

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS.

HB 1036

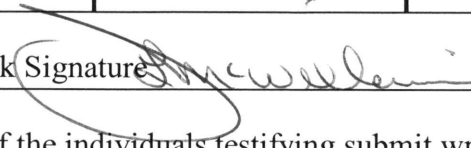
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1036

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-8-1999

Tape Number	Side A	Side B	Meter #
1	X		0 to 54.3
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein: Chairman of the GVA Committee opened the hearing on January 8, 1999.

Summary of the Bill: Relating to the power of the PSC to address the year 2000 computer problem.

Testimony in Favor:

Mr. Jeff Nelson, Legislative Council, appeared before the committee to explain the bill and is neutral from a personal standpoint. (**please refer to his** testimony) He served on the interim committee as the LC staff attorney. The committee monitors and reviews the Y2K problem. The committee received testimony from the PSC that the commission was taking appropriate steps to address the Y2K problem and is surveying all regulated electric gas and telephone utilities in order to address the current levels of awareness, planning and preparation. The electric utilities

committee is therefore recommending this bill which would create and add a new section chapter 49-02 of the century code. This contains the general powers and authority of the PSC to regulate utilities in the state. Also would contain an expiration date and would declare an emergency.

This would not extend the jurisdiction to municipal utilities or cooperatives, so this is an exception to that. So in other words municipals and cooperatives would come under the authority to monitor Y2K compliance. The bill would go into effect immediately if passed by the legislature, rather than the August 1 date in order to give the PSC a jump on this.

Representative Hawken, Wouldn't this create just more paper work?

Nelson, I would defer on this to one to the people from the PSC.

Mr. Chuck Johnson, Attorney for the PSC appeared before the committee in support of this bill.

He submitted a written testimony which he read in it's entirety (**please refer to his testimony**).

As far as the paper work is concerned, we haven't anything to go on. We get pretty much a summary of what information is being prepared and presented. Some of the utilities are responding on a national level do to Congress and it's concern with this issue.

Representative Klemin, What does the PSC do with this information and why do you need it?

Johnson, The best we can do is deal directly with the company and encourage them to address the issue and be more responsive. This is not the PSC's bill, it's the electric commissions bill. I am not sure what they want to see as a result of this. Maybe just to be more aware of the Y2K.

Representative Klemin, As I understand it there are other entities that have some authority in respect to it?

Johnson, I am not sure what authority they have over their members.

Representative Klemin, What's the point, if the PSC doesn't know what their going to do with the information and why do we want to require it?

Johnson, Maybe a member of the electric committee could address this question for you.

Representative Winrich, Basically your collecting this information already?

Johnson, Yes, we are gathering information now. The utilities/cooperatives have been very responsive to our requests.

Representative Hawken, Is this necessary legislation? If everyone is cooperative and their all doing it, why do we want to put it into century code? Even for two years.

Johnson, I would prefer to refer it to the electric committee.

Representative Thoreson, How does the fine go into effect?

Johnson, First the commission would send out a request for information. If the utility didn't respond, the commission could issue a formal order. If the utility then did not respond, the commission could fine the utility.

Mr. Jerry Lean, Engineer for the PSC appeared before the committee and stated only if it would become a problem would this be necessary.

Mr. Marlin Johnson, Ottertail Power appeared before the committee and stated that his company makes out monthly reports and sends them to PSC along with their meetings when they address these concerns.

Representative Klein, At the present time ND electric system could be fragmented between some various public utilities. Would this bill function to bring them all into the same arena and address this type of problem.

Johnson, I would think so. You would probably know more about the intent of the legislation.

Mr. Harlin Fugelson, ND Association of Rural Electric Cooperatives appeared before the committee and said they take no opposition to this bill. Our association is active in the Y2K activities and it's compliance.

Representative Klein, Why are we doing it?

Fugelson, I think it's important to keep our eye on the ball regarding Y2K.

Representative Klemin, What's the point to send this to the PSC, if they aren't going to do anything about it?

Fugelson, It's not our bill, but we don't have any opposition to it. Many members of the public are interested in what the electric industry is doing about it (year 2000). The paper work is already being generated by us internally for our own assurances that we are actively involved in this issue.

