

**STATE OF IOWA
DEPARTMENT OF COMMERCE
IOWA UTILITIES BOARD**

IN RE:

LEVEL 3 COMMUNICATIONS, LLC

DOCKET NO. TCU-2015-0007

**AMENDED APPLICATION FOR A
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY**

Expedited Relief Requested¹

BACKGROUND

On January 11, 1999, Level 3 Communications, LLC (“Level 3”) filed an application for a certificate of public convenience and necessity (“CPCN” or “Certificate”) pursuant to Iowa Code § 476.29. On April 30, 1999, the Board issued an order finding that Level 3 had demonstrated that it “possesses the technical, financial, and managerial ability to provide the service it proposes to render and the Board finds the service is consistent with the public interest.” (April 30, 1999 Order at p. 1). The Board granted a Certificate conditioned on the subsequent filing and approval of a tariff.

On January 31, 2005, Level 3 filed a tariff seeking to make effective its Certificate. On April 7, 2005, the Board denied that tariff without prejudice based on discussions between Level 3 and Board staff regarding the wholesale nature of the service. The Board determined that the services in the tariff were not being offered “to the public,” and therefore were not subject to the tariff jurisdiction of the Board. In 2002, however, the Board had faced a similar issue where a

¹ Level 3 respectfully requests expedited processing as it had previously filed a motion to convert its Order in Lieu (which had required the Board to analyze the same criteria and under which it had successfully been operating) to a certificate. Although there were no objections to that approach, Level 3 was subsequently asked to file this full application. As a result the process has taken longer, and further delay may have impacts on potential customer relationships.

company, Intrado, was providing a service other than traditional end-user retail telephone service which nonetheless was in the public interest. In response, the Board – consistent with the flexibility the legislature had required under Iowa Code § 476.95(4) – created an “Order in Lieu” of certificate that provided a carrier with all of the rights of an actual Certificate except for the right to market to end user retail customers. See In re Intrado Commc’ns Inc., Docket No. TCU-02-1, “Order Denying Application for Certificate” (Mar. 15, 2002).

Level 3 sought reconsideration of the April 7, 2005 Order, requesting as an alternative that it be granted an Order in Lieu of Certificate. On June 20, 2005 the Board granted Level 3 this alternative.² In the Order, the Board made clear that it had thoroughly analyzed Level 3 – one aspect of the Order in Lieu is that “[i]t upholds the Board’s precedents as to the requirements for an actual certificate of public convenience and necessity...” (Order in Lieu at p. 4). The Board again found that allowing Level 3 to participate in the Iowa market was in the public interest (Order in Lieu at p. 6).

Level 3 has successfully operated in Iowa for nearly 10 years under the Order in Lieu. In the meantime, Level 3 has grown in its offerings and resources – including through its mergers with Global Crossing and tw telecom. As a result of these developments and changes in the telecommunications marketplace, Level 3 is now in a position to provide retail services, and Level 3 presently has potential enterprise clients seeking its services. As a result, it is appropriate for Level 3 to replace its Order in Lieu with a traditional CPCN as the only factor that was lacking was a retail service offering. As is discussed below, Level 3 meets the requisite findings under Iowa Code § 476.29; they have been demonstrated in practice by Level 3’s operation under its Order in Lieu without financial, technical or managerial concerns being

² In re Level 3 Communications, LLC, Docket No. TF-05-31 (TCU-99-1), “Order in Lieu of Certificate” (June 20, 2005)(“Order in Lieu”).

raised as to the adequacy of its services. Indeed, Level 3 has greater technical and financial capabilities now than when the Board issued a conditional certificate in 1999, or when the Board issued an Order in Lieu in 2005. Accordingly, Level 3 moves and respectfully requests that the Board grant Level 3 a full CPCN.

FINANCIAL, TECHNICAL AND MANAGERIAL CAPABILITIES

Level 3 is an international facilities-based provider of a broad range of integrated communications services. It has been in operation as Level 3 Communications since 1998, and since that same year has been a publicly-traded company. Level 3 began trading on the NASDAQ exchange, and in 2011 it moved to the New York Stock Exchange (NYSE), where it trades as “LVLT”. In late 2014, Level 3 was named to the S&P 500. Level 3 now operates in over 500 markets in 60 countries and on three continents, as well as operating undersea cables. As a public company, Level 3’s financial and managerial information is transparent in its U.S. Securities and Exchange Commission Filings. Level 3 summarizes key points here, but should the Board seek additional information, it is readily available at:

http://www.sec.gov/Archives/edgar/data/794323/000079432315000003/lvlt-123114_10k.htm
(Level 3’s most recent Annual Report 10-K).

Level 3 has substantial assets to ensure quality service to Iowa customers. Level 3 has over 13,500 employees, 74,000 route-miles of intercity network in North America, and 350 collocation and data centers globally. Level 3 already has fiber backbone through Iowa running roughly parallel to Interstate 35, and then running roughly parallel to Interstate 80 from Des Moines to Omaha. Level 3 also has a data center in Pleasant Hill. In addition to its physical and human assets, Level 3 has significant financial assets. As of June 15, 2015, Morningstar.com

showed Level 3 with a market capitalization of \$19.4 billion. For 2014, Level 3 had \$6.77 billion in revenues, and net revenues of \$314 million.

Level 3 is already certificated in every other state besides Iowa, and no such authority has been revoked in any of those states.

