

NEW YORK, NY  
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1200 19TH STREET, N.W.  
SUITE 500  
WASHINGTON, D.C. 20036

(202) 955-9600

FACSIMILE  
(202) 955-9792  
www.kelleydrye.com

040000-PU

DIRECT LINE: (202) 955-9766  
EMAIL: eemott@kelleydrye.com

AFFILIATE OFFICES  
JAKARTA, INDONESIA  
MUMBAI, INDIA

July 14, 2004

VIA UPS

Ms. Blanco S. Bayo, Director  
Bureau of Records and Reporting  
& Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RECEIVED-FPSC  
04 JUL 15 AM 10:13  
COMMISSION  
CLERK

Re: Notification of XO Florida, Inc. XO Communications Services, Inc. and Allegiance Telecom of Florida, Inc., of an Internal Corporate Reorganization and Request for Approval, as Necessary of Related Transactions

Dear Ms. Bayo:

XO Florida, Inc. ("XO Florida"), Allegiance Telecom of Florida, Inc. ("ALGX Florida"), and XO Communications Services, Inc. ("XO Communications") (collectively "XO Subsidiaries"), all subsidiaries of XO Communications, Inc. ("XO")<sup>1</sup>, the ultimate parent corporation, by their attorneys hereby respectfully notify the Florida Public Service Commission ("Commission") and request the Commission approve or grant such authority as may be necessary for an internal corporate reorganization whereby the existing operating subsidiaries of XO in Florida will be merged into a single operating subsidiary, XO Communications.<sup>2</sup> Upon consummation of this reorganization, XO Communications will provide service to the existing

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR   1
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS   2
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SEC   1
- OTH \_\_\_\_\_

XO's acquisition of ALGX Florida was consummated on June 23, 2004. The XO Subsidiaries notified the Commission on February 25, 2004 of the change of ownership of ALGX Florida. Accordingly, ALGX Florida currently is a direct, wholly owned subsidiary of XO.

XO Communications became the new name of XO Domestic Holdings, Inc. on June 29, 2004. XO is in the process of obtaining the necessary documentation from the Florida Secretary of State showing the name change and will late-file the documentation and any necessary additional request for name change approval.

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customers of XO Florida and ALGX Florida. This internal reorganization will simplify the XO corporate structure, streamlining XO's operations in Florida, eliminating administrative redundancy and improving overall efficiency. The XO Subsidiaries anticipate that the consolidation in Florida will occur after receipt of the required regulatory approvals in Florida; thus, the XO Subsidiaries request that the Commission take any action necessary to approve this notification at its earliest possible convenience.

Specifically, as described below, the XO Subsidiaries propose that XO Florida's intrastate customer base, tariff and Certificate No. 5648 (local exchange) and Certificate No. 3505 (IXC) providing XO Florida authority to provide telecommunications services in Florida be transferred to its affiliate, XO Communications. The XO Subsidiaries will submit the necessary documentation from the Florida Secretary of State showing the new name as soon as it is available. XO Florida's tariff will be amended to reflect the name change and will be late filed with the Commission. Should the Commission require XO Communications to file a new tariff in lieu of amending XO Florida's tariff, the XO Subsidiaries respectfully request that XO Florida's current tariff be cancelled upon the completion of the transaction described herein. The proposed transaction is not expected to result in any loss or impairment of service to the XO Florida customers that would be affected by consummation of the proposed transaction. XO end users will continue to receive service at substantially similar rates, terms and conditions and will continue to see the "XO" name on their bills.

Similarly, ALGX Florida's intrastate customer base will be transferred to XO Communications. Current ALGX Florida customers will be given sufficient notification of the proposed change of their service provider to XO Communications pursuant to the FCC's slamming rules and any applicable state carrier to carrier migration rules. Again, the proposed transaction is not expected to result in any loss or impairment of service to the ALGX Florida customers. The XO Subsidiaries intend to grandfather ALGX Florida's existing tariff, amended with the new name XO Communications and late filed with the Commission, so that existing ALGX Florida end users will continue to receive the same services at the same rates, terms and conditions as at present.

