



STATE OF TENNESSEE  
TENNESSEE EMERGENCY COMMUNICATIONS BOARD  
DEPARTMENT OF COMMERCE & INSURANCE  
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March 12, 2010

Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Re: Information Mandated by the New and Emerging Technologies Improvement Act of 2008;  
PS Docket No. 09-14

Dear Ms. Dortch:

Please accept this report as the State of Tennessee's response to the Notice of Information Collection Mandated by the New and Emerging Technologies Improvement Act of 2008 issued by the Federal Communications Commission (FCC) on February 5, 2010. Specific responses are set forth below each request for information.

**1. A statement as to whether or not your State, or other entity defined by Section 6(f)(1) of the NET 911 Act, has established a funding mechanism designated for or imposed for the purposes of 911 or E911 support or implementation (including a citation to the legal authority for such mechanism).**

**Response:** Tennessee has established two distinct funding mechanisms for 911 support and implementation. Tennessee law imposes separate 911 service charges on wireline and non-wireline<sup>1</sup> telecommunications service. The emergency communications fee on landlines is collected locally by each of Tennessee's 100 Emergency Communications Districts (ECDs).<sup>2</sup> The ECDs provide or facilitate 911 service across the State of Tennessee. The Tennessee Emergency Communications Board (TECB or Board) collects 911 fees on non-wireline communication services. The TECB currently distributes approximately \$.80 of each dollar it collects to the ECDs.

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<sup>1</sup> Tenn. Code Ann. § 7-86-103(11) defines non-wireline service as "any service provided by any person, corporation or entity, other than a service supplier as defined in this part, that connects a user dialing or entering the digits 911 to a PSAP, including, but not limited to, commercial mobile radio service and IP-enabled services."

<sup>2</sup> Tenn. Code Ann. §§ 7-86-108(a)(1)(A); 7-86-110(a).

**Wireline 911 funding mechanism:** In 1984, the Tennessee General Assembly enacted Title 7, Chapter 86 of the Tennessee Code, which set up the statutory framework for the ECDs to provide or facilitate 911 service. Tenn. Code Ann. § 7-86-108(a)(1)(A) authorizes ECD boards of directors to levy an emergency telephone service charge in an amount not to exceed sixty-five cents (\$.65) per month for residential classification service users, and not to exceed two dollars (\$2.00) per month for business classification users, “to be used to fund the 911 emergency telephone service.”<sup>3</sup> The 911 fee is remitted to each ECD every two (2) months by the wireline telecommunications service providers operating within each ECD’s boundaries.<sup>4</sup> ECDs may seek a public referendum or request the TECB to increase the 911 service charge on landlines in the ECD’s service area up to a statutory maximum not to exceed one dollar fifty cents (\$1.50) for residential classification service users and three dollars (\$3.00) for business classification service users.<sup>5</sup>

**Non-wireline 911 funding mechanism:** In 1998, after the FCC issued orders relating to wireless 911 service, the Tennessee General Assembly enacted Part 3 of Title 7, Chapter 86, which authorized the creation of the TECB for the purpose of conforming to FCC orders on implementing enhanced 911 service, establishing emergency communications for all citizens of the State and assisting ECDs in the areas of management, operations and accountability.<sup>6</sup> The TECB was funded pursuant to Tenn. Code Ann. §§ 7-86-108(a)(1)(B)(i)(a), which authorizes the imposition and collection of a monthly 911 service charge on the users and subscribers of wireless telecommunications service.<sup>7</sup> The law designates the TECB to set the 911 fee at a flat, statewide rate not to exceed three dollars (\$3.00), subject to ratification by a joint resolution of the General Assembly.<sup>8</sup> The TECB set the current fee at \$1.00 per user or subscriber per month in 1998. The fee is collected by non-wireline telecommunications providers and remitted to the Board every two (2) months.<sup>9</sup> The 911 emergency communications fund is designated for the purposes of funding the operational and administrative expenses of the Board,<sup>10</sup> the implementation, operation, maintenance and enhancement of statewide wireless 911 and E911 service<sup>11</sup> and deployment of 911 service for emerging communications technologies.<sup>12</sup>

By statute, the TECB exercises financial and operational oversight over the state’s 100 ECDs which are the statutorily created municipalities that administer or facilitate local E-911 call taking and/or dispatching services across the state.<sup>13</sup> The TECB establishes technical, operational and dispatcher training standards, and

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<sup>3</sup> Tenn. Code Ann. § 7-86-108(a)(1)(A).

