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December 3, 2001

VIA OVERNIGHT MAIL

Ms. Blanca S. Bayó
Director, Division of Public Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: **EXPEDITED CONSIDERATION REQUESTED**
Application of Business Telecom, Inc. for
Approval of Indirect Transfer of Control

Dear Ms. Bayó:

011619-TP

Business Telecom, Inc. ("BTI" or "Applicant"), by undersigned counsel, hereby requests Commission approval of the indirect transfer of control of BTI, which will occur as a result of an equity financing transaction of BTI's holding company parent, BTI Telecom Corp ("BTI Telecom"). BTI is a nondominant telecommunications carrier authorized to provide resold interexchange and competitive local exchange telecommunications services in the State of Florida.

As set forth below, pursuant to the terms of the financing transaction, Welsh, Carson, Anderson & Stowe VIII, L.P. and affiliated entities (collectively, "WCAS") will increase their collective ownership interest in BTI Telecom from the current level of approximately 45 per cent to approximately 60 per cent. The equity financing transaction, therefore, will cause an indirect transfer of majority control of BTI to WCAS. Attached hereto as Exhibit A is an illustrative chart depicting the ownership of the BTI prior to and immediately following consummation of the proposed indirect transfer of control.

Expedited Consideration Requested. Immediate receipt of the proceeds from the financing transaction is essential to BTI's ongoing operations. Accordingly, BTI respectfully requests that the Commission approve the instant Application on an expedited basis to allow its parent, BTI Telecom, to complete the financing transaction as soon as possible.

An original and five (5) copies of this application are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed stamped envelope.

DOCUMENT NUMBER-DATE

15131 DEC-4 01

FPSC-COMMISSION CLERK

I. Description of the Parties

A. Business Telecom, Inc. ("BTI")

BTI is a privately held corporation organized pursuant to the laws of the State of North Carolina whose principal business is telecommunications. BTI is a leading provider of integrated telecommunications services primarily in the southeastern United States. In Florida, BTI is authorized to provide interexchange and alternate operator services in the State of Florida pursuant to Certificate No. 2948 granted in Docket No. DT 910902-TI (Feb. 25, 1992). BTI is also authorized to provide alternative local exchange services pursuant to Certificate No. 5195 granted in Docket No. 970486-TX (July 23, 1997).

In addition to the services provided to Florida consumers, BTI is authorized by the various state public service commissions to provide facilities-based and/or resold interexchange telecommunications services in the other 49 states and the District of Columbia, pursuant to certification, registration or tariff requirements, or on a deregulated basis. Additionally, BTI is currently authorized to provide competitive local exchange services in over 20 states, including Florida.

Further information concerning BTI's legal, technical, managerial and financial qualifications to provide service was submitted with its applications for certification with the Commission and is, therefore, a matter of public record. BTI therefore respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

BTI is a wholly owned subsidiary of BTI Telecom Corp., a privately held North Carolina holding company, whose principal business is telecommunications. BTI Telecom Corp. holds no regulatory licenses from this or any other regulatory commission.

B. Welsh, Carson, Anderson & Stowe VIII, L.P. and Affiliates ("WCAS")

WCAS is comprised of affiliates of Welsh, Carson, Anderson & Stowe, one of the oldest and largest private equity investment firms in the United States, with principal offices located in New York City. Since its founding in 1979, Welsh, Carson, Anderson & Stowe has organized numerous investment partnerships, including WCAS, the investors in the financing transactions described herein. Welsh, Carson, Anderson & Stowe's investment activities focus exclusively on the telecommunications, information services and healthcare industries.

WCAS currently holds an ownership interest in BTI Telecom of approximately 45 per cent.

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C. Designated Contacts

Questions or correspondence concerning this application should be directed to:

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With a copy to:

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II. Request for Approval of Indirect Transfer of Control

As a result of a private equity financing transaction of BTI's holding company parent, BTI Telecom, majority control of BTI will be indirectly transferred to WCAS. Pursuant to the equity financing transaction, BTI Telecom will issue and sell to WCAS newly issued preferred stock in exchange for up to \$90 million in equity financing to BTI Telecom. WCAS's equity contribution will consist of a combination of approximately \$67.6 million in previously issued notes of BTI currently held by WCAS and \$2.4 million cash. As a result, WCAS will increase its ownership interest in BTI Telecom from the current level of approximately 45 per cent to approximately 60 per cent. As a consequence, the equity financing transaction will result in an indirect transfer of majority control of BTI to WCAS.

The proposed transactions will not result in any change in BTI's management or its day-to-day operations in Florida; nor will either transaction adversely affect BTI's current or proposed operations in Florida. To the contrary, the debt financing transaction will enable BTI to better utilize its available funds to bring its services to new markets and allow more consumers to benefit from its competitive services more quickly and efficiently. Similarly, the equity financing transaction that will cause an indirect transfer of majority control of BTI will not only provide additional funding for BTI Telecom, and in turn, BTI, but it will also enable BTI Telecom to eliminate certain existing indebtedness. Immediately following the transactions, BTI will continue to offer the services it currently offers to its customers in Florida under existing service arrangements and pursuant to its certification. BTI, moreover, will continue to be led by well-qualified telecommunications managers comprised of existing personnel. The indirect transfer of majority control of BTI, therefore, will be transparent to consumers in the State of Florida.

III. Public Interest Considerations


Approval of the indirect transfer of control of BTI will serve the public interest in promoting competition among telecommunications carriers. Specifically, the financing transaction that will result in the transfer of control will provide BTI with the opportunity to strengthen its competitive position through access to the increased financial resources of its parent, BTI Telecom. Moreover, the additional capital raised from the transaction will significantly enhance BTI's operational flexibility and efficiency, as well as its long-term financial viability. These enhancements will inure directly to the benefit of Florida consumers. The financing transaction that will result in the transfer of control of BTI will therefore ensure the continued provision of innovative, high quality telecommunications services to the public and should promote competition in the Florida telecommunications service market.

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Conclusion

Wherefore, for the reasons stated herein, BTI respectfully requests that the Commission grant approval of the indirect transfer of control of BTI to WCAS. BTI further requests expedited treatment of this request to permit BTI Telecom to proceed immediately with the transaction described herein.

Respectfully submitted,



Richard M. Rindler
Grace R. Chiu

Counsel to Business Telecom, Inc.

Attachments

cc: Anthony M. Copeland, Esq. (BTI)
Charles J. Pellegrini (Katz, Kutter)

EXHIBIT A

ILLUSTRATIVE CHART

of

INDIRECT TRANSFER OF CONTROL OF BTI

EXHIBIT A

Business Telecom, Inc. - WCAS Indirect Transfer of Control.

