



Agenda Date: 9/25/24
Agenda Item: IVC

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Ave., 1ST Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
CENTURYLINK COMMUNICATIONS, LLC, LEVEL 3)
COMMUNICATIONS, LLC, BROADWING)
COMMUNICATIONS, LLC, GLOBAL CROSSING)
TELECOMMUNICATIONS, INC., GLOBAL CROSSING)
LOCAL SERVICES, INC., LEVEL 3 TELECOM OF NEW)
JERSEY, LP, TELCOVE OPERATIONS, LLC AND WITEL)
COMMUNICATIONS, LLC FOR APPROVAL TO)
PARTICIPATE IN FINANCING ARRANGEMENTS) DOCKET NO. TF24040241

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Colleen A. Foley, Esq., Saul Ewing LLP on behalf of Petitioners

BY THE BOARD:

On April 23, 2024, CenturyLink Communications, LLC ("CenturyLink"), on the one hand, and Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), Global Crossing Telecommunications, Inc. ("GC Telecommunications"), Global Crossing Local Services, Inc. ("GC Local"), Level 3 Telecom of New Jersey, LP ("Level 3 Telecom of New Jersey"), TelCove Operations, LLC ("TelCove"), and WiTel Communications, LLC ("WiTel") (collectively, "Level 3 Petitioners" and, together with CenturyLink, the "Petitioners"), filed a petition, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, requesting approval from the New Jersey Board of Public Utilities ("Board") to participate in certain financing arrangements ("Financing Arrangements") described in detail in the petition ("Petition"). By this Order, the Board considers the Petition.

BACKGROUND

Petitioners are subsidiaries of Lumen Technologies, Inc. ("Lumen" or "Company"). The Financing Arrangements are the result of a restructuring process with creditors holding over \$15 billion of outstanding indebtedness of Lumen and its subsidiaries, including certain amounts guaranteed by the Petitioners and previously approved by the Board. The indebtedness at issue in this proceeding falls into two (2) categories. The first one is comprised

of debt issued by Lumen and guaranteed and collateralized by various legacy entities of Lumen, including CenturyLink ("Lumen Debt"). The second category reflects the business of Level 3 Parent, LLC ("Level 3 Parent") and is issued by its direct subsidiary, Level 3 Financing, Inc. ("Level 3 Financing"), and guaranteed and collateralized by various direct and indirect subsidiaries of Level 3 Financing, including the Level 3 Petitioners ("Level 3 Debt").¹ Petitioners stated that the Financing Arrangements have enabled Lumen and its subsidiaries to restructure most of their existing debt and extend the sizable near-term debt maturity wall, while also providing the Company with access to approximately \$1.325 billion of new capital through the issuance of new senior secured notes due in 2029. Petitioners asserted that participation in the Financing Arrangements is in the public interest and should be approved as set out in detail in the Petition.

CenturyLink is a subsidiary of Lumen, with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. CenturyLink is authorized to provide local exchange and interexchange telecommunications services in New Jersey pursuant to an Order of the Board in BPU Docket No. TE98121421.²

Level 3 LLC is a wholly-owned direct subsidiary of Level 3 Financing, which in turn is a wholly-owned direct subsidiary of Level 3 Parent. Level 3 Parent is a Delaware limited liability company and is an indirect, wholly-owned subsidiary of Lumen. The principal offices of Level 3 Parent and the other Level 3 petitioners is located at 100 CenturyLink Drive, Monroe, Louisiana 71203. Level 3 LLC is a non-dominant carrier that is authorized to provide resold and/or facilities-based local exchange and interexchange telecommunications services throughout the State of New Jersey pursuant to the Board's Order of Approval issued in BPU Docket No. TE97120913.³

Broadwing, a wholly-owned indirect subsidiary of Level 3, LLC, is authorized to provide local exchange and interexchange telecommunications services in New Jersey pursuant to authority granted by the Board in Docket Nos. TE99030202 and TM04080767.⁴

¹ The Company stated that it acquired Qwest Corporation in 2011 and Level 3 Parent in 2017, and was rebranded as Lumen in 2020. The various regulated entities have previously requested approval for financing arrangements separately, but the present Financing Arrangements occurred as an integrated process involving the entire Company. For administrative efficiency and ease of review, Petitioners combined the requests for the Lumen Debt and the Level 3 Debt into this single filing.

² In re the Petition for an Order Authorizing Qwest Communications Corporation to Provide Local Exchange Telecommunications Service Throughout the State of New Jersey, BPU Docket No. TE98121421, Order dated June 29, 2001.

³ In re the Petition of Level 3 Communications, LLC, for Authority to Provide Switched and Dedicated, Resold and Facilities-Based, Local Exchange and Interexchange Telecommunications Service Throughout New Jersey, BPU Docket No. TE97120913, Order dated October 20, 1998.

