

MARY C. ALBERT
ATTORNEY-AT-LAW

SWIDLER
&
BERLIN
CHARTERED

DIRECTOR
0021424 3724

January 15, 1998

VIA FEDERAL EXPRESS

Ms. Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0866

Blanca Bayo

58
JAN 15 9 12 29
RECEIVED

Re: Application of KMC Telecom II, Inc. for Authorization to Provide
Alternative Local Exchange Service Within the State of Florida

Dear Ms. Bayo:

Enclosed for filing are an original and 6 copies of the Application of KMC Telecom II, Inc. for Authorization to Provide Alternative Local Exchange Service Within the State of Florida. Also enclosed is a check for \$250.00 to cover the filing fee.

Please date-stamp the extra copy of the application and return it to me in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Respectfully submitted,

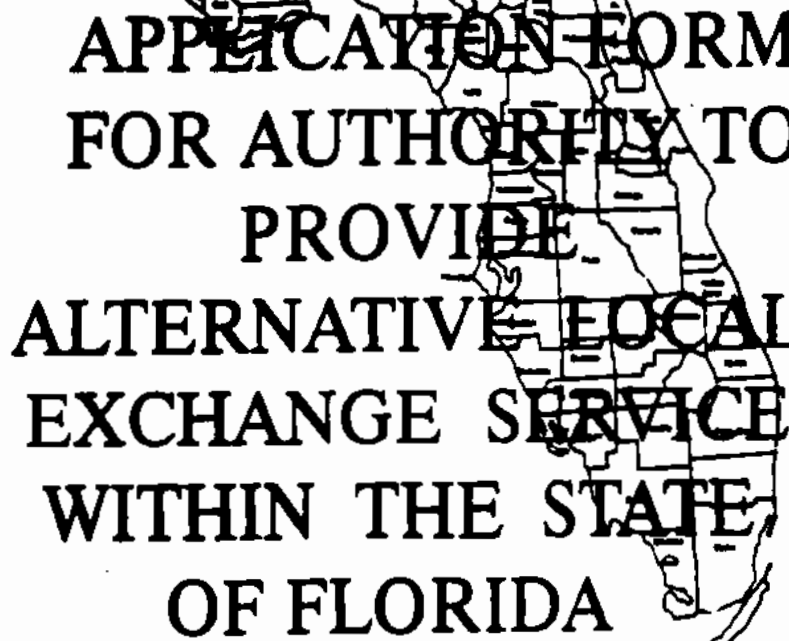
Mary C. Albert
Mary C. Albert
Counsel for KMC Telecom II, Inc.

Check received with filing and forwarded to Fiscal. To depend Fiscal to forward a check to RAR with proof of deposit.

Initials of person who forwarded check:

A.S.

Enclosures



APPLICATION FORM
 FOR AUTHORITY TO
 PROVIDE
 ALTERNATIVE LOCAL
 EXCHANGE SERVICE
 WITHIN THE STATE
 OF FLORIDA

98 JAN 16 PM
 MAIL ROOM

SWIDLER & BERLIN
CHARTERED
 3000 K STREET, N.W., SUITE 300
 WASHINGTON, D.C. 20007

FIRST UNION NATIONAL BANK
 WASHINGTON, DC

0062533

15 122540

062533

EXACTLY***250*DOLLARS AND*00*CENTS*

AMOUNT

PAY TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISS

*****250.00
 GENERAL ACCOUNT
 TWO SIGNATURES REQUIRED ABOVE \$10,000



1. This is an application for (check one):

Original authority (new company)

Approval of transfer (to another certificated company)

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate (to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

KMC TELECOM II, Inc.

3. Name under which the applicant will do business (d/b/a):

KMC TELECOM II, Inc.

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: N/A

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

1545 Route 206
Bedminster, NJ. 07921
(908) 719 2200

B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

KMC II plans to establish an office in Tallahassee and will provide the requested information when it has done so.

FORM PSC/CMB 8 (11/95)
Required by Chapter 364.337 F.S.

6. Structure of organization:

Individual
 Foreign Corporation
 General Partnership
 Joint Venture

Corporation
 Foreign Partnership
 Limited Partnership
 Other, Please explain _____

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

N/A

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: P97000005736

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application. See Attached.

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service. See Attached.

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No

Response to Item 10:

Ongoing Liaison:

Tricia Breckenridge
Vice President - Market Development
KMC Telecom II, Inc.
1580 S. Milwaukee Avenue, Suite 305
Libertyville, IL 60048
(847) 573-0000 (Tel)
(847) 573-0033 (Fax)

Liaison For Application:

Mary C. Albert
Swidler & Berlin, Chartered
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 424-7724 (Tel)
(202) 424-7643 (Fax)
E-mail: MCAAlbert@Swidlaw.com

Response to Item 11:

Please list the other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

KMC Telecom II, Inc. is not currently providing local exchange service in any other state. It is in the process of obtaining authorization to provide local exchange service in Georgia, Kansas, Maryland, Michigan, Minnesota and North Carolina.

KMC Telecom II, Inc.'s sister corporation, KMC Telecom Inc., is providing local exchange service in Alabama, Louisiana, Texas, Georgia and Wisconsin and has been authorized to provide local exchange service in Florida, North Carolina, South Carolina, Minnesota, New Hampshire, Illinois, Indiana, Michigan, Maryland, Kansas and Puerto Rico. Another sister corporation, KMC Telecom of Virginia, Inc., has been authorized to provide local exchange service in Virginia. KMC Telecom Inc., KMC Telecom II, Inc. and KMC Telecom of Virginia, Inc. are all wholly-owned subsidiaries of KMC Telecom Holdings, Inc.

14. Please indicate how a customer can file a service complaint with your company. KMC Telecom II, Inc.'s Florida offices will be staffed with customer service representatives and technicians capable of accepting service orders and addressing service inquiries and complaints. Customers may also call KMC's toll free number: 1-800-688-0093 to register complaints.
15. Please complete and file a price list in accordance with Commission Rule 25-24.025.
- Attached As Exhibit A
16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet
2. income statement
3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

Attached as Exhibit B

B. Managerial capability.

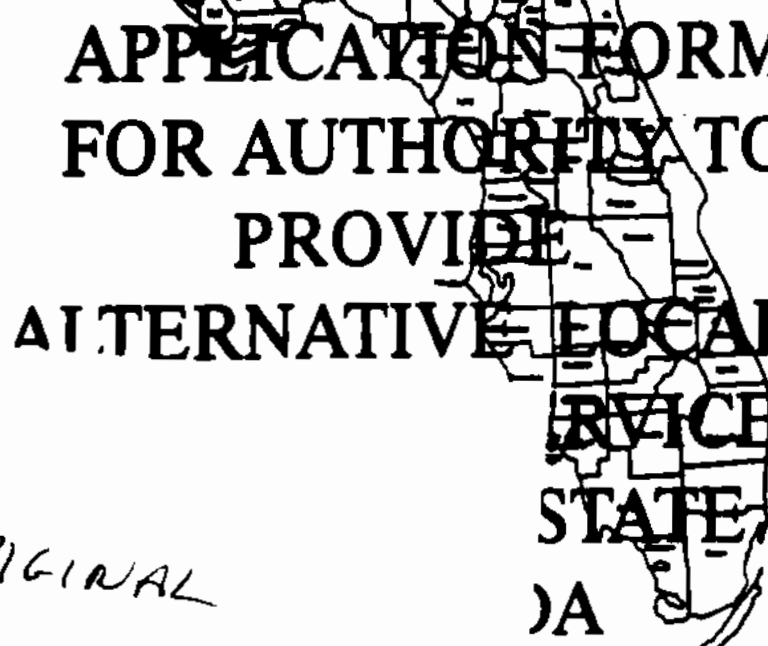
Attached as Exhibit C

C. Technical capability.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, describe in detail the difference.)

Attached as Exhibit C

KMC Telecom II, Inc. will secure access to the incumbent Local Exchange Carriers' E911 and 911 services that will allow it to complete 911 emergency calls for its customers. KMC will coordinate with the agency operating the Public Service Answering Point ("PSAP") in each locality that it serves to ensure that 911 calls are routed and delivered in accordance with the PSAP's requirements. In those areas where E911 service has been implemented, KMC will make arrangements for the proper delivery of Automatic Number Identification ("ANI") and Automatic Location Identification ("ALI") information to the PSAP.



**APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
ALTERNATIVE LOCAL
SERVICE
STATE
GA**

ORIGINAL

DOCUMENT NUMBER-DATE
00968 JAN 16 88

**FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 SHAWARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850**

**APPLICATION FORM
for**

**AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA**

INSTRUCTIONS

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
3. Use a separate sheet for each answer which will not fit the allotted space.
4. If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shaward Oak Boulevard
Tallahassee, Florida 32399-0850
(904) 413-6800**

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.
-

**FORM PSC/CMU 8 (11/95)
Required by Chapter 384.337 F.S.**

DOCUMENT NUMBER-DATE

U0968 JAN 16 88

FLORIDA PUBLIC SERVICE COMMISSION

EXHIBIT A

PRICE LIST

LOCAL EXCHANGE SERVICES

**REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO END-USER
TELECOMMUNICATIONS SERVICES WITHIN
THE STATE OF FLORIDA**

ILLUSTRATIVE

Issued:

Effective:

Issued By:

**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

**EXPLANATION OF SYMBOLS, REFERENCE
MARKS, AND ABBREVIATIONS OF TECHNICAL
TERMS USED IN THIS TARIFF**

The following symbols shall be used in this tariff for the purpose indicated below

- C** To signify changed regulation
- D** To signify discontinued rate or regulation
- I** To signify increased rate.
- M** To signify a move in the location of text
- N** To signify new rate or regulation
- R** To signify reduced rate.
- S** To signify reissued matter.
- T** To signify a change in text but no change in rate or regulation.

