

July 13, 2005

VIA OVERNIGHT MAIL

056000

Blanca S. Bayó, Director
Division of the Commission Clerk and Administrator Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Transfer of Control of nii communications, ltd.

Dear Ms. Bayó:

Cleartel Communications, Inc. ("Cleartel") and nii communications, inc. ("Parent") (together, "Parties") transmit an original and fifteen (15) copies of this filing to notify the Commission of a transaction which will result in a transfer of control of nii communications, ltd. ("nii"), a carrier authorized to provide alternative local exchange and intrastate interexchange telecommunications services in the State of Florida. The transactions will involve the purchase by Cleartel of all the equity interest of nii from Parent.

I. THE PARTIES

A. nii communication, inc. ("Parent")

Parent is a corporation organized under the laws of the state of Delaware. nii communications, ltd. ("nii"), a Texas limited partnership, is owned by Parent and nii communications gp, llc, a Texas limited liability company ("General Partner"). General Partner is a wholly owned subsidiary of Parent. The principal place of business of nii and Parent is located at 1717 North Loop 1604, East, Suite 300, San Antonio, TX 78232. nii holds authority to provide alternative local exchange telecommunications services in Florida pursuant to an authorization granted in Docket No. 001819-TX on March 20, 2001. nii also hold authority to provide intrastate interexchange telecommunications services in Florida pursuant to an authorization granted in Docket No. 010247-TI on May 30, 2001. nii is a provider of local exchange, domestic and international long distance, and enhanced voice, data and internet services which operates in five states. After the consummation of the transaction, nii will retain its authorization and will continue to provide services to its customers. Additional information

DOCUMENT NUMBER DATE

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on Parent and nii is available on the companies' website at: <http://www.niicomunications.com> and is incorporated herein by reference.

B. Cleartel Communications, Inc. ("Cleartel")

Cleartel is a Delaware corporation with principal offices located at 2855 S. Congress Ave., Delray Beach, FL 33455. Established in 1998, Cleartel Communications is a leading provider of voice and data solutions serving customers in the Northeast, Southeast, Southwest, and Midwestern United States. Cleartel, through its wholly-owned subsidiaries, Cleartel Telecommunications, Inc., Cleartel Telecommunications of Virginia, Inc., NOW Communications, Inc., Telecon Communications Corp., and IDS Telcom Corp., offers local, Internet and long distance services to both residential and business users in 30 states. Additional information on Cleartel is available on the company's website at: <http://www.cleartel.com> and is incorporated herein by reference.

II. DESCRIPTION OF THE TRANSACTION

In order to complete the proposed transaction, Parties have entered into a Purchase Agreement dated as of June 1, 2005 ("Purchase Agreement") under which Parent has agreed to sell all of the assets of nii.¹ Under the terms of the Purchase Agreement, a newly created acquisition subsidiary of MCG Capital Corporation ("MCG") (the ultimate majority owner of Cleartel), IH NII Acquisition, Inc. ("Acquisition"), will acquire all of the membership and partnership interests of nii and General Partner from Parent. Immediately thereafter, Acquisition will become a wholly owned subsidiary of Cleartel. Subsequently, Acquisition will be liquidated and its assets including the membership and partnership interests of General Partner and nii will be transferred to Cleartel. As a result, upon completion of the transaction, General Partner will be a wholly owned direct subsidiary of Cleartel and General Partner and Cleartel will collectively wholly own nii. Accordingly, Parties notify the Commission of the transfer of control of nii from Parent to Cleartel. Attached as Exhibit A is an illustrative chart describing the proposed transaction.

Parties emphasize that the proposed transaction is limited to a change in equity ownership of nii and will not result in the transfer or discontinuance of any customers. Immediately following the consummation of the transaction, nii's customers will continue to receive service under the same rates, terms and conditions of service as is currently being provided by nii. nii's rates will continue to be governed by its tariffs and contracts and any future change in rates will be subject to any requirements outlined in its tariffs and contracts. nii will continue to operate and provide services to nii customers. In addition, the proposed transaction will not result in a change in the name under which nii provides service. As a result, the transaction will be transparent to nii's customers in terms of the services they receive.

¹ A copy of the Purchase Agreement will be provided upon request.

III. PUBLIC INTEREST STATEMENT

Parties respectfully submit that the proposed transaction serves the public interest. In particular, Parties submit that (1) the transaction will increase competition in the telecommunications market by reinforcing the status of nii as a viable competitor and (2) the transaction will minimize the disruption of service and be transparent to nii's customers.

