



2005

Statewide 911 Emergency Telephone

Service Program Report

December 15, 2005

***Minnesota Statewide
9-1-1 Program***



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Statewide 911 Emergency Telephone Service Program Report

I Executive Summary

Introduction

Minnesota's 911 emergency telephone service is a vital component of the State's emergency response system. Dialing 911 provides rapid and effective access to public safety services. Citizens of Minnesota expect that dialing 911 will link them directly to the right public safety agency and emergency personnel will have vital location information to help speed the responders to their emergency. The Commissioner of Public Safety is responsible for helping counties implement 911 service and funding part of the costs of getting 911 calls to a public safety answering point (PSAP), usually at county or city dispatch points.

Reporting Requirement

Minnesota Statutes, Section 403.06, Subdivision 1a requires the Commissioner of Public Safety to prepare an annual report to the legislature detailing the expenditures for maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the 911-related administrative expenses of the Commissioner. This Statewide 911 Emergency Telephone Service Program (911 Program) Report explains the 911 expense elements (Appendix A) and provides: (1) the required financial information as of November 1, 2005, (2) projections of the 911 program financial position through June 30, 2009, and (3) a brief summary of the status of enhancements and improvements to the Minnesota 911 system.

FY2005 Financial Update

The 911 fee had been set at 40 cents per access line in August of 2003, which generated \$27,323,188 in total revenue in fiscal year 2005. The program started the year with a \$3,673,687 balance in the 911 Special Revenue Fund. The total funding available to the 911 program during the fiscal year was \$30,995,875. Total expenses for the year were \$30,115,555, which included \$415,132 in 911 program administration expenses and payments totaling \$3,312,793 were made upon previously reported "prior year obligations" of the program and \$1,707,626 upon obligations from fiscal years 2003 and 2004. At the end of the fiscal year, the 911 Special Revenue Fund had a balance of \$881,320.

A substantial portion of the "prior year obligations" (unfunded claims from FY2003 and before) were resolved during the fiscal year. It is anticipated that the remaining amount of those claims will be finally resolved in FY2006.

Financial Projections (through June 30, 2009)

Legislation was passed in 2005 to increase the 911 appropriation and increase the fee cap to 65 cents. The fee increase was implemented on July 6, 2005. The legislation also allows better control of 911 spending, clarifies that the 911 fee applies to packet based communications, provides for liquidation of past due obligations in the 2006-2007 biennium, funds continuing

implementation of the statewide public safety radio system, and doubles the amount dedicated to PSAPs. The 65 cent fee will begin creating a surplus in fiscal year 2007 at which time the commissioner of Finance and Public Safety may decrease the fee.

A word of caution should be noted. Although fiscal procedures have been implemented to lend predictability and accountability to the management of the 911 Special Revenue Fund, the program continues to be plagued by the basic premise that the State should pay the costs of maintaining 911 service for any and all comers. The competitive nature of the telecommunication industry drives a continued expansion of competitive telecommunication businesses shifting customers from one vendor to another. As existing and new telecommunication companies expand their market, 911 program costs continue to rise with no appreciable increase in program revenues.

