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November 9, 2000

VIA OVERNIGHT MAIL

Daisy Crockron, Chief  
Docketing Department  
Public Utilities Commission of Ohio  
180 E. Broad Street  
Columbus, Ohio 43215

00-2190-ET-200

Re: **Business Telecom, Inc. Application for Approval of Indirect Minority Transfer of Control**

Dear Ms. Crockron:

On behalf of Business Telecom, Inc. ("BTI"), enclosed for filing please find an original and ten (10) copies of its Application for Approval of an Indirect Minority Transfer of Control. Applicants seek Commission approval for an indirect minority transfer of control of BTI that will result from an equity financing transaction planned by BTI's holding company parent, BTI Telecom Corp.

Please date stamp the enclosed extra copy of this filing and return it in the postage-prepaid, self-addressed envelope. If there are any questions or concerns regarding this matter, please contact Janine Durand at (202) 295-8365.

Respectfully submitted,

*Janine Durand*  
Richard M. Rindler  
Janine L. Durand  
Counsel for Business Telecom, Inc.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.  
Technician: *Ann M. King* - Date Processed: *Nov 13 2000*

PUBLIC UTILITIES COMMISSION  
OF OHIO

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\_\_\_\_\_  
In the Matter of Application of \_\_\_\_\_ )  
BUSINESS TELECOM, INC. \_\_\_\_\_ )  
for Approval of an \_\_\_\_\_ )  
Indirect Minority Transfer of Control \_\_\_\_\_ )  
\_\_\_\_\_ )

Case No. 00-2190-CT-200

APPLICATION

**I. INTRODUCTION**

Business Telecom, Inc. ("BTI" or "Applicant"), through its undersigned counsel and pursuant to Code section 4905.402 of the Ohio Revised Statutes, hereby respectfully requests approval from the Public Utilities Commission of Ohio ("Commission") for an indirect, minority transfer of control of BTI that will result from an equity financing transaction planned by BTI's holding company parent, BTI Telecom Corp. A description of the proposed transaction is set forth below in Section IV of this Application. BTI is a nondominant telecommunications carrier authorized to provide interexchange telecommunications services in the State of Ohio.

Applicant respectfully requests that the Commission approve the instant Application on an expedited basis to allow Applicant to complete the equity financing transaction as soon as possible, but no later than November 30, 2000.

BTI submits the following information in support of its Application:

**II. APPLICANT**

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 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. BTI is a leading provider of integrated telecommunications services primarily in the southeastern United States. BTI is authorized to provide interexchange telecommunications services in the State of Ohio, pursuant to a Certificate of Public Convenience and Necessity issued by the Commission in Case No. 93-1237-TP-ACE, Case No. 90-5193 on December 9, 1993. In addition to the services provided to Ohio 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, 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.

Further information concerning BTI's legal, technical, managerial and financial qualifications to provide service was submitted with its application 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.

### **III. DESIGNATED CONTACTS**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Application should be directed to:

Richard M. Rindler  
Janine L. Durand  
Swidler Berlin Shereff Friedman  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
(202) 424-7500 (Tel.)  
(202) 424-7645 (Fax)

with copies to:

Anthony M. Copeland, Esq.  
Business Telecom, Inc.  
4300 Six Forks Road  
Raleigh, North Carolina 27609  
(919) 863-7000 (Tel.)  
(919) 863-7098 (Fax)

**IV. REQUEST FOR PERMISSION TO PARTICIPATE IN AN INDIRECT MINORITY TRANSFER OF CONTROL**

By this Application, BTI seeks Commission approval of an indirect, minority transfer of control, which will result from an equity financing transaction planned by BTI's parent holding company, BTI Telecom Corp. Specifically, pursuant to an agreement reached with Welsh, Carson, Anderson & Stowe VIII, L.P. ("WCAS"), BTI Telecom Corp. will issue and sell to WCAS newly issued preferred stock in exchange for \$50 Million in equity financing to BTI Telecom Corp.

The proposed equity financing transaction will result in an increase of stock ownership by WCAS from approximately 19.8 percent to 27 percent of the shares of BTI Telecom Corp. Furthermore, pursuant to the definition of "control" in the applicable statutes of the State of Ohio, the transaction will result in a transfer of control of BTI Telecom Corp. to WCAS and, in turn, will result in an indirect, minority transfer of control of BTI to WCAS. The indirect, minority transfer of control, however, will not involve a change in the name under which BTI currently provides telecommunications services in the State of Ohio. Immediately following the transaction, BTI will continue to offer the services it currently offers to its customers in Ohio 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, minority transfer of control of BTI, therefore, will be transparent to consumers in the State of Ohio.