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Issued By: Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user telecommunications services by KMC Telecom II, Inc., hereinafter referred to as the Company, to customers within the State of Florida.

Issued:

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Issued By:

**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

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Issued By: **Tricia Breckenridge, Vice President of Business Development**
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

 LOCAL EXCHANGE SERVICES

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Tricia Breckenridge, Vice President of Business Development
 KMC Telecom II, Inc.
 Suite 305
 1580 South Milwaukee Avenue
 Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

DEFINITIONS

Certain terms used generally throughout this tariff are defined below

Account Codes: Permits Centrex Stations and attendants to dial an account code number of up to eight digits. For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of a payment required before the start of service.

Automatic Number Identification (ANI): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls

Bit: The smallest unit of information in the binary system of notation

Call Back/Camp On: Permits a station line encountering an all-trunk-busy condition the option of being notified when a trunk becomes idle

Call Forwarding:

Call Forwarding Station: Allows calls directed to a station line to be routed to a user defined line inside or outside the customer's telephone system

Call Forwarding System: Permits calls attempting to terminate to a busy station line to be re-directed to a predetermined line inside or outside the customer's telephone system.

Call Forwarding Remote: This optional feature allows a user to activate/deactivate the Call Forwarding - All Calls feature or change the forwarded to telephone number from a remote location.

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KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

DEFINITIONS

Call Forwarding Busy: Allows incoming calls to a busy station to be routed to a preselected station line or attendant within the same system or outside the system. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Don't Answer: Allows incoming calls to be automatically routed to a preselected station line or attendant in the same system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Variable Limited: When this feature is activated by a station line user or the attendant, incoming calls to the activated station line or attendant position will be automatically routed to any other selected station line, within the same Centrex system, or to the attendant position. The attendant may also activate this feature for a station line user.

Call Forwarding Variable Unlimited: The same as Call Forwarding Variable Limited except that incoming calls may be automatically routed to a telephone number outside the Centrex system or to station lines within the same Centrex system. The attendant may not activate this feature to a telephone number outside the Centrex system for a station line use. Calls forwarded outside the Centrex system are subject to the appropriate charges for local and toll messages.

Call Hold: Allows the user to hold one call for any length of time provided that neither party goes on-hook.

Call Park: Allows a station line to park a call against its own line number. The parked call can be retrieved from any station line by dialing a feature code and the line number against which the call is parked.

Call Pickup: Allows a station line to answer incoming calls to another station line within a defined call pickup group. Call pickup is provided on individual station lines within a customer group.

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KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

DEFINITIONS

Call Transfer: Allows a station line user to transfer any established call to another station line inside or outside the customer group without the assistance of the attendant.

Call Waiting: Permits a line in the talking state to be alerted by a tone when another call is attempting to complete to the line. Audible ringing is returned to the originating line. The Service also provides a hold feature that is activated by a switchhook flash.

Communication Services: The Company's intrastate toll and local exchange switched telephone services offered for both intraLATA and interLATA use.

Company or KMC: KMC Telecom II, Inc., the issuer of this tariff.

Customer or Subscriber: The person, firm or corporation that orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Dial Pulse (or "DP"): The pulse type employed by rotary dial station sets.

Direct Inward Dial (or "DID"): A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

DID Trunk: A form of local switched access that provides the ability for an outside party to call an internal extension directly without the intervention of the company operator.

Direct Outward Dial (or "DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Do Not Disturb: Permits the attendant to cut off a single station line and selected groups of station lines from receiving incoming and station to station calls.

DSX-1 Panel: Distribution equipment used to terminate and administer DS1 (1.544 Mbps) circuits.

Dual Tone Multi-Frequency (or "DTMF"): The pulse type employed by tone dial station sets.

Duplex Service: Service that provides for simultaneous transmission in both directions.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

DEFINITIONS

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Joint User: A person, firm or corporation that is designated by the Customer as a user of services furnished to the Customer by KMC and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein

Kbps: Kilobits per second, denotes thousands of bits per second

Last Number Redial: Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4

Local Exchange Carrier or ("LEC"): Denotes any individual, partnership, association, joint-stock company, trust or corporation engaged in providing switched communication within an exchange

Mbps: Megabits, denotes millions of bits per second

Multi-Frequency or ("MF"): An inter-machine pulse type used for signalling between telephone switches, or between telephone switches and PBX key systems

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, that continue for the agreed upon duration of the service

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KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

DEFINITIONS

Service Commencement Date. The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service that does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Speed Calling: Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed calling list is customer changeable.

System: Allows shared use of speed calling list. A control station will add, change or delete telephone numbers from the list for the group.

Station: Allows a station line user to add, change or delete telephone numbers from a speed calling list. The list is dedicated to the individual station line user.

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

User or End User: A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

Issued:

Effective

Issued By:

Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two way information transmission between points within the State of Florida.

Customers and users may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

Issued:

Effective:

Issued By:

**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.2 Shortage of Equipment or Facilities

- (A) The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control**

- (B) The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.**

Issued:

Effective:

Issued By:

**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions

- (A) Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have 30 days.
- (B) Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.
- (C) At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month-to-month basis at the then current rates unless terminated by either party upon 30 days' written notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- (D) In any action between the parties to enforce any provision of this tariff, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award.

Issued:

Effective:

Issued By:

**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions (Cont'd)

- (E) Service may be terminated upon written notice to the Customer if:
 - (1) the Customer is using the service in violation of this tariff; or
 - (2) the Customer is using the service in violation of the law
- (F) This tariff shall be interpreted and governed by the laws of the State of Florida regardless of its choice of laws provision
- (G) BellSouth and its affiliated local telephone companies must not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company
- (H) To the extent that either the Company or any other telephone company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its customers. At the reasonable request of either party, the Company and the other telephone company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity

Issued:

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company

- (A) **The liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in 2.6. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.**

- (B) **The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority, national emergencies; insurrections; riots; wars, unavailability of rights-of way or materials, or strikes, lock-outs, work stoppages, or other labor difficulties**

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KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- (C) **The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers.**
- (D) **The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer provided equipment or facilities.**
- (E) **The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2.1.4(E) as a condition precedent to such installations.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- (F) **The Company is not liable for any detachment of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such detachment or damage is caused by negligence or willful misconduct of the Company's agents or employees.**
- (G) **The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.**
- (H) **The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid the Company by the Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered.**
- (I) **THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS**2.1 Undertaking of the Company (Cont'd)****2.1.5 Notification of Service-Affecting Activities**

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60088

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities

- (A) The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.
- (B) The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- (C) The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- (D) Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which it was provided by the Company.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities (Cont'd)

- (E) **The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.**

- (F) **The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:**
 - (1) **the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or**

 - (2) **the reception of signals by Customer provided equipment.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.7 Non-Routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.1 Undertaking of the Company (Cont'd)

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken

- (A) where facilities are not presently available, and there is no other requirement for the facilities so constructed.**
- (B) of a type other than that which the Company would normally utilize in the furnishing of its services.**
- (C) over a route other than that which the Company would normally utilize in the furnishing of its services.**
- (D) in a quantity greater than that which the Company would normally construct.**
- (E) on an expedited basis.**
- (F) on a temporary basis until permanent facilities are available.**
- (G) involving abnormal costs, or**
- (H) in advance of its normal construction**

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its agents or contractors.

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KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.2 Prohibited Uses

- (A) **The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits**
- (B) **The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Florida Public Service Commission regulations, policies, orders, and decisions**
- (C) **The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others**
- (D) **A customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for

- (A) the payment of all applicable charges pursuant to this tariff.**
- (B) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer, or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;**
- (C) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.3 Obligations of the Customer (Cont'd)

2.3.1 General (Cont'd)

- (D) **obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of fiber optic cable and associated equipment used to provide Communication Services to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1(C). Any and all costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;**

- (E) **providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.3 Obligations of the Customer (Cont'd)

2.3.1 General (Cont'd)

- (F) **complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1(D), and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.**
- (G) **not creating, or allowing to be placed, any liens or other encumbrances on the Company's equipment or facilities; and**
- (H) **making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.3 Obligations of the Customer (Cont'd)

2.3.2 Claims

With respect to any service or facility provided by the Company, Customers shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees for:

- (A) any loss, destruction or damage to the property of the Company or any third party, or death or injury to persons, including, but not limited to, employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or**

- (B) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.4 Customer Equipment and Channels

2.4.1 General

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

- (A) Terminal equipment on the User's Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.
- (B) The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

REGULATIONS

2.4 Customer Equipment and Channels (Cont'd)

2.4.3 Interconnection of Facilities

- (A) Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communication Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense
- (B) Communication Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers that are applicable to such connections
- (C) Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.
- (D) Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the user is an is "End User" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition)

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.4 Customer Equipment and Channels (Cont'd)

2.4.4 Inspections

- (A) Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2(B) for the installation, operation, and maintenance of Customer provided facilities, equipment, and wiring in the connection of Customer provided facilities and equipment to Company-owned facilities and equipment.

