

**APPLICATION FOR TRANSFER OF CERTIFICATE OF AUTHORITY TO  
PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES IN OREGON**

INSTRUCTIONS: Complete every applicable section of this application. Attach additional documents and/or sheets to complete responses (if needed). You will be notified when the Commission receives your application, and again when it has been processed. Upon acceptance of this application, the Commission will publish notice pursuant to ORS 759.020(2). After submitting this application electronically, mail one copy with original signature and all attachments.

Desired Effective Date:

To guarantee processing by the effective date, the Commission must receive an application at least 60 days prior to the desired effective date unless Commission Staff and Applicant have agreed to an earlier effective date. The Commission allows filing and notice prior to effective date of transaction. The Commission will issue an order on the desired effective date unless Applicant files a notice of extension or withdraws the application.

**SECTION I -- Transferee/Surviving Entity Information**

1. Exact Legal Name of Surviving Entity or Transferee:

**Comtel Telecom Assets LP**

Applicant's Assumed Business Name(s) (if any) (e.g., dba, aka)

*Must be registered with the Corporation Division.*

**VarTec Telecom, Excel Telecommunications, VarTec Solutions upon asset transfer**

Applicant's Type of Legal Entity (e.g., corporation, limited partnership)

**Limited Partnership**

Business Address

**c/o Paul Winters**

**500 Boylston Street, 17th Floor**

**Boston MA 02116**

Phone **(617) 603-3508**

Fax **(617) 603-3509**

Email **paul.winters@sowood.com**

2. Name and Address of Person to be Contacted for Further Information Regarding This Application:

**Becky Gipson**

**2440 Marsh Lane**

**Carrollton TX 75006**

Phone **(972) 478-3309**

Fax **(972) 478-3310**

Email **bgipson@vartec.net**

3. Name and Address of Person to be Contacted for Regulatory Information (Commission will send requests for information to this person).

**Becky Gipson (Anticipated)**

**2440 Marsh Lane**

**Carrollton TX 75006**

Phone **(972) 478-3309**

Fax **(972) 478-3310**

Email **bgipson@vartec.net**

4. **Affiliated Interests:**

As of the date of the transfer, will you be, or are you now, or have you ever been affiliated with any provider of telecommunications service that serves Oregon? If so, who? When? Describe affiliation. Affiliated interest is defined in OAR 860-032-0001.

Applicant has no affiliation with any telecommunications provider that provides intrastate services in Oregon.

**5. Previous Certificates of Authority:**

List each certificate of authority previously granted by the Oregon PUC to Applicant and to each affiliated entity, under a legal name, an assumed business name, or any other name. Include all certificates whether or not canceled. For each certificate include: name of entity, docket number, and order number.

	Name of Entity	Docket Number	Order Number
a.	none		
b.			
c.			
d.			

**SECTION II -- Transferring Entity (Transferor) Information**

*By completing this information the Transferor acknowledges that it will no longer have authority and cannot provide the telecommunications services that are transferred.*

**1. Exact Legal Name of Transferring or Merging Entity (Transferor):**

**VarTec Telecom, Inc.**

Applicant's Assumed Business Name(s) (if any) (e.g., dba, aka)  
*Must be registered with the Corporation Division.*

**VarTec Telecom, Clear Choice Communications**

Applicant's Type of Legal Entity (e.g., corporation, limited partnership)

**Corporation**

Business Address

**2440 Marsh Lane  
 Carrollton TX 75006**

Phone **(972) 478-3309**

Fax **(972) 478-3310**

Email **bgipson@vartec.net**

**2. Name and Address of Person to be Contacted for Further Information Regarding the Application:**

**Becky Gipson  
 2440 Marsh Lane  
 Carrollton TX 75006**

Phone **(972) 478-3309**

Fax **(972) 478-3310**

Email **bgipson@vartec.net**

**3. Name and Address of Person to be Contacted for Regulatory Information (Commission will send requests for information to this person). Please provide the email address:**

**Becky Gipson  
 2440 Marsh Lane  
 Carrollton TX 75006**

Phone **(972) 478-3309**

Fax **(972) 478-3310**

Email **bgipson@vartec.net**

**4. Certificates of Authority to be Transferred:**

a. List each certificate of authority previously granted by the Oregon PUC to Transferor, under its legal name, an assumed business name, or any other name. Include all certificates whether or not canceled. For each certificate provide the name of entity, docket number, and order number.