⁴ In re the Joint Petition of Corvis Corporation on Behalf of Itself and Its Subsidiaries, Focal Communications Corporation of New Jersey and Broadwing Communications, LLC, for Approval of the Transfer of Assets and Customers and for Other Relief, BPU Docket No. TM04080767, Order dated November 10, 2004.

GC Telecommunications, a wholly-owned indirect subsidiary of Level 3, LLC, is authorized to provide facilities-based interexchange telecommunications services in New Jersey pursuant to authority granted in BPU Docket Nos. TE85030250 and TM10060393.⁵ The authority originally granted in BPU Docket No. TE85030250 was granted to RCI Corp., which subsequently operated as Frontier Communications International, Inc. and then as Global Crossing North American Networks, Inc. The Board approved the transfer of the facilities-based authority to Global Crossing Telecommunications, Inc. in BPU Docket No. TM10060393.

GC Local, a wholly-owned indirect subsidiary of Level 3, LLC, is authorized to provide intrastate telecommunications service pursuant to authority granted on October 15, 1999 in BPU Docket No. TE99030204.⁶ This authority was originally granted to Frontier Local Services, Inc., whose name was changed to Global Crossing Local Services, Inc. with notice provided to the Board on January 7, 2000.

Level 3 Telecom of New Jersey, a wholly-owned indirect subsidiary of Level 3, LLC, is authorized to provide local exchange telecommunications services in New Jersey pursuant to BPU Docket No. TE98121438, dated July 28, 1999.⁷ Following a prior name change, the entity thereafter filed a notice of name change to Level 3 Telecom of New Jersey, LP on April 19, 2016, in BPU Docket No. TT16040311.⁸

TelCove, a wholly-owned direct subsidiary of level 3, LLC, is authorized to provide competitive local exchange and interexchange telecommunications services in New Jersey by virtue of authority originally granted to Adelphia Business Solutions Investment, LLC in BPU Docket Nos. TM97110843, TE9705037, TM98101156 and TM00040275.⁹ Adelphia Business Solutions Investment, LLC was authorized to change its name to TelCove Investment, LLC at

⁵ In re the Initial Tariff Filed by RCI Corporation, BPU Docket No. TE85030250, Order dated April 12, 1985, and In re the Verified Petition for Approval of Internal Corporate Reorganization and Transfer of Operating Authority of Global Crossing North American Networks, Inc. into Global Crossing Telecommunications, Inc. and Separately Global Crossing Telemanagement, Inc. into Global Crossing Local Services, Inc., BPU Docket No. TM10060393, Order dated September 16, 2010.

⁶ In re the Application of Frontier Local Services, Inc. for Approval to Provide Local Exchange Services and Exchange Access Services Throughout New Jersey, BPU Docket No. TE99030204, Order dated October 15, 1999.

⁷ In re the Application of Time Warner Telecom of New Jersey, L.P., for Authority to Provide Local Exchange Telecommunications Services Within the State of New Jersey, BPU Docket No. TE98121438, Order dated July 28, 1999.

⁸ TW Telecom of New Jersey L.P. – Name Change to Level 3 Telecom of New Jersey L.P., BPU Docket No. TT16040311, tariff filing/notice dated April 19, 2016.

⁹ In re the Joint Application of Hyperion Telecommunications of New Jersey Inc., CCC-NJFT, Inc., TKR Cable Company, and Sutton Capital Associates, Inc. for Approval of a Transfer of Partnership Interests in New Jersey Fiber Technologies, Including Authority to Provide Telecommunications Services in New Jersey, to Hyperion Telecommunications of Central New Jersey, Inc. BPU Docket No. TM97110843, Order dated February 4, 1998; In re the Petition of Hyperion Telecommunications of New Jersey Inc. for Approval of an Initial Tariff and the Authority to Provide Competitive Local Exchange and Interexchange Telecommunications Services, BPU Docket No. TE97050370, Order dated July 30, 1997; In re the Application of Hyperion Telecommunications of New Jersey, Inc., and Hyperion Communications of New Jersey, LLC for Approval of a Proposed Reorganization, BPU Docket No. TM98101156, Order dated August 18, 1999; In re the Petition of Adelphia Business Solutions Investments, LLC and Adelphia Business Solutions of New Jersey for Authority to Merge and to Transfer Licenses as Part of a Pro Forma Corporate Reorganization, BPU Docket No. TM00040275, Order dated July 2, 2001.

