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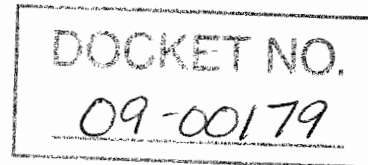
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November 4, 2009

Via Federal Express

Ms. Sharla Dillon
Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505



Re: Application of Birch Telecom of the South, Inc. and Birch Communications, Inc. for Approval of Financing Arrangements and Related Transactions

Dear Ms. Dillon:

Birch Telecom of the South, Inc. and Birch Communications, Inc. ("Birch") hereby enclose an original and thirteen (13) copies of the **PUBLIC VERSION** of their Application for Approval of Financing Arrangements and Related Transactions, and an original and thirteen (13) copies of its Request for Confidential Treatment. Pursuant to its Request for Confidential Treatment, Birch also submits a **CONFIDENTIAL VERSION** of the Application in a sealed envelope marked "Confidential." In addition, please find enclosed a \$25 application fee for both Birch Telecom of the South, Inc. and Birch Communications, Inc.

Please date stamp the extra copies of the Application and Request for Confidential Treatment, and return them in the enclosed envelope. If you have any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

Cherie R. Kiser
Chérie R. Kiser

Counsel for Birch Communications, Inc.

Enclosures

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

Application of Birch Telecom of the South,)
Inc. and Birch Communications, Inc. for)
Approval of Financing Arrangements and)
Related Transactions Docket No. _____

**APPLICATION OF BIRCH TELECOM OF THE SOUTH, INC. AND BIRCH
COMMUNICATIONS, INC. FOR APPROVAL OF FINANCING ARRANGEMENTS
AND RELATED TRANSACTIONS**

Pursuant to T.C.A. § 65-4-109, Birch Telecom of the South, Inc. and Birch Communications, Inc. (collectively, “Applicants”), by their attorneys, hereby respectfully request approval from the Tennessee Regulatory Authority (“Authority”) to issue and sell secured notes, and undertake other related financing transactions. Applicants respectfully submit the following in support of this Application:

1. Birch Telecom of the South, Inc. is a Delaware corporation with headquarters located at 3060 Peachtree Road NW, Suite 1065, Atlanta, GA 30305. Birch Telecom of the South, Inc. is authorized to provide local exchange and interexchange telecommunications services in Tennessee.¹

2. Birch Communications, Inc. is a Georgia corporation with headquarters located at 3060 Peachtree Road NW, Suite 1065, Atlanta, GA 30305. Birch Communications, Inc. is authorized to provide local exchange and interexchange telecommunications services in Tennessee.² Birch Communications, Inc. is the ultimate parent of Birch Telecom of the South,

¹ Docket No. 00-00341 - *Application of Birch Telecom of the South, Inc. d/b/a Birch Communications of the South for a Certificate of Convenience and Necessity to Operate as a Competing Telecommunications Service Provider Within the State of Tennessee*, Initial Order Granting Certificate of Public Convenience and Necessity (July 20, 2000).

² Docket No. 99-00644 - *Application of Access Integrated Networks, Inc. for a Certificate of Public Convenience and Necessity as a Competing Telecommunications Service Provider*, Order Granting Certificate of Public Convenience and Necessity (Dec. 3, 1999); Docket No. 09-00029 – *Petition of Access Integrated Networks*,

Inc. Birch Communications, Inc. and its subsidiaries provide telecommunications services in 32 states.

3. Correspondence concerning this Application should be directed to:

Christopher Bunce
Vice President, Legal and General Counsel
Birch Communications, Inc.
2300 Main Street, Suite 600
Kansas City, MO 64108
816-300-3322 (telephone)
chris.bunce@birch.com

with a copy to:

Chérie R. Kiser
Cahill Gordon & Reindel LLP
1990 K Street, NW, Suite 950
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202-862-8900 (telephone)
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4. In late November 2009, Applicants plan to enter into a Purchase Agreement, which will allow Birch Communications, Inc. to issue and sell to Knight Libertas LLC (“Purchaser”) up to [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] of secured notes due in 2015 (“Securities”) at an interest rate of [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] depending on market conditions.³ The draft Purchase Agreement is attached as **Exhibit A**.⁴ The monies received by Applicants for the sale of the Securities will be

Inc. d/b/a Birch Communications of the Southeast to Change Its Name to Birch Communications, Inc., Order Granting Approval of Name Change (Apr. 27, 2009).

