

1999 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2234

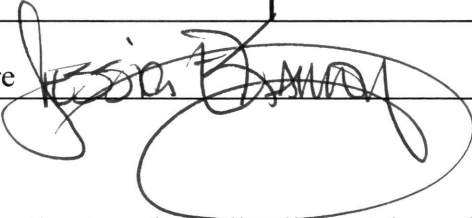
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2234

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/26/99

Tape Number	Side A	Side B	Meter #
1	X		4625-END
1		X	0-1500
Committee Clerk Signature 			

Minutes:

Senator Mutch called the meeting to order, roll call was taken, all were present.

Senator Mutch opened the hearing on SB 2234.

David Crothers testified in support of SB 2234. Testimony enclosed.

Senator Wanzek introduced the bill. Concern is with rural area where people are struggling in all walks of life. Proceed with caution, very important in rural area that we don't put local telephone companies at risk, or make them vulnerable. This is a way to protect them for the next two years.

David Crothers continued.

Senator Mutch: In other words this is a price freeze?

David Crothers: Yes, but no entirely. The company can still order them.

Senator Sand: Elaborate on the last paragraph in your testimony.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number Sb 2234

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David Crothers: If they were to lower their local rate.

Senator Heitkamp: We are buying time, giving option to lower rates, allowing PSC to look at it in case the federal government moves.

David Crothers: I would say that's exactly right.

Senator Sand: What will this bill do to the phone companies?

David Crothers: It costs more to serve. Study was done that showed the rates to serve the home.

Senator Christmann spoke in support of the bill. Wanted to emphasize this is important to the local cooperatives.

Senator Mathern: Is there a reason you put a July 31, 2001 on this?

David Crothers: The FCC said they will reach the rural community by then.

Senator Mutch: You can still raise local rates.

David Crothers: Yes.

Senator Mutch: It's the access fees that determine local rates then?

David Crothers: Yes.

Senator Mutch: That's the only alternative we would have.

David Crothers: The primary alternative, yes.

Senator Mutch: Then why do you need this bill?

David Crothers: This will allow the access rate to continue at the present level.

Senator Mutch: Federal government will not interfere until 2001?

David Crothers: In 2001 there will be a big change.

Senator Mutch: Is your allowable rate different from one locality to another.

David Crothers: Yes.

Senator Klein: You are not regulated by the public service commission and freezing these would also not allow the public service commission to have any say in this.

David Crothers: The public service commission has set access rates for each of these companies. The primary regulations are the relationship between local telephone companies and other telephone companies, included in that is the access.

Senator Sand: I would assume that because MCI, AT&T are in a competitive position. This, if passed, will eliminate the possibility of them coming here and expecting us to pick up the load that they dealt away because of the very competitive way.

David Crothers: I think they are very cognitive of the rural situation.

Senator Krebsbach: What is the status of the universal fund?

David Crothers: In November there was a recommendation for leaving the 25 75 but the FCC has not acted upon that yet.

Senator Mutch: The 75 25 split that's...

David Crothers: Refers to funding of the universal service fund.

Senator Sand: The 75% state dollars will have to come out of city areas in ND. How long do you think they will put up with that?

David Crothers: The joint board has recommended that they walk away from that formula.

Senator Krebsbach: What impact will this have on cellular companies in the state?

David Crothers: I don't know the answer to that. I don't believe that they are paying access to the local companies.

Senator Krebsbach: What is the law # 104-104?

Illona Jeff?: It is the federal telecommunications act of 1996.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number Sb 2234

Hearing Date 1/26/99

Senator Mutch closed the hearing on SB 2234.

Senator Sand moved for a Do Pass on SB 2234.

Senator Klein seconded.

Senator Krebsbach asked to delay roll call until 1/27/99.

Roll Call took place on January 27, 1999.

The motion carried with a 6-0-1 vote.

Senator Thompson will carry the bill.

50181401

Date: 1/27/99
Roll Call Vote #: 2234

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SAND Seconded By KLEIN

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern	X				
Senator Thompson	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment THOMPSON

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 28, 1999 3:51 p.m.

Module No: SR-18-1401
Carrier: Thompson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2234: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2234 was placed on the Eleventh order on the calendar.

1999 HOUSE FINANCE AND TAXATION

SB 2234

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2234

House Finance and Taxation Committee

Conference Committee

Hearing Date March 8, 1999

Tape Number	Side A	Side B	Meter #
1	x		0.6
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

SEN. TERRY WANZEK, DIST. 29, Introduced the bill. Introduced this bill on behalf of the rural telephone cooperatives. There has been deregulation, but the federal government is still in the process of deregulating. For the time being, there are some concerns on behalf of the rural telephone cooperatives as far as access charges. Until those federal plans are finalized, this bill will help the rural telephone cooperatives be assured of what their access charges will be in the next two years. This has an expiration date in the next two years, we are hoping that there is direction from the federal government on how these issues will be handled.

DAVID CROTHERS, NORTH DAKOTA ASSOCIATION OF TELEPHONE

COOPERATIVES, Testified in support of the bill. See attached written testimony.

REP. GROSZ With all of the safeguards built in, do we need a sunset on this?

