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September 12, 2006

VIA HAND DELIVERY

Hon. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition for Arbitration of XO Tennessee, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996*
Docket No. 03-00630

Dear Chairman Kyle:

This is in response to Authority Pre-Arbitration Officer Gary Hotvedt's letter of August 25, 2006. BellSouth and XO continue to negotiate. However, there is nothing new to report in terms of a settlement, other than what has previously been reported to the Authority. The parties are not asking that the Authority take any action at this time.

Local counsel for XO has approved the submission of this letter on XO's behalf.

Very truly yours,

A handwritten signature in black ink, appearing to be "Guy M. Hicks", with a large, sweeping flourish extending to the right.

Guy M. Hicks

GMH:njc

CERTIFICATE OF SERVICE

I hereby certify that on September 12, 2006, a copy of the foregoing document was served on the following, via the method indicated:

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☐ Overnight
☒ Electronic

Henry Walker, Esquire
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☐ Hand
☐ Mail
☐ Facsimile
☐ Overnight
☒ Electronic

Kris Shulman, Esquire
XO Communications, Inc.
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Kris.shulman@xo.com

A handwritten signature in black ink, appearing to read 'Kris Shulman', is written over a horizontal line.