



RECEIVED

2001 AUG 10 P 4: 18

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
EQUIPMENT CONTROL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

WILIAM A. MUNDELL
CHAIRMAN

MARC SPITZER
COMMISSIONER

T-03261A-01-0650

JIM IRVIN
COMMISSIONER

IN THE MATTER OF THE)
APPLICATION OF RHYTHMS)
LINKS INC. TO DISCONTINUE)
LOCAL EXCHANGE SERVICE)
AREA)

Docket No. _____

**APPLICATION TO
DISCONTINUE LOCAL
EXCHANGE SERVICE**

Pursuant to A.A.C. R14-2-1107, Rhythms Links Inc. ("Rhythms") respectfully submits the following Application to Discontinue Local Exchange Service to affected customers in its certificated area.

I. REASON FOR DISCONTINUANCE

Rhythms is a provider of digital subscriber line ("DSL") broadband services in the State of Arizona. It obtained its Certificate of Convenience and Necessity on August 5, 1999 in Docket No. T-03621A-98-0498 (Decision No. 61862) to provide competitive local exchange services.

Because of severe financial difficulties, on August 1, 2001, Rhythms filed a petition seeking protection under Chapter 11 of the Bankruptcy Code in United States Bankruptcy Court. *See In re Rhythms NetConnections Inc. et al.*, Nos. 01-14283 (BRL) through 01-

1 14287 (BRL) (filed Aug. 1, 2001 S.D.N.Y.). As part of the filing, Rhythms entered into a
2 Voting Agreement (“the Agreement”) with holders of more than 60 percent of the
3 principal amount of the Company’s notes (the “Consenting Noteholders”), establishing an
4 agreed-upon process for reorganizing the Company or, if that could not be accomplished,
5 liquidating the Company. The Consenting Noteholders agreed to allow Rhythms until
6 August 10, 2001 to seek additional financing and receive bids to remain as a “going
7 concern.” Rhythms agreed to begin the liquidation of its assets by discontinuing service
8 to customers if the Company did not receive an acceptable “going concern” bid on or
9 before August 10, 2001. As Rhythms has been unable to develop a viable plan for
10 reorganization, discontinuation of service is necessary.
11
12

13 **II. NOTIFICATION**

14 Pursuant to the above described Agreement on file with the Bankruptcy Court,
15 Rhythms is required terminate services to its customers by September 10, 2001. Through
16 this Application, Rhythms verifies that it sent notice on August 9, 2001 to each of its
17 customers in the State of Arizona, pursuant to A.C.C. R14-2-1107 of this Commission’s
18 rules. As part of this notice to customers, Rhythms included the following: (1)
19 Termination of Service date; (2) Letter of Authorization (“LOA”); (3) Circuit
20 identification data, including collocation wiring location data known as connecting facility
21 assignment or “CFA”); (4) a referral, if available, to a carrier or carriers that will accept
22 the customer’s request to migrate service; (5) information where the customer may seek
23 assistance or lodge a complaint. A sample of the notice is attached as Exhibit 1. With
24
25
26

1 this information, customers will have all the information necessary to find an alternative
2 service provider and migrate the service to that provider prior to the Termination of
3 Service date.

4
5 **III. REFUNDS**

6 Rhythms has not collected deposits from any Arizona customers, and therefore,
7 refunds will not be necessary.

8
9 **IV. ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS**

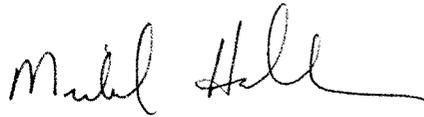
10 Qwest Corporation is providing similar service to customers in the geographic area
11 affected by this discontinuance of service. Rhythms also believes that other providers of
12 the same or similar service are available in the affected area.

13
14 **V. CONCLUSION**

15 Applicant respectfully requests that, pursuant to A.A.C. R14-2-1107, the
16 Commission grant this Application to Discontinue Local Exchange Service.

17 DATED this 10th day of August, 2001.

18 LEWIS AND ROCA

19
20 

21 Thomas H. Campbell
22 Michael T. Hallam
23 40 N. Central Avenue
24 Phoenix, Arizona 85004

25 Attorneys for Rhythms Links Inc.
26

LEWIS
AND
ROCA
LLP
LAWYERS

1 ORIGINAL and ten (10) copies
2 of the foregoing hand-delivered
3 this 10th day of August, 2001,
4 to:

5 Docket Control
6 Utilities Division
7 Arizona Corporation Commission
8 1200 W. Washington Street
9 Phoenix, Arizona 85007

10 COPY of the above notice
11 hand-delivered this 10th
12 day of August, 2001, to:

13 Lyn Farmer
14 Hearing Division
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

18 Christopher Kempley
19 Legal Division
20 Arizona Corporation Commission
21 1200 W. Washington Street
22 Phoenix, Arizona 85007

23 Deborah Scott, Director
24 Utilities Division
25 Arizona Corporation Commission
26 1200 W. Washington Street
Phoenix, Arizona 85007





R H Y T H M S™

VIA FEDERAL EXPRESS

August 9, 2001

«Company»
«Address1»
«Address2»
«City», «State» «ZIP»

Re: Discontinuance of Service and Letter of Authorization ("LOA")

To Whom It May Concern:

As you are likely aware, on August 1, 2001, Rhythms voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the Southern District of New York. For many months Rhythms has been exploring ways to restructure the company in order to continue to provide you with DSL solutions. It has unfortunately become clear that such a restructuring is not possible at this time. Accordingly, and in order to satisfy the Company's federal bankruptcy and corporate law obligations, we must discontinue service to our customers.

Please treat this letter as your company's formal notice that Rhythms plans to cease to provide all service nationwide as of **September 10, 2001**.

In order for you to find alternative broadband solutions, this letter grants full and complete authority and authorization for: (a) you or your designee to arrange for each and every unbundled loop identified on Attachment A ("Identified Loops") to be transferred to the broadband service provider of your choice ("Alternative Service Provider"), and (b) the Incumbent Local Exchange Carrier ("ILEC") from whom Rhythms is currently leasing the Identified Loops to cooperate, initiate, and expeditiously complete the migration of such loops to the Alternative Service Provider's network.

The Identified Loops are described by ILEC circuit ID, and include CFA and cable and pair assignments. If the Alternative Service Provider requires any additional information from the ILEC regarding the Identified Loops, this letter hereby grants the ILEC the right to provide the Alternative Service Provider all such information.

The FCC will normally authorize this proposed discontinuance of service unless it is shown that customers would be unable to receive service, find a reasonable substitute from another carrier, or that the public convenience and necessity is otherwise adversely affected. If you wish to object, you should file your comments within 15 days after receipt of this notification. Address them to the Federal Communications Commission, Washington, DC 20554, referencing the Sec. 63.71 application of Rhythms Links Inc. Comments should include specific information about the impact of this proposed discontinuance upon you or your company, including any inability to acquire reasonable substitute service. We regret having to take these steps.

Sincerely,
RHYTHMS
Enclosures

EXHIBIT 1