Representative Klein, The concern from the public would be addressed to the PSC, wouldn't you agree?

Fugelson, That is obviously true. The PSC is a central focus for the utility companies.

Representative Metcalf, It says that the PSC may request information, it doesn't say it will request information. Maybe it's more of a contingency. That's just a thought.

Nelson, Legislative Council, yes it is. To make aware public awareness. In state clearing house of this information.

Representative Klemin, Are there any public utilities that are not complying with this now?

Nelson, The companies are complying. It hasn't been a problem.

Representative Johnson, The commission can fine the utilities. As we get closer I think it's a public concern.

Representative Carlson, Chairman of the Electric Utilities Commission appeared before the committee to explain the bill and submitted amendments. We have to make sure that on Jan 1. in the year 2000 when it's 30 below that all the utilities are functioning. Need someone to watch over and make the contacts to see that the utilities are all functioning. On line 9, were going to insert the word public or municipal. Municipals have their own public utilities and we must see that they are functioning in the year 2000.

Representative Klemin, What is the purpose of sending all of this information to the PSC if they have now authority to do anything about it.

Carlson, If we have some central place to have this information available, not only us as a committee, but as a legislative body to go to that and say we have a concern. What have they done and this is a good initiative to get them on line. The PSC is the logical place for this to assembly this information.

Representative Hawken, It already seems that everyone is already giving them the information that they want. Why do we want to put in another law if everyone is already doing what we are asking them to do? Cant make them do it.

Carlson, It could be considered nonessential. But if you have one ND citizen that loses power. He's going to wonder why this hasn't been addressed. It's up to this committee to decide. But we as a committee thought it should be addressed.

Representative Thoreson, Volunteer or mandatory?

Carlson, It's a crucial issue in the environment we live in. Someone needs to gather the information. It's a logical to have the PSC doing this. If the people are going to call, the first call is the utility and the second call is the PSC.

Representative Brekke, This is a serious problem and there's no time line. It seems to me when you have a situation like this, you don't wait till December 99 to take up the issue.

Representative Carlson, That may be an issue you could address. We were hoping the PSC could do this without us doing it by stature.

Mr. David Crothers, ND Association of Telephone Cooperatives appeared before the committee and agrees about the public awareness and using the PSC as a central clearing house. However it would be negligent if that information was not required. I disagree that there is a need for a statute. He submitted a handout which he read over and made reference to (**please refer to his handout**). We have the cooperation already. We believe that this might be a solution without a problem.

Representative Klemin, What do you think of all the penalty provisions that are in this?

Crothers, I understand the concept of legislative law, but this isn't very well tailored. The PSC already has a positive response from the utilities/cooperatives.

Representative Winrich, This legislation is basically permissive and I am not sure it anticipates the PSC will be collecting anymore information than it already does. But, in the case that the information that it is collecting, it finds some sort of incompatibility or potential problem, then the PSC could have the authorization to investigate the situation further. Is this not a reasonable provision of the law, to insure this?

Crothers, Nothing will prevent the PSC from requesting further information anymore than the surveys they are already sending. We work with one another on these issues.

Susan Welfald, Public Service Commissioner stated that there are preparations being given for the Y2K problem. We will be getting questions from the public and for this reason we are in

support of this bill. The PSC would do our best to get the information if we do not have this legislation, but would be better to have this in place for that particular type of situation.

Representative Klemin, What kind of response are you getting from the surveys your doing?

Welfald, Were getting about 85% response.

Representative Cleary, As far as the deadline is concerned, wouldn't you be able to do this by administrative rules?

Welfald, Yes. Companies do need some sort of lead time.

Representative Haas, I would like to know if any of the utilities/cooperatives have been communicating with their customers and how so?

Ms. Lynette Pederson, NSP, yes we have a web site, flyers and meetings in cities.

Crothers, Yes we do by newsletter and meetings

Fugelson, We have magazines REC and RTC that respond to this issue and all of our customers received this.

Representative Klein, Closed the hearing on HB 1036. Tape 1, Side A, Meter # 54.3

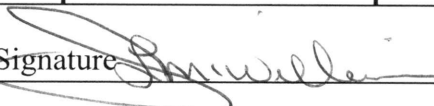
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1036

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-14-1999

Tape Number	Side A	Side B	Meter #
2		X	44.5 - 56.2
3	X		0 - 3.0
Committee Clerk Signature 			

Minutes: Committee work, this is a continuation of the hearing that was held on 1-8-1999.

