

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

NEW YORK, NY
TYSONS CORNER, VA

CHICAGO, IL
STAMFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

HONG KONG

AFFILIATE OFFICES
BANGKOK, THAILAND
JAKARTA, INDONESIA
MUMBAI, INDIA
TOKYO, JAPAN

FACSIMILE

(202) 955-9792

www.kelleydrye.com

DIRECT LINE: (202) 955-9667

EMAIL: mconway@kelleydrye.com

RECEIVED

MAR 30 2004

PUBLIC SERVICE
COMMISSION

March 29, 2004

Via UPS

Ms. Stephanie Bell, Secretary
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Informational Filing of NewSouth Communications Corp. and NuVox Communications, Inc. Regarding Their Intent to Provide Security in Connection with Financing

Dear Ms. Bell:

NewSouth Communications Corp. (“NewSouth”)¹ and NuVox Communications, Inc. (“NuVox”)² (together, “Parties”), by their attorneys, hereby respectfully advise the Kentucky Public Service Commission (“Commission”), pursuant to the Commission’s Administrative Case No. 359 and No. 370, both issued June 21, 1996 (the “Administrative Cases”), of their intent to incur indebtedness of an amount up to \$100 million. In connection with the proposed merger described below of the Parties’ parent companies, the Parties intend to enter into a Second Amended and Restated Credit and Guaranty Agreement (“Agreement”). The Agreement will be an amendment and consolidation of the Parties’ existing credit facilities, under which an aggregate of approximately \$62 million of indebtedness currently is outstanding. The Agreement will authorize the Parties to incur up to \$35 million of additional indebtedness; thus, the Parties will incur a total indebtedness of up to \$100 million. As explained below, the Parties operate on a multi-state basis and pursuant to the Administrative Cases, the Parties understand that no prior Commission approval is required in connection with this financing.

¹ The Commission authorized NewSouth, Utility ID 5013200, to provide local and interexchange telecommunications services on February 28, 1999.

² The Commission authorized NuVox to provide local and interexchange telecommunications services on March 2, 1998 (name change April 18, 2001).

It is anticipated that, pursuant to the Agreement, NewSouth will be a Borrower, and NuVox will be a Guarantor. NuVox, Inc., the ultimate parent of NuVox (and NewSouth, following the merger), and various other subsidiaries of NuVox, Inc. will also be Guarantors or Borrowers. The existing liens and security interests in the Parties' assets and stock will remain outstanding. In support of this notification, NewSouth and NuVox provide the following information:

The Parties. NewSouth Communications Corp. NewSouth Communications Corp., a Delaware corporation, and its direct corporate parent, NewSouth Holdings, Inc., a privately held Delaware corporation, are headquartered at Two North Main Street, Greenville, SC 29601. NewSouth is a non-dominant, rapidly growing facilities-based integrated communications provider of voice and data telecommunications services to more than 17,000 business customers with more than 208,000 on-net access lines in service. Its 2003 revenues totaled \$151.7 million. NewSouth primarily markets its services to small and medium-sized business customers in the southeast United States where it generally has both local and interexchange authority. In Kentucky, NewSouth has approximately 870 customers with approximately 11,170 access lines in service. NewSouth is authorized to provide intrastate interexchange services in 13 states and is authorized to provide local exchange services in 9 of these 13 states, including Kentucky. Where NewSouth has only interexchange authority, its services are used by persons placing calls using its travel cards or are branch locations of its customers based in other states where it is authorized to provide local exchange services. NewSouth also is authorized by the FCC to provide domestic interstate and international telecommunications services.

