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January 21, 2004

VIA OVERNIGHT MAIL

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Touch America, Inc. Application for Authority to Discontinue Interexchange
Telecommunications Service

Re: Docket Nos. T-04011A-03-0749 and T-03777A-03-0749, *In the Matter of the
Joint Application of Touch America, Inc. to Sell and Transfer to
360networks(USA) inc. Certain Lit Fiber Assets in Arizona and Related Customer
Contracts Dependant on Those Facilities*

DEC #66737

Ladies and Gentlemen:

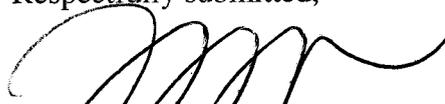
On behalf of Touch America, Inc. (Debtor-in-Possession) ("Touch America"), its attorneys hereby file an original and thirteen (13) copies of its Application for Authority to Discontinue Interexchange service, pursuant to A.A.C. R14-2-1107 (A)(1).

Touch America also hereby notifies the Arizona Corporation Commission of its compliance with all applicable conditions set forth in the Commission's order in Docket Nos. T-04011A-03-0749 and T-03777A-03-0749.

An additional copy of this filing is enclosed. Please date-stamp and return in the self-addressed, stamped envelope.

Please direct questions regarding this filing to the undersigned.

Respectfully submitted,



Jonathan S. Marashlian
Regulatory Counsel

ORIGINAL



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AZ CORP COMMISSION
DOCUMENT CONTROL

Writer's E-mail Address

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Arizona Corporation Commission

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Cc: Michael J. Meldahl
Grace Chiu

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

**MARC SPITZER, CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON**

IN THE MATTER OF TOUCH AMERICA,
INC. (DEBTOR-IN-POSSESSION)
APPLICATION FOR AUTHORITY TO
DISCONTINUE INTRASTATE,
INTEREXCHANGE
TELECOMMUNICATIONS SERVICES

Docket No.

APPLICATION

Touch America, Inc. (Debtor-in-Possession) ("Touch America") ("Applicant"), through undersigned counsel, hereby requests authority to discontinue intrastate, interexchange telecommunications services in Arizona, pursuant to A.A.C. R14-2-1107 (A)(1).¹ Touch America is currently operating under the protection of Chapter 11 of the U.S. Bankruptcy Code.²

In compliance with the requirements of A.A.C. R14-2-1107 (A)(1), the following information is provided:

I. R14-2-1107 (A)(1) - REASONS FOR PROPOSED DISCONTINUANCE

Touch America is a Montana corporation headquartered in Butte, Montana. Touch America provided a variety of intrastate, interexchange telecommunications services in Arizona pursuant to the tariffs and authority of Touch America Services, Inc.

¹ Touch America provides intrastate, interexchange telecommunications services in Arizona and therefore believes it is not subject to the requirements of A.A.C. R14-2-1107 (A)(1), which apply to local exchange services. However, Touch America is filing this Application at the request of staff and in compliance with the Order issued in Docket Nos. T-04011A-03-0749 and T-03777A-03-0749, *In the Matter of the Joint Application of Touch America, Inc. to Sell and Transfer to 360networks(USA) inc. Certain Lit Fiber Assets in Arizona and Related Customer Contracts Dependant on Those Facilities.*

² See Chapter 11 Case No. 03-11915-MFW *et al.* (Bankr. D. Del.).

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.³

Prior to filing for Chapter 11 bankruptcy protection in June 2003, Touch America sold its switched and dedicated voice long distance customers to Buyers United, Inc., d/b/a buyersonline, d/b/a United Carrier Networks (“Buyers United Transaction”). See Docket Nos. T-03538A-03-0503 and T-03911A-03-0503.⁴

After filing for Chapter 11 bankruptcy protection, Touch America entered into agreements to sell its dedicated data private line customers and the assets required to provide services to its remaining customers. See e.g., *In the Matter of the Joint Application of Touch America, Inc. to Sell and Transfer to 360networks(USA) inc. Certain Lit Fiber Assets in Arizona and Related Customer Contracts Dependant on Those Facilities*, Docket Nos. T-04011A-03-0749 and T-03777A-03-0749; see also, *Domestic Section 214 application for Acquisition of Certain Assets of Touch America, Inc. (Debtor-in-Possession) by Qwest Communications Corporation and Qwest LD Corporation*, WC Docket No. 03-265, Public Notice (rel. Jan. 9, 2004).

To the extent customers previously taking regulated, intrastate telecommunications services from Touch America were not transferred to another qualified carrier, said customers have either been notified of Touch America’s intent to disconnect service or otherwise ceased taking services from Touch America voluntarily. See Customer Notices at Exhibit A.

³ *Id.*

⁴ Although docketed, the Commission took no action on the application seeking approval of the Buyers United Transaction. Instead, the dockets were administratively closed upon a finding that Commission action was unnecessary.

Because Touch America anticipates having no customers subscribed to its services and no remaining assets of value as of February 28, 2004, or soon thereafter, it intends to ultimately file for Chapter 7 dissolution. For this reason, Touch America respectfully requests the Commission's expedited approval of its Application for Authority to Discontinue providing intrastate, interexchange service.

II. R14-2-1107 (A)(2) – VERIFICATION REGARDING CUSTOMER NOTICE

By the attached Verification of its President, Touch America verifies that all affected customers have been notified of the proposed discontinuance and will have access to an alternative service provider. *See also*, Exhibit A.

III. R14-2-1107 (A)(3) – PLAN FOR REFUND OF DEPOSITS

Touch America did not collect deposits or advance payments from affected customers. Therefore, a plan concerning the refund of said deposits is not applicable.

IV. R14-2-1107 (A)(3) – LIST OF ALTERNATIVE PROVIDERS

In addition to 360networks(USA) inc., following is a non-exclusive list of providers of comparable intrastate, interexchange services that are available to affected customers:

Qwest
MCI
AT&T
Level 3

V. DESIGNATED CONTACT

Correspondence and communications concerning this Application should be directed to:

Jonathan S. Marashlian
The Helein Law Group, LLP
8180 Greensboro Drive, Suite 700
McLean, Virginia 22102
(703) 714-1313 (Tel)
(703) 714-1330 (Fax)
E-mail: jsm@thlglaw.com

VI. CONCLUSION

For the reasons stated above, Touch America respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application. Indeed, failure to grant it would directly harm the public interest. In light of the exigent circumstances, Applicant respectfully request expedited treatment to permit Touch America to wind down its business.

RESPECTFULLY SUBMITTED January 21, 2004.

By  _____

Jonathan S. Marashlian
THE HELEIN LAW GROUP, LLP
8180 Greensboro Drive, Suite 700
McLean, Virginia 22102
(703) 714-1313 (Tel)
(703) 714-1330 (Fax)

Attorney for Touch America, Inc.
(Debtor-in-Possession)

ORIGINAL + 13 COPIES of the foregoing
filed January 21, 2004, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

VERIFICATION

STATE OF MONTANA)
)
COUNTY OF SILVER BOW)

VERIFICATION OF MICHAEL J. MELDAHL

I, Michael J. Meldahl, being of lawful age and duly sworn upon my oath, depose and state:

I am President of Touch America, Inc. (Debtor-in-Possession) ("Touch America");

I am duly authorized to make these statements on behalf of Touch America;

Customers affected by Touch America's proposed discontinuance of service have been provided notice and sufficient opportunity to select a new service provider;

Customers taking regulated intrastate, interexchange telecommunications services in Arizona are ensured of continuity of service through an alternate service provider(s) when Touch America is dissolved.

The information contained in the foregoing filing are true and correct to the best of my knowledge, information and belief.


Michael J. Meldahl, President
Touch America, Inc.

Subscribed and sworn to before me this 20th day of January, 2004.

NOTARY PUBLIC


Dawn A. Vetterich

NOTARY PUBLIC for the State of Montana
Residing at Helena, Montana
My Commission Expires 9/1/2004

EXHIBIT A

Customer Notices

TOUCHAMERICA
Butte Office
130 N. Main
Butte, MT 59701-9332
406 497 5100



January 12, 2003

Re: Discontinuation of Services

Dear Touch America Customer:

As you may know, Touch America, through its Chapter 11 Bankruptcy Proceeding, has sold significantly all of its assets to 360networks. However, 360networks did not purchase all our customers, including your account.

This letter is to remind you that, if you have not already done so, you must make arrangements to obtain a new service provider. By law, you are permitted 90 days from your receipt of Touch America's initial, December 29, 2003 notice of discontinuance. However, because of Touch America's financial position, we urge you to make arrangements no later than January 31, 2004. You may select an alternative provider without prejudice or regard to existing contractual obligations with Touch America. For your convenience, following is a non-exclusive list of providers able to offer comparable telecommunications services:

Qwest
AT&T
MCI
Level 3

Your new provider will bill you after you begin receiving service from them, and you will send your payment to that provider.

We appreciate your help in completing this transition as smoothly as possible, and we thank you for your past business. It has been our privilege to serve you. If you have any questions, call us at 1-800-823-4664 or email us at service@tamerica.com.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. Meldahl".

Michael J. Meldahl
President, Touch America, Inc.

TOUCHAMERICA
Butte Office
130 N. Main
Butte, MT 59701-9332
406 497 5100



December 29, 2003

Re: Discontinuation of Services

Dear Touch America Customer:

As you may know, Touch America, through its Chapter 11 Bankruptcy Proceeding, has sold significantly all of its assets to 360networks. However, 360networks did not purchase all our customers.

This letter is to inform you that you must make arrangements for a new service provider before **January 31, 2004**, the date on which Touch America will discontinue providing all telecommunications services.

During the transition period, which begins from the date of this letter through the later of January 31, 2004 or the date on which you begin receiving services from a new provider, you will continue to receive service from Touch America. You must pay Touch America for any outstanding balances on your accounts.

Your new provider will bill you after you begin receiving service from them, and you will send your payment to that provider.

We appreciate your help in completing this transition as smoothly as possible, and we thank you for your past business. It has been our privilege to serve you. If you have any questions, call us at **1-800-823-4664** or email us at service@tamerica.com.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. Meldahl".

Michael J. Meldahl
President, Touch America, Inc.