

January 20, 2000

VIA OVERNIGHT MAIL

Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oaks Blvd.
Tallahassee, Florida 32399-0850

000080-TI

RE: ITC^DeltaCom Communications, Inc. – Petition for Waiver of Bond Requirement

Dear Ms. Bayo:

Enclosed for filing are the original and seven (7) copies of a Petition for Waiver of Bond Requirement by ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same in the enclosed self-addressed stamped envelope.

Should you have any questions, please do not hesitate to Nanette Edwards, Senior Manager – Regulatory Attorney at (256) 382-3856.

Sincerely,

Sharon B. Killebrew
Paralegal

Enclosure

01013-00
DOCUMENT NUMBER-DATE

01013 JAN 24 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Waiver of Rules and Requirements)
To Allow ITC^DeltaCom to Require Deposits in their) Docket No. 000080 - TT
Long Distance Tariff)

PETITION FOR WAIVER OF BOND REQUIREMENT

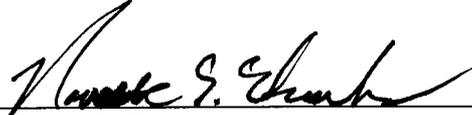
Pursuant to Commission Rule 25-22.036, Florida Administrative Code, ITC^DeltaCom Communications, Inc. ("ITC^DeltaCom") petitions the Florida Public Service Commission ("Commission") for a waiver of those rules and requirements to allow ITC^DeltaCom to require deposits in their Long Distance Tariff. In support of its petition, ITC^DeltaCom states:

1. Petitioner's name and address are: ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom, 4092 South Memorial Parkway, Huntsville, AL 35802.
2. All notices, orders or documents regarding this petition should be directed to: Nanette S. Edwards, Senior Manager, Regulatory Attorney.
3. ITC^DeltaCom seeks a waiver of Rule 25-24.490(2). This rule prohibits ITC^DeltaCom from collecting deposits without first providing a bond.
4. Pursuant to 25-24.490(2), "A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term". ITC^DeltaCom submits its most recent financial statement as evidence of assurance of continued operation under its certificate over the long term.
5. The waiver which is being requested by ITC^DeltaCom is similar to those already granted by the Commission to other providers.
6. Should this waiver be granted, ITC^DeltaCom agrees to charge no more than an amount equal to the charges for one month's service plus two months estimated service.

WHEREFORE, ITC^DeltaCom respectfully requests that it be granted a waiver of the applicable rules, orders and policies currently prohibiting it from requiring deposits.

Respectfully submitted this 21st day of January, 2000.

Respectfully submitted,



Nanette S. Edwards
Senior Manager - Regulatory Attorney
ITC^DeltaCom Communication, Inc.
4092 S. Memorial Parkway,
Huntsville, AL 35802

**PART I
FINANCIAL INFORMATION**

Item 1 - Financial Statements

ITC^DELTA COM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	<u>September 30,</u> 1999 (Unaudited)	<u>December 31,</u> 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 289,464	\$ 184,167
Restricted assets	13,709	14,300
Accounts receivable:		
Customer, net of allowance for uncollectible accounts of \$2,028 and \$1,260 in 1999 and 1998, respectively ...	47,790	34,219
Affiliate	3,491	3,307
Inventory	4,365	1,635
Prepaid expenses	2,721	591
Federal income tax refunds receivable	3,939	3,939
Total current assets	<u>365,479</u>	<u>242,158</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>348,762</u>	<u>262,050</u>
OTHER LONG-TERM ASSETS:		
Intangible assets, net of accumulated amortization of \$8,623 and \$6,303 in 1999 and 1998, respectively	88,509	63,160
Restricted assets	-	5,735
Other long-term assets	15,779	14,414
Total other long-term assets	<u>104,288</u>	<u>83,309</u>
Total assets	<u>\$ 818,529</u>	<u>\$ 587,517</u>

The accompanying notes are an integral part of these consolidated balance sheets.

ITC[^]DELTA COM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 1999 <u>(Unaudited)</u>	December 31, 1998 <u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	\$ 17,410	\$ 12,810
Construction	9,855	7,233
Accrued interest	12,527	8,049
Accrued compensation	5,023	2,998
Unearned revenue	13,633	11,457
Other accrued liabilities	9,296	8,418
Current portion of long-term debt and capital lease obligations	<u>760</u>	<u>1,075</u>
Total current liabilities	<u>68,504</u>	<u>52,040</u>
LONG-TERM LIABILITIES:		
Deferred income taxes	512	418
Long-term debt and capital lease obligations	<u>516,329</u>	<u>416,859</u>
Total long-term liabilities	<u>516,841</u>	<u>417,277</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value; \$7.40 liquidation preference; 5,000,000 shares authorized; 1,480,771 shares issued and outstanding in 1999 and 1998, respectively	15	15
Common Stock, \$.01 par value; 90,000,000 shares authorized; 59,397,810 and 51,339,838 shares issued and outstanding in 1999 and 1998, respectively	594	513
Additional paid-in-capital	321,401	167,023
Accumulated deficit	<u>(88,826)</u>	<u>(49,351)</u>
Total stockholders' equity	<u>233,184</u>	<u>118,200</u>
Total liabilities and stockholders' equity	<u>\$ 818,529</u>	<u>\$ 587,517</u>

The accompanying notes are an integral part of these consolidated balance sheets.