In support of this Notification, the XO Subsidiaries provide the following information:

**I. The XO Subsidiaries**

XO Communications, Inc. is a Delaware corporation whose principal office and place of business is located at 11111 Sunset Hills Road, Reston, Virginia 20190-5339. The company's stock is publicly traded on the Over the Counter Bulletin Board under the symbol "XOCM.OB." XO is a leading facilities-based provider of broadband telecommunications services. The company offers a complete set of telecommunications services including local and long distance

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voice, Internet access, Virtual Private Networking (VPN), Ethernet, Wavelength, Web Hosting and Integrated voice and data services. XO provides service through its facilities-based broadband networks and Tier One Internet peering relationships. The company also is one of the nation's largest holders of fixed wireless spectrum, covering 95% of the population of the 30 largest U.S. cities. XO currently offers facilities-based broadband telecommunications services within and between more than 70 markets throughout the United States.

XO is authorized by the FCC to provide interstate and international telecommunications services and, through one or more of its subsidiaries, is authorized to provide intrastate interexchange services virtually nationwide, and is authorized to provide competitive local exchange services in 47 states. In Florida, XO Florida is authorized to provide competitive local exchange and interexchange services pursuant to its authorization issued by the Commission.<sup>3</sup> Thus, XO Florida and its corporate parent, XO, have been found by this Commission to possess the requisite financial, managerial and technical qualifications necessary to operate as a provider of intrastate telecommunications services in Florida.<sup>4</sup> XO is ultimately controlled by Carl C. Icahn, a U.S. citizen, through his ultimate control and ownership of various companies.

ALGX Florida is a corporation organized under the laws of the State of Delaware. In furtherance of the reorganization of Allegiance Telecom, Inc., Debtor-in-Possession ("Allegiance"), and subsidiaries, including ALGX Florida, under chapter 11 of the U.S. Bankruptcy Code, the parties agreed that XO would acquire substantially all of the assets of Allegiance, including the stock of ALGX Florida. As noted above, the XO Subsidiaries notified the Commission of the change in control on February 25, 2004, and the transaction was consummated on June 23, 2004. As a result, ALGX Florida became a wholly owned, direct subsidiary of XO.

XO's acquisition of Allegiance has resulted in a combined competitive carrier that holds sufficient financial, managerial, operations and technical resources to compete on a national basis against established and incumbent local exchange carriers and long distance companies. Prior to the transfer of control, Allegiance, through its operating subsidiaries, provided facilities-based telecommunications products and services to over 100,000 small and medium-sized business customers, large business enterprises (e.g., national customers with multiple locations), governmental entities, and other institutional users in 36 metropolitan areas in 24 states,

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<sup>3</sup> See *Docket No. 980472-TI*, Certificate No. 3505 (TJ112-IXC) and Certificate No. 5648 (TX205-local exchange).

<sup>4</sup> XO's most recent Annual Report and Form 10-Q which contains the consolidated financial statements of XO and subsidiaries can be accessed at [www.xo.com](http://www.xo.com).

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including Florida, and the District of Columbia.<sup>5</sup> By acquiring ownership of Allegiance and its subsidiaries and substantially all of their assets, XO has pooled the resources of XO and Allegiance such that the combined company can compete more effectively in the markets in which they both operate, provide new services and expand into new markets, and achieve economies of scope and scale. Moreover, the acquisition ensures that ALGX Florida's current customers will continue to receive the high quality services that they currently receive.

To further streamline and simplify its corporate structure, XO intends to collapse both ALGX Florida and XO Florida into XO Communications. After completion of the consolidation, XO will remain the ultimate corporate parent and it will have only one XO subsidiary operating in Florida. Like ALGX Florida and XO Florida, XO Communications is a direct, wholly owned subsidiary of XO. XO Communications, currently being renamed from XO Domestic Holdings, Inc., is authorized to transact business in Florida as a foreign corporation, but it is not licensed to provide telecommunications services in any state at this time.

## II. Designated Contacts

The designated contact for questions concerning this notification is:

Erin Weber Emmott, Esq.  
KELLEY DRYE & WARREN LLP  
1200 19<sup>th</sup> Street, N.W., Suite 500  
Washington, D.C. 20036  
Telephone: (202) 955-9766  
Facsimile: (202) 955-9792

Copies of any correspondence also should be sent to the following designated representative of the XO Subsidiaries:

Doug Kinkoph  
Vice President Regulatory and External Affairs  
XO COMMUNICATIONS, INC.  
Two Easton Oval, Suite 300  
Columbus, OH 43219  
Telephone: (614) 416-1468  
Facsimile: (614) 416-9268

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<sup>5</sup> See Docket No. 990883-TX Certificate No. 7143 (local exchange) and Docket No. 990882-TI, Certificate No. 7144 (IXC).

