

Philip D. Anker (PA 7833)
Adam C. Dembrow (AD 2142)
WILMER, CUTLER & PICKERING
399 Park Avenue
New York, New York 10022
(212) 230-8800

Hearing Date: December 16, 2003, at 10:00 a.m.
Objection Date: December 11, 2003, at 4:00 p.m.

Attorneys for the telephone operating company subsidiaries of Verizon Communications Inc.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
	:	
ALLEGIANCE TELECOM, INC., <u>et al.</u> ,	:	Case No. 03-13057 (RDD)
	:	
Debtors.	:	(Jointly Administered)

**LIMITED OBJECTION OF THE TELEPHONE OPERATING COMPANY
SUBSIDIARIES OF VERIZON COMMUNICATIONS INC. TO THE MOTION OF THE
DEBTORS FOR AN ORDER PURSUANT TO SECTION 365(a) OF THE
BANKRUPTCY CODE AND RULE 6006 OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE AUTHORIZING THE DEBTORS TO REJECT
CERTAIN INDIVIDUAL SERVICE ORDERS**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

The telephone operating company subsidiaries of Verizon Communications Inc. (collectively, "Verizon"), by and through their undersigned counsel, file this Limited Objection to the above-styled Motion of the Debtors, dated November 19, 2003 (the "Motion"). In support thereof, Verizon states as follows:

1. Pursuant to the Motion, Debtors seek to reject under 11 U.S.C. § 365 various "service orders" under which the Debtors state they have purchased telecommunication services from third parties, including Verizon. The service orders that the Debtors seek to reject include several Verizon circuits (the "Verizon Circuits"). See Motion, Ex. A. Verizon objects to the

Debtors' Motion and request to reject these Verizon Circuits to the extent specified below; Verizon is hopeful that it will be able to address with the Debtors the issues raised by this Limited Objection in advance of the hearing thereon.

2. First, although the Debtors state that they have purchased each of the Verizon Circuits under tariff (see Motion, Ex. A.), and not as part of a larger, non-severable contract (that would have to be assumed or rejected in toto), Verizon has been unable so far to verify that alleged fact. Verizon objects to the extent that the Debtors are seeking to reject part, but not all, of a contract.

3. Second, the proposed order that the Debtors ask this Court to enter provides that the rejection as to each Verizon Circuit is effective "as of the disconnect date set forth in the disconnect notice for each Circuit." While there is some precedent to the contrary, because rejection requires court approval, many courts have held that it cannot be effective until the bankruptcy court enters an order authorizing the rejection. See, e.g., Thinking Machines Corp. v. Mellon Financial Services Corp. (In re Thinking Machines Corp.), 67 F.3d 1021 (1st Cir. 1995). This Court should do the same. But, even beyond that basic point, the language the Debtors propose would seemingly allow them to specify a "disconnect date" (and therefore a rejection effective date) that cannot conceivably be feasible (e.g., the same day the notice is sent to Verizon or even a date prior to the date of the notice). Moreover, the rejection should not be effective until the Debtors cease using the circuit. And, to compound the problem, the Debtors propose that the deadline for the filing of any rejection damage claims be 45 days after the disconnect date. Verizon has not been able to locate any record of having received any "disconnect notice" from the Debtors. Verizon objects to the Motion to the extent that the Debtors seek to reject without providing, and effective before they have provided, reasonable notice thereof.

4. Third, and related, there is a required procedure in the telecommunications industry for competitive local exchange carriers (CLECs), such as the Debtors, to obtain a change or termination of service from an incumbent local exchange carrier (ILEC), such as Verizon. The CLEC must submit an Access Service Request (ASR) specifying the circuit to be disconnected. The Debtors should be required to do so here so that Verizon has official notice of any requested disconnection notices and can timely file any rejection damage claims. And the Court should not approve the Motion to the extent that the Debtors seek to be able to reject without providing effective notice of the disconnection request to Verizon in accordance with the standard procedures in the telecommunications industry for doing so.

WHEREFORE, the Debtors' Motion should be denied unless and until the Debtors address the issues raised by this Motion in a satisfactory manner.

Dated: December 11, 2003
New York, New York

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399 Park Avenue
New York, New York 10022
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By: /s/ Philip D. Anker
Philip D. Anker (PA 7833)

Attorneys for the telephone operating
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Communications Inc.