

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1132

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's Signature

Date

10/2/03

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1132

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1132

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-14-03

Tape Number	Side A	Side B	Meter #
1	XX		0.2--11.0
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chair Keiser called committee to order.

Illona Jeffcoat-Sacco, PSC-Public Utilities Division: In support of HB1132 (See Attached)

Rep. Thorpe : Has your division discussed this with other companies to see if this sounds like a good idea?

Illona: The commission has tossed this idea about for a few years. There is no fee attached to this bill. We have taken into consideration the company's input. We had this before the legislature before, but it had a fee (\$250) and that was a major concern.

Rep. Ekstrom: (4.7) Do these companies already have business licenses in ND?

Illona: Yes They have show proof that they go through the Sec. of State before they can get authorization with us.

Chair Keiser: How difficult is it to obtain surety bonds and what is the cost?

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Doranne Hallmark
Operator's Signature

10/2/03
Date

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB1132

Hearing Date 1-14-03

Illona: I don't have specific answers to those. We currently have a rule that provides when we first went to deregulation of resellers, we said you don't need a certificate, just this registration certificate. We did impose a bond if the reseller requires prepaid.(6.7)

Chair Keiser: To follow-up, some of use do have experience with these, and they are becoming more and more difficult to obtain. There are fewer underwriters; price is too high. In other sections of code, this same issue is coming up wherein they are allowing alternatives to surity bonds. Does the commission have any problem with that?

Illona: No, we currently allow an escrow account, and we are considering letters of credit in other areas.

Rep. Klein: How many companies are serving in ND, approximately?

Illona: A little over 400. For resellers we are in the 450 range.

Mick Grosz, West River Telecommunications-Gen. Mgr: (9.0) Opposed to bill. We are a reseller. Qwest recently got 271 status and they can provide long distance. We feel this would lead to more regulation. For our company, it would lead to more paper work. We also object to a new fee.

Rep. Kasper: (10.6) Have you been given a sample of the annual report that would be required?

Mick: No, we have not.

Chair Keiser: Seeing no more testimony, this hearing on HB 1132 is closed.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Dan Hall
Operator's Signature

1/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1132

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/15/03

Tape Number	Side A	Side B	Meter #
3	x		32.5-37.5
Committee Clerk Signature <i>Julie Hammer</i>			

Minutes: Chairman Keiser called for committee work on HB 1132. Rep. Klein stated that licensing is acceptable now.

Rep. Klein moved a Do Pass on HB 1132, seconded by Rep. Severson.

Rep. Klein said these companies come and go, they're bought and sold, the Public Service Commission will be able to keep better track of them if they are licensed., especially if there are complaints coming in.

Rep. Ruby: If these fees are annual, that could be substantial money. New license fees are one thing. The fees will get passed on to the customer.

Rep. Klein: Look at the fiscal note, there's no change. While the bill references a fee, the purpose of the bill is not to impose a fee or produce revenue.

The motion carried 12-1-1. Rep. Klein will carry this bill on the floor.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

1/21/03
Date

FISCAL NOTE
Requested by Legislative Council
01/02/2003

Bill/Resolution No.: HB 1132

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Bill revises the process for authorizing telecommunications resellers from a one-time registration certificate process to an annual licensing process. The purpose of the bill is to produce current information on companies providing service in the state on an annual basis. While the bill includes reference to a fee, the purpose of the bill is not to impose a fee or produce revenue. That fee that is referenced in the bill is the fee on all utilities imposed in HB 1133. The only fiscal impact anticipated is via HB 1133. Consequently, this bill, HB 1132, has no fiscal impact.

3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:

A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

see above

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

see above

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

see above

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Operator's signature

Date

Name:	Ilona A. Jeffcoat Sacco	Agency:	PSC
Phone Number:	328-2407	Date Prepared:	01/06/2002

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Ballantyne
Operator's Signature

10/2/03
Date

Date: 1/15/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1132

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Rep.Boe	✓	
Rep.Severson, Vice-Chair	✓		Rep.Ekstrom	✓	
Rep.Dosch	✓		Rep.Thorpe	✓	
Rep. Froseth	✓		Rep. Zaiser	✓	
Rep. Johnson	✓				
Rep.Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad	✓				
Rep. Ruby		✓			
Rep.Tleman	★	★			

Total (Yes) 12 No 1

Absent 1

Floor Assignment Klein

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Donna Baller
Operator's Signature

1/21/03
Date

REPORT OF STANDING COMMITTEE (410)
January 16, 2003 11:42 a.m.

