

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 STEPHEN J. MOORE

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 Stephen J. Moore. I am employed by LICT Corporation (“LICT”) as the
4 Vice President of Finance. In that role I am also the President of Lynch Telephone
5 Corporation X (“Lynch”).

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

7 A. I have been employed with LICT since April 2014, and I have been in the position of the
8 Vice President of Finance since April 2014. I have been President of Lynch since
9 February 5, 2020.

10 **Q. Please describe your educational experience and current responsibilities.**

11 A. I hold a bachelor’s degree in finance from Iona College in New Rochell New York and a
12 MBA with a concentration in accounting from Long Island University in Dobbs Ferry,
13 New York. My current responsibilities include managing all aspects of the finances and
14 accounting for LICT, a publicly traded company with several rural operations that are
15 solely focused on broadband and telecommunications. This includes financial reporting
16 and compliance for a publicly traded company with close to 400 employees.

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

18 A. No I have not provided testimony or appeared before this Commission.

19 **II. INTRODUCTION**

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

21 A. My direct testimony is prepared on behalf of Lynch, which has joined with the Manti
22 Telephone Company (“Manti”) to file the Joint Application for Order Approving the
23 Acquisition of the Voting Stock of The Manti Telephone Company by Lynch Telephone
24 Corporation X (the “Application”).

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

26 A. I am testifying in support of the Application. My testimony will provide a brief overview
27 of LICT and Lynch, and demonstrate that Lynch has the managerial, operational and
28 technical ability and experience to manage Manti post-closing. I will also describe the
29 compelling features of the transaction by which Lynch will acquire the issued and
30 outstanding shares of Manti from the Manti shareholders (the “Transaction”). I will also
31 demonstrate to the Utah Public Service Commission (the “Commission”) that the
32 financial resources of Lynch will benefit the customers of Manti, and the Transaction will
33 be in the public interest.

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

36 A. Yes. Two other witnesses are presenting testimony in this proceeding. Mr. Brad Welch is
37 the Chief Operating Officer of Central Utah Telephone, Inc. (“CUTI”), Bear Lake
38 Communications, Inc. (“Bear Lake”), and Skyline Telecom (“Skyline”). Mr. Welch
39 describes the Transaction, and demonstrates to the Commission that the Transaction is in
40 the public interest and should be approved for the State of Utah. Mr. Dallas Cox, General
41 Manager of Manti, provides an overview and history of Manti’s operations, assets,
42 exchanges, and customers, and demonstrates to the Commission that the Transaction is in

43 the public interest and should be approved by the Commission. The combined direct
44 testimony of all the witnesses demonstrates why this Transaction is in the public interest.

45 **III. THE TRANSACTION**

46 **Q. Please describe the Transaction.**

47 A. On August 19, 2024, Lynch entered into a Stock Purchase Agreement (“SPA”) with
48 Manti and the shareholders of Manti, pursuant to which, upon closing the Transaction,
49 Lynch will acquire all of the issued and outstanding shares of Manti. Upon
50 consummation of the Transaction, Manti will become a wholly owned subsidiary of
51 Lynch and will be a sister company to CUTI, Bear Lake, and Skyline. A
52 CONFIDENTIAL copy of the SPA was attached to the Application as CONFIDENTIAL
53 Appendix 1. A copy of the post-Transaction corporate structure is attached as Exhibit 1
54 to the Direct Testimony of Brad Welch. Mr. Welch and Dallas Cox also describe the
55 post-Transaction management of Manti.

56 **Q. Are you familiar with the financial aspects of the Transaction?**

57 A. Yes.

58 **Q. Can you please describe the financial aspects of the Transaction?**

59 A. The specifics of the purchase price are set forth in the SPA, which was attached to the
60 Application as CONFIDENTIAL Appendix 1. The parties determined the purchase price
61 using an EBITDA multiple valuation. The EBITDA multiple was negotiated between the
62 parties via an arms-length negotiation and, in my vast experience, is consistent with
63 companies of similar size and circumstance.