³ Terms and conditions, such as the specific amount of financing Applicants will receive and the interest rate, remain subject to ongoing negotiations with Purchaser and may change based on market conditions at the time of closing. Applicants will not receive more than [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] in financing, and anticipates an interest rate of [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] depending on market conditions.

⁴ Filed under seal pursuant to a Request for Confidential Treatment. Applicants are filing for approval prior to finalizing the Purchase Agreement so that it will be able to access capital quickly, which in turn will allow Applicants to continue deploying expanded service offerings to customers.

made available immediately and will be used towards current debt and payment obligations as well as for general corporate purposes including future acquisitions. Pursuant to the Purchase Agreement, the Securities will be secured by a first-priority senior security interest in the assets of Applicants and other subsidiaries of Birch Communications, Inc. Attached as **Exhibit B**⁵ are the current financial statements detailing Birch Communications, Inc.'s operating revenues and expenses.

5. Applicants and certain other subsidiaries of Birch Communications, Inc. will jointly and severally secure the debt. The purpose of the transaction is to pay off a portion of existing indebtedness and to provide Applicants ongoing financing for working capital. Any accounting of the transaction will reflect the debt repayment and financing. The proposed transaction will not result in any operational changes in the state of Tennessee, and will have no affect on the regulated services or the tariff conditions provided by the Applicants.

6. Approval of this Application is in the public interest. The financing will allow Applicants to strengthen their ability to compete in the market for telecommunications services in Tennessee by giving Applicants access to greater financial resources. These resources will enable it to introduce innovative products and services and to respond better to the competitive telecommunications environment. The proposed transaction will have no affect on the operations of the entities certificated in Tennessee.

7. Applicants respectfully request that this Application be reviewed by the Authority on an expedited basis. Expedited treatment in this situation is crucial due to the exigent circumstances resulting from the rapidly changing market conditions in the financial industry. If the Applicants are unable to secure approval from the Authority within an expedited timeframe,

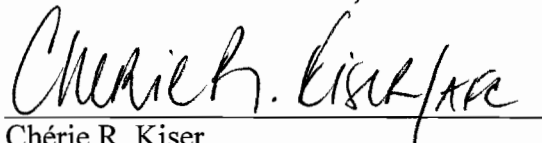
⁵ Filed under seal pursuant to a Request for Confidential Treatment.

they may be unable proceed with the transaction. The loss of this financing may irreparably harm Applicants for numerous business and financial reasons, may weaken Applicants' ability to compete in the telecommunications services market, and may deprive consumers by impeding the deployment of innovative products and services. The Authority's expedited approval of this Application is therefore critical to ensuring that the above-referenced public interest benefits will accrue at the earliest possible date.

WHEREFORE, for the foregoing reasons, Applicants respectfully request that the Authority act expeditiously to approve the proposed transactions described herein.

Respectfully submitted,

BIRCH TELECOM OF THE SOUTH, INC.
BIRCH COMMUNICATIONS, INC.



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Dated: November 4, 2009

STATE OF **GEORGIA**)
)
COUNTY OF **BIBB**)

VERIFICATION

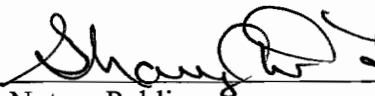
I, Vincent M. Oddo, President/CEO of Birch Communications, Inc., have reviewed and am familiar with the foregoing document. The statements in the foregoing document are true of my own knowledge, except as to matters which are herein stated on information and belief, and as to those matters, I believe them to be true.



Name: Vincent M. Oddo

Title: President/CEO

Subscribed and sworn to before me this 29 day of October 2009



Notary Public



EXHIBITS

Exhibit A Purchase Agreement*

Exhibit B Financial Statements*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT A

PURCHASE AGREEMENT*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT B

FINANCIAL STATEMENTS *

*Submitted pursuant to Request for Confidential Treatment.