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July 3, 2003

**BY OVERNIGHT DELIVERY**

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Executive Secretary  
Florida Public Service Commission  
2540 Shumard Oak Drive  
Tallahassee, FL 32399

Re: Notification by ITC^DeltaCom, Inc., ITC^DeltaCom Communications, Inc., d/b/a ITC^DeltaCom and Interstate FiberNet, Inc. of a Stock Transaction

Dear Sir or Madam:

On behalf of ITC^DeltaCom, Inc. ("ITC"), ITC^DeltaCom Communications, Inc., d/b/a ITC^DeltaCom ("DeltaCom") and Interstate FiberNet, Inc. ("IFN"), (together referred to as the "Parties"), this letter is to advise the Commission of the transfer of control of IFN and DeltaCom to Welsh, Carson, Anderson & Stowe VIII, L.P., WCAS Capital Partners III, L.P. and WCAS Information Partners, L.P. (together "Welsh Carson").

It is our understanding, based upon review of the applicable statutes and regulations, that this transaction does not require prior Commission approval. Accordingly, absent written notice to the contrary within fifteen (15) days from the date of this letter, the parties will proceed to consummate the transaction in a timely fashion. The parties will inform the Commission upon consummation of the transaction.

The Parties propose a transaction whereby Welsh Carson, currently a minority owner of ITC, will acquire a controlling interest in ITC. This transaction does not involve transfer of operating authority nor any transfer of customers. The transaction will change the ultimate control of DeltaCom and IFN by virtue of a stock transaction. DeltaCom will continue to provide competitive telecommunications services to its existing customers following consummation of the proposed transaction.

DeltaCom is a wholly-owned subsidiary of IFN, which in turn is wholly-owned by ITC, headquartered at 1791 O.G. Skinner Drive, West Point, Georgia 31833. 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 is a provider of interexchange

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telecommunications services and competitive local exchange telecommunications services. DeltaCom is authorized to provide long distance telecommunication services in all 50 states. DeltaCom received its authority to provide long distance telecommunications services in this state in Docket No. 890364-TI, dated July 17, 1989, and competitive local telecommunications services in Docket No. 961038-TX, dated December 12, 1996. ITC has no certificates of authority.

IFN is a provider of wholesale fiber optic transmission or commonly known as a carrier's carrier. IFN obtained a certificate in this state on April 15, 1996 in Docket No. 951231-TI.

ITC is the ultimate parent holding company of DeltaCom and IFN. Welsh Carson is a private equity investment firm that has managerial and financial expertise in numerous fields, including telecommunications. Welsh Carson is currently a 49.3 percent minority common stock shareholder of ITC.<sup>1</sup> Welsh Carson specializes in acquiring and developing businesses in the information services, communications, and healthcare industries. Its principals have significant operating and investment experience in those three industries. This investment experience provides Welsh Carson with an intrinsic knowledge and leadership position within its targeted industries.

The proposed transaction will accomplish the following:

Welsh Carson, a minority owner of ITC, will acquire a majority control on a fully diluted basis of ITC. Welsh Carson Currently holds 49.3 percent of the outstanding shares of ITC's common stock.<sup>2</sup> Pursuant to the proposed transaction, Welsh Carson's debt and equity interests in BTI will be exchanged for or converted into, respectively, shares and warrants of ITC, and Welsh Carson and certain of its affiliates will invest an additional \$35 million in ITC in exchange for preferred stock of ITC. As a result, in addition to the shares it already owns, Welsh Carson will control approximately 59 percent of the voting interest

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<sup>1</sup> In addition to Welsh Carson's minority ownership of ITC and other holdings, Welsh Carson owns a majority of shares (approximately 70 percent on a fully diluted basis of BTI Telecom Corp. ("BTI"), which, through its subsidiaries Business Telecom, Inc. and Business Telecom of Virginia, Inc. (together, "BTI Operating"), is a regional facilities-based competitive local exchange, long-distance and international service provider headquartered in North Carolina.

<sup>2</sup> Welsh Carson's current interest in ITC represents approximately 40.1 percent of the shares of ITC's common stock outstanding on a fully diluted basis, assuming the conversion or exercise of all preferred stock, warrants, options, and other rights to acquire ITC's common stock.

of ITC when the transaction is completed.<sup>3</sup>

The proposed transaction will not result in any change in the direct ownership and control of DeltaCom. DeltaCom will still be wholly owned by IFN which in turn will be wholly owned by ITC.

The proposed transfer will be seamless to DeltaCom's customers. DeltaCom's name, rates and service offerings, as reflected in its tariff, will not change as a result of the proposed transaction. There will be no interruption of service. The physical assets, property, and personnel of DeltaCom will remain the same after the change in control. The location address, customer service numbers for billing and service problems, liaison with Commission staff and tariffed rates will remain the same.

The proposed transaction will serve the public interest, convenience, and necessity. Consummation of the proposed transaction will result in net benefits to DeltaCom's customers by strengthening the financial status of ITC. The injection of new capital and experience provided by Welsh Carson will allow continuity of service to customers and promote competition, and is therefore in the public interest. The integration of BTI into ITC will be consummated in a manner that will not adversely affect the provisioning of telecommunications services in this state, but will enhance DeltaCom's ability to offer a broader range of innovative products and services to customers.

The Commission's ability and authority to regulate DeltaCom and to ensure that it satisfies all obligations, commitments and regulatory requirements established by the laws of this state and the Commission will remain unchanged. Thus, there are no potential public interest harms raised by the proposed transaction and there will be clear benefits to the public upon the closing of this transaction.

The parties are forwarding this letter to the Commission for informational purposes, to be included in the appropriate files. Absent receipt of written notification to the contrary within fifteen (15) days from the date of this letter, we will proceed under the understanding that no approval or other formal action is required by the Commission prior to consummation of the proposed transaction.

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<sup>3</sup> Currently, Welsh Carson owns a majority of shares of BTI. As part of this transaction, a newly created subsidiary of ITC will merge into BTI, with BTI surviving. Thus, BTI will become a direct wholly owned subsidiary of ITC. However, ultimate control of BTI will remain with Welsh Carson. BTI Operating is making separate filings relating to the pro forma transfer of control change in the jurisdictions where BTI has operating authority.

Enclosed are the original and six (6) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. If you need any further information or have any questions regarding the matters discussed herein, please do not hesitate to contact the undersigned. Thank you for your assistance in this matter.

Respectfully submitted,



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Stowe VIII, L.P., WCAS Capital Partners III,  
L.P. and WCAS Information Partners, L.P.

cc: Nanette S. Edwards  
Jonathan M. Rather