1 H BILL NC. 530
2 INTRODUCED BY Menahan

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A BILL FOR AN ACT ENTITLIE: "AN ACT TO PROVIDE FOR THE REGULATION OF PERSONS AND ORGANIZATIONS OWNING, CONTROLLING, OPERATING, AND MANAGING CABLE TELEVISION SYSTEMS; AMENDING SECTION 70-103, R.C.M. 1947, TO INCLUDE CABLE TELEVISION SYSTEMS IN THE DEFINITION OF PUBLIC CTILITY; AND AMENDING SECTION 70-119, R.C.M. 1947, TO REQUIRE HEARINGS ON COMPLAINTS AGAINST CABLE TELEVISION COMPANIES."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Short title. This act is known and may be
14 cited as the "State Cable Television System Act".

Section 2. Purpose. (1) Upon investigation of the public interest associated with cable television, the legislature has determined the following:

- (a) While cable television serves in part as an extension of interstate broadcasting, operations involve public rights-of-way and vital business and community service and, therefore, are cf state concern.
- 22 (b) While operations must be subject to state
 23 regulation, they also must be protected from undue restraint
 24 so as to assure construction of cable systems with ortimum
 25 technology and maximum penetration in this state as rapidly

as economically and technically feasible.

- 2 (c) Municipalities and the state would benefit from
 3 valuable educational and public services brought through
 4 cable television systems.
- 5 (d) The public and the business community would
 6 benefit if served by cable channels sufficient to meet the
 7 needs of producers and distributors of program and other
 8 communication content services.
- 9 (e) Many municipalities lack the necessary resources
 10 and expertise to plan for and secure these benefits and to
 11 protect subscribers and other parties to the public
 12 interest.
- (2) It is hereby declared to be the policy of this 13 state to provide fair regulation of cable television 14 15 companies in the interest of the public, to promote adequate, economical, and efficient cable television system 16 17 service to citizens and residents of this state, to provide just and reasonable rates and charges for cable television 18 system services without unjust discrimination, undue 19 preferences or advantages, or unfair or destructive 20 competitive practices, to encourage and promote harmony 22 between cable television companies and their subscribers, to cooperate with other states and with the federal government 23 24 in promoting and coordinating efforts to effectively 25 regulate cable television companies in the public interest,

and to these ends, to west authority in the public service commission to regulate cable television companies generally and their rates, services, and operations, in the manner and in accordance with the policies set forth in this act.

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Section 3. Definitions. As used in this act, the following definitions apply:

- (1) "Cable television company" means a person owning, controlling, operating, or basing a cable television system within the state. The definition does not include a telephone, telegraph, or electric utility regulated by the public service commission in a case where it merely leases or rents to cable television company wires, cables, or communication channels for the redistribution of television signals to or toward subscribers of the television company.
- (2) "Cable television system" means a system which receives and amplifies the signals broadcast by one or more television stations and redistributes the signals to subscribing members of the public for a fixed or periodic fee by wire, cable, microwave, or other means, whether such means are owned or leased. The definition does not include:
 - (a) a system which serves fewer than 50 subscribers;
- (b) a system which serves only the residents of one or more apartment complexes under common ownership, control, or management and commercial establishments located on the premises of the apartment complex.

- 1 (3) "Regular cable television service" means the
 2 distribution of broadcast television and radio signals and
 3 installation, disconnection, and reconnection of the
 4 facilities required for the distribution.
- 6 (4) "Expanded cable television service" means any
 6 communications service in addition to regular cable
 7 television service provided by the cable television company
 8 either directly or as a carrier for their subsidiaries,
 9 affiliates, or any other person engaged in communications
 10 service, including but not limited to pay TV, burglar alarm
 11 service, data or other electronic transmission services,
 12 facsimile reproduction services, meter reading services, and
 13 home shopping services.
- 14 (5) "Commission" means the public service commission
 15 provided for in 82A-1702.
- 16 (6) The word "facility" includes all real property,
 17 antenna, poles, wires, cables, conduits, amplifiers,
 18 instruments, appliances, fixtures, and other personal
 19 property used by a cable television company in providing
 20 service to its subscribers.
- 21 (7) "Gross operating revenue" means all compensation
 22 received directly or indirectly by a cable television
 23 company from its operations within the state, including but
 24 not limited to sums received from subscribers or users in
 25 payment for programs received, transmitted, or both,

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advertising and carrier service revenue, and any other 1 moneys that constitute income in accordance with the system 2 of accounts approved by the commission. Gross annual 3 receipts do not include any taxes on services furnished by a Ġ cable television company imposed directly on any subscriber or user by any municipality, state, or other governmental 6 7 unit and collected by the company for such governmental unit.

