

Agenda Date: October 26, 2005
Item Number: D1

Docket: UT-051299

Company Name: Telecommunications, General

Staff: Rebecca Beaton, Senior Analyst
Bob Williamson, Senior Engineer

Recommendation:

Grant the petition by the Military Department, Emergency Management Division, E911 Program Office, to continue the state E911 excise tax at the current rate of twenty cents through 2006.

Background:

The Military Department, Emergency Management Division, State E911 Program Office (EMD), recommends the state E911 wireline excise tax continue at the current rate of twenty cents (\$0.20) per switched access line through 2006. EMD based its recommendation on cost and revenue data developed for the 2005-2006 fiscal year. RCW 82.14B.030 requires the Washington Utilities and Transportation Commission (Commission) to determine annually, by October 31st, the amount of the Enhanced 911 (E911) excise tax to be applied monthly to each switched access line. The level of the excise tax is to be based on the recommendation provided to the Commission by EMD.

The 911 excise tax was established in November, 1991 by Referendum 42, Substitute House Bill 1938. The excise tax maximum was set at \$0.20 by the Legislature and has been at that rate per access line since 1991. The E911 excise tax was extended to wireless subscribers in January 2003 at \$.20 per month per subscriber. This additional tax resource is used to assist counties with related Public Safety Answering Point (PSAP) operations and equipment upgrades.

Discussion:

EMD submitted to the Commission its annual report of revenues, expenditures, and budgets relating to the statewide provision of E911 service. Tax collections for wireline and wireless services are expected to be \$16.4 million. Wireline revenue is expected to account for \$9.8 million of the total revenue. Wireline and wireless components are separated for tracking purposes and shared activities are split between the two funding sources. The 2005-2006 service split is 60 percent wireline and 40 percent wireless.

Although the revenue from the State wireline E911 excise taxes increased in 2005, some counties project lower wireline E911 revenues for 2006, as wireless and Voice over Internet Protocol (VOIP) phones displace wireline services. EMD uses a priority system for county assistance based on rules in the Washington Administrative Code. The E911 State Advisory Committee, of which the Commission is a member, created a subcommittee in 2005 to review policies to confirm equality in county support. Counties request and receive budget support from EMD for both wireline and wireless components of the E911 system such as caller location capabilities, computer aided dispatch, and system upgrades to accommodate new technologies.

VOIP continues to be a major focus of the E911 program since the FCC ruling requiring VOIP providers to support an interface by December, 2005. A proviso attached by the Washington legislature to E911 expenditures limits the total expenditure of funds for specific VOIP efforts to those E911 tax receipts that are collected from VOIP carriers. EMD is working with the Department of Revenue on a report to the legislature concerning inclusion of VOIP services in the E911 excise tax.

Qwest Communications and Verizon Communications completed major E911 network projects at the request of EMD. Additionally, \$5 million was moved in E911 carrier expenses from payment by counties to direct payment by EMD under EMD's authority to directly contract for statewide service. Verizon replaced older selective routers with paired tandem selective routers. Qwest projects included a general E911 network reconfiguration, moving the entire territory to paired selective routers, elimination of four routers, and moving from data transport for E911 records to a frame relay service. Protocols were completed to allow VOIP customers to receive E911 and also permit the E911 system to use VOIP technology for call processing.

EMD's current projects include the final phases of the network revisions done by Qwest and Verizon, auditing billings, assuring physical diversity, Telecommunications Service Priority (TSP) for circuits, the installation of a real-time E911 traffic monitoring system, and automating grant application and management services EMD uses to provide financial support to counties.

New EMD projects include development of methods to handle 911 calls from international roaming on wireless systems, processing of 911 calls from satellite

systems, building interfaces to telematics service providers that permit data transfer to PSAPs, and integration of private telephone systems to E911. EMD is directly involved with national standards bodies establishing E911 system performance and rules as well as with the FCC's National Reliability and Interconnectivity Council VII.

Conclusion:

Staff recommends the Commission grant the petition by the Military Department, Emergency Management Division, E911 Program Office, to continue the state E911 excise tax at the current rate of twenty cents through 2006.