



STATE OF WASHINGTON
 MILITARY DEPARTMENT
 EMERGENCY MANAGEMENT DIVISION

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 STATE OF WASH
 UTIL. AND TRANSP
 COMMISSION

August 22, 2012

Mr. David Danner
 Executive Director/Secretary
 Washington State Utilities and Transportation Commission
 1300 South Evergreen Park Drive SW
 PO Box 47250
 Olympia, Washington 98504-7250

Re: Petition for 2013 E911 Excise Tax

Dear Mr. Danner:

The State Enhanced 911 (E911) Coordination Office recommends the state E911 excise taxes on wireline, wireless and Voice-over Internet Protocol (VoIP) devices continue at the current rate of twenty-five cents (\$0.25) in 2013.

The state collected \$6.9 million in wireline tax revenue in fiscal year (FY) 2012, \$1.2 million less than was collected in FY2011. This was due to the number of wireline subscribers continuing to decline as customers increasingly rely on wireless and VoIP telephony to meet their communications needs. The Department of Revenue projects that wireline revenues will decrease somewhat in 2013.

The state collected \$16.9 million in wireless revenues in SFY2012, \$1.9 million more than in SFY2011. This more than offset the decrease in wireline revenues. The Department of Revenue projects a modest decline in wireless revenues in SFY2014.

In SFY2012, the state collected \$2 million in VoIP revenues, \$0.2 million more than in SFY2011. However, the SFY2012 figure may be inaccurate because in some counties, VoIP providers incorrectly code their remittances as wireline. We are working with the Department of Revenue to resolve this issue. The Department of Revenue projects that VoIP revenues will remain steady in SFY2013.

The following table summarizes actual SFY2011 and SFY2012 revenues and projected SFY2013 revenues in the three categories:

	SFY2011	SFY2012	SFY2013 Projection
Wireline	\$8,111,576	\$6,919,000	\$6,897,000
Wireless	\$15,047,305	\$16,938,000	\$16,605,000
VoIP	\$64,551	\$2,056,000	\$2,044,000
TOTAL	\$23,223,432	\$25,913,000	\$25,546,000



The State E911 Office will continue to track the financial components of the support provided to counties separately due to the unique provisions of WAC 118-66-050 concerning wireless funds.

During FY2013, the State E911 Coordination Office will continue to provide assistance to counties as directed by RCW 38.52.545 and in accordance with the rules specified in WAC 118-66. The State E911 Coordination Office has adopted policies recommended by the Policy Subcommittee of the E911 Advisory Committee for financial reimbursement of counties to assure WAC 118-66 provisions are being adhered to, the program budget is sustainable, and an equal level of quality service is provided within each county.

The State Coordination office evaluates County requests for financial assistance for both wireline and wireless components of the E911 system through a standardized application process. Counties verify expenses by providing payment documentation. Submission of operational data from each county is a contractual requirement. The State Coordination Office reimburses eligible items ranging from call taker salaries to computer-aided dispatch.

In 2009, Washington State embarked on a multi-year project to implement Next Generation 9-1-1 (NG911). NG911 will provide citizens a state of the art emergency communications system capable of carrying voice, text and data communications. NG911 improves public safety because it provides system resiliency and the ability to receive calls and data from communications devices in use by the public, special needs communities, and emergency responders. In order to enable this technological enhancement, the existing analog system of networks and equipment throughout the state are being upgraded to a digital, Internet Protocol (IP) based system. The "speed" of progress depends to a large degree on the continuing efforts to develop national standards/capabilities and the revenue available to the 911 network. Once the NG911 capable equipment is in place and the carriers are able to transfer non-voice emergency "calls" to the NG911 network, the Public-Safety Answering Points (PSAPs) will be ready to receive both voice and non-voice requests for assistance. They will also be able to receive data such as pictures, telematics and database information that will assist them to provide the appropriate level of response.

The state is engaged in a 6-phase plan to implement NG911 by June of 2017. In 2012 the state completed Phase 2 of its plan; migration to an IP based call management system, the Emergency Services Internet Protocol Based network, (ESInet). Planning is underway to modernize the remaining components of the system. Phases 3 through 6 of the plan will take place concurrently.

- Phase 3 – Modernize PSAP telephone equipment while implementing cost saving strategies

- Phase 4 – Digitally reconnect telephone company end offices to the ESInet

- Phase 5 – Modernize PSAP non-telephone equipment

- Phase 6 – Validate PSAP positional requirements, update procedures and conduct training

Geographic Information Systems (GIS) will need to be modernized in order for the state to fully implement NG911. An additional phase to accomplish this is in the early planning stages. This phase is expected to take place concurrently with phases 3 through 6.

