

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Enhanced 9-1-1 Surcharge )  
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D.T.E. 06-4

**INITIAL BRIEF OF  
STATEWIDE EMERGENCY TELECOMMUNICATIONS BOARD**

**I. INTRODUCTION**

Pursuant to MGL, c. 6A, Section 18H1/2, the Department of Telecommunications and Energy (“Department” or “DTE”) is charged with the responsibility of establishing a wire-line surcharge for enhanced 9-1-1 (E9-1-1) services in the Commonwealth through to December 31, 2007. In D.T.E. 03-63-Phase I (July 14, 2003), the Department set an interim surcharge of \$.85. At about the same time, the Department in D.T.E 03-24-A (July 28, 2003) promulgated regulations to establish a funding mechanism for wire-line E9-1-1 services, relay services for TDD/TTY users, communication equipment distribution for people with disabilities, and amplified headsets at pay telephones, as 220 CMR 16.00 *et seq.* In D.T.E 03-63-Phase I, the Department stated that in Phase II of the proceeding it would establish a permanent surcharge, based on actual data, to remain in effect through December 31, 2007. D.T.E 03-63-Phase I at 2.

On April 5, 2006, the Department opened an investigation to establish a permanent surcharge and docketed the proceeding as D.T.E 06-4, effectively replacing the Phase II part of D.T.E 03-63. The Office of the Attorney General of the

Commonwealth, Verizon New England, Inc. d/b/a Verizon Massachusetts (“Verizon”) and AT&T Communications of New England, Inc, petitioned to intervene in the proceeding. All the petitions were granted. On May 3, 2006, the Department held a public hearing and procedural conference in the proceeding. An evidentiary hearing was held on August 7, 2006. The SETB’s initial brief is filed pursuant to the procedural schedule established by the Department as revised at the August 7<sup>th</sup> evidentiary hearing.

## **II. BACKGROUND**

The SETB was established in 1990 by Chapter 291 of the Acts of 1990. The SETB’s enabling statute is embodied in MGL, chapter 6A, Sections 18A through 18I. In accordance with MGL, chapter 6A, Section 18B(a), the SETB, which is within the Executive Office of Public Safety, consists of twenty-one (21) members. The members are: the Secretary of Public Safety; the Director of the Office of Consumer Affairs and Business Regulation; the Director of the Massachusetts Emergency Management Agency; the Chief Information Officer of the Information Technology Division; the State Fire Marshal; the Colonel of the State Police, the Police Commissioner of the City of Boston; the Executive Director of the Massachusetts Office on Disability; and thirteen (13) members to be appointed by the Governor, three (3) of whom shall be representatives of the Massachusetts Chiefs of Police Association, three (3) of whom shall be representatives of the Massachusetts Fire Chiefs Association, one (1) of whom shall be a representative of the Massachusetts Emergency Medical Care Advisory Board, one (1) of whom shall be a representative of the Massachusetts Police Association, one (1) of whom shall be a representative of the Professional Fire Fighters of Massachusetts, one (1) of whom shall be a representative of the Massachusetts Municipal Association,

one (1) of whom shall represent the interest of the vision impaired, one (1) of whom shall represent the interests of the hearing impaired, and one (1) of whom shall represent the interests of the mobility impaired. Exh. SETB-3 at 3-4. Pursuant to Section 18B(b) of chapter 6A, the SETB is charged with the responsibility to coordinate and effect the implementation of enhanced 9-1-1 service and wireless enhanced 9-1-1 service, and to administer such service in the Commonwealth. *Id.*, at 4.

The Wire-Line Enhanced 9-1-1 Fund was established by the Legislature in 2004 and is contained in MGL, chapter 10, Section 35W1/2. *Id.*, at 5. The Wire-Line Enhanced 9-1-1 Fund currently is supported by the \$.85 per month surcharge that was set by the Department in D.T.E 03-63 – Phase I, pursuant to MGL, chapter 6A, Section 18H1/2 that authorizes the Department to set the wire-line surcharge.<sup>1</sup> *Id.* Section 35W1/2 provides that “amounts credited to the fund shall be available for expenditures by the statewide telecommunications board, without further appropriation.”<sup>2</sup> In D.T.E. 03-63-Phase I, the Department stated that:

“Although the Act gives the Department the authority to implement a surcharge in order to recover the expenses of wire-line E9-1-1, there is nothing in the Act that diminishes the SETB’s sole statutory authority to determine the types of equipment, Training, and support for which expenditures are necessary. Pursuant to G.L. c. 6A, §§ 18B-18D, the SETB has been charged with administering E9-1-1 in Massachusetts, and the Department does not have the authority to supplant the SETB’s expertise when it comes to determining necessary Training programs

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<sup>1</sup> The Wireless Enhanced 9-1-1 Fund was established by the Legislature in 2002 and is embodied in MGL, chapter 10, Section 35W. Exh. SETB-3 at 5. The Wireless Enhanced 9-1-1 Fund is supported by the current \$.30 per month surcharge set by the Legislature in MGL, chapter 6A, Section 18H. *Id.* As set forth in Section 18H, the wireless surcharge may be increased by the SETB up to a maximum of \$.75 per month, with any increase justified by the SETB in its annual report to the Legislature. *Id.*; *See Tr.* at 48-52.

<sup>2</sup> Based on our review of the SETB’s enabling statute and Sections 35W and 35W1/2 of chapter 10, it is our interpretation that only wire-line and wireless carriers are required to remit surcharges to the SETB. It is our understanding that issues involving the payment of surcharges by VOiP providers and other emerging technologies and the post-2007 funding mechanism for E9-1-1 services will be addressed in D.T.E 06-33.

and equipment purchases. Therefore, while the Department will require documentation from the SETB in Phase II to support the reasonableness of its proposed expenditures, the Department lacks the jurisdiction to tell the SETB what categories of expenditures it is required to propose.” Id., 15-16; *See* D.T.E 03-24-A, at 6-7.

### **III. PROPOSAL**

#### **A. Introduction**

The SETB proposes an E9-1-1 wire-line surcharge of \$1.02, effective January 1, 2007.<sup>3</sup> Exhibit Attachment RR-DTE-2, Revised Scenario 2. The revenues and expenses that produced this rate consist of three fiscal years (“FY”) of actual figures, FY2004 through FY2006, and 18 months of projected figures extending from FY2007 to the first six months of FY2008 (“partial FY2008”). Id. The expenses listed in Revised Scenario 2 pertain to the categories of SETB administration and programs, Major City Chiefs (MCC) Training Fund Proposal, E9-1-1 services, both recurring and non-recurring, relay services and disabilities access programs, and deficit recovery. Id.

All the projected expenses for SETB administration and programs, MCC Training Fund Proposal and E9-1-1 categories represent 50 percent of the total expenses for these categories; the other 50 percent of the expenses is paid for through the Enhanced Wireless Fund. Id.; Exh. SETB-3 at 6; Exhs. DTE-SETB 1-7 and DTE-SETB 1-8; Tr. at 44-46. This splitting of expenses began in FY2005 with the SETB administration and

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<sup>3</sup> The SETB does not believe that 220 CMR 16.03(6) Recalculation applies to the instant proceeding. See Tr. at 72-73. This section of the Department’s regulations provides that at the end of the calendar year the SETB or a telecommunications company may petition the Department for a review of the level of the surcharge. The section adds that if, upon investigation, the Department determines to adjust the surcharge, it will provide telecommunication companies with at least 120 days written notice of that adjustment. In the instant case, the Department opened the surcharge proceeding on its own motion on April 5, 2006 following its determination in D.T.E. 03-63-Phase I that it will begin Phase II of this proceeding to adopt a permanent surcharge. D.T.E 03-63-Phase I at 2, 18. *See also* D.T.E 06-4, Vote and Order to Open Investigation, at 1-2 (April 5, 2006) (Consistent with our findings in the E911 Interim Surcharge Order, the Department, on its own motion, hereby votes to open an investigation to review and ultimately adopt a permanent E911 surcharge.”).

programs and E9-1-1 non-recurring expenses categories, and in FY 2006 with the E9-1-1 recurring expenses being paid 50 percent from the Wire-Line Fund and 50 percent from the Wireless Fund. Exh. DTE-SETB1-7. Given the integration of the network, database and equipment components in handling both wire-line and wireless 9-1-1 calls, and the approximately equal wire-line and wireless call volume, the 50-50 percent split represents a reasonable and equitable approach to split costs between the two funds. Exh. SETB-3 at 6; Exh. DTE-SETB 1-6; Tr. at 44-46.