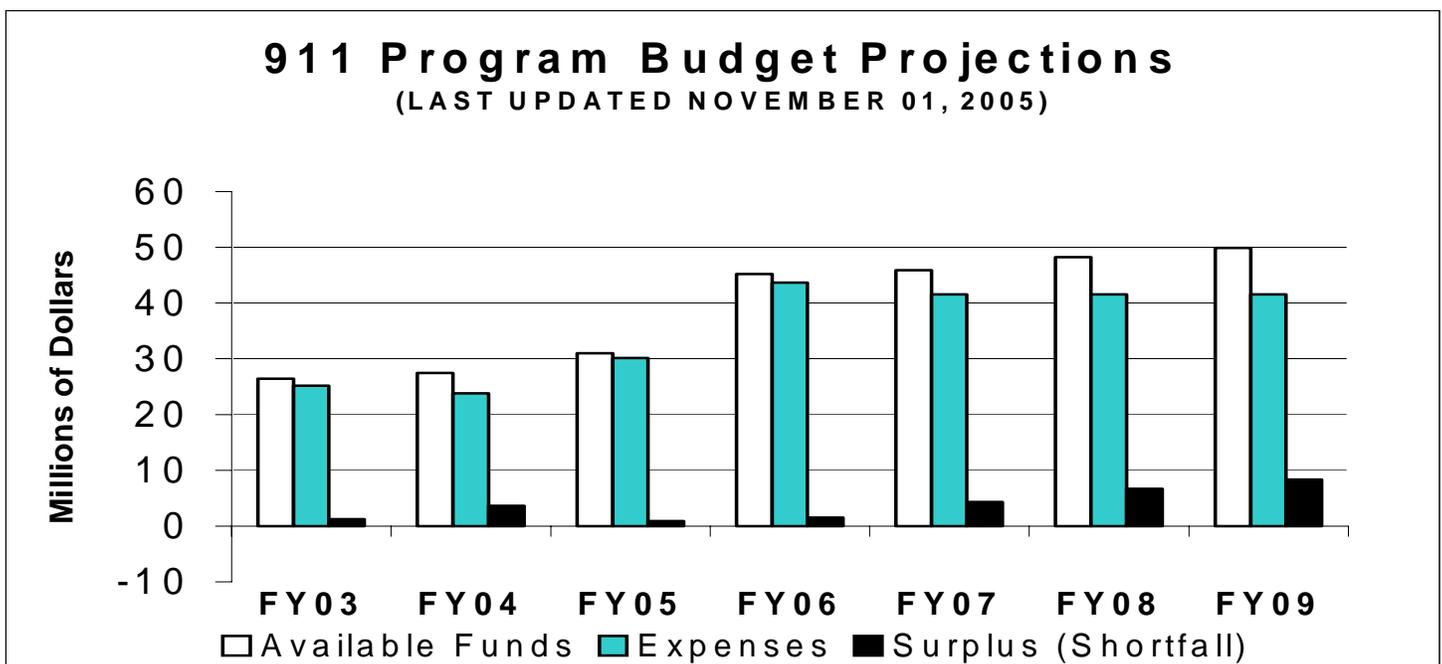


Figure 1 - 911 Program Funding

Status of Enhancements and Improvements to the Minnesota 911 System

Maintaining, enhancing, and expanding 911 services for both wire-line and wireless technologies are provided for under Minnesota Statutes, Section 403.025, Subdivision 7. Significant progress has been made to integrate wireless 911 into the enhanced 911 systems, to increase the interoperability of separate 911 systems, and to position the state to be able to take advantage of enhanced 911 services for wireless and interconnected Voice over Internet Protocol (VoIP) telecommunications services. Appendix B shows the status of wireless enhanced 911 as of December 15, 2005. Status updates are regularly posted on the Minnesota 911 website, <http://www.911.state.mn.us/>.

Conclusion

The success of the 911 Program is a product of extensive cooperation among legislators, regulators, state and local government administrators and the telecommunications industry. Continued success will require further cooperation to maintain program efforts as new telecommunications technologies, services, and service providers compete for market share.

II. Background

The 911 emergency telecommunications system provides rapid access to emergency services, which saves time for the caller and reduces overall response time for emergency service providers. The enhanced 911 system allows caller location to be displayed to the 911 call taker so help can be sent even if the caller does not or cannot provide an address, or, as in wireless calls, may be at a location that has no address. Statewide 911 answering is provided by 87 county 911 systems plus 18 city systems and 13 public safety answering points (PSAPs) operated by State Patrol and other government agencies.

The universal emergency 911 number is available throughout the state of Minnesota on wire-line and wireless phone lines. For wireless telephones, Federal Communication Commission (FCC) rules (Title 47, CFR 20.18) require the wireless carriers to put all 911 calls through to a PSAP, even if the caller is a non-subscriber. During 2005, the FCC enacted rules to require access to 911 from inter-connected voice over Internet Protocol (VoIP) wire-line telephones to include location and callback number including the use of the wireless enhanced 911 technology where available (Title 47, CFR, Part 9). Because Minnesota is leading much of the country in the deployment of wireless enhanced 911, Minnesota PSAPs were prepared for the initial implementation of enhanced 911 service for inter-connected VoIP services.

