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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THOMAS BRADY
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

MEMORANDUM

To: Public Service Commission

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

Date: July 31, 2014

Re: In the Matter Matter of the Joint Application of Level 3 Communications, Inc., Saturn Merger Sub 1, LLC, Saturn Merger Sub 2, LLC, Level 3 Communications, LLC, Broadwing Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., WiTel Communications, LLC and tw telecom inc., tw telecom holdings inc., and tw telecom of utah llc for Approval of Transfer of Control and Related Transactions, Docket Number 14-2351-01.

RECOMMENDATION (Approve):

The Division of Public Utilities (“Division”) has reviewed the joint application between Level 3 Communications, Inc. and their subsidiaries (“Level 3”) and tw telecom inc and their subsidiaries (“tw telecom”)(together the “Applicants”) and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Public Service Commission Rule R746-349-7. The Division believes that the public interest will be promoted by recommending that the Public Service Commission (“Commission”) approve their application. As a result, of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

EXPLANATION:

On or about July 02, 2014, Level 3 and tw telecom notified the Commission of a transaction, which will result in a transfer of control of tw telecom to Level 3.

Level 3 Communications, Inc. is a Delaware corporation headquartered at 1025 Eldorado Boulevard, Broomfield, CO 80021. Level 3 is authorized to provide public telecommunications services in the State of Utah by the Commission on March 08, 1999, Docket No. 98-2266-01.

Level 3 is also the parent company of four additional companies that offer telecommunication services in Utah. These companies are as follows:

1. Broadwing Communication, LLC, is registered to provide interexchange telecommunications services.
2. Global Crossing Telecommunications, Inc., (GC Telecommunications) is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission, as revised on September 22, 1999.
3. Global Crossing Local Services, Inc., (GC Local) is authorized to provide intrastate telecommunications services pursuant to authority granted by the Commission in Docket No. 10-2246-01.
4. WilTel Communications, LLC, 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 6, 1999, and an Erratum Order on October 7, 1999.

tw telecom, inc., is a Delaware corporation headquartered at 10475 Park Meadows Drive, Littleton, CO 80124. tw telecom is the parent company of tw telecom holdings inc which is the parent company of tw telecom of utah inc.

tw telecom has authorization to provide telecommunication services in the State of Utah through its subsidiary tw telecom of utah which, was granted by the Commission on December 11, 2000, Docket No. 00-2351-01.

On June 15, 2014, Level 3 and tw telecom entered into an agreement whereby tw telecom will merge with Level 3. As a result of the transaction, Level 3 will indirectly control tw telecom's operating subsidiaries including tw telecom of utah.

Immediately after the transaction, tw telecom utah will continue to operate its facilities and provide service to its customers under the same name and at the same rates, terms, and conditions, ensuring a seamless transition of ownership without confusion or adverse impact to customers.

The Applicants submit that the transaction described herein will serve the public interest. The Applicants expect that the merger will enable the combined entities to better meet the 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. Operating as an integrated company will allow each of the operating companies to be more competitive and to deliver greater value and variety of services to their customers than they do individually.

The Applicants further submit that the transaction will be conducted in a manner that will be largely transparent their customers. 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.

The Division has reviewed the joint application between Level 3 and tw telecom and has found that they have provided the necessary information to fulfill the requirements as stated in the existing Public Service Commission Rule R746-349-7. The Division believes that the public interest will be promoted by recommending that the Commission approve their application. As a result, of the acquisition, the Companies should be in a better position to provide expanded and advanced telecommunications services in the State of Utah.

cc. William J. Evans, Counsel for Level 3, Parsons, Behle & Latimar
Catherine Wang, Counsel for Level 3, Bingham McCutchen LLP
Richard E. Thayer, Senior Counsel for Level 3 Communications, Inc.
Jerold G. Oldroyd, Counsel for tw telecom, Ballard Spahr LLP
Greg Diamond, Vice President of Regulatory, tw telecom
Justin Jetter, Assistant Attorney General, State of Utah
Cheryl Murray, Utility Analyst, Office of Consumer Services, State of Utah