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### **III. Description of the Reorganization**

The reorganization and consolidation of the XO Subsidiaries into a single operating entity, XO Communications, is anticipated to occur via a number of mergers. Corporate organizational charts showing XO's corporate structure before and after the consolidation are appended hereto as *Exhibit A*. The XO Subsidiaries propose to transfer XO Florida's intrastate customer base, tariff and Certificate No. 3505 and Certificate No. 5648 to provide telecommunications services to XO Communications through a merger of XO Florida into XO Communications. After the merger, XO Florida will cease to exist by operation of law, and XO Communications will assume all of XO Florida's assets and operations and will provide telecommunications services to XO Florida's customers pursuant to XO Florida's tariff, amended with the new name XO Communications.

In connection with the merger, the telecommunications authorizations currently held by XO Florida will be transferred to XO Communications. The XO Subsidiaries respectfully request that the Commission authorize, to the extent necessary, the merger of XO Florida with and into XO Communications together with the transfer of XO Florida's Certificate No. 3505 and Certificate No. 5648, tariff and customer base to XO Communications. XO Florida's tariff will be amended to reflect the name change and will be late filed with the Commission. Should the Commission require XO Communications to file a new tariff in lieu of amending XO Florida's tariff, the XO Subsidiaries respectfully request that XO Florida's current tariff be cancelled upon the completion of the transaction described herein. The Commission has already examined the financial, managerial, technical and operational qualifications of XO to provide telecommunications services – XO Communications is backed by the same qualifications as XO Florida and will provide the same high quality services to customers.

The proposed transfer of operating authority from XO Florida to XO Communications will be virtually transparent to consumers in Florida and will have no adverse impact on them. XO will remain the parent corporation, and the name that customers see on their telecommunications invoice will remain "XO." Further, the same services will be provided to end users at substantially similar rates, terms and conditions. Because XO Florida and XO Communications are managed by the same team of experienced telecommunications personnel, day-to-day operations will continue to function as they have in the past. Customer service functions will be provided by the same team of qualified consumer representatives. In order to facilitate a seamless transfer, XO Communications will file a revised tariff, as required, to reflect its slightly changed name. Thus, XO Florida's end user customers will continue to receive high quality services from the same qualified personnel, at substantially similar rates, terms and conditions.



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Similarly, the XO Subsidiaries propose to transfer ALGX Florida's intrastate customer base to XO Communications through a merger of ALGX Florida into XO Communications. After the merger, ALGX Florida will cease to exist by operation of law, and XO Communications will assume all of ALGX Florida's assets and operations and will provide telecommunications services to ALGX Florida's end users. The XO Subsidiaries intend to grandfather ALGX Florida's existing tariff, amended with the new name XO Communications to be late filed with the Commission so that existing ALGX Florida end users will continue to receive the same services at the same rates, terms and conditions.

In connection with the merger, the telecommunications authorizations currently held by ALGX Florida, Certificate No. 7143 and Certificate No. 7144 will be surrendered, upon completion of the transfer of XO Florida's certificates, amended tariff and customer base and the transfer of ALGX Florida customers to XO Communications.. The XO Subsidiaries respectfully request that the Commission authorize, to the extent necessary, the merger of ALGX Florida with and into XO Communications together with the transfer of ALGX Florida's, customer base to XO Communications and the surrender of ALGX Florida's authorization and tariff upon the completion of the transaction and customer transfer.

The proposed transfer of operating authority from ALGX Florida to XO Communications will have no adverse impact on customers. XO will remain the parent corporation. Current ALGX Florida end users will continue to receive service under the same rates, terms and conditions that currently apply to their services and any future changes in the rates, terms and conditions of those services will be made consistent with Commission requirements. As a result, the proposed transfer will be virtually transparent to customers in terms of the services, rates, terms and conditions that they receive. In accordance with applicable FCC and state carrier change requirements, advance written notice will be sent to affected customers informing them of the proposed transaction and giving them an opportunity to switch to another service provider without penalty. A copy of the customer notification letter will be provided to the Commission upon request. In order to facilitate a seamless transfer, the ALGX Florida tariff will be grandfathered so that existing ALGX Florida end users will continue to receive the same services at the same rates, terms and conditions. Further, to prevent customer confusion, XO Communications will include the Allegiance name in addition to the XO name on customer bills for the existing ALGX Florida customers for a few months immediately following the restructuring.

