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**Lisa A. Anderl**  
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January 17, 2017

*Via Email and  
Overnight Delivery*

Mr. Steven King, Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250  
Olympia, Washington 98504-7250

**Re: Docket UT-\_\_\_\_\_**  
**Notice of Transaction and Application for Order**

Dear Mr. King:

Enclosed is an original and twelve (12) copies of the Notice of Transaction and Application for an Order Declining to Assert Jurisdiction over, or, in the Alternative, Expedited Approval of the Indirect Transfer of Control of Level 3 Communications, LLC, Broadwing Communications, LLC, WilTel Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Level 3 Telecom of Washington, LLC.

Sincerely,

Lisa A. Anderl

LAA/jga

Enclosures

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

NOTICE OF TRANSACTION AND APPLICATION FOR AN ORDER DECLINING TO ASSERT JURISDICTION OVER, OR, IN THE ALTERNATIVE, EXPEDITED APPROVAL OF THE INDIRECT TRANSFER OF CONTROL OF LEVEL 3 COMMUNICATIONS, LLC, BROADWING COMMUNICATIONS, LLC, WILTEL COMMUNICATIONS, LLC, GLOBAL CROSSING TELECOMMUNICATIONS, INC., GLOBAL CROSSING LOCAL SERVICES, INC., AND LEVEL 3 TELECOM OF WASHINGTON, LLC TO CENTURYLINK, INC. ("NOTICE")

DOCKET NO. UT- 17 \_\_\_\_\_

### INTRODUCTION

- 1 CenturyLink, Inc. ("CenturyLink") and Level 3 Communications, Inc. ("Level 3") (the "Parties") notify the Washington Utilities & Transportation Commission ("Commission") that the Parties plan to consummate a parent-level merger transaction whereby CenturyLink will acquire indirect control of the following telecommunications carriers from Level 3 (the "Transaction"): Level 3 Communications, LLC, Broadwing Communications, LLC, WilTel Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Level 3 Telecom of Washington, LLC (collectively "Level 3 OpCos"). The Level 3 OpCos are authorized to provide facilities-based and resold competitive local exchange and interexchange telecommunications services in Washington.
- 2 As set forth below, CenturyLink and Level 3 believe that Commission approval is not required to complete the transaction described herein. The Parties provide this Notice to inform the Commission about the Transaction well in advance of closing for the

Commission's record keeping purposes. The Parties intend to close the Transaction by September 30, 2017. The Parties will inform the Commission upon closing or other termination of the Transaction.

## DESCRIPTION OF THE PARTIES

### Level 3 and the Level 3 OpCos

3 Level 3 is a publicly traded (NYSE: LVLTL) Delaware corporation with principal offices located at 1025 Eldorado Boulevard, Broomfield, Colorado 80021. Through its operating subsidiaries, Level 3 offers a wide range of communications services over its broadband fiber-optic network in North and South America, Europe, and Asia, including IP-based services, broadband transport, collocation services, and patented Softswitch-based voice services to enterprise and government customers. The Level 3 operating subsidiaries, including the Level 3 OpCos, are non-dominant carriers that are authorized to provide resold and facilities-based telecommunications services pursuant to certification, registration, or tariff requirements, or on a deregulated basis. The Level 3 OpCos are not incumbent local exchange carriers (ILECs).

4 Below is a brief description of the Washington authority held by each of the Level 3 OpCos:

4.1 Level 3 Communications, LLC is a competitively classified telecommunications company authorized to provide competitive switched interexchange and interexchange telecommunications services in Washington pursuant to Orders issued in Docket Nos. UT-980491 and UT-980492 on April 22, 1998 and Docket No. UT-980578 on October 14, 1998.

4.2 Broadwing Communications, LLC is a competitively classified telecommunications company authorized to provide local exchange and

interexchange telecommunications services pursuant to an Order issued in Docket UT-030383 on April 20, 2003. The authorization was originally granted to C III Communications, LLC.

