

**HOUSE BILL NO. 1451**

Introduced by

Representative Grosz

Senators Nething, Tomac

1 A BILL for an Act to create and enact sections 49-21-23, 49-21-24, 49-21-25, 49-21-26, and  
2 49-21-27 of the North Dakota Century Code, relating to right-of-way fees; to amend and reenact  
3 section 49-21-01 of the North Dakota Century Code, relating to telecommunications definitions;  
4 and to provide for retroactive application.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 49-21-01 of the 1997 Supplement to the North  
7 Dakota Century Code is amended and reenacted as follows:

8 **49-21-01. Definitions.** As used in this chapter, unless the context otherwise clearly  
9 requires:

- 10 1. "Access" means telecommunications services to connect a telecommunications  
11 customer or end user with a telecommunications company that allows for the  
12 origination or the termination, or both, of WATS, 800, and message toll  
13 telecommunications services and private line transport services. "Switched  
14 access" includes:
- 15 a. Local exchange central office switching and signaling;
  - 16 b. Operator and recording intercept of calls;
  - 17 c. Termination of end user lines in the local exchange central office;
  - 18 d. The carrier common line charge for the line between the end user's premises  
19 and the local exchange central office; and
  - 20 e. Telecommunications service, including connections, provided to allow  
21 transmission service and termination between an interexchange company's  
22 premises and the local exchange central office switch for the origination or  
23 termination of the interexchange company's switched telecommunications  
24 services.

- 1           2. "Essential telecommunications price factor" means:
- 2           a. In the case of group I telecommunications companies, a factor determined
- 3           annually as the lower of:
- 4           (1) 41.6667 percent of the percentage change of the average annual gross
- 5           national product price index; or
- 6           (2) The percentage change of the average annual gross national product
- 7           price index minus 2.75 percentage points.
- 8           b. In the case of group II telecommunications companies, a factor determined
- 9           annually as the lower of:
- 10          (1) 52.0834 percent of the percentage change of the average annual gross
- 11          national product price index; or
- 12          (2) The percentage change of the average annual gross national product
- 13          price index minus 2.0625 percentage points.
- 14          c. For purposes of the determination of essential telecommunications price
- 15          factor, group I telecommunications companies are telecommunications
- 16          companies with over fifty thousand subscribers and group II
- 17          telecommunications companies are telecommunications companies with fifty
- 18          thousand or fewer subscribers.
- 19          3. "Essential telecommunications service" means service that is necessary for
- 20          switched access to interexchange telecommunications companies and necessary
- 21          for two-way switched communications for both residential and business service
- 22          within a local exchange area. A charge based on measured service may not be
- 23          required for residential and business local exchange service. Essential
- 24          telecommunications services are limited to:
- 25          a. Switched access;
- 26          b. Any new product or service offered in North Dakota after July 1, 1989,
- 27          deemed essential by the commission after notice and hearing in accordance
- 28          with chapter 28-32;
- 29          c. Billing and collection of the billing company's own essential
- 30          telecommunications services and billing and collection recording for

- 1 interexchange carriers to which the local exchange carrier provides feature  
2 group C access service;
- 3 d. Primary directory listing, including nonlisted and nonpublished service, and  
4 local exchange directory assistance;
- 5 e. Emergency 911 services and emergency operator assistance in local  
6 exchange areas in which emergency 911 service is not available;
- 7 f. Except as provided in section 49-02-01.1, mandatory, flat-rate extended area  
8 service to designated nearby local exchange areas;
- 9 g. Installation of the service connection for essential services from the end user's  
10 premises to the local exchange network;
- 11 h. Transmission service necessary for the connection between the end user's  
12 premises and the local exchange central office switch including a trunk  
13 connection that has direct inward dialing and necessary signaling service  
14 such as touchtone used by end users for essential telecommunications  
15 services;
- 16 i. Single or multiparty flat-rate or measured residence and business service;
- 17 j. Single or multiparty flat-rate or measured combination business and residence  
18 service; and
- 19 k. The transmission service line for a coin or pay telephone.
- 20 4. "Gross national product price index" means the fixed-weighted price index of prices  
21 of all the goods and services that make up gross national product, as published  
22 quarterly by the United States department of commerce, economics and statistics  
23 administration, bureau of economic analysis. "Average annual gross national  
24 product price index" means the mean of the gross national product price index  
25 published in the third calendar quarter of a year through the second calendar  
26 quarter of the following year.
- 27 5. "Interexchange telecommunications company" means a person providing  
28 telecommunications service to end users located in separate local exchange areas.
- 29 6. "Local exchange area" means a geographic territorial unit established by a  
30 telecommunications company for the administration of telecommunications  
31 services as approved and regulated in accordance with chapter 49-03.1.

