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May 14, 2012

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**VIA ELECTRONIC FILING**

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

**Re: Notification of the Indirect Transfer of Control of Knology  
Community Telephone, Inc., Knology of the Black Hills, LLC and  
Knology of the Plains, Inc. to WideOpenWest Finance, LLC**

Dear Ms. Van Gerpen:

Knology, Inc. (“Transferor” or “Knology”), WideOpenWest Finance, LLC (“Transferee” or “WOW!”), and Knology Community Telephone, Inc., Knology of the Black Hills, LLC and Knology of the Plains, Inc. (collectively, the “Licensees” and with Knology and WOW!, the “Parties”), through their undersigned counsel and pursuant to S.D. Codified Laws § 49-31-20, hereby notify the South Dakota Public Utilities Commission (the “Commission”) of the transfer of indirect control of the Licensees to WOW!. It is the Parties’ understanding that Commission approval is not required to complete the transactions described herein.<sup>1</sup> Accordingly, the Parties submit this letter for informational purposes in order to ensure the continuing accuracy of the Commission’s records. In support, the Parties provide the following information:

**I. DESCRIPTION OF THE PARTIES**

**A. Knology and the Knology Companies**

Knology is a corporation organized under the laws of the State of Delaware. Through its subsidiaries (the “Knology Companies”), Knology is a leading provider of interactive communications and entertainment services in the Southeast, the upper Midwest and Kansas. The Knology Companies serve both residential and business customers with one of the most technologically advanced broadband networks in the country. The Knology Companies’ offerings include over 200 channels of digital cable

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<sup>1</sup> In the event the Commission determines that prior Commission approval is necessary to allow the Parties to consummate the contemplated transaction, the Parties respectfully request that the Commission treat this notification as an application for Commission approval and such authority as may be necessary to allow them to consummate the transaction described herein.

TV; local and long distance digital telephone service with the latest enhanced voice messaging features; and high-speed Internet access, which enables consumers to quickly download video, audio and graphic files using a cable modem. The Knology Companies also provide advanced communications products for the business community, including iPlex, which delivers Ethernet connections to an IP-PBX using SIP technology; Passive Optical Network, which supplies IP architecture with segmented voice and data bandwidth; and Managed Integrated Network Solutions (MATRIX), an integrated IP-based technology which converges data and voice. The Knology Companies provide these services over their wholly-owned, fully upgraded, minimum 750 MHz bandwidth fiber-optic interactive broadband network.

Knology Community Telephone, Inc. is an incumbent local exchange carrier (“ILEC”), authorized to provide telecommunications services in South Dakota pursuant to a certification granted in Docket No. TC97-164 on June 19, 1998. Knology of the Black Hills, LLC is authorized to provide competitive telecommunications services in South Dakota pursuant to a certification granted in Docket No. TC98-101 on August 5, 1998. Knology of the Plains, Inc. is authorized to provide competitive telecommunications services in South Dakota pursuant to a certification granted in Docket No. TC96-050 on October 22, 1996. After completion of the proposed transaction, the Licensees will retain their authorizations and continue to provide services to their customers.

## **B. WOW!**

WOW! is a diversified communications service provider holding company with corporate headquarters in Englewood, Colorado. WOW! is a limited liability company organized under the laws of the State of Delaware. WOW! is privately-owned and is ultimately controlled by Avista Capital Managing Member, LLC (“Avista Member”). Avista Member is a limited liability company organized under the laws of the State of Delaware. Through its operating subsidiaries, WOW! provides an array of communications, video, and broadband services, including digital cable, HDTV, DVR, high speed Internet, and local and long distance phone services. WOW! is the 15<sup>th</sup> largest cable company in the United States, with over 1.7 million homes passed and more than 500,000 subscribers. WOW!’s subsidiaries provide service in metropolitan areas of Indiana, Illinois, Michigan and Ohio. Neither WOW! nor any of its subsidiaries provides telecommunications services in South Dakota.

## **II. DESCRIPTION OF THE TRANSACTION**

The proposed transaction arises from an Agreement and Plan of Merger (“Merger Agreement”) pursuant to which an indirect subsidiary of WOW! will acquire Knology in an all-cash transaction. WOW! has created a merger entity, Kingston Merger Sub, Inc., which shall be merged with and into Knology. Upon consummation of the proposed transaction, Knology will be the surviving entity, and the Knology Companies will be

indirect wholly-owned subsidiaries of WOW!. A diagram showing the pre- and post-closing structure of Knology is attached as Exhibit A.<sup>2</sup>

The proposed transaction will be transparent to the Licensees' current customers. All existing customers of the Licensees will continue to be served by the Licensees pursuant to their existing South Dakota certificates described above.

