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BEFORE THE ARIZONA CORPORATION C

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GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

Arizona Corporation Commission
DOCKETED

JUN 26 2012

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IN THE MATTER OF THE APPLICATION
OF XO COMMUNICATIONS SERVICES,
INC. TARIFF FILING TO INTRODUCE
TARIFF LANGUAGE FOR TREATMENT
OF TOLL VOIP-PSTN TRAFFIC TO
TARIFF NO. 7

DOCKET NO. T-04302A-12-0048
DECISION NO. 73241
ORDER

Open Meeting
June 19 and 20, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. XO Communications Services, Inc. ("XO") is certificated to provide telecommunications service as a public service corporation in the State of Arizona.

2. On February 13, 2012, XO filed an application to make changes to its tariff as it relates to intercarrier compensation for Voice over Internet Protocol-Public Switched Telephone Network ("VoIP-PSTN")¹ traffic. Voice over Internet Protocol ("VoIP") is a technology that allows a subscriber to make and receive voice calls using a broadband Internet connection instead of a phone line. On March 13, 2012, XO filed corrections to the February 13, 2012 tariff as requested by Staff.

3. On November 18, 2011, the Federal Communications Commission ("FCC") issued a Report and Order and Further Notice of Proposed Rulemaking in WC Docket Nos. 10-90, et al.

¹ "VoIP-PSTN traffic" is "traffic exchanged over the Public Switched Telephone Network that originates and/or terminates in internet protocol ("IP") format.

1 (FCC 11-161) (“the USF-ICC Order”) that puts in place a process that will change the current
 2 process by which carriers pay for the use of each other’s facilities and network. The FCC’s name
 3 for this process is “intercarrier compensation.” As a result of the USF-ICC Order, carriers are
 4 filing revisions to their access tariffs to conform to the provisions of the Order. Specifically,
 5 carriers are addressing access charges imposed on VoIP-PSTN traffic.

6 4. The FCC adopted the following intercarrier compensation framework for VoIP
 7 traffic, in particular, VoIP-PSTN traffic²:

8 *Voice over Internet Protocol (VoIP):* The intercarrier compensation treatment of VoIP
 9 traffic that is exchanged between LECs and other carriers has been the subject of long-
 10 running disputes. This plan does not take a position on the appropriate intercarrier
 11 compensation treatment of VoIP traffic prior to January 1, 2012. Under the plan, the
 12 Commission will adopt a new rule, effective January 1, 2012, to govern the intercarrier
 13 compensation rates applicable to VoIP traffic exchanged between LECs and other carriers.
 14 Such traffic will be rated at interstate access rates if the call detail indicates an “access”
 15 call, or at reciprocal compensation rates if the call detail indicates a “non-access” call. *All*
 16 *“toll” traffic that originates in IP or terminates in IP will be subject to current interstate*
 17 *access rates (regardless of whether it is interstate or intrastate) (Italics and underlining*
 18 *added.);* local termination rates would not be affected. All such traffic is incorporated into
 19 the overall transition as rates for terminating interstate access traffic are reduced and
 20 eventually unified at \$0.0007 pursuant to the comprehensive reform plan described below.
 21 *Under the plan, intrastate access rates will not be applied to VoIP traffic. (Italics added.)*

22 5. The USF-ICC Order also makes clear that on a going-forward basis payment
 23 obligations apply to VoIP traffic and adopts a transitional intercarrier compensation framework for
 24 VoIP.³ Under the transitional framework⁴:

- 25 • Default charges for “toll” VoIP-PSTN traffic will be equal to interstate access
 26 rates applicable to non-VoIP traffic, both in terms of the rate level and rate
 27 structure;
- 28 • Default charges for other VoIP-PSTN traffic will be the otherwise-applicable
 reciprocal compensation rates; (footnote omitted); and
- LECs are permitted to tariff these default charges for toll VoIP-PSTN traffic in
 relevant federal and state tariffs in the absence of an agreement for different
 intercarrier compensation.

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26 ...

27 ² The USF-ICC Order at para. 933, footnote 1869.

28 ³ The USF-ICC Order at para. 652.

