

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Transfer of Ownership       )  
of Emmental, Inc. a Kansas Corporation,       )  
and its Wholly Owned Subsidiary       ) Docket No. 17-MRGT-368-ACQ  
Moundridge Telephone Company, Inc.,       )  
a Telecommunications Public Utility       )

**SUBMISSION OF INFORMATION RELATED TO TRANSFER OF  
OWNERSHIP OF EMMENTAL, INC. AND EFFECTIVE CONTROL OF  
MOUNDRIDGE TELEPHONE COMPANY, INC.**

Come now Emmental, Inc. ("Emmental") and its wholly owned subsidiary Moundridge Telephone Company, Inc. ("Moundridge"), both Kansas corporations, and submit the following information regarding transfer of the entire shareholder interest of Emmental:

**Parties:**

1. Emmental is a closely held corporation organized in 1989, and existing in good standing, under the laws of the State of Kansas. Emmental owns 100% of Moundridge Telephone Company, Inc.

2. Moundridge Telephone Company, Inc. is a closely held corporation organized in 1904 under the laws of the State of Kansas and presently in good standing. Moundridge is a telecommunications public utility as defined in K.S.A. 66- 1,187(n) and a rural telephone company as defined in K.S.A. 1,187(l) holding one or more certificates of convenience and authority from this Commission to provide telecommunications public utility service in this State.

**Background:**

3. In June of 2016 100% of the ownership of Emmental, Inc. was conveyed by the Carl C. Krehbiel Revocable Trust, dated December 2, 1992 (Carl C. Krehbiel, Trustee) to Harry M. Weelborg, J. Sommer Smith and Troy Smith, each individual Kansas residents.

4. On application of the parties to the aforesaid conveyance, a copy of which is attached hereto and adopted herein by reference, the Federal Communications Commission ("FCC") approved the transfer of control of Moundridge pursuant to 47 U.S.C. § 214. The FCC issued public notice of such approval June 6, 2016.

5. At the recommendation of Commission Staff counsel and in reliance thereon Moundridge sent letter notice of the subject transaction to this Commission on May 23, 2016.

**Information regarding the transaction and its effects:**

6. The transaction is in the best interests of consumers and the public generally. The purchase price of the shares transferred represents the book value of assets net of liabilities as of the transaction date, reduced for the embedded off-book tax cost associated with the accumulation of earnings and profits inside the entity when it was a C-corporation in addition to an adjustment for goodwill. The resulting purchase price is less than the book value of the assets conveyed in the transaction. Consumers and ratepayers thereby gain the benefit of a utility service provider with a stronger overall financial position, providing additional stability without burden to ratepayers. There is no acquisition premium in the

transaction, so no recovery of acquisition premium will be sought from ratepayers or KUSF contributors. Moundridge has received confirmation for its receipt of A-CAM model-based federal support; this mechanism provides additional assurance that Moundridge will have no need to seek additional recovery from ratepayers, or any recovery from the KUSF, related to the transaction at issue.

**Economic impact:**

7. The transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Continuity of operational and management personnel, together with the resulting stability of communications service, will benefit such economies through the increased assurance of avoidance of disruption in public utility service throughout the regulated service area, and the resulting avoidance of the economic costs of such disruption.

8. Continuity of telecommunications public utility service as assured by this transaction not only avoids costs to individual and business consumers within the service area; it further avoids cost and inconvenience to the public generally engaging in communication with customers of the utility.

9. The transaction will not create labor dislocations harmful to local communities, or the state generally. The transaction does not cause loss of employment, but rather continuity. No harm results, and no remediation is therefore required.

**Public interest impacts:**

10. A substantial purpose and effect of the transaction is to maintain continuity of pre-transaction operations in all respects; the transaction therefore has no adverse environmental impact.

11. The transaction has no impact on the existing jurisdiction of the KCC and the capacity of the KCC to effectively regulate and audit public utility operations in the state.

12. The transaction has no effect on affected public utility shareholders. The sole shareholder of the regulated utility, Moundridge Telephone Company, was Emmmental, Inc. before the transaction and that owner retains sole ownership following the transaction. Continuity of operations of the utility in all respects assures that the interests of the shareholder will be unaffected.

13. The transaction has no impact on the use of Kansas energy resources. The Commission's audit of Moundridge in 2015 suggested no issue related to the nature, sourcing or cost of energy resources, and the continuity of operations resulting from the transaction results in the matter of energy resources not being placed in issue.

14. There is no possibility of economic waste created by the transaction. The purchase price is reasonable as addressed above, and Commission Staff in the aforesaid 2015 audit identified no issue of economic waste in the operations of the regulated utility.

