

October 18, 2005

Ms. Blanca S. Bayó, Director
Div. of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee Florida 32399-0850

**Re: Notice of Indirect Change of Control of Elantic Telecom, Inc.
At Level of Its Holding Company and Not of the Certificated Company**

Dear Ms. Bayó:

We write on behalf of Elantic Telecom, Inc., a Virginia corporation certificated to provide telecommunications in Florida (hereinafter "ETI"), Elantic Networks, Inc., a Delaware corporation and ETI's parent (hereinafter "ENI"), and Cavalier Telephone Corporation, a Delaware corporation (hereinafter "Cavalier")(together, the "Parties"). ETI anticipates undergoing a transfer of indirect control¹ to Cavalier, by means of a reverse triangular merger of a newly formed Cavalier subsidiary with and into ENI, with ENI to be the surviving corporation.² **Thus, this transfer of control will be a stock transaction at the level of the holding company, ENI, and not of the certificated carrier, ETI.** Please accept this Letter as notification to the Commission of the merger. The Parties plan to consummate the merger on or about November 30, 2004. We believe that Commission approval of the merger is not required, and request that the Commission notify us immediately if it concludes otherwise.

Specifically, in accordance with a combination agreement and plan of reorganization, the Parties intend to consummate a merger ("Merger"), whereupon ownership and control of ENI, and upstream control of ETI, will be transferred to Cavalier. ENI will merge with Cavalier's wholly owned subsidiary, CTC Merger Sub, Inc., a Delaware corporation ("CTC Merger Sub"), with ENI to be the surviving company of the Merger. Upon completion of the Merger, ENI will be a wholly owned subsidiary of Cavalier, and will continue to wholly own ETI. The Merger will result in a

¹ The Parties assume *arguendo*, the Commission would regard this transaction as a "transfer of control." Nevertheless, the Parties respectfully note and discuss *infra*, that the holders of 100% of the outstanding shares of ENI also own over 70% of the shares of Cavalier. Thus, the investors that own and control ENI likewise own and can effectively control Cavalier.

² Although it is the parent of ETI, ENI does not and will not operate as a telephone corporation in Florida, and ENI therefore is not requesting certification in its own right.

formal change of control,³ but not in any change in ETI's day-to-day operations or any substantial change in the ownership structure of ETI. This transaction will not result in the change of ETI's identity or name, nor in the rates, terms and conditions of services currently enjoyed by ETI's one (1) Florida customer.⁴ Thus, the only change resulting from the Merger would be the formal transfer of ownership and control of ETI to Cavalier.⁵

The Parties expect that the Merger will result in neither harm nor adverse impact to customers, vendors and the public. As stated above, the Merger will in no way result in higher rates, reduced service or more onerous terms and conditions to or upon customers in Florida. The Merger will result in no changes to ETI's tariff. There will be no risk of customer confusion. ETI will continue to remain responsible for compliance with Florida law and Commission regulations and orders. Further, the proposed Merger will accomplish a financial and operational consolidation that is the logical outgrowth of the facts that (i) 100% of ENI is owned by the same investors who own more than 70% of Cavalier, and (ii) Cavalier's operating subsidiary (Cavalier Telephone, LLC) has already been managing all ETI operations for more than a year pursuant to a management services contract. The Merger will also allow ETI to emerge from bankruptcy with new sources of capital, will lead to greater inter-company integration and operating efficiencies, and will create a stronger competitor in the Florida market without any increased cost to ratepayers.

The Parties provide the following additional information.

I. DESCRIPTION OF PARTIES AND OTHER RELEVANT ENTITIES

A. Elantic Telecom, Inc. ("ETI")

ETI is a Virginia public service corporation with its headquarters at 2134 West Laburnum Avenue, Richmond, Virginia 23227. ETI is a wholly owned and direct subsidiary of Elantic Networks, Inc. ("ENI"). ETI operates in Florida pursuant to the "Application for Certificate to Provide Alternative Local Exchange Telecommunications Service by Dominion Telecom, Inc.," Docket No. 011218 (granted Jan. 30, 2002), in conjunction with the "Request for Name Change on CLEC Certificate No. 8012 from Dominion Telecom, Inc. to Elantic Telecom, Inc.," Docket No. 040867 (granted Sept. 30, 2004). ETI holds domestic and foreign Section 214 authorizations from the FCC and is authorized to act as a common carrier and reseller of telephone services, including facilities-based local exchange and interexchange telecommunications services to customers in Florida and in other states. ETI has one Florida customer which, like all ETI customers in other states, is a wholesale business customer and, thus, is neither a residential nor retail business customer.