⁴ The USF-ICC Order at para. 944.

1 Based on the above language and Staff's interpretation of the USF-ICC Order, Staff believes that
2 interstate access rates are applicable to both originating and terminating VoIP-PSTN traffic.

3 6. Frontier Communications Corp. ("Frontier") filed a Petition for Clarification and/or
4 Reconsideration ("Petition") at the FCC to clarify, or reconsider its decision to state, that initially
5 the interstate access charges for VoIP-PSTN calls will apply only for the termination of such calls
6 and intrastate charges will to apply for the origination of such calls.

7 7. XO's proposed tariff states that VoIP-PSTN traffic is traffic that is exchanged in
8 Time Division Multiplexing ("TDM") format and originates and/or terminates in IP format. The
9 proposed tariff further states that this traffic is required to be compensated at interstate access rates
10 unless the parties have negotiated that applicable rate as is permitted by the FCC. This differs from
11 Frontier's position that the charges apply only to traffic that is exchanged in TDM format and
12 terminates in IP format.

13 8. On March 28, 2012, AT&T Services, Inc. ("AT&T") filed objections to XO's
14 proposed tariff revisions. AT&T states XO's proposed revised Tariff No. 7 states that the Percent
15 VoIP Usage ("PVU") factors will be calculated based on the total "intrastate and interstate access"
16 minutes of use. However, the PVU calculation should be based only on intrastate minutes of use
17 because it will be applied to intrastate traffic. AT&T requests the proposed tariff be revised to
18 eliminate the reference to interstate minutes of use.

19 9. On April 18, 2012, XO filed an amendment to its February 13, 2012 filing to
20 include revisions outlined in comments filed the docket by AT&T Services, Inc.

21 10. On April 24, 2012, the FCC issued an Order⁵ addressing Frontier's petition, stating
22 "it would permit LECs to tariff default rates equal to their intrastate originating access rates when
23 they originate VoIP traffic from the effective date⁶ of the revised rules until June 30, 2014. On

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27 ⁵ The USF-ICC Order, *Second Order On Reconsideration*, FCC 12-47, rel. April 25, 2012, ¶ 2 and ¶35 and footnote
96.

28 ⁶ *Id.*, Footnote 96, "Accordingly, our revised rules will become effective 45 days after publication in the Federal Register."

1 July 1, 2014, LECs will be permitted to tariff default rates for such traffic equal to their interstate
2 originating access rates.”⁷

3 11. During its review of numerous proposed tariff revisions to implement the FCC’s
4 decision as it relates to VoIP-PSTN calls, Staff was informed by AT&T and others that they
5 believed that because the FCC’s Order regarding these calls became effective on December 29,
6 2011, the new rates should apply to traffic beginning on that date and that there should be a rate
7 adjustment. The Commission’s tariff approval procedures apply and the tariffs become effective
8 after Commission approval.

9 12. Staff has reviewed the proposed tariff revisions, the relevant FCC Orders and the
10 comments that have been filed in the Docket. Staff recommends approval of XO’s tariff, as
11 amended.

12 CONCLUSIONS OF LAW

13 1. XO is a public service corporation within the meaning of Article XV of the Arizona
14 Constitution.

15 2. The Commission has jurisdiction over XO and the subject matter in this filing.

16 3. The Commission, having reviewed the filing and Staff’s Memorandum dated
17 June 6, 2012, concludes that the amended proposed tariff revisions, if amended as recommended
18 by Staff, are reasonable, fair and equitable and therefore in the public interest.

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28 ⁷Id., ¶35.

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ORDER

IT IS THEREFORE ORDERED that the proposed tariff revisions for XO Communications Services, as attached, be and hereby are approved.

IT IS FURTHER ORDERED that XO Communications Services shall file its tariff (No. 7), in compliance with this Decision, for Staff review and approval, within 10 days from the date of this Decision.

