

# Level 3 buys TelCove for \$1 billion

By [Marguerite Reardon](#)

Staff Writer, CNET News.com

**Continuing its string of recent acquisitions, Internet backbone provider Level 3 Communications said Monday that it plans to buy regional Internet service provider TelCove.**

Level 3 will pay a little more than \$1 billion for TelCove. About \$637 million of that price tag will be paid in stock and roughly another \$445 million will be paid in cash. Level 3 will assume about \$156 million in debt.

TelCove is the third company Level 3 has [bought in the past six months](#). Level 3, which owns fiber infrastructure that spans the country, has bought WITel Communications Group, Progress Telecom, and ICG Communications.

Level 3's buying spree signifies that the long-haul Internet business is finally consolidating. In the late 1990s, investors [poured billions of dollars into companies laying fiber across the U.S.](#) When the Internet bubble burst, much of the capacity in those networks was [untapped, leaving a glut of "dark," or unused, fiber](#). But recently, increased Internet usage and the promise of Internet video services have helped fill those pipes.

TelCove, based in Canonsburg, Pa., was once known as Adelphia Business Solutions, an affiliation of the cable provider Adelphia. In 2004, it emerged from bankruptcy protection as its own company. TelCove offers voice, Internet and data services to businesses, and other carriers through its own metropolitan and inter-city fiber-optic network.

Level 3 competes against the big telephone companies Verizon Communications and AT&T (formerly SBC), which through their respective [acquisitions last year of MCI and AT&T](#), also provide long-haul Internet services to other carriers and business.

TelCove's 22,000 miles of fiber-optic access lines in 70 markets on the East Coast will help Level 3 compete even more in metropolitan areas. TelCove's wireless-communications assets also could help Level 3 provide local services in competition with the local-phone giants.