

# NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

Leon L. Nowalsky  
Benjamin W. Bronston  
Edward P. Gothard

1420 Veterans Memorial Blvd.  
Metairie, Louisiana 70005  
Telephone: (504) 832-1984  
Facsimile: (504) 831-0892

Philip R. Adams, Jr.

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PUBLIC SERVICE  
COMMISSION

February 1, 2010

## VIA OVERNIGHT DELIVERY

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

### **Re: Notice of Indebtedness and Guarantee**

Dear Ms. O'Donnell:

This letter is filed on behalf of Interstate FiberNet, Inc. ("IFN"), DeltaCom, Inc. ("DeltaCom") and Business Telecom, Inc. d/b/a BTI ("BTI") (collectively, the "Companies"). The ultimate parent company of the Companies is ITC<sup>Δ</sup>DeltaCom, Inc. ("ITCD"). The purpose of the letter is to inform the Commission of a proposed transaction whereby ITCD and its operating subsidiaries will incur indebtedness of up to \$430 million through a combination of forms. The contemplated transaction will include the issuance of notes (the "Notes") to investors in a private placement offering exempt from registration pursuant to Rule 144a under the federal Securities Act in an amount not to exceed \$350 million inclusive of the transaction fees and expenses related to the origination of the Notes, a revolving credit facility (the "Revolver") in an amount not to exceed \$30 million and incur other general debt, such as capital leases and the issuance of letters of credit, in an amount up to \$50 million. The proceeds of the Notes will be used to satisfy the existing first and second secured lien credit facilities of ITCD and its operating subsidiaries. The remainder of the Notes' proceeds, if any, will be used to fund the transaction fees and expenses related to the origination of the Notes and to provide for working capital needs and general corporate purposes. The Revolver will initially be undrawn other than as support for approximately \$1 million in letters of credit. The Notes and Revolver will be secured by the assets and guarantees of IFN, Deltacom and BTI. ITCD will serve as the primary obligor of the Notes and Revolver while IFN, DeltaCom and BTI will serve as guarantors. The general debt of up to \$50 million will provide the parent and the operating companies flexibility to enter into capital leases, letters of credit and the like.

IFN is wholly-owned subsidiary of ITCD and is headquartered at 7037 Old Madison Pike, Huntsville, Alabama 35806. IFN is a provider of wholesale fiber optic

transmission or commonly known as a carrier's carrier. IFN obtained a certificate in this state pursuant to a tariff filing.

DeltaCom is a wholly-owned subsidiary of IFN which, in turn, is wholly owned by ITCD and is headquartered at 7037 Old Madison Pike, Huntsville, Alabama 35806. DeltaCom is incorporated under the laws of the state of Alabama and is qualified to transact business in this state as a foreign corporation. DeltaCom received its authority to provide long distance telecommunications services in this state pursuant Case No. 94-201 dated 10/4/94. DeltaCom received its authority to provide CMRS pursuant to a filing acknowledged on 3/14/08.

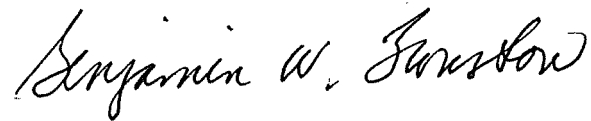
BTI is wholly owned subsidiary of ITCD and is headquartered at 7037 Old Madison Pike, Huntsville, Alabama 35806. BTI is incorporated under the laws of the state of North Carolina and is qualified to transact business in this state as a foreign corporation received its authority to provide long distance telecommunications services in this state pursuant to Case No. 92-367 dated 12/8/92 and 6/1/01 and competitive local telecommunications services in this state pursuant to tariff filings on 7/8/98 and 5/9/01.

The subject transaction will not result in a change of control of any entity. The transaction will enable the Companies to achieve better liquidity and capitalization, which in turn, will enhance their ability to provide quality services to customers of this State at competitive prices, thereby serving the public interest.

This letter is filed for informational purposes to keep the Commission abreast of the financial activities of these certificated Companies. It is our understanding that no action by the Commission is necessary.

Enclosed are an original and ten (10) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Benjamin W. Bronston".

Benjamin W. Bronston