Representative Klein, Reopened the hearing on HB 1036.

Summary of the Bill: Relating to the power of the public service commission to address the year 2000 computer problem.

Representative Klein, Submitted amendments to the committee. I spoke with the ND rural telephone association and even though they were against the bill, they stated to me that it's really not a big deal with them. This bill is an awareness bill/issue to be able to respond to this issue.

Committee Action:

Representative Winrich, Made a motion to move the amendment Do Pass.

Representative Grande, Seconded the motion.

Motion Passes: Do Pass (vocal).

Representative Cleary, Made a motion for a Do Pass on the amended bill.

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1036

Hearing Date 1-14-1999

Representative Winrich, Seconded the motion.

Motion Passes: Do Pass **11-2-2**.

Representative Klein, Is the carrier for the bill.

90110.0201
Title.0300

Prepared by the Legislative Council staff for
Representative Klein
January 7, 1999

VR
1/15/99

HOUSE AMENDMENTS TO HOUSE BILL NO. 1036 GVA 1-18-99

Page 1, line 9, after "public" insert "or municipal"

Renumber accordingly

Date: 1-14-99
~~1-14-99~~

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1036

House GOVERNMENT AND VETERANS AFFAIRS Committee

- Subcommittee on _____
- or
- Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By CLEARY Seconded By WINRICH

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY	✓				
REP. DEVLIN		✓			
REP. FAIRFIELD	✓				
REP. GORDER					
REP. GRANDE	✓				
REP. HAAS		✓			
REP. HAWKEN					
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 11 No 2

Absent 2

Floor Assignment KLEIN

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

REPORT OF STANDING COMMITTEE (410)
January 16, 1999 6:37 a.m.

Module No: HR-10-0726
Carrier: Klein
Insert LC: 90110.0201 Title: .0300

REPORT OF STANDING COMMITTEE

HB 1036: Government and Veterans Affairs Committee (Rep. Klein, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (11 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1036 was placed
on the Sixth order on the calendar.

Page 1, line 9, after "public" insert "or municipal"

Renumber accordingly

1999 TESTIMONY

HB 1036

HB 1038

Electric Industry's Y2K Confidence Has Doubters

By KATHRYN KRANHOLD

Staff Reporter of THE WALL STREET JOURNAL

After a slow start, the electric industry says it's on track in addressing year 2000 computer problems, but others aren't as confident in the utilities' readiness to roll into the new century.

The North American Reliability Council, the industry group that oversees the electric system's reliability, is scheduled to submit a report today to the U.S. Department of Energy providing an update on the status of testing and remediation by the nation's utilities at more than 10,000 power plants, as well as 200 centers that control the flow of electricity to the transmission system.

Officials working with the council said the industry has found few serious problems to date.

Jon Arnold, chief technology officer of Edison Electric Institute in Washington, the industry's main trade organization, said nearly 50% of the utilities have finished testing and correcting critical software that operates the plants and the nation's transmission system. He said all of the utilities, including municipal, rural cooperatives and the large investor-owned companies, are expected to complete their testing and repairing of any problems by June 30.

"Our confidence is growing. The impact is minimal. We're not finding much of anything," said Mr. Arnold, a self-described "alarmist" in the industry who has been working on the computer issue since 1995.

Overall, utilities are spending about \$2 billion on testing computer systems, and replacing software and equipment, according to industry estimates.

The ability of utilities to deal with the year 2000 computer problem has been a major preoccupation for Congress and others, because of the enormous consequences to everyday life if the power goes out. North America's electric system is connected by a transmission grid that spans from San Diego to Nova Scotia. One utility's glitch could theoretically cause a cascading effect over many parts of the

Mega-Bites

Utilities reporting the biggest expenditures for dealing with the Year 2000 computer problem, in estimated cost per share

GPU	\$0.63
BEC Energy	0.38
PG&E	0.37
First Energy	0.29
Pub Service New Mexico	0.28
New England Electric	0.27
Wisconsin Energy	0.27
Pub. Svc. Enterprise	0.24
New Century Energies	0.22
DTE Energy	0.21-0.31

Note: Preliminary estimates, includes operating and capital costs

Sources: Merrill Lynch, SEC filings

country.

