

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**Petition of
Level 3 Communications, LLC
for Approval to Participate in a
Financing Arrangement**

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Docket No. 10-00009

PETITION

I. INTRODUCTION

Level 3 Communications, LLC (“Level 3 LLC” or “Petitioner”), by undersigned counsel and pursuant to Section 65-4-109 of the Tennessee Code and other regulations deemed applicable, requests approval from the Tennessee Regulatory Authority (“Authority”), to the extent necessary, to participate in a financing arrangement. Level 3 Financing, Inc. (“Issuer”) intends to issue \$640 million in 10% Senior Notes due 2018 to qualified institutional buyers (“Buyers”) in an offering that is exempt from registration under U.S. Federal securities laws.¹ The Issuer will lend the net proceeds it receives in the offering of the notes to its subsidiary, Level 3 LLC, in return for an intercompany demand note issued by Level 3 LLC to the Issuer. Level 3 LLC seeks approval for this refinancing transaction and its related guarantee of the notes issued by the Issuer to Buyers.

The financing arrangement replaces an existing financing arrangement, pursuant to substantially similar terms and conditions coupled with an extended maturity date to 2018 from 2013. Expedited treatment is necessary to meet the demands of the limited and time-sensitive market opportunity under which the Issuer, underwriters, and Buyers are all operating. Timely

¹ As described herein, the funds will be used to repurchase previously issued notes that were issued at the rate of 12.25% and are due in 2013.

closing of this arrangement will enable the Issuer to refinance \$550 million of debt at very attractive economic terms. Petitioner requests that the Authority grant its approval of this transaction no later than 45 days from the date of this filing to allow Petitioner to timely consummate the proposed transaction and meet important business and financial objectives.

In support of this Petition, Petitioner states:

II. PARTIES

A. Level 3 Financing, Inc.

Level 3 Financing, Inc. (“Issuer”), is a Delaware corporation with principal offices located at 1025 Eldorado Boulevard, Broomfield, Colorado 80021. Issuer is a wholly owned subsidiary of Level 3 Communications, Inc. (“Parent”), a Delaware corporation, and is the direct parent of Level 3 Communications, LLC and other subsidiaries, and is not a certificated telecommunications service provider in Tennessee or elsewhere.

B. Level 3 Communications, LLC

Level 3 Communications, LLC is a Delaware limited liability company and is a wholly owned subsidiary of Level 3 Financing, Inc. (“Issuer”), which in turn is a wholly owned subsidiary of Level 3 Communications, Inc. (“Parent”). All three companies have principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Level 3 LLC provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. Level 3 LLC is a non-dominant carrier authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. Level 3 LLC is also authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier.

In Tennessee, Level 3 LLC is authorized to provide facilities-based and resold local exchange and interexchange telecommunications service pursuant to certificates granted by the TRA in Docket No. 98-00610 on November 24, 1998, as amended in Docket No. 02-00230 on June 28, 2002.

III. DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Petition should be directed to:

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IV. REQUEST FOR APPROVAL TO PARTICIPATE IN A FINANCING ARRANGEMENT

Petitioner requests Authority approval to participate in a financing arrangement between the Issuer and Level 3 LLC whereby Level 3 LLC will incur indebtedness as described below and provide a guarantee for a total aggregate amount of \$640 million in notes issued by the Issuer to Buyers. Level 3 Financing, as the issuer of the notes, will lend the net proceeds it receives along with additional cash on hand to Level 3 LLC in return for an intercompany demand note issued by Level 3 LLC in the amount of \$640 million. The funds will be used to purchase previously issued notes that were issued at the rate of 12.25% and are due in 2013. Level 3 LLC will also issue an unsecured guarantee of the Issuer's 10% Senior Notes due 2018. Accordingly, Level 3 LLC seeks approval from the Authority for this indebtedness and the guarantee of the notes issued by Level 3 Financing.

Petitioner emphasizes that participation in the financing arrangement as a guarantor will not result in a change in Level 3 LLC's management or in its day-to-day operations in Tennessee; nor will it adversely affect Level 3 LLC's operations in Tennessee. The financing arrangement will enable Level 3 LLC to bring services to new markets and allow more consumers to benefit from its competitive services. Accordingly, and to the extent required, Petitioner requests that the Authority approve the participation of Level 3 LLC in the financial arrangement described herein.

V. PUBLIC INTEREST CONSIDERATIONS

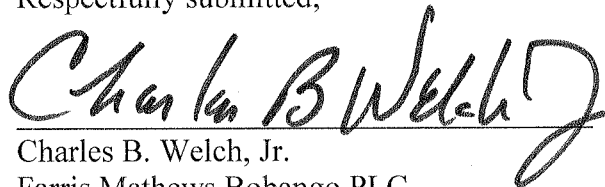
Approval of the proposed financial arrangements described herein will serve the public interest in promoting competition among telecommunications carriers by providing Level 3 LLC with the opportunity to strengthen its competitive position through access to greater financial resources. Furthermore, by increasing the breadth and scope of telecommunications services

made available through an increased ability to expand Level 3 LLC's operations, greater access to capital will also strengthen Level 3 LLC's ability to bring competitive telecommunications services to consumers in the State of Tennessee. This financing transaction will be transparent to consumers and consumers will benefit from the continued receipt of quality telecommunications services that are priced competitively.

VI. CONCLUSION

For the reasons stated above, Petitioners submit that the public interest, convenience and necessity will be furthered by expeditious Authority approval of their participation in the financing arrangements described herein.

Respectfully submitted,

A handwritten signature in black ink that reads "Charles B. Welch, Jr." The signature is fluid and cursive, with the first name "Charles" and last name "Welch" being prominent, and "B. Jr." in smaller script in between.

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Counsel for Level 3 Communications, LLC

VERIFICATION

STATE OF COLORADO

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COUNTY OF BROOMFIELD

§

I, William P. Hunt, state that I am Vice President Public Policy for Level 3 Communications, LLC; that I am authorized to make this Verification on behalf of Level 3 Communications, LLC and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.

Wm. P. Hunt

Name: William P. Hunt

Title: Vice President Public Policy
Level 3 Communications, LLC

SWORN TO AND SUBSCRIBED before me on the 5 day of January, 2010.

Cheyenne Tipton
Notary Public

My commission expires: 11-23-2010

