

CAHILL GORDON & REINDEL LLP

SUITE 950

1990 K STREET, N.W.

WASHINGTON, D.C. 20006-1181

EIGHTY PINE STREET
NEW YORK, N.Y. 10005-1702
(212) 701-3000
FAX: (212) 269-5420

TELEPHONE (202) 862-8900
FACSIMILE (202) 862-8958

AUGUSTINE HOUSE
6A AUSTIN FRIARS
LONDON, ENGLAND EC2N 2HA
(011) 44 20 7920 9800
FAX: (011) 44 20 7920 9825

ANGELA F. COLLINS | 202-862-8930 | acollins@cgrdc.com

August 23, 2010

Via Federal Express

Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RECEIVED

AUG 24 2010

PUBLIC SERVICE
COMMISSION

**Re: Birch Communications, Inc. and Birch Telecom of the South, Inc. dba Birch Communications of the Southeast
Notification of *Pro Forma* Internal Reorganization**

Dear Mr. Derouen:

Birch Communications, Inc. ("BCI"), Birch Telecom of the South, Inc. dba Birch Communications of the Southeast ("Birch"), and Birch Communications Holdings, Inc. ("Birch Holdings") (collectively, the "Parties"), by their attorneys, respectfully notify the Kentucky Public Service Commission ("Commission") of a *pro forma* internal corporate reorganization whereby all shares in BCI, which is also the parent company of Birch, will be transferred to Birch Holdings. As a result, Birch Holdings will become the sole shareholder of BCI, and the ultimate owner of Birch. The change in control is *pro forma* in nature because the current shareholders of BCI will become the shareholders of Birch Holdings and will hold shares in the same percentage as currently held in BCI.

It is the Parties' understanding that no prior Commission approval is required to consummate the *pro forma* internal corporate reorganization described herein. The Parties therefore submit this notice for the Commission's information.

I. PARTIES

A. Birch Communications, Inc.

BCI is a Georgia corporation with headquarters located at 3060 Peachtree Road NW, Suite 1065, Atlanta, Georgia 30305. BCI and its subsidiaries provide telecommunications services to both business and residential customers in 32 states. BCI is authorized by the

Commission to provide local exchange and interexchange telecommunications services in Kentucky.¹

B. Birch Telecom of the South, Inc. dba Birch Communications of the Southeast

Birch is a Delaware corporation with headquarters located at 3060 Peachtree Road NW, Suite 1065, Atlanta, GA 30305. Birch is authorized by the Commission to provide local exchange and interexchange telecommunications services in Kentucky.² Birch is a wholly owned subsidiary of BCI.

C. Birch Communications Holdings, Inc.

Birch Holdings is a Georgia corporation with headquarters located at 3060 Peachtree Road NW, Suite 1065, Atlanta, GA 30305. As a result of this transaction, Birch Holdings will become the sole shareholder of BCI. Birch Holdings will conduct no business other than holding the equity of BCI and any activities reasonably related thereto.

II. DESIGNATED CONTACTS

Correspondence concerning this matter should be directed to:

Angela F. Collins
Cahill Gordon & Reindel LLP
1990 K Street, NW, Suite 950
Washington, DC 20006
202-862-8930 (telephone)
202-862-8958 (facsimile)
acollins@cgrdc.com

III. DESCRIPTION OF THE TRANSACTION

As part of this corporate restructuring, each current BCI shareholder will transfer its shares to Birch Holdings, as a contribution to the capital of Birch Holdings. In exchange, Birch Holdings will issue to each shareholder a like number of shares in Birch Holdings. As a result of the reorganization, Birch Holdings will become the sole shareholder of BCI, and the current shareholders of BCI will become the shareholders of Birch Holdings. There will be no change in the ultimate ownership of BCI or Birch, as the same existing owners of BCI will continue to own Birch Holdings after consummation of the transaction.

¹ The Commission has assigned BCI the following Utility ID Numbers: 22250116 (long distance carrier) and 5011600 (competitive local exchange carrier).

² The Commission has assigned Birch the following Utility ID Numbers: 5153300 (long distance carrier) and 22251533 (competitive local exchange carrier).

IV. PUBLIC INTEREST CONSIDERATIONS

The *pro forma* internal reorganization is in the public interest. The reorganization will allow the Parties to realize significant financial and operational benefits, which will strengthen the ability of Birch and BCI to compete in the market for telecommunications services in Kentucky. Immediately following the *pro forma* internal reorganization, Birch and BCI will continue to provide high-quality service to customers under the same name, with no change in their rates, terms, or conditions of service. There will be no changes to the operating authority or tariffs of Birch or BCI in Kentucky. Further, the *pro forma* internal reorganization will not result in a change in the management or operations of Birch or BCI. As a result, the proposed transaction will be seamless and transparent to customers in Kentucky.

Pursuant to the Commission's filing procedures, please find enclosed an original plus ten (10) copies of this letter. Please date-stamp the additional copy of this letter and return it to us in the enclosed envelope. If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,



Angela F. Collins

Counsel for Birch Communications, Inc.,
Birch Telecom of the South, Inc. dba
Birch Communications of the Southeast,
and
Birch Communications Holdings, Inc.