Module No: HR-08-0639
Carrier: M. Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1132: Industry, Business and Labor Committee (Rep. Kelsor, Chairman)
recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1132
was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-08-0639

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna G. Ball
Operator's Signature

10/2/03
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1132

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hallmark
Operator's Signature

10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1132

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 02-17-03

Tape Number	Side A	Side B	Meter #
1	xxx		1575-6050
Committee Clerk Signature			

Minutes: Chairman Mutch opened the hearing on HB 1132. All Senators were present. HB 1132 relates to certificates of public convenience and necessity for telecommunications companies.

Testimony in support of HB 1132

Illona A. Jeffcoat-Sacco, Director of the Public Utilities Division of the Public Service

Commission, introduced the bill. See attached testimony.

Senator Espgaard: How many resellers are there in the state?

Illona: I am not sure.

Senator Nething: There is currently no fee?

Illona: Not for certification.

Senator Nething: When do you foresee the need for another full-time employee?

Illona: Actually, I think this will lighten our work load.

Senator Krebsbach: Have you thought about having a biannual license?

Illona: That is a possible compromise.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Doranne Hall
Operator's Signature

10/2/03
Date

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number 1132

Hearing Date 02-17-03

(Tape 1, Side A, meter no. 2700)

Testimony in opposition

Dave Cruthers, ND Telecommunications Cooperatives, spoke in opposition of HB 1132. He stated that it is an unwarranted burden on businesses.

Senator Heitkamp: How else would you clean up the list?

Dave: Automatically revoke the license if not renewed in 6 months.

Senator Mutch: Would they file directly with the PSC?

Dave: Yes, annually.

Hearing is closed. No action taken.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Danna Hall
Operator's Signature

10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1132

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-04-03

Tape Number	Side A	Side B	Meter #
1		xxx	4400-4780
Committee Clerk Signature <i>Lisa VanBeekom</i>			

Minutes: Chairman Mutch opened the discussion on HB 1132. All Senators were present.

HB 1132 relates to certificates of public convenience and necessity for telecommunications companies.

There was brief discussion among committee members.

Senator Klein moved a DO NOT PASS. Senator Every seconded.

Roll Call Vote: 7 yes. 0 no. 0 absent.

Carrier: Senator Every

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Doreen Hallmark
Operator's Signature

10/2/03
Date

Date: 3-4-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate 1132 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do NOT Pass

Motion Made By Klein Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Mutch, Chairman	X				
Sen. Klein, Vice Chairman	X				
Sen. Krebsbach	X				
Sen. Nething	X				
Sen. Heltkamp	X				
Sen. Every	X				
Sen. Espegard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Every

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

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Dan Heltkamp 10/2/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
March 4, 2003 1:13 p.m.

Module No: SR-38-3845
Carrier: Every
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1132: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO NOT PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1132 was
placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-38-3845

The micrographic images on this film are accurate reproductions of records delivered to Repro. Information Systems for archival microfilm. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/2/03
Date

2003 TESTIMONY

HB 1132

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Holladay
Operator's Signature

10/2/03
Date

H.B. 1132

Presented by: Illona A. Jeffcoat-Sacco
Director, Public Utilities Division
Public Service Commission

Before: House Committee on Industry, Business and Labor
Honorable George J. Kelser, Chairman

Date: 14 January 2003

TESTIMONY

Chairman and committee members, my name is Illona Jeffcoat-Sacco. I am the director of the Public Service Commission's Public Utilities Division. The Public Utilities Division administers the Commission's jurisdiction over telephone, gas and electric public utilities in North Dakota. The commission asked me to appear here today to testify in favor of House Bill 1132, introduced at our request.

House Bill 1132 would revise the process we currently use to authorize telecommunications resellers to provide service in North Dakota. We currently use a registration certificate process for this purpose. The application consists of a simple form, together with the filing of corporate papers showing the applicant is authorized to do business in North Dakota. The application requires no notice or hearing, and is routinely granted unless there are very special circumstances.