Questions or inquiries concerning this application may be directed to:

For Knology:

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With copies to:

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<sup>2</sup> It is possible that there will be some minor changes to the post-transaction structure outlined in Exhibit A. Knology's operating entities may be converted from corporations to limited liability companies. Alternatively, rather than the Knology operating entities being directly held by Knology, those entities may be directly held by WOW!, with Knology in turn becoming one of the intermediate entities holding an interest in WOW!. WOW! will notify the Commission if a determination is made to make any such changes. Ultimate control of WOW! and Knology will, in any event, remain unchanged.

For WOW!:

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### **III. PUBLIC INTEREST CONSIDERATIONS**

The Parties respectfully submit that the proposed transaction would serve the public interest. WOW! seeks to acquire Knology and its operating subsidiaries to further its business strategy of growth via acquisition of communications companies and continued expansion of services to its subsidiaries' current and growing customer base. WOW!'s operations approach and focus on delivering a superior customer and employee experience has resulted in consistent recognition over the years from independent parties, including fourteen J.D Power and Associates awards for customer satisfaction since 2005 and a first place ranking from Consumer Reports for one or more of its services since 2007. WOW! plans to leverage its customer-focused management approach and

operating expertise to further growth within Knology's residential and business customer base.

The shareholders of Knology have agreed to the proposed merger in order to realize their significant investment in Knology and to allow the customers of Knology the numerous benefits of WOW!'s management capabilities. These benefits include: (1) increased capability that WOW! can bring to provide high quality telephone services, including broadband and vertical services to the customers of Knology; (2) the commitment and record of WOW! of providing high quality communications services and reasonable prices; (3) a decentralized management philosophy which stresses local decision making, community involvement and leadership; and (4) enhanced opportunities for personal and professional development that joining WOW! offers to Knology employees.

As a result of the merger, Knology will enjoy enhanced access to capital. The long-term benefit to Knology customers from the merger arises from the opportunity it affords Knology to upgrade or replace infrastructure and provide advanced communications services to customers. These advanced communications services include: (a) WOW! Ultra TV, a technologically advanced hybrid IP-based solution that provides for the convergence of video, Internet and telephony services by combining whole-home DVR capabilities with an Emmy award winning smart menu, the ability to view personal digital content from the PC to the TV, and a platform for future developments such as visual voicemail, video conferencing and phone feature management apps; (b) TV Everywhere, the ability to access and view content such as HBO Go and CNN Live TV on an authenticated basis across a variety of devices including mobile phones and tablets; and (c) next generation broadband home security and monitoring that enables interactivity and features such as energy management.

In addition, Knology customers will enjoy long-term economic benefits from the sharing and application of best practices by WOW!. WOW!'s strategic approach to Internet peering and content caching has resulted in improved performance and a higher quality customer Internet experience which will extend to Knology customers upon adoption of WOW! network management practices. WOW! also expects to realize cost benefits from the scale efficiencies of provisioning Internet and telephony services across the enterprise, resulting in the ability to more effectively compete for South Dakota customers.

At the same time, the proposed transaction will have no adverse impact on the Licensees' current customers, as the transaction will be transparent to them. Post-closing, the Licensees will continue to operate in South Dakota pursuant to their existing certificates, and their existing customers will continue to receive their current services at the same rates, terms and conditions as at present. Any future changes to the rates, terms and conditions of service will be made consistent with any applicable Commission requirements. Furthermore, the transaction will enhance and not negatively affect the

ability of Knology Community Telephone, Inc. to comply with its obligations as an ILEC in South Dakota. Among other things, the transaction will not alter any exchange boundaries.

The Parties expect that the proposed merger not only will benefit the state and local economies in the markets presently served by Knology but also will allow for the extension of competition, the introduction of new products and services, and enhanced consumer choice of advanced communications services. WOW! has invested over \$350 million over the last three years in network expansion, infrastructure and equipment upgrades. These investments have paved the way for the deployment of new and enhanced products and services, making WOW!'s full suite of services, competition and consumer choice available to over 1.7 million households and businesses. Furthermore, the combination of WOW! and Knology will pose no threat to competition in the domestic interstate interexchange or local exchange markets. As discussed above, there is no geographic overlap between the current operations of WOW! and Knology. Therefore, the proposed transaction will not lead to a concentration of any market shares in any territory or the elimination of any competition.

