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**Federal Communications Commission
Office of the Secretary**

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January 27, 2011

Via Hand Delivery

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Data Submission of XO Communications LLC, *In the Matter of Special Access for Price Cap Local Exchange Carriers, AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, WC Docket No. 05-25, RM-10593

REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

On behalf of XO Communications LLC (“XO”) and in accordance with the Second Protective Order adopted in this proceeding,¹ I am enclosing one copy of the redacted, public version of XO’s Data Submission. The XO Highly Confidential submission consists of: (1) a written response to Commission inquiry #III.D; and, (2) a CD containing an Excel spreadsheet populated with data in response to Commission inquiries #III.B.1, III.B.2, and III.C.1-5 and a Zip file with maps in response to Commission inquiry #III.B.3. The XO redacted submission consists of: (1) a redacted, written response to Commission inquiry #III.D; and, (2) a redacted, printed copy of an Excel spreadsheet populated with data in response to Commission inquiries #III.B.1, III.B.2, and III.C.1-5. All information concerning the maps filed in response to Commission inquiry #III.D is Highly Confidential, and thus no redacted, printed copy is attached.

¹ *In the Matter of Special Access for Price Cap Local Exchange Carriers, AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Second Protective Order, WC Docket No. 05-25, RM-10593 (rel. Dec. 27, 2010).

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Marlene H. Dortch
Data Submission of XO Communications, LLC
January 27, 2011
Page Two

All Highly Confidential material that has been redacted is denoted by the symbols * *
Begin Highly Confidential and End Highly Confidential * *.

Finally, XO is filing with your office under separate cover and under seal an
unredacted Highly Confidential version of this filing, which will be made available pursuant to the
Second Protective Order.

If you have any questions, please contact me.

Sincerely,



Thomas Cohen
Kelley Drye & Warren, LLP
3050 K Street N.W.
Washington, DC 20007
202-342-8518
tcohen@kelleydrye.com
Counsel for XO Communications, LLC

Enclosures (2)

REDACTED – FOR PUBLIC INSPECTION
HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER
IN WC DOCKET 05-25, RM 10593, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

XO Communications LLC
Response to III.D
WC Docket No. 05-25, RM-10593

III. D. We request that all providers other than incumbent LECs (e.g., competitive LECs, out-of-region incumbent LECs, cable companies, fixed wireless, etc.) answer the following questions pursuant to the Instructions in Section II of this Public Notice:

1. Explain the business rule that you use to determine whether to build a channel termination to a particular location. Please enumerate all underlying assumptions.
2. Please describe reasons why even if your business rule suggests that it would make sense to build, you would not, e.g., inability to access building, issues with rights of way, inability to obtain capital, issues of timing.

III.D.1.

Explain the business rule that you use to determine whether to build a channel termination to a particular location. Please enumerate all underlying assumptions.

By way of background, when XO constructs a Metro Fiber “MF” Ring, it first identifies geographically proximate commercial buildings that house as many potential customers as possible; if such customers are located in buildings that are reasonably close together, we attempt to design and build the MF Ring to pass directly by as many of those buildings as possible. Buildings that are directly on XO’s MF Ring can be served with our own loop facilities. In some markets, as a result of growth or capacity issues, XO may build a smaller second MF Ring. In such cases, XO not only evaluates the building location of potential customers, but it also evaluates the buildings that house its principal existing customers in an attempt to place as many buildings on the MF Ring as possible. XO’s MF Ring consists of interoffice fiber optic facilities deployed between XO’s switch locations and the ILEC central offices, and collocation equipment installed in the ILEC central offices. Other than customers in the limited numbers of buildings on the XO MF Ring, XO serves its customers by ordering loops (UNE loops whenever available, and Special Access when UNEs are not available) from the XO collocation space at the ILEC central office to the end user. While XO has constructed MF Rings in most of the market areas in which we provide local exchange services, deploying MF Rings is extraordinarily expensive and thus does not occur on a consistent basis. Consequently,

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connection to customers via an MF Ring is the exception, not the rule, and simply is not an economic alternative for the vast majority of potential customers.