- 4.3 Global Crossing Telecommunications, Inc. is a competitively classified telecommunications company authorized to provide long distance services pursuant to an Order issued in Docket No. U-85-75 on March 25, 1986.
- 4.4 Global Crossing Local Services, Inc. is a competitively classified telecommunications company authorized to provide competitive facilities-based local exchange services pursuant to Orders issued in Docket Nos. UT-970788 and UT-970789 on October 8, 1997.
- 4.5 WilTel Communications, LLC is a competitively classified telecommunications company authorized to provide long distance and local exchange services pursuant to the Commission's Order issued in Docket No. UT-990235 on March 24, 1999, as amended in Docket Nos. UT-010068 and UT-010069 on January 18, 2001 and Docket No. UT-042249 on December 29, 2004. This authorization was originally granted to Williams Communications, LLC d/b/a Vyvx, LLC.
- 4.6 Level 3 Telecom of Washington, LLC is a competitively classified telecommunications company authorized to provide competitive telecommunications services pursuant to an Order issued in Docket No. UT-001501 on October 25, 2000. The authorization was originally granted to Time Warner Telecom, which subsequently changed its name to tw telecom of washington, llc which changed its name to Level 3 Telecom of Washington, LLC.

### **CenturyLink and the CenturyLink OpCos**

- 5 CenturyLink is a publicly traded (NYSE: CTL) Louisiana corporation with headquarters at 100 CenturyLink Drive, Monroe, Louisiana 71203. CenturyLink's operating entities offer communications services, including local and long-distance voice, local network access, high-speed internet, and information, entertainment, and fiber transport services through copper and fiber networks, to consumers and businesses in 50 states. CenturyLink's operating entities also provide high-speed internet access services and data transmission services. In certain local and regional markets, CenturyLink's operating entities provide telecommunications services as a competitive local exchange carrier ("CLEC"), offer security monitoring, and provide other communications, professional, business, and information services. CenturyLink entities also operate a wholesale business, selling access to its network to other carriers, cable companies, internet service providers ("ISPs"), and resellers, and also sell database services on a wholesale basis.
- 6 As of December 31, 2015, CenturyLink operating entities provided high-speed internet access services to over six million customers and had approximately 11.7 million access lines. CenturyLink entities operate a state-of-the-art fiber transport system, which provides fiber-based transport services to its customers.
- 7 CenturyLink itself does not offer services in Washington, and is not registered with this Commission. CenturyLink is the ultimate parent of various operating subsidiaries, of which the following six entities are certificated as telecommunications carriers by the Commission: Qwest Corporation d/b/a CenturyLink QC, CenturyLink Communications LLC, United Telephone Company of the Northwest, CenturyTel of Washington, Inc., CenturyTel of Inter Island, Inc., and CenturyTel of Cowiche, Inc. (collectively "CenturyLink OpCos").

8 Below is a brief description of the Washington CenturyLink OpCos' telecommunications services and authorizations:

- 8.1 Qwest Corporation d/b/a CenturyLink QC operates as an incumbent local exchange carrier ("ILEC") and provides intrastate interexchange services; it is defined as a Bell Operating Company under 47 U.S.C. § 153. CenturyLink QC operates under a Commission-approved alternative form of regulation ("AFOR") effective January 9, 2014 in Docket No. UT-130477.<sup>1</sup>
- 8.2 CenturyLink Communications LLC is a competitively classified local and interexchange exchange company. Docket No. UT-940120.
- 8.3 United Telephone Company of the Northwest is an incumbent local exchange company operating under the Commission-approved AFOR in Docket No. UT-130477.
- 8.4 CenturyTel of Washington, Inc. is an incumbent local exchange company operating under the Commission-approved AFOR in Docket No. UT-130477.
- 8.5 CenturyTel of Inter-Island, Inc. is an incumbent local exchange company operating under the Commission-approved AFOR in Docket No. UT-130477.
- 8.6 CenturyTel of Cowiche, Inc. is an incumbent local exchange company operating under the Commission-approved AFOR in Docket No. UT-130477.

### DESCRIPTION OF THE TRANSACTION

9 On October 31, 2016, CenturyLink entered into an Agreement and Plan of Merger (the "Merger Agreement") with Level 3, Wildcat Merger Sub 1 LLC, a Delaware limited

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<sup>1</sup> *In the Matter of the Petition of THE CENTURYLINK COMPANIES – QWEST CORPORATION; CENTURYTEL OF WASHINGTON; CENTURYTEL OF INTERISLAND; CENTURYTEL OF COWICHE; AND UNITED TELEPHONE COMPANY OF THE NORTHWEST To be Regulated Under an Alternative Form of Regulation Pursuant to RCW 80.36.135; Docket No. UT-130477, Order 04, January 9, 2014. ("AFOR Order")*

liability company, and an indirect wholly-owned subsidiary of CenturyLink (“Merger Sub 1”), and WWG Merger Sub LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of CenturyLink (“Merger Sub 2”).

