

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 DALLAS COX

ON BEHALF OF

THE MANTI TELEPHONE COMPANY

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 Dallas Cox. I am employed by The Manti Telephone Company
4 (“Manti”) as the Chief Executive Officer/General Manager.

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

6 A. I have been employed with Manti since 2000, and I have been in the position of
7 CEO/General Manager since 2013. Prior to becoming CEO, I was employed as an
8 Engineer/Assistant General Manager.

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

10 A. I have a BS in Electrical Engineering from Utah State University. I have been involved
11 in the telecommunications industry since 2000. As Chief Executive Officer I manage and
12 handle the daily business operations of the company. I work closely with supervisors to
13 support the day-to-day activity of employees and the day-to-day operations including
14 supervision and management of outside plant, engineering, sales, and marketing and
15 accounting. I implement company strategies into company operations and solve
16 operational problems. Because we are lean operation, I am able to fill in for a lot of roles
17 as needed to ensure operations run smoothly.

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

19 A. Yes. I have presented testimony and appeared before the Utah Public Service
20 Commission (the “Commission”) in the past in connection with Manti rate cases and

21 other regulatory matters. I have also been the President of the Utah Rural Telecom
22 Association and 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 Manti, which has joined with Lynch
26 Telephone Corporation X ("Lynch") to file the Joint Application for Order Approving the
27 Acquisition of the Voting Stock of The Manti Telephone Company by Lynch Telephone
28 Corporation X (the "Application").

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

30 A. The purpose of my testimony is to provide an overview and history of Manti's
31 operations, assets, exchanges, and customers, and to demonstrate to the Commission that
32 Lynch's acquisition of the issued and outstanding stock of Manti from the Manti
33 shareholders (the "Transaction") is in the public interest and should be approved by the
34 Commission.

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

37 A. Yes. Two other witnesses are presenting testimony in this proceeding. Mr. Brad Welch is
38 the Chief Operating Officer Central Utah Telephone, Inc. ("CUTI"), Bear Lake
39 Communications, Inc. ("Bear Lake"), and Skyline Telecom ("Skyline")¹. Mr. Welch's

¹ CUTI, Bear Lake, and Skyline do business in Utah as CentraCom and may be referred to as "CentraCom" or the "CentraCom Companies."

40 testimony describes the Transaction and demonstrates to the Commission that the
41 Transaction is in the public interest and should be approved for the State of Utah. Mr.
42 Stephen Moore, is the President of Lynch, and the Vice President of LICT Corporation.
43 Mr. Moore provides an overview and history of Lynch and its parent company LICT
44 Corporation, and demonstrates that Lynch has the managerial, operational and technical
45 ability and experience to manage Manti. Mr. Moore also describes the compelling
46 features of the Transaction and demonstrates that the financial resources of Lynch will
47 benefit the customers of Manti and will be in the public interest.

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 by Lynch satisfies the criteria of Utah Code §54-4-29 and the
56 Transaction is in the public interest. As I indicate below, the Transaction will be
57 transparent, seamless, and beneficial to customers. From a regulatory perspective, all of
58 Manti's the regulatory obligations related to the Manti exchanges of Manti, Sterling, and
59 Ephraim (the "Exchanges") will continue to be met by Manti under its new management
60 team.

61 **III. THE TRANSACTION**

62 **Q. Please describe the Transaction.**

63 A. On August 19, 2024, Lynch entered into a Stock Purchase Agreement with Manti and the
64 shareholders of all of the issued and outstanding shares of Manti (“SPA”) pursuant to
65 which, upon closing of the Transaction, all of the outstanding shares of Manti will be
66 acquired by Lynch. As a result of the Transaction, Manti will become a wholly owned
67 subsidiary of Lynch.

