

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Joint Application for Approval of Transfer of Ultimate Control of LSSi Data Corporation to NewNet Communication Technologies, LLC Docket No. 14-2458-01

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission  
Hearing Room 451  
160 East 300 South  
Salt Lake City, Utah

DATE: Wednesday, January 7, 2015

TIME: 10:04 a.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

ADMINISTRATIVE LAW JUDGE: MELANIE A. REIF

FOR DIVISION OF PUBLIC UTILITIES:

JUSTIN C. JETTER, ESQ.,  
ASSISTANT ATTORNEY GENERAL  
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Salt Lake City, Utah 84114

FOR LSSi DATA CORPORATION AND VOLT DELTA RESOURCES, LLC:

ALAN G. POOLE, ESQ.,  
MITCHEL H. PERKIEL, ESQ.,  
BOB WILLIAMS, ESQ.,  
TROUTMAN SANDERS  
600 Peachtree Street Northeast  
Atlanta, Georgia 30308

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I N D E X

WITNESS	Page
SHARON STERN	
DIRECT EXAMINATION BY MR. POOLE	7
RON SLUSHER	
DIRECT EXAMINATION BY MR. JETTER	10

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1 PROCEEDINGS

2 THE HEARING OFFICER: We'll be on the record.

3 Thank you, everyone, and good morning. My name is  
4 Melanie Reif. I'm the administrative law judge for the Utah  
5 Public Service Commission. This morning is a hearing in  
6 Docket 14-2458-01. This matter is entitled The Joint  
7 Application for Approval of Transfer of Ultimate Control of  
8 LSSi Data Corporation to NewNet Communication Technologies,  
9 LLC. This is the date and time for said hearing, and we'll  
10 start by taking appearances, starting with the Applicant.

11 MR. PERKIEL: Your Honor, this is--this is Mitchel  
12 Perkiel of Troutman Sanders appearing on behalf of Volt  
13 Delta Resources, LLC, and LSSi Data Corporation.

14 THE HEARING OFFICER: Thank you, sir. And will  
15 you be calling a witness this morning?

16 MR. PERKIEL: Your Honor, this is--should we go  
17 through all of the appearances at this time, your Honor?

18 THE HEARING OFFICER: Yes. And if you have a  
19 witness who will be--who you'll be calling, please go ahead  
20 and identify that person. So Mr. Perkiel, will you be  
21 calling a witness?

22 MR. PERKIEL: I'll defer to Mr. Poole to make his  
23 appearance and respond, Judge.

24 THE HEARING OFFICER: Thank you.

25 MR. POOLE: Your Honor, this is Alan Poole--

1 Troutman Sanders, LLC--representing--on behalf of LSSi Data  
2 Corporation. I also have with me Bob Williams of Troutman  
3 Sanders, LLC. We do not currently anticipate calling any  
4 witnesses for the Applicant portion; however, we have other  
5 parties available if the Commission has . . .

6 THE HEARING OFFICER: Sir, I'm afraid that last  
7 bit of your statement was distorted. Could you repeat  
8 yourself?

9 MR. POOLE: We also have--we do not currently  
10 have--we do not currently have any witnesses planned to be  
11 called. We do have Rich Oldach of LSSi Data Corporation,  
12 the president, available. We have Sharon Stern, vice  
13 president, legal affairs, on behalf of Volt Delta Resource  
14 Holdings. And we have James Hall, executive vice president  
15 and general counsel of NewNet Communications, as well.

16 THE HEARING OFFICER: Okay. Thank you. Are there  
17 any other appearances to be made on behalf of the Applicant?

18 MR. POOLE: That should be all, your Honor.

19 THE HEARING OFFICER: Okay. Thank you very much.

20 For those of you who are joining us on the  
21 telephone--and I'll continue with appearances in just a  
22 moment--for convenience sake, and also for everybody's  
23 experience, if you could mute your end of the line unless  
24 you're speaking, it will help out tremendously and also  
25 avoid or limit any feedback noise that we might be getting.

1 Mr. Jetter.

2 MR. JETTER: Thank you. This is Justin Jetter  
3 with the Utah Attorney General's Office, and I am  
4 representing the Utah Division of Public Utilities. With me  
5 today at counsel table is Ron Slusher, a utility technical  
6 consultant for the Utah Division of Public Utilities.

7 THE HEARING OFFICER: Thank you very much. I'd  
8 like to help facilitate this hearing by doing a few things  
9 right off the bat. First of all, I'd like to take  
10 administrative notice of the joint application that was  
11 filed in this matter and--along with the accompanying cover  
12 letter. This was filed on December 4th, 2014.

