

**FIRST ENGROSSMENT  
with Senate Amendments**

Fifty-sixth  
Legislative Assembly  
of North Dakota

**ENGROSSED 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  
3 reenact section 49-21-01 and subdivision g of subsection 3 of section 49-23-04 of the North  
4 Dakota Century Code, relating to telecommunications definitions and time periods under the  
5 one-call excavation notice system; and to provide for retroactive application.

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

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

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

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

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

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

- 1           6. "Local exchange area" means a geographic territorial unit established by a  
2           telecommunications company for the administration of telecommunications  
3           services as approved and regulated in accordance with chapter 49-03.1.
- 4           7. "Management costs" means the reasonable direct actual costs a political  
5           subdivision incurs in exercising its police powers over the public rights of way.
- 6           8. "Mutual telephone company" means a telephone cooperative organized and  
7           operating subject to the provisions of this chapter, and such a cooperative shall  
8           also be subject to the general law governing cooperatives, except where such  
9           general law is in conflict with this chapter.
- 10        ~~8.~~ 9. "Nonessential telecommunications service" means any telecommunications  
11        service, other than those essential telecommunications services listed in  
12        subsection 3 that a customer has the option to purchase either in conjunction with  
13        or separate from any essential telecommunications service. Nonessential  
14        telecommunications services include, but are not limited to:
- 15        a. InterLATA and intraLATA message toll service;
- 16        b. Private line transport service;
- 17        c. Calling features and information or enhanced services such as call waiting,  
18        call forwarding, three-way calling, intracall, speed calling, call transfer, voice  
19        or data store and forward, message delivery, or caller identification;
- 20        d. Centrex services and features, not including transmission service described in  
21        subdivision h of subsection 3 of this section;
- 22        e. Installation of service connections in addition or supplementary to that  
23        described in subdivision g of subsection 3 which also provides transmission  
24        service between the end user's premises and the local exchange central  
25        office switch;
- 26        f. Mobile telecommunications services using radio spectrum or cellular  
27        technology; and
- 28        g. Packet-switched services.
- 29        ~~9.~~ 10. "Price" means any charge set and published in accordance with chapter 49-21 and  
30        collected by a telecommunications company for any telecommunications service  
31        offered by it to the public or other telecommunications companies.

1    ~~40.~~ 11. "Private line transport service" means a telecommunications service to a customer  
2                    over a circuit dedicated to the customer's exclusive use, within a local exchange  
3                    area, or between or among local exchanges. Private line transport service  
4                    includes services to customers who are end users and services to  
5                    telecommunications companies.

6                    12. "Public right of way" means the area on, below, or above a public roadway,  
7                    highway, street, bridge, cartway, bicycle lane, or public sidewalk in which a political  
8                    subdivision has a legal interest, including other dedicated rights of way for travel  
9                    purposes, utility easements, and all the area within seventy-five feet [22.86 meters]  
10                    of the centerline of any county or township highway right of way over which a  
11                    board of county commissioners or a board of township supervisors has control  
12                    under section 24-01-42. The term does not include the airwaves above a public  
13                    right of way with regard to cellular or other wireless telecommunications or  
14                    broadcast service or utility poles owned by a political subdivision or a municipal  
15                    utility or a telecommunications company, in whole or part.

16    ~~44.~~ 13. "Service element" means a telecommunications function or service component that  
17                    is not useful to the user unless it is combined with one or more other  
18                    telecommunications functions or service components.

19    ~~42.~~ 14. "Telecommunications company" means a person engaged in the furnishing of  
20                    telecommunications service within this state.

21    ~~43.~~ 15. "Telecommunications service" means the offering for hire of telecommunications  
22                    facilities, or transmitting for hire telecommunications by means of such facilities  
23                    whether by wire, radio, lightwave, or other means.