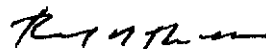
V. **PUBLIC INTEREST CONSIDERATIONS**

Consummation of the proposed transaction will serve the public interest in promoting competition among telecommunications carriers by providing BTI with the opportunity to strengthen its competitive position through access to the increased financial resources of its parent, BTI Telecom Corp. Moreover, the additional capital raised from the private equity financing will significantly enhance BTI's operational flexibility and efficiency, as well as its long-term financial viability. Furthermore, by increasing the breadth and scope of telecommunications services made available through the planned expansion of BTI's operations, this transaction will benefit Pennsylvania consumers. Greater access to capital will also strengthen BTI's ability to bring competitive telecommunications services to consumers in the State of Ohio.

VI. CONCLUSION

Accordingly, for the reasons stated above, BTI submits that the public interest, convenience and necessity will be furthered by Commission approval of Applicant's participation in the proposed indirect, minority transfer of control described herein. Applicant respectfully requests expedited treatment of this Application in order to permit consummation of the financing transaction as soon as possible, and grant of all other relief as necessary and appropriate to effectuate the transaction described herein.

Respectfully submitted,



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Richard M. Rindler  
Janine L. Durand  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
(202) 424-7500 (Telephone)  
(202) 424-7645 (Facsimile)

Counsel for Business Telecom, Inc.

Date: November 9, 2000

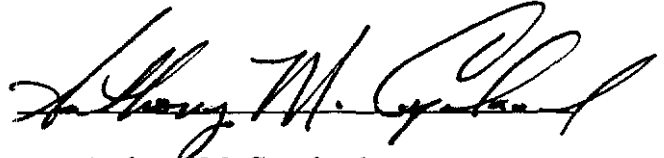
cc. Anthony M. Copeland, Esq.

VERIFICATION

I, Anthony M. Copeland, hereby declare under penalty of perjury that I am Executive Vice President and General Counsel of Business Telecom, Inc.; that I am authorized to provide this verification on its behalf; and that the facts stated in the foregoing documents are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.

SIGNATURE:



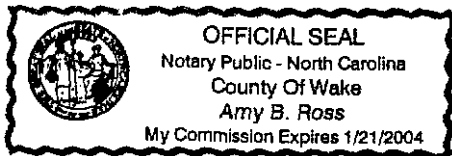
NAME:

Anthony M. Copeland

TITLE:

Executive Vice President and  
General Counsel

Subscribed and sworn to before me this 7<sup>th</sup> day of November, 2000.



Amy B. Ross  
Notary Public

My Commission expires on 1-21-2004.

PUBLIC UTILITIES COMMISSION OF OHIO

PUBLIC COMPETITIVE TELECOMMUNICATIONS SERVICE PROVIDER  
563 REGISTRATION FORM  
ISSUED: December 21, 1995

In the Matter of Business Telecom Inc. , )  
for Approval of an Indirect Minority Transfer )  
of Control )  
 )  
 ) Case No. \_\_\_\_\_

Name of Registrant: Business Telecom, Inc.  
Registrant's Address: Business Telecom Inc.  
4300 Six Forks Road  
P.O. Box 150002  
Raleigh, NC 27624  
Contact Person: Anthony M. Copeland, Esq.  
Date: November 7, 2000

I. **Indicate the reason for submitting this form (check only one)** (NOTES: 1. If a waiver is filed in conjunction with an automatic case, see I.D.2.b. of the 563 guidelines for the applicable automatic time frame; and 2. The number of copies noted below must be accompanied by an original filing. Facsimiles are not acceptable.):

- 1. (ABN) Withdrawal or Abandonment of all Services (14-day notice, 13 copies)
- 2. (ACE) New Operating Authority (30-day approval, 10 copies)  
 IXC     AOS     CAP     Cellular     Paging  
 Other \_\_\_\_\_
- 3. (AMT) Merger (14-day notice, 13 copies)
- 4. (ATR) Transfer or Transaction Affecting Operating Authority (14-day notice, 7 copies)
- 5. (ARJ) All Other Requests for Relief from Jurisdiction (NOT automatic, 10 copies)
- 6. (MTW) "Me Too" Waiver (30-day approval, 10 copies)
- 7. (RRJ) Interexchange Switchless Rebiller Request for Relief from Jurisdiction (30-day approval, 10 copies)
- 8. (WVR) Request for Waiver from Portion(s) of 563 pursuant to I.D.3. of the 563 guidelines. (NOT automatic, 10 copies)
- 9. (ZAC) Contract (0-day notice, 10 copies)
- 10. (ZCN) Change of Name (0-day notice, 10 copies)
- 11. (ZCO) Change in Ownership (0-day notice, 10 copies)
- 12. (ZTA) Introduction of new tariffed service(s), textual revision, correction of error, addition of service area(s), etc. (0-day notice, 10 copies)
- 13. (UNC) Unclassified (explain) \_\_\_\_\_ (NOT automatic, 10 copies)
- 14. Other (explain) \_\_\_\_\_ (NOT automatic, 10 copies)



