November 30, 2012

Telefonica USA, Inc.

1111 Brickell Avenue, 10th Floor

Miami, FL 33133

**RE: Notice of Intent to Send to Collections, Penalty Assessment No. UT-121013**

Dear Sir or Madam:

As you are aware, on August 1, 2012, the Washington Utilities and Transportation Commission issued a Penalty Assessment against Telefonica USA, Inc. in the amount of $2,100 for violation of WAC 480-120-382, which requires competitively classified telecommunications companies to file an annual report with the Commission by May 1 each year. Telefonica USA, Inc. failed to file its annual report for 2011 and has incurred a penalty of $2,100. The Commission sent Telefonica USA, Inc. a Second Notice on September 5, 2012, and a Final Notice on October 10, 2012.

The Commission has not received the $2,100 payment due and owing.

**This is to notify you that the Commission intends to forward your outstanding debt to a collection agency for collection.** You likely will incur additional expenses and fees, including costs of collection, attorney’s fees, and interest. These expenses and fees will be added to your outstanding $2,100 balance.

If you have any questions about this letter or about the company’s obligations under Commission rules, you may contact Sondra Walsh at (360) 664-1286.

Very truly yours,

SALLY BROWN

Senior Assistant Attorney General

cc: Sondra Walsh, Manager, UTC Finance and Facilities

Kim Anderson, UTC Financial Services

Amy Andrews, UTC Financial Services