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- Section 4. Certificate -- application -- exceptions. (1) No person or organization may begin the construction, extension, or operation of a cable television system or acquire ownership or control thereof without first obtaining from the commission a certificate that the present or future public convenience and necessity require or will require such construction, extension, operation, or acquisition.
- (2) The commission may by rule exempt a cable television company from the above certificate requirement in a case where:
- (a) its temporary acts or operations do not require the issuance of a certificate in the public interest: or
- (b) its extensions of or additions to its cable television system are within its certified territory or an adjacent uncertified territory and such extensions or additions will promote the prompt availability of such service to prospective subscribers and at the same time

- prevent unnecessary and uneconomic duplication of cable
- television facilities as between two or more persons or 2
- 3 organizations.
- (3) The application shall contain the following
- information:
- (a) the name and address of the applicant and, if the 6
- applicant is a corporation, the names and addresses of all
- officers and directors of the corporation:
- 9 (b) an outline of the general construction and
- 10 operating plans of the applicant:
- 11 (c) a schedule of rates and charges for regular cable
- 12 television service:
- 13 (d) a proposed schedule for the construction of the
- 14 system and the commencement of the service or, if the system
- 15 is already in operation, a full and complete description,
- including maps and plans, of the system; 16
- 17 (e) a statement of the policy of the applicant
- concerning the extension of the system within the certified 18
- 19 territory:
- 20 (f) such information as may be required to determine
- 21 the legal, character, financial, technical, and other
- 22 qualifications of the applicant.
- 23 (4) The application shall be accompanied by an
- 24 application fee of \$100.
- 25 Section 5. Notice, hearing, issuance, and terms. (1)

Open the filing of an application and the payment of the fee prescribed, the commission shall fix the time and place for a hearing thereon, which time shall be within 30 days of such application, and cause notice thereof to be given to the chief executive officer of any municipality, to any telephone or telegraph utility or cable television company in the affected territory, to the consumer council, created in 70-703, and to such other parties in interest as the commission may consider necessary. The commission shall also cause notice of the application to be published at least 14 days prior to the hearing in some newspaper of general circulation in the affected territory.

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(2) After such hearing, the commission may issue to the applicant a certificate of public convenience and necessity in a form to be prescribed by it or may refuse to issue the same or may issue it for only partial exercise of the privilege sought or may attach to the exercise of the right granted by the certificate terms, limitations, and conditions which it considers the public interest may require. The certificate shall include a description of the territory in which the cable television system is to be constructed, extended, operated, or acquired.

(3) The certificate may not be exclusive, and the commission reserves the right to grant similar certificates to any other person. The certificate may be granted for a

term not to exceed 15 years and may be renewed for an additional term not to exceed a 15-year period following a public hearing called for the purpose of considering renewal.

- 5 (4) In determining whether a certificate may be
 6 issued, the commission shall take into consideration, among
 7 other things, the public need for the proposed service or
 8 acquisition, the suitablity of the applicant, the financial
 9 responsibility of the applicant, and the ability of the
 10 applicant to perform efficiently the service for which
 11 authority is requested.
- 12 (5) Any certificate issued way, after bearing, be
 13 revoked, suspended, or altered for repeated violations of
 14 any of the provisions of this act or rules adopted pursuant
 15 thereto.
- Section 6. Bond. Each cable television company under 16 17 the provisions of this act shall, at the time of receiving the certificate and before it takes effect, enter into with 18 19 sufficient sureties, a bond with the commission in the penal sum of \$10,000 conditioned upon the faithful and due 20 observance of all laws of the state may be in force or may 21 thereafter be passed respecting such a certificate cr 22 23 company.
- 24 Section 7. Indemnification of state and political 25 subdivisions. A cable television company certified under

this act shall at all times indemnify the state and all political subdivisions, in whole or in part, within the 2 certified territory from all claims, actions, suits, 3 liability, loss, expense, or damages of every kind and description (herein collectively referred to as "claims"), including investigation costs, court costs, and attorney's fees, which may accrue to or be suffered or claimed by any 7 person arising out of the negligence of the cable television R 9 company in the ownership, construction, repair, replacement, maintenance, and operation of the cable television system. 10 The state or political subdivision shall give the cable 11 television company prompt written notice of any such claims 12 filed against it. 13