Regulators and analysts have been fretting that many utilities aren't responding to the issue with sufficient speed or resources. In December, Merrill Lynch & Co. analyst Steve Fleishman said in a report that the utility industry was still behind schedule in terms of testing its systems. He based his analysis on how much money the industry had spent to date on addressing the problem, and how much the electric industry estimated it would have to spend.

"While the industry appears to be largely on track, it is a bit concerning that the majority of budgeted costs still lies ahead," he wrote.

While companies have been working on the computer systems, most haven't yet started testing their power plants to determine whether they will keep running once the computer clocks roll over. Mr. Arnold said many of the utilities are waiting until the spring to do so, when the demand for electricity is low and plants are turned off

for routine maintenance.

The industry's optimistic outlook isn't convincing everybody. Edward Yardeni, chief economist with Deutsche Bank Research, said he doesn't trust the industry's assessment, because there have been no outside audits of their systems. "Self-reporting does not give me a real warm, fuzzy feeling," he said.

State regulators are also stepping up their oversight. The Indiana Utility Regulatory Commission launched a formal investigation in November, for example, but less than 50% of the 800 utilities had responded to their inquiries by the deadline in December, said Mike Leppert, a spokesman for the commission. Those 800 utilities include water, electric, natural gas and telecommunications.

Mr. Leppert said the commission expects to take further action this week against those utilities that have not responded to the commission.

Electric utilities, which once operated mostly manually, have become more computerized over the years. Computers monitor the many functions of a power plant, and there are also computer chips embedded in systems connected to the power plants.

For example, Avista Corp., the Spokane, Wash., utility, said it identified 550,000 systems with embedded chips. Of those, less than 3,000 had a date associated with them, and less than 300 needed fixing, said Jeff Brune, Avista's project manager for the year 2000.

If worst comes to worst, utilities said they could run plants manually. Public Service of New Mexico said it is preparing to call back retirees to help if they are short-staffed. But Southern Co.'s Mike McClure, who is director of the company's year 2000 program, said utilities can only operate manually for so long before they need the computer system to be back functioning. "I liken it to when you're driving your car and have no instruments," Mr. McClure said.

The Electric Utilities Committee was created by House Bill No. 1237 (1997) to study the impact of competition on the generation, transmission, and distribution of electric energy within this state. House Bill No. 1237 (1997) is codified as North Dakota Century Code (NDCC) Sections 54-35-18 through 54-35-18.2. Section 54-35-18 states that the Legislative Assembly finds that the economy of North Dakota depends on the availability of reliable, low-cost electric energy and that there is a national trend toward competition in the generation, transmission, and distribution of electric energy and that the Legislative Assembly acknowledges that this competition has both potential benefits and adverse impacts on the state's electric suppliers as well as on their shareholders and customers and citizens of this state.

Section 54-35-18.1 outlines the composition of the committee and directs the committee to study the impact of competition on the generation, transmission, and distribution of electric energy within this state and on this state's electric suppliers. Electric suppliers include public utilities, rural electric cooperatives, municipal electric utilities, and power marketers.

Section 54-35-18.2 outlines the study areas that the committee is to address in carrying out its statutory responsibilities. This section provides that the committee is to study the state's electric industry competition and electric suppliers and financial issues; legal issues; social issues; issues related to system planning, operation, and reliability; and identify and review potential market structures. Also, although many states are studying the restructuring of their electric industries, this section requires the committee to review two areas unique to North Dakota that other states may not have addressed: (1) to what extent power produced by the Garrison Dam should be taxed by the state, and (2) the source and cost of power supply to the state's Indian reservations.

Committee members were Representatives Al Carlson (Chairman), Robert Huether, and Matthew M. Klein and Senators Randel Christmann, Pete Naaden, and Larry J. Robinson.

The committee submitted this report to the Legislative Council at the biennial meeting of the Council in November 1998. The Council accepted the report for submission to the 56th Legislative Assembly.

