

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**May 4, 2011**

**IN RE:**

**PETITION OF LEVEL 3 COMMUNICATIONS, LLC  
FOR APPROVAL TO PARTICIPATE IN CERTAIN  
FINANCING ARRANGEMENTS**

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**DOCKET NO.  
11-00038**

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**ORDER APPROVING FINANCING ARRANGEMENTS**

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This matter came before Chairman Mary W. Freeman, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on April 18, 2011 for consideration of the *Petition* of Level 3 Communications, LLC ("Level 3 LLC" or "Petitioner") filed on March 8, 2011. The Petitioner seeks Authority approval to participate in certain financing arrangements.

Level 3 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"). Level 3 LLC provides voice and data services to carriers, Internet Service Providers, and other business customers over its Internet Protocol based network. In Tennessee, Level 3 LLC is authorized to provide facilities-based and resold local exchange and interexchange telecommunications service by Authority Order issued in Docket No. 98-00610 on November 24, 1998, as amended in Docket No. 02-00230 by Authority Order issued on June 28, 2002. Level 3 LLC is also authorized by the Federal Communications

Commission to provide international and domestic interstate service as a non-dominant carrier. Neither the Issuer nor Parent is a certified telecommunications provider in Tennessee.

### **THE PETITION**

Level 3 LLC requests approval to participate in certain financing arrangements whereby it will incur indebtedness and provide a guarantee for a total aggregate amount of \$500 million. The Issuer 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. Level 3 LLC will also provide a guarantee of the Issuer's 9.375% Senior Notes due in 2019. The Petitioner notes that the Authority previously granted approval to the Petitioner for a similar financing arrangement of \$640 million pursuant to Authority Order in Docket No. 10-00009 issued on March 16, 2010.

### **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.

Based on the record, the panel voted unanimously to approve the financing transactions pursuant to Tenn. Code Ann. § 65-4-109 based on the following findings.

1. This financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109.
2. The transaction is being made in accordance with the laws enforceable by this agency.

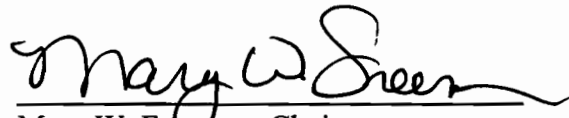
3. The purpose of this transaction is in the public interest because it will provide Level 3 LLC with the opportunity to strengthen its competitive position through access to greater financial resources.

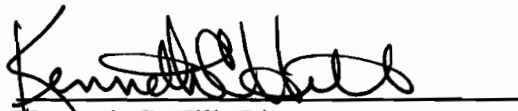
**IT IS THEREFORE ORDERED THAT:**

1. Level 3 Communications, LLC is authorized to enter into the financing arrangements 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.

  
Mary W. Freeman, Chairman

  
Kenneth C. Hill, Director

  
Sara Kyle, Director