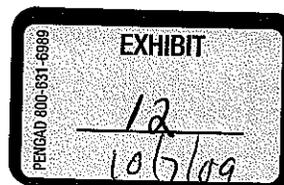


BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION



In the Matter of the Nebraska) Application No. 911-019/PI-118²
Public Service Commission, on)
its own motion, to implement)
provisions of LB 1222 [2006] and)
to establish a permanent funding)
mechanism for wireless enhanced) Dated: October 7, 2009
911 service.)

TESTIMONY OF SUE VANICEK

Q: PLEASE STATE AND SPELL YOUR NAME FOR THE RECORD

A: SUE VANICEK, V-A-N-I-C-E-K

Q: BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A: I am the director of the Nebraska Telecommunications Infrastructure and Public Safety Department for the Nebraska Public Service Commission.

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of my testimony is to explain the policies underlying the development of the 911-SAM as the permanent funding mechanism required by LB 1222 [2006] for allocation and distribution of funding from the Enhanced Wireless 911 Fund (Fund). I will further discuss the manner in which the funding amounts calculated by the 911-SAM would be distributed to Public Safety Answering Points (PSAPs) and wireless carriers.

Q: DO YOU HAVE ANY GENERAL OBSERVATIONS REGARDING THE PERMANENT FUNDING MECHANISM FOR ENHANCED WIRELESS 911 SERVICE?

A: Yes. The proposals released on July 7 and September 22 are just that - proposals. Much as the Commission did when developing the permanent mechanism for NUSF support, the

staff is releasing proposals and revising those proposals based upon feedback we receive. The comments and this hearing are not the end of the process to develop a permanent funding mechanism for enhanced wireless 911 service. The feedback we have received thus far has refined our initial concept, and we continue to encourage comment from affected parties. We will release a revised proposal for comment prior to recommending the adoption of a final permanent mechanism to the Commission. We anticipate that the Commission will hold at least one more hearing regarding the proposed methodology.

Q: PLEASE DESCRIBE THE PROPOSED METHOD FOR DISTRIBUTING SUPPORT TO WIRELESS CARRIERS AND THE POLICY BEHIND THE METHOD.

A: Wireless carriers would be paid either monthly or quarterly in equal payments. The tower counts, upon which each wireless carrier is allocated funding, are provided by wireless carriers in their quarterly reports. These quarterly reports will be audited and wireless carriers will be required to attest to their accuracy. Wireless carriers will have to provide documentation on an annual basis to demonstrate that the funds received have been used for expenses deemed eligible for funding by the Commission. Also, carriers failing to timely file quarterly reports, submit remittances or remittance worksheets or failing to

comply with audit requirements, may experience a suspension or delay in their funding.

Q: DO YOU HAVE A RECOMMENDATION AS TO WHAT WIRELESS CARRIER EXPENSES WILL BE DEEMED ELIGIBLE FOR FUNDING? IF SO, PLEASE EXPLAIN.

A: Yes. To date costs eligible for funding have included database upgrades and management, and transportation and facility charges incurred in the implementation and provision of enhanced wireless 911 service. At this time, staff would recommend that wireless carrier administrative costs not be approved as eligible costs due to the fact that it would be difficult to document that the costs were attributable to wireless 911 service in Nebraska.

Q: ARE YOU RECOMMENDING THAT WIRELESS CARRIERS MEET ANY SPECIFIC REQUIREMENTS PRIOR TO RECEIVING FUNDING? IF SO, PLEASE DESCRIBE.

A: Yes. The staff believes that wireless carriers should have to meet certain minimum prerequisites to funding in order to ensure that a reliable and accurate statewide wireless 911 system and that the wireless carriers are not receiving duplicate funding for the provision of wireless 911 services. Wireless carriers would have to demonstrate compliance with federally established testing and accuracy standards as set forth in 47 CFR 20.18(h). Also, wireless carriers would have to provide information regarding federal and state universal service funds, grants, and any revenues generated through surcharges imposed by the

carrier itself to ensure that duplicate funding for the same purposes was not being provided. Wireless carriers would also have to substantiate the costs for which funding is sought.