ELECTRIC INDUSTRY RESTRUCTURING

Background

House Bill No. 1237 (1997) reflected the Legislative Assembly's concern that the electric industry is changing rapidly and that if competition is to be introduced into North Dakota, it should be done in a fair and equitable manner. Nationally, builders of new technology generating plants, the natural gas industry, and states with

high electric rates or excess generating capacity are promoting electric industry restructuring. Arguments put forward for restructuring or implementing competition in the electric industry include greater customer choice, the possibility that open competition may lower costs, generating efficiency may be encouraged through competition, and capital is allocated by the marketplace. However, risks and challenges of retail competition include maintaining reliability of supply, pricing outcomes in which some customers may benefit at the expense of others, and allocating stranded costs. The impetus for electric industry restructuring has also come from large industrial and commercial energy users that are opposed to subsidizing residential electricity users. For example, some industrial users are paying 150 percent of the actual cost of providing energy to those users, while residential customers are only paying 60 to 70 percent of the actual cost of providing energy to them.

The committee learned that competition is growing because of an awareness that generation, unlike transmission, does not have to be a monopoly business; a belief that market forces can produce lower electricity prices than can the oversight of regulators; enactment of the Public Utilities Regulatory Policy Act which showed that nonutility generators can often compete successfully with utilities; and enactment of the Energy Policy Act of 1992, which allowed independent power producers to enter the power market without onerous regulation. Also, the committee learned competition is growing because of changes in technology and fuel prices that make power from many new generating plants cheaper than power from existing plants and adoption of the Federal Energy Regulatory Commission's open access rules in 1996, Federal Energy Regulatory Commission Order Nos. 888 and 889. The committee learned that these open access rules have created a vigorous competitive market for wholesale electricity, and this has stimulated demand for retail competition.

Traditional Rationale for Regulation

Under the current industry structure, electricity is provided to retail customers by utilities that have geographic monopolies on the provision of electric service within their service territories. Customers within a utility's service territory must purchase all of their electric services from that utility. These services include generation, transmission, distribution, customer service, meter reading, demand-side management, and aggregation and ancillary services.

Generally, three major types of electric utilities exist. These are investor-owned utilities, municipal and other government-owned utilities, and rural electric cooperatives. States regulate investor-owned utilities regarding their profits, operating practices, and pricing to end-use retail customers, while the Federal Energy Regulatory Commission (FERC) governs the pricing of wholesale

minimize disputes between electric suppliers—because the Act leads to a wasteful duplication of electrical facilities and increases, rather than minimizes, the likelihood of disputes between electric suppliers.

Representatives of the state's rural electric cooperatives responded that the Territorial Integrity Act is working well and is serving the purposes for which it was enacted. The committee received testimony that the state's investor-owned utilities have exclusive territories within the state's municipalities that the rural electric cooperatives cannot penetrate and that the Act avoids the costly duplication of utility infrastructure. Representatives of the rural electric cooperatives responded that the Territorial Integrity Act provides for consumer choice, but this private choice must also be in the public interest. They noted that there is substantial undeveloped land within the service territories of the investor-owned utilities while there is an outmigration of population in the rural areas and a corresponding decline in electrical usage. They testified that if it were not for some larger industrial and commercial loads, and some growth around cities in areas that were previously rural, rural electric cooperatives would have experienced a substantial decline in their sales, and it makes no sense to expand investor-owned utility territorial growth at the expense of the rural electric cooperatives that have made a huge investment to serve rural North Dakota. Representatives of the rural electric cooperatives responded to the charge that investor-owned utilities are competitively disadvantaged by the Territorial Integrity Act by testifying that since enactment of the territorial integrity law, investor-owned utilities have continued to grow in customers and revenue and that investor-owned utilities have not lost market share to rural electric cooperatives.

Representatives of the rural electric cooperatives also argued that the Territorial Integrity Act is not responsible for rural electric cooperative expansion into urban areas;

that rural electric cooperatives can continue to serve their traditional service areas even when these areas become urbanized; that the growth of the local rural electric cooperative around Fargo is overstated; and that rural electric cooperatives are not precluded from competition because they have obtained Rural Utilities Service—formally Rural Electrification Administration—loans.

