

APPENDIX 1

Exhibit A

Settlement Agreement

Between Joint Applicants and

the Consumer Advocates

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Joint Application of)	Application No.17-03-016
)	(Filed: March 22, 2017)
Broadwing Communications, LLC (U-5525-C);)	
Global Crossing Local Services, Inc. (U-5685-)	
C); Global Crossing Telecommunications, Inc.)	
(U-5005-C); IP Networks, Inc. (U-6362-C);)	
Level 3 Communications, LLC (U-5941-C);)	
Level 3 Telecom of California, LP (U-5358-C);)	
WilTel Communications, LLC (U-6146-C);)	
)	
and)	
)	
Level 3 Communications, Inc., a Delaware)	
Corporation;)	
)	
and)	
)	
CenturyLink, Inc., a Louisiana Corporation,)	
)	
<hr/> For Approval of Transfer of Control of the)	
Level 3 Operating Entities Pursuant to)	
California Public Utilities Code Section 854(a))	
)	

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Settlement") is entered into as of June 27, 2017, by, between and among, Broadwing Communications, LLC (U-5525-C), Global Crossing Local Services, Inc. (U-5685-C), Global Crossing Telecommunications, Inc. (U-5005-C), IP Networks, Inc. (U-6362-C), Level 3 Communications, LLC (U-5941-C), Level 3 Telecom of California, LP (U-5358-C), and WiTel Communications, LLC (U-6146-C) (collectively the "Level 3 Operating Entities"); CenturyLink, Inc., the post-merger ultimate parent of the Level 3 Operating Companies; and Level 3 Communications, Inc., the current ultimate parent of the Level 3 Operating Entities (all applicants collectively referred to as the "Joint Applicants");

and the Office of Ratepayers Advocates ("ORA"), The Utility Reform Network ("TURN") and the Greenlining Institute ("Greenlining") in accordance with Rule 12 of the California Public Utilities Commission's ("Commission or CPUC") Rules of Practice and Procedure ("Rules"). ORA, TURN and Greenlining are referred to herein individually and collectively as the "Consumer Advocates." The Joint Applicants and the Consumer Advocates are collectively identified as the "Parties" to this Settlement.

All the terms of this Settlement are expressly contingent upon the consummation of the transaction set forth in the October 31, 2016 Agreement and Plan of Merger identified in the above-referenced Joint Application for Approval of Transfer of Control of Level 3 Operating Entities Pursuant to Public Utilities Code Section 854(a) dated March 22, 2017 (the "Transaction").

This Settlement reflects additional commitments that the Joint Applicants have agreed to make provided that the Transaction is consummated, and it reflects the Consumer Advocates' agreement that, based on those commitments by Joint Applicants, the concerns expressed in Consumer Advocates' May 5, 2017 Protest to the Joint Application regarding the Transaction have been resolved.

The Parties agree that this Settlement represents a compromise of all disputes between the Parties and is (i) fundamentally fair and reasonable in the light of the whole record, (ii) consistent with the law, (iii) in the public interest.

I. RECITALS

WHEREAS, this proceeding was initiated through the Joint Application filed on March 22, 2017 by the Joint Applicants;

WHEREAS, the Level 3 Operating Entities, each of which is a certificated non-dominant carrier in California, provide telecommunications services to enterprise and wholesale customers;

WHEREAS, the Level 3 Operating Entities do not provide services directly to residential consumers in California

WHEREAS, Level 3 Communications, Inc. is the ultimate parent corporation of the Level 3 Operating Entities;

WHEREAS, CenturyLink, Inc. has three wholly-owned operating subsidiaries in California, none of whom are applicants but all of whom are described in more detail in the Joint Application;

WHEREAS, CenturyLink, Inc., by and through (a) one of its wholly-owned subsidiaries, CenturyLink Communications, LLC, a non-dominant telecommunications provider certificated in California that provides, among other things, telecommunications services to enterprise and wholesale customers, and (b) the Level 3 Operating Entities, commits to fulfill the terms of the Agreement set forth below in Section II;

WHEREAS, none of these entities are owned or affiliated with a California incumbent local exchange carrier;

WHEREAS, none of the California-certificated entities has annual California revenues, either individually or collectively, equal to or exceeding \$500 million;

WHEREAS, the Parties expect the closing of the transaction to take place by the end of the third quarter of 2017;

WHEREAS, the Consumer Advocates filed a joint protest to the Application on May 5, 2017;

WHEREAS, the Joint Applicants provided a reply to the timely-received protests on May 15, 2015;

WHEREAS, the Parties have met regularly to discuss a possible negotiated settlement of the concerns raised by the Consumer Advocates in their Joint Protest;

WHEREAS, as part of the Settlement, the Joint Applicants - by and through CenturyLink Communications, LLC and the Level 3 Operating Entities - have committed to a certain level of capital expenditures in California over the next three years including a collaborative process for identifying and selecting potential projects in underserved and unserved areas, multiplexer replacement expenditures, contracting continuity, enhanced outage reporting obligations, increased diversity procurement goals and various reporting requirements as set forth in detail below; and

WHEREAS, the Parties have reached the terms of a settlement that the Parties believe is in the public interest, reasonable in light of the record, and consistent with the law, as set forth herein.

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II. AGREEMENT

NOW, THEREFORE, based upon mutual agreement reflected in this Settlement, as detailed below, the Joint Applicants, by and through CenturyLink Communications LLC (“CenturyLink”) and the Level 3 Operating Entities, and the Consumer Advocates agree to resolve issues raised by the Consumer Advocates. Unless specifically noted, unserved and underserved areas in California are areas as defined by the California Advanced Services Fund (D.12-02-015), as of the date of this Settlement Agreement.

Investment – Capital Expenditures

1. Total California capital expenditures for calendar year 2018 through calendar year 2020 combined for CenturyLink and the Level 3 Operating Entities shall be no less than \$323 million. CenturyLink and the Level 3 Operating Entities will aspire to commit the \$323 million in California capital expenditures investment to meet customer demand and anticipated need for network expansion and/or upgrades by the end of calendar year 2019. CenturyLink and the Level 3 Operating Entities will work with the CPUC Communications Division, TURN, ORA, and Greenlining, to identify mutually agreeable locations where the companies will invest in new middle mile infrastructure and new points of presence as part of their total California capital expenditures for calendar years 2018-2020, focusing on locations where unserved/underserved communities exist. A workshop with these stakeholders and other Protestors to this proceeding, to discuss possible locations for expansion must be held no later than four months from the date of the closing of the transaction. Parties to this Agreement agree to schedule subsequent workshops if necessary. If parties to this Settlement Agreement have not identified mutually agreeable locations for middle mile and point of presence projects by June 30, 2018, CenturyLink and the Level 3 Operating Entities will submit a Tier 2 Advice Letter to the Commission by September 1, 2018 with proposal[s] for project[s] that meet the criteria set forth in this Settlement Agreement. The proposal[s] shall include a detailed description of the project[s] and budget[s] for the project[s].

2. Reporting: CenturyLink and the Level 3 Operating Entities will jointly provide confidential detailed bi-annual progress reports to the CPUC’s Communications Division Director, ORA, TURN and Greenlining identifying the progress made on the total California capital expenditures for calendar years 2018 through 2020 by no later than September 1st for the months January through June of the same year; and by no later than March 1st for the months July through December for the preceding year. The progress reports will be broken out by investment category and geographic location. For each middle mile and points of presence project, the progress report will include the budget, expenditures spent on each of these projects, and the work completed during that reporting period.

Investment - Network Reliability

3. CenturyLink and the Level 3 Operating Entities shall spend no less than \$3 million of the total California investment commitment for the period covering calendar year 2018 through 2020 to replace multiplexer equipment in the network serving California. The replacement of multiplexer equipment will include, but will not be limited to, locations that have experienced a higher number of multiplexer outages prior to the merger transaction that the parties to this agreement have previously identified.

4. Reporting: CenturyLink and the Level 3 Operating Entities will jointly provide a confidential annual progress report to ORA, TURN and Greenlining of the actual expenditures spent to install new multiplexer equipment during each calendar year from 2018 through 2020 by no later than March 1st of the following calendar year when those expenditures were made. The progress report shall include the number of multiplexer replacements completed and the location (geographic area such as city/community) of the replacement. These reports shall also include a list of the five locations experiencing the highest number of multiplexer outages during the period covered by the report. The term “outages” shall be consistently and clearly defined in the report.

Existing Contracts

5. For the period of time starting with the date of the closing of the transaction through December 2019, CenturyLink and all Level 3 Operating Entities shall not seek to terminate or materially revise any California enterprise or wholesale existing contract after the merger closes solely as a result of the merger. This provision shall not prohibit contract terminations for reasons unrelated to the merger, mutual agreements to terminate or revise contracts, nor customers from voluntarily electing to terminate their contracts pursuant to contractual provisions.

Reporting of Synergy Savings and Integration; including Employee Related

6. CenturyLink and the Level 3 Operating Entities will jointly provide an annual California-specific synergy savings and integration report to ORA, TURN and Greenlining as of December 31 for the respective years 2017, 2018, and 2019 by no later than March 1st of the following calendar year. These reports will include the total number of California employees by corporate entity as of the closing date of the merger transaction, and then as of the end of each calendar year 2017 through 2019.

7. CenturyLink and the Level 3 Operating Entities will annually report its supplier diversity for all of its California operations to the CPUC as set forth in the Commission’s General Order 156 and have an aspirational goal of 20% annual utilization of minority-owned business enterprises (“MBEs”) as described in General Order 156. CenturyLink and the Level 3 Operating Entities’ designated representative will conduct an annual meeting with ORA, TURN and Greenlining (and the CPUC’s Communications

Division if it so desires) to discuss the annual 2018 and 2019 supplier diversity CPUC reports.

Network Outage Reporting

8. For the period of time starting with the date of the closing of the transaction through December 2019, CenturyLink will provide outage reporting by email to the CPUC's Communications Division Director, ORA, TURN and Greenlining for network outages lasting 30 minutes or more that affect California customers. The reports will follow the FCC's NORS system for determining whether end users are affected and DS3/OC3 transport outages except that the threshold for this report will require the company to report outages lasting 30 minutes or more that affect 90,000 user minutes and report all DS3/OC3 outages of at least 30 minutes duration that affect at least 150 DS3 minutes until February 2018 and 150 OC3 minutes from February 1, 2018 through December 2019.

9. The Level 3 Operating Entities' reporting systems are not currently configured to report at a lower threshold than the FCC standards for NORs purposes. Until outage management reporting is integrated, the Level 3 Operating Entities will provide a joint bi-annual report to the CPUC's Communications Division Director, ORA, TURN and Greenlining that summarizes outages based on the lower threshold identified above. The reports will be submitted for the period of time starting with the date of the closing of the transaction through December 2019 by no later than September 1st for the months January through June of the same year; and no later than March 1st for the months July through December for the preceding year.

Reporting – Leasing Dark Fiber

10. For the period of time starting with the date of the closing of the transaction through December 2019, CenturyLink and the Level 3 Operating Entities will provide the Commission with 90 days-notice if a decision is made to terminate Level 3's current practice of leasing dark fiber in California to unaffiliated wholesale and enterprise customers. CenturyLink and the Level 3 Operating Entities shall provide notice to the Commission via a Tier 1 Advice Letter filing.

Reporting – FCC Complaints/Investigation

11. For the period of time starting with the date of the closing of the transaction through December 2019, CenturyLink and the Level 3 Operating Entities agree that they will provide the CPUC's Communications Division Director, ORA, TURN and Greenlining with notice within thirty (30) days if any of them, individually or collectively, is the subject of any formal FCC investigation or complaint alleging switched access arbitrage.

Reporting – CPUC Communications Division

12. CenturyLink and the Level 3 Operating Entities will provide any and/or all of the reports identified above in Paragraphs 4 and 6 to the CPUC's Communications Division upon request.

The Parties will file a Joint Motion seeking Commission approval of the Settlement in its entirety and without change.

The Parties agree to use their best efforts to obtain Commission approval of the Settlement and will not oppose its adoption in any way. The Parties will request that the Commission approve the Settlement without change and find the Agreement to be reasonable, consistent with the law and in the public interest. The Parties will take all reasonable actions to support the adoption of this Settlement on an expedited basis in order to meet the closing deadline anticipated by the Transaction.

This Settlement is being presented as an integrated package such that Parties are agreeing to this Settlement as a whole, as opposed to agreeing to specific elements to this Settlement. If the Commission adopts this Settlement with modifications, all Parties must consent to the modifications or any Party may void this Settlement, but only after such Party provides the other Parties to the agreement with the opportunity to meet and confer in good faith regarding the proposed modifications.

This Settlement was jointly prepared by all of the parties to the Settlement and any uncertainty or ambiguity existing in the document will not be interpreted against any party on the basis that such party drafted or prepared the Settlement.

By signing below, each of the undersigned represents and warrants that he/she is authorized to sign this Settlement on behalf of the party for whom he/she signs and thereby binds such party to the terms of this Settlement.

This Settlement constitutes and represents the entire agreement between the parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties and understandings of the parties with respect to the subject matter set forth herein.

The Parties agree that the Commission's adoption of this Settlement should not be construed as an admission or waiver by any Party regarding any fact, matter of law, or issue thereof that pertains to the subject of this Settlement. Further, the Parties agree that the obligations set forth in this Settlement are without prejudice to positions each Party has taken, or may hereafter take, in any proceeding in another state, or in any proceeding at the Commission. In accordance with the Commission's Rules of Practice and Procedure, Rule 12.5, the Parties intend that the Commission's adoption of this Settlement be binding on each Party, including its legal successors, predecessors, assigns, partners, joint ventures, shareholders, members, representatives, agents, attorneys, parent or subsidiary companies, affiliates, officers, directors, and/or employees. Adoption of this Settlement does not constitute approval of, or precedent regarding, any principle or position taken in any future proceeding, unless the Commission expressly provides otherwise.

If a Party fails to perform its respective obligations under this Settlement, after reasonable notice and opportunity to cure its default, any other Party may come before the Commission to pursue a remedy including enforcement. The Parties acknowledge that the Commission may assert jurisdiction to enforce the terms and conditions of this Settlement.

This Settlement may be amended or changed only by a written agreement signed by all parties and approved by the Commission.

This Settlement shall be governed by and interpreted in accordance with the laws of the State of California and the rules, regulations and General Orders of the California Public Utilities Commission.

This Settlement Agreement may be executed in one or more counterparts, and each of which when so executed and delivered will be an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Agreement to be effective as of the date shown above.

June __, 2017

Office of Ratepayer Advocates

By: _____
Its: _____

June __, 2017

The Utility Reform Network

By: _____
Its: _____

June __, 2017

The Greenlining Institute

By: _____
Its: _____

June __, 2017

CenturyLink, Inc.

By: _____
Its: _____

June 29, 2017

Level 3 Communications, Inc.

By: 
Its: EVPJune 29, 2017

Broadwing Communications, LLC (U-5525-C)

By: 
Its: EVPJune 29, 2017

Global Crossing Local Services, Inc. (U-5685-C)

By: 
Its: EVPJune 29, 2017

Global Crossing Telecommunications, Inc. (U-5005-C)

By: 
Its: EVPJune 29, 2017

IP Networks, Inc. (U-6362-C)

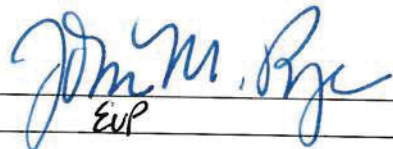
By: 
Its: EVPJune 29, 2017

Level 3 Communications, LLC (U-5941-C)

By: 
Its: EVP

June 29, 2017

Level 3 Telecom of California, LP (U-5358-C)

By: 
Its: EvP

June 29, 2017

WilTel Communications, LLC (U-6146-C)

By: 
Its: EvP

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June __, 2017

Office of Ratepayer Advocates

By: _____
Its: _____

June 28, 2017

The Utility Reform Network

Christine Mailloux

(PR)

By: Christine Mailloux
Its: Staff Attorney

June __, 2017

The Greenlining Institute

By: _____
Its: _____

June __, 2017

CenturyLink, Inc.

By: _____
Its: _____

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June 28, 2017

Office of Ratepayer Advocates

By: CRK for ELIZABETH B. CHOLS
Its: DIRECTOR

June __, 2017

The Utility Reform Network

By: _____
Its: _____

June __, 2017

The Greenlining Institute

By: _____
Its: _____

June __, 2017

CenturyLink, Inc.

By: _____
Its: _____

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June __, 2017

Office of Ratepayer Advocates

By: _____
Its: _____

June 29, 2017

The Utility Reform Network

By: 
Its: Senior Legal Counsel

June __, 2017

The Greenlining Institute

By: _____
Its: _____

June __, 2017

CenturyLink, Inc.

By: _____
Its: _____

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June __, 2017

Office of Ratepayer Advocates

By: _____
Its: _____

June __, 2017

The Utility Reform Network

By: _____
Its: _____

June __, 2017

The Greenlining Institute

By: _____
Its: _____

June 29, 2017

CenturyLink, Inc.

By: 
Its: Senior VP Policy/Government Relations