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ORIGINAL

McGUIREWOODS

October 5, 2001

VIA OVERNIGHT MAIL

Mr. Thomas Dorman  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Re: Joint Notification and Report of Transfer of Control of Excel  
Telecommunications, Inc., eMeritus Communications, Inc., and Long Distance  
Wholesale Club, Inc. and Request for Clarification Concerning Adoption Notice,  
Docket Nos. 89-359, 96-214, 96-122, 95-246, 96-233 and 93-130

Dear Mr. Dorman:

Transmitted herewith on behalf of VarTec Telecom, Inc. ("VarTec"), VarTec Telecom Holding Company ("VarTec Holding"), Teleglobe Holdings (U.S.) Corporation ("Teleglobe Holdings"), Excel Telecommunications, Inc. ("Excel"), eMeritus Communications, Inc. ("eMeritus"), and Long Distance Wholesale Club, Inc. ("LDWC") (collectively, the "Reporting Companies"), are an original and four (4) copies of their Joint Notification and Report of Transfers of Control and Request for Clarification of Adoption Notice.

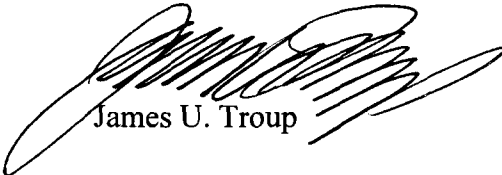
The Reporting Companies hereby notify the Commission of a transaction pursuant to which VarTec and VarTec Holding will acquire indirect control of Excel, eMeritus, and LDWC through the acquisition from Teleglobe Holdings of all of the authorized capital stock of their parent company, Excel Communications, Inc. The Reporting Companies also request confirmation that this transaction does not require the filing of an adoption notice as Excel, eMeritus and LDWC will continue to provide service to their Kentucky customers pursuant to their respective Kentucky tariffs following the consummation of the transaction.

Acknowledgement and date of receipt of this filing are respectfully requested. Please date and file stamp the extra copy of this filing (attached) and return it in the prepaid, self-addressed envelope we have enclosed for this purpose.

Kentucky Public Service Commission  
October 5, 2001  
Page 2

Should you have any questions regarding the transaction or the enclosed Joint Notification and Report and Request for Clarification, please contact the undersigned.

Respectfully submitted,



James U. Troup

Enclosures

**BEFORE THE  
KENTUCKY PUBLIC SERVICE COMMISSION**

Joint Notification and Report of VARTEC	)	
TELECOM, INC, VARTEC TELECOM	)	
HOLDING COMPANY, TELEGLOBE	)	Case Nos. 89-359, 96-214, 96-122,
HOLDINGS (U.S.) CORPORATION, EXCEL	)	95-246, 96-233, and 93-130
TELECOMMUNICATIONS, INC.,	)	
EMERITUS COMMUNICATONS, INC.,	)	
and LONG DISTANCE WHOLESALE	)	
CLUB, INC. of Transfers of	)	
Control	)	

**JOINT NOTIFICATION AND REPORT OF  
TRANSFERS OF CONTROL AND REQUEST FOR CLARIFICATION OF  
ADOPTION NOTICE**

VarTec Telecom, Inc. ("VarTec"), VarTec Telecom Holding Company ("VarTec Holding"), Teleglobe Holdings (U.S.) Corporation ("Teleglobe Holdings"), Excel Telecommunications, Inc. ("Excel"), eMeritus Communications, Inc. f/k/a Teleglobe Business Solutions, Inc. f/k/a Telco Holdings, Inc. d/b/a Dial & Save Corp. ("eMeritus"), and Long Distance Wholesale Club, Inc. ("LDWC") (collectively, the "Reporting Companies"), pursuant to the Commission's Orders in Exemptions for Interexchange Carriers, Long-Distance Resellers, Operator Service Providers and Customer-Owned, Coin-Operated Telephones, Administrative Case No. 359 (June 21, 1996) and Exemptions for Providers of Local Exchange Service Other Than Incumbent Local Exchange Carriers, Administrative Case No. 370 (January 8, 1998) (hereinafter the "Commission's Orders"), hereby submit their notification and report regarding a transaction pursuant to which VarTec Telecom, through its wholly owned subsidiary, VarTec Holding, will acquire control of affiliated telecommunications companies Excel, eMeritus and LDWC.

Excel and eMeritus are authorized to provide intrastate interexchange services and competitive local exchange services in Kentucky. LDWC is authorized to provide only intrastate interexchange services in Kentucky. Teleglobe Holdings through its ownership of intermediary companies controls 100% of the equity of Excel, eMeritus, and LDWC. Teleglobe Holdings does not directly hold any authorizations to provide service in Kentucky. Teleglobe Holdings, eMeritus, and LDWC are each Delaware corporations, and Excel is a Texas corporation.