- (B) If the protective requirements for Customer provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

(A) Taxes

The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) (excluding taxes on Company's net income) imposed on or based upon the provision, sale or use of Network Services.

2.5.2 Billing and Collection of Charges

- (A) Non-recurring charges are due and payable from the customer within 30 days after the invoice date, unless otherwise agreed to in advance.**
- (B) The Company shall present invoices for Recurring Charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within 30 days after the invoice date. When billing is based on customer usage, charges will be billed monthly for the preceding billing periods.**
- (C) When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.2 Billing and Collection of Charges (Cont'd)

- (D) **Billing of the Customer** by the Company will begin on the **Service Commencement Date**, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the **Service Commencement Date** may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the **Service Order**. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- (E) If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds that are not immediately available, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the date due, multiplied by the lesser of the highest percentage allowable by the Florida Public Service Commission or a late factor of 1.5% per month.
- (F) The Customer will be assessed a charge of twenty five dollars (\$25.00) for each check submitted by the Customer to the Company that a financial institution refused to honor.
- (G) Customers have up to 90 days (commencing 5 days after remittance of the bill) to initiate a dispute over charges or to receive credits.
- (H) If service is disconnected by the Company in accordance with section 2.5.5 following and later restored, restoration of service will be subject to all applicable installation charges.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.3 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to the non-recurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.4 Deposits

- (A) To safeguard its interests, the Company may require a Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to
 - (1) two month's charges for a service or facility that has a minimum payment period of one month, or
 - (2) the charges that would apply for the minimum payment period for a service or facility that has a minimum payment period of more than one month; except that the deposit may include an additional amount in the event that a termination charge is applicable
- (B) A deposit may be required in addition to an advance payment
- (C) When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account
- (D) Deposits held will accrue interest at a rate determined by the Company without deductions for any taxes on such deposits. Interest will not accrue on any deposit after the date on which reasonable effort has been made to return it to the Customer.

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service

- (A) Upon nonpayment of any amounts owing to the Company, the Company may, by giving 24 hours prior written notice to the Customer, discontinue or suspend service without incurring any liability.
- (B) Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving 30 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- (C) Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service (Cont'd)

- (D) **Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.**
- (E) **Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.**
- (F) **In the event of fraudulent use of the Company's network, the Company will discontinue service without notice and/or seek legal recourse to recover all costs involved in enforcement of this provision.**
- (G) **Upon the Company's discontinuance of service to the Customer under Section 2.5.5(A) or 2.5.5(B), the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges that would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent).**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.6 Cancellation of Application for Service

- (A) **Applications for service cannot be canceled without the Company's agreement. Where the Company permits a Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.**
- (B) **Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs incurred by the Company, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service commenced (all discounted to present value at six percent).**
- (C) **Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred by the Company, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.**
- (D) **The special charges described in 2.5.6(A) through 2.5.6(C) will be calculated and applied on a case-by-case basis.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

REGULATIONS

2.5 Payment Arrangements (Cont'd)

2.5.7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.6 Allowances for Interruptions in Service

Interruptions in service that are not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.6.1 for the part of the service that the interruption affects.

2.6.1 Credit for Interruptions

- (A) A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.
- (B) For calculating credit allowances, every month is considered to have 30 days. A credit allowance for fixed recurring fees only is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

REGULATIONS

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

- (C) A credit allowance will be given for interruptions of 30 minutes or more. Credit allowances shall be calculated as follows:

Interruptions of 24 Hours or Less

Length of Interruption	Interruption Period To Be Credited
Less than 30 minutes	None
30 minutes up to but not including 3 hours	1/10 Day
3 hours up to but not including 6 hours	1/5 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one interruption.

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LOCAL EXCHANGE SERVICES

REGULATIONS

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

(C) (Cont'd)

Over 24 Hours and Less Than 72 Hours. Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

Interruptions Over 72 Hours. Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than 30 days' credit will be allowed for any one month period.

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KMC Telecom II, Inc.
Suite 305
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LOCAL EXCHANGE SERVICES

REGULATIONS

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.2 Limitations on Allowances

No credit allowance will be made for

- (A) interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;
- (B) interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities;
- (C) interruptions due to the failure or malfunction of non-Company equipment;
- (D) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- (E) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- (F) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and
- (G) interruption of service due to circumstances or causes beyond the control of Company.

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KMC Telecom II, Inc.
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LOCAL EXCHANGE SERVICES

REGULATIONS

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.3 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equalling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit that has been subject to the outage or cumulative service credits.

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KMC Telecom II, Inc.
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LOCAL EXCHANGE SERVICES

REGULATIONS

2.7 Use of Customer's Service by Others

2.7.1 Resale and Sharing

Any service provided under this tariff may be resold to or shared with other persons at the option of the Customer, subject to compliance with any applicable laws or Florida Public Service Commission regulations governing such resale or sharing. The Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.7.2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the designated Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

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KMC Telecom II, Inc.
Suite 305
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LOCAL EXCHANGE SERVICES

REGULATIONS

2.8 Cancellation of Service

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.6.1 above), the Customer agrees to pay to the Company termination liability charges, as defined below. These charges shall become due and owing as of the effective date of the cancellation or termination and be payable within the period, set forth in Section 2.5.2.

The Customer's termination liability for cancellation of service shall be equal to:

- (A) all unpaid Non-Recurring charges reasonably expended by the Company to establish service to the Customer, plus
- (B) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer, plus
- (C) all Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation, minus
- (D) a reasonable allowance for costs avoided by the Company as a direct result of the Customer's cancellation

2.9 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties

- (A) to any subsidiary, parent company or affiliate of the Company, or
- (B) pursuant to any sale or transfer of substantially all the assets of the Company, or
- (C) pursuant to any financing, merger or reorganization of the Company

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LOCAL EXCHANGE SERVICES

REGULATIONS

2.10 Notices and Communications

- (A) **The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that the Customer may also designate a separate address to which the Company's bills for service shall be mailed**
- (B) **The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.**
- (C) **All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first**
- (D) **The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein**

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Suite 305
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REGULATIONS

2.11 Operator Services Rules

(A) The Company will enforce the following operator service rules.

A provider of intrastate operator assisted communications services must

- (1) identify itself at the time the end user accesses its services,**
- (2) upon request, quote all rates and charges for its services to the end-user accessing its system;**
- (3) arrange to have posted in plain view at each telephone location which automatically accesses the operator service provider's network and where its services are made available to the public or transient end users**
 - (a) the operator service provider's name and address,**
 - (b) bill and service dispute calling information including the operator service provider's dispute resolution phone number,**
 - (c) clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user; and**
 - (d) notice concerning any and all amounts to be billed by the operator services provider on behalf of any host location or third party that will appear on the operator service provider's bill for services rendered**

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KMC Telecom II, Inc
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LOCAL EXCHANGE SERVICES

REGULATIONS

2.11 Operator Services Rules (Cont'd)

(A) (Cont'd)

- (4) in instances when the provider is unable to complete the call and it requires transfer to another telephone corporation that may affect the rates and charges applicable to the telephone bill, inform the caller of the transfer and its possible effect on the applicable rates and charges, before any charges are incurred; and**
- (5) in the case of such transfer, the telephone corporation or provider to which the call is transferred shall identify itself and inform the caller of the transfer's effect on the applicable rates and charges, before any charges are incurred.**

(B) The Company will comply with the following provisions:

- (1) Providers of intrastate operator assisted communications services shall not take any action or enter into any arrangement that restricts end-user selection among competing interexchange telephone corporations or end-users access to competing providers of intrastate operator assisted communications services, or pay any commissions or other compensation to any entity engaged in such action or arrangement.**

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048**

LOCAL EXCHANGE SERVICES

APPLICATION OF RATES

3.1 Introduction

The regulations set forth in this section govern the application of rates for services contained in other sections of this tariff.

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply

- (A) Calls are measured in durational increments identified for each service. All calls that are fractions of a measurement increment are rounded-up to the next whole unit.
- (B) Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.
- (C) Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- (D) Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- (E) All times refer to local time.

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KMC Telecom II, Inc
Suite 305
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LOCAL EXCHANGE SERVICES

APPLICATION OF RATES

3.3 Rates Based Upon Distance

Where charges for a service are specified based upon distance, the following rules

- (A) **Distance between two points is measured as airline distance between the rate centers of the originating and terminating telephone lines. The rate center is a set of geographic coordinates, as referenced in the Local Exchange Routing Guide issued by Bellcore, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated 800 or WATS access line), the Company will apply the rate center of the Customer's main billing telephone number.**

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KMC Telecom II, Inc
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LOCAL EXCHANGE SERVICES

APPLICATION OF RATES

3.3 Rates Based Upon Distance (Cont'd)

(B) The airline distance between any two rate centers is determined as follows:

- (1) Obtain the "V" (vertical) and "H" (horizontal) coordinates for each rate center from the Bellcore Local Exchange Routing guide referenced in Section 3.3(A)**
- (2) Compute the difference between the "V" coordinates of the two rate centers; and the difference between the two "H" coordinates**
- (3) Square each difference obtained in step (2) above**
- (4) Add the square of the "V" difference and the square of the "H" difference obtained in step (3) above**
- (5) Divide the sum of the squares by 10. Round to the next higher whole number if any fraction is obtained.**
- (6) Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage**
- (7) FORMULA =**

$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

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KMC Telecom II, Inc
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LOCAL EXCHANGE SERVICES

SERVICE AREAS

4.1 Exchange Access Service Areas

Exchange Access Service Areas (EASA) are provided (pursuant to Section 5.1) in limited geographic areas. Exchange Access Services bearing the following NPA-NXX designations are provided in the following areas:

NPA-NXX	Geographic Areas In Which Full Service Is Available
----------------	--

Exchange Access NPA-NXXs And Boundaries Are To Be Determined.

