



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND CABLE

D.T.C. 17-1

April 10, 2017

**Petition of the State 911 Department for Approval of Fiscal Year 2017 Expenditures, Fiscal Year 2018 Development Grant Amount, Fiscal Year 2018 Incentive Grant Regional Emergency Communications Center Category Amount, and Fiscal Year 2018 Incentive Grant Regional Public Safety Answering Points Serving Two Communities Amount**

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**FINAL ORDER**

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I. INTRODUCTION AND PROCEDURAL HISTORY

On January 9, 2017, the State 911 Department (“911 Department”) petitioned the Department of Telecommunications and Cable (“DTC”) for approval of increases to certain budgetary items, as outlined by statutory requirements. Specifically, the 911 Department requests approval for increases to its: (1) projected Fiscal Year (“FY”) 2017 expenditures from its FY2016 final expenditures; (2) FY2018 Development Grant amount; (3) Incentive Grant Regional Public Safety Answering Points (“PSAPs”) Serving Two Communities category allocation percentage amount for FY2018; and (4) Incentive Grant Regional Emergency Communication Center (“RECC”) category allocation percentage amount for FY2018. *See* Petition of the State 911 Dep’t for Approval of FY2017 Expenditures, FY2018 Development Grant Amount, FY2018 Incentive Grant RECC Category Amount, and FY2018 Incentive Grant Regional PSAPs Serving Two Communities Amount (“Petition”) at 1, 14, 17-19 (2017). The DTC has ninety (90) days to review and issue a final decision on the Petition before these requests are deemed approved. *See* G.L. c. 6A, §§ 18B(i)(4)-(5), 18H(c).

The DTC issued its first set of Information Requests (“IRs”) to the 911 Department on January 30, 2017. First Set of Info. Requests of the Dep’t of Telecomms. & Cable to the State 911 Dep’t (Jan. 30, 2017). The 911 Department filed its responses on February 8, 2017. Responses to First Set of Info. Requests of the Dep’t of Telecomms. & Cable to the State 911 Dep’t (Feb. 8, 2017) (“IR 1-1 through IR 1-23,” respectively). On February 16, 2017, the DTC conducted public and evidentiary hearings on these matters. *See generally* Transcript of Record (“Tr.”). At the public hearing, the DTC received written public comments from CTIA—The Wireless Association (“CTIA”). Tr. at 9-10, 123; Comments of CTIA (Feb. 16, 2017) (“CTIA

Comments”). The DTC received no additional public comment nor did it receive any intervention requests. On March 2, 2017, the 911 Department responded to ten Record Requests (“RRs”) issued by the DTC at the evidentiary hearing. Responses to Record Requests of the Dep’t of Telecomm. & Cable to the State 911 Dep’t (Mar. 2, 2017) (“RR-1 through RR-10,” respectively).

In this Final Order, the DTC reviews the 911 Department’s revenue calculations for FY2015 through FY2018 and approves the 911 Department’s projected FY2017 expenditures, the FY2018 Development Grant amount, and the Incentive Grant allocation percentage amounts for FY2018 for the RECC category and for the PSAPs Serving Two Communities category based on the following analysis and findings.<sup>1</sup> In addition, the DTC discusses the stability of the Disability Access/Enhanced 911 Service Surcharge (“surcharge”) and the condition of the Enhanced 911 (“E911”) Fund.

## II. ANALYSIS AND FINDINGS

### A. Standard of Review

State law requires the 911 Department to petition the DTC for approval of certain budgetary expenditures and percentage allocations for funds disbursed from the E911 Fund. In particular, the 911 Department must petition the DTC if: (1) projected total expenditures exceed total expenditures of the previous fiscal year by 10% or more; (2) the Training Grant allocation is at or above 7.5% of the total surcharge revenues of the previous fiscal year; (3) the Support

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<sup>1</sup> The 911 Department also requested that the DTC consider the Petition as satisfying for FY2016 the requirement under G.L. c. 6A, § 18H(b) that the 911 Department report annually to the DTC on the financial condition of the E911 Fund and on the 911 Department’s assessment of the new developments affecting the E911 system. Petition at 1 n.1. The DTC grants the 911 Department’s request and finds in this instance that the Petition satisfies the requirements of G.L. c. 6A, § 18H(b) for FY2016 and, due to the timing of this proceeding, FY2017.

