

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

<p>IN RE:</p> <p>COMTEL TELCOM ASSETS LP, VARTEC TELECOM, INC., EXCEL TELECOMMUNICATIONS, INC., AND VARTEC SOLUTIONS, INC.</p>	<p>DOCKET NO. SPU-05-23</p>
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**ORDER APPROVING APPLICATION FOR DISCONTINUANCE OF SERVICE,
CANCELING CERTIFICATES, AND CANCELING TARIFFS**

(Issued May 4, 2006)

On November 23, 2005, VarTec Telecom, Inc., Excel Telecommunications, Inc., and VarTec Solutions, Inc. (together, the VarTec Companies), along with Comtel Telcom Assets LP (Comtel), filed with the Utilities Board (Board) a joint application for consent to transfer assets. The Board considered the application as a joint application for discontinuance of service. The parties stated they had entered into an asset purchase agreement pursuant to which Comtel would acquire substantially all of the assets of the VarTec Companies, including customer accounts. The parties explained the asset transfer would result in discontinuance of service in Iowa by the VarTec Companies and continuance of service by Comtel. As of November 23, 2005, the parties did not know the date on which the asset transfer would take place. The filing was identified as Docket No. SPU-05-23.

On December 14, 2006, the Board issued an order docketing and suspending the matter to allow Comtel to acquire a certificate to provide local exchange service,

to ascertain the date on which the transfer would take place, and to comply with the Board's requirements of providing notice to the Board and affected customers pursuant to 199 IAC 22.23(2)"e." The December 14, 2006, order directed the parties to submit supplemental filings addressing these issues as the information became available.

On February 21, 2006, the Board issued an order in Docket Nos. TCU-05-17, TF-05-311, and WRU-05-49-3825 granting Comtel's application for a certificate of public convenience and necessity, approving Comtel's concurrence in maps, approving Comtel's tariff, and granting Comtel's request for certain waivers.

On April 21, 2006, the parties filed with the Board a notice that the asset transfer will close and customers will be transferred to Comtel on May 22, 2006, or as soon as practical thereafter. Attached to the notice was a copy of the notice sent to affected customers.

Iowa Code § 476.20(1) states that a utility shall not discontinue service to a community unless permission is obtained from the Board. The Board's rule at 199 IAC 7.1(6) addresses the discontinuance of service incident to property transfer and states that the Board may grant an application for discontinuance of service if the Board finds the transferee is ready, willing, and able to provide comparable service.

Based on information in the parties' April 21, 2006, filing and because Comtel has obtained a certificate and is ready, willing, and able to provide comparable service, the Board finds that the requirements of Iowa Code § 476.20(1) are satisfied

and will approve the parties' joint request for discontinuance of service by the VarTec Companies.

The parties had also requested a waiver of 199 IAC 22.23(2), to the extent necessary. Board rule 22.23 requires telecommunications service providers to obtain customer authorization prior to making a change in service. Paragraph 22.23(2)"e" provides, however, that sale or transfer of a utility's customer base will not be considered an unauthorized change in service as long as the utility complies with the notice requirements of 199 IAC 22.23(3)"e." The Board has been provided adequate notice of the change in service and the parties submitted a copy of the notice that was sent to the affected customers informing them of the change in service. Because these notices comply with the Board's requirements in 199 IAC 22.23(3)"e," a waiver of 199 IAC 22.23 is not necessary.

Finally, because it does not appear that any of the VarTec Companies that were previously issued certificates of public convenience and necessity will be providing local exchange service in Iowa after the effective date of the asset transfer, the Board will cancel those certificates and the corresponding tariffs.

IT IS THEREFORE ORDERED:

1. The joint application for approval of discontinuance of service filed by Comtel Telcom Assets LP, VarTec Telecom, Inc., Excel Telecommunications, Inc., and VarTec Solutions, Inc., is approved effective upon the issuance of this order.

2. The certificates of public convenience and necessity, Certificate Nos. 0255 and 0262, issued to VarTec Telecom, Inc., and Excel Telecommunications, Inc., respectively, are canceled.

3. The tariffs filed by VarTec Telecom, Inc., and Excel Telecommunications, Inc., identified as TF-02-418 and TF-02-573, respectively, are canceled.

UTILITIES BOARD

/s/ John R. Norris

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Curtis W. Stamp

Dated at Des Moines, Iowa, this 4th day of May, 2006.