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June 11, 2007

**Via FedEx**

Elizabeth O'Donnell, Executive Director  
 Kentucky Public Service Commission  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602-8294

RECEIVED

JUN 12 2007

PUBLIC SERVICE  
 COMMISSION

**Re: Notification of the Indirect Change of Control of Comtel Telecom Assets, LP**

Dear Ms. O'Donnell:

Comtel Telecom Assets LP ("Comtel" or the "Company") pursuant to the Orders issued in Administrative Case Nos. 359 and 370 on June 21, 1996 and January 31, 1998 by the Kentucky Public Service Commission ("Commission"), hereby notifies the Commission of a transaction that will result in the indirect change in control of the Company. As described in more detail below, the indirect change in control results from a minority member acquiring a majority interest in and control of an upstream limited liability company four levels above Comtel.

Although the proposed transaction will result in a change in the indirect control of Comtel, no assignment of authorizations, assets, or customers will occur as a consequence of the change. Comtel will continue to provide service to its existing customers pursuant to its authorizations under the same rates, terms and conditions. Accordingly, this change will be transparent to the customers of the Company.

It is the Company's understanding that Commission approval is not required in connection with the transaction described herein. Accordingly, this letter is filed for informational purposes only to ensure the continuing accuracy of the Commission's records.

In support, the Company states as follows:

**Description of the Company**

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 owned by (1) Comtel Assets Corp. as Comtel's primary limited partner, (2) various current and former officers of Comtel Assets Inc. and employees of Comtel as limited partners, and (3) Comtel Assets Inc. as Comtel's general partner. Comtel Assets Corp. is wholly owned by Sowood Commodity Partners Fund III ("Sowood Fund III") and Comtel Assets Inc. is majority owned by Sowood Fund III. Sowood Fund III's limited partner is Harvard Private Capital Holdings, Inc., a passive

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

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institutional investor that is wholly owned by the President and Fellows of Harvard College. The general partner of Sowood Fund III is Sowood Commodity Partners GP III LP ("Sowood GP III"). The general partner of Sowood GP III is Sowood GP III LLC, which is, in turn, owned by the following members: Mr. Jeff Larson (the managing member), Mr. Stuart Porter, and Ms. Megan Kelleher. As a result of these various ownership interests, the majority of the equity of Comtel is ultimately owned by the President & Fellows of Harvard College through the limited partnership interests of Sowood Fund III, while ultimate control of Comtel is held by Mr. Jeff Larson through the successive general partners of Sowood Fund III. For the Commission's convenience, pre- and post-change in control corporate structure charts are provided as Exhibit A.

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 throughout the United States. Comtel is authorized to provide local exchange and exchange access services in every state except Alaska, Hawaii, and Virginia. In Kentucky, Comtel is authorized to provide telecommunications services pursuant to its tariff filed with the Commission on May 8, 2006 (effective June 8, 2006).

#### **Designated Contacts**

For the purposes of this Notice, questions or any correspondence should be directed to the following contacts for the Parties:

#### **For Comtel:**

Catherine Wang  
Troy F. Tanner  
Jeffrey R. Strenkowski  
Bingham McCutchen LLP  
2020 K Street, N.W.  
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troy.tanner@bingham.com  
jeffrey.strenkowski@bingham.com

#### **With Copies to:**

Becky Gipson  
Sr. Director, Regulatory Affairs  
Comtel Telcom Assets LP  
433 E. Las Colinas Blvd.  
Suite 1300  
Irving, TX 75039  
(972) 910-1453 (Tel)  
(866) 418-9750 (Fax)  
becky.gipson@excel.com

#### **Description of the Transaction**

The proposed change in control is the result of certain management changes being made to Sowood's private equity funds, which include Sowood Fund III, and their successive general partners. As part of the change, two of the three members, including the current managing member, of Sowood GP III LLC will leave the limited liability company and Mr. Stuart Porter will become the managing member and will wholly own the only other member. (In addition, the name of the entity will be changed to Denham GP III LLC.)

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As a result of these changes, Mr. Stuart Porter ultimately will control (subject to certain protections for minority equity holders) the successive general partner interests of Sowood Fund III and, therefore, Comtel. Sowood Fund III and its successive general partners will be renamed "Denham." The limited partnership interests of Sowood Fund III, however, will not change.

Following the change in control, Comtel will continue to offer service with no change in the rates or terms and conditions of service resulting from the change in control. Further, the Company will continue to provide service to its customers under the same name, and will continue to be led by an experienced management team. Therefore, the change in control of Comtel will be seamless and transparent to consumers.

**Public Interest Statement**

Comtel submits that the transaction will serve the public interest. The proposed structural and management changes to the ultimate controlling investment entity will enable the investing entities to implement an improved business, financial, and management structure. The Company will continue to provide high-quality telecommunications services to consumers in Kentucky. Further, the Company will not change its name or its rates, terms or conditions of service as a result of the change in ultimate control. The change in ultimate control, therefore, will be transparent to consumers.

