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October 9, 2001

VIA FEDERAL EXPRESS

Ms. Stephanie Bell
Executive Secretary
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

**Re: Notification of *Pro Forma* Transfer of Control of KMC Telecom V, Inc. from
KMC Telecom Holdings, Inc. to its Subsidiary, KMC Data Holdco, LLC.**

Dear Ms. Bell:

KMC Telecom V, Inc. ("KMC") and its parent, KMC Telecom Holdings, Inc. ("KMC Holdings"), hereby respectfully notify the Kentucky Public Service Commission ("Commission"), pursuant to Administrative Case No. 370 (January 8, 1998), of their intent to undertake a minor restructuring of KMC's ownership.¹ This restructuring reflects the addition of a new holding company, KMC Data Holdco, LLC ("Data Holdco," together with KMC and KMC Holdings, the "Parties") as the immediate parent of KMC. This change of ownership is *pro forma* only, as the ultimate ownership of KMC will remain with KMC Holdings. This minor restructuring does not involve the transfer of operating authority, and therefore will not affect the identity of the utility entity providing service, or the terms and conditions under which services are currently being provided in Kentucky. It is the understanding of the Parties that no formal approval by the Commission is required to complete the proposed intracorporate restructuring described below.

¹ KMC is authorized to provide local exchange and long distance service in the State of Kentucky. KMC's tariffs were approved by the Commission on July 28, 2000, thus granting KMC the requisite authority to provide service in the state.

I. PARTIES

KMC Telecom V, Inc., is a Delaware corporation headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC is authorized to provide intrastate local exchange and interexchange service in 46 states, including Kentucky and the District of Columbia. Currently, KMC largely serves business customers.

KMC Data Holdco, LLC, is a Delaware limited liability company located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. A copy of Data Holdco's certificate of formation is attached hereto as *Exhibit A*. All of Data Holdco's membership interest is owned by KMC Holdings, a privately-held company. Upon acceptance of this Notice, KMC Holdings will be authorized to hold all the membership interest of Data Holdco, which in turn will be authorized to hold all of KMC's stock. As is evident, the insertion of Data Holdco as a new intermediate holding company does not affect the ultimate ownership and control of KMC by KMC Holdings.

KMC Telecom Holdings, Inc., is a Delaware corporation headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921.

As holding companies, Data Holdco and KMC Holdings are not expected to be actively engaged in business in the State of Kentucky. Accordingly, it is not anticipated that Data Holdco or KMC Holdings will need to qualify to do business within the state.

II. DESCRIPTION OF THE TRANSACTION

The internal corporate restructuring described in this Notification is intended to establish a new holding company with respect to certain lines of business which are interrelated, and to streamline operations. This restructuring will also permit KMC Holdings to do business under a more efficient, rational structure and give the company greater access to working capital and improved marketing and administrative operations. While the *pro forma* intracorporate transfers involved in the reorganization of the companies will meet important business requirements, the transactions are transparent to prospective consumers and will have no impact on KMC's services.

In the restructuring, KMC Holdings will contribute its stock in KMC to Data Holdco, thus making KMC a direct subsidiary of Data Holdco. The ownership structure relevant to KMC, before and after the restructuring set forth herein, are reflected on the charts submitted herewith as *Exhibit B*.

III. PUBLIC INTEREST ANALYSIS

This minor restructuring will not adversely affect the public interest; it involves no change in the entity providing service to customers, nor does it propose any change to the terms

and conditions of such service. All existing tariffs will remain in place. The restructuring does not affect the technical or financial qualifications of KMC, as all technical and financial resources previously available to KMC will continue to be available. The scope of those resources can be seen in the publicly available Securities and Exchange Commission filings of KMC Holdings.² The change in identity of the entity owning KMC's stock will not involve any change in the management of KMC. The existing officers and directors will remain the same, as will the customer and regulatory contacts for KMC; although, of course, changes may occur with the passage of time as they might even if there were no change in ownership. Thus, this transaction will be completely transparent to customers.

KMC competes with numerous other competitive local exchange carriers and enhanced network providers, as well as the incumbent local exchange carriers and other interexchange carriers. Because the public interest is best served by assuring the presence of numerous telecommunications competitors it is important to provide such competitors with the flexibility to arrange their ownership in the manner they deem most appropriate to carry on their business, so long as there is no adverse impact on the public. To deny such flexibility would discourage new competitors from entering the state, and would encourage existing competitors to seek a more favorable regulatory environment elsewhere, neither of which would enhance the public interest. The Parties respectfully submit that this consideration supports acceptance of this Notification.

