five-year
13 plan under this subparagraph (3)."

14 2. By renumbering, redesignating, and correcting
15 internal references as necessary.

By MICHAEL E. GRONSTAL

S-3293 FILED APRIL 2, 2001

ADOPTED (p. 939)

SENATE FILE 429

S-3294

1 Amend the amendment, S-3292, to Senate File 429 as
2 follows:

3 1. Page 1, by inserting after line 20 the
4 following:

5 "NEW SUBPARAGRAPH SUBDIVISION. (c) The local
6 exchange carrier shall file, at the time of each price
7 change, a network infrastructure investment plan for
8 investing the additional revenue generated by the
9 price change, which plan shall include all of the
10 following:

11 (i) A calculation of the network infrastructure
12 commitment required by this subparagraph (3).

13 (ii) A detailed statement of the specific
14 telecommunications facilities, features, functions, or
15 capabilities to which such network infrastructure
16 commitment applies.

17 (iii) A detailed statement of any and all purposes
18 for which such infrastructure will be utilized by the
19 local exchange carrier.

20 (iv) Such other information as the board may
21 require.

22 NEW SUBPARAGRAPH SUBDIVISION. (d) The board,
23 after notice and opportunity for hearing, may approve,
24 modify, or reject the plan submitted under
25 subparagraph subdivision (c). If the plan is
26 rejected, all additional revenue generated by such
27 price change shall be refunded with interest to
28 customers affected by the price change."

29 2. By renumbering, redesignating, and correcting
30 internal references as necessary.

By JOHN REDWINE

S-3294 FILED APRIL 2, 2001

ADOPTED

(P. 944)

1 Section 1. Section 476.96, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. "Basic communications service" includes at a minimum,
4 basic local telephone service, ~~switched-access~~, 911 and E-911
5 services, and dual party relay service. The board is
6 authorized to classify by rule at any time, any other two-way
7 switched communications services as basic communications
8 services consistent with community expectations and the public
9 interest.

10 Sec. 2. Section 476.97, subsection 11, paragraph e,
11 subparagraph (3), Code 2001, is amended to read as follows:

12 (3) A price-regulated local exchange carrier ~~shall not~~ may
13 increase its aggregate revenue weighted prices for nonbasic
14 communications services ~~more-than-six-percent~~ once in any
15 twelve-month period.

16 Sec. 3. Section 476.97, subsection 11, paragraph e,
17 subparagraph (3), Code 2001, is amended by adding the
18 following new subparagraph subdivisions:

19 NEW SUBPARAGRAPH SUBDIVISION. (a) The aggregate revenue
20 weighted prices for switched access services shall not exceed
21 the switched access prices charged by rural Iowa independent
22 telephone companies as of December 31, 2000.

23 NEW SUBPARAGRAPH SUBDIVISION. (b) Local exchange carriers
24 electing to make price changes to nonbasic communications
25 services under this subparagraph (3) shall make additional
26 network infrastructure investments in advanced
27 telecommunications services, including high-speed internet
28 services, that on an annual or cumulative basis equal any
29 additional revenue generated by each price change made under
30 this subparagraph (3) for a period of five years.

31 NEW SUBPARAGRAPH SUBDIVISION. (c) The local exchange
32 carrier shall file, at the time of each price change, a
33 network infrastructure investment plan for investing the
34 additional revenue generated by the price change, which plan
35 shall include all of the following:

1 (i) A calculation of the network infrastructure commitment
2 required by this subparagraph (3).

3 (ii) A detailed statement of the specific
4 telecommunications facilities, features, functions, or
5 capabilities to which such network infrastructure commitment
6 applies.

7 (iii) A detailed statement of any and all purposes for
8 which such infrastructure will be utilized by the local
9 exchange carrier.

10 (iv) Such other information as the board may require.

11 NEW SUBPARAGRAPH SUBDIVISION. (d) The board, after notice
12 and opportunity for hearing, may approve, modify, or reject
13 the plan submitted under subparagraph subdivision (c). If the
14 plan is rejected, all additional revenue generated by such
15 price change shall be refunded with interest to customers
16 affected by the price change.

17 NEW SUBPARAGRAPH SUBDIVISION. (e) Advanced
18 telecommunications services provided as part of the additional
19 network investments under subparagraph subdivision (b) shall
20 be made available on an equivalent basis to all customers in
21 the service area of the local exchange carrier.

