

Fifty-sixth  
Legislative Assembly  
of North Dakota

**ENGROSSED SENATE BILL NO. 2420**

Introduced by

Senators Wardner, Tallackson, Robinson

Representatives Bernstein, Kerzman, Poolman

1 A BILL for an Act to create and enact three new sections to chapter 49-21, five new  
2 subsections to section 49-21-01, a new subsection to section 49-21-01.1, subsections 5, 6, and  
3 7 of section 49-21-01.3, and subsections 7, 8, 9, 10, 11, 12, 13, and 14 of section 49-21-01.7 of  
4 the North Dakota Century Code, relating to telecommunications facilities, regulation of  
5 telecommunications services, telecommunications service prices, and powers of the public  
6 service commission; to amend and reenact sections 49-02-01.1, 49-21-04, 49-21-07,  
7 49-21-08.1, and 49-21-10.2 of the North Dakota Century Code, relating to jurisdiction of the  
8 public service commission, telecommunications price schedules, discrimination, dialing parity,  
9 and telecommunications service quality rules; and to repeal section 49-21-02.1 of the North  
10 Dakota Century Code, relating to exemptions from public service commission regulation.

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

12 **SECTION 1. AMENDMENT.** Section 49-02-01.1 of the 1997 Supplement to the North  
13 Dakota Century Code is amended and reenacted as follows:

14 **49-02-01.1. Jurisdiction of commission limited as to certain utilities.** Nothing in  
15 this chapter or in chapter 49-21 authorizes the commission to make any order affecting rates,  
16 contracts, services rendered, adequacy, or sufficiency of facilities, or the rules or regulations of  
17 any public utility owned and operated by the state or by any city, county, township, or other  
18 political subdivision of the state or any public utility, that is not operated for profit, that is  
19 operated as a nonprofit, cooperative, or mutual telecommunications company or is a  
20 telecommunications company having fewer than eight thousand local exchange subscribers.  
21 However, any telecommunications utility that is operated as a nonprofit, cooperative, or mutual  
22 telecommunications company or has fewer than eight thousand local exchange subscribers is  
23 subject to sections 49-21-01.4 ~~and~~, 49-21-08, sections 10, 11, and 12 of this Act, and ~~is subject~~  
24 ~~to subsection~~ subsections 6 through 14 of section 49-02-02 49-21-01.7 and to sections

1 49-21-01.2, 49-21-01.3, 49-21-06, 49-21-07, 49-21-09, and 49-21-10, regarding rates, terms,  
2 and conditions of access services or connection between facilities and transfer of  
3 telecommunications between two or more telecommunications companies. Nothing in this  
4 section limits the authority of the commission under chapter 49-03.1 or sections 49-04-05 and  
5 49-04-06.

6 **SECTION 2.** Five new subsections to section 49-21-01 of the 1997 Supplement to the  
7 North Dakota Century Code are created and enacted as follows:

8 "Competitive local exchange company" means any telecommunications company  
9 providing local exchange service, other than an incumbent local exchange carrier,  
10 whether by its own facilities, interconnection, or resale.

11 "Eligible telecommunications carrier" means a telecommunications company  
12 designated under section 214(e) of the federal act as eligible to receive universal  
13 service support in accordance with section 254 of the federal act.

14 "Federal act" means the federal Communications Act of 1934, as amended by the  
15 federal Telecommunications Act of 1996 [47 U.S.C. 151 et seq.].

16 "Incumbent local exchange carrier" means a telecommunications company that  
17 meets the definition of section 251(h) of the federal act.

18 "Rural telephone company" means a telecommunications company that meets the  
19 definition of section 153(37) of the federal act.

