

PUBLIC SERVICE
COMMISSION

NOV 14 2005

RECEIVED
November 10, 2005**VIA OVERNIGHT DELIVERY**

Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

Re: Notification of Level 3 Communications, LLC and WilTel Communications Group, LLC of the Indirect Transfer of Control of WilTel Communications, LLC and WilTel Local Network, LLC and Related Transactions

Dear Ms. O'Donnell:

Level 3 Communications, LLC ("Level 3") and WilTel Communications Group, LLC ("WilTel") (collectively "Parties"), through their undersigned counsel and pursuant to the Orders issued in Administrative Case Nos. 359 and 370 on June 21, 1996 and January 31, 1998, respectively, notify the Kentucky Public Service Commission ("Commission") of their intent to consummate a transaction whereby Level 3, a non-dominant carrier, will acquire indirect control of WilTel Communications, LLC ("WilTel-Comm") and WilTel Local Network, LLC ("WilTel-LN"), both non-dominant carriers. WilTel-Comm and WilTel-LN are WilTel's Kentucky operating subsidiaries, each holding authority from the Commission to provide intrastate telecommunications services in Kentucky. As a result of the proposed transaction, Level 3 will acquire 100 percent of the equity of WilTel, and will, therefore, indirectly acquire control of WilTel-Comm and WilTel-LN. The Parties intend to complete the transaction by the end of 2005, and, therefore, request that any questions regarding this proposed transaction be directed to undersigned counsel as soon as possible.

In addition, the Parties provide the following information:

I. Description of the Parties

A. WilTel Communications Group, LLC ("WilTel")

WilTel is a limited liability company organized under the laws of the State of Nevada. WilTel is an indirect wholly owned subsidiary of Leucadia National Corp. ("Leucadia"). Leucadia is a publicly traded New York corporation that is a diversified financial services holding company engaged through its consolidated subsidiaries in a variety of businesses, including telecommunications. Through its subsidiaries, WilTel operates and manages a

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technologically advanced, fully operational, next-generation fiber-optic broadband network that spans approximately 30,000 route-miles connecting 118 cities in the United States and extends to Europe, Mexico and the Pacific Rim.

WilTel-Comm is a Delaware limited liability company that is a wholly owned subsidiary of WilTel. WilTel-Comm's principal place of business is at One Technology Center, Tulsa, OK 74103. WilTel-Comm is a non-dominant carrier that holds authority to provide intrastate interexchange telecommunications services in all 50 states and competitive local exchange telecommunications services in less than five states. In Kentucky, WilTel-Comm is authorized to provide operator services and interexchange telecommunications services pursuant to its registration and tariffs accepted by the Commission on February 18, 1999.¹

WilTel-LN is a wholly owned subsidiary of WilTel-Comm. WilTel-LN's principal place of business is at One Technology Center, Tulsa, OK 74103. WilTel-LN is a non-dominant carrier that is authorized to provide competitive local exchange services in approximately 24 states, including Kentucky. In Kentucky, WilTel-LN is authorized to provide local exchange telecommunications services pursuant to its registration and tariffs accepted by the Commission effective January 22, 2001.²

B. Level 3 Communications, LLC ("Level 3")

Level 3 Communications, LLC is a Delaware limited liability company with principal offices located at 1025 Eldorado Boulevard, Broomfield, CO 80021. Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. Level 3 is a wholly owned subsidiary of Level 3 Financing, Inc., which in turn is a wholly owned subsidiary of Level 3 Communications, Inc., a publicly traded company (NASDAQ: LVLT). Level 3 is a non-dominant carrier that is authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. Level 3 is also authorized by the Federal Communications Commission to provide international and domestic interstate services as a non-dominant carrier.

In Kentucky, Level 3 is authorized to provide resold local exchange and interexchange telecommunications services pursuant to its registration and tariffs accepted by the Commission effective October 3, 1998. Further information concerning Level 3's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification

¹ The initial registration and tariffs were filed in the name of Williams Communications, Inc. d/b/a Vyvx, Inc. By letter dated November 13, 2002, the company subsequently notified the Commission that it changes its name to WilTel Communications, LLC.

² This initial registration and tariffs were filed in the name of Williams Local Network, Inc. On February 8, 2001, the company amended its tariff to reflect the name change to Williams Local Network, LLC. By letter dated November 13, 2002, the company notified the Commission of the name change to WilTel Local Network, LLC.

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and is, therefore, a matter of public record. Level 3 respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

II. Notification of Indirect Transfer of Control

Pursuant to the proposed transaction, Level 3 will acquire, indirectly, 100 percent of the equity in WilTel-Comm and WilTel-LN. Specifically, Level 3 will acquire a 100 percent equity interest in WilTel, and thus, a 100 percent indirect ownership interest in WilTel-Comm and WilTel-LN.³ At this time, it is expected that immediately following the transaction WilTel, along with WilTel-Comm and WilTel-LN, will continue to operate as separate subsidiaries of Level 3. For the Commission's convenience, pre- and post-transaction organizational charts are provided as Exhibit A.

