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April 21, 2014

**Via Federal Express**

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

14-00046

**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. dba Birch  
Communications of the South

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. \_\_\_\_\_

**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. (“BCI”) (collectively, “Applicants”), by their attorneys, hereby respectfully request approval from the Tennessee Regulatory Authority (“Authority”) of the financing arrangement described herein. 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 is authorized to provide local exchange and interexchange telecommunications services in Tennessee.<sup>1</sup>
2. BCI 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> BCI is the immediate parent of Birch Telecom. Attached as **Exhibit A** are BCI’s current financial statements providing the financial

<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 Public 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).

condition of BCI and Birch Telecom.<sup>3</sup> Birch Telecom does not report its financial statements separately from BCI.

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  
202-862-8930 (telephone)  
866-814-6582 (facsimile)  
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4. In April 2011, BCI 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 BCI to obtain senior secured credit facilities from various financial institutions. The Authority approved those financing arrangements in May 2011 in Docket No. 1100047, and approved modifications to those arrangements in June 2012 in Docket No. 12-00045. Since 2012, the Authority has approved various modifications to BCI’s financing arrangements with Bank of America, including a request to increase the total amount of available senior secured credit facilities to **\*\*\*BEGIN CONFIDENTIAL\*\*\*** [REDACTED] **\*\*\*END CONFIDENTIAL\*\*\***, which was approved in February 2014 in Docket No. 1300152.

5. BCI and Birch Telecom now seek approval for BCI to enter into a new financing arrangement with PNC Bank, National Association (“PNC”) for PNC to act as the sole administrative agent for BCI to obtain up to **\*\*\*BEGIN CONFIDENTIAL\*\*\*** [REDACTED] **\*\*\*END CONFIDENTIAL\*\*\*** in senior secured credit facilities (“Senior Credit Facilities”) from various financial institutions. The Senior Credit Facilities include a **\*\*\*BEGIN CONFIDENTIAL\*\*\*** [REDACTED] **\*\*\*END CONFIDENTIAL\*\*\*** revolving credit facility, a

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

\*\*\*BEGIN CONFIDENTIAL\*\*\* [REDACTED] \*\*\*END CONFIDENTIAL\*\*\* term loan facility, and a \*\*\*BEGIN CONFIDENTIAL\*\*\* [REDACTED] \*\*\*END CONFIDENTIAL\*\*\* accordion provision. The per annum interest rate applicable to the Senior Credit Facilities is expected to be consistent with market conditions for similar financing transactions as of closing. Attached as confidential Exhibit B is documentation that provides the material terms and conditions of the Senior Credit Facilities, which is being filed pursuant to a Request for Confidential Treatment.

6. BCI intends to use a portion of the proceeds of the Senior Credit Facilities to pay-off its existing credit facilities with Bank of America. The remaining portion of the Senior Credit Facilities will be used by BCI for planned acquisitions and other lawful corporate purposes.

7. The Senior Credit Facilities will be secured by first priority lien on the stock and substantially all of the assets of BCI, BCI's parent (Birch Communications Holdings, Inc.), and BCI's directly and indirectly owned subsidiaries, including Birch Telecom. All of BCI's subsidiaries, including Birch Telecom, will act 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 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, the District of

Columbia, Georgia, Hawaii, Indiana, Maryland, Nebraska, New Jersey, New York, Pennsylvania, and West Virginia. 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 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.**



Angela F. Collins  
Cahill Gordon & Reindel LLP  
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Washington, DC 20006  
202-862-8930 (telephone)  
866-814-6582 (facsimile)  
acollins@cahill.com

Dated: April 21, 2014

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.

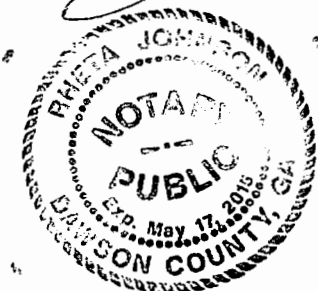
4/9/14  
Date

  
Name: Vincent M. Oddo

Title: President/CEO  
Birch Communications, Inc.

Subscribed and sworn to before me this 9<sup>th</sup> day of April 2014

  
Notary Public



**EXHIBITS**

**Exhibit A     Financial Statements\***

**Exhibit B     Material Terms and Conditions\***

\*Submitted pursuant to Request for Confidential Treatment.

**EXHIBIT A\***  
**Financial Statements**

\*Submitted pursuant to Request for Confidential Treatment



**EXHIBIT B\***  
**Material Terms and Conditions**

\*Submitted pursuant to Request for Confidential Treatment