	Name of Entity	Docket Number	Order Number
1)	VarTec Telecom, Inc.	CP 541	99-023
2)	VarTec Telecom, Inc.	UM 716	94-1643
3)	VarTec Telecom, Inc.	CP 975	96-021
4)			

b. Do you request that ALL authority to provide telecommunications service be transferred?  Yes  No

c. If response to 4.b. is No, describe what authority is to be transferred and what authority is to be retained by the Transferor.

**Note: The transferring entity (Transferor) will no longer be authorized to provide the telecommunications services that are transferred.**

**SECTION III -- Nature of Transaction between Transferee and Transferor (describe in detail)**

Please see attached Exhibit A regarding this transaction.

**Please use additional sheets if necessary to fully answer any item.**

**SECTION IV -- Conditions of a Certificate of Authority**

As a condition of a certificate of authority, certificate holder must comply with all applicable Commission rules and state law, as well as conditions listed in the certificate.

For your convenience, following is a summary of some conditions from OAR 860-032-0001 et seq. (Division 32). Additional conditions will be specified in the certificate.

- a. Certificate holder shall provide only telecommunications services authorized by the certificate.
- b. Certificate holder's books and records shall be open to inspection by the Commission to the extent necessary to verify information required by the Commission's rules.
- c. Certificate holder shall pay all access charges and subsidies imposed pursuant to the Commission's rules.
- d. Certificate holder shall pay an annual fee to the Commission pursuant to the Commission's rules. This fee will be based on the certificate holder's annual gross retail intrastate revenues and will be no less than \$100 per calendar year. The certificate holder shall collect the fee by charging an equitable amount to each retail customer and describe the amount of the apportioned charge on each retail customer's bill, pursuant to the Commission's rules.
- e. The surviving entity (Transferee) is responsible for the annual PUC fee and all other fees incurred by the transferring entity (Transferor) as of the date the Commission approves the transfer.
- f. Certificate holder shall respond in a timely manner to Commission inquiries.

Pursuant to Residential Service Protection statutes, Chapter 290, Oregon Laws 1987, and Division 033, certificate holder shall be responsible to ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each paying retail subscriber at a rate that is set annually by the Commission.

Applicant understands that all services provided by Applicant must comply with all applicable Commission rules and state law, and with conditions of the certificate (check box at left).

<p><i>Signature of Person Authorized to Represent Transferee/Surviving Entity</i></p> <hr/> <p>Typewritten Name <b>Lee Ann Wilson</b></p>	<p>Title <b>Assistant Secretary</b></p> <p>Date <b>11/30/2005</b></p>
<p><i>Person Authorized to Represent Transferring Entity (Transferor)</i></p> <hr/> <p>Typewritten Signature <b>Melissa A. Drennan, Esq.</b></p>	<p>Title <b>Assistant Secretary</b></p> <p>Date <b>11/30/2005</b></p>
<p><b>By signing this document I certify that I am a legal representative of this entity and that by transferring the authority to provide telecommunications to the above noted surviving entity, the transferring entity no longer has authority to provide telecommunications services that are transferred.</b></p>	

## **EXHIBIT A**

### **NATURE OF TRANSACTION BETWEEN TRANSFeree AND TRANSFEROR**

VarTec Telecom, Inc., Excel Telecommunications, Inc. and VarTec Solutions, Inc. voluntarily filed for Chapter 11 bankruptcy on November 1, 2004 in the Dallas Division of the United States Bankruptcy Court for the Northern District of Texas (the "Court") consolidated under Case No. 04-81694-HDH-11. As part of the bankruptcy process, the VarTec Companies have entered into the below-described asset purchase agreement ("APA") with Comtel Investments LLC ("Comtel Investments"). Comtel Investments, which is wholly owned by the same parties who own and control Comtel Telcom Assets LP has assigned its rights and obligations under the APA to Comtel as of August 1, 2005. The APA was executed on July 25, 2005 and was approved by the Court on July 27, 2005.<sup>1</sup>