Grant allocation is at or above 31.25% of the total surcharge revenues of the previous fiscal year; (4) the Wireless State Police PSAP Grant allocation is at or above 6% of the total surcharge revenues of the previous fiscal year; (5) any adjustment to the allocation percentages attributed to the four Incentive Grant categories<sup>2</sup> increases “the initial total allocation” of the Incentive Grant by 10% or more; or (6) an adjustment to the Development Grant allocation increases “the initial funding allocated to this grant” by 10% or more. G.L. c. 6A, §§ 18B(i)(1)-(5), 18H(c).

State law also requires that expenditures from the E911 Fund by the 911 Department be prudently incurred and:

[A]ssociated with: the lease, purchase, upgrade or modification of primary and regional PSAP customer premises equipment and the maintenance of such equipment; network development, operation and maintenance; database development, operation, and maintenance; training of 911 telecommunicators regarding the receipt and use of enhanced 911 service information; education of consumers regarding the operation, limitation, role and responsible use of enhanced 911 service; grants associated with enhanced 911 service as set forth in subsection (i) and any other grant approved by the [911 Department] associated with providing enhanced 911 service in the commonwealth; the recurring and nonrecurring costs of communication services providers in providing enhanced 911 service in the commonwealth to the extent required by federal or Massachusetts law or regulation or federal or Massachusetts agency decision or order; and other expenses incurred by the [911 Department] in administering and operating the enhanced 911 system in the commonwealth.

G.L. c. 6A, § 18B(f).

As such, when reviewing 911 Department petitions, the DTC must determine whether the 911 Department’s allocations and expenditures are, or will be, prudently incurred. *See Petition*

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<sup>2</sup> The statute specifies allocations for each Incentive Grant category as follows: (1) for regional PSAPs serving 2 municipalities, 0.5% of the total surcharge revenues of the previous fiscal year; (2) for regional PSAPs serving 3 to 9 municipalities, 1.0% of the total surcharge revenues of the previous fiscal year; (3) for regional PSAPs serving 10 or more municipalities, 1.5% of the total surcharge revenues of the previous fiscal year; and (4) for RECCs, 2.0% of the total surcharge revenues of the previous fiscal year. G.L. c. 6A, § 18B(i)(4).

*of the State 911 Dep't to Adjust the E911 Surcharge*, D.T.C. 15-2, *Final Order* (June 18, 2015) (“15-2 Order”) at 4-7; *Petition of the State 911 Dep't for Approval of the Fiscal Year 2011 Dev. Grant Amount, & Fiscal Year 2010 Expenditures*, D.T.C. 10-1, *Order* (Apr. 5, 2010) (“10-1 Order”) at 5-6 (approving an increase in the FY2011 Development Grant allocation under G.L. c. 6A, § 18B(i)(5)); G.L. c. 6A, § 18B(f) (mandating that the 911 Department “disburse funds from the [E911] Fund for prudently-incurred expenses”). When examining whether an expense is, or will be, prudently incurred, the DTC assesses whether circumstances, at the time the decision was made, adequately justified the reasonableness of the expense. *See Petition of the Statewide Emergency Telecomms. Bd. to establish a wireline surcharge, for the period Jan. 1, 2008 to June 30, 2008, to recover prudently incurred costs associated with the provision of wireline Enhanced 911 servs., relay servs. for TDD/TTY users, commc'ns equip. distribution for people with disabilities, & amplified handsets at pay tels.*, D.T.C. 07-7, *Order* (Feb. 8, 2008) (“07-7 Order”) at 7, 9, 19. The DTC will not substitute its own judgment for that of the 911 Department as to what is reasonably required to perform the 911 Department’s statutory obligations, and the 911 Department has the authority to determine which categories of equipment, training, and support expenditures it will submit to the DTC for approval. *See Investigation by the Dep't of Telecomms. & Energy to establish a surcharge to recover prudently incurred costs associated with the provision of wireline enhanced 911 servs., relay servs. for TDD/TTY users, commc'ns equip. distribution for people with disabilities, & amplified handsets at pay tels.*, D.T.E. 03-63-Phase I, *Order* (July 14, 2003) at 16 (finding that while the State

Emergency Telecommunications Board (“SETB”)<sup>3</sup> must “support the reasonableness of its proposed expenditures, the [Department of Telecommunications and Energy (“DTE”)<sup>4</sup>] lacks the jurisdiction to tell the SETB what categories of expenditure it is required to propose”).

