

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application    ) Application No. C-3269  
of ITC^DeltaCom, Inc.,                )  
Huntsville, Alabama, seeking        )  
authority for the Indirect            ) GRANTED  
Transfer of Control of Business       )  
Telecom, Inc., d/b/a BTI, and         )  
ITC^DeltaCom Communications,         )  
Inc.                                    ) Entered: October 26, 2004

BY THE COMMISSION:

By application filed September 21, 2004, ITC^DeltaCom, Inc. (ITCD) of Huntsville, Alabama, seeks approval of an indirect transfer of control of Business Telecom, Inc., d/b/a BTI, and ITC^DeltaCom Communications, Inc., d/b/a ITC^DeltaCom (DeltaCom). Notice of the application was published in The Daily Record, Omaha, Nebraska, on September 24, 2004. No protests were filed; therefore, this application is processed according 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 ITCD. 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.

BTI is a North Carolina corporation that is authorized to provide long distance service pursuant to Application No. C-1245, dated April 4, 1996.

ITCD is the ultimate parent holding company of DeltaCom and BTI. ITCD's current majority shareholders are Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P., and WCAS Information Partners, L.P. (together, "Welsh Carson"). Welsh Carson is a private equity investment firm that has managerial, technical and financial expertise in telecommunications. Welsh Carson specializes in acquiring and developing businesses in the information services, communications and healthcare industries.

The Proposed Transaction:

ITCD will issue new common stock resulting in the reduction of ownership interest of ITCD's current majority shareholder, Welsh Carson, to below 50 percent. Due to this reduction, Welsh Carson will no longer be in control of ITCD, DeltaCom or BTI. ITCD's voting capital stock will be held by a number of shareholders, including Welsh Carson, but no single entity will hold more than 50 percent ownership interest in ITCD. The result will be an indirect transfer of control of ITCD, BTI and DeltaCom from Welsh Carson to the shareholders of ITCD.

In addition, as a result of the transaction, the current organizational structure of ITCD will change. DeltaCom will become a wholly-owned, first-tier subsidiary of ITCD. The proposed indirect transfer will not involve an assignment of any certification and does not involve the transfer of customers. Consolidated companies will continue to honor all terms and conditions related to service agreements with customers. The transfer will be seamless to customers of BTI and DeltaCom. Each will continue to receive high quality service.

Upon consideration of the application and being fully informed in the premises, the Commission is of the opinion that the application is fair and reasonable and that the proposed indirect transfer of control is consistent with the public interest. Accordingly, the application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3269 be, and it is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 26th day of October 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director