The proposed transaction does not involve any transfer of certificates, assets or customers. Immediately following the consummation of the proposed transaction, WilTel-Comm, WilTel-LN and Level 3 will continue to offer the services they currently offer with no change in the rates or terms and conditions of service. The indirect transfer of control of WilTel-Comm and WilTel-LN to Level 3 therefore will be seamless and transparent to Kentucky consumers, in terms of the services they receive.

The proposed transaction will provide the Parties with access to each other's technical, managerial and financial strengths and complementary suite of services, which together are expected to strengthen the Parties' ability to expand their offerings and provide more advanced telecommunications services to a broader customer base in Kentucky. The Parties expect that the proposed acquisition will enable both WilTel and Level 3 to strengthen their competitive positions to the benefit of Kentucky consumers and the Kentucky telecommunications marketplace.

* * * *

³ Level 3 currently expects to finance the purchase of WilTel through a combination of cash and shares of stock of Level 3's parent company, Level 3 Communications, Inc. Through the stock component of the purchase, Leucadia, the ultimate parent of WilTel, may acquire an equity interest in Level 3 Communications, Inc. of up to 19 percent. Until closing, Level 3 has the right to substitute cash for shares of stock to satisfy the purchase price. Thus, the precise number of Level 3 Communications, Inc. shares Leucadia will obtain, and the resulting indirect interest in Level 3 that Leucadia will acquire, will not be known until closing but in any event will not exceed 19 percent. Any indirect minority transfer of control of Level 3 to Leucadia will be transparent to Level 3's customers.

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An original and ten (10) copies of this notification letter are enclosed for filing. Please date-stamp the enclosed extra copy of this letter and return it in the attached self-addressed, stamped envelope. Please contact the undersigned if the Commission has any questions regarding this letter or the proposed transaction.

Respectfully submitted,



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Brett P. Ferenchak, Esq.
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Counsel to the Parties

