12

COMPETITIVE TELECOMMUNICATIONS SERVICE PROVIDERS

For the provision of (check all that apply):

- [ ] INTEREXCHANGE CARRIER
- [ ] ALTERNATIVE OPERATOR SERVICE PROVIDER
- [ ] COMPETITIVE ACCESS
- [X] COMPETITIVE LOCAL EXCHANGE CARRIERS
- [ ] OTHER (Describe):

ANNUAL REPORT

90-9073

OF

CENTURYTEL ACQUISITION LLC d/b/a KMC TELECOM III, LLC

(Exact legal name of respondent)

If name was changed during year, show also the previous name and date of change.

Website URL

Address	City	County	State	Zip Code
100 CenturyTel Drive	Monroe	Ouachita	Louisiana	71203

Phone: (Area Code) Number 318-388-9000

100 CenturyTel Drive Monroe, Louisiana 71203

(Address of principal business office at end of year)

TO THE

PUBLIC UTILITIES COMMISSION OF OHIO

RECEIVED-DOCKETING DIV
2008 MAR 27 PM 2:36
PUCO

FOR THE

YEAR ENDED DECEMBER 31, 2007__

Name, title, address, e-mail address and telephone number (including area code) of the person to be contacted concerning this report.

Ron Johnson - ron.p.johnson@centurytel.com - 407 County Road - 3640 Sulphur Springs Texas 75482- Tel 903-439-6209

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GENERAL INSTRUCTIONS, DEFINITIONS, ETC.

Please read the general instructions carefully before filling out this form:

1. The word "Respondent" in the following inquiries means the person, firm, association, or company in whose behalf the report is made.

2. The schedules and questions contained in this report were developed to be generally applicable to all competitive telecommunication service providers. All instructions shall be followed and each question answered as fully and accurately as possible. Sufficient answers shall appear to show that no schedule, question, or line item has been overlooked.

3. If answers to an inquiry are given elsewhere in the report, incorporation of the information by reference is sufficient.

4. Customary abbreviations may be used except that the exact name of the respondent shall be shown in full on the "Title Page" and in the "Verification" page.

5. Where the space provided is insufficient for the required data or it is necessary or desirable to insert additional statements or schedules, the insert pages shall show the number and title of the schedule to which it pertains, as well as the name of the respondent and the year covered, and shall be on 8 1/2" x 11" durable paper.

6. The information required with respect to any statement furnished is the minimum requirement. The respondent may add such further material information as is necessary to ensure that the required statements are not misleading.

7. All copies filed with the Commission must be legible and permanent. All entries shall be made in permanent ink or by a typewriter. Items of a reverse or contrary character shall be enclosed in parentheses, or indicated by a minus sign followed by the amount.

8. The annual report shall be signed by a duly elected officer of the respondent and it shall be notarized.

9. "Operating" as used in this report refers to regulated operations while "Nonoperating" refers to nonregulated operations.

IDENTITY OF RESPONDENT

1. Identify respondent's form of business organization: sole proprietorship, partnership, corporation, or other (explain).

   (LLC) Limited Liability Company

2. If a consolidated, merged, or reorganized company, briefly provide particulars of such transactions, the date of the transactions, and PUCO authority. If a reorganized company, give name of original company.

   N/A

3. Identify any other names (other than shown on title page) under which respondent conducted any part of its business during the year.

   N/A

4. If incorporated specify:
   a. Date of filing of articles of incorporation. N/A
   b. State in which incorporated. N/A

5. Identify PUCO Case Number (and date issued) granting operating authority and identify certificate number(s) issued.

   Case Number 05-529-TP-ATC Date May 17, 2005
   Certificate Number 90-9073

6. State whether respondent is operational in Ohio (actually providing service and the date operations began), or available (but not currently providing service).

   CenturyTel Acquisition LLC d/b/a KMC Telecom III, LLC is Operational in Ohio
   Began Operation 7/1/05

7. If operational, identify Ohio counties where respondent is providing service.

   Summit, Montgomery and Lucas

8. List the types of services provided by the respondent, e.g., residential voice, business voice, business data, other (specify types of other services provided).

   Business Voice and Business Data

9. Identify if services are provided by resale (total service resale of local exchange company service) or facilities based (through respondent's own switch or via UNE platform), and names of Ohio counties where each type of service is provided.

   Facilities based services in all counties listed above Summit, Montgomery and Lucas

10. Identify local exchange companies that respondent has interconnection agreements with to provide service in Ohio.

    AT&T, Verizon and Sprint

IMPORTANT CHANGES DURING THE YEAR

Report important changes of the types listed. Except as otherwise indicated data furnished should apply to the same period the report covers. Answers should be numbered in accordance with the inquiries and if "none" states the fact, it should be used. If information which answers an inquiry is given elsewhere in the report, identification of the other answer will be sufficient.