13 And also at the same time, we'd like to also take  
14 judicial notice of the recommendation that's been filed by  
15 the Division of Public Utilities filed on December 31st,  
16 2014.

17 And with that said, I'd like to turn now to the  
18 Applicant and open this to them to make their presentation  
19 and, to the extent necessary, to address the issue of the  
20 public interest in their request to have the Commission  
21 grant their application.

22 MR. POOLE: Thank you, your Honor. This is Alan  
23 Poole speaking again. On December 4th, 2014, the Applicant  
24 filed the joint application whereby they did request the  
25 Commission to grant approval of a transaction whereby NewNet

1 Communications Technologies acquired all the outstanding  
2 membership interests of the parent company and LSSi Data  
3 Corporation.

4 The application further describes the transaction,  
5 the parties, and most importantly, why this transaction is  
6 in the public interest. The key there is that the  
7 transaction assures the continued viability of LSSi Data  
8 Corporation. The transaction was virtually transparent to  
9 any customer of LSSi in the state of Utah and it was a  
10 seamless transition. No change in LSSi's operating  
11 authority is necessary.

12 It's our understanding no comments have been filed  
13 to oppose this application or the transaction. According to  
14 that fact and the application filed, we would request that  
15 the Commission approve this transaction pursuant to its  
16 rules.

17 THE HEARING OFFICER: Mr. Poole, do you have a  
18 witness that you could present who we could swear in and who  
19 would attest to the issue of the public interest that you  
20 just addressed? That way, we could--in addressing the issue  
21 in the way of an order, we could rely on the testimony of a  
22 witness as opposed to putting you in an awkward situation of  
23 perhaps presenting evidence on behalf of your client, which  
24 I assume you don't want to do.

25 MR. POOLE: Certainly. I think to that effect, we

1 can call Sharon Stern, and I can ask her some of the  
2 requisite questioning involving the public interest.

3 THE HEARING OFFICER: That would be excellent.

4 MR. POOLE: Does that work for your Honor?

5 THE HEARING OFFICER: That would be excellent.

6 Ms. Stern, are you on the line?

7 MS. STERN: I am on the line.

8 THE HEARING OFFICER: Okay. And are you prepared  
9 to testify this morning?

10 MS. STERN: I am.

11 THE HEARING OFFICER: Okay. Very good. Would you  
12 kindly raise your right hand. And do you swear that the  
13 testimony you are about to give will be the truth?

14 MS. STERN: I so swear.

15 THE HEARING OFFICER: Thank you.

16 Mr. Poole, you may proceed.

17 SHARON STERN,

18 being first duly sworn, was examined and testified as  
19 follows:

20 DIRECT EXAMINATION

21 BY MR. POOLE:

22 Q Ms. Stern, can you describe briefly your  
23 involvement in the transaction that concerns the  
24 application?

25 A Yes. As stated, I am the VP, legal affairs, at

1 Volt, here on behalf of Volt Delta Resource Holdings, Inc.,  
2 one of the applicants. And I was involved in connection  
3 with the underlying transaction, which, as the application  
4 states, closed on December 1.

5 To give some context: Volt Delta Resource  
6 Holdings, Inc., held the interest of Volt Delta Resources,  
7 LLC, which in turn held the interest of LSSi Data. The  
8 transaction closed and we sought, both in connection with  
9 the transaction, the filing of the application and, in  
10 connection with communications post-closing, to ensure  
11 that--as Mr. Poole stated, that the transaction would  
12 proceed smoothly, that it would be transparent to the  
13 customer, that there would be no interruption or change in  
14 activity--all designed to ensure that the customers in the  
15 state would not be prejudiced or otherwise adversely  
16 impacted by this transaction. And we believe, based upon  
17 all the facts and circumstances, that it indeed has been a  
18 seamless transaction and transition.

19 Q Sharon, could I ask you: Were you able to  
20 determine that NewNet Technologies--Communication  
21 Technologies would possess the technical, financial, and  
22 managerial proficiency necessary to continue as the ultimate  
23 parent company of LSSi?

24 A Yes, we--as part of our due diligence in  
25 connection with the transaction overall, in particular, the



1 answer is yes.

2 MR. POOLE: Okay. Sharon--Ms. Stern, thank you  
3 very much.

4 I think that's all from us.

5 THE HEARING OFFICER: Any questions for Ms. Stern?

6 MR. JETTER: No questions from the Division.

7 Thank you.

8 THE HEARING OFFICER: Okay. Ms. Stern, thank you  
9 for your testimony this morning.

10 Just to clarify--

11 THE WITNESS: You're welcome.

12 THE HEARING OFFICER: Thank you.

13 Just to clarify, the application states on page 4  
14 that the public interest will be served through this  
15 transfer of control. And--is it your testimony that the  
16 public interest will indeed be served by--by this  
17 transaction should it be approved by the Commission?

