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BEFORE THE ARIZONA CORPORATION COMMISSION

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JEFF HATCH-MILLER

Chairman

WILLIAM A. MUNDELL

Commissioner

MARC SPITZER

Commissioner

MIKE GLEASON

Commissioner

KRISTIN K. MAYES

Commissioner

**AZ CORP COMMISSION
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2005 DEC -2 P 4: 32

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**IN THE MATTER OF QWEST
CORPORATION'S FILING OF RENEWED
PRICE REGULATION PLAN**

) **DOCKET NO. T-01051B-03-0454**

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**IN THE MATTER OF THE
INVESTIGATION OF THE COST OF
TELECOMMUNICATIONS ACCESS**

) **DOCKET NO. T-00000D-00-0672**

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POST-HEARING BRIEF

XO Communications Services, Inc. ("XO") submits this post-hearing brief in support of the Settlement Agreement reached in the above-captioned proceedings.

INTRODUCTION

XO Communications Services provides competitive local exchange services (including switched and dedicated access services), intraLATA toll services and intrastate

interexchange telecommunications services to small and medium sized businesses within the State of Arizona. While XO has constructed substantial communications facilities in Arizona, it also relies in part on facilities purchased from Qwest to reach its customers. Specifically, XO purchases DS-1 and DS-3 transport and channel termination services from Qwest. The rate Qwest charges for these services has risen sharply in recent years and, in almost all instances, these “special access” products are available only from Qwest. XO’s ultimate success as a competitor depends in large measure on the price it must pay Qwest for the access to DS-1 and DS-3 products. This issue – and a reasonable compromise to address this issue – was the critical piece of the settlement Agreement for XO.

SUMMARY OF XO’S POSITION ON THE SETTLEMENT AGREEMENT

Mr. Rex Knowles, Regional Vice-President of Regulatory for XO, testified during the hearing that the Settlement Agreement was a fair and reasonable compromise of various positions held by the parties. Specifically, Mr. Knowles addressed the need for rate stability. XO asked that Qwest, in the context of this Settlement, agree to a reasonable Arizona DS-1 channel termination rate. As Qwest moves toward increased flexibility for retail and wholesale services, XO will require stability with respect to wholesale rates paid to Qwest. Because Qwest is the only provider for these services, it has the ability to increase the special access rates substantially, and has done so at the federal level repeatedly.

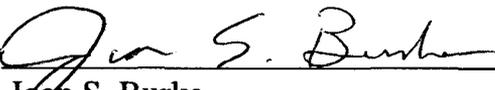
The DS-1 rate agreed to as a result of settlement negotiations is found in Section 9 and Attachment D in the Settlement Agreement. This new rate will enhance opportunities for competition and provide rate stability for this particular DS-1 product.

No party at the hearing in this docket cross-examined Mr. Knowles nor has any party challenged the reasonableness of the proposed special access rate. Additionally, these rates are available to all similarly situated competitive local exchange carriers in Arizona. XO has not independently evaluated the revenue deficiency agreed upon in this Settlement and makes no statement regarding the reasonableness of Qwest's revenue request.

XO submits that the proposed settlement is in the interest of Arizona business consumers and telecommunications competitors and recommends approval by the Commission.

Respectfully submitted this 2nd day of December, 2005.

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