- 1           7.   "Management costs" means the reasonable direct actual costs a political  
2                   subdivision incurs in exercising its police powers over the public rights of way.
- 3           8.   "Mutual telephone company" means a telephone cooperative organized and  
4                   operating subject to the provisions of this chapter, and such a cooperative shall  
5                   also be subject to the general law governing cooperatives, except where such  
6                   general law is in conflict with this chapter.
- 7       ~~8.~~ 9.   "Nonessential telecommunications service" means any telecommunications  
8                   service, other than those essential telecommunications services listed in  
9                   subsection 3 that a customer has the option to purchase either in conjunction with  
10                  or separate from any essential telecommunications service. Nonessential  
11                  telecommunications services include, but are not limited to:
- 12               a.   InterLATA and intraLATA message toll service;  
13               b.   Private line transport service;  
14               c.   Calling features and information or enhanced services such as call waiting,  
15                   call forwarding, three-way calling, intracall, speed calling, call transfer, voice  
16                   or data store and forward, message delivery, or caller identification;  
17               d.   Centrex services and features, not including transmission service described in  
18                   subdivision h of subsection 3 of this section;  
19               e.   Installation of service connections in addition or supplementary to that  
20                   described in subdivision g of subsection 3 which also provides transmission  
21                   service between the end user's premises and the local exchange central  
22                   office switch;  
23               f.   Mobile telecommunications services using radio spectrum or cellular  
24                   technology; and  
25               g.   Packet-switched services.
- 26       ~~9.~~ 10. "Price" means any charge set and published in accordance with chapter 49-21 and  
27                   collected by a telecommunications company for any telecommunications service  
28                   offered by it to the public or other telecommunications companies.
- 29       ~~10.~~ 11. "Private line transport service" means a telecommunications service to a customer  
30                   over a circuit dedicated to the customer's exclusive use, within a local exchange  
31                   area, or between or among local exchanges. Private line transport service

1 includes services to customers who are end users and services to  
2 telecommunications companies.

3 12. "Public right of way" means the area on, below, or above a public roadway,  
4 highway, street, bridge, cartway, bicycle lane, or public sidewalk in which a political  
5 subdivision has a legal interest, including other dedicated rights of way for travel  
6 purposes and utility easements. The term does not include the airwaves above a  
7 public right of way with regard to cellular or other wireless telecommunications or  
8 broadcast service or utility poles owned by a political subdivision or a municipal  
9 utility or a telecommunications company, in whole or part.

10 ~~44.~~ 13. "Service element" means a telecommunications function or service component that  
11 is not useful to the user unless it is combined with one or more other  
12 telecommunications functions or service components.

13 ~~42.~~ 14. "Telecommunications company" means a person engaged in the furnishing of  
14 telecommunications service within this state.

15 ~~43.~~ 15. "Telecommunications service" means the offering for hire of telecommunications  
16 facilities, or transmitting for hire telecommunications by means of such facilities  
17 whether by wire, radio, lightwave, or other means.