VarTec is authorized to provide intrastate interexchange services and competitive local exchange services in Kentucky. VarTec Holding does not currently hold, either directly or indirectly, any authorizations to provide service in Kentucky. VarTec is a Texas corporation and VarTec Holding is a Delaware corporation. Through a transaction described more fully below, the proposed transfers of control will result in a change in the ultimate parent company of Excel, eMeritus and LDWC, which will become indirect wholly owned subsidiaries of VarTec Holding and VarTec.

**I. Description of the Transaction**

Teleglobe Inc. and VarTec have determined that VarTec, Excel, eMeritus and LDWC can realize significant economic and marketing efficiencies, and, ultimately, strengthen their respective businesses by establishing Excel, eMeritus and LDWC as wholly owned subsidiaries of VarTec Holding. Currently, Teleglobe Holdings owns all of the authorized capital stock of Excel Communications, Inc., and Excel Communications, Inc. through its ownership of intermediary companies controls 100% of the equity of Excel, eMeritus, and LDWC. VarTec, VarTec Holding, Teleglobe Inc., Teleglobe Holdings, Excel Communications, Inc., Excel Telecommunications (Canada) Inc., and BCE Inc. executed a Stock Purchase Agreement dated August 26, 2001. Pursuant to that agreement, VarTec Holding has agreed to acquire from

Teleglobe Holdings all of the authorized capital stock of Excel Communications, Inc. VarTec Holding has also agreed to acquire from Teleglobe Inc. all of the authorized capital stock of Excel Telecommunications (Canada) Inc.

The purchase price is payable by delivery of (1) promissory notes of VarTec Holding in the aggregate original principal amount equal to 90% of the purchase price less \$5 million and (2) a warrant for the purchase of that number of shares of VarTec's common stock equal to (i) 1 percent (before giving effect to the exercise of the warrant) of VarTec's issued and outstanding shares of common stock if VarTec has not effected the purchase from Telephone Electronics Corporation of all of VarTec's common stock held by Telephone Electronics Corporation (or if VarTec's common stock held by Telephone Electronics Corporation remains outstanding) or (ii) 5 percent of VarTec's issued and outstanding common stock if such transaction with Telephone Electronics Corporation is consummated.

## **II. Location of Financial Records**

Following consummation of the transaction, the financial records of Excel, eMeritus and LDWC will be located at:

VarTec Telecom, Inc.  
1600 Viceroy Drive  
Dallas, Texas 75235

## **III. Designated Contact**

All inquiries, correspondence, communications, pleadings, notices, orders and decisions relating to the transaction and this report should be addressed to:

James U. Troup  
McGuireWoods, LLP  
Washington Square  
1050 Connecticut Avenue, N.W.  
Suite 1200  
Washington, D.C. 20036-5317

Phone: (202) 857-1702  
Fax: (202) 828-3319  
Email: [jtroup@mcguirewoods.com](mailto:jtroup@mcguirewoods.com)

#### **IV. Request for Commission Clarification Concerning Adoption Notice**

The Reporting Companies respectfully request that the Commission confirm that the transaction described herein does not require the filing of an adoption notice. The Commission's Orders refer to the filing of an adoption notice when a letter is filed with the Commission notifying it of the transfer of control of a utility. However, 807 KAR 5:011, Section 11 requires such an adoption notice to be filed only by "the company which will thereafter operate the utility business". Following the merger, Excel, eMeritus and LDWC intend to continue providing service to their current Kentucky customers under the same corporate names and existing service arrangements pursuant to their Kentucky certificates and tariffs. VarTec will also continue to provide service in Kentucky pursuant to its separate tariff. Therefore, the proposed transfers of control will be transparent to the customers of Excel, eMeritus and LDWC, and customer confusion will be avoided, if VarTec and VarTec Holding are not required to file an adoption notice and new tariff for the customers of Excel, eMeritus and LDWC.

#### **V. New Address for Official Notices**

Following the consummation of the transaction, official notices concerning Excel, eMeritus, and LDWC should be sent to:

Michael G. Hoffman  
Chief Legal Officer  
VarTec Telecom, Inc.  
1600 Viceroy Drive  
Dallas, Texas 75235  
Phone: (214) 424-1000  
Facsimile: (214) 424-1510

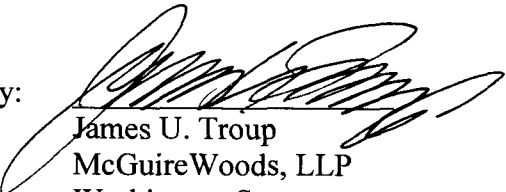
**VI. Conclusion**

The Reporting Companies submit that the information provided herein demonstrates that the public interest, convenience and necessity will be served by the transaction as described herein.

Respectfully submitted,

VARTEC TELECOM, INC., VARTEC TELECOM  
HOLDING COMPANY, TELEGLOBE  
HOLDINGS (U.S.) CORPORATION, EXCEL  
TELECOMMUNICATIONS, INC., EMERITUS  
COMMUNICATIONS, INC. and LONG  
DISTANCE WHOLESALE CLUB, INC.

By:



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Their Attorney

Dated: October 5, 2001