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PUBLIC SERVICE
COMMISSION

April 30, 2010

Via Overnight Courier

Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-8294

Re: Notification of Comtel Telecom Assets LP (“Comtel”) and Matrix Telecom, Inc. (“Matrix”) Regarding a Transfer of Assets from Comtel to Matrix

Dear Mr. Derouen:

Comtel Telecom Assets LP (“Comtel”) and Matrix Telecom, Inc. (“Matrix”) (together the “Parties”), pursuant to the Orders issued in Admin. Case No. 359 on June 21, 1996 and Admin. Case No. 370 on January 8, 1998 and 807 KAR 5:011 Section 11, notify the Kentucky Public Service Commission (“Commission”) of certain transactions whereby Comtel intends to transfer substantially all of its assets and customers to Matrix (the “Transfer”). As a result of the Transfer, Comtel’s current customers and the assets to support the provision of services to those customers will be transferred to Matrix, which will become the service provider for those customers. As described below, because the rates, terms or conditions of the services being received by customers will not change as a result of the assignment, the proposed Transfer will be virtually transparent to customers of Comtel in terms of the services that those customers receive. Since Matrix already holds a registration (“Registration”), the Registration of Comtel is not being transferred to Matrix and, therefore, Comtel requests that its Registration and tariffs be cancelled upon notification by the Parties that the Transfer was completed..

It is the Parties understanding that Commission approval is not required for the transactions described herein. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Commission’s records. In support of this filing, the Parties provide the following information:

Description of the Parties

A. Comtel Telecom Assets LP

Comtel is a limited partnership organized under the laws of the State of Texas. The principal office for Comtel is located at 433 Las Colinas Blvd. E., Suite 1300, Irving,

Boston
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Washington

Bingham McCutchen LLP
Suite 200
1919 M Street NW
Washington, DC
20036-3545

T +1.202.775.1880
F +1.202.775.8586
bingham.com

TX 75039. Comtel is majority owned by Comtel Assets Corp., which in turn is wholly owned by Denham Commodity Partners Fund III LP, a private equity fund.

Comtel completed the acquisition of substantially all of the assets of VarTec Telecom, Inc. and certain of its subsidiaries in June 2006 and continues to operate those assets. Comtel provides intrastate, interstate and international long distance services throughout the continental United States and local exchange services in the District of Columbia and all states except Alaska, Connecticut, Hawaii and Rhode Island. Comtel is authorized to provide interexchange telecommunications services in every state and local exchange and exchange access telecommunications services in the District of Columbia and every state except Alaska, Hawaii, and Virginia (in Virginia, Comtel's affiliate, Comtel Virginia LLC is authorized to provide telecommunications services). In Kentucky, Comtel is authorized to provide telecommunications services pursuant to its registration and tariff filed with the Commission on May 8, 2006 (effective June 8, 2006) (Utility IDs 22213203, 5050450, 13203, 5111800 and 5102400). Comtel is also authorized by the FCC to provide interstate and international telecommunications services.

B. Matrix Telecom, Inc.

Matrix is a Texas corporation with principal offices located at 7171 Forest Lane, Suite 700, Dallas, Texas 75230. Established in 1991, Matrix is a competitive provider of integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. Matrix is authorized to provide telecommunications service in all 50 states and the District of Columbia. In Kentucky, Matrix is authorized to provide local exchange services pursuant to authority granted in File No. TFS2005-00386 on May 10, 2005, and resold telecommunications services pursuant to authority granted in Docket No. 90-270 on March 13, 1991 (Utility IDs 22213425 and 13425. Matrix is also authorized by the FCC to provide interstate and international long distance services.

Contacts

Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following.

