

ORIGINAL

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May 19, 2006

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By Overnight Mail

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

Re: Notification of Level 3 Communications, Inc. and TelCove, Inc. of a Transfer of Control of TelCove of Kentucky, Inc. and Related Transactions

Dear Ms. O'Donnell:

Level 3 Communications, Inc. ("Level 3") and TelCove, Inc. (collectively, the "Parties"), 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 a transaction whereby Level 3, a competitive non-dominant carrier, will acquire indirect control of TelCove of Kentucky, Inc. ("TelCove-KY") (TelCove, Inc. and TelCove-KY, collectively, "TelCove"), a non-dominant carrier. TelCove-KY is TelCove, Inc.'s Kentucky operating subsidiary and holds authority from the Commission to provide intrastate telecommunications services in Kentucky. The Parties also notify the Commission of certain related transactions, as discussed below.

Although the transaction will result in a change in the ownership of TelCove-KY, no transfer of certificates, assets or customers will occur. TelCove-KY will continue to provide service to its existing customers in Kentucky pursuant to those authorizations under the same rates, terms and conditions. This transaction will be transparent to the customers of TelCove-KY.

Description of the Parties

A. TelCove, Inc and TelCove of Kentucky, Inc. ("TelCove")

TelCove, Inc. is a privately held Delaware corporation with its principal place of business located at 121 Champion Way, Canonsburg, Pennsylvania 15317. TelCove, Inc. is the parent company of TelCove of Kentucky, Inc., which is a Delaware corporation with the same principal place of business. TelCove, Inc. is authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate services as a non-dominant carrier.

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TelCove, Inc., through its operating subsidiaries,¹ including TelCove-KY, is a leading facilities-based provider of integrated communications services that serves medium and large businesses, state and local governmental agencies, educational institutions, and other communications service providers. TelCove offers local and long-distance voice, dedicated data, ATM, frame relay, and Internet services and is focused on serving communications-intensive end users. In Kentucky, TelCove-KY is authorized to provide local exchange and long distance telecommunications services pursuant to its registration and tariff filings on October 16, 1998 (ID Number 5019900). TelCove-KY is also authorized by the FCC to provide domestic interstate services as a non-dominant carrier.

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

Level 3 Communications, Inc. is a publicly traded (NASDAQ: LVLT) Delaware corporation headquartered in Broomfield, Colorado. Through its wholly owned indirect subsidiaries, Level 3 Communications, LLC ("Level 3 LLC"), WilTel Communications, LLC, WilTel Local Network, LLC, and Progress Telecom, LLC (collectively, the "Level 3-Ops"),² Level 3 provides high-quality voice and data services to carriers, ISPs, and other business customers over its IP-based network. The Level 3-Ops are non-dominant carriers that are authorized to provide resold and/or facilities-based telecommunications services nationwide pursuant to certification, registration or tariff requirements, or on a deregulated basis. The Level 3-Ops are also authorized by the FCC to provide international and domestic interstate services as non-dominant carriers.

In Kentucky, Level 3 Communications, LLC 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. WilTel Communications, LLC is authorized to provide operator services and interexchange telecommunications services pursuant to its registration and tariff filings accepted by the Commission on February 18, 1999.³ WilTel Local Network, LLC is authorized to provide local exchange telecommunications services pursuant to its registration and tariffs accepted by the Commission effective January 22, 2001.⁴ Further information concerning the legal,

¹ A corporate organizational chart for TelCove that includes all operating subsidiaries of TelCove, Inc. is attached as Exhibit A.

² Level 3 is also in the process of acquiring ICG Communications, Inc., which through its operating subsidiary ICG Telecom Group, Inc., provides a variety of regulated and unregulated voice and Internet services primarily in Colorado and Ohio.

³ 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 notified the Commission that it had changed its name to WilTel Communications, LLC.

⁴ 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

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technical, managerial and financial qualifications of the Level 3-Ops to provide service was submitted with their applications for certification as well as filings related to the transfer of control of WilTel to Level 3 Communications, LLC, and is, therefore, a matter of public record. Level 3 requests that the Commission take official notice of that information and incorporate it herein by reference.