#### **IV. Public Interest Analysis**

The proposed internal corporate reorganization and transfer of operating authority is in the public interest. As noted above, the reorganization will generally be transparent to customers and will have no adverse impact on them. Current ALGX Florida customers will be properly

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notified of the change in their service provider from ALGX Florida to XO Communications. Current XO Florida customers will continue to see "XO" on their invoices and the consolidation will be entirely transparent to them. This proposed consolidation will provide significant reductions in legal, accounting and tax administrative burdens and will simplify the XO companies' corporate structure, eliminating administrative redundancy and improving the companies' overall efficiency thereby enhancing the company's ability to compete in Florida and elsewhere. Over time, consumers in Florida will benefit from a greater number of product and service options as well as more efficient prices resulting from the enhanced competitive ability of the streamlined company.

As reflected on the ownership charts appended hereto, upon completion of the reorganization, the ownership of XO Communications will be identical to its current ownership and the ownership of XO Florida and ALGX Florida. Thus, there should be no question about the qualifications of XO Communications and its parent, XO, to operate in the public interest as the reorganization will not cause any meaningful change in the ownership, financial condition or services of the utility entities.

#### V. Conclusion

The XO Subsidiaries respectfully request that the Commission grant them authority, to the extent necessary, to reorganize, as described herein, and for such other and further relief as may be necessary to carry out the reorganization described herein.

Respectfully submitted,

XO FLORIDA, INC., ALLEGIANCE TELECOM  
OF FLORIDA, INC. AND XO  
COMMUNICATIONS SERVICES, INC.

