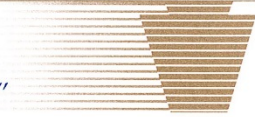


Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*



SENATE TRANSPORTATION COMMITTEE

PUBLIC HEARING ON THE DELAY AND DELIVERY OF STATE ROAD AND BRIDGE PROJECTS

TUESDAY, FEBRUARY 2, 2016

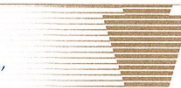
TESTIMONY OF STEVEN J. SAMARA

PRESIDENT

PENNSYLVANIA TELEPHONE ASSOCIATION

Pennsylvania
Telephone Association

*"The Communications
Leader in Pennsylvania"*



30 N. Third Street, Suite 300
Harrisburg, PA 17101
Phone 717-238-8311
Fax 717-238-5352
Internet www.patel.org

Good morning Chairman Rafferty, Chairman Wozniak, and members of the Senate Transportation Committee.

On behalf of the rural local exchange carrier (RLEC) members of the Pennsylvania Telephone Association (PTA), I appreciate the invitation to offer the perspectives of our industry on how to improve the timely delivery of vital road and bridge projects throughout Pennsylvania.

My name is Steven Samara, and I am the president of the PTA, a trade group which represents the interests of more than two dozen rural telcos operating in all corners of the Commonwealth. PTA members range in size from several hundred thousand access lines to less than one thousand.

We pride ourselves on delivering advanced telecommunications services to very rural parts of Pennsylvania, and while we are committed to building the information superhighway in our state, we realize that the roads and bridges that make up our motoring highway need upgraded as well. Our customers, and all Pennsylvania motorists deserve safe, reliable highways and bridges on which to travel.

Realizing this, back in 2013, representatives from PennDOT, the PTA and a variety of public utilities and other interested parties began meeting to discuss the causes of delays in road and bridge projects and

developing a framework to improve the situation. From that initial meeting, the PennDOT/Utility Coordination Team was formed.

All involved recognized that these are complex projects with lots of moving parts and there is plenty of blame to go around when things go wrong. Significantly, all parties involved in the series of meetings admitted to some level of culpability and believed that developing a more robust and predictable communication process was the key to eliminating both near-term and long-term delays.

In reviewing a status report for one of those meetings held in 2014, I noticed that the groups had identified 36 items specifically addressing utility relocation. Among the items on the list which are particularly relevant today were: minimizing utility relocation, minimizing changes to plans, realistic construction schedules and good communication and utility relocation reimbursement.

All of these topics are as timely today as they were several years ago.

The charge given to all of us testifying here today was to identify causes of delays and, offer suggestions for improvement. The timely communication highlighted by the Coordination Team is often the cause of delays and where the solution is to be found from our perspective.

RLECs plan and budget for their own network infrastructure costs routinely, but cannot do the same for road and bridge projects absent up-front notification of the projects and what is involved. Discretionary

capital expenditure dollars are in short supply for many of these RLECs and redirecting resources away from planned network build-out and maintenance to transportation projects is, from a budgetary/administrative standpoint, difficult to say the least. Let's not lose sight of the fact that often times, the companies are bearing the costs of facility relocation for a project which contributes nothing to the service quality of their customers.

Cost-sharing on these projects was an initiative which we pursued during deliberations on Act 89 and an objective which we believe the General Assembly should consider moving forward.

Quite frankly, with loss of landlines, increasing competitive pressures, and dramatic changes in federal communications policy that negatively affects the financial condition of many RLECs and, more importantly, their rural customers, utility relocation expenses can be daunting.

Costs for utility relocation range from tens of thousands of dollars annually to hundreds of thousands or more. A significant portion of those costs are not reimbursed and are borne by the RLEC and/or its customers. In a day and age where our ability to keep service affordable for our rural customers is being jeopardized, these projects, especially if unplanned for, put my member companies and their customers on precarious footing.

In seeking data from my member companies, one response was particularly telling in that the company has "one known road move for 2016 estimated at \$100,000. Other projects will surely be brought to our

attention throughout the year.” It’s hard to adjust for that scenario when your capital budget for the year is already set.

Another small RLEC noted that they would be reimbursed for only a very small portion of the \$350,000 costs it incurred for a road project and nothing for a \$50,000 bridge project in its service territory.

I do not want committee members to leave here today with the thought that throwing more money at the problem will make it go away, but rather with the realization that up-front and frequent communication with RLECs will help in a situation where dollars are tight and potential impacts on customer costs need to be recognized.

Being actively involved in these types of projects from the outset was the focus of a response from one of my members who, in another state, hired a former state transportation department employee whose insight and expertise on one project was instrumental in minimizing costs for the department and the company before a shovel hit the ground.

Mr. Chairman and committee members, I realize that this issue is much more involved than simply saying that the parties need to talk early and often. The Pennsylvania Utility Highway Liaison Committee meets regularly to address the myriad issues involved in these projects and there are several telco representatives on that committee.

For today's purposes however, and at the direction of this committee to succinctly document solutions, I'll simply offer that timely communication and early participation by RLECs would go a long way to minimize costs and delays with the road and bridge projects made possible by Act 89.

On behalf of the rural telco members of the PTA, I thank you for this opportunity, offer my member companies' expertise going forward, and am happy to answer any questions that you may have.