15. The impact of the transaction on the public safety is entirely positive. The transaction assures continuity of communications services, including continuity of established emergency communications benefiting both the communities generally and all customers that may have need for such services.

**Technical, managerial, and financial ability:**

16. There s no issue as to the sufficiency of the technical, managerial, and financial ability of the purchasers of Emmmental. The new majority shareholder has served as vice president and general manager of Moundridge for over twenty-five years and serves as president following the transaction. This results in thorough familiarity with state regulatory requirements applicable to regulated utility operations.

17. Generally the pre-transaction personnel responsible for the provision of public utility service will continue to fulfill the same responsibilities. Customers will enjoy continuity of service and the continuing benefit of the extensive operational experience developed over years of serving the communities and customers in the Moundridge service area.

**Conclusion:**

18. In summary, the transaction results in enhanced assurance of operational continuity in regulated utility operations. This is accomplished with no increased demand either on ratepayers or on the KUSF. In fact, the regulated entity enjoys at least equal and arguably increased financial stability following the transaction. From the perspective of the consumer / ratepayer and from the perspective of the state as a whole the transaction has no adverse impact. In fact, the transaction provides continuity and stability in Moundridge's provision of telecommunications pubic utility service and is in the pubic interest.

WHEREFORE Emmmental and Moundridge submit the foregoing information for the Commission's consideration. Emmmental and Moundridge

request that the Commission, upon review thereof, determine that the information is sufficient to support any and all lawfully required approval of the transaction by the Commission.

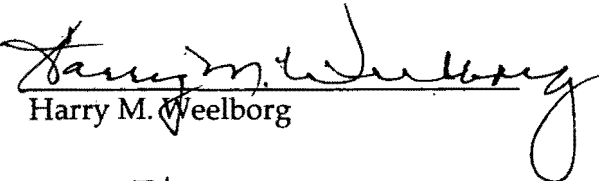
Respectfully submitted,

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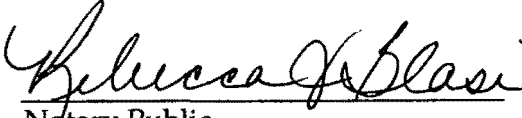
VERIFICATION

STATE OF KANSAS, McPHERSON COUNTY, ss:

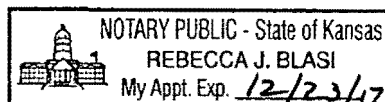
Harry M. Weelborg, of lawful age, being first duly sworn, on his oath states: he is the president of Emmmental, Inc. and Moundridge Telephone Company, Inc.; that he has personal knowledge of the matters asserted herein; that he has read the above and foregoing Submission; that the statements, allegations and matters contained therein are true and correct.

  
Harry M. Weelborg

Subscribed and sworn to before me this 8<sup>TH</sup> day of February, 2017.

  
Notary Public

My Appointment Expires: 12/23/17



**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
<b>Carl C. Krehbiel Revocable Trust, dated December 2, 1992</b>	)	
<b>(Carl C. Krehbiel, Trustee)</b>	)	WC Docket No. _____
Transferor	)	
	)	
<b>Harry M. Weelborg, J. Sommer Smith and Troy Smith</b>	)	
Transferees	)	
	)	
For the Transfer of Control of Moundridge Telephone Company	)	
and its subsidiary Moundridge Telecom, Inc., which provide	)	
interstate interexchange and exchange access services in Kansas	)	
pursuant to blanket domestic Section 214 authorizations	)	

TO: Wireline Competition Bureau

**STREAMLINED APPLICATION FOR TRANSFER OF CONTROL  
OF DOMESTIC BLANKET SECTION 214 AUTHORIZATION**

The Carl C. Krehbiel Revocable Trust, dated December 2, 1992 (Carl C. Krehbiel, Trustee) ("the Krehbiel Trust" or "Transferor"); and Harry M. Weelborg, J. Sommer Smith and Troy Smith (collectively, the "Transferees") hereby request Commission authorization for the transfer of control of Emmmental, Inc. ("Emmentel"), a Kansas holding company, which in turn, owns 100 percent of Moundridge Telephone Company ("Moundridge"; FRN: 0002339976) and Moundridge's wholly-owned subsidiary Moundridge Telecom, Inc. ("MTI"; FRN: 0004325247), from the Krehbiel Trust to the Transferees. Moundridge, a rural incumbent local exchange carrier ("ILEC"), and MTI, a long distance toll service reseller, provide interstate exchange access services and interstate interexchange services, respectively, in the State of Kansas pursuant to blanket domestic Section 214 authorizations.

