

HB 1014
RELATING TO ENHANCED 911 SERVICES
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FEBRUARY 5, 2009

Chair Hanohano and Members of the House Committee on Public Safety

I am Jim LaClair, testifying on behalf of Hawaiian Telcom on HB 1014, "A BILL FOR AN ACT RELATING TO ENHANCED 911 SERVICES." Due to the importance of 911 services in the State of Hawaii and as the current wireline provider of 911 services, Hawaiian Telcom would like to offer the following comments:

HB 1014 seeks to combine the wireless and wireline E911 surcharges, currently separated, and expand and modify the responsibilities of the current wireless E911 board into a generic E911 board for both wireline and wireless carriers. It also reduces the current 66-cent wireless surcharge.

Hawaiian Telcom is concerned that HB1014's proposed changes to the surcharge and reimbursement rules may cause Hawaiian Telcom significant financial harm. Currently, Hawaiian Telcom keeps and administers the surcharge that it collects, HB1014 would require Hawaiian Telcom to transfer all wireline E911 surcharges over to the Enhanced 911 Board for control and management. We are also concerned that HB 1014 does not include Voice over Internet Protocol (VoIP) providers and their customers in the surcharge. This inequity in HB1014 allows VoIP providers to avoid paying their fair share of contributing to the costs of providing public safety services.

In addition, HB1014 is ambiguous when defining the surcharge rate for wireline services. It leaves open for interpretation of the surcharge rate that Hawaiian Telcom would charge its customers.

Finally, Hawaiian Telcom has an extensive dedicated E911 network that includes equipment and computers at every Public Service Answering Point, dedicated E911 switching equipment used by both wireline and wireless customers, and a statewide E911 network infrastructure. Hawaiian Telcom developed a surcharge approved by the Hawaii Public Utilities Commission based on cost studies that captures the costs associated with the wireline Enhanced 911 service. This model includes direct costs, indirect costs and allocated costs. The E911 reimbursement rules in HB1014, however, do not adequately allow Hawaiian Telcom to be reimbursed for all the costs necessary to provide statewide Enhanced 911 service. Failure to provide Hawaiian Telcom a complete reimbursement mechanism while still requiring the transfer of the wireline surcharge will cause unnecessary financial harm to Hawaiian Telcom.

Thank you for the opportunity to testify.



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LATE TESTIMONY

February 5, 2009

The Honorable Representative Rep. Faye P. Hanohano
Chair, Committee on Public Safety
Hawaii State Legislature

RE: Concerns regarding House Bill 1014

Dear Rep. Hanohano and Members of the Committee on Public Safety:

AT&T has serious concerns about the direction that House Bill 1014 would take funding for E911 services in Hawaii. This bill appears to decrease the E911 surcharge from 66 cents to 46 cents, while greatly expanding the use of these funds. We believe a careful and thorough analysis of E911 revenue and costs should be conducted before making these fundamental changes in the scope and purpose of the E911 fund.

Generally, AT&T takes a technology neutral approach to E911 surcharges on various technologies used to contact E911, including local exchange service, wireless, and VOIP. House Bill 1014 would extend the surcharge to "communications services," which includes these technologies, but also any other technology capable of activating E911. This seems vague and open-ended to us. Has an analysis been made of the projected revenue this would generate?

House Bill 1014 also appears to expand the ability of all "communications service providers" to recover their costs of providing E911 services. Again, has the Legislature studied what kind of financial demand this would place on the E911 fund? This should be determined prior to opening the door to cost recovery for all communication service providers.

Similarly, House Bill 1014 would no longer restrict the use of E911 funds by Public Safety Answering Points for just E911 technology. Under this bill, all overhead, staffing, and day-to-day operations costs could be funded through the E911 surcharge. This represents another major expansion of the use of these funds. Has this been studied?

Finally, if the Hawaii Legislature does change the amount of the E911 surcharge, whether in this bill or others, we would request a minimum 90-day implementation period to allow us to make the necessary changes in our billing systems.

AT&T continues to support a reasonable surcharge on its customers to fund E911 technology. We recognize the valuable service this technology provides. In setting up an E911 surcharge and fund, a comprehensive cost study should be conducted to determine what the charge should be and what it should fund. These important steps should come first before making the major changes in the program as proposed in House Bill 1014.

Respectfully Submitted, Dan Youmans, AT&T