22 NEW SUBPARAGRAPH SUBDIVISION. (f) The local exchange
23 carrier shall file, at the time of each price change, a
24 calculation of the network infrastructure investment
25 commitment required by this subparagraph (3).

26 NEW SUBPARAGRAPH SUBDIVISION. (g) Subsequent to the rate
27 change filing, the local exchange carrier shall annually file
28 a report with the board demonstrating that the local exchange
29 carrier has complied with this subparagraph (3).

30 NEW SUBPARAGRAPH SUBDIVISION. (h) The local exchange
31 carrier may invest the aggregate five-year incremental
32 investment required under subparagraph subdivision (b) in any
33 specific year or years of the period, but the total investment
34 commitment must be completed within the five-year period.

35 NEW SUBPARAGRAPH SUBDIVISION. (i) The board shall

1 annually evaluate the impact of a rate change under this
2 subparagraph (3) on customers and ratepayers, including but
3 not limited to evaluation of rates and services, and if the
4 board determines that the overall impact is contrary to the
5 interest of Iowa consumers, the board may either:

6 (i) Prohibit further price changes, reinstate the price
7 limitation previously imposed under this subparagraph (3), and
8 void any investment requirements and any other related
9 requirements under this subparagraph (3).

10 (ii) Allow other rate-regulated local exchange carriers to
11 participate in an equivalent five-year plan.

12 NEW SUBPARAGRAPH SUBDIVISION. (j) Notwithstanding the
13 provisions of this paragraph "e" and paragraph "h" to the
14 contrary, the board may consider, and require, a local
15 exchange carrier to adjust the carrier's average rates for
16 basic communications service to generate a sum equal to the
17 total price change generated under this subparagraph (3),
18 after the carrier has completed the first year of a five-year
19 plan under this subparagraph (3).

20 Sec. 4. Section 476.97, subsection 11, paragraph i, Code
21 2001, is amended to read as follows:

22 i. This subsection shall not be construed to prohibit an
23 additional decrease or to permit any increase in a local
24 exchange carrier's average intrastate access service rates
25 during the ~~term~~ first four years of the local exchange
26 carrier's operation under price regulation.

27 Sec. 5. REPEAL -- CONTINGENCY. This Act is repealed
28 effective June 30, 2006, except as provided in section 6 of
29 this Act. Upon repeal, the Code editor shall delete from the
30 Code new language added to the Code by this Act and restore to
31 the Code language deleted by this Act.

32 Sec. 6. DIRECTIVE TO THE BOARD -- EXTENSION OF REPEAL. If
33 the utilities board adopts rules pursuant to this Act that
34 permit other rate-regulated local exchange carriers to
35 participate in equivalent five-year plans involving price

1 changes and network investments, the board shall take
2 appropriate action as necessary to extend the June 30, 2006,
3 repeal date to allow completion of all such five-year plans
4 under the provisions of this Act.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 429

H-8210

1 Amend Senate File 429, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 476.97, subsection 11,
6 paragraph e, subparagraph (1), Code 2001, is amended
7 by striking the subparagraph and inserting in lieu
8 thereof the following:

9 (1) A price-regulated local exchange carrier shall
10 not increase its rates for basic communications
11 services, for a period of twelve months after electing
12 to become price regulated. To the extent necessary,
13 rates for basic services may be increased to carry out
14 the purpose of any rules that may be adopted by the
15 board relating to the terms and conditions of
16 unbundled services and interconnection. A price-
17 regulated local exchange carrier may increase its
18 rates for basic communications services following the
19 initial twelve-month period, to the extent that the
20 change in its aggregate revenue weighted prices does
21 not exceed the most recent annual change in the gross
22 domestic produce price index, as published by the
23 federal government. If application of that formula
24 achieves a negative result, prices shall be reduced so
25 that the cumulative price change for basic services,
26 including prior price reductions in these services,
27 achieves the negative result. The board by rule may
28 adopt different measures of inflation if they are
29 found to be more reflective of the individual price-
30 regulated carriers.

31 Sec. 2. Section 476.97, subsection 11, paragraph
32 g, subparagraph (4), Code 2001, is amended by striking
33 the subparagraph and inserting in lieu thereof the
34 following:

35 (4) Rates may be adjusted by the board to reflect
36 any changes in revenues, expenses, and investment due
37 to exogenous factors beyond the control of the local
38 exchange carrier, including, but not limited to, the
39 effects of local competition. The board shall have
40 ninety days to consider rate changes proposed under
41 this subparagraph, but for good cause may grant one or
42 more extensions in thirty-day increments, not to
43 exceed a total of one hundred eighty days.

