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Director

Via Electronic Mail Only

March 23, 2020

Ms. Aida Camacho-Welsh, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O the Verified Petition of CenturyLink Communications, LLC for Approval to Participate in Certain Financing Arrangements (2020) **BPU Docket No. TF20020185**

Dear Ms. Camacho-Welsh:

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed the above referenced Petition of CenturyLink Communications, LLC (“CCLC” or “Petitioner”) filed with the New Jersey Board of Public Utilities (“Board”), requesting Board approval to participate as guarantor on financing arrangements in the amount of \$1.25 billion on Senior Secured Notes due 2027 and Credit Facility/Term Loans owed by its parent company, CenturyLink, Inc. (“CTL” or “Parent”) that amend and extend a 2017 Revolving Credit Facility and term loan agreements in the aggregate amount of \$6,499,451,048, approved by Board Order dated February 28, 2018.¹ Rate Counsel submits the within comments for the Board’s consideration. Rate Counsel is only filing electronically and is not providing ten copies of this filing at the time. Kindly, acknowledge receipt of this filing electronically for Rate Counsel’s records. For the reasons that follow, Rate Counsel does not oppose Board approval of Petitioners’ requests as stated in the Verified Petition.

Discussion

Petitioner a common local exchange carrier (“CLEC”) is a Delaware limited liability company headquartered in Monroe, LA that provides voice over internet protocol (“VoIP”) voice and data services to enterprise, government, wholesale and carrier customers in 50 states as an indirect wholly-owned subsidiary of CTL, a publicly traded company (NYSE:CTL). Petitioner

¹ Petition, pp. 1-2, pp. 4-5 and *fn 1 re: 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.

was authorized to provide interexchange telecommunications services throughout New Jersey by Board Order in Docket TE98121421.²

Petitioner’s financing application concerns an expansion in financing in the total amount of \$1,250,000,000 billion which will be used to restructure and extend outstanding financing which was part of the 2017 acquisition of Level 3³ by Parent and will extend the maturity on approximately \$6.5 billion of existing debt by 28 months to optimize a reduction in annual interest expense and maintain and expand Petitioner’s networks and services.⁴ Petitioner further asserts that the financing will not be detrimental to New Jersey customers nor diminish existing services, rates, terms or conditions of service and furthers public interest by strengthening the company and promoting enhanced services and robust competition among telecommunications carriers in New Jersey.⁵ In addition, Petitioner states the financing will have no impact on Petitioner’s ability to fulfill pension obligations to its employees, as required by *N.J.S.A. 48:3-7*.⁶

Prior Board approval of any encumbrance or mortgage of a telecommunications service provider is required; otherwise, the transaction is void under New Jersey law.⁷ As the Petitioner’s assets will secure the debt, in part, Board approval must be based on its satisfaction that the debt is made according to law and that the debt serves a beneficial purpose as required pursuant to *N.J.S.A. 48:3-7*, *N.J.S.A. 48:3-9* and *N.J.A.C. 14:1-5.9*.⁸ Petitioner has asserted that the financing will not detrimentally affect current customer service, rates, terms and conditions of service and

² Petition, pp. 2-3, noting that the authority to provide local exchange and interexchange services was originally granted to Qwest Communications Corporation, subsequently known as Qwest Communications Company, LLC and then CenturyLink Communications, LLC.

³ Petition, p. 4. See also, *I/M/O the Petition of CenturyLink Communications, LLC for Approval for to Participate in Certain Financing Arrangements*, BPU Docket No. TF17111184, in connection with financing arrangements as an additional guarantor of approximately \$9.945 billion of debt (“Acquisition Debt”) acquired in connection with the CenturyLink/Level 3 Communications, Inc., merger, *I/M/O the Joint Petition of Level 3 Communications, Inc., Together with CenturyLink, Inc., for Approval of Indirect Transfer of Control of: Level 3 Communications, LLC, Level 3 Telecom of New Jersey, LP, Broadwing Communications, LLC, Global Crossing Local Services, Inc., Global Crossing Telecommunications, Inc., Telcove Operations, LLC and WilTel Communications, LLC to CenturyLink, Inc. and Related Approvals*, approved by Board Order in BPU Docket No. TM16121159, dated August 23, 2017.

⁴ Petition, pp. 1-2 and p. 5-6.

⁵ *Id.*, pp. 4-6. In addition, by letter dated March 16, 2020, Petitioner provided additional information in response to Board Staff’s data requests in support of the petition and financing.

⁶ *Id.*, at p. 5.

⁷ *N.J.S.A. 48:3-9, et seq.* If the Board finds that after investigation there is doubtful benefit to the petitioner, the Board may withhold approval. See, *Interstate Telephone & Telegraph Co. v. Board of Public Utility Commissioners*, 84 NJL 184 (Sup. Ct. 1913), wherein the court interpreted the ‘approval of the purpose’ provision to empower the Board with the authority to withhold approval if in its judgment the purpose of the debt incurred will have doubtful benefit to the applicant.

⁸ *Id.*, and Petition, pp. 6-7.

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will promote enhanced services and increased telecommunications competition and benefits to customers and consumers in New Jersey.

Accordingly, Rate Counsel has no objection should the Board determine after its financial review that approval is prudent and warranted. Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.,
DIRECTOR
DIVISION OF RATE COUNSEL

/s/ Maria T. Novas-Ruiz

MNR/td
c: Service List

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