

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3824
of DeltaCom, Inc., and Business)
Telecom, Inc., Huntsville,)
Alabama, seeking authority to) GRANTED
issue a collateralized guaranty)
of long-term indebtedness.) Entered: August 7, 2007

BY THE COMMISSION:

On June 19, 2007, an application was filed by DeltaCom, Inc. (DeltaCom or Applicant), of Huntsville, Alabama, and Business Telecom, Inc. (BTI or Applicant), of Raleigh, North Carolina, seeking approval of the issuance of collateralized guaranty of long-term indebtedness. Notice of the application was published in The Daily Record, Omaha, Nebraska, on June 25, 2007. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

Upon consideration of the application, the evidence submitted, and being fully advised, the Commission is of the opinion and finds:

DeltaCom is an Alabama corporation with its principle office located in Huntsville, Alabama. Applicant is a non-facilities based provider of interexchange services in Nebraska. DeltaCom was issued a Certificate of Public Convenience and Necessity in Docket C-1436 on February 4, 1997.¹

BTI is a North Carolina corporation with its principle office located in Raleigh, North Carolina. Applicant is a non-facilities based provider of interexchange services in Nebraska. BTI was issued a Certificate of Public Convenience and Necessity in Docket C-1245 on April 23, 1996.²

¹ See *In the Matter of the Application of DeltaCom d/b/a DeltaCom Long Distance Services, Arab, Alabama, seeking authority to operate as a resale common carrier of telecommunications services within the State of Nebraska*, (February 4, 1997).

² See *In the Matter of the Application of Business Telecom, Raleigh, North Carolina, seeking authority to operate as a resale common carrier of telecommunications services within the State of Nebraska*, (April 23, 1996).

Applicant seeks approval and authority to issue collateralized guaranties of long-term indebtedness pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

A common carrier may issue stocks, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is reasonably required for the purposes of the carrier.

The debt financing arrangement proposed would involve Applicant acting as a guarantor of the indebtedness of its parent, ITC^DeltaCom, Inc., Huntsville, Alabama (ITCD). Credit Suisse Group (Lender) will make available to ITCD, a senior secured first lien credit facility in the amount up to \$240,000,000 and a senior secured second lien term loan facility in the amount up to \$75,000,000 which will be secured by a guarantee of Applicant's assets. Interstate FiberNet, Inc., a first-tier subsidiary of ITCD will serve as the primary obligor of the debt arrangement while DeltaCom and BTI will serve as a guarantor. The Applicants request Commission approval for the proposed transaction in order to authorize DeltaCom and BTI, companies authorized to provide telecommunications service in Nebraska, to guarantee the Facilities.

The Applicants state the proposed transaction will serve the public interest by ensuring that operational needs are funded and that companies have sufficient liquidity.

Based upon the above information, the Commission finds the application to be in the public interest and to be reasonably required for the purposes of DeltaCom Inc. and Business Telecom, and their parent company, ITCD. Therefore, the application should be granted.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3824 be, and is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 7th day of August, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

David Woy
Ann C. Boyle
Tim Schram

//s// Rod Johnson
//s// Frank E. Landis

Chairman

ATTEST:

John Burdick
Deputy Director