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Section 8. Certification of cable television companies operating on effective date of act. The commission shall issue a certificate of public convenience and necessity to any cable television company lawfully engaged in the construction, extension, or operation of its cable television system on the effective date of this act, for the construction, extension, or operation then being conducted, without requiring proof that public convenience and necessity will be served by such construction, extension, or operation and without further proceedings if application for such certificate is filed with the commission within 90 days after such date. The application shall contain the

information and shall be accompanied by the fee prescribed in [section 4]. The construction, extension, or operation of such a cable television system may be lawfully continued pending the filing of such an application and the determination of same unless the commission orders otherwise. An application for such a certificate which is untimely shall be determined in accordance with the procedure prescribed in [section 4], and such certificate shall be issued or refused accordingly.

Section 9. Transfer of certificate. Be such certificate of public convenience and necessity may be transferred, assigned, or encumbered unless such transaction is first approved by the commission.

14 Section 10. Rates. (1) The initial rates, charges, and 15 classifications for regular cable television service shall be approved by the commission provided that in the case of 16 17 multiple dwelling units, hotels, motels, hospitals, television shops, and retail television sales, where all 18 service is billed to one Customer. the monthly service and 19 connection charges may be determined by negotiations between 20 the cable television company and such customer. Rates for 21 expanded cable television service need no initial approval 22 but must be filed with the commission, and subsections (2). 23 24 (3), and (4) apply.

25 (2) The cable television company may at any time and

ensure a fair return on its investment; provided that the company is required to give the commission written actice of any proposed rate or charge change, such notice to be given at least 60 days prior to the proposed effective date of such rate increase. The commission may bold public proceedings at which proceedings the cable television company has a right to be heard and to present evidence. The company shall cooperate fully with the commission in connection with such public proceedings and, upon request, shall supply to the commission all data as may reasonably be required by the commission for determining the fairness of the proposed rates and charges.

- (3) The pendency of such proceedings may not prevent the proposed rate and charge change from going into effect as scheduled, but if the commission determines within 90 days after the proposed effective date that a different schedule of rates and charges than that proposed by the cable television company is proper, such different schedule shall be in effect from the effective date of such charge and, if lowered by the commission, the difference between the rates and charges charged by the company and those approved by the commission shall be refunded to the subscriber with interest at 8% a year.
 - (4) The commission, in the exercise of its power to

determine the fairness of rates, charges, and classifications, shall consider as a fair rate that which would enable the cable television company, under honest, economic, and efficient management, to render the service and derive a reasonable profit. In addition, no rate may be discriminatory.

Section 11. Duties of cable television companies. (1)

Each cable television company (and any other person and

organization providing any service, equipment, or facilities

thereto) shall provide safe and adequate service, equipment,

and facilities for the operation of its cable television

system.

- (2) No cable television company may demand or receive a greater or less or different compensation for providing cable television service than the rates and charges specified in the schedule in effect at the time.
- (3) Any company receiving a certificate under the terms of this act shall accomplish significant construction within 1 year after receiving certification from the federal communication commission and shall thereafter equitably and reasonably extend energized trunk cable within the certified territory as provided in the construction schedule set forth in the application for a license. Extensions of any system within the certified territory shall be made by the company in accord with the policy set forth in the application for a

certificate.

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(4) Every cable television company and other person and organization shall obey and comply with every rule and regulation and order adopted by the commission under the provisions of this act.

Section 12. Complaints — filing and reports. (1) The cable television company shall maintain a business office within the certified territory which subscribers may telephone during regular business hours without incurring added message or toll charges. Should a subscriber have a complaint regarding the quality of cable television service, equipment malfunction, or similar matters, the subscriber may file his complaint with the local business office. The subscriber may also file complaints as to the operation, rates, charges, or classifications of any cable television system with the commission or with the consumer counsel.

(2) The consumer counsel and the commission shall be notified by cable television companies on forms prescribed by the commission, not less than every 3 months, of the complaints received during the reporting period and the manner in which they have been met, including the time required to make necessary repairs.