18 **SECTION 2.** Section 49-21-23 of the North Dakota Century Code is created and  
19 enacted as follows:

20 **49-21-23. Fees.** Notwithstanding any other provision of law or home rule charter, a  
21 political subdivision may not recover any fee from a telecommunications company for the use of  
22 its right of way, other than a fee for its management costs. A political subdivision may recover  
23 from a telecommunications company only those management costs caused by the  
24 telecommunications company activity in the public right of way. A fee or other obligation under  
25 this section must be imposed on a competitively neutral basis. When a political subdivision's  
26 management costs cannot be attributed to only one entity, those costs must be allocated  
27 among all users of the public rights of way, including the political subdivision itself. The  
28 allocation must reflect proportionately the costs incurred by the political subdivision as a result  
29 of the various types of uses of the public right of way. This section does not prohibit the  
30 collection of a franchise fee as permitted in section 49-21-26.

1           **SECTION 3.** Section 49-21-24 of the North Dakota Century Code is created and  
2 enacted as follows:

3           **49-21-24. In-kind services.** A political subdivision, in lieu of a fee imposed under  
4 section 49-21-24, may not require in-kind services by a telecommunications company  
5 right-of-way user or require in-kind services as a condition of the use of the political  
6 subdivision's public right of way.

7           **SECTION 4.** Section 49-21-25 of the North Dakota Century Code is created and  
8 enacted as follows:

9           **49-21-25. Arbitration.**

10          1. A telecommunications company that is denied the use of or access to a political  
11 subdivision right of way, that has its right-of-way permit revoked, or that believes  
12 that the fees imposed on that company by the political subdivision do not conform  
13 to the requirements of section 49-21-23 may request in writing that the denial,  
14 revocation, or fee imposition be reviewed by the governing body of the political  
15 subdivision. The governing body of the political subdivision shall act within sixty  
16 days of the request. A decision by the governing body affirming the denial,  
17 revocation, or fee imposition must be in writing and supported by written findings  
18 establishing the reasonableness of the decision.

19          2. Upon affirmation by the governing body of the denial, revocation, or fee imposition,  
20 the telecommunications company may do either of the following:

21          a. With the consent of the governing body, submit the matter to final, binding  
22 arbitration. Binding arbitration must be before an arbitrator selected by the  
23 political subdivision and the telecommunications company. If the parties are  
24 unable to agree on an arbitrator, the matter must be resolved by the  
25 three-person arbitration panel made up of one arbitrator selected by the  
26 political subdivision, one arbitrator selected by the telecommunications  
27 company, and one arbitrator selected by the other two arbitrators. The cost of  
28 a single arbitrator must be paid equally by the political subdivision and the  
29 telecommunications company. If a three-person arbitration panel is selected,  
30 each party shall pay the cost of its own arbitrator, and the parties shall jointly

1                   pay the cost of the third arbitrator and of the arbitration. Each party to the  
2                   arbitration shall pay its own costs, disbursements, and attorney fees.

3                   b. Bring an action in district court to review a decision of the governing body  
4                   made under this section.

5                   **SECTION 5.** Section 49-21-26 of the North Dakota Century Code is created and  
6 enacted as follows:

7                   **49-21-26. Franchise ordinance not superseded.** Sections 49-21-23, 49-21-24, and  
8 49-21-25 do not modify or supersede the rights and obligations of a political subdivision and the  
9 telecommunications company established by the terms of any existing franchise. A city that  
10 collects a city franchise fee under a franchise may not collect a fee from that entity under  
11 section 49-21-23. A political subdivision that collects a fee prohibited by section 49-21-23 on  
12 January 1, 1999, may continue to collect that fee.

13                   **SECTION 6.** Section 49-21-27 of the North Dakota Century Code is created and  
14 enacted as follows:

15                   **49-21-27. Cost recovery.** A telecommunications company that is assessed  
16 management costs by a political subdivision pursuant to section 49-21-23 is entitled to recover  
17 those costs. If the telecommunications company serves customers within the boundaries of the  
18 political subdivision imposing the management costs, the costs may be recovered only from  
19 those customers.

20                   **SECTION 7. RETROACTIVE APPLICATION OF ACT.** This Act applies retroactively to  
21 January 1, 1999.