For the Parties:

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2020 K Street, NW
Washington, DC 20006-1806
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Fax: 202-373-6001
russell.blau@bingham.com
tamar.finn@bingham.com
jeffrey.strenkowski@bingham.com

With copies to:

Scott M. Klopach
General Counsel
Matrix Telecom, Inc.
7171 Forest Lane, Suite 700
Dallas, TX 75230
Fax: 214-432-1576
sklopach@matrixbt.com

and:

Jonathan Dennis
Senior Vice President, General Counsel and
Secretary
Comtel Assets Inc., the G.P. of Comtel
Telcom Assets LP
d/b/a Excel Telecommunications
433 E. Las Colinas Boulevard
Suite 1300
Irving, Texas 75039
Fax: 866-418-9749
jdennis@excel.com

Description of Transfer of Assets and Customers

Pursuant to an Asset Purchase Agreement (“Agreement”) dated as of March 13, 2010, between Matrix and Comtel, the Parties intend to complete a transaction (“Transaction”) through which Matrix will acquire certain assets of Comtel, including Comtel’s customer bases and substantially all of the assets used in Comtel’s provision of telecommunications services. As a result of the proposed Transaction, Matrix will replace Comtel as the service provider in Kentucky. Subject to receipt of the required regulatory approvals, the Transaction is expected to close in the second quarter of this year (the “Closing Date”).

The Parties emphasize that although the proposed Transaction will involve a transfer of customers, immediately following the Transaction, all of those customers will continue to receive service from Matrix under the same rates, terms and conditions as the services currently provided. As a result, the Transaction will be almost seamless and virtually transparent to customers served by Comtel in terms of the services that they currently receive. All of the affected customers will receive notice in compliance with the rules of the Federal Communications Commission. A sample of the notice that will be sent to customers is provided as Attachment A. Moreover, because Matrix is acquiring substantially all of the assets of Comtel necessary to provide service to the transferred customers, Matrix will have all of the assets required to continue to provide high-quality services to the customers it acquires.

Matrix is well-qualified to provide service to Comtel’s customers. Matrix currently provides local and long distances telecommunications services in all states except Alaska, and in the District of Columbia.¹ Matrix’s operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise.

Public Interest Considerations

The Transaction described above will serve the public interest by ensuring that the assigned customers enjoy continuity of high-quality telecommunications service. In particular, the assignment of Comtel’s customers, together with the transfer of other assets required to serve those customers, will ensure that the customers continue to

¹ In Virginia, intrastate telecommunications services are provided by Matrix’s subsidiary, Matrix Telecom of Virginia, Inc.

receive uninterrupted interstate and international services. The customers will be served by carriers with significant technical, managerial and financial resources.

Request To Cancel Comtel's Registration

Following the Transaction, Matrix will hold Comtel's assets and assume Comtel's telecommunications operations in Kentucky. Therefore, Comtel requests that, upon notification from the Parties that the Transaction has been completed, the Commission cancel Comtel's Registration to provide telecommunications services.

Conclusion

The Parties submit that the Transaction described herein will serve the public interest. An original and ten (10) copies of this letter are enclosed for filing. Please date-stamp the extra copy and return it in the envelope provided. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,



Russell M. Blau
Tamar E. Finn
Jeffrey R. Strenkowski

Counsel for the Parties

Attachment A

Sample Customer Notice Letter

IMPORTANT INFORMATION ABOUT YOUR SERVICE

Dear Excel Telecommunications, VarTec Telecom or Clear Choice Communications Customer, Excel Telecommunications, VarTec Telecom and Clear Choice Communications (the "Companies") and Matrix Telecom, Inc. ("Matrix") are pleased to advise you that Matrix will acquire certain assets and customers of Companies' telecommunications business in your area. Following completion of the transaction, the service you currently receive from Excel Telecommunications, VarTec Telecom or Clear Choice Communications will continue under their brand names, which were acquired by Matrix. Matrix prides itself on its ability to build long-term relationships with its customers and looks forward to serving you.

Subject to approval by the Federal Communications Commission and state regulators, the transaction is expected to be completed **on or after [DATE]**, at which time Matrix will assume ownership of the Excel Telecommunications, VarTec Telecom and Clear Choice Communications brands and will become your service provider as described above. **Please note that you are not required to do anything to continue receiving the high-quality service you have come to expect at the same competitive rates you currently pay, and your telephone number will not change as a result of the transfer.** In addition, Matrix will pay any carrier change charges associated with the transfer of your account to Matrix. If you have arranged a preferred carrier freeze through your local carrier with respect to any services involved in this transfer, this freeze will be removed in order to transition the services to Matrix; following the transfer, you must contact your local carrier or, if Excel Telecommunications or VarTec Telecom is your local carrier, Matrix to reinstate the freeze. Notice of any future changes in rates, terms and conditions of service will be provided to you by mail or in your bill, or as otherwise provided in your service contract, if you have one.