LIST OF EXHIBITS

Exhibit A

Pre- and Post-Transaction Corporate Structure

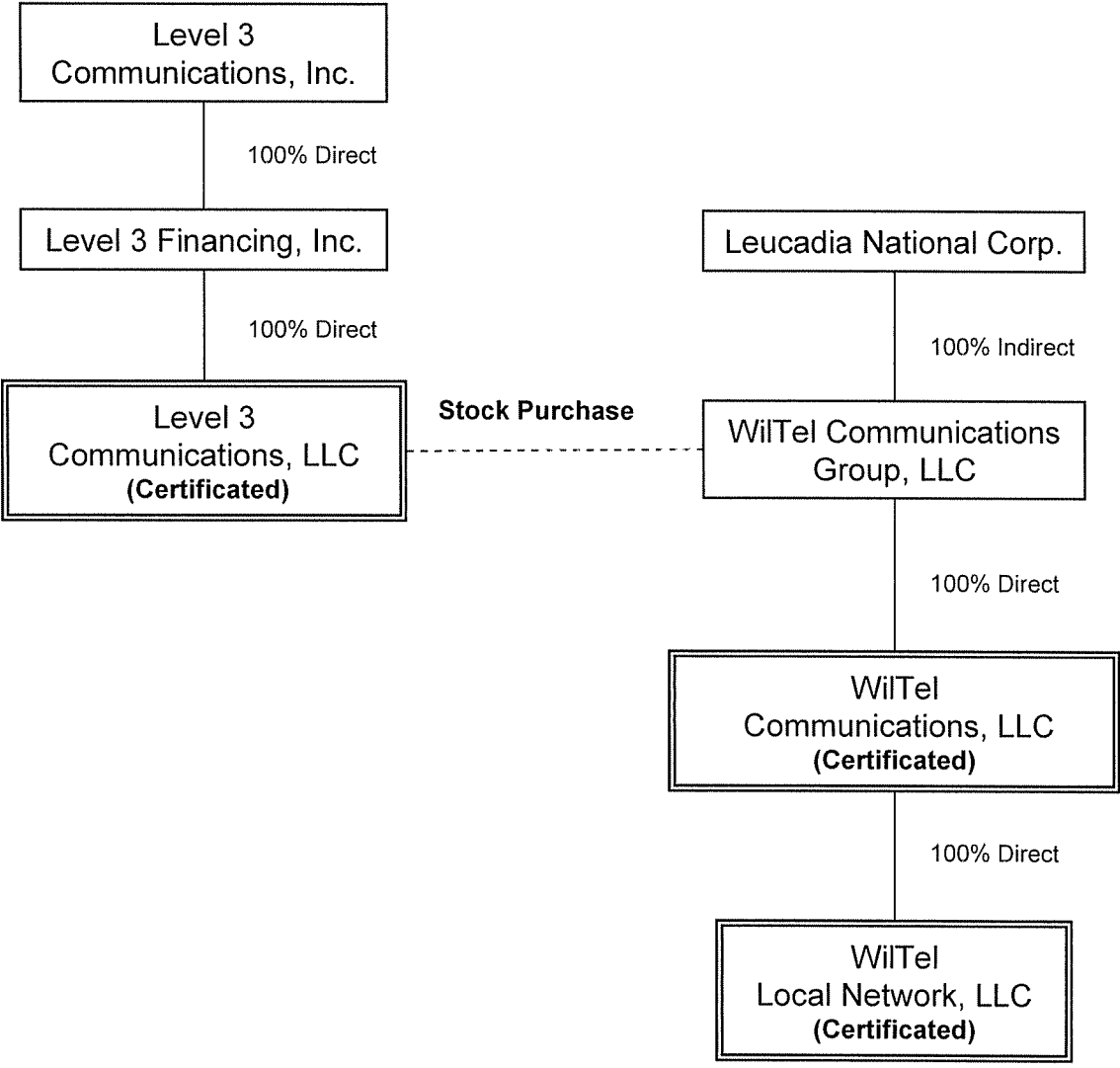
Verifications

EXHIBIT A

Pre- and Post-Transaction Corporate Structure

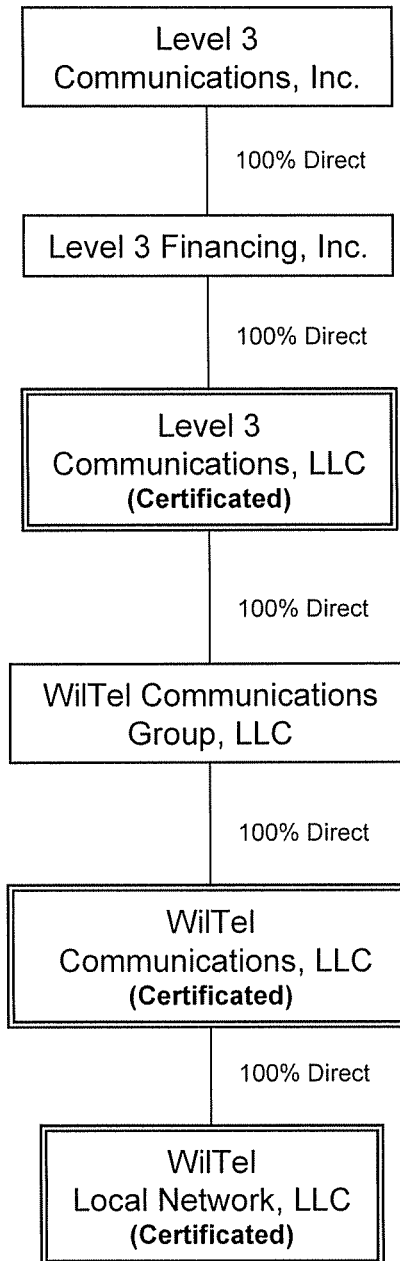
**Level 3 Communications, LLC– WiTel Communications Group, LLC
Pre- and Post-Transaction Illustrative Chart**

PRE-TRANSACTION



Level 3 Communications, LLC – WiTel Communications Group, LLC Pre- and Post-Transaction Illustrative Chart

POST-TRANSACTION



Verifications

VERIFICATION

STATE OF OKLAHOMA

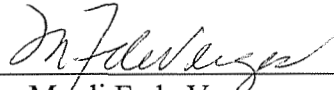
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COUNTY OF TULSA

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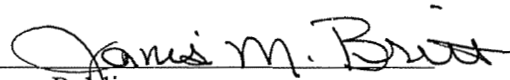
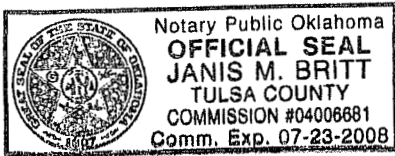
§

I, Mardi F. de Verges, state that I am Senior Vice President - Finance for WiTel Communications Group, LLC; that I am authorized to make this Verification on behalf of WiTel Communications Group, LLC; 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.



Name: Mardi F. de Verges
Title: Senior Vice President - Finance
WiTel Communications Group, LLC

SWORN TO AND SUBSCRIBED before me on the 11th day of October, 2005.


Notary Public

My commission expires: _____

VERIFICATION

STATE OF COLORADO §
 §
COUNTY OF BROOMFIELD §

I, William P. Hunt, III, state that I am Vice President of Public Policy for Level 3 Communications, LLC; that I am authorized to make this Verification on behalf of Level 3 Communications, LLC; 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.

Wm. P. Hunt III

Name: William P. Hunt, III
Title: Vice President of Public Policy
Level 3 Communications, LLC

SWORN TO AND SUBSCRIBED before me on the 31st day of October, 2005.

Julia Matthews

Notary Public

My commission expires: 11/18/07

