

In the Matter of the Minnesota Public Utilities Commission's Initiation of Summary Investigation of the Nature and Extent of Contacts Between Public Utilities and Telephone Companies and Former Minnesota Public Utilities Commissioners

ISSUE DATE: OCTOBER 14, 1987

DOCKET NO. U-999/CI-86-177

ORDER ACCEPTING COMPLIANCE FILING BY NORTHWESTERN BELL TELEPHONE COMPANY REGARDING CODE OF CONDUCT AND EXPENSE POLICIES

PROCEDURAL HISTORY

On April 2, 1987, the Minnesota Public Utilities Commission (the Commission) issued its Order After Investigation and Vacating July 27, 1984 Order in Docket No. P-421/GR-83-600 In the Matter of the Minnesota Public Utilities Commission's Initiation of Summary Investigation of the Nature and Extent of Contacts Between Public Utilities and Telephone Companies and Former Minnesota Public Utilities Commissioners (April 2 Order) in the above-captioned docket. Ordering Paragraph 5 of the April 2 Order required Northwestern Bell Telephone Company (NWB or the Company) to file a written code of conduct and written expense reimbursement policies with the Commission within 30 days.

On June 12, 1987, NWB made its compliance filing to Ordering Paragraph 5 and served copies on all parties on the service list in this docket. No parties commented on NWB's filing.

FINDINGS AND CONCLUSIONS

The issue before the Commission is whether NWB's June 12, 1987 compliance filing regarding its employee code of conduct and expense reimbursement policies adequately responds to the concerns expressed by the Commission in its April 2 Order in this docket.

again. To that end, the Commission directed NWB to file:

1. A written code of conduct for its employees to follow in dealing with the Commission and its staff; and
2. Written procedures for review of employee expense records and reimbursement requests for regulatory activities.

The Company was to ensure that its policies conformed to the Commission's ex parte and code of conduct rules, Minn. Rules, parts 7845.7000 to 7845.7600 and 7845.0100 to 7845.1000, respectively.

NWB stated that by making its compliance filing, the Company was not waiving its position, being pursued in court, that the Commission's April 2 Order is illegal; rather it was acknowledging the Commission's authority under Minn. Stat. Section 237.081 to investigate telephone company practices and to request related information.

The actions taken by NWB which are responsive to the concerns expressed by the Commission in the April 2 Order can be summarized as follows:

1. Revising its written code of conduct for employees, resulting in the booklet "A Matter of Trust" and requiring employees whose jobs involve contact with the Commission to read it and sign a statement that they understand and agree with the code.
2. Conducting seminars for employees whose jobs involve contact with the Commission regarding the Commission's code of conduct and ex parte rules.
3. Agreeing in Docket No. P-421/CI-86-559 to implement the recommendations of Coopers & Lybrand for improving the accuracy of its accounting control procedures.

NWB's booklet "A Matter of Trust" covers a number of topics and applies in all five states in which the Company operates. The Company stated that the sections on company funds, company records, contacts with public officials, corrupt practices act, and the conclusion are particularly relevant to the concerns expressed by the Commission in its April 2 Order.

The Commission finds that the booklet "A Matter of Trust" and the seminars on the Commission's rules on ex parte contacts and the code of conduct comply with the April 2 Order with respect to a

Docket No. P-421/CI-86-559 In the Matter of the Investigation of Northwestern Bell Telephone Company's Policies and Procedures Regarding Contracts with Law Firms and Consultants, found that there was no basis for further investigation of NWB's procedures and internal accounting controls for legal and consulting expenditures. NWB was directed to implement three suggestions by Coopers & Lybrand for improving internal accounting controls. The suggestion most relevant to this docket involved increasing the level of documentation required for employee expense claims and other vouchers to allow an independent determination of proper account classification. The Commission finds that implementation of this improvement, in conjunction with the direction given in the Commission's code of conduct and ex parte rules, is adequate.

Based on the above, the Commission concludes that the Company's June 12, 1987 compliance filing regarding its employee code of conduct and expense reimbursement policies adequately addresses the Commission's concerns in these areas expressed in its April 2 Order. The Commission expects the Company to continue its commitments to keep current and new employees informed on Company policies in these areas.

ORDER

1. Northwestern Bell Telephone Company's June 12, 1987 compliance filing regarding employee code of conduct and expense policies is accepted.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

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