The 911 Program at the Department of Public Safety provides technical assistance to the cities and counties implementing, maintaining, and improving 911 systems, and oversees system standards. It also pays from money collected through a monthly statewide wire-line and wireless telephone fee the state's share of wire-line and wireless 911 costs authorized by Minnesota Statutes, Section 403.11 and contracted for with carriers; and administers grant funds for 911 agencies in accordance with Minnesota Statutes, Section 403.113.

The 911 fee is set by the Commissioner with the consent of the Commissioner of Finance. Effective July 6, 2005, the fee was increased from 40 cents to the cap of 65 cents in order to fund appropriated amounts under Minnesota Laws, 2005 Chapter 136. The fee collections are deposited in the 911 Special Revenue Fund, and these funds are appropriated by the Legislature to the Commissioner of Public Safety and the Commissioner of Finance to cover the expenses authorized by statute.

III. FY2005 Expenditures and Prior Year 911 Obligations

Fiscal Year 2005 expenditures and prior year obligations required a spending rate in excess of available fee revenue.

- M.S. 403.11: Network and database charges for 911 \$10,385,774

Reimbursements were made to local exchange carriers and 911 service providers (Qwest and Independent Emergency Services (IES) for costs incurred connecting telephone central offices with 911 networks. According to statute, contracted and certified costs are reimbursed by the State.

- M.S. 403.113: Enhanced 911 Grants (PSAP payments) \$6,830,805

PSAPs in 87 counties, 3 other governmental entities, and State Patrol Communications centers receive grants from the State to help defray the costs related to providing 911 service.

- M.S. 403.11: Wireless 911 Transfers \$684,631

A portion of the wireless customer 911 fee was directly transferred to the Minnesota State Patrol to offset the costs, including administrative and staffing costs, incurred in handling 911 emergency calls made from cellular phones.

- M.S. 403.11: Enhanced Wireless 911 Implementation \$4,046,473

Wireless carriers sign agreements with the State to implement enhanced 911 wireless services. The implementation costs incurred by these carriers and by the 911 service providers were reimbursed by the State and after implementation, ongoing operations costs were reimbursed. *The reimbursement amounts increased as more carriers implemented the service and ongoing operations expenses increase.*

- M.S. 403.30: Public Safety Radio System Grants \$2,732,321

The Metropolitan Council approved an annual budget for the Metropolitan Radio Board. The Commissioner of Public Safety was required to distribute one twelfth of the approved appropriation to the Metropolitan Council each month as long as it did not exceed the equivalent of 4 cents on every customer line.

- M.S. 403.11: Administrative Expenses Including Salaries \$415,132

Total cost is based upon administrative expense allocations, bargaining unit contracts, travel, and other miscellaneous expenses.

- M.S. 403.11: Other Obligations \$5,020,419

A total of \$8.2 million (November 2004 projection) in prior year obligations had been carried forward from fiscal year 2003. In resolving and settling these claims, uncertified and unpaid costs from fiscal year 2004 were also identified and paid during the fiscal year. The remaining unpaid claims will be finally resolved in fiscal year 2006.

IV. Financial Outlook (through June 30, 2009)

Current projections of subscriber volumes are based on an assumption that subscriber growth will flatten as more people choose unregulated alternatives to wire-line telephone service.

Accordingly, no increase is projected in the annual collections from each cent of the 911 fee for fiscal years 2008 and 2009. See Appendix A.

Although the FCC recently ordered inter-connected VoIP service providers to integrate their services into the 911 systems¹, the order left some questions over the matter of 911 fee collection.² Whether 911 fees can be successfully collected from this growing segment of telecommunications services is still unresolved.

There is no cap on 911 system costs under Minn. Stat. Section 403.11. However, the spending authority is capped in session law by direct appropriations from the 911 Fund and 911 Fund revenues are capped at 65 cents a month on all wireless and wire-line customers.

V. 911 Goals and Status

Goal: Control Costs and Predictability to the 911 Program

When the statewide 911 program was originally established the process of implementing 911 was reasonably clear. There was a finite number of incumbent local exchange carriers (ILEC) with telephone service discretely associated with fixed sites in fixed service areas. Deregulation of the telecommunication industry, with the proliferation of competitive local exchange carriers (CLEC) and the wireless telephone industry, changed the situation dramatically. In 1997, the legislature provided for reimbursement of the cost to implement and maintain enhanced 911 service for wireless carriers³ and in 2001 the legislature provided for the reimbursement of the recurring costs of CLECs as they implement service within Minnesota.⁴ As a result of these changes the statewide 911 network has become extremely complex. The process of administering changes and the costs of those changes have been a challenge.