However, even though the 911 Department may make a determination that a certain expense is needed, all expenses must still be prudently incurred. *See 07-7 Order* at 8. Expenses are deemed prudent if they are necessary for the funding of the 911 Department’s provision of E911 services and programs, including disability access programs in the Commonwealth and, at the same time, maintain a stable surcharge level. *See 07-7 Order* at 9; *Petition of the Statewide Emergency Telecomms. Bd. to establish a wireline surcharge, for the period Jan. 1, 2008 to June 30, 2008, to recover prudently incurred costs associated with the provision of wireline Enhanced 911 servs., relay servs. for TDD/TTY users, commc’ns equip. distribution for people with disabilities, & amplified handsets at pay tels.*, D.T.C. 07-7, *Interim Order* (Nov. 30, 2007) at 7; *Investigation by the Dep’t of Telecomms. & Energy to establish a permanent surcharge to recover prudently incurred costs associated with the provision of wireline Enhanced 911 servs., relay servs. for TDD/TTY users, commc’ns equip. distribution for people with disabilities, & amplified handsets at pay tels.*, D.T.E. 06-4, *Order* (Dec. 1, 2006) at 27-28, 35.

Given the potentially competing interests of ensuring modern, robust E911 services and maintaining a stable surcharge, the DTC has stated that the 911 Department has the authority to determine what is necessary for the provisioning of E911 service, but that the necessity must be viewed in relation to cost. *See 10-1 Order* at 8; *07-7 Order* at 7. Accordingly, the DTC’s

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<sup>3</sup> The SETB was the predecessor agency to the 911 Department and was dissolved on February 1, 2009. *See* 2008 Mass. Acts, c. 223.

<sup>4</sup> The DTE, the DTC’s predecessor agency, was dissolved on April 11, 2007. *See* 2007 Mass. Acts, c. 19.

mandate is to strive to maintain a reasonable, stable surcharge in order to protect the interests of communications service ratepayers. *See Petition of the State 911 Dep't for Approval of Fiscal Year 2012 Incentive Grant Reg'l Emergency Commc'ns Ctr. Category Amount; State 911 Dep't Emergency Med. Dispatch Grant; & Fiscal Year 2011 Expenditures*, D.T.C. 11-2, *Order* (May 27, 2011) (“11-2 Order”) at 4-5. The DTC thus must oversee the costs of provisioning E911 services, but that oversight is limited to determining whether the 911 Department’s expenses are prudently incurred. *See id.*

B. Analysis of Projected Revenues

E911 Fund revenues are generated primarily from a surcharge that is “imposed on each subscriber or end user whose communication services are capable of accessing and utilizing an [E911] system” and are the funding source for the 911 Department’s expenditures. G.L. c. 6A, § 18H(a); *see also* RR-7; *Petition* at 3-4; G.L. c. 6A, § 18B(f) (describing the expenditures to be disbursed from the E911 Fund by the 911 Department); G.L. c. 10, § 35JJ (describing different possible revenue sources for the E911 Fund). The E911 Fund’s projected annual surcharge revenue is derived by multiplying the average number of monthly subscribers by the surcharge to produce the projected monthly surcharge revenue.<sup>5</sup> *See* RR-7; *15-2 Order* at 7. This averaged monthly revenue is then reduced by 1.0% to account for a carrier administrative fee and 2.0% to account for uncollectible revenue. *See* RR-8; *Tr.* at 110-111; *15-2 Order* at 7. The adjusted monthly revenue is then multiplied by twelve to get the annual projected surcharge revenue for each fiscal year. *See 15-2 Order* at 7. The 911 Department reports \$75,701,137 in surcharge

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<sup>5</sup> The 911 Department tracks subscriber count by type of service provider on a monthly basis. *See* RR-7; *15-2 Order* at 7 n.8. This subscriber count is averaged to determine the overall number of subscribers per month per carrier type. RR-7; *15-2 Order* at 7 n.8.



revenue for FY2015 and \$121,055,609 in surcharge revenue for FY2016, and it projects surcharge revenues of \$106,876,695 for FY2017 and \$104,695,538 each year for FY2018 through FY2021. *See* RR-10, Exh. C. The increase and subsequent decreases in surcharge revenues reflect surcharge adjustments made in FY2016 and FY2017.<sup>6</sup> RR-10, Exh. C; Tr. at 112-113; Petition at 4. For each year, the projected total E911 Fund revenue also includes earned interest from the portion of the E911 Fund that the 911 Department invests.<sup>7</sup> *See 15-2 Order* at 7-8. The DTC accepts the use of a static subscriber count to project revenues through FY2018 in this instance. However, because of technological advancements, communications markets can evolve rapidly. As a result, the DTC will not address projections beyond FY2018. As such, the DTC believes the 911 Department's method for calculating projected revenue for FY2015 through FY2018 is reasonable.<sup>8</sup> *See id.* at 8.

