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October 21, 2010

Via Federal Express

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

10-00203

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

Dear Ms. Dillon:

Birch Telecom of the South, Inc. and Birch Communications, Inc. (collectively, "Applicants") hereby enclose an original and thirteen (13) copies of the **PUBLIC VERSION** of their Application for Approval of Financing Arrangements, as well as an original and thirteen (13) copies of their Request for Confidential Treatment. Pursuant to their Request for Confidential Treatment, Applicants also submits a **CONFIDENTIAL VERSION** of the Application in a sealed envelope marked "Confidential." In addition, please find enclosed a twenty-five dollar (\$25.00) application fee for each Applicant.

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,



Angela F. Collins

Counsel for Birch Communications, Inc. and
Birch Telecom of the South, Inc.

Enclosures

BEFORE THE
TENNESSEE REGULATORY AUTHORITY

Application of Birch Telecom of the South,)
Inc. and Birch Communications, Inc. for)
Approval of Financing Arrangements)

Docket No. _____

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

Pursuant to T.C.A. § 65-4-109, Birch Telecom of the South, Inc. ("Birch Telecom") and Birch Communications, Inc. ("Birch") (collectively, "Applicants"), by their attorneys, hereby respectfully request approval from the Tennessee Regulatory Authority ("Authority") to undertake 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 is authorized to provide local exchange and interexchange telecommunications services in Tennessee.² Birch is the immediate

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. 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).

parent of Birch Telecom. Attached as **Exhibit B** are Birch's current financial statements providing the financial condition of Birch before and after the proposed transaction.³

3. Correspondence concerning this Application should be directed to:

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4. Birch has entered into a Commitment Letter with Bank of America, N.A. ("Bank of America"), which will act as the sole administrative agent for Birch to obtain **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]** in senior secured credit facilities ("Senior Credit Facilities") from various financial institutions ("Lenders") with a commitment by Bank of America to lend Birch **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]** of the Senior Credit Facilities. The aggregate principal amount of **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]** will be available through the following credit facilities: (1) a **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]** and (2) a **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]** all of which will be drawn on the closing date of the transaction and will be due four (4) years after the closing date of the transaction. The per annum interest rate applicable to the Senior Credit Facilities will be **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]**, or at Birch's option, **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]**. Attached as **Exhibit A** is an executed Commitment Letter, which provides

³ Filed under seal pursuant to a Request for Confidential Treatment.

the material terms and conditions of the financing transaction for which Birch seeks approval.¹

5. The Senior Credit Facilities will be used by Birch for a variety of purposes, including capital expenditures, repayment of existing debt, future acquisitions, general working capital purposes, and other lawful corporate purposes. The Senior Credit Facilities will be secured by a first priority lien on the stock and substantially all of the assets of Birch, Birch Telecom, and Birch's other directly and indirectly owned subsidiaries, including the Tennessee assets of Birch and Birch Telecom. The Senior Credit Facilities will also be secured by a first priority lien on substantially all of the assets of the ultimate parent of Birch and Birch Telecom, Birch Communications Holdings, Inc. There are no intercompany transactions to accompany this transaction.

6. The proposed transaction will not result in any operational changes in the state of Tennessee. There will be no change in the rates or terms and conditions of service as a result of Applicants' participation in the proposed financing transaction. There will be no transfer of certificates, authorizations, assets, or customers as a result of Applicants' participation in the proposed financing transactions, and the transaction will have no effect on the regulated services or the tariff conditions provided by Applicants in Tennessee.

4. In accordance with the requirements of the various states, Applicants are seeking approval for this transaction from the state commissions in Colorado, Delaware, Georgia, Indiana, Nebraska, New Jersey, New York, and Pennsylvania. Applicants have not been denied approval from any state commission from which they are seeking approval for the transaction. Approval of this financing transaction is not required by the Federal Communications Commission.

¹ Filed under seal pursuant to a Request for Confidential Treatment.

5. 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 them to introduce innovative products and services and to respond better to the competitive telecommunications environment. The proposed transaction will have no effect on the operations of the entities certificated in Tennessee.

6. Applicants respectfully request that this Application be reviewed by the Authority on an expedited basis, and ask the Authority to approve the Application no later than December 13, 2010. Expedited treatment in this situation is crucial due to the exigent circumstances resulting from the rapidly changing market conditions in the financial industry. If Applicants are unable to secure approval from the Authority within an expedited timeframe, 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.

A handwritten signature in cursive script, reading "Angela F. Collins", written over a horizontal line.

Christopher Bunce
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Dated: October 21, 2010

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.

10/20/10
Date


Name: Vincent M. Oddo

Title: President/CEO
Birch Communications, Inc.

Subscribed and sworn to before me this 20th day of October, 2010


Notary Public



EXHIBITS

Exhibit A Commitment Letter*

Exhibit B Financial Statements*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT A*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT B*

*Submitted pursuant to Request for Confidential Treatment.