

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of The Manti Telephone Company for an Order Approving the Acquisition of the Voting Stock of the Manti Telephone Company by Lynch Telephone Corporation X

Docket No. 24-046-03

DIRECT TESTIMONY OF BRAD WELCH

ON BEHALF OF

LYNCH TELEPHONE CORPORATION X

September 20, 2024

1 **I. IDENTIFICATION OF WITNESS**

2 **Q. Please state your full name, place of employment and position.**

3 A: My full name is Brad Welch. I am employed by Central Utah Telephone, Inc. (“CUTI”)
4 as the Chief Operating Officer of CUTI, Skyline Telecom (“Skyline), and Bear Lake
5 communications, Inc. (“Bear Lake”). CUTI is a wholly owned subsidiary of Lynch
6 Telephone Corporation X (“Lynch”). Bear Lake and Skyline are wholly owned
7 subsidiaries of CUTI. CUTI, Bear Lake and Skyline do business in Utah as CentraCom
8 (“CentraCom” or the “CentraCom Companies”)

9 **Q. How long have you been employed in that position?**

10 A. I have been employed with CUTI since 1998, and I have been in the position of COO
11 since June of 2012.

12 **Q. Please describe your professional experience and current responsibilities.**

13 A. As Chief Operations Officer I manage and handle the daily business operations of the
14 company. I work closely with department heads and supervisors to support the day-to-
15 day activity of employees and the day-to-day operations including supervision and
16 management of outside plant, engineering, sales, and marketing. I implement company
17 strategies into company operations and solve operational problems. Because we are lean
18 operation, I am able to fill in for a lot of roles as needed to ensure operations run
19 smoothly.

20 **Q. Have you testified or appeared before this Commission in the past?**

21 A. Yes. In the past, I have been the President of the Utah Rural Telecom Association and
22 have appeared before the Commission in that capacity.

23 **II. INTRODUCTION**

24 **Q. On which party's behalf are you filing testimony in this proceeding?**

25 A. My direct testimony is prepared on behalf of Lynch. Specifically, I am testifying as to
26 Lynch's CentraCom operations in support of the Joint Application for Order Approving
27 the Acquisition of the Voting Stock of The Manti Telephone Company by Lynch
28 Telephone Corporation X filed by The Manti Telephone Company ("Manti") and Lynch
29 (the "Application").

30 **Q. What is the purpose of your testimony?**

31 A. The purpose of my testimony is to describe the transaction by which Lynch will acquire
32 the issued and outstanding shares of Manti from the Manti shareholders (the
33 "Transaction"), to describe what the management of Manti will look like post-
34 Transaction, and to demonstrate to the Commission that the Transaction is in the public
35 interest and should be approved for the State of Utah.

36 **Q. Are other witnesses offering testimony in this proceeding on behalf of the Joint**
37 **Applicants?**

38 A. Yes. Two other witnesses are presenting testimony in this proceeding. Mr. Stephen
39 Moore is the President of Lynch and the Vice President of LICT Corporation. Mr. Moore
40 provides an overview and history of Lynch and its parent company LICT Corporation,
41 and demonstrates that Lynch has the managerial, operational and technical ability and

42 experience to own and operate Manti. Mr. Moore also describes the compelling features
43 of the Transaction and demonstrates that the financial resources of Lynch will benefit the
44 customers of Manti and will be in the public interest. Mr. Dallas Cox provides an
45 overview and history of Manti's operations, assets, exchanges, and customers, and
46 demonstrates to the Commission that the Transaction is in the public interest and should
47 be approved by the Commission.

48 **Q. What Utah legal standard does your testimony address?**

49 A. The standard of review is provided in Utah Code Ann. §54-4-29, which provides that no
50 public utility shall purchase or acquire any of the voting securities of any other public
51 utility engaged in the same general line of business without the consent and approval of
52 the Public Service Commission. Such consent shall be given only after investigation and
53 hearing and a finding that said purchase and acquisition of such securities will be in the
54 public interest. As described in the testimony in support of the Application, the
55 acquisition of Manti's stock satisfies the criteria of Utah Code §54-4-29 and the
56 Transaction is in the public interest. Additionally, as described below, the Transaction
57 will be transparent to customers, and all of Manti's current regulatory and customer
58 obligations will be met on a going-forward basis. The Transaction will create a
59 financially strong provider that has an enhanced ability to invest in local networks,
60 deploy broadband and other advanced services, and provide outstanding service quality to
61 its customers.