1. Changes in ownership or control (shareholders holding 5% or more of outstanding stock).
   N/A

2. Other important changes: Give brief particulars of each other important change which is not disclosed elsewhere in this report.

DIRECTORS, PROPRIETORS, PARTNERS

1. Give the name of each director or proprietor. (for partnerships identify each partner, identify which are general or limited partners and show each partner's percent of interest).

Name and address (City and State) (A)	Served Continuously From (B)	Term Expired or Current Term will expire (C)
Glen F. Post, III *	12/2007	12/2008
Karen A. Puckett *	12/2007	12/2008
R. Stewart Ewing, Jr. *	12/2007	12/2008
David D. Cole *	12/2007	12/2008
Michael A. Maslowski *	12/2007	12/2008
Stacey W. Goff *	12/2007	12/2008
Neil A. Sweasy *	12/2007	12/2008
G. Clay Bailey *	12/2007	12/2008
Craig Davis *	12/2007	12/2008
Eric Osburne *	12/2007	12/2008
Kay C. Buchart *	12/2007	12/2008

* The office address of all directors» officers and partners is:
100 CenturyTel Drive, Monroe, Louisiana 71203

(For corporation, show the data requested; for other forms of business organization, show names of individuals holding comparable positions)

Glen F. Post, III	Chief Executive Officer and Director
Kay C. Buchart	Secretary
Karen A. Puckett	President and Chief Operating Officer
Craig Davis	Vice President
G. Clay Bailey	Vice President, Treasurer and Assistant Secretary
Neil A. Sweasy	Vice President and Controller

Annual Report of CenturyTel Acquisition LLC d/b/a KMC Telecom III,LLC_Year Ended December 31, 2006

Instructions:

Schedule 2 is used for PUCO annual assessment purposes pursuant to Section 4905.10, RC. The reporting company shall maintain supporting and/or subsidiary records to separately record revenues derived from total operations and from its Ohio intrastate operations. Information presented herein is subject to audit by the PUCO.

The jurisdictional separation of revenues reported in this schedule should conform, to the extent applicable, to the procedures and instructions of CFR 47 Parts 32 and 36.

For interexchange carriers, intrastate refers to messages originating and terminating in Ohio.

For cellular, competitive access, and paging providers, intrastate refers to amounts billed to an Ohio account.

SCHEDULE: 2

STATEMENT OF INTRASTATE GROSS EARNINGS (REVENUE)		
		Amount
Line No.	Item	Ohio Intrastate
1	Operating and Miscellaneous Revenue - Wholesale Cellular Communications, Radio Common Carrier, Directory Revenue, Rent Revenue, Special Billings (revenue from work performed for others, rent revenue-nonoperating, return on regulated investment used to provide nonregulated products and services, etc.)	1,924,257
2	Other Revenue, Dividend and Interest Income, Gains From Disposition of Property -- Operating and Nonoperating, Other Operating or Nonoperating Gains (foreign currency exchange or transfer, extinguishment of debt, company's share of earnings of affiliated company accounted for on equity method, income from sinking and other funds, etc.)	0
3	**SUBTOTAL** **(1) + (2)**	1,924,257
4	Earnings or receipts from sales to other public utilities for resale	481,537
5	**TOTAL** **(3) + (4)**	2,405,794

Annual Report of CenturyTel Acquisition LLC d/b/a KMC Telecom III,LLC_Year Ended December 31, 2006

SCHEDULE: 3

IN ORDER TO ENSURE THAT PUCO CORRESPONDENCE IS DIRECTED TO THE APPROPRIATE PERSON AT THE CORRECT ADDRESS, PLEASE COMPLETE THE FOLLOWING.

Name, Title, Address, and Phone Number of the Company's Contact Persons to Receive Entries and Orders from the Docketing Division

Ron Johnson — Carrier Relations Manager
Name — Title

407 County Road - 3640 Sulphur Springs Texas 75482
Address

903-439-6209
Phone Number (Including Area Code)

Name, Title, Address, and Phone Number of Person to whom Invoice should be Directed

James B. Cooper — Billing Manager
Name — Title

100 CenturyTel Drive Monroe, Louisiana 71203
Address

318-340-5343
Phone Number (Including Area Code)

Name and Address of the President

Craig Davis — Vice President Wholesale Sales
Name — President

100 CenturyTel Drive Monroe Louisiana 71203
Address

VERIFICATION

The foregoing report must be verified by the President or Chief Officer of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State of Louisiana
County of Ouachita

Jeff Glover makes oath and says that
(Insert here the name of the affiant.)

he is **VP EXTERNAL RELATION**
(Insert here the official title of deponent)

OF **CENTURYTEL ACQUISITION LLC d/b/a KMC TELECOM III, LLC**
(Insert here the exact legal title or name of the respondent.)

that he has examined the foregoing report; that to the best of his knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including JAN 01, 2007, to and including December 31, 2007.