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Description of the Transaction

Level 3 will acquire control of TelCove-Op. This will be accomplished through a multi-step transaction, beginning with a merger between TelCove, Inc. and Eldorado Acquisition Three, LLC ("Eldorado"), a subsidiary of Level 3 created for the purposes of this transaction.⁵ For the Commission's convenience, pre- and post-transaction organizational charts are provided as Exhibit B. First, TelCove, Inc. will merge into Eldorado, with Eldorado surviving.⁶ Level 3 will then immediately contribute the membership interests in Eldorado to Level 3 Financing, Inc.,⁷ which will then contribute the membership interests to Level 3 LLC, positioning Eldorado as a subsidiary of Level 3 LLC.⁸ Following this step, Eldorado will change its name ("New TelCove").⁹ As a result of these steps, Level 3 will control TelCove-KY through its wholly owned indirect subsidiary Level 3 LLC, which will wholly own New TelCove, TelCove-KY's new direct parent.

Level 3 will use a combination of cash, shares of stock in Level 3, and the assumption of certain TelCove debt to acquire all of TelCove. Of the contemplated purchase price of \$1.2375 billion, approximately \$445 million will be paid in cash, approximately \$637 million will be paid through the issuance of stock by Level 3, and approximately \$155.5 million will be paid through the assumption of debt of TelCove. At closing, Level 3 will pay all of TelCove's debt. In addition, upon closing, New TelCove and TelCove-KY will pledge their assets as security and enter into a guaranty for existing indebtedness of Level 3 Financing, Inc.

Immediately following the consummation of this transaction, TelCove-KY will continue to offer the services it currently offers with no change in the rates or terms and conditions

Network, LLC. By letter dated November 13, 2002, the company notified the Commission of the name change to WilTel Local Network, LLC.

⁵ Eldorado is not authorized, and does not seek authorization, to provide telecommunications services in any state.

⁶ See "STEP 1 – Merger" chart of Exhibit B.

⁷ See "STEP 2(a) – Contribution of Membership Interest" chart of Exhibit B.

⁸ See "STEP 2(b) – Contribution of Membership Interest" chart of Exhibit B.

⁹ See "POST TRANSACTION" chart of Exhibit B.

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of service. The transfer of control of TelCove-KY will be seamless and transparent to consumers in the State of Kentucky.

* * * *

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An original and ten (10) copies of this notification letter are enclosed for filing. Please date-stamp the extra copy of this letter and return it in envelope provided. Please contact Brett Ferenchak at (202) 373-6697 if you have any questions.

