

House Research Act Summary

CHAPTER: 261

SESSION: 2004 Regular Session

TOPIC: Utility regulation

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Overview

Chapter 261

- requires telephone companies to immediately credit a customer who informs it that directory assistance information provided by the company is incorrect;
- amends the method by which annual interest on customer utility deposits is calculated;
- repeals rules dealing with obsolete telephone equipment;
- provides for telephone companies to expand their calling areas;
- protects wireless customers from substantive contract changes to which they have not agreed;
- reduces rate regulation for certain business customers; and
- makes numerous technical changes in statutes governing cable communication systems.

Section**Article 1: Incorrect Directory Assistance**

- 1 **Definitions.** Adds a subdivision defining “local exchange carrier” as a telephone company or telecommunications company providing local exchange service.
- 2 **Credit for incorrect directory assistance.** Requires a local exchange carrier providing directory assistance for a fee, either directly or through a third party, to immediately credit a customer who informs it that the directory assistance information was incorrect.

Article 2: Utility Deposits

- 1 **Rates and deposits.** Deletes provision in current law prohibiting telephone companies from requiring deposits in excess of \$50.
- 2 **Customer deposits.** Repeals the requirement that water, gas, electric, telephone, and cable television companies pay interest on deposits above \$20 of not less than 3 percent annually. Sets the annual rate of interest that must be paid on deposits as the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the last full week in November. The commissioner of the Department of Commerce is to announce, by December 15, the rate for the coming year.
- 3 **Rules or orders superseded.** Establishes that the interest rate set in Section 2 supersedes any rate set in rule or by administrative order, thereby relieving telephone companies of the requirement under previous rule (Chapter 7810.1600) to pay an interest rate of 6 percent annually on deposits.
- 4 **Effective date.** This law applies to interest paid on deposits held as of January 1, 2005, and thereafter.

Article 3: Obsolete Rules Repealer

- 1 **Repealer.** Repeals rules dealing with obsolete telephone equipment and testing requirements.

Article 4: Extended Service Areas

- 1 **Expanded calling areas; transport facilities; terminations.**

Subd. 1. Expanded calling areas. (a) Allows a telephone company to expand its calling area by filing with the Public Utilities Commission (“commission”) any agreements to terminate calls it has entered into with other telephone companies or telecommunications providers under subdivision 3. Calling to these expanded areas must be optional. The company may determine the scope of expanded calling, the price, and whether to offer it alone or in combination with other services, subject to sections 237.06 (requiring rates to be “fair and reasonable”) and 237.09 (prohibiting rate discrimination).

(b) Requires prices for expanded calling services to exceed the variable cost of providing them, whether alone or bundled, on an aggregate basis. A telephone company is not required to file any cost information before implementing its prices, and must only file such information if requested by the Department of Commerce, the Office of the Attorney General, or the commission. Customers must be notified of

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local service options and prices, with and without expanded calling, and the company must clearly delineate the difference between the expanded and local calling areas. Companies are not required to offer unlimited flat-rate calling to these expanded areas.

(c) Provides that a rate increase or substantial change in terms and conditions of the expanded calling service is effective 30 days after a company files notice with the commission and 30 days after it notifies affected customers. Rate decreases may be effective immediately upon filing; minor changes to terms and conditions may be effective immediately upon filing and upon notice to customers. These provisions do not apply to extended area service or to past or future calling areas established by order of the commission. The obligation of a telephone company or telecommunications carrier to offer unlimited flat-rate calling in the local or expanded calling area is not limited by this section.

Subd. 2. Obtaining transport, switching facilities. Allows a telephone company to construct, purchase, lease, or rent transport and switching facilities to provide expanded calling. If agreements with other telephone companies or telecommunications carriers regarding prices, terms, and conditions for the use of transport facilities subject to the commission's jurisdiction cannot be reached, the company or carrier may petition the commission under section 237.12 for resolution.

Subd. 3. Termination of expanded calling traffic. Permits a telephone company providing an expanded calling area to enter into an agreement to terminate calls with telephone companies and telecommunications carriers providing service within the expanded area. Compensation for termination must be the intrastate access charges of the company or carrier, or other agreed-upon rates. Two companies providing expanded calling between their service areas may enter into "bill and keep" arrangements for exchange of the expanded calling traffic. All termination agreements shall be filed with the commission, and their prices, terms, and conditions publicly disclosed, so that other terminating carriers providing similar services in those exchanges may elect to adopt them.