Year 2000 Problem

The committee also monitored the year 2000 (Y2K) computer problem as it affects the state's electric utility industry. The committee received testimony from the Public Service Commission that the commission is taking appropriate steps to address the Y2K problem. The commission is monitoring the efforts of the Midcontinent Area Power Pool Y2K Task Force. The task force was formed in February 1998 to coordinate Y2K efforts with the Midcontinent Area Power Pool members and other National Electricity Reliability Council regions. The intent is to facilitate a sharing of information so that work is not duplicated and opportunities to correct problems are not missed. The commission is surveying all regulated electric, gas, and telephone utilities in order to aid the commission is assessing current levels of awareness along with planning and preparation efforts.

Recommendation

The committee recommends House Bill No. 1036 to give the Public Service Commission authority to request from any North Dakota electric, gas, telephone, or pipeline public utility and generation and transmission rural electric distribution cooperative status reports, contingency plans, and information on steps taken by that utility or cooperative to ensure that the state's utilities are addressing the year 2000 computer problem in a timely manner. The bill is effective through July 31, 2001, and contains an emergency clause.

HB 1036

Presented by: Charles E. Johnson
Public Service Commission

Before: Government and Veterans Affairs Committee
Representative Matthew M. Klein, Chairman

Date: January 8, 1999

TESTIMONY

Mr. Chairman and committee members, I am Charles E. Johnson, an attorney with the Public Service Commission (Commission). I appear on behalf of the Commission in support of H.B. 1036.

The Public Service Commission supports this bill, which allows the Commission to request Y2K information from North Dakota utilities.

The Commission has asked the utilities for Y2K status reports in the past and the utilities have responded even though the Commission does not have specific authority to require the filing of such information from municipal or rural cooperative electric or rural cooperative or small telecommunications companies. This bill would allow the Commission to request such information of all utilities.

The Commission would like to emphasize that this bill only allows the Commission to request Y2K information so that the Commission can monitor a utility's progress in addressing potential Y2K problems. The companies themselves must take affirmative action to address the problems and assure that

they are Y2K compliant. This bill does not authorize the Commission to order such companies to take action.

During the interim Electric Committee meetings the question was asked as to what authority the Commission had to enforce this bill. Under N.D.C.C. Section 49-07-01.1, the Commission can fine a company up to \$5000 for failing to obey an order of the Commission requesting Y2K information.

Mr. Chairman, that concludes my testimony. I would be happy to respond to any questions from the committee at this time.

SIs/Legal/HB1036Testimony1999.doc

DAVID
CROTHERS Handout
HB 1036 1-8-99



Public Service Commission
State of North Dakota

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Bismarck, North Dakota 58505-0480
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Fax 701-328-2410
Phone 701-328-2400

COMMISSIONERS

Leo M. Reinbold
President
Bruce Hagen
Susan E. Wefald

April 2, 1998

North Dakota Gas, Telephone, and Electric Companies

Executive Secretary
Jon H. Mielke

Dear Company Manager:

The Public Service Commission is concerned about potential effects that the Year 2000 (Y2K) computer problem could have on utility operations.

There will be problems with computers and electronic control systems between now and the year 2000. Computers and control systems may have a difficult time handling dates beyond 12/31/99. Not all experts agree on the exact extent of the problems but they do agree that the **problems will be substantial and far reaching**. Therefore, we urge you to **act now** to minimize your exposure to the serious consequences associated with computer dates and the year 2000.

In addition to hardware and software problems with standard computer systems, there is a potentially more damaging problem lurking in the shadows. Over the last couple of decades, control systems in everything from coffee pots and VCR's to electrical power systems have been computerized. These imbedded control systems are where year 2000 dates may pose even greater risks than in mainline computer systems. The reason for this is the sheer number of control systems operating, the varied purpose and manufacture, and the fact they are often overlooked when thinking of computers and the year 2000. Small as they may be, if they do calculations with dates, they may fail.

There are many sources for information on this problem and related remedies. Remember, it is not only the programs you have written which must be checked for the year 2000 date compliance. It also involves any programs you have purchased and the computer hardware and operating systems they run on. The most immediate course of action for purchased products is to contact the manufacturer and determine if the product is year 2000 compliant. Also note that some systems may experience problems before 1/1/2000, especially if they must handle dates beyond this century.