Respectfully submitted,



Catherine Wang
Brett P. Ferenchak

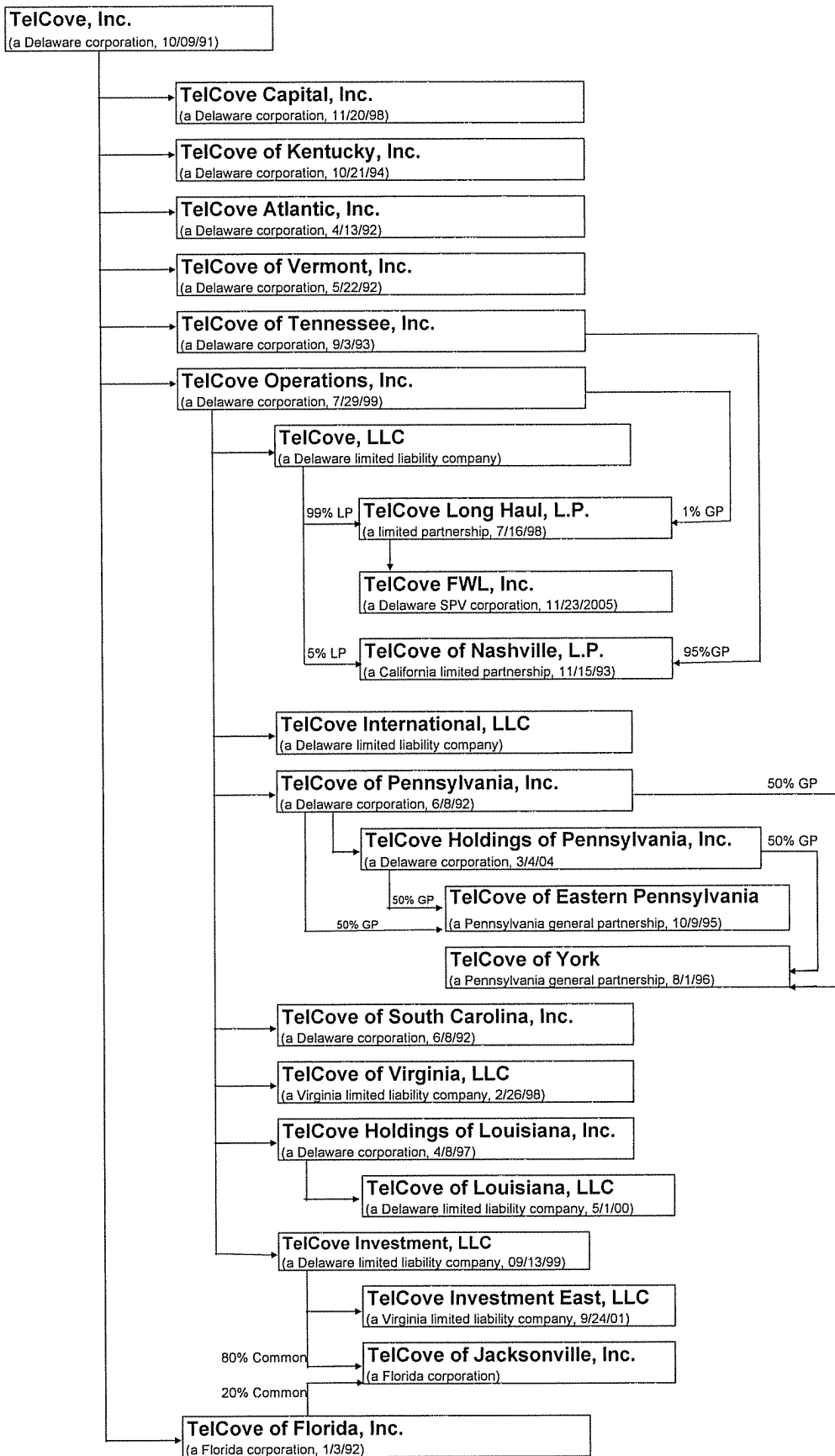
LIST OF EXHIBITS

Exhibit A	TelCove Corporate Organizational Chart
Exhibit B	Pre- and Post-Transaction Organizational Charts
Verifications	