64 **Q. Is there any other information related to the financial aspects of this transaction**
65 **that are relevant to the Commission?**

66 A. Post-Transaction, Manti will not include stock purchase transaction costs, such as fees and
67 expenses of financial advisors, consultants and lawyers, or filing fees in its revenue
68 requirement/UUSF calculation. Additionally, acquisition adjustments, transaction
69 premiums or goodwill amortization, if any, arising from the Transaction will not be
70 included in Manti's revenue requirement/UUSF calculation post-Transaction.
71 Additionally, this Transaction is not being financed by a lender. The Promissory Notes
72 will be held by Lynch and payable to the shareholders of Manti. Because the Promissory
73 Notes are held at the Lynch level, this indebtedness will have no post-Transaction impact
74 on any of Lynch subsidiaries, including Manti.

75 **IV. BACKGROUND OF LICT AND LYNCH**

76 **Q. Can you please provide a brief background of LICT?**

77 A. LICT was incorporated in Delaware in 1996 as a subsidiary of Lynch Corporation (now
78 LGL Group Inc.) and was originally named Lynch Interactive Corporation. LICT was
79 spun off from Lynch Corporation in 1999 and has been named LICT Corporation since
80 March 2007. LICT is an integrated provider of broadband, voice, and video services. It
81 provides high-speed broadband services, including internet access, through fiber optic
82 facilities, copper-based digital subscriber lines, fixed wireless, and coax cable via cable
83 modems. LICT also provides a number of other services, including video service through
84 both traditional cable television services and Internet Protocol Television services, Voice
85 over Internet Protocol, wireless voice communications, and several related

86 telecommunications services. On the voice side, LICT's subsidiaries operate as rural
87 local exchange carriers (RLECs) and competitive local exchange carriers (CLECs).

88 **Q. Can you describe LICT's financial strength?**

89 A. LICT has considerable financial strength with over \$307 million in total assets and
90 revenues of over \$116 million as set forth in LICT's Annual Report from 2023 which
91 was attached to the Application as Appendix 2.

92 **Q. Can you describe LICT's operations in Utah?**

93 A. In 2001, LICT acquired the stock of CUTI through its contemporaneously formed
94 subsidiary Lynch. CUTI, and its wholly owned subsidiaries, Bear Lake and Skyline do
95 business as CentraCom. CUTI, Bear Lake, and Skyline are ILECs in the state of Utah.

96 **Q. Please describe the managerial, operational, and technical ability of Lynch and its
97 parent company, LICT.**

98 A. Mario J. Gabelli is the Chairman and Interim Chief Executive Officer of LICT. I am the
99 Vice President – Finance of LICT, and Evelyn Jerden is the Senior Vice President of
100 Regulatory Dynamics of LICT. I am also the President of Lynch in Utah. In Utah, Eddie
101 Cox is the President, Branch Cox is the Chief Executive Officer, and Brad Welch is the
102 Chief Operating Officer of CUTI, Bear Lake, and Skyline. The senior management
103 officers of Lynch and its subsidiaries are proven leaders in the telecommunications
104 industry and have established a solid, consistent reputation for running well-managed
105 business operations in and throughout rural Utah that focus on providing outstanding and
106 robust telecommunications service. I bring 11 years of national and regional

107 telecommunication experience, and over 30 years of financial and managerial experience.
108 Eddie Cox, Branch Cox, and Brad Welch manage the day to day Utah operations of
109 Manti post-Transaction, with over 100 combined years of experience in serving rural
110 Utah customers. Additionally, as indicated in the Application, and the Direct Testimony
111 of Brad Welch and Dallas Cox, Dallas Cox and Gavin Cox will continue to be involved
112 as employees of CUTI available to assist with the transition of ownership and Manti's
113 ongoing operations. Dallas Cox has over 20 years of technical operational and
114 management experience and is an expert in Manti's assets, exchanges, operations, and
115 customers. Between us we have stable base of knowledge, experience and leadership to
116 bring to Manti and the customers of Manti's exchanges.

117 **Q. Please describe the compelling features of the Transaction.**

118 A. I believe the customers will benefit from enhanced service and product capabilities based
119 on LICT's national network, strong product portfolio, and increased scale. Lynch's
120 financial strength and flexibility will benefit Manti and its customers and exchanges by
121 permitting quick response to future opportunities and ongoing investment in Manti's
122 network. Finally, as demonstrated in the Direct Testimony of Brad Welch and Dallas
123 Cox, and as set forth with more specificity below, Lynch's acquisition of the Manti stock
124 will result in operating and capital efficiency through increased economies of scale,
125 reduction in corporate overhead, and elimination of duplicative functions, systems, and
126 expenses.

