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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Deb K. Hill
Manager - Wholesale Collections

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Via Electronic and Overnight Mail

October 11, 2004

Chris Dempster
NuTel Phone Service Inc.
213 Haws Ave.
Norristown, PA 19401

Leroy Patterson
NuTel Phone Service, Inc.
213 Haws Avenue
Norristown, PA 19401

A-310813

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Bureau of Consumer Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

Re: Notice of Payment Default and Pending Termination of Service - Pennsylvania

Dear Notice Recipients:

Please take notice that NuTel Phone Service Inc. ("NuTel") is in default of its bill payment obligations in Pennsylvania under its Resale Agreement (the "Agreement") with Verizon Pennsylvania Inc. ("Verizon").

This default applies to unpaid and undisputed charges for resold service arrangements provided in Pennsylvania that are past due. NuTel is now in default with respect to undisputed charges in the amount of **\$33,701.71**. As of the date of this letter, there are no open disputes for any of these charges. Attached please find account information current as of October 11, 2004.

Verizon cannot be expected to provide service indefinitely without payment of undisputed service charges, and this nonpayment situation cannot be permitted to continue.

Verizon will afford NuTel a final opportunity to avoid service impact by curing its payment defaults. Accordingly, NuTel must make all accruing payment obligations as due and must cure its existing payment breach by wire payment¹ of **\$33,701.71** within **thirty (30) days** after receipt of this notice.

If NuTel does not cure its payment defaults for undisputed service charges, per Section 17.2.1 of the Agreement, Verizon has the right to terminate its provision of service to NuTel upon written notice. If NuTel fails to make this payment, then Verizon will follow and will provide NuTel with the opportunity

¹ Pursuant to Section 5.2 of the Agreement, all payments must be made by "electronic funds transfer."

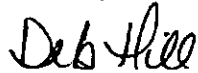
to comply with the various deadlines and notice periods of the Pennsylvania Public Utility Commission ("PAPUC") service guidelines, as set forth below:

- a) Verizon will act in accordance with the terms of Section III of the PAPUC guidelines and Section 17.2.1 of the Agreement to limit its exposure to additional financial loss from NuTel's payment defaults, and will implement a block on acceptance of new service orders ("embargo") at any time on or after **November 15, 2004**.
- b) Verizon will terminate all resold service provided to NuTel in Pennsylvania on or after **December 6, 2004**.

Per the terms of the PAPUC guidelines, NuTel has no more than five (5) business days from its receipt of this notice, which is **October 19, 2004**, to issue its own written notice to its Pennsylvania local service customers of its cessation of local service. Any NuTel failure to provide its *timely notice of service discontinuance* is a further and independent breach of its Pennsylvania contractual and carrier obligations.

Finally, take further notice now that Verizon reserves all of its rights to exercise any or all of its cumulative remedies, and will continue to exercise any and all available legal remedies to collect payment for services rendered. Please contact me immediately to arrange payment in cure of the NuTel breach of payment obligations in Pennsylvania.

Sincerely,



Deb K. Hill

Pennsylvania Compiled as of 10/11/2004

SERVICE TYPE	CURRENT	PAST DUE	DISPUTED AMOUNT	UNDISPUTED PAST DUE
RESALE	8,088.24	33,701.71	0.00	\$33,701.71