

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application)	Application No. C-2232
of KMC Telecom III, Inc. for)	
Approval of Pro Forma Assignment)	
of Certificate of Public)	
Convenience and Necessity to)	GRANTED
Operate as an Interexchange)	
Carrier of Telecommunications)	
Services within the State of)	
Nebraska.)	Entered: April 18, 2000

BY THE COMMISSION:

By application filed February 28, 2000, KMC Telecom III, Inc. (KMC III) and its affiliate KMC Telecom IV, Inc. (KMC IV) (jointly referred to as the Applicants), seek approval to assign their certificate of public convenience and necessity to operate as an interexchange carrier of telecommunications services within the state of Nebraska. Notice of this application was published in The Daily Record, Omaha, Nebraska, on February 28, 2000, pursuant to the rules of the Commission. No protests were filed, therefore we process this application pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

KMC Telecom Holdings, Inc. (KMC Holdings) is a Delaware corporation and is the parent holding corporation of KMC III and KMC IV. KMC III was granted authority to provide intrastate interexchange service to customers in Nebraska on August 24, 1999, in Application No. C-2065. KMC III currently has no customers and has not yet provided interexchange telecommunications services in the State of Nebraska. KMC IV was granted authority to provide local exchange service within the state of Nebraska on March 28, 2000, in Application No. C-2214.

The ultimate holding company of both applicants, KMC Holdings, has developed a plan of reorganization whereby KMC IV was created to more readily obtain additional financing, reduce operating expenses, and realize operational and management efficiencies which will ultimately benefit KMC IV's customers. The proposed change will not affect the company's management, ownership, quality of service or rates.

The proposed transaction satisfies the Commission's standards for granting approval. The acquiring entity, KMC IV, possesses sufficient financial resources by way of their relationship with the parent holding company. There will not be any change in the

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ownership control or management of the certificated entity in Nebraska. KMC IV will rely on substantially the same managerial and technical personnel of KMC III. The application is in the public interest because it will result in significant operational and administrative efficiencies which will allow KMC IV to better compete in the telecommunications market.

Based on the evidence we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-2232 be, and it is hereby granted.

IT IS FURTHER ORDERED that KMC Telecom IV, Inc. be, and it is hereby authorized to provide telecommunications services in accordance with the certificate of operating authority previously granted in Application No. C-2065.

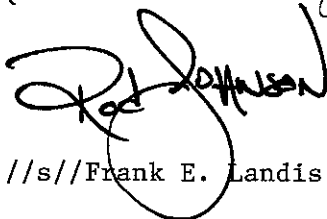
IT IS FURTHER ORDERED THAT the applicant file an updated tariff reflecting the new or discontinued services within thirty days from the date of this order.

IT IS FURTHER ORDERED that the certificate previously granted in Application No. C-2065 be and it is hereby cancelled.

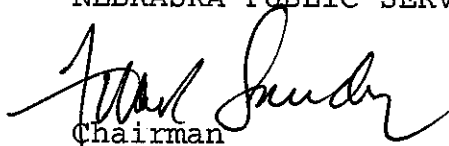
MADE AND ENTERED at Lincoln, Nebraska, this 18th day of April, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

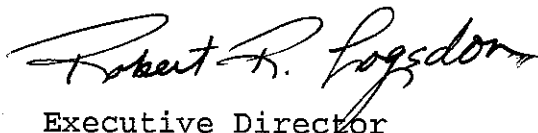
COMMISSIONERS CONCURRING:



//s//Frank E. Landis


Chairman

ATTEST:


Executive Director