Q: PLEASE DESCRIBE HOW FUNDS ALLOCATED TO WIRELESS CARRIERS WHO DO NOT APPLY FOR FUNDING WILL BE TREATED.

A: An allocation has been made to all wireless carriers reporting towers in Nebraska. However, several carriers have not sought funding, and it is our understanding that this will likely not change. Therefore, amounts allocated to those wireless carriers who do not seek funding, will be rolled over into the wireless carrier grant fund. In the past, the Commission has not provided Phase II cost recovery to wireless carriers. The grant fund would be used to provide funding for Phase II capital costs. A more detailed outline of the grant program has been set forth in the September 22nd order and comments are still pending.

Q: PLEASE DESCRIBE THE PROPOSED METHOD FOR DISTRIBUTING SUPPORT TO PSAPS AND THE POLICY BEHIND THE METHOD.

A: PSAPs would be paid on either monthly or quarterly basis after receipt of required application materials. After a transition period in which the Commission continues to pay for intertandem trunking and existing approved maintenance contracts for software, hardware, and GIS data, the payment of all bills would be the responsibility of the PSAP. PSAPs would be required to provide annual attestations and

provide supporting documentation to prove that funds were used for permissible purposes. PSAPs would also be required to certify that they meet eligibility requirements and comply with application procedures which were outlined in the September 22nd order.

Q: THE JULY 7 ORDER SET FORTH SEVERAL POSSIBLE PREREQUISITES FOR PSAP FUNDING. WHAT ARE YOUR RECOMMENDATIONS CONCERNING THOSE PREREQUISITES?

A: Staff recommends that each PSAP seeking funding for the provision of wireless E911 service should adopt the maximum allowable landline service surcharge. This would help ensure that PSAPs are utilizing all sources of funding to provide 911 service and are not unduly relying upon the wireless E911 fund to support their operations.

The staff is still considering the question of whether the cost of connecting to a selective router should be considered an eligible cost for funding.

Staff recommends that PSAPs be required to have maintenance contracts to maintain the software and equipment necessary to provide wireless E911 service, as the fund will provide funding for such contracts, which are essential to keeping the system for providing wireless E911 service up and running.

Similarly, staff recommends that the PSAP should have contracts or staff to maintain GIS data, as the fund will

provide funding for such maintenance, which is also vital to the functioning of the wireless E911 system.

As staff recommended in the September 22 order seeking comment on the application process for funding, software and equipment should meet applicable NENA standards, and should be IP capable.

The staff also recommends that compliance with applicable state and local bidding requirements for the purchase of goods and services should be demonstrated in order to ensure that the funding of goods and services associated with the provision of wireless E911 service is cost effective and meets necessary requirements to adequately provide the service.

Q. WHAT WAS THE MANNER ORIGINALLY PROPOSED FOR THE DISTRIBUTION OF FUNDING TO THE PSAPS?

A. The July 7 order originally proposed that all funding amounts for the PSAP including equipment and software, and maintenance, Geographic Information Systems (GIS) data maintenance, and Local Exchange Carrier (LEC) funding would be paid directly to the PSAPs on a regular basis. Payments for intertandem trunking, GIS data development, and equipment and software maintenance contracts already approved and currently paid by the Commission would continue to be paid by the Commission until such time as the contracts expired.

In response to comments received, staff is considering changes to the original proposals regarding the funding for equipment and software, payment of LEC costs, and initiating an investigation into alternative approaches for funding maintenance of GIS data.

Q: WHAT REVISIONS WOULD YOU NOW RECOMMEND TO THE METHODOLOGY FOR DISTRIBUTING FUNDS TO PSAPS FOR EQUIPMENT AND SOFTWARE?