20 **SECTION 3.** A new subsection to section 49-21-01.1 of the 1997 Supplement to the  
21 North Dakota Century Code is created and enacted as follows:

22 Private line transport service.

23 **SECTION 4.** Subsections 5, 6, and 7 of section 49-21-01.3 of the 1997 Supplement to  
24 the North Dakota Century Code are created and enacted as follows:

25 5. The monthly price of residence service for group I telecommunications companies  
26 defined in subsection 2 of section 49-21-01 may be increased after July 31, 1999,  
27 up to fifteen dollars and fifty cents and may be increased after June 30, 2000, up to  
28 eighteen dollars. A telecommunications company increasing prices under this  
29 subsection must submit a report to the commission reasonably demonstrating that

1           it reduced the prices of its intrastate intraLATA message toll service and intrastate  
2           switched access, as such prices existed on January 1, 1999, in aggregate by an  
3           annual amount not less than the annual revenue increase resulting from the  
4           service price increases under this subsection. Reductions in message toll and  
5           switched access prices attributable to the price increases under this section must  
6           be made by similar percentages as to be accomplished in a competitively neutral  
7           manner. The commission may review the report and may set aside pursuant to  
8           section 49-21-06 the prices of intraLATA message toll service and intrastate  
9           switched access if the reductions have not been made in a revenue neutral  
10           manner and by similar percentages. Prices set aside pursuant to this section  
11           remain effective until the effective date of revised prices filed by the  
12           telecommunications company within forty-five days of the commission's order.

13           6. The commission may investigate an increased price allowed pursuant to  
14           subsection 5 and may set aside all or part of the increase if it finds the price is  
15           unfair or unreasonable, provided a price for residence service at or below the price  
16           in effect on January 1, 1999, may not be set aside under this subsection or section  
17           49-21-06. The commission may not set aside all or part of an increased price as  
18           unfair or unreasonable if the commission determines after notice and opportunity  
19           for hearing the average cost of providing residence service, as calculated under  
20           either representative embedded or forward-looking economic cost methodologies,  
21           including shared and common costs, exceeds the price resulting from the increase.

22           7. Subject to the limitations of this section, nothing in this chapter prohibits an  
23           incumbent local exchange carrier from deaveraging local exchange service prices  
24           provided the incumbent local exchange carrier agrees to amend its commission  
25           approved interconnection agreements to allow for deaveraged interconnection  
26           prices effective concurrently with the deaveraged retail prices.

27           **SECTION 5.** Subsections 7, 8, 9, 10, 11, 12, 13, and 14 of section 49-21-01.7 of the  
28 1997 Supplement to the North Dakota Century Code are created and enacted as follows:

29           7. Act upon an application for a certificate of public convenience and necessity under  
30           chapter 49-03.1 consistent with section 253 of the federal act, provided a

- 1           telecommunications company is not required to obtain a certificate of public  
2           convenience and necessity to resell telecommunications services.
- 3           8. Mediate or arbitrate agreements for interconnection, services, or network elements  
4           under sections 251 and 252 of the federal act.
- 5           9. Approve or reject agreements for interconnection, services, or network elements  
6           under sections 251 and 252 of the federal act.
- 7           10. Receive and approve or reject a statement of generally available terms under  
8           section 252(f) of the federal act.
- 9           11. Determine whether to terminate a rural telephone company's exemption under  
10           section 251(f) of the federal act.
- 11           12. Designate telecommunications companies as eligible telecommunications carriers  
12           to receive universal service support under sections 214 and 254 of the federal act.
- 13           13. Designate geographic service areas for the purpose of determining universal  
14           service obligations and support mechanisms under the federal act.
- 15           14. Adopt rules consistent with state law as are necessary to carry out the powers in  
16           subsections 7 through 13 provided the rules may not impose obligations on a  
17           telecommunications company that are different or greater than obligations imposed  
18           under the act.

19           **SECTION 6. AMENDMENT.** Section 49-21-04 of the 1997 Supplement to the North  
20 Dakota Century Code is amended and reenacted as follows:

21           **49-21-04. Price schedules filed with the commission.** Each telecommunications  
22 company shall file with the commission in such form and detail as it may require, subject to  
23 considerations for maintaining trade secrets or commercial confidentiality:

- 24           1. Schedules showing all prices, including those prices set by contract and the  
25           individual unbundled or unpackaged price of any essential service, in effect at the  
26           time for any telecommunications service rendered to the public by such  
27           telecommunications company within this state;
- 28           2. All rules and regulations which in any manner affect the prices charged or to be  
29           charged for such service; and
- 30           3. All new prices and any price changes of essential services at least ~~sixty~~ twenty  
31           days before the effective date of the new price or price change, unless the