Jeffrey L. Glover
(Signature of affiant.)

CenturyTel Acquisition LLC d/b/a KMC Telecom III, LI	Ohio	Total Company
Income and ExpenseFor the Twelve Months		
Ending 12-31-07 --- Revenues:		
LOCAL NETWORK SERVICES	1,015,845.82	14,374,390.47
LONG DISTANCE NETWORK SERVICES	472,208.64	10,221,256.44
MISCELLANEOUS REVENUE	33,625.90	404,327.77
NETWORK ACCESS SERVICES	281,910.30	10,260,815.64
OTHER INCOME DEREGULATED	204,144.01	4,250,319
WHOLESALE REVENUE	-29,574.50	2,044,063
Total Revenue	1,978,160.17	41,555,173
	36	
Expenses		
PLANT SPECIFIC	2,283,952.88	14,251,992
PLANT NON-SPECIFIC	2,059,821.26	23,151,137.45
DEREG EXPENSE	118,848.03	202,760.36
DEPRECIATION	974,660.21	7,058,316
SALES AND MARKETING	895,693.94	6,995,023
GENERAL AND ADMINISTRATIVE	775,866.94	6,632,438
OPERATING TAXES	157,103.42	1,206,933
OTHER INCOME AND EXPENSE	-2,103,089.37	-5,504,869
INTEREST EXPENSE	1,162,189.34	5,983,783
Total Expenses	6,325,046.65	59,977,514
Net Income or Loss	-4,346,886.48	-18,422,341

Assets and Other Debits	36	Grand Total
CASH AND EQUIVALENTS		41,788.90
PREPAYMENTS	13,453.35	157,430.77
RECEIVABLES - CONNECTING CO.	0	1,568,500.82
RECEIVABLES - CUSTOMERS	234,790.76	4,481,419.34
RECEIVABLES - OTHER	0	104,591.78
RECEIVABLES-GOODS RECEIPT/INVOICE RECEIPT	-10,000.00	100,025.76
TOTAL CURRENT ASSETS	238,244.11	6,453,757.37
NON-CURRENT ASSETS		
OTHER DEFERRED	0	3,272,248
TOTAL NON-CURRENT ASSETS	0	3,272,248
PROPERTY, PLANT AND EQUIPMENT		
PLANT IN SERVICE	12,465,741.76	80,317,706
PLANT UNDER CONSTRUCTION	75,119.63	2,030,651
NON-OPERATING PLANT	0	1,839,395
TOTAL UTILITY PLANT	12,540,861.39	84,187,752.11
UTILITY PLANT RESERVE	-2,328,246.30	-15,392,604.18
NET UTILITY PLANT	10,212,615.09	68,795,147.93
NON-UTILITY PLANT	0	
NON-UTILITY ACCUMULATED DEPRECIATION	0	-909,836.37
NET NON-UTILITY ACCUMULATED	0	-909,836
NET PLANT	10,212,615.09	67,885,311.56

TOTAL ASSETS AND OTHER DEBITS	10,450,859.20	77,611,316
LIABILITIES AND EQUITY		
CURRENT LIABILITIES	36	Grand Total
ACCOUNTS PAYABLE - AFFILIATES	-17,657,046.11	-90,614,042
ACCOUNTS PAYABLE - TRADE	-9,049.75	-169,575
ACCOUNTS PAYABLE - OTHER	-1,176.31	-66,576
CUSTOMER DEPOSITS	-279.98	-17,186
ADVANCE BILLING	-103,690.19	-1,806,822
ACCRUED STATE INCOME TAXES	0	100
OTHER ACCRUED TAXES	13,551.15	-861,759.07
ACCRUED INTEREST	-1.92	-544
OTHER ACCRUED LIABILITIES	-99,790.89	-1,852,810.35
TOTAL CURRENT LIABILITIES	-17,857,484.00	-95,389,213.96
DEFERRED INCOME TAXES	-576,347.00	-3,487,287.00
OTHER DEFERRED CREDITS		-413,148
TOTAL OTHER LIABILITIES & DEFERRED CREDITS	-989,495.14	-3,900,435
TOTAL LIABILITIES	-18,846,979.14	-99,289,649
EQUITY		
INCREASE/DECREASE IN RETAINED EARNINGS	3,905,589.38	10,241,132
RETAINED EARNINGS	4,490,530.56	11,437,201
TOTAL COMMON EQUITY	8,396,119.94	21,678,333
TOTAL LIABILITIES & EQUITY	-10,450,859.20	-77,611,316