

ORIGINAL

NEW APPLICATION



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June 15, 2007

Arizona Corporation Commission

DOCKETED

JUN 18 2007

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VIA OVERNIGHT DELIVERY

Arizona Corporation Commission
ATTN: Docket Control
1200 West Washington Street
Phoenix, AZ 85004

AZ CORP COMMISSION
DOCKET CONTROL

2007 JUN 18 P 1:22

RECEIVED

Re: Notice of Guarantee of Indebtedness

T-03298A-07-0372

Dear Sir or Madam:

This letter is filed on behalf of DeltaCom, Inc. ("DeltaCom") and Business Telecom, Inc. d/b/a BTI ("BTI") (collectively, the "Companies"). The ultimate parent company of the Companies is ITC^DeltaCom, Inc. ("ITCD"). The purpose of the letter is to inform the Commission of a proposed transaction whereby ITCD will deleverage its balance sheet and enhance its liquidity profile through certain credit facilities (the "Facilities") provided by Tennenbaum Capital Partners, LLC, Credit Suisse, Credit Suisse Securities and certain of their affiliates. The Facilities will serve to reduce and refinance ITCD's outstanding debt (and the debt of its subsidiaries) leaving ITCD with \$305 million of first and second lien funded debt, a \$10 million undrawn revolver, approximately 81 million shares of common stock outstanding on a fully diluted basis, and cash on hand of approximately \$50 million. The loan will be secured by the assets of Interstate FiberNet, Inc. ("IFN"), a wholly owned subsidiary of ITCD, and the guarantees of ITCD, DeltaCom and BTI. IFN will serve as the primary obligor of the Debt while DeltaCom, BTI and ITCD will serve as guarantors.

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 Docket No. T-03298A-96-0600 dated 8/27/99.

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 Docket Nos. U-2688-96-393 and T-02688A-96-393 dated 8/26/98.

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 fifteen (15) 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 black ink, appearing to read "Benjamin W. Bronston". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Benjamin W. Bronston
(713) 355-1798