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Proposed Attorneys for the Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Case No. 04-81694-SAF
VARTEC TELECOM, INC., et al.,	§	Chapter 11
	§	
Debtors.	§	

**APPLICATION FOR INTERIM AND FINAL APPROVAL OF THE EMPLOYMENT
OF CARRINGTON, COLEMAN, SLOMAN & BLUMENTHAL, L.L.P.,
EFFECTIVE AS OF NOVEMBER 8, 2004, AS ATTORNEYS FOR THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS**

**TO: THE HONORABLE STEVEN A. FELSENTHAL
UNITED STATES BANKRUPTCY JUDGE**

The Official Committee of Unsecured Creditors (the “Committee”) hereby files this *Application for Interim and Final Approval of the Employment of Carrington, Coleman, Sloman & Blumenthal, L.L.P., Effective as of November 8, 2004, as Attorneys for the Official Committee of Unsecured Creditors* (the “Application”). The facts and circumstances supporting this Application are set forth in the Affidavit of Stephen A. Goodwin (the “Goodwin Affidavit”) filed concurrently herewith, and attached hereto as Exhibit “A.” In support of this Application, the Committee respectfully states as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The relief requested in this Application is authorized under 11 U.S.C. §§ 327, 328 and 1103(a) and Federal Rules of Bankruptcy Procedure 2014 and 2016.

II. PROCEDURAL BACKGROUND

2. On November 1, 2003 (the “Petition Date”), the above-referenced debtors and debtors in possession (collectively “the Debtors”)¹ filed its voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in this Court.

3. Since the Petition Date, the Debtors have continued to operate its business and manage its assets as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

4. On November 8, 2004 (the “Committee Formation Date”), the United States Trustee appointed an Official Committee of Unsecured Creditors (the “Committee”) in this case. The members of the Committee include: AT&T Corp.; Bell South Corporation; MCI, Inc.; NTS Communications, Inc.; Qwest Corporation; SBC Industry Markets; Specialty Outsourcing Solutions, Ltd.; Teleglobe Telecom Corporation; Unipoint Holdings; Valor Telecommunications Enterprises, L.L.C.; and Visionquest Marketing Services, Inc..

III. RETENTION OF CCSB

5. Sections 328(a) and 1103(a) of the Bankruptcy Code permit a duly appointed committee, with the approval of the Bankruptcy Court, to employ attorneys on any reasonable

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 of Virginia, Inc.

terms and conditions of employment to perform services for the Committee. *See* 11 U.S.C. §§ 328(a) and 1103 (a). On the Committee Formation Date, Carrington, Coleman, Sloman & Blumenthal, L.L.P. (“CCSB”) was selected as counsel for the Committee. By this Application, the Committee seeks to employ and to retain CCSB as its counsel to perform the legal services that will be necessary during this Chapter 11 case, effective retroactively as of the Committee Formation Date.

6. The Committee has selected CCSB as its counsel because of the firm’s extensive experience, expertise, and knowledge in the field of bankruptcy and business reorganizations under Chapter 11 of the Bankruptcy Code. Further, CCSB attorneys who will be involved in the Committee representation have substantial expertise and experience in many facts and legal disciplines that will enable CCSB to render highly qualified and efficient legal representation to the Committee. Accordingly, the Committee believes the retention of CCSB will provide the most effective and efficient representation of the Committee’s interests.

7. CCSB’s employment is appropriate and necessary to enable the Committee to execute faithfully its duties and obligations. The professional services that CCSB will provide to the Committee include, but are not limited to:

- a) consulting, assisting, and advising the Committee concerning the administration of this case and overseeing the Debtors’ affairs;
- b) providing all necessary legal advice with respect to the Committee’s powers and duties;
- c) investigating the acts, conduct, assets, liabilities, and financial conditions of the Debtors, the operation of the Debtors’ business and the desirability to continue in such business, and any other matters relevant to this case or to the formulation of a plan of reorganization;
- d) participating in the formulation a plan of reorganization and its associated disclosure statement, and pursuing the approval of same;

- e) assisting the Committee in maximizing the value of the Debtors' assets for the benefit of all creditors;
- f) commencing and prosecuting any and all necessary and appropriate actions and/or proceedings on behalf of the Committee or on behalf of the Debtor's estate to the extent authorized by the Court that may be relevant to this case;
- g) preparing on behalf of the Committee all necessary applications, pleadings, motions, answers, orders, reports, and other legal documentation;
- h) communicating with the Committee's constituents and others as the Committee may deem desirable in furtherance of its goals and responsibilities;
- i) appearing in Court to represent the Committee's interests; and
- j) performing all other legal services for the Committee that are appropriate, necessary, and proper in this case.

8. CCSB has stated its desire and willingness to serve as counsel for the Committee in this case and to render the necessary professional services as attorneys for the Committee.

9. To the best of the Committee's knowledge and except as disclosed herein or in the Goodwin Affidavit, CCSB has not otherwise represented the Debtors, its fifty largest creditors, or other parties-in-interest, or their respective attorneys and accountants, the United States Trustee, or any persons employed in the office of the United States Trustee, in any matters relating to the Debtors or the estate. Further, neither CCSB nor its professionals who will be engaged in this matter have any connection with the Debtors, the creditors, or any other party in interest except as disclosed in the Goodwin Affidavit. CCSB is a "disinterested person" as that phrase is defined in § 101(14) of the Bankruptcy Code. CCSB will continue to monitor potential conflicts, if any, and will promptly disclose to the Court any newly discovered connections of which CCSB becomes aware as the case progresses.

10. The name, mailing address and telephone number of the lead attorney from CCSB who will be attorney of record is:

Stephen A. Goodwin
200 Crescent Court, Suite 1500
Dallas, Texas 75201
Tel: 214-855-3000
Fax: 214-855-1333
sgoodwin@ccsb.com

Other attorneys from CCSB will participate in the representation of the Debtors as necessary.

IV. PROPOSED ARRANGEMENT FOR COMPENSATION

11. Subject to Court approval in accordance with § 328(a) of the Bankruptcy Code, CCSB will seek compensation based upon its normal hourly billing rates in effect for the period in which services are performed and will seek reimbursement of necessary and reasonable out-of-pocket expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules and any relevant orders of this Court. CCSB will charge the Committee in accordance with its regular hourly rates, which average \$375.00 to \$490.00 for partners, \$175.00 to \$275.00 for associates, and \$90.00 to \$155.00 for legal assistants. The primary attorneys within CCSB who will be representing the Committee and their current standard hourly rates are set forth below:

a)	Pieter Tierney, Partner	\$440 per hour
b)	Stephen A. Goodwin, Partner	\$425 per hour
c)	Don R. Hanmer, Of Counsel	\$390 per hour
d)	Jennifer Salisbury, Associate	\$240 per hour
e)	Jonathan Covin, Associate	\$200 per hour
f)	David G. Gamble, Associate	\$185 per hour
g)	Rachel P. Ragni, Associate	\$185 per hour

h) Kathy Miller, Contract Paralegal² \$100 per hour

12. The hourly rates set forth above are subject to periodic adjustments, usually on October 1 of each year. CCSB may also call upon other attorneys and legal assistants to work on this matter from time to time.

13. The hourly rates set forth above are CCSB's standard hourly rates for work of this nature, and are set at a level designed to fairly compensate CCSB for the work of its attorneys and legal assistants. CCSB submits that such rates are reasonable and should be approved by the Court subject to a determination of the amounts to be paid to CCSB upon applications for allowance. Further, it is CCSB's policy, in all areas of practice, to charge its clients for additional expenses incurred in connection with the client's case, which include, among other things: postage and express mail charges; special or hand delivery charges; internal and external photocopying charges; travel expenses; telephone charges; telecopier charges; expenses for "working meals;" witness fees and depositions and fees related to trials and hearings; and computerized research. CCSB will charge the Committee for such expenses in a manner and at rates consistent with charges made generally to CCSB's other clients and consistent with applicable U.S. Trustee guidelines.

14. It is further contemplated that CCSB may seek interim compensation and reimbursement of expenses during this case as permitted by Section 331 of the Bankruptcy Code and further authorized by prior Order of this Court. In addition, CCSB has not shared or agreed to share any of its compensation from the Committee with any other person, except as permitted by Section 504 of the Bankruptcy Code.

² Ms. Miller is a Contract Paralegal and is not CCSB's employee. Ms. Miller charges CCSB \$30.00 an hour for her time. The billing rates for comparable paralegals at CCSB with Ms. Miller's background and experience range from \$145-\$155 per hour.

15. CCSB's compliance with the requirements of Sections 328 and 1103 of the Bankruptcy Code and Bankruptcy Rule 2014, as well as the Local Rules of this Court, is set forth in detail in the Goodwin Affidavit.

V. CONCLUSION

WHEREFORE, the Committee respectfully requests entry of the Interim Order and Final Order annexed hereto as Exhibit "B" and Exhibit "C" respectively authorizing the Official Committee of Unsecured Creditors to employ, retain and compensate Carrington Coleman Sloman & Blumenthal, L.L.P., to be effective as of November 8, 2004, and granting such other and further relief as is just and proper.

Dated: November 16, 2004

Respectfully submitted,

/s/ Lowell Feldman

Lowell Feldman, Co-Chair of the Official
Committee of Unsecured Creditors

/s/ Reginald A. Greene

Reginald A. Greene, Co-Chair of the Official
Committee of Unsecured Creditors

/s/ Stephen A. Goodwin

Stephen A. Goodwin

Texas State Bar No. 08186500

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*Proposed Attorneys for the Official Committee
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CERTIFICATE OF SERVICE

The undersigned does hereby certify that, on November 17, 2004, a true and correct copy of the foregoing *Application* has been served, via ECF and/or regular United States Mail, postage-prepaid, on the parties on the Master Service List (*as of November 15, 2004*):

/s/ Rachel P. Ragni
Rachel P. Ragni

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