68 **Q. As Manti’s Chief Executive Officer, are you familiar with the financial aspects of**
69 **the Transaction?**

70 A. Yes, I am completely familiar with the financial aspects.

71 **Q. How was the purchase price arrived at?**

72 A. Lynch has agreed to pay a multiple of Manti’s twelve (12) month trailing earnings before
73 interest, taxes, depreciation, and amortization (“EBITDA”) as of July 31, 2023.

74 **Q. Will Lynch’s acquisition of Manti and payment of the purchase price have an**
75 **impact on the Utah Universal Service Fund?**

76 A. No. Manti is currently receiving \$919,431.00 in annual Utah Public Telecommunications
77 Service Support Fund (“UUSF”) support. The UUSF received by Manti is based on its
78 annual report. The change in ownership of the Manti stock as a result of this transaction
79 will not impact Manti’s UUSF support.

80 **IV. IMPACT ON THE DAY TO DAY OPERATION OF MANTI**

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

83 A. Since this is a stock acquisition, after the Transaction is consummated, the outside plant
84 and other assets associated with the provision of public telecommunications services by
85 Manti will continue to be owned and operated by Manti. Our customers will continue to
86 be customers of Manti and Manti will continue to provide telecommunications services in
87 the Manti exchanges of Manti, Sterling and Ephraim. The Manti customers will continue
88 to receive the high-quality services they have come to expect, but the day to day
89 operations of Manti will be provided by a new management team.

90 **Q. Will you be involved with the day-to-day operations of Manti?**

91 A. As indicated, I am currently the General Manager of Manti. After the Transaction, I will
92 no longer be the General Manager of Manti. Rather, Eddie L. Cox will be the President
93 of Manti, I. Branch Cox will be the Chief Executive Officer of Manti, and Brad Welch
94 will be the Chief Operating Officer of Manti. I will continue to be involved with Manti,
95 however, because I will be employed by CUTI.

96 **Q. What will you be doing for CUTI?**

97 A. My post-Transaction title has not yet been established, but I will provide operational
98 oversight, and technical and strategic growth assistance to CUTI and all the CentraCom
99 Companies including Manti. I will be available to assist with the Manti's ongoing
100 operations and ownership transition in any capacity required. My time will be coded to
101 each company I do work for. Additionally, Gavin Cox, who is currently the Assistant

102 General Manager/Human Resources Manager of Manti will be employed by CUTI and
103 will remain available to assist with Manti’s operations and transition in ownership.

104 **Q. How would you describe the “fit” between Manti and Lynch?**

105 A. Manti is a locally owned private company that has been providing local exchange and
106 public telecommunications services for over 100 years. We have deep roots in the
107 community and have always been focused on serving and meeting the communication
108 needs of our small rural communities by investing in quality, reliable voice and data
109 networks. The owners of Manti have always lived in the communities we serve and we
110 have always been committed to being a good corporate partner with our communities.
111 Lynch, through its Utah subsidiaries, shares a similar history and espouses those same
112 values which is why I first approached Lynch about purchasing our exchanges. I wanted
113 a buyer that would care about the community and the customers and would understand
114 our operations, culture, and customers. This Transaction makes perfect sense for Manti’s
115 owners, Manti’s communities, and Manti’s customers. With Lynch as the owner of
116 Manti, our customers will continue to have a local management team and employees who
117 take pride in serving rural Utah, but who also have the resources, agility and experience
118 to respond quickly to rapid changes in markets, technology and customer demands.

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

121 **Q. How will the Transaction impact Manti’s customers?**

122 A. I anticipate very little, if any, administrative impact to Manti's customers. At the closing,
123 Lynch will acquire Manti stock, but Manti will continue to provide service for all the
124 Manti customers. The customer rates and terms of service will remain unchanged, and
125 customer service will be just as good or better than it was before.

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

127 A. I expect an exceptionally smooth transition operationally and for customers since this is
128 an ownership change only and my brother, Gavin Cox and I (who will then be former
129 owners) will be employed by CUTI. I will be available to ensure operational continuity.
130 Additionally, most, if not all of the Manti employees will continue to be employed by
131 Manti or CUTI. For end-user customers, there will be no significant change since the
132 name of the company, the rates, terms and conditions will remain the same post-closing.

