

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re :
  
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: Chapter 11
  
ALLEGIANCE TELECOM, INC., et al. : Case No. 03-13057 (RDD)
  
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: (Jointly Administered)
  
Debtors. :
  
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ORDER DENYING MOTION OF CERTAIN UTILITIES  
(A) TO VACATE UTILITY ORDER DATED MAY 15, 2003  
AND (B) TO DETERMINE ADEQUATE ASSURANCE OF FUTURE PAYMENT

Upon the motion, dated August 1, 2003 (the "Motion"), of San Diego Gas & Electric Company, Commonwealth Edison Company and Southern California Edison Company (collectively, the "Utilities") (a) to vacate pursuant to Bankruptcy Rule 9024 the Order, dated May 15, 2003, deeming utilities adequately assured of future performance and establishing procedures for determining requests for additional adequate assurance (the "Utility Order"), and (b) to determine adequate assurance of future payment, by Allegiance Telecom, Inc. and its direct and indirect subsidiaries, the debtors and debtors-in-possession herein (collectively, the "Debtors"); and upon the Utilities' supplement to the Motion, dated September 22, 2003; and upon the Debtors' objection to the Motion, dated October 16, 2003; and upon the joinder of the statutory committee of unsecured creditors (the "Committee") to the Debtors' objection, dated October 16, 2003; and upon the Utilities reply to the Debtors' Objection, dated October 17, 2003; and a hearing (the "Hearing") to consider the Motion having been held on October 21, 2003; and it appearing that this Court has jurisdiction to consider and to determine the Motion as a core

proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and due and proper notice of the Motion having been given; and upon arguments made at the Hearing; and upon due deliberation, good and sufficient cause appearing therefor, for the reasons stated on the record at the Hearing:

**IT IS HEREBY:**

**ORDERED**, that the Motion is denied; and it is further

**ORDERED**, that the Utilities are deemed adequately assured of future payment in accordance with § 366(b) of the Bankruptcy Code and the Debtors shall not be required to provide the Utilities with additional adequate assurance, including a cash deposit or other form of security, provided, however, that, subject to the Utilities' execution of an appropriate confidentiality agreement, the Debtors shall provide to counsel for the Utilities, on a weekly basis, the same minimum cash balance reports delivered to the Debtors' prepetition secured lenders; and it is further

**ORDERED**, that the Utilities may not alter, refuse or discontinue utility services to the Debtors, unless such Utility has first obtained an order from this Court, in accordance with the procedures set forth herein, granting it the authority to alter, refuse or discontinue such services;

**ORDERED**, that in the event of a post-petition default by the Debtors in the payment of any valid, undisputed postpetition invoice(s) (the "Postpetition Payment Default"), then the affected Utility is authorized to settle a proposed order (a "Proposed Payment Order") on the terms and conditions set forth below, which, if signed by the Court, will require the Debtors to immediately remit payment in the amount of the Postpetition Payment Default; and it is further

**ORDERED**, that the Utility settling a Proposed Payment Order shall (i) annex to the Proposed Payment Order an affidavit (the “Affidavit”) by an individual with personal knowledge establishing a prima facie case with respect to the alleged Postpetition Payment Default and the need for the relief sought in the Proposed Payment Order, and (ii) settle the Proposed Payment Order (with the Affidavit) on five (5) business days’ notice to counsel for the Debtors and counsel for the Creditors’ Committee; and it is further

**ORDERED**, that in the event that a response or objection to a Proposed Payment Order is filed with the Court and served on the Utility, a hearing will be scheduled at the Court’s earliest convenience to consider the relief requested in such Proposed Payment Order, provided, however, that if no response or objection is filed, the Proposed Payment Order may be signed and entered without a hearing.

Dated: New York, New York  
December \_\_, 2003

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Robert D. Drain  
United States Bankruptcy Judge