Matrix is dedicated to earning and keeping your business. We are confident that this transaction will strengthen the quality of services that you receive from the Companies today. We recognize that you have the right to change providers at any time provided another service provider is available, and subject to the terms of your service contract, if you have one. We hope, however, that you choose to remain a customer with Matrix doing business as Excel Telecommunications, VarTec Telecom and Clear Choice Communications, and thereby continue to enjoy under Matrix the same high-quality communications services you currently receive from the Companies. If you do want to select another provider, you should contact that provider directly. Assuming you do not transfer your service to a different provider by [DATE], Matrix will become your service provider on or after [DATE].

Prior to and after the actual transfer date, Excel Telecommunications, VarTec Telecom or Clear Choice Communications will continue to be responsible for all customer service inquiries, complaints, billing issues and service questions, and you should contact the Companies' customer services representatives at the following numbers:

Excel Local: 1-877-668-0808

VarTec Local: 1-800-708-7395

Excel Long Distance: 1-800-875-9235

VarTec Long Distance: 1-800-583-6767

Clear Choice Support: 1-800-668-4872

Please continue to use these customer service contacts following the transfer.

Excel Telecommunications, VarTec Telecom and Clear Choice Communications thank you for your business and Matrix looks forward to providing you with superior products and services for many years to come.

Sincerely,

Excel Telecommunications
VarTec Telecom
Clear Choice Communications
Matrix Telecom, Inc.

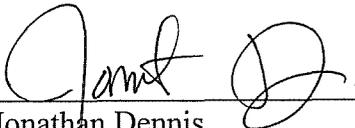
VERIFICATION

STATE OF TEXAS :

: ss.

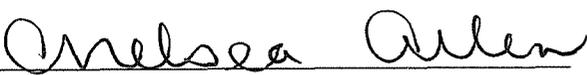
COUNTY OF DALLAS :

I, Jonathan Dennis, state that I am Senior Vice President, General Counsel, and Secretary of Comtel Assets Inc., sole general partner of Comtel Telcom Assets LP (“Comtel”), a party to the foregoing filing; that I am authorized to make this Verification on behalf of Comtel; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Comtel are true and correct to the best of my knowledge, information, and belief.



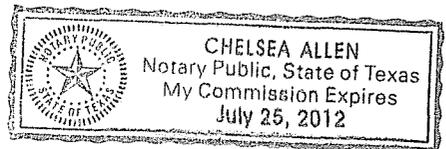
Jonathan Dennis
Senior Vice President, General Counsel, and
Secretary
Comtel Assets Inc., General Partner of
Comtel Telcom Assets LP

Sworn and subscribed before me this 18 day of March, 2010.



Notary Public

My commission expires: 7/25/2012



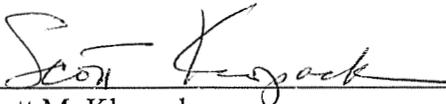
VERIFICATION

STATE OF TEXAS :

: ss.

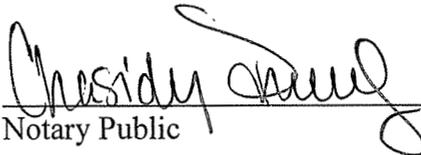
COUNTY OF DALLAS :

I, Scott M. Klopach, state that I am General Counsel of Matrix Telecom, Inc. ("Matrix"), a party to the foregoing filing; that I am authorized to make this Verification on behalf of Matrix; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Matrix are true and correct to the best of my knowledge, information, and belief.



Scott M. Klopach
General Counsel
Matrix Telecom, Inc.

Sworn and subscribed before me this 22 day of March, 2010.



Notary Public

My commission expires:

