



March 8, 2024

Kentucky Communications Network Authority
500 Mero Street, Suite 1 – 1NC
Frankfort, KY 40601

Attn: Stewart Douglas Hendrix, Executive Director

Re: Request for Additional Information – Market Testing

Dear Doug:

We write in response to your letter dated March 5, 2024.

Although KentuckyWired Operations Company, LLC is of the view that it has already satisfied its obligations under Schedule 19 [Market Testing Procedure] to the Project Implementation Agreement, we are providing the following additional information in good faith to further assist KCNA in discharging its obligations under Schedule 19.

1. The information requested in items 1 through 8 of your letter are not required to enable KCNA to analyze and understand the basis for KWOC's determination. KWOC's determination was based on KWOC's evaluation of the respondents' bid documents as set out in the scoring matrix. Both the respondents' bid documents and the scoring matrix have been provided to KCNA.

[...]

9. With respect to item 9, KCNA was copied on all correspondence, including emails, to and from KWOC and the Market Testing Proposal respondents.
10. With respect to item 10, the [REDACTED] does not change KWOC's recommendation of [REDACTED] as the Preferred Service Tenderer. KWOC did not evaluate [REDACTED] performance as [REDACTED] as part of the tender evaluation.
11. With respect to item 11, we will request additional information from [REDACTED] related to [REDACTED] issues and how [REDACTED] will delineate the work between [REDACTED]

KentuckyWired Operations Company
312 South 4th Street, Suite 700, Louisville KY 40202

[REDACTED] We will provide this information to KCNA promptly upon receipt.

12. With respect to item 12, KWOC did not evaluate [REDACTED] performance [REDACTED] as part of the tender evaluation.
13. With respect to item 13, KWOC's concern about [REDACTED] balance sheet (noted in scoring sheet) is addressed by the performance security that will be provided as described in item 14 below, in particular, the parent company guarantee from a credit worthy entity. [REDACTED]
14. With respect to item 14, KWOC's expectation is that [REDACTED] will provide the same performance security in support of its obligations as the [REDACTED] maintains in support of its obligations, namely, a parent company guarantee from a credit worthy entity and a letter of credit. Our expectation is that Bondholder Approval will be contingent on this same level of performance security remaining in place.
15. With respect to item 15, KWOC did not consider the scope of amendments to the Project Agreements and related Bondholder Approval when it made its determination to recommend [REDACTED] as the Preferred Service Tenderer. The requirement to make amendments to the Project Agreements and obtain related Bondholder Approval is not unique to [REDACTED] and [REDACTED]. Such a change is clearly contemplated by Schedule 19.
16. With respect to item 16, since the [REDACTED] KWOC is not in a position to anticipate how [REDACTED] will work going forward.

KWOC has met its obligations under Schedule 19. However, to address the concerns raised in your March 5 letter, KWOC is willing to request supplemental proposals or best and final offers from the Market Testing Proposal respondents to receive (and be able to evaluate and score) additional information from the respondents.

If this is of interest to KCNA, please confirm the categories of additional information that you would like us to request from the Market Testing Proposal respondents so we can update our tender evaluation accordingly.

Alternatively, KCNA can advise KWOC not to accept any of the Market Testing Proposals and [REDACTED] or KCNA can dispute KWOC's determination so it can be referred for resolution in accordance with Schedule 13 [Dispute Resolution Procedure] to the Project Implementation Agreement and this matter can be brought to a close.

We are available to discuss.

KentuckyWired Operations Company
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Regards,

A handwritten signature in black ink, appearing to read "Robert Morphonios", with a stylized flourish at the end.

Robert Morphonios, CEO
KentuckyWired Operations Company, LLC

Cc: Tom Snyder, COO

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