IT IS FURTHER ORDERED that this Decision be and hereby is effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

Gay S. Quinn

CHAIRMAN

[Signature]

COMMISSIONER

[Signature]

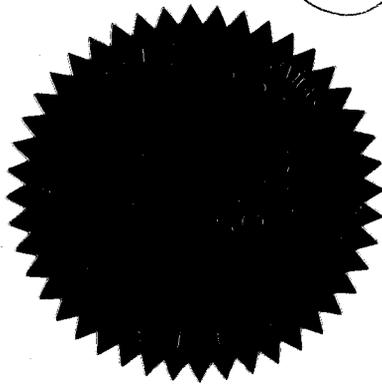
COMMISSIONER

Paul Newman

COMMISSIONER

[Signature]

COMMISSIONER



IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 20 day of June, 2012.

[Signature]

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

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1 SERVICE LIST FOR: XO COMMUNICATIONS SERVICES, INC.
2 DOCKET NO.: T-04302A-12-0048

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ACCESS SERVICE

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION		PAGE	REVISION
1	8th Rev.	*	22	Original
2	1st Rev.		23	Original
3	Original		24	Original
4	1st Rev.		25	Original
5	Original		26	Original
6	1st Rev.	*	27	Original
7	2nd Rev.	*	28	1st Rev.
8	1st Rev.	*	29	Original
9	2nd Rev.	*	30	Original
10	1st Rev.	*	31	Original
11	Original		32	Original
11.1	Original	*	33	Original
11.2	Original	*	34	Original
11.3	Original	*	35	Original
11.4	Original	*	36	Original
11.5	Original	*	37	Original
11.6	Original	*	38	Original
12	Original		39	Original
13	Original		40	Original
14	Original		41	Original
15	1st Rev.		42	Original
16	1st Rev.		43	1st Rev.
16.1	Original		44	1st Rev.
17	Original		45	Original
18	Original		46	1st Rev.
19	Original		46.1	Original
20	Original		46.2	Original
21	Original			

* - indicates those pages included with this filing

Issued: February 13, 2012

Effective: March 14, 2012

Kelly Faul – Regulatory Affairs Director
13865 Sunrise Valley Dr.
Herndon, VA 20171

Decision No. **73241**

 ACCESS SERVICE

SECTION 1 - DEFINITIONS

The following definitions are applicable to this tariff:

Access Code - Denotes a uniform code assigned by the Company to an individual Customer. The code has the form 101XXXX, 950-0XXX, or 950-1XXX.

Access Minutes - Denotes that usage of exchange facilities in intrastate service for the purpose of calculating chargeable usage.

Access Tandem - A switching system that provides a traffic concentration and distribution function for originating or terminating traffic between end offices and a Customer's premises.

Account - The Customer who is responsible for payment for services provided by the Company. An account may have more than one access code billed to the same Customer address.

Answer Supervision - The transmission of the switch trunk equipment supervisory signal (off-hook or on-hook) to the Customer's point of termination as an indication that the called party has answered or disconnected.

Automatic Number Identification (ANI) - The Multi-Frequency (MF) signaling parameter that identifies the billing number of the calling party. (N)

Bit - The smallest unit of information in a binary system of notation.

Bits Per Second (bps) - The number of bits transmitted in a one second interval.

Calling Party Number (CPN) - The SS7 signaling parameter that identifies the subscriber line number or directory number of the calling party. (N)

Channel - A path for electrical transmission between two or more points, the path having a bandwidth and termination of the Customer's choosing.

Charge Number (CN) - The SS7 signaling parameter that identifies the billing telephone number of the calling party. (N)

Call - A Customer attempt for which the complete address code is provided to the service end office.

Central Office - A local Company switching system where Customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel - A communications path between two or more points of termination.

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Kelly Faul - Regulatory Affairs Director
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 Decision No. **73241**

ACCESS SERVICE

SECTION 1 - DEFINITIONS, (CONT'D.)

City - For the purposes of this tariff, the term City denotes a specific geographic area served by the Carrier. A City is typically a metropolitan area and may include one or more adjacent or nearby areas in which the Carrier has network facilities.

Collocation - Carrier facilities and/or equipment located in the same building -- generally a LEC central office.

Commission - Refers to the Arizona State Corporation Commission, unless otherwise indicated.