44 Sec. 3. Section 476.97, subsection 11, paragraph
45 h, Code 2001, is amended to read as follows:

46 h. The board may review a local exchange carrier's
47 operation under this subsection, with notice and an
48 opportunity for hearing, after four years of the
49 carrier's election to be price-regulated. The local
50 exchange carrier, consumer advocate, or any person may

H-8210

Page 2

1 propose, and the board may approve, any reasonable
 2 modifications to the price-regulation requirements in
 3 this subsection as a result of the specific carrier
 4 review, ~~except that such~~ with the following
 5 limitations:

6 (1) Such modifications shall not require a
 7 reduction in the rates for any basic communications
 8 service or a return to rate-base, rate-of-return
 9 regulation.

10 (2) Such proposals for modifications under this
 11 paragraph "h" are limited to no more than one every
 12 three years.

13 The board shall approve, or approve subject to
 14 modification, a proposal for modification within
 15 ninety days of filing, but for good cause may grant
 16 one or more extensions in thirty-day increments, not
 17 to exceed a total of one hundred eighty days.

18 Reasonable modifications may include increases without
 19 offsetting decreases in any rate for basic and
 20 nonbasic communications service of the carrier. In
 21 reviewing the carrier's proposal, the board shall
 22 consider, but not be limited to, potential rate
 23 consolidations, the impact of competition or other
 24 external factors since election of price regulation,
 25 the impact of the proposal on the carrier's ability to
 26 attract capital, and the impact of the proposal on the
 27 ability of the carrier to deploy advanced
 28 telecommunications services.

29 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
 30 immediate importance, takes effect upon enactment."

31 2. Title page, by striking lines 2 through 4 and
 32 inserting the following: "including the modification
 33 or adjustment of certain rates, and providing an
 34 effective date."

By COMMITTEE ON COMMERCE AND

REGULATION

HANSEN of Pottawattamie,

Chairperson

H-8210 FILED MARCH 7, 2002*Adopted*

3-14-02

(P. 803)

SENATE FILE 429

H-8269

1 Amend the amendment, H-8210, to Senate File 429, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 4 the
5 following:

6 ""Sec. ____ Section 476.44, subsection 2, Code
7 2001, is amended to read as follows:

8 2. a. An electric utility subject to this
9 division, except a utility ~~which~~ that elects rate
10 regulation pursuant to section 476.1A, shall not be
11 required to purchase, at any one time, more than its
12 scheduled percentage share of ~~one hundred five~~
13 ~~megawatts of power~~ its Iowa retail load from
14 alternative energy production facilities or small
15 hydro facilities at the rates established pursuant to
16 section 476.43. The board shall ~~allocate the one~~
17 ~~hundred five megawatts~~ make the allocations based upon
18 each utility's percentage of the total Iowa retail
19 peak demand, for ~~the~~ each year, beginning January 1,
20 1990, of all utilities subject to this section, based
21 on the following schedule:

22 (1) Until January 1, 2010, two percent.

23 (2) Beginning January 1, 2010, ten percent.

24 (3) Beginning January 1, 2020, twenty percent.

25 b. If a utility undergoes reorganization as
26 defined in section 476.76, the board shall combine the
27 allocated purchases of power for each utility involved
28 in the reorganization.

29 c. Notwithstanding the ~~one hundred five megawatt~~
30 current applicable maximum, the board may increase the
31 amount of power that a utility is required to purchase
32 at the rates established pursuant to section 476.43 if
33 the board finds that a utility, including a
34 reorganized utility, exceeds ~~its 1990~~ the Iowa retail
35 peak demand level for the utility for the prior year
36 by twenty percent and the additional power the utility
37 is required to purchase will encourage the development
38 of alternate energy production facilities and small
39 hydro facilities. The increase shall not exceed the
40 ratio of the utility's share of the ~~one hundred five~~
41 ~~megawatt~~ current scheduled maximum to its ~~1990~~ Iowa
42 retail peak demand."

44 2. Page 2, by inserting after line 30 the
45 following:

46 "____. Title page, line 1, by inserting after the
47 words "relating to" the following: "utilities,
48 including renewable energy purchase requirements by
49 electric utilities, and"."

50 3. By renumbering, redesignating, and correcting

H-8269

H-8269

Page 2

1 internal references as necessary.

