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NorthPoint Communications

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RECEIVED: FISC
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May 4, 2001

RECORDS AND
REPORTING

To: All Governors and State Public Utility Commissions

Re: Notice of Application by NorthPoint Communications, Inc. for authority for permanent emergency discontinuance of service, pursuant to section 214(b) of the Communications Act of 1934, as amended, and section 1.764(b) of the Commission's rules

On March 23, 2001, NorthPoint Communications, Inc. ("NorthPoint") submitted an application (the "Application") with the Federal Communications Commission ("Commission") for authority for permanent emergency discontinuance of service, pursuant to section 63.63 of the Commission's rules.¹

Pursuant to section 214(b) of the Communications Act of 1934, as amended, and section 1.764(b) of the Commission's rules,² NorthPoint hereby provides formal notice of this Application, a copy of which is attached hereto.

Sincerely,

Michael E. Olsen
Deputy General Counsel
NorthPoint Communications, Inc.
(510) 735-3871

¹ See 47 C.F.R. § 63.63.

² See 47 U.S.C. § 214(b); 47 C.F.R. § 1.764(b).

DOCUMENT NUMBER-DATE

05810 MAY-80

FPSC-RECORDS/REPORTING



NorthPoint

March 23, 2001

By Hand

Magalie R. Salas
Secretary, Federal Communications Commission
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RECEIVED

MAR 23 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Application by NorthPoint Communications, Inc. for authority for permanent emergency discontinuance of service, pursuant to section 63.63 of the Commission's rules

Dear Ms. Salas:

Pursuant to section 63.63 of the rules of the Federal Communications Commission ("Commission"), 47 C.F.R. § 63.63, NorthPoint Communications, Inc. ("NorthPoint") hereby applies for authority for permanent emergency discontinuance of service. NorthPoint holds a blanket section 214 authorization to provide domestic interstate telecommunications services as a non-dominant carrier. NorthPoint is headquartered in Emeryville, California, and is certified to provide service in 41 states.

As required by section 63.63 of the Commission's rules, NorthPoint submits the following information:

1. The effective date of NorthPoint's discontinuance of service is March 26, 2001. The service areas affected are areas presently served by NorthPoint's customers, *i.e.* Internet service providers ("ISPs") and telecommunications carriers, including areas in the following states: Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Virginia, Washington, Wisconsin.
2. NorthPoint's discontinuance of service is caused by its inability to obtain sufficient funding to sustain its day-to-day operations. The discontinuance will be permanent.
3. NorthPoint could not have reasonably foreseen the conditions that have caused the discontinuance of its services in sufficient time to prevent such

discontinuance. On August 7, 2000, NorthPoint entered into a binding Merger Agreement and related Funding Agreement with Verizon Communications ("Verizon"). Pursuant to these agreements, Verizon and NorthPoint agreed to merge their DSL businesses, with Verizon contributing \$800 million in cash and over \$500 million of unique Verizon DSL Assets. The closing of the merger was to occur after certain actions had been taken by the parties (such as obtaining any necessary regulatory approvals) and before August 7, 2001. On August 8, 2000, Verizon and NorthPoint made public announcements of the merger, and on August 24, 2000, filed an Application for Transfer of Control with the Commission. However, on November 29, 2000, Verizon -- unexpectedly and without any warning to NorthPoint -- terminated its merger with NorthPoint. On January 16, 2001, NorthPoint filed for protection under Chapter 11 of the U.S. Bankruptcy Laws in the U.S. Bankruptcy Court in San Francisco, California. NorthPoint sought this protection in order to allow it to continue to provide services as a going concern, while also seeking to attract new funding or a financially strong strategic partner. In addition, NorthPoint secured interim financing that enabled it to continue its day-to-day operations while it conducted an auction and "structured sale" to raise long-term financing or to sell the business as a going concern. This auction concluded on March 22, 2001. Despite its best efforts, it has become clear that the auction will not yield long-term financing, or a strategic partnership, sufficient to sustain NorthPoint's continued operations. It has also become clear that NorthPoint will not be able to sell the business as a going concern. As a result, NorthPoint no longer has access to the interim financing that has previously sustained its day-to-day operations. Without such funds, NorthPoint must discontinue its services on a permanent basis.

4. NorthPoint is a competitive local exchange carrier that primarily provides Symmetric DSL services for use by small- and medium-sized businesses. NorthPoint provides these services on a wholesale basis to other firms, primarily ISPs, which in turn offer them to end users, primarily small- and medium-sized businesses. All customers of NorthPoint are presently ISPs or telecommunications carriers, not end users.
5. NorthPoint believes that its customers will be able to find alternate providers of broadband services similar to the kind of service sold to such customers by NorthPoint.
6. The effect upon rates to any person in the community will depend on the arrangements each of NorthPoint's customers makes to secure alternate services.
7. As described in item 3 above, NorthPoint sought federal bankruptcy protection in order to allow it to continue to provide services as a going concern, while also seeking to attract new funding or a financially strong strategic partner. Despite its best efforts, NorthPoint has not been able to

March 23, 2001

Page 3

raise long-term financing, or enter into a strategic partnership, sufficient to sustain NorthPoint's continued operations. NorthPoint has also not been able to sell the business as a going concern. NorthPoint has no remaining funds to sustain day-to-day operations, and therefore must discontinue its services on a permanent basis. On March 22, 2001, NorthPoint sent letters to each of its customers informing them of its lack of funds, and urging them to "take immediate action to secure alternate services for [their] needs."

Based on the above information, NorthPoint respectfully asks the Commission to grant it authority for emergency discontinuance of its service. Pursuant to section 63.63(b) of the Commission's rules, 47 C.F.R. 63.63(b), NorthPoint requests that this authorization be made on a permanent basis.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Olsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael E. Olsen
Deputy General Counsel
NorthPoint Communications, Inc.
(510) 735-3871