62 **III. THE TRANSACTION**

63 **Q. Please describe the Transaction.**

64 A. On August 19, 2024, Lynch entered into a Stock Purchase Agreement with Manti and the
65 shareholders of all of the issued and outstanding shares of Manti (“SPA”) pursuant to
66 which, upon closing of the Transaction, all of the outstanding shares of Manti will be
67 acquired by Lynch. A copy of the SPA was attached to the Application as
68 CONFIDENTIAL Appendix 1. As a result of the Transaction, Manti will become a
69 wholly owned subsidiary of Lynch. 24-046-03 BW Direct Testimony Exhibit 1, attached
70 hereto. shows the post-Transaction corporate structure of Manti.

71 **Q. As the Chief Operating Officer of the CentraCom Companies, are you familiar with**
72 **the financial aspects of the Transaction?**

73 A. Yes, I am very familiar with the financial aspects of the Transaction. The confidential
74 financial aspects of the Transaction are included in the SPA and discussed more fully in
75 Mr. Moore’s Direct Testimony.

76 **Q. Will the Transaction be financed by a lender?**

77 A. No. As indicated in the SPA, the Transaction contemplates a cash payment and
78 Promissory Notes to the shareholders of Manti.

79 **IV. IMPACT ON DAY TO DAY OPERATIONS**

80 **Q. How will the proposed Transaction impact the operations and day-to-day**
81 **management of Manti?**

82 A. Since this is a stock acquisition, after the Transaction is consummated, the outside plant
83 and other assets associated with the provision of public telecommunications services by
84 Manti will continue to be owned and operated by Manti. The customers of Manti will

85 continue to be customers of Manti and Manti will continue to provide
86 telecommunications services in the Manti Exchanges. The Manti customers will continue
87 to receive the high-quality services they have come to expect, but the day to day
88 operations of Manti will be provided by a new management team with a proven track
89 record of excellent service. Specifically, Eddie L. Cox will be the President of Manti, I.
90 Branch Cox will be the Chief Executive Officer of Manti, and I will be the Chief
91 Operating Officer of Manti. Additionally, eventually, Manti may do business, and be
92 marketed as, CentraCom consistent with CUTI, Bear Lake, and Skyline, the other Lynch
93 subsidiaries in Utah.

94 **Q. You described your experience above. Can you please describe the experience of**
95 **Eddie L. Cox and I. Branch Cox?**

96 A. Eddie L. Cox has been in the telecommunications business for 52 years, 40 of which have
97 been in a management capacity for CUTI, Skyline, and Bear Lake. I. Branch Cox has
98 been in the telecommunications business for 55 years, 45 of which have been spent
99 running the businesses of CUTI, Skyline, and Bear Lake.

100 **Q. Will the current Manti management team be involved with Manti after the**
101 **Transaction?**

102 A. Yes. Dallas Cox and Gavin Cox, who are the current General Manager and Assistant
103 General Manager/Human Resources Manager of Manti (respectively) will be employed
104 by the CentraCom Companies. Dallas and Gavin will do work for all of the Lynch
105 subsidiaries in Utah, including Manti, with their time and expenses being allocated to the
106 various companies for whom they do work. As indicated in the Direct Testimony of

107 Dallas Cox, Dallas and Gavin will be available to assist with the transition to ensure a
108 seamless and transparent experience for the customers. From the customers' perspective,
109 the transfer of the stock to Lynch will be a seamless transaction.

110 **Q. Can you describe the “fit” between Lynch and Manti?**

111 A. Both Manti and the CentraCom Companies have historically been focused on the local
112 operation of RLECs. Both have deep roots in serving and meeting the communication
113 needs of small rural communities by investing in quality, reliable voice and data
114 networks. Both Manti and the CentraCom Companies and their respective employees are
115 dedicated to local community involvement and employee volunteerism and pride
116 themselves on the agility and experience to respond quickly to rapid changes in markets,
117 technology and customer demands. The acquisition of Manti by Lynch will be a seamless
118 transition from the customer perspective.

119 **V. IMPACT ON CUSTOMER OBLIGATIONS AND CURRENT**
120 **REGULATORY OBLIGATIONS**

121 **Q. Will the Manti customers see any changes in their rates or terms of service?**

122 A. Because this is a stock purchase, the Manti rates and terms of service will remain
123 unchanged.

124 **Q. How will the parties ensure a smooth transition for customers?**

125 A. Lynch and Manti expect a very smooth transition operationally and for customers since
126 the Transaction is a stock acquisition only. Additionally, as indicated above and in the
127 testimony of Dallas Cox, most, if not all of the existing Manti employees will continue to

128 be employed by a Manti or one of the other Lynch subsidiaries in Utah. For end-user
129 customers, there will be no significant change, since the name of the company, the rates,
130 terms and conditions will remain the same post-closing.

