

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application    ) Application No. C-2981  
of ITC^DeltaCom, Inc. and            )  
ITC^Delta Com Communications,        )  
Inc., d/b/a ITC^Delta Com. of        )  
Huntsville, Alabama, seeking        ) GRANTED  
authority to transfer control to       )  
Welsh, Carson, Anderson and          )  
Stowe VIII, L.P.                      ) Entered: August 12, 2003

BY THE COMMISSION:

On July 7, 2003, an application was filed by ITC^DeltaCom, Inc. (ITC) and ITC^Delta Com Communications, Inc., d/b/a ITC^Delta Com. (DeltaCom) of Huntsville, Alabama, seeking authority to transfer control to Welsh, Carson, Anderson and Stowe VIII, L.P. (Welsh). Notice of the application was published in The Daily Record, Omaha, Nebraska, on July 8, 2003. 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

The Parties:

DeltaCom is a wholly owned subsidiary of Interstate Fiber-Net, Inc., which in turn is wholly owned by ITC. DeltaCom is a provider of interexchange telecommunications services and competitive local exchange telecommunications services. DeltaCom received its authority to provide long distance telecommunications services on February 4, 1997, pursuant to Application No. C-1436.

ITC is the ultimate parent holding company of DeltaCom. Welsh is a private equity investment firm that has managerial, technical and financial expertise in telecommunications. Welsh specializes in acquiring and developing businesses in the information services, communications and healthcare industries.

Description of the Transaction:

Upon the approval of this application, Welsh will acquire majority control on a fully diluted basis of ITC. Welsh currently holds 49.3 percent of the outstanding shares of ITC's common stock. Pursuant to the transaction, Welsh's debt and equity interests in BTI will be exchanged for or converted into, respectively, shares and warrants of ITC, and Welsh and certain

of its affiliates will invest an additional \$35 million in ITC in exchange for preferred stock of ITC. As a result, in addition to the shares it already owns, Welsh will control approximately 59 percent of the voting interest of ITC when the transaction is completed.

The proposed transfer will be seamless to DeltaCom's customers. DeltaCom's rates and service offerings, as reflected in its tariff, will not change as a result of the proposed transaction.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-2981 be, and it is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 12th day of August, 2003.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director