

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Bretton Woods Telephone Company, Inc.

DT 19-_____

**Petition for Findings and Order in Furtherance of
Transfer of Franchise, Works, and Systems to Affiliate**

**PREFILED DIRECT TESTIMONY
OF
ROBERT E. DOLAN**

August 27, 2019

PREFILED DIRECT TESTIMONY OF ROBERT E. DOLAN

INTRODUCTION

Q: Please state your name, current place of business and relevant experience.

A: My name is Robert E. Dolan. My current business address is 401 Theodore Fremd Avenue, Rye, New York 10590. Of particular relevance to this proceeding, I was the President of Bretton Woods Telephone Company, Inc., which is the petitioner in this proceeding (“BWTC” or “Petitioner”), for more than twenty-three years, from March 1996 until my retirement on July 1, 2019.

The ultimate parent of BWTC is LICT Corporation (“LICT”), a Delaware corporation which is a holding company for ten rural Incumbent Local Exchange Carriers (“ILECs”), as well as a number of rural Competitive Local Exchange Carriers (“CLECs”) and other types of rural communications providers. I served in senior executive positions at LICT, including Chief Executive Officer and Chief Financial Officer, for nearly thirty years until my retirement. I remain a member of the Board of Directors of LICT.

In addition, I served as the Chief Executive Officer and Chief Financial Officer of CIBL, Inc. (“CIBL”), a Delaware corporation, from its spin-off from LICT in November 2007 until my retirement. I presently serve as Interim CEO and CFO at CIBL. CIBL has functioned primarily as a holding company for rural communications interests and operations in wireline, wireless and cable properties.

Overall, during the course of my career I have had thirty years of executive, managerial, operational and financial experience in the rural communications

industry. This experience has included work with rural ILECs and CLECs located in the States of New Hampshire, California, Iowa, Kansas, Michigan, New Mexico, New York, North Dakota, Utah and Wisconsin.

I am also currently serving as the Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and a Director of Morgan Group Holding Co., a public shell company which is now being merged with G.research, LLC, a securities broker-dealer owned by GAMCO Investors, Inc., an NYSE-listed investment advisor.

Q: Please describe your educational background.

A: I have a Master's in Business Administration from the Leonard N. Stern School of Business at New York University, and a Bachelor of Science in Accounting from Manhattan College.

Q: Have you previously testified before the New Hampshire Public Utilities Commission ("Commission")?

A: No, I have not. However, as affiant on behalf of BWTC, I have attested to various financial documents submitted to the Commission on behalf of BWTC over the years.

Q: What is the purpose of your testimony?

A: My testimony supports the Petition filed by BWTC on August 27, 2019. In its Petition, BWTC requests findings and an order from the Commission in furtherance of an exchange of stock that will result in an indirect change in control of BWTC from one rural, broadband communications holding company, LICT, to another

rural, broadband communications holding company, CIBL. (As I noted above, CIBL was spun off from LICT and the two companies retain substantial common ownership and control.) In particular, I provide background information about BWTC and explain how the proposed transaction satisfies the applicable statutory standard required for the requested action by the Commission.

Q: Please summarize BWTC's position in this proceeding.

A: BWTC is a New Hampshire operating company that is indirectly owned by LICT, a holding company engaged principally in the business of owning rural telephone companies. LICT, through an indirect subsidiary, now proposes to contribute 100% of BWTC's stock to a newly formed indirect subsidiary of CIBL. CIBL is also a holding company that has been primarily engaged in owning and operating rural telephone companies. LICT and CIBL are affiliated through their substantial common ownership, officers and directors. For example, I presently serve as a director of LICT, an officer of CIBL since its spin-off from LICT 12 years ago, and I was an officer of LICT for nearly thirty years until my retirement on July 1, 2019.

The proposed transaction will effectuate a change in corporate ownership of BWTC as between LICT and CIBL but will not result in any change in any aspect of the management, staffing, network, operations or services that BWTC provides in New Hampshire. Because the new owners share the same managerial, technical, and financial capabilities as BWTC's current owners, the proposed transaction satisfies the applicable statutory standard for the proposed transfer under New Hampshire law. Accordingly, BWTC requests the necessary findings and an order from the Commission so as to complete the proposed transaction promptly.

Q: Does BWTC request a deadline for the Commission’s final order in this matter?

