

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3710
of DeltaCom, Inc., and Business)
Telecom Inc., Huntsville,)
Alabama, seeking approval of a) GRANTED
guarantee of indebtedness.)
)
) Entered: January 9, 2007

BY THE COMMISSION:

On October 12, 2006, an application was filed by DeltaCom, Inc. ("DeltaCom"), and Business Telecom Inc. ("BTI") (together "Applicants"), Huntsville, Alabama, seeking approval of guarantee of indebtedness. Notice of the application was published in The Daily Record, Omaha, Nebraska, on October 23, 2006. 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:

ITC^DeltaCom, Inc. ("ITCD") is a publicly traded Delaware holding company headquartered in Huntsville, Alabama. Through its subsidiaries, which include DeltaCom, BTI, and Interstate FiberNet, Inc. ("IFN"), ITCD provides voice and data telecommunications services on a retail basis to business and residential customers in the southern United States.

DeltaCom is a wholly owned subsidiary of IFN and is incorporated in the State of Alabama. DeltaCom is a provider of interexchange telecommunications services and competitive local exchange telecommunications services. DeltaCom is authorized to provide long distance telecommunication services in all 50 states, and was issued a Certificate of Public Convenience and Necessity for Nebraska in Application No. C-1436 on February 4, 1997.

BTI is incorporated in the State of North Carolina and is a provider of integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide

long distance and competitive local exchange service throughout Nebraska under Docket No. C-1245, on April 23, 1996.

The Applicants seek approval of a proposed transaction whereby IFN will guarantee the indebtedness of ITCD and certain of its other affiliates. The transaction will include a security interest in IFN, ITCD, DeltaCom, and BTI's assets pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

A common carrier may issue stock, 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.

Under the proposed transaction, Tennenbaum Capital Partners ("TCP") will make available to ITCD, the sum of approximately twenty-one million dollars (\$21,000,000.00), which will be secured by the guarantees of the Applicants, and a security interest in IFN, ITCD, DeltaCom, and BTI's assets. IFN will serve as the primary obligor of the debt, while DeltaCom, ITCD, and BTI will serve as guarantors.

The Applicants plan to use the proceeds of the financing arrangement for general corporate purposes. The transaction will serve the public interest by ensuring that operational needs are funded and that the companies have sufficient liquidity. Further, the transaction will directly benefit consumers by facilitating the continued provision of innovative, high-quality telecommunications services to the public, thereby promoting competition in the telecommunications service market.

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 Inc. Therefore, the application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3710 be, and is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 9th day of January, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director