DAVID CROTHERS We thought it was important to have a sunset because the federal government has assured us that they will have this bill completed. That they will rewrite a total revenue stream for the rural companies. We also wanted to have a credibility coming into the session, so that if in fact, the federal government does not do it, we can come in here and make the same argument to you.

REP. GROSZ I guess I want to say, get rid of the sunset and these things will fade away by themselves.

DAVID CROTHERS I understand your point, there wasn't a tremendous amount of discussion regarding this.

REP. WARNER Are access charges per call or per minute?

DAVID CROTHERS Per minute.

With no further testimony, the hearing was closed.

COMMITTEE ACTION 3-8-99, Tape #1, Side B, Meter #40.6

Rep. Grosz stated he was having amendments drafted.

The bill will be acted on at a later date.

COMMITTEE ACTION 3-15-99, Tape #1, Side A, Meter #5.2

REP. GROSZ Made a motion for a DO PASS.

REP. MICKELSON Second the motion. MOTION CARRIED.

13 Yes 0 No 2 Absent

REP. MICKELSON Was given the floor assignment.

Please type or use black pen to complete

Date 3/15
Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2234

House HOUSE FINANCE & TAX Committee

- Subcommittee on _____
- Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Grosz Seconded By Rep Mickelson

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	A				
FROELICH	✓				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	A				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 13 0
(Yes) (No)

Absent 2

Floor Assignment Rep. Mickelson

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
March 15, 1999 10:20 a.m.

Module No: HR-46-4766
Carrier: Mickelson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2234: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2234 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

SB 2234



NORTH DAKOTA ASSOCIATION OF TELEPHONE COOPERATIVES

Box 1144 - Mandan, ND 58554
Phone 701-663-1099 - FAX 701-663-0707

SENATE BILL 2234

SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE

FEBRUARY 26, 1999

DAVID CROTHERS
NORTH DAKOTA ASSOCIATION OF
TELEPHONE COOPERATIVES

My name is David Crothers from the North Dakota Association of Telephone Cooperatives. The Association represents all of the cooperative and independent telephone companies in the State. Those companies serve over 150,000 homes and small businesses and 90 percent of the geographic territory of North Dakota.

Senate Bill 2234 includes language supported by the rural telephone companies of North Dakota that will maintain intrastate access rates at current levels until July 31, 2001 and allow for an orderly implementation of the Federal Telecommunications Act of 1996. Passage of this bill will allow for continued affordable local rates and continued investment in the rural telecommunications company infrastructure.

"Access" is what long distance companies purchase from local telephone companies to carry a call over local lines, through their switches and deliver to your home because the long distance companies do not have the facilities to deliver that call. The long distance company is paid the full price of the call.

"Access Rate" is the payment that long distance companies make to local companies for the use of those facilities.

The Federal Communications Commission has jurisdiction over access rates for "interstate" calls and the North Dakota Public Service Commission for intrastate calls. The latter are those calls originated and terminated in North Dakota.

What has made this such a pressing issue in the rural telecommunications industry in this nation is the Federal Communications Commission implementation of the Federal Telecommunications Act of 1996. The FCC has undertaken proceedings to dramatically change the way local telephone companies recover their costs. Those changes will go into effect

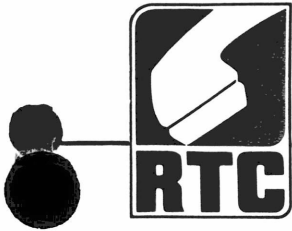
this year for US West, the other former Bell Operating Companies and GTE. However, because of the difficulty, the FCC will not make any adjustments for the rural telephone companies until 2001. That is why rural telephone companies are so supportive of SB 2234 and ask members of the legislature for a bridge to 2001, when a comprehensive approach to the difficult question of serving rural areas can be addressed comprehensively rather than in a piecemeal fashion.

Passage of SB 2234 will allow the member-owned and small independent telephone companies of North Dakota to maintain rate stability in rural areas during a time in which our agriculture-dependent economy can ill-afford dramatically increased prices for any services. It will also allow these same companies to make the substantial investments in infrastructure necessary to allow our entrepreneurs, small businesses and schools to compete against the more prosperous across the nation and world.

Members of the Association have shared this language with McLeod USA, AT&T, US West, the North Dakota Public Service Commission and American Association of Retired Persons (AARP) in an attempt to write this bill very narrowly. During our discussions with long distance providers and consumer groups a number of their suggestions were incorporated into the legislation.

First, local telephone companies can voluntarily reduce the price of access; second, if a State of Federal universal service fund is implemented prior to July 31, 2001 the PSC will have jurisdiction; third, if a locally-owned telephone company sells a rural exchange provisions of this statute will be void for that telephone company; fourth, language has been added on page 2, line 3 to prevent a rural telephone company from lowering the costs of its services so that access subsidizes them, and finally, the fact that this language sunsets on July 31, 2001.

Members of the Association urge a Do Pass on SB 2234.



NORTH DAKOTA ASSOCIATION OF TELEPHONE COOPERATIVES

Box 1144 - Mandan, ND 58554
Phone 701-663-1099 - FAX 701-663-0707

SENATE BILL 2234

HOUSE FINANCE AND TAXATION COMMITTEE

MARCH 8, 1999

DAVID CROTHERS
NORTH DAKOTA ASSOCIATION OF
TELEPHONE COOPERATIVES

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