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RECEIVED

JUL 23 2004

PUBLIC SERVICE
COMMISSION

July 22, 2004

VIA UPS

Ms. Stephanie Bell
Secretary of the Commission
Kentucky Public Service Commission
211 Sower Boulevard
Frankfurt, KY 40602

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

Dear Ms. Bell:

XO Long Distance Services, Inc. ("XO Long Distance"), and XO Communications Services, Inc. ("XO Communications") (collectively "XO Subsidiaries"), all subsidiaries of XO Communications, Inc. ("XO"), the ultimate parent corporation, by their attorneys hereby respectfully notify the Kentucky 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 Kentucky will be merged into a single operating subsidiary, XO Communications.¹ Upon consummation of this reorganization, XO Communications will provide service to the existing customers of XO Long Distance. This internal reorganization will simplify the XO corporate structure, streamlining XO's operations in Kentucky, eliminating administrative redundancy and improving overall efficiency. The XO Subsidiaries anticipate that the consolidation in Kentucky will occur after receipt of the required regulatory approvals in Kentucky; thus, the XO Subsidiaries request that the Commission take any action necessary to approve this notification at its earliest possible convenience.

¹ 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 Kentucky 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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Specifically, as described below, the XO Subsidiaries propose that XO Long Distance's intrastate customer base, tariff and certificate of authority to provide telecommunications services in Kentucky be transferred to its affiliate, XO Communications. The XO Subsidiaries will submit the necessary documentation from the Kentucky Secretary of State showing the new name as soon as it is available. XO Long Distance's tariff will be adopted by XO Communications and amended to reflect the name change and next sequential tariff filing number and will be late filed with the Commission. Should the Commission require XO Communications to file a new tariff in lieu of adopting and amending XO Long Distance's tariff, the XO Subsidiaries respectfully request that XO Long Distance'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 Long Distance 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.

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 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 Kentucky, XO Long Distance is authorized to provide telecommunications services pursuant to its authorization issued by the Commission.² Thus, XO Long Distance 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

² See Docket No. T64-0914.

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intrastate telecommunications services in Kentucky.³ XO is ultimately controlled by Carl C. Icahn, a U.S. citizen, through his ultimate control and ownership of various companies.

To further streamline and simplify its corporate structure, XO intends to XO Long Distance 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 Kentucky. Like XO Long Distance, 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 Kentucky 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 19th Street, N.W., Suite 500
Washington, D.C. 20036
Telephone: (202) 955-9766
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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

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

³ 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.

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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 Long Distance's intrastate customer base, tariff and authority to provide telecommunications services to XO Communications through a merger of XO Long Distance into XO Communications. After the merger, XO Long Distance will cease to exist by operation of law, and XO Communications will assume all of XO Long Distance's assets and operations and will provide telecommunications services to XO Long Distance's customers pursuant to XO Long Distance's tariff, adopted by XO Communications and amended with the new name XO Communications and next sequential tariff filing number.

In connection with the merger, the telecommunications authorizations currently held by XO Long Distance will be transferred to XO Communications. The XO Subsidiaries respectfully request that the Commission authorize, to the extent necessary, the merger of XO Long Distance with and into XO Communications together with the transfer of XO Long Distance's certificate, tariff and customer base to XO Communications. XO Long Distance's tariff will be adopted by XO Communications amended to reflect the name change and next sequential tariff filing number and will be late filed with the Commission. Should the Commission require XO Communications to file a new tariff in lieu of adopting and amending XO Long Distance's tariff, the XO Subsidiaries respectfully request that XO Long Distance'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 Long Distance and will provide the same high quality services to customers.

The proposed transfer of operating authority from XO Long Distance to XO Communications will be virtually transparent to consumers in Kentucky 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 Long Distance 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 Long Distance'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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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 XO Long Distance 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 Kentucky and elsewhere. Over time, consumers in Kentucky 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 Long Distance. 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 LONG DISTANCE, INC., AND XO
COMMUNICATIONS SERVICES, INC.