HB 1132 envisions much the same process, even though the nomenclature "license" is used. The proposed process would still be a simple process, requiring the filing of a simple form and corporate papers. The authorization process would still be routine, without the need for a

notice or hearing unless the applicant requested one in the rare case where the Commission thought the license application should be denied.

The purpose of this bill is to move to an *annual* process in which the companies are responsible for updates. Today resellers are certified for an indefinite period of time. Their certification continues unless some action is taken to end it, either by the company or by the government. What this means in everyday practice is that we have certified companies on our list of providers that have gone out of business (voluntarily or not), moved locations, changed owners or managers, changed phone numbers, started providing different services, started providing service that requires a bond, violated laws in other jurisdictions, etc. We have no efficient and reliable way of finding out these changes on a regular basis. We believe the annual license requirement would provide just such a way.

This bill shifts the burden of obtaining and maintaining up-to-date information to the telecommunications reseller. Each company that is actively providing service in our state has an interest in preserving its authority to do so, and since we impose no other burdens on these companies (no reporting requirements, etc.) the burden to obtain an annual license is not an onerous one. On the other hand, the burden on our agency to try to keep up with these changes for hundreds of companies is great.

In addition to being inefficient and inaccurate, the current process often fails us when we need it the most. When we receive a bond cancellation, a slamming complaint, or another consumer problem, we are often unable to reach the company in a timely fashion because our records are not current. This means we spend more time than we should trying to track down the company rather than working on the merits of the problem.

We believe the annual authorization envisioned by HB 1132 would go far to solve many of these problems, without placing an unreasonable burden on industry. Those companies that have ceased providing service, or choose to in the near future, will be removed from our list of authorized companies on an annual basis. The remaining companies will annually provide us with updated contact, service and location information. By moving to an annual authorization process, both the Commission and public will have access to better, more accurate and more relevant information, provided by the party best able to do so.

This completes my testimony. I will be happy to answer any questions you may have.

Deanna Hall
Operator's Signature

10/2/03
Date

February 17, 2003

SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE

RE: HB 1132 (Urging A Do Not Pass)

Mr. Chairman and Members of the Committee:

I am writing to you on behalf of MCI WorldCom because two hearing schedule conflicts this morning prevented me from appearing before you in person. MCI WorldCom sees this bill as one which would replace a simple and workable system with one that is potentially burdensome and expensive to both the PSC and resellers. For that reason, MCI WorldCom urges a Do Not Pass on HB 1132.

Current North Dakota law requires resellers of telecommunications service to obtain a certificate, not a license. We understand from previous PSC testimony that this system has generally worked well and resulted in the increased availability of low cost long distance and local telecommunication services to North Dakota consumers and businesses and we do not see the imposition of a license requirement as being necessary to address the cited problem, which we understand to be that the PSC sometimes "loses track" of certificated resellers.

Business entities are required by North Dakota's general corporation law to be in good standing with state. To maintain good standing and thus be authorized to do business in North Dakota, a reseller (as any corporation or other business entity) must make an annual filing with the secretary of state and have an agent for service of process designated within the state. The annual report includes current location information. If the issue is keeping track of what companies are eligible to do business in North Dakota, it

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Doreen Hall
Operator's Signature

10/2/03
Date

would appear to be more efficient and less costly for the PSC staff to use the existing process of the secretary of state, than to set up a new and separate licensing system for this purpose.

We are also concerned that the license process as set forth in HB 1132 has the potential to be substantially more cumbersome than the abbreviated process which the PSC has described. Denial of a license application, particularly under circumstances where the applicant already has a reseller's certificate, carries "due process" implications because of a reseller's substantial economic interest in continuing its right to do business.

When due process is involved, a hearing is required before a "taking" can occur. While this bill includes hearing requirements when a license isn't renewed or is revoked, it doesn't include an explicit hearing process for an initial denial of an application. The bill also doesn't specify what process exists at the application stage and must be followed for the commission to evaluate or conclude the applicant has violated a law or rule or for an applicant for a license to participate in the evaluation process.

