

December 19, 2016

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: WC Docket No. 16-403

File Nos. ITC-T/C-20161213-00343, ITC-T/C-20161212-00344,
ITC-T/C-20161212-00345, ITC-T/C-20161212-00346,
ITC-T/C-20161212-00347, ITC-T/C-20161212-00348

File Nos. SCL-T/C-20161212-00022, SCL-T/C-20161212-00023
SCL-T/C-20161212-00024, SCL-T/C-20161212-00025

Dear Ms. Dortch:

CenturyLink, Inc. (“CenturyLink”) and Level 3 Communications, Inc. (“Level 3” and together with CenturyLink the “Applicants”) submit this letter to supplement their applications to transfer control of Level 3 and its operating subsidiaries to CenturyLink.¹ This submission provides additional information in response to questions from Commission staff.

As explained in the Application, the transfer of control will enable the Applicants to combine their complementary networks to, among other things, improve their ability to invest and compete for the long term.² In this regard, by acquiring Level 3, CenturyLink will be gaining:

¹ The Applicants filed a number of different applications, as required by Commission rules, in connection with their request to transfer control. *See, e.g.*, CenturyLink, Inc., and Level 3 Communications, Inc., Consolidated Application to Transfer Control of Domestic and International Section 214 Authorizations, WC Docket No. 16-403 (filed December 12, 2016) (“Domestic 214 Application”). Unless otherwise noted, citations herein are to the Domestic 214 Application, but, for ease of reference, this supplement refers to all applications collectively as the “Application.”

² *See id.* at B-1.

- A global telecommunications network of more than 209,000 owned or controlled³ route miles of fiber, including approximately 129,000 route miles of fiber in the North America region,⁴ 47,000 route miles in the LATAM and EMEA regions, and 33,000 subsea route miles. Of the 209,000 route miles of fiber owned or controlled today by Level 3 in the North America region, approximately 70,000 are long-haul fiber and 59,200 are metro fiber.⁵
- Owned or controlled fiber into 34,755 buildings (based on unique addresses) in the United States. Of these 34,755 buildings, 6,225 (approximately 18 percent) are located in CenturyLink’s ILEC region, and 28,530 (approximately 82 percent) are located outside of this region.
- A global IP network and global IP transport business, which, respectively, are ranked first by the Center for Applied Internet Data Analysis (“CAIDA”) and Dyn’s “Baker’s Dozen” list (by comparison, and as noted in the Application, CenturyLink is listed seventeenth in the CAIDA rankings and does not make the Dyn Baker’s Dozen list at all).⁶

The Application describes the myriad public interest benefits of the proposed transaction.⁷ It also explains why the proposed combination of CenturyLink and Level 3 will not result in any countervailing harms.⁸ Specifically, to support the claim that the transaction will not meaningfully diminish competition for the delivery of enterprise services, the Applicants noted that their analysis led them to tentatively conclude that the proposed combination will result in only 90 2:1 buildings within CenturyLink’s ILEC region where there is not a competitive provider within 0.1 mile, and 10 2:1 buildings outside of CenturyLink’s ILEC region where there is not a competitive provider within 0.1 mile.⁹ To put these figures in context, the

³ As used herein with regard to fiber, the term “owned or controlled” includes fiber held through long-term IRUs.

⁴ Level 3’s North America region refers to the United States and Canada. Fewer than 1,000 of the 129,000 route miles of fiber owned or controlled by Level 3 in the North America region are in Canada.

⁵ Level 3 does not have separate “dark fiber” and “lit fiber” network routes; while Level 3 sells dark fiber where it has availability, all of Level 3’s route miles are lit. Generally, Level 3 does not own or control facilities using any technology other than fiber to serve the last mile. Level 3 has a *de minimis* number of last mile routes that use microwave technology.

⁶ *Id.* at B-16 to B-17, n.24 and n.25; citing Center for Applied Internet Data Analysis, *AS Rank: AS Ranking*, <http://as-rank.caida.org/?mode0=as-ranking&data-selected=39> (last visited Dec. 12, 2016) and Dyn, *A Baker’s Dozen, 2015 Edition* (Apr. 12, 2016), <http://hub.dyn.com/dyn-blog/a-baker-s-dozen-2015-edition>.