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<sup>6</sup> For FY2015, the monthly surcharge was \$0.75. The DTC approved a temporary increase to the surcharge for FY2016 to \$1.25 with a reduction to \$1.00 beginning in FY2017. *See 15-2 Order* at 31-35.

<sup>7</sup> The E911 Fund is managed by the State Treasurer. *See 15-2 Order* at 8 n.9; G.L. c. 29, § 23 (charging the State Treasurer with managing "all cash, funds, or investments under the control or jurisdiction of any state agency"). The Office of the State Treasurer reports the average interest rate for the Massachusetts Municipal Depository Trust each year. *See 15-2 Order* at 8 n.9.

<sup>8</sup> The DTC notes that CTIA urged revision of the surcharge methodology imposed on prepaid wireless providers by the 911 Department. *See* CTIA Comments at 2-3; *see also* 560 C.M.R. § 3.00 ("Regulations Establishing an Equitable and Reasonable Method for the Remittance and Collection of a Surcharge on Prepaid Wireless Telephone Service"). CTIA argues that adoption of a point-of-sale ("POS") methodology would be a more appropriate methodology and would increase the E911 Fund's annual revenues. *See* CTIA Comments at 2 (urging the DTC to "encourage the 911 Department to adopt E911 surcharge rules that implement a [POS] methodology" or "urge the Legislature to compel the 911 Department to adopt" such a methodology) (citations omitted). This matter is outside the scope of the DTC's review in this case. The DTC determines it is not appropriate for it to dictate a collection methodology for prepaid wireless providers. Indeed, the 911 Department implemented these requirements as part of a formal rulemaking process, subject to appeal, in accordance with the Commonwealth's Administrative Procedure Act. *See generally* G.L. c. 30A.

C. Analysis of Projected Expenditures for FY2017

The 911 Department requests DTC approval of projected expenditures of \$178,907,992 for FY2017. *See* RR-10, Exh. C; Petition at 2. Since actual reported expenditures for FY2016 were \$89,976,516, the 911 Department's projected FY2017 expenditures represent an increase of greater than 10% from the previous fiscal year. *See* RR-10, Exh. C; Petition at 2. The 911 Department projects decreased expenditures for FY2018 and FY2019, at \$115,443,566 and \$94,623,414, respectively. *See* RR-10, Exh. C. As discussed above, the 911 Department is required to seek approval for projected total expenditures that exceed the total expenditures of the previous fiscal year by 10% or more, and the DTC reviews the reasonableness of such requests by inquiring into whether these expenses are, or will be, prudently incurred. *See* G.L. c. 6A, § 18H(c). The 911 Department's projected expenses for FY2017 are broken down into four major cost categories: (a) Administration; (b) Programs; (c) E911; and (d) Disability Access Programs. *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5-11. The largest increases to the 911 Department's expenditures involve items listed under the Programs and E911 cost categories. Notwithstanding these increases, the surcharge will remain at the same level without eliminating or reducing any other necessary expenditures. The DTC analyzes the prudence of the projected expenditures in each cost category below and determines that the 911 Department's projected FY2017 expenditures are necessary to the provision of E911 services and programs, including disability access programs, and are, or will be, prudently incurred.

1. Administration

The 911 Department's projected FY2017 administration expenses of \$7,029,756 are, or will be, prudently incurred. *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5. The 911 Department's administration expenses in FY2017 include salary costs, agency expenses, and capital projects. *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5.