A: No. The proposed transfer is being undertaken as a restructuring between the affiliates LICT and CIBL, in order to enhance the corporate focus and attention accorded BWTC with a view to further supporting its operations and activities. Except for this intended and hoped-for enhancement, the transaction will have no impact on any customer-facing services or operations. In fact, the transaction will be entirely seamless to BWTC’s customers, suppliers, employees and officers. For this reason, BWTC asks the Commission to complete its review as expeditiously as possible in the interest of administrative efficiency.

II. INFORMATION ABOUT BWTC

Q: Please describe the operations and services of BWTC in New Hampshire.

A: BWTC is an ILEC that has provided local exchange telephone services in New Hampshire since 1949. Since 2012, BWTC has elected to operate as an excepted local exchange carrier (“ELEC”) under New Hampshire law. As an ELEC-ILEC, BWTC continues to be subject to Commission regulations with respect to its basic residential voice service, its wholesale services, and its obligations under the federal Telecommunications Act.

BWTC offers basic residential voice service and certain wholesale services to customers in a single telephone exchange (603-255) in Bretton Woods, New Hampshire. As of December 31, 2018, BWTC served 554 retail residential voice

lines and provided wholesale telecommunications services to 2 customers in Bretton Woods.

In terms of its obligations under the federal Telecommunications Act, BWTC is a rural telephone company under federal law and consequently is exempt from certain interconnection obligations under the so-called “rural exemption” (Section 251(f)(1) of the Act). BWTC has not entered into any interconnection agreements with competitive ELECs and does not provide unbundled network elements or number-porting to other carriers. Since 1996, BWTC has been designated by the Commission as an “eligible telecommunications carrier,” both for high-cost and Lifeline purposes.

Q: Are there any pending regulatory proceedings involving BWTC in New Hampshire?

A: Other than the present Docket, there are no regulatory proceedings now pending in New Hampshire that involve BWTC.

Q: Please describe BWTC’s current ownership structure.

A: Since 1992, BWTC has been part of LICT (formerly known as Lynch Interactive, Inc.), headquartered in Rye, New York. BWTC is a New Hampshire corporation that is wholly owned by Lynch Telephone Corporation IV (“Lynch IV”), a Delaware corporation that acts as a holding company for BWTC and World Surfer, Inc. (“World Surfer”)¹. Lynch IV is wholly owned by Lynch Telephone North

¹ World Surfer, Inc. (“World Surfer”) is a New Hampshire corporation that provides broadband Internet access service and other IP-enabled services to the Omni Mount Washington Resort in Bretton Woods. World Surfer is exempt from Commission regulation under New Hampshire law. I discuss World Surfer in my testimony solely to provide a complete and accurate description of the proposed transaction.

L.L.C., a Delaware limited liability company, which in turn is wholly owned by Brighton Communications Corporation (“Brighton”), a Delaware corporation. Brighton is wholly owned by LICT, which, as I mentioned previously, is engaged principally in owning rural telephone company properties. A chart showing LICT’s organizational structure is attached to the Petition as **Exhibit BWTC-2**.

III. DESCRIPTION OF THE TRANSACTION

Q: Please briefly describe the transaction involved in this proceeding.

A: LICT and CIBL are both publicly traded companies. They are both traded on OTC Pink(r), formerly known as the “Pink Sheets.” LICT and CIBL have entered into an Agreement and Plan of Merger (the “Agreement”) dated August 20, 2019. Under the Agreement, Lynch IV will contribute 100% of the common stock of BWTC and World Surfer to NH Granite Communications, Inc. (“NHGC”), a newly formed holding company that is indirectly owned by LICT. NHGC will thus become the 100% owner of BWTC and World Surfer. On CIBL’s side of the transaction, it has created a wholly-owned merger subsidiary named NH Granite Acquisition Corporation, Inc. (“Acquisition”). In the transaction, NHGC will be merged with Acquisition and upon merger, NHGC will become the surviving corporation, wholly-owned by CIBL. In exchange for NHGC, LICT will receive 1,000 shares of CIBL’s common stock. LICT will thereby become an approximately 6% owner of CIBL.

Q: What does the transaction mean in practical terms for stakeholders of BWTC’s operations in New Hampshire?

A: The stock transaction will be entirely seamless to customers of BWTC's services in New Hampshire, and to its suppliers, employees and officers. Following the transaction, BWTC will have a new ultimate corporate owner in CIBL, but the ownership of CIBL is substantially similar to the ownership of LICT. Moreover, BWTC's directors, officers and employees will not change at all as a result of the proposed transaction. BWTC will continue to operate under its own name. In sum, the transaction will not produce any changes in the management of BWTC. BWTC will have no need to assign any contracts or to cutover any systems as a result of the proposed transaction. BWTC will continue to operate in the same manner and to provide the same services at the same rates, terms and conditions as it now does.

