



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: May 23, 2011

Re: In the Matter of the Joint Application of Level 3 Communications, Inc., Apollo Amalgamation Sub, Ltd., Level 3 Communications, LLC, Broadwing Communications, LLC, WilTel Communications, LLC and Global Crossing North America, Inc., Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc. for Approval of the Transfer of Control and Related Transactions Docket Number(s): 11-2266-01 and 11-2246-01.

RECOMMENDATION (Approve):

The Division of Public Utilities (Division) has reviewed the joint application and does not oppose this transfer of control. The Applicants represent that this transfer is in the public interest. As a result of the acquisition, all parties involved should be in a better position to provide expanded and advanced telecommunications services because of improved financial stability and access to the technical and managerial abilities of the combined companies.

EXPLANATION:

On May 02, 2011, Global Crossing Limited (“Global Crossing”) and Level 3 Communications, Inc (“Level 3”) notified the Commission of a transaction which will result in a transfer of control of Global Crossing to Level 3.

Global Crossing Limited is a New York corporation, headquartered at 225 Kenneth Drive, Rochester, New York 14623. Global Crossing’s indirect operating subsidiaries, the GC Companies, together with its other U.S. and international affiliates, provide telecommunications solutions over the world’s first integrated global IP-based network. Its core network connects more than 300 major cities in twenty-nine countries worldwide, and delivers services to more than 600 cities in sixty countries and six continents around the globe. The GC Companies and

their affiliates offer a full range of managed data and voice products to enterprise customers, carriers, mobile operators and ISPs.

The GC Companies are Michigan corporations and wholly owned indirect subsidiaries of Global Crossing. The GC Companies are authorized to provide telecommunications services as competitive, non-dominant carriers pursuant to certification, registration or tariff requirements, or on a deregulated basis in all fifty states and the District of Columbia. The GC Companies operate as non-dominant domestic interstate telecommunications carriers under the FCC's blanket authority. GC Telecommunications also operates as an international telecommunications carrier through FCC authority held by Global Crossing. In Utah, GC Telecommunications is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission, as revised on September 22, 1999. GC Local is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission in Docket No. 10-2246-01.

Level 3 Communications, Inc is a Delaware corporation with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Apollo Sub, a Bermuda company and wholly owned subsidiary of Level 3, was recently formed for the purpose of accomplishing the proposed transaction. Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network through its wholly owned indirect subsidiaries, the Level 3 Companies. The Level 3 Companies are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. The Level 3 Companies are also authorized by the FCC to provide international and domestic interstate services as non-dominant carriers.

In Utah, Level 3 is authorized to provide facilities-based and resold local and interexchange services and other public telecommunications services pursuant to authority granted by the Commission Docket No. 98-2266-01 on March 08, 1999. Broadwing is registered to provide interexchange telecommunications services. WilTel is authorized to provide facilities based and resold local and interexchange telecommunications services pursuant to authority granted by the Commission in Docket No. 99-2271-01 on October 06, 1999, and an Erratum Order on October 07, 1999.

On April 11, 2011, Level 3, Apollo Sub, and Global Crossing's indirect parent company, Global Crossing Limited, entered into an Agreement and Plan of Amalgamation whereby Apollo Sub and Global Crossing Limited will be merged under Bermuda Law. Following the merger of Global Crossing Limited and Apollo Sub, the separate corporate existence of Apollo Sub and Global Crossing Limited will cease, and the combined company, renamed Level 3 GC Limited, will exist as a wholly owned subsidiary of Level 3 Financing and ultimately a wholly owned subsidiary of Level 3 LLC. Following consummation of the transaction, the GC Companies will continue to operate their facilities and provide service to their customers at the same rates, terms, and conditions, ensuring a seamless transition of ownership.

The Applicants state that the transactions described herein will serve the public interest. Applicants expect that the merger will enable the combined entity to better meet the local, national and global needs of enterprises, wholesale buyers, and other customers. The transaction will bring together two successful carrier organizations that have proven themselves in a highly competitive marketplace. The transaction will help create a stronger competitor by bringing together each organization's respective strengths.

The Applicants state that the transaction will be conducted in a manner that will be largely transparent to customers of the Level 3 Companies and the GC Companies. The Applicants further state that the transaction 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 transaction, the Level 3 Companies and the GC Companies will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms or conditions. Both L3 Level 3 Communications and the Global Crossing Telecommunications [BD1] will retain their current Certificate of Public Convenience and Necessity (CPCN) in the state of Utah.

cc: William J. Evans, Legal Counsel, Parsons, Behle & Latimer
Catherine Wang, Legal Counsel for Level 3 Companies
Matthew Brill, Legal Counsel for Global Crossing Companies
Richard E. Thayer, Senior Counsel, Level 3 Communications, Inc.
Paul Kouroupas, Vice President Regulatory Affairs, Global Crossing