



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
LEVEL 3 COMMUNICATIONS, LLC, BROADWING) ORDER
COMMUNICATIONS, LLC, GLOBAL CROSSING)
TELECOMMUNICATIONS, INC., TELCOVE OPERATIONS,)
LLC, AND WITEL COMMUNICATIONS, LLC FOR)
APPROVAL TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS)
) DOCKET NO. TF12090825

Parties of Record:

Dennis Linken, Esq., for the petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD¹:

On August 31, 2012, Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), Global Crossing Telecommunications, Inc. ("Global Crossing"), TelCove Operations, LLC ("TelCove"), and WilTel Communications, LLC ("WilTel") (collectively, the "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 several separate financing arrangements.

In a letter dated October 5, 2012, Level 3 LLC sent a letter to the Secretary of the Board requesting to amend the petition to seek approval for the intercompany demand notes described below to remain unpaid for more than 12 months from the date of issuance.

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. 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

¹ Commissioner Mary-Anna Holden did not participate.

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: Level 3 LLC; Broadwing Communications, LLC; WiTel Communications, LLC; TelCove Operations, LLC; Global Crossing Telecommunications, Inc.; and Global Crossing Local Services, Inc.

Petitioners request Board approval to participate in several separate financing arrangements. In the first transaction, Level 3 Financing has issued \$775 million in 7% Senior Notes due 2020 in a private offering to qualified institutional buyers that is exempt from registration under U.S. Federal securities laws. Level 3 Financing has lent the net proceeds it received in the offering of the notes to its subsidiary, Level 3 LLC, in return for an intercompany demand note issued by Level 3 LLC to Level 3 Financing. The funds were used to redeem senior notes issued by Level 3 Financing with an interest rate of 8.75% due 2017. Level 3 LLC requests approval from the Board to act as a guarantor of the \$775 million Senior Notes issued by Level 3 Financing. Level 3 LLC will enter into the guarantee in support of the \$775 million Senior Notes upon receipt of all required regulatory approvals.

In the second transaction, Level 3 and Level 3 Financing entered into two tranches of term loans totaling \$1.415 billion. One tranche is for \$815 million with a 2019 maturity date, and the second tranche is for \$600 million with a 2016 maturity date. Level 3 Financing has lent the net proceeds it received to its subsidiary, Level 3 LLC, in return for an intercompany demand note issued by Level 3 LLC to Level 3 Financing. The funds will be used to prepay an existing \$1.4 billion term loan with a 2014 maturity date and approximately \$15 million in other indebtedness. Petitioners request approval from the Board to pledge their assets and act as guarantors in support of the term loan arrangements of up to \$1.415 billion. Petitioners will pledge their assets and enter into the guarantee upon receipt of all required regulatory approvals.

In a third transaction, Level 3 and Level 3 Financing are beginning to negotiate the terms of additional financing in an amount up to \$300 million to be used for prepayment of indebtedness, working capital requirements and general corporate purposes. The financing arrangement will be in the form of an additional term loan or additional issuance of senior notes by Level 3 or Level 3 Financing depending on market conditions. Petitioners anticipate that they will be required to pledge assets and/or act as guarantor on the same terms as the other financings and seek approval for their participation.

Petitioners assert that approval of the financing arrangements described herein will serve the public interest. The financing arrangements enable Petitioners and their parent company to refinance their obligations, now allowing them to significantly extend the maturity dates of certain obligations at reasonable terms, thus reducing the future refinancing risks associated with the scheduled maturities. This step is part of the companies' ongoing efforts to manage their maturity profile and continue to strengthen their overall credit profile. By eliminating risk associated with the uncertainties of future credit markets, it is expected that the capital markets and customers will view this step on the part of companies favorably. As such, Petitioners expect the financing arrangements will provide greater access to capital, which will yield both financial benefits and operational flexibility that will ultimately inure to the benefit of Petitioners' New Jersey customers. Petitioners state that the financing arrangements will strengthen Petitioners' financial position and their ability to bring competitive telecommunications services to consumers in the State of New Jersey.

