

**BEFORE THE  
NEW JERSEY BOARD OF PUBLIC UTILITIES**

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In the Matter of the Verified Petition of	)	
	)	
Level 3 Communications, LLC	)	BPU Docket No. TF2008 _____
	)	
for Approval to Participate in A	)	
Financing Arrangement (08/20)	)	
_____	)	

**VERIFIED PETITION**

Level 3 Communications, LLC (“Level 3 LLC” or “Petitioner”), by its undersigned counsel and pursuant to *N.J.S.A.* 48:3-7 and *N.J.S.A.* 48:3-9 and any other statutes and regulations deemed applicable, hereby files this Verified Petition and requests approval from the New Jersey Board of Public Utilities (the “Board”) to participate in a financing arrangement in connection with the issuance of \$840 million aggregate principal amount of 3.625% Senior Notes due 2029 (the “Senior Notes”) by its parent company, Level 3 Financing, Inc. (“Financing”) for the intended purpose of permitting Financing to redeem \$840 million aggregate principal amount of other debt.<sup>1</sup> This Verified Petition is a refinancing, in part, of transactions previously approved by the Board in 2015, as further described in footnote 2.

Specifically, Petitioner seeks approval to act as guarantor for the Senior Notes upon receipt of the required regulatory approvals, including from the Board. Additionally, Level 3 LLC issued an intercompany demand note to Financing as part of this financing, just as it has for prior financing arrangements which were previously approved by the Board. Petitioner seeks approval

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<sup>1</sup> Please note that only electronic copies of this Petition will be sent to the persons identified in the cover letter and Service List attached hereto. This is consistent with the Order issued by the Board in connection with *In the Matter of the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. EO20030254 (March 19, 2020).

to permit the intercompany demand note used in exchange for the proceeds of the Senior Notes to remain unpaid for more than 12 months from the date of issuance.

This financing arrangement has allowed Financing to redeem all of the \$140 million aggregate principal amount of the outstanding 5.625% Senior Notes due 2023 and all of the \$700 million aggregate principal amount of the 5.125% Senior Notes due 2023.<sup>2</sup> As a result, annual interest expense will be reduced by approximately \$13.3 million, and the average maturity of the \$840 million of debt will be extended by more than six years.

In support of this Petition, the Petitioner provides the following information:

**I. DESCRIPTION OF THE PETITIONER**

Level 3 Parent, LLC (“Level 3 Parent”), the immediate parent of Financing, is a Delaware limited liability company with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021 and an indirect, wholly owned subsidiary of CenturyLink, Inc. (NYSE: CTL). Level 3 Parent provides high-quality voice and data services to enterprise, government, wholesale, and carrier customers over its IP-based network through its wholly owned indirect subsidiaries, including the Petitioner.

Petitioner is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services pursuant to certification, registration or tariff requirements, or on a deregulated basis. In the State of New Jersey, Level 3 LLC is authorized to provide resold

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<sup>2</sup> The 5.625% Senior Notes due in 2023 were issued in January of 2015. The Board approved this financing in the following matter: *In The Matter of the Verified Petition of Level 3 Communications, LLC For Approval to Participate in a Financing Arrangement*, BPU Docket No. TF15020239, Order (dated Apr. 15, 2015). The 5.125% Senior Notes due in 2023 were issued in June of 2015. The Board approved this financing in the following matter: *In The Matter of The Verified Petition of Level 3 Communications, LLC, et. al For Approval to Participate in Certain Financing Arrangements*, BPU Docket No. TF15060652, Order (dated July 23, 2015).

and facilities-based local exchange and interexchange telecommunications services throughout New Jersey pursuant to the Board's Order of Approval issued on October 20, 1998 in BPU Docket No. TE97120913.

## **II. DESIGNATED CONTACTS**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Petition should be directed to:

Colleen A. Foley, Esquire  
Saul Ewing Arnstein & Lehr LLP  
One Riverfront Plaza, Suite 1520  
1037 Raymond Boulevard  
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and

Sue Benedek, Esquire  
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## **III. REQUEST FOR APPROVAL TO PARTICIPATE IN A FINANCING ARRANGEMENT**

Petitioner requests Board approval to participate in the new financing arrangement in the aggregate principal amount of \$840 million as described herein. First, Financing has issued \$840 million aggregate principal amount of its Senior Notes in a private offering that was not registered under the Securities Act of 1933. The Senior Notes were offered and sold only to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A of the Securities Act and to non-U.S. persons outside of the United States in accordance with Regulation S under the Securities Act.