The final component is the building lateral. The vast majority of commercial buildings are NOT located on our MF Rings. Thus, if XO wishes to serve customers located in those buildings with our own loop facilities, we must construct a building "lateral," connecting the building to our MF Ring. Specifically, we must trench, install conduit, and pull fiber between the MF Ring and the building to be served; and then we must obtain and outfit equipment space in the building itself.

As noted, merely passing nearby a customer facility does not enable us to actually provide service to the customer. We estimate that there are **** BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL **** commercial office buildings in the United States, and that around **** BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL **** of those buildings are located in the cities where XO operates fiber ring. However, those **** BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL **** buildings are unreachable, regardless of how close they are to the MF ring, unless they are physically connected to it. Today, our MF Rings connect to only **** BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL ****, or approximately **** BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL **** of the potential market.

Due to the extraordinary cost of constructing laterals, XO's current policy is not to consider the addition of a building to its network unless customer demand at that location exceeds at least 3 DS-3s of capacity.

The following Table 1 highlights the high cost of building laterals and that such builds are not financially justified until at least 3 DS-3 of capacity are under contract with a customer.

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XO utilizes a careful screening process to decide whether the investment in lateral construction is warranted. A high-level estimate of construction and electronics costs is developed and used to perform an Internal Rate of Return analysis against the revenue commitment the customer is

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willing to make. The customer revenue commitment is defined as the Non-Recurring Charge (NRC), if any, plus the Monthly Recurring Charge (MRC) times the number of months the customer is willing to commit to by signing a term contract. Regardless of potential future revenue, no decision to build is made unless a signed customer contract is presented by the XO Sales team. In our experience, relatively few buildings survive such scrutiny, and “building adds” are the exception, not the rule.

It is almost never is economic for XO to construct its own wireline DS-1 loop facilities. It is also worth noting that the same holds true for other CLECs as well. Numerous CLECs such as the pre-merger AT&T and WorldCom, NuVox/NewSouth and then KMC have said so under oath in prior filings with the commission. XO’s experience is consistent with these declarations. Because of limited building presence from other CLECs, we rarely have been able to purchase DS-1 and DS-3 loop facilities from other CLECs. This is true of all of our markets across the nation. Indeed, we found that CLECs offer DS-1 and DS-3 loops on a wholesale basis to fewer than 5 percent of the buildings that XO seeks to serve.

III.D.2

Please describe reasons why even if your business rule suggests that it would make sense to build, you would not, e.g., inability to access building, issues with rights of way, inability to obtain capital, issues of timing.

The construction of laterals to connect office buildings to the XO network is extremely difficult, time consuming and costly, even when adding buildings to our MF Rings that are located in close proximity to our MF Rings. The average XO building lateral is 500 feet long and on average costs ** **BEGIN HIGHLY CONFIDENTIAL** **END HIGHLY CONFIDENTIAL** * * in outside plant construction and building access plus ** **BEGIN HIGHLY CONFIDENTIAL** **END HIGHLY CONFIDENTIAL** * * for the associated electronics, totaling ** **BEGIN HIGHLY CONFIDENTIAL** **END HIGHLY CONFIDENTIAL** * * per building assuming no significant space conditioning or internal end user wiring problems. It is important to realize

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that CLECs have no absolute right to build into the complexes at which customers reside. We must negotiate private right-of-way (“ROW”) licenses and building access agreements, which may or may not be available at economic prices and depending on the location of the building. Additionally municipal franchises may need to be negotiated. Often, permits are required for trenching, and sometimes rezoning is necessary, both of which are uncertain prospects. Unless these hurdles are crossed — and many times they cannot be— we simply are unable to construct that lateral regardless of customer demand or desires. For example, XO has faced recurring seasonal construction moratoriums imposed by municipalities during the winter months, construction bans in historic districts, multi-year construction bans in recently renovated city streets, building owner opposition and requirements to use city owned/operated conduit systems with limited access. By contrast, with rare exception, ILEC facilities are already in the ground connecting the building to the ILEC serving wire center. In such instances, the ILEC loop facilities are the only route into the building and constitute an absolute bottleneck facility.

In addition to the capital cost of construction, the building of laterals is very time consuming. The time required to obtain all of the necessary building access agreements, ROW arrangements etc. and then actually construct the lateral is a minimum of 4 to 6 months, but can take much longer than that. Customers with moderate telecommunications requirements, such as the small- and medium-sized businesses that typically utilize DS-1 level access, normally are unable and/or unwilling to wait such a long time for the delivery of services.

