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The Washington Harbour
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116
Phone 202 424 7500
Fax 202 424 7647
www.swidlaw.com

BY OVERNIGHT MAIL

January 13, 2006

Chairman Ron Jones
c/o Sharla Dillon, Dockets and Record Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

06-00013

Re: Joint Petition of Cleartel Communications, Inc., NOW Communications, Inc., and IDS Telecom, Corp. for Approval of a Financing Transaction

Dear Mr. Jones

On behalf of Cleartel Communications, Inc., NOW Communications, Inc., and IDS Telecom, Corp. ("Petitioners"), enclosed for filing are an original and thirteen (13) copies of the above-referenced Petition relating to a proposed financing transaction. Also enclosed is a check in the amount of \$75.00 to cover the filing fee.

Please date stamp the extra copy of this filing and return it in the self-addressed, postage paid envelope provided. Should you have any questions regarding this Petition, please do not hesitate to contact us.

Respectfully submitted,

Danielle Burt

Catherine Wang
Danielle C. Burt

Counsel for Petitioners

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

In the Matter of the Joint Petition of)
)

Cleartel Communications, Inc.,)
NOW Communications, Inc.,)
and)
IDS Telecom Corp.)

Docket No. _____

for Approval of a Financing Transaction)
_____)

PETITION

I. INTRODUCTION

Cleartel Communications, Inc. ("CCI"), NOW Communications, Inc. ("NCI") and IDS Telecom Corp. ("IDS" and collectively with CCI and NCI, "Petitioners"), by their undersigned counsel and pursuant Section 65-4-109 of the Tennessee Code, hereby request approval from the Tennessee Regulatory Authority ("Authority") to participate in certain debt and debt-related financing arrangements described more fully in Section IV of this Petition. Petitioners seek authority to incur debt obligations of up to \$10 million and to pledge their assets to secure the credit facility.

In support of this Petition, Petitioners state as follows:

II. PETITIONERS

A. **Cleartel Communications, Inc.**

CCI is a Delaware corporation with principal offices located at 2855 S. Congress Ave., Delray Beach, FL 33455. Established in 1998, CCI is a leading provider of voice and data solutions serving customers in the Northeast, Southeast, Southwest, and Midwestern United States. CCI, through its wholly owned subsidiaries, Cleartel Telecommunications, Inc., Cleartel

Telecommunications of Virginia, Inc., NCI, Telecon Communications Corp., IDS, and NII Communications, Ltd., offers local, Internet and long distance services to both residential and business users in 30 states. Additional information on CCI is available on the company's website at <http://www.clearnet.com> and is incorporated herein by reference.

B. NOW Communications, Inc.

NCI f/k/a NOW Acquisition Corp. is a Delaware corporation with principal offices located at 2855 S. Congress Ave., Delray Beach, FL 33455. NCI is a wholly owned subsidiary of CCI.

In Tennessee, NCI is authorized to provide interexchange and local exchange telecommunications services pursuant to Docket No. 03-00455, issued on February 19, 2004. NCI is also authorized to provide facilities-based and/or resold interexchange and/or competitive local exchange telecommunications services in approximately 15 states, including Tennessee. Further information concerning NCI's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Authority and is, therefore, a matter of public record. NCI therefore respectfully requests that the Authority take official notice of that information and incorporate it herein by reference.

C. IDS Telecom Corp.

IDS is a Delaware corporation with principal offices located at 2855 S. Congress Ave., Delray Beach, FL 33455. IDS is a wholly owned subsidiary of CCI.

In Tennessee, IDS is authorized to provide interexchange and local exchange telecommunications services pursuant to Docket No. 05-00048, issued on June 30, 2005. IDS is also authorized to provide facilities-based and/or resold interexchange and/or competitive local exchange telecommunications services in approximately 8 states, including Tennessee. Further

information concerning IDS' legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Authority and is, therefore, a matter of public record. IDS therefore respectfully requests that the Authority take official notice of that information and incorporate it herein by reference.

III. DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Petition should be directed to:

Catherine Wang
Danielle C. Burt
Swidler Berlin LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Tel: (202) 424-7500
Fax: (202) 424-7645
Email: CWang@swidlaw.com
DCBurt@swidlaw.com

and

Marshall Howard
Cleartel Communications, Inc.
2855 S. Congress
Delray Beach, FL 33445
mhoward@cleartel.com

IV. REQUEST FOR APPROVAL OF FINANCING TRANSACTION

Petitioners request Authority approval to incur debt obligations of up to \$10 million and approval of a grant of a security interest in Petitioners' assets as collateral for such debt. Specifically, Petitioners, as co-borrowers, have entered into a Revolving Credit and Security Agreement ("Agreement") with PNC Bank. The Agreement provides for a revolving loan in an amount of up to \$10 million. The revolving loan has a maturity date of December 30, 2008

Petitioners will use a portion of the proceeds to repay existing indebtedness, as well as increase operating capital.

As part of the Agreement, Petitioners agreed to enter into an arrangement whereby Petitioners would grant a security interest in all of their tangible and other assets. As a result, Petitioners file this Petition seeking consent for the security interest. Petitioners emphasize that participation in the financing transaction will not result in a change in Petitioners' management or in their day-to-day operations in Tennessee; nor will it adversely effect Petitioners' current or proposed operations in Tennessee. In fact, the financing transaction will enable Petitioners to better utilize their available funds to bring their services to new markets and allow more consumers to benefit from its competitive services more quickly and efficiently. Accordingly, and to the extent required, Petitioners respectfully request that the Authority approve the Petitioners' financing arrangements described herein.

V. PUBLIC INTEREST CONSIDERATIONS

Approval of the proposed financing arrangements described herein will serve the public interest in promoting competition among telecommunications carriers by providing Petitioners with the opportunity to strengthen their competitive position through access to greater financial resources. Furthermore, by increasing the breadth and scope of telecommunications services made available through an increased ability to expand Petitioners' operations, greater access to capital will also strengthen Petitioners' ability to bring competitive telecommunications services to consumers in the State of Tennessee. This financing transaction will be transparent to consumers and consumers will benefit from the continued receipt of quality telecommunications services that are priced competitively.

VI. CONCLUSION

For the reasons stated above, Petitioners submit that the public interest, convenience and necessity will be furthered by Authority approval of their participation in financing transaction described herein.

Respectfully submitted,



Catherine Wang
Danielle C. Burt
SWIDLER BERLIN LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Tel: (202) 424-7500
Fax: (202) 424-7645

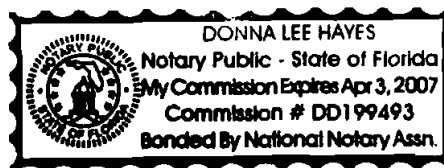
Counsel for Petitioners

Date: January 13, 2006

STATE of Florida)

COUNTY of Palm Beach)

SS:



VERIFICATION

I, Kenneth Baritz, being first duly sworn, state that I am CEO/President of Cleartel Communications, Inc., an Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Cleartel Communications, Inc.; that the foregoing Application was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, appearing to read 'Ken Baritz', written over a horizontal line.

Name:

Title:

Sworn and subscribed before me this 11th day of JANUARY, 2006

A handwritten signature in cursive script, appearing to read 'Donna Lee Hayes', written over a horizontal line.

Notary Public

My commission expires April 3, 2007