We also note that the PSC expected the bill to be funded by a new license fee. However, it is our understanding that the bill to impose the fee, HB 1133, was killed by the House. Accordingly, it appears this bill will now have a negative financial impact on the general fund. This, too, seems questionable in light of the existing registration with the secretary of state. We also believe that a request by the PSC to its existing resellers to update their information and status would receive a high rate of response and would, likely resolve the issues which the PSC has raised. We think an update request is at least worth a try.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Danna Holbrook
Operator's Signature

10/2/03
Date

In short, it seems to us that this bill proposes a "solution" which is too complex and burdensome for both the PSC and resellers, and that it imposes more general fund expense than is warranted by the problem. For that reason, we respectfully urge a Do Not Pass recommendation on the bill.

I have sent a copy of this letter to Ms. Jeffcoat Sacco at the PSC.

Thank you for your consideration of this.

Marilyn Foss for MCI WorldCom
Lobbyist No. 37

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Doreen G. Baller
Operator's Signature

10/2/03
Date

Introduce

H.B. 1132

Presented by: Illona A. Jeffcoat-Sacco
Director, Public Utilities Division
Public Service Commission

Before: Senate Industry, Business and Labor Committee
Honorable Duane Mutch, Chairman

Date: 17 February 2003

TESTIMONY

Chairman and committee members, my name is Illona Jeffcoat-Sacco. I am the director of the Public Service Commission's Public Utilities Division. The Public Utilities Division administers the Commission's jurisdiction over telephone, gas and electric public utilities in North Dakota. The commission asked me to appear here today to testify in favor of House Bill 1132, introduced at our request.

House Bill 1132 would revise the process we currently use to authorize telecommunications resellers to provide service in North Dakota. A telecommunications reseller is a provider of telecommunications service that provides service to end users over another company's facilities. For example, for its long distance business, MCI has only resale authority in North Dakota, providing service to end users over facilities owned by other companies.

We currently use a registration certificate process to authorize resellers to provide service in North Dakota. The application consists of a very simple form, together with the filing of corporate papers showing the applicant is authorized to do business in North Dakota. The application

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Duane Mutch
Operator's Signature

18/2/03
Date

requires no notice or hearing, and is routinely granted unless there are very special circumstances.

HB 1132 envisions much the same process, even though the word "license" is used. The proposed process would still be a simple process, requiring the filing of a very simple form and corporate papers. The authorization process would still be routine, without the need for a notice or hearing unless the applicant requested one in the rare case where the Commission thought the license application should be denied.

The purpose of this bill is to move to an *annual* process, as opposed to a certification process. In state law, a "certificate" is effective for an indefinite period of time. In other words, while a "certificate" goes on indefinitely, many telecommunication resellers do not, especially in today's telecommunications market. Certification continues unless some action is taken to end it, either by the company or by the government. What this means in everyday practice is that we have certified companies on our list of providers that have gone out of business (voluntarily or not), moved locations, changed owners or managers, changed phone numbers, started providing different services, started providing service that requires a bond, violated laws in other jurisdictions, etc. There are over 500 certified resellers and we have no efficient and reliable way of finding out changes in their status on a regular basis. We believe the annual license requirement would provide just such a way.

Each company that is actively providing service in our state has an interest in preserving its authority to do so, and since we impose no other burdens on these companies (no reporting requirements, no fees, etc.) the burden of applying for an annual license is an extremely insignificant one. On the other hand, the burden on our agency to try to keep up with these

Dorinda Hall
Operator's Signature

10/2/03
Date

changes for hundreds of companies is great. The current certification process makes government much less efficient, because we have little way of knowing which resellers are operating on our state at any given time.

In addition to being inefficient and inaccurate, the current process often fails us when we need it the most. When we receive a bond cancellation, a slamming complaint, or another consumer problem, we are often unable to reach the company in a timely fashion because our records are not current. This means we spend more time than we should trying to track down the company rather than working on the merits of the problem.

We also believe the problem that exists today will only become worse. Each year we add approximately 40 to 50 new resellers to our lists. We know many also go out of business each year, or choose not to do business in North Dakota, but never relinquish their certificate. So the list of resellers keeps getting larger, more unwieldy and more inaccurate. It's a situation the Commission views as unsustainable.