A: We have already released for comment one modification on September 22, that being the manner in which funding will be distributed to PSAPs for equipment and software. We propose that 75 percent of the amount allocated to each PSAP for equipment and software be set aside on an annual basis to be used for such purchases. PSAPs would submit requests for the funding of the purchase of software and equipment prior to purchase. This will facilitate greater ease in tracking that funds have been used for the intended purpose. If all funds for equipment and software were distributed to the PSAPs each year, it would be necessary for the Commission to track funds set aside for purchase of equipment and software, and further to track that the set aside amounts were expended for equipment and software at some point in the future. Furthermore, this method of distributing funding for equipment and software may ease administrative burdens on the PSAPs, as the PSAPs will not need to allocate the funding they receive between

maintenance and equipment and software purchases and set aside sufficient funding for future equipment and software purchases. The remaining 25 percent would be paid to PSAPs each year to cover maintenance agreements for equipment and software. In cases where the PSAP has an existing maintenance contract which the Commission has previously approved, the Commission would continue to pay the vendors directly for those maintenance contracts, and the amount paid for those contracts would be deducted from the funds to be paid to the PSAP for maintenance purposes.

Q: WHAT REVISIONS WOULD YOU NOW RECOMMEND TO THE METHODOLOGY FOR DISTRIBUTING FUNDS TO PSAPS FOR LEC COSTS?

A: Another revision we would recommend is the manner in which funding is provided to PSAPs to cover costs associated with the provision of services for wireless 911 by local exchange carriers or LECs. Due to the fact that there are only three LECs providing wireless 911 services, and that the manner in which LECs are compensated for services provided to PSAPs relies upon data that is filed with the Commission in quarterly reports from wireless carriers, we believe that it may be more efficient for the Commission to pay the LECs directly for services provided to PSAPs. If the Commission did not pay LECs directly for service provided to PSAPs, it would have to review the bills paid by PSAPs to LECs after the fact to ensure that the bills

and payments were correct based on data filed with the Commission. Furthermore, we believe that this will allow the Commission greater oversight on the amounts paid for these services.

The Commission proposes to pay LECs a per wireless subscriber rate that would recover their costs for providing wireless 911 services to the PSAPs. The Commission receives information on wireless 911 subscribers by county from wireless carriers through the quarterly reporting process; therefore, the Commission has the data necessary to determine payment. The Commission has the ability to audit quarterly reports from wireless carriers and adjustments to payments to LECs can be made accordingly.

The process of the Commission paying the LECs directly would necessitate some revision in the 911-SAM as initially proposed. An allocation of funds to PSAPs to cover LEC costs would not be necessary. Instead, because the Commission would be paying the costs, we believe the LEC costs should be handled in the same manner as pre-existing commitments and Commission administrative expenses. LEC costs would be considered along with pre-existing commitments and Commission administrative expenses in determining the amount of support available for a given support year. The model allocated about \$4 million

annually for the payment of LEC costs; however, the Commission is currently paying about \$2 million annually to the LECs. Therefore, payment of LEC costs directly to the LEC by the Commission would result in about \$2 million additional support for the first support year to be allocated between the PSAP, GIS, and wireless service provider funding categories.

Q: DO YOU HAVE ANY OTHER RECOMMENDATIONS REGARDING DISTRIBUTING FUNDS TO THE PSAPS?

A: Regarding the maintenance of GIS data, there are many agreements to maintain such data which the Commission has previously approved, which the Commission will continue to pay until the expiration of such agreements. Prior to the point in time when many of these previously approved agreements expire, the Commission may want to examine whether it would be more cost effective to consolidate GIS data maintenance into one statewide contract instead of individual contracts with each PSAP.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes. I am available for any questions.

Dated: October 7, 2009.

Respectfully Submitted,

SUE VANICEK, DIRECTOR OF THE
NEBRASKA TELECOMMUNICATIONS
INFRASTRUCTURE AND PUBLIC SAFETY

DEPARTMENT FOR THE NEBRASKA PUBLIC
SERVICE COMMISSION

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