

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application     ) Application No. C-3536  
of Comtel Telecom Assets LP,         )  
Boston, Massachusetts, seeking     )  
approval of a transfer of assets     ) GRANTED  
of Vartec Solutions, Inc., Excel     )  
Telecommunications and Vartec        )  
Solutions, Inc., Carrollton,         )  
Texas.                                 ) Entered: April 4, 2006

BY THE COMMISSION:

On November 22, 2005, a joint application was filed by Comtel Telecom Assets LP, ("Comtel"), Boston, Massachusetts, and Vartec Telecom, Inc. ("VarTec"), Excel Telecommunications ("Excel") and VarTec Solutions, Inc. ("VarTec Solutions"), (together, the "VarTec Companies") of Carrollton, Texas, (collectively with Comtel, the "Applicants") seeking authority to transfer assets of the Vartec Companies to Comtel. Notice of the application was published in The Daily Record, Omaha, Nebraska, on January 17, 2006. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N     A N D     F I N D I N G S

The Parties:

Comtel is a limited partnership organized under the laws of the state of Texas with its principal headquarters in Massachusetts. Comtel was issued a certificate of public convenience and necessity to offer local exchange and interexchange telecommunication services in Nebraska in application C-3506.

VarTec and Excel are corporations organized under the laws of the State of Texas. VarTec Solutions is a Delaware corporation. The principal office of the VarTec Companies is in Texas. The Commission has authorized the VarTec Companies to provide competitive local exchange and interexchange services in Nebraska. VarTec received its authorization in Application Nos. C-2582 and C-1136, and Excel was granted authorization in Application Nos. C-2684, C-885, and C-1259. VarTec Solutions was authorized to provide these services under Application Nos. C-1360 and C-1154.

In addition, VarTec and Excel are authorized to provide resold wireless services within Nebraska and the Commission has authorized VarTec to provide interexchange services under the trade name "Clear Choice Communications".

The Transaction:

The VarTec Companies voluntarily filed for Chapter 11 bankruptcy on November 1, 2004. As part of the bankruptcy process, the VarTec companies have entered into an asset purchase agreement with Comtel. Through this agreement and the court-approved auction process, Comtel will ultimately acquire substantially all of the assets of the VarTec Companies.

Once this proposed transaction is completed, the VarTec Companies will no longer provide telecommunications services under the authorizations described above. These authorizations will be held or assigned collectively to Comtel in order that Comtel can step in the shoes of the VarTec Companies. The residential and commercial customers previously served by the VarTec Companies will continue to receive services without interruption. In order to minimize confusion and concern for customers, Comtel will operate under the trade names and limit all direct impacts to existing customer base. No changes in service are contemplated as part of this Application.

The interconnection and other network agreements currently allow the Vartec Companies to provide local exchange and/or interexchange services that will be transferred to Comtel, as necessary, to continue the Applicants' efforts to make a smooth transition for customers. Comtel also initially plans to maintain the VarTec Companies' existing tariffs on file with the Commission. Once the transaction is prepared for closing and the Commission has granted its approval, Comtel will simply modify the corporate name on the tariffs.

The parties submit that the public interest will be served by enabling the seamless continuation of telecommunications services to the VarTec Companies' existing customers. By allowing Comtel to assume control of the VarTec Companies' assets and to obtain the necessary authorizations to provide telecommunications services in Nebraska, existing customers will have access to the services they enjoy today as well as the potential for expanded service offerings going forward. Consummation of this transaction will greatly increase the financial viability of the VarTec Companies' products and

services. Moreover, approval of the proposed transaction can be expected to serve the public interest by stimulating increased competition in the telecommunications market. More effective competition has the net economic impact of lower consumer prices, combined with the introduction and availability of more consumer products and services.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

Consistent with 47 C.F.R. § 64.1120(e)(3) the Applicants shall notify affected subscribers of the transfer and of the subscriber's right to select a different preferred carrier for the telecommunications service(s) at issue, if an alternative carrier is available.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-3536 be, and it is hereby, granted and the VarTec Companies are authorized to transfer assets from the Vartec Telecom, Inc., Excel Telecommunications, Inc. and VarTec Solutions, Inc. to Comtel Telecom Assets LP.

MADE AND ENTERED at Lincoln, Nebraska, this 4th day of April, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director