

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 21, 2007

IN RE:

**PETITION OF COMTEL TELECOM ASSETS LP FOR AN
INDIRECT TRANSFER OF CONTROL**

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**DOCKET NO.
07-00149**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Director Eddie Roberson, Director Pat Miller and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 25, 2007 for consideration of the petition of Comtel Telecom Assets LP (“Comtel” or “Petitioner”) for approval of an indirect transfer of control (“*Petition*”) filed on June 8, 2007.

Comtel is a Texas limited partnership with principal offices in Irving, Texas. Comtel is owned by three entities: (1) Comtel Assets Corporation 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 Corporation is wholly owned by Sowood Commodity Partners Fund III LP (“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 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 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 and Fellows of Harvard College through the limited partnership interests of Sowood Fund III, while ultimate control is held by Mr. Jeff Larson through the successive general partners of Sowood Fund III. Comtel provides intrastate, interstate and international long distance throughout the United States and is authorized to provide local exchange and exchange access services in every state except Alaska, Hawaii and Virginia. In Tennessee, Comtel is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services in Tennessee pursuant to Authority Order issued on April 19, 2006.¹

The Petition

According to the *Petition*, the proposed transfer of authority results from management changes at Sowood GP III LLC, the private equity firm that controls Comtel. As part of the management change, two of the three members, including the current managing member, Jeff Larson, will leave Sowood GP III LLC, and Mr. Stuart Porter will become the managing member and will wholly-own the only other member. As a result, Mr. Porter will ultimately control the successive general partner interests of Sowood Fund III and therefore Comtel. The Petitioner asserts that the proposed structural and management changes will enable the investing entities to implement an improved business, financial and management structure, thereby serving the public interest. Comtel will continue to provide services to Tennessee consumers under the leadership of an experienced management team and there will be no change in the company name, rates, terms or conditions of service.

¹ Vartec Telecom Inc. ("Vartec") was granted authority to provide resold and interexchange operator services by the Tennessee Public Service Commission ("TPSC") in TPSC Docket No. 95-02796 and later received a Certificate of Convenience and Necessity to provide facilities-based and resold exchange services in TRA Docket No. 01-00760. On April 19, 2006, the Authority approved a transfer of the authority of Vartec to Comtel. *See In re: Joint Application of Comtel Telecom Assets LP, Vartec Telecom, Inc., Excell Telecommunications, Inc. and Vartec Solutions, Inc. for Consent to Transfer Assets*, Docket No. 05-00287, *Order Approving Transfer of Authority* (April 19, 2006).

Findings and Conclusions

The Petitioner requests approval to consummate the transfer of authority pursuant to Tenn. Code Ann. § 65-4-112 (2004) and Tenn. Code Ann. § 65-4-109 (2004). The Authority finds that the proposed transaction should be considered pursuant to Tenn. Code Ann. § 65-4-113 (2004) because control of a Tennessee-certificated entity is being transferred to a non-certificated entity.

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

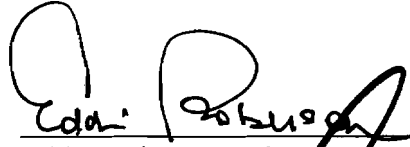
Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.


At the regularly scheduled Authority Conference held on June 25, 2007, the voting panel assigned to this docket considered the transfer of authority requested in the *Petition* and voted unanimously to approve the transfer of authority pursuant to Tenn. Code Ann. § 65-4-113 (2004) based on the following additional findings:

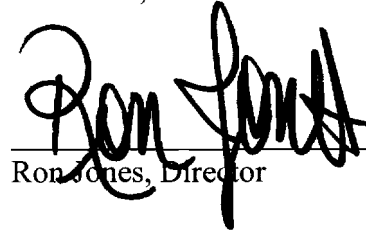
1. The transaction will be transparent to customers.
2. The name of the company, rates, terms or conditions of service will not change.

IT IS THEREFORE ORDERED THAT:

The transfer of authority of Comtel Telecom Assets LP to Mr. Stuart Porter as described in the *Petition* and discussed herein is approved.


Eddie Roberson, Director


Pat Miller, Director


Ron Jones, Director