Full service versions of the Company's Exchange Access Services will be provided to Customers at Customer premises located in these areas pursuant to this tariff to the extent that: (a) the Company has in place and available network facilities extending to such premises; or (b) the Customer's premises is served by the Company's wire center at which the Company maintains a collocation arrangement and is able to reasonably employ such arrangement to interconnect to unbundled exchange link facilities that the Company, in its sole discretion, judges to be of a type, grade, technical specification, quality and quantity sufficient to, and offered under conditions consistent with, the delivery of such services.

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KMC Telecom II, Inc
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LOCAL EXCHANGE SERVICES

SERVICE AREAS

4.2 Calling Areas

Geographically-defined Local Calling Areas are associated with each Exchange Access Service provided pursuant to Section 5.1. Exchange Access Services bearing the following NPA-NXX designations shall have the following Local and IntraLATA Calling Areas

NPA-NXX Local Calling Area Or IntraLATA Calling Area

Local Calling Areas and IntraLATA Calling Areas Are To Be Determined.

¹ Rates and rate plans for Local and IntraLATA Calling Area calls placed over Company-provided Exchange Access Services are set forth in Section 8

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**Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.1 General

Exchange Access Service provides a Customer with a telephonic connection to, and a unique telephone number address on the public switched telecommunications network. Each Exchange Access Service enables users to:

- (A) receive calls from other stations on the public switched telecommunications network;
- (B) access other services offered by the Company as set forth in this tariff;
- (C) access certain interstate and international calling services provided by the Company;
- (D) access (at no additional charge) the Company's operators and business office for service related assistance;
- (E) access (at no additional charge) emergency services by dialing 0- or 9-1-1, and
- (F) access services provided by other common carriers that purchase the Company's Switched Access services as provided under the Company's Federal and State tariffs, or that maintain other types of traffic exchange arrangements with the Company.

Each Exchange Access Service is available on a "Full" service basis, whereby service is delivered to a demarcation/connection block at the customer's premises.

The following Exchange Access Services are offered:

- Basic Line Service
- Key Line Service
- Basic Trunk Service
- DID Trunk Service
- Digital Trunk Service
- Centrex Service
- Primary Rate Interface (PRI)

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.2 Basic Line Service

Basic Line Service provides a Customer with a single, voice grade telephonic communications channel that can be used to place or receive one call at a time. Basic Lines are provided for connection of Customer-provided single station sets or facsimile machines to the public switched telecommunications network. Each Basic Line may be configured into a hunt group with other Company-provided Basic Lines. Each Basic Line is provided with the following standard features which are set forth in Section 10.9 of the tariff.

Non-recurring and monthly recurring rates per Basic Line apply as follows:

	Non Recurring	Monthly Recurring
Basic Local Exchange Service		
Flat Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Expanded Local Exchange Service		
Flat Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX

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KMC Telecom II, Inc.
Suite 305
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.3 Key Line Service

Key Line Service provides a Customer with a single, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Key Lines are provided for connection of Customer-provided key systems to the public switched telecommunications network. Each Key Line is provided with the following standard features which are set forth in Section 10.9 of the tariff.

Non-recurring and monthly recurring rates per Key Line apply as follows:

	Non Recurring	Monthly Recurring
Basic Local Exchange Service		
Flat Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Expanded Local Exchange Service		
Flat Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Line w/ Hunting	\$XX XX	\$XX XX
-Each Line w/o Hunting	\$XX XX	\$XX XX

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KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.4 Basic Trunk Service

Basic Trunk Service provides a Customer with a single, voice grade telephonic communications channel that can be used to place or receive one call at a time. Basic Trunks are provided for connection of Customer-provided private branch exchanges (PBX) to the public switched telecommunications network. Each Basic Trunk is provided with touch tone signalling and may be configured into a hunt group with other Company provided Basic Trunks.

Basic Trunks may be equipped with Analog Direct Inward Dial (DID) capability and DID number blocks for additional charges, as set forth in Sections 5.5 and 5.6.

	Non Recurring	Monthly Recurring
Basic Local Exchange Service		
Flat Rate Service		
-Each Trunk w/ Hunting	\$XX XX	\$XX XX
-Each Trunk w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Trunk w/ Hunting	\$XX XX	\$XX XX
-Each Trunk w/o Hunting	\$XX XX	\$XX XX
Expanded Local Exchange Service		
Flat Rate Service		
-Each Trunk w/ Hunting	\$XX XX	\$XX XX
-Each Trunk w/o Hunting	\$XX XX	\$XX XX
Measured Rate Service		
-Each Trunk w/ Hunting	\$XX XX	\$XX XX
-Each Trunk w/o Hunting	\$XX XX	\$XX XX

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 Suite 305
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.5 DID Trunk Service

DID Trunk Service provides a Customer with a single, voice grade telephonic communications channel that can be used to receive incoming calls one call at a time. DID Trunk Service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID number blocks apply in addition to the DID Trunk charges listed below.

Non-recurring and monthly recurring rates per DID Trunk, apply as follows:

	Non-Recurring	Monthly Recurring
Basic Local Exchange Service		
-Each Trunk	\$XX XX	\$XX XX
Expanded Local Exchange Service		
-Each Trunk	\$XX XX	\$XX XX

Non-recurring and monthly recurring rates per DID Combination Trunk, apply as follows:

Basic Local Exchange Service		
-Each Trunk	\$XX XX	\$XX XX
Expanded Local Exchange Service		
-Each Trunk	\$XX XX	\$XX XX

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Suite 305
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EXCHANGE ACCESS SERVICE

5.6 Digital Trunk Service

Digital Trunk Service provides a Customer with a digital connection operating at 1.544 Mbps that is time division multiplexed into 24 individual voice grade telephonic communications channels, each of which can be used to place or receive one call at a time. Digital Trunks are provided for connection of compatible Customer-provided private branch exchanges (PBX) to the public switched telecommunications network. Each Digital Trunk is provided with dual tone multi-frequency (DTMF) or multi-frequency (MF) signaling, as specified by the Customer. Digital Trunks may be configured into hunt groups with other Company provided Digital Trunks. The terminal interface for each Digital Trunk Service is a DSX-1 panel.

Non-recurring and monthly recurring rates per Digital Trunk per point, apply as follows:

	Non-Recurring	Monthly Recurring
Per Trunk	\$X.XX	\$X.XX

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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE**5.7 Centrex Service**

Centrex Service provides the Customer with multiple individual voice-grade telephone communications channels, each of which can be used to place or receive one call at a time. Centrex Station Lines are provided for connection of Centrex compatible Customer-provided station sets to the public switched telecommunications network. Centrex Service standard and optional features are described in Section 1 of this tariff. Centrex Service is provided with a minimum of five Centrex Station Lines. Each Centrex Station Line is provided in combination with other Company-provided services. Centrex Services are offered as Centrex Basic and Centrex Select.

5.7.1 Centrex Basic

The standard features are as follows:

Touch Tone
Call Transfer
Call Hold
Three-Way Conference Calling

* Some features may not be available in all locations.

5.7.2 Centrex Select

The standard features are as follows:

Touch Tone	Call Forward/Variable
Call Transfer	System Speed Dial
Call Hold	Call Pick up
Three-Way Conferencing	Call Hunting
Call Forward/Busy	Call Waiting
Call Forward/Don't Answer	

* Some features may not be available in all locations.

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KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.7 Centrex Service (Cont'd)

5.7.3 Station Line Charges

The Centrex Station Lines are charged on a monthly recurring and non-recurring basis.

	Non-Recurring	Monthly Recurring
Centrex Basic -Per Station Line	\$X.XX	\$X.XX
Centrex Select -Per Station Line	\$X.XX	\$X.XX

5.7.4 Usage Charges

(A) Local Service Rates

Refer to the Rate Schedule located in Section 8

(B) IntraLATA Rates

Refer to the Rate Schedule located in Section 9.3

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KMC Telecom II, Inc.
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE**5.7 Centrex Service (Cont'd)****5.7.5 Rate Elements**

The following Rate Elements are in addition to the standard features located in Section 5.7.1 and 5.7.2. These rates are applied on a non-recurring and monthly recurring basis.

	Rate
Number Retention	
-Per Number	
Recurring	SX XX
Non-Recurring	SX XX
Order Processing Charge	
-Per Order	
Non-Recurring	SX XX
Additional Directory Listing	
-Per Listing	
Recurring	SX XX
Remote Call Forwarding	
-Per Path	
Recurring	SX XX
Account Codes	
-Per Line	
Recurring	SX XX

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KMC Telecom II, Inc.
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1580 South Milwaukee Avenue
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.7 Centrex Service (Cont'd)

5.7.5 Rate Elements (Cont'd)

	Rate
Service Establishment Charge	
-Per Order	
Non-Recurring	SX XX
Vanity Number	
-Per Number	
Recurring	SX XX
Vanity Number Retention	
-Per Number	
Recurring	SX XX
Non-Recurring	SX XX

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KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS SERVICE

5.8 Primary Rate Interface (PRI)

Primary Rate Interface Service (PRI) provides an ISDN based, DSI access to the telecommunications network and includes the flexibility of integration of multiple voice and/or data transmission channels on the same line. The service will provide connectivity between ISDN compatible CPE and a serving central office. The basic channel structure for PRI Service is twenty-three 64 Kbps B-Channels and one 64 Kbps D Channel. The customer has the option to activate up to 23 B-Channels on the first PRI Service arrangement and up to 24 channels on additional PRI Service arrangements. A Digital Data Only option and an Inward Data Option are also available. The 23 B-Channels can be used to connect the customer's CPE to the Public Circuit Switched Network, e.g., outward, inward and 2 way network access. Calling Number Delivery, Called Number Delivery, and Hunting functionality are inherent to this service. Telephone numbers for use on PRI Service are available. One Primary Directory Listing will be furnished at no charge for each PRI service B-Channel. Additional listings can be obtained. PRI Service provides capability for the transmission of digital signals only. Clear Channel Capability and Extended Superframe Format are inherent to the service.

