

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1473

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1473

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1473

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-09-01

Tape Number	Side A	Side B	Meter #
1		xx	175--6130
Committee Clerk Signature <i>Pam Boer</i>			

Minutes: Chair Froseth opened HB1473 relating to usage of long-distance services.

Rep. Clark, Dist 44 : in support of HB1473. This came about because of an incident in Fargo and a high phone bill. A gentleman received a computer which provided free Internet service. In that computer it had two phone numbers, one local and one long-distance both registered with the city of Fargo. The computer would dial the local number, which would be busy, and then forward the call to a long distance number. Without his knowledge, he did not know he was being rolled over and ended up with a long distance phone bill of \$2200 for the month. I introduce this bill to address this problem. Provide a pop-up notice, that can be disabled, that will let you know if you dial a long distance number that long distance charges will apply.

Rep. Ekstrom : This pop-up notice would be the phone company responsibility, when it rolls over?

Rep. Clark : Not necessarily the phone company, but it would be part of the software package.

Rep. Ekstrom : There are so many Internet service providers, how do we get them to comply with our laws?

Rep. Clark : Perhaps the PSC could answer that. I'm not sure.

Rep. Fairfield : Would this show up like an unsecured zone?

Rep. Clark : That is my intention.

Rep. N. Johnson : (495) This pop-up thing and you use the word *may*, if it has two choices to dial, how would you know when you are dialing what? I envision this pop-up comes up all the time, but how do you know it's on the roll?

Rep. Clark : It's my intention that it would only appear before a long distance number, not local.

Rep. Maragos : Is there a big problem out there; this is why this bill is here?

Rep. Clark : There was a complaint in Fargo, and the phone company was receiving many complaints concerning a particular provider. The gentleman paid \$400 of the bill and the phone company forgave the rest.

Rep. Grosz : Will the national companies pay the additional cost of this software change? What if I can't afford this added cost? I'm a poor college student.

Rep. Clark : I believe there are 16 to 20 companies that provide free Internet service, so you will have a multitude to pick from.

Rep. Disrud : Is there a cost to set this up.

Rep. Clark : Would be design cost only. I'm not sure how much.

Joe Uhrmacher, Director of Magic Internet Service, Minot : here in opposition to HB1473. I started one of the first Internet providers in this state. I've had 17,000 subscribers. Right now I'm at 5,000. I've only had one case since 1994 that someone dialed long distance and had a huge phone bill. In my case, that person put 701 in front of a local number. They called the

phone company, and they corrected it. I believe this bill, if passed, will be strongly opposed by the national companies. I would be in favor of the big companies, like MSN, AOL, etc. having something in their software that deals with this problem. Most ISP's within the state, give you nothing but Microsoft stuff. If we try to incorporate any third party program in there, it conflicts with everything in the computer. For us to test a product here, it will take manpower and money. Then when you get to phone lines. We will have to convert lines. You will have increased ISP charges. We will have to buy more equipment and hire more people. It's not fair for the ISP to be responsible for all of this. A major problem is, also, if you have blocking on your phone. We would have no way of determining what area you are calling from with this block. Only 911 has that capability.

Chair Froseth : Are you saying that you don't have the ability to ask Microsoft to design a package the way you want for you?

Joe : No, we would have to develop it on our own.

Rep. Disrud : Do you see Microsoft developing this in the future?

Joe : I called them on this yesterday, and had never heard of anything like this. In the problem with the guy from Fargo, he had the option of removing that long distance number from his computer. My company doesn't have a qualified programmer to develop this.

Vice-Chair Severson :(1640) I had someone call with a similar problem, so I know we are going to have to address this problem. How do we do it, if this bill is not the answer?

Joe : I guess the people who offer the services outside of ND should be responsible for it. It's not a big problem in my area.

Rep. Delmore : (2060) There is a buyer beware out there. I think it's also important when you sign up, the seller should be responsible to tell the buyer what is what. Do you and most providers tell the buyer?

Joe : We do. We tell them we are a local in a local calling area only. We don't sell in Bismarck or Fargo. If we see a Jamestown address, we say we are only Minot. They will get long distance charges.

Rep. Fairfield : Aren't there any consumer protection or standards that you have to comply with?

Joe : We don't have any regulations that come up. I'm a private company.

Rep. Fairfield : This is a fast changing industry. Isn't it part of your business to keep up with new technology and advances? Aren't you going to be making changes, and they will be the cost of doing business? Do you have a figure as to what this would cost you, if HB1473 passes?

