



Testimony
Pennsylvania Turnpike Commission
Appointee Dr. Keith Leaphart
Before PA Senate Transportation Committee

Good Afternoon Chair Langerholc, Minority Chair Flynn, and members of the Senate Transportation Committee. I am humbled to sit before you as a nominee for appointment to the Pennsylvania Turnpike Commission. I'd like to thank Governor Shapiro for showing faith in my ability to serve as Turnpike Commissioner. As I met with members of the Pennsylvania Senate last week, the subject of toll-revenue leakage was raised several times. Therefore, I thought it would be relevant to share this important information with you today.

Revenue Assurance Plan

The PA Turnpike's Revenue Assurance Plan (RAP) provides detail on toll transactions during the previous 12-month period. The RAP is updated and posted online each quarter after an internal review of the data.

Leakage has always been a challenge for the tolling industry — even in cash collections — just as it is in the retail sector. We do everything we can to minimize it. Since conversion to AET in 2020, our system and collection rate is at expected levels. Overall, the PA Turnpike Commission (PTC) captures 93-94% of revenues.

Leakage is vastly a customer-behavior issue — not a system issue. Of the 6-7% of Toll By Plate (TBP) transactions that do not realize revenue, approximately:

- 4.6% is due to customers who do not respond to multiple invoices and fail to pay within 150 days.
- 0.9% is unbillable because the license plate was not present or cannot be read.
- 0.8% is unbillable because the address for the license plate is unavailable from the DMV.
- 0.4% cannot be collected because the invoice was returned as undeliverable.

The PTC continues to realize revenue and performance on track with projections. Leakage remains constant as a percentage of transactions. While the dollar amount has grown, the percent of unpaid transactions remains 6-7%. The percentage is the number that is evaluated as an accurate indicator of progress. The dollar amounts are not a measure of progress because leakage moves as toll rates go up and traffic volumes rise each year.

The PTC has made slight gains in leakage it can directly control, but the largest source is customers who do not pay. While PTC is a leader in both options to pay and enforcement to the greatest extent of the law, this group is largely unchanged over the years.

Over 87% of all transactions are now via E-ZPass, which offers the lowest toll rates for customers and lowest cost for PTC. Growth in E-ZPass has been tracking with shifts in TBP payment rates. It appears but still to be confirmed that TBP customers are trending towards choosing E-ZPass and lower toll rates.

Finally, it is critical to remember that revenue leakage is not the same as revenue loss. In January 2021, the PTC implemented a 45% surcharge for Toll By Plate users to account for the higher costs of collections associated with this payment method — one of which is leakage. In essence, this surcharge ensures the Commission is revenue neutral.



Pursuing Scofflaws

Under Act 165 of 2016, the PA Turnpike has been working with PennDOT to suspend motor-vehicle registrations of Pennsylvania owners with unpaid tolls and fees exceeding a fixed dollar value. Act 112 of 2022 lowered that threshold from \$500 to \$250 in unpaid tolls and fees and extended the statute of limitations for unpaid invoices from 3 back to 5 years.

While most Toll By Plate customers pay on time, this measure enables the Turnpike to more quickly trigger the processes to collect from those don't. These customers receive invoices but choose not to pay, intentionally cheating the system.

The law went into effect earlier this year and is already improving collections. In fact, the number of registrations in active suspension increased by 33.8% due to the Act 112 changes. If convicted, penalties for operating a vehicle with a suspended registration include:

- a mandatory, three-month driver's license suspension;
- fines of up to \$500 plus court costs;
- higher auto-insurance rates; and
- a record of the violation on the offender's driver history.

Registration suspension is just one of several tactics the Commission employs to boost collections.

