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December 12, 2013

Via Federal Express

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

RECEIVED
2013 DEC 16 PM 1:43
T.R.A. DOCKET ROOM

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**

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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. 13-00152

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

1. 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:

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

3. 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 A** are Birch's current financial statements providing the financial condition of Birch before and after the proposed transaction.³

4. 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

5. In April 2011, Birch entered into a Commitment Letter ("First 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.

6. In May 2012, Birch entered into a second Commitment Letter ("Second Commitment Letter") with Bank of America to re-finance its outstanding loans and commitments under its Senior Credit Facilities, and to increase its Senior Credit Facilities. A portion of the proceeds of the Increased Senior Credit Facilities were used to pay down Birch's Senior Subordinated Notes. Those financing arrangements were approved by the Authority on June 7, 2012 in Docket 12-00045.

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

7. 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. Those financing arrangements were approved by the Authority on December 17, 2012 in Docket 12-00140.

8. In May, 2013, Birch sought 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 included 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 were consistent with market conditions for similar financing transactions as of closing. Those financing arrangements were approved by the Authority on July 15, 2013 in Docket No. 13-00083.

9. In connection with the Total Senior Credit Facilities, Birch now seeks approval to increase the total amount of available senior credit facilities to [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. The Credit Agreement governing the Total Senior Credit Facilities was executed in September 2013, and allows Birch to obtain additional revolving credit and term loan facilities not previously contemplated when Birch’s original petition was filed in May 2013. The additional revolving credit and term loan facilities available under the executed Credit Agreement result in the increase to the Total Senior Credit Facilities for which Birch now seeks authority. Birch will not avail itself of those additional available facilities until all necessary regulatory approvals have been received. All other conditions of the

Total Senior Credit Facilities as set forth above will remain the same.

10. 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.

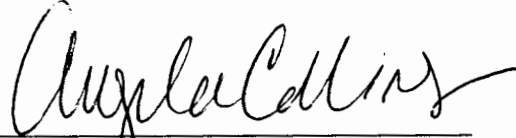
11. In accordance with the requirements of the various states, Applicants are seeking approval for this transaction from the state commissions in Delaware, Georgia, Maryland, Nebraska, New Jersey, New York, and Pennsylvania. Applicants have not been denied approval from any state commission from which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

12. 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 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
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Washington, DC 20006
202-862-8900 (telephone)
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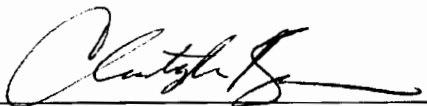
Dated: December 12, 2013

STATE OF MISSOURI)
)
COUNTY OF JACKSON)

VERIFICATION

I, Christopher J. Bunce, Senior Vice President, Legal and General Counsel 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.

12-11-13
Date


Name: Christopher J. Bunce

Title: Senior Vice President, Legal and
General Counsel
Birch Communications, Inc.

Subscribed and sworn to before me this 11th day of December

ANGELA A. HOKE
Notary Public - Notary Seal
STATE OF MISSOURI
Clay County
My Commission Expires June 9, 2014
Commission # 10887286


Notary Public

EXHIBITS

Exhibit A Financial Statements*

*Submitted pursuant to Request for Confidential Treatment.

EXHIBIT A*
Financial Statements

*Submitted pursuant to Request for Confidential Treatment.