Non-recurring and monthly rates per PRI Service apply as follows:

	Non Recurring	Monthly Recurring
12 Months		
Base System	\$XX XX	\$XX XX
Voice/Data, per channel	\$XX XX	\$XX XX
Digital Data, per channel	\$XX XX	\$XX XX
Inward Data, per channel	\$XX XX	\$XX XX
24 Months		
Base System	\$XX XX	\$XX XX
Voice/Data, per channel	\$XX XX	\$XX XX
Digital Data, per channel	\$XX XX	\$XX XX
Inward Data, per channel	\$XX XX	\$XX XX
36 Months		
Base System	\$XX XX	\$XX XX
Voice/Data, per channel	\$XX XX	\$XX XX
Digital Data, per channel	\$XX XX	\$XX XX
Inward Data, per channel	\$XX XX	\$XX XX

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.1 Directory Listings

For each Customer of Company-provided Exchange Access Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings at the following rates:

	Non-Recurring	Monthly Recurring
Each Additional Listing:	N/A	\$X.XX

¹ For Customers with multiple premises served by the Company, the Company will arrange for a listing of the main billing telephone number at each premise.

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Tricia Breckenridge, Vice President of Business Development
KMC Telecom II, Inc.
Suite 305
1580 South Milwaukee Avenue
Libertyville, IL 60048

LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.2 Direct Inward Dial (DID) Service

DID service is an optional feature which can be purchased in conjunction with Company provided Basic Trunks or Digital Trunks. DID service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID capability and DID number blocks apply in addition to charges specified for Basic Trunks or Digital Trunks in Sections 5.4, 5.5 and 5.6, respectively.

One DID Additive charge applies for each DID-equipped Basic Trunk or DID-equipped channel on a Digital Trunk. The Customer is required to purchase at least one DID number block for each DID-equipped trunk or trunk group, or DID equipped channel or channel group.

	Non Recurring	Monthly Recurring
DID Additive	\$X XX	\$X XX
Block of 20 DID Numbers	\$X XX	\$X XX
Addtl Block of 20 DID Numbers	\$X XX	\$X XX

¹ A "group" is a set of Basic Trunks or Digital Trunk channels which have been configured into a hunt group.

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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.3 Main Number Retention

6.3.1 Description

Main Number Retention is an optional feature by which a new Customer, who was formally a customer of another certificated local exchange carrier at the same premises location, may retain its main telephone numbers and main fax numbers for use with the Company-provided Exchange Access Services. Main Number Retention service is only available in areas where the Company maintains some form of number retention arrangement with the Customer's former local exchange carrier.

Monthly recurring and non-recurring charges apply per retained number. Rates for retained numbers may vary from area to area.

6.3.2 Rates

	Non Recurring	Monthly Recurring
per retained number	\$X XX	\$X XX
per retained variety number	\$X XX	\$X XX

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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.4 Accounting Codes

Accounting Codes provide customers with a means of restricting calls or itemizing calls, according to **specific digits that must be dialed** at the end of a long distance telephone number. The length of **Accounting Codes** may vary from 2 to 6 digits, however, the length must be consistent for each customer location.

Offered are **packages** of codes that are verified against a specific list of valid numbers, for call restriction, or **unverified packages** of 2-6 digits in length for cataloging by code the calls made

Charge Per Customer Location	Monthly Recurring	Non- Recurring
Verified Packages	XXX XX	XXX XX
Unverified Packages	XXX XX	XXX XX

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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.5 Authorization Codes

This option restricts calls from being made unless the correct accounting code is entered. Only customer specified codes will be accepted. The customer then may use these codes to track calling for cost analysis and bill-back purposes.

	Non-Recurring	Monthly Recurring
Per Authorization Code	SX XX	SX XX

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LOCAL EXCHANGE SERVICES

EXCHANGE ACCESS OPTIONAL FEATURES

6.6 Vanity Number Service

6.6.1 Description

Vanity Number Service is an optional feature by which a new Customer may request a specific or unique telephone number and fax number for use with the Company provided Exchange Access Services. This service provides for the assignment of a customer requested telephone number other than the next available number from the assignment control list.

Vanity Number Service is furnished subject to the availability of facilities and the requirements of Exchange Access Service as defined by the Company. The Company reserves all rights to the Vanity Numbers assigned to customers and may, therefore, change them if required.

Monthly recurring charges apply per Vanity Number

6.6.2 Rates

	Non Recurring	Monthly Recurring
Per Vanity Number	\$X XX	\$X XX

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LOCAL EXCHANGE SERVICES

RESOLD LOCAL EXCHANGE SERVICE

7.1 Description

Resold Local Exchange Service is composed of the resale of exchange access lines and local calling provided by other certificated Local Exchange Carriers, in combination with Company-provided usage services, miscellaneous services or interstate international services.

7.2 Rates

The following rates apply for Resold Local Exchange Services:

	Non Recurring	Monthly Recurring
Resold Basic Lines		
(1) Flat-Rate Service	\$X XX	\$X XX
(2) Measured Service		
Extended Calling Service	\$X XX	\$X XX
Resold Basic Trunks		
(1) Flat-Rate Service	\$X XX	\$X XX
(2) Measured Service		
Extended Calling Service	\$X XX	\$X XX
Resold Direct Inward Dial (DID) Service		
DID Trunk Termination	\$XX XX	\$XX XX
Block of 20 DID Station Numbers	\$XX XX	\$X XX
Optional Features:		
MF Pulsing Option	\$X XX	\$X XX
DTMF Pulsing Option	\$X XX	\$X XX
Automatic Intercept Service, per no.	\$XX XX	\$X XX
Resold Local Usage		
Initial minute	\$X XX	\$X XX
ea. add'l min.	\$X XX	\$X XX

The following rates for Local Exchange Resold Services are set forth in Section 8 and Section 10 of the tariff.

Resold features associated with resold local exchange service will be priced according to the rates established for such features in the underlying carrier's effective intrastate tariffs.

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LOCAL EXCHANGE SERVICES

LOCAL CALLING SERVICE**8.1 Description**

Local Calling Service provides a Customer with the ability to originate calls from a Company-provided access line to all other stations on the public switched telephone network¹ bearing the designation of any central office exchanges, areas, and zones included in the Customer's local calling area.

8.1.1 Basic Local Exchange Service - This calling service allows the Customer unlimited access to all other stations on the public switched telephone network within the customer's Basic Local Calling Area.² All calls to destinations outside the Basic Local Calling Area but within the same state and LATA will be charged the IntraLATA rates as specified in Section 9.3 following.

8.1.2 Expanded Local Exchange Service - This calling service allows the Customer limited access to all other stations on the public switched telephone network within the Customer's Basic Local Calling Area. Additional calls to the Basic Local Calling Area will be charged as specified in Section 8.2.1(A) following. All calls to the Expanded Local Calling Area² will be charged a per call setup and per minute access charge as specified in Section 8.2.1(B) following. All calls to destinations outside the Expanded Local Calling Area but within the same state and LATA will be charged the IntraLATA rates as specified in Section 9.3 following.

¹ Except calls to other telephone companies' caller paid information services (e.g. NPA 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller paid information services will be blocked by the Company's centralized switching facility.

² As specified in South Central Bell's tariff in effect and as amended from time-to-time.

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LOCAL EXCHANGE SERVICES

LOCAL CALLING SERVICE

8.1 Description (Cont'd)

8.1.2 Expanded Local Exchange Service (Cont'd)

(A) Time Periods

Day and Night/Weekend rates apply as follows:

Rates	From	To (but not including)	Days Applicable
Day	9:00 A.M.	9:00 P.M.	Mon - Fri
Night/Weekend	All other days, times, and holidays		

Holidays include New Year's Day (January 1), Independence Day (July 4), Labor Day (the first Monday in September), Thanksgiving Day (the fourth Thursday in November), and Christmas Day (December 25).

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LOCAL EXCHANGE SERVICES

LOCAL CALLING SERVICE

8.2 Rates

The rates set forth in this section apply to all direct dialed local calls. For operator-assisted local calls, the operator charges listed in Section 12.1.3 apply in addition to the charges listed below.

8.2.1 Usage Charges - Per minute charges apply for each call. Timing is in whole minute increments, with a minimum charge of one minute per call.