EXHIBIT A

TelCove Corporate Organizational Chart

TelCove Corporate Organization Chart as of January 1, 2006



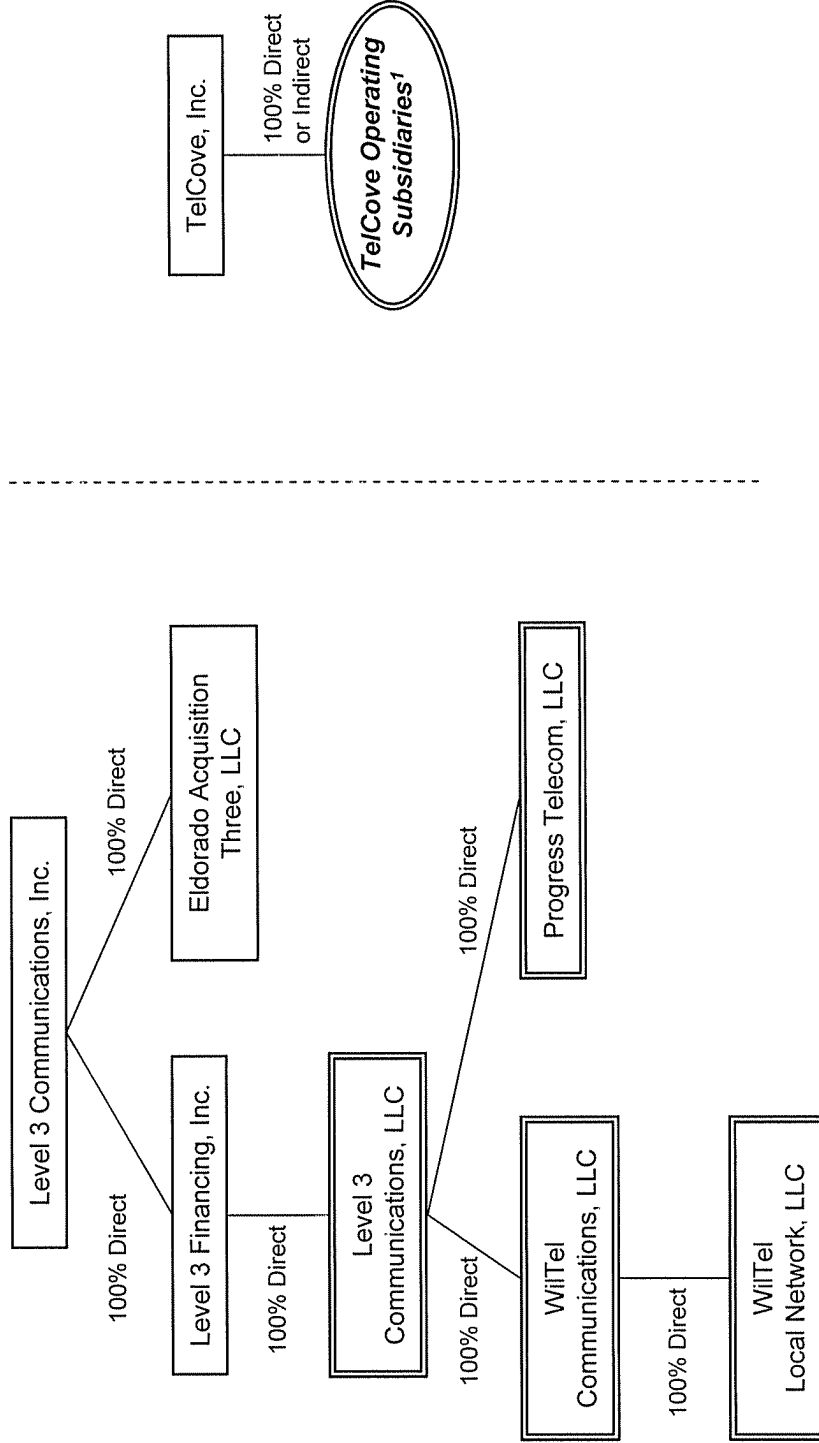
Unless otherwise indicated, all subsidiary corporations and limited liability companies are owned 100%