Status: Ongoing. Legislative changes in 2005⁵ modified the 911 law to give DPS better tools to deal with today's competitive telecommunications landscape. The 911 law:

- Allows the Commissioner of Public Safety to designate which entities may provide 911 services rather than restricting 911 services to telephone companies;
- Raised the fee cap from 40 cents to 65 cents;
- Doubled the amount paid to PSAPs for 911 costs;

¹ [70 FR 37286](#), released June 29, 2005

² In the Matter of IP-Enabled Services, WC Docket No. 04-36 and E911 Requirements for IP Enabled Service Providers, WC Docket No. 05-196, Adopted: May 19, 2005, Released: June 3, 2005, FCC05-116 at page 30.

³ Minn. Stat. Section 403.11, Subdivision 1(f) provides that the state will reimburse wireless carriers for installation costs and for their recurring costs for integrating wireless calls into the enhanced 911 system. This provision was enacted by Minnesota Laws 1997, Chapter 202, Article 3, Section 21. In 1999, the FCC ruled that wireless carriers were required to integrate into the 911 system irrespective of whether a state reimbursement provision was in place; Second Memorandum and Order, FCC Docket No. 99-352 revising FCC Docket No. 94-102, released December 8, 1999.

⁴ Reimbursement of competitive local exchange carrier recurring charges did not begin until July 1, 2001. This provision was enacted by Minnesota Laws 2002, Chapter 372, Section 14. Prior to July 1, 2001, competitive local exchange carriers were required to and did provide 911 service without reimbursement of their expenses by the state.

⁵ Laws 2005 Chapter 136, Article 10.

- Requires the 911 fee to be applied to customers with both switched and packet based telecommunications services connected to the public switched telephone network and capable of dialing 911;
- Limits the payment of telecommunications company charges for providing 911 to those costs set forth in a contract;
- Reduces the two year certification period to one year; and
- Requires new contracts to provide that if certified charges increase by more than 10 percent the Commissioner of Public Safety may reduce the level of service without incurring any termination fees.

During the last two years, procedures have been changed to provide that service level changes will not be reimbursed unless specifically authorized in a contract. Additionally, contracts and certifications no longer provide for retroactive payment of service. These changes are designed to eliminate the implementation and change of service levels unbeknownst to the state, allow for an evaluation of the most effective way to implement a change in service and allow for the encumbrance of funds to pay for changes in service levels. The Department of Public Safety and the Department of Administration has implemented a master contract and competitive bidding process for qualified vendors to competitively bid upon providing enhanced 911 service on a county-by-county basis throughout the state. A similar competitive bidding process will be implemented for the provisioning of common network elements needed for wireless enhanced 911 service. The Department of Public Safety will also oversee a more thorough evaluation of changes in system wide service level features and attributes and the state's share of the cost of those changes in the future.

Goal: Provide Enhanced 911 Benefits to Wireless 911 Callers

Although the present enhanced 911 system routinely provides public safety responders an accurate location of each wire-line emergency caller when 911 is dialed from traditional landline telephones, it is more difficult to determine caller location from wireless telephones. The increasing use of cellular telephones by the public means that cellular 911 calls are becoming as likely to be placed from dwellings, sidewalks, boats or snowmobiles as from cars on highways. Wireless enhanced 911 implementation requires network, database, and PSAP equipment changes.

Status: Nearly complete. During calendar year 2005, the wireless market went through consolidations, leaving 13 of the 19 carriers providing service in Minnesota, and further 911 implementation progress was made. All 13 wireless carriers provide Phase II location information on 911 calls in all or most of their service areas. Phase II is provided by all carriers in 64 counties covering 78% of the state's population. Status updates are regularly posted on the Minnesota 911 website; <http://www.911.state.mn.us/>.

