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April 4, 2011

**Via Federal Express**

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

11-00047

**Re: EXPEDITED TREATMENT REQUESTED - 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 ("Application"), 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. Applicants respectfully request that approval be granted on an expedited basis, and ask the Authority to approve the Application no later than May 9, 2011.

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.<sup>1</sup>

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.<sup>2</sup> Birch is the immediate

<sup>1</sup> 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).

<sup>2</sup> 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 C** are Birch's current financial statements providing the financial condition of Birch before and after the proposed transaction.<sup>3</sup>

3. Correspondence concerning this Application should be directed to:

Angela F. Collins  
Cahill Gordon & Reindel LLP  
1990 K Street, NW, Suite 950  
Washington, DC 20006  
202-862-8900 (telephone)  
202-862-8958 (facsimile)  
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4. In October 2010, Birch entered into a Commitment Letter with Bank of America, N.A. ("Bank of America") for Bank of America to 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"). The Authority approved that financing arrangement on December 15, 2010 in Docket No. 10-00203. Birch now seeks to amend that financing approval to modify the structure of the transaction and the applicable interest rates. Under the modified arrangements, the aggregate amount of the financing will be less than the amount previously approved by the Commission. Thus, this amendment should be approved expeditiously to the extent approval for these minor modifications is required.

5. Pursuant to a revised Commitment Letter dated March 23, 2011, Bank of America will act as the sole administrative agent for Birch to obtain **[BEGIN CONFIDENTIAL]**

**[END CONFIDENTIAL]** in Senior Credit Facilities from various Lenders. The per annum interest rate applicable to the Senior Credit Facilities is substantially similar to the per annum interest rate previously approved by the Commission and is expected to be consistent

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<sup>3</sup> Exhibit C is being filed concurrently herewith under seal with a Request for Confidential Treatment.

with market conditions for similar financing transactions as of closing. Attached as Exhibit A is the executed Commitment Letter, which provides the material terms and conditions of the Senior Credit Facilities for which Birch seeks approval.<sup>4</sup>

6. In addition, Birch requests approval to enter into a second financing arrangement to obtain [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] of senior subordinated unsecured notes (“Senior Subordinated Notes”) [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL] The per annum interest rate applicable to the Senior Subordinated Notes is expected to be consistent with market conditions for similar financing transactions as of closing. Attached as confidential Exhibit B is the executed Term Sheet that provides the material terms and conditions of the Senior Subordinated Notes for which Birch seeks approval.<sup>5</sup>

7. Both the Senior Credit Facilities and the Senior Subordinated Notes will be used by Birch for a variety of purposes, including capital expenditures, future acquisitions, general working capital purposes, and other lawful corporate purposes. The Senior Credit Facilities will be secured by first priority lien on the stock and substantially all of the assets of Birch, Birch’s parent, and Birch’s other directly and indirectly owned subsidiaries. The Senior Subordinated Notes will be guaranteed on a senior subordinated and unsecured basis by Birch Communications Holdings, Inc. (the parent of Birch) and all subsidiaries acting as guarantors under the Senior Credit Facilities.

8. 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

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<sup>4</sup> Exhibit A is being filed concurrently herewith under seal with a Request for Confidential Treatment.

<sup>5</sup> Exhibit B is being filed concurrently herewith under seal with a Request for Confidential Treatment.

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.

9. 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.

10. 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.

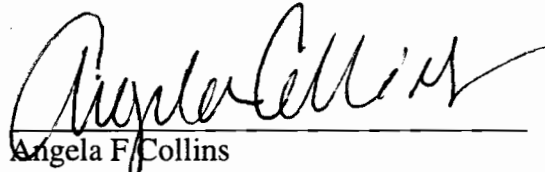
11. Applicants respectfully request that this Application be reviewed by the Authority on an expedited basis, and ask the Authority to approve the Application no later than May 9, 2011. Expedited treatment in this situation is crucial due to the exigent circumstances resulting from the rapidly changing 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 dark ink, appearing to read "Angela F. Collins", is written over a horizontal line.

Christopher Bunce  
Vice President, Legal and General Counsel  
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Dated: April 4, 2011

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

### VERIFICATION

I, Edward R. James, III, Chief Financial Officer and Senior Vice President of Finance and Treasurer 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.

3/31/11  
Date

  
Name: Edward R. James, III

Title: Chief Financial Officer and Senior  
Vice President of Finance and  
Treasurer  
Birch Communications, Inc.

Subscribed and sworn to before me this 31 day of March 2011



  
Notary Public

**EXHIBITS**

**Exhibit A      Commitment Letter\***

**Exhibit B      Term Sheet\***

**Exhibit C      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.

**EXHIBIT C\***

\*Submitted pursuant to Request for Confidential Treatment.