EXHIBIT B

Pre- and Post-Transaction Organizational Charts

**Level 3 Communications, LLC – TelCove, Inc.
Pre- and Post-Transaction Illustrative Chart**

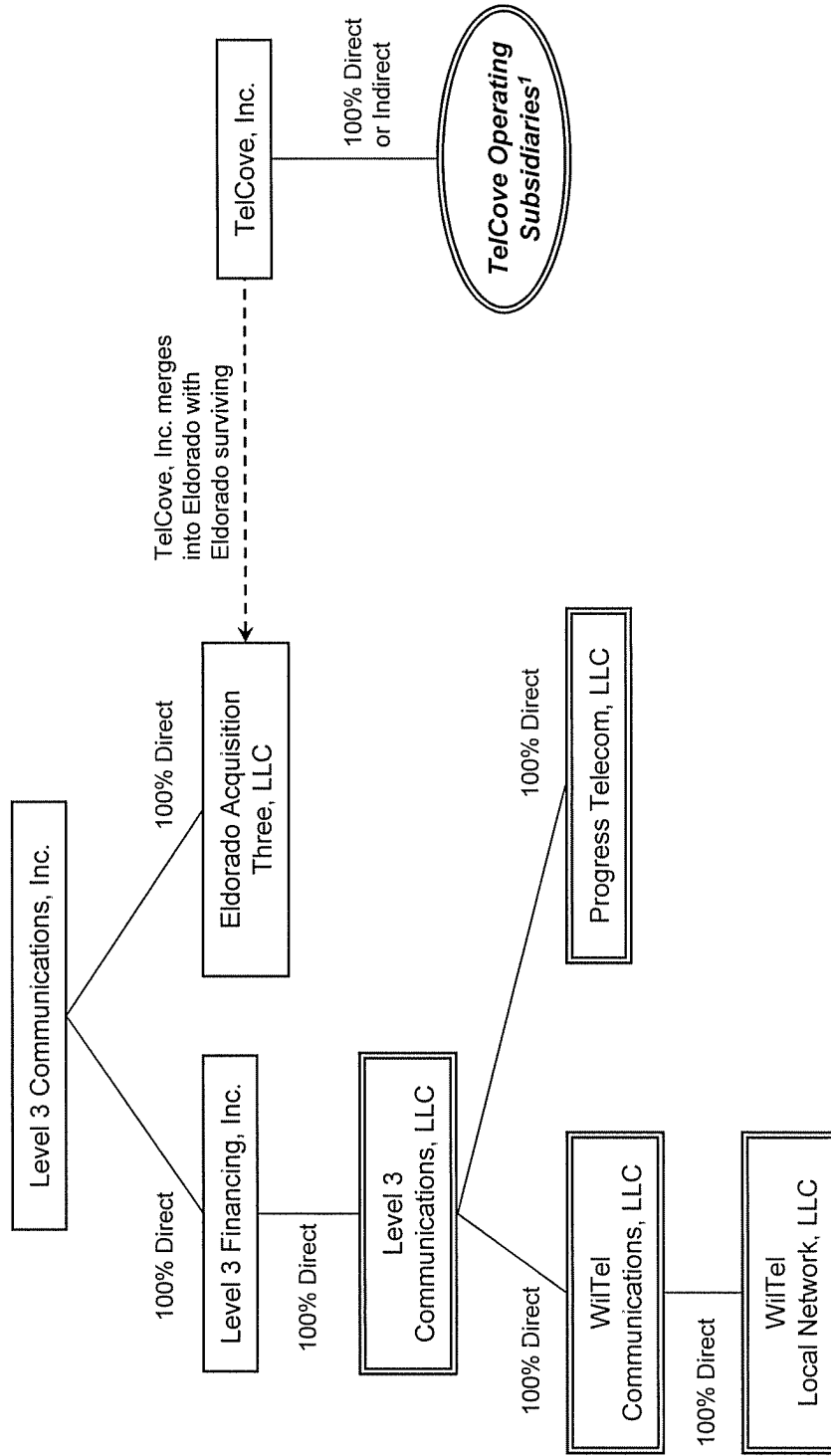
PRE-TRANSACTION



¹ Please see Exhibit A for a corporate organizational chart that includes all TelCove operating subsidiaries.

Level 3 Communications, LLC – TelCove, Inc. Pre- and Post-Transaction Illustrative Chart