Goal: Integrate VoIP 911 Calls into the enhanced 911 networks

In the last few years advances in Voice over Internet Protocol (VoIP) technology and wider use of high speed Internet connections in homes and offices have made it possible to replace ordinary circuit switched telephone service with VoIP service. VoIP service is difficult to

integrate into the existing systems because it can be provided with no knowledge of the customer's physical location, and that location can change quickly. For example, a Vonage customer living in Saint Paul can take the VoIP interface unit along when traveling to Orlando. By plugging the interface unit into an Internet connection in an Orlando hotel room the customer could place and receive "local" phone calls just as at home. Also a customer can have a New York telephone number if desired. Nomadic usage and non-native telephone numbers are incompatible with our existing 911 systems that were built for traditional telephone service. In order to accommodate these potentially nomadic VoIP services, a technology model known as Interim i2 has been developed by the National Emergency Number Association (NENA). It uses a native routing number to get calls to the correct PSAP and a dynamically updated 911 database to provide the location of nomadic users that have updated their location profile. The dynamic update portion of the technology is similar to wireless enhanced 911. Because the 911 databases and PSAPs in Minnesota have already been modified for wireless enhanced 911, i2 can be readily implemented.

It should be noted that the Interim i2 technology model represents a transitional step in the evolution of the telecommunication industry. It is simply an adaptation to the existing legacy network. By all estimates, the telecommunication industry is in the midst of an industry wide evolution to a broadband network. An evolutionary step that the state's 911 network will ultimately have to take.

With the implementation of the Interim i2 technology model, at least three CLECs in Minnesota have begun expanding their networks to provide VoIP related 911 services in various counties in the state. 911 Program costs continue to increase as the carriers expand into additional counties.

Status: Ongoing. Several interconnected VoIP providers are either implementing or have implemented enhanced 911 using Interim i2 standard.

Goal: Improve the Interoperability Capabilities of Minnesota 911 Systems

Minnesota is in the forefront of enhanced 911 implementation and in a good position to implement wireless enhanced 911 statewide because over 99 percent of the state's wire-line telephones are served by selective router based enhanced 911 systems. Delivering emergency calls to 911 PSAPs through selective routers allows calls to be sent to the correct PSAP regardless of caller location, and facilitates transfers to neighboring PSAPs. This generally holds true only if the correct 911 PSAP is connected to the same 911 system as the caller's telephone exchange or cellular mobile switching center. The purpose of interoperability improvements is to allow 911 calls to be selectively routed and transferred between different systems. This applies both to different 911 service providers Qwest and IES in Minnesota, and to state border issues, such as between Washington and Goodhue served by Qwest 911 systems and the Wisconsin counties of Saint Croix and Pierce served by the SBC Ameritech 911 system.

Status: Implementation of this goal will be considered as part of the programs statewide coordination of the network development. This is an item that lends itself to review and recommendations from representatives of the public safety community to determine what priority to assign to the feature.

Goal: Contract with Wireless Providers and 911 Service Providers

Implementation of Phase I wireless enhanced 911 involves extensive coordination with local PSAPs in order to help determine where calls should be answered and develop plain language cell sector descriptions for display at the PSAP.

Status: Ongoing. Nearly all of the wireless provider contracts require updates and changes. Eleven contracts for Phase I 911 service need to be replaced and we are in contract negotiations with these carriers at this time.

Goal: Develop the next generation of 911

The commissioner of Public Safety directed the formulation of a 911 advisory committee composed of stakeholders in the 911 system to determine the present and future needs of the statewide 911 system. The 911 advisory committee scheduled monthly meetings to consider the improvements to the statewide 911 network and a migration path from a traditional telecommunication system to the telecommunication systems of the 21st century.

Status: Ongoing. Meetings with 25 stakeholders from the public safety and telecommunications industry have been held. Discussions involve today's system, the vision for a new system, agency business practices, and funding issues.

VI. Added Considerations/Risks

While good progress has been made in the conversion to enhanced 911, the following challenges jeopardize the future effectiveness of the 911 Program:

Costs for maintaining and improving 911 are increasing

The 911 Program is making progress to integrate wireless 911 into the enhanced 911 systems and increase the interoperability of separate 911 systems in order to take advantage of future fully enhanced Wireless 911 services. Improving the enhanced 911 networks and connecting wireless carriers will continue to increase the required expenditures for the 911 Program. Appendix A contains a table showing the different expense elements for 911.