\* \* \* \*

An original and ten (10) copies of this notification letter are enclosed for filing. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed stamped envelope. Should you have any questions concerning this filing, please do not hesitate to contact us.

Respectfully submitted,



Catherine Wang  
Troy F. Tanner  
Jeffrey Strenkowski

Counsel to Comtel Telcom Assets LP

Attachments

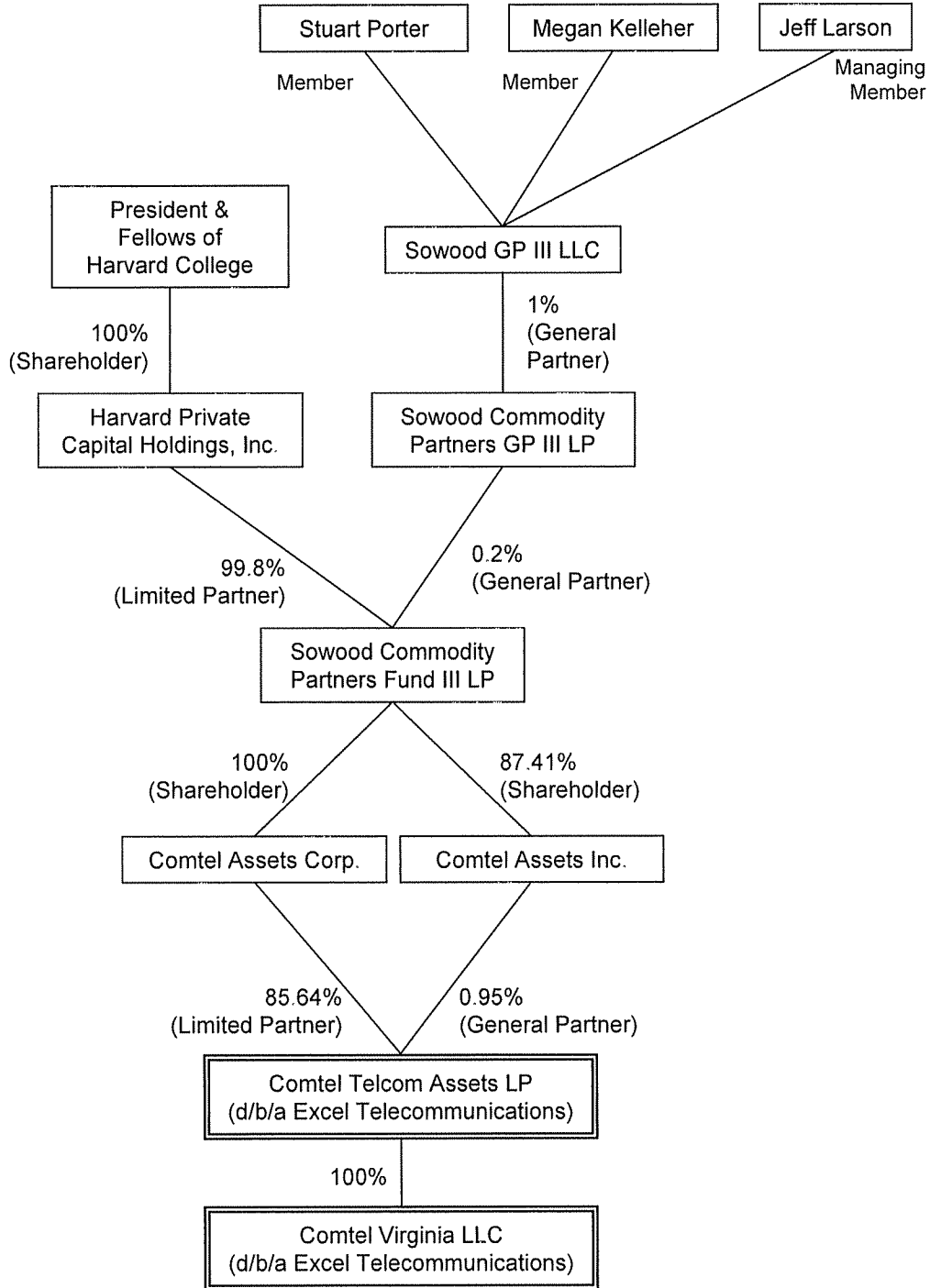
**LIST OF EXHIBITS**

Exhibit A                    Pre- and Post-Change in Control Corporate Structure Chart  
Verification