BPU Docket Nos. TT04050370, TT04050371 and TT04050372.¹⁰ The Board approved the transfer of that authority to TelCove Operations, LLC on March 2, 2007 in BPU Docket No. TM06120889.¹¹

WiTel, a wholly-owned direct subsidiary of level 3, LLC, is authorized to provide interexchange telecommunications services in New Jersey pursuant to a certificate granted by the Board in BPU Docket No. TE98080699, on September 4, 1998.¹² This authority was originally granted to Williams Communications, Inc. d/b/a Vyvx, Inc. The company notified the Board of its conversion to an LLC and its name change on April 27, 2001 and November 13, 2002, respectively.

Additional information concerning the Petitioners' legal, technical, managerial and financial qualifications has been submitted to the Board with various prior submissions with respect to the Petitioners' certifications and various transactions and is therefore a matter of public record. The Board therefore takes official notice of these descriptions of Petitioners' qualifications and incorporates them herein by reference.

Lumen Debt

By the Petition, CenturyLink sought Board approval to participate in certain Financing Arrangements in connection with (a) the entrance by Lumen into a superpriority revolving credit facility with aggregate commitments of approximately \$1 billion and superpriority term loan facilities in the aggregate principal amount of approximately \$3.6 billion (collectively the, "Lumen SP Credit Facilities"); and (b) the issuance of approximately (i) \$332 million of 4.125% superpriority senior secured notes due 2029 ("Lumen 2029 SPNs") and (ii) \$479 million of 4.125% superpriority senior secured notes due 2030 ["Lumen 2030 SPNs" and, together with the Lumen 2029 SPNs, the "Lumen SP Notes" together with the Lumen SP Credit Facilities and the Lumen Secured Intercompany Loan (defined below), "New Lumen Secured Debt"].

Specifically, CenturyLink seeks approval upon receipt of the required Board approvals (1) to act as a guarantor of the New Lumen Secured Debt and (2) for its equity and assets to be pledged in support of the New Lumen Secured Debt. Petitioners state that CenturyLink's participation as a collateral guarantor for the New Lumen Secured Debt will not be effective until all required regulatory approvals are obtained.

A. Lumen SP Credit Facilities

The Lumen SP Credit Facilities consist of: a) a Superpriority Revolving/Term A Credit Agreement ("Lumen RCF/TLA Credit Facilities"); and b) a Superpriority Term B Credit

¹⁰ In re Adelphia Business Solutions Investments, LLC d/b/a TelCove Original Title Page NJ No.1, BPU Docket No. TT04050370, effective June 23, 2004. Adelphia Business Solutions Investment LLC Original Page 1 NJ BPU No 2, BPU Docket No. TT04050371, effective June 24, 2004. Adelphia Business Solutions Investment LLC d/b/a TelCove Original Page 1 NJ BPU 3, BPU Docket No. TT04050372, effective June 23, 2004.

¹¹ In re the Joint Petition of TelCove Operations, LLC and TelCove Investment, LLC for Grant of the Authority to Complete an Internal Reorganization and Assignment of Assets and Customers, BPU Docket No. TM06120889, Order dated March 2, 2007.

¹² In re the Petition of Williams Communications, Inc. d/b/a Vyvx, Inc to Provide Interexchange Telecommunications Services, BPU Docket No. TE98080699, Order dated January 14, 1999.

Agreement (“Lumen TLB Credit Facilities”). In turn, the Lumen RCF/TLA Credit Facilities consist of: a) a superpriority “first out” series A revolving credit facility with commitments of approximately \$489 million (the “SP RCF-A”); b) a superpriority “second out” series B revolving credit facility with commitments of approximately \$467 million (the “SP RCF-B”, and together with the SP RCF-A, the “SP RCF”); and c) a superpriority secured term loan facility in the aggregate principal amount of approximately \$377 million (“SP TLA”), each of which matures on June 1, 2028. The Lumen TLB Credit Facilities consist of: a) a superpriority secured term loan facility in the aggregate principal amount of approximately \$1.6 billion which matures on April 15, 2029 (“SP TLB-1”); and (b) a superpriority secured term loan facility in the aggregate principal amount of approximately \$1.6 billion which matures on April 15, 2030 (“SP TLB-2,” and together with the SP TLB-1, “SP TLB”).