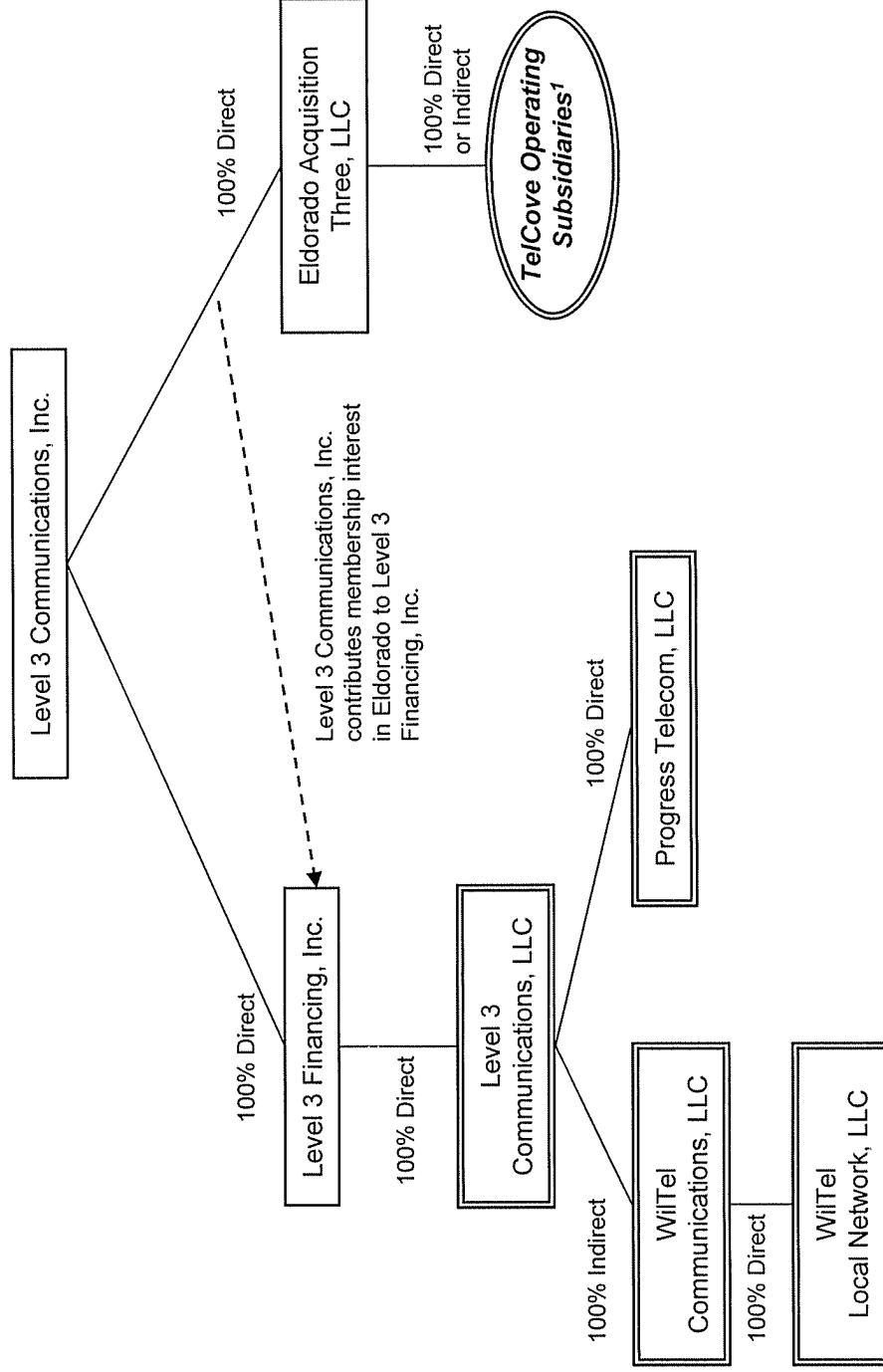
STEP 1 - Merger



¹ Please see Exhibit A for a corporate organizational chart that includes all TelCove operating subsidiaries.

**Level 3 Communications, LLC – TelCove, Inc.
Pre- and Post-Transaction Illustrative Chart**

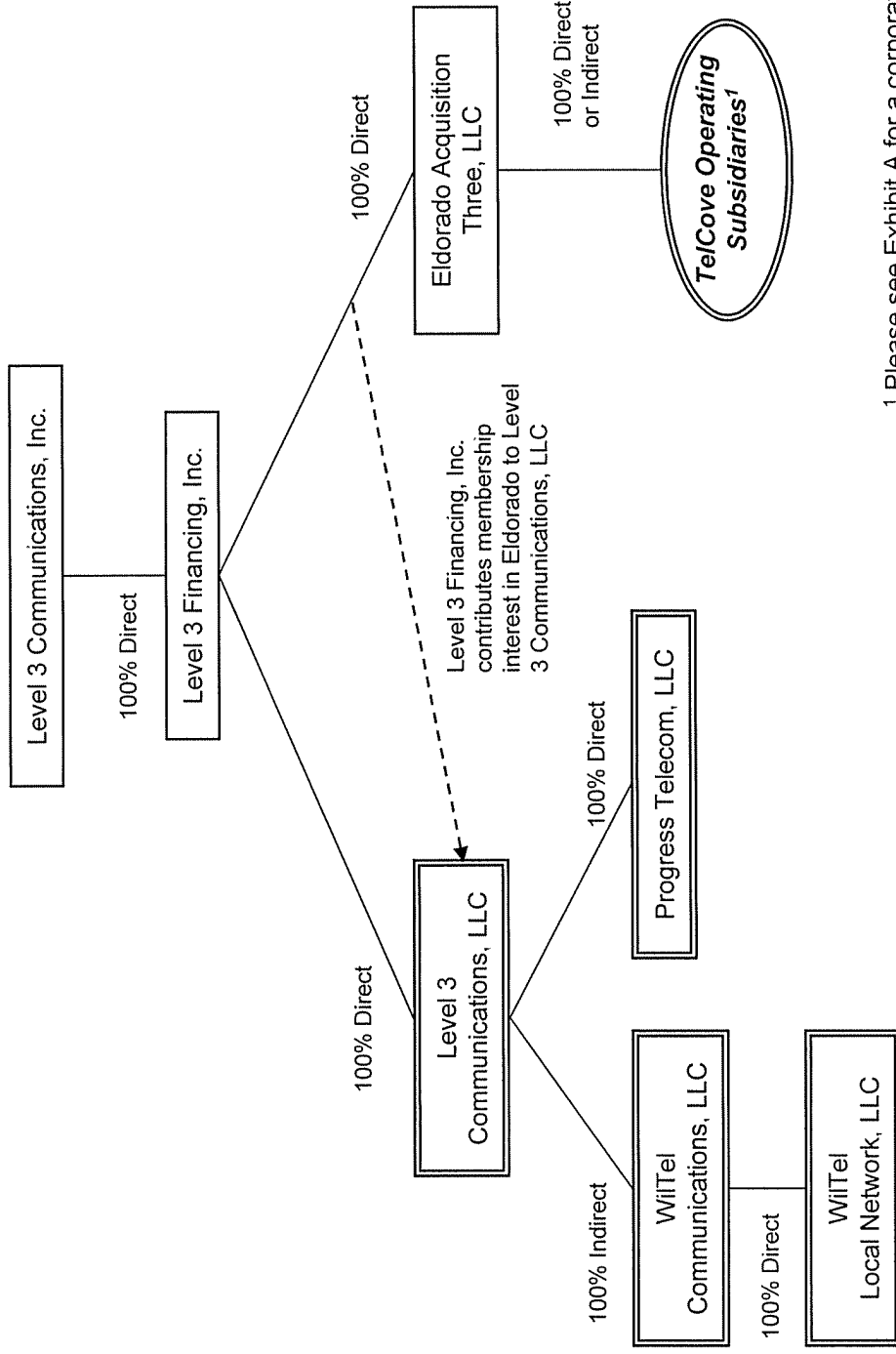
STEP 2(a) – Contribution of Membership Interest



¹ Please see Exhibit A for a corporate organizational chart that includes all TelCove operating subsidiaries.