ITC^DELTA COM, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

(In thousands, except share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1999	1998	1999	1998
Operating revenues	\$ 65,811	\$ 45,676	\$ 176,221	\$ 123,222
Cost of services	<u>31,542</u>	<u>22,485</u>	<u>86,562</u>	<u>58,619</u>
Gross margin	<u>34,269</u>	<u>23,191</u>	<u>89,659</u>	<u>64,603</u>
Operating expenses:				
Selling, operations and administration	26,212	17,253	68,592	46,290
Depreciation and amortization	<u>14,382</u>	<u>8,192</u>	<u>37,860</u>	<u>21,435</u>
Total operating expenses	<u>40,594</u>	<u>25,445</u>	<u>106,452</u>	<u>67,725</u>
Operating loss	<u>(6,325)</u>	<u>(2,254)</u>	<u>(16,793)</u>	<u>(3,122)</u>
Other income (expense):				
Interest expense	(11,806)	(7,884)	(33,401)	(23,322)
Interest income	4,588	2,005	10,268	7,359
Other income (expense), net	<u>15</u>	<u>(599)</u>	<u>545</u>	<u>(2,825)</u>
Total other expense, net	<u>(7,203)</u>	<u>(6,478)</u>	<u>(22,588)</u>	<u>(18,788)</u>
Loss before income taxes and extraordinary item	(13,528)	(8,732)	(39,381)	(21,910)
Income tax (benefit) expense	<u>-</u>	<u>(1,916)</u>	<u>94</u>	<u>(5,611)</u>
Loss before extraordinary item	(13,528)	(6,816)	(39,475)	(16,299)
Extraordinary item -- loss on early extinguishment of debt (less related income tax benefit of \$2,133 in 1998)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,436)</u>
Net loss	<u>\$ (13,528)</u>	<u>\$ (6,816)</u>	<u>\$ (39,475)</u>	<u>\$ (24,735)</u>
Basic and diluted net loss per common share:				
Before extraordinary loss	\$ (0.23)	\$ (0.13)	\$ (0.71)	\$ (0.32)
Extraordinary loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.17)</u>
Net loss	<u>\$ (0.23)</u>	<u>\$ (0.13)</u>	<u>\$ (0.71)</u>	<u>\$ (0.49)</u>
Basic and diluted weighted average common shares outstanding	<u>59,180,843</u>	<u>51,243,579</u>	<u>55,321,483</u>	<u>50,861,035</u>

The accompanying notes are an integral part of these consolidated statements.

ITC^ΔDELTA COM, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)**

	<u>Nine Months Ended September 30,</u>	
	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net loss	\$ (39,475)	\$ (24,735)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	37,860	21,435
Amortization of bond issue costs	1,546	1,154
Deferred income taxes	94	(6,041)
Extraordinary item--loss on early extinguishment of debt	-	10,569
Changes in current operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(12,580)	(7,179)
Inventory	(1,459)	(869)
Prepaid expenses	(1,804)	(195)
Income tax refunds receivable from ITC Holding	-	2,448
Income tax receivable	-	(3,880)
Accounts payable	2,035	991
Accrued interest	4,478	4,169
Unearned revenue	(7)	2,540
Accrued compensation and other accrued liabilities	1,844	7,238
Income tax payable - Affiliate	-	748
Total adjustments	<u>32,007</u>	<u>33,128</u>
Net cash (used in) provided by operating activities	<u>(7,468)</u>	<u>8,393</u>
Cash flows from investing activities:		
Capital expenditures	(117,865)	(100,525)
Change in accrued construction costs	2,622	4,970
Change in restricted assets	6,326	23,684
Purchase of AvData Systems, Inc., net of cash received	2,881	-
Other	(554)	(390)
Net cash used in investing activities	<u>(106,590)</u>	<u>(72,261)</u>
Cash flows from financing activities:		
Proceeds from issuance of 4 1/2% Notes, net of issuance costs	96,954	-
Proceeds from issuance of 8 7/8% Senior Notes, net of issuance costs	-	155,170
Repayment of 11% Senior Notes	-	(70,000)
Premium paid on early retirement of 11% Senior Notes	-	(7,700)
Repayment of debt assumed in IT Group Communications acquisition	-	(760)
Repayment of other long-term debt and capital lease obligations	(860)	(654)
Proceeds from issuance of common stock, net of offering expenses	120,929	-
Proceeds from exercise of common stock options	2,231	1,207
Other	101	(119)
Net cash provided by financing activities.....	<u>219,355</u>	<u>77,144</u>

The accompanying notes are an integral part of these consolidated statements.

ITC^DELTACOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	<u>Nine Months Ended September 30,</u>	
	<u>1999</u>	<u>1998</u>
Increase in cash and cash equivalents	\$ 105,297	\$ 13,276
Cash and cash equivalents at beginning of period	<u>184,167</u>	<u>94,374</u>
Cash and cash equivalents at end of period	<u>\$ 289,464</u>	<u>\$ 107,650</u>
 SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash paid for interest	<u>\$ 28,303</u>	<u>\$ 17,943</u>
Cash paid (refunds received) for income taxes, net	<u>\$ 64</u>	<u>\$ (1,664)</u>
 NONCASH TRANSACTIONS:		
Acquisitions:		
Note payable and capital lease obligation assumed	<u>\$ 63</u>	<u>\$ 974</u>
Issuance of common stock	<u>\$ 31,190</u>	<u>\$ 2,793</u>

The accompanying notes are an integral part of these consolidated statements.