It is the understanding of the Parties that prior Commission approval is not required to consummate the restructuring described herein. It is respectfully requested that the Commission notify the Parties as soon as possible if this understanding is incorrect. Absent written notification to the contrary, within *30 days* of the date hereof, the Parties will presume that their understanding is correct and proceed accordingly.

² A hard copy of KMC Holding's most recent SEC Form 10Q will be provided upon request.

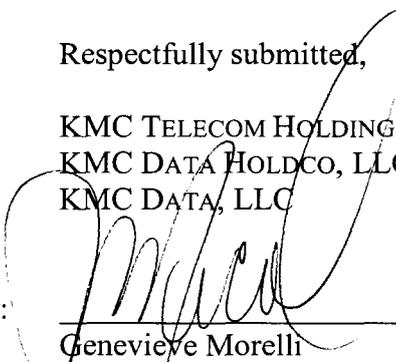
Ms. Stephanie Bell
Kentucky Public Service Commission
October 9, 2001
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Enclosed please find an original, four (4) copies, and a duplicate of this Notice. Please date-stamp the duplicate and return it in the self-addressed, stamped envelope provided. If you have any questions regarding this filing, please do not hesitate to contact the Parties' undersigned counsel at (202) 955-9785.

Respectfully submitted,

KMC TELECOM HOLDINGS, INC.
KMC DATA HOLDCO, LLC
KMC DATA, LLC

By:



Genevieve Morelli
Eric D. Jenkins
M. Nicole Oden
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W., Suite 500
Washington, D.C. 20036

Their Attorneys

Date: October 9, 2001

Enclosures

EXHIBIT A

**Certificate of Formation of KMC Data
Holdco, LLC**

CERTIFICATE OF FORMATION

OF

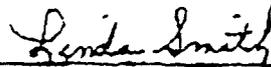
KMC DATA HOLDCO LLC

The undersigned, an authorized natural person, for the purpose of forming a limited liability company under the provisions of and subject to the requirements of the State of Delaware (particularly Chapter 18, Title 6 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "Delaware Limited Liability Company Act"), hereby certifies that:

FIRST: The name of the limited liability company is KMC DATA HOLDCO LLC (the "Company").

SECOND: The address of the registered office and the name and address of the registered agent of the Company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on the 15th of May, 2001.



Linda Smith, Authorized Person

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 03:30 PM 05/15/2001
010233624 - 3392372

State of Delaware
Office of the Secretary of State

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I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "EMC DATA HOLDCO LLC", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF MAY, A.D. 2001, AT 5:30 O'CLOCK P.M.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1135421