<sup>4</sup> Tenn. Code Ann. § 7-86-110(a).

<sup>5</sup> Tenn. Code Ann. §§ 7-86-108(a)(2)(A); 7-86-306(a)(12).

<sup>6</sup> Tenn. Code Ann. §§ 7-86-306(a)(11), 7-86-302(a). In April 2005, Tennessee became the third state to achieve Phase II readiness statewide.

<sup>7</sup> In 2006, the law was amended to impose the 911 fee on non-wireline telecommunications service.

<sup>8</sup> Tenn. Code Ann. § 7-86-108(a)(1)(B)(i)(a).

<sup>9</sup> Tenn. Code Ann. § 7-86-108(a)(1)(B)(ii)(b).

<sup>10</sup> Tenn. Code Ann. § 7-86-303(d).

<sup>11</sup> Tenn. Code Ann. § 7-86-303(d)(3)(A).

<sup>12</sup> Tenn. Code Ann. § 7-86-306(a)(8).

<sup>13</sup> See Tenn. Code Ann. § 7-86-106; Tenn. Code Ann. § 7-86-302, 7-86-306.

administers grants and reimbursement programs which distribute funds to ECDs.<sup>14</sup>  
It also provides substantial technical assistance to ECDs upon request.<sup>15</sup>

**2. The amount of the fees or charges imposed for the implementation and support of 911 and E911 services, and the total amount collected pursuant to the assessed fees or charges for the annual period ending December 31, 2009.**

**Response:** The TECB collects an emergency telephone service charge of \$1.00 per month on users and subscribers of non-wireline phone service for the implementation and support of 911 service. For calendar year 2009, the total amount collected was approximately \$55,965,000; the November and December collections are not complete at this time.<sup>16</sup>

Tennessee law authorizes ECDs to collect 911 fees on local landlines. Below are the current ECD landline 911 rates:

ECD	Residential Rate	Business Rate	ECD	Residential Rate	Business Rate
Anderson	\$0.65	\$2.00	Lake	\$0.65	\$2.00
Clinton City	\$0.65	\$2.00	Lauderdale	\$1.25	\$2.25
Oak Ridge City	\$1.50	\$3.00	Lawrence	\$1.50	\$3.00
Bedford	\$1.50	\$3.00	Lewis	\$0.65	\$2.00
Benton	\$0.65	\$2.00	Lincoln	\$0.65	\$2.00
Bledsoe	\$1.50	\$3.00	Loudon	\$0.65	\$2.00
Blount	\$1.10	\$2.45	Macon	\$0.65	\$2.00
Bradley	\$1.50	\$3.00	Madison	\$0.45	\$1.64
Campbell	\$1.50	\$3.00	Marion	\$0.65	\$2.00
LaFollette City	\$1.50	\$3.00	Marshall	\$1.50	\$3.00
Cannon	\$1.50	\$3.00	Maury	\$1.50	\$3.00
Carroll	\$0.65	\$2.00	McMinn	\$0.65	\$2.00
Carter	\$1.50	\$3.00	McNairy	\$1.15	\$2.50
Cheatham	\$1.15	\$2.50	Meigs	\$1.50	\$3.00
Chester	\$0.65	\$2.00	Monroe	\$0.65	\$2.00
Claiborne	\$1.50	\$3.00	Montgomery	\$1.50	\$3.00
Clay	\$1.50	\$3.00	Moore	\$0.65	\$2.00
Cocke	\$1.15	\$2.50	Morgan	\$1.50	\$3.00
Coffee	\$0.55	\$1.75	Obion	\$0.65	\$2.00
Crockett	\$0.65	\$2.00	Overton-Pickett	\$1.50	\$3.00
Cumberland	\$1.40	\$2.75	Perry	\$1.50	\$3.00
Davidson	\$0.65	\$2.00	Polk	\$0.65	\$2.00
Decatur	\$0.65	\$2.00	Putnam	\$0.65	\$1.66
DeKalb	\$0.65	\$2.00	Rhea	\$1.50	\$3.00
Dickson	\$0.55	\$1.65	Roane	\$1.50	\$3.00
Dyer	\$0.55	\$1.67	Robertson	\$1.50	\$3.00
Fayette	\$1.50	\$3.00	Rutherford	\$0.50	\$1.52
Fentress	\$0.65	\$2.00	Scott	\$0.65	\$2.00
Franklin	\$0.65	\$2.00	Sequatchie	\$1.50	\$3.00
Gibson	\$1.50	\$3.00	Sevier	\$0.55	\$1.67
Giles	\$1.50	\$3.00	Shelby	\$0.65	\$2.00
Grainger	\$1.50	\$3.00	Smith	\$0.65	\$2.00
Greene	\$0.65	\$1.50	Stewart	\$1.00	\$2.50
Grundy	\$1.50	\$3.00	Sullivan	\$1.50	\$3.00
Hamblen	\$1.25	\$2.75	Bristol City	\$0.65	\$2.00
Hamilton	\$1.50	\$3.00	Kingsport City	\$0.65	\$1.65
Hancock	\$1.50	\$3.00	Sumner	\$0.55	\$1.00

