

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19TH STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

FACSIMILE

(202) 955-9792

www.kelleydrye.com

DIRECT LINE (202)87-1254

E-MAIL: ejenkins@kelleydrye.com

NEW YORK, NY
TYSONS CORNER, VA
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM
HONG KONG

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

April 2, 2003

RECEIVED

APR 03 2003

PUBLIC SERVICE
COMMISSION

VIA UPS

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

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

Dear Ms. Bell:

KMC Telecom V, Inc. ("KMC V") and its parent, KMC Data Holdco LLC ("Data Holdco"), hereby respectfully notify the Kentucky Public Service Commission ("Commission") of their intent to undertake a minor restructuring of KMC V's ownership.¹ This restructuring reflects the addition of a new direct holding company, KMC Data Sub Holdings I LLC, and a new indirect holding company, KMC Data Holdco Sub LLC (together with KMC V and Data Holdco, the "Parties") as the direct and indirect parents of KMC V. This change of ownership is *pro forma* only as the ultimate ownership of KMC V will remain with KMC Telecom Holdings, Inc. ("KMC Holdings")² This minor restructuring does not involve the transfer of operating authority and therefore will not effect 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 V 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.

² KMC Holdings is the ultimate parent of KMC V and Data Holdco, and pursuant to the aforementioned reorganization will also have ultimate ownership of KMC Data Sub Holdings I LLC and KMC Data Holdco Sub LLC.

I. PARTIES

KMC Telecom V, Inc: KMC V is a Delaware corporation headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC V has obtained authorization to provide intrastate local exchange and interexchange service in 46 states, including Kentucky and the District of Columbia. Currently, KMC V provides Port Wholesale service to its ISP customers.

KMC Data Holdco, LLC: Data Holdco is a privately-held Delaware limited liability company located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. Data Holdco operates as a holding company and holds all of the ownership interests in KMC V and KMC Data Holdco Sub, LLC.

KMC Data Sub Holdings I LLC: KMC Data Sub Holdings I LLC is a Delaware limited liability company located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. All of KMC Data Sub Holdings I LLC's membership interest is owned by KMC Data Holdco Sub LLC, a privately-held company. Upon acceptance of this Notification, KMC Data Sub Holdings I LLC will be authorized to hold all the membership interest of KMC V.

KMC Data Holdco Sub LLC: KMC Data Holdco Sub LLC is a Delaware limited liability company also located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. All of KMC Data Holdco Sub LLC's membership interest is owned by Data Holdco. Upon acceptance of this Notification, Data Holdco will be authorized to hold all the membership interest of KMC Data Holdco Sub LLC, which in turn will be authorized to hold all of the membership interest of KMC Data Sub Holdings I LLC, which will hold all of the membership interest of KMC V. As evidenced, the insertion of KMC Data Sub Holdings I LLC and KMC Data Holdco Sub LLC as new intermediate holding companies does not affect the ultimate ownership and control of KMC V by KMC Holdings.

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

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

II. DESIGNATED CONTACTS

The designated contacts for questions regarding this Notification are:

Brad Mutschelknaus
Eric Jenkins
KELLEY, DRYE & WARREN LLP
Suite 500
1200 19th Street, N.W.
Washington, D.C. 20036
Tel: (202) 955-9600
Fax: (202) 955-9792

Copies of correspondence should also be sent to:

Riley Murphy
Senior Vice President
KMC TELECOM HOLDINGS, INC.
1545 Route 206
Suite 300
Bedminster, New Jersey 07921
Telephone (908) 470-2100
Facsimile (908) 719-8775

III. DESCRIPTION OF THE TRANSACTION

The internal corporate restructuring described in this Notification is intended to 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 V's services.

This internal restructuring merely inserts two new holding companies into their corporate ownership chain. To effect the restructuring, Data Holdco contributes its interest in KMC V to KMC Data Holdco Sub LLC, which in turn, contributes interest in KMC V to KMC Data Sub Holdings I LLC, thus making KMC V a direct subsidiary of KMC Data Sub Holdings I LLC. The ownership structure relevant to KMC V, before and after the changes proposed herein, are reflected on the charts submitted herewith as *Exhibit A*.

IV. PUBLIC INTEREST ANALYSIS

This minor restructuring will benefit the public interest; it involves no change in the entity with authority to provide service to customers, nor does it change the proposed terms and conditions of such service. The restructuring does not affect the technical or managerial qualifications of KMC V, as all technical and managerial personnel previously available to KMC V will continue to be available. The existing officers and directors will remain the same, as will the customer and regulatory contacts for KMC V, 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 V 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 that such competitors arrange their ownership in the manner most appropriate to carry on their business. Over time, consumers in Kentucky will benefit from the enhanced competition provided as a result of this restructuring.

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 *10 days* of the date hereof, the Parties will presume that their understanding is correct and proceed with their plans as contemplated.

Enclosed, please find four (4) copies of this Notification for your records, as well as a duplicate. Please date-stamp the duplicate of this Notification and return it in the self-addressed, stamped envelope provided.

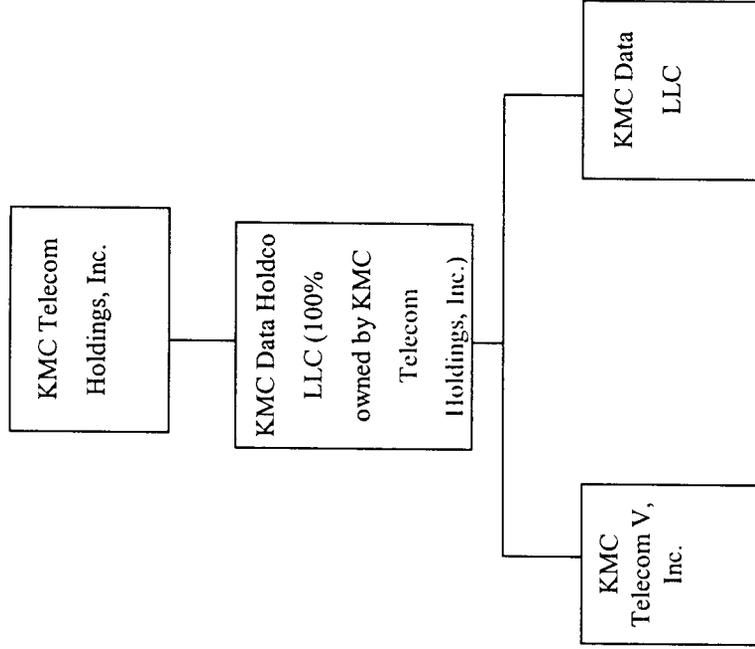
Respectfully submitted,

By: 

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

EXHIBIT A

KMC's Corporate Structure



KMC's Corporate Structure