1           commission upon application and for good cause allows a lesser time, and except  
2           prices changed in accordance with subsection 1 of section 49-21-01.3, which will  
3           be filed at least ten days before the expiration of the thirty-day period mandated in  
4           that section. No price or price change is effective until filed in accordance with this  
5           chapter. ~~Each filing under this section must be accompanied by a fifty dollar filing~~  
6           ~~fee.~~

7           **SECTION 7. AMENDMENT.** Section 49-21-07 of the 1997 Supplement to the North  
8           Dakota Century Code is amended and reenacted as follows:

9           **49-21-07. Discrimination unlawful.** It shall be unlawful for any telecommunications  
10          company to make any unjust or unreasonable discrimination in prices, practices, or service for  
11          or in connection with like telecommunications service, or give any undue or unreasonable  
12          preference or advantage to any person or telecommunications company or to subject any  
13          person or telecommunications company to any undue or unreasonable prejudice or  
14          disadvantage in the service rendered by it to the public or to a telecommunications company, or  
15          to charge or receive for any such service rendered, more or less than the prices provided for in  
16          the schedules then on file with the commission. A telecommunications company, ~~including a~~  
17          ~~telecommunications company exempt from one or more provisions of title 49 under section~~  
18          ~~49-21-02.4~~ providing intrastate interexchange message toll services shall charge uniform prices  
19          on all routes where it offers such services. A telecommunications company providing local  
20          exchange service and message toll and private line services shall cover in its price for message  
21          toll and private line services, the price of providing access service in its own exchanges.  
22          Nothing in this chapter shall be construed to prevent any telecommunications company from  
23          offering or providing volume or other discounts based on reasonable business practices; from  
24          introducing promotional offerings, including special incentives, competitive discounts, and price  
25          waivers; from passing through any state, municipal or local taxes or fees to the specific  
26          geographic areas from which the taxes or fees originate; or from furnishing free  
27          telecommunications service or service at reduced prices to its officers, agents, servants, or  
28          employees.

29          **SECTION 8. AMENDMENT.** Section 49-21-08.1 of the 1997 Supplement to the North  
30          Dakota Century Code is amended and reenacted as follows:

1           **49-21-08.1. (~~Effective until July 31, 1999~~) Universal telephone service– Dialing**  
2 **parity - IntraLATA equal access.** ~~In order to continue to make available to all people of this~~  
3 ~~state modern and efficient telecommunications services at the most economic and reasonable~~  
4 ~~cost, the~~ The provisioning of dialing parity on an intraLATA basis, otherwise known as 1 +  
5 intraLATA equal access, may not be required to be provided by any company providing local  
6 exchange service prior to January 1, 2000. Every local exchange carrier shall provide  
7 intraLATA dialing parity no later than January 1, 2000.

8           **SECTION 9. AMENDMENT.** Section 49-21-10.2 of the 1997 Supplement to the North  
9 Dakota Century Code is amended and reenacted as follows:

10           **49-21-10.2. Quality of service - Procedure and remedies.** Any customer, and the  
11 commission on its own motion, may complain concerning the quality of service provided by a  
12 telecommunications company providing telecommunications services in the state. Any person,  
13 and the commission on its own motion, may complain concerning any violation of law or rule or  
14 order of the commission. The commission, pursuant to chapter 28-32, will provide notice of the  
15 complaint and the time and place of hearing. Whenever the commission finds, after notice and  
16 hearing in accordance with chapter 28-32, that the services of a telecommunications company  
17 are inadequate, or the company is in violation of a law, rule, or order, the commission may, in  
18 addition to the penalties prescribed in chapter 49-07, direct the telecommunications company to  
19 take whatever remedial actions are reasonable and necessary to provide adequate service or  
20 to bring the company into compliance with the applicable law, rule, or order. The commission  
21 may not adopt any rule or order under this section applicable to retail services unless the  
22 standards of service required by the rule or order are applicable to all telecommunications  
23 companies providing similar service in the relevant market area.