DATE: 05-16-01

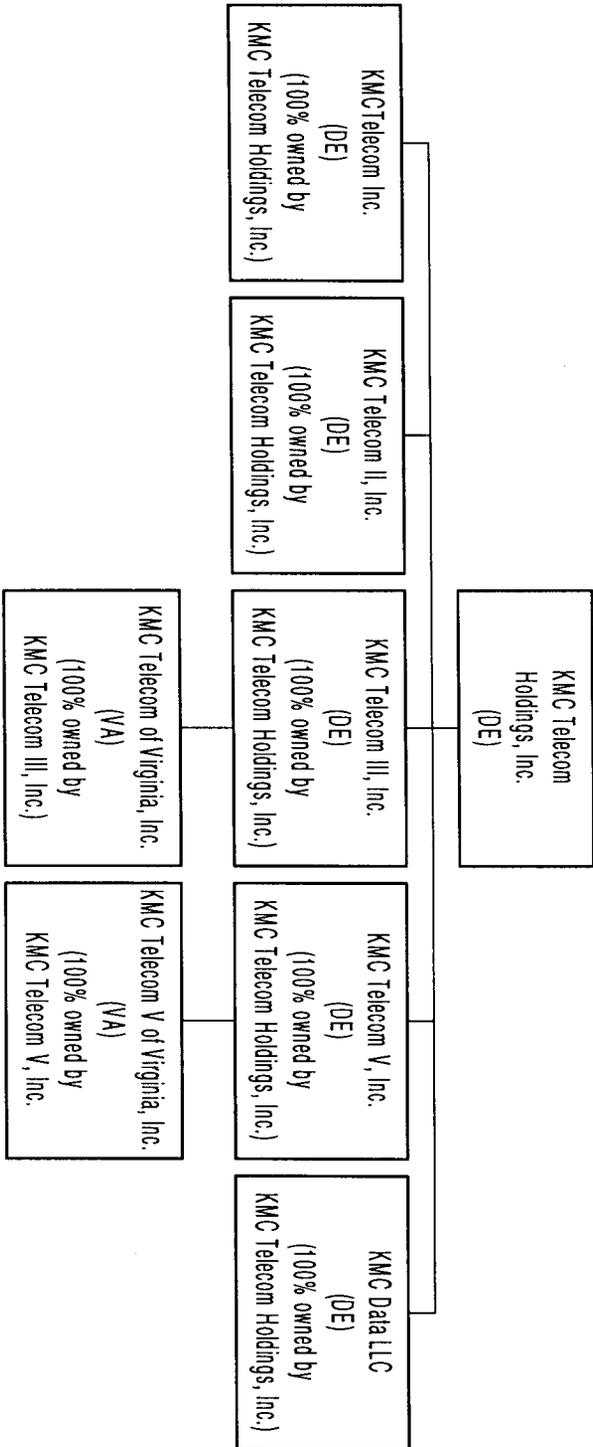
3392372 8100

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EXHIBIT B

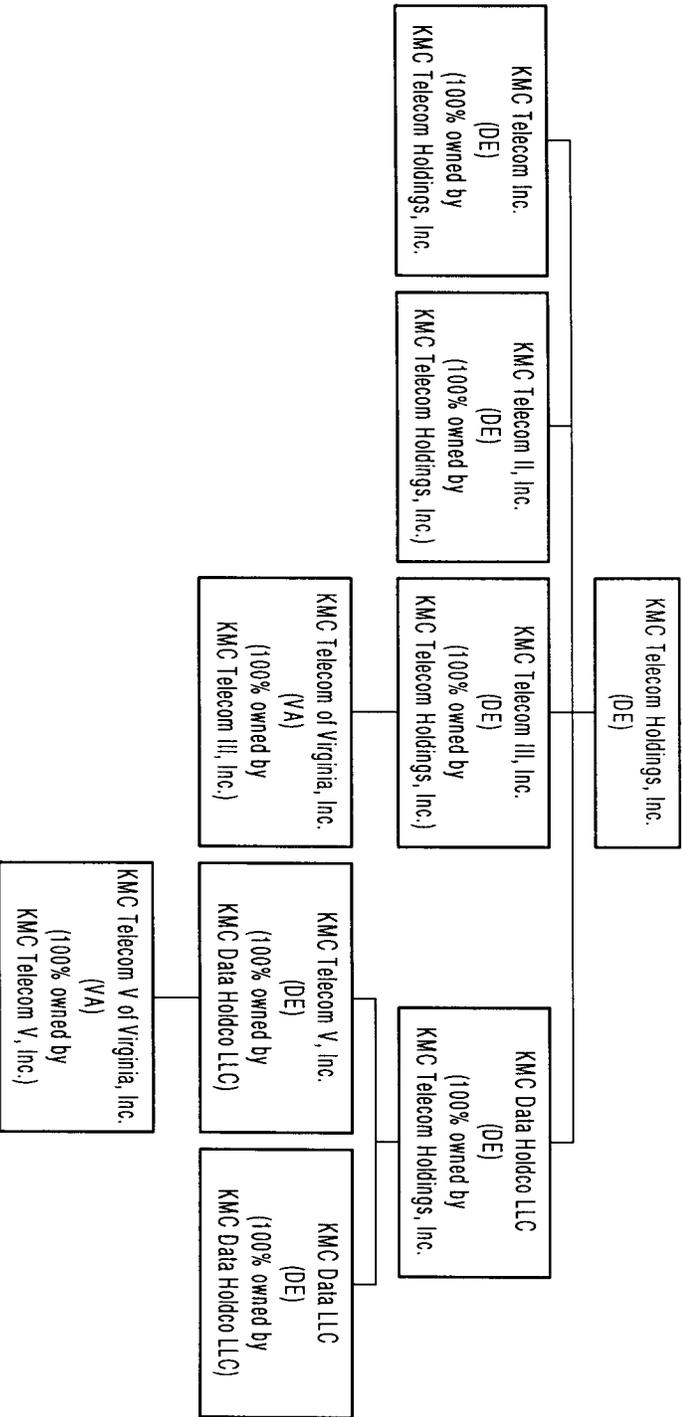
Pre- and Post- Restructuring Organizational Charts

KMC'S PRE-REORGANIZATION CORPORATE STRUCTURE*



* This chart depicts only those KMC entities relevant to the regulated telecommunications companies involved in this restructuring.

KMC'S POST-REORGANIZATION CORPORATE STRUCTURE:*



* This chart depicts only those KMC entities relevant to the regulated telecommunications companies involved in this restructuring.