We request that you complete the attached survey with brief answers regarding what steps your company is taking to address the problem. If possible, we would appreciate your response by May 4, 1998.

Year 2000 Computer Issue
April 2, 1998
Page 2

The Commission has several links on its web page containing further information. The Commission's web page can be found at www.psc.state.nd.us. Thank you for your immediate attention to this important matter. If we can be of any assistance to you as you proceed, or if you have questions about this matter, please do not hesitate to call or write.

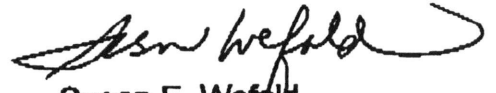
Sincerely,



Bruce Hagen
Commissioner



Leo M. Reinbold
President



Susan E. Wefald
Commissioner

Y2K Readiness Survey

Company: _____

Respondent: _____

Phone: _____

E-mail: _____

Y2K Program Manager: _____

Phone: _____

E-mail: _____

1. Does your company have a formalized Y2K program? If so, when was the program adopted? Please attach a brief description of the program.

2. How many personnel are involved in the Y2K program on a full time basis?

3. At what stage of the Y2K program is your company, and where applicable what percentage has been completed?
 - Launch
 - Inventory
 - Assessment
 - Repair \ Remediation
 - Testing
 - Finished

4. When do you expect your company to be Y2K compliant?

5. Is your company outsourcing some or all of its Y2K effort?

6. Is your company going to use an outside Y2K auditing team for testing and verification? If so, who; if not, why not?

7. How many personnel and how long did it take or will it take to complete discovery of what devices need to be fixed or replaced?
8. If the discovery process is underway or complete, what kinds of devices have been found in need of repair or replacement? Are they critical devices?
9. Do you feel your company has enough information about potential Y2K problems to assess vulnerability?
10. How much has or does your company expect to budget for its Y2K project.
11. Upon completion, to what extent will the Y2K plan allow access to old data and software that were archived?
12. Does the Y2K plan consider the Y2K compliance of other entities with which you do business – for example fuel suppliers and transportation?
13. 1900 was not a leap year. Does the Y2K project take into account that 2000 is a leap year?
14. What plans does your company have to maintain continuous operations or minimize interruptions in the event Y2K efforts are not completed in time or are not completely successful?

15. Has any testing for Y2K compliance been completed? If so, what were the overall results?

16. Does your customer billing system have a reality check that draws attention to unreasonable charges?

17. Have you inventoried systems or programs that have internal date projections that may be affected by Y2K problems prior to January 1, 2000? If so, what were the results?

18. Does your company require that vendors and suppliers certify Y2K compliance?

19. What support is available from your existing equipment vendors?

20. For electric utilities, at what stage of the Y2K plan are each of the following presently in and which have been given the highest priority?

- a. Billing systems
- b. SCADA
- c. Generation and controls
- d. Human resource systems
- e. Transmission and distribution operations
- f. Embedded controls
- g. Other _____

21. For telephone utilities, at what stage of the Y2K plan are each of the following presently in and which have been given the highest priority?

- a. Billing systems
- b. Human Resource systems
- c. Embedded controls
- d. Signaling systems
- e. Switching systems
- f. Operator Services
- g. Operational Support systems
- h. Transmission systems
- i. Other _____

22. For telephone utilities, have your switch vendors made any necessary software/hardware upgrades available yet?

Y2K Readiness Survey

Company: BEK COMMUNICATIONS COOP. & BEK I

Respondent: DEAN PRIEBE, FINANCIAL MGR.

Phone: 701-475-2361

E-mail: deanbek@daktel.com

Y2K Program Manager: same

Phone: _____

E-mail: _____

1. Does your company have a formalized Y2K program? If so, when was the program adopted? Please attach a brief description of the program.

NO

2. How many personnel are involved in the Y2K program on a full time basis?

-0-

3. At what stage of the Y2K program is your company, and where applicable what percentage has been completed?

- Launch
- Inventory
- Assessment
- Repair \ Remediation
- Testing
- Finished

4. When do you expect your company to be Y2K compliant?

June of 1999

5. Is your company outsourcing some or all of its Y2K effort?

No

6. Is your company going to use an outside Y2K auditing team for testing and verification? If so, who; if not, why not?

No. we will set dates ahead and check leap year at same time.