⁷ See Application at B-4 to B-14.

⁸ See *id.* at B-14 to B-21.

⁹ *Id.* at B-19. CenturyLink’s ILEC region consists of portions of the following 37 states: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, (continued...)

total number of overlapping fiber-fed buildings (that is, buildings into which both CenturyLink and Level 3 today own or control fiber) is 3,468 within CenturyLink's ILEC region and 1,327 outside of this region.

As explained in the Application,¹⁰ CenturyLink and Level 3 tentatively determined that there are only 90 2:1 buildings within CenturyLink's ILEC region and 10 2:1 buildings outside of this region where there is not a competitive provider within 0.1 mile as follows: first, the Applicants identified the total number of overlapping fiber-fed buildings within CenturyLink's ILEC region and outside of this region. This resulted in the 3,468 and 1,327 figures noted above. Each of these buildings was then compared to the datasets described on pages B-18 and B-19 of the Application's (*i.e.*, GeoResults, Level 3-supplied lists (based on its competitive intelligence), FCC Form 477 data, and information from cable company websites) to assess the presence of in-building or nearby competitors.¹¹ Overlapping buildings for which one or more in-building or nearby competitor was found (*e.g.*, buildings that could be described as "3:2" or "4:3" buildings) were then removed, as were overlapping buildings for which competitors were found to be within 0.1 mile of the building. Using this methodology, the Applicants tentatively determined

Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and Wyoming. However, in many of these states CenturyLink's ILEC operations are exceedingly small, sometimes limited to only a few communities. A map depicting the areas in which CenturyLink operates as an ILEC can be found in Attachment A hereto. CenturyLink provides ILEC services in these regions through its CenturyTel, Qwest Corporation and Embarq Corporation operating companies. Although CenturyLink also has a CLEC/IXC subsidiary (CenturyLink Communications, LLC) that provides certain types of services in these (and all other) states and in the CenturyLink ILEC regions, this non-ILEC affiliate provides interstate services and intrastate toll services in these ILEC regions and does not provide services for which the ILEC is subject to traditional ILEC regulation, such as TDM-based local voice services or TDM-based special or switched access services. CenturyLink anticipates that the Level 3 operating companies will continue to operate as CLECs/IXCs (as applicable) post-transaction, including in the CenturyLink ILEC regions. CenturyLink will be evaluating the extent to which any services offered by the Level 3 operating companies overlap with CenturyLink's ILEC services, and, if so, whether they will continue to do so in the future. To the extent that such services are interstate multi-location in nature, they would be the same type offered today by CenturyLink's CLEC/IXC operating subsidiary and likely would continue to be offered as such by the Level 3 operating companies in the future.

¹⁰ See Application at B-18 to B-19.

¹¹ A passage in the Application suggests that a list of 2:1 buildings was compared by address to the GeoResults and Level 3 competitive intelligence data. See Application at B-18. What was compared to the GeoResults and Level 3 competitive intelligence data, however, was a list of buildings where the Applicants concluded that their fiber networks overlapped. Accordingly, the list of buildings would have been better described as "overlap" buildings. For many of these buildings, and as explained above and in the Application, further investigation revealed the presence of another provider with fiber facilities in the building; additional investigation revealed the presence of additional alternative providers in the building or nearby.

that there are only 90 (out of a total of 3,468) fiber-fed 2:1 buildings within CenturyLink’s ILEC region and 10 (out of a total of 1,327) fiber-fed 2:1 buildings outside of this region where there is not a competitive provider within 0.1 mile of the building.