A portion of the indebtedness issued under Lumen’s existing credit facilities approved by the Board in 2020 (“Existing Lumen Credit Facilities”) was exchanged for indebtedness issued under the Lumen SP Credit Facilities.¹³ As part of the financing, the Existing Lumen Credit Facilities were amended to, among other things: i) remove certain representations and warranties, covenants and events of default; and ii) subordinate the liens securing the obligations outstanding under the Existing Lumen Credit Facilities to the liens securing the New Lumen Secured Debt (“Lumen Credit Agreement Amendments”). In connection with the entry into the Lumen Credit Agreement Amendments and Lumen SP Credit Facilities, Petitioners state that the revolving commitments outstanding under the Existing Lumen Credit Facilities were permanently reduced to zero and terminated, all outstanding indebtedness under the Term Loan A Facility and Term Loan A-1 Facility was prepaid in full, and the outstanding balance of the Term Loan B Facility was reduced to approximately \$57 million.¹⁴

B. Lumen Notes Financing

The Lumen SP Notes were issued in exchange for Lumen’s existing 4.000% senior secured notes due 2027 (“Existing Lumen Secured Notes”) which were also approved by the Board in the 2020 Lumen Financing Order.¹⁵ As part of the financing, the Existing Lumen Secured Notes were amended to eliminate substantially all of the restrictive covenants and certain events of default and to release the guarantees of and the security interests in the collateral securing the Existing Lumen Secured Notes (the “Lumen Note Amendments”). After giving effect to the exchange of the Lumen SP Notes for the Existing Lumen Secured Notes, approximately \$232 million in aggregate principal amount of Existing Lumen Secured Notes remain outstanding.

¹³ See In re the Verified Petition of CenturyLink Communications, LLC for Approval to Participate in A Financing Arrangement, BPU Docket No. TF20020185, Order dated April 5, 2020 (“2020 Lumen Financing Order”). The 2020 Lumen Financing Order requested approval for CenturyLink to act as a guarantor, asset pledgor and to have its equity pledged to support credit facility and term loan agreements in the aggregate principal amount of \$6,499,451,048 and expanded the secured financing approved by the Board in 2018. See CenturyLink Communications, LLC - Approval to Participate in a Financing Arrangement, BPU Docket No. TF17111184, Order dated February 28, 2018, whereby the Board approved CenturyLink to participate as a collateral guarantor for \$8.077 billion in term loans, and up to \$2.168 billion in revolving credit facilities.

¹⁴ Terms used in this description but not otherwise defined in the Petition have the meanings ascribed to them in the 2020 Lumen Financing Order.

¹⁵ The 2020 Lumen Financing Order authorized CenturyLink to act as a guarantor, asset pledgor and to have its equity pledged in support of Lumen’s issuance of \$1.25 billion aggregate principal of Existing Lumen Secured Notes.

C. Lumen Debt Approval Request

CenturyLink sought Board approval to act as a guarantor for the New Lumen Secured Debt upon receipt of the required regulatory approvals and for its equity and assets to be pledged in support of the New Lumen Secured Debt. To the extent required, CenturyLink also requested Board approval with respect to the Lumen Credit Agreement Amendments and Lumen Note Amendments described above. Except for the Limited Level 3 Guarantees (as defined below and which only apply to a portion of the SP RCF), no Level 3 Petitioners are seeking approval to act as guarantors, asset pledgors or to have their equity pledged as collateral to support the New Lumen Secured Debt, the Existing Lumen Credit Facilities or the Existing Lumen Secured Notes.

Level 3 Financing

As described in the Petition, the Level 3 Petitioners sought approval to participate in certain Financing Arrangements in connection with Level 3 Financing having: a) entered into new term loan credit facilities in the aggregate principal amount of approximately \$2.4 billion ("New Level 3 Credit Facilities"); b) issued approximately \$2.9 billion of new first lien notes ("New Level 3 First Lien Notes" and, together with the New Level 3 Credit Facilities, "New Level 3 First Lien Debt"); and c) issued approximately \$2.2 billion of new second lien notes ("New Level 3 Second Lien Notes" and, together with the New Level 3 Credit Facilities and the New Level 3 First Lien Notes, "New Level 3 Secured Debt"). Specifically, the Level 3 Petitioners sought approval upon receipt of the required regulatory approvals, including the Board's to act as guarantors for the New Level 3 Secured Debt and for their equity and assets to be pledged in support of the New Level 3 Secured Debt as described herein.

The Level 3 Petitioners also sought approval upon receipt of the required regulatory approvals to act as guarantors for, and for their equity and assets to be pledged in support of, the payment of (a) up to \$150 million of Lumen's obligations with respect to the SP RCF-A and (b) up to \$150 million of Lumen's obligations with respect to the SP RCF-B (collectively, "Limited Level 3 Guarantees").

Petitioners stated that the Level 3 Petitioners' participation as collateral guarantors for the New Level 3 Secured Debt and for the Limited Level 3 Guarantees will not be effective until all required regulatory approvals, including the Board's, are obtained.

