

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 25-043-02

DIRECT TESTIMONY OF HOWARD "JIM" SANDERS

ON BEHALF OF

GUNNISON TELEPHONE COMPANY

December 18, 2025

1 **I. IDENTIFICATION OF WITNESS**

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

3 A: My full name is Howard James Sanders. I go by Jim Sanders. I am employed by
4 Gunnison Telephone Company (“Gunnison”) as the President and General Manager.

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

6 A. I have been employed with Gunnison since 1979, and I have been in the position of
7 President/General Manager since April of 2017. Prior to becoming President/General
8 Manager, I was employed as the Plant and Office Manager of Gunnison.

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

10 A. After high school, I studied political science at Brigham Young University. I have been
11 involved in the telecommunications industry since 1979. As President/General Manager I
12 manage and handle the daily business operations of the company. I work closely with
13 supervisors to support the day-to-day activity of employees and the day-to-day operations
14 including supervision and management of outside plant, engineering, sales, and
15 marketing and accounting. I implement company strategies into company operations and
16 solve operational problems. Because we are lean operation, I am able to fill in for a lot of
17 roles as needed to ensure operations run smoothly.

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

19 A. No. I have not previously presented testimony or appeared before the Utah Public Service
20 Commission (the “Commission”).

21 **II. INTRODUCTION**

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

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

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

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

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

35 A. Yes. Two other witnesses are presenting testimony in this proceeding. Mr. Brad Welch is
36 the Chief Operating Officer Central Utah Telephone, Inc. (“CUTI”), Bear Lake
37 Communications, Inc. (“Bear Lake”), Skyline Telecom (“Skyline”),¹ and The Manti
38 Telephone Company (“Manti”). Mr. Welch’s testimony describes the Transaction and
39 demonstrates to the Commission that the Transaction is in the public interest and should
40 be approved for the State of Utah. Mr. Stephen Moore, is the President of Lynch, and the
41 Vice President of LICT Corporation. Mr. Moore provides an overview and history of

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

42 Lynch and its parent company LICT Corporation, and demonstrates that Lynch has the
43 managerial, operational and technical ability and experience to manage Gunnison. Mr.
44 Moore also describes the compelling features of the Transaction and demonstrates that
45 the financial resources of Lynch will benefit the customers of Gunnison and will be in the
46 public interest.

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

48 A. The standard of review is provided in Utah Code Ann. §54-4-29, which provides that no
49 public utility shall purchase or acquire any of the voting securities of any other public
50 utility engaged in the same general line of business, without the consent and approval of
51 the Public Service Commission. Such consent shall be given only after investigation and
52 hearing and a finding that said purchase and acquisition of such securities will be in the
53 public interest. As described in the testimony in support of the Application, the
54 acquisition of Gunnison’s stock by Lynch satisfies the criteria of Utah Code §54-4-29
55 and the Transaction is in the public interest. As I indicate below, the Transaction will be
56 transparent, seamless, and beneficial to customers. From a regulatory perspective, all of
57 Gunnison’s regulatory obligations related to the Gunnison exchanges of Gunnison,
58 Centerfield, Mayfield, Fayette, and Axtell (the “Exchanges”) will continue to be met by
59 Gunnison under its new management team.

60 **III. THE TRANSACTION**

61 **Q. Please describe the Transaction.**

62 A. On August 25, 2025, Lynch entered into a Stock Purchase Agreement with Gunnison and
63 the shareholders of all of the issued and outstanding shares of Gunnison (“SPA”)
64 pursuant to which, upon closing of the Transaction, all of the outstanding shares of
65 Gunnison will be acquired by Lynch. As a result of the Transaction, Gunnison will
66 become a wholly owned subsidiary of Lynch.

67 **Q. As Gunnison’s President and General Manager, are you familiar with the financial**
68 **aspects of the Transaction?**

69 A. Yes, I am completely familiar with the financial aspects of the Transaction from the
70 company and shareholder’s perspective.

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

72 A. The purchase price was negotiated between the shareholders and Lynch and is based on
73 the stock value as set by the shareholders.

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

76 A. No. Gunnison is currently receiving \$638,375 in annual Utah Public Telecommunications
77 Service Support Fund (“UUSF”) support. The UUSF received by Gunnison is based on
78 its annual report. The change in ownership of the Gunnison stock as a result of this
79 transaction will not impact Gunnison’s UUSF support.

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

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

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 Gunnison will continue to be owned and operated by Gunnison. Our customers will
86 continue to be customers of Gunnison and Gunnison will continue to provide
87 telecommunications services in the Gunnison Exchanges. The Gunnison customers will
88 continue to receive the high-quality services they have come to expect, but the day to day
89 operations of Gunnison will be provided by a new management team.