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

26                    **49-21-23. Fees.** Unless the governing body of a political subdivision has submitted to  
27    the qualified electors of that political subdivision the question of whether to impose a fee other  
28    than a fee for management costs and a majority of the voters approved the fee, a political  
29    subdivision may not impose after December 31, 1998, any fee to recover from a  
30    telecommunications company for the use of its right of way, other than a fee for its  
31    management costs. If requested by a political subdivision, in order to accomplish a necessary

1 public improvement on the right of way, a telecommunications company promptly shall remove  
2 its facilities from the public right of way or shall relocate or adjust its facilities within the public  
3 right of way at no cost to the political subdivision. Necessary public improvements are limited  
4 to construction and maintenance activities directly related to improved transportation and  
5 safety. A political subdivision may recover from a telecommunications company only those  
6 management costs caused by the telecommunications company activity in the public right of  
7 way. A fee or other obligation under this section must be imposed on a competitively neutral  
8 basis. When a political subdivision's management costs cannot be attributed to only one entity,  
9 those costs must be allocated among all users of the public rights of way, including the political  
10 subdivision itself. The allocation must reflect proportionately the costs incurred by the political  
11 subdivision as a result of the various types of uses of the public right of way. This section does  
12 not prohibit the collection of a franchise fee as permitted in section 49-21-26.

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

15       **49-21-24. In-kind services.** A political subdivision, in lieu of a fee imposed under  
16 section 49-21-23, may not require in-kind services by a telecommunications company  
17 right-of-way user or require in-kind services as a condition of the use of the political  
18 subdivision's public right of way.

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

21       **49-21-25. Arbitration.**

22       1. A telecommunications company that is denied the use of or access to a political  
23 subdivision right of way, that has its right-of-way permit revoked, or that believes  
24 that the fees imposed on that company by the political subdivision do not conform  
25 to the requirements of section 49-21-23 may request in writing that the denial,  
26 revocation, or fee imposition be reviewed by the governing body of the political  
27 subdivision. The governing body of the political subdivision shall act within thirty  
28 days of the request. A decision by the governing body affirming the denial,  
29 revocation, or fee imposition must be in writing and supported by written findings  
30 establishing the reasonableness of the decision.

- 1           2. Upon affirmation by the governing body of the denial, revocation, or fee imposition,  
2           the telecommunications company may do either of the following:
- 3           a. With the consent of the governing body, submit the matter to final, binding  
4           arbitration. Binding arbitration must be before an arbitrator selected by the  
5           political subdivision and the telecommunications company. If the parties are  
6           unable to agree on an arbitrator, the matter must be resolved by the  
7           three-person arbitration panel made up of one arbitrator selected by the  
8           political subdivision, one arbitrator selected by the telecommunications  
9           company, and one arbitrator selected by the other two arbitrators. The cost of  
10           a single arbitrator must be paid equally by the political subdivision and the  
11           telecommunications company. If a three-person arbitration panel is selected,  
12           each party shall pay the cost of its own arbitrator, and the parties shall jointly  
13           pay the cost of the third arbitrator and of the arbitration. Each party to the  
14           arbitration shall pay its own costs, disbursements, and attorney fees.
- 15           b. Bring an action in district court to review a decision of the governing body  
16           made under this section.

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

19           **49-21-26. Franchise ordinance not superseded.** Sections 49-21-23, 49-21-24, and  
20 49-21-25 do not modify or supersede the rights and obligations of a political subdivision and the  
21 telecommunications company established by the terms of any existing franchise. A city that  
22 collects a city franchise fee under a franchise may not collect a fee from that entity under  
23 section 49-21-23. A political subdivision that collects a fee prohibited by section 49-21-23 on  
24 January 1, 1999, may continue to collect that fee.

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

27           **49-21-27. Cost recovery.** A telecommunications company that is assessed either  
28 management costs by a political subdivision pursuant to section 49-21-23 or a city franchise fee  
29 pursuant to section 49-21-26 is entitled to recover those costs. If the telecommunications  
30 company serves customers within the boundaries of the political subdivision imposing the  
31 management costs, the costs may be recovered only from those customers.

1           **SECTION 7. AMENDMENT.** Subdivision g of subsection 3 of section 49-23-04 of the  
2 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3           g. An excavator may not use a location more than ~~seventy-two hours~~ ten days,  
4           or any extension of that period, after the planned excavation date unless the  
5           excavator has made previous arrangements with the operators affected.

6           **SECTION 8. RETROACTIVE APPLICATION.** Sections 1 through 6 of this Act apply  
7 retroactively to January 1, 1999.