



Next Gen Funding

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TCS Background

- **Established in 1987**
 - Annapolis HQ
 - Oakland, Seattle, Tampa, London
 - Data Centers in WA, AZ, MD
 - NASDAQ: TSYS
- **Strategic Offers**
 - Wireless Location & Messaging Solutions
 - Emergency E911 Services
 - Satellite Services and Deployable Systems
 - Professional Services
- **Industry Relations**
 - Founding Member: SMS Forum, PAM Forum, IN Forum
 - Member: 3GPP, CTIA, ETSI, GSM, NENA, OMA, TIA, ESIF, NRIC VII, IETF, APCO, 911 Industry Alliance, ESIF

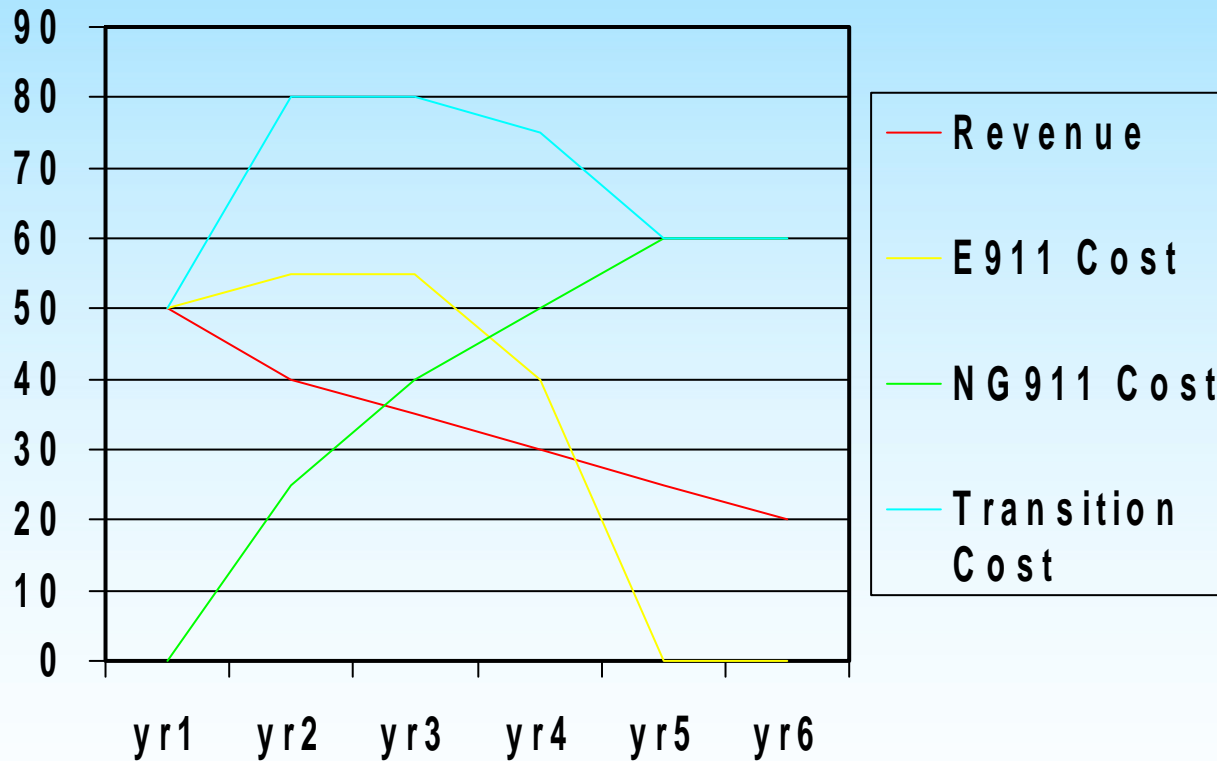
What is Next Generation

- **IP selective router with legacy ALI is NOT Next Gen (but it might be an intermediate step in getting there)**
- **Voice and ALI on the same IP circuit defines Next Gen**
- **Media conversion (IP to CAMA) at the PSAP for legacy CPE can still be Next Gen, as long as the voice and ALI arrive at the PSAP via the same IP circuit.**
- **VoIP is not Next Gen**

How is E911 Funded Today?

