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October 17, 2001

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Via FEDERAL EXPRESS

Mr. James J. McNulty
Executive Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 N. Street
Harrisburg, Pennsylvania 17105-3265

Re: Supplement to KMC Data, LLC's Application,
Docket Nos. A-00311124 and A-00311124-0000

F0002

Dear Mr. McNulty:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission"), please find an original and three (3) copies of KMC Data, LLC's ("KMC Data") Supplement to its Application for authority to provide resold and facilities-based competitive local exchange services, and resold interexchange telecommunications services in the State of Pennsylvania. In addition, in accordance with the Commission's rules, a copy of the enclosed supplement has been served on all parties listed in the attached Certificate of Service.

Also enclosed is a duplicate of this filing. Please date-stamp the duplicate and return it in the self-addressed, postage-paid envelope provided. Finally, please do not hesitate to contact me with any questions. Thank you for your kind assistance with this matter.

Respectfully submitted,

M. Nicole Oden

Enclosures

Before the
STATE OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

In the Matter of)
)
KMC Data, LLC's Application to) Docket Nos. A-~~003~~11124 and A-~~003~~11124F0000
Provide Competitive Local Exchange) F0002
Telecommunications Services)
in the State of Pennsylvania)

SUPPLEMENT TO APPLICATION

KMC Data, LLC ("KMC" or "Applicant"), by its attorneys, hereby supplements its above referenced application for authority to provide facilities based and resold local exchange and resold interexchange telecommunications services in the State of Pennsylvania, filed on July 18, 2001, with the Pennsylvania Public Utility Commission ("Commission"). This supplement intends to notify the Commission of the minor restructuring of KMC's ownership structure to reflect the addition of a new holding company, KMC Data Holdco, LLC ("Data Holdco"), as the immediate parent of KMC. This change of ownership is *pro forma* only, as the ultimate ownership of KMC is held by, and will remain with, KMC Telecom Holdings, Inc. ("KMC Holdings").

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In support of this Supplement, KMC provides the following information:

I. PARTIES TO THE APPLICATION

KMC Data LLC, is a Delaware limited liability company headquartered at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921. KMC is currently seeking/has sought authorization to provide intrastate local exchange and interexchange service in all 50 states, including Pennsylvania and the District of Columbia. Currently, KMC serves largely business customers.

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Data Holdco 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 supplement, KMC Holdings will be authorized to hold all the membership interest of Data Holdco, which in turn will be authorized to hold all of the membership interest of KMC. 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 Pennsylvania. Accordingly, it is not anticipated that Data Holdco or KMC Holdings will need to qualify to do business within the state.

II. DESIGNATED CONTACTS

The designated contacts for questions regarding this Supplement are:

Genevieve Morelli
Eric Jenkins
M. Nicole Oden
KELLEY, DRYE & WARREN LLP
Suite 500
1200 19th Street, N.W.
Washington, D.C. 20036
Tel: (202) 955-9785
Fax: (202) 955-9792

Copies of correspondence should also be sent to:

Tricia Breckenridge
Executive Vice-President, Business Development
KMC TELECOM HOLDINGS, INC.
1755 North Brown Road
Lawrenceville, Georgia 30043
Telephone (678) 985-7900
Facsimile (678) 985-6213

III. DESCRIPTION OF THE TRANSACTION

This internal corporate restructuring permits KMC Holdings to do business under a more efficient, rational structure and gives the company greater access to working capital and improved marketing and administrative operations. While the *pro forma* intra-corporate 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 contributes its membership interest in KMC to Data Holdco, thus making KMC a direct subsidiary of Data Holdco. The ownership structure relevant to KMC, before and after the changes proposed herein, are reflected on the charts submitted herewith as *Exhibit B*.

IV. PUBLIC INTEREST ANALYSIS

This minor restructuring will not adversely affect the public interest; it involves no change in the entity seeking 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 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.¹ The change in identity of the entity owning the membership interest of KMC 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.

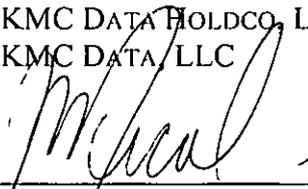
¹ A hard copy of KMC Holding's most recent SEC Form 10-Q will be provided upon request.