The proposed transaction is expected to facilitate competition by improving the operational position of nii and allowing nii to expand its service offerings in the future. The transaction will serve the public interest by promoting competition among providers of telecommunications services to the public. By creating a more effective and multifaceted telecommunications carrier, the proposed transaction will significantly enhance competitive choices for U.S. telecommunications customers.

Moreover, given that the transaction will not directly affect nii's rates, terms and conditions of services, the transaction will have no negative effects on customers. Indeed, immediately following the proposed Transactions, the customers of nii will continue to receive service under the same rates, terms and conditions of service as those customers currently receive. The proposed Transactions therefore will be entirely transparent to customers of the nii in terms of the services they receive. In sum, the proposed Transactions are expected to enhance the ability of nii to provide high-quality telecommunications services which should invigorate competition and thereby benefit consumers of interstate and international telecommunications services.

IV. CONCLUSION

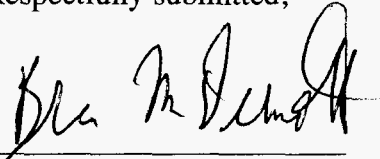
The Parties are seeking to close the proposed transactions as soon as possible. Based on a review of Florida law, the Parties believe that Commission approval is not required to complete the transaction described herein. As a result, this letter is submitted to the Commission as a courtesy to ensure the continuing accuracy of the Commission's files. To the extent that the Commission disagrees with that conclusion, the Parties respectfully request that the Commission contact the undersigned as soon as possible.

Ms. Bayó
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Please date stamp and return the extra copy of this letter in the attached self-addressed stamped envelope as soon as possible. If there are any questions regarding this filing, please contact the undersigned counsel. Thank you for your attention to this matter.

Respectfully submitted,

By:



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COUNSEL FOR PARTIES

LIST OF EXHIBITS

Exhibit A

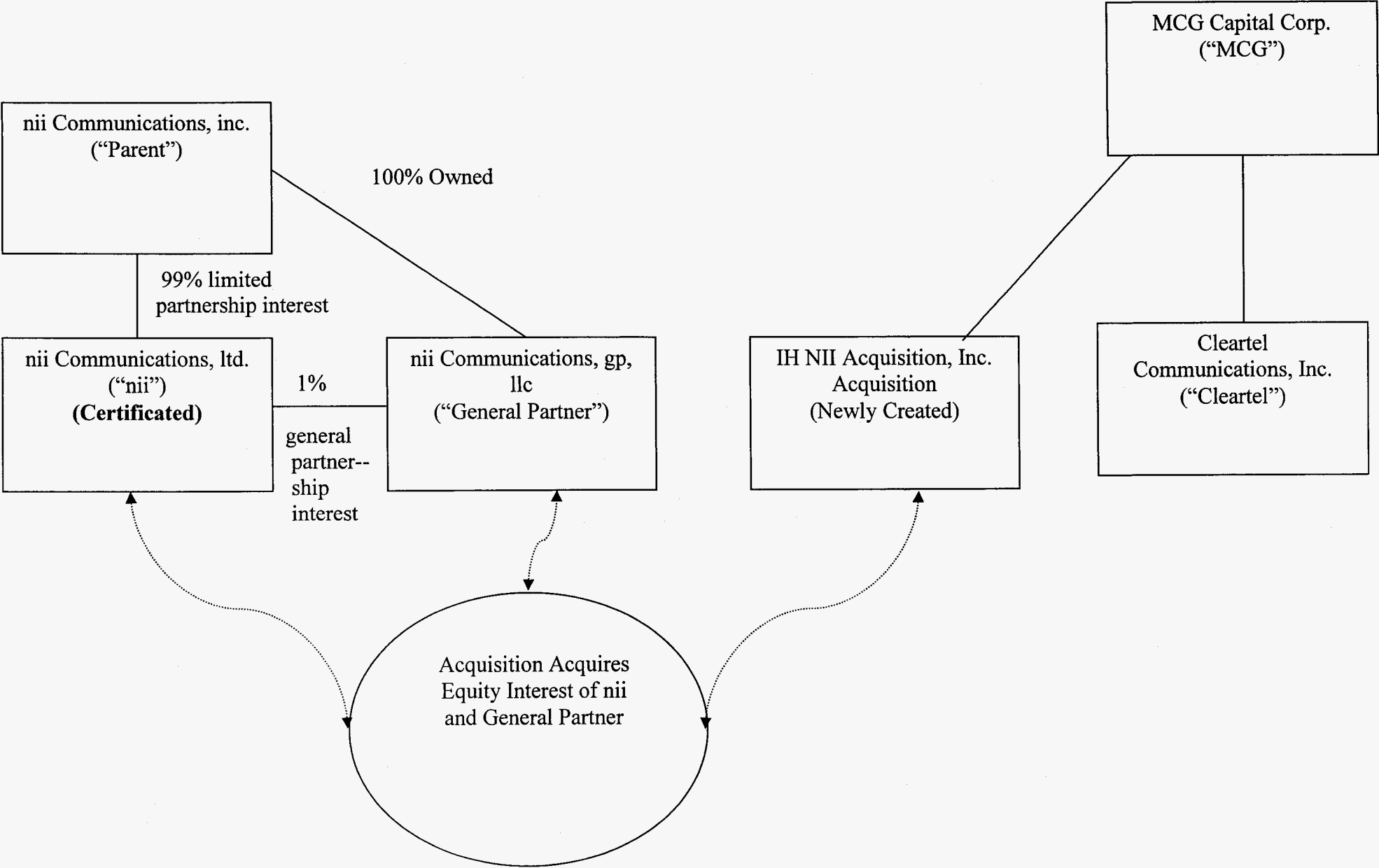
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Illustrative Chart

