

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Joint Application of) DOCKET NO. 05-2266-02
Level 3 Communications, LLC and)
WilTel Communications Group, LLC for)
Approval of an Indirect Transfer of) ORDER APPROVING INDIRECT
Control of WilTel Communications, LLC) TRANSFER OF CONTROL

SYNOPSIS

The Commission finds the proposed indirect transfer of control of WilTel Communications, LLC to Level 3 Communications, LLC to be in the public interest and approves the same.

ISSUED: December 8, 2005

By The Commission:

PROCEDURAL HISTORY

On October 31, 2005, Level 3 Communications, LLC (“Level 3”) and WilTel Communications Group, LLC (“WilTel Group”) (together hereinafter referred to as the “Parties”) filed a Joint Application requesting Commission approval of an indirect transfer of control of WilTel Communications, LLC (“WilTel Communications”) to Level 3. The Parties request the Commission expeditiously grant the request by December 14, 2005, to enable consummation of the proposed transfer by December 31, 2005.

On December 2, 2005, the Division of Public Utilities (“Division”) filed a memorandum of its investigation of the proposed transfer recommending approval of the same.

DISCUSSION, FINDINGS, AND CONCLUSIONS

WilTel Group is a limited liability company and an indirect subsidiary of Leucadia National Corporation, a publicly-traded New York financial services holding company

engaged through its consolidated subsidiaries in a variety of businesses, including telecommunications. Through its subsidiaries, WilTel Group operates and manages a technologically-advanced, fully operational, next-generation, fiberoptic broadband network that spans approximately 30,000 route-miles connecting 118 cities in the United States and extends to Europe, Mexico and the Pacific Rim.

WilTel Communications is a limited liability company that is a wholly-owned subsidiary of WilTel Group and is a non-dominant carrier that holds authority to provide intrastate interexchange telecommunications services in all 50 states and competitive local exchange telecommunications services in Arizona, Rhode Island, Tennessee, and Utah. In Utah, WilTel Communications is authorized to provide resold and facilities-based local and interexchange services and other public telecommunications services pursuant to a certificate granted by the Commission on October 6, 1999, to Williams Communications, Inc., in Docket No. 99-2271-01, and by Erratum Order dated October 7, 1999. By Order dated December 11, 2000 in Docket No. 00-2271-01, the Commission approved the conversion of Williams Communications, Inc., to a limited liability company and granted a name change to Williams Communications, LLC. On January 7, 2005, in Docket No. 00-2271-01, the Commission approved another change of name to WilTel Communications, LLC.

Level 3 is a limited liability company which provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. Level 3 is a wholly-owned subsidiary of Level 3 Financing, Inc., which, in turn, is a wholly-owned subsidiary of Level 3 Communications, Inc., a publicly-traded company on the NASDAQ stock exchange. Level 3 is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff

requirements or on a deregulated basis. In Utah, Level 3 is authorized to provide local exchange and interexchange telecommunications services pursuant to certificates granted by the Commission in Docket No. 98-2266-01 on March 8, 1999.

Pursuant to the proposed transaction, Level 3 will acquire, indirectly, 100 percent of the equity in WilTel Group and thus, 100 percent indirect ownership interest in WilTel Communications. Immediately following the transaction, WilTel Group, along with WilTel Communications, will continue to operate as separate subsidiaries of Level 3. WilTel Communications will continue to offer the its current services with no change in the rates or terms and conditions of service. For important business and financial reasons, the Parties seek approval of the Joint Application by December 14, 2005, to permit consummation of the transfer by December 31, 2005.

The Parties and the Division identify a number of benefits which they believe will arise from the proposed transfer of control, including access by WilTel Group to Level 3's substantial technical and management expertise, financial resources and a complementary suite of services expected to strengthen WilTel Group's ability to expand its offerings and provide more advanced telecommunications services to a broader customer base in Utah. The Parties expect the proposed transaction will enable both WilTel Group and Level 3 to strengthen their competitive positions in Utah to the benefit of Utah customers and the Utah telecommunications marketplace. The Parties note the transaction will be transparent to WilTel Communications' customers and will not result in a change of carrier for customers or any transfer of authorizations. The Division concurs, noting this transaction has already been approved by state regulatory commissions in Delaware, Louisiana, Maryland, Ohio, Wyoming, and Indiana.

Utah Administrative Code Rule 746-110-1, authorizes the Commission to adjudicate a matter informally under *Utah Code Annotated* § 63-46b-5 when the Commission “determines that the matter can reasonably be expected to be unopposed and uncontested.” We note that more than a month has passed since the Parties filed their Joint Application yet no party has sought intervention in this matter. We therefore view this matter as unopposed and uncontested and determine to proceed informally without hearing. Pursuant to Rule 746-110-2, we conclude good cause exists to waive the 20-day tentative period for an order issued in an informally adjudicated proceeding. Accordingly, this order will become effective on the date of issuance.

Based upon the evidence submitted by the Parties and the Division’s recommendation, we find and conclude that the proposed indirect transaction will not harm and can provide benefits to the State of Utah, its citizens, or the Utah customers of WilTel Communications and Level 3 and is in the public interest.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The proposed indirect transfer of control of WilTel Communications, LLC to Level 3 Communications, LLC, is approved.
2. The transfer herein effected be, and it is, effective the date of this Order.

Pursuant to Utah Code §§63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the effective date of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a

request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code §§63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 8th day of December, 2005.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#46801