WHEREFORE, KMC respectfully requests that the Commission grant its Application, as supplemented above, for authority to provide facilities based and resold local exchange and resold interexchange telecommunications service in the State of Pennsylvania.

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
Suite 500
1200 19th Street, N.W.
Washington, D.C. 20036
(202) 955-9600

Their Attorneys

Date: October 17, 2001

EXHIBIT A

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

CERTIFICATE OF FORMATION

OF

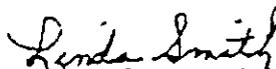
KMC DATA HOLDCO LLC

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 05:30 PM 05/15/2001
010233624 - 3392372

State of Delaware
Office of the Secretary of State

PAGE 1

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 "KMC 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

3352372 8100

010233824

DATE: 05-16-01

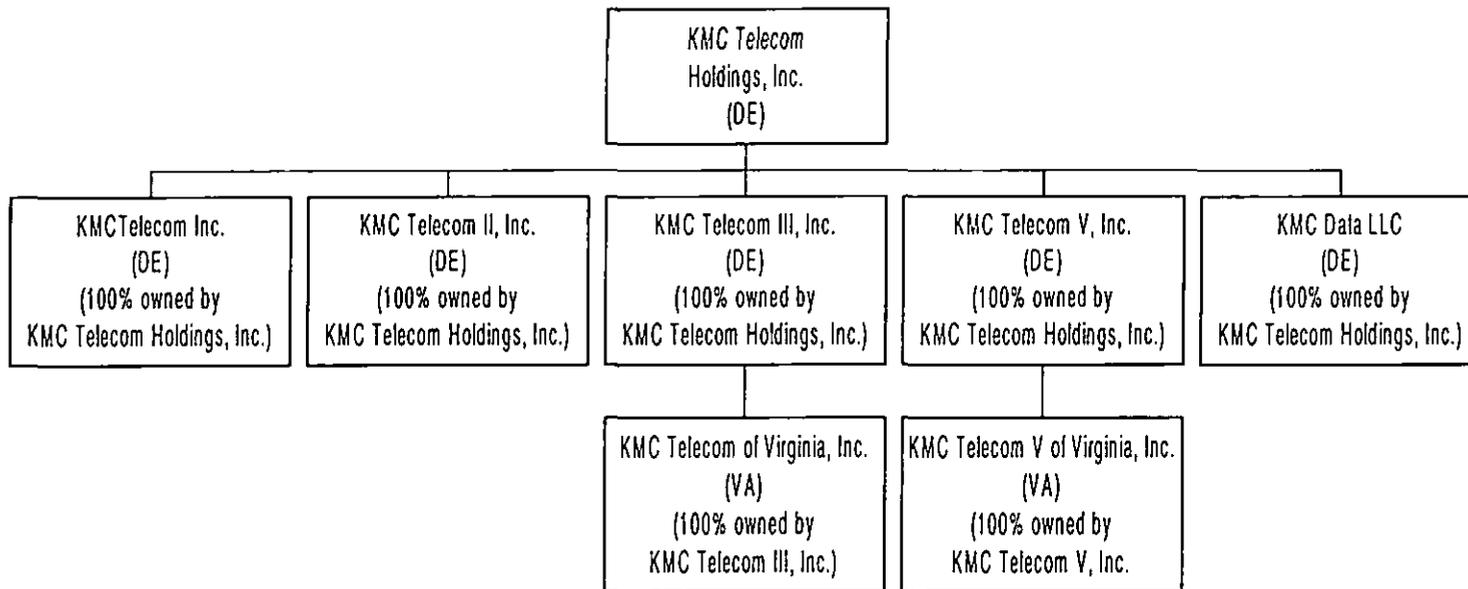
EXHIBIT B

**Pre- and Post- Restructuring Organizational
Charts**

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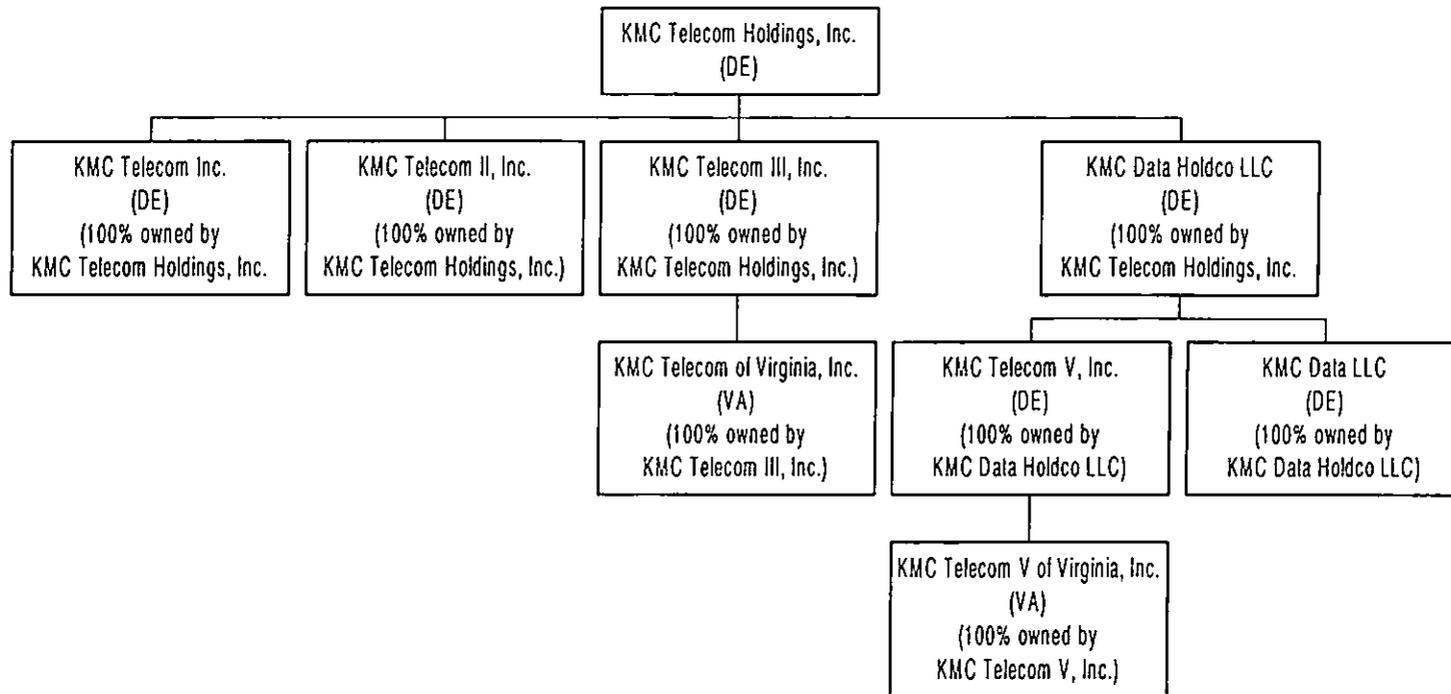
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KMC'S PRE-REORGANIZATION CORPORATE STRUCTURE:*



* 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.

CERTIFICATE OF SERVICE

I, Pamela L. Murray, pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code § 5.14, hereby certify that on the 17th day of October 2001, I served copies of KMC Data, LLC's Supplement to the Application for Approval to Provide Telecommunications Services to the Public in the Commonwealth of Pennsylvania, attached hereto, via first class mail to the following:

Office of the Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Office of the Attorney General
Office of Consumer Protection
Strawberry Square, 14th Floor
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David Cameron
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James Kail
Bentleyville Communications, Inc.
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Bentleyville, PA 15314

Richard Cutrell
Citizens Tel. Co. of Kecksburg
P.O. Box 156
Mammoth, PA 15664-0156

Donald Cawley
Commonwealth Telephone Co.
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Dallas, PA 18612

Office of Small Business Advocate
Commerce Building, Suite 1102
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Harrisburg, PA 17101

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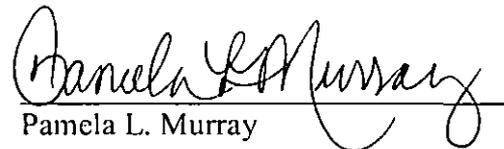
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