More expenses may be incurred during migration to a new 911 system

The telecommunication industry is currently undergoing a significant change. The question concerning a transition to Voice over Internet Protocol (VoIP) technologies throughout the telecommunication industry is not considered a question of "if" but instead a question of "when" it will occur. There is a need to prepare for this transition, offer interim solutions and ultimately prepare to transition to a new packet switched system. It is also likely that it will be necessary to maintain the current system while providing a similar network for a substantial period of time causing increased costs to maintain the 911 systems.

Stability of 911 revenues

Revenue projections shown in this report are based on continued modest growth in wireless subscribers and a slight decline in wire-line subscribers that are paying the 911 fee. A continued decline in wire-line and a leveling in wireless subscribers paying the 911 fee is considered possible.

VII Conclusion

Even if access line counts remain stable, the continued proliferation of competitive telecommunication service providers has the potential to continue to drive up the costs of implementing and maintaining the state's 911 network. Similarly, if customer counts decline as voice services transition to unregulated data services over a broadband network there is a potential for additional strain upon the system.

The success of the 911 Program is a product of extensive cooperation among legislators, regulators, state and local government administrators and the telecommunications industry. Continued cooperation among these stakeholders is essential for ongoing success.

Appendix A – 911 Revenue / Expenses Required by Statute

ITEM	SOURCE	ACTUAL FOR FY 2003	FY 2003 FEE EQUIV.	ACTUAL FOR FY 2004	FY 2004 FEE EQUIV.	ACTUAL FOR FY 2005	FY 2005 FEE EQUIV.	PROJECTED FOR 2006	FY 2006 FEE EQUIV.	PROJECTED FOR 2007	FY 2007 FEE EQUIV.	PROJECTED FOR 2008	FY 2008 FEE EQUIV.	PROJECTED FOR 2009	FY 2009 FEE EQUIV.
INCOME	911 FEE SUBMISSION	\$ 20,792,730	33.0	\$ 25,838,597	39.4	\$ 27,323,188	40.0	\$ 44,330,910	65.0	\$ 44,407,610	65.0	\$ 43,870,840	65.0	\$ 43,240,470	65.0
EXPENSES															
911 System Costs, Network and Database charges	911 service providers and Incumbent local and interexchange carriers	\$ 7,997,006	12.7	\$ 10,208,399	15.6	\$ 10,385,774	15.2	\$ 11,338,026	16.6	\$ 11,530,026	16.9	\$ 11,530,026	16.9	\$ 11,530,026	16.9
Enhanced 9-1-1 Grants	Counties, Cities, UofM PD, Airport PD, and Red Lake Nation PD	\$ 5,986,202	9.5	\$ 6,228,015	9.5	\$ 6,489,266	9.5	\$ 12,958,000	19.0	\$ 12,980,800	19.0	\$ 12,980,800	19.0	\$ 12,980,800	19.0
	Transfer to State Patrol	\$ 315,063	0.5	\$ 327,790	0.5	\$ 341,539	0.5	\$ 682,000	1.0	\$ 683,200	1.0	\$ 683,200	1.0	\$ 683,200	1.0
Wireless 9-1-1 Transfers	Transfer to State Patrol	\$ 544,130	0.9	\$ 609,694	0.9	\$ 684,631	1.0	\$ 674,595	1.0	\$ 722,898	1.1	\$ 722,898	1.1	\$ 722,898	1.1
Implement Wireless Enhanced 9-1-1	9-1-1 service providers and wireless carriers	\$ 2,345,464	3.7	\$ 3,194,558	4.9	\$ 4,046,473	5.9	\$ 5,257,028	7.7	\$ 5,620,239	8.2	\$ 5,620,239	8.2	\$ 5,620,239	8.2
Debt Service and Reserves for Bonds	Metropolitan Council	\$ 2,494,368	4.0	\$ 2,622,321	4.0	\$ 2,732,321	4.0	\$ 1,405,000	2.1	\$ 1,410,000	2.1	\$ 1,410,000	2.1	\$ 1,410,000	2.1
Debt Service and Reserves for Bonds	Department of Finance							\$ 6,138,000	9.0	\$ 6,149,000	9.0	\$ 6,149,000	9.0	\$ 6,149,000	9.0
Statewide Radio Construction & Maintenance	Statewide Radio Board							\$ 1,323,000	1.9	\$ 1,323,000	1.9	\$ 1,323,000	1.9	\$ 1,323,000	1.9
Medical Resource Center Grants	Emergency Medical Services Regulatory Board							\$ 682,000	1.0	\$ 683,000	1.0	\$ 683,000	1.0	\$ 683,000	1.0
Prior Year Obligations	9-1-1 service providers and local, interexchange, and wireless carriers	\$ 5,064,282	8.0	\$ -	-	\$ 3,312,793	4.8	\$ 2,772,855	4.1	\$ -	-	\$ -	-	\$ -	-
Fiscal Year 2003-2004 Obligations						\$ 1,707,626	2.5								
Consolidation and Minimum Standards Study	Management Analysis Division, Department of Administration.			\$ 150,000	0.2	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Administrative Expenses	Varies. Includes salaries and indirect allocations	\$ 428,944	0.7	\$ 452,155	0.7	\$ 415,132	0.6	\$ 468,459	0.7	\$ 468,459	0.7	\$ 468,459	0.7	\$ 468,459	0.7
TOTAL CURRENT EXPENSES		\$ 25,175,459	40.0	\$ 23,792,931	36.3	\$ 30,115,555	44.1	\$ 43,698,963	64.1	\$ 41,570,622	60.8	\$ 41,570,622	60.8	\$ 41,570,622	60.8
CONTRIBUTION TO CARRYOVER/(DEFICIT)		\$ (4,382,729)	(7.0)	\$ 2,045,666	3.1	\$ (2,792,367)	(4.1)	\$ 631,947	0.9	\$ 2,836,988	4.2	\$ 2,300,218	3.4	\$ 1,669,848	2.4