Pursuant to MGL, chapter 6A, Section 18H1/2, relay services and disabilities access programs expenses and the Verizon deficit recovery expense have been, and continue to be, paid from the Wire-Line Enhanced 9-1-1 Fund. Exh. SETB-3 at 6; Exh. DTE-SETB 1-6; Exh. RR-DTE-13. In FY2006, actual expenditures for these categories represented approximately 64 percent of the total expenses being paid from the Wire-Line Enhanced 9-1-1 Fund. Exh. Attachment RR-DTE-2, Revised Scenario 2; Tr. at 52. This percentage falls to approximately 24 percent for project FY2007 due primarily to the equipment upgrade, but still represents a significant portion of what is paid from the Wire-Line Fund. Exh. Attachment RR-DTE-2, Revised Scenario 2.

Revised Scenario 2 represents a more accurate time frame for completion of the equipment upgrade through to the end of 2007. Exh. RR-DTE-2. Since, at this time, only a few of the Public Safety Answering Points (“PSAP”) out of approximately 270 PSAPs have been converted but not yet accepted, it is highly unlikely that the equipment upgrade can be completed by June 30, 2007, which is the completion date set forth in Revised Scenario 1. Id.; Exh. Attachment RR-DTE-2, Revised Scenarios 1 and 2. In addition, the surcharge of \$1.02 in revised Scenario 2 meets the SETB’s projected

FY2007 and partial FY2008 expenses and provides a reasonable and necessary reserve of \$2.8 million by December 31, 2007 to cover any contingencies such as further decreases in the number of wire-line subscribers, which is possible given the emerging technologies to which wire-line subscribers are migrating. Exh. RR-DTE-2.

Revised Scenario 1 is not the SETB's preferred option. First, the scenario is based on the equipment upgrade being completed by June 30, 2007, an event that is highly unlikely to occur. Id. Second, revised Scenario 1 requires a surcharge of \$1.52 to meet expenses through FY2007, a rate that is significantly higher than the current wire-line rate. Id. Third, this rate is projected to generate a fund balance of \$21 million by December 31, 2007. Id. This fund balance could be reduced by lowering the rate for period July 1, 2007 through December 31, 2007, but such action, which is not proposed by the SETB in revised Scenario 1, likely would have rate continuity implications and would create customer confusion. Id.

During the course of the proceeding, the SETB has demonstrated that the revenues and expenses contained in its spreadsheets are reasonable and necessary. Each category of revenues and expenses contained in Revised Scenario 2 is discussed below.

B. Revenues

Revised Scenario 2 contains the actual total revenue (or total funds) for FY2004 through FY2006, and projected revenue for FY2007 and partial FY2008. Exh. Attachment RR-DTE-2. Projected total revenue for each FY consists of a beginning fund balance, net revenue derived by multiplying the surcharge by the number of subscribers and subtracting a one percent administrative fee and a two percent uncollectible amount

on a monthly basis, and interest earned on the monthly fund balance for the FY. Id.; Exh. RR-DTE-2.

The projected number of wire-line subscribers for FY2007 through partial FY2008 is lower than what was contained on the revised August 3, 2006 spreadsheet contained in Exhibit SETB-2 due to the actual number of subscribers for FY2006 being less than what was projected for that FY. Id.; Exh. DTE-SETB 1-17. The actual monthly average number of wire-line subscribers has declined at rate of approximately 2.8 percent from FY2004 to FY2006, and the SETB reasonably estimated that this rate of decline would continue for FY2007 and partial FY2008. Exh. Attachment RR-DTE-2; Exh. DTE-SETB 1-17. The actual monthly average number of subscribers in FY2004 through FY2006 and the projected number of wire-line subscribers for FY2007 and partial FY2008 in Revised Scenario 2 are approximately 25 percent lower than the estimated 5,136,378 subscribers used to calculate the \$.85 surcharge in D.T.E 03-63-Phase I, and is a primary reason for the requested increase in the surcharge to \$1.02. Exh. Attachment RR-DTE-2; Exhs. SETB-3 at 4; SETB-4; Exh. DTE-2; Tr. at 102-103.

The SETB used an uncollectible revenue figure of 2 percent. Exh. RR-DTE-5. The SETB believes that this is a conservative percentage that is in line with the uncollectible revenue percent of approximately 2.4 percent used by Verizon in the interim surcharge proceeding that was approved by the Department in D.T.E 03-63-Phase I. Id.; Exh. DTE-2.

