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August 26, 2009

Frank Landis, Chairman
Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, NE 68508

RE: Application No. 911-019/PI-118

Dear Chairman Landis:

Application No. 911-019/PI-118 proposes funding for wireless 911 to be paid directly to PSAPs (public safety answering points), rather than the current practice of the Public Service Commission making payments to vendors on behalf of PSAPs. While the specific needs of each county may differ, these comments reflect the general concerns of counties. Please consider these comments for the record of this Application.

Timing of Commission Distributions

The Commission seeks comment as to whether payments should be made on a monthly or quarterly basis. The answer to this question assumes that the payments would be made in equal periodic installments based upon annual projections for the PSAP. Although individual counties may prefer one time line over another, NACO, as an association, does not have a preference for monthly or quarterly payments. When tax collections are down, some Nebraska counties may struggle with cash flows at certain times of the year and find it difficult to make a large payment to a wireless 911 vendor without additional funding from the wireless surcharge. On the other hand, counties recognize that the Commission needs a distribution process that is economical and feasible. While individual counties may differ, NACO recommends payment no less frequently than quarterly, with monthly payments as an option.

Reserves

The Commission seeks comments as to whether a portion of the funding should be reserved by the Commission to assist with future purchases or whether PSAPs should be responsible for reserving funds for upcoming expenditures. While counties may differ, there are budget implications in either approach. As the state faces a revenue shortfall, a large balance in a Commission fund,

regardless of earmarks or planned distributions, may be a target for a transfer to the state budget. Similarly, a county that experiences a malfunction in 911 equipment that is not covered by a service agreement may consider using wireless surcharge funds for an unanticipated purpose. The availability of grant funds to help PSAPs recover from catastrophic situations would reduce the possibility of such unintended uses of funding. While adequate reserves should be retained, efforts should also be made to fully fund the current needs of PSAPs.

Payment for Future Purchases

Application No. 911-019/PI-118 states that “PSAPs would be responsible for all payments to vendors or other third parties. This would include payments for future purchases of new equipment and software.” Section IA, page 3. At the Commission’s August 12 Workshop, it was noted that the useful life of equipment is less than five years. NACO is concerned that the next generation of equipment and software will be more costly than the current equipment and software. Counties will incur significant additional costs without assistance from additional wireless surcharge funds. The costs will be passed on to property tax payers, rather than cell phone users. Perhaps it is time to consider increasing the monthly surcharge to begin building a reserve to help counties pay for new equipment and software.

In addition, future wireless E911 equipment may accommodate more joint wireless and wireline functions of PSAPs. While such dual uses will be addressed in a later order of the Commission, it is appropriate to recognize that distinctions between wireline and wireless services could be blurred in the future and the costs of future equipment and software may be very different from today’s costs.

Likewise, any economies of scale available to the state for maintenance contracts, GIS, and other equipment and services may be eliminated if individual PSAPs become responsible for the costs.

Finally, the proposed funding mechanism does not address additional costs that could be incurred by counties when the trunking contract with Qwest expires. These costs are currently paid by the Commission.

Prerequisites for Funding

The decline in revenues from wireline surcharges is of great concern to counties. NACO agrees that it is not unreasonable to ask counties and cities seeking emergency funding from reserve funds to implement the full statutory surcharge available for landlines before requesting funds from the wireless surcharge. However, in many counties the landline surcharges do not fully cover the

costs incurred by landline uses of 911, regardless of the rate, and therefore cannot be used to supplement funding for wireless E911 that will not be covered by the funding formula in the pending Application.

Four years ago the Commission held a public hearing related to a Legislative interim study on landline and wireless 911 (Application No. 911-014/PI-99). At that time, the Nebraska Association of County Officials submitted testimony that is equally relevant today.

“All Nebraska counties provide some type of 911 coverage to help protect the health, safety and welfare of the people of the state. Counties supported the adoption of 911 surcharges on landlines and wireless service to help fund what would otherwise be an obligation of property tax payers. However, landline collections are decreasing due to the number of cell phone users who have eliminated or not installed wirelines, as well as users of voice over internet and other advanced technologies. Regardless of the amount of landline collections, the public safety answering points (PSAPs) that are operated by counties and municipalities must continue to operate. All calls, whether generated from a landline or wireless phone, must be answered. Any increased costs become the responsibility of the county or municipality and as such, an increased burden on property taxes. *Counties would ask the Commission to consider making a portion of the cell phone surcharge or any increase in the surcharge available to counties to help fund fundamental operational expenses.*” *Emphasis added.* Letter from Larry Dix, NACO Executive Director, Application No. 911-014/PI-99, Comments on LR 143, Aug. 11, 2005

Application No. 911-019/PI-118 proposes funding to PSAPs based upon an estimated percentage of 911 calls placed on wireless phones. In reality, some counties report that wireless 911 calls make up 80 percent or more of total calls. Again, NACO would respectfully request that the wireless surcharge be used to offset the disproportionate number of cellular phone calls that are received by PSAPs.

Conclusion

NACO appreciates the efforts of the Commission and its staff in providing opportunities to comment on Application No. 911-019/PI-118.

Sincerely,



Larry J. Dix
Executive Director