With regard to the Application’s assessment of competition on long-haul routes, the Applicants determined that out of the universe of total overlapping long-haul fiber routes served by both CenturyLink and Level 3 in which each owns or controls the fiber, only three relatively short routes are not also served by one or more of AT&T, Comcast, and/or Verizon.¹² These three short routes — Boise, ID, to Portland, OR; Jackson to Seminary, MS; and Birmingham to Montgomery, AL — are, however, also served by at least one other fiber provider, as described in the Application.¹³

As described in the Consolidated Application to Transfer Control of the Submarine Cable Landing Licenses, Level 3 Telecom of Hawaii LP (“Level 3 Hawaii”) is a joint cable landing licensee for the Hawaiian Islands Fiber Network.¹⁴ The entities that will hold a 10-percent-or-greater direct or indirect voting or equity interest in Level 3 Hawaii are described therein,¹⁵ and Level 3 Hawaii (which also provides service pursuant to a domestic Section 214 authorization) is among the direct subsidiaries of Level 3 Telecom Holdings II, LLC (“Level 3 TH II”), identified as the “Level 3 Domestic 214 Licensees Group A” entities (the “Group A Entities”) in Exhibit A thereto.¹⁶ Although pages A-3 and A-4 of that Exhibit A correctly identify Level 3 TH II as holding a 99 percent interest in the Group A Entities, page A-5 of that Exhibit A mistakenly refers to the Group A Entities as “wholly-owned” by Level 3 TN II. A corrected page A-5 (with the reference to term “wholly-owned” stricken) can be found in Attachment B hereto.

A corporate organizational chart depicting generally the post-consummation relationship between Level 3’s existing operating subsidiaries and those of CenturyLink can be found in Attachment C hereto.

¹² *See id.* at B-18.

¹³ *Id.* at n.28.

¹⁴ *See* CenturyLink, Inc., and Level 3 Communications, Inc., Consolidated Application to Transfer Control of Submarine Cable Landing Licenses, SCL-T/C-20161212-00024 (filed December 12, 2016) (“Level 3 Hawaii SCL Application”) at 5-6.

¹⁵ *Id.* at 13.

¹⁶ *Id.* at A-3 to A-5.

Please contact the undersigned should you have questions concerning this submission.

Respectfully submitted,

LEVEL 3 COMMUNICATIONS, INC.

CENTURYLINK, INC.

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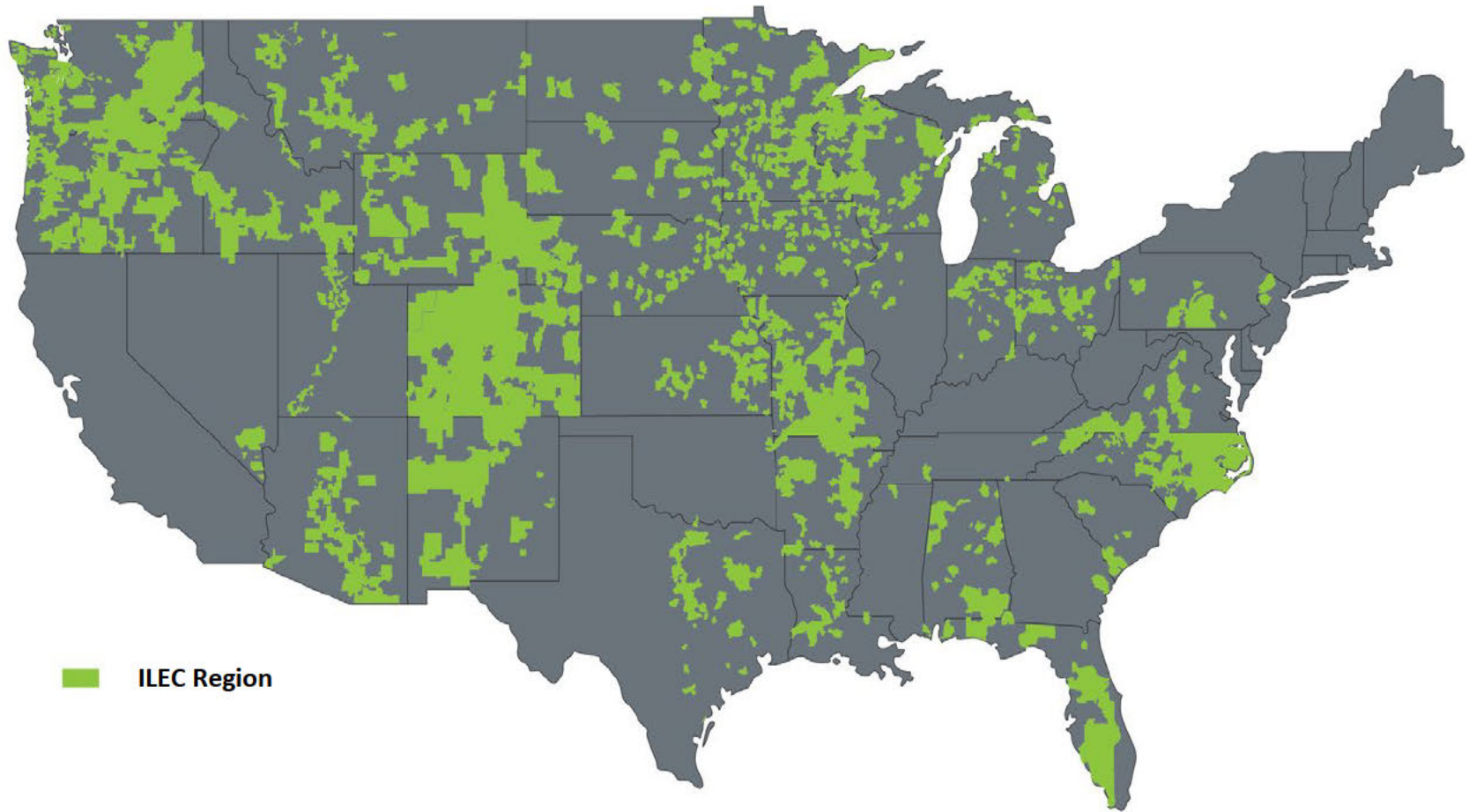
Its Attorneys