Q: Please describe the purpose of the proposed transaction.

A: The purpose of the proposed transaction is to provide BWTC, as well as World Surfer, with the benefit of a corporate parent focused on the operations and success of these New Hampshire companies as its only operating businesses. LICT has done the best it can with BWTC, and the company has fully upheld and properly discharged its public service obligations throughout LICT's stewardship. However, BWTC is by far the smallest of LICT's telephone company holdings and is geographically remote from the other telephone companies it owns. It has become increasingly challenging for LICT to give BWTC the corporate resources and management attention needed for its optimal development. CIBL currently holds primarily cash and liquid investments; it has no operating entity at present, having sold its rural telephone company, ICTC, some ten months ago. Thus, BWTC (and World Surfer) will be the sole focus of CIBL's corporate management

and attention as the ultimate parent entity. As I've said, the transaction will not produce any changes in BWTC's current operations or services. But over time, the transaction is intended to and should result in the continued development of and innovation in those operations and services, to a greater degree than if BWTC were to remain a member of the LICT organization.

Q: Please describe BWTC's proposed ownership structure upon completion of this transaction.

A: An organizational chart showing the post-transaction ownership structure of BWTC is attached to the Petition as **Exhibit BWTC-3**.

IV. REVIEW OF THE TRANSACTION

Q: What statutory standard will the Commission use in this Docket?

A: The proposed transaction involves a conveyance of BWTC's stock to NHGC, with the result that NHGC will become the new 100% owner of BWTC. Because BWTC is an ILEC-ELEC under New Hampshire law, RSA 374:30, II governs this transaction. That statute provides that an ILEC-ELEC may transfer its New Hampshire franchise, works or system if the Commission finds that the new owner is technically, managerially and financially capable of maintaining the obligations of an ILEC as defined in New Hampshire law. For a rural telephone company like BWTC, those ILEC obligations involve the provision of basic residential voice service, the provision of any wholesale services, and any obligations arising under the federal Telecommunications Act.

A. Technical, Managerial and Financial Capabilities

Q: Do you believe NHGC has the technical, managerial and financial capabilities to maintain BWTCs ILEC-ELEC obligations in New Hampshire?

A: Yes. BWTC has offered local and intrastate telephone services in Bretton Woods since 1949. BWTC's current owners and managers have successfully operated BWTC as an ILEC since 1992 and as an ELEC since 2012. BWTC has demonstrated that it has the technical, managerial and financial capabilities to meet its obligations as an ILEC-ELEC. The proposed transaction will not result in any technical, managerial or financial changes to BWTC. Although NHGC will be the new holding company that directly owns BWTC, BWTC's ultimate control will not change substantially, and there will be no change in the management and staffing at BWTC as a result of this transaction.

With regard specifically to my own role, I was President of BWTC for more than twenty-three years, and in my role as a senior executive of NHGC I will continue to be active in its management and development. I can assure you that BWTC will continue to provide the same services, using the same systems and personnel, and under the same name as before the transaction. Moreover, we hope and intend to expand and improve its offerings as time moves on.

B. BWTC's Basic Voice Service Obligations

Q: Is BWTC presently meeting its ILEC-ELEC obligations with respect to the provision of basic residential voice services in its service area?

A: Yes. BWTC's residential voice services satisfy the requirements of New Hampshire law and will continue to do so after completion of the proposed transaction. There will be no changes in the rates, terms, conditions, facilities and systems of BWTC's residential voice service offerings as a result of this transaction.

Q: Is BWTC presently meeting its ILEC-ELEC obligations with respect to the provision of services under its New Hampshire wholesale tariffs?

A: Yes. BWTC provides services out of its New Hampshire wholesale tariffs to other carriers offering service in Bretton Woods. There will be no changes to BWTC's wholesale tariffs as a result of the proposed transaction.

Q: Is BWTC presently meeting its ILEC-ELEC obligations under the federal Telecommunications Act?

A: Yes. Since 1996, BWTC has been continuously designated as an ETC in the Bretton Woods rural study area. It will continue to be so designated and to provide the supported service of an ETC in its study area for the foreseeable future.

Q: Do you have any reason to believe that BWTC will be unable to maintain its obligations as an ILEC-ELEC as a result of this transaction?

A: No, I do not. In fact, I am certain that it will be able to maintain those obligations and to speed its future progress as a result of the transaction.

Q: Does this conclude your prefiled direct testimony?

A: Yes.