Please do not hesitate to contact us if you have any questions.

Very truly yours,

/s/ Howard Liberman

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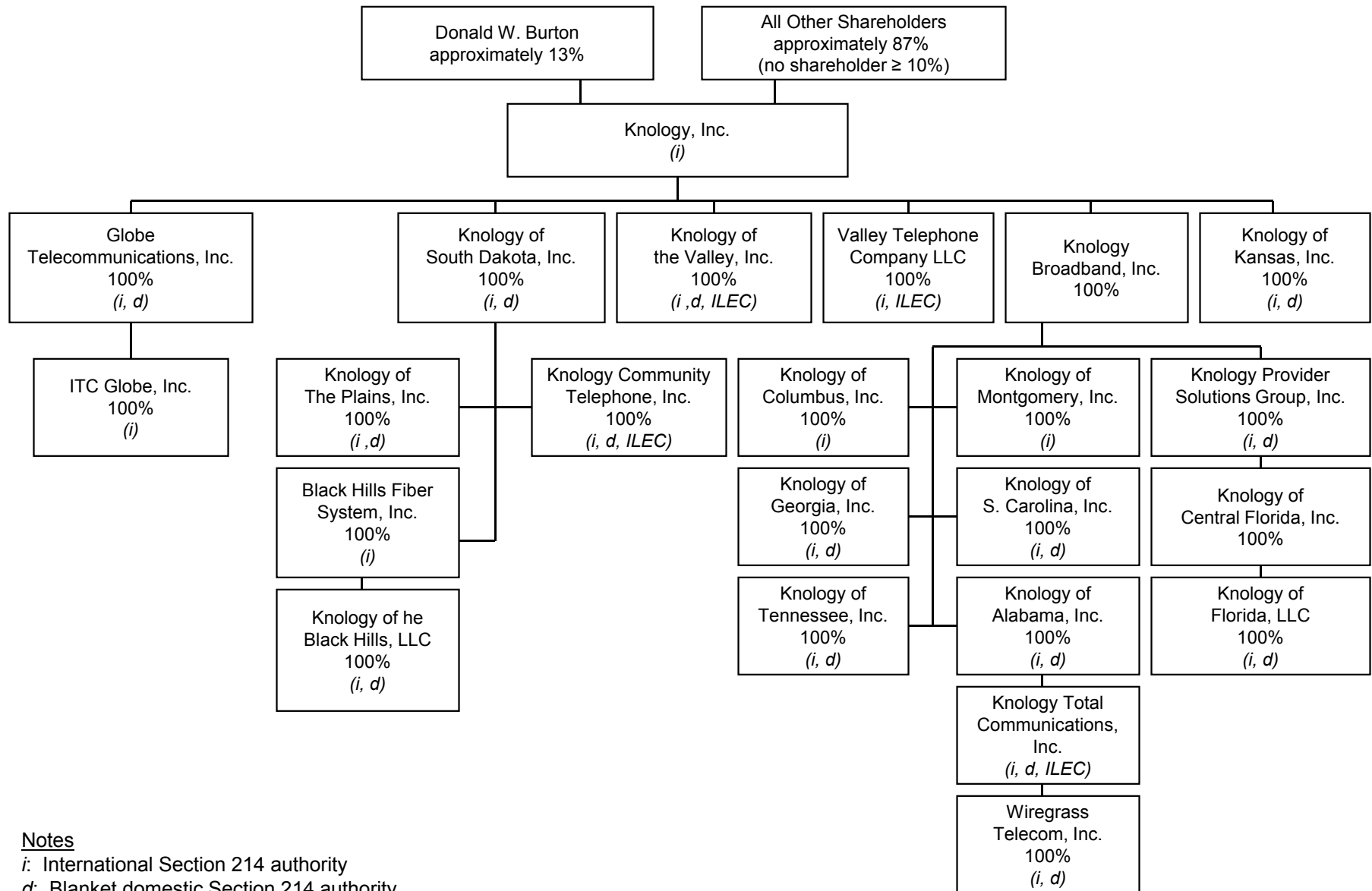
Counsel for Knology and the Knology Companies

