



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/

CABLE TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
CENTURYLINK COMMUNICATIONS, LLC FOR)
APPROVAL TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS (2020)) DOCKET NO. TF20020185

Parties of Record:

Colleen A. Foley, Esq., Saul Ewing Arnstein and Lehr LLP
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On February 26, 2020, CenturyLink Communications, LLC (“CCLC” or “Petitioner”), filed a petition pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 requesting approval by the New Jersey Board of Public Utilities (“Board”) to participate in certain financing arrangements that include the issuance of \$1,250 million aggregate principal amount of 4.000% Senior Secured Notes due 2027 (the “Senior Secured Notes”) by its parent company, CenturyLink, Inc. (“CTL”), and the entrance by CCLC into an amendment and extension of its existing 2017 Revolving Credit Facility and Term Loans¹ that includes a revolving credit facility and various term loan agreements in the aggregate principal amount of \$6,499,451,048 (referred to as the “Amended and Restated 2017 Credit Facility and Term Loans”).

Specifically, Petitioner requested approval (1) to act as a guarantor for the Senior Secured Notes and the Amended and Restated 2017 Credit Facility and Term Loans upon receipt of the required regulatory approvals, including from the Board, and (2) for its equity and other assets to be pledged in support of the Senior Secured Notes and the Amended and Restated 2017 Credit Facility and Term Loans.

¹ See, *I/M/O the Verified Petition of CenturyLink Communications, LLC for Approval to Participate in A Financing Arrangement*, BPU Docket No. TF17111184, Order, Dated February. 28, 2018 and effective March 10, 2018.

BACKGROUND

Petitioner is a Delaware limited liability company with principal offices located at 100 CenturyLink Drive, Monroe LA 71203, and is an indirect, wholly-owned subsidiary of CTL. CTL, through its wholly owned indirect subsidiaries, including Petitioner, provides high-quality voice and data services to enterprise, government, wholesale, and carrier customers over its IP-based network.

Petitioner is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certifications, registrations or tariff requirements, or on a deregulated basis. In New Jersey, CCLC is authorized to provide local exchange and interexchange telecommunications services pursuant to authority granted by the Board in Docket No. TE98121421. The authority was originally granted to Qwest Communications Corporation, which subsequently changed its name to Qwest Communications Company, LLC, and then CenturyLink Communications, LLC.

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

DISCUSSION:

Petitioner requests Board approval to participate in debt financing arrangements (the "financing arrangements") as addressed and described in greater detail in the Petition. Petitioner states that CTL has issued \$1,250 million aggregate principal amount of its Senior Secured Notes in a private offering that was not registered under the Securities Act of 1933. Petitioner also indicates that CTL has amended and restated its existing 2017 Credit Facility and Term Loans. The Amended and Restated 2017 Credit Facility and Term Loans are in substantially the same form as the financing approved by the Board in 2017 as part of the acquisition of Level 3 Communications, LLC, including the parties to the note (CTL, CCLC, and several unregulated subsidiaries), and the assets pledged by CCLC as security in support of the 2017 Credit Facility and Term Loans, which includes term loan agreements identified as the Term Loan A Facility, the Term Loan A-1 Facility, and the Term Loan B Facility, in the aggregate principal amounts of \$6,499,451,048. These financing arrangements have allowed CTL to repay a portion of its outstanding indebtedness under the 2017 Credit Facility and Term Loans in the aggregate principal amount of \$1,250,000,000 and extend the maturity date by 28 months of approximately \$6.5 billion of debt.

Upon receipt of the requisite regulatory approvals pursuant to N.J.S.A. 48:3-7 and any other laws or regulations deemed applicable, Petitioner requests approval from the Board to act as a guarantor of the Senior Secured Notes and the Amended and Restated 2017 Credit Facility and Term Loans, and for its equity and other assets to be pledged in support of the Senior Secured Notes and the Amended and Restated 2017 Credit Facility and Term Loans. Petitioner states that its guaranty obligations in support of the Senior Secured Notes and the Amended and Restated 2017 Credit Facility and Term Loans will not be effective until all required regulatory approvals are received, including approval from the Board.

According to the Petitioner, participation in the new financing arrangements will not result in a change in its management or in its day-to-day operations in New Jersey, nor will it adversely affect the Petitioner's current or proposed operations in New Jersey. The Petitioner also asserts that the financing arrangements will have no impact on its ability to fulfill its pension obligations to employees, as required under N.J.S.A. 48:3-7.

Petitioner states that the financing arrangements will enable CTL and CCLC to take advantage of lower interest rates and more favorable maturity terms, thereby significantly reducing interest expenses. According to the Petition, the financing arrangements will provide Petitioner with the financial flexibility to maintain and expand its networks and services. Petitioner further asserts that the financing arrangements will enable it to continue delivering services to new markets, thus allowing more consumers to benefit from its competitive services.

Petitioner also states that the financing arrangements will be conducted in a manner that will be transparent to customers and will 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, Petitioner asserts it will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms, or conditions.

The Division of Rate Counsel has reviewed this matter and, by letter dated March 23, 2020, stated that it does not oppose the Board's grant of the petitioned requests.

FINDINGS AND CONCLUSIONS:

After careful review of this matter, the Board **FINDS** that the proposed financing arrangement is consistent with applicable law. The Board **HEREBY AUTHORIZES** Petitioner to participate in the financing arrangements as described herein and in the Petition.

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 Petitioner.
2. Petitioner 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. Petitioner 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 Petitioner's 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 the Petitioner.

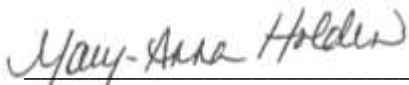
This Order shall become effective on April 16, 2020.

DATED: April 6, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

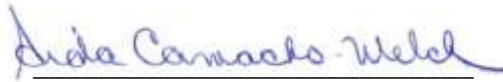


DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS (2020)
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