- E911 fees per subscriber for
 - Landline
 - Wireless
 - But not VoIP (yet)
- Funding is decreasing as consumers move to VoIP
- Most states have not passed enabling legislation for VoIP fees
 - Congress recently authorized E911 fees for VoIP
 - Comcast conversion from TDM to VoIP cost King Co WA \$500,000 per year

Revenue vs Costs



Next Gen-What needs to be funded

- IP Network
 - VA model
 - WA RFP
 - Existing state networks
- E911 Service Providers
 - Not necessarily the LEC any more
 - TCS, Intrado, VIXXI, MicroData
- New CPE
- Legacy networks during transition
- Everything else that PSAPs are already paying for today: staff, facilities, utilities, etc.

Where Will the Money Come From

- NENA Next Generation Partners Program White Paper (March 2007)
- Funding Model Options
 - Fixed surcharge on all calling devices
 - Surcharge on Access Infrastructure Provider (AIP)
 - Universal Statewide Communications Surcharge
 - Universal Federal Communications Surcharge
 - User (Incident) Fee
 - General Fund

Fixed Surcharge

- This is the current most common model
- Fee on telephones, wireless phones, VoIP phones
- Fee on any other device capable of 911 calls
 - In Next Gen, this could include SMS devices, laptops, palm pilots, other???
- Washington is proposing legislation to raise existing fees
 - Current fees eroded by inflation. Much 911 funding comes from general tax revenues.
 - Proposed legislation fails to tackle political issues
 - AIP providers vs VSPs
 - Prepaid (Trackfone lawsuit)

Surcharge on AIP

- Impose 9-1-1 fees on access providers, not the service providers.
 - Vonage vs Comcast
 - Access providers have local presence vs service providers who may not. Some states cannot tax entities with no local presence. Some service providers have no presence in the USA.
 - Should 9-1-1 taxes apply to connections not used for voice calls? (cable, TV, fax, etc)

Universal Statewide Surcharge

- Impose 3%-5% fee on all communications
 - Telephone
 - Cable
 - Satellite
 - TV
 - SMS, IM
 - Internet
- Virginia has adopted this model
- Fees collected at State level
 - This might not go down well in jurisdictions where 911 authorities collect fees locally

Universal Federal Surcharge

- o A single consistent federal bill vs 50 different state bills
- o Federal Universal Service Fund model
- o Rich states subsidize poor states
- o Feds ensure uniformity and responsibility among states
- o Feds remit portion of funds to states, retain portion for national internetworks

User (Incident) Fee

- o Impose a charge for each 911 call
- o Numerous problems:
 - Discriminates against poor people
 - Potentially high fees would discourage use

