



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) ORDER
LEVEL 3 COMMUNICATIONS, LLC, BROADWING)
COMMUNICATIONS, LLC, GLOBAL CROSSING)
TELECOMMUNICATIONS, INC., TELCOVE)
OPERATIONS, LLC, AND WITEL)
COMMUNICATIONS, LLC APPROVAL TO)
PARTICIPATE IN A FINANCING ARRANGEMENT) Docket No. TF12121060

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

BY THE BOARD:

On December 5, 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" and 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 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: Level 3 LLC; Broadwing Communications, LLC; WilTel Communications, LLC; TelCove Operations, LLC; Global Crossing Telecommunications, Inc.; and Global Crossing Local Services, Inc.

Petitioners request Board approval to participate in a financing arrangement. Level 3 and Level 3 Financing entered into a \$1.2 billion term loan arrangement to refinance into a single loan the \$650 million and \$550 million term loans for which the Petitioners had pledged assets and

acted as guarantors. The \$1.2 billion term loan has a 2019 maturity date and an interest rate 1% lower than that which pertained to the \$650 million and \$550 million term loans, resulting in a reduction of approximately \$12 million in annual interest expense. Level 3 Financing has lent the proceeds of the \$1.2 billion term loan to Level 3 LLC, in return for an intercompany demand note. The funds were used to prepay in full the \$650 million and \$550 million term loans that were otherwise set to mature in 2018.

Petitioners request Board approval to pledge their assets and act as guarantors in support of the \$1.2 billion term loan arrangement. In addition, Level 3 LLC requests Board approval for the intercompany demand note issued to Level 3 Financing in connection with the \$1.2 billion term loan to remain unpaid for more than 12 months from the date of issuance.

Petitioners assert that approval of the financing arrangement described herein will serve the public interest. The financing arrangement will enable Petitioners and their parent to refinance their obligations by extending the maturity dates of certain obligations at better interest terms, thus reducing the future refinancing risks associated with the scheduled maturities described herein. This step is a 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 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 January 11, 2013 does not object to the Board's approval of this 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.

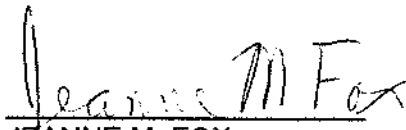
2. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioner shall notify the Board of any material default in the 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. 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.

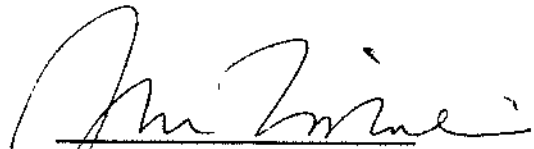
This Order shall be effective on January 30, 2013.

DATED: 1/24/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

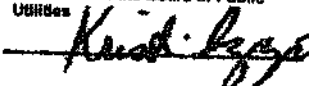

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
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, WilTel Communications, LLC
For Approval to Participate in A Financing Arrangement**

Docket No. TF12121060

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