

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

Joint Application of)
)
Comtel Telecom Assets, LP)
and)
Matrix Telecom, Inc.)
)
For waiver of Utah Code Ann. § 54-8b-18 and)
Commission Rule R746-349-5)
_____)

Docket No.: _____ - _____ - _____

JOINT APPLICATION FOR WAIVER

Comtel Telecom Assets LP (“Comtel”) and Matrix Telecom, Inc. (“Matrix” and together with Comtel, “Applicants”), by their counsel request that the Public Service Commission of Utah (“Commission”) grant a waiver of Utah Code Ann. §54-8b-18 and Commission Rule R746-349-5, to the extent that they may be inconsistent with the FCC’s rules regarding the transfer of customer bases provided in Section 64.1120(e), to consummate a transaction whereby Comtel will 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 certificate of public convenience and necessity (“Certificate”), the Certificate of Comtel is not being transferred to Matrix and, therefore, Comtel requests that its Certificate be cancelled upon notification by the Applicants that the Transfer was completed.

Applicants also request that the Commission, pursuant to Utah Admin. Code R746-100-1, waive the 20-day tentative period for an order issued in an informally adjudicated proceeding, and instead issue a final order effective on the date of issuance.

In support of their Joint Application, Applicants state as follows:

I. DESCRIPTION OF THE APPLICANTS

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, 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 Utah, Comtel is authorized to provide public telecommunications services within the state of Utah, excluding those local exchanges of less than 5,000 access lines of incumbent telephone corporation with fewer than 30,000 access lines in the state, pursuant to a Certificate issued in Docket No. 05-2463-01 on January 27, 2006.

Comtel is also authorized by the FCC to provide interstate and international telecommunications services.

Further information regarding Comtel and the services it provides has been previously been submitted to the Commission and is therefore a matter of public record. Applicants therefore request that it be incorporated herein by reference.

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 Utah, Matrix is authorized to provide local exchange services pursuant to an order issued on November 18, 2005 in Docket No. 05-2451-01. Matrix is also authorized by the FCC to provide interstate and international long distance services.

II. DESIGNATED CONTACTS

For the purposes of this Application, questions or any correspondence, orders, or other materials should be directed to the following contacts:

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III. DESCRIPTION OF TRANSFER OF ASSETS AND CUSTOMERS

Pursuant to an Asset Purchase Agreement (“Agreement”) dated as of March 13, 2010, between Matrix and Comtel, Applicants propose 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 Utah. Subject to receipt of the required regulatory approvals, the Transaction is expected to close in the second quarter of this year (the “Closing Date”).

Applicants emphasize that although the proposed Transaction will involve a transfer of customers, immediately following the proposed 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 proposed 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 this Commission and Federal Communications Commission. A sample of the notice that will be sent to customers is provided as Exhibit 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.

IV. PUBLIC INTEREST STATEMENT

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

Given the increasingly complex and competitive nature of the telecommunications and capital markets and for other business reasons, Applicants seek to complete the proposed

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

Transaction as soon as possible. Accordingly, Applicants respectfully request that the Commission process, consider, and approve this Application as expeditiously as possible.

V. REQUEST FOR EXPEDITED REVIEW

Applicants do not anticipate any opposition to the approval of this Application. Thus, Applicants believe that this Application may be adjudicated informally under Utah Admin. Code R746-110-1. Applicants are therefore seeking to complete the proposed Transaction as expeditiously as possible in order to minimize customer confusion and realize the benefits of the proposed Transaction. Accordingly, Applicants respectfully request that the Commission expedite the processing of this Application and grant the requested authority as soon as possible, but no later than June 20, 2010, to permit Applicants to consummate the Transaction by the end of the second quarter of 2010.

VI. REQUEST TO CANCEL COMTEL'S CERTIFICATE

As noted above, following the Transaction, Matrix will hold the Comtel assets and assume Comtel's telecommunications operations in Utah. Therefore, Comtel requests that, upon notification from the Applicants that the Transaction has been completed, the Commission cancel Comtel's Certificate to provide telecommunications services.

VII. CONCLUSION

The Applicants submit that the information provided herein demonstrates that the public interest, convenience and necessity will be served by the expeditious grant of this Application.

WHEREFORE, Applicants respectfully request that the Commission expeditiously grant a waiver of Utah Code Ann. §54-8b-18 and Commission Rule R746-349-5, waive the 20-day tentative period before which orders issued under Utah Admin. Code R746-110 become effective and issue a final order that is effective upon the date of issuance, and provide whatever further

relief that the Commission deems appropriate to authorize the consummation of the transfer of assets of to Matrix. In addition, Comtel requests that, upon notification from the Parties that the Transaction has been completed, the Commission cancel Comtel's Certificate.

Respectfully submitted,

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Dated: April 12, 2010

EXHIBITS

Exhibit A Sample Customer Notification Letter

Verifications

EXHIBIT A

Sample Customer Notification Letter