

HOUSE CONSUMER AFFAIRS COMMITTEE

INFORMATION HEARING ON THE TELECOMMUNICATIONS AND

CABLE INDUSTRIES

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TESTIMONY OF STEVEN J. SAMARA

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Pennsylvania
Telephone Association

*"The Communications
Leader in Pennsylvania"*



Good Morning Chairman Godshall, Chairman Daley, returning and new members of the Consumer Affairs Committee.

My name is Steve Samara, and I am President of the Pennsylvania Telephone Association (PTA), an organization which represents the interests of the state's rural local telephone companies, or rural local exchange carriers (RLECs) as they are commonly known.

The Association

The PTA is comprised of RLECs ranging in size from several hundred access lines to those who serve several hundred thousand lines, but the key characteristic of all of my members is that they serve rural Pennsylvanians. That is to say, the demographics of Pennsylvania's RLECs are similar, regardless of the company size. This fact drives much of what the PTA and its member companies see as important policy decisions before state and federal legislators and regulators.

Despite the sometimes negative connotations, the "rural" in RLEC does not mean that Pennsylvania's rural telcos are stuck in a world where offering only dial tone service is good enough. Quite the contrary. The PTA member companies are offering a wide variety of services and are, in many respects, as advanced as any

telecommunications provider. We just serve less people, in less densely populated areas which are more difficult, and costly, to serve. And don't get me wrong, we're good at providing basic service to rural Pennsylvanians, and take pride in doing so.

RLECs are regulated utilities with the Pennsylvania Public Utility Commission (PUC) having oversight of our activities. We file numerous reports with the PUC, including service reports, financial reports and network modernization reports to name a few. Customer complaints against my member companies are directed through and addressed by the Commission's Bureau of Consumer Services. Assessments on my member companies help to fund the Commission.

Commission oversight was streamlined under Act 183 of 2004, which removed some reporting requirements and provided for some flexibility as we entered a competitive telecommunications marketplace.

In order to attain the regulatory flexibility, Act 183 mandated ubiquitous broadband deployment by a date certain. For most of my members, that date was the end of 2008. When I appeared before this committee at the outset of last session, two of my member companies were entering the final stages of their

deployment. Both have met their goal of ubiquitous deployment by the end of 2013.

To be clear, ubiquitous broadband deployment does not mean everyone signs up. Much as we would like that to be the case, there is sometimes a rather wide gap between what is available and what customers have signed up for, despite competitive pricing and aggressive marketing.

The Regulatory Environment

Since Pennsylvania's passage of Act 183, federal regulatory changes driven largely by the Federal Communications Commission (FCC) have drastically altered the rural telecommunications landscape and impacted the ability of rural telcos to keep basic service affordable to their customers and your constituents.

Changes in access charges and the direction of distributions from the federal Universal Service Fund are having, and will continue to have, dramatic impacts on the delivery of telecommunications services to all of your constituents. Some of those concerns were addressed in Representative Warren Kampf's House Bill 1608, which was the subject of two public hearings held by this committee last session.

The FCC has had a few other “big ticket” items on its plate recently which will affect all consumers of telecommunications services including: the transition from traditional network infrastructures to Internet protocol networks, whether Internet service providers should be regulated as more traditional telcos, how states address the question of whether municipalities may offer broadband services, and even what constitutes broadband service.

One of our charges at the PTA is to keep all of you apprised of these developments, specifically as they impact your constituents.

Looking Ahead

Some of the issues which the RLEC industry will be discussing with the committee during this session are:

- Continued modernization of PUC Regulations – The PTA has been involved in several productive conversations with regulators and legislators about the need to review current telco regulations and ascertain which ones are still applicable today and how we can modernize the ones that are not to address the changing dynamics in the telecommunications world.

- Ensuring affordable service for rural Pennsylvanians – As I alluded to earlier, the traditional mechanisms for keeping basic service affordable have been dramatically altered and the subsequent effect on rural consumers is a public policy issue which needs to be addressed.
- Cybersecurity – The PTA and other industry associations have been working with PUC Commissioner Pam Witmer on a cybersecurity tabletop exercise designed to address potential impacts resulting from a cyber or physical attack on a utility's networks.
- One Call – PTA worked with Representative Matt Baker on his House Bill 1607 last session and is pleased to see House Bill 445 introduced to address the transfer of One Call oversight from the Department of Labor and Industry to the Public Utility Commission.

While the issues just mentioned are vital, we can't afford to be myopic as rural telcos. After all, we're still businesses operating in the Commonwealth and care about issues which impact the economic climate in Pennsylvania.

As always, on behalf of the RLECs in Pennsylvania, I look forward to working with you Chairman Godshall, Chairman Daley, House Consumer Affairs

Committee members and staff, to address whatever comes our way during the next two years.

Thank you for the opportunity to testify.