

Catherine Wang
Kimberly A. Lacey
catherine.wang@bingham.com
kimberly.lacey@bingham.com

March 8, 2011

Via Overnight Courier and Electronic Mail

Chairman Mary W. Freeman
c/o Sharla Dillon, Dockets and Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243
Sharla.dillon@tn.gov

filed electronically on 03/08/11
Docket no. 11-00038

**Re: Application of Level 3 Communications, LLC for Approval to Participate in
Certain Financing Arrangements**

To Whom It May Concern:

Enclosed please find an original and four (4) copies of the above-referenced Petition for filing with the Commission. Also enclosed is a check in the amount of \$25.00 to cover the requisite filing fee. A copy of this filing in PDF format is also being submitted via electronic mail.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope provided. Should you have any questions, please do not hesitate to contact Kimberly A. Lacey at (202) 373-6288.

Respectfully submitted,



Catherine Wang
Kimberly A. Lacey

Counsel for Level 3 Communications, LLC

Boston
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Walnut Creek
Washington

Bingham McCutchen LLP
2020 K Street NW
Washington, DC
20006-1806

T 202.373.6000
F 202.373.6001
bingham.com

A/74015500.1

BINGHAMONE FEDERAL STREET
BOSTON, MASSACHUSETTS 02110-1726Bank of America
South Portland, ME

CHECK NO.:

52-153/112
10186553

DATE: 03/08/11

VENDOR: 408446

\$25.00

PAY TWENTY-FIVE AND 00/100 DOLLARS

TO
THE
ORDER
OFTennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

BINGHAM McCUTCHEN LLP

By Richard Calcasola

VINE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈ 10186553 ⑈ ⑆ 011201539 ⑆ 00800 88400 ⑈

BINGHAM McCUTCHEN LLP
ONE FEDERAL STREET
BOSTON, MASSACHUSETTS 02110-1726**VENDOR #: 408446**
Tennessee Regulatory Authority**DATE: 03/08/2011**
CHECK NO.: 10186553

DATE	INVOICE	VOUCHER	BARCODE	AMOUNT	DISCOUNT	PAID
03-08-2011	X30811	922289	8389053	25.00	0.00	25.00
TOTAL:						25.00

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

In the Matter of the Petition of)	
)	
Level 3 Communications, LLC)	Case No. _____
)	
for Approval to Participate in a)	
Financing Arrangement)	
)	

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”), Petitioner’s immediate holding company parent, intends to issue \$500 million in 9.375% Senior Notes due 2019 to qualified institutional buyers (“Buyers”) in a private 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 from the Authority for this refinancing transaction and its related guarantee of the notes issued by Issuer to Buyers.

The financing arrangement replaces an existing financing arrangement, pursuant to substantially similar terms and conditions coupled with a favorable interest rate and an extended

¹ The Authority previously granted approval to Petitioner for a similar financing arrangement of \$640 million in Docket No. 10-0009 on February 22, 2010. As described herein, the funds will be used to repurchase previously issued notes that were issued at the rate of 10% and are due in 2018.

maturity date to 2019. 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 closing of this arrangement will enable the Issuer to refinance \$500 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. THE PARTIES: Level 3 Communications, Inc., (“Parent”), Level 3 Financing, Inc. (“Issuer”), and Level 3 Communications, LLC

Level 3 Financing, Inc., the issuer of the Notes is a Delaware corporation wholly owned by Level 3 Communications, Inc. (“Parent”), a publicly held Delaware corporation. Issuer is the direct parent of Level 3 Communications, LLC and other subsidiaries. Neither Parent nor Issuer is a certificated telecommunications service provider in Tennessee or elsewhere. Level 3 Communications, LLC is a Delaware limited liability company and is a wholly owned subsidiary of Issuer. 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

Authority 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:

Catherine Wang
Kimberly A. Lacey
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006
Tel: (202) 373-6000
Fax: (202) 373-6001
Email: catherine.wang@bingham.com
Email: kimberly.lacey@bingham.com

and

Richard E. Thayer
Senior Counsel
Level 3 Communications, LLC
1025 Eldorado Boulevard
Broomfield, CO 80021
Tel: (720) 888-2620
Fax: (720) 888-5134
Email: rick.thayer@Level3.com

IV. REQUEST FOR APPROVAL TO PARTICIPATE IN A FINANCING ARRANGEMENT

Petitioner requests Authority approval to participate in a financing arrangement between 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 \$500 million in senior notes issued by 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 \$500 million. The funds will be used to purchase

previously issued notes that were issued at the rate of 10% and are due in 2018. In addition to providing a demand note to Issuer, Level 3 LLC will provide a guarantee of the Issuer's 9.375% Senior Notes due 2019. 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 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. Also, the financing arrangement is not expected to result in the transfer of certificates, authorizations, assets or customers. 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.

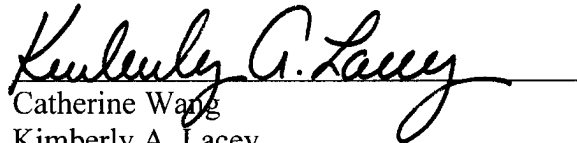
V. PUBLIC INTEREST CONSIDERATIONS

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 on more favorable terms. 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, appearing to read "Catherine Wang", is written over a horizontal line.

Catherine Wang
Kimberly A. Lacey
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006
Tel: (202) 373-6000
Fax: (202) 373-6001
Email: catherine.wang@bingham.com
Email: kimberly.lacey@bingham.com

Counsel for Level 3 Communications, LLC

Dated: March 8, 2011

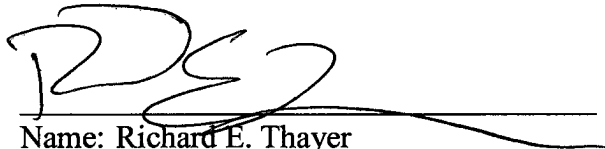
VERIFICATION

VERIFICATION

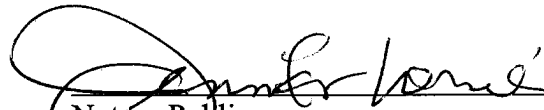
STATE OF COLORADO
COUNTY OF BROOMFIELD

§
§
§

I, Richard E. Thayer, state that I am Senior Counsel 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.


Name: Richard E. Thayer
Title: Senior Counsel
Level 3 Communications, LLC

SWORN TO AND SUBSCRIBED before me on the 17th day of March, 2011.


Notary Public

My commission expires: 11/16/13