Communications System - Denotes channels and other facilities which are capable of communications between terminal equipment provided by an entity other than the Company.

Company - Denotes XO Communications Services, Inc. and /or any Concurring Carriers.

Company's Network - Equipment, cabling, and/or connections owned, leased or otherwise used by the Company or the Company's agents to provide service to the Customer pursuant to this tariff.

Customer - Any person, firm, corporation, government entity or other entity which subscribes to or uses, and is therefore responsible for the payment of charges and compliance with the Company's regulations, the services offered under this tariff, including both Interexchange Carriers (IXCs) and End Users, and other carriers or providers that originate or terminate Toll VoIP-PSTN Traffic, or otherwise exchange Toll VoIP-PSTN Traffic with the Company.

Customer Designated Premises - The premises specified for termination of Access Services.

Customer Point of Presence - The physical location associated with the Customer's communication system.

Dedicated Access - A method for a Customer to directly connect a location of their choice to an XO switch site with non-switched services.

Dual Tone Multifrequency (DTMF) - Tone signaling, also known as touch tone signaling.

End User - Any customer of an intrastate communications service that is not a common carrier; provided that a common carrier other than a telephone company shall be deemed to be an "end user" when such common carrier uses a communications service for administrative purposes, and a person or entity that offers communications service exclusively as a reseller shall be deemed to be an "end user" if all resale transmissions offered by such reseller originate on the premises of such reseller.

End Office Switch - A Company switching system where station loops are terminated for purposes of interconnection to each other and to trunks.

Entry Switch - First point of switching.

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(N)
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(N)

XO COMMUNICATIONS SERVICES, INC.

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1st Revised Page 8
Cancels Original Page 8

 ACCESS SERVICE

SECTION 1 - DEFINITIONS, (CONT'D.)

Exchange - A group of lines in a unit generally smaller than a LATA established by the Company for the administration of communications service in a specified area. An Exchange may consist of one or more central offices together with the associated facilities used in furnishing communications service within that area.

Facilities - Denotes any cable, poles, conduit, carrier equipment, wire center distribution frames, central office switching equipment, etc., utilized to provide the service offered under this tariff.

First Point of Switching - The first Company location at which switching occurs on the terminating path of a call proceeding from the Customer premises to the terminating end office and, at the same time, the last Company location at which switching occurs on the originating path of a call proceeding from the originating end office to the Customer premises.

Interexchange Carrier (IC) - Any individual, partnership, association, corporation or other entity engaged in communication for hire by wire or radio between two or more exchanges.

Internet Protocol (IP) Signaling - A packet data-oriented protocol used for communications call signaling information. (N)
(N)

Hertz - A unit of frequency equal to one cycle per second.

Holidays - New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Interstate - For the purpose of this tariff, the term Interstate applies to the regulatory jurisdiction of services used for communications between locations located in different states within the United States or between one or more location in the United States and one or more international locations.

Intrastate Communications - Any communications which originates and terminates within the same state.

Local Access and Transport Area (LATA) - A geographic area established for the provision and administration of communications service. A LATA encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

Local Calling Area - A geographical area, as defined in the Company's local or general exchange service tariff in which an end user may complete a call without incurring toll usage charges.

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XO COMMUNICATIONS SERVICES, INC.

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2nd Revised Page 9
Cancels 1st Revised Page 9

ACCESS SERVICE

SECTION 1 - DEFINITIONS, (CONT'D.)

Message - A Message is a Call as defined above.

Multi-Frequency (MF) Signaling - An in-band signaling method in the which call signaling information is transmitted between network switches using the same voice band channel used for voice.

(N)
(N)

N/A - Not Applicable.

Off-Hook - The active condition of Switched Access Service or a telephone exchange line.

Off-Net - Customer or End User locations not capable of being served directly by the Company's existing network facilities.

On-Hook - The idle condition of Switched Access Service or a telephone exchange line.

On-Net - Customer or End User locations capable of being served directly by the Company's existing network facilities.

Originating Direction - The use of Switched Access Service for the origination of calls from an End User premises to an IC premises.