**Level 3 Communications, LLC – TelCove, Inc.
Pre- and Post-Transaction Illustrative Chart**

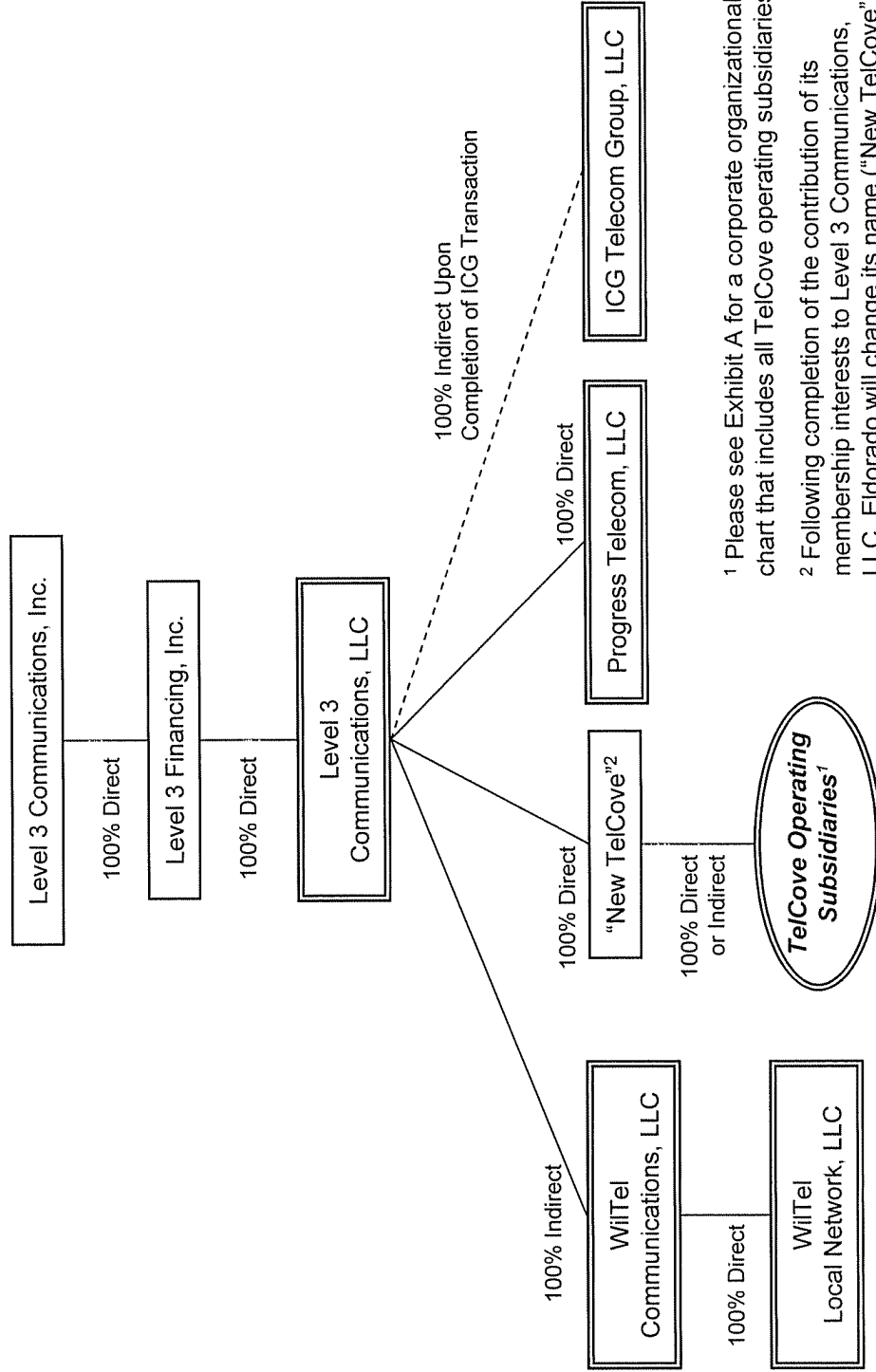
STEP 2(b) – Contribution of Membership Interest



¹ Please see Exhibit A for a corporate organizational chart that includes all TelCove operating subsidiaries.

Level 3 Communications, LLC – TelCove, Inc. Pre- and Post-Transaction Illustrative Chart

POST TRANSACTION



¹ Please see Exhibit A for a corporate organizational chart that includes all TelCove operating subsidiaries.


² Following completion of the contribution of its membership interests to Level 3 Communications, LLC, Eldorado will change its name ("New TelCove").

VERIFICATIONS

VERIFICATION


STATE OF COLORADO §
 §
COUNTY OF BROOMFIELD §

I, Neil J. Eckstein, state that I am Senior Vice President and Assistant General Counsel for Level 3 Communications, Inc.; that I am authorized to make this Verification on behalf of Level 3 Communications, Inc.; 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: Neil J. Eckstein
Title: Senior Vice President and
Assistant General Counsel
Level 3 Communications, Inc.

SWORN TO AND SUBSCRIBED before me on the 4th day of May, 2006.



Notary Public

My commission expires: 9.30.06