<sup>14</sup> See Tenn. Code Ann. §§ 7-86-205, 7-86-306(a)(9) through (11).

<sup>15</sup> Tenn. Code Ann. § 7-86-306(a)(7).

<sup>16</sup> The state operates on a cash basis except when it closes its fiscal year on June 30. An exact amount for the calendar year ended December 31, 2009 cannot currently be determined and verified.

Hardeman	\$0.65	\$2.00	Tipton	\$1.50	\$3.00
Hardin	\$0.60	\$1.50	Trousdale	\$0.65	\$2.00
Hawkins	\$0.90	\$2.25	Unicoi	\$1.50	\$3.00
Haywood	\$0.65	\$2.00	Union	\$1.50	\$3.00
Henderson	\$0.65	\$2.00	Van Buren	\$0.65	\$2.00
Henry	\$0.65	\$2.00	Warren	\$1.00	\$3.00
Hickman	\$0.65	\$2.00	Washington	\$1.50	\$3.00
Houston	\$1.50	\$3.00	Wayne	\$1.00	\$2.50
Humphreys	\$1.50	\$3.00	Weakley	\$0.65	\$2.00
Jackson	\$1.50	\$3.00	White	\$1.50	\$3.00
Jefferson	\$1.00	\$3.00	Williamson	\$0.64	\$2.00
Johnson	\$1.50	\$3.00	Brentwood City	\$0.65	\$2.00
Knox	\$1.50	\$3.00	Wilson	\$0.55	\$1.67

The amount of 911 fees received by each of Tennessee's 100 ECDs for the annual period ending December 31, 2009 derived from these landline fees is not provided to TECB except as supplemental data included in annual audits of individual ECDs and is not presently available. Estimates of total landline collections for fiscal years 2007 and 2008 are \$43,800,000 and \$43,900,000 respectively.<sup>17</sup>

**3. A statement describing how the funds collected are made available to localities, and whether your state has established written criteria regarding the allowable uses of the collected funds, including the legal citation to such criteria.**

**Response:**

**Funding Programs:**

The 911 fee on non-wireline telecommunications service is used to fulfill the TECB's statutory mandates of establishing emergency communications for all citizens of the state, and assisting the state's 100 ECDs in the areas of management, operations and accountability. By law, the TECB distributes twenty-five percent (25%) of the revenue generated by the monthly service charge on users and subscribers of non-wireline telephone service to the ECDs, based on the proportion of the population of each district to that of the State.<sup>18</sup> The funds are distributed every two months.

The TECB also provides a number of non-statutory funding programs for the ECDs. All told, the TECB currently distributes over 80% of every dollar it collects to the ECDs.

For example, the TECB created a recurring operational funding (ROF) program in 2006 in part to address the disproportionality of the strictly population based distribution required by Tennessee law.<sup>19</sup> In 2010, this program was expanded from \$14 million to \$21.6 million to address decreasing local collections from landline 911 fees. Under the ROF program, each district receives \$80,000 annually as an acknowledgement of the basic costs intrinsic to providing 911 service without regard to the size of the ECD. The remainder of the \$21.6 million (\$13.6 million) is divided among the districts based on seven (7) population groups. A set amount is allocated to each group based on the average audited cost

<sup>17</sup> Estimates are based on reported data which is incomplete.

<sup>18</sup> Tenn. Code Ann. § 7-86-303(d)(1).