New Level 3 Credit Facilities

The New Level 3 Credit Facilities consist of: a) a secured term loan B-1 facility in the aggregate principal amount of approximately \$1.2 billion ("TLB-1"); and b) a secured term loan B-2 facility in the aggregate principal amount of approximately \$1.2 billion ("TLB-2"). The TLB-1 and TLB-2 mature on April 15, 2029 and April 15, 2030, respectively. Indebtedness issued under Level 3 Financing's prior financing arrangements approved by the Board in 2020 ("Existing Level 3 Credit Facility") was exchanged for indebtedness under the New Level 3 Credit Facilities.¹⁶

¹⁶ See Level 3 Communications LLC, Broadwing Communications, LLC Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc, Level 3 Telecom of New Jersey LP, TelCove Operations LLC, and WiTel Communications, LLC - Approval to Participate in Certain Financing Arrangements, BPU Docket No. TF19121510, Order dated February 19, 2020 ("February 2020 Level 3 Financing Order") approving participation as a pledgor and guarantor of Level 3 Financing's \$3,110,500,00 term loan. The financing approved by the February 2020 Level 3 Financing Order expanded the secured

As a result, Petitioners stated that outstanding indebtedness under the Term Loan (as defined in the February 2020 Level 3 Financing Order) was reduced to approximately \$12 million.

As part of the financing, the Existing Level 3 Credit Facility was amended to, among other things, remove certain representations and warranties, covenants and events of default ("Level 3 Credit Agreement Amendments").

A. Level 3 Note Financing

- (1) New Level 3 First Lien Notes. The New Level 3 First Lien Notes consist of (a) \$1.575 billion of 11.000% first lien notes which mature November 15, 2029 (the "New Money Notes"), (b) approximately \$668 million of 10.500% first lien notes which mature April 15, 2029 (the "2029 Exchange Notes") and (c) approximately \$678 million of 10.750% first lien notes which mature December 15, 2030 (the "2030 Exchange Notes").

The 2029 Exchange Notes were issued in exchange for Level 3 Financing's existing 3.400% Senior Secured Notes due 2027 ("Existing 3.400% SSNs") and the 2030 Exchange Notes were issued in exchange for Level 3 Financing's existing 3.875% Senior Secured Notes due 2029 ("Existing 3.875% SSNs"), the issuance of which was approved by the Board in the February 2020 Level 3 Financing Order.¹⁷

As part of the Financing Arrangements, the indentures governing the Existing 3.400% SSNs and the Existing 3.875% SSNs were supplemented to eliminate substantially all of the restrictive covenants and certain events of default in such documents and to release the guarantees of and the collateral securing such notes (the "Level 3 Senior Secured Note Amendments").¹⁸ After giving effect to the note exchange of the 2029 Exchange Notes and 2030 Exchange Notes for the Existing 3.400% SSNs and the Existing 3.875% SSNs, Petitioners state there remained approximately \$82 million in aggregate principal amount of Existing 3.400% SSNs outstanding and \$72 million in aggregate principal amount of Existing 3.875% SSNs outstanding.

financing approved by the Board in 2018. See Level 3 Communications, LLC, Broadview Communications, LLC, Global Crossing Local Services, Inc., Level 3 Telcom of New Jersey, LP, Telcove Operations, LLC, Wiltel Communications, LLC - Approval to Participate in Certain Financing Arrangements, BPU Docket No. TF 17111187, Order dated January 31, 2018. ("January 2018 Level 3 Financing Order").

¹⁷ The February 2020 Level 3 Financing Order authorized the Level 3 Petitioners to act as guarantors, asset pledgors and for their equity to be pledged in support of Level 3 Financing's issuance of (a) \$750 million aggregate principal amount of 3.400% Notes and (b) \$750 million aggregate principal amount of 3.875% Notes.

¹⁸ The Board also approved certain Level 3 Petitioners' joinder as collateral guarantors of Level 3 Financing's issuance of \$924,522,000 of 10.500% senior secured notes due 2030 ("10.500% Notes due 2030") (See 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 a Financing Arrangement, BPU Docket No. TF23050297, Order dated Oct. 11, 2023 ("October 2023 Level 3 Financing Order"). While the debt represented by the 10.500% Notes due 2030 was not refinanced as part of the Financing Arrangements, the indenture documents used in connection with the issuance of such notes was supplemented as part of the Financing Arrangements to, among other things, amend the restrictive covenants to be consistent with the restrictive covenants under the New Level 3 First Lien Debt ("Level 3 10.500% Indenture Amendment").

- (2) New Level 3 Second Lien Notes. The New Level 3 Second Lien Notes consist of: a) approximately \$606 million of 4.875% second lien notes which mature June 15, 2029 (“4.875% 2L Notes”); b) approximately \$712 million of 4.500% second lien notes which mature April 1, 2030 (“4.500% 2L Notes”); c) approximately \$458 million of 3.875% second lien notes which mature October 15, 2030 (“3.875% 2L Notes”); and d) approximately \$453 million of 4.000% second lien notes which mature on April 15, 2031 (“4.000% 2L Notes”).