Point of Presence - The physical location of an interexchange carrier's facilities.

Point of Termination - The point of demarcation within a Customer-designated premises at which the Company's responsibility for the provision of access service ends. The point of demarcation is the point of interconnection between Company communications facilities and Customer-provided facilities as defined in Part 68 of the Federal Communications Commission's Rules and Regulations.

Premises - Denotes a building or buildings on contiguous property (except railroad right-of-way, etc.) not separated by a public highway.

Serving Wire Center - The wire center from which the Customer-designated premises would normally obtain dial tone from the Company.

Special Access - See Dedicated Access.

Term Agreement - A method of purchasing the Company's services whereby the Customer agrees to purchase service between specific locations for a specified and mutually agreed upon length of time.

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 ACCESS SERVICE

SECTION 1 - DEFINITIONS, (CONT'D.)

Terminal Equipment - Telecommunications devices, apparatus and associated wiring on the Customer-designated premises.

Terminating Direction - The use of Switched Access Service for the completion of calls from an IC's premises to an End User premises.

Toll VoIP-PSTN Traffic - Interexchange voice traffic that (1) is exchanged with the Company in Time Division Multiplexing ("TDM") format over Public Switched Telephone Network ("PSTN") facilities and (2) originates and/or terminates in IP format when it originates from and/or terminates to an end user of a service that requires IP-compatible customer premises equipment.

(N)
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(N)

Transmission Path - An electrical path capable of transmitting signals within the range of the service offering. A transmission path is comprised of physical or derived facilities consisting of any form or configuration of plant used in the telecommunications industry.

Trunk - A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

Trunk Group - A set of trunks which are traffic engineered as a unit for the establishment of connections between switching systems in which all of the communications paths are interchangeable.

Wire Center - A physical location in which one or more central offices, used for the provision of exchange services, are located.

XO COMMUNICATIONS SERVICES, INC.

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ACCESS SERVICE

SECTION 2 - TERMS AND CONDITIONS

SECTION 2 – RULES AND REGULATIONS (CONT'D.)

2.3 Obligations to the Customer,

2.3.1 Identification and Rating of Toll VoIP-PSTN Traffic

A. Scope

1. Toll VoIP-PSTN Traffic is a Customer's interexchange voice traffic that (1) is exchanged with the Company in Time Division Multiplexing ("TDM") format over Public Switched Telephone Network ("PSTN") facilities and (2) originates and/or terminates in Internet Protocol ("IP") format. Toll VoIP-PSTN Traffic originates and/or terminates in IP format when it originates from and/or terminates to an end user of a service that requires IP-compatible customer premises equipment.
2. In the absence of an agreement between the Company and the Customer specifying the treatment of Toll VoIP-PSTN Traffic, this section governs the treatment of Toll VoIP-PSTN Traffic pursuant to the Federal Communications Commission's Part 51 Interconnection Rules and in compliance with the Federal Communications Commission's Report and Order and Further Notice of Proposed Rulemaking in CC Docket Nos. 96-45 and 01-92; GN Docket No. 09-51; WC Docket Nos. 03-109, 05-337, 07-135 and 10-90; and WT Docket No. 10-08, adopted October 27, 2011 and released November 18, 2011 ("FCC 11-161")
3. This section will be applied to identify intrastate Toll VoIP-PSTN Traffic exchanged with a Customer that is a local exchange carrier only to the extent that the Customer has also implemented billing for intrastate Toll VoIP-PSTN Traffic in accordance with FCC 11-161.

B. Rating of Toll VoIP-PSTN Traffic

As of December 29, 2011, all interstate Toll VoIP-PSTN Traffic and any intrastate Toll VoIP-PSTN Traffic identified in accordance with this tariff section will be billed at rates equal to the Company's interstate switched access rates as provided in sections 5 and 6 of Tariff FCC No. 1.