Petitioners further state that their 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 transactions. The proposed transactions 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 September 25, 2012 does not object to the Board approval of the petition.

After careful review of this matter, the Board **FINDS** that the transactions will have no negative impact on competition, 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 financing transactions are in accordance with law and in the public interest, and **HEREBY AUTHORIZES** Petitioners to participate in the financing arrangements described herein.

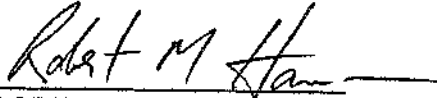
This Order is issued subject to the following provisions:

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 terms of the proposed financings and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioner shall notify the Board of any material default in the terms of the proposed financing 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 (the "Agreement"), 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. Petitioners will have to obtain Board approval for long term debt if the demand notes in financings 1 and 2 exceed one year.
6. 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 November 2, 2012.

DATED: 10/23/12

BOARD OF PUBLIC UTILITIES
BY:



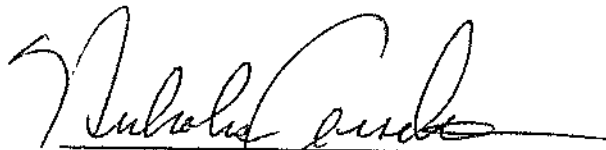
ROBERT M. HANNA
PRESIDENT



JEANNE M. FOX
COMMISSIONER

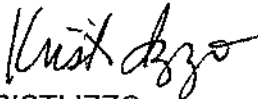


JOSEPH L. FIORDALISO
COMMISSIONER



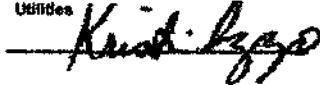
NICHOLAS ASSÉLTA
COMMISSIONER

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, Global Crossing
Telecommunications, Inc., TelCove Operations, LLC, and WiTel Communications, LLC
For Approval to Participate in Certain Financing Arrangements**

Docket No. TF12090825

Kristi Izzo, Secretary
Board of Public Utilities
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Trenton, NJ 08625-0350

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NJ BPU
MAILROOM

August 31, 2012

Via FedEx Overnight

Kristi Izzo, Secretary
NJ Board of Public Utilities, 9th Floor
44 South Clinton Avenue
Trenton, NJ 08625

TF12090825

Re: In the Matter of the Verified Petition of Level 3 Communications, LLC,
Broadwing Communications, LLC, Global Crossing Telecommunications, Inc.,
TelCove Operations, LLC, WiTel Communications, LLC, for Approval to
Participate in Certain Financing Arrangements
BPU Docket No. _____
Our File No. 41004.1000

Dear Secretary Izzo:

Enclosed herewith, on behalf of Petitioners Level 3 Communications, LLC, Broadwing Communications, LLC, Global Crossing Telecommunications, Inc., TelCove Operations, LLC, and WiTel Communications, LLC, please find the original and 11 copies of a Petition in connection with the above-captioned matter.

It would be appreciated if you would kindly date stamp the extra copy of this letter and said Petition as "FILED" and return same in the self-addressed stamped envelope provided herein.

As always, should you require any further information, please do not hesitate to contact me.

Very truly yours,


Dennis C. Linken

For the Firm
DCL/dp
enc.

cc: Mark C. Beyer, Chief Economist (w/enc. via FedEx overnight)
Robert Wojciak, Supervising Accountant (w/enc. via FedEx overnight)
Anthony B. Centrella, Director (w/enc. via FedEx overnight)
James F. Murphy, Chief (w/enc. via FedEx overnight)
Christopher J. White, Deputy Public Advocate (w/enc. via first class mail)

CMS
Beslow
DAG
RPA
Beyer
Wojciak
Centrella
Telco(H)