- 10 In connection with entering into the Merger Agreement, CenturyLink, Inc. created a direct subsidiary, Wildcat Holdco LLC, a Delaware limited liability company (“Holdco”), which in turn created two direct subsidiaries of its own, Merger Sub 1 and Merger Sub 2. The Merger Agreement provides, among other things, that subject to the satisfaction or waiver of the conditions set forth therein (i) Merger Sub 1 will merge with and into Level 3, with Level 3 surviving (the “Initial Merger”), and (ii) immediately thereafter, Level 3 will merge with and into Merger Sub 2, with Merger Sub 2 surviving (the “Subsequent Merger” and, together with the Initial Merger, the “Combination”). Following the Combination, Merger Sub 2 (the successor to Level 3) will be a direct wholly-owned subsidiary of Holdco, and Holdco will be a wholly-owned direct subsidiary of CenturyLink, Inc. Merger Sub 2 will survive the Subsequent Merger as an indirect wholly-owned subsidiary of CenturyLink. As a result of the Combination, the Level 3 OpCos will be indirect, wholly owned subsidiaries of CenturyLink.
- 11 Under the Merger Agreement, at the effective time of the Initial Merger, each outstanding share of Level 3 common stock, par value \$0.01 per share (“Level 3 Common Stock”), other than shares held by holders who properly exercise appraisal rights, will be converted into the right to receive \$26.50 in cash, without interest, and 1.4286 shares of CenturyLink common stock, par value \$1.00 per share (“CenturyLink Common Stock”).<sup>2</sup> The Combination is subject to (i) the approval and adoption of the Merger Agreement by the stockholders of Level 3 and (ii) the approval by the shareholders of CenturyLink of

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<sup>2</sup> No fractional shares of CenturyLink will be issued in the Initial Merger, and Level 3 stockholders who would otherwise have been entitled to receive a fraction of a share (after taking into account all Level 3 shares exchanged by such holder) will receive cash in lieu of any fractional shares.

the issuance of the CenturyLink Common Stock in the Initial Merger. The Combination also is subject to other customary closing conditions, including federal and state commission approvals as may be required.

12 Upon the closing the Transaction, CenturyLink shareholders will own approximately 51 percent and Level 3 shareholders will own approximately 49 percent of the combined company. The Transaction is explained in greater detail, in CenturyLink's SEC Form 8-K report filed October 31, 2016.<sup>3</sup>

13 For the Commission's reference, pre- and post-Transaction organization charts are provided as Exhibit A. The charts demonstrate the indirect transfer of control of the Level 3 OpCos from Level 3 to CenturyLink, with unregulated and non-Washington jurisdictional entities removed except those intermediate non-carrier holding companies between the OpCos and the ultimate parent companies.<sup>4</sup>

**The CenturyLink AFOR and the Level 3 OpCos' Competitive Classification Exempt This Transaction from Commission Approval**

14 All of the CenturyLink OpCos, with the exception of CenturyLink Communications LLC, are incumbent local exchanges companies. Traditionally, that would mean that the Commission would consider this transaction under Chapter 80.12 RCW and Chapter 480-143 WAC which govern transfers of property by regulated telecommunications carriers. However, the AFOR Order carves out from the Commission's prior approval requirement all transfers except (1) those that involve the sale of exchanges or access lines belonging to CenturyLink companies, and (2) those that involve the acquisition of CenturyLink or its Washington ILECs. Neither circumstance is present in this case.

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<sup>3</sup> <http://ir.centurylink.com/Cache/36548388.pdf?IID=4057179&FID=36548388&O=3&OSID=9>

<sup>4</sup> The Level 3 organization chart reflects that in 2012, Level 3 eliminated a holding company that was a subsidiary of Global Crossing North America, Inc. and parent of Global Crossing Telecommunications, Inc. and Global Crossing Local Services, Inc. This change was entirely pro forma in nature and did not result in a change to the ultimate ownership or management of the certificated companies, the services provided to consumers or the names of the certificated service providers operating in the state.



