



Agenda Date: 9/14/21
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF PEG BANDWIDTH NJ, LLC AND UNITI NATIONAL) ORDER
LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS) DOCKET NO. TF21060911

Parties of Record:

Brian O. Lipman, Esq., Interim Director, New Jersey Division of Rate Counsel
Laura M. Miller, Esq., Norris McLaughlin, P.A., on behalf of Petitioners

BY THE BOARD:

On June 11, 2021, PEG Bandwidth NJ, LLC ("PEG NJ") and Uniti National LLC ("Uniti National") (together, "Petitioners") 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 and Uniti National to participate in certain financing arrangements of its corporate parents and affiliates.

BACKGROUND

PEG NJ and Uniti National are Delaware limited liability companies and indirect subsidiaries of Uniti Group Inc., a publicly traded Maryland real estate investment trust (NASDAQ: UNIT). Petitioners' principal offices are located at 107 St. Francis Street, Suite 1800, Mobile, AL 36602. Uniti Group is headquartered at 10802 Executive Center Drive, Suite 300, Little Rock, Arkansas 72211.

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). PEG NJ is also authorized by the Federal Communications Board ("FCC") to provide interstate telecommunications services. Additional information concerning PEG NJ's technical, managerial and financial qualifications has been submitted to the Board as part of PEG NJ's certification application in Docket No. TE12040317 and various transactions, including in Docket Nos. TM19050575, TF19091212 and TM19121534, and is therefore already a matter of public record.

In New Jersey, Uniti National is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to authority granted by the Board in Docket No. TE20100663 on January 27, 2021. Additional information concerning Uniti National's technical, managerial and financial qualifications has been submitted to the Board as part of its certification application in Docket No. TE20100663 and is therefore already a matter of public record.

DISCUSSION

Petitioners seek Board approval to be guarantors of certain financing arrangements of their corporate parent and affiliates and to pledge their assets as security of those financing arrangements. Specifically, Uniti Group's subsidiaries Uniti Group LP, Uniti Group Finance 2019 Inc, and CSL Capital, LLC (together, the "Issuers") have completed an offering of \$570 million aggregate principal amount 4.750% senior secured notes due 2028 (the "Financing Arrangements"). The Issuers used the net proceeds of the Financing Arrangements in their entirety to repurchase and cancel the Issuers' 6.00% senior secured notes due 2023 and to pay related fees and expenses. The Financing Arrangements are to be guaranteed on a senior secured basis by Uniti Group, and each of Uniti Group's subsidiaries, including Petitioners that guarantees indebtedness under the Uniti Group's senior secured credit facilities and existing secured notes. As such, Petitioners seek approval to enter into or participate in Financing Arrangements in support of their corporate parents and affiliates consistent with the terms outlined below.

Aggregate Principal Amount: \$570 million (the "Aggregate Amount").

Debt Instruments: Senior secured notes.

Maturity: The notes mature in 2028.

Interest Rate: 4.750%

Guarantees and Security: Petitioners seek authority to participate as guarantor or co-guarantor in Financing Arrangements up to the Aggregate Amount, and to pledge their assets as security of the Financing Arrangements.

The Issuers used the net proceeds from the offering of the new notes, together with cash on hand, to repurchase and cancel all of their 6.00% Senior Secured Notes due 2023 and to pay related premiums, fees, and expenses.

In the Verified Petition, Petitioner states that the Financing Arrangements will serve the public interest. The Financing Arrangements will be used to repay existing debt, and to pay related fees and expenses. The Financing Arrangements have a later maturity date and lesser interest rate than the debt that will be repurchased, which will benefit the financial condition of Uniti Group Inc. and its current and future subsidiaries, including PEG NJ and Uniti National, and will allow them to become more effective competitors in the communications industry. Petitioners' participation in the Financing Arrangements are necessary and appropriate, will not impair Petitioners' ability to provide their services, and will promote their corporate purposes. Petitioners' participation in the Financing Arrangements will be transparent to their customers and will not disrupt service or cause customer confusion or inconvenience.

The Division of Rate Counsel has reviewed this matter and, by letter dated August 13, 2021, stated that it does not object to approval of the Petition. Rate Counsel anticipates the more beneficial terms of the Financing Arrangements will promote increased competition in the New Jersey telecommunications market for the benefit of customers in this state.

The Board Staff's 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 Petitioners operate, the Board is satisfied that the Financing Arrangements will not have an adverse impact on the operations of Petitioners in New Jersey.

FINDINGS AND CONCLUSIONS:

After review of this matter, the Board FINDS that PEG NJ and Uniti National's participation in the Financing Arrangements is in accordance with law, in the public interest, and will have no negative impact on competition, rates, customers or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this proceeding, pursuant to N.J.S.A. 48:3-9, the Board **HEREBY AUTHORIZES** Petitioners to participate in Financing Arrangements, and to take those actions necessary to effectuate such Financing Arrangements.

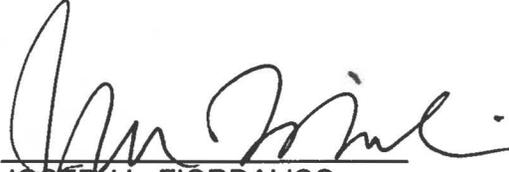
This Order is issued subject to the following provisions:

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 Petitioners.
2. Petitioners 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. Petitioners 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 Petitioners' 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 Petitioners.

This Order shall become effective on September 21, 2021.

DATED: September 14, 2021

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



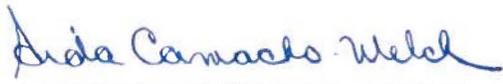
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE VERIFIED JOINT PETITION OF PEG BANDWIDTH NJ, LLC AND
UNITI NATIONAL LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING
ARRANGEMENTS – DOCKET NO. TF21060911**

SERVICE LIST

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<p>Division of Law and Public Safety RJ Hughes Justice Complex 25 Market Street, 7th Floor Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, Esq. Assistant Section Chief pamela.owen@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p>	
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