Subd. 4. Amending or terminating expanded calling service. Allows a telephone company to amend or terminate expanded calling service upon 30 days written notice to customers, the commission, and other companies and carriers providing local service in the expanded area. The notice to customers of an amendment to or termination of an expanded calling area must clearly explain the changes and identify that calls outside the expanded calling area will be billed at the customer's long distance rate.

- 2 Annual universal service funding certification.** Requires the commission to apply identical standards and criteria to all telecommunications carriers in determining eligibility for continued receipt of federal universal service funding.

Article 5: Wireless Consumer Protection

- 1 Consumer protections for wireless customers.**

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Subd. 1. Definitions. Defines terms used in this section, including “contract” and “provider.” A “substantive change” is defined as a modification to, or addition or deletion of, a contract term or condition that could result in a price increase or an extension of the contract term, excluding an increase in taxes or fees.

Subd. 2. Copy of contract. Requires a wireless service provider to provide a customer with a written, or, at the customer’s request, an electronic, copy of a customer’s contract within 15 days after the date it is entered into. A provider is required to maintain verification of the customer’s acceptance of the contract for the duration of the contract.

Subd. 3. Provider-initiated substantive change. Requires a wireless service provider to notify a customer in writing 60 days in advance of any substantive change in the contract’s terms or conditions. The change only becomes effective if the customer affirmatively accepts the change in writing prior to the proposed effective date or by oral authorization recorded and maintained by the provider for the duration of the contract.

Subd. 4. Customer-initiated change. Requires a provider to clearly disclose to a customer any substantive change to the existing contract terms that would result from implementing a change in contract terms proposed by the customer. The change is only effective if the provider accepts it and the customer accepts any resulting changes in the contract. A provider must maintain recorded or electronic verification of the disclosure for the duration of the contract.

Subd. 5. Expiration. This section expires August 1, 2007.

2 Effective date. Section 1 is effective July 1, 2004, and applies to contracts entered into on or after May 1, 2004.

Article 6: Reduced Rate Regulation

1 Reduced rate regulation for certain business customers.

Subd. 1. Business customer; defined. Defines a “business customer” as a customer subscribing to four or more business lines.

Subd. 2. Competitive area; defined. Defines a “competitive area” as an exchange located in the metropolitan area extended area service toll-free calling area, or in the cities of Duluth or St. Cloud.

Subd. 3. Reduced rate regulation. Prohibits rate and price restrictions on local telephone services to a business customer in a competitive area.

Subd. 4. Protection from anticompetitive pricing. Prohibits a telephone company from pricing local telephone services governed by subdivision 3 below the total service long-run incremental cost of providing the service.

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Subd. 5. Enforcement. Allows the commission to use its investigatory powers (section 237.081) to examine violations or suspected violations of this section, as may the commissioner of the Department of Commerce. Sections 237.461 (civil penalties) and 237.462 (administrative penalty orders) apply to violations of this section.

2 Authority to issue penalty orders. Extends the commission's authority to issue administrative monetary penalties for knowing and intentional violations of section 1 and any rules adopted under it, or any standards, limitations, or conditions established in a commission order pursuant to that section.

3 Sunset. Extends the expiration of the enforcement provisions referenced in section 1, subdivision 5 and section 2 to August 1, 2005.

4 Public Utilities Commission responsibilities. Requires the commission to develop, in consultation with the Department of Commerce and the Office of the Attorney General, a means to resolve complaints of small consumers seeking monetary reimbursement. The commission is also required to develop and recommend to the legislature a plan to increase the number of company plans offering flat-rate statewide calling and to reduce their cost. Both tasks are to be completed by January 15, 2005.

5 Expiration. This article expires August 1, 2010.

Article 7: Cable System Changes

1 Cable communications system. Makes numerous technical changes to statutes governing the regulation of cable communications systems. Strikes requirements in franchise provisions relating to engineering, design, permitting, and construction schedules. Specifies conditions requiring the provision of additional public access channels and the minimum equipment that must be provided for public use. Repeals various statutes governing cable communications systems.