



Jesús G. Román
Assistant General Counsel
Public Policy & Legal Affairs - West
15505 Sand Canyon Ave.
Irvine, CA 92618
Phone 949.286.7202
jesus.g.roman@verizon.com

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: Notice Regarding the Transfer of Control of XO Communications Services, LLC to Verizon Communications Inc.

Dear Ms. Van Gerpen:

Pursuant to S.D.C.L. § 49-31-20, XO Communications Services, LLC ("XO Communications") notifies the Commission that XO Holdings plans to transfer control of XO Communications to Verizon Communications Inc. ("Verizon") no later than the first half of 2017.

XO Communications is certificated in South Dakota as a competitive local exchange carrier and an interexchange carrier. The company is a wholly owned direct subsidiary of XO Communications, LLC ("XO"), which in turn is a wholly owned direct subsidiary of XO Holdings, a general partnership. XO Communications exclusively serves small and medium-sized companies, enterprises, national and government customers, and other carriers. It does not serve residential customers and only has approximately 40 customers in South Dakota. Verizon is a holding company with operating subsidiaries that provide a wide range of communications services, including several certificated carriers in South Dakota.

On February 20, 2016, XO Holdings and Verizon entered into an agreement pursuant to which XO Holdings will sell all of its interests in XO to Verizon. Upon completion of the transaction, XO Communications (the XO operating company certificated in South Dakota) will become a wholly owned indirect subsidiary of Verizon. As a result of this parent-level transaction, XO Communications will be transferred *en toto* to Verizon, with no associated customer or asset transfers. Verizon will of course meet XO Communications' contractual and regulatory obligations to existing customers and the transaction will be seamless to them. First, Verizon is acquiring XO Communication's South Dakota operations as part of a national acquisition. Second, although Verizon will acquire XO Communications as a result of the transaction, operationally XO

Communications will continue to serve its customers. The pre and post-closing affiliate structures are depicted in Exhibit A.

The market for mass market services to consumers will not be adversely affected by the Transaction because XO Communications does not serve any residential customers. And the transition poses no risks to XO Communications' business, government, and wholesale customers, who will gain access to Verizon's more extensive product family and its highly reliable network with its greater geographic coverage.

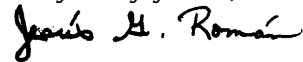
Prior customer notice is not required for this Transaction. There is no transfer of customers here, but merely the substitution of a different holding or parent company, without other impact on the underlying utility providing service or the service provided.

By expanding the depth and breadth of its fiber assets across the country, Verizon will make America's best network even better. The transaction will benefit enterprise and wholesale business customers by increasing, expanding, and improving Verizon's fiber facilities across the country. It will also support Verizon's goal of enhancing the capacity and reliability of its wireless networks.

Moreover, combining XO Communications' business with Verizon's will provide the financial resources to support and promote better and more intensive use of XO Communications' fiber network. Verizon has the economy of scale to invest in and support these networks, including through achieving synergies as part of this transaction.

Please contact me with any questions you may have concerning this transaction.

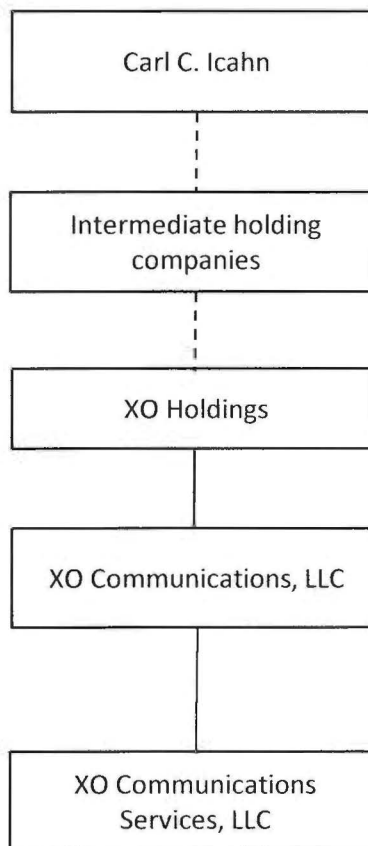
Very truly yours,

A handwritten signature in black ink, appearing to read "Jesús G. Román".

Jesús G. Román

XO Communications

Pre-closing ownership structure





Post-Closing Ownership Structure