127 **V. THE STOCK PURCHASE IS IN THE PUBLIC INTEREST**

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

129 A. Yes. As stated throughout my testimony above, Lynch is well qualified to own and
130 operate Manti and to oversee provision of service to the customers in the Manti
131 exchanges. LICT has considerable financial strength with over \$307 million in total
132 assets and revenues of over \$116 million. More importantly, the management of Lynch
133 and its subsidiaries have a proven track record of excellent service and efficient
134 management of rural exchanges in Utah. The Transaction is in the public interest because
135 the acquisition of Manti's ownership by Lynch will: (i) facilitate efficiencies and access
136 to the financial resources of Lynch and its parent companies; (ii) provide Manti
137 customers access to the in house expertise of Lynch and its subsidiaries in regulatory,
138 financial and strategic matters, including participation in federal grant programs and
139 better access to capital; (iii) maintain the local company identity and a commitment to the
140 employees and customers of Manti; and (iv) allow for the continuation of high-quality
141 local customer service.

142 **Q. Please describe the greater efficiencies and financial strength that will result from**
143 **this Transaction.**

144 A. With the acquisition of Manti by Lynch, Lynch will be able to increase local efficiencies
145 by consolidating operations. We will ultimately have one billing system, one accounting
146 department, and one human resources department. Our construction teams will be
147 consolidated allowing for better coverage and more efficient access to technicians. Manti
148 will have access to the buying power of a larger enterprise to assist with supply chain
149 management and inventory concerns. As a result, Manti's operations will be more
150 efficient and productive as part of the LICT family of companies. The Transaction also

151 will bring the customers of Manti into a larger, financially strong corporate group with a
152 proven track record of obtaining capital on favorable terms. Access to these financial
153 resources will facilitate prompt network maintenance, continued service upgrades, and
154 delivery of up-to-date products and technology to Manti's customers.

155 **Q. Please describe how Lynch's in-house expertise will benefit the customers.**

156 A. As a result of the Proposed Transaction, the Manti customers will benefit from the in-
157 house expertise and managerial resources of Lynch, and its subsidiaries, in regulatory,
158 financial, and strategic matters, thereby improving access to emerging
159 telecommunications technologies for customers in the Manti, Ephraim, and Sterling
160 communities. The public interest is served when a transaction positively affects the
161 quality of the communication services or provides new or additional services to
162 customers.

163 **Q. Please elaborate on the benefit of maintenance of local identity and commitment to**
164 **Manti's customers and employees.**

165 A. The customers of Manti have long been served by a local company. With the acquisition
166 of Manti by Lynch, the customers will continue to be served by Manti. While Manti's
167 corporate headquarters will move to Fairview, Utah (28 miles from Manti and 38 miles
168 from Sterling), Manti will maintain a local office in Manti, Utah, thereby maintaining a
169 strong local presence. Additionally, many of the Manti employees will continue to be
170 employed by Lynch's subsidiaries.

171 **Q. Can you please describe the improvements to customer service that Manti’s**
172 **customers will enjoy after the Transaction?**

173 A. After the closing of the Proposed Transaction, Manti customers will continue to receive
174 excellent customer service from local technicians who have the added benefit of
175 additional training and expertise developed by Lynch’s family of telephone companies.
176 Lynch’s greater technical and operational resources would allow Manti to provide a more
177 positive and robust customer/provider relationship than Manti is currently able to provide
178 given its more limited resources.

179 **Q. Do you think that any of the Manti or existing Lynch customers will suffer any**
180 **harm as a result of the Transaction?**

181 A. No. I don’t believe there will be any negative impacts to customers. As indicated in the
182 Direct Testimony of Brad Welch, because this is a stock purchase, Manti’s customer rates
183 and quality services will remain unchanged, and we do not anticipate any administrative
184 issues that would negatively impact the customer experience.

185 **VI. ADDITIONAL APPROVALS**

186 **Q. Is Federal Communications Commission (“FCC”) approval required for this**
187 **Transaction?**

188 A. Yes. As indicated in the Direct Testimony of Dallas Cox, Manti operates under domestic
189 and international Section 214 authority. On August 28, 2024, Lynch and Manti filed an
190 Application to Transfer Control to Lynch, which is pending at the FCC.

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

192 A. Yes.

193

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Direct Testimony of Stephen Moore 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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