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T.R.A. DOCKET ROOM

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May 30, 2013

Via Federal Express

Chairman, Tennessee Regulatory Authority
c/o Sharla Dillon, Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37243

13-00083

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

Dear Ms. Dillon:

Birch Telecom of the South, Inc. dba Birch Communications of the South, 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 submit a **CONFIDENTIAL VERSION** of the Application in a sealed envelope marked "Confidential." In addition, please find enclosed a check in the amount of \$50.00 covering the \$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**

2013 MAY 31 PM 4:00

T.R.A. DOCKET ROOM

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

Docket No. 13-00083

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

Pursuant to T.C.A. § 65-4-109, Birch Telecom of the South, Inc. dba Birch Communications of the South (“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 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 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 parent of

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).

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:

Angela F. Collins
Cahill Gordon & Reindel LLP
1990 K Street, NW, Suite 950
Washington, DC 20006
202-862-8900 (telephone)
866-814-6582 (facsimile)
acollins@cahill.com

4. In April 2011, 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] [REDACTED] [END CONFIDENTIAL] in senior secured credit facilities ("Senior Credit Facilities") from various financial institutions ("Lenders"). At the same time, Birch also entered into a second financing arrangement to obtain [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of senior subordinated unsecured notes ("Senior Subordinated Notes"). Those financing arrangements were approved by the Authority on May 25, 2011 in Docket 11-00047.

5. In May 2012, Birch entered into a second Commitment Letter ("Second Commitment Letter") with Bank of America to re-finance approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of outstanding loans and commitments under its Senior Credit Facilities, and to increase such Senior Credit Facilities by [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] (the "Increased Senior Credit Facilities"), for a total of [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] in senior credit facilities. A portion of the proceeds of the Increased

³ Exhibit B is being filed concurrently herewith under seal with a Request for Confidential Treatment.

Senior Credit Facilities were used to pay down Birch's Senior Subordinated Notes by [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. Those financing arrangements were approved by the Authority on June 7, 2012 in Docket 12-00045.

6. In November 2012, Birch sought authority to exercise an "accordion" provision in the Second Commitment Letter, which permitted Birch to increase its senior credit facilities in an aggregate amount of up to [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] subject to the satisfaction of certain conditions. To the extent Birch exercised all of its authority under the accordion, its total senior credit facilities would equal [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. Those financing arrangements were approved by the Authority on December 17, 2012 in Docket 12-00140.

7. Birch now seeks to re-finance its outstanding loans and commitments with Bank of America to bring its total senior credit facilities (if all options are exercised) to approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], which includes a [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] revolving credit facility, a [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] term loan facility, and a [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] accordion provision (collectively, "Total Senior Credit Facilities"). The new per annum interest rates applicable to the Total Senior Credit Facilities are expected to be consistent with market conditions for similar financing transactions as of closing. Attached as Exhibit A is a Commitment Letter, which provides the material terms and conditions of the Total Senior Credit Facilities for which Birch seeks approval.⁴

8. Birch intends to use a portion of the proceeds of the Total Senior Credit Facilities

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

to pay-off its remaining Senior Subordinated Notes. The remaining portion of the Total Senior Credit Facilities will be used by Birch for future planned acquisitions and other lawful corporate purposes. Birch's Total Senior Credit Facilities will continue to be secured by a first priority lien on the stock and substantially all of the assets of Birch and Birch's directly and indirectly owned subsidiaries, as well as substantially all of the assets of Birch's parent, Birch Communications Holdings, Inc.

7. 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.

8. In accordance with the requirements of the various states, Applicants are seeking approval for this transaction from the state commissions in Colorado, Delaware, the District of Columbia, Georgia, Indiana, Maryland, 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.

9. Approval of this financing transaction is in the public interest. The financing will allow Birch Telecom to strengthen its ability to compete in the market for telecommunications services in Tennessee by giving Birch Telecom access to greater financial resources at lower interest rates. These resources will enable Birch Telecom to introduce innovative products and services and to respond better to the competitive telecommunications environment. The

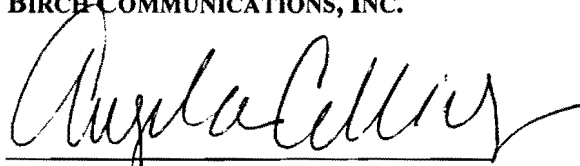
PUBLIC VERSION

proposed transaction will not result in any changes to Birch Telecom's operations, rates, or services, or to Birch Telecom's ownership structure.

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. DBA
BIRCH COMMUNICATIONS OF THE SOUTH
BIRCH COMMUNICATIONS, INC.**

A handwritten signature in black ink, appearing to read "Angela Collins", written over a horizontal line.

Angela F. Collins
Cahill Gordon & Reindel LLP
1990 K Street, NW, Suite 950
Washington, DC 20006
202-862-8900 (telephone)
866-814-6582 (facsimile)
acollins@cahill.com


Dated: May 30, 2013

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

VERIFICATION

I, Edward R. James, III, Chief Financial Officer 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.

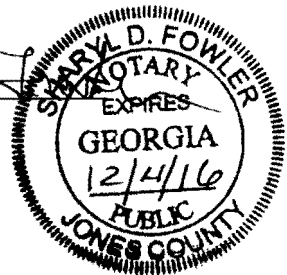
5/16/13
Date


Name: Edward R. James, III

Title: Chief Financial Officer
Birch Communications, Inc.

Subscribed and sworn to before me this 16th day of May 2013


Notary Public



EXHIBITS

Exhibit A Commitment Letter*

Exhibit B Financial Statements*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT A*
Commitment Letter

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT B*
Financial Statements

*Submitted pursuant to Request for Confidential Treatment