Full costs for the implementation of NG911 are still being determined, but are expected to be significant, requiring full utilization of the E911 fund balance. Modernization expenses will include:

- Purchasing/centralization of PSAP telephone equipment
- Upgrading PSAP non-telephone equipment such as computer aided dispatch (CAD) systems, logging recorders, maintenance information systems
- Digital reconnection of telephone company end offices to the ESInet
- Upgrading GIS systems to NG911 standards
- ESInet upgrades and bandwidth expansion

The State E911 Coordination Office has secured the services of a consultant to assist with developing a modernization strategy and identifying costs and potential savings.

A key issue in 2013 and the 2013-2015 biennium will be the modernization of PSAP telephone equipment. The telephone equipment in the counties receiving financial assistance averages 8 years old and is nearing the end of their service life. One for one replacement of these systems will severely stress the financial resources of the State Office. Therefore the State Office is pursuing equipment centralization strategies to reduce capital investment costs and make more funding available to assist with modernizing other components of the E911 system.

Enclosed is a chart depicting the distribution of expenses for FY2013. The largest expense, \$11.3 million for NG911 network and database maintenance, is the cost to maintain the Emergency Services Internet Protocol Network (ESInet) and database information. An estimated \$7.1 million will be used for modernization initiatives and equipment purchases.

With the additional spending authority granted by the legislature, we anticipate the following expenses for FY2013:

Statewide Network and Database	\$11,330,568
Statewide Contracted Services	\$634,050
County/WSP CPD/Operational contracts	\$9,268,340
State E911 Program Costs	\$1,176,810
State E911 Public Education	\$70,000
Telecommunicator Emergency Response Team (TERT)	\$50,000
PSAP Regionalization Studies	\$150,000
E911 Advisory Committee	\$26,997
NG911 Equipment and Implementation	\$7,110,992
TOTAL	\$29,817,757

Because NG911 is still in the initial planning stages, it is likely that the funds allocated for NG911 will not be fully expended this biennium. After the Legislature's appropriation of \$2 million for the Department of Corrections, we anticipate a carryover fund balance of \$5.9 million plus any unused modernization funds. With projected revenues of approximately \$51 million for the FY2013-2015 biennium, the program will have at least \$56.9 million in funding. Anticipated costs for the biennium are \$45.7 million plus modernization expenses. As previously mentioned, the State E911 Office has engaged the services of a consultant to assist with developing a modernization strategy and formulating accurate cost projections.

The spending authority approved by the Office of Financial Management is only \$39.6 million for the FY2013-2015 biennium. Therefore a supplemental appropriation of at least \$9 million will be needed to enable payment of ESInet recurring costs and the cost of NG911 equipment. We

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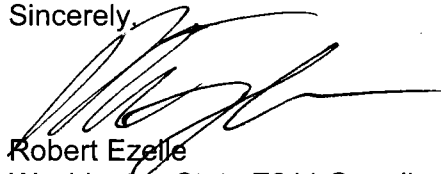
will modify our funding request as cost projections become available. Further increased spending authority will be needed for the 2015-2017 biennium in order to complete implementation of NG911. Long-term we anticipate that NG911 implementation and equipment centralization investments will fully utilize the carryover fund balance.

Additional projects of significance being conducted by the State E911 office include continuing the "What's Your Location?" public education campaign and the addition of an Information Technology (IT) security specialist to develop and implement a cyber security program for the state 911 network and related systems.

The State E911 office continues to be actively involved in establishing technical and operational standards for the operation of 911 networks into the future. Next Generation 911 (NG911) will provide the capability for the Public Safety Answering Points (PSAPs) to receive incoming text, video and photo data in addition to the voice capability we currently have, but the transition to NG911 has just begun. Washington has taken a giant step towards being NG911 capable by being the first to implement a statewide ESInet. Upgrades to enable the PSAPs to receive the NG911 information is the next step. Further upgrades to carrier network switching systems and vendors' wireless and VoIP information routing systems will be required before the data transfer capabilities of NG911 will be realized. In the meantime, the State E911 office and E911 County Coordinators are participating on national level committees to help develop the industry standards needed to move forward.

Thank you for the continuing support that the Washington State Utilities and Transportation Commission provides to the State E911 Program. If you have any questions, please do not hesitate to contact this office at (253) 512-7468.

