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Attorney for Level 3

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

Joint Application for All Approvals Required Under Utah Code for the Transfer of Control of Level 3 Communications, Inc. together with:

Level 3 Communications, LLC;  
Broadwing Communications, LLC;  
WilTel Communications, LLC;  
Global Crossing Telecommunications, Inc.;  
Global Crossing Local Services, Inc.; and  
Level 3 Telecom of Utah, LLC;

To Transferee, CenturyLink, Inc.

Level 3 Communications, LLC  
Docket No. 16-2266-01

Global Crossing Local Services, Inc.  
Docket No. 16-2246-01

WilTel Communications, LLC  
Docket No. 16-2271-01

Level 3 Telecom of Utah, LLC  
Docket No. 16-2351-02

**JOINT APPLICATION FOR APPROVAL  
OF INDIRECT TRANSFER OF CONTROL**

Level 3 Communications, Inc. (“Level 3”) and CenturyLink, Inc. (“CenturyLink”) (together “Joint Applicants”) respectfully request that the Public Service Commission of Utah (“Commission”) grant all approvals and certificates as may be necessary or required for the indirect transfer of control of all Level 3 operating entities certificated by the Commission (collectively, “Level 3 OpCos”)<sup>1</sup> to CenturyLink (“the “Transaction”).<sup>2</sup> This Joint Application is submitted pursuant to and meets the requirements of Utah Code Ann. §§ 54-4-28, 54-4-29 and 54-4-30. Further, as set forth herein, it is appropriate for the Commission to consider the Application under the informal adjudication process for a CLEC transaction in accordance with Utah Administrative Code R746-349-7.

Joint Applicants request prompt approval of this parent-level transaction. Because the Transaction is expected to close by September 30, 2017, Joint Applicants request a final Commission order no later than June 30, 2017, to enable the parties to complete the arrangements necessary for closing by the September deadline. Prompt approval of the proposed Transaction will serve the public interest and should be granted. In support of this application, Joint Applicants state as follows:

## **I. DESCRIPTION OF THE APPLICANTS**

### **A. The Level 3 Companies**

Level 3 is a publicly traded Delaware corporation with headquarters located at 1025 Eldorado Boulevard, Broomfield, Colorado. Level 3 is a global telecommunications and information services company which, through its operating subsidiaries, offers a wide range of

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<sup>1</sup> Level 3 Communications, LLC; Broadwing Communications, LLC; WilTel Communications, LLC; Global Crossing Telecommunications, Inc.; Global Crossing Local Services, Inc.; and Level 3 Telecom of Utah, LLC.

<sup>2</sup> Level 3 and CenturyLink submit this Joint Application in their sole and limited capacity as parties to this proposed Transaction and not as regulated entities.

communications services over its broadband fiber-optic network in North and South America, Europe, and Asia, including IP-based services, broadband transport, collocation services, and patented Softswitch-based voice services. The Level 3 operating subsidiaries, including the Level 3 OpCos, are non-dominant carriers that are authorized to provide resold and facilities-based telecommunications services nationwide pursuant to certification, registration, or tariff requirements, or on a deregulated basis. The Level 3 operating subsidiaries, including the Level 3 OpCos, provide services to enterprise, government, and carrier customers.

There are six Level 3 OpCos each holding certificates of public convenience from the Commission or otherwise authorized to operate in Utah. Below is a brief description of the Utah authority held by each of the Level 3 OpCos:

1. Level 3 Communications, LLC – This entity is authorized to provide facilities-based local exchange, interexchange and other public telecommunications services within Utah pursuant to authorization granted in Docket No. 98-2266-01 on March 8, 1999.
2. Broadwing Communications, LLC – This entity provides interexchange telecommunications pursuant to notice filed with the Commission.
3. Global Crossing Telecommunications, Inc. – This entity provides interexchange telecommunications pursuant to notice filed with the Commission.
4. Global Crossing Local Services, Inc. – This entity is authorized to provide local exchange telecommunications services pursuant to authority granted in Docket No 10-2246-02.<sup>3</sup>
5. WilTel Communications, LLC – This entity is authorized to provide resold and facilities-based interexchange and local exchange telecommunications service pursuant to authorization granted in Docket 99-2271-01.
6. Level 3 Telecom of Utah, LLC – This entity is authorized to provide interexchange services and other public telecommunication services,

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<sup>3</sup> In Docket No. 10-2246-02, the Commission approved the merger of Global Crossing Telemanagement with Global Crossing Local Services, with Global Crossing Local Services surviving, on October 6, 2010. In Docket No. 11-2397-01, the Commission approved the cancellation of Global Crossing Telemanagement's CPCN 2397 on March 14, 2011.

anywhere within the state of Utah. This authorization was initially granted on December 11, 2000, in Docket No. 00-2351-01 to Time Warner of Utah. Time Warner of Utah later became Time Warner Telecom and then changed its name to tw telecom in Docket No. 08-2351-01. In Docket No. 16-2351-01, tw telecom filed a notice that the company's name changed to Level 3 Telecom of Utah, LLC. On June 3, 2016, the Commission issued an order acknowledging the company's new name and amended the CPCN.

## **B. CenturyLink**

CenturyLink is a publicly traded Louisiana corporation with headquarters at 100 CenturyLink Drive, Monroe, Louisiana. CenturyLink offers communications services, including local and long-distance voice, wholesale local network access, high-speed internet, and information, entertainment, and fiber transport services through copper and fiber networks, to consumers and businesses in 50 states. CenturyLink also provides high-speed internet access services and data transmission services. In certain local and regional markets, CenturyLink provides telecommunications services as a competitive local exchange carrier ("CLEC"), offers security monitoring, and provides other communications, professional, business, and information services.<sup>4</sup>

As of December 31, 2015, CenturyLink provided high-speed internet access services to over six million customers and had approximately 11.7 million voice access lines. In addition, CenturyLink operates a state-of-the-art fiber transport system, which provides wholesale and retail fiber-based transport services to its customers. CenturyLink operates a wholesale business, selling access to its network to other carriers, cable companies, internet service providers ("ISPs"), and resellers, and also sells database services on a wholesale basis.

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<sup>4</sup> References to CenturyLink's services and network in this Joint Application refer to those of its wholly owned operating subsidiaries.

CenturyLink, Inc. itself does not offer services in Utah and is not certificated by this Commission. CenturyLink, Inc. is the ultimate parent of the following operating subsidiaries that are certificated by this Commission:

1. Qwest Corporation – This entity is authorized by the Commission to provide local exchange services, as well as intrastate interexchange services. Qwest Corporation provides regulated retail and wholesale services under jurisdiction of the Commission, as well as interconnection services to CLECs through numerous interconnection agreements approved by the Commission, all in accordance with CPCN 1499.
2. CenturyLink Communications, LLC – This entity is authorized by the Commission to provide long distance and competitive local exchange services pursuant to CPCN 2204.<sup>5</sup>

**II. DESIGNATED CONTACTS**

A. Communications and correspondence for the proceeding herein should be sent to the following individuals:

For CenturyLink	For Level 3
<p>Torr R. Somers, Esq. (30029)            CenturyLink            6700 Via Austi Parkway            Las Vegas, NV 89119            Phone: (702) 244-8100            E-mail: <a href="mailto:torry.r.somers@centurylink.com">torry.r.somers@centurylink.com</a></p> <p><u>With a copy to:</u></p> <p>James Farr            CenturyLink            250 E. 200 South            Salt Lake City, UT 84111-2003            Phone: (801) 238-0240  <a href="mailto:james.farr@centurylink.com">james.farr@centurylink.com</a></p>	<p>William J. Evans, Esq. (5276)            PARSONS BEHLE &amp; LATIMER            One Utah Center            201 South Main Street, Suite 1800            Salt Lake City, UT 84111            Tel: (801) 532-1234            Fax: (801) 536-6111            E-mail: <a href="mailto:bevans@parsonsbehle.com">bevans@parsonsbehle.com</a></p> <p><u>With a copy to:</u></p> <p>Catherine Wang, Esq.            Danielle Burt, Esq.            Morgan, Lewis &amp; Bockius LLP            2020 K Street, N.W.            Washington, DC 20006            Phone: (202) 373-6000            Fax: (202) 373-6001</p>

<sup>5</sup> CPCN 2204 for Qwest Communications Company was approved in Docket No. 94-2204-01 on August 21, 1995. In Docket No. 13-2204-02, the Commission approved a restructuring and name change to CenturyLink Communications, LLC.

