



Agenda Date: 3/12/12  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF ) ORDER  
LEVEL 3 COMMUNICATIONS, LLC, BROADWING )  
COMMUNICATIONS, LLC, WITEL )  
COMMUNICATIONS, LLC, TELCOVE OPERATIONS, )  
LLC, GLOBAL CROSSING TELECOMMUNICATIONS, )  
INC., AND GLOBAL CROSSING LOCAL SERVICES, )  
INC. FOR APPROVAL TO ENTER INTO CERTAIN )  
FINANCING ARRANGEMENTS ) DOCKET NO. TF11120862

Parties of Record:

**Dennis C. Linken, Esq.**, Scarinci & Hollenbeck, LLC  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On December 8, 2011, Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), WilTel Communications, LLC ("WilTel"), TelCove Operations, LLC ("TelCove Operations"), Global Crossing Telecommunications, Inc. ("GC Telecommunications") and Global Crossing Local Services, Inc. ("GC Local") (collectively, "Petitioners") filed a petition pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-7 requesting approval from the New Jersey Board of Public Utilities ("Board"), to the extent necessary, to participate in a financing arrangement.

Level 3 Communications, Inc. ("Level 3") is a publicly traded Delaware corporation with principal offices located in Broomfield, Colorado. Level 3 Financing Inc. ("Level 3 Financing"), a wholly-owned subsidiary of Level 3, is a Delaware corporation and is the direct parent of Level 3 LLC. According to the Petition, Level 3 provides voice and data services to carriers, ISPs, and other business over its network through its wholly owned indirect subsidiaries, including the Petitioners. The Petitioners are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services throughout the United States. In New Jersey, Level 3 has six operating subsidiaries that are certified by the Board: Broadwing, Level 3 LLC, WilTel, TelCove Operations, GC Telecommunications, and GC Local.

Petitioners request Board approval to participate in certain financing arrangements. On July 14, 2011, the Board approved a petition filed by the Petitioners seeking, among other things, approval of certain transactions whereby: 1) Level 3 Financing, an unregulated non-carrier subsidiary, would issue \$1.1 billion in Senior Notes in a private placement; 2) Level 3 Financing would lend the net proceeds of the issuance to its subsidiary, Level 3 LLC, in return for an intercompany demand note, and Level 3 LLC in turn would lend the net proceeds to its wholly-owned subsidiary, Level 3 GC Limited (indirect parent of GC Telecommunications and GC Local) in return for an intercompany demand note; and 3) the Petitioners would act as guarantors for the issued Senior Notes.<sup>1</sup> Petitioners state that when the issuance of the Senior Notes was undertaken by Level 3 Financing, the market conditions were more favorable than initially anticipated; thus, at the time of the issuance, it became clear that the market would support a larger note issuance than originally planned. Accordingly, for important financial and business reasons, Level 3 Financing completed an issuance of \$1.2 billion in Senior Notes -- \$100 million more than initially anticipated. Petitioners have therefore requested authority, to the extent necessary, to act as guarantors for the full amount of the Senior Note issuance, \$1.2 billion, rather than the \$1.1 billion originally requested.

Petitioners assert that the proposed transaction is in the public interest because the terms are the same as those in Docket No. TM11040246, in which the Board determined the transaction to be in the public interest. Furthermore, Petitioners' customers will continue to receive their existing services under the same facilities and at the same rates, terms and conditions that they received prior to the transaction. The proposed transaction will be transparent to the Petitioners' customers. Moreover, Petitioners state that the transaction will not result in the discontinuance, reduction, loss or impairment of service to customers.

The Division of Rate Counsel has reviewed this matter and, by letter dated February 9, 2012, does not object to the Board's approval of the petition.

After careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, on the rates of current customers, or on employees. Therefore, the Board after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the loan transaction is in accordance with law and in the public interest, and HEREBY AUTHORIZES Petitioners to participate in the financing arrangements described herein.

This Order is issued subject to the following provisions:

- 1 This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing, and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.

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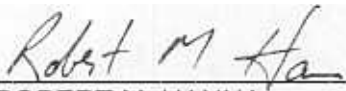
<sup>1</sup> See Order of Approval issued in Docket No. TM11040246 on July 14, 2011

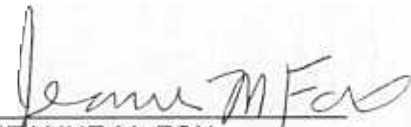
3. Petitioners shall notify the Board of any material default in the terms of the notes within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

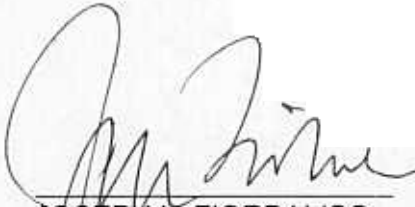
This Order shall be effective on March 22, 2012.

DATED: 3/12/2012

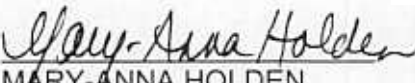
BOARD OF PUBLIC UTILITIES  
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ATTEST:  
  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



## SERVICE LIST

### In The Matter Of The Verified Petition Of Level 3 Communications, LLC, Broadwing Communications, LLC, Wiltel Communications, LLC, Telcove Operations, LLC, Global Crossing Telecommunications, Inc., And Global Crossing Local Services, Inc. For Approval To Enter Into Certain Financing Arrangements

#### Docket No. TF11120862

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