Second, Financing has lent funds equal to the \$840 million proceeds of the Senior Notes to its subsidiary Level 3 LLC in return for an intercompany demand note. The intercompany demand note is in substantially the same form as the note utilized for financings approved by the Board in prior financing arrangements.<sup>3</sup> Accordingly, to the extent required, Level 3 LLC also requests authority from the Board concerning the intercompany demand note to Financing, pursuant to *N.J.S.A.* 48:3-9. Since the intercompany demand note is payable on demand, and thus is neither indebtedness payable later than 12 months after the date of the original instrument, nor expressly payable within 12 months, the applicability of *N.J.S.A.* 48:3-9 is unclear. In an abundance of caution, therefore, Level 3 LLC seeks Board approval pursuant to *N.J.S.A.* 48:3-9, and any other applicable regulations and statutes, in the event the intercompany demand note remains unpaid for more than 12 months from the date of issuance.

Petitioner also hereby requests approval from the Board, pursuant to *N.J.S.A.* 48:3-7 and any other laws or regulations deemed applicable, to act as guarantors of the Senior Notes. Petitioner respectfully submits that its guarantee will not be effective until all required regulatory approvals, including the Board's, are obtained.

Petitioner's participation in the new financing arrangement will not result in a change in Petitioner's management or in Petitioner's day-to-day operations in New Jersey, nor will the financing arrangement adversely affect Petitioner's current or proposed operations in New Jersey. Moreover, the financing arrangement will have no impact on Petitioner's ability to fulfill pension obligations to its employees, as required under *N.J.S.A.* 48:3-7. The financing arrangement will enable Financing and Level 3 Parent to take advantage of lower interest rates and more favorable maturity terms, thereby significantly reducing interest expenses. The financing arrangement also

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<sup>3</sup> *See id.*

will provide Petitioner with financial flexibility to maintain and expand its networks and services, and will enable Petitioner to continue delivering services to new markets, thus allowing more consumers to benefit from its competitive services. Accordingly, and to the extent required, Petitioner requests Board approval to participate in the financing arrangement described herein.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

Approval of the financing arrangement described herein will serve the public interest. The financing arrangement enables Financing and Level 3 Parent to refinance their obligations to extend the maturity dates of certain obligations at better interest rates, thus reducing interest expense and the future refinancing risks associated with the scheduled maturity described herein.

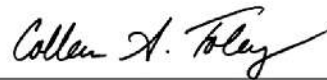
As a result, approval of this Verified Petition strengthens the companies' overall financial position. Specifically, these steps are a part of the companies' ongoing efforts to manage their maturity profile and continue to strengthen their overall credit profile. Petitioner, Financing, and Level 3 Parent expect that the capital markets will look favorably upon these steps. As such, they expect the financing arrangement will provide greater access to capital, which will yield both financial benefits and operational flexibility, and as such, will ultimately inure to the benefit of Petitioner's New Jersey customers. In addition, existing and future customers will have a more favorable view of Petitioner's financial health.

Furthermore, the financing arrangement 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 consummation of the financing arrangement, Petitioner will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms, or conditions.

V. **CONCLUSION**

For the reasons set forth above, Petitioner submits that the public interest, convenience, and necessity will be furthered by expeditious Board approval of its participation in the financing arrangement described herein.

Respectfully submitted,



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Counsel for Petitioner

August 26, 2020

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**


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**CERTIFICATION IN SUPPORT OF PETITION**

**GARY MAXWELL COX**, of full age, certifies as follows:

1. I am Vice President, Deputy General Counsel & Assistant Secretary of CenturyLink, Inc. (the "Company").
2. I am duly authorized to make this Certification on behalf of the Company's certificated operating subsidiaries, including the Petitioner in the foregoing Petition, Level 3 Communications, LLC.
3. I hereby certify that the foregoing Petition was prepared under my direction and supervision.
4. I further certify that the statements and information in the foregoing Petition are true and correct to the best of my knowledge, information, and belief. I am aware that, if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: August 25, 2020

  
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Name: Gary Maxwell Cox  
Title: Vice President, Deputy General Counsel, and Assistant Secretary, CenturyLink, Inc.