

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19<sup>TH</sup> STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

ORIGINAL

FACSIMILE

(202) 955-9792

www.kelleydrye.com

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

February 23, 2004

RECEIVED

FEB 24 2004

PUBLIC SERVICE  
COMMISSION

VIA UPS

Mr. Thomas M. Dorman  
Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

FEB 25 2004

PCS  
FINANCIAL ANALYSIS

**Re: Informational Filing of Knology of Kentucky, Inc. Regarding Its  
Intent to Provide its Guarantee in Connection with Financing**

Dear Mr. Dorman:

KNOLOGY OF KENTUCKY, INC. ("Knology KY")<sup>1</sup>, by its attorneys, hereby respectfully advises the Kentucky Public Service Commission ("Commission") of its intent to incur indebtedness in the form of giving its guarantee in connection with financing of approximately \$280 million to be arranged for its parent, Knology, Inc. ("Knology"). The financing consists of Senior Notes due in 2014 that will be guaranteed on an unsecured basis by certain subsidiaries of Knology, including Knology KY. The Senior Notes will not be secured by any of Knology KY's assets. Pursuant to the exemptions set forth in Administrative Case Nos. 359 and 370, Knology KY believes that no approval by this Commission is required in connection with this transaction. Thus, this information is being provided to the Commission solely for informational purposes. In support of this notification, Knology KY provides the following information:

<sup>1</sup> The Commission authorized Knology KY to provide telecommunications services in Certificate No. 22251513 (competitive local exchange) and Certificate No. 510 (interexchange).

**The Company.** Knology KY is a direct, wholly owned subsidiary of Knology, Inc., a publicly traded corporation with principal executive offices located at 1241 O.G. Skinner Drive, West Point, Georgia 31833, (706) 645-8553. Through various other subsidiaries, Knology provides cable television, local and long distance telecommunications services and high-speed Internet access to residential and business customers in the southeastern United States. In Kentucky, however, Knology KY currently does not have any customers. Knology and various subsidiaries also are authorized by the Federal Communications Commission to provide both interstate and international telecommunications services.

**The Transaction.** Knology KY intends to incur indebtedness by being one of the guarantors of the debt of its parent company, Knology. Knology intends to issue Senior Notes (the "Notes") in the amount of approximately \$280 million that will mature in 2014 and be guaranteed on an unsecured basis by certain subsidiaries of Knology, including Knology KY. The Notes will not be secured by any of the assets of the subsidiaries. The Notes will rank equally with all of Knology's existing and future senior debt. The Notes and guarantees will be effectively subordinated to Knology's existing and future secured debt to the extent of the collateral securing such debt.

Because the terms of this transaction depend on market credit conditions at the time of the issuance of the Notes, the exact amount, interest, maturity and other conditions can only be determined close to the time of the issuance of the Notes. Knology and the initial purchasers of the Notes currently are negotiating the terms of this financing. The initial purchasers are expected to be UBS Investment Bank, Jefferies & Company, Inc. and Morgan Stanley. The Notes, in turn, will be sold to qualified institutional buyers. The interest rate will be determined upon closing. It is intended that the net proceeds will be used to redeem all of Knology's outstanding 12% senior notes (in the amount of approximately \$233 million and which mature in 2009) and repay amounts due under Knology's \$15.5 million credit facility with Wachovia Bank, N.A.; any remaining net proceeds will be available for general corporate purposes.

**Public Interest Considerations.** This financing transaction will serve the public interest by enhancing the ability of Knology and its subsidiaries to grow and compete in the highly competitive markets for telecommunications services in Kentucky and nationwide. The financing arrangements will provide Knology with the financial resources needed to continue to produce new products and services and respond to the highly competitive telecommunications environment. Knology has been successful in the past in raising the substantial funds necessary to engage in its capital intensive business and it will benefit greatly from additional resources in order to continue to grow and expand its service offerings. The financing arrangements are not expected to affect in any way the rates or services offered by Knology in Kentucky or elsewhere.

In addition, because of the highly competitive environment in which it operates, 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 Knology would have little effect on customers. In the unlikely event that Knology's capital structure

Mr. Thomas M. Dorman  
February 23, 2004  
Page 3 of 3

KELLEY DRYE & WARREN LLP

becomes too costly and rates rise, customers would simply migrate to other carriers with preferred rates. Finally, Knology KY notes that its parent, Knology, a publicly held company, is subject to the jurisdiction of the SEC which also serves to protect the interests of Knology's investors and consumers in Kentucky.

As noted above, it is Knology KY's understanding that prior Commission approval is not required to consummate the transaction described herein. This information is being provided, therefore, solely to keep the Commission advised and its records current. Enclosed please find ten (10) copies and a duplicate copy of this filing. Also enclosed is a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Do not hesitate to contact Melissa Conway at (202) 955-9667 if you have any questions or believe that any further action is required.

Respectfully submitted,

**KNOLOGY OF KENTUCKY, INC.**

By:

  
Edward A. Yorkgitis, Jr.

Melissa S. Conway

KELLEY DRYE & WARREN LLP

1200 19<sup>th</sup> Street, N.W., Suite 500

Washington, D.C. 20036

(202) 955-9600

Its Counsel