By HATCH of Polk

ATTEBERRY of Delaware

CHIODO of Polk

CONNORS of Polk

FALLON of Polk

OSTERHAUS of Jackson

JOCHUM of Dubuque

LENSING of Johnson

QUIRK of Chickasaw

REYNOLDS of Van Buren

SHOULTZ of Black Hawk

WITT of Black Hawk

H-8269 FILED MARCH 12, 2002

w/p

3/14/02

(p. 802)

SENATE FILE 429**H-8289**

1 Amend the amendment, H-8210, to Senate File 429, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 2, line 15, by striking the word "ninety"
5 and inserting the following: "one hundred eighty".

6 2. Page 2, line 16, by striking the words "or
7 more extensions in thirty-day increments" and
8 inserting the following: "extension of sixty days".

9 3. Page 2, line 17, by striking the words "one
10 hundred eighty" and inserting the following: "two
11 hundred forty".

12 4. Page 2, by inserting after line 28 the
13 following:

14 "Sec. ____ . Section 476.97, subsection 11, Code
15 2001, is amended by adding the following new
16 paragraphs:

17 NEW PARAGRAPH. j. Upon the request of a local
18 exchange carrier, the board shall, when required by
19 this subsection, grant the carrier temporary authority
20 to place in effect seventy-five percent, or such
21 lesser amount as the carrier may request, of the
22 requested increases in rates, charges, schedules, or
23 regulations by filing with the board a bond
24 conditioned upon the refund in a manner to be
25 prescribed by the board of any amounts collected from
26 any customer class in excess of the amounts which
27 would have been collected under rates, charges,
28 schedules, or regulations finally approved by the
29 board. The board shall approve a request for
30 temporary authority within thirty days after the date
31 of filing of the request. The decision shall be
32 effective immediately.

33 The board shall determine the rate of interest to
34 be paid by a public utility to persons receiving
35 refunds. The interest rate to be applied to refunds
36 of moneys collected subject to refund under this
37 subsection is one percent per annum plus the average
38 quarterly interest rate at commercial banks for
39 twenty-four-month loans for personal expenditures, as
40 determined by the board, compounded annually. The
41 board shall consider federal reserve statistical
42 release G.19 or its equivalent when determining
43 interest to be paid under this subsection.

44 NEW PARAGRAPH. k. The board and the consumer
45 advocate may employ additional temporary staff, or may
46 contract for professional services with persons who
47 are not state employees, as the board and consumer
48 advocate deem necessary to review a local exchange
49 carrier's operations, proposal for modifications, rate
50 change proposal, or proposed changes in aggregate

H-8289

H-8289

Page 2

- 1 revenue weighted prices pursuant to this subsection.
2 Beginning July 1, 2002, there is appropriated out of
3 any funds in the state treasury not otherwise
4 appropriated, such sums as may be necessary to enable
5 the board to hire additional staff and contract for
6 services under this subsection. The costs of the
7 additional staff and services shall be assessed to the
8 local exchange carrier pursuant to the procedures in
9 sections 475A.6 and 476.10."
10 5. Page 2, line 33, by inserting after the word
11 "rates," the following: "making an appropriation,".
12 6. By renumbering, redesignating, and correcting
13 internal references as necessary.

By DIX of Butler**H-8289** FILED MARCH 13, 2002*adopted**3-14-02**(p. 803)*

HOUSE AMENDMENT TO
SENATE FILE 429

S-5172

1 Amend Senate File 429, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 476.97, subsection 11,
6 paragraph e, subparagraph (1), Code 2001, is amended
7 by striking the subparagraph and inserting in lieu
8 thereof the following:

9 (1) A price-regulated local exchange carrier shall
10 not increase its rates for basic communications
11 services, for a period of twelve months after electing
12 to become price regulated. To the extent necessary,
13 rates for basic services may be increased to carry out
14 the purpose of any rules that may be adopted by the
15 board relating to the terms and conditions of
16 unbundled services and interconnection. A price-
17 regulated local exchange carrier may increase its
18 rates for basic communications services following the
19 initial twelve-month period, to the extent that the
20 change in its aggregate revenue weighted prices does
21 not exceed the most recent annual change in the gross
22 domestic product price index, as published by the
23 federal government. If application of that formula
24 achieves a negative result, prices shall be reduced so
25 that the cumulative price change for basic services,
26 including prior price reductions in these services,
27 achieves the negative result. The board by rule may
28 adopt different measures of inflation if they are
29 found to be more reflective of the individual price-
30 regulated carriers.

