

Francis I. Huffman
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PROFESSIONAL ACCOUNTING CORPORATION
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ACCOUNTANTS FOR THE DEBTORS

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE: §
§
VARTEC TELECOM, INC., *et al.*, § CASE NO. 04-81694-SAF-11
§
DEBTORS. § (Chapter 11)
§ (Jointly Administered)

COVER SHEET FOR FIRST INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION AS ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD JANUARY 7, 2005 THROUGH JUNE 30, 2005

Fees Previously Requested:	\$0.00
Fees Previously Awarded:	\$0.00
Expenses Previously Requested:	\$0.00
Expenses Previously Awarded:	\$0.00
Fees Requested in This Application	\$198,228.75
Total Hours Billed:	1192.00
Average Hourly Rate:	166.30
Expenses Requested in This Application:	\$10,366.74
Retainer Held as of June 30, 2005:	NONE
Summary of Time Billed by Professional:	See <u>Exhibit B</u> below
Summary of Expenses Billed by Type:	See <u>Exhibit C</u> below
Voluntary Fee Reductions	NONE
Cost of Copies per Page	\$ 0.12
Cost of Faxes per Page	\$ 0.12

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DEBTORS. § (Chapter 11)
§ (Jointly Administered)
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§ Hearing Set for August 18, 2005 at 2:30
§ p.m.

FIRST INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION AS ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD JANUARY 7, 2005 THROUGH JUNE 30, 2005

A HEARING WILL BE CONDUCTED ON THIS MATTER ON AUGUST 18, 2005 AT 2:30 P.M. IN COURTROOM OF THE HONORABLE STEVEN A. FELSETHAL, 1100 COMMERCE STREET, 14TH FLOOR, DALLAS, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY (20) DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION ("LHM"), accountants for the above-referenced debtors and debtors in

possession (collectively, the “Debtors”)¹ files its First Interim Application for Allowance of Fees and Reimbursement of Expenses as Accountants to the Debtors for the Period January 7, 2005 through June 30, 2005 (the “First Application”), and in support would show as follows:

STATEMENT OF JURISDICTION

1. This Court has jurisdiction to hear this Application pursuant to the provisions of 28 U.S.C. §§ 1334 and 157. This proceeding involves the administration of the estates; and thus, it is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

STATEMENT OF FACTS

2. On November 1, 2004 (the “Petition Date”), the Debtors each filed a voluntary petition for relief (collectively, the “Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

3. On April 15, 2005, the Court entered its Order [Docket No. 1215] (the “Employment Order”) approving the employment of LHM on a final basis effective as of January 7, 2005 (the “Effective Date”). The Court amended the Employment Order by its Order [Docket No. 1487] entered on July 12, 2005.

4. Since the Effective Date, LHM has rendered professional services and incurred expenses as accountants to the Debtors.

5. On November 5, 2004, the Court entered its Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals [Docket No. 118] (the “Fee Procedures Order”) by which the Court established

¹ The Debtors include VarTec Telecom, Inc., Excel Communications Marketing, Inc., Excel Management Service, Inc., Excel Products, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc., Excel Teleservices, Inc., Excelcom, Inc., Telco Communications Group, Inc., Telco Network Services, Inc., VarTec Business Trust, VarTec Properties, Inc., VarTec Resource Services, Inc., VarTec Solutions, Inc., VarTec Telecom Holding Company, VarTec Telecom International Holding Company, and VarTec Telecom of Virginia, Inc.

procedures for the compensation of fees and the reimbursement of expenses of case professionals, including LHM.

6. The table which follows summarizes the fee statements of LHM for the period January 7, 2005 through June 30, 2005 (the "Period"). In accordance with the Fee Procedures Order, copies of each of these statements have been furnished on a regular basis to the Debtors, counsel for the Official Committee of Unsecured Creditors (the "Official Committee"), counsel for the Rural Telephone Finance Cooperative ("RTFC"), and the United States Trustee. The following table also summarizes the payments made to LHM in accordance with the Monthly Fee Procedures Order.

Period Covered	Total Fees for Period	Fees Paid (80% of Total Fees)	Balance of Fees Owed (20% of Total Fees)	Total Expenses Paid (100% of Total Expenses)
1/07/2005 - 4/01/2005	\$118,908.75	\$ 95,307.30	\$23,601.45	\$ 8,360.10
4/02/2005 - 4/29/2005	\$ 40,907.50	\$ 32,726.00	\$ 8,181.50	\$ 451.61
4/30/2005 - 5/27/2005	\$ 24,230.00	\$ 19,384.00	\$ 4,846.00	\$ 1,150.01
5/28/2005 - 6/30/2005	\$ 14,182.50	\$ 11,346.00	\$ 2,836.50	\$ 405.02
Total	\$198,228.75	\$158,763.30	\$ 39,465.45	\$ 10,366.74

7. By this Application, LHM seeks compensation for services and reimbursement of expenses incurred in its representation of the Debtors during the Period.

8. During the Period, LHM expended 1192.00 hours representing the Debtors; LHM's fees total \$198,228.75 at its standard rates, and its expenses total \$10,366.74.

9. Funds are available to pay the fees requested herein. LHM does not maintain any retainer.

Summary of Services Provided by LHM

10. We performed an audit of the consolidated financial statements of VarTec Telecom, Inc. and Subsidiaries as of and for the years ended December 31, 2004 and 2003. We also performed procedures and issued our report on the Nebraska Universal Service Fund. We began procedures to plan for our engagement to reissue our auditor's opinion on the 2002 financial statements after elimination of the international companies. We began procedures to plan for the Payphone Audit.

Hourly Fee/Expense Summary

11. The accounting services rendered by LHM are detailed in **Exhibit A**, which exhibit sets forth the description of the accounting services rendered by LHM, the dates on which LHM's accountants and paraprofessionals rendered such accounting services, the identity of those accountants and paraprofessionals who performed such accounting services, the time spent by each accountant and paraprofessional in performance of accounting services, the itemized expenses incurred and a summary of expenses by major category. A summary of the accounting services rendered by LHM on a professional by professional basis is attached hereto as **Exhibit B**.

12. LHM has neither shared nor agreed to share its compensation for services rendered in or in connection with these Cases with any other person.

13. A summary of the expenses incurred by LHM is attached hereto as **Exhibit C**.

STANDARDS FOR ALLOWANCE OF FEES AND EXPENSES

14. The award of interim compensation to professionals is specifically authorized under Bankruptcy Code § 331, which provides:

A trustee, an examiner, a debtor's attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of

such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title. After notice and a hearing, the court may allow and disburse to such applicant such compensation for reimbursement.

11 U.S.C. § 331.

15. Bankruptcy Code § 330 authorizes the court to award professional persons employed pursuant to Bankruptcy Code § 1103 reasonable compensation for the actual and necessary services rendered by such professional persons and any paraprofessional person employed by such persons. 11 U.S.C. § 330. Furthermore, the court may also award reimbursement for actual and necessary expenses incurred by such professional persons. *Id.*

16. LHM submits that the elements governing awards of compensation pursuant to Bankruptcy Code §§ 330 and 331 justify the allowance of the fees and expenses incurred in its representation of the Debtors during the Period.

17. In 1974, the Fifth Circuit established a set of guidelines for use by lower courts when ruling on professionals' fee requests. *See Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974). The *Johnson* court found the following factors necessary to consider:

- a. the time and labor required;
- b. the novelty and difficulty of the questions presented;
- c. the skill requisite to perform the legal services properly;
- d. the preclusion of other employment due to the acceptance of the case;
- e. the customary fee;
- f. whether the fee is fixed or contingent;
- g. time limitations imposed by the client with the circumstances of the case;
- h. the amount involved and the results obtained;
- i. the experience, reputation and ability of the professional;

- j. the undesirability of the case;
- k. the nature and length of the professional relationship with the client; and
- l. awards in similar cases.

Id. at 717-19.

18. In *In re First Colonial Corp. of America*, 544 F.2d 1291, 1298-99 (5th Cir. 1977), *cert. denied*, 431 U.S. 904 (1977), the Fifth Circuit applied the *Johnson* factors to the analysis of fee awards in bankruptcy cases.

19. Under an analysis utilizing the *Johnson* factors and the standards customarily applied to fee awards under Bankruptcy Code §§ 330 and 331, LHM believes that its request for compensation and reimbursement of expenses is reasonable and proper, and that such request should be allowed in the amount requested.

20. After analyzing the *Johnson* factors in their totality, LHM's Application should be granted. Therefore, LHM requests the Court to allow and order the payment at this time of the following: (a) interim compensation for the Period in the aggregate amount of \$198,228.75; and (b) reimbursement of necessary out-of-pocket expenses incurred by LHM during the Period in the aggregate amount of \$10,366.74.

PRAYER

LHM respectfully requests that this Court grant it interim compensation in the amount of \$198,228.75 in fees (including the holdback in the amount of \$39,465.45 that has not been paid) and \$10,366.74 in expenses, and such other and further relief as this Court deems just and proper.

Dated: July 22, 2005

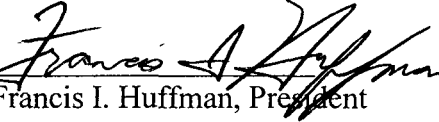
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By: 
Francis I. Huffman, President

ACCOUNTANTS FOR THE DEBTORS

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CERTIFICATION OF FRANCIS I. HUFFMAN

1. I am President of Luffey Huffman & Monroe, A Professional Accounting Corporation, and I make this certification in accordance with the Local Rules of Bankruptcy Procedure.

2. I have read the First Interim Application for Allowance of Fees and Reimbursement of Expenses of Luffey Huffman & Monroe, A Professional Accounting Corporation as Accountants to the Debtors for the Period January 7, 2005 through June 30, 2005 (the "Application").

3. To the best of my knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the local guidelines, except as specifically noted in the application.

4. The compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by LHM and generally accepted by LHM's clients.

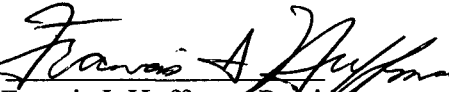
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By 
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ACCOUNTANTS FOR THE DEBTORS

LUFFEY, HUFFMAN & MONROE
(A Professional Accounting Corporation)

EXHIBIT A
PAGE 1

Var Tec Telecom, Inc.
CASE NO. 04-81694-SAF-11

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services January 7, 2005 through April 1, 2005				
Francis Huffman, Principal	12.25	\$240	\$ 2,940.00	
John Herman, Manager	258.75	\$210	54,337.50	
Phillip Ragsdale, Senior	201.75	\$150	30,262.50	
Philip Ragsdale - Travel Time	27.00	75.00	2,025.00	
Bill Martin, Junior	215.25	\$125	26,906.25	
Bill Martin - Travel Time	39.00	62.50	2,437.50	
Out of Pocket Expenses			8,134.72	
Clerical, Long Distance, Postage and Copies (Included as Fees on Original Billing)			<u>225.38</u>	
Total Charges February 26, 2005 through April 1, 2005				\$ 127,268.85

OUT OF POCKET EXPENSES

John Herman Expense Report 2\25\05	\$ 988.20
Phillip Ragsdale Expense Report 2\25\05	815.32
Bill Martin Expense Report 2\25\05	750.61
John Herman Expense Report 03\04\05	1,232.71
Phillip Ragsdale Expense Report 03\04\05	744.14
Bill Martin Expense Report 03\04\05	707.56
John Herman Expense Report 03\11\05	954.59
Phillip Ragsdale Expense Report 03\11\05	784.22
Bill Martin Expense Report 03\11\05	760.72
Bill Martin Expense Report 03\18\05	135.79
Bill Martin Expense Report 03\25\05	128.69
Bill Martin Expense Report 04\01\05	<u>132.17</u>
Total Out of Pocket Expenses	<u>\$ 8,134.72</u>

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services April 2, through April 29, 2005				
Francis Huffman, Principal	12.25	\$ 240.00	\$ 2,940.00	
John Herman, Manager	78.00	210.00	16,380.00	
Philip Ragsdale, Senior	96.00	150.00	14,400.00	
Bill Martin, Junior	57.50	125.00	7,187.50	
Clerical, Long Distance, Postage and Copies			<u>451.61</u>	
Total Charges April 2, through April 29, 2005				\$ 41,359.11

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services April 30, through May 27, 2005				
Francis Huffman, Principal	35.75	\$ 240.00	\$ 8,580.00	
John Herman, Manager	41.25	210.00	8,662.50	
Phillip Ragsdale, Senior	32.00	150.00	4,800.00	
Bill Martin, Junior	16.50	125.00	2,062.50	
Bill Martin - Travel Time	2.00	62.50	125.00	
Out of Pocket Expenses			983.41	
Clerical, Long Distance, Postage and Copies			<u>166.60</u>	
Total Charges April 30, through May 27, 2005				\$ 25,380.01

OUT OF POCKET EXPENSES

Francis Huffman Expense Report 05\06\05	\$ 309.70
Phillip Ragsdale Expense Report 05\06\05	312.92
Bill Martin Expense Report 05\06\05	<u>360.79</u>
Total Out of Pocket Expenses	<u>\$ 983.41</u>

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services May 28, through June 30, 2005				
Francis Huffman, Principal	5.50	\$ 240.00	\$ 1,320.00	
John Herman, Manager	61.25	210.00	12,862.50	
Clerical, Long Distance, Postage and Copies			<u>405.02</u>	
Total Charges May 28, through June 30, 2005				<u>\$ 14,587.52</u>

TOTAL FEES AND EXPENSES January 7, 2005 through June 30, 2005	<u>\$ 208,595.49</u>
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DETAIL OF ACCOUNTING SERVICES RENDERED BY LUFFEY, HUFFMAN & MONROE (APAC)
January 7, 2005 through June 30, 2005 by Interim Billing Period

<u>Staff Member</u>	<u>Hours Charged</u>	<u>Audit Service Performed</u>
Francis Huffman		
01/11/05	2.75	Engagement Planning
03/19/05	2.00	NE USF review
03/29/05	1.50	NE USF review
03/30/05	6.00	NE USF review
	<u>12.25</u>	TOTAL FRANCIS HUFFMAN APRIL 1, 2005 INTERIM BILLING
John Herman		
01/07/05	2.50	Review prior year workpapers
01/10/05	2.75	Prepare 2003 analysis workpapers for VT
01/11/05	3.25	Reviewed requested reconciliations
01/11/05	3.00	Engagement planning
01/24/05	8.00	Income statement analysis - Eurpoe, Canada MOU and revceunue by country
01/25/05	6.00	Finish I/S analysis above
01/31/05	4.00	Finish preliminary analytical on Europe and CAN, email Q&A to client
02/01/05	6.00	Prepare analyses through October - MLM, DAR and commercial
02/14/05	2.00	ATB and other trial balance admin
02/15/05	7.50	ATB and other trial balance admin
02/16/05	7.50	ATB and other trial balance admin
02/18/05	4.00	Finish ATB admin, review grouping schedules for new accounts
02/21/05	10.50	Set up, check in PBCs, audit VT Canada, review intangibles, memo to client re: same, work on AR and fixed assets, review FARCA
02/22/05	9.50	Work on prepaids, rent expense, memos to client, meetings with client
02/23/05	10.50	Review and brief minutes on all entities, work on PARS, insurance accruals
02/24/05	10.00	Finish review and brief of minutes, COCOT accruals, fixed assets
02/25/05	7.00	Fixed assets, meeting with MGH and KJA, review Europe sales docs
02/28/05	9.50	Work on revenue by product, billed minutes, LEC AR and cash
03/01/05	9.00	Work on wireless handset and sales aids inventories, fixed assets
03/02/05	10.00	Updated planning memos, more revenue by product, review Europe sales agreement
03/03/05	8.75	Met with client on audit progress, work on ppd contracts, rent expense and cash
03/04/05	7.00	Document pending/proposed Canada and ProTel sales, other receivables, work on wholesale (eMeritus) revenues
03/07/05	9.00	Excel - Fixed Asset analysis, adds and retires, Dec mass retirement
03/08/05	10.50	Vartec - Fixed assets (Telecom, Canada, Europe, Mexico)
03/09/05	9.00	Wireless handset ending inventory valuation, deferred circuit installs
03/10/05	11.00	IRU amortizations, NRV issues with equipment, deferred revenue, direct bill revenue analysis, EUR revenue analysis
03/11/05	7.00	941 analysis, prepare analysis of S&W and headcounts, memo to client, work on VT void/cheared check issue
03/14/05	2.50	Feb wireless sales, IRU documentation, testing of vacation accrual detail
03/15/05	6.00	Work on line cost liabilities, AP and AR offsets
03/17/05	8.50	Work on AP (pre/post), work on USF liab, discuss COCOTS, work on Europe Fixed Asset activity, work on December mass asset retirement.
03/22/05	8.25	Review affidavit, work on subsequent disbursements, review AP detail
03/23/05	8.25	Finish review, tie-in of AP detail, review the RP and affiliate balances Testing of fixed asset activity on Europe, review terms of Europe sale, proceeds
03/25/05	6.75	NE USF analysis, - VarTec and Excel, review USF correspondence and draft reports
03/28/05	8.00	NE USF - finish analysis, work on report, discuss with client and draft rep letter
03/30/05	8.25	Pre and Post-petition line cost analyses, review and summarize STIP agreements
03/31/05	7.50	Bank Recons, finish line cost, compile JE list, Mexican assets
	<u>258.75</u>	TOTAL JOHN HERMAN APRIL 1, 2005 INTERIM BILLING

**DETAIL OF ACCOUNTING SERVICES RENDERED BY LUFFEY, HUFFMAN & MONROE (APAC)
January 7, 2005 through June 30, 2005 by Interim Billing Period**

Philip Ragsdale

01/21/05	2.00	Reviewing and assembling workpaper files
02/20/05	4.50	Travel to Dallas
02/21/05	8.00	A/R trial balances and reserves for bad debts
02/22/05	9.00	A/R trial balances and reserves for bad debts
02/23/05	9.00	A/R trial balances and reserves for bad debts
02/24/05	9.00	Excel - A/R trial balances and reserves for bad debts
02/25/05	6.00	A/R trial balances and reserves for bad debts
02/25/05	4.50	Travel from Dallas
02/27/05	4.50	Travel to Dallas
02/28/05	9.00	Lec A/R
03/01/05	9.00	Lec A/R, Excel AR
03/02/05	9.00	AR
03/03/05	9.00	AR trial balances and reserves for bad debts
03/04/05	6.00	Accruals
03/04/05	4.50	Travel from Dallas
03/06/05	4.50	Travel to Dallas
03/07/05	9.00	Accrued Commissions, Payphone Accruals
03/08/05	9.00	Notes Payable
03/09/05	9.00	Capitalized Labor, Expansion Advertising
03/10/05	9.00	Lec A/R offsets, Notes Payable, Interest Expense
03/11/05	6.00	Lec A/R offsets
03/11/05	4.50	Travel from Dallas
03/07/05	8.00	A/R offsets
03/08/05	8.00	Capital Labor, AR
03/09/05	8.00	A/R offsets
03/10/05	8.00	Accruals, Expenses
03/11/05	6.00	Accrued Liabilities, Miscellaneous Expenses, Professional Fees
03/21/05	8.00	Miscellaneous expense, professional fees
03/22/05	3.00	Line Cost Accruals, Pending items summary
03/23/05	8.00	Bad Debt / AFDA roll forward, eMeritus AR
03/24/05	3.75	eMeritus AR
03/25/05	6.00	AR
03/29/05	3.00	Interest Expense
03/31/05	3.00	Jan 2005 testing for offsets
04/01/05	2.00	Jan 2005 testing for offsets

228.75 TOTAL PHILIP RAGSDALE APRIL 1, 2005 INTERIM BILLING

Bill Martin

01/21/05	1.75	Reviewing and assembling workpaper files
02/20/05	4.50	Travel to Dallas
02/21/05	8.50	Update files and PP&E, VarTec Properties - gain/loss
02/22/05	8.75	Excel - cash, VarTec - cash
02/23/05	8.25	Excel - cash, VarTec - cash & PP&E
02/24/05	8.50	VarTec Properties - revenues & PP&E, VarTec - cash & prepaids
02/25/05	5.00	VarTec - prepaids, Excel - prepaid
02/25/05	4.50	Travel from Dallas
02/27/05	4.50	Travel to Dallas
02/28/05	8.25	Vartec Properties - accruals, VarTec - prepaids and reviewing files
03/01/05	8.75	Excel - Revenues, Vartec - reviewing files, cash, prepaids & revenues
03/02/05	8.25	Resources - Accruals, and AR, Excel - Accruals and AR, Properties - Accruals
03/03/05	8.25	Vartec - Accruals, client meeting and aviation chargeback, Excel - Accruals
03/04/05	5.00	Vartec - Cash, Properties - aviation chargeback
03/04/05	4.50	travel from Dallas
03/06/05	4.50	Travel to Dallas

**DETAIL OF ACCOUNTING SERVICES RENDERED BY LUFFEY, HUFFMAN & MONROE (APAC)
January 7, 2005 through June 30, 2005 by Interim Billing Period**

Bill Martin

03/07/05	8.25	VarTec - Accruals, Properties - Aviation chargeback, Excel - Accruals
03/08/05	8.00	Properties - Aviation chargeback
03/09/05	8.50	Properties - Aviation chargeback
03/10/05	7.75	Properties - Aviation chargeback, VarTec - reviewing files & client meeting
03/11/05	4.00	Reviewing files
03/11/05	4.50	Travel from Dallas
03/13/05	2.00	Travel to Jackson
03/13/05	0.50	Gathering additional files for trip
03/14/05	8.00	Reviewing files and Properties - aviation chargeback
03/15/05	8.00	VarTec - Reviewing files and accruals, Excel - Accruals
03/16/05	8.00	Accruals
03/17/05	7.00	VarTec - Reviewing files, revenues, Excel - Reviewing files
03/18/05	5.50	VarTec - A/P, Excel - A/P
03/18/05	2.00	Travel from Jackson
03/20/05	2.00	Travel to Jackson
03/21/05	8.00	VarTec - Accounts Payable, Excel - Accounts Payable
03/22/05	8.00	Excel - Accounts Payable, VarTec - Accounts Payable and reviewing files
03/23/05	8.00	Excel - Accounts Payable, VarTec - Accounts Payable and reviewing files
03/24/05	8.00	Excel - Accounts Payable, VarTec - Accounts Payable and reviewing files
03/25/05	4.00	VarTec - Accounts Payable, Excel - Accounts Payable
03/25/05	2.00	Travel from Jackson
03/27/05	2.00	Travel to Jackson
03/28/05	2.50	VarTec - reviewing files
03/29/05	3.00	VarTec - Accounts Payable, Excel - reviewing files
03/30/05	8.00	VarTec - Accounts Payable, reviewing files and cash, Excel - Accounts payable
03/31/05	7.00	cash
04/01/05	6.00	cash
04/01/05	2.00	Travel from Jackson

254.25 TOTAL BILL MARTIN APRIL 1, 2005 INTERIM BILLING

Francis Huffman

04/22/05	2.25	Reviewing workpapers
04/26/05	2.25	Research on Independent Auditors' Report
04/27/05	1.50	Review draft of audit report
04/28/05	6.25	Reviewing consolidating worksheets

12.25 TOTAL FRANCIS HUFFMAN APRIL 29, 2005 INTERIM BILLING

John Herman

04/04/05	8.00	Line cost liability adjustments, Europe sale, B&C accrual
04/05/05	8.00	Review cash items, email to client re: same, memos on Europe and other matters
04/06/05	4.50	Recap open items for client, proposed audit entries, work on engagements docs
04/07/05	4.00	Work on cash issues, T/C client re: same, work on pre/post taxes
04/08/05	2.50	Work on cash issues, T/C client re: same, work on Europe sale
04/11/05	4.00	Review client PAJEs, enter into TB software, updated LHM entries for CAJEs re-run trials and leads
04/12/05	2.00	Review account groupings in ATB for purposes of verifying PBC financials
04/14/05	8.00	Review CAJEs, recap and submit LHM PAJEs, discuss cash issues w/client, discuss FS draft, get FS copies resent to VT, research disc ops, Europe memo
04/15/05	7.00	Obtain and review October bank recons, review and compare OS checklists and and listing of voided checks, recap STIP agreement payments for line cost
04/18/05	3.50	Conference call with client re: cash matters, FS draft, research liquidation basis stmts
04/19/05	1.75	Review consolidated cash flows, finish research on disc ops
04/20/05	4.00	Work on rep letter, engagement docs, research links for KJ
04/26/05	3.00	Review draft of FS, revise same, discussions with client
04/27/05	4.00	Review revised FS draft, work on disc ops, cash flows
04/28/05	6.50	Review revised FS draft, review initial FN draft
04/29/05	7.25	Work on revising footnotes, draft of rep letter, review final FS draft

78.00 TOTAL JOHN HERMAN APRIL 29, 2005 INTERIM BILLING

DETAIL OF ACCOUNTING SERVICES RENDERED BY LUFFEY, HUFFMAN & MONROE (APAC)
January 7, 2005 through June 30, 2005 by Interim Billing Period

Philip Ragsdale

04/05/05	6.00	AR
04/06/05	6.00	Review Craig's responses to pending matters
04/07/05	8.00	Bad debts, allowance for bad debts, Excel & VarTec
04/08/05	6.00	Reviewed Other Liabilities for final adjustments, Excel AR
04/11/05	8.00	Accruals, revenues and expenses
04/12/05	8.00	Accruals, revenues and expenses
04/14/05	8.00	Received revised lead schedules and client AJEs, went back through workpapers and reviewed changes and updated workpapers, re-referenced lead schedules to workpapers
04/15/05	5.00	Continued through workpapers, reviewing client adjustments
04/18/05	8.00	Accruals, revenues and expenses
04/19/05	4.00	Receivables - agree client AJEs to notes, update workpapers
04/21/05	8.00	Agree financial statement footnotes to workpaper support
04/22/05	3.00	Reviewed revised XL AR PBC workpapers
04/25/05	1.00	Went over AR adjustments with JH & VarTec
04/27/05	3.00	Reviewed Consolidating Schedules
04/28/05	8.00	Trace consolidating schedules to trial balances
04/29/05	6.00	Trace consolidating schedules to trial balances

96.00 TOTAL PHILIP RAGSDALE APRIL 29, 2005 INTERIM BILLING

Bill Martin

04/04/05	8.00	VarTec - cash, o/s check reclass payable, Excel - cash
04/05/05	8.00	Outstanding checks reclass payable, cash
04/06/05	8.00	A/P, reviewing files, cash
04/07/05	3.75	Cash
04/08/05	1.00	Cash
04/14/05	5.50	Updating files, conference call
04/15/05	5.50	Cash reclass
04/18/05	6.75	Cash reclass, reviewing files
04/20/05	0.50	Conference call
04/21/05	1.50	Cash
04/22/05	1.25	Cash, accruals
04/25/05	0.25	Cash
04/26/05	5.00	Cash, reviewing files
04/27/05	1.75	Cash
04/28/05	0.75	Reviewing files

57.50 TOTAL BILL MARTIN APRIL 29, 2005 INTERIM BILLING

Francis Huffman

05/02/05	1.75	Research for wording in Independent Auditor's Report
05/02/05	4.75	Reviewing financial statements
05/03/05	8.50	Reviewing workpapers
05/04/05	4.25	Reviewing workpapers
05/04/05	3.75	Reviewing financial statements
05/05/05	6.25	Reviewing workpapers
05/06/05	3.50	Reviewing financial statements
05/12/05	3.00	Reviewed revised financial statements

35.75 TOTAL FRANCIS HUFFMAN MAY 27, 2005 INTERIM BILLING

**DETAIL OF ACCOUNTING SERVICES RENDERED BY LUFFEY, HUFFMAN & MONROE (APAC)
January 7, 2005 through June 30, 2005 by Interim Billing Period**

John Herman

05/02/05	8.50	Review, revise FS draft, discuss with client, fax to RTFC, email to client
05/03/05	5.50	Finish tie-outs of statements, send recommended changes to client
05/05/05	7.50	Research, review changes to cash flows, document and discuss w/client
05/06/05	6.00	Work on final engagement documents, review and update related parties, taxes discussions with client via email
05/09/05	7.75	Finish engagement documents, work on PDF transmission of FS
05/10/05	3.00	Review COCOT order for revisions, draft engagement letter
05/19/05	3.00	COCOT - Research, review current status of docket 96-128

41.25 TOTAL JOHN HERMAN MAY 27, 2005 INTERIM BILLING

Philip Ragsdale

5/1/2005	6.00	Tabulate AJE's and agree to consolidating trial balance
05/02/05	10.00	Reviewing and agreeing consolidating schedules to financial statements
5/3/2005	8.00	Reviewing and agreeing consolidating schedules to financial statements
5/4/2005	8.00	Reviewing and agreeing consolidating schedules to financial statements

32.00 TOTAL PHILIP RAGSDALE MAY 27, 2005 INTERIM BILLING

Bill Martin

5/3/2005	6.50	Reviewing and agreeing consolidating schedules to financial statements
5/4/2005	7.00	Reviewing and agreeing consolidating schedules to financial statements
5/5/2005	3.00	Reviewing and agreeing consolidating schedules to financial statements
5/6/2005	2.00	Travel

18.50 TOTAL BILL MARTIN MAY 27, 2005 INTERIM BILLING

Francis Huffman

06\16\05	3.75	Engagement letters fo 2002, 2003 and 2004 presentation and payphone reviews.
06\22\05	1.75	Regrouping ATBs for 2002 consistency.

5.50 TOTAL FRANCIS HUFFMAN JUNE 30, 2005 INTERIM BILLING

John Herman

06\14\05	5.00	Discussions with KJA, MGH, JC, POK, research on report dating, subsequent events.
06\15\05	6.50	Research on FAS 144 re: Canada, reporting entity, SEC Reg SX
06\16\05	6.00	VT Payphone-review 2005 payphone support document, review FCC guidance and draft engagement letter.
06\16\05	1.00	Draft engagement letter for 2002, 2003 and 2004 presentation.
06\17\05	2.00	Regulation S X research on disclosure and statement format.
06\20\05	5.50	Finish Reg s - X Research, research on EPS and balance sheet groupings.
06\21\05	6.75	Review 2002 workpapers, begin ATB regroupings for consistency.
06\22\05	7.00	Regrouping ATBs for 2002 consistency.
06\23\05	7.00	Regrouping ATBs for 2002 consistency.
06\24\05	2.00	Drafting engagement letter for Employee Benefit Plan Audits
06\28\05	3.00	Review 2002 statements for necessary disclosures.
06\29\05	3.00	Finish review of 2002 workpapers, research and memo on FAS 144 re: Canada
06\30\05	6.50	Telephone conference with Client and forensic accountants for buyer, prepare package for overnight with 2002 Excel Trial Balances, discuss April cutoff with memo to client.

61.25 TOTAL JOHN HERMAN JUNE 30, 2005 INTERIM BILLING