Attachments

cc: Terri Natoli
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Attachment A

CenturyLink ILEC Regions



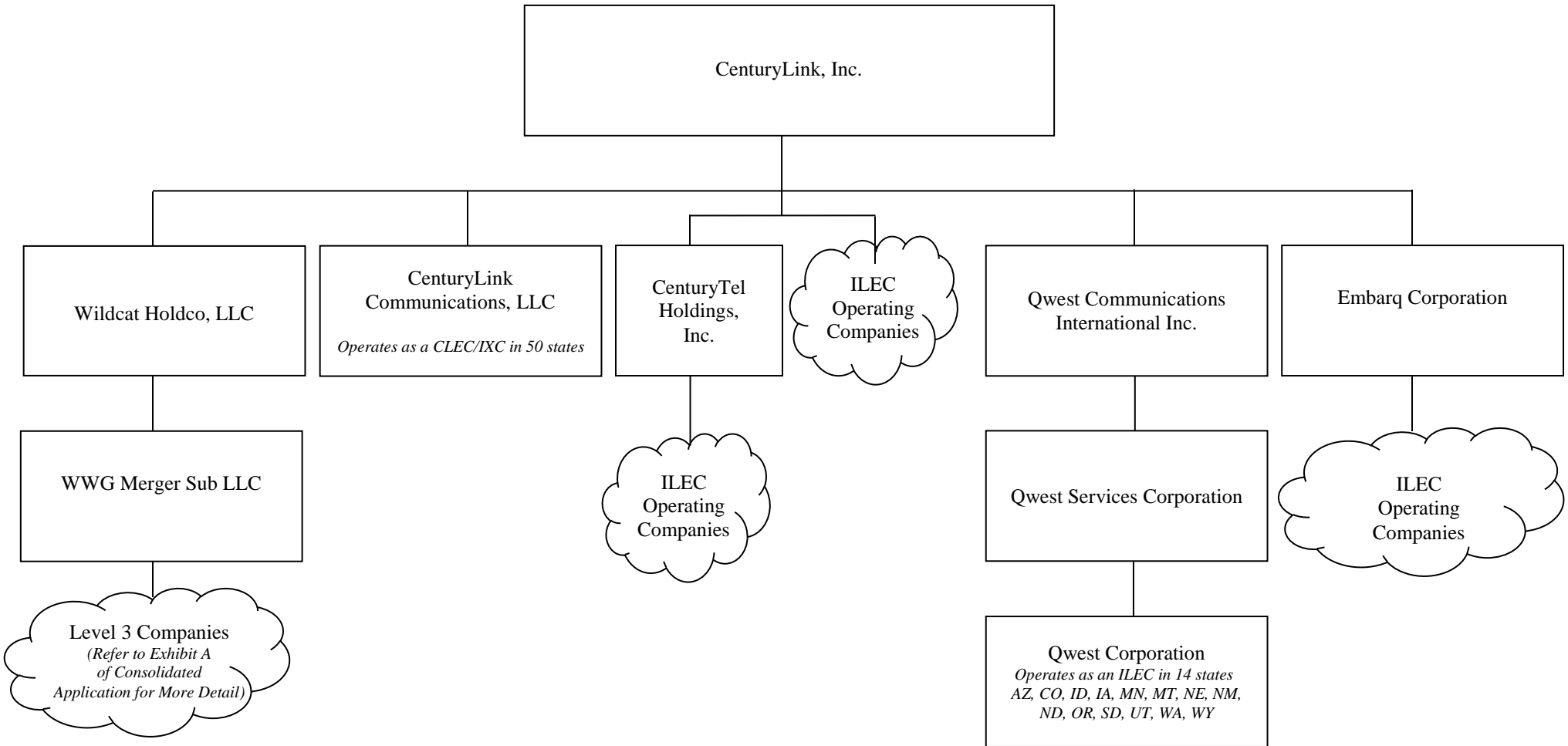
Attachment B

List of Level 3 Entities Providing Service Pursuant to Blanket Domestic Section 214 Authority

<p>Group A:</p> <p>Level 3 domestic Section 214 entities that are direct subsidiaries of Level 3 Telecom Holdings II, LLC</p>	<p>Group B:</p> <p>Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Holdings, LLC</p>	<p>Group C:</p> <p>Level 3 domestic Section 214 entities that are direct, wholly-owned subsidiaries of Level 3 Telecom Management Co., LLC</p>
<p>Level 3 Telecom of California, LP Level 3 Telecom of Florida, LP Level 3 Telecom of Georgia, LP Level 3 Telecom of Hawaii, LP** Level 3 Telecom of Indiana, LP Level 3 Telecom of New Jersey, LP Level 3 Telecom of New York, LP Level 3 Telecom of North Carolina, LP Level 3 Telecom of Wisconsin, LP</p> <p><i>** Also holds submarine cable landing license</i></p>	<p>Level 3 Telecom of Arizona, LLC Level 3 Telecom of Colorado, LLC Level 3 Telecom Data Services, LLC Level 3 Telecom of Idaho, LLC Level 3 Telecom of Illinois, LLC Level 3 Telecom of Iowa, LLC Level 3 Telecom of Minnesota, LLC Level 3 Telecom of New Mexico, LLC Level 3 Telecom of Ohio, LLC Level 3 Telecom of Oregon, LLC Level 3 Telecom of South Carolina, LLC Level 3 Telecom of Tennessee, LLC Level 3 Telecom of Texas, LLC Level 3 Telecom of Utah, LLC Level 3 Telecom of Washington, LLC</p>	<p>Level 3 Telecom of Alabama, LLC Level 3 Telecom of Arkansas, LLC Level 3 Telecom of D.C., LLC Level 3 Telecom of Kansas City, LLC Level 3 Telecom of Kentucky, LLC Level 3 Telecom of Louisiana, LLC Level 3 Telecom of Maryland, LLC Level 3 Telecom of Mississippi, LLC Level 3 Telecom of Nevada, LLC Level 3 Telecom of Oklahoma, LLC Level 3 Telecom of Virginia, LLC</p>

Attachment C

CenturyLink Post-Transaction Operating Company Affiliate Relationships



NOTE



Includes operating companies directly and indirectly held by immediate parent.