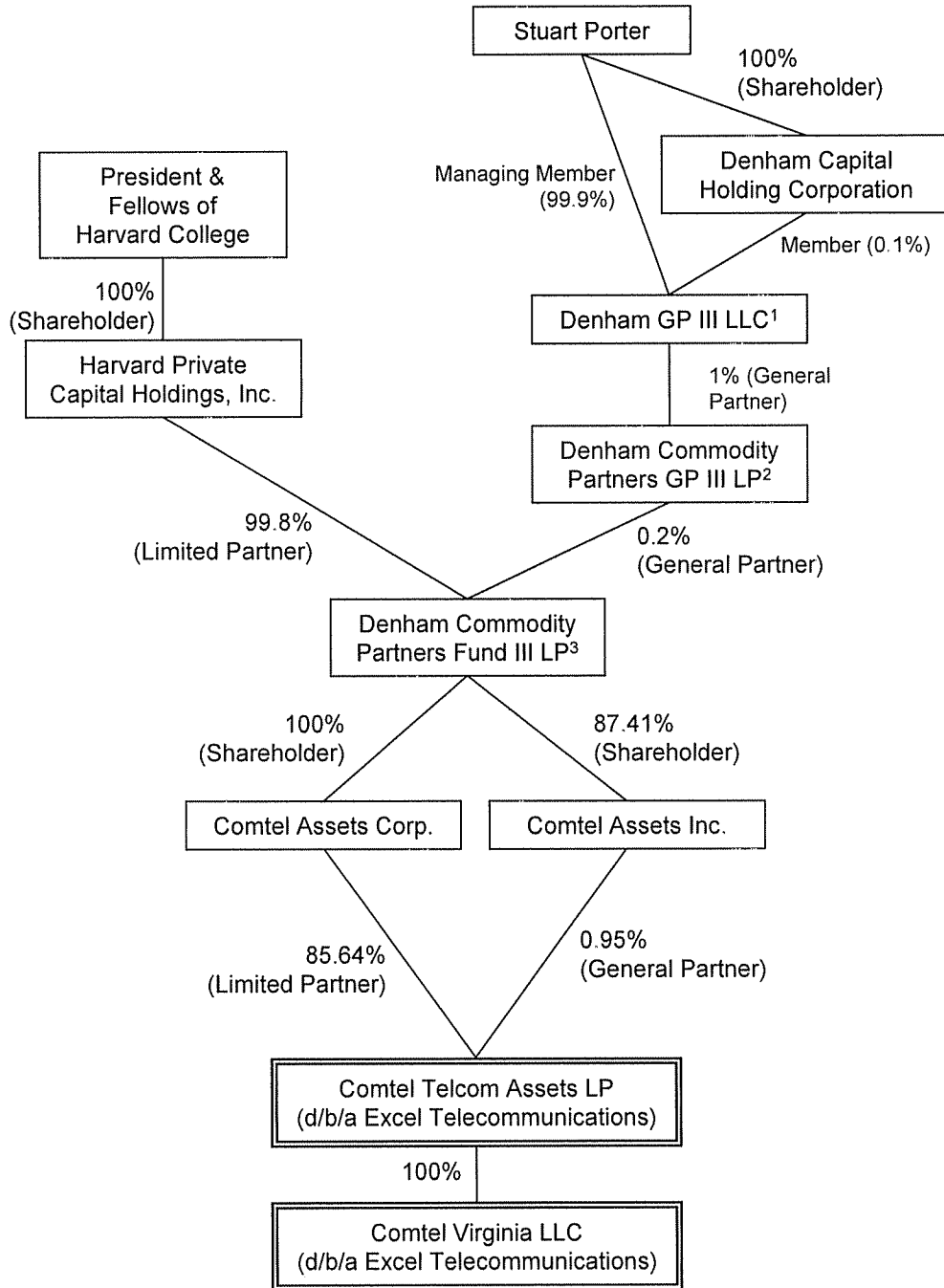
**Exhibit A**

**Pre- and Post-Transaction Corporate Structure Chart**

# Pre-Change in Control Corporate Structure



# Post-Change in Control Corporate Structure



<sup>1</sup> "Sowood GP III LLC" will change its name to "Denham GP III LLC."

<sup>2</sup> "Sowood Commodity Partners GP III LP" will change its name to "Denham Commodity Partners GP III LP."

<sup>3</sup> "Sowood Commodity Partners Fund III LP" will change its name to "Denham Commodity Partners Fund III LP."

## Verification



**VERIFICATION**

STATE OF TEXAS

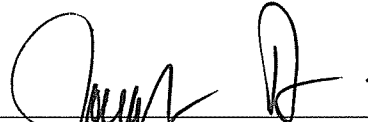
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DALLAS COUNTY

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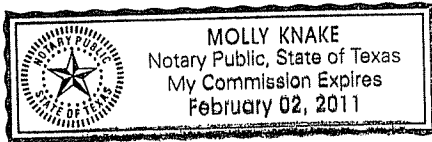
§

I, Jonathan Dennis, state that I am Vice President, Legal Affairs of Comtel Assets Inc., the sole general partner of Comtel Telcom Assets LP (“Comtel”); 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 are true and correct to the best of my knowledge, information, and belief.



Name: Jonathan Dennis  
Title: Vice President, Legal Affairs  
Comtel Assets Inc., the sole general partner  
of Comtel Telcom Assets LP

SWORN TO AND SUBSCRIBED before me on the 24 day of May, 2007.

  
Notary Public

My commission expires: 02/02/2011