The 4.875% 2L Notes were issued in exchange for Level 3 Financing’s existing 4.625% senior notes due 2027 (“4.625% SUNs”).¹⁹ The 4.500% 2L Notes were issued in exchange for Level 3 Financing’s existing 4.250% senior notes due 2028 (“4.250% SUNs”).²⁰ The 3.875% 2L Notes were issued in exchange for Level 3 Financing’s existing 3.625% senior notes due 2029 (“3.625% SUNs”).²¹ The 4.000% 2L Notes were issued in exchange for Level 3 Financing’s existing 3.750% sustainability-linked senior notes due 2029 (“3.750% SUNs” and together with the 4.625% SUNs, 4.250% SUNs and 3.625% SUNs, the “Existing Level 3 SUNs”).²²

As part of the financing, the indentures for the Existing Level 3 SUNs were supplemented to eliminate substantially all the restrictive covenants and certain events of default and related provisions with respect to each relevant indenture (“Level 3 Senior Note Amendments”). After giving effect to the exchange of the New Level 3 Second Lien Notes for certain Existing Level 3 SUNs, Petitioners stated that there remained approximately \$394 million in aggregate principal amount of 4.625% Notes outstanding, \$488 million in aggregate principal amount of 4.250% Notes outstanding, \$382 million in aggregate principal amount of 3.625% Notes outstanding and \$448 million in aggregate principal amount of 3.750% Notes outstanding.

¹⁹ The 4.625% SUNs were issued pursuant to an indenture dated as of September 25, 2019. The Board approved this financing in the following matter: In re the Verified Petition of Level 3 Communications, LLC For Approval to Participate in a Financing Arrangement, BPU Docket No. TF19101406, Order dated December 6, 2019 (“December 2019 BPU Order”).

²⁰ The 4.250% SUNs were issued pursuant to an indenture dated as of June 15, 2020. The Board approved this financing in the following matter: In re the Verified Petition of Level 3 Communications, LLC For Approval to Participate in a Financing Arrangement, BPU Docket No. TF20060472, Order dated August 12, 2020 (“August 2020 BPU Order”).

²¹ The 3.625% SUNs were issued pursuant to an indenture dated as of August 12, 2020. The Board approved this financing in the following matter: In re the Verified Petition of Level 3 Communications, LLC For Approval to Participate in a Financing Arrangement, BPU Docket No. TF20080540, Order dated October 14, 2020 (“October 2020 BPU Order”).

²² The 3.750% SUNs were issued pursuant to an indenture dated as of January 13, 2021. The Board approved this financing in the following matter: In re the Verified Petition of Level 3 Communications, LLC For Approval to Participate in a Financing Arrangement, BPU Docket No. TF2102009, Order dated April 27, 2021 (“April 2021 BPU Order”).

C. Level 3 Debt Approval Request.

The Level 3 Petitioners sought Board approval upon receipt of the required regulatory approvals: a) to act as guarantors for the New Level 3 Credit Facilities, the New Level 3 First Lien Notes, the New Level 3 Second Lien Notes and the Limited Level 3 Guarantees; and b) for their equity and assets to be pledged in support of the New Level 3 Credit Facilities, the New Level 3 First Lien Notes, the New Level 3 Second Lien Notes and the Limited Level 3 Guarantees.²³ To the extent required, the Level 3 Petitioners also requested Board approval with respect to the Level 3 Credit Agreement Amendments, the Level 3 Senior Secured Note Amendments, the Level 3 Senior Note Amendments and the Level 3 10.500% Indenture Amendment.

CenturyLink indicated that it is not seeking approval to act as a guarantor, pledge its assets or have its equity pledged as collateral to support any portion of the New Level 3 Secured Debt, the Existing Level 3 Credit Facilities, the Existing 3.400% SSNs, the Existing 3.875% SSNs or the Existing Level 3 SUNs.

Intercompany Financing

A. Level 3 Intercompany Notes

In connection with the Financing Arrangements, Level 3 LLC amended and restated the previously issued intercompany loan proceeds demand note approved by the Board in the October 2023 Level 3 Financing Order ("A&R Loan Proceeds Note"). Petitioners assert the A&R Loan Proceeds Note is on similar terms to the intercompany demand note utilized for the financings approved by the Board in the January 2018 Level 3 Financing Order, February 2020 Level 3 Financing order, and the October 2023 Level 3 Financing Order (and earlier) including the multiple sources of debt covered by the note (\$8,484,946,001.32), the parties to the note (Level 3 LLC and Level 3 Financing), the assets pledged by Level 3 LLC as security in support of the note (the tangible assets of Level 3 LLC), and the note continuing to be payable on demand.²⁴

²³ Petitioners noted that while GC Local and Level 3 Telecom of New Jersey are seeking Board approval to act as full guarantors, asset pledgors and for their equity to be pledged in support of the New Level 3 Secured Debt and Limited Level 3 Guarantees, Petitioners expect that these entities will initially only have their equity pledged in support of the New Level 3 Secured Debt and Limited Level 3 Guarantees.