(A) Monthly Message Allowance

Type of Service	Basic Calling Area	Extended Calling Area
Basic Local Exchange Service	TBD	TBD ¹
Expanded Local Exchange Service	TBD	TBD

*Additional message charge of \$0.12 for each message over monthly allowance

(B) Expanded Calling Area - The following usage charges apply to points in the Customer's Expanded Calling Area:

MILEAGE	SETUP PER CALL	PEAK	OFF-PEAK
0 - 10	\$X.XX	\$X.XX	\$X.XX
11 - 22	\$X.XX	\$X.XX	\$X.XX
23 - 40	\$X.XX	\$X.XX	\$X.XX
41 +	\$X.XX	\$X.XX	\$X.XX

¹ Customers of Basic Local Exchange Service are billed intral ATA rates for calls to destinations within the state and LATA but outside the Basic Local Calling Area.

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LOCAL EXCHANGE SERVICES

INTRALATA CALLING SERVICE

9.1 Description

IntraLATA calling service provides a Customer with the ability to originate calls from a Company-provided access line to all other stations on the public switched telephone network¹ bearing the designation of any central office exchanges, areas, and zones outside of the Customer's Basic Calling Area but within the same state and LATA.

9.2 Time Periods

Day, Evening and Night/Weekend rate periods are shown below. On holidays, Evening rates will apply unless a lower rate will normally apply.

Rates	From	To (but not including)	Days Applicable	Discount Applicable
Day	8:00 A.M.	12:00 P.M.	Mon - Fri	0%
	1:00 P.M.	5:00 P.M.	Mon - Fri	0%
Evening	5:00 P.M.	11:00 P.M.	Mon - Fri	25%
Night/Weekend	All other times			50%

Holidays include New Year's Day (January 1), Independence Day (July 4), Labor Day (the first Monday in September), Thanksgiving Day (the fourth Thursday in November), and Christmas Day (December 25).

¹ Except calls to other telephone companies' caller paid information services (e.g. NPA 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller paid information services will be blocked by the Company's centralized switching facility.

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LOCAL EXCHANGE SERVICES

INTRALATA CALLING SERVICE

9.3 Rates

MILEAGE	FIRST MINUTE	ADDITIONAL MINUTE
0 - 10	\$X XX	\$X XX
11 - 16	\$X XX	\$X.XX
17 - 22	\$X.XX	\$X.XX
23 - 30	\$X.XX	\$X XX
31 - 40	\$X.XX	\$X.XX
41 - 55	\$X.XX	\$X.XX
56 - 70	\$X.XX	\$X XX
71 +	\$X XX	\$X XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES**10.1 Operator Services****10.1.1 Description**

Operator Handled Calling Services are provided to Customers and Users of Company-provided Exchange Access Services, and to Customers and Users of exchange access lines.

10.1.2 Definitions

Person-to-Person: Calls completed with the assistance of a Company operator to a particular person, station, department, or PBX extension specified by the calling party. Charges may be billed to the Customer's commercial credit card and/or LEC calling card, calling station, called station, or a designated third-party station. Calls may be dialed with or without the assistance of a Company operator.

Station-to-Station: Refers to calls other than person-to-person calls billed to either the end user's commercial credit card and/or nonproprietary calling card. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third telephones which are coin telephones will not be accepted.

Operator Dialed Charge. The end user places the call without dialing the destination number, although the capability to do it himself exists. The end user will dial "0" for local calls and "00" for long distance calls and then request the operator to dial the called station.

Billed to Non-Proprietary Calling Card. Refers to calls that are dialed by the customer in accordance with standard dialing instructions and billed to a non-proprietary calling card issued by another carrier.

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.1 Operator Services (Cont'd)

10.1.3 Rates

Local exchange and IntraLATA calls may be placed on an Operator Assisted basis. Usage charges for Operator Assisted calls are the same as those set forth in Sections 8 and 9, preceding. For Operator Assisted calls to Busy Line Verification and Interrupt, or Directory Assistance, the surcharges specified in Section 10.2.3 and Section 10.1.3 will apply in addition to any applicable Operator charges.

In addition to the usage charges identified above, the following operator assisted charges will apply.

Per Call Charges	IntraLATA
Person-to-Person (Customer Dialed)	\$X XX
Station-to-Station (Customer Dialed)	\$X XX
Operator Dialed Charge (applies in addition to other operator charges)	\$X XX
Billed to Non-Proprietary Calling Card (additional surcharge)	\$X XX
Directory Assistance	\$X XX
Directory Assistance Call Completion Service	\$X XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.2 Busy Line Verify and Line Interrupt Service

10.2.1 Description

Upon request of a calling party the Company will verify a busy condition on a called line.

- (A) The operator will determine if the line is clear or in use and report to the calling party.
- (B) The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

10.2.2 Regulations

- (A) A charge will apply when
 - (1) The operator verifies that the line is busy with a call in progress.
 - (2) The operator verifies that the line is available for incoming calls.
 - (3) The operator verifies that the called number is busy with a call in progress and the customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.2 Busy Line Verify and Line Interrupt Service (Cont'd)

10.2.2 Regulations (Cont'd)

- (B) No charge will apply
 - (1) When the calling party advises that the call is to or from an official public emergency agency
 - (2) Under conditions other than those specified in 10.2.2(A) preceding.
- (C) Busy Verification and Interrupt Service is furnished where and to the extent that facilities permit
- (D) The Customer shall identify and hold the Company harmless against all claims that may arise from either party to the interrupted call or any person

10.2.3 Rates

Busy Line Verify Service (each request)	5X XX
Busy Line Verify and Busy Line Interrupt Service (each request)	5X XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.3 Service Implementation

10.3.1 Description

Absent a promotional offering, service implementation charges will apply to new service orders or to orders to change existing service.

10.3.2 Rates

	Non-Recurring
per service order	\$XX XX

10.4 Restoration of Service

10.4.1 Description

A restoration charge applies to the re-establishment of service and facilities suspended because of nonpayment of bills and is payable at the time that the re-establishment of the service and facilities suspended is arranged for. The restoration charge does not apply when, after disconnection of service, service is later re-established.

10.4.2 Rates

	Non-Recurring
per occasion	\$XX XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.5 Charges for Connecting or Changing Service

	Resold Non Recurring	On-Net Non-Recurring
Line Connection Charge		
Applies per exchange access line or trunk.		
First Line	\$XX XX	\$XX XX
Additional Line (each)	\$XX XX	\$XX XX
Line Change Charge		
Applies per exchange access line or trunk		
First Line	\$XX XX	\$XX XX
Additional Line (each)	\$XX XX	\$XX XX
Secondary Service Charge		
Applies per customer request		
Each	\$XX XX	\$XX XX
Premises Work Charge		
First 15 minute increment or fraction thereof		
Per increment	\$XX XX	\$XX XX
Each Additional 15-minute increment or fraction thereof		
Per increment	\$XX XX	\$XX XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES**10.6 Custom Calling Service****10.6.1 Resold Rates**

Business/Business PBX Individual Features:	Monthly
(a) Call Waiting	SX XX
(b) Call Forwarding Variable	SX XX
(c) Three-Way Calling	SX XX
(d) Speed Calling (8-code)	SX XX
(e) Speed Calling (30-code)	SX XX
(f) Call Forwarding Busy Line	SX XX
(g) Call Forwarding Don't Answer	SX XX
(h) Call Forwarding Don't Answer - Ring Control	SX XX
(i) Customer Control of Call forwarding Busy Line	SX XX
(j) Customer Control of Call Forwarding Don't Answer	SX XX
(k) Call Forwarding Busy Line Multiple Simultaneous Calls	SX XX
(l) Call Forwarding Don't Answer Multiple Calls	SX XX
(m) Call Forwarding Variable Multiple Simultaneous Calls	SX XX
(n) Remote Access - Call Forwarding Variable	SX XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES**10.6 Custom Calling Service (Cont'd.)****10.6.1 Resold Rates (cont'd.)**

Business/Business PBX Individual Features:		Non-Recurring	Monthly
(o)	Call Return (per line)		\$X XX
	Call Return (per use)	\$X XX	
	Call Return (denial of per use)	N A	
(p)	Repeat Dialing (per line)		\$X XX
	Repeat Dialing (per use)	\$X XX	
	Repeat Dialing (denial of per use)	N A	
(q)	Call Selector (per line)		\$X XX
(r)	Preferred Call Forwarding (per line)		\$X XX
(s)	Call Block (per line)		\$X XX
(t)	Call Tracing (per line)		\$X XX
(u)	Caller ID (per line)		
	Caller ID - Basic (without ACR) Per Line		\$X XX
	Caller ID - Basic (without ACR) Per Line for Multi-Line Hunt Group arrangements		\$X XX
	Caller ID - Basic (with ACR) Per Line		\$X XX
	Caller ID - Deluxe (without ACR) Per Line		\$X XX
	Caller ID - Deluxe (without ACR) Per Line for Multi-Line Hunt Group arrangements		\$X XX
	Caller ID - Deluxe (with ACR) Per Line		\$X XX
(v)	Calling Number Delivery Blocking Permanent Per line		\$X XX
(w)	Calling Number Delivery Blocking Per Call (Per activation)		\$X XX
(x)	Enhanced Caller ID (with ACR) Per Line		\$XX XX
(y)	Enhanced Caller ID (without ACR) Per Line		\$XX XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.7 Remote Call Forwarding

Rates

The following charge is for the Remote Call Forwarding feature only and are in addition to applicable charges for service and equipment

Remote Call Forwarding is per feature arranged and one access path for either interexchange, intraexchange, or local calling area per service request

Each	Non-Recurring \$XX XX	Monthly \$XX XX
Additional Access Path (with initial installation) Each		\$XX XX

10.8 Flexible Call Forwarding

Rates-Individual Features

	Monthly
Flexible Call Forwarding	\$XX XX
Flexible Call Forwarding with Audio Calling Name	\$XX XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.9 ClearTouch Service

10.9.1 On-Net Rates

Business/Business PBX Individual Features:	Monthly
(a) Call Waiting	\$X XX
(b) Call Forwarding Variable	\$X XX
(c) Three-Way Calling	\$X XX
(d) Speed Calling (8-code)	\$X XX
(e) Speed Calling (30-code)	\$X XX
(f) Call Forwarding Busy Line	\$X XX
(g) Call Forwarding Don't Answer	\$X XX
(h) Call Forwarding Don't Answer - Ring Control	\$X XX
(i) Customer Control of Call Forwarding Busy Line	\$X XX
(j) Customer Control of Call Forwarding Don't Answer	\$X XX
(k) Call Forwarding Busy Line Multipath or Customer Control of Call Forwarding Busy Line Multipath	\$X XX
(l) Call Forwarding Don't Answer Multipath or Customer Control of Call Forwarding Don't Answer Multipath	\$X XX
(m) Call Forwarding Variable Multipath or Remote Access - Call Forwarding Variable Multipath	\$X XX
(n) Remote Access - Call Forwarding Variable	\$X XX

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LOCAL EXCHANGE SERVICES

MISCELLANEOUS SERVICES

10.9 ClearTouch Service (Cont'd.)

10.9.1 On-Net Rates (Cont'd.)

Business/Business PBX		
Individual Features:		Monthly
(o)	Call Return (per line)	\$X XX
(p)	Repeat Dialing (per line)	\$X XX
(q)	Call Selector (per line)	\$X XX
(r)	Preferred Call Forwarding (per line)	\$X XX
(s)	Call Block (per line)	\$X XX
(t)	Call Tracing (per line)	\$X XX
(u)	Anonymous Call Rejection	\$X XX
(v)	Caller ID (available w/ or w/o ACR)	
	Basic	\$X XX
	Deluxe	\$X XX
	Enhanced	\$X XX
(w)	Call Return	
	(per use)	\$X XX
	(denial of per use)	N A
(x)	Repeat Dialing	
	(per use)	\$X XX
	(denial of per use)	N A

10.9.2 ValuePlus Packages

The following packages are available in choosing any features listed below in Section 10.9.1.

	Monthly
ValuePlus Gold	
(any 6 features)	\$XX 00
ValuePlus Platinum	
(all features included)	\$XX 00
Value Plus Silver	
(per feature)	\$XX 00

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LOCAL EXCHANGE SERVICES

SPECIAL ARRANGEMENTS

11.1 Special Construction

11.1.1 Basis for Charges

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company and may include:

- (A) non-recurring type charges,
- (B) recurring type charges,
- (C) termination liabilities; or
- (D) combinations thereof.

11.1.2 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of the customer.

- (A) The termination liability period is the estimated service life of the facilities provided.
- (B) The amount of the maximum termination liability is equal to the estimated amounts for:

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LOCAL EXCHANGE SERVICES

SPECIAL ARRANGEMENTS**11.1 Special Construction (Cont'd)****11.1.2 Termination Liability (Cont'd)****(B) (Cont'd)**

- (1) Cost installed of the facilities provided including estimated costs for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Cost installed includes the cost of:**
 - (a) equipment and materials provided or used,**
 - (b) engineering, labor and supervision,**
 - (c) transportation, and**
 - (d) rights-of-way.**
- (2) license preparation, processing, and related fees,**
- (3) tariff preparation, processing, and related fees,**
- (4) cost of removal and restoration, where appropriate, and**
- (5) any other identifiable costs related to the specially constructed or rearranged facilities.**

- (C) The applicable termination liability method for calculating the unpaid balance of a term obligation. The amount of such charge is obtained by multiplying the sum of the amounts determined as set forth in Section 11.1.2(B) preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in section 11.1.2(B) preceding shall be adjusted to reflect the redetermined estimate net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.**

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LOCAL EXCHANGE SERVICES

SPECIAL ARRANGEMENTS

11.2 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case by case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a nondiscriminatory basis.

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LOCAL EXCHANGE SERVICES

SPECIAL ARRANGEMENTS

11.3 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers.

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EXHIBIT B

FINANCIAL QUALIFICATIONS

KMC Telecom II, Inc. is financially qualified to provide alternative local exchange service in the State of Florida. KMC Telecom I, Inc. has access to the financing and capital necessary to provide and maintain the telecommunications operations specified in the Application. KMC Telecom II, Inc. will rely upon the financial resources of its parent company, KMC Telecom Holdings, Inc. KMC Telecom Holdings, Inc. is a Delaware corporation formed in September 1997 and does not yet have audited financial statements. Its most recent unaudited financial statements are attached hereto in support of the application. Also attached is a Guaranty executed by KMC Telecom Holdings, Inc. guaranteeing the financial obligations of KMC Telecom II, Inc.

GUARANTY

KMC Telecom Holdings, Inc. hereby guarantees the financial obligations of KMC Telecom II, Inc. attendant to KMC Telecom II's operations as a telecommunications carrier in the State of Florida. KMC Telecom Holdings, Inc. is the owner of all of the issued and outstanding common stock of KMC Telecom II, Inc. and issues this Guaranty in support of KMC Telecom II's application for authority to provide alternative local exchange service.

KMC Telecom Holdings, Inc.

By: [Signature]
Title: President

State of New Jersey)
County of Somerset) : SS

The above-named individual, Michael Stambur, appeared before me today and swore that he is the President of KMC Telecom Holdings, Inc., and is duly authorized by it to execute the foregoing Guaranty on its behalf.

Subscribed and sworn to before me this 21st day of December 1997.

[Signature]
Notary Public

JEANNETTE BARRETTA
A Notary Public of New Jersey
My Commission Expires March 18, 2002

My Commission expires:

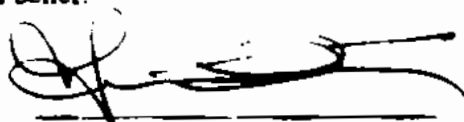
CERTIFICATE

I, Michael A. Sternberg, hereby certify that

1. I am the President and Chief Executive Officer of KMC Telecom Holdings, Inc., a Delaware Corporation, and am authorized to execute this Certificate on its behalf.

2. KMC Telecom Holdings, Inc. is the owner of all of the issued and outstanding common stock of KMC Telecom II, Inc.

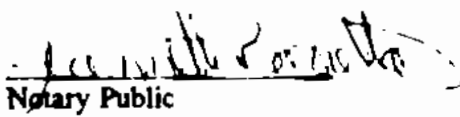
3. I certify that the documents attached hereto are the most recent balance sheet and statement of operations of KMC Telecom Holdings, Inc. compiled by the management of the corporation in accordance with generally accepted accounting principles, and that the same are true and correct to the best of my knowledge and belief.



Michael A. Sternberg

State of New Jersey)
County of Somerset) : SS

Subscribed and sworn to before me this 24th day of December 1997.



Notary Public

My Commission expires: JEANNETTE BARRETTA
A Notary Public of New Jersey
My Commission Expires March 18, 2002

KMC TELECOM HOLDINGS, INC.

BALANCE SHEET
NOVEMBER 30, 1997

Assets

Current Assets:

Cash and cash equivalents	\$	23,061,976
Accounts receivable, net		918,452
Prepaid expenses and other current assets		<u>5,583,919</u>

Total current assets 29,164,347

Networks and equipment, net	68,567,922
Deferred Financing	2,995,329
Intangible Assets, net	3,815,177
Other assets	<u>371,118</u>

\$ 104,913,892

Liabilities and stockholders' equity

Current Liabilities:

Accounts Payable	\$	18,523,025
Accrued Expenses		4,065,788
Due to Affiliates		<u>22,293</u>

Total current liabilities 22,611,106

Notes payable- AT&T 46,835,207

Notes payable- AT&T Sub 10,000,000

Total liabilities 79,446,313

Stockholders' equity :

Preferred stock	2,988
Common stock	7,466
Unearned Compensation	(1,449,000)
Addit'onal paid-in capital	48,307,222
Accumulated deficit	<u>(21,401,097)</u>

Total stockholders' equity 25,467,579

\$ 104,913,892

KMC Telecom

KMC TELECOM HOLDINGS, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED NOVEMBER 30, 1997

	<u>November</u>	<u>Year to Date</u>
Operating Activities		
Net loss after tax	\$ (2,265,482)	\$ (15,280,915)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	519,790	2,699,993
Non-cash interest expense	-	50,046
Non-cash stock option	100,000	840,000
Changes in assets and liabilities:		
Accounts receivable	76,941	(495,939)
Due from Affiliates	-	(61,649)
Prepaid expenses and other current assets	(56,387)	(5,441,503)
Accounts payable	17,491,483	15,942,679
Accrued expenses	923,371	2,731,333
Due to affiliates	61,649	2,434
Other assets	(186,386)	(306,590)
Net cash provided by (used in) operating activities	<u>16,264,979</u>	<u>679,891</u>
Investing Activities		
Construction of networks and purchases of equipment	(38,724,812)	(38,218,828)
Increase in acquisition of franchises, authorizations and related assets	(163,616)	(2,712,521)
Net cash used in investing activities	<u>(38,888,427)</u>	<u>(60,931,349)</u>
Financing Activities		
Proceeds from Senior debt	21,095,585	45,521,734
Proceeds from Convertible Note Payable, net	2,300,246	12,144,356
Proceeds from issuance of Preferred Stock	14,850,000	14,850,000
Proceeds from issuance of Common Stock	-	9,300,284
Proceeds from exercise of Warrants	12,993,137	12,593,491
Net cash used in financing activities	<u>25,457,694</u>	<u>69,233,792</u>
Net increase in cash and cash equivalents	15,622,583	71,575,462
Cash and cash equivalents, beginning of period	<u>7,439,393</u>	<u>1,486,514</u>
Cash and cash equivalents, end of period	<u>\$ 23,061,976</u>	<u>\$ 23,061,976</u>