24           **SECTION 10.** A new section to chapter 49-21 of the North Dakota Century Code is  
25 created and enacted as follows:

26           **Construction of Facilities - Cost recovery.**

- 27           1. A telecommunications company is not required to construct, modify, or extend  
28 telecommunications facilities at the request or for the use of another  
29 telecommunications company except as required by the federal act.  
30           2. The commission must allow a telecommunications company to recover in advance  
31 from the benefited company or customer any nonrecurring costs incurred to

1           comply with a commission order, including any order issued under section  
2           49-21-10.2, for construction modification or extension of the company's network in  
3           excess of the normal course of business and primarily for the benefit of another  
4           telecommunications company or for a particular customer, and not due to any  
5           negligence or misconduct on the part of the company. This subsection does not  
6           apply to:

7           a.   Costs incurred to extend or modify a network to provide for interconnection,  
8           collocation, network access, or the sale of unbundled network elements,  
9           unless those costs are identifiable and specific to a particular end-user  
10          customer, or wholesale services to another telecommunications company  
11          under the federal act;

12          b.   Costs incurred to remedy discriminatory or unequal treatment that has been  
13          found to exist by the commission or an arbitrator; or

14          c.   Costs for which some other recovery treatment is specifically provided in  
15          federal or state law.

16           **SECTION 11.** A new section to chapter 49-21 of the North Dakota Century Code is  
17 created and enacted as follows:

18           **Prohibited acts - Arbitration.**

19           1.   A telecommunications company may not:

20           a.   Discriminate against another provider of telecommunications services by  
21           refusing or delaying access to the company's services;

22           b.   Discriminate against another provider of telecommunications services by  
23           refusing or delaying access to essential facilities on terms and conditions no  
24           less favorable than those the telecommunications company provides to itself  
25           and its affiliates. A local telecommunications facility, feature, function, or  
26           capability of the telecommunications company's network is an essential  
27           facility if all of the following apply:

28           (1)   Competitors cannot practically or economically duplicate the facility,  
29           feature, function, or capability or obtain the facility, feature, function, or  
30           capability from another source.

- 1                   (2) The use of the facility, feature, function, or capability by potential  
2   competitors is technically and economically feasible.
- 3                   (3) Denial of the use of the facility, feature, function, or capability by  
4   competitors is unreasonable.
- 5                   (4) The facility, feature, function, or capability will enable competition; or  
6                   c. Degrade the quality of access or service provided to another provider of  
7   telecommunications services.
- 8           2. A claim that a telecommunications company has violated this section may be  
9   resolved by arbitration or by a complaint filed with the commission. Arbitration of a  
10    claim must be conducted by a single arbitrator engaged in the practice of law  
11    under the rules of the American arbitration association. All expedited procedures  
12    prescribed by the American arbitration association rules apply. The arbitrator's  
13    award is final and binding and may be entered in any court having jurisdiction  
14    thereof. A complaint filed with the commission must be referred to the office of  
15    administrative hearings for hearing and issuance of recommended findings of fact,  
16    conclusions of law, and an order pursuant to chapter 28-32. Each party shall bear  
17    its own costs and attorney's fees and shall equally share in the fees and expenses  
18    of the arbitration or administrative hearing.

19           **SECTION 12.** A new section to chapter 49-21 of the North Dakota Century Code is  
20 created and enacted as follows:

21           **Competitive local exchange companies.** All competitive local exchange companies  
22 are subject to the requirements of this chapter regarding purchase of essential  
23 telecommunications services, section 49-21-01.4; access code number usage, section  
24 49-21-01.5; call identification services, section 49-21-01.6; cross subsidization, section  
25 49-21-02.2; price schedules, sections 49-21-04 and 49-21-05; price complaints, section  
26 49-21-06; discrimination, section 49-21-07; dialing parity, section 49-21-08.1; connections,  
27 sections 49-21-09 and 49-21-10; refunds, section 49-21-10.1; and quality of service, section  
28 49-21-10.2.

29           **SECTION 13. REPEAL.** Section 49-21-02.1 of the 1997 Supplement to the North  
30 Dakota Century Code is repealed.