NuVox Communications, Inc. NuVox, Inc. and its operating subsidiaries, including NuVox Communications, Inc., are located at 16090 Swingley Ridge Road, Suite 500, Chesterfield, MO 63017. NuVox, Inc. is a rapidly growing facilities-based integrated communications provider of voice and data telecommunications services to more than 18,600 small and medium-sized business customers with more than 285,000 on-net access lines in service. Its 2003 revenues totaled \$145.3 million. Through its various operating subsidiaries, including NuVox, Inc. markets its services in 13 contiguous Midwestern and Southeastern states. In Kentucky, NuVox has approximately 657 customers with approximately 10,563 on-net access lines in service. Through its operating subsidiaries, NuVox, Inc. is authorized to provide intrastate interexchange services in 23 states, and is authorized to provide local exchange services in 14 of those states, including Kentucky. Where the NuVox, Inc. subsidiaries have only interexchange authority, their services are used by persons placing calls using NuVox, Inc. calling cards or are branch locations of NuVox, Inc. customers based in other states where NuVox, Inc. is authorized to provide local exchange services. NuVox, Inc. and NuVox are also authorized by the FCC to provide domestic interstate and international telecommunications services.

The Combined Company. On March 8, 2004, the Parties notified the Commission of the proposed merger of NuVox's parent, NuVox, Inc., and NewSouth's parent, NewSouth Holdings, Inc. (the "Merger"). Pursuant to the exemptions set forth in the Administrative Cases, the Parties understand that no prior Commission approval is required for the Merger. Following consummation of the proposed Merger, as explained in the above-referenced notification,

NuVox, Inc. will be the ultimate parent of both NewSouth and NuVox. No shareholder group will own 20% or more of the voting and equity interests of NuVox, Inc.

The Transaction. NewSouth and NuVox intend to incur indebtedness in connection with financing of an amount up to \$100 million. The Agreement among NewSouth, NuVox, NuVox, Inc., various other subsidiaries of NuVox, Inc., various financial institutions as lenders (“Lenders”) and General Electric Capital Corporation (“GE Capital” and as a “Lender”) as Administrative Agent, is in essence a consolidation of NewSouth’s preexisting credit facility (“Existing NewSouth Credit Agreement”) and NuVox’s preexisting credit facility (“Existing NuVox Credit Agreement”). It is intended that the loans under the Existing NewSouth Credit Agreement and the Existing NuVox Credit Agreement be consolidated into one, joint and several, term loan obligation. As such, although the liens and security interests granted in connection with the Existing NewSouth Credit Agreement and Existing NuVox Credit Agreement will remain outstanding, as amended and restated, the total amount of indebtedness for each of the Parties will increase and the maturity date will be extended. Thus, although the Parties have obtained the requisite state regulatory approvals in connection with the Existing NewSouth Credit Agreement and the Existing NuVox Credit Agreement, because the combined amount of indebtedness is higher than their current separate indebtedness and some terms of the financing have changed, the Parties are notifying the Commission of the instant transaction. The terms of the financing are expected to be substantially as follows:

Lenders: The lenders are expected to be various financial institutions the composition of which may change over the life of the loan. At present, it is expected that the lenders will include CIT Lending Services Corporation, Fleet National Bank, Wachovia Bank and General Electric Capital Corporation.

Amount: The consolidation of the Parties’ existing facilities results in an aggregate indebtedness of approximately \$62 million. The Agreement authorizes indebtedness of up to \$100 million.

Maturity: The earliest to occur of (a) March 31, 2008, or (b) the occurrence of an Event of Default under the Agreement.

Interest: Interest will be payable quarterly in arrears. As is typical in such transactions, the interest rate will have two components, a base rate and a margin rate. The base rate would be defined as the base or prime rate charged by a specified major bank for loans of similar size with similar maturities or as an adjusted federal rate. Eurodollar loans would be based on a specified London Interbank Rate. The margin rate is expected to be 4.5% until June 30, 2004, and then 4.25% from July 1, 2004 to the maturity date.

Security: It is anticipated that NewSouth will be a Borrower under the Agreement and NuVox will be a Guarantor under the Agreement. The liens and security interests granted by the Parties pursuant to the Existing NuVox Credit Agreement and the Existing NewSouth Credit Agreement, including the pledge of the Parties' stock, will remain in effect.

Use of Proceeds: As the loan represents a consolidation of the amounts of the existing NuVox indebtedness and the existing NewSouth indebtedness, no new funds will be advanced on the effective date of the Agreement.

