



Fiscal Management of the Pa. Turnpike Compared to Other Turnpike Organizations

Recently published reports by Moody's Investors Service and Fitch Ratings indicate that the financial operations of The Pennsylvania Turnpike Commission ("Commission") compare very favorably with those of similar state toll road agencies, especially with respect to the key financial benchmark of "total operating expenses per roadway mile."

The evidence from these studies thoroughly and effectively contradicts Pennsylvania Turnpike critics who have cited the Commission for allegedly bloated staffing and management inefficiencies. The favorable findings of Moody's and Fitch are the direct result of management reform measures implemented by the Commission over the past decade, enabling it to run the organization more efficiently and control operating expenses.

The quantitative measurements and qualitative statements in the rating agency reports confirm that the Pennsylvania Turnpike Commission is an efficient, well-run organization. Below are summary findings from these reviews.

Moody's Investor Service

- The Commission has the **lowest operations, maintenance and administrative expenses per roadway mile** of any comparable turnpike agency in the national peer group assembled by Moody's. For example, New Jersey Turnpike Authority and Maryland Transportation Authority have total expenses per mile which are more than three times that of the Commission. The operating expenses of the Commission per roadway mile are 9.5% lower than the median for its peer group.
- The Commission uses **only 38% of gross revenue to fund operating expenses**. The median is 42.7% for these turnpikes similar to the Commission. The New York Thruway Authority, for instance, uses 55.8% of gross revenue for operating expenses.
- The Commission has the **lowest debt per roadway mile** of any similar turnpike in the Moody's study.
- The Commission's five-year toll revenue growth rate for **toll revenue and total transactions** are **well above the median** for peer group turnpikes.

Fitch Ratings

- The Commission had the **lowest debt service per lane-mile**.
- The Commission had the **second highest financial margin per lane-mile** among this peer group and well above that of Massachusetts Turnpike Authority, Ohio Turnpike Commission, Oklahoma and New Hampshire. This financial metric represents the remaining funds available to a toll road agency after all operating expenses and debt service have been paid and is evidence of the Commission's business-like management and its emphasis on controlling costs and maximizing net revenue.

In its May 15, 2007 report entitled "*Benchmarking U.S. Toll Roads*", Fitch undertook an examination of the U.S. 43 toll agencies for which it provides credit ratings, including 10 intrastate turnpike, 9 expressway systems, 5 bridge systems and 19 standalone facilities. Among its findings were the following:

- Only two toll agencies (one intrastate turnpike and one bridge system) carried a higher credit rating than the Commission.
- The Commission's **operating expenses per lane-mile were 18% lower** than the median for its intrastate turnpike peer group.

Fitch Ratings' 2006 Credit Report for the Commission (June 1, 2006) states that the "PTC's solid financial performance is a significant credit strength. Net income (the operating surplus after paying for operating costs and debt service on the toll revenue bonds) has remained strong, ranging between 31% of gross income in Fiscal 2001 and 47% of gross income in Fiscal 2005, which is high for a toll road." The report further indicates that "even after the significant increase (2004 toll increase), per mile toll rates remain competitive among peers."