

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**July 8, 2009**

**IN RE:**

**PETITION OF LEVEL 3 COMMUNICATIONS, LLC,  
BROADWING COMMUNICATIONS, LLC, TELCOVE  
OPERATIONS, LLC, TELCOVE OF NASHVILLE, L.P.  
AND WILTEL COMMUNICATIONS, LLC FOR  
APPROVAL TO PARTICIPATE IN A FINANCING  
ARRANGEMENT**

**DOCKET NO.  
09-00048**

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**ORDER APPROVING FINANCING TRANSACTION**

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This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 15, 2009 for consideration of the *Petition* filed on April 7, 2009 by Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), TelCove Operations, Inc. ("TelCove"), TelCove of Nashville, L.P. ("TelCove Nashville"),<sup>1</sup> and WilTel Communications, LLC ("WilTel-Comm") and collectively, ("Petitioners") for approval to participate in a financing arrangement.

Level 3 LLC provides voice and data services to carriers, ISPs, and other business customers over its IP-based network. In Tennessee, Level 3 LLC is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services pursuant to Authority Order issued in Docket No. 98-00610, as amended in Docket No. 02-

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<sup>1</sup> In a letter dated May 18, 2009, the Petitioners requested that TelCove Nashville be removed from the list of parties to this proceeding as its request to cancel its operating authority was granted in Docket No. 06-00318.

00230. In addition, Level 3 LLC is authorized by the Federal Communications Commission (“FCC”) to provide international and domestic interstate services as a non-dominant carrier. Level 3 LLC is a wholly owned subsidiary of Level 3 Financing (“Financing”), which in turn is a wholly owned subsidiary of Level 3 Communications, Inc. (“Parent”).

Broadwing is authorized to provide intrastate interexchange telecommunications services pursuant to Authority Order entered in Docket No. 03-00240. Broadwing is also authorized by the FCC to provide interstate and international telecommunications services pursuant to Section 214 authorization. A subsidiary of Level 3 LLC, Broadwing is authorized to provide telecommunications service in forty-nine states and the District of Columbia.

TelCove is authorized to provide local exchange and interexchange telecommunications services pursuant to Authority Order issued in Docket No. 98-00732, as amended by Docket Nos. 00-00271 and 03-00458. TelCove is a subsidiary of Level 3 LLC.

WilTel-Comm is authorized to provide resold and facilities-based local exchange, interexchange and exchange access telecommunications services pursuant to Authority Order issued in Docket No. 99-00398, and is authorized to provide service as a reseller and operator service provider pursuant to Authority Order issued in Docket No. 99-00034.

### **THE PROPOSED TRANSACTION**

The Petitioners request approval to participate in a financing arrangement that will incur additional debt obligations of up to \$500 million.<sup>2</sup> The Petitioners note that the borrowing will involve additional long-term loans under the provisions of a credit facility that was approved by the Authority in Docket No. 07-00051 (“2007 Financing”). Petitioners will incur debt either as co-borrowers or guarantors of Financing’s debt and that the debt will be secured by liens on

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<sup>2</sup> In a filing dated May 8, 2009, the Petitioners indicated that they wished to increase the amount of the initial funding tranche of \$220 million loan by \$60 million. The total amount of the financing request remains \$500 million.

Petitioners' assets and/or a pledge of the capital stock of Petitioners held by their respective immediate corporate parents.

#### **FINDINGS AND CONCLUSIONS**

Tenn. Code Ann. § 65-4-109 (2004) provides

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

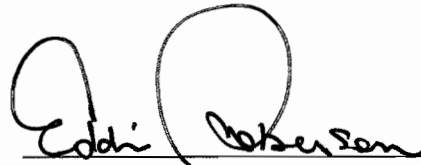
At a regularly scheduled Authority Conference held on June 15, 2009, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing transaction is being made in accordance with laws enforceable by this agency.
3. The proposed financing transaction is in the public interest because it will promote competition among telecommunications carriers by providing the Petitioners with the opportunity to strengthen their financial position.

#### **IT IS THEREFORE ORDERED THAT:**

1. Level 3 Communications, LLC, Broadwing Communications, LLC, TelCove Operations, Inc. and WilTel Communications, LLC are authorized to enter into the financing transaction described in the *Petition*.
2. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risks involved.

3. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.



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Eddie Roberson, Chairman



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Sara Kyle, Director



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Mary W. Freeman, Director