The 911 Department projects FY2017 salary costs at \$5,119,943, compared to the FY2016 actual salary costs of \$4,042,451. *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5. The 911 Department explains that the increase in salary costs is attributable to full-time employee ("FTE") and contract positions<sup>9</sup> and that the projections for salary expenses reflect contractual step increases and cost of living requirements negotiated by the National Association of Government Employees and the Commonwealth. Petition at 5. The 911 Department states that these positions are necessary to fulfill its statutory obligations. *Id.*; *see also* 2008 Mass. Acts, c. 223 ("An Act To Create A State 911 Department, Single 911 Surcharge And An Enhanced 911 Fund"). The increase in salary costs for FY2017 includes the backfill of two FTE and three contract positions, which the 911 Department deems necessary to fulfill its statutory obligations. *See* IR 1-5; Petition at 5. The DTC notes the responsibilities that the 911 Department's enabling legislation placed on the agency and finds that the projected increase in salary expenses is due to the 911 Department's fulfillment of its statutory responsibilities and contractual employment obligations arising from those responsibilities. *See 15-2 Order* at 11; 2008 Mass. Acts, c. 223. As a result, the projected FY2017

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<sup>9</sup> The two FTE positions are an accountant II, which became vacant due to an internal promotion, and a systems analyst, which became vacant due to a retirement. *See* IR 1-5. The employee contract positions include one TTY quality assurance position, one trainer, and one administrative attorney. *Id.*

salary expenses are necessary to the provisioning of E911 services and programs, including disability access programs, and are, or will be, prudently incurred.

The second item within the Administration category, agency expenses, is comprised of: (1) Employee Reimbursements; (2) Workers Comp; (3) Administrative Expenses; (4) Operational Supplies; (5) Utilities/Space Rental; (6) Consultant Services; (7) Operational Services; (8) Equipment Purchases; (9) Lease, Maintenance, Repair Services; (10) Building Maintenance, Repairs; and (11) IT Services, Equipment.<sup>10</sup> *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5. The projected total agency expenses for FY2017 are \$1,819,813, an 8.3% increase from the 911 Department's FY2016 agency expenditures of \$1,680,238. *See* RR-10, Exh. C; IR 1-3, Exh. A. The largest driver of the projected increase in FY2017 agency expenses involves Utilities/Space Rental, which increases from \$315,112 in FY2016 to \$615,505 projected for FY2017. *See* RR-10, Exh. C; IR 1-3, Exh. A. The 911 Department states that this increase is attributed to the relocation of its offices and training facilities from Taunton to Middleborough and, further, that its new monthly lease includes services and costs previously attributed to the Operational Services and Building Maintenance and Repairs cost categories.<sup>11</sup> *See* IR 1-8(a).

The 911 Department attributes increases to Equipment Purchases to its need to replace three office copiers that were no longer sufficient to support the agency's needs, and it attributes increases to Lease, Maintenance, and Repair Services to expenses associated with repairs to its

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<sup>10</sup> These categories and permissible associated expenses derive from the Office of the Comptroller of the Commonwealth, which oversees and implements the Commonwealth's accounting system. *See* Tr. at 117-119; IR 1-8(b).

<sup>11</sup> As a result, the 911 Department projects decreased expenditures for FY2017 in these two categories, which include such services as security services, cleaning services, waste removal, building maintenance and repair, pest control, and grounds keeping services. *See* RR-10; IR 1-8; IR 1-3.

aging fleet of vehicles. *See id.* In addition, the 911 Department attributes a decrease to IT Services and Equipment to a decrease in the number of staff augmentation positions projected for FY2017, and it states that the reduction to Administrative Expenses<sup>12</sup> is a function of the indirect cost calculation. *Id.*; *see also* Tr. at 119 (discussing the basis for the indirect cost calculation, which is where the indirect cost rate negotiated by the Office of the State Comptroller applies to each expense category, and explaining that indirect costs increase when spending in those categories increase and also decrease when spending decreases); Office of the State Comptroller, *Expenditure Classification Handbook* (Nov. 2014), at 4-5 (providing instructions regarding Fringe and Indirect Costs); Exec. Office for Admin. & Finance, *Admin. Bulletin: Fringe Benefits, Payroll Taxes and Indirect Costs (ANF 5)*, (May 1, 2008). Finally, the 911 Department's agency expenses include Consultant Services, which provide overall support to the 911 Department on a number of projects.<sup>13</sup> *See* IR 1-6. All of these agency expenses support the day-to-day functions used to operate an agency and thus are necessary to the 911 Department's provision of E911 services and programs, including disability access programs. The DTC finds that these expenses are, or will be, prudently incurred.