²⁴ The new A&R Loan Proceeds Note includes all the outstanding balance of the previous loan proceeds note along with proceeds and allocations made as part of the Financing Arrangements, but does not include debt associated with the Limited Level 3 Guarantees since Level 3 Financing is not the borrower/issuer of such debt.

Level 3 LLC also amended and restated the previously issued and Board-approved intercompany offering proceeds demand notes ("A&R Offering Proceeds Notes") to reflect the reduction in principal in such notes in connection with the exchange of the New Level 3 Second Lien Notes for certain Existing Level 3 SUNs. The A&R Offering Proceeds Notes are on similar terms to the intercompany demand notes utilized for unsecured intercompany debt in financings previously approved by the Board, including the debt source covered by each A&R Offering Proceeds Note, the parties to the note (Level 3 LLC and Level 3 Financing), the unsecured nature of the notes, the interest rates and note balances of the Existing Level 3 SUNs which were not exchanged as part of the Financing Arrangements and the notes continuing to be payable on demand. The amended terms of the A&R Offering Proceeds Notes are provided below:

- 1) 4.625% A&R Offering Proceeds Note in the amount of \$393,770,000 entirely replaced the Offering Proceeds Note dated as of September 25, 2019, in an initial principal amount equal to \$1,000,000,000;²⁵
- 2) 4.250% A&R Offering Proceeds Note in the amount of \$488,098,000 entirely replaced the Offering Proceeds Note dated as of June 15, 2020, in an initial principal amount equal to \$1,200,000,000;²⁶
- 3) 3.625% A&R Offering Proceeds Note in the amount of \$381,786,000 entirely replaced the Offering Proceeds Note dated as of August 12, 2020, in an initial principal amount equal to \$840,000,000;²⁷ and
- 4) 3.750% A&R Offering Proceeds Note in the amount of \$447,500,000 entirely replaced the Offering Proceeds Note dated as of January 13, 2021, in an initial principal amount equal to \$900,000,000.²⁸

B. Lumen Secured Intercompany Loan

As described in the Petition, Level 3 Financing issued \$1.575 billion of New Money Notes. Level 3 Financing lent \$1.2 billion of the proceeds from such issuance to Lumen in the form of a secured revolving loan set to mature May 31, 2030 ("Lumen Secured Intercompany Loan"). Consistent with earlier financings approved by the Board and the A&R Loan Proceeds Note described above, the obligations of Lumen under the Lumen Secured Intercompany Loan are intercompany obligations (between Lumen and Level 3 Financing), are payable on demand and have an interest rate that tracks the associated obligations of Level 3 Financing with respect to the New Money Notes. The Lumen Secured Intercompany Loan is guaranteed and collateralized by the assets and equity of various legacy entities of Lumen which will include CenturyLink upon receipt of any required regulatory approvals.

²⁵ See December 2019 BPU Order, which approved issuance of A & R Offering Proceeds Note in exchange for proceeds of 4.625% SUNs. See also August 2020 BPU Order, October 2020 BPU Order, and April 2021.

²⁶ See August 2020 BPU Order which approved issuance of A & R Offering Proceeds Note in exchange for proceeds of 4.250% SUNs.

²⁷ See October 2020 BPU Order which approved issuance of A & R Offering Proceeds Note in exchange for proceeds of 3.625% SUNs.

²⁸ See April 2021 BPU Order which approved issuance of A & R Offering Proceeds Note in exchange for proceeds of 3.750% SUNs.

C. Intercompany Debt Approval Request

Since the A&R Loan Proceeds Note, A&R Offering Proceeds Notes and Lumen Secured Intercompany Loan are each payable on demand, and thus are neither indebtedness payable later than twelve (12) months after the date of the original instrument, nor expressly payable within twelve (12) months. Consequently, the applicability of N.J.S.A. 48:3-9 is unclear. Therefore, out of an abundance of caution, Level 3 LLC sought Board approval pursuant to N.J.S.A. 48:3-9 to permit the A&R Loan Proceeds Note and the A&R Offering Proceeds Notes to remain unpaid for more than twelve (12) months from the date of issuance. CenturyLink sought Board approval (a) to act as a guarantor for the new Lumen Secured Intercompany Loan upon receipt of regulatory approvals and (b) for its equity and assets to be pledged in support of the new Lumen Secured Intercompany Loan.