- 7. How many personnel and how long did it take or will it take to complete discovery of what devices need to be fixed or replaced?

2 people - discussion with all employees and took physical inventory
two weeks part time spent

- 8. If the discovery process is underway or complete, what kinds of devices have been found in need of repair or replacement? Are they critical devices?

Individual P.C.'s - schedule change out before June 1999

- 9. Do you feel your company has enough information about potential Y2K problems to assess vulnerability?

Yes

- 10. How much has or does your company expect to budget for its Y2K project.

6 P.C. Computers
\$20,000

- 11. Upon completion, to what extent will the Y2K plan allow access to old data and software that were archived?

All data should be accessible

- 12. Does the Y2K plan consider the Y2K compliance of other entities with which you do business - for example fuel suppliers and transportation?

NCDC who does our telephone billing and CABs (Carrier Access Billing)

- 13. 1900 was not a leap year. Does the Y2K project take into account that 2000 is a leap year?

Yes

- 14. What plans does your company have to maintain continuous operations or minimize interruptions in the event Y2K efforts are not completed in time or are not completely successful?

All plans are to be completed by June 1999

15. Has any testing for Y2K compliance been completed? If so, what were the overall results?

AS OF NOW RELIANCE ON MANUFACTURER'S LETTER OF COMPLIANCE

16. Does your customer billing system have a reality check that draws attention to unreasonable charges?

Yes

17. Have you inventoried systems or programs that have internal date projections that may be affected by Y2K problems prior to January 1, 2000? If so, what were the results?

N/A

18. Does your company require that vendors and suppliers certify Y2K compliance?

Yes

19. What support is available from your existing equipment vendors?

Support on Internet to down load fixes to computer

20. For electric utilities, at what stage of the Y2K plan are each of the following presently in and which have been given the highest priority?

- a. Billing systems
- b. SCADA
- c. Generation and controls
- d. Human resource systems
- e. Transmission and distribution operations
- f. Embedded controls
- g. Other _____

21. For telephone utilities, at what stage of the Y2K plan are each of the following presently in and which have been given the highest priority?

a.	Billing systems	2000	compatible
b.	Human Resource systems	"	"
c.	Embedded controls	"	"
d.	Signaling systems	"	"
e.	Switching systems	"	"
f.	Operator Services	"	"
g.	Operational Support systems	"	"
h.	Transmission systems	"	"
i.	Other _____		

22. For telephone utilities, have your switch vendors made any necessary software/hardware upgrades available yet?

Switch was purchased with 2 K compatible.
 Installed in 1997

The logo for ILLUMINET, featuring the word "illuminet" in a lowercase, sans-serif font. A dotted line starts from the top left of the letter 'i' and curves upwards and to the right, ending above the letter 't'.

December 16, 1998

Mr. Jerome Tishmack
General Manager
BEK Communications Cooperative
P.O. Box 230
Steele, ND 58482

SUBJECT: Year 2000 Information

Dear Jerome:

The following information is provided as a Year 2000 Readiness Disclosure under the Year 2000 Information and Readiness Disclosure Act dated October 19, 1998.

ILLUMINET's Year 2000 Project has been formally in progress since March 1998. ILLUMINET has completed an inventory of its systems and interfaces and has contacted its vendors and service providers requesting the provision of specific information on their compliance plans and status. We have also hired a qualified consulting firm to assist with the project.

As a result of these efforts, ILLUMINET is formalizing its plans in the following stages: Conversion, Testing and Compliance, and Implementation. ILLUMINET's overall plan is to reach Year 2000 compliance by mid-year 1999. From ILLUMINET's perspective, it is very important to be Year 2000 compliant by mid-year 1999, and all efforts are directed to achieving that goal. During December 1998, ILLUMINET will begin providing Year 2000 information on our company Web-Site located at www.illuminetss7.com.

We appreciate your patience as ILLUMINET proceeds with its Year 2000 Project. If you require additional information, do not hesitate to contact Dian Gowen in our Legal and Regulatory Affairs Department at 360493-6266.

Sincerely,

A handwritten signature in cursive script that reads "F. Terry Kremian".

F. Terry Kremian
Chief Operating Officer

Enclosure: Y2K Communication Policy