



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu](http://www.nj.gov/bpu)**

|                                  |   |                           |
|----------------------------------|---|---------------------------|
| IN THE MATTER OF THE PETITION OF | ) | <u>TELECOMMUNICATIONS</u> |
| DELTACOM, INC. AND BUSINESS      | ) |                           |
| TELECOM, INC. FOR APPROVAL OF    | ) | ORDER                     |
| GUARANTEE OF INDEBTEDNESS        | ) |                           |
|                                  | ) | DOCKET NO. TF07060396     |

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On June 19, 2007, pursuant to N.J.S.A. 48:3-9, N.J.S.A. 48:3-10, DeltaCom, Inc. ("DeltaCom") and Business Telecom, Inc. ("BTI") (collectively, "Petitioners") filed an petition with the Board of Public Utilities ("Board") requesting any and all necessary approvals for DeltaCom and BTI, companies authorized to provide telecommunications service in this State, guarantee an increase in indebtedness of their affiliate Interstate FiberNet, Inc. ("IFN"). DeltaCom, BTI and IFN are all subsidiaries of ITC^DeltaCom, Inc. ("ITCD").

ITCD, the ultimate parent of Petitioners, has received a financing commitment that is intended to de-leverage its balance sheet, and enhance its liquidity profile. The proposed transaction consists of a senior secured first lien credit facility in an aggregate principal amount of up to \$240,000,000 (the "First Lien Senior Facility"), and a senior secured second lien term loan facility in an aggregate principal amount of up to \$75,000,000 (the "Second Lien Credit Facility," and, together with the First Lien Senior Facility, the "Facilities"). Petitioners seek any and all necessary approvals for DeltaCom and BTI, companies authorized to provide telecommunications service in this State, to guarantee the Facilities.

The First Lien Senior Facility will mature on July 31, 2013, the sixth anniversary of the closing date, and consists of a \$230 million term loan and a \$10 million revolver. Interest on the First Lien Senior Facility term loan is set at a base rate plus 3% or the London Inter-Bank Offered Rate (LIBOR) plus 4%. Interest on the First Lien Senior Facility revolver is set at a base rate plus 2.5% to 3.0% or LIBOR plus 3.5 to 4.0%. The Second Lien Credit Facility will mature on July 31, 2014 which is the seventh anniversary of the closing date. Interest on the Second Lien Credit Facility is set at a base rate plus 6.5% or LIBOR plus 7.5%.

The Facilities will be provided by Tennenbaum Capital Partners, LLC and Credit Suisse Group. The Facilities will be used to pay off existing facilities, and for general corporate purposes. The net effect of the transaction will be to reduce and refinance the outstanding debt of ITCD and its

subsidiaries, leaving ITCD with \$305 million of first and second lien funded debt, a \$10 million un-drawn revolving credit facility, approximately 81 shares of common stock outstanding on a fully diluted basis, and cash on hand of approximately \$50 million. The loan will be secured by the assets of IFN, and the guarantees of ITCD, DeltaCom and BTI.

ITCD is a publicly traded Delaware holding company headquartered in Huntsville, Alabama. Through its certificated subsidiaries, DeltaCom, BTI and IFN, ITCD provides voice and data telecommunications services on a retail basis to primarily business customers in the southern United States, and regional telecommunications transmission services over its network on a wholesale basis to other telecommunications companies.

BTI is a wholly owned subsidiary of ITCD. BTI is a corporation organized pursuant to the laws of the state of North Carolina. BTI is a provider of integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide long distance and local exchange services throughout New Jersey. BTI received its authority to provide long distance telecommunications services on May 7, 1992, and local exchange services on February 26, 1999. In addition to the services provided to consumers in New Jersey, BTI is authorized by the various state public service commissions to provide facilities-based and/or resold interexchange telecommunications services in the other 49 states and the District of Columbia, pursuant to certification, registration or tariff requirements, or on a deregulated basis. Additionally, BTI is currently authorized to provide local exchange services in over 20 states.

DeltaCom is a wholly-owned subsidiary of IFN, which in turn, is wholly-owned by ITCD. DeltaCom is incorporated under the laws of the state of Alabama and is qualified to transact business in New Jersey as a foreign corporation. DeltaCom provides resold long-distance services in New Jersey, and received its authority to provide long distance telecommunications services in New Jersey on July 19, 1994.

Petitioners assert that the transaction will serve the public interest by ensuring that operational needs are funded, and that the companies have sufficient liquidity. Petitioners further state that the proposed transaction will directly benefit consumers by enabling ITCD and its subsidiaries to continue to provide telecommunications services at competitive rates in New Jersey, and by facilitating the continued provision of innovative, high-quality telecommunications services to the public, thereby promoting competition in the telecommunications service market.

The Division of Rate Counsel has reviewed this matter and, by letter dated September 17, 2007, recommended that the Board approve this Petition.

After review, the Board FINDS that the proposed transaction is consistent with the applicable law and the public interest. Therefore, the Board HEREBY AUTHORIZES BTI and DeltaCom to participate in the financing arrangements described herein.

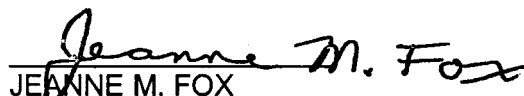
This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five (5) business days, of any material changes in the Agreements and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.

3. Petitioners shall notify the Board of any material default on the terms of the Agreements within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement shall not constitute automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

DATED: 3/4/08

BOARD OF PUBLIC UTILITIES  
BY:


  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

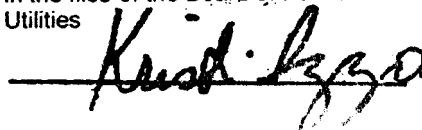
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



**In the Matter of the Petition of DeltaCom, Inc. and Business Telecom, Inc. for Approval of  
Guarantee of Indebtedness**

**SERVICE LIST**

**Docket No. TF07060396**

Mark Beyer  
Chief Economist  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

James Glassen, Esq.  
Division of the Ratepayer  
Advocate  
31 Clinton Street, 11<sup>th</sup> Floor  
PO Box 46005  
Newark, NJ 07101

Andrew B. Lustigman  
The Lustigman Firm, P.C.  
158 Windham Road  
Hillsdale, NJ 07642

Robert Wojciak  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Babette Tenzer, DAG.  
Dept of Law & Public Safety  
Division of Law, Public Utility  
Section  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

Benjamin, W. Bronston  
Nowalsky, Bronston & Gothard  
2400 Augusta Drive, Suite 255  
Houston, TX 77057

Michael Tavani  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102