131 **Q. Will Manti continue to comply with all existing regulatory obligations?**

132 A. Yes. After the consummation of the Transaction, Manti will continue to abide by all
133 regulatory obligations under which Manti currently operates in Utah. The new Manti
134 management, which currently manages Lynch's other regulated subsidiaries in Utah, is
135 very familiar with the Utah regulatory requirements and will continue to ensure Manti's
136 compliance.

137 **Q. Will 911 service be impacted by the Transaction?**

138 A. No. 911 service, in addition to all of Manti's service offerings, will not be impacted by
139 the Transaction.

140 **Q. Will the Transaction impact Manti's wholesale relationship with other carriers?**

141 A. No. Currently, Manti has no Commission approved Interconnection Agreements.
142 Wholesale broadband internet access service provided by Manti will continue to be
143 provided by Manti post-closing.

144 **Q. Will the Transaction impact any state or federal grant programs?**

145 A. No. Manti is currently not a recipient of any federal grant programs.

146 **VI. STOCK PURCHASE IS IN THE PUBLIC INTEREST**

147 **Q. Does Lynch have the business, technical, management, and operating experience to**
148 **own and operate Manti?**

149 A. Yes. Lynch, through its subsidiaries, CUTI, Skyline and Bear Lake Communications,
150 Inc. has over 60 years of experience in providing public telecommunications services to
151 rural communities in Utah. The Utah management team I am a part of with Eddie Cox
152 and Branch Cox, has over 100 combined years of technical, management, and operating
153 experience in small rural areas in Utah. In fact, the Manti Exchanges are located in the
154 same county and adjacent to our existing operations, and are, therefore, geographically
155 and culturally similar to our existing exchanges. As a result, Manti ownership and service
156 of the Manti Exchanges will fit in perfectly with Lynch's existing business strategy and
157 plans.

158 **Q. How will the geographic and cultural similarity of your existing exchanges benefit**
159 **the customers, and be in the public interest?**

160 A. Lynch's Utah Subsidiaries are long-standing local companies. The same is true for Manti.
161 The CentraCom customers and the Manti customers have been served by local
162 companies. The managers of both companies live, work, and recreate in the communities
163 they serve. Their customers are their neighbors and friends, and both companies have
164 historically felt an obligation to support their communities. With the corporate
165 headquarters of the Manti Exchanges only moving down the road, the strong local
166 presence of the local telephone company will be maintained. Additionally, as indicated in
167 the Application and elsewhere in the supporting testimony, the existing management and
168 employees of Manti will be employed by Lynch and remain in the community.

169 **Q. Will the customers or public benefit from Lynch's acquisition of Manti in other**
170 **ways?**

171 A. Yes. Lynch's acquisition of Manti's stock will allow greater opportunities for services
172 and operating efficiencies. For example, customers will have access to additional
173 customer service technicians for prompt maintenance, continued upgrades of service and
174 delivery of up-to-date products and technologies to Manti's customers. Customers will
175 also benefit from Lynch's employees' additional training and in-house expertise
176 developed by Lynch's family of telephone companies. Finally, the communities will
177 benefit from the buying power of Lynch's large family of companies to assist with supply
178 chain management and inventory access. Lynch, with its considerable financial resources
179 will focus its resources on improving and upgrading Manti's network and facilities. The
180 customers will benefit from the operating efficiencies and facility upgrades as may be
181 needed.

182 **Q. Do you think the Transaction is in the public interest?**

183 A. Yes. For all the reasons identified in my testimony and the testimony of Stephen Moore
184 and Dallas Cox, the Transaction is in the public interest and will provide many benefits to
185 the current and future customers of Manti and Lynch in Utah.

186 **Q. Do you think that any of the Manti or existing Lynch customers will be worse off as**
187 **a result of the Transaction?**

188 A. No. I don't believe there will be any negative impacts to customers. We have committed
189 to maintaining the customer rates and quality services. Because the Transaction is a stock

190 purchase, the Transaction will not disrupt existing service arrangements or regulatory
191 requirements. Additionally, as described in Mr. Moore's testimony, the Transaction will
192 not impair the financial status of Lynch or its subsidiaries, prevent them from attracting
193 capital at fair and reasonable terms, or impair their ability to provide safe, reasonable and
194 excellent service to customers.