- If the initial Toll By Plate invoice is not resolved within 30 days, a past-due invoice is mailed. It includes a late fee of \$5 or 1.5% of the amount owed — whichever is higher.
- Invoices unpaid after 60 days go to debt-collection firms.
- The Turnpike works with local district attorneys to file criminal charges against egregious violators.
- It pursues commercial carriers by filing civil lawsuits against companies.
- Finally, the Commission continues to work with neighboring toll agencies on reciprocity agreements to provide authority to each agency to pursue scofflaws in the other states.
 - These efforts, which have been underway for several years, have proven challenging since states have widely varying civil and criminal laws governing toll evasion and tolling back-office procedures vary greatly from agency to agency.

The Commission recently introduced another effort to collect what is owed. The Legal Department is overseeing a project to hold customers civilly liable for unpaid tolls and fees. Demand letters are sent to customers who owe outstanding tolls and fees under the Magisterial District Courts' jurisdictional threshold of \$12,500.00.

If customers fail to respond to the demand letter within 30-days, then a civil action is filed against them pursuant to PTC's Electronic Toll Collection statute. The claims seek an award of filing fees in addition to the outstanding debt and administrative costs. Cases are being filed in 13 Magisterial District Courts. The PTC has sent 237 cases to outside counsel resulting in 156 complaints filed to date. Magisterial District Court judges seem receptive to the process and the PTC is looking to expand its collection efforts.

In addition to enforcement, the Commission has been focused on encouraging prompt payment by providing new, easier ways to pay. Today, the Turnpike offers E-ZPass and Toll By



Plate customers six ways to pay: by mail, by phone, online, using the PA TOLL PAY mobile app, through the cash-payment network, and by walk-in at the Harrisburg Customer Service Center.

Since E-ZPass remains the least-expensive way to pay on the Turnpike, the Commission continues to work to boost enrollment, which is currently at 87%. Every Toll By Plate customer is offered an opportunity to open an E-ZPass account and pay the lower rate for that invoice — about a 60% savings. In addition, the Commission offers a savings of 15% on invoices to customers who pre-register for a Toll By Plate account.

Last fall, the PTC made it easier than ever for customers to pay tolls and save money every time they travel. An upgrade of the Toll By Plate **invoice** now includes a QR code customers can scan to pay right from their devices. The invoice was reshaped to better guide Toll By Plate customers through the payment process, including new options to pay.

The QR code takes customers straight to the Toll By Plate website, where they can pay or convert to E-ZPass to save on current and future trips. By choosing “Convert to E-ZPass,” customer information automatically populates the form. Charges on the invoice update to reflect the lower rate being deducted from the prepaid E-ZPass account.

PA TURNPIKE TOLL BY PLATE INVOICE
 WE BILL YOU

Thank you for traveling the Pennsylvania Turnpike!
 This invoice is sent to the vehicle's registered owner for tolls incurred on our roadway.

Invoice Number: [REDACTED]-1 Account Number: [REDACTED]
 Invoice Date: 09/13/2022 License Plate: [REDACTED]

Payment Due \$8.70
 Due Date 10/03/2022

Payment Options

SCAN HERE TO PAY → [QR CODE]

- On the web at paturnpike.com/pay-a-bill
- In cash at local retailers. Go to paturnpike.com/pay-a-bill to get a Pay Slip.
- Call 877.736.6727 and say "Toll By Plate"
- By mail with payment remittance below
- Download PA Toll Pay App (Details pg. 2)

Convert to E-ZPass and Save \$2.20 on this Invoice (Details pg. 2)

PA TURNPIKE TOLL BY PLATE INVOICE
 WE BILL YOU

ACCOUNT NUMBER [REDACTED] LICENSE PLATE [REDACTED] TOLL POSTING DATES 07/22/2022 01:18 to 09/13/2022 01:27

This invoice reflects transactions posted to your account during the current billing period. Travel for other vehicles registered to you will be invoiced separately.

