



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE APPLICATION OF) TELECOMMUNICATIONS
DELTACOM, INC. AND BUSINESS)
TELECOM, INC. FOR APPROVAL OF) ORDER
GUARANTEE OF INDEBTEDNESS)
) DOCKET NO. TF06100728

(SERVICE LIST ATTACHED)

BY THE BOARD:

On October 13, 2007, pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-10, DeltaCom, Inc. ("DeltaCom") and Business Telecom, Inc. ("BTI") (collectively, "Petitioners") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval such that DeltaCom and BTI, companies authorized to provide telecommunications service in this State, may guarantee an increase in indebtedness ("Debt") of their affiliate, Interstate FiberNet, Inc. ("IFN"). DeltaCom, BTI and IFN are all subsidiaries of ITC^DeltaCom, Inc. ("ITCD"). There will be no change in control of ITCD or the Petitioners. Petitioners seek approval only for DeltaCom and BTI to guarantee the Debt.

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

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 this State as a foreign corporation. DeltaCom is a provider of interexchange telecommunications services and competitive local exchange telecommunications services. On July 19, 1994 DeltaCom was granted authorization to provide long distance telecommunications services in New Jersey.

BTI is a corporation organized pursuant to the laws of the State of North Carolina whose principal business is telecommunications. BTI is a wholly-owned subsidiary of ITCD. BTI is a leading provider of integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide long distance and competitive local exchange services throughout this state pursuant to authority granted by the Board on May 7, 1992 and complete services pursuant to authority granted on February 26, 1999.

Tennenbaum Capital Partners, LLC ("TCP"), founded in 1996, is a leading private investment firm with over \$3.5 billion in capital under management and specializes in crafting unique financial solutions tailored to a company's specific needs. TCP management includes professionals with a strong telecommunications background. In September of 2004, TCP acquired \$69 million of senior secured bank debt in Integra Telecom, a facilities-based integrated communications provider, primarily focused on serving small and mid-sized companies located in the business centers of Minnesota, North Dakota, Oregon, Utah, and Washington.

Petitioners request Board approval for the proposed transaction whereby TCP, as agent will commit \$21 million in secured loans to ITCD. IFN will serve as the primary obligor of the Debt while DeltaCom, ITCD, and BTI will serve as guarantors. TCP, as agent, will make a \$21 million senior secured loan to IFN and the proceeds will be used for general corporate purposes. The loan will be made by amending the existing Note Purchase Agreement dated July 26, 2005 with TCP as agent. The maturity date will be July 26, 2009. There will be no authorization of principal before the maturity date. The interest rate is payable quarterly at the annual rate of LIBOR plus 8% with the portion of any interest in excess of a 12% annual rate payable in-kind ("PIK") at the Company's option, and will accrue additional PIK interest at an annual rate of .5%. All PIK interest will be added to the principal amount of the Senior Secured Loan on a quarterly basis. The loan will be secured by the assets of IFN, ITCD, DeltaCom and BTI.

According to the petition, the proposed transaction will serve the public interest by ensuring that operational needs are funded and that the companies have sufficient liquidity. The proposed transaction will thus serve the public interest by enabling ITCD and its subsidiaries to continue to provide telecommunications services at competitive rates in this State. The proposed transaction will directly benefit customers by facilitating the continued provision of innovative, high-quality telecommunications services to the public, thereby promoting competition in the telecommunications service market.

After a thorough review of the petition and all related documents, and the recommendation of Board staff, the Board FINDS that the purposes of this financing are in accordance with law and should be approved.

The Board, after being satisfied with the actions as proposed by Petitioners as indicated above, HEREBY ORDERS that Petitioners be and are HEREBY AUTHORIZED to participate in the financing transaction as hereinabove described.

This Order is subject to the following provisions:

1. Petitioners shall notify the Board, within five business days, of any material changes to the loan, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
2. Petitioners shall notify the Board of any material default on the terms of the loan within five business days of such occurrence.

3. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
4. 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.
5. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such agreement does 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.

DATED: 3/22/07

BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



CONNIE O. HUGHES
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

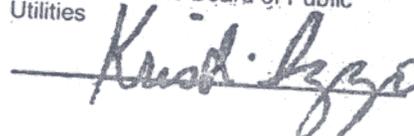


CHRISTINE V. BATOR
COMMISSIONER

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


KRISTI IZZO

SERVICE LIST

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

Docket No. TF06100728

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