

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Transfer of Ownership )  
of S&A Telephone Company )  
from USConnect Holdings, Inc. ) Docket No. \_\_\_\_\_  
to ITC Broadband Holdings, LLC )

**DIRECT TESTIMONY OF JERRY ELLIOTT  
ON BEHALF OF THE JOINT APPLICANTS**

May 14, 2021

- 1 Q: Please state your name and business address for the record.
- 2 A: Jerry Elliott, 1791 O.G. Skinner, Drive, Suite A, West Point, GA 31833
- 3 Q. By whom and in what capacity are you employed?
- 4 A. I am the Chief Executive Officer of ITC Broadband Holdings, LLC
- 5 Q. Is your testimony today, on behalf of ITC Broadband Holdings, LLC (“ITC”)?
- 6 A. Yes.
- 7 Q. Please describe the corporate structure of ITC Broadband Holdings, LLC.
- 8 A. ITC is a Delaware limited liability company that is the parent company of the ITC
- 9 companies and a party to the Stock Purchase Agreement. ITC owns one hundred percent
- 10 (100%) of the equity interests of ITC Broadband Capital, LLC (“ITC Broadband
- 11 Capital”), a Delaware limited liability company that will guarantee the Financing. ITC
- 12 Broadband Capital owns one hundred percent (100%) of the equity interests in ITC Fiber
- 13 Holdings, LLC (“ITC Fiber”), a Delaware limited liability company that will receive the
- 14 proceeds of the Financing. ITC Fiber owns one hundred percent (100%) of the common
- 15 equity interests of ITC Broadband Operating, LLC.
- 16 Q. Are you aware of a Joint Application filed in this docket?

1 A. Yes, I have reviewed the application and am aware of the underlying transaction which is  
2 the subject of the application.

3 Q. What is your understanding of what the application is requesting from the Commission?

4 A. It is my understanding the application is requesting the commission to do a few things.  
5 First, the Joint Applicants are requesting the Commission approve a stock purchase  
6 agreement, the financing, consummation of the Transaction, and the conversion of S&A  
7 from a corporation to a limited liability company under Kansas law, and the resulting  
8 name change from S&A Telephone Company, Inc. to S&A Telephone Company, LLC  
9 d/b/a S&A Telephone Company.

10 Q. Can you briefly describe the stock purchase agreement?

11 A. In its simplest form, the stock purchase agreement is the purchase of 100% of the equity  
12 interest of USConnect Holdings, Inc. by ITC.

13 Q. Who is USConnect Holdings, Inc.?

14 A. USConnect Holdings, Inc. is a Delaware corporation which wholly owns several  
15 subsidiaries that provide data and telecommunication services in rural areas in several  
16 states. One such subsidiary is UCAII, a Delaware corporation which is the owner of  
17 S&A Telephone Company.

18 Q. Who is S&A Telephone Company?

19 A. S&A Telephone Company is a Kansas corporation which has held a certificate of  
20 convenience and authority to operate as a Kansas telecommunications public utility for  
21 over half a century. S&A was granted ETC status on December 5, 1997 in Docket No.  
22 98-GIMT-24 1-GIT, and it received its certificate to resell interexchange

1 telecommunications services (“IXC”) in Docket No. OO-S&AC-728-COC (Mar. 16,  
2 2000).

3 Q. Does the Transaction require additional steps be taken in conjunction with the stock  
4 purchase agreement?

5 A. Yes, the Transaction also requires a conversion of S&A from a corporation to a limited  
6 liability company under Kansas law and a resulting name change from, S&A Telephone  
7 Company, Inc. to S&A Telephone Company, LLC d/b/a S&A Telephone Company.

8 Q. Will this Transaction affect the scope or nature of consumer choice available to Kansas  
9 consumers?

10 A. No, consumers will still have the same choices currently available.

11 Q. Will this Transaction affect the Kansas Universal Service Fund support presently  
12 authorized for S&A?

13 A. No, S&A’s KUSF rates were just implemented in Docket Nos. 21-GIMT-095-GIT and  
14 21-S&AT-293-TAR and will not be changed as a result of the Transaction.

15 Q. Will ITC Holdings, LLC seek recovery of an acquisition premium from the KUSF or  
16 from customers?

17 A. No, the purchase price does not include an acquisition premium.

18 Q. What is the anticipated rate impact of the transaction on Kansas consumers?

19 A. There will be no impact on the rates paid by Kansas consumers.

20 Q. Describe S&A’s current quality of service.

21 A. S&A currently provides excellent quality of service to its customers. S&A provides  
22 voice, streaming television and Internet, ranging from speeds of 10 Mbps to 1 Gigabit.

