

SEP 11 2001

PUBLIC SERVICE
COMMISSION

September 7, 2001

Mr. Thomas Dorman
Executive Secretary
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602-0615

*Back still
active - per
B. Feldman
9/24/01*

Re: Notification of Acquisition.

Dear Mr. Dorman:

Pursuant to the Order of the Commission in Case No. 370, adopted on January 8, 1998,
please consider the following to be notification of the proposed acquisition by 1-800-
RECONEX, Inc., (Reconex), of Choctaw Communications, Inc., d/b/a Smoke Signal
Communications, (Choctaw). *05007000* *05001600*

I. Description of Transaction.

Reconex is the holder of a Certificate of Public Convenience and Necessity to provide local telecommunication services in the Commonwealth of Kentucky which was granted on November 18, 1997. Choctaw is the holder of a Certificate of Public Convenience and Necessity to provide local telecommunication services in the Commonwealth of Kentucky which was granted on May 22, 1998.

On August 31, 2001, Reconex and VarTec Telecom, (VarTec) entered into a Stock Purchase Agreement whereby Reconex would acquire all of the issued and outstanding common stock of Choctaw. VarTec is the parent corporation of Choctaw. The Agreement is effective upon receipt of all required regulatory approvals. This Agreement brings together two of the original providers of prepaid local dial tone services. It is the intent of Reconex that each company will continue to operate as it has to date, subject to the terms of each companies existing tariff, with Choctaw simply being a wholly owned subsidiary of Reconex.

This acquisition will produce significant economic, marketing, and administrative efficiencies as well as increase the financial base and strength of both Reconex and Choctaw. These efficiencies will allow each company to compete on a higher level with respect to the provision of local dial tone services and in turn, increase competition in the state of Kentucky. The ability to share expertise will result in improved service to the consumers of Kentucky, as well as the introduction of new services and the ability to more rapidly deploy new technologies.

This transaction will be transparent to the Reconex and Choctaw customers and in addition will benefit those customers as described above.

II. Contact Person.

The name and number of the contact person most familiar with the transaction is as follows:

Mr. William E. Braun
Vice-President & General Counsel
1-800-RECONEX, Inc.
2500 Industrial Avenue
Hubbard, Oregon 97032
503.982.5573 (phone)
503.982.6077 (fax)
Bill.Braun@Reconex.com

III. Tariff Changes.

The companies do not anticipate any significant tariff changes in the near future. The companies will continue to operate under their existing tariffs with any changes being brought to the attention of the Commission pursuant to its normal procedure.

IV. Official Notices.

Post approval, please address all official notices regarding Choctaw to the following

Ms. Marla J. Hanley
Regulatory Director
Choctaw Communications, Inc.
8700 S. Gessner
Houston, Texas 77074
713.779.0692 ext. 3910 (phone)
713.774.6953 (fax)
Hanleym@smokesignal-clec.com

Both Reconex and Choctaw look forward to continuing to serve the consumers of Kentucky in the efficient and professional manner to which those consumers have grown accustomed. In addition both companies are looking forward to the new opportunities and possibilities which will be the product of this acquisition.

If you have any questions regarding the foregoing please do not hesitate to contact me directly at 503.982.5573.

Very truly yours,



William E. Braun
Vice-President & General Counsel