³ The Parties respectfully note that Federal Communications Commission ("FCC") Staff has advised the Parties that, because the same shareholders control both Cavalier and ENI, this "transfer of control" is "pro forma" only and, as such, requires no formal petition to or approval by the FCC.

⁴ In this Letter the Parties discuss "customers" both for ease of reference and in recognition that ETI might acquire one or more customers while this matter is pending.

⁵ The transfer of control of ETI does not itself raise slamming concerns, and does not otherwise necessitate compliance with the procedures prescribed by the FCC or by this Commission for notification of customers prior to a carrier-to-carrier sale or transfer of a carrier's subscriber base.

Pursuant to a Management Service Agreement (“MSA”) with Cavalier’s subsidiary Cavalier Telephone, LLC (“CT”), ETI has outsourced to CT all management and operations of ETI’s network, including customer relations and billing. CT has fully and competently managed ~~and operated all aspects of ETI’s telecommunications operations in Florida.~~

On July 20, 2004, ETI petitioned for Chapter 11 bankruptcy reorganization by filing the necessary papers with the United States Bankruptcy Court for the Eastern District of Virginia. Case No. 04-36897, Elantic Telecom, Inc., Bankr., E.D. Va. ETI’s customers were not affected and will not be affected as a result of ETI’s bankruptcy. At all times since initiating the bankruptcy proceeding, ETI has retained legal possession of and operational control over its assets in Florida. As a result, there has been no interruption or disruption in service or customer relations. The reorganization plan calls for ETI to continue to retain legal possession and ownership of its assets in Florida, and for CT to continue to operate and manage ETI’s telecommunications assets and operations, including those located in Florida.

B. Elantic Networks, Inc. (“ENI”)

ENI is a privately held Delaware corporation with headquarters at 2134 West Laburnum Avenue, Richmond, Virginia 23227. ENI owns one hundred percent (100%) of the stock of ETI. The controlling owners of ENI also hold controlling interests in Cavalier. Although it is the parent of ETI, ENI does not operate as a telephone corporation in Florida and therefore does not hold authority in its own right.

C. Cavalier Telephone Corporation (“Cavalier”)

Cavalier is a privately held Delaware corporation with its headquarters at 2134 West Laburnum Avenue, Richmond, Virginia 23227. The controlling owners of Cavalier also hold controlling interests in ENI. Cavalier, through its wholly owned subsidiary operating companies, offers “plain old telephone service”, digital subscriber line, and related telephone and data services in Pennsylvania, Virginia, New Jersey, Maryland and Delaware, and the District of Columbia, and has annualized revenues of \$250 million. Cavalier’s operating subsidiaries, CT and Cavalier Telephone Mid-Atlantic, LLC (“CTMA”), each hold domestic and foreign Section 214 authorizations from the FCC, and each is authorized to act as a common carrier and seller of facilities-based local exchange and interexchange telecommunications services.

The CT and CTMA operating subsidiaries employ over 1,000 people to bring a wide array of telephone and data service offerings through more than 300,000 access lines to more than 200,000 business and residential customers. Additionally, Cavalier’s operating subsidiaries own, operate, and maintain over 2,200 miles of fiber-optic network throughout their collective footprint, and interconnect directly with leading wireless carriers, interexchange carriers, numerous competitive local exchange carriers, and incumbent local exchange carriers such as Verizon.

Cavalier possesses the management experience, technical proficiency and financial strength to own and operate ENI and, by extension, ETI. Cavalier’s executives have extensive combined experience in the telecommunications industry. Regarding technical expertise, as

described herein, Cavalier's direct subsidiary, CT, has been and currently is operating and managing all aspects of ETI's business, and will continue to do so after the transfer of control.

~~D. CTC Merger Sub, Inc. ("Merger Sub")~~

CTC Merger Sub, Inc. ("Merger Sub"), which was formed for the specific purpose of effecting the Merger described herein, is a wholly owned direct subsidiary of Cavalier Telephone. Merger Sub is a Delaware corporation with a business address of 2134 West Laburnum Avenue, Richmond, Virginia 23227.

II. CONTACTS

Questions or any correspondence, orders or other materials pertaining to this Letter should be directed to:

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III. DESCRIPTION OF THE MERGER

The Parties propose to complete a reverse triangular merger transaction whereby ENI, as the direct parent of ETI, will become a direct subsidiary of Cavalier. In particular, acting pursuant to a Combination Agreement and Plan of Reorganization, the Parties propose that, pending all required regulatory approvals, Cavalier's recently-organized subsidiary, Merger Sub, will be merged with and into ENI (the "Merger"). At the Merger, each share of ENI stock will be converted automatically into the right to receive Cavalier stock. Upon completion of the Merger, Merger Sub's separate legal existence will terminate. ENI will be the surviving company and, thereafter, will be a direct subsidiary of Cavalier.

Completion of the Merger transaction will be virtually transparent to ETI's Florida customers. The Merger will not result in a change in ETI's name. Moreover, the Merger will not affect ETI's rates, terms or conditions of service for its Florida customers. Furthermore, because CT will continue to operate and manage ETI's Florida assets as it has under the MSA, there will be no interruption or disruption of service, including billing and customer service functions.

IV. PUBLIC INTEREST CONSIDERATIONS

~~The Parties respectfully submit that the public interest will be served by the transfer to~~
Cavalier of indirect control of ETI. Cavalier possesses the financial strength, management experience, and technical proficiency to own and control ENI and, by extension, ETI. This Merger will enable ETI to emerge from bankruptcy with new sources of capital, greater integration with Cavalier's operating companies, and consequent operating efficiencies, resulting in a stronger competitor in the Florida market.

ETI will be more financially secure under Cavalier's ownership. Cavalier has annualized revenues of more than \$250 million and growing, has been free-cash-flow positive since 2004, reported 2nd Quarter 2005 EBITDA of \$14.8 million, and has never filed for bankruptcy protection. Through its several operating companies, Cavalier offers "plain old telephone service," digital subscriber line, and related telephone and data services in New Jersey, Pennsylvania, Maryland, Delaware, Virginia, and the District of Columbia. Cavalier's operating companies employ over 1,000 people, bringing a wide array of telephone and data service offerings via more than 300,000 access lines to more than 200,000 business and residential customers. Additionally, Cavalier's operating companies own, operate, and maintain over 2,200 miles of fiber-optic network throughout their collective footprint, and interconnect directly with several leading wireless carriers, several interexchange carriers, numerous competitive local exchange carriers ("CLECs"), and Verizon, the incumbent local exchange carrier ("ILEC").

Further, the Cavalier management team has extensive combined experience in the telecommunications industry. Not only does Cavalier have the general wherewithal to assume control of another carrier, Cavalier has already demonstrated that it has the extensive financial, technical and managerial resources to run ETI's network itself. As described above, for over a year, ETI and Cavalier's subsidiary CT have been parties to an MSA, whereby CT has been ETI's exclusive outsourced provider for management of all ETI operations throughout ETI's network, including customer relations and billing.

This Merger will not result in any changes in rates, terms or conditions for ETI's Florida customer, nor in any confusion to that customer. The Merger will not result in any change in ETI's identity or its name. CT will continue to provide all management and operations functions for ETI. The Parties have already begun the process of face-to-face meetings, emails and telephone calls with and to each ETI customer to explain the Merger. The Parties thus expect that the Merger will be seamless and transparent to customers, vendors and the public. For all these reasons, the Parties believe the Merger will be in the best interest of both ETI and its Florida customer.

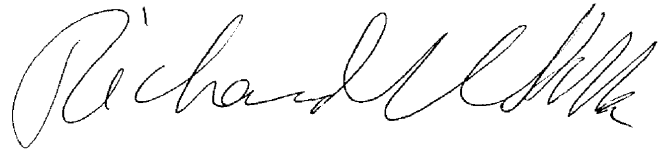
The original and four copies of this notification are enclosed. Please date-stamp and return one copy to the undersigned in the enclosed self-addressed stamped envelope.

We are happy to respond to any requests for additional information. Please direct such requests to the undersigned.

Respectfully submitted,



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