**EXHIBIT A**

**Pre- and Post-Merger Organizational Diagrams**



## Corporate Structure of Knology, Inc. Prior to Closing

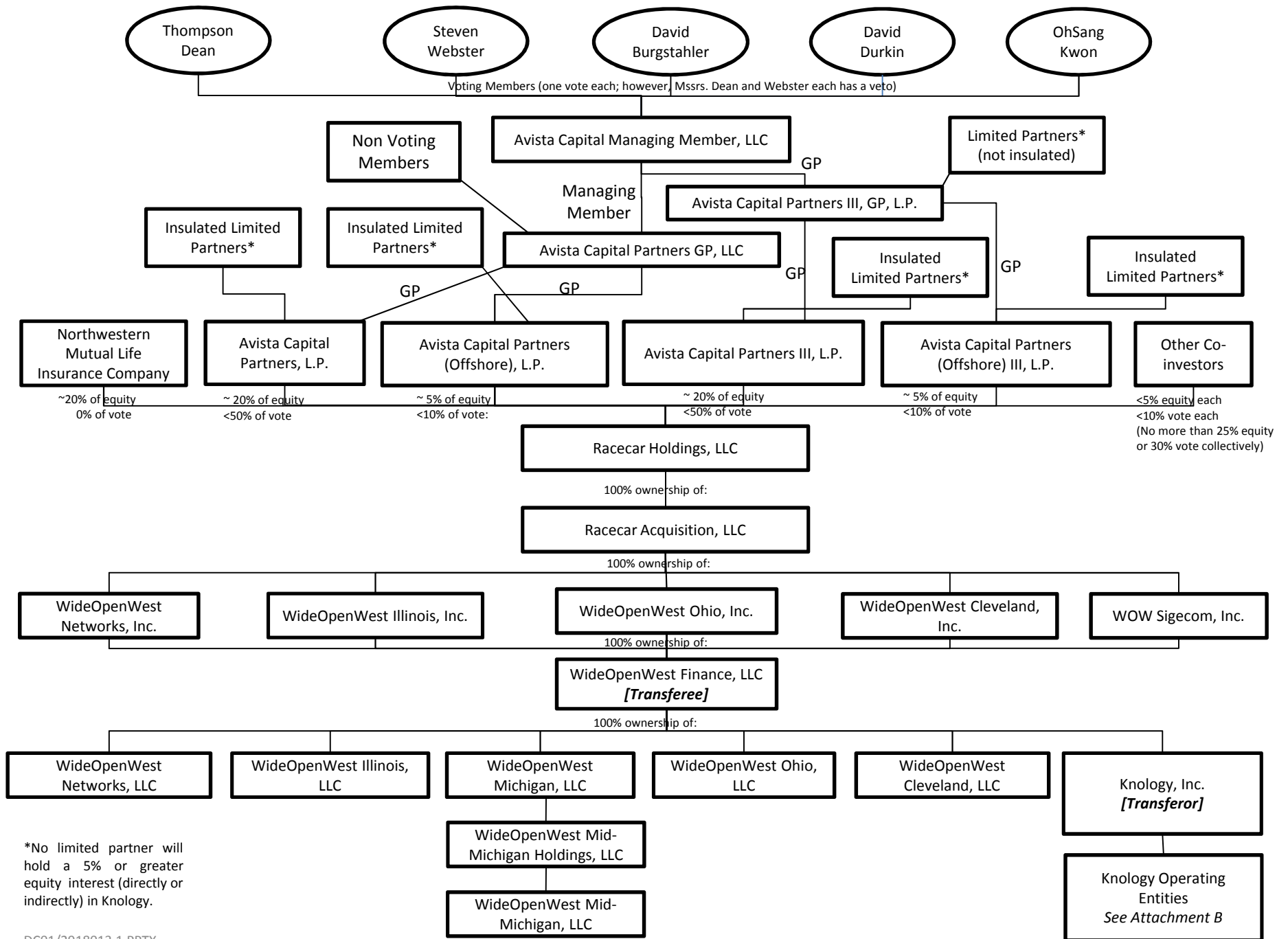


**Notes**

*i*: International Section 214 authority

*d*: Blanket domestic Section 214 authority

*ILEC*: Rural incumbent local exchange carrier



\*No limited partner will hold a 5% or greater equity interest (directly or indirectly) in Knology.