Appendix A (Continued) - Fiscal Years 2003-2009 - Notes

This 911 Funding Matrix shows projections of the different expense elements for 911 expenses in each fiscal year from 2003 through 2005 (actual) and 2006 through 2009 (projected).

Fee Equivalents are indicated to provide a general idea of funding needs. Fee amounts shown for each expense element are rounded to the nearest 0.1 penny and somewhat skewed by the wireless 911 transfer expense, which is assessed only on wireless customers rather than all fee payers.

Assumed annual fee collection from one cent based on wire-line and wireless customer growth						
FY 2003 Actual collections	FY 2004 Actual collections	FY 2005 Actual collections	FY 2006 projected	FY 2007 projected	FY 2008 projected	FY 2009 projected
\$ 630,083	\$ 655,427	\$ 683,080	\$ 682,014	\$ 683,194	\$ 674,936	\$ 665,238

The major cause of unanticipated obligations in 2004 is the estimated \$8,200,000 of prior year obligations (reduced from initial estimates of \$9.2 million once previously certified and paid amounts were deducted). In 2001, a 911 Law change set a deadline of March 31, 2003 for all carriers to certify their 911 charges in order to be reimbursed back to the in-service date of a 911 system modification. Over a 5 year period, 65 counties had modified their 911 systems, but most carriers (multiple carriers per county) had not certified their charges. The new deadline caused a one-time bow wave of certifications at the end of March, 2003. A firm estimate of the obligation was not available until these certifications were reviewed and reconciled against prior certifications.

Comparing fiscal year 2003 with actual and projected future years shows 911 system costs increase from 12.7 cents of the 911 fee to 16.9 cents and wireless enhanced 911 costs increase from 3.7 cents of the 911 fee to 8.2 cents related to implementing wireless enhanced 911.

Fiscal Year 2005 expense element increases for enhanced 911 grants and wireless 911 transfers were directly caused by increases in the number of wire-line and wireless customers because they were based on a fixed number of cents of the fee.