31 Sec. 2. Section 476.97, subsection 11, paragraph
32 g, subparagraph (4), Code 2001, is amended by striking
33 the subparagraph and inserting in lieu thereof the
34 following:

35 (4) Rates may be adjusted by the board to reflect
36 any changes in revenues, expenses, and investment due
37 to exogenous factors beyond the control of the local
38 exchange carrier, including, but not limited to, the
39 effects of local competition. The board shall have
40 ninety days to consider rate changes proposed under
41 this subparagraph, but for good cause may grant one or
42 more extensions in thirty-day increments, not to
43 exceed a total of one hundred eighty days.

44 Sec. 3. Section 476.97, subsection 11, paragraph
45 h, Code 2001, is amended to read as follows:

46 h. The board may review a local exchange carrier's
47 operation under this subsection, with notice and an
48 opportunity for hearing, after four years of the
49 carrier's election to be price-regulated. The local
50 exchange carrier, consumer advocate, or any person may

S-5172

S-5172

Page 2

1 propose, and the board may approve, any reasonable
2 modifications to the price-regulation requirements in
3 this subsection as a result of the specific carrier
4 review, ~~except that such~~ with the following
5 limitations:

6 (1) Such modifications shall not require a
7 reduction in the rates for any basic communications
8 service or a return to rate-base, rate-of-return
9 regulation.

10 (2) Such proposals for modifications under this
11 paragraph "h" are limited to no more than one every
12 three years.

13 The board shall approve, or approve subject to
14 modification, a proposal for modification within one
15 hundred eighty days of filing, but for good cause may
16 grant one extension of sixty days, not to exceed a
17 total of two hundred forty days. Reasonable
18 modifications may include increases without offsetting
19 decreases in any rate for basic and nonbasic
20 communications service of the carrier. In reviewing
21 the carrier's proposal, the board shall consider, but
22 not be limited to, potential rate consolidations, the
23 impact of competition or other external factors since
24 election of price regulation, the impact of the
25 proposal on the carrier's ability to attract capital,
26 and the impact of the proposal on the ability of the
27 carrier to deploy advanced telecommunications
28 services.

29 Sec. 4. Section 476.97, subsection 11, Code 2001,
30 is amended by adding the following new paragraphs:

31 NEW PARAGRAPH. j. Upon the request of a local
32 exchange carrier, the board shall, when required by
33 this subsection, grant the carrier temporary authority
34 to place in effect seventy-five percent, or such
35 lesser amount as the carrier may request, of the
36 requested increases in rates, charges, schedules, or
37 regulations by filing with the board a bond
38 conditioned upon the refund in a manner to be
39 prescribed by the board of any amounts collected from
40 any customer class in excess of the amounts which
41 would have been collected under rates, charges,
42 schedules, or regulations finally approved by the
43 board. The board shall approve a request for
44 temporary authority within thirty days after the date
45 of filing of the request. The decision shall be
46 effective immediately.

47 The board shall determine the rate of interest to
48 be paid by a public utility to persons receiving
49 refunds. The interest rate to be applied to refunds
50 of moneys collected subject to refund under this

S-5172

S-5172

Page 3

1 subsection is one percent per annum plus the average
2 quarterly interest rate at commercial banks for
3 twenty-four-month loans for personal expenditures, as
4 determined by the board, compounded annually. The
5 board shall consider federal reserve statistical
6 release G.19 or its equivalent when determining
7 interest to be paid under this subsection.

8 NEW PARAGRAPH. k. The board and the consumer
9 advocate may employ additional temporary staff, or may
10 contract for professional services with persons who
11 are not state employees, as the board and consumer
12 advocate deem necessary to review a local exchange
13 carrier's operations, proposal for modifications, rate
14 change proposal, or proposed changes in aggregate
15 revenue weighted prices pursuant to this subsection.
16 Beginning July 1, 2002, there is appropriated out of
17 any funds in the state treasury not otherwise
18 appropriated, such sums as may be necessary to enable
19 the board to hire additional staff and contract for
20 services under this subsection. The costs of the
21 additional staff and services shall be assessed to the
22 local exchange carrier pursuant to the procedures in
23 sections 475A.6 and 476.10.

24 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
25 immediate importance, takes effect upon enactment."

26 2. Title page, by striking lines 2 through 4 and
27 inserting the following: "including the modification
28 or adjustment of certain rates, making an
29 appropriation, and providing an effective date."

