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August 1, 2001

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BY FEDERAL EXPRESS

Mr. Martin Huelsmann
Executive Director
Public Service Commission
211 Sower Bldg.
Frankfort, Kentucky 40601

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INACTIVE

Dear Mr. Huelsmann:

Pathnet, Inc. ("Pathnet") is certified to provide telecommunications services in Kentucky. However, Pathnet has not yet begun to offer intrastate services in Kentucky and so we have no customers in the state. On April 2, 2001, Pathnet filed for Chapter 11 bankruptcy protection. The decision to file the bankruptcy petitions was an extremely difficult one for us. We did so because, despite substantial efforts over the course of many months, we could not attract the financing we needed to fund our network and services roll out.

In the bankruptcy proceeding, it became clear that the only realistic alternative available to Pathnet was a sale of the company on a going concern basis or other disposition of all or substantially all of Pathnet's assets. Unfortunately, the negotiations with that potential purchaser broke down irretrievably on June 28, 2001. As a result, Pathnet has no choice but to shut down the company.

Because Pathnet is winding down its business, it will have no further use for its certification and asks that it be cancelled as soon as possible. You should contact James Williams by email at jwilliams@pathnet.net or by telephone at (703) 390-2436 if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Mary McDermott".

Mary McDermott
Senior Vice President and General Counsel