Revised Scenario 2 contains actual interest earned for FY2005 and FY2006, and projected interest earned for FY2007 and partial FY2008. Exh. RR-DTE-2. In this scenario, the SETB applied an interest rate of five percent to the projected total fund

balance at the end of each month. Id. The SETB submits that this rate is reasonable considering that interest rates change monthly, and that the Massachusetts Office of the State Treasurer provided the SETB with a current interest rate of 5.24 percent for July 2006. Id.; Exh. RR-DTE-8.

C. Expenses

1. SETB Administration and Programs

In Revised Scenario 2 the SETB provided actual expenses for administration and programs for FY2004 through FY2006, and projected amounts for FY2007 through partial FY2008. Exh. Attachment RR-DTE-2. For the projection for FY2007 through partial FY2008, the SETB provided detailed information on its administration and program expenses. Id.; Exh. DTE-SETB 1-4; Exh. Attachment DTE-SETB 1-4(a); Exh. , Revised Attachment DTE-SETB 1-4(c); Exh. RR-DTE-4; Tr. at 29-34. These expenses are necessary for coordinating and effecting the E9-1-1 system and administering relay services and disability access programs in Massachusetts. The projections of expenses for FY2007 and partial 2008 reflect the additional personnel and resources needed to complete the equipment upgrade in a compressed timeframe, and are reasonable. Exh. Attachment RR-DTE-2; Exh. DTE-SETB 1-4; Exh. Attachment DTE-SETB 1-4(a); Exh.Revised Attachment DTE-SETB 1-4(c); Exh. RR-DTE-4 Exh. DTE-SETB 1-11(g).

2. MCC Training Fund Proposal

On June 7, 2006, the SETB voted to create a PSAP Training Fund Proposal at five (5) percent of the Wire-Line Enhanced 9-1-1 Fund revenue for the period from July 1, 2006 through the end of the funding legislation on December 31, 2007. Exhs. SETB-2, SETB-3 at 3-4, SETB-4; Tr. at 90. The projected cost for the PSAP Training Fund is



included in Revised Scenario 2 in the line item labeled “MCC Training Fund Proposal.” Exh. Attachment RR-DTE-2. The projected cost of this Proposal for FY2007 and partial FY2008 is derived by multiplying the previous FY’s net revenue by five percent. Id.

Under the proposed PSAP Training Fund, dollars would be made available directly to PSAPs across the State to spend on 9-1-1 dispatcher Training activities approved by the SETB. Exh. SETB-3 at 4; Tr. at 95-97. In its vote creating this PSAP Training Fund, the SETB was aware of the additional costs of funding this Proposal, but recognized the vital necessity and importance of adequately and properly Training call takers and dispatchers in the constant effort to effectively implement 9-1-1 service in the Commonwealth. Exh. SETB-3 at 4; Tr. at 92-97. The guidelines and criteria for the PSAP eligibility to receive funds from the Training Fund are currently being written by the staff of the SETB. Tr. at 95-97. The focus of these guidelines and criteria will be to effectively administer the Training Fund to ensure that funds are used to train E9-1-1 call takers and dispatchers to meet public safety obligations; the Proposal will not be any kind of subsidy to the PSAP for personnel costs unrelated to Training. Tr. at 32-33, 92, 94-97. These guidelines and criteria are expected to be completed by October 2006. Tr. at 96.

3. E9-1-1 Services

a. Recurring

The recurring expense items pertain to the cost for data centers, the E9-1-1 network, network maintenance, the Verizon customer care center, map data and DMZ (or demilitarized zone). Exh DTE-SETB 1-11; Exh. Attachment RR-DTE-2; Tr. at 8. Revised Scenario 2 contains actual figures for FY2004 through FY2006 for these

categories, and projected costs for FY2007 and partial 2008. Exh. Attachment RR-DTE-2.

Data centers refers to the costs to provide, maintain and update the database that contains all subscriber information delivered to a PSAP upon receipt of a 9-1-1 call; network refers to the selective routing switches switched, dedicated 9-1-1 Trunks, and voice and data lines that make up the E9-1-1 system; and network maintenance and the Verizon customer care center provides for 24 hour per day, 7 days per week monitoring and maintenance for all components and services of the E9-1-1 system for the life of the Enhanced Wire-Line 9-1-1 Contract. Exh. DTE-SETB 1-11(a); Exh. Attachment DTE-SETB 1-14(c). Pursuant to the Enhanced Wire-Line E 9-1-1 Contract, Verizon provides the SETB with the E9-1-1 network, database and maintenance and monitoring services. Exh. Attachment DTE-SETB 1-14(c). The actual and projected expenses for the data centers, network, network maintenance costs, and customer care center are derived from that Contract. Exh. Attachment DTE-SETB 1-14(c).