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### **III. DESCRIPTION OF THE PROPOSED TRANSACTION**

#### **A. Description of the Transfer of Control**

On October 31, 2016, CenturyLink entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Level 3, Wildcat Merger Sub 1 LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of CenturyLink (“Merger Sub 1”), and WWG Merger Sub LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of CenturyLink (“Merger Sub 2”).<sup>6</sup>

In connection with entering into the Merger Agreement, CenturyLink, Inc. created a direct subsidiary, Wildcat Holdco LLC, a Delaware limited liability company (“Holdco”), which in turn created two direct subsidiaries of its own, Merger Sub 1 and Merger Sub 2. The Merger Agreement provides, among other things, that subject to the satisfaction or waiver of the conditions set forth therein (i) Merger Sub 1 will merge with and into Level 3, with Level 3 surviving (the “Initial Merger”), and (ii) immediately thereafter, Level 3 will merge with and into Merger Sub 2, with Merger Sub 2 surviving (the “Subsequent Merger” and, together with the

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<sup>6</sup> The Merger Agreement is attached to CenturyLink’s 8K and can be found online at <http://ir.centurylink.com/Cache/36548388.pdf?IID=4057179&FID=36548388&O=3&OSID=9>.

Initial Merger, the “Combination”). Following the Combination, Merger Sub 2 (the successor to Level 3) will be a direct wholly owned subsidiary of Holdco, and Holdco will be a wholly owned direct subsidiary of CenturyLink, Inc. Merger Sub 2 will survive the Subsequent Merger as an indirect wholly owned subsidiary of CenturyLink. As a result of the Combination, the Level 3 OpCos will be indirect, wholly owned subsidiaries of CenturyLink.

Under the Merger Agreement, at the effective time of the Initial Merger, each outstanding share of Level 3 common stock, par value \$0.01 per share (the “Level 3 Common Stock”), other than shares held by holders who properly exercise appraisal rights, will be converted into the right to receive \$26.50 in cash, without interest, and 1.4286 shares of CenturyLink common stock, par value \$1.00 per share (the “CenturyLink Common Stock”). Upon closing of the Transaction, CenturyLink shareholders will own approximately 51 percent and Level 3 shareholders will own approximately 49 percent of the combined company. The Combination is subject to (i) the approval and adoption of the Merger Agreement by the stockholders of Level 3 and (ii) the approval by the shareholders of CenturyLink of the issuance of the CenturyLink Common Stock in the Initial Merger. The Combination also is subject to other customary closing conditions, including federal and state commission approvals.<sup>7</sup>

Joint Applicants request approval for the indirect transfer of control of the Level 3 OpCos from Level 3 to CenturyLink. For the Commission’s reference, pre- and post-Transaction organization charts are provided as Exhibit A.<sup>8</sup>

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<sup>7</sup> The following is the link to the application the Joint Applicants filed at the FCC: <https://ecfsapi.fcc.gov/file/12131078120341/CenturyLink-Level%203%20214%20Application.pdf>. A copy of the FCC domestic section 214 Application is also attached hereto as Exhibit B.

<sup>8</sup> The Level 3 organization chart reflects that in 2012, Level 3 eliminated a holding company that was a subsidiary of Global Crossing North America, Inc. and parent of Global Crossing Telecommunications, Inc. and Global Crossing Local Services, Inc. This change was entirely pro forma in nature and did not result in a change to the ultimate ownership or management of the certificated companies, the services provided to consumers or the names of the certificated service providers operating in the state. Please note also that Global Crossing North American Holdings, Inc. (“GCNAH”) is a direct subsidiary of Level 3 Communications, LLC (“Level 3 LLC”). In a prior

## **B. Description of the Financing Arrangements**

As stated above, Level 3 shareholders will receive \$26.50 in cash and 1.4286 newly-issued shares of CenturyLink, Inc. for each outstanding share of Level 3 Communications, Inc. as consideration for the Transaction. The aggregate value of the consideration is \$24.5 billion,<sup>9</sup> of which the cash portion is approximately \$9.5 billion.

CenturyLink expects to incur \$8.225 billion of debt (together with the New Revolving Facility described below, the “Acquisition Debt”) in connection with the Transaction.<sup>10</sup> In addition, in connection with the Transaction, CenturyLink expects to enter into a new \$2 billion five-year secured revolving credit facility (the “New Revolving Facility”) to replace its existing \$2 billion revolving credit facility that matures in 2019 (the “Existing Revolving Facility”). CenturyLink expects to use approximately \$1.150 billion of the Acquisition Debt proceeds to refinance certain existing debt of CenturyLink and Level 3. Accordingly, the incremental debt CenturyLink expects to incur in connection with the Transaction will be approximately \$7.075 billion. CenturyLink will apply this amount, together with cash on hand of CenturyLink and Level 3, to finance the cash portion of the Acquisition consideration and related fees and expenses.

The borrower of the Acquisition Debt will be CenturyLink. The Acquisition Debt will be guaranteed by: (1) Holdco, (2) CenturyLink Communications, LLC and (3) certain subsidiaries

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filing in 2014 relating to Level 3’s acquisition of the former tw telecom companies, the post-closing organization chart mistakenly indicated that GCNAH was a direct subsidiary of another company called Level 3 GC Limited, which, like Level 3 LLC, is a direct subsidiary of Level 3 Financing, Inc. Joint Applicants request that the Commission grant any necessary authority for the *pro forma* change as part of the Commission’s approval of this Joint Application.

<sup>9</sup> Assumes CenturyLink stock is valued at a \$28/share reference price.

<sup>10</sup> CenturyLink expects the Transaction Debt to be comprised of \$2.15 billion of seven-year secured notes and \$6.075 billion of secured term loans in two tranches; however, the specific allocation of the Transaction Debt between the secured notes and tranches of term loans, as well as the maturity dates for the Transaction Debt, will be subject to negotiation with lenders and will depend on credit market conditions at the time. The interest rate will be a market rate for such financings and will not be determined until the financing arrangements are finalized.



of CenturyLink that guarantee the Existing Revolving Facility, subject to required regulatory approvals. Level 3 Communications, Inc. and its subsidiaries, including the Level 3 OpCos, will not be guarantors of the Acquisition Debt. With the exception of CenturyLink Communications, LLC being a guarantor, none of the Utah regulated entities are participating as co-borrowers, guarantors, or issuers of security interests in regulated assets relative to the Acquisition Debt. Each guarantee (other than the guarantee by Embarq Corporation) will be secured by a security interest in substantially all of the assets of the guarantor providing such guarantee, including all of the capital stock of such guarantor's direct subsidiaries.<sup>11</sup> CenturyLink, Inc.'s assets (including the stock of its direct subsidiaries) will not be pledged as security for the Acquisition Debt.

All existing indebtedness of CenturyLink and its subsidiaries and of Level 3 and its subsidiaries is expected to remain in place in connection with the Acquisition, except for approximately \$1.150 billion of existing debt that will be refinanced by the Acquisition Debt.

After giving effect to the Transaction, the Acquisition Debt and anticipated synergies, CenturyLink expects to have consolidated total leverage of less than 3.7 times its 2017 EBITDA. CenturyLink intends to return to a long-term leverage target of approximately 3.0x.

#### **IV. INFORMATION REQUIRED BY R746-349-7**

Pursuant to R746-349-7, Applicants provide the following information and the information provided in Section VI:

##### **A. Identification that it is not an ILEC;**

None of the Applicants undergoing a change in control serves as an ILEC in Utah. Although

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<sup>11</sup> This means, among other things, that (I) the stock of Qwest Corporation will be pledged by its direct parent Qwest Services Corporation, which will be a guarantor, and (II) the stock of WWG Merger Sub LLC, the successor by merger to Level 3 Communications, Inc., will be pledged by its direct parent, Wildcat Holdco LLC, which will be a guarantor.

one of CenturyLink's subsidiaries, Qwest Corporation, serves as an ILEC in Utah, it is not undergoing a change of control.

**B. Identification that it seeks approval of the Application pursuant to this rule;**

Applicants confirm that they seek approval of the Application pursuant to the informal adjudication process set forth in this rule.

**C. A reasonably detailed description of the transaction for which approval is sought;**

A reasonably detailed description of the transaction is provided in Section III, above.

**D. A copy of any filings required by the Federal Communications Commission or any other state utility regulatory agency in connection with the transaction; and**

Applicants have filed applications with the FCC for the Transaction. A copy of the Domestic Section 214 Application filed with the FCC is attached as Exhibit B. In connection with this transaction, Applicants also expect to request approval and pleadings regarding regulatory action with the utility regulatory agencies ("PUCs") in the following jurisdictions: Alaska, Colorado, Delaware, the District of Columbia, Georgia, Hawaii, Maryland, Minnesota, Mississippi, Montana, Nebraska, New Jersey, New York, Ohio, Oregon, Pennsylvania, Utah, Virginia, Washington, and West Virginia. Due to the voluminous nature of the filings, Applicants will provide copies of any filings at the request of the Commission or the parties to this docket.

**E. Copies of any notices, correspondence or orders from any federal agency or any other state utility regulatory agency reviewing the transaction which is the subject of the Application.**

Applicants have not yet received any notices, correspondence or orders from any federal agency or PUC reviewing the transaction. To the extent requested by the Commission, Applicants will forward any orders or similar actions granting or denying the request for transfer of control.

**V. THE TRANSACTION IS IN THE PUBLIC INTEREST**

Utah Code Ann. §§ 54-4-28, 54-4-29 and 54-4-30 grants the Commission authority to approve the transfer requested in this Application. In approving this Transaction, the Commission must consider whether the Transaction is in the public interest.

As addressed below, the Transaction is in the public interest. The Transaction will provide affirmative benefits without any adverse impacts or harm. Approval of the proposed Transaction will enable the Applicants to combine their complementary fiber networks to offer customers of enterprise services a broader range of on-net services and solutions than they currently can obtain from the Applicants individually, reduce the combined company's dependence on leased fiber facilities, and, by enhancing the combined company's reach and financial profile, strengthen its ability to invest and compete for the long term. In doing so, the proposed Transaction will allow the combined company not only to provide better service and a fuller suite of solutions to its base of enterprise customers, but also to serve as a stronger competitor to compete successfully for these customers.

CenturyLink and Level 3 have in the past focused primarily on serving different geographic areas and customer segments. CenturyLink is a mid-sized ILEC that provides voice, broadband, and video services to business and residential customers in rural, suburban and urban territories, including Utah. CenturyLink serves some enterprise customers both within and outside of its ILEC territory, but its fiber-based footprint for high-demand services such as Ethernet is limited relative to that of its largest competitors, especially outside of its ILEC territory. CenturyLink has a relatively modest internet backbone and a small resale-based presence in the international transport market. In fact, it holds a small ownership interest in only one subsea cable that lands in the U.S. and otherwise leases all of its international transport capacity (including to and from the U.S.) from others.

In contrast, Level 3 serves no residential customers. It focuses on serving businesses, primarily large enterprise customers. Most of Level 3's customers are located outside of CenturyLink's ILEC territory. Level 3 serves customer locations via its own fiber facilities where possible, but Level 3's fiber facilities do not reach the majority of the customer locations it serves. Where this is the case, Level 3 serves the customer locations via end user connections leased from another carrier. Still, Level 3 has been able to use those connections to become a leader in the provisioning of high-demand Ethernet services to customers, again primarily outside of CenturyLink's ILEC territory. Level 3 also has a significant internet backbone and an international transport business.

The Transaction will enable the Applicants to combine these complementary businesses to become a more effective competitor in the provision of enterprise services — an area that is growing and evolving due to increased bandwidth needs. Both CenturyLink and Level 3 have proven track records when it comes to scaling their businesses through organic growth and acquisitions. This has enabled them to evolve over time. But their ability to continue to compete effectively in the provision of enterprise services is challenged by the presence of other, larger-scale providers. Indeed, as the needs of enterprise customers have grown, both CenturyLink and Level 3 have found themselves at a competitive disadvantage vis-à-vis larger, better-capitalized competitors with greater national and in some cases global reach. By combining their network resources, services and solutions, the Transaction will enable the combined CenturyLink and Level 3 to become a more viable, better-resourced competitor with enhanced service delivery capabilities.

At the same time, the Transaction will not result in any countervailing competitive harms. The Transaction will not affect existing contractual obligations between the Applicants and their

customers; those obligations will continue to be governed by the relevant contractual terms once the Transaction closes. The Transaction will not adversely affect consumers, including those who receive residential services from CenturyLink. As noted above, Level 3 does not serve residential subscribers or consumers, and nothing about the Transaction is expected to negatively affect the portion of CenturyLink's operations that is directed at the consumer segment. The Transaction will have no effect on CenturyLink's regulatory obligations toward residential subscribers, or on any pending commitments or obligations CenturyLink may have in connection with those subscribers. The Transaction's focus is on enhancing the ability of the combined company to compete vigorously in the provision of enterprise services.

In short, as discussed more fully herein, the Transaction will promote competition, will not result in any countervailing harms, and is in the public interest.

**A. The Transaction Will Bolster Competition for Enterprise Services**

1. The Combined Company Will Offer a Complementary and Expanded Array of High-Quality Services Over a More Extensive and Robust Fiber Network

The proposed Transaction, once consummated, will significantly enhance the Applicants' combined network facilities, bolstering the combined company's ability to compete for multi-location customers who prefer providers that are able to offer on-net access on a national or global scale. The combined company's expanded reach will enable the company to serve a higher proportion of locations using its own end user connections. By increasing the number of its on-net end user connections, the combined company will be able to reduce its off-net access costs. It also will be able to provide better quality control for customers. The combination of CenturyLink and Level 3 will particularly improve the ability of the Applicants to serve multi-location customers.

The combination of CenturyLink and Level 3 also will facilitate the availability of complementary and improved enterprise service to customers. By combining forces, CenturyLink and Level 3 will be able to provide a more complete and fulsome array of connections and services to their customer base, positioning the combined company to compete more effectively against those who already provide this array of service offerings to customers. This includes, but not limited to, increased managed services, content delivery networks, internet protocol based virtual private network capabilities, network security, and advanced intelligence services.

**2. The Combined Company Will Benefit from Continuity in Experienced Leadership that Has a Proven Track Record of Successfully Effectuating Combinations**

The executive team of the combined company will consist of top talent from CenturyLink and Level 3, which will ensure continuity in leadership with deep management and integration experience. After the close of the Transaction, Glen Post, CenturyLink's current Chief Executive Officer and President, will serve as Chief Executive Officer and President of the combined company, and Sunit Patel, Level 3's current Executive Vice President and Chief Financial Officer, will serve as Chief Financial Officer of the combined company. By retaining senior leadership from both companies, the combined company will ensure that the key qualities and attributes that have made CenturyLink and Level 3 successful to date in their respective businesses will carry forward to the new company. In addition, the combined company intends to evaluate and retain managers, engineers, and other personnel to be identified from both CenturyLink and Level 3 who will support the efforts of these senior leaders by continuing to offer their considerable skills and expertise to the combined company. Many of these individuals will have integration experience, including in the key enterprise segment that is the focus of this Transaction.

CenturyLink and Level 3 also have a demonstrated record of successfully integrating the businesses they acquire and meeting or exceeding their synergy targets while continuing to provide high-quality service.

These successful merger integrations did more than improve CenturyLink's and Level 3's businesses. They enabled these companies to become more formidable competitors, thereby bringing the benefits of competition to customers. The Applicants expect these same benefits to follow from their proposed combination.

### 3. The Transaction Will Improve the Combined Company's Financial Profile

Once completed, the Transaction is expected to bolster the financial profile of the combined company, thereby enhancing its ability to compete in the provision of enterprise services. The combined company will have approximately \$19 billion in pro forma business revenue and \$13 billion in business strategic revenue for the trailing twelve months ended June 30, 2016. Efficiencies enabled by the Transaction will improve access to capital, which will better position the company to make strategic investments in new infrastructure and services while eliminating duplicative network investments as standalone companies. This additional scope and scale will provide the combined company with greater purchasing power from vendors and access to the latest network technologies. The combined company also will be able to reduce its indebtedness more rapidly through increased free-cash flow generation that will result from its greater scale.

In terms of revenue stability, more than three-fourths — 76 percent — of the combined company's revenue will be derived from business customers, and 65 percent of the combined company's core revenue will be from strategic services. The increased scale afforded by the combined company is expected to generate synergies, primarily from the consolidation of

duplicative functions, systems integration, and increased operational and capital efficiencies. The Applicants expect that the Transaction will create a more stable, growth-oriented service provider with lower costs and the financial wherewithal to compete with larger, better-capitalized competitors in the market. These expected outcomes further demonstrate that the Transaction is in the public interest.

**B. The Transaction Will Not Result in Any Countervailing Competitive Harms**

The Applicants recognize and appreciate that continuity of service is among the top priorities of their customers. The Transaction will have no effect on either CenturyLink's or Level 3's contractual and regulatory obligations to its customers. Specifically, the Transaction will not alter the rates, terms, and conditions of service under customers' current contracts. The Applicants also will continue to abide by their ongoing obligations under existing interconnection agreements, as well as under applicable law, including, for example, those set forth in Sections 251 and 252 of the Communications Act of 1934, as amended. 47 U.S.C. §§ 251 *et seq.*

The Transaction also will not create a risk of any harm to consumers, including those who receive residential services from CenturyLink. The Transaction will in no way affect CenturyLink's existing obligations or commitments to residential subscribers, all of which will remain intact. If anything, by making the combined company a stronger, better-resourced competitor in the enterprise market, CenturyLink can be expected to have greater resources at its disposal to serve all of its customers. The Transaction will not result in any change to the regulatory status of the Level 3 OpCos. The Level 3 OpCos will remain subject to the same regulatory obligations as they do now. Moreover, because the Transaction results in no direct change to Level 3 OpCos' operations, it is transparent to customers. There is no change in services or rates as result of the Transaction. The Level 3 OpCos will continue to offer services



subject to the same rules, regulations and applicable tariffs or price lists as they do now.<sup>12</sup> As such, customers will benefit and experience increased confidence and satisfaction from a provider that will be better positioned to meet their demands in the future.

The Applicants also expect that their internal systems will be consolidated and integrated efficiently, which will ensure that the service their customers receive continue without disruption. As noted above, past merger integration experiences provide a strong basis to expect this.

In short, the Transaction will bring an array of benefits to enterprise customers without any countervailing drawbacks to consumers or competition, and therefore promotes the public interest.

## **VI. REQUEST FOR INFORMAL ADJUDICATION AND/OR EXPEDITED PROCEEDINGS**

The Joint Applicants respectfully seek informal adjudication and/or expedited approval of this Application. Utah Administrative Code R746-349-7 permits informal adjudication of certain CLEC merger and acquisition transactions. Level 3 and its subsidiaries, including the Level 3 OpCos, are the only entities in this Transaction that have a change in control. The Level 3 OpCos are either a CLEC or provide interexchange services that are not regulated by the Commission. Qwest Corporation is an ILEC in Utah, and it is not undergoing any change in control. Given this, the Joint Applicants request the Commission notice the proceeding as set forth in R746-349-7(2). Further, in the event there is no objection, the Commission can presume that approval of the Transaction is in the public interest and use the information contained in the Application and accompanying documents as evidence to support a Commission order.

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<sup>12</sup> Future rate changes will continue to be governed by applicable Commission rules and procedures, as is the case today.

Even if the Commission does not proceed under informal adjudication process, prompt approval is requested to allow the Joint Applicants to more quickly integrate the companies in order to bring those benefits to customers and shareholders sooner. Prompt approval of this Joint Application will allow the new company to promptly engage and quickly respond to the ever-changing telecommunications marketplace.

The Transaction is expected to close by September 30, 2017. CenturyLink and Level 3 respectfully request the Commission complete its review of this Application in an expedited fashion, and no later than June 30, 2017, to enable the parties to complete the arrangements necessary for closing by the September deadline.

## **VII. CONCLUSION**

**WHEREFORE**, Joint Applicants respectfully request that the Commission expeditiously grant any and all certificates, consents and approvals necessary for consummation of the proposed Transaction and the indirect transfer of control of the Level 3 OpCos to CenturyLink, Inc.

As the Transaction is expected to close by September 30, 2017, the Joint Applicants respectfully request a final Commission order by June 30, 2017, to enable the parties to complete the arrangements necessary for closing by the September deadline. Prompt Commission approval of the proposed Transaction affirmatively benefits the public interest and should be expeditiously granted by the Commission.

Respectfully submitted December 16, 2016



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