C. Calculation and Application of Percent-VoIP-Usage Factor

The Company will determine the number of intrastate Toll VoIP-PSTN Traffic minutes of use ("MOU") to which interstate switched access rates will be applied under section 2.3.1.B, above, by applying a Percent VoIP Usage ("PVU") factor to the total intrastate access MOU exchanged between the Company and the Customer. The PVU will be derived and applied as follows:

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ACCESS SERVICE

SECTION 2 - TERMS AND CONDITIONS

2.3 Obligations to the Customer, (Cont'd.)

2.3.1 Identification and Rating of Toll VoIP-PSTN Traffic (Cont'd)

C. Calculation and Application of Percent-VoIP-Usage Factor (Cont'd)

1. The Customer will calculate and furnish to the Company a factor (the "PVU-C") representing the percentage of the total intrastate switched access MOU that the Customer exchanges with the Company in the state, that (a) is sent to the Company and that originated in IP format; or (b) is received from the Company and terminated in IP format. This PVU-C shall be based on information such as the number of the Customer's retail VoIP subscriptions in the state (e.g., as reported on FCC Form 477), traffic studies, actual call detail, or other relevant and verifiable information.
2. The Company will, likewise, calculate a factor (the "PVU-X") representing the percentage of the Company's total intrastate access MOU in the state that the Company originates or terminates on its network in IP format. This PVU-X shall be based on information, such as the number of the Company's retail VoIP subscriptions in the state (e.g., as reported on FCC Form 477), traffic studies, actual call detail, or other relevant and verifiable information.
3. The Company will use the PVU-C and PVU-X factors to calculate a PVU factor that represents the percentage of total intrastate access MOU exchanged between the Company and the Customer that is originated or terminated in IP format, whether at the Company's end, at the Customer's end, or at both ends. The PVU factor will be calculated as the sum of: (A) the PVU-C factor and (B) the PVU-X factor times (1.0 minus the PVU-C factor).
4. The Company will apply the PVU factor to the total intrastate access MOU exchanged with the Customer in order to determine the number of intrastate Toll VoIP-PSTN Traffic MOU.

Example 1: The PVU-C is 40% and the PVU-X is 10%. The PVU factor is equal to $40\% + (10\% \times 60\%) = 46\%$. The Company will bill 46% of the Customer's intrastate access MOU at the Company's tariffed interstate switched access rates.

Example 2: The PVU-C is 0% and the PVU-X is 10%. The PVU factor is equal to $0\% + (10\% \times 100\%) = 10\%$. The Company will bill 10% of the Customer's intrastate access MOU at the Company's tariffed interstate switched access rates.

Example 3: The PVU-C is 100%. No matter what the PVU-X factor is, the PVU is 100%. The Company will bill 100% of the Customer's intrastate access MOU at the Company's tariffed interstate switched access rates.

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 ACCESS SERVICE

SECTION 2 - TERMS AND CONDITIONS

2.3 Obligations to the Customer, (Cont'd.)

2.3.1 Identification and Rating of Toll VoIP-PSTN Traffic (Cont'd)

C. Calculation and Application of Percent-VoIP-Usage Factor (Cont'd)

5. The Customer shall not modify its reported PIU factor to account for Toll VoIP-PSTN Traffic.
6. The Customer shall retain any call detail, work papers and information used to develop the PVU-C factor for a minimum of one year.
7. If the Customer does not furnish the Company with a PVU-C pursuant to section 2.3.1.C.1, above, the Company will utilize a PVU-C equal to zero.

D. Initial PVU Factor

1. If the PVU factor cannot be implemented in the Company's billing systems by December 29, 2011, once the factor can be implemented, the Company will adjust the Customer's bills to reflect the PVU factor retroactively to December 29, 2011. In calculating the initial PVU, the Company will take the Customer-specified PVU-C into account retroactively to December 29, 2011, provided that the Customer provides the PVU-C factor to the Company no later than April 15, 2012; otherwise, the Company will set the initial PVU-C equal to zero and calculate the PVU accordingly.
2. The Company may choose to provide credits based on the PVU-C and PVU-X factors on a quarterly basis until such time as billing system modifications can be implemented.