By: Erin W Emmott

Brad E. Mutschelknaus

Melissa S. Conway

Erin W. Emmott

KELLEY DRYE & WARREN LLP

1200 19<sup>th</sup> Street, N.W., Suite 500

Washington, D.C. 20036

Telephone: (202) 955-9600

Their Attorneys

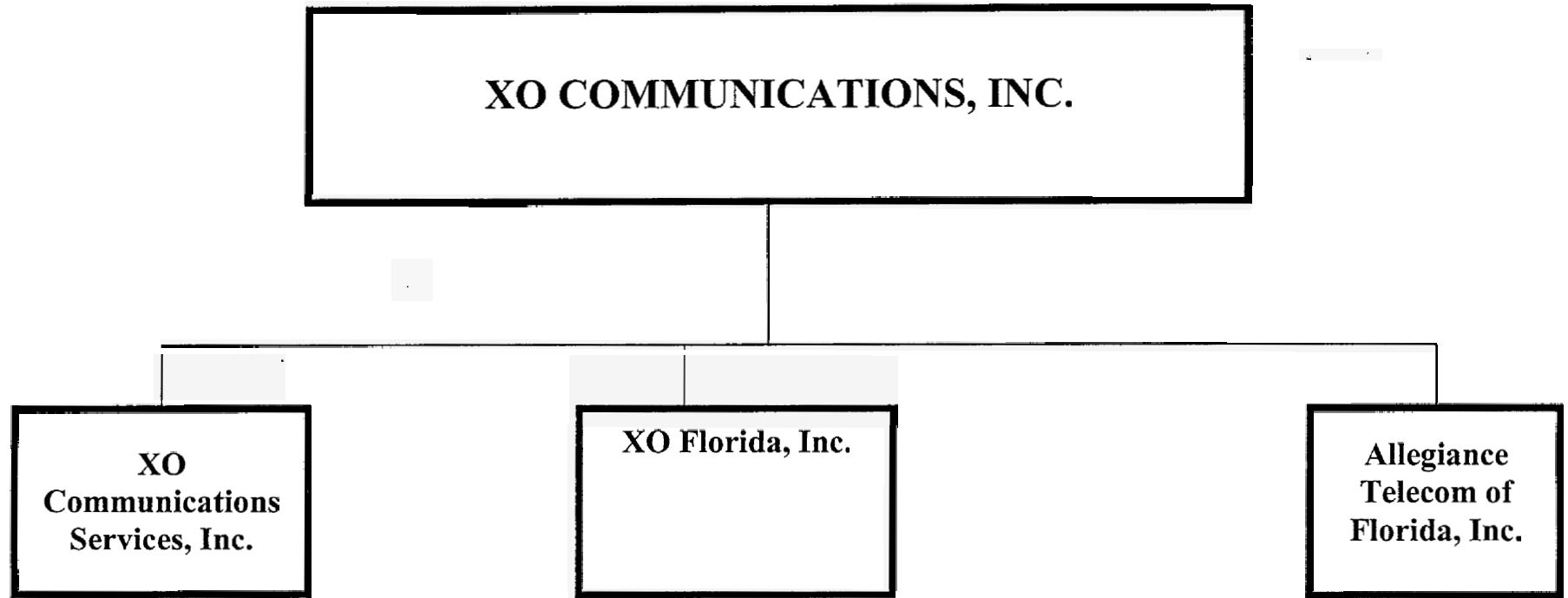
cc: Mr. Tom Williams

**EXHIBIT A**

**CORPORATE ORGANIZATIONAL CHARTS**

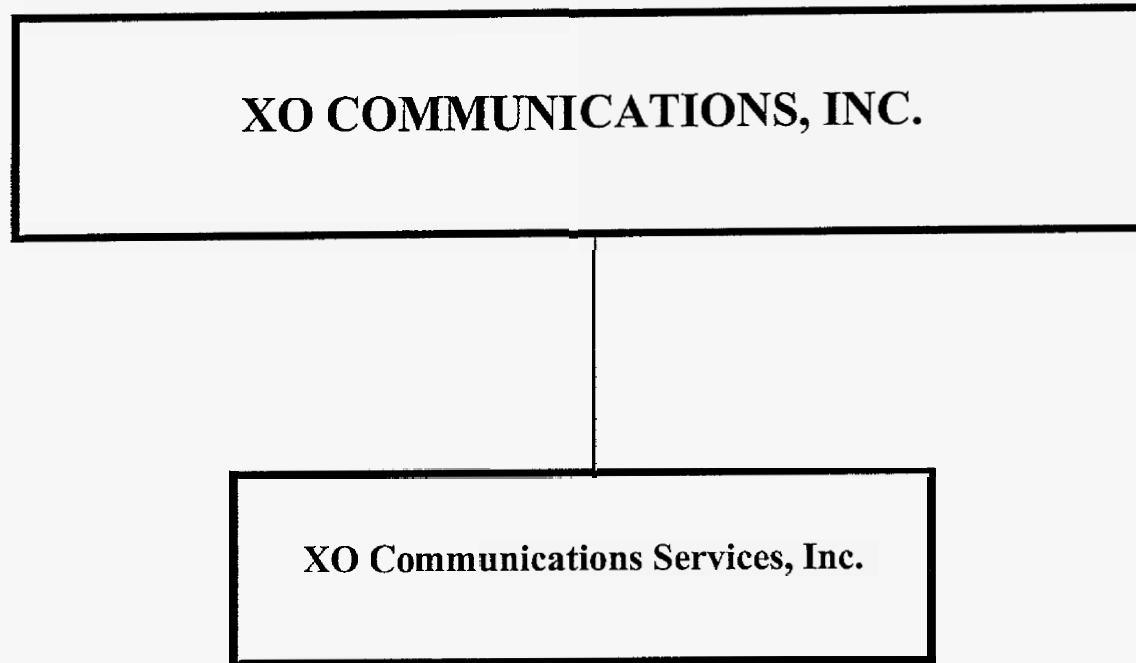


# EXISTING CORPORATE STRUCTURE<sup>1</sup>



<sup>1</sup> Each entity is 100% owned by the entity immediately above it

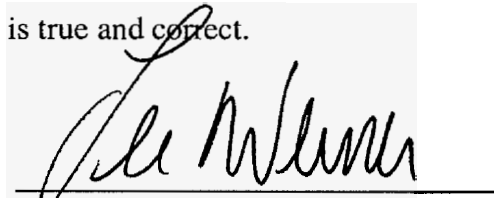
# CORPORATE STRUCTURE AFTER RESTRUCTURING<sup>1</sup>



<sup>1</sup> Each entity is 100% owned by the entity immediately above it

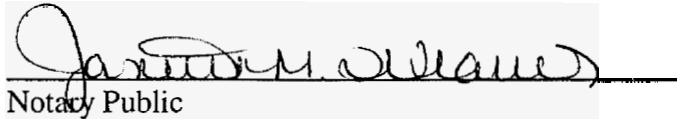
**VERIFICATION**

I, LEE WEINER, am authorized to represent XO Communications, Inc. and its subsidiaries, and to make this verification on their behalf. The statements in the foregoing document relating to XO Communications, Inc. and its subsidiaries, except as otherwise specifically attributed, are true of my own knowledge, except as to matters that are stated herein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.



Name: LEE WEINER  
Title: Sr. Vice President, General Counsel  
and Secretary

Subscribed and sworn to before me on this 24<sup>th</sup> day of June, 2004.



Notary Public

My commission expires: 03-31-05

- SEAL -

