

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*



HOUSE CONSUMER AFFAIRS COMMITTEE
INFORMATION HEARING
TELECOMMUNICATIONS, CABLE AND WIRELESS INDUSTRY
FEBRUARY 23, 2011

TESTIMONY OF STEVEN J. SAMARA
PRESIDENT
PENNSYLVANIA TELEPHONE ASSOCIATION

**Pennsylvania
Telephone Association**

*"The Communications
Leader in Pennsylvania"*



30 N. Third Street, Suite 300
P.O. Box 1169
Harrisburg, PA 17108-1169
Phone 717-238-8311
Fax 717-238-5352
Internet www.patel.org

Good Morning Chairman Godshall, Chairman Preston, incumbent members of the House Consumer Affairs Committee, and welcome to new committee members.

My name is Steve Samara and I am President of the Pennsylvania Telephone Association (PTA), an organization which represents the interests of all of the state's rural local exchange carriers. That membership currently stands at 35 and is depicted on the map by the colored areas.

My member companies are, in many respects, as advanced as any sitting before you today and are truly telecommunications, as opposed to simply telephone, companies. I realize that for the sake of our hearing today, putting some traditional boundaries around the panels made sense, but all of us are in pursuit of the customer who wants telephony, video, Internet, data, and wireless services. In that sense we are much more similar than dissimilar.

In the brief time that I have before you today, I would like to provide a profile of the PTA member companies that will hopefully be beneficial as this committee addresses the myriad issues facing telecommunications providers in today's dynamic environment.

Who We Are

PTA member companies range in size from several hundred thousand access lines to less than a thousand, with a majority under ten thousand lines. All of them are losing traditional access lines to competitors and are ardent subscribers to the adage: necessity is the mother of invention; investing millions of dollars to construct networks that can provide high-speed Internet, video, and even wireless services in order to stem the loss of traditional landlines.

We are truly rural. Not only as defined by the Federal Telecommunications Act (which includes as some of its criteria, service to less than 50,000 access lines or service only to areas with municipalities of less

than 10,000 inhabitants), but in terms that can be specifically quantified in Pennsylvania. The smallest PTA member companies serve territories with an average of 30.5 lines per square mile, while the larger PTA members average a slightly more dense 49.4 lines per square mile.

Regulatory Status

While the PTA and the Pennsylvania Public Utility Commission have worked diligently together to implement the deregulatory provisions of Act 183, the incumbent local telephone industry still remains the last bastion of telco regulation in the state. In addition, federal and state regulatory policies such as universal service have positioned my member companies as the carriers of last resort; a status imposing financial costs which our competitors do not bear.

Our objective is to look more like our unregulated competitors. The longer it takes for us to be an unfettered competitor in today's market, the longer it will take for your constituents to truly enjoy the benefits of a competitive marketplace. I look forward to continue working with the Legislature and the PUC on this multi-faceted issue.

Act 183

Passed in 2004, Act 183 remains the most aggressive broadband deployment statute in the nation. As Congress and the Federal Communications Commission continue to discuss federal stimulus revenues for broadband deployment, mapping, and reforming the Universal Service Fund to ensure that the rural areas of this nation have broadband access, you can take solace in the fact that you have put in place a statutory commitment that the PTA member companies must universally deploy this service. The vast

majority of my members were done deploying by 2008, and the few who have until 2013, are well ahead of schedule.

Image

Our charge going forward is to shed the “dinosaur” image that many try to associate with traditional local telephone companies.

Quite frankly, we saw it when federal stimulus money started to flow and there was a general notion that we need to funnel revenues into broadband deployment and mapping initiatives because no one has done anything for the country’s rural residents to keep them on the cutting edge of technology.

In testimony before the Senate Communications and Technology Committee last year, I noted that the PTA was not opposed to federal stimulus revenues for broadband, but the best way to utilize that money was to first recognize that a robust broadband network already exists in Pennsylvania thanks to the local telephone industry and Act 183. Consequently, partnerships with existing providers will give you the best bang for the buck.

The FCC is in the eye of the storm on issues such as intercarrier compensation, universal service funding and broadband deployment and, as those issues unfold, you will certainly hear from a very vocal rural telephone carrier industry that a healthy, vibrant rural landline economy is the best way to bring broadband to rural America.

Looking Forward

The PTA is eager to work with you Chairman Godshall, Chairman Preston and all committee members on the issues affecting telecommunications providers in Pennsylvania. Our customers and your constituents deserve our full attention as we continue to chart a course which brings all the benefits of advanced technology to every citizen of our great Commonwealth.