Section 13. Service. We company holding a certificate under this [act] may abandon or curtail any service subject to the jurisdiction of the commission or abandon all or any

part of its facilities if it would thereby effect the abandonment, curtailment, or impairment of the service, without obtaining approval of the commission, after notice and hearing, and upon a finding by the commission that the abandonment or curtailment is consistent with the public interest.

7 Section 14. Section 70-119, R.C.M. 1947, is amended to 8 read as follows:

read as follows: #70-119. Complaints against public utility g. 10 hearing. Upon a complaint made against any public utility by 11 any mercantile, agricultural, or manufacturing society or 12 club, or by any body politic or aunicipal organization, or 13 association or associations, the same being interested, or 14 by any person or persons, firm or firms, corporation or 15 corporations, provided such persons, firms, or corporations 16 are directly affected thereby that any of the rates. tolls. 17 charges, or schedule, or any joint rate or rates, are in any 18 way unreasonable or unjustly discriminatory, or that any 19 regulations, measurements, practices, or act whatsoever 20 affecting or relating to the production, transmission, or 21 delivery or furnishing of heat, light, water, or power, or any service in connection therewith, or the conveyance of 22 23 any telegraph or telephone message, or any service in 24 connection therewith, or any redistribution of signals of a 25 cable television system or any service connected therewith,

of the claim."

is in any respect upreasonable, insufficient, or unjustly 1 discriminatory, or that any service is inadequate, the 2 commission shall proceed, with or without notice, to make 3 such investigation as it may deem necessary. But no order affecting such rates, tolls, charges, schedules, 6 regulations, measurements, practice or act complained of, 7 shall be entered without a formal hearing, except the 8 commission may issue an order to provide service to a 9 residential consumer pending a hearing on a complaint by such consumer or by the consumer counsel on behalf of such 10 consumer against a public utility, providing that the 11 hearing is held within twenty (20) days unless further 12 delayed by consent of all parties. 13

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The commission shall give the public utility and the complainant or complainants at least ten days' notice of the time when and the place where such hearing will be held, at which hearing both the complainant and the public utility shall have the right to appear by counsel or otherwise, and be fully heard. Either party shall be entitled to an order by the commission for the appearance of witnesses or the production of books, papers, and documents containing material testimony. Witnesses appearing upon the order of the commission shall be entitled to the same fees and mileage as witnesses in civil cases in the courts of the state, and the same shall be paid out of the state treasury

1 in the same manner as other claims against the state are
2 paid; but no fees or mileage shall be allowed, unless the
3 chairman of the commission shall certify to the correctness

5 Section 15. Section 70-103, R.C.H. 1947, is amended to

read as follows: *70-103. "Public utility" defined. (1) The term "public utility." within the meaning of this act title, 9 shall embrace every corporation, both public and private, company, individual, association of individuals, their lessees, trustees or receivers appointed by any court 11 12 whatscewer, that now or hereafter may own, operate, or control any plant or equipment, or any part of a plant or 13 equipment, within the state, for the production, delivery, 14 15 or furnishing for or to other persons, firms, associations, 16 or corporations, private or municipal, heat, street-railway service, light, power in any form or by any agency, water 17 for business. manufacturing, household use, or sewerage 18 service, whether within the limits of municipalities, towns 19 and villages, or elsewhere, cable television service or 20 telegraph or telephone service: and the public service 21 22 commission is hereby invested with full power of supervision, regulation, and control of such utilities, 23 subject to the provisions of this act the law to the 24 contrary, and to the exclusion of the jurisdiction,

1 regulation, and control of such utilities by any 2 nunicipality, town, or willage."

3 Section 16. There is a new R.C.S. section that reads
4 as follows:

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Pole attachments. Whenever the commission finds that public convenience and necessity require the use by a public utility of the wires, cables, conduits, poles, or other equipment, or any part thereof, on, over, or under any highway belonging to another public utility and that the use will not result in irreparable injury to the cwner or other users of the equipment or in any substantial detriment to the service, and that such public utilities have failed to agree upon the use or the terms and conditions or compensation for the use, the commission may order that the use be permitted and prescribe a reasonable compensation and reasonable terms and conditions for the joint use. If the use is ordered, the public utility to whom the use is permitted is liable to the cuper or other users of such equipment for damage as may result to the property of the owner or other users thereof. The words "public utility" as used in this section include a cable television company and any public utility subject to the jurisdiction of the commission.