As noted above, the VarTec Companies are operating under bankruptcy protection. Through the APA and the Court-approved auction process, Comtel will ultimately acquire substantially all of the assets of the VarTec Companies, including all telecommunications equipment, customer accounts and records, business records and licenses and permits. The APA provides that the ultimate transfer of the acquired telecommunications and associated operating assets is subject to the necessary regulatory approvals, including the approval of this Application. In addition, Comtel may, as necessary, obtain up to approximately \$10 million in debt financing pending consummation of the proposed transaction to fund working capital and similar needs of the VarTec Companies. Upon consummation of the proposed transaction, Comtel currently intends to replace such debt financing with a term (3 to 5 year) debt instrument. Based on Comtel's present understanding of the business, it anticipates that the term debt will be approximately \$50 million. This financing will assist with the day-to-day operations of Comtel as Comtel consummates its acquisition of the former VarTec Companies' operations, newly emerged from bankruptcy.

Once the proposed transaction is completed, the VarTec Companies will no longer hold authorizations to provide telecommunications services. These authorizations will be held by or assigned collectively to Comtel in order that Comtel can step into the shoes of the VarTec Companies, and the residential and commercial customers previously served by the VarTec Companies will continue to receive services without interruption. According to Comtel's initial plans for the business, the services provided and geographic areas served by Comtel will mirror those currently provided by the VarTec Companies, and any enhancements to the service offerings will be within the existing authority transferred to Comtel from the VarTec Companies. In order to minimize confusion and concern for customers, Comtel aims to make this transition

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<sup>1</sup> See Case No. 04-81694-HDH-11, Order Granting Motion (A) Approving the Sale Free and Clear of All Liens, Claims, Rights, Interests and Encumbrances to Comtel Investments LLC and (B) Granting Related Relief (Substantially All of the Debtors' Remaining Assets) (entered July 29, 2005), available at [http://docs.bmccorp.net/Vartec/docs/txnb\\_3-04-bk-81694\\_1663.pdf](http://docs.bmccorp.net/Vartec/docs/txnb_3-04-bk-81694_1663.pdf).

seamless by operating under trade names and limiting all direct impacts to existing customers (e.g., no service changes are contemplated as part of this Application).

The interconnection and other network agreements currently allowing the VarTec Companies to provide local exchange and/or interexchange services 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. This further supports Comtel's desire to transition the VarTec Companies' assets without interruption or burden on the existing customer base. In further support of serving the public interest in association with this Application, the Applicants intend to provide any required customer notice of the transfer of assets to Comtel within the appropriate notice period. Such notice would take into account all relevant state and federal notification and consent requirements applicable to this transaction.

#### Request for Waiver

Additionally, out of abundance of caution and to the extent necessary, the Applicants hereby request a waiver from any applicable anti-slamming regulations that may nevertheless be considered to have been violated by this transfer of assets being made without the specific authorization and verification of each affected customer. It would be impractical and burdensome to obtain the specific authorization of each customer to effect the proposed transaction. Such a process would significantly hinder the smooth transition of services. Because affected customers would not experience any change in the quality and scope of their services, and because of the Applicants' extreme efforts to make invoicing procedures, customer service and all other matters involving customers absolutely seamless, the notice correspondence will be sufficient to serve the public interest. The notice correspondence will describe the transaction in terms that are easy to understand and ensures that customers are made aware of all their service options going forward, along with other content as may be required. Accordingly, to the extent that the Commission deems necessary, the public interest would be served by the grant of a waiver of anti-slamming regulations applicable to this transaction. The Applicants request such relief from the Commission as may be warranted.