The concerns and issues that XO has experienced in deploying its own loops are consistent with the Federal Communications Commission’s “Commission’s” findings in the *TRO* and *TRRO* that competitive LECs “[i]n addition to the substantial fixed and sunk costs involved in deploying competitive fiber, competitive LECs also face substantial operational barriers to constructing their own facilities” in deploying high capacity loops. *Triennial Review Remand Order* ¶ 151. The Commission also correctly recognized that DS-1 level customers pose significantly different economic characteristics from that of large enterprise customers and their general resistance to long term contracts. Taken together, the Commission determined that “competitive deployment of stand-alone DS1-capacity loops is rarely, if ever economic.” *Id.* ¶ 166.

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Excel spreadsheet populated with data in response to Commission inquiries
#III.B.1, III.B.2, and III.C.1-5

Contact Information -- All Parties Submitting Data Must Complete This Page

Please complete items 1 - 7 below.

1. Name of Company Submitting Data

XO Communications, LLC

2. FRN of Company Submitting Data

0006275945

3. DBA Name of Company Submitting Data

4. Use the drop-down box to indicate whether this worksheet contains data for ILEC operations, non-ILEC operations, CMRS operations, a combination of all.

Non-ILEC Operations (incl. ILEC out-of-region)

5. Contact person (person who prepared the data)

Kristin U. Shulman

6. Contact person telephone number and email address.

Phone.

630-371-3311

Email.

kris.shulman@xo.com

7. Use the drop-down box to indicate whether this is an original or revised filing.

Original Filing

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Latitude to 5 decimal places	Longitude to 5 decimal places	Telcordia-specified eight-character Common Language Location Identifier Code of the ILEC wire center / exchange area of the location	Identify with the following numbers if the connection is to a: (1=Building, 2=Cell site in or on a building; 3=Free-standing cell site; 4=Other free-standing location)	Type of medium used to provision the connection to the location (1=Fiber; 2=Copper; 3=Hybrid Fiber Coax (HFC); 4=Fixed Wireless/Satellite)	If the location is served with fiber, the total number of strands of lit fiber	If the location is served with fiber, the total number of strands of dark fiber	Total capacity (upstream + downstream) of the connection as sold	Maximum capacity (upstream + downstream) of the connection with current hardware and line cards
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15	Latitude to 5 decimal places	16	Longitude to 5 decimal places	17	Telecordia-specified eight-character Common Language Location Identifier Code
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END HIGHLY CONFIDENTIAL **



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HIGHLY CONFIDENTIAL INFORMATION -- SUBJECT TO SECOND PROTECTIVE ORDER IN WC DOCKET NO. 05-25, RM-10593, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
Request III.C.1, 2, 3, 4, and 5 -- Cell Sites by Location (For CMRS Providers)

This workbook is provided as a template for submitting data pursuant to Public Notice DA 10-2073.

Please enter data according to the instructions in the Public Notice. Also please...

- Do not change column names.
- Do not change worksheet names.
- Do not add or remove columns or worksheets.
- Preserve cell formats by only pasting data into this worksheet by choosing Edit...Paste Special...Values.

1	3	4	5	6	7	8	9	10	11	12	13
Sequential record number	Listed Statistical Area Name	Listed Statistical Area Number	Sequential Location Number	Actual address (i.e., land where cell site is located) address of the cell site (if the cell site is located in or on a building).	Building number of cell site	Prefix direction of address	Street name of the cell site	Street type of the cell site	Suffix direction of cell site	City of cell site	Two-letter state postal abbreviation of cell site
ID	Stat_Area_Name	Stat_Area_Num	Location_ID	Street_address	Building_number	Prefix_direction	Street_name	Street_type	Suffix_direction	City	State

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14	15	16	17	18	19	20
5-digit ZIP code (with leading zeros) of cell site	4-digit add-on code (with leading zeros) of cell site	Latitude to 5 decimal places	Longitude to 5 decimal places	Telcordia-specified eight-character CLLI code	Identify with the following numbers: 1=Cell site is in or on a building; 2= Free-standing cell site)	Name of the carrier that provides you connection to the cell site
ZIP	ZIP4	Lat	Long	CLLI	Cell_Type	Carrier