

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request, due to Chapter 11 bankruptcy, for approval of transfer of control of Birch Telecom, Inc., parent company of Birch Telecom of the South, Inc. d/b/a Birch Telecom and d/b/a Birch (holder of ALEC Certificate No. 7552 and IXC Certificate No. 7610), from BTI Ventures, LLC to a group of investment banks including LB 1 Group, Inc. and Bear Stearns Corporate Lending, Inc.

DOCKET NO. 020847-TP
ORDER NO. PSC-02-1163-PAA-TP
ISSUED: August 26, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING TRANSFER OF CONTROL

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Section 364.33, Florida Statutes, provides that a person may not acquire ownership or control of any telecommunications facility, or any extension thereof for the purpose of providing telecommunications services to the public, including the

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acquisition, transfer, or assignment of majority organizational control or controlling stock ownership, without prior approval from this Commission.

By letter dated July 29, 2002, Birch Telecom of the South, Inc. d/b/a Birch Telecom and d/b/a Birch (Birch South) filed with this Commission an application for approval of indirect transfer of control of through its parent company. The transfer of control of Birch Telecom, Inc. (Birch) from BTI Ventures, LLC to a group of investment banks, including LBI Group, Inc. and Bear Stearns Corporate Lending, Inc. would take place as part of a reorganization plan filed under Chapter 11 of the U.S. Bankruptcy Code. Birch South is the holder of Alternative Local Exchange (ALEC) Certificate No. 7552 and Interexchange Telecommunications (IXC) Certificate No 7610. Birch South has stated that the transaction will have no impact on customers in this state since Birch South does not currently provide telecommunications services in Florida. Birch South has stated that it will not change its existing certificated name.

In accordance with our authority under Section 364.33, Florida Statutes, to approve the acquisition or transfer of majority organizational control or controlling stock ownership of a telecommunications company providing service in Florida, we have reviewed the Petition of Birch South on behalf of its parent company and find it appropriate to approve it. We have based our review and decision upon an analysis of the public's interest in efficient, reliable telecommunications service. We are vested with jurisdiction over this matter pursuant to Section 364.33, Florida Statutes.

Based on the foregoing, it is,

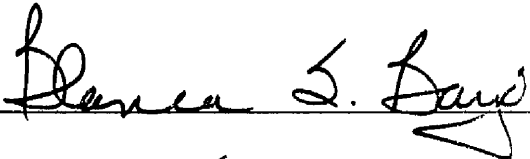
ORDERED by the Florida Public Service Commission that Birch Telecom, Inc.'s request for approval of transfer of control of Birch Telecom, Inc., and the indirect transfer of Birch Telecom of the South, Inc. d/b/a Birch Telecom and d/b/a Birch from BTI Ventures, LLC to the investors indicated in the petition, including LBI Group, Inc. and Bear Stearns Corporate Lending is hereby approved. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 16, 2002 the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 26th Day of August, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 16, 2002.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.