Sincerely,

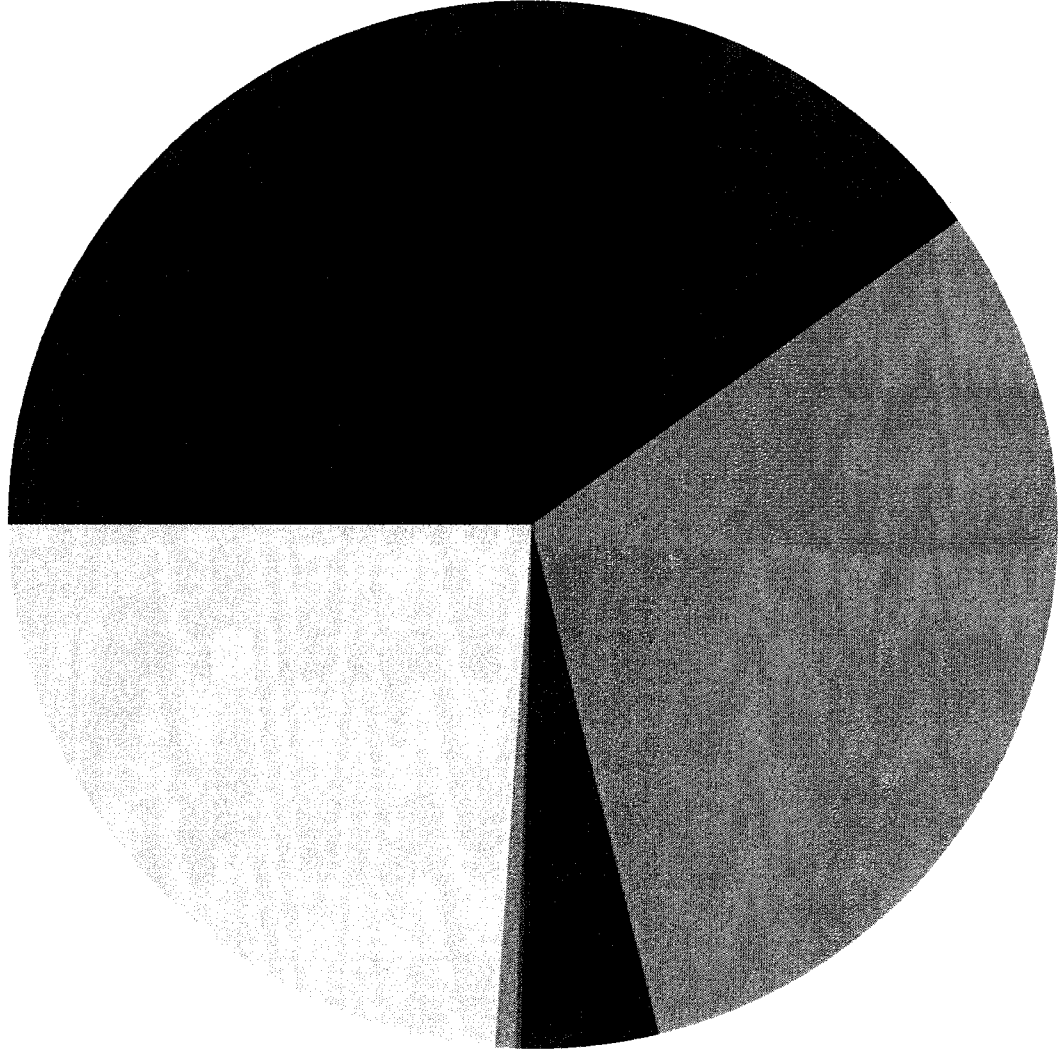


Robert Ezelle
Washington State E911 Coordinator

Enclosure: Fiscal Chart

cc: Rebecca Beaton, Washington State Utilities and Transportation Commission

E911 SFY2013 COST BREAKDOWN



■ STATEWIDE NETWORK & DATABASE

■ STATEWIDE CONTRACTED SERVICES

■ COUNTY/WSP CPD/OPERATIONAL CONTRACTS

■ STATE E911 PROGRAM COSTS

■ STATE E911 PUBLIC EDUCATION

■ TELECOMMUNICATOR EMERGENCY RESPONSE TEAM (TERT)

■ PSAP REGIONALIZATION STUDIES

■ E911 ADVISORY COMMITTEE

■ NG911 EQUIPMENT AND IMPLEMENTATION