Public Interest Considerations. This financing transaction will serve the public interest by enhancing the ability of the Parties to grow and compete in the highly competitive markets for telecommunications services in Kentucky and nationwide. As noted above, the financing described herein is simply a consolidation of the Parties' existing credit facilities in connection with the Merger described above; thus, no new funds will be advanced upon the effective date of the Agreement. The Merger will create a combined company with double the scope and size of each of the existing Parties and will enable the combined company to compete more effectively, operate more efficiently and thus realize substantial financial synergies that will enable the combined company to significantly increase its operating income and free cash flow. The financing is not expected to affect in any way the Parties' current rates or services in Kentucky or elsewhere.

NuVox and NewSouth compete in Kentucky and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because NewSouth and NuVox are non-dominant carriers, they are not subject to rate of return regulation and their capital structure should not be a matter of concern to the Commission. In addition, because of the highly competitive environment in which they operate, the rates charged customers are subject to market discipline and the services offered generally are available from other carriers. As a result, the source of funds and capital structure of the Parties would have little effect on customers in Kentucky or elsewhere. In the unlikely event that the Parties' capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from their financing decisions impact on shareholders, not on their customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates and better services.

Stephanie Bell, Secretary
March 29, 2004
Page 5

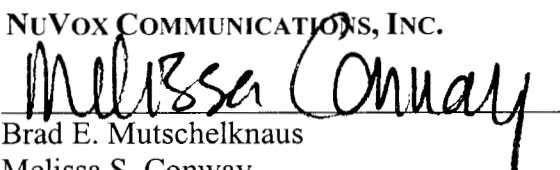
KELLEY DRYE & WARREN LLP

As noted above, it is the Parties' understanding that no prior Commission approval is required to consummate the transaction described herein. This information is being submitted, therefore, solely to keep the Commission advised and its records current. Enclosed please find 10 copies and a duplicate copy of this filing. Also enclosed is a self-addressed, postage-paid envelope. Please date-stamp the duplicate and return it in the envelope provided. Please do not hesitate to contact Melissa Conway at (202) 955-9667 should you have any questions.

Respectfully submitted,

NEWSOUTH COMMUNICATIONS CORP. AND
NUVOX COMMUNICATIONS, INC.

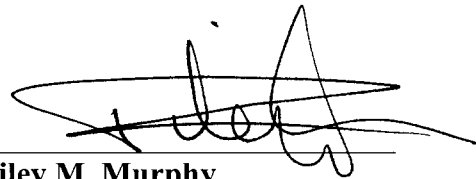
By:


Brad E. Mutschelknaus
Melissa S. Conway
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W., Suite 500
Washington, D.C. 20036
(202) 955-9600

Their Counsel

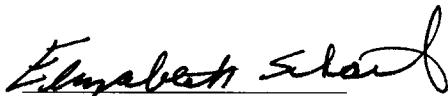
VERIFICATION

I, Riley M. Murphy, am authorized to represent NewSouth Communications Corp. and its affiliates and to make this verification on their behalf. Except as otherwise specifically attributed, the statements in the foregoing document relating to these companies are true of my own knowledge, other than as to matters that are stated therein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.



Riley M. Murphy
Executive Vice President, General
Counsel and Secretary
NewSouth Communications Corp.

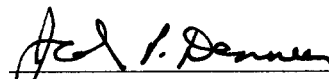
Subscribed and sworn to before me this 27th day of March 2004.


Notary Public

My Commission expires: 10/5/10

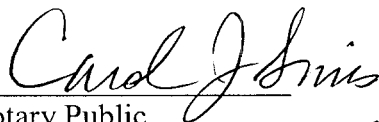
VERIFICATION

I, John P. Denneen, am authorized to represent NuVox Communications, Inc. and its affiliates and to make this verification on their behalf. Except as otherwise specifically attributed, the statements in the foregoing document relating to these companies are true of my own knowledge, other than as to matters that are stated therein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.



John P. Denneen
Executive Vice President
NuVox Communications, Inc.

Subscribed and sworn to before me this 24th day of March 2004.



Notary Public

My Commission expires:

September 24, 2006



CAROL J. SIMS
St. Louis County
My Commission Expires
September 24, 2006