<sup>19</sup> In 2006, the four most populous districts received over 33% of the total annual revenue from the 25% distribution.

ratios of each of the population groups, determined from an analysis of audited financial statements from the 2004-2005 fiscal year. In figuring this calculation, all personnel costs, including salaries and benefits, were excluded in order to assure more equal treatment between districts that dispatch and those that do not. Each ECD in each of the seven (7) population groups receive the same dollar amount. The population groups receive the following annual distributions, which may be used in the operation of the districts for all purposes permitted under the TECB Revenue Standards:

<b><u>Populations (2005 estimates):</u></b>	<b><u>Annual distribution to each ECD (per population group):</u></b>
Under 15,000	\$124,109
15,000 – 29,999	\$142,791
30,000 – 49,999	\$167,153
50,000 - 74,999	\$188,855
75,000 - 99,999	\$265,803
100,000 - 199,999	\$345,095
over 300,000	\$1,269,919

The TECB recently initiated a program to provide over \$2 million annually to ECDs for dispatcher training. The Board also offers \$10,000 annually to each ECD for GIS mapping maintenance.

In addition to recurring funding programs, the TECB offers ECDs non-recurring (one-time) funding and reimbursements for the purchase of essential equipment and other items up to the following amounts:

- \$50,000 for Geographic Information System (“GIS”) Mapping Systems
- \$40,000 for Controllers
- \$150,000 for Essential Equipment
- \$5,000 for Master Clocks
- \$150,000 to each ECD that Consolidates (to a maximum of 3 ECDs)
- \$1,000 to Train Dispatcher Trainers
- \$100,000 to Cover Uninsured Catastrophic Event Losses

During its February 2010 meeting, the TECB voted to make \$25 million available to ECDs for equipment to connect to the IP platform the state is deploying to modernize Tennessee’s 911 infrastructure (Next Generation 911 Project). The funding plan provides each ECD with \$120,000 plus an additional amount determined by the district’s population.

In addition to funding generated within the State of Tennessee, in September 2009, the TECB was awarded a 911 grant of almost \$1.5 million from the U.S. Department of Transportation. The funding will be used to install routers needed for deploy the Next Generation 911 project.

#### **Criteria for Allowable Uses**

Tenn. Code Ann. § 7-86-102(d) requires that each ECD use funds received from all sources “exclusively in the operation of the emergency communications district.”

Consistent with that mandate, the TECB has established 911 Revenue Standards pursuant to Tenn. Code Ann. § 7-86-306, as criteria regarding acceptable uses of revenue for the ECDs. These criteria can be found at <http://www.tennessee.gov/commerce/911/>. ECDs are subject to annual audits to assure compliance with the Revenue Standards and generally accepted auditing standards.

The auditing manual may be accessed at:  
<http://www.comptroller1.state.tn.us/repository/ca/mg/tnecdmanual2008.pdf>

**4. A statement identifying any entity in the State that has the authority to approve the expenditure of funds collected for 911 or E911 purposes, and a description of any oversight procedures established to determine that collected funds have been made available or used for the purposes designated by the funding mechanism, or otherwise used to implement or support 911 or E911.**

**Response:** Both the TECB and the ECDs are authorized to approve the expenditure of funds collected for 911 and E911 purposes. The TECB is subject to audit by the Office of the Comptroller of the Treasury. In addition, Tenn. Code Ann. § 7-86-108(a)(1)(B) requires the TECB to submit an annual report on the status of statewide implementation of wireless and enhanced 911 service, compliance with the FCC's orders, the status and level of the 911 charge and the status, level and solvency of the 911 fund to the Finance, Ways and Means Committees of the Tennessee Senate and the House of Representatives. Tenn. Code Ann. § 7-86-315 requires the TECB submit an annual report on the activities of the Board in the preceding year to the Governor and the Speakers of the General Assembly.

The Boards of Directors of each of Tennessee's ECDs also have authority to approve expenditures of 911 revenue, so long as the funds are used exclusively in the operation of the district and consistently with the Revenue Standards adopted by the TECB.<sup>20</sup> The ECDs are subject to annual audit, supervised by the Office of the Comptroller of the Treasury.<sup>21</sup>

The TECB also conducts on-site ECD monitoring annually to assure compliance with operating, technical and revenue standards. The TECB Chairman, Executive Director and Director of E-911 Technical Services review technical specifications as part of the approval process for reimbursements and expenditures from the essential equipment and NG911 equipment funding programs.

