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NEWTON M. GALLOWAY
TERRI M. LYNDALL

VIA: Alternative Electronic Filing

September 14, 2020

Mr. Reece McAlister
Executive Secretary
Georgia Public Service Commission
244 Washington Street
Atlanta, Georgia 30334

Re: In Re: Application of Level 3 Communications, LLC for Approval to Participate in A
Financing Arrangement; Docket 8558

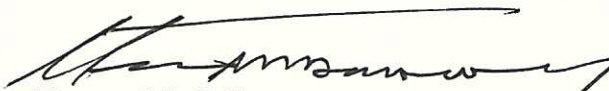
Dear Mr. McAlister:

On behalf of Level 3 Communications, LLC ("Level 3 LLC"), enclosed please find an original and two (2) copies of the above-referenced Application for filing with the Commission. Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope provided. The Application is being filed with the Commission by means of its Alternative Electronic Filing Procedures.

Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Sincerely,

GALLOWAY & LYNDALL, LLP


Newton M. Galloway

NMG:dln
Enclosures

cc: Ms. Jeanne Stockman

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF GEORGIA

In Re: :
: DOCKET NO.: 8558
APPLICATOIN OF :
LEVEL 3 COMMUNICATIONS, LLC :
FOR APPROVAL TO PARTICIPATE :
IN A FINANCING ARRANGEMENT :
:

APPLICATION

Comes now, LEVEL 3 COMMUNICATIONS, LLC (“Level 3 LLC” or “Applicant”) and pursuant to O.G.C.A. § 46-2-28 and any other statutes and regulations deemed applicable, hereby requests approval from the Georgia Public Service Commission (“Commission”) to participate in a financing arrangement in connection with the issuance of \$840 million aggregate principal amount of 3.625% Senior Notes due 2029 (“Senior Notes”) by its parent company, Level 3 Financing, Inc. (“Financing”).¹ Specifically, Applicant seeks approval to act as guarantor for the Senior Notes upon receipt of the required regulatory approvals. Additionally, Applicant has issued an intercompany demand note to Financing similar to intercompany demand notes that were part of all the prior financing arrangements which have been deemed exempt from the prior approval requirement in O.C.G.A. § 46-2-28 by the Commission.² Applicant seeks approval to

¹ Pursuant to O.G.C.A. § 46-2-28(g), local exchange companies are exempt from the approval provisions of O.G.C.A. § 46-2-28 when a debt transaction is interstate in nature. Applicant submits that the financing arrangements described herein are a multistate transaction that involves its parent companies, which, along with the Applicant, are organized and headquartered outside of Georgia. The debt transaction described herein will provide greater access to capital, which will yield both financial benefits and operational flexibility that will inure to the benefit of Applicant’s customers in Georgia and other states in which it operates. Accordingly, Applicant requests that the Commission exempt this interstate debt transaction from the approval provisions of O.C.G.A. § 46-2-28. If the Commission decides not to exempt the Applicant from the approval requirements, Applicant requests approval herein.

² See: Letter from Leon E. Bowles, Director of Telecommunications, Georgia Public Service Commission, to Danielle Burt, Counsel to Applicants, Docket No. 8558 (Dec. 6, 2017).

permit the intercompany demand note used in exchange for the proceeds of the Senior Notes to remain unpaid for more than 12 months from the date of issuance.

This financing arrangement has allowed Financing to redeem all \$140 million aggregate principal amount of Financing's outstanding 5.625% Senior Notes due 2023 and all \$700 million aggregate principal amount of Financing's outstanding 5.125% Senior Notes due 2023.³ As a result, annual interest expense will be reduced by approximately \$13.3 million, and the average maturity of the \$840 million of debt will be extended by more than six years.

In support of this Application, Applicant shows the Commission as follows:

I. DESCRIPTION OF THE APPLICANT

Level 3 Parent, LLC ("Level 3 Parent"), the immediate parent of Financing, is a Delaware limited liability company with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021 and an indirect, wholly owned subsidiary of CenturyLink, Inc. (NYSE: CTL). Level 3 Parent provides high-quality voice and data services to enterprise, government, wholesale, and carrier customers over its IP-based network through its wholly owned indirect subsidiaries, including the Applicant. Applicant is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services pursuant to certification, registration or tariff requirements, or on a deregulated basis. In the State of Georgia, Applicant holds the following authorizations:

- Level 3 LLC is authorized to provide interexchange services pursuant to Certificate No. R-516 issued in Docket No. 8729-U on May 4, 1998 and Certificate No. X-0993 issued in Docket No. 11419-U on December 7, 1999, and is authorized to provide competitive local exchange services pursuant to Certificate No. L-081 issued in Docket No. 8558-U on May 19, 1998, as amended on March 19, 2002.

³ The 5.625% Senior Notes due 2023 were issued in January of 2015. The Petitioner filed for authority to participate in that financing arrangement on February 20, 2015. The 5.125% Senior Notes due 2023 were issued in June of 2015. The Petitioner filed for authority to participate in that financing arrangement on June 3, 2015.

DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this

Application should be directed to:

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II. REQUEST FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

Applicant requests Commission approval to participate in a new financing arrangement in the aggregate principal amount of \$840 million. The new financing arrangement consists of the following components. First, Financing has issued \$840 million aggregate principal amount of its Senior Notes in a private offering that was not registered under the Securities Act of 1933. The Senior Notes were offered and sold only to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A of the Securities Act and to non-U.S. persons outside of the United States in accordance with Regulation S under the Securities Act.

Second, Financing has lent funds equal to the \$840 million proceeds of the Senior Notes to its subsidiary Level 3 LLC in return for an intercompany demand note.⁴ The intercompany demand note is in substantially the same form as the note utilized for prior financings exempted from approval by the Commission. Accordingly, to the extent required, Level 3 LLC also requests authority from the Commission concerning the intercompany demand note to Financing, pursuant

⁴ *Id.*

to O.C.G.A. § 46-2-28. Since the intercompany demand note is payable on demand, and thus is neither indebtedness payable later than 12 months after the date of the original instrument, nor expressly payable within 12 months, the applicability of O.C.G.A. § 46-2-28 is unclear. In an abundance of caution, therefore, Level 3 LLC seeks Commission approval pursuant to O.C.G.A. § 46-2-28 to the extent required in the event the intercompany demand note remains unpaid for more than 12 months from the date of issuance.

As explained herein, the instant financing arrangement qualifies for exemption from the approval provisions of O.G.C.A. § 46-2-28(g) because it is interstate in nature. Should the Commission nevertheless determine that the instant financing arrangement is not exempt, Applicant hereby requests approval from the Commission pursuant to O.C.G.A. § 46-2-28 and any other laws or regulations deemed applicable to act as guarantor of the Senior Notes. Applicant respectfully submits that its guaranty will not be effective until all required regulatory approvals are obtained. In addition, and to the extent required, Level 3 LLC seeks Commission approval pursuant to O.C.G.A. § 46-2-28, and any other applicable regulations and statutes, in the event the amended and restated intercompany demand note remains unpaid for more than 12 months from the date of issuance, as more fully addressed above.

Applicant's participation in the new financing arrangement will not result in a change in Applicant's management or in Applicant's day-to-day operations in Georgia, nor will the financing arrangement adversely affect Applicant's current or proposed operations in Georgia. The financing arrangements will enable Financing and Level 3 Parent to take advantage of lower interest rates and more favorable maturity terms, thereby significantly reducing interest expenses and strengthening their financial position. The financing arrangement also will provide Applicant with financial flexibility to maintain and expand its networks and services and will enable

Applicant to continue delivering services to new markets, thus allowing more consumers to benefit from its competitive services. Accordingly, and to the extent required, Applicant requests Commission approval to participate in the financing arrangement described herein.

III. PUBLIC INTEREST CONSIDERATIONS

Approval of the financing arrangement described herein will serve the public interest. The financing arrangement enables Financing and Level 3 Parent to refinance their obligations to extend the maturity dates of certain obligations at better interest rates, thus reducing the companies' interest expense and the future refinancing risks associated with the scheduled maturity described herein. These steps are a part of the companies' ongoing efforts to manage their maturity profile and continue to strengthen their overall credit profile. Applicant, Financing, and Level 3 Parent expect that the capital markets will look favorably upon these steps. As such, they expect the financing arrangement will provide greater access to capital, which will yield both financial benefits and operational flexibility that will ultimately inure to the benefit of Applicant's Georgia customers. In addition, existing and future customers will have a more favorable view of Applicant's financial health.

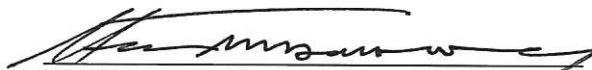
Furthermore, the financing arrangement will be conducted in a manner that will be transparent to customers and will not result in a change of carrier for customers or any assignment of authorizations, and in no event will they result in the discontinuance, reduction, loss, or impairment of service to customers. Following consummation of the financing arrangement, Applicant will continue to provide high-quality communications services to its customers without interruption and without immediate change in rates, terms, or conditions.

IV. CONCLUSION

For the reasons set forth above, Applicant Level 3 LLC submits that the public interest, convenience, and necessity will be furthered by expeditious Commission approval of Applicant's participation in the financing arrangement described herein.

This 14th day of September, 2020.

GALLOWAY & LYNDALL, LLP
Counsel for Level 3 Communications, LLC



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Georgia Bar No.: 283069

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VERIFICATION

STATE OF LOUISIANA

§

PARISH OF TENSAS

§

I, Gary Maxwell Cox, state that I am Vice President, Deputy General Counsel & Assistant Secretary of CenturyLink, Inc.; that I am authorized to make this Verification on behalf of its certificated operating subsidiaries, including Level 3 Communications; 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.

Gary Maxwell Cox

Name: Gary Maxwell Cox
Title: Vice President, Deputy General Counsel, and Assistant Secretary, CenturyLink, Inc.

The foregoing instrument was acknowledged to me in the State of Louisiana, on this 25th day of August 2020, by Gary Maxwell Cox, Vice President, Deputy Counsel and Assistant Secretary of CenturyLink, Inc., a Louisiana corporation, on behalf of the corporation. He is personally known to me.

M. B. K.
Notary Public

My commission expires: At Death

Maxwell B. Kallenberger
Notary Public
La. Bar Roll #37187
Ouachita Parish
My Commission is for Life