It was suggested in the House that the Public Service Commission should simply coordinate our records with the Secretary of State. We do, today, use information obtained from the Secretary of State to obtain contact and registered agent information about resellers. We also have a rule that provides that certificates are void for those companies that are involuntarily dissolved by operation of law. Unfortunately, for a number of reasons we can discuss if you wish, this has not solved the problem.

We believe the annual authorization envisioned by HB 1132 would go far to solve many of these problems, without placing any significant burden on industry at all. Those companies that have ceased providing service, or choose to in the near future, will be removed from our list of authorized companies on an annual basis. The remaining companies will

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Hall
Operator's Signature

10/2/03
Date

annually provide us with updated contact, service and location information. By moving to an annual authorization process, both the Commission and public will have access to better, more accurate and more relevant information, provided by the party best able to do so.

This completes my testimony. I will be happy to answer any questions you may have.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Deanna Ballantyne
Operator's Signature

10/2/03
Date



**NORTH DAKOTA ASSOCIATION OF
TELECOMMUNICATIONS COOPERATIVES**

P.O. Box 1144 • Mandan, ND 58554
Phone 701-663-1099 • Fax 701-663-0707
www.ndatc.com

HOUSE BILL 1132

SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE

FEBRUARY 17, 2003

DAVID CROTHERS
NORTH DAKOTA ASSOCIATION OF
TELECOMMUNICATIONS 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 164,000 homes and small businesses and approximately 94 percent of the geographic territory of North Dakota.

House Bill 1132 proposes to require resellers of telecommunications services, both local and long distance providers, to apply to the Commission each year so that they may continue doing business in the State of North Dakota. Members of the Association believe it is a unwarranted burden on those providers.

It is unnecessarily burdensome for three reasons. First, the Commission only seeks to apply annual licenses to resellers of telecommunications services without extending similar rules to facilities-based providers of telecommunications. For example, Consolidated Telcom will have to apply each year for a license to serve their local customers within the city of Dickinson, while at the same time it does not have to be licensed to serve its customers outside the city of Dickinson.

Under the Public Service Commission's proposal, West River Telecommunications Cooperative's long distance company based in Hazen and providing service to its local customers will be required to get licensed annually. AT&T, Sprint and others have no such obligation.

Second, long distance services have a long history of being deregulated. They have been deregulated by the Federal

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Danna Baller
Operator's Signature

10/2/03
Date

Communications Commission, the Public Service Commission and this legislature. The Public Service Commission does not have jurisdiction over their rates or the companies' terms and conditions of service. To require resellers to apply each year for a license to offer service in the State of North Dakota is inconsistent with Federal rules and does nothing to protect the residents of North Dakota.

Finally, State law requires every single entity doing business in North Dakota to file an annual report with the Secretary of State's office.

North Dakota Century Code 10-19.1-146 requires every domestic and foreign corporation to file an annual report that includes its principal place of business and the corporation's registered agent in North Dakota and that individual's address. The Century Code also requires every domestic and foreign limited liability company at NDCC 10-32-149 to meet the same standard. Every limited liability company must file a report each year that includes addresses of their executive offices, principal offices and the name and address of their registered agent in the State of North Dakota. The information the Public Service Commission seeks resides in the Secretary of State's office today.

In fact, the Commission's own rules at NDCC 69-09-05-04 (2) (c) provide that a reseller's certificate to operate in North Dakota is forfeited if its registration certificate is voluntarily or involuntarily dissolved. Both chapters of the Century Code that require registration at the Secretary of State's office have provisions for involuntary revocation of their right to do business if an annual report is not filed. The process in North Dakota is simple. If a reseller does not file with the Secretary of State each year, it may not do business in North Dakota and its registration at the Public Service Commission is automatically revoked.

Members of the Association believe that House Bill 1132 is flawed. It would require one company to register each year at the Public Service Commission while another company providing the very same service would not have the same obligation. It seeks to impose additional burdens on a deregulated industry and asks private business to acquire one more license and fill out one more form when that information is already available to the government. We believe that is bad public policy and urge a Do Not Pass recommendation on House Bill 1132.