The TECB is authorized to withhold distributions of the non-wireline 911 service charge from ECDs that are operating in or fail to correct specific violations of the law including, but not limited to, the failure to submit an annual budget or audit, operating contrary to the open meetings act, or failing to comply with the emergency communications law. The TECB may also withhold such distribution upon a finding that an ECD is not taking sufficient actions or acting in good faith to establish, maintain or advance wireline or wireless E-911 service.<sup>22</sup>

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<sup>20</sup> Tenn. Code Ann. § 7-86-102(d).

<sup>21</sup> Tenn. Code Ann. § 7-86-113.

<sup>22</sup> Tenn. Code Ann. § 7-86-108(f).

**5. A statement whether all the funds collected for 911 or E911 purposes have been made available or used for the purposes designated by the funding mechanism, or otherwise used for the implementation or support of 911 or E911.**

**Response:** All of the funds collected from the users and subscribers of non-wireline telecommunications service by the TECB for 911 or E911 purposes have either been made available or will be used for the purposes designated by the funding mechanism for implementation or support of 911 and E911. The TECB has purposefully accumulated reserves to fund the conversion of Tennessee's aging 911 infrastructure from analog to digital. That project is well into the planning stages.

The TECB's current budget of \$57.1 million for fiscal year 2009-2010 includes sufficient funding to provide the following: \$4 million for ECD reimbursements for equipment and 911 trunking and automatic location information (ALI) costs; \$12.8 million for the 25% allocation to ECDs; \$21.6 million for ECD operations support; \$1 million for GIS Mapping Maintenance grants to ECDs; \$5.8 million for beginning phases of the Next Generation 911 project; \$5.5 million for Administration and contracted services; and \$6.4 million for Phase I and Phase II carrier cost recovery.

In fiscal year 2010-2011, the TECB is permanently redirecting funds from its carrier cost recovery program to the ECDs. The TECB will decrease carrier cost recovery support from 100% to 5%.

**6. A statement identifying what amount of funds collected for 911 or E911 purposes were made available or used for any purposes other than the ones designated by the funding mechanism or used for purposes otherwise unrelated to 911 or E911 implementation or support, including a statement identifying the unrelated purposes for which the funds collected for 911 or E911 purposes were made available or used.**

**Response:** None of the funds collected from the users and subscribers of non-wireline telecommunications service by the TECB for 911 or E911 purposes have been made available or used for purposes other than those designated by the State's funding mechanism or for implementation or support of 911 and E911. In 2009, neither the principal nor interest on funds collected for 911 or E911 were made available or used for purposes other than those designated by the funding mechanism.<sup>23</sup>

**7. Any other comments you may wish to provide regarding the applicable funding mechanism for 911 and E911 purposes.**

**Response:** Through its conservative stewardship of the 911 fund, the TECB has prepared for the financial challenges associated with converting Tennessee's 911 infrastructure from analog to digital. This modernization project, called Next Generation 911 or NG911, will replace the State's aging analog 911 infrastructure with a digital platform which will improve interoperability and increase the ease of

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<sup>23</sup> In 2008, \$10 million in interest accrued on the non-wireline funds collected for 911 purposes was diverted to the general fund after the Office of the Tennessee Attorney General issued an opinion stating that the NET 911 Improvement Act did not prohibit diversion of interest earnings on funds collected for 911 or E911 purposes.

communication between emergency communications districts, allowing the immediate transfer of 911 calls, maps, photos, caller location information and other data statewide. The TECB projects non-recurring build out costs of approximately \$44 million over the next five years and recurring operational costs of up to \$16.5 million annually. The NG911 project will be part of a statewide private, secure IP network constructed by the Office of Information Resources in the Department of Finance and Administration. Negotiations to participate in the IP network are nearly concluded. The TECB is taking preliminary steps toward deployment and has requested a Budget Improvement for FY2010-2011 in the amount of \$28 million.

The improvement includes a federal 911 grant of almost \$1.5 million from the U.S. Department of Transportation. As stated previously, the funding will be used to install routers needed for deploy the Next Generation 911 project.

We hope you find this report informative. Should you have any questions or require additional information, please feel free to contact me at (615) 253-2164.

With kindest regards,



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Cc/ TECB  
The Hon. Phil Bredesen, Governor  
The Hon. Sara Kyle, Chairman, Tennessee Regulatory Authority  
Bill Mason, Office of the Governor