Level 3's management team also provides undeniable managerial and technical ability to service Iowa's customers. Highlights of the experience of the team include:

- **Jeff Storey, President and CEO** – Mr. Storey has 30 years of industry experience including beginning at Southwestern Bell, serving as an executive at Cox Communications, CEO of WilTel, and Chief Operating Officer at Level 3 prior to becoming CEO.
- **John Blount, Regional President for North America** – Mr. Blount had 18 years of experience at tw telecom, ultimately serving as Chief Operating Officer prior to the merger with Level 3.
- **Laurinda Pang, Executive Vice President and Chief Administrative Officer** – Ms. Pang has 20 years of telecommunications industry experience including serving as vice president of Global Crossing customer experience re-engineering, responsible for all aspects of global business transformation affecting customer experience.
- **John Ryan, Executive Vice President and Chief Legal Officer** – Mr. Ryan has been with Level 3 since 1999. Prior to that, he was a Partner at Fraser Stryker law firm in Omaha, where he had extensive background in communications law, representing (among others) MCI, NorthPoint, MFS and Level 3.
- **Jack Waters, Chief Technology Officer** – Mr. Waters has held numerous technology, engineering and operations positions with Level 3 in his 18 years with the company. Before joining Level 3, Mr. Waters served as an executive staff member for MCI Communications, Inc. with responsibility for network architecture, design and implementation. Prior to MCI, Mr. Waters worked as director of engineering and operations for SURAnet, the Southeastern University Research and Academic Network.

These are just the highlights of the members of the management team most relevant to telephone service in Iowa. More complete information is available at: <http://www.level3.com/en/about-us/management-team/>. Even these summary points, however, meet the requirements of Iowa Code § 476.29. Level 3's key managers have decades of relevant experience with major

telecommunications carriers, experience in operations, engineering, customer experience, and communications law.

SERVICE AND EXCHANGES

Level 3 seeks certification to provide retail local exchange service in the following

Windstream exchanges:

Charlotte
Delmar
DeWitt
Low Moor

As well as the Grand Mound exchange of the Grand Mound Cooperative Telephone Company.

Level 3 adopts the maps on file for Windstream and Grand Mound for these exchanges.

In these exchanges, Level 3 will offer retail telecommunications services to business customers, specifically, integrated Voice-over-Internet Protocol-based bundles including, but not limited to, local exchange and exchange access services, customer calling and CLASS features, other vertical features, and ancillary services (911, E911, 411, TRS). Services may be offered through a combination of Level 3 facilities and unbundled network elements purchased from other providers. Level 3 has existing interconnection with Windstream, Frontier/Citizens, and CenturyLink, among others.

ADDITIONAL RECITALS

1. Level 3 is a Delaware limited liability company with its principal place of business in Broomfield, Colorado. Level 3 is authorized to do business in Iowa, maintaining an “active in good status” standing with the Iowa Secretary of State. See Attachment A.
2. Level 3 will support 2-PIC methodology for interLATA and intraLATA dialing parity.

3. Level 3 commits to utilize thousand-block number pooling to the extent technically feasible.

4. Level 3 has contemporaneous with the filing of this Application served notice on all interested carriers on file with the Board as serving in the exchanges for which certification is requested. A copy of the Notice, as well as the Certificate of Service for the Notice, is attached as **Attachment B**.³

5. The services offered, and terms and conditions of those services, can be found in service lists or catalogs on Level 3's website, level3.com. Such information is also available from a Level 3 sales or customer service representative.

CONCLUSION

Providing Level 3 a CPCN (and subsequently withdrawing its Order in Lieu) is in the public interest in that it would promote increased consumer choice for innovative, sophisticated services, including greater access to high-bandwidth products and services. As Level 3 has already long been providing services under its Order in Lieu, it is also in the public interest to have Level 3 be part of the more traditional certificate regime.⁴ Level 3 meets the requirements of managerial, technical and financial capabilities to provide adequate service, and in fact has provided services without issue under its Order in Lieu. Level 3 respectfully requests the Board promptly grant it a CPCN so it can be responsive to potential customers who have already inquired about retail service in Iowa.

³ Indeed, the service list is certainly overbroad: Level 3 took the TCU service list from the Board's website and removed only LECs whose service territory Level 3 was definitively aware in now way overlapped with the exchanges for which Level 3 is seeking certification.

⁴ Level 3 understands that NANPA has expressed concerns about the use of Orders in Lieu in Iowa; this would reduce the number of such outstanding orders.

Respectfully submitted this 7th day of August, 2015.

By: */s/ Bret A. Dublinske*

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**ATTORNEYS FOR LEVEL 3
COMMUNICATIONS, LLC**

VERIFICATION

STATE OF COLORADO)
)
COUNTY OF BROOMFIELD)

I, Richard E. Thayer, am Senior Corporate Counsel of Level 3 Communications, LLC (“Applicant”). I am authorized to make this Verification on behalf of Applicant and hereby state that I have read, know and understand the contents of the foregoing Application and the contents are true and correct to the best of my knowledge, information, and belief.

/s/ Richard E. Thayer
Richard E. Thayer
Level 3 Communications, LLC
Senior Corporate Counsel

Subscribed and sworn to before me this 22nd day of July, 2015.

/s/ Heather Kavanaugh
Notary Public

My commission expires 11/7/2016