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

134 A. No. Post-closing, 911 Service, in addition to all of Manti's service offerings will not be
135 impacted by the Transaction.

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

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

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

141 A. No. Manti is currently not a recipient of any state or federal grant programs, but with the
142 additional resources of Lynch, applications for state and federal grants will be more
143 feasible.

144 **VI. THIS STOCK PURCHASE IS IN THE PUBLIC INTEREST**

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

146 A. Yes, I do.

147 **Q. Why?**

148 A. First, as discussed above this acquisition is a very good corporate fit. Lynch's Utah
149 headquarters are in Sanpete County and are adjacent to the Manti Exchanges. With this
150 Transaction, the strong local presence of the local telephone company which Manti's
151 customers have long been accustomed to will be maintained. The employees of Manti
152 will continue to be employed in their home county, and the customers of Manti will
153 continue to receive their public telecommunications services the same company.

154 Second, as demonstrated in the testimony of Brad Welch and Stephen Moore, LICT,
155 Lynch, and its Utah subsidiaries, are very strong, well-managed companies that focus on
156 providing advanced telecommunications services to rural customers with an emphasis on
157 providing a great customer service experience.

158 Finally, Lynch's acquisition of Manti makes good economic sense. The Transaction
159 allows the Manti shareholders to liquidate their investments, while ensuring the
160 customers of Manti continue to be well served by a locally managed, rural-Utah provider.

161 **Q. Will the customers or public benefit from Lynch’s acquisition of Manti in other**
162 **ways?**

163 A. Yes. Lynch’s acquisition of Manti will allow greater opportunities for services and
164 operating efficiencies.

165 **Q. What operational efficiencies do you foresee if all, or nearly all, of the employees**
166 **from Manti will be employed by Manti and/or CUTI?**

167 A. Consolidation of employees is one aspect of operational efficiencies, but there are many
168 others. For example, currently both Manti and the CentraCom Companies employ
169 consultants, auditors, and attorneys. With the acquisition and operation of Manti’s stock,
170 those outside expenses can be consolidated and reduced. Additionally, the CentraCom
171 Companies have access to LICT expertise and resources. With this in-house expertise
172 available, there will be less reliance on outside consultants. Finally, with the Transaction
173 the CentraCom customers and the Manti customers will have access to additional
174 customer service technicians for prompt maintenance, continued upgrades of service and
175 delivery of up-to-date products and technologies.

176 **Q. Do you think that any of the Manti or existing CentraCom customers will be**
177 **harmed by this Transaction?**

178 A. No. I don’t believe there will be any negative impacts to any customers or the industry as
179 a whole. The Transaction will not disrupt existing service arrangements or regulatory
180 requirements. Our Manti customers will continue to be served by Manti at the existing
181 rates and terms.

182 **VII. ADDITIONAL APPROVALS**

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

185 A. Yes. Manti operates under blanket domestic Section 214 authority pursuant to 47 C.F.R.
186 § 63.01. Manti also holds an international Section 214 authorization to provide global
187 resold services granted in ICFS File No. ITC-214-19990429-00256. As such, FCC
188 approval is required before Manti’s ownership can be transferred to Lynch.

189 **Q. Have the parties made application to the FCC for such approval?**

190 A. Yes, on August 28, 2024, the parties filed an Amended and Restated Joint Domestic and
191 International Section 214, pursuant to Section 214 of the Communications Act of 1934,
192 as amended, to Transfer Control of the Manti Telephone Company to Lynch Telephone
193 Corporation X (the “Petition”). The parties requested streamlined treatment of the
194 Petition at the FCC.

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

196 A. Yes.

197

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Direct Testimony of Dallas Cox 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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