Joe : We do a lot of house cleaning. We have a CD made that goes to customer telling facts and has one phone number on it. It is customized for one particular area. This number is inserted into the dialer that is already on the computer.

Wally Coulet, BTI-Basin Electric : Here in opposition to HB1473. Brian Wolf is here to answer technical questions you may have.

Brian Wolf, Manager of Operations, BTI-Basin : (2970) here in opposition to HB1473. (SEE ATTACHED TESTIMONY) We are forthright with our customers. We also provide a 1-800 number and this is billed separately to customers. We expect our customers to have some responsibility.

Rep. Maragos : (3680) You don't roll your customers over?

Brian : No, we don't. If we did and not tell, then we should be charged with consumer fraud.

Rep. Maragos : Would the other companies be obligated to let customers know that they are being rolled over?

Brian : They should have been told, and they should also be told the cost per minute.

Rep. Maragos : Is that how we need to construct this legislation to dictate to the ISP, that if they roll over, they are obligated to tell them that?

Brian : That would be a good position to take.

Rep. Maragos : Will the PSC be testifying? I so request they do.

Lynn Nelson, SRT Communications-Chief Technical Officer : (4240) opposed to HB1473. (SEE ATTACHED) It would be very costly and difficult for us to do what this bill asks.

Vice-Chair Severson : For all the ISP, is there a procedure or statute that has something that is done the same for all the customers?

Lynn : Most customers buy the dialer software package from Microsoft or Netscape, etc. In those packages the information is initiated to what phone number you put in. Sometimes when you buy from some computer companies, they preprogram your dialer number. You sometimes can put in a 1 + number in it. It is a buyer beware thing. 1 + you can assume it is long distance. No, there are no regulations across the state.

Rep. Ekstrom : Do you know how much additional code will have to be added to accomplish this bill?

Lynn : Can't answer that. The dialer are a national package. The code should be on the dialer not the ISP. We have had an SRT complaint. We credited them. Generally we find they put 1 + number in. We have very few complaints.

Ilona Jeffcoat-Sacco, Commerce Council- Public Service Commission : I can try to answer questions on this issue. We are not taking a position on this bill. The Internet service is not a

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PSC as we define in or as defined nationally. The Internet uses telecommunications services to reach the customer. The PSC's role is only over the line. The ISP level is deregulated. It's a business. It's regulated like other businesses. False advertising, consumer protection, and those issues are regulated for ISP's. There are no laws that say they have to do things any certain way.

Vice-Chair Severson : Any further testimony. Hearing none, hearing is closed.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1473 b

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-15-01

Tape Number	Side A	Side B	Meter #
1		xx	4040--4850
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: Chair Froseth : Let's take up HB1473. Did anyone get amendments from Rep. Clark?

Vice-Chair Severson : I don't see how we can save this bill.

Rep. Delmore : (4265) I think the fiscal impact would be too great for ISP's. I don't think we have enough complaints to justify a law.

Chair Froseth : I see Rep. Clark is here. Do you have amendments to offer?

Rep. Clark : No, I don't, but I could quickly work something up if you know what you want to change.

Chair Froseth : We are not going to open up the hearing for any more testimony.

Rep. Grosz : I move a **DO NOT PASS**.

Rep. Maragos : I second.

**VOTE: 12 YES and 1 NO with 2 absent. PASSED. Rep. Grosz will carry the bill.**

Date: 2-15-01  
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1473

House POLITICAL SUBDIVISIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Rep. Grosz Seconded By Rep. Maragos

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth			Rep. Wayne W. Tieman		
Vice-Chair Dale C. Severson					
Rep. Lois Delmore					
Rep. Rachael Disrud					
Rep. Bruce Eckre					
Rep. Mary Ekstrom					
Rep. April Fairfield					
Rep. Michael Grosz					
Rep. Jane Gunter					
Rep. Gil Herbel					
Rep. Nancy Johnson					
Rep. William E. Kretschmar					
Rep. Carol A. Niemeler					
Rep. Andrew G. Maragos					

Total (Yes) 12 No 1

Absent 2 AB

Floor Assignment Rep Grosz

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

**REPORT OF STANDING COMMITTEE (410)**  
February 15, 2001 12:19 p.m.

Module No: HR-28-3496  
Carrier: Grosz  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1473: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends DO NOT PASS (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1473 was placed on the Eleventh order on the calendar.**

2001 TESTIMONY

HB 1473

1 Lynn A. Nelson - Chief Technical Officer  
2 SRT Communications, Inc.  
3 3615 North Broadway  
4 Minot, North Dakota

5 **House Bill No. 1473**

6 **Political Subdivisions Committee**

7 My name is Lynn Nelson; the Chief Technical Officer (C.T.O.) from SRT  
8 Communications, Inc. a North Dakota based Local Exchange Carrier (LEC) and an  
9 Internet Service Provider (ISP) serving the northwest part of North Dakota.  
10 I am representing SRT Communications, Inc. and the North Dakota Association  
11 of Telephone Cooperatives (NDATC) who serves over 160,000 homes and small  
12 business which covers over 90 percent of the geographic territory of North  
13 Dakota.

