

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 UT-170042

DIRECT TESTIMONY

OF

KRISTIE C. INCE
LEVEL 3 COMMUNICATIONS, INC.

FEBRUARY 10, 2017

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION**
2 **WITH LEVEL 3 COMMUNICATIONS, INC.**

3 A. I am Kristie Ince, VP for State Regulatory and Legislative Affairs at Level 3
4 Communications, Inc. My business address is 6801 Gaylord Pkwy Suite 300,
5 Frisco TX 75034-1892.

6
7 **Q. CAN YOU SUMMARIZE YOUR EXPERIENCE IN THE**
8 **TELECOMMUNICATIONS INDUSTRY?**

9 A. My educational background is in philosophy, German language, and literature.
10 Professionally, I began working at the Texas Legislature where I spent 7 years as a
11 Legislative Director. In 2000, I went to work in the telecom industry, where I have
12 been for over 16 years, first for tw telecom and then, after tw telecom was acquired
13 by Level 3, for Level 3. During that time, I have represented these companies in
14 government affairs, regulatory affairs and public policy in various state
15 proceedings, and now hold a management position at Level 3 as well.

16
17 **Q. HAVE YOU REVIEWED THE NOTICE OF TRANSACTION AND**
18 **APPLICATION FOR AN ORDER DECLINING TO ASSERT**
19 **JURISDICTION (“TRANSACTION FILING”) THAT WAS FILED ON**
20 **JANUARY 17, 2017 IN WASHINGTON?**

21 A. Yes. I have. I was involved in assisting with the preparation of that document.
22

1 **Q. ON WHOSE BEHALF ARE YOU FILING TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. My direct testimony is prepared on behalf of Level 3 Communications, Inc. in
4 support of the Transaction Filing. This is a parent company level transaction
5 involving Level 3 operating companies who are each competitively classified,
6 which I will explain in more detail. While I am not an attorney, it is my
7 understanding that the transfer of property laws and rules are waived for
8 competitively classified companies.
9 I will also provide testimony to demonstrate to the Commission that the proposed
10 acquisition of Level 3 Communications, Inc. (the “Transaction”), is in the public
11 interest and should be approved. I will provide the Commission with information
12 about Level 3 companies that operate in Washington and how the transaction will
13 be seamless and transparent to customers

14
15 **Q. ARE OTHER WITNESSES OFFERING TESTIMONY IN THIS**
16 **PROCEEDING?**

17 A. Yes. Mark Reynolds is also filing testimony on behalf of CenturyLink and I have
18 reviewed his testimony that explains the transaction in more detail. Michael
19 Balhoff is also testifying on behalf of CenturyLink regarding the financing of the
20 transaction.

21
22 **Q. PLEASE DESCRIBE LEVEL 3, INC.**

23 A. Level 3 is a publicly traded Delaware corporation with headquarters located at 1025
24 Eldorado Boulevard, Broomfield, Colorado. Level 3 is a global
25 telecommunications and information services company which, through its operating

1 subsidiaries, offers a wide range of communications services over its broadband
2 fiber-optic network in North and South America, Europe, and Asia, including IP-
3 based services, broadband transport, collocation services, and patented Softswitch-
4 based voice services.

5 In 1998, our business focus became to create a company dedicated to the
6 development of a facilities-based, end-to-end communications network optimized
7 to provide IP communication services. Over the years, we have acquired several
8 companies, including WilTel Communications, Broadwing Corporation, Telcove
9 (formerly Adelphia Business Solutions), Global Crossing and tw telecom. As Level
10 3 integrated those businesses, it continued to operate the certified entities in
11 Washington.

12
13 **Q. PLEASE DESCRIBE THE LEVEL 3 ENTITIES OPERATING IN**
14 **WASHINGTON THAT ARE IMPACTED BY THIS TRANSACTION.**

15 A. As detailed in paragraph 4 of the Transaction Filing, in Washington there are six
16 Level 3 operating subsidiaries (“Level 3 OpCos”) that are competitively classified
17 telecommunications companies authorized to provide resold and facilities-based
18 telecommunications and interexchange services. Those Washington Level 3 OpCos
19 include:

- 20 • Level 3 Communications, LLC;
- 21 • Broadwing Communications, LLC;
- 22 • Global Crossing Telecommunications, Inc.;
- 23 • Global Crossing Local Services, Inc.;

- 1 • WilTel Communications, LLC and
- 2 • Level 3 Telecom of Washington, LLC.

3 Each of those entities is a subsidiary of Level 3 Communications, Inc., as illustrated
4 on the organizational charts attached to the Transaction Filing as Exhibit A.

5

6 **Q. WILL THE LEVEL 3 WASHINGTON ENTITIES CHANGE AS A RESULT**
7 **OF THE TRANSACTION?**

8 A. No. The Level 3 OpCos have obtained authority from the Commission over the
9 years (from 1992-2016), and have been operating successfully in Washington,
10 providing services to enterprise customers for over 20 years. CenturyLink has
11 indicated it has no plans to change that. Just like the past Level 3 integrations when
12 it acquired companies and continued to operate them, CenturyLink has indicated
13 that the plan post-Transaction is to continue to operate the Level 3 OpCos. The
14 merger will not result in the elimination of a CLEC, as each of those six
15 subsidiaries will continue to operate as they do today. Further, the Level 3 OpCos
16 in Washington will retain their separate Commission-issued certificates and will
17 maintain operations. The only difference is the ownership at the holding company
18 level.

