Pennsylvania Telephone Association

"The Communications Leader in Pennsylvania"

TESTIMONY OF STEVEN J. SAMARA

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PENNSYLVANIA TELEPHONE ASSOCIATION

BEFORE THE

SENATE CONSUMER PROTECTION AND PROFESSIONAL LICENSURE COMMITTEE

PUBLIC HEARING ON THE IMPACT OF VERIZON'S LINE DISCONTINUANCE APPLICATION

OCTOBER 20, 2026

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Chairman Stefano, Chairwoman Boscola and committee members, on behalf of Pennsylvania's rural local exchange carriers (RLECs), thank you for this opportunity to provide testimony to the Senate Consumer Protection and Professional Licensure Committee.

PTA represents more than two dozen rural telcos providing basic dial tone and advanced broadband service across Pennsylvania, utilizing infrastructure including copper cable, but more and more these days, fiber optic cable.

From our perspective, this transition from copper to fiber is specifically *for* our customers, not an effort to *abandon* them.

The copper network has served rural Pennsylvanians well for over a century, but it has limitations on speed for the higher bandwidth demand of many citizens, is costly to maintain and repair, and is increasingly the target of theft which can bring between $5-$6.00 per pound at Pennsylvania scrap yards.

By comparison, fiber optic cable has virtually unlimited speed capabilities, is cheaper to maintain, and more environmentally friendly.

It is, however, not cheap to deploy, with estimates ranging from $25,000 to $80,000 per mile for aerial installation and $80,000 to $200,000 per mile to install underground. And as all of us Pennsylvanians know, building infrastructure in the Commonwealth due to our topography and geology is not easy.

These technological advancements have put all incumbent telcos in an interesting position and driven a number of initiatives due to our unique situation as being the only fully regulated telecommunications providers at the state and federal level.

We have the desire and the ability to provide our customers with world-class service, but are hamstrung in an incredibly competitive market by legacy regulations.

Consider these parameters:

- **Pennsylvania's incumbent local telcos have lost virtually all of their landline voice telecom customers to unregulated or lesser-regulated competitors such as wireless, cable and satellite.**
- **We have technology which allows us to compete with the unregulated providers, but a regulatory framework which won't allow us to compete fairly.**

What you are seeing from Verizon and other incumbent local exchange carriers (ILECs) is an effort to put us in a position to offer another alternative to our customers at competitive prices and to be able to do so nimbly and free from monopoly-era regulations.

One of those efforts is the subject matter of this hearing, but there are others which the committee should be aware of.

Verizon's Section 214 applications in other states and their notices sent to customers here are not unique to Verizon or Pennsylvania. These applications are being filed

across the country by a variety of telecommunications carriers fueled by the scenario I just outlined.

And, while I know that the telcos believe that the effort represents an initiative that will be mutually beneficial to their customers and their companies, I understand the concerns raised by interested parties, and the reason for this hearing.

At issue is Carrier of Last Resort (COLR) regulatory obligations which accompany our certificates of public convenience to operate in Pennsylvania.

This "safety net" made perfect sense in the monopoly days of telecom when, if the ILEC wasn't providing service, there was no one else to do so.

Consequently, the COLR obligation and the public policy objective of universal service is ingrained in federal and state statutes and regulations and modifications are deliberately not easy to come by.

In today's competitive environment, the "no alternatives" scenario is becoming less and less frequent, precipitated in part by the migration of the vast majority of Pennsylvanians who have voluntarily chosen to subscribe to providers who do not have a COLR obligation, thereby removing their ability to complain to the Pennsylvania Public Utility Commission (PA PUC) about their service and instead relying on the competitive market to address their concerns.

As mentioned, despite these developments, federal and state customer safeguards are in place and ILECs are strictly adhering to them.

At the federal level, the Section 214 requirements of the Federal Telecommunications Act and the corresponding regulations at C.F.R. 73.71 provide substantial regulatory oversight including notice to affected customers and public comment periods and an evaluation by the Federal Communications Commission (FCC) analyzing whether customers have adequate alternatives, whether replacement technology is reliable, whether vulnerable customers will be harmed and whether the change affects public safety or national security.

In Pennsylvania, both the General Assembly and the Public Utility Commission recognized that competition was changing the landscape as it pertains to COLR and universal service and statutes and regulations have reflected that recognition.

More than two decades ago, Act 183 recognized that "the regulatory obligations imposed upon the incumbent local exchange telecommunications companies should be reduced to levels more consistent with those imposed upon competing alternative service providers" and the PTA has been attempting through legislative efforts like Senator Kristin Phillips-Hill's Senate Bill 491 to effectuate that policy declaration.

This bill does not affect COLR obligations in areas of the state where there is no competition, nor does it eliminate Section 1501 of the Public Utility Code which requires public utilities to furnish and maintain adequate, efficient, safe, and reasonable service.

Discussions on SB491 have mirrored the debate regarding COLR obligations at issue in the federal Section 214 notices and applications, specifically what constitutes

available alternative service providers. The PTA and Verizon have taken those perspectives seriously and, while we'll no doubt run out of time to amend the bill this session, we stand ready to address any concerns from interested parties going forward. It also bears mentioning that SB491 in its current form would not affect 911 service and programs designed to provide service to low-income individuals and provides for a more customer-friendly complaint process at the PA PUC.

The PA PUC also recognized and elevated the discussion regarding aligning regulated and unregulated telecom providers and in 2020 began the process of doing just that by eliminating some outdated regulations.

The Commission also recently reenergized an Advanced Notice of Proposed Rulemaking addressing reform of the Pennsylvania Universal Service Fund (PA USF) and seeking additional information on a PTA proposal regarding Transitioned Carriers, a designation that would provide some COLR relief if competition from alternative providers can be demonstrated and support from the PA USF is decreased.

In summary, upgrading the telecommunications network for all Pennsylvanians is being addressed in a variety of federal and state legislative and regulatory venues.

At all levels, there are numerous safeguards to ensure continued service for all Pennsylvanians, whether they want the "bells and whistles" or they don't.

On behalf of the PTA Member Companies, I'm happy to address any questions the committee members may have.