E. PVU Factor Updates

1. The Customer may update the PVU-C factor quarterly using the method set forth in section 2.3.1.C.1, above. If the Customer chooses to submit such updates, it shall provide to the Company, no later than 15 days after the first day of January, April, July and/or October of each year, a revised PVU-C factor based on data for the prior three months, ending the last day of December, March, June, and September, respectively.
2. The Company may, likewise, update the PVU-X factor quarterly based on data for the prior three months.
3. The Company will use any revised PVU-C and/or PVU-X factors to calculate a revised PVU that will apply prospectively and serve as the basis for subsequent billing until superseded by a new PVU. No prorating or backbilling will be done based on the updated PVU-C or PVU-X factors.

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ACCESS SERVICE

SECTION 2 - TERMS AND CONDITIONS

2.3 Obligations to the Customer, (Cont'd.)

2.3.1 Identification and Rating of Toll VoIP-PSTN Traffic (Cont'd)

F. PVU Factor Verification

1. Not more than twice in any year, the Company may request from the Customer an overview of the process used to determine the PVU-C factor, the call detail records, description of the method for determining how the end user originates or terminates calls in IP format, and other information used to determine the Customer's PVU-C factors furnished to the Company in order to validate the PVU-C factor supplied. The Customer shall supply the requested data and information within 30 days of the Company's request.
2. The Company may dispute the Customer's PVU-C factor based upon:
 - (a) A review of the requested data and information provided by the Customer.
 - (b) The Company's review of other market information, FCC reports on VoIP lines, such as FCC Form 477 or state level results based on FCC Local Competition Report or other relevant data.
 - (c) A change in the reported PVU-C factor by more than five percentage points from the preceding quarter.
3. If, after review of the data and information, the Customer and the Company agree upon a revised PVU-C factor, the Customer and the Company will begin using that revised PVU-C factor with the next bill period.

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Decision No. **73241**

XO COMMUNICATIONS SERVICES, INC.

Arizona Tariff No. 7

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SECTION 2 - TERMS AND CONDITIONS

2.3 Obligations to the Customer, (Cont'd.)

2.3.1 Identification and Rating of Toll VoIP-PSTN Traffic (Cont'd)

F. PVU Factor Verification (Cont'd)

4. If the dispute is unresolved, the Company may initiate an audit. The Company shall limit audits of the Customer's PVU-C factor to no more than two times per year. The Customer may request that the audit be conducted by an independent auditor. In such cases, the associated auditing expenses will be paid by the Customer.
 - (a) In the event that the Customer fails to provide adequate records to enable the Company or an independent auditor to conduct an audit verifying the Customer's PVU-C factor, the Company will bill the usage for all contested periods using the most recent undisputed PVU-C factors reported by the Customer. This PVU-C factor will remain in effect until the audit can be completed.
 - (b) The Company will adjust the Customer's PVU-C factor based on the results of the audit and implement the revised PVU-C in the next billing period or quarterly report date, whichever is first. The revised PVU-C factor will apply for the next two quarters before new factors can be submitted by the Customer.
 - (c) If the audit supports the disputed PVU-C factor submitted by the Customer, the usage for the contested periods will be adjusted to reflect such PVU-C factor.

ACCESS SERVICE

SECTION 2 - TERMS AND CONDITIONS**2.3 Obligations to the Customer, (Cont'd.)****2.3.2 Call Signaling**

Depending on the signaling system used by the Customer in its network, the Customer's facilities shall transmit the following call signaling information, consistent with the requirements of 47 C.F.R. § 64.1600 et seq, as may be amended by the Federal Communications Commission, to the Company on traffic the Customer's end users originate which is handed off for termination on the Company's network.

A. Signaling System 7 (SS7) Signaling

When the Customer uses SS7 signaling, it will transmit the Calling Party Number (CPN) or, if different from the CPN, the Charge Number (CN) information in the SS7 signaling stream.

B. Multi-Frequency (MF) Signaling

When the Customer uses MF signaling, it will transmit the number of the calling party or, if different from the number of the calling party, the Charge Number (CN) information in the MF Automatic Number Identification (ANI) field.

C. Internet Protocol (IP) Signaling

When the Customer uses IP signaling, it will transmit the telephone number of the calling party or, if different from the telephone number, the billing number of the calling party.