RECEIVED FROM THE HOUSE

S-5172 FILED MARCH 18, 2002

Senate Concurred
3-19-02
(p. 702)

SENATE FILE 429

AN ACT
RELATING TO PRICE REGULATION FOR LOCAL EXCHANGE CARRIERS,
INCLUDING THE MODIFICATION OR ADJUSTMENT OF CERTAIN RATES,
MAKING AN APPROPRIATION, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 476.97, subsection 11, paragraph e, subparagraph (1), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) A price-regulated local exchange carrier shall not increase its rates for basic communications services, for a period of twelve months after electing to become price regulated. To the extent necessary, rates for basic services may be increased to carry out the purpose of any rules that may be adopted by the board relating to the terms and conditions of unbundled services and interconnection. A price-regulated local exchange carrier may increase its rates for basic communications services following the initial twelve-month period, to the extent that the change in its aggregate revenue weighted prices does not exceed the most recent annual change in the gross domestic product price index, as published by the federal government. If application of that formula achieves a negative result, prices shall be reduced so that the cumulative price change for basic services, including prior price reductions in these services, achieves the negative result. The board by rule may adopt different measures of inflation if they are found to be more reflective of the individual price-regulated carriers.

Sec. 2. Section 476.97, subsection 11, paragraph g, subparagraph (4), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(4) Rates may be adjusted by the board to reflect any changes in revenues, expenses, and investment due to exogenous factors beyond the control of the local exchange carrier, including, but not limited to, the effects of local competition. The board shall have ninety days to consider rate changes proposed under this subparagraph, but for good cause may grant one or more extensions in thirty-day increments, not to exceed a total of one hundred eighty days.

Sec. 3. Section 476.97, subsection 11, paragraph h, Code 2001, is amended to read as follows:

h. The board may review a local exchange carrier's operation under this subsection, with notice and an opportunity for hearing, after four years of the carrier's election to be price-regulated. The local exchange carrier, consumer advocate, or any person may propose, and the board may approve, any reasonable modifications to the price-regulation requirements in this subsection as a result of the specific carrier review, except-that-such with the following limitations:

(1) Such modifications shall not require a reduction in the rates for any basic communications service or a return to rate-base, rate-of-return regulation.

(2) Such proposals for modifications under this paragraph "h" are limited to no more than one every three years.

The board shall approve, or approve subject to modification, a proposal for modification within one hundred eighty days of filing, but for good cause may grant one extension of sixty days, not to exceed a total of two hundred forty days. Reasonable modifications may include increases without offsetting decreases in any rate for basic and nonbasic communications service of the carrier. In reviewing the carrier's proposal, the board shall consider, but not be limited to, potential rate consolidations, the impact of competition or other external factors since election of price regulation, the impact of the proposal on the carrier's

ability to attract capital, and the impact of the proposal on the ability of the carrier to deploy advanced telecommunications services.

Sec. 4. Section 476.97, subsection 11, Code 2001, is amended by adding the following new paragraphs:

NEW PARAGRAPH. j. Upon the request of a local exchange carrier, the board shall, when required by this subsection, grant the carrier temporary authority to place in effect seventy-five percent, or such lesser amount as the carrier may request, of the requested increases in rates, charges, schedules, or regulations by filing with the board a bond conditioned upon the refund in a manner to be prescribed by the board of any amounts collected from any customer class in excess of the amounts which would have been collected under rates, charges, schedules, or regulations finally approved by the board. The board shall approve a request for temporary authority within thirty days after the date of filing of the request. The decision shall be effective immediately.

The board shall determine the rate of interest to be paid by a public utility to persons receiving refunds. The interest rate to be applied to refunds of moneys collected subject to refund under this subsection is one percent per annum plus the average quarterly interest rate at commercial banks for twenty-four-month loans for personal expenditures, as determined by the board, compounded annually. The board shall consider federal reserve statistical release G.19 or its equivalent when determining interest to be paid under this subsection.

NEW PARAGRAPH. k. The board and the consumer advocate may employ additional temporary staff, or may contract for professional services with persons who are not state employees, as the board and consumer advocate deem necessary to review a local exchange carrier's operations, proposal for modifications, rate change proposal, or proposed changes in aggregate revenue weighted prices pursuant to this subsection.

Beginning July 1, 2002, there is appropriated out of any funds in the state treasury not otherwise appropriated, such sums as may be necessary to enable the board to hire additional staff and contract for services under this subsection. The costs of the additional staff and services shall be assessed to the local exchange carrier pursuant to the procedures in sections 475A.6 and 476.10.

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

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 429, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 4/4, 2002

THOMAS J. VILSACK
Governor