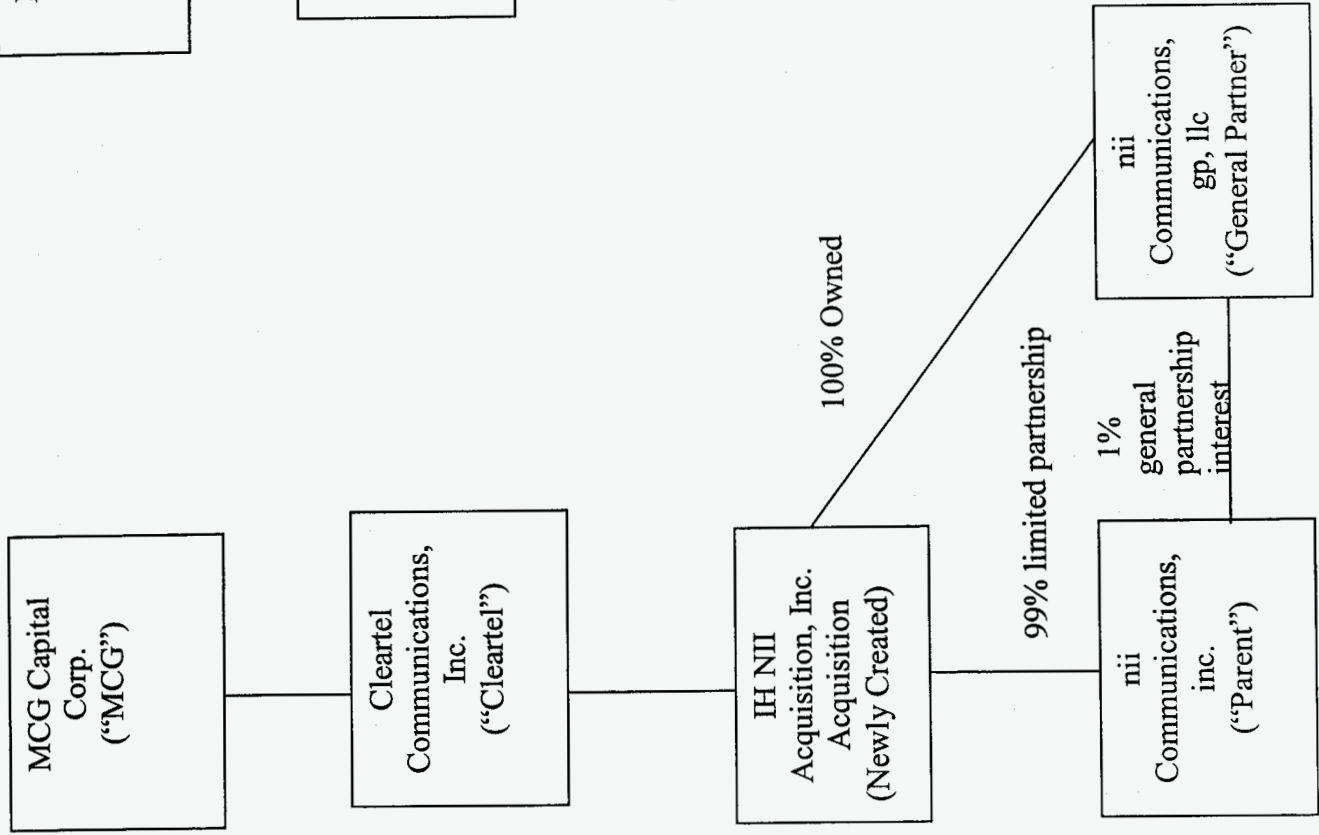
Exhibit A

Illustrative Chart

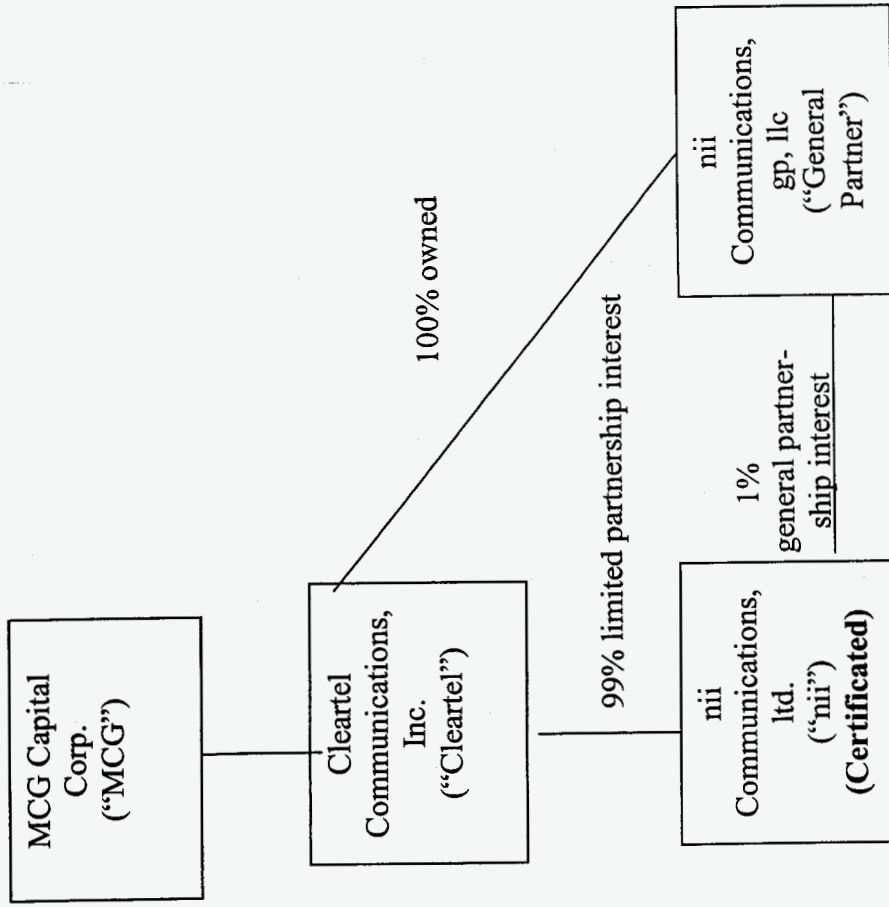
PRE-TRANSACTION



INTERVENING STEP



POST-TRANSACTION



Verifications

VERIFICATION

I, Ken Baritz, declare that I am the Chief Executive Officer of Cleartel Communications, Inc., a party in the filing; that I am authorized to make this Verification on behalf of Cleartel Communications, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 6, 2005, at Palm Beach, Florida



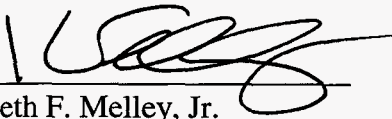
Ken Baritz
Chief Executive Officer
Cleartel Communications, Inc.

VERIFICATION

I, Kenneth F. Melley, Jr., declare that I am Vice President of Market Development of nii communications, Ltd., a party in the filing; that I am authorized to make this Verification on behalf of nii communications, Ltd.; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing documents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 5, 2005, at SAN ANTONIO, TEXAS



Kenneth F. Melley, Jr.
Vice President of Market Development
nii communications, Ltd.