KMC TELECOM HOLDINGS, INC.
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED NOVEMBER 30, 1997

Eighteen
City
Plan

	NOVEMBER		
	Actual	Eighteen City Budget	Fav/(Unfav) Variance
Revenue	\$ 618,908	\$ 390,000	\$ 228,908
Operating expenses:			
Network operating costs	799,899	599,000	(199,899)
Sales and Marketing	167,666	382,000	214,334
City G&A	348,348	479,000	130,652
Total City Expenses	1,305,908	1,460,000	154,092
City EBITDA	(686,972)	(1,070,000)	383,027
Corporate Expenses	781,147	1,268,000	506,853
EBITDA	(1,468,120)	(2,338,000)	869,880
Miscellaneous Income	-	-	-
Depreciation and amortization	518,790	440,000	(78,790)
Interest expense, net	197,772	1,590,000	1,392,228
Stock Option Compensation	100,000	-	(100,000)
Net loss before tax	(2,248,400)	(4,388,000)	2,122,318
Taxes	-	-	-
Net Income	\$ (2,248,400)	\$ (4,388,000)	\$ 2,122,318
	YEAR TO DATE		
	Actual	Eighteen City Budget	Fav/(Unfav) Variance
Revenue	\$ 2,668,192	\$ 2,223,000	\$ 447,192
Operating expenses:			
Network operating costs	2,534,758	2,064,000	(470,758)
City Sales and Marketing	1,080,308	1,490,000	409,692
City G&A	1,707,936	2,819,000	1,111,064
Total City Expenses	4,303,682	7,573,000	3,269,318
City EBITDA	(3,643,490)	(5,350,000)	1,706,510
Corporate Expenses	6,832,874	8,214,000	1,481,126
EBITDA	(10,476,315)	(13,664,000)	3,187,685
Miscellaneous Income	(19,018)	-	19,018
Depreciation and amortization	2,699,978	2,587,000	(112,978)
Interest expense, net	1,283,826	2,964,000	1,680,174
Stock Option Compensation	840,000	-	(840,000)
Net loss before tax	(15,280,915)	(19,215,000)	2,934,085
Taxes	-	-	-
Net Income	\$ (15,280,915)	\$ (19,215,000)	\$ 2,934,085

EXHIBIT C

MANAGERIAL AND TECHNICAL QUALIFICATIONS

MICHAEL A. STERNBERG

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Michael Sternberg brings 28 years of senior telecommunications management experience to KMC Telecom II, Inc., including playing a major role in the expansion of Metropolitan Fiber System Inc. as senior vice president for sales and strategy development.

He co-founded and served as chief operating officer of National Telephone Company, one of the first public telephone interconnect companies, prior to becoming vice president of marketing and sales of OKI Electronics of America in 1975. He implemented the New York Teleport project as principal consultant to Western Union, then served as vice president of marketing and corporate development for CIT-Alcatel Inc., a multi-billion dollar manufacturer specializing in digital central office switching technology. In 1986, Mr. Sternberg was named president of Standard Telephones and Cables plc (Stantel), a world leader in telecommunication transmission systems. He most recently co-founded and served as chief operating officer of Rimsat Ltd., a satellite communications company lauded by *Business Week*, *The New York Times* and other publications worldwide.

ROSCOE C. YOUNG II

CHIEF OPERATING OFFICER

Named chief operating officer in 1997, Roscoe Young brings 20 years of business experience to his direction of KMC Telecom II, Inc.'s day-to-day operations, including fiber optic telecommunications services in eight cities, overseeing development of new markets, and technical and engineering support.

Mr. Young most recently was vice president of network services for Ameritech, where he led more than 4,000 employees involved in customer service fulfillment of ISDN, digital, centrex and voice services. He previously directed engineering, network services, national account sales, marketing and real estate procurement as senior vice president of MFS Communications. While a senior executive with AT&T, Mr. Young was responsible for sales, marketing, operations, engineering, financial management and human resources. During that time, he also was selected by the Reagan Administration to serve as a special assistant to Secretary of Defense Casper Wienberger under the White House Executive Exchange Program.

CYNTHIA WORTHMAN

CHIEF FINANCIAL OFFICER AND TREASURER

Cynthia Worthman began her telecommunications career as vice president and chief financial officer with Bell Atlanticom Systems, a Bell Atlantic startup venture she helped grow into a \$150 million business. Her performance, coupled with overseeing a major acquisition that doubled the size of the organization, led to being named assistant treasurer of Bell Atlantic. During that time, she oversaw

a \$2.5 billion acquisition, a \$400 million public offering, and saved more than \$13 million per year in interest by refinancing \$1 billion in long-term debt. Ms. Worthman most recently was chief financial officer of Questcom Inc. after serving as managing director of FutureVision of America, a provider of interactive and traditional television programming over a two-way, broadband fiber optic network. A certified public accountant, Ms. Worthman began her career at Deloitte Haskins & Sells where she was successively promoted to manager of the consulting staff in the firm's Detroit office.

JAMES L. BARWICK

SENIOR VICE PRESIDENT/TECHNOLOGY & CHIEF ENGINEER

James Barwick is responsible for identifying technological advances to be incorporated in KMC's rapidly expanding fiber optic telecommunications networks. He also oversees network engineering, as well as quality and compliance. A renowned expert in the field, he most recently served for eleven years as an independent technical and applications consultant to leading telecommunications companies and equipment manufacturers including Sprint, Kiewit Network Technologies, Johnson Controls, US West and Lucent Technologies. He previously was national director of sales for CIT Alcatel Inc. after directing GTE's Technical Service Division as vice president and general manager.

TRICIA BRECKENRIDGE

VICE PRESIDENT, BUSINESS DEVELOPMENT

Tricia Breckenridge's senior telecommunications management experience has played an important role in KMC Telecom's rapid expansion since her appointment as vice president of business development in 1994. That experience includes the 1984 co-founding of Chicago Fiber Optic Corporation, the predecessor of Metropolitan Fiber Systems (MFS), where she was involved in the financing and construction of one of the first competitive access networks in the country.

Mrs. Breckenridge began her telecommunications career in 1982 as director of regulatory affairs for Telesphere Corporation, a non-facilities based reseller of long distance services. Her performance led to being named vice president of external affairs for Diginet, Inc. in 1989 and subsequent promotion to vice president of sales and marketing. In that capacity, she developed and managed strategic relationships with long distance carriers (IXCs), as well as development of Diginet's competitive access networks in Milwaukee, Wisconsin and Northbrook and Chicago, Illinois. She most recently established and directed FiberNet USA's Huntsville, Alabama operations as vice president and city general manager.

BRIAN KAWAMURA

VICE PRESIDENT/GENERAL MANAGER, SOUTHERN DIVISION

Working from KMC's regional headquarters in Duluth, Georgia, Brian Kawamura is overseeing the operations and aggressive development of the company's telecommunications networks in eight U.S. metropolitan markets.

He most recently was vice president and general manager of the six-state Central Region for MFS WorldCom, Chicago. Brian previously held increasingly responsible positions with Litel Telecommunications' voice and data services, GTE Sprint Communications and Western Union Telegraph Company.

ROBERT L. NIBBS JR.

VICE PRESIDENT/GENERAL MANAGER, NORTHERN DIVISION

Working from KMC's regional headquarters in Duluth, Georgia, Robert L. Nibbs Jr. is responsible for developing new KMC Telecom telecommunications networks in ten metropolitan markets during 1998.

Mr. Nibbs most recently served as vice president/product marketing for Ameritech Corporation, overseeing services generating more than \$5 billion in annual revenues. He holds an MBA from the Kellogg Graduate School of Business, an MA in psychology from Ball State University, and has completed Northwestern University's European, Far East and East European Business Modules. He has received the Center For Leadership Development Business Award, and served on the Boards of Directors of numerous civic organizations, including Girls Club of America, Indianapolis Public School Foundation and the Stanley K. Lacy Leadership Program.

CHARLES ROSENBLUM

VICE PRESIDENT, HUMAN RESOURCES

Charles Rosenblum joined Kamine Development Corp. in 1995 as vice president of human resources and assumed responsibility for KMC Telecom when it was formed later that same year. Mr. Rosenblum brings particular expertise in staff development to KMC, having served as national director of management development for KPMG Peat Marwick, one of the Big Six accounting and consulting firms, and manager of management education for Dun & Bradstreet Corporation. While with KPMG, he specialized in creating executive development programs in conjunction with leading business schools throughout the country.

EXHIBIT D

CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS IN FLORIDA



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

October 30, 1997

CT CORPORATION SYSTEM

Qualification documents for KMC TELECOM II, INC. were filed on October 30, 1997 and assigned document number F97000005736. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Jennifer Sindt
Document Examiner
Division of Corporations

Letter Number: 597A00052737