By: Erin W Emmott

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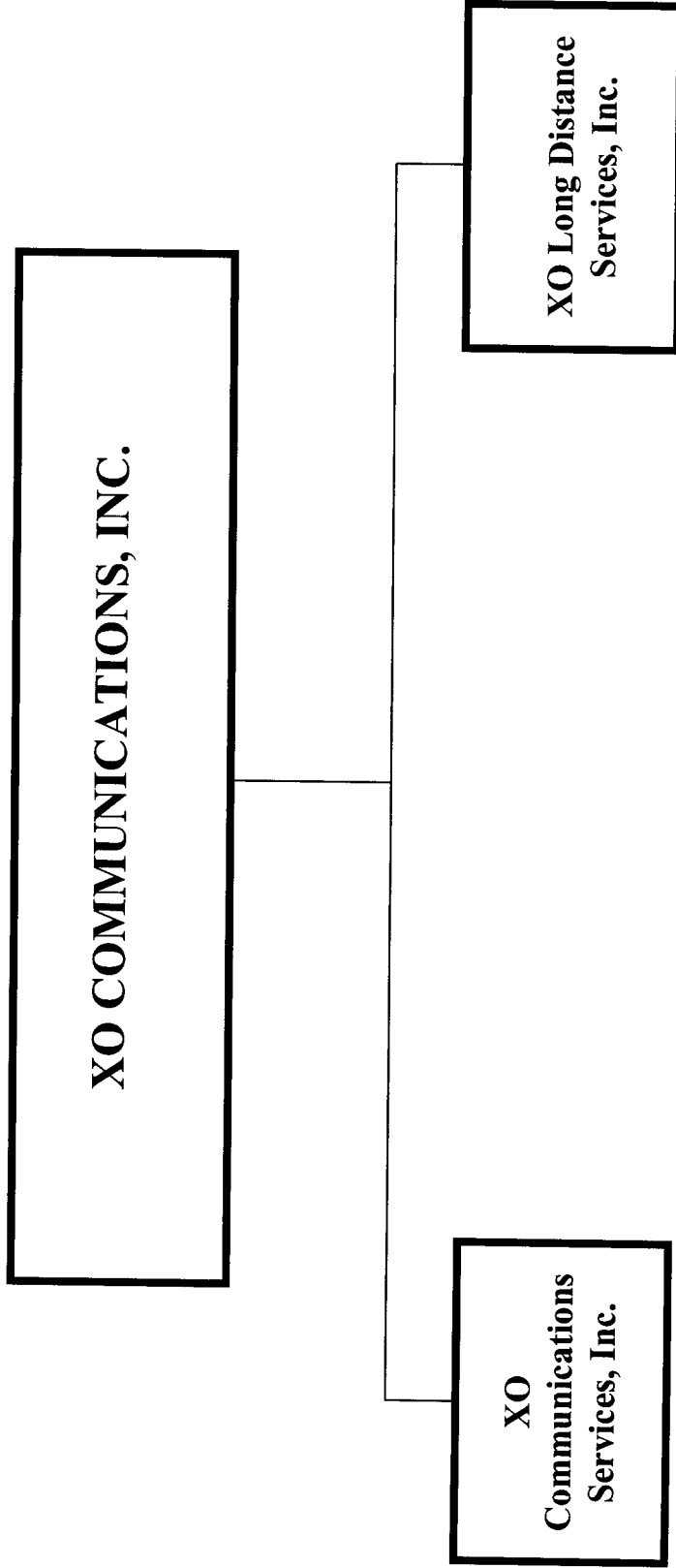
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Their Attorneys

EXHIBIT A

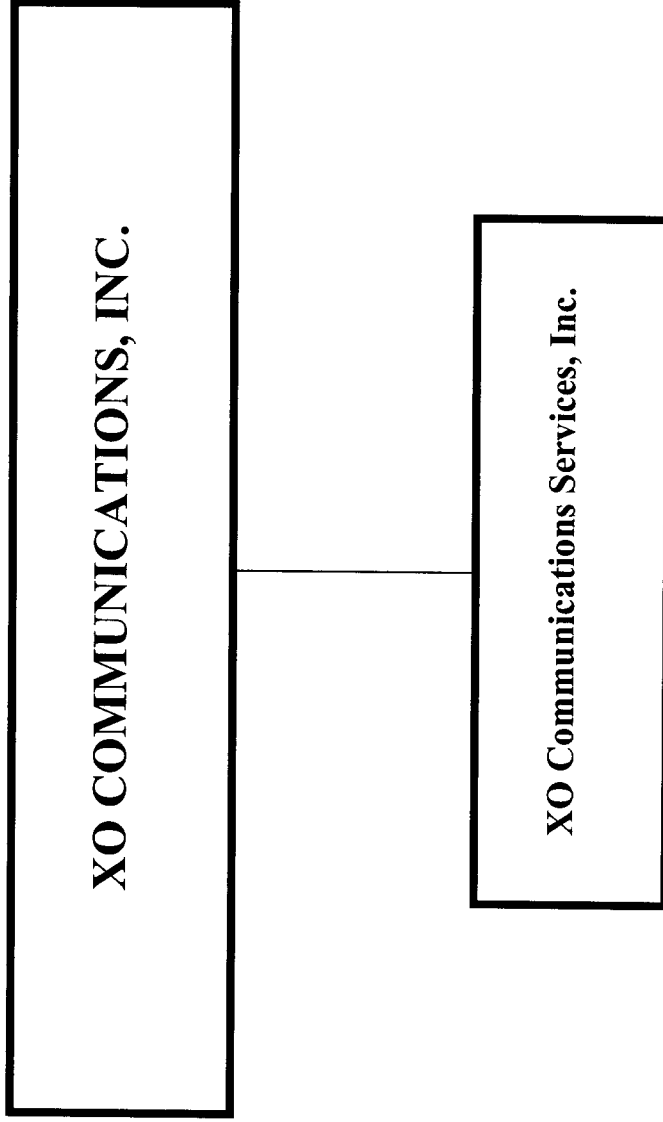
CORPORATE STRUCTURE

EXISTING CORPORATE STRUCTURE¹



¹ Each entity is 100% owned by the entity immediately above it.

CORPORATE STRUCTURE AFTER RESTRUCTURING¹



¹ Each entity is 100% owned by the entity immediately above it.