19

20 **Q. WHAT TYPES OF SERVICES DOES LEVEL 3 OFFER TO ENTERPRISE**
21 **BUSINESS CUSTOMERS?**

22 A. Level 3 is a Fortune 500 company that provides local, national and global
23 communications services to enterprise, government and carrier customers. Level

1 3's comprehensive portfolio of secure, managed solutions includes fiber and
2 infrastructure solutions; IP-based voice and data communications; wide-area
3 Ethernet services; video and content distribution; data center and cloud-based
4 solutions. Level 3 serves customers in more than 500 markets, including
5 Washington, in over 60 countries across a global services platform anchored by
6 owned fiber networks on three continents and connected by extensive undersea
7 facilities.

8 We have a comprehensive portfolio of services to support enterprise customers,
9 government and carrier customers, including our Washington customers, which are
10 detailed on our website at <http://www.level3.com/en/products/>.

11 The following are a few highlights of the products we offer, including products
12 offered in Washington:

- 13 • Voice and Unified Communications & Collaboration Services
14 provide our customers with more than just business phone service.
15 We offer unified communications, collaboration services, VoIP, and
16 SIP trunking.
- 17 • Content Delivery Network supports some of the world's largest
18 video, software and web properties with direct connections to major
19 ISPs and telecommunications companies.
- 20 • Data Networks provide a comprehensive portfolio of data services
21 and solutions, including private line, wavelength, Ethernet Transport,
22 point-to-point or any-to-any solution, public and private WANs.

- Managed and Professional Services allow our customers to get connected to the expertise they need to effectively manage their network without the need for additional personnel.
- Security Services allow us to leverage the massive amount of security threat data we have from the size and sophistication of our global network to protect our customers from attacks before they affect their business.

These products and services are targeted to enterprise, government and carrier customers and we do not actively market to small business customers. We do not provide service to any residential customers in Washington. Nor are any of the Level 3 OpCos an ILEC in Washington.

Q. WHERE DO YOU PROVIDE SERVICE IN WASHINGTON?

A. Level 3 has fiber network in Washington, and while we do not publicly disclose our detailed route maps, we do have high level maps on our website (<http://www.level3.com/-/media/files/maps/en-network-services-level-3-network-map.pdf>) that identify cities where Level 3 has On-Net markets with metro-fiber network, which includes the Washington cities of Seattle, Spokane, Vancouver, and Bellevue with additional on-net facilities in Harbour Pointe.

1 **Q. HOW WILL THE MERGER IMPACT LEVEL 3’S OPERATIONS IN**
2 **WASHINGTON?**

3 A. The Transaction involves a parent-level transfer of control of Level 3 only. As I
4 explained above, the Level 3 OpCos will continue to operate as they do today, and
5 will remain subject to the same regulatory obligations. As we explained in the
6 Application, the Level 3 OpCos will continue to offer services subject to the same
7 rules, regulations and applicable tariffs as they do now. The contracts we have with
8 our customers today will continue to be the same contracts in place after the
9 Transaction. Moreover, because the Transaction results in no direct change to Level
10 3 OpCos’ operations, it is transparent to customers. Since Level 3 does not serve
11 residential consumers, nothing about the Transaction will impact the residential
12 market.

13
14 **Q. WILL THE LEVEL OF COMPETITION IN THE STATE BE LESSENERD**
15 **BY THE MERGER OF LEVEL 3 AND CENTURYLINK?**

16 A. No. Enterprise customers will continue to have a variety of telephone service
17 providers after the merger. Level 3 does not serve residential customers, so this
18 merger will have no impact on the level of competition for residential customers.
19 Enterprise customers in the state will continue to have multiple competitive options
20 to meet their telecommunications needs – from CLECs, cable providers, wireless
21 providers and Voice over Internet Protocol (“VoIP”) providers – as described in the
22 Transaction Filing.

23

1 **Q. WILL CUSTOMERS BENEFIT FROM THE APPROVAL OF THE**
2 **TRANSACTION?**

3 A. Yes. The Transaction will result in a combined enterprise that can achieve greater
4 economies of scale and scope than the two companies operating independently.
5 Customers will benefit from the efficiencies and synergies realized by the combined
6 company. This issue is discussed in more detail in Mr. Reynolds' testimony.
7

8 **CONCLUSION**

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A. The testimony of Mr. Reynolds, the testimony Mr. Balhoff, and the Transaction
11 Filing demonstrate that Washington customers will benefit. The Transaction will
12 result in a combined enterprise that can achieve greater economies of scale and
13 scope than the two companies operating independently. Thus, the Transaction
14 places CenturyLink and Level 3 in a better position to meet the needs of
15 Washington customers than either company alone could. The enterprise customer
16 segment will be better served by the combined network of the Applicants because
17 they will be able to offer a uniformly robust portfolio of services across multiple
18 states and globally, allowing interconnected Washington business customers to
19 benefit from this more expansive network. Both companies will be able to reduce
20 their dependency on leased fiber, making the network more robust and resilient,
21 which ultimately benefits Washington customers.

22 Moreover, there is no harm associated with the Transaction. The merger will be
23 transparent to customers. There will be no customer disruption or confusion
24 because the Level 3 OpCos will continue to offer services under the same

1 regulatory and contractual requirements. The post-Transaction companies will
2 continue to abide by all regulatory obligations that existed before the merger.
3 Therefore, the Commission should decline to assert jurisdiction or, in the
4 alternative, approve the Transaction Filing, approving the indirect transfer of
5 control of the Level 3 OpCos without conditions on an expedited basis.

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes.