

February 2, 2006

**VIA OVERNIGHT DELIVERY**

Blanca S. Bayó  
Commission Clerk and Administrator Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Notification of Level 3 Communications, LLC and Progress Telecom, LLC of  
the Transfer of Control of Progress Telecom, LLC and Related Transactions**

Dear Ms. Bayó:

Level 3 Communications, LLC (“Level 3”) and Progress Telecom, LLC (“Progress Telecom”) (collectively “Parties”), through their undersigned counsel, notify the Florida Public Service Commission (“Commission”) of a transaction whereby Level 3 will acquire direct control of Progress Telecom, a non-dominant carrier currently indirectly controlled by Progress Telecommunications Corporation (“PTC”).<sup>1</sup> Progress Telecom holds authority from the Commission to provide intrastate telecommunications services in Florida. As a result of the proposed transaction, Level 3 will acquire 100 percent membership interest in Progress Telecom.

It is the understanding of the Parties that Commission approval is not required to complete the transactions described herein. The Parties nevertheless file this letter as a courtesy to advise the Commission of the proposed transactions and ensure the continuing accuracy of the Commission’s records. The Parties intend to complete the transaction by March 28, 2006, 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:

---

<sup>1</sup> PTC indirectly controls 55% of the membership interest in Progress Telecom, while Odyssey Telecorp, Inc. (“Odyssey”) indirectly controls 45%.

**I. Description of the Parties**

**A. 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 Florida, Level 3 is authorized to provide alternative local exchange service pursuant to Order No. PSC-98-1401-FOF-TX and interexchange service pursuant to Order No. PSC-98-1399-FOF-TI, issued on October 19, 1998 in Docket No. 980933-TI. Further information concerning Level 3’s legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification 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.

**B. Progress Telecom, LLC (“Progress Telecom”)**

Progress Telecom is a limited liability company organized under the laws of Delaware. Progress Telecom’s current principal place of business is at 100 Second Avenue South, Suite 400 South, St. Petersburg, Florida 33701. Progress Telecom is indirectly owned by (1) PTC, an indirect subsidiary of Progress Energy, Inc., a publicly traded Fortune 250 energy company headquartered in Raleigh, North Carolina (NYSE: PGN), and (2) Odyssey, a telecommunications investment firm based in Palo Alto, California. PTC and Odyssey indirectly own 55% and 45% of Progress Telecom, respectively.

Founded in 1998, Progress Telecom provides carriers, ISPs, and large enterprises with facilities-based OC-192 network services. Progress Telecom connects to all major regional, national and global carriers to offer services such as SONET (T1 and E1 to OC-192), SDH, private line, wavelength, metro and longhaul Ethernet transport services, wireless last mile, and IP services optimized for VoIP and other related services. Progress Telecom primarily provides these services in the Southeast, although its network extends to the Mid-Atlantic and New York.

Progress Telecom is currently authorized to provide services in the District of Columbia and five (5) states, including Florida. In Florida, Progress Telecom is authorized to provide local exchange and interexchange telecommunications services pursuant to CLEC Cert. No. 7448 and IXC Cert. No. 7058 (now IXC Reg. No. TJ639) issued in Docket No. 020123-TP.

**II. Notification of Transfer of Control**

Pursuant to the proposed transaction, Level 3 will acquire 100 percent control of Progress Telecom. Specifically, Level 3 will purchase from PT Holding Company LLC, a limited liability company indirectly owned by PTC (55%) and Odyssey (45%), all of the issued and outstanding membership interests in Progress Telecom.<sup>2</sup> Immediately following the transaction Progress Telecom will continue to operate as a separate subsidiary of Level 3. For the Commission's convenience, pre- and post-transaction organizational charts are provided as Exhibit A.

Immediately following the consummation of the proposed transaction, Progress Telecom will continue to offer its services with no change in the rates or terms and conditions of service. The transfer of control of Progress Telecom to Level 3, therefore, will be seamless and transparent to consumers in Florida, in terms of the services they receive.

The Parties respectfully submit that the transaction described herein will serve the public interest. The proposed transaction will provide the Parties with access to each other's advanced network capabilities, technical and financial strengths and complementary 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 Florida. Parties expect that the proposed acquisition will enable both Progress Telecom and Level 3 to strengthen their competitive positions in Florida to the benefit of Florida a consumers and the State's telecommunications marketplace.

\* \* \* \*

---

<sup>2</sup> A preliminary step to the transaction involved the insertion of a holding company, PT Holding Company LLC, between Progress Telecom and its direct owners, PTC, Caronet, Inc. ("Caronet") and EPIK Communications Incorporated ("EPIK"). As a result, at this time, PT Holding Company LLC wholly owns Progress Telecom. Prior to this preliminary step, Progress Telecom was owned directly by PTC (55%), Caronet (5%), and EPIK (40%), with Odyssey holding all of the membership interests in Caronet and EPIK. In addition, certain non-regulated assets of Progress Telecom that are not a part of the acquisition by Level 3 will be assigned to PT Holding Company LLC.

# SWIDLER BERLIN<sup>LLP</sup>

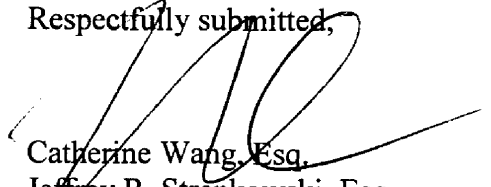
Blanca S. Bayó, Commission Clerk and Administrator Services

February 2, 2006

Page 4

An original and fifteen (15) 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,



Catherine Wang, Esq.

Jeffrey R. Strenkowski, Esq.

Swidler Berlin LLP

3000 K Street, NW, Suite 300

Washington, DC 20007-5116

Tel: (202) 424-7500

Fax: (202) 424-7643

Email: CWang@swidlaw.com

JRStrenkowski@swidlaw.com

Counsel to Level 3 Communications, LLC

**LIST OF EXHIBITS**

Exhibit A

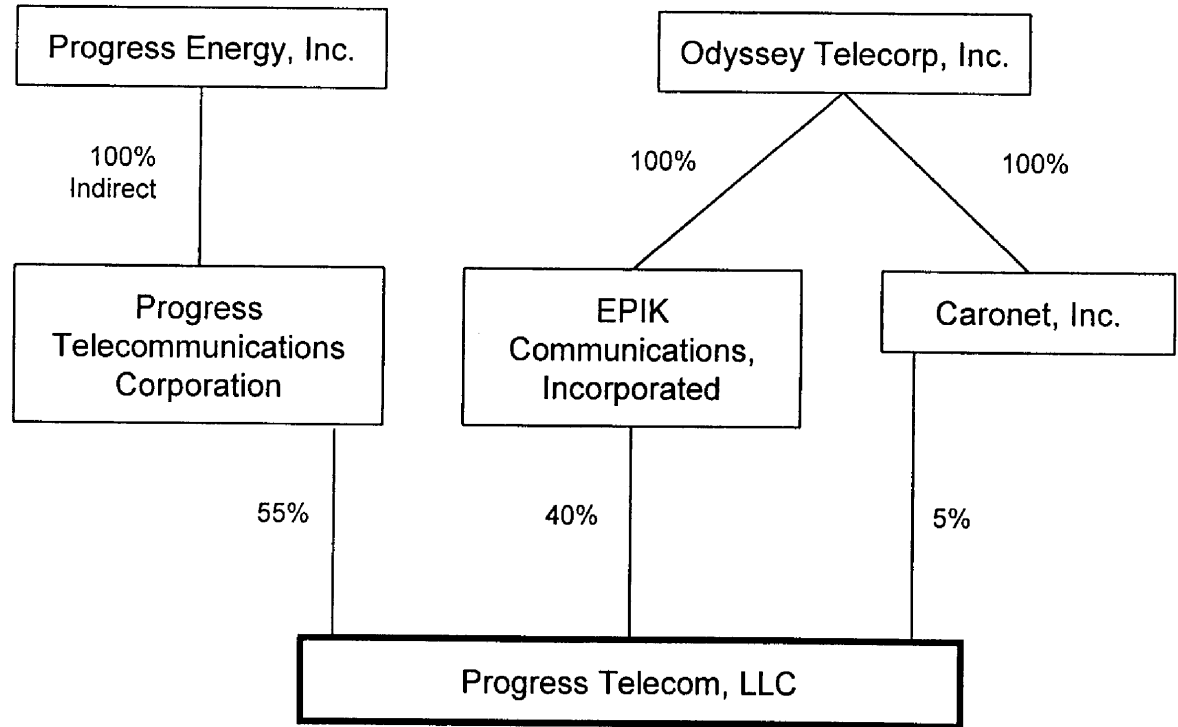
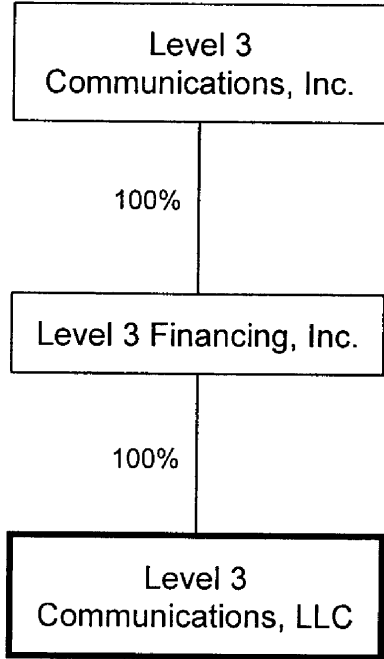
Pre- and Post-Transaction Corporate Structure

Verifications

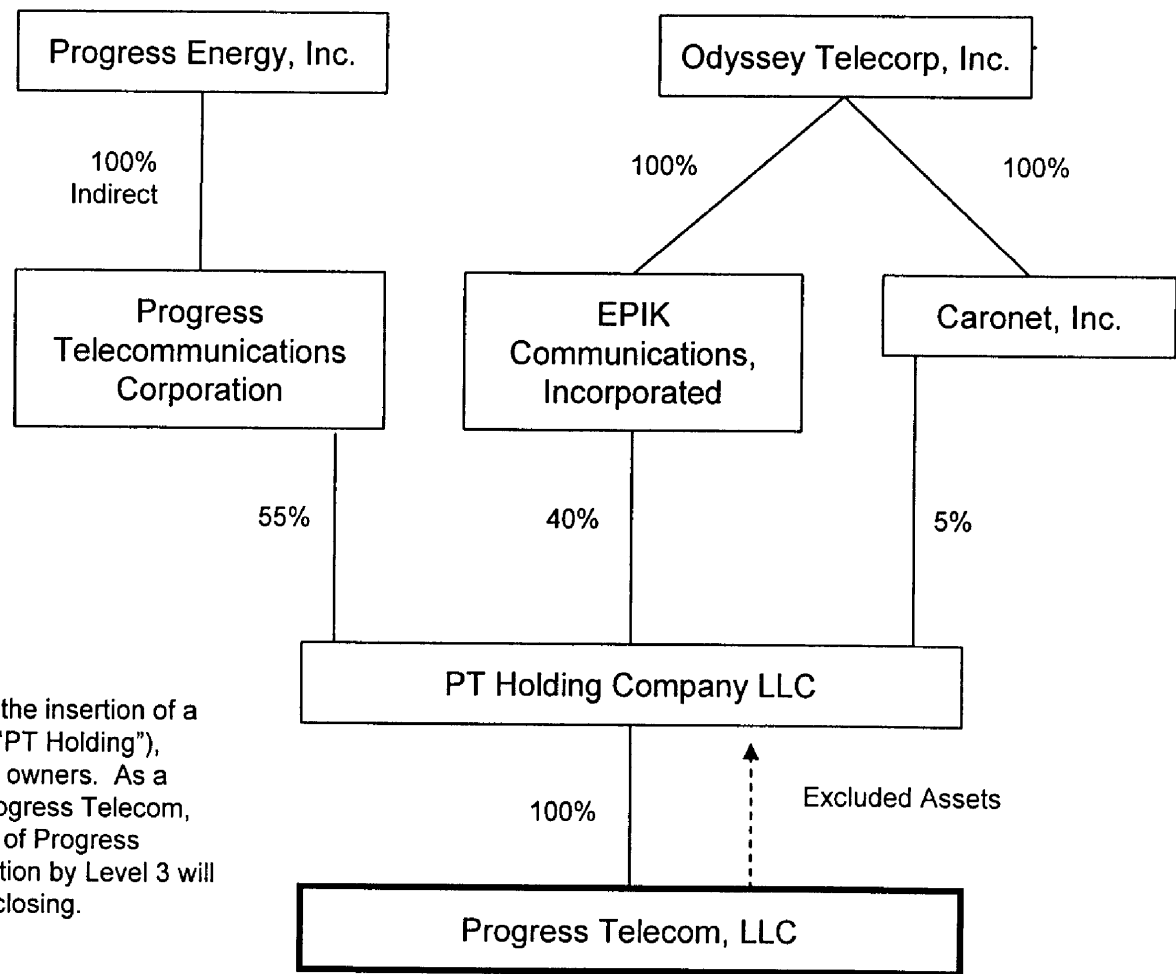
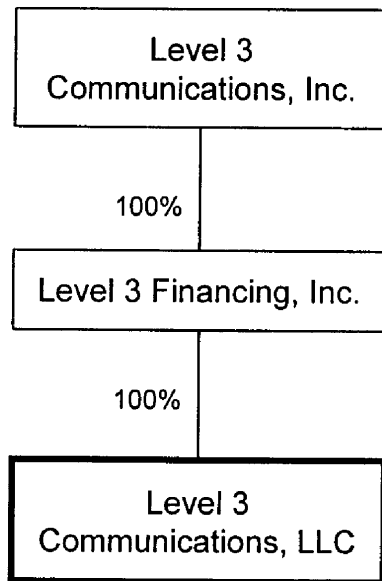
**EXHIBIT A**

**Pre- and Post-Transaction Corporate Structure**

# Pre-Transaction Structure of Progress Telecom, LLC



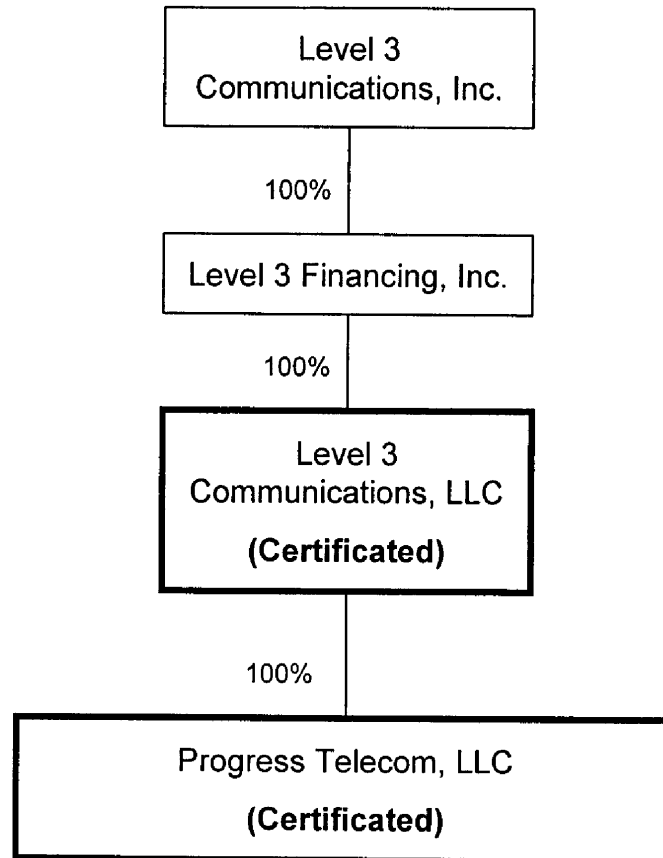
## Preliminary Pro Forma Step\*



\*A preliminary step to the transaction involved the insertion of a holding company, PT Holding Company LLC ("PT Holding"), between Progress Telecom, LLC and its direct owners. As a result, at this time, PT Holding wholly owns Progress Telecom, LLC. In addition, certain non-regulated assets of Progress Telecom, LLC that are not a part of the acquisition by Level 3 will be assigned to PT Holding some time prior to closing.



## Post-Transaction Structure of Progress Telecom, LLC\*



\*This structure is the result of Level 3 Communications, LLC acquiring from PT Holding Company LLC all of the issued and outstanding membership interests in Progress Telecom, LLC.

## **Verifications**

## VERIFICATION

I, Greg Rogers, state that I am Director, State Regulatory Affairs 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.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 25<sup>th</sup> day of January, 2006.



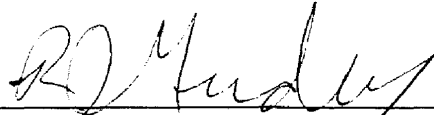
---

Name: Greg Rogers  
Title: Director, State Regulatory Affairs  
Level 3 Communications, LLC

## VERIFICATION

I, Ron Mudry, state that I am Chief Executive Officer for Progress Telecom, LLC; that I am authorized to make this Verification on behalf of Progress Telecom, 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.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 26<sup>th</sup> day of January, 2006.



Name: Ron Mudry

Title: Chief Executive Officer  
Progress Telecom, LLC