195 **Q. Will the Transaction eliminate competition in the Exchanges?**

196 A. No. Because Manti is a regulated local exchange carrier, it effectively operates as a
197 monopoly provider for public telecommunications in the Exchanges. Lynch's acquisition
198 of Manti's stock does not eliminate a competitor, rather, it merely changes the ownership
199 of the company. There is no competitive disadvantage to customers as a result of this
200 Transaction.

201 **Q. Does this conclude your direct testimony?**

202 A. Yes.

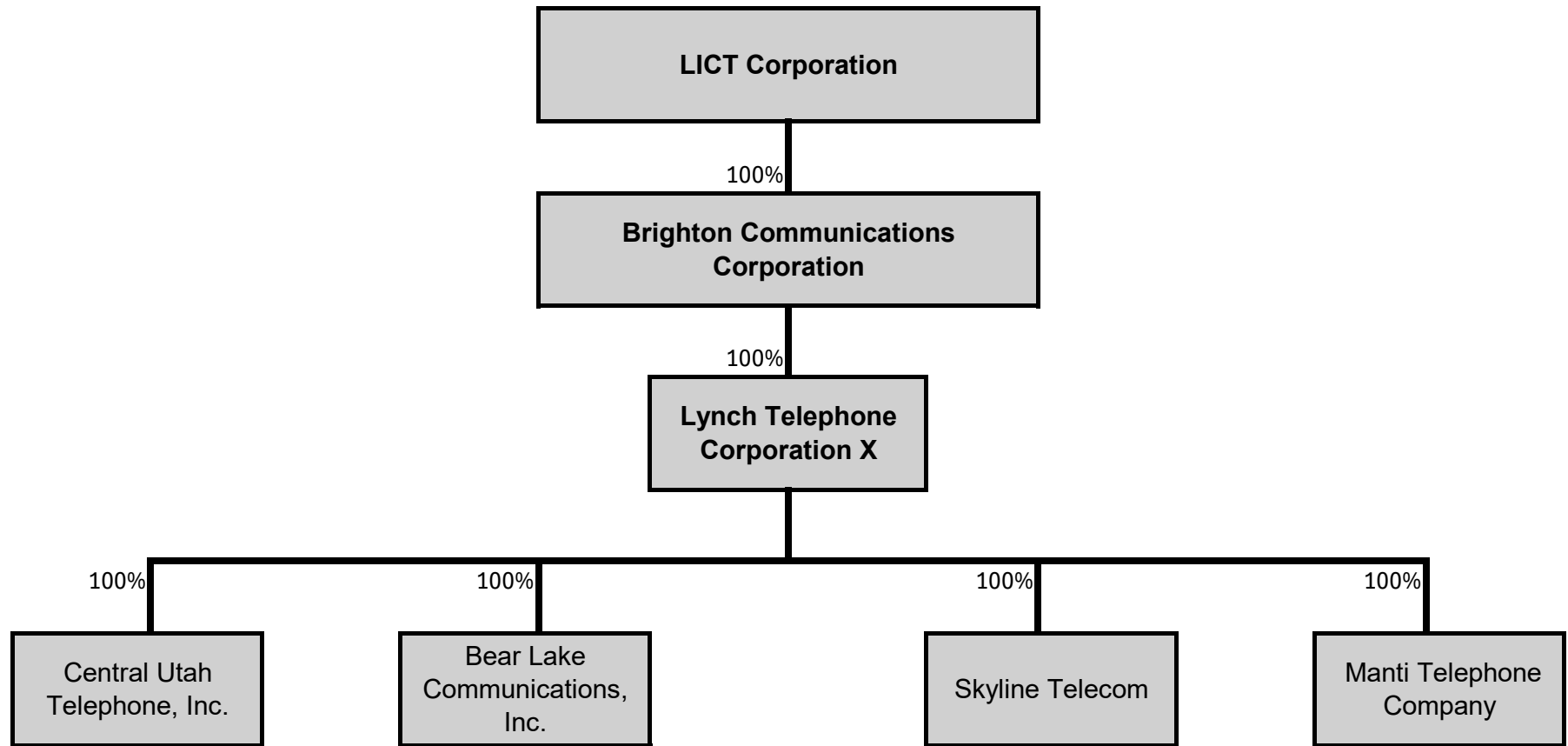
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BW Direct Testimony Exhibit 1

Post-Transaction Utah Regulated Organization Chart

Post Transaction Utah Regulated Corporate Organization Chart



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Direct Testimony of Brad Welch in Support of the Joint Application for Approval of the Acquisition of the Voting Stock of The Manti Telephone Company by Lynch Telephone Corporation X, Docket 24-046-03 was served the 20th day of September, 2024, as follows:

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