- 15 The exception reads in full, as follows: “The waiver of the Transfer of Property provisions in Chapter 80.12 RCW and Chapter 480-143 WAC does not apply to the sale of exchange or access lines, and does not apply to a transaction involving the merger or acquisition of the parent company or any of the ILEC operating companies by an unaffiliated entity.”<sup>5</sup> Appendix A to the Plan for AFOR of CenturyLink restates these two exceptions without further elaboration.
- 16 Each of the Level 3 OpCos is competitively classified. Under the Commission’s rules, the transfer of property laws and rules are waived for competitively classified companies. WAC 480-121-063(1)(k) and (o).
- 17 Thus, it is clear that the transfer of property provisions are waived for a transaction where, as here, CenturyLink is the acquiring company and there is no transaction at the operating company level. CenturyLink is not selling access lines or exchanges and is not being acquired by or merged into another entity – the ownership and corporate structure of CenturyLink will not change. This transaction does not constitute a “merger or acquisition by” an unaffiliated entity, which is when rules and laws would still be applicable.
- 18 Thus, the Parties ask the Commission to decline jurisdiction under the AFOR. Alternatively, if the Commission would like additional information about this transaction, the Parties recommend that the Commission convene a recessed open meeting in which the Parties can provide additional information and respond to any questions the Commissioners may have. The Parties further respectfully request expedited approval if

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<sup>5</sup> From the approved AFOR, page 2 (Amended Stipulated Plan for Alternative Form of Regulation – Appendix A to the AFOR Order): 6) Transfer of Property. The waiver of the Transfer of Property provisions in Chapter 80.12 RCW and Chapter 480-143 WAC does not apply to the sale of exchanges or access lines, and does not apply to a transaction involving the merger or acquisition of the parent company or any of the ILEC operating companies by an unaffiliated entity.

the Commission deems such approval to be necessary.

### **Transaction Benefits**

- 19 The Transaction will enable the Parties to combine their complementary capabilities to offer enterprise customers a broader and more complementary range of services and solutions than they currently provide, reduce dependence on competitors' fiber facilities, and enhance the combined company's financial profile. The proposed Transaction thus will allow the combined company not only to provide greater service to its base of enterprise customers but also to serve as a stronger competitor. By combining resources, services and solutions, the proposed Transaction will enable the combined company to become a more viable, more effective competitor in an increasingly contested market.
- 20 Competing in the enterprise business and government market increasingly demands a broader array of facilities-based service offerings on a national scale, and new technologies that provide high transmission capacities. Service providers must possess robust and far-reaching network infrastructure and have the financial wherewithal and technical expertise to make additional prudent investments in their networks. The combination of CenturyLink and Level 3 will foster the resources necessary to compete more effectively in this environment.
- 21 The ability of CenturyLink and Level 3 to continue to compete effectively in key market segments is challenged by the presence of numerous highly effective providers. As the needs of enterprise customers have grown, both CenturyLink and Level 3 compete in an environment populated by larger, better-capitalized competitors. Although the Parties have strived to compete in this environment, the resources and scale of their most formidable competitors have only increased. By combining their network resources, services and solutions, the Transaction will enable the combined CenturyLink and Level 3 to become a more viable, better-resourced competitor.

- 22 The markets relevant to the Transaction are vibrant and competitive and will remain so after the Transaction is consummated. Indeed, by bolstering the combined company's ability to compete with larger, better-capitalized enterprise service providers, the Transaction will enhance the quality of competition in these markets, and enterprise and large government customers will reap resulting benefits.
- 23 Moreover, because the Transaction results in no direct change to Level 3 OpCos' operations, it is transparent to customers. The Transaction will not interrupt service or affect existing regulatory and contractual obligations between the Applicants and their enterprise customers. Service to those customers will continue to be governed by the relevant contractual terms and applicable tariffs once the Transaction closes with no change in services or rates as a result of the Transaction. The Parties will continue to abide by their ongoing obligations under existing interconnection agreements, as well as under applicable law, including those set forth in Sections 251 and 252 of the Communications Act of 1934, as amended, 47 U.S.C. §§251 *et seq.*
- 24 The Transaction will not affect CenturyLink's regulatory obligations toward residential subscribers, nor any pending commitments or obligations CenturyLink may have in connection with those subscribers. Level 3 does not serve residential subscribers. Nothing about the Transaction will affect CenturyLink's operations that are directed at the consumer segment. The Transaction's focus is on enhancing the ability of the combined company to compete vigorously for enterprise customers.
- 25 In summary, the Transaction will bring an array of benefits, enabling the Parties to more effectively compete in the enterprise market, without any countervailing drawbacks to customers or competition.