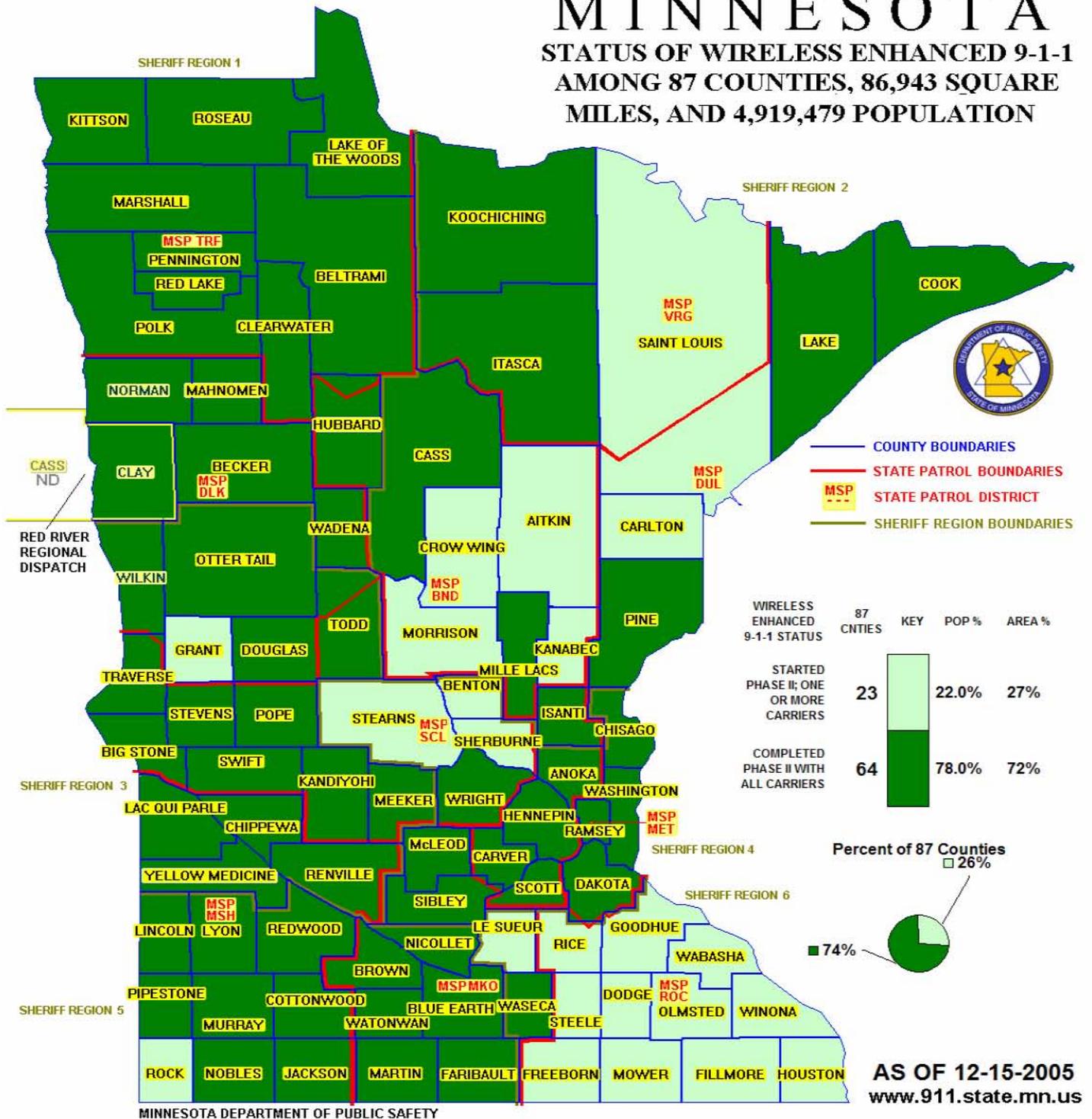
The metropolitan region and state radio system grant amounts for debt service and reserves for bonds was limited by statute not to exceed 13 cents (a 9 cent increase, effective July 1, 2004), but there was insufficient fee revenue after 911 system costs were paid to fund the increase.

For fiscal year 2006 and out years the 911 fee cap has been increased to accommodate additional grant funding (based on a specific appropriation), liquidation of remaining past due obligations, and bonding costs for continuing implementation of the statewide shared public safety radio system.

Appendix B. - Cellular 911 Status in Minnesota

MINNESOTA

STATUS OF WIRELESS ENHANCED 9-1-1
AMONG 87 COUNTIES, 86,943 SQUARE
MILES, AND 4,919,479 POPULATION



All thirteen wireless carriers have converted to Phase I wireless enhanced 911 with cell sector location and callback number. In addition to Phase I, all thirteen wireless carriers are providing Phase II wireless enhanced 911 that provides the latitude and longitude of the 911 caller. With few exceptions, all of these carriers are providing the location service in each of the 87 counties, and 64 counties are 100% Phase II, receiving Phase II 911 calls from all wireless carriers in the individual county.