14 SRT and members of the Association (NDATC) do not believe it is in the best  
15 interest of Internet Service Providers (ISP) to support House Bill No. 1473.

16  
17 The House Bill identifies a burden of both financial and technological  
18 proportions to carry out such an activity as stated in the Bill. In order  
19 for an ISP to deliver this service to its customers, it would first have to  
20 convert its traditional T1 transmission connections to an Advanced  
21 Intelligent Network (AIN) connection documented as Primary Rate Integrated  
22 Services Digital Networking (PRI) in order to get the calling information to  
23 the ISP's equipment. Then the ISP would have to design and program its  
24 equipment to accept the number information and deliver a message on the user  
25 screen. A very cost intensive and difficult programming task for the ISP.  
Also, if the LEC does not provide outbound Signaling System 7 (SS7) number

1 delivery to the network or the customer invokes Caller I.D. Blocking on  
2 his/her phone line then the ISP would never see the callers phone number to  
3 deliver a screen message on the computer.

4 Furthermore, today Long Distance Providers are not required to tell the  
5 consumer that they are calling long distance when they dial a 1+ number.  
6 Most people relate a 1+ call with charges; no matter if you personally pay  
7 for the call or a 1-800 provider pays for it on their end.

8  
9 In summary, Both SRT Communications, Inc. who is an LEC. an ISP and a Long  
10 Distance provider in North Dakota and the North Dakota Association of  
11 Telephone Cooperatives (NDATC) who is comprised of companies providing  
12 services to some 160,000 customers **oppose** House Bill No. 1473. We believe  
13 that customer education is the better method to addressing this issue without  
14 pushing the financial and technological burden on the provider of the  
15 service.

16  
17  
18  
19 Dated this 7<sup>th</sup> day of February, 2001

20 

21 Lynn A. Nelson  
22 Chief Technical Officer

23 SRT Communications,  
24 Inc.  
25 Minot, North Dakota

Testimony of

Brian Wolf

Manager of Operations

Basin Telecommunications, Inc.

Before the Political Subdivisions Committee

February 9, 2001- 9:00 AM

Good morning Mr. Chairman and Members of this Committee, my name is Brian Wolf, representing Basin Telecommunications, Inc. (BTI), an Internet service provider. BTI provides retail and wholesale Internet services to several locations in the rural states of ND, SD, MT, MN and WY.

Mr. Chairman and Members of this Committee, I am here today to speak in opposition to House Bill no. 1473.

For purposes of explanation, I would like to provide several concerns we have with this bill.

First, the requirement of a "pop up" window to indicate long distance toll engagement may sound like a simple matter, in truth, it is not. BTI like many ISP's do not own the dialer software utilized by many of the ISP customers. Traditionally, this software is sold by organizations like Microsoft and Apple Computers. Because of this, the operating software for those dialer systems is proprietary. It is important to note, in order to institute the mandate of this bill, changes in the dialer operating systems would be required. It is also important to note, even if this could be accomplished, this would not guarantee the end result this bill seeks to achieve. Finally, this does not address any of the software changes that would be required at the ISP Central Office.

In addition, the Infrastructure required to support Internet access (i.e. telecommunications lines, computers, routers, servers, telephone switches, etc.) is a very complex architecture. Mr. Chairman and Members of this Committee, you may have heard the Internet referred to as a cloud, and this is for good reason. The very nature of the Internet includes the operational practice of moving data from point to multi-point paths in order to reach a destination. Because of this, tracking of data signals is more complex. This fact, along with the intelligent telecommunications network that this bill asks for, would result in significant re-architecture of the ISP networks we know today. Suffice to say this would come at a high cost, which would necessarily be passed on to the customers of the ISP.

Mr. Chairman and Members of this Committee, we could give additional examples to challenge the notion of this bill, but that may only confuse the issue. We feel that customer education and adequate representation from ISP's concerning their connectivity requirements are the appropriate answers to the notion of House Bill no. 1473.