

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

Steven J. Samara
President

**HOUSE CONSUMER AFFAIRS COMMITTEE AND SENATE COMMUNICATIONS AND
TECHNOLOGY COMMITTEE**

JOINT PUBLIC HEARING ON RURAL BROADBAND DEPLOYMENT

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TESTIMONY OF STEVEN J. SAMARA

PRESIDENT

PENNSYLVANIA TELEPHONE ASSOCIATION

Thank you for the opportunity to appear before you today and offer the perspectives of the Member Companies of the Pennsylvania Telephone Association (PTA).

The PTA represents rural local exchange carriers (RLECs) ranging in size from several hundred access lines to several hundred thousand and all sizes in between.

Some of these company names I'm sure would be familiar to you, other perhaps only if you were a customer or lived in the region.

While the size differences can be dramatic, there are a few important similarities.

First, these companies have been around for decades, some for a century or more.

Second, they all serve rural parts of Pennsylvania.

Third, they are all carriers of last resort (COLR). Which means that they must serve any landline customer within their service territories who requests service. They must also have constructed a network which makes broadband service available to anyone who requests it as well.

Fourth, they are all fully regulated by the Pennsylvania Public Utility Commission (PUC) although kudos to the PUC for recently taking some initial steps to modernize our telecom regulations to more accurately reflect what we've been experiencing in a highly competitive environment.

I believe that these characteristics make the RLEC segment of the telecommunications world unique and that legislators and regulators would be well served to keep them in mind as we all work together to address broadband deployment in rural Pennsylvania.

A Brief History of Broadband in Pennsylvania

Some of you were here back in 2004 when the Legislature passed landmark legislation which stood then, and stands now, as the only state statute requiring universal availability of broadband by the traditional landline telephone companies.

And, while the gold standard for broadband speed at that time was 1.544 Mbps, the law paved the way for not only reaching that objective, but also facilitating the construction of networks which allowed for that speed being eclipsed in broad swaths of Pennsylvania.

A thorough analysis of what the RLECs did in adherence to Act 183 can be found in the June 2020 Legislative Budget and Finance Committee report on the matter. That report was required under Senator Kristin Phillips-Hill's Senate Resolution 48.

I would also direct committee members to review the reports being generated by the Joint State Government Commission in accordance with Senator Phillips-Hill's Senate Resolution 47. That body has issued two reports (with more to follow) on forward-looking considerations regarding broadband deployment.

What Have the RLECs Done In Addition to Deploying Broadband Under the Act?

I previously mentioned the PUC's docket on Chapters 63 and 64 and applaud what the Commission has done to move us closer to parity with our competitors in the broadband sphere. Senator Kristin Phillips-Hill has introduced Senate Bill 341 which gets us even closer to where we need to be. The bill passed the Senate in May and is currently before the House Consumer Affairs Committee for its consideration.

Monopoly regulation is costly to adhere to, and we believe that further modernization would free-up resources which could be directed towards broadband deployment.

Another initiative which PTA is pursuing is Representative Doyle Heffley's House Bill 1658 which provides for potential cost sharing between telcos and the Pennsylvania Department of Transportation

when infrastructure must be moved for road and bridge projects. These are costs which tap limited resources which could be used for broadband deployment. That legislation unanimously passed the House in September and is currently before the Senate Transportation Committee for its consideration.

So, What Have We Done as a State Since?

Almost a year ago, Governor Wolf signed Senate Bill 835 into Act 132, and a framework was established to distribute revenue to eligible broadband projects across the state.

And, while the initial revenue available was minimal, the last time I checked there were more than 60 applications.

Some of the more attractive characteristics of the Unserved High-Speed Broadband Funding Program are: 1) Applicants must have technical, managerial and/or financial wherewithal to complete the project; 2) Applicants must put up 25 percent of the project costs through their own resources; and 3) There is a challenge process which allows parties to demonstrate that a project would be overbuilding an existing network already providing the required speeds

Federal Initiatives

With the number of federal programs that currently exist, and the just-passed Infrastructure Investment and Jobs Act promising billions of dollars to be distributed for broadband deployment nationwide, we all need to be focused on how to make every broadband dollar count for Pennsylvania citizens.

Some of my members have applied for the federal support, some have done it on their own for a variety of reasons. There is no right way, and the RLECs are making these decisions based upon their own business models, their service territories and, most importantly, their customers.

On behalf of my members, I would urge all of you to consider a few factors.

Don't repeat the mistakes of previous federal broadband programs.

Ensure we're not overbuilding existing networks.

Utilize revenue to build networks where there is truly a need.

Make sure applicants have the expertise to deliver what they promise.

What Are the RLECs Doing to Ensure Pennsylvanians Benefit from All of These Programs?

PTA Member Companies continue to build, utilizing state, federal money or their own. Several of my members have already deployed a 100 percent fiber optic network throughout their service territories.

As an association we have reached out to other associations and individual parties to explore establishing partnerships to discuss the most efficient manner in which to utilize limited resources to deliver customers the biggest bang for the buck.

The PTA was at the table in 1993 when Pennsylvania began its discussion of what broadband in the state would look like. Back then, one prognostication held that universal broadband could not be a reality in the state until 2030 absent some significant changes.

As an association, we stand ready to participate in any discussions which these committees and others may have to ensure that Pennsylvanians have access to the telecommunications networks they need.