Moundridge is a Kansas corporation that provides local exchange service and exchange access service as an ILEC in two exchanges, Moundridge and Goessel (approximately 2,100 access lines) in portions of McPherson, Harvey and Marion Counties in central Kansas. MTI resells interstate and intrastate long distance toll services in Moundridge's local exchange service area.

Harry M. Weelborg does not presently own any telecommunications providers, but has been an employee of the Emmmental-Moundridge organization since 1989, and is presently the Vice President and General Manager of Emmmental, Moundridge and MTI. J. Sommer Smith and Troy Smith are respectively Mr. Weelborg's daughter and son-in-law; they are new investors in the company.

The proposed transaction is a purchase of 100 percent of the Emmmental stock from the Krehbiel Trust by Messers. Weelborg and T. Smith, and Ms. J.S. Smith, By acquiring 100 percent of the issued and outstanding stock of Emmmental, Messers. Weelborg and Smith and Ms. Smith will acquire control of the blanket Section 214 authorizations of Moundridge and MTI.

The proposed transaction qualifies for streamlined processing pursuant to Section 63.03(b)(1)(ii) of the Commission's Rules because the Transferees do not presently own any telecommunications providers and are not otherwise telecommunications providers.

In accordance with the requirements of Section 63.04(a) of the Commission's Rules, the Applicants submit the following information:



**(1) Name, address and telephone number of each applicant:****Transferor:**

Carl C. Krehbiel Revocable Trust, dated December 2, 1992  
 Carl C. Krehbiel, Trustee.  
 109 North Christian Avenue (P.O. Box 960)  
 Moundridge. Kansas 67109  
 Telephone: (620) 345-2831  
 Facsimile: (620) 345-6106

**Transferees:**

Harry M. Weelborg  
 J. Sommer Smith  
 Troy Smith  
 109 North Christian Avenue (P.O. Box 960)  
 Moundridge. Kansas 67109  
 Telephone: (620) 345-2831  
 Facsimile: (620) 345-6106

**(2) Government, state or territory under the laws of which each corporate or partnership applicant is organized:**

Emmental, Inc. is a Kansas corporation.

Moundridge Telephone Company is a Kansas corporation.

Moundridge Telecom, Inc. is a Kansas corporation.

**(3) Name, title, post office address, and telephone number of the officer or contact person to whom correspondence concerning the application is to be addressed:****For Transferor:**

Carl C. Krehbiel, Trustee.  
 109 North Christian Avenue (P.O. Box 960)  
 Moundridge. Kansas 67109  
 Telephone: (620) 345-2831  
 Facsimile: (620) 345-6106

**For Transferees:**

Harry M. Weelborg  
 109 North Christian Avenue (P.O. Box 960)  
 Moundridge. Kansas 67109  
 Telephone: (620) 345-2831  
 Facsimile: (620) 345-6106

With a copy to Counsel:

Gerard J. Duffy

Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP

2120 L Street, N.W. (Suite 300)

Washington, D.C. 20037

Telephone: (202) 659-0830

Facsimile: (202) 828-5568

- (4) **Name, address, citizenship and principal business of any person or entity that directly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities:**

**Moundridge Telecom, Inc. (Before and After Transaction)**

The name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of the equity and voting power of Moundridge Telecom, Inc. both before and after the proposed transaction are:

<u>Name &amp; Address</u>	<u>Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Moundridge Telephone Company 109 N. Christian Ave. Moundridge, KS 67107	100.00%	KS Corp.	Telecommunications

**Moundridge Telephone Company (Before and After Transaction)**

The name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of the equity and voting power of Moundridge Telephone Company both before and after the proposed transaction are:

<u>Name &amp; Address</u>	<u>Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Emmental, Inc. 109 N. Christian Ave. Moundridge, KS 67107	100.00%	KS Corp.	Telecommunications

**Emmental, Inc. (Before Transaction)**

The name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of the equity and voting power of Emmental, Inc. before the proposed transaction are:

<u>Name &amp; Address</u>	<u>% Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Carl C. Krehbiel Revocable Trust, dated December 2, 1992 Carl C. Krehbiel, Trustee 109 N. Christian Ave.. Moundridge, KS 67107	100.00%	KS Trust.	Telecommunications

Carl C. Krehbiel is a United States citizen.

No other individual or entity directly or indirectly owns an interest of ten (10) percent of the equity and voting power of Emmental, Inc. prior to the proposed transaction.