## CONTACT INFORMATION

26 For the purposes of this Notice, contacts for the Parties are as follows:

### For Level 3

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### For CenturyLink

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with a copy to:

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27 If there are any questions concerning this matter, please feel free to contact the undersigned or the persons noted above. If the Commission should want further information on this transaction, the Parties suggest that the matter be docketed for a recessed open meeting in February, and, if the Commission deems it necessary, approved at that time.

Respectfully submitted this 17<sup>th</sup> day of January 2017.

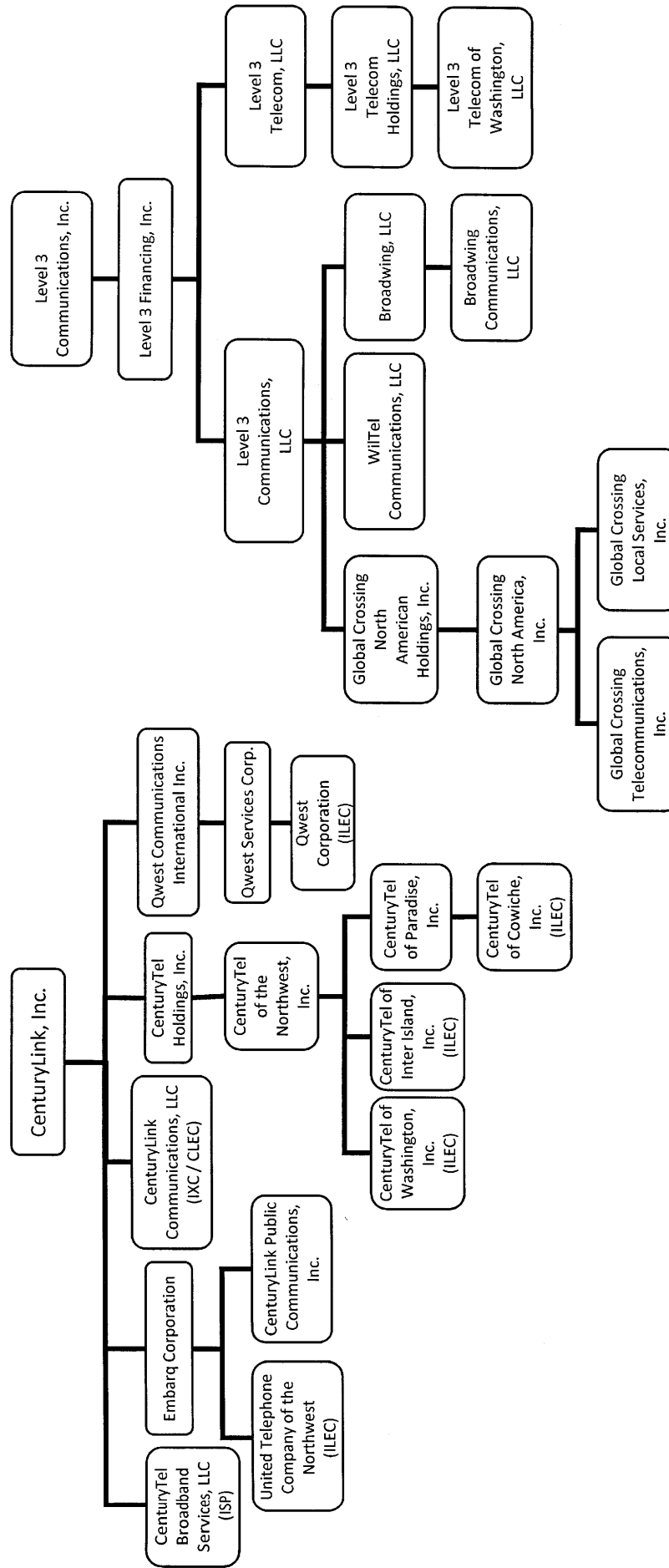
CENTURYLINK



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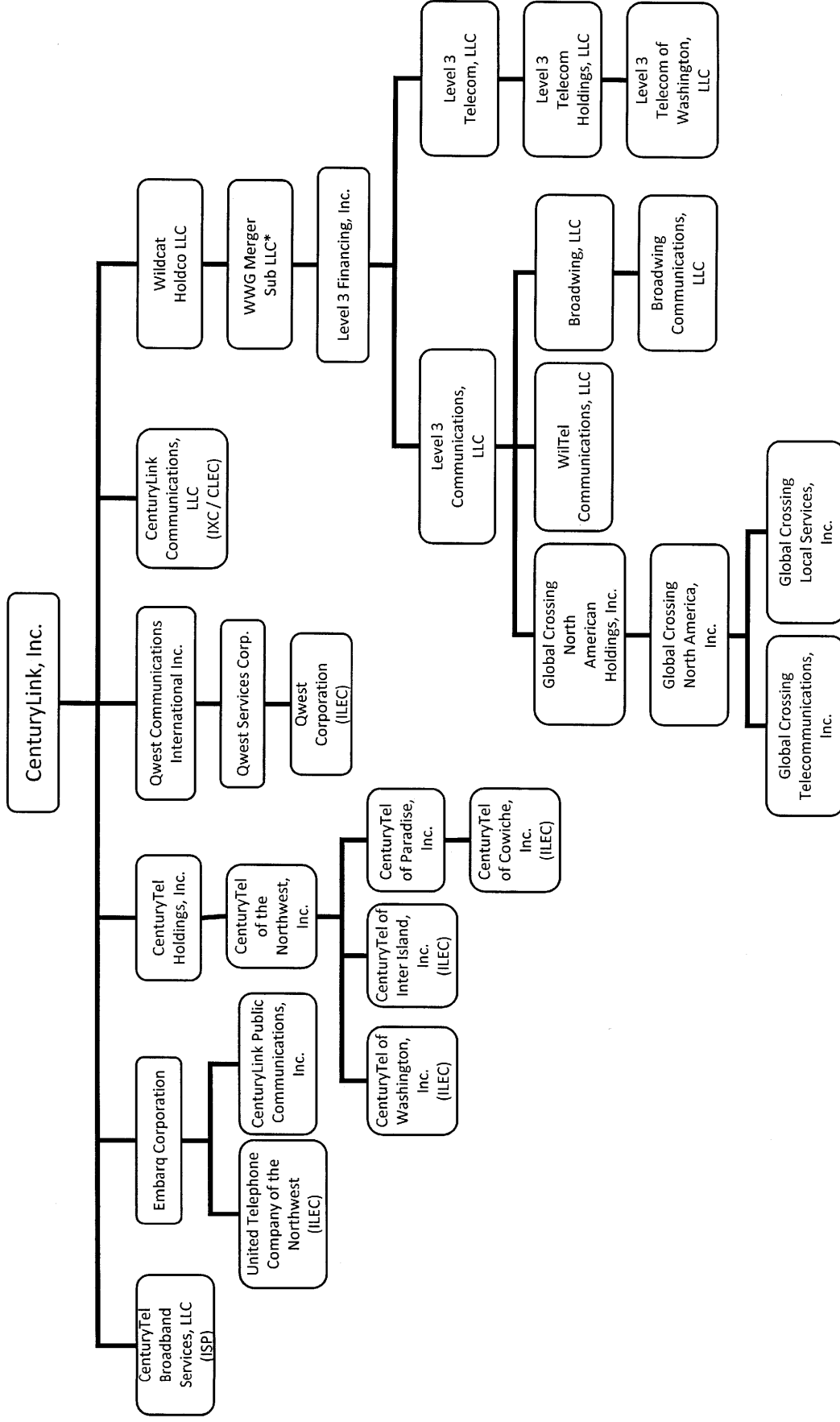
# WASHINGTON

## Pre-Merger Corporate Structure



# WASHINGTON

## Post-Merger Corporate Structure



\*Surviving entity after merging with Level 3 Communications, Inc.

**CERTIFICATE OF SERVICE**  
**Docket No. UT-**

I certify that I have served or caused to be served copies of the *Notice of Transaction and Application for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Expedited Approval of the Indirect Transfer of Control of Level 3 Communications, LLC, Broadwing Communications, LLC, WilTel Communications, LLC, Global Crossing Telecommunications, Inc., Global Crossing Local Services, Inc., and Level 3 Telecom of Washington, LLC to CenturyLink, Inc. ("Notice")* via email and UPS delivery on the following parties:

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DATED this 17<sup>th</sup> day of January 2017.

  
\_\_\_\_\_  
Josie Addington