Section 17. There is a new R.C.M. section that reads as follows:

1 Municipal fees, taxes, or charges. Nothing in this act
2 may be construed to limit the power of any municipality to
3 impose upon any cable television company a fee, tax, or
4 charge, provided that any such fee, tax, or charge when
5 added to the amount payable to the commission does not
6 exceed the maximum amount permitted by applicable federal
7 law or rules.

8 Section 18. There is a new R.C.E. section that reads
9 as follows:

Judicial review. Within 30 days after the service of an order or decision reflecting any action of the commission which is ripe for judicial review, any party aggrieved thereby may appeal to a court of competent jurisdiction for the purpose of having the reasonableness or lawfulness of such action inquired into and determined. Such appeal shall be tried according to the rules governing other civil cases to the extent practicable.

18 Section 19. There is a new R.C.M. section that reads
19 as follows:

Civil penalty. Any person or the officer, agent, or employee of any organization who willfully violates any provision of this act or of any rule or order adopted thereunder may be fined no more than \$250 for each occurrence.

25 Section 20. Severability. If a part of this act is

- 1 invalid, all valid parts that are severable from the invalid
- 2 part remain in effect. If a part of this act is invalid in
- 3 one or more of its applications, the part remains in effect
- 4 in all valid applications that are severable from the
- 5 invalid applications.

-End-

STATE OF MONTANA

REQUEST NO. __280-77

FISCAL NOTE

Form BD-15

In compliance with a written requ	uest received January 28 , 1977 , there is hereby submitted a Fiscal Note
for House Bill 530	pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.
Background information used in dev	reloping this Fiscal Note is available from the Office of Budget and Program Planning, to members
of the Legislature upon request.	

DESCRIPTION OF PROPOSED LEGISLATION:

An act to include cable television systems as a public utility.

ASSUMPTIONS:

- 1. There are approximately 15 cable television companies in Montana.
- 2. All existing and future rate tariff schedules for cable TV companies will have to be analyzed for compliance.
- 3. To insure that construction, extension and operation of Cable TV companies is provided as a public convenience, a complete staff analysis must include engineering data from a communications engineer and a rate analyst.

FISCAL IMPACT:

	FY 78	FY 79
Revenue		
15 companies X \$100	\$ 1,500	<u>\$ 0</u>
Less: Expenditures		
Personal services	31,515	32,932
Operating expenses	4,480	4,480
Equipment	2,400	0
Total expenditures	38,395	37,412
Total additional cost of proposed		
legislation	<u>\$36,895</u>	<u>\$37,412</u>

Richard & Dan Gon

Office of Budget and Program Planning

Date: 2 - 3 - 77

45th Legislature

LC 0290/01

Business and Industry

Without recommendation

1 H BILL NO. 530
2 INTRODUCED BY Menahan

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A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR THE REGULATION OF PERSONS AND ORGANIZATIONS OBNING, CONTROLLING, OPERATING, AND MANAGING CABLE TELEVISION SYSTEMS; AMENDING SECTION 70-103, R.C.H. 1947, TO INCLUDE CABLE TELEVISION SYSTEMS IN THE DEFINITION OF PUBLIC CITILITY; AND ABENDING SECTION 70-119, R.C.H. 1947, TO REQUIRE HEARINGS OF

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COMPLAINTS AGAINST CABLE TELEVISION COMPANIES. "

Section 2. Purpose. (1) Upon investigation of the public interest associated with cable television, the legislature has determined the following:

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- 22 (b) While operations must be subject to state 23 regulation, they also must be protected from undue restraint
- 24 so as to assure construction of cable systems with optimum
- 25 technology and maximum penetration in this state as rapidly There are no changes in <u>HB.530</u>, & will not be re-run.

as economically and technically feasible.

- (c) Municipalities and the state would benefit from
 valuable educational and public services brought through
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- 5 (d) The public and the business community would 6 benefit if served by cable channels sufficient to meet the 7 needs of producers and distributors of program and other 8 communication content services.
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 10 and expertise to plan for and secure these benefits and to
 11 protect subscribers and other parties to the public
 12 interest.
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and to these ends, to vest authority in the public service commission to regulate cable television companies generally and their rates, services, and operations, in the manner and in accordance with the policies set forth in this act.

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