**Emmental, Inc. (After Transaction)**

The names, addresses, citizenship and principal businesses of the entities that will own at least ten (10) percent of the equity and voting power of Emmental, Inc. after the proposed transaction are:

<u>Name &amp; Address</u>	<u>% Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Harry M. Weelborg 109 N. Christian Ave.. Moundridge, KS 67107	51.00%	U.S.A.	Telecommunications
J. Sommer Smith 109 N. Christian Ave.. Moundridge, KS 67107	25.00%	U.S.A.	Telecommunications
Troy Smith 109 N. Christian Ave.. Moundridge, KS 67107	24.00%	U.S.A.	Telecommunications

Mr. Weelborg is currently the Vice President and General Manager of Emmental, Moundridge and MTI. Mr. Smith and Ms. J. S. Smith have no present business or family relationships with any of the companies but are, respectively, the son-in-law and daughter of Mr. Weelborg.

No other individual or entity will directly or indirectly own or control an interest of ten (10) percent or more of the equity and/or voting power of Emmental, Moundridge or MTI after the proposed transaction.

**(5) Certification pursuant to 47 C.F.R. §§1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.**

The Carl C. Krehbiel Revocable Trust, dated December 2, 1992, Harry M. Weelborg, J. Sommer Smith and Troy Smith hereby certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

**(6) Description of the transaction:**

Harry M. Weelborg, J. Sommer Smith and Troy Smith are acquiring all of the issued and outstanding common stock of Emmental from the Carl C. Krehbiel Revocable Trust, dated December 2, 1992. Purchase of this stock will give Messrs. Weelborg, and T. Smith and Ms. J. S. Smith control of Emmental and its assets, including Moundridge, MTI and their blanket domestic Section 214 authorizations.

**(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area.**

**Areas and Services of Emmental and Affiliates.**

Emmental is a holding company which does not directly provide domestic telecommunications services.

Moundridge provides local exchange service and exchange access service as an ILEC (less than 2500 access lines) in and around the communities of Moundridge in McPherson County and Goessel in Marion County, together with additional rural portions of Harvey County, in rural central Kansas.

MTI resells interstate and intrastate long distance toll services to customers within Moundridge's local exchange service area.

In a separate transaction, Transferees are acquiring Mid-Kansas Cable, a Kansas corporation not owned by Emmental or any of its direct or indirect subsidiaries, which provides cable television service in portions of the Moundridge study area.

Emmental owns less than 5% of Kansas Fiber Network, LLC, a Kansas limited liability company and competitive access provider that offers "middle mile" transport and access services to Kansas local exchange carriers.

Emmental has no ownership interests in any other entity that offers domestic telecommunications services.

**(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:**

This application fits within the presumptive streamlined categories in Section 63.03(b) of the Commission's Rules, and streamlined treatment is requested. Specifically, it fits within Section 63.03(b)(1)(ii) because the transferees do not currently own any telecommunications providers, and are not otherwise telecommunications providers.

**(9) Identification of all other Commission applications related to the same transaction:**

Applicants will be filing no other Commission applications related to this transaction.

**(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:**

No party to the transaction is facing imminent business failure at this time. Therefore, the Applicants are not requesting special consideration because a party to the transaction is facing imminent business failure.

**(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:**

No separately filed waivers or waiver requests are being sought in conjunction with the proposed transaction.

**(12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:**

The proposed transaction entails the acquisition of Emmental, Moundridge and MTI by a group that includes their existing General Manager Under Mr. Weelborg's management, the Emmental-Moundridge organization has long and proven record of investing in its rural network, and of providing high-quality, community-based state-of-the-art voice and data services at affordable rates to its rural service area. The proposed transaction will ensure that Moundridge area customers enjoy the continuing benefit of experienced, community-based management and continue to receive high-quality, state-of-the-art voice and data services at affordable rates during the foreseeable future.

**Conclusion**

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of Emmmental, Inc. and its wholly-owned subsidiary Moundridge Telephone Company, plus Moundridge's wholly-owned subsidiary Moundridge Telecom, Inc., from the Carl C. Krehbiel Revocable Trust, dated December 2, 1992 (Carl C. Krehbiel, Trustee) to Harry M. Weelborg, J. Sommer Smith and Troy Smith.

The Carl C. Krehbiel Revocable Trust, dated December 2, 1992 (Carl C. Krehbiel, Trustee), Harry M. Weelborg, J. Sommer Smith and Troy Smith reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

**THE CARL C. KREHBIEL REVOCABLE  
TRUST, DATED DECEMBER 2, 1992  
(Carl C. Krehbiel, Trustee)**

Trustee: Carl C. Krehbiel

Date: 4-13-2016

**HARRY M. WEELBORG**

By: Harry M. Weelborg

Date: 4-13-16

**J. SOMMER SMITH**

By: J. Sommer Smith

Date: 4/13/16

**TROY SMITH**

By: Troy Smith

Date: 4-13-2016