With respect to map data, in FY2006, in anticipation of the equipment upgrade project commencing, the SETB began the task of developing the mapping data that will be used by the PSAPs in both the wire-line and wireless environments once they are outfitted with the mapping equipment. Exh. DTE-SETB 1-11(c); Tr. at 54-55. The actual and projected figures for mapping data are derived from an interdepartmental service agreement the SETB has with Mass. GIS, an agency within the Executive Office of

Environmental Affairs, to provide updated, synchronized mapping data and information to the SETB for use by the PSAPs. Tr. at 41-42.<sup>4</sup>

In regard to DMZ, this is a term that is used to describe a system located between an internal network that is trusted and an untrusted external network; it is a type of firewall between the two networks to protect the integrity of the E9-1-1 system. Tr. at 8-9, 54. The SETB expects to install this technology in about 50 PSAPs in the Commonwealth in FY2007 and partial FY2008. Tr. 53-54; Exh. Attachment RR-DTE-2. The projected costs for this technology contained in Revised Scenario 2 are reasonable.

b. Non-Recurring

The non-recurring expenses pertain to equipment upgrade, PSAP moves and headsets. Exh. Attachment RR-DTE-2. Most of the expenses for these categories are projected to be incurred in FY2007 and partial FY2008. Id.

In Revised Scenario 2, the equipment upgrade is expected to be completed by the end of 2007; therefore the costs for the upgrade are projected for FY2007 and partial FY2008. Id.; Exh. RR-DTE-2. The projected costs for the equipment upgrade are derived from the Enhanced Wire-Line 9-1-1 Contract. Exh. DTE-SETB 1-2; Exh. Attachment DTE-SETB 1-14(c); Exh. RR-DTE-2.

In 2004, the SETB entered into the Wire-Line Contract with Verizon following RFR EPS05-001. Id. The procurement management team (“PMT”) for the RFR was selected based on experience and qualifications. Exh. RR-DTE-11. The team developed criteria to evaluate bid proposals based on State procurement requirements. Exh. RR-DTE-12. In addition to requiring that the successful bidder provide network, database

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<sup>4</sup> The cost of the map data is split 50-50 between the Wire-Line Fund and the Wireless Fund. Exhs. DTE-SETB 1-7 and DTE-SETB 1-8. The only expense incurred solely by the Wireless Fund is for an ISA between the SETB and the Massachusetts State Police. Exh. RR-DTE-6.

and maintenance and monitoring services, the RFR required the bidder to provide a full replacement of the customer premises equipment (“CPE”) at all the primary PSAPs in the Commonwealth. Exh. DTE-SETB 1-2; Exh. Attachment DTE-SETB 1-14(c). This equipment, which was to replace the aging MAARS equipment at the PSAPs that was installed in the 1993-1996 timeframe, was to include specialty telephone equipment capable of interfacing with the 9-1-1 voice and data lines, seamlessly retrieving the automatic location information (“ALI”) data from the ALI database and presenting the information to the call-taker position answering that call. Exh. Attachment DTE-SETB 1-14(c); Exh. DTE-SETB 1-13(a). In addition, the CPE provided by the program was to provide instant recall and archive recording capability, call Transfer features and TTY functionality at each call-taker position. *Id.* The advent of wireless 9-1-1 required additional CPE features to provide the PSAP with a graphical mapping display of the caller’s location that is delivered as latitude and longitude coordinates. *Id.*

Verizon was the only bidder to the RFR and was awarded the Contract. Exh. DTE-SETB 1-2; Exh. Attachment DTE-SETB 1-14(c). The Contract was awarded to Verizon because in the view of the PMT, Verizon, who had previous and extensive 9-1-1 experience in Massachusetts, met the requirements of the RFR. *Tr.* at 81. Therefore, Verizon’s bid to the RFR, which included the equipment upgrade, was determined to be reasonable. *Id.*

In D.T.E. 03-63-Phase I, the Department approved a surcharge of \$.85 that included an estimate of \$68 million for an equipment upgrade. *Id.*, at 4; Exh. DTE-SETB 1-13(f); Exh. RR-DTE-2. This is the same equipment upgrade that the SETB is now seeking Department approval as part of the proposed \$1.02 surcharge, but at an amount

that is \$25 million less due to the 50-50 percent split with the Wireless Fund, and at an amount based on a Contract with Verizon. Exh. Attachment DTE-SETB 1-14(c); Exh. RR-DTE-2. In D.T.E 03-63-Phase I, the Department stated that in Phase II (which in now D.T.E 06-4), it “will establish a permanent surcharge, based on actual data, to remain in effect through December 31, 2007.” Id., at 2. While the equipment upgrade amount is not an actual figure, it is an amount that is based on a Contract that was vetted through a valid and legal RFR process that met all State requirements. Exh. Attachment DTE-SETB 1-14(c).

With respect to PSAP moves, PSAP moves are necessary when new facilities are built and/or when a new PSAP needs to be relocated within an existing facility. Exh. DTE-SETB 1-13(d). The decision to move a PSAP within an existing building or to a new building is a local one. Id. The SETB’s cost assumptions in Revised Scenario 2 are based on the SETB only paying for the move of 9-1-1 equipment and electrical work associated with that move. Tr. at 34-36. Because of the equipment upgrade, the SETB expects that there will be a number of PSAP moves, and the cost projection contained in Revised Scenario 2 is a reasonable estimate of what that amount may be. Tr. 28; Exh. Attachment RR-DTE-2.

In regard to headsets, usually because of sanitary reasons, some PSAPs request headsets. Tr. at 28. Because of the equipment upgrade, the SETB expects that there will be a number of requests for headsets, and the projected costs for this time contained in Revised Scenario 2 are reasonable estimates of that amount. Tr. 27; Exh. Attachment RR-DTE-2.

4. Relay Services and Disabilities Access Programs

MGL, c. 166, Section 15E, requires that every common carrier provide disability access programs in Massachusetts i.e., relay services for TDD/TTY users, a specialized communications equipment distribution program (“SCPE”) for people with certain disabilities, and a program for amplified headsets at Massachusetts pay telephones. Exh. Attachment DTE-SETB 1-14(a). Verizon has been the sole provider of those services since 1991. Id. Pursuant to MGL, c. 6A, Section 18H1/2, the wire-line surcharge pays for the relay services and disability access programs. Exh SETB-3 at 6; Exh. RR-DTE-13. Revised Scenario 2 contains actual amounts for FY2004 through FY2006, and the most recent projected figures provided by Verizon to the SETB for FY2007 and partial 2008 for relay services and disability access programs. Exh. RR-DTE-2; Exh. Attachment RR-DTE-2.

5. Deficit Recovery

Section 7 of the Chapter 291 of the Acts of 1990 provided for a residence directory assistance (“DA”) charging plan to offset costs incurred by telecommunications companies associated with wire-line E9-1-1 services and relay services and disability access programs. Exh. Attachment DTE-SETB 1-14(d). Beginning in 1995, Verizon had reported an annual deficit – a shortfall in residence DA revenues to recover the costs of providing wire-line E9-1-1 and relay and disability access services in Massachusetts. Id. As of December 31, 2002 Verizon’s deficit was approximately \$43.1 million (including interest), as recognized in the Department’s Order in D.T.E 03-63- Phase I. Id.; *See* D.T.E. 03-63-Phase I at 5. The interim surcharge of \$.85 approved in that Order included a deficit amount of \$31.2 million. D.T.E 03-63-Phase I at 5; Exh. DTE-2.

MGL, c. 6A, Section 18H1/2 requires that the wire-line surcharge be used to pay down the deficit. Exh. SETB-3 at 6; Exh. DTE-SETB 1-6; Exh. RR-DTE-13. In an agreement reached between the SETB and Verizon on June 21, 2004, a payment plan was established. Exh. Attachment DTE-SETB 1-14(d). The actual deficit amounts for FY2004 through FY2006 contained in Revised Scenario 2 reflect this payment plan. Exh. Attachment RR-DTE-2. In this proceeding Verizon has provided a deficit amount as of March 2006. Exh. DTE-Verizon 1-1. Consistent with the payment plan agreed to by the SETB and Verizon, the projected deficit figures for FY2007 and partial 2008 contained in Revised Scenario 2 pay down the recent deficit amount provided by Verizon. Exh. RR-DTE-2; Exh. Attachment RR-DTE-2.

#### **IV. CONCLUSION**

WHEREFORE, for the reasons contained herein, the SETB requests that the Department approve a wire-line surcharge of \$1.02 for effect on January 1, 2007.

Respectfully submitted,

Statewide Emergency Telecommunications Board

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