**THE FOLLOWING ARE TRF FILINGS ONLY, NOT NEW CASES (0-day notice, 3 copies)**

- 15. Introduction or Extension of Promotional Offering
- 16. New Price List Rate for Existing Service
- 17. Designation of Registrant's Process Agent(s)

**II. Indicate which of the following exhibits have been filed. The numbers (corresponding to the list above) indicate, at a minimum, the types of cases in which the exhibit is required:**

- A copy of registrant's proposed informational tariff. (2)
- Statement affirming that the registrant has notified the Ohio Department of Taxation of its intent to conduct operations as a telephone utility in the State of Ohio. (2)
- List of names, addresses, and phone numbers of officers and directors, or partners. (2-4)
- Brief description of service(s) proposed, as well as targeted market(s). (2)
- Copy of tariff sheet(s) & price list(s) superseded, marked as Exhibit A. (1, 3-4, 6, 8, 10, 12-16)
- Copy of revised tariff sheets & price lists, marked as Exhibit B. (1, 3-4, 6, 10, 12-16)
- If increase to residential MTS, DA, or traditional operator surcharges, specify which notice procedure will be utilized: \_\_\_\_\_ real time; or \_\_\_\_\_ annual. (12, 16)
- Copy of real time notice which has been provided to customers. (1, 3, 10-12, 16)
- Copy of annual notice which will be sent to customers is: \_\_\_\_\_ included with this filing; or will be filed with the Commission \_\_\_\_\_ (month) \_\_\_\_\_ (year). (16)
- Description of and rationale for proposed tariff changes, including a complete description of the service(s) proposed or affected. Specify for each service affected whether it is business \_\_\_\_\_, residence \_\_\_\_\_, or both \_\_\_\_\_ as well as whether it is switched \_\_\_\_\_ or dedicated \_\_\_\_\_ service. Include this information in either the cover letter or label as "Exhibit C". (3, 6, 8, 12-15)
- Delineation of any deaveraged message toll service, if applicable. (6, 12-16).
- Statement explaining rationale for proposal. (1, 3-5, 10-11) *Please see attached.*
- List of Ohio counties specifically involved or affected. (1-6, 8, 10, 16).
- Certification from Ohio Secretary of State as to party's proper standing (domestic or foreign corporation, authorized use of fictitious name, etc.). (2-4, 7, 10) (In transfer of certificate cases, the transferee's good standing must be established).
- Justification for waiver of specific element(s) of 563. (6, 8)
- Responses to questions contained in Appendix A, Attachment 4 to the 563 guidelines. (7)
- For radio common carriers, a statement affirming that registrant has obtained all necessary federal authority to conduct operations being proposed, and that copies have been furnished by cellular, paging, and mobile companies to this Commission of any Form 401, 463, and/or 489 which the applicant has filed with the Federal Communications Commission. (2-4)
- Other information requested by the Commission staff.

**III. Registrant hereby attests to its compliance with the following requirements in the Service Requirements Form, as well as all pertinent entries and orders issued by the Commission with respect to these issues. Further, registrant hereby affirms that it will maintain with its TRF docket an up-to-date, properly marked, copy of the Service Requirements Form available for public inspection.**

Mandatory requirements for all CTS providers:

- Sales tax
- Deposits

Service requirements for CTS providers of certain services (check all applicable):

- Discounts for Persons with Communication Disabilities and the Telecommunication Relay Service
- Emergency Services Calling Plan
- Alternative Operator Service (AOS) requirements
- Limitation of Liability
- Termination of Liability Language

**IV. List names, titles, and addresses of those persons authorized to make and/or verify filings at the Commission on behalf of the registrant:**

Richard M. Rindler  
Janine L. Durand  
Swidler Berlin Shereff Friedman, LLP  
3000 K St., N.W., Suite 300  
Washington, D.C. 20007-5116  
Telephone: (202) 424-7500  
Facsimile: (202) 424-7645

NOTE: An annual report is required to be filed with the Commission by each company on an annual basis. The annual report form will be sent for completion to the address and individual(s) identified in this Section unless another address or individual is so indicated.

VERIFICATION

I, Janine L. Durand, Counsel for Business Telecom, Inc., verify that I have utilized, verbatim, the Commission's 563 Registration Form issued December 21, 1995, and that all of the information submitted here is true and correct to the best of my knowledge.

Janine Durand  
(Signature)\*

12/9/00  
(Date)

\* A verification is required for every filing. It may be signed by counsel or a process agent designated by the Registrant, except that initial certification cases (ACE) must be signed by an officer of the registering entity.

Send your completed Registration Form, including all required attachments as well as the required number of copies to:

Public Utilities Commission of Ohio  
Attention: Docketing Division  
180 E. Broad St.  
Columbus, Ohio 43215-3793