POSTED	TRANSACTION	ENTRY DATE/TIME	ENTRY PLAZA	EXIT DATE/TIME	EXIT PLAZA	CLASS	AMOUNT
09/16/2022	TOLL BY PLATE			09/09/2022 14:49:02	Delaware River Bridge ORT	1	\$8.70

Additional travel, if applicable, will be listed on a separate page. **TOTAL AMOUNT DUE: \$8.70**

Convert to an E-ZPass account by 10/03/2022 - Pay \$6.50 and SAVE \$2.20*

Scan QR code on Page 1 or go to paturnpike.com/pay-a-bill. Follow steps to log into your Toll By Plate invoice. On the main page, select "Convert to E-ZPass Account."

*When opening an E-ZPass account, a Prepaid Balance is required.

Get the PA Toll Pay App

Manage your Toll By Plate account

- Pay Toll By Plate Invoices
- Sign up for AutoPay to save 15% on invoices
- Convert to E-ZPass to pay the lowest toll rate

Manage your E-ZPass account

- Update your account information
- Review transactions
- Add or register a new transponder

Failure to Pay

Failure to pay the amount due by the due date will result in late fees and/or collection fees being added AND may result in civil/criminal court action being taken.

Under the PA Vehicle Code, the PA Turnpike may request suspension of PA vehicle registrations for unpaid tolls and fees. The PA Turnpike may also impose penalties as authorized under reciprocity agreements with other states or tolling entities.

Help, I Have an E-ZPass!

Your E-ZPass account may need attention:

- Does your account have funds available?
- Is your license plate correctly listed on your account?
- Is your transponder properly mounted on your windshield?

After updating your E-ZPass account information, log in to your Toll By Plate invoice and select "Pay with E-ZPass Account" to pay the E-ZPass toll rate. You can also complete and return Section A of the Appeal Form.



Unified Back-Office System

The PTC's Unified Back Office System (UBOS) is a customer service and IT infrastructure program enhancement that will futureproof ever-evolving consumer needs and preferences by unifying customer data, toll transactions, and non-toll interactions in one system.

It will provide improved and consistent customer service while ensuring that the Commission's critical customer infrastructure advances and grows in a timely manner along with our changing business needs.

The UBOS project's goals are to:

- better serve and understand customers;
- provide customers a consistent, informed experience;
- **make communications and payment easy by letting customer preferences guide offerings; and**
- leverage technology and innovation to exceed customer expectations and manage costs.

UBOS is delivering a modern platform that is adaptable and expandable. All customer interactions will be consolidated into a single source that is agnostic of contact center, location, or contact method. Self-service can be realized across multiple contact methods — all of which are integrated with each other and pull information from a single repository of customer history and account information.

The Commission recently contracted Accenture as system integrator on this project; we expect a late 2024 go live.

2024 Toll Increase

The Commission has determined that it is necessary to increase toll rates annually to continue to meet its policy and indenture required debt-service coverage ratios. It is anticipated that Commissioners will consider the proposed 2024 toll rate at the July 5 Commission meeting.

Based on the information obtained from CDM Smith, PTC's traffic and revenue consultant, it is recommended that the existing toll schedule for E-ZPass and Toll-By-Plate (TBP) passenger and commercial vehicles should increase by 5% effective Jan. 7, 2024, across the Turnpike.

E-ZPass and TBP toll rates for both passenger vehicles as well as commercial vehicles will round up to the nearest dime.

The proposed 5% toll-rate increase continues our planned multi-year reductions in annual rate increases with a goal of getting to a 3% annual toll increases in 2028. Due to past Act 44 obligations and escalating debt service associated with Act 44 debt, the PTC will need to increase tolls every year through at least 2053 based on current projections.

Commission staff are continuing to make progress towards adopting strategies to encourage TBP customers to convert to E-ZPass and has successfully implemented strategies that enable unbanked customers to register an account and have access to lower E-ZPass rates and expanded cash payment options available to customers via PTC participation in the Kubra cash-payment network.

Despite ongoing annual toll increases, the PA Turnpike's per-mile rate continues to be in the middle of the pack compared with rates of other U.S. tolling agencies.

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