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

91 A. As indicated, I am currently the President and General Manager of Gunnison. After the
92 Transaction, I will no longer be the General Manager of Gunnison. Rather, Eddie L. Cox
93 will be the President of Gunnison, I. Branch Cox will be the Chief Executive Officer of
94 Gunnison, and Brad Welch will be the Chief Operating Officer of Gunnison. I will
95 continue to be involved with Gunnison, 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 Gunnison. I will be available to assist with Gunnison'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, several of the existing employees will also be
102 employed by CUTI and will remain available to assist with Gunnison's operations and
103 transition in ownership.

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

105 A. Gunnison 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. Gunnison provides local exchange service to approximately 530 access lines in
110 our exchanges. The owners of Gunnison by and large live in the communities we serve
111 and we have always been committed to being a good corporate partner with our
112 communities. Lynch, through its Utah subsidiaries, shares a similar history and espouses
113 those same values which is why I first approached Lynch about purchasing our
114 exchanges. The Gunnison shareholders wanted a buyer that would care about the
115 community and the customers and would understand Gunnison’s operations, culture, and
116 customers. This Transaction makes perfect sense for Gunnison’s owners, Gunnison’s
117 communities, and Gunnison’s customers. With Lynch as the owner of Gunnison, our
118 customers will continue to have a local management team and employees who take pride
119 in serving rural Utah, but who also have the resources, agility and experience to improve
120 services and respond quickly to rapid changes in markets, technology and customer
121 demands.

122 **V. IMPACT ON CURRENT REGULATORY AND CUSTOMER**
123 **OBLIGATIONS**

124 **Q. How will the Transaction impact Gunnison’s customers?**

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

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

130 A. I expect an exceptionally smooth transition operationally and for customers since this is
131 an ownership change only and the employees of Gunnison will be employed by CUTI
132 after the closing of the Transaction to ensure operational continuity. For end-user
133 customers, there will be no significant change since the name of the company, the rates,
134 terms and conditions will remain the same post-closing.

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

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

138 **Q. Will the Transaction impact Gunnison's wholesale relationship with other carriers?**

139 A. No. Currently, Gunnison has a Commission approved Interconnection Agreement with
140 Qwest. The transfer of stock from the shareholders to Lynch will have no impact on this
141 Interconnection Agreement or Gunnison's relationships with other carriers. Wholesale
142 broadband internet access service will continue to be provided by Gunnison post-closing.

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

144 A. No. Gunnison is currently not a recipient of any state or federal grant programs, but with
145 the additional resources of Lynch, applications for state and federal grants will be more
146 feasible.

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

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

149 A. Yes, I do.

150 **Q. Why?**

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

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

162 Finally, Lynch's acquisition of Gunnison makes good economic sense. The Transaction
163 allows the Gunnison shareholders to liquidate their investments, while ensuring the

164 customers of Gunnison continue to be well served by a locally managed, rural-Utah
165 provider.

166 **Q. Will the customers or public benefit from Lynch's acquisition of Gunnison in other**
167 **ways?**

168 A. Yes. Lynch's acquisition of Gunnison will allow greater opportunities for services and
169 operating efficiencies.

170 **Q. What operational efficiencies do you foresee if all, or nearly all, of the employees**
171 **from Gunnison will be employed by Gunnison and/or CUTI post-closing?**

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

181 Additionally, it is my understanding that Lynch intends to upgrade network
182 facilities to increase reliability and available broadband speeds. Customers will have
183 access to higher reliable and cost effective broadband speeds.

184 **Q. Do you think that any of the Gunnison or existing CentraCom customers will be**
185 **harmed by this Transaction?**

186 A. No. I don't believe there will be any negative impacts to any customers or the industry as
187 a whole. The Transaction will not disrupt existing service arrangements or regulatory
188 requirements. Our Gunnison customers will continue to be served by Gunnison at the
189 existing rates and terms.

190 **VII. ADDITIONAL APPROVALS**

191 **Q. Is Federal Communications Commission ("FCC") approval required for this**
192 **Transaction?**

193 A. Yes. Gunnison operates under blanket domestic Section 214 authority pursuant to 47
194 C.F.R. § 63.01. As such, FCC approval is required before Gunnison's ownership can be
195 transferred to Lynch.

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

197 A. Pursuant to Section 214 of the Communications Act of 1934, as amended, the parties are
198 contemporaneously filing a Joint Petition to Transfer Control of Gunnison Telephone
199 Company to Lynch Telephone Corporation X (the "Petition") at the FCC.

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

201 A. Yes.

202

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Direct Testimony of Howard “Jim” Sanders in Support of the Joint Application for Approval of the Acquisition of the Voting Stock of Gunnison Telephone Company by Lynch Telephone Corporation X, Docket 25-043-02 was served the 18th day of December, 2025, as follows:

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