General Fund

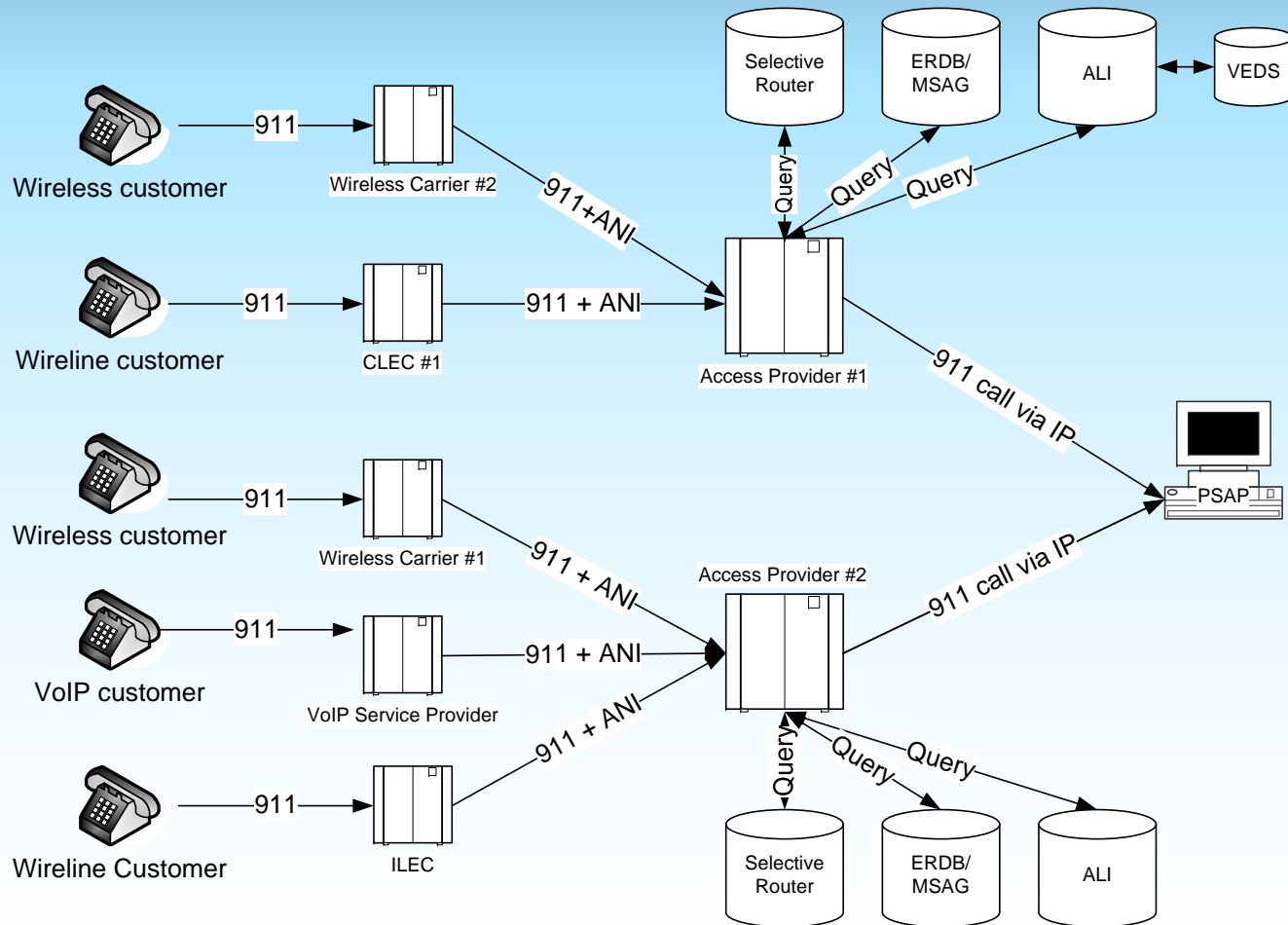
- Fund 911 from same general revenues that fund the police, fire, and other civic functions
 - In WA, most 911 revenue comes from General Fund
- Existing 911 fees would decrease but other taxes would increase
- E911 would lose its dedicated funding but would potentially have access to greater funds in the general revenues
- E911 could become a political football as other state agencies fight for money.

Eliminate Cost Recovery

Can't pay? DON'T!

- Require all carriers (LEC, CLEC, wireless, VoIP) to get E911 calls to the PSAP at their own expense.
- Sanction various 911 service providers to connect to the PSAP and deliver calls. (TCS, Intrado, MicroData, VIXXI)
- Carriers pay the 911 service providers to deliver 911 calls as part of the cost of doing business.
- 911 service providers compete for the carriers' business.
- Similar to wireless and VoIP today in those states without cost recovery.

Competitive 9-1-1 Service Providers



2008 Net 911 Act

- The basic elements of the Net911 Act are:
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 - 1. Authorizes funds allocated for the Enhance 911 Acts that were initially intended for Phase 1 upgrades to also now be available for grants to assist PSAPs for Phase 2 upgrades and/or upgrades to IP-enabled networks.
 - 2. Requires all VSPs to provide E911
 - 3. Requires all E911 service providers to open their infrastructures to VSPs
 - 4. Provides liability protection for VoIP vendors and others
 - 5. Confirms authority of states to impose 911 taxes on VoIP.
 - 6. Denies federal grants under Enhanced 911 Acts to states that divert 911 funds
 - CA, NY, HI, VA have announced plans to raid 911 funds

Federal Stimulus Package

- \$7.2 Billion for IP infrastructure
- NTIA to distribute \$4B in grants to states
 - Will California be eligible for any of those grants if the state raids E911 funds? Yes.
- Grants must be completed by end of 2010

Thank You !

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