



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

OFFICE OF CABLE TELEVISION  
AND TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT ) ORDER  
PETITION OF PEG BANDWIDTH NJ, LLC )  
AND UNITI NATIONAL LLC FOR APPROVAL )  
TO PARTICIPATE IN CERTAIN FINANCING )  
ARRANGEMENTS ) DOCKET NO. TF23010054

**Parties of Record:**

**Jim Laskey, Esq., Norris McLaughlin, P.A.**, on behalf of Petitioners  
**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 27, 2023, PEG Bandwidth NJ, LLC (“PEG NJ”) and Uniti National LLC (“Uniti National”) (collectively, “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 their corporate parent and its affiliates (“Petition”).

**BACKGROUND**

PEG NJ and Uniti National are Delaware limited liability companies and indirect subsidiaries of Uniti Group Inc. (“Uniti Group”), a publicly traded Maryland real estate investment trust (NASDAQ: UNIT). Petitioners’ principal offices are located at 107 St. Francis Street, Suite 1800, Mobile, Alabama 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.<sup>1</sup> PEG NJ

<sup>1</sup> In the Matter of Petition of PEG Bandwidth NJ, LLC for Approval to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, BPU Docket No. TE12040317 (Order dated August 15, 2012).

is also authorized by the Federal Communications Commission (“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 in relation to various other transactions submitted for Board review, including in Docket Nos. TM19050575, TF19091212, TM19121534 and TF21101190, 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.<sup>2</sup> 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. Specifically, Uniti Group has completed an offering of \$306.5 million aggregate principal amount of 7.50% convertible senior notes due 2027 (the “Financing Arrangements”). The Financing Arrangements are to be guaranteed on a senior unsecured basis by each of Uniti Group’s subsidiaries, including Petitioners, that is an issuer, obligor or guarantor under Uniti Group’s existing senior 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:** \$306.5 million (the “Aggregate Amount”).

**Debt Instruments:** Convertible senior notes.

**Maturity:** The notes will mature on December 1, 2027.

**Interest Rate:** 7.50%

**Guarantees and Security:** Petitioners seek authority to participate as guarantors or co-guarantors in Financing Arrangements up to the Aggregate Amount.

Uniti Group used a portion of the net proceeds of the offering to repurchase approximately \$213.4 million aggregate principal amount of existing 4.00% exchangeable senior notes due 2024. In addition, Uniti Group used approximately \$21.1 million of the net proceeds from the offering to pay the cost of privately negotiated capped call transactions with certain financial institutions. The remaining net proceeds will be used for general corporate purposes, which may include the repurchase or repayment of other outstanding debt, including additional open market repurchases, redemptions or tender offers of the existing exchangeable notes.

In the Petition, Petitioners assert that the Financing Arrangements will serve the public interest. The Financing Arrangements will be used to repurchase a portion of outstanding debt and to pay related fees and expenses, to pay the cost of certain privately negotiated capped call transactions, and for general corporate purposes. Petitioners contend that the Financing Arrangements will

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<sup>2