1 Q. Does ITC Broadband Holdings, LLC anticipate a reduction in personnel, company  
2 headquarters, payment centers, customer service locations, or associated personnel costs  
3 as a result of the Transaction?

4 A. No, the Transaction will not alter current personnel levels, the location of S&A's  
5 headquarters, payment centers, or customer service locations. Moreover, personnel  
6 costs, including salaries/wages/ benefits, will not be affected by the Transaction.

7 Q. What impact will the transaction have on the quality of service of S&A's customers?

8 A. The Transaction should only have long run positive impacts upon the quality of service  
9 provided to S&A's customers and, in any event, no negative impact on service quality for  
10 S&A's customers. This is because, S&A's operations will remain unchanged and over  
11 time will be enhanced by the additional resources made available by its new holding  
12 company owner ITC. S&A's technical support staff and marketing personnel who are  
13 currently serving its customers today will continue on with S&A doing what they do best,  
14 serving S&A's customers. Additionally, S&A's current operations' staff will receive  
15 additional support from ITC's management team's depth of industry experience and  
16 resources.

17 Q. What is ITC Broadband Holdings, LLC's experience owning or operating regulated  
18 utilities?

19 A. ITC's principals have been creating and growing large, successful rural telecom and  
20 Internet companies for over forty years. In fact, ITC is a family business that was started  
21 in 1896 as a rural telephone company in West Point, Georgia. The ITC team has  
22 operated and funded several successful telecommunications companies, including ITC  
23 Deltacom, Inc. , Knology, MindSpring, Powertel, and Telecom USA.

1 Q. Is it your testimony that the proposed Transaction is reasonable?

2 A. Yes, the Transaction is reasonable for several important reasons. First, as I previously  
3 testified, the Transaction will positively benefit S&A and its customers in Kansas.  
4 Second, the cost of the Transaction is reasonable in being based on the size of the  
5 business and its book value. Third, the Transaction is good for both Kansas and local  
6 economies as it keeps Kansans employed in their communities and maintains S&A's  
7 footprint in the communities it serves, which may not be the case if S&A were purchased  
8 by another out of state corporation. Fourth, the Transaction maintains the Commission's  
9 jurisdiction over the Kansas operations of S&A.

10 Q. Does ITC Broadband Holdings, LLC anticipate certain operational efficiencies as a result  
11 of the transaction?

12 A. ITC will bring to bear its extensive industry knowledge, experience, insights, and  
13 networking resources in ways that will facilitate the provision of enhanced and innovate  
14 services to S&A customers going forward. There will be no reductions in personnel,  
15 customer service or investment .

16 Q. Has ITC Broadband Holdings, LLC conducted specific analysis quantifying specific  
17 savings from anticipated operation efficiencies related to the transaction?

18 A. No, as previously stated, we will not be reducing costs or investment, so there are no  
19 savings or cost reductions in our plans.

20 Q. Apart from what you have already testified about, are there any other changes to S&A's  
21 certificates or tariffs being sought by the application?

22 A. Yes, in the course of preparing this application ITC discovered that S&A has a wholly  
23 owned subsidiary named, S&A Communications, Inc. ("S&A Communications"). Over

1 the years S&A functionally operated its IXC operations entirely through S&A  
2 Communications. S&A Communications maintained its own financial records and even  
3 made its own compliance filings with the Commission but the ultimate certificate holder  
4 was always S&A. During this time, the Commission also treated S&A Communications  
5 as a separate and distinct entity from S&A. Even to the point where both S&A and S&A  
6 Communications had their own separate KUSF audits in 2020. The application asks that  
7 S&A's IXC certificate and any associated tariffs be assigned to S&A Communications,  
8 LLC.

9 Q. Will this assignment have any impact on S&A's IXC customers?

10 A. None at all, S&A's customers will continue to receive the great service they already  
11 receive. Moreover, S&A's customers are accustomed to receiving service under the name  
12 of S&A Communications, so the assignment essentially memorializes the practice which  
13 has been ongoing for over a decade while providing greater clarity to Commission Staff  
14 and the public generally.

15 Q. Does this conclude your testimony?

16 A. Yes, thank you.

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18  
19 VERIFICATION PURSUANT TO K.S.A. 53-601(a)(2)

20 I, Jerry Elliott, declare under penalty of perjury that the foregoing testimony is true and  
21 correct. Executed on May 14, 2021.

22  
23 

24 Jerry Elliott