



Agenda Date: 12/20/19
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF VERIFIED PETITION OF PEG)
BANDWIDTH NJ, LLC FOR APPROVAL TO)
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS) ORDER
DOCKET NO. TF19091212

Parties of Record:

James H. Laskey, Norris McLaughlin, PA, on behalf of Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 11, 2019, PEG Bandwidth NJ, LLC ("PEG NJ" or "Petitioner") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and 48:3-9 requesting Board approval for PEG NJ to participate in certain financing arrangements up to an aggregate amount of \$325 million (the "Financing Arrangements").

BACKGROUND

PEG NJ is a Delaware limited liability company and wholly owned, direct subsidiary of Uniti Fiber LLC, a Delaware limited liability company, which in turn is a wholly owned, direct subsidiary of Uniti Fiber Holdings Inc. ("Fiber Holdings"), a Delaware corporation. Fiber Holdings, Uniti Fiber LLC and Petitioner are indirect subsidiaries of Uniti Group Inc. ("Parent" and together with its subsidiaries, "Uniti"), a publicly-traded company. PEG NJ's principal offices are located in Mobile, Alabama.

PEG NJ is principally a carrier's carrier and provides telecommunications services to providers of wireless telecommunications as well as other carriers. PEG NJ is authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services. In New Jersey, PEG NJ is authorized to provide facilities-based and resold telephone service with authority to provide local exchange service pursuant to authority granted by the Board in I/M/O Petition of PEG Bandwidth NJ, LLC for Approval to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE12040317 (Order of Approval August 15, 2012).

DISCUSSION

Petitioner seeks Board approval to participate in financing arrangements in an aggregate amount of up to \$325 million (the "Financing Arrangements"). Petitioner expects that the maturity for any long-term indebtedness incurred as part of the financing will be set according to market conditions at issuance. Similarly, interest rate(s) will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, depending on the type of debt and market conditions. Petitioner and the other subsidiaries of Fiber Holdings are expected to be guarantors for the financing arrangements.

While Fiber Holdings is expected to be the borrower under the Intercompany Financing, in order to maintain flexibility, authorization is sought for Petitioner to be a borrower or co-borrower under the Financing Arrangements. The Financing Arrangement may be used for acquisitions, refinancing of then current outstanding debt, working capital requirements (including the development and expansion of distributed network systems), and general corporate purposes of Fiber Holdings and its subsidiaries. In order to maintain adequate flexibility, Petitioner therefore seeks authority to incur debt, as borrower, co-borrower, or guarantor and to pledge its assets as security for Financing Arrangements up to an aggregate amount of \$325 million consistent with the parameters outlined in its Petition.

In the Petition, the Petitioner states that the Financing Arrangements will serve the public interest by providing access to greater financial resources that will allow Fiber Holdings and its subsidiaries to become more effective competitors in the communications industry. Petitioner states that among other things, the Financing Arrangements may be used to fund some or all of the purchase price for future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. Petitioner states the Financing Arrangements are necessary and appropriate, are consistent with the performance by Petitioner of its services to the public, will not impair its ability to perform such services, and will promote its corporate purposes. Petitioner asserts the Financing Arrangements will be transparent to the customers of Petitioner and will not disrupt service or cause customer confusion or inconvenience.

The Division of Rate Counsel has reviewed this matter and, by letter dated November 25, 2019, stated that it does not object to Board approval of the Petition. Rate Counsel anticipates the funds generated by the Financing Arrangements will promote increased competition in the New Jersey telecommunications market for the benefit of customers in this state.

Board Staff review indicates that the Financing Arrangements and the use of the proceeds associated therewith are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioner operates, the Financing Arrangements do not appear to impact adversely Petitioner's operations in New Jersey.

FINDINGS AND CONCLUSIONS

After review of this matter, the Board **FINDS** that PEG NJ's participation in Financing Arrangements is in accordance with law, in the public interest, and will have no negative impact on the company, rates, customers or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this proceeding, the Board **HEREBY AUTHORIZES** PEG NJ to participate in Financing Arrangements up to an aggregate amount of \$325 million and for Petitioner to take those actions necessary to effectuate such Financing Arrangements.

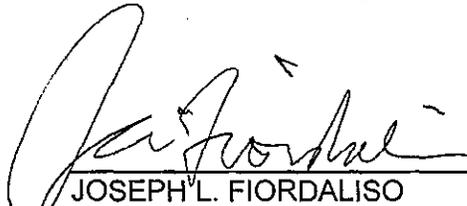
This Order is issued subject to the following provisions:

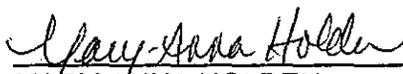
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioner shall notify the Board, within five business days, of any material changes in the proposed financing and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Petitioner shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such documents shall not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioner.

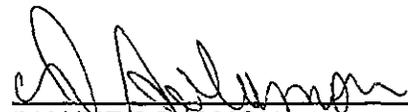
This Order shall become effective on December 30, 2019.

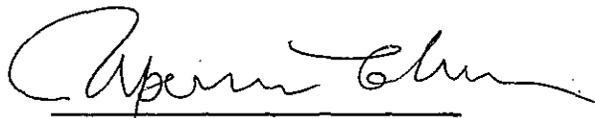
DATED: 12/20/19

BOARD OF PUBLIC UTILITIES
BY:

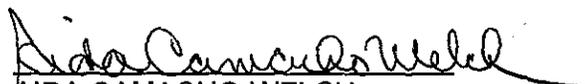

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ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF VERIFIED PETITION OF PEG BANDWIDTH NJ, LLC FOR APPROVAL
TO PARTICIPATE IN FINANCING ARRANGEMENTS
DOCKET NO. TF19091212

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