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10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1133

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1133

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-14-03

Tape Number	Side A	Side B	Meter #
1	XX		11.0--20.3
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chair Kelser opened the hearing on HB 1133. We have a fiscal note as well as testimony to pass out.

Illona Jeffcoat-Sacco, PSC: (neutral) (12.6) I am here to explain HB 1133. (See Attached)

Rep. Klein: In comparison to other states around us, do they have a fee system?

Illona: Yes, the ones that I am familiar with do have a fee system. SD has a combined system that is half and half. Half is some sort of general assessment by formula based on size of company or revenue or customers, something like that. The other half is recovered through case specific charges from the company. I've mostly seen a combination between a general assessment and a cost/causer effect.

Rep. Klein: Providing the services now comes out the general fund instead of from the companies you are managing?

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1133

Hearing Date 1-14-03

Illona: Yes, we do assess in a different function in the environmental siding function. There is a fee assessed that goes back into the general fund. We do have a valuation fund. This can be used in certain types of cases and is billed back to the company.

David Crothers, ND Assoc. Telephone Co-op: (15.2) opposed We represent 164,000 homes and businesses in ND. We are concerned about this bill on a philosophical basis. What is the reason for assessing the fee? We ask that any proposal to assess fees shows the relationship between the fee and the service rendered. Maybe this should be studied more.

Rep. Froseth: Do you know how many companies are in business that don't file any registration so the PSC doesn't know they are out there?

David: Some of the 450 resellers may not be offering service to ND. Maybe it would be good for the Sec. Of State to quarterly send all the companies to the PSC. We don't know who is operating in the state and who is not.

Chair Keiser: You don't propose to turn the PSC into an operation like the Insurance Commission Office?

David: I don't know how the fees are administered today within the PSC. I feel an agency serves all the people of ND. It would be difficult to draw dividing lines on which agencies are going to do that and which are not. We like in a deregulatory era in telecommunications.

Rep. Kasper: Can you give me an average annual cost to a member to register, pay fees, etc. To the state?

David: (18.9) I can't. There are various sizes of companies that belong. I will bring something back for tomorrow.

Chair Keiser: Any more testimony? Hearing none, HB 1133 is closed.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1133

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/15/03

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

Minutes: Chairman Kelser called for committee work on HB 1133, the companion bill to HB 1132. Rep. Klein stated that this steps up the \$100 fee for all public utility companies doing business in ND. This would standardize things to include all telecommunication companies, telecommunication cooperatives, gas utilities, electric utilities, electric cooperatives and pipe line utilities. Funds would be deposited in the general fund. Some 47 states utilize this fee system that charges the beneficiaries for services provided. I don't think \$100 is break any of these companies. Rep Klein moved a do pass, Rep. Nottestad seconded the motion.

Rep. Froseth stated that the \$100,000 is added to the general fund income, but we never know, as a committee, if their general fund appropriation request is reduced by that much.

Rep. Klein: The money goes into the big pot, not the Public Service Commission pot, not to the coffers of the utilities.

Rep. Ekstrom: Wasn't Carruthers concerned about the relationship between the fee and the reason for the fee?

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House Industry, Business and Labor Committee
Bill/Resolution Number 1133
Hearing Date 1/15/03

Rep. Klein: He wanted to know what service he gets for the fee. If the PSC has to follow up on complaints about slamming etc., this is a way for the PSC to recoup costs from non regulated utilities.

Rep. Ruby: Won't this ultimately be passed on to the customers?

Rep. Nottestad: This is just another cost of doing business.

Chairman Keiser: In banking, insurance and other areas, fees paid by the businesses within the industry, cover the expenses of the state agency that oversees them. Commissioners hear from those entities that are paying them big bucks but they also have represent the public.

A roll call vote carried the motion for a do pass: 11-2-1.

Rep. Klein will carry this bill on the floor.

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1/21/03
Date

FISCAL NOTE
Requested by Legislative Council
01/02/2003

Bill/Resolution No.: HB 1133

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	\$100,000	\$0	\$100,000	\$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.

This bill requires each public utility to pay a \$100 per year fee. There are currently no public utility fees, consequently, this bill would have a fiscal impact of additional revenue to the general fund.

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.

The \$100,000 additional revenue to the general fund would result if 500 utilities each paid \$100 per year. While we currently have more than 500 utilities authorized to provide service in North Dakota, we believe some of these utilities are out of business or inactive, and will abandon their authority if an annual fee is imposed. In addition, some of the authorized utilities offer more than one type of service and may operate under more than one authorization, in which case they would pay only one fee. Consequently, we estimate payment by 500 utilities, for a biennial revenue impact of \$100,000.

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.

No expenditures are anticipated due to this bill.

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.

This bill requires no appropriation.

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Name:	Ilona A. Jeffcoat-Sacco	Agency:	PSC
Phone Number:	328-2407	Date Prepared:	01/10/2002

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

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1133

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do - Pass.

Motion Made By Klein Seconded By Nottlestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	✓		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.Tieman	—	—			

Total (Yes) 11 No 2

Absent 1

Floor Assignment Klein

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

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1/22/03
Date

REPORT OF STANDING COMMITTEE (410)
January 16, 2003 11:50 a.m.

Module No: HR-08-0640
Carrier: M. Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1133: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends **DO PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).
HB 1133 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-08-0640

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2003 TESTIMONY

HB 1133

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H.B. 1133

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 explain House Bill 1133, introduced at our request.

House Bill 1133 would impose a small fee on each utility that does business with the Commission. The Public Utilities Division is the only Public Service Commission division that does not generate some revenue through a fee requirement. In addition, North Dakota is one of only a few states that do not self-fund their utility regulatory functions. Likewise, other North Dakota regulatory agencies, such as the Insurance Department and the Banking Department are also self-funded.

The Commission recognizes that the question of whether regulated industry should contribute to funding regulatory oversight is a policy question for the legislature's determination. The Commission felt obligated,

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Illona A. Jeffcoat-Sacco
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10/2/03
Date

given this time of scarce state resources, to bring this matter to your attention for direction on this policy question.

Should you agree that the fee proposal is appropriate as a means of recovering some of the costs of regulation from those regulated, we believe the fee is not so high that it will create an unreasonable burden on industry.. Should you determine that the fee measure is not appropriate, but the concept of regulatory self-funding merits further consideration during the 2003-2005 interim, we would be happy to participate in a study to that effect.

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

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