

April 29, 2005

CONFIDENTIAL

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd. PO Box 615
Frankfort, Kentucky 40602-0615

05155600
MARK INACTIVE

RE: Touch America, Inc.

Notice of Intention to Cease Business and Request to Cancel Reporting Requirements

Dear Trey Grayson:

Touch America, Inc., Touch America Holding, Touch America Purchasing (Debtor-in-Possession)("Touch America") hereby provides notice that it has ceased conducting business on February 28, 2004, for Touch America, Inc. and Touch America Holding. Touch America Purchasing ceased conducting business on December 23, 2003.

As of February 28, 2004, Touch America will not have any customers subscribed to any telecommunications services. Details regarding the disposition of Touch America's customers over the past twelve months, by reason other than attrition, are provided herein.

By this letter, Touch America respectfully requests that it be exempt from any further filings.

Background

Touch America is a Montana corporation headquartered in Butte, Montana. On June 19, 2003, Touch America Holdings, Inc. and certain of its subsidiaries, including Touch America, filed voluntary petitions pursuant to Chapter 11 of the U.S. Bankruptcy Code to reorganize their business and financial structure. *See* Chapter 11 Case No. 03-11915-MFW et al. (Bankr. D. Del.).

Throughout its existence, Touch America provided a variety of regulated and non-regulated services to customers throughout the United States, including switched and dedicated voice long distance, dedicated data private lines, ATM/Frame Relay, and other enhanced data and video services.

Touch America shifted its business focus away from voice communications in late 2002. Therefore, in late 2002 and again several months later, Touch America sold the vast majority of its switched and dedicated voice customer bases to Buyers United, Inc., d/b/a buyersonline, d/b/a United Carrier Networks ("Buyers United"), a licensed long distance provider, in two separate, but related transactions ("Buyers United Transactions"). Additional details regarding the Buyers United Transactions and the impact these transactions had on Touch America's customers, if any, are provided below.

Since filing for Chapter 11 bankruptcy protection in June 2003, Touch America has entered into agreements with qualified carriers to sell its dedicated data private line customers and other assets required to provide services to its remaining ATM/Frame Relay customers. These transactions ensure that customers obtain service following Touch America's

dissolution. Details of these transactions and their impact on Touch America are provided below.

To the extent customers previously taking regulated, intrastate telecommunications services from Touch America were not transferred to another qualified carrier or carriers, any remaining customers either voluntarily disconnected service or otherwise ceased taking services from Touch America.

Disposition of Customers

As of February 28, 2004, Touch America will not have any customers either subscribed to the company's regulated, intrastate telecommunications services or obtaining services over Touch America's network. All customers previously subscribed to Touch America's network for intrastate regulated services have already transferred their accounts to alternate service providers or have otherwise voluntarily terminated service with Touch America.

Switched & Dedicated Interstate and Intrastate Voice Long Distance:

Customers of these voice services were acquired by Buyers United in two separate, but related transactions. Customers who were not acquired by Buyers United either transferred service to an alternate provider of their choosing or otherwise elected to terminate services with Touch America.

Currently, Touch America has no intrastate or interstate switched or dedicated voice long distance customers subscribed to its services.

Dedicated Data Private Line:

Customers of Touch America's dedicated data private line services and certain other non-regulated services, such as dial-up Internet, were acquired by 360networks(USA) inc. ("360") on December 24, 2003, as a result of a transaction approved by the bankruptcy court and the Federal Communications Commission ("360 Transaction"). *See Domestic Section 214 Application Filed for Acquisition of Assets of Touch America, Inc. by 360networks (USA) Inc.*, WC Docket No. 03-227 (Approved by FCC on December 11, 2003).

On September 8, 2003, the Commission approved the Joint Application for Approval of the Transfer of Assets filed by 360 and Touch America. *See Docket Nos. 70075- TA-03-3, 74482-TA-03-3, and 74159-TA-03-9.* Details of the transaction and its effect on consumers are contained in the aforementioned dockets.

ATM/Frame Relay:

On December 8, 2003, Touch America filed an application for discontinuance of its ATM and Frame Relay services, pursuant to Section 63.71 of the FCC's rules, 47 C.F.R. §63. 71. *See Application of Touch America, Inc. (Debtor-in-Possession) to Discontinue Domestic Telecommunications Services*, WC Docket No. 03-259. As required by FCC rules, Touch America provided a copy of its 214 Discontinuance filing to the public service commissions and Governor's offices in each state where a customer location might be affected by the proposed discontinuance. Touch America also provided direct mail notice to each affected customer.

Through the Section 214 process, customers of Touch America's interstate ATM/Frame Relay services who are affected by the proposed discontinuance of services have been

given the opportunity to seek additional time to transfer service to an alternative service provider. For customers seeking additional time, Touch America has committed to ensure continuity of service until February 28, 2004. Ultimately, A TM/Frame Relay services will not be discontinued without the express authority of the FCC.

Conclusion

Touch America appreciates the opportunity it has had to serve its customers and is deeply disappointed that it could not continue as the service provider to these customers due to the financial and other circumstances resulting in its Chapter 11 bankruptcy. Should you have questions regarding this filing, please contact the undersigned.

Sincerely,



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