

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application	)	Application No. C-2495
of KMC Telecom Holdings, Inc.	)	
of Lawrenceville, Georgia, on	)	
behalf of its wholly-owned sub-	)	GRANTED
sidaries, KMC Telecom III, Inc.	)	
and KMC Telecom IV, Inc., for	)	
approval of an intra-company	)	
reorganization.	)	Entered: April 17, 2001

BY THE COMMISSION:

By application filed March 12, 2001, KMC Telecom Holdings, Inc. (KMC Holdings) of Lawrenceville, Georgia, on behalf of its wholly-owned subsidiaries, KMC Telecom III, Inc. (KMC III) and KMC Telecom IV, Inc. (KMC IV), seeks approval of an intra-company reorganization. Notice of the application was published in The Daily Record, Omaha, Nebraska, on March 14, 2001. No protests were filed; therefore, this application is processed 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 III and KMC IV are wholly-owned subsidiaries of KMC Holdings. KMC III was granted authority to provide interexchange telecommunications services on August 24, 1999, pursuant to Application No. C-2065. KMC IV was granted authority to provide local exchange services on March 28, 2000, pursuant to Application No. C-2214. On April 18, 2000, pursuant to Application No. C-2232, the Commission approved the assignment of KMC III's interexchange authority to KMC IV. An additional affiliate of KMC Holdings, KMC V, Inc., is also authorized to provide telecommunications services in Nebraska, although KMC V is not impacted by the transaction discussed below.

KMC Holdings desires to consolidate portions of its telecommunications operations involving KMC I, KMC II, KMC III and KMC IV (KMC I and KMC II are not, and at no time have been, certificated entities in Nebraska). Under the proposed reorganization, the following actions will transpire:

- 1) KMC IV will transfer all of its customers and operations associated with the provision of intrastate local and

long distance telecommunications services in Nebraska, including its Nebraska authority to provide interexchange and local exchange services, to KMC III;

- 2) the certificates currently held by KMC IV will undergo a name change and bear the name KMC III;
- 3) the current Nebraska customers of KMC IV will be served by KMC III following this transfer; and
- 4) KMC IV will survive as a corporate entity, but will not hold any certificates of operating authority in any state.

Because the application proposes a transfer of KMC IV's operating authority to KMC III, KMC III must satisfy the Commission's standards for technical, managerial and financial competency to provide the type of service at issue. The Commission notes that KMC III met those standards when Application No. C-2065 was granted less than two years ago. Furthermore, KMC IV and KMC III are affiliated entities, utilizing the same management team and sharing the same pool of financial and technical resources. Thus, KMC III is qualified under Commission rules to provide local exchange and interexchange service in Nebraska.

Current customers of KMC IV will receive notice of the transfer of their service to KMC III and that no material change will be made to the rates, terms or conditions they currently enjoy. The transfer of customers to KMC III will be transparent and no customers will experience a disruption of service.

Upon review of the evidence, the Commission finds 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-2495 be, and it is hereby, granted.

Application No. C-2495

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MADE AND ENTERED at Lincoln, Nebraska, this 17th day of April,  
2001.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Frank J. Landis*

*Ann C. Boyle*

*Frank J. Landis*

//s//Frank J. Landis

*Frank J. Landis*  
Chairman

ATTEST:

*Frank J. Pollak*

Executive Director