Public Interest Considerations

Petitioners stated that the Financing Arrangements will allow Lumen and Level 3 Financing to extend the overall portfolio maturity dates by two (2) to three (3) years, and thereby provide Lumen and its subsidiaries with greater financial flexibility and eliminate the near-term refinancing risks facing Lumen and its subsidiaries. The extensions of the maturity dates, coupled with access to additional capital, as described above, should strengthen Lumen's liquidity through 2029. Further, Petitioners stated that capital markets will look favorably on these steps as part of the Company's ongoing efforts to manage the maturity profile of its debt and to continue to strengthen its overall credit profile. Petitioners also stated that the Financing Arrangements would provide additional time to execute on their business transformation, which includes a focus on improving the customer experience.

Petitioners stated that the Financing Arrangements will also provide Petitioners with greater financial flexibility to maintain and expand their networks and competitive services. Petitioners further asserted that the Financing Arrangements would enable them to continue delivering services to new markets, thus allowing more consumers to benefit from their competitive services.

Petitioners also stated that the Financing Arrangements would be conducted in a manner that will be transparent to customers and would not result in a change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers. Following completion of the Financing Arrangements, Petitioners asserted they will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms, or conditions. Petitioners also represented that the Financing Arrangements would have no impact on Petitioners' ability to fulfill pension obligations to their employees.

The New Jersey Division of Rate Counsel ("Rate Counsel") reviewed this matter and, by letter dated July 15, 2024, acknowledged that Petitioners provided information required under the statute and the Board's regulations and also provided additional information in reply to Board Staff's discovery requests in support of Petitioners' assertion that the financing contemplated is not contrary to the public interest and will serve a beneficial purpose for New Jersey customers. Rate Counsel concluded by stating that it does not oppose the Board's approval of the request in the Petition.

DISCUSSION AND FINDINGS

The Board carefully considered the record in this matter, including the Petition, Rate Counsel's comments, and the recommendation of Board Staff. Accordingly, the Board **HEREBY FINDS** that Petitioners' participation in the Financing Arrangements is in accordance with law, in the public interest and will not have a negative impact on Petitioners' ability to fulfill pension obligations to its employees. The Board, pursuant to N.J.S.A. 48:3-7, N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, and approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** Petitioners to participate in the above described Financing Arrangements.

This Order is issued subject to the following provisions:

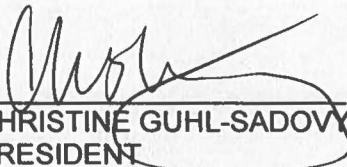
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioners.
2. Petitioners shall notify the Board, within five (5) business days, of any material changes in the proposed Financing Arrangements and shall provide complete details of such changes including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default in the terms of the proposed Financing Arrangements within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangements or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets located in the State of New Jersey and no party to such Financing Arrangements or other supporting document shall take any action under such documents or exercise any remedies that would constitute or result in the transfer or assignment of any assets of Petitioners located in the State of New Jersey or a change of control of any Petitioner prior to obtaining Board approval 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 the Petitioners.
6. Beginning April 15, 2025, and annually thereafter, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior calendar year, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall include any and all relevant information including, but not limited to the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees,

trustee fees, etc.) and any other material provision with respect to the terms and conditions of the new issuance.

This Order shall become effective on October 2, 2024.

DATED: September 25, 2024

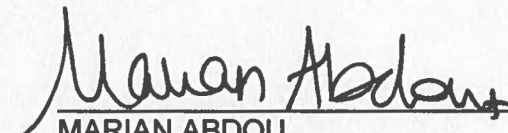
BOARD OF PUBLIC UTILITIES
BY:




CHRISTINE GUHL-SADOVY
PRESIDENT



DR. ZENON CHRISTODOULOU
COMMISSIONER



MARIAN ABDOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

ATTEST:



SHERRI L. GOLDEN
SECRETARY

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

IN THE MATTER OF THE VERIFIED PETITION OF CENTURYLINK COMMUNICATIONS, LLC,
LEVEL 3 COMMUNICATIONS, LLC, BROADWING COMMUNICATIONS, LLC, GLOBAL
CROSSING TELECOMMUNICATIONS, INC., GLOBAL CROSSING LOCAL SERVICES, INC.,
LEVEL 3 TELECOM OF NEW JERSEY, LP, TELCOVE OPERATIONS, LLC AND WITEL
COMMUNICATIONS, LLC FOR APPROVAL TO PARTICIPATE IN FINANCING
ARRANGEMENTS

DOCKET NO. TF24040241

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