18 THE WITNESS: The answer to that question is yes.

19 THE HEARING OFFICER: Okay. Very good. Thank you  
20 very much, Ms. Stern.

21 Mr. Poole, unless you have any follow-up  
22 questions, we'll move on to the Division.

23 MR. POOLE: No follow-up questions, your Honor.  
24 That's it for the Applicant for now.

25 THE HEARING OFFICER: Okay. Very good.

1 Mr. Jetter.

2 MR. JETTER: Thank you, your Honor. The Division  
3 would like to call and have sworn in Ron Slusher.

4 THE HEARING OFFICER: Good morning, Mr. Slusher.

5 MR. SLUSHER: Morning.

6 THE HEARING OFFICER: And are you prepared to  
7 testify this morning?

8 MR. SLUSHER: Yes.

9 THE HEARING OFFICER: Do you swear that the  
10 testimony you're about to give will be the truth?

11 MR. SLUSHER: Yes.

12 THE HEARING OFFICER: Thank you.

13 You may proceed.

14 RON SLUSHER,  
15 being first duly sworn, was examined and testified as  
16 follows:

17 DIRECT EXAMINATION

18 BY MR. JETTER:

19 Q Could you please state your name and occupation  
20 for the record?

21 A Name is Ron Slusher. S, as in "Sam," l-u-s-h-e-r.  
22 I'm a utility technical analyst for the Division of Public  
23 Utilities.

24 Q Thank you. And have you reviewed the joint  
25 application in this docket along with the other papers that

1 were filed with it?

2 A Yes, I have.

3 Q And did you prepare a memorandum filed by the  
4 Division dated December 31st, 2014?

5 A Yes, I did.

6 Q Does that memorandum continue to accurately  
7 reflect the Division--Division and your opinion on the  
8 approval of this joint application?

9 A Yes, it does.

10 Q And with that, do you believe that approval of the  
11 joint application would be just, reasonable, and in the  
12 public interest?

13 A Yes, it would.

14 Q Finally, are you aware of any objection or any  
15 reason that this application should not be approved?

16 A I have not seen or heard of any objections.

17 MR. JETTER: Thank you. I have no further  
18 questions.

19 THE HEARING OFFICER: Thank you.

20 Mr. Slusher is available for cross-examination.

21 Mr. Poole, do you have any questions for  
22 Mr. Slusher?

23 MR. POOLE: No questions, your Honor.

24 THE HEARING OFFICER: Okay. Mr. Slusher, I do  
25 have a question for you, and it pertains to the application,

1 a footnote that's on page 4 of the application. And in the  
2 very last sentence of that footnote, it states that LSSi is  
3 not required to notify its customers of this transaction.

4 A Yes, I saw that.

5 Q Okay. I just wanted to make sure that the  
6 Division was aware of that and was in agreement with that  
7 statement.

8 A Yes. And I have actually talked to Mr. Poole on  
9 that, so yeah, we're aware of it and we felt comfortable  
10 with what they were doing.

11 THE HEARING OFFICER: Okay. Very good. All  
12 right.

13 Are there any follow-up questions for Mr. Slusher?

14 MR. JETTER: No, your Honor. Thank you.

15 THE HEARING OFFICER: Okay. You're very welcome.

16 I do want to clarify: I stated earlier that the  
17 Commission would take judicial notice, and I stand  
18 corrected. I meant to say "administrative notice." So to  
19 the extent that my prior statement said "judicial notice,"  
20 please know that I am taking judicial notice--the Commission  
21 is--administrative notice. Sorry about that.

22 I do wish to ask at this point in time whether  
23 there is anyone here present or on the line who wishes to  
24 object or provide any statement concerning the application  
25 outstanding.

1           Hearing none, the Commission assumes that there is  
2 no objection or statement that wishes to be made at this  
3 time. And based on the Commission's rule in this matter,  
4 we'll take the matter under advisement. And given that  
5 there has been no objection, we will assume that the matter  
6 is in the public interest and we'll issue an order shortly.

7           So thank you very much for being here this morning  
8 and for your testimony. And we will be adjourned. An order  
9 will be forthcoming once the transcript is received. So  
10 thank you very much and have a very nice day.

11 (Proceedings concluded at 10:19 a.m.)

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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof



*Scott M. Knight*

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