Capital projects, the final item within the Administration expenses category, is projected to be \$90,000 for FY2017, which is an 80.6% decrease from the FY2016 expenditures of \$464,631 for that category. *See* RR-10, Exh. C; IR 1-3, Exh. A. The 911 Department attributes FY2016 capital projects expenses to one-time costs associated with relocation of its office and

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<sup>12</sup> In addition to indirect costs, administrative expenses include office supplies and other expenses specified by the Office of the State Comptroller. *See* Tr. at 118-119.

<sup>13</sup> The 911 Department distinguishes Consultant Services listed under the administration expenses budget category from the NG Consultant Services listed under the E911 expenses category. *See* IR 1-6.

training facilities, whereas FY2017 capital projects expenses will involve the replacement of three vehicles as advised by the Operational Services Division's Office of Vehicle Management. *See* IR 1-7; Petition at 5. The 911 Department does not project any new capital project expenditures for FY2018. *See* RR-10, Exh. C; IR 1-3, Exh. A. The DTC determines that the 911 Department has submitted sufficient evidence to demonstrate that its FY2017 capital expenses are necessary to the provisioning of E911 and disability access programs, and are, or will be, prudently incurred.

## 2. Programs

Massachusetts law requires the 911 Department to administer several programs related to the provision of E911 services, including its training, public education, and grant programs. *See* G.L. c. 6A, § 18B(f), (i). For these three categories, the 911 Department projects FY2017 expenditures to be \$78,232,240.<sup>14</sup> *See* RR-10, Exh. C; IR 1-3, Exh. A; Petition at 5-9. This represents a 60.6% increase in program expenses from FY2016, which totaled \$48,719,428. *See* RR-10, Exh. C; IR 1-3, Exh. A. This increase is primarily the result of higher surcharge revenues in FY2016,<sup>15</sup> which determine allocations for most of the 911 Department's grant programs,<sup>16</sup> as

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<sup>14</sup> Programs category expenditures previously included support for a wireless center in the Essex RECC. *See* RR-10; IR 1-3; *15-2 Order* at 12. The 911 Department shifted this expense to the Support and Incentive Grant categories beginning in FY2017. *See* IR 1-22.

<sup>15</sup> In FY2016, the surcharge level was \$1.25, an increase from \$0.75 in FY2015.

<sup>16</sup> The DTC notes that specific grant allocation amounts are mandated by statute, but final expenditures are dependent upon grant recipients seeking reimbursement for their relevant expenses in accordance with specific grant guidelines. *See* Tr. at 72-73, 77-81; IR 1-15, Att. G "Grant Guidelines"; G.L. c. 6A, § 18B(i) (establishing a threshold for each grant and requiring DTC approval if the projected allocation for a grant exceeds the established threshold). As a result, projected expenditures for grant allocations may regularly exceed actual expenditures for the previous fiscal year.

well as grant program deficiency and rollover payments.<sup>17</sup> See RR-10, Exh. C; IR 1-3, Exh. A; G.L. c. 6A, § 18B(i). The DTC has reviewed each category given the 911 Department's requested increase in its overall FY2017 expenditures. See Petition at 2. As described below, the DTC determines that the 911 Department's projected program expenses for FY2017 are, or will be, prudently incurred.

a. Training

The 911 Department projects expenditures for the training program to increase from \$307,027 in FY2016 to \$500,000 in FY2017, and to remain at \$500,000 through FY2021. See RR-10, Exh. C; IR 1-3, Exh. A. Actual expenditures for this program have consistently decreased in recent years. See RR-10, Exh. C; IR 1-3, Exh. A. Although projected FY2017 expenditures reflect an increase from actual expenditures, the 911 Department is required by statute to disburse funds for prudently incurred expenses associated with the "training of 911 telecommunicators regarding the receipt and use of [E911] service information[.]" G.L. c. 6A, § 18B(f). Given the ongoing implementation of Next Generation 911 ("NG 911") in Massachusetts and the accompanying changes to the operation of E911 service, the DTC finds that these expenses are, or will be, prudently incurred for FY2017.

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<sup>17</sup> The 911 Department distinguishes deficiency payments from rollover payments. See Tr. at 74. In particular, deficiency payments are associated with Training Grants, EMD/Regulatory Compliance Grants, and Support and Incentive Grants, whereas rollover payments are associated with Development Grants. See RR-10, Exh. C. Deficiency payments for FY2017 involve payments made in FY2017 for contracts executed and completed in FY2016. See Tr. at 74; IR 1-12(a); IR 1-1. Rollover payments for FY2017 involve still-active, multi-year contracts for grants awarded in previous fiscal years. See Tr. at 74; IR 1-12(b), Att. F. As such, these deficiency and rollover payments total \$25,472,915 for FY2017 but are excluded from the calculations for FY2017 grant award percentage allocations. See RR-10, Exh. C; Tr. at 73-74; IR 1-3, Exh. A.

b. Public Education

In terms of public education, the 911 Department projects expenditures to increase from \$68,306 in FY2016 to \$125,000 in FY2017, and to remain at \$125,000 through FY2021. *See* RR-10, Exh. C; IR 1-3, Exh. A. However, the DTC notes that the largest actual annual expenditure for public education between FY2013 and FY2015 was \$51,604. *See* RR-10, Exh. C; IR 1-3, Exh. A. Although projected FY2017 expenditures reflect an increase from FY2016 actual expenditures, the 911 Department is required by statute to educate “consumers regarding the operation, limitation, role and responsible use of [E911] service.” G.L. c. 6A, § 18B(f). Given this, and the ongoing implementation of NG 911 in Massachusetts and the accompanying changes to the operation of E911 service, the DTC finds that the 911 Department’s projected public education expenses are, or will be, prudently incurred.

c. Grants

i. Training Grant

Turning to the 911 Department’s grant programs and beginning with the PSAP and RECC Training Grant (“Training Grant”), the 911 Department allocates \$4,630,762 for possible FY2017 Training Grant funding. *See* RR-10, Exh. C; IR 1-3, Exh. A. This projected allocation is within the allocation threshold prescribed by statute. *See* G.L. c. 6A, § 18B(i)(1). In particular, the initial allocation of the Training Grant was 5.0% of the total surcharge revenues of the previous fiscal year. *Id.* The State 911 Commission may increase that allocation, but the 911 Department must seek DTC approval only if such an increase brings the allocation to a level of 7.5% or more of the total surcharge revenues of the previous fiscal year. *Id.* In this instance, the 911 Department’s projected allocation for the Training Grant in FY2017 is 3.87% of the total surcharge revenues for



FY2016, which is less than the 7.5% that would require independent DTC approval. *See id.*; RR-10, Exh. C. Accordingly, the DTC determines that the projected Training Grant expenditures, which are required by statute and are under the level requiring DTC approval, are, or will be, prudently incurred. *See* G.L. c. 6A, § 18B(i)(1).

ii. *EMD/Regulatory Compliance Grants*

The 911 Department allocates \$1,988,715 for possible FY2017 Emergency Medical Dispatch (“EMD”)/Regulatory Compliance Grants (“EMD Grant”) funding. *See* RR-10, Exh. C; IR 1-3, Exh. A. The DTC approved the establishment of the EMD Grant with an initial allocation of 3.0% of the total surcharge revenues for the previous fiscal year. *See 11-2 Order* at 8-12. While the projected EMD Grant funding for FY2017 represents an increase from the actual FY2016 expenses, the projected expenses represent only 1.66% of the total FY2016 surcharge revenues, which is below the 3.0% threshold allocated for this grant. *See* RR-10, Exh. C; *11-2 Order* at 12. The EMD Grant is necessary for the 911 Department to meet its statutory obligations regarding EMD.<sup>18</sup> *See 11-2 Order* at 8-12; G.L. c. 6A, § 18B(g). Accordingly, the DTC finds that the projected EMD Grant expenditures are, or will be, prudently incurred.

iii. *Support Grant*

The 911 Department allocates \$22,435,861 for possible FY2017 PSAP and RECC Support Grants (“Support Grant”) funding. *See* RR-10, Exh. C; IR 1-3, Exh. A. The projected allocation for this grant is within the allocation threshold prescribed by statute. In particular, the initial allocation of the Support Grant was 25.0% of the total surcharge revenues for the previous fiscal

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<sup>18</sup> The DTC reiterates that an appropriate funding level should ultimately be established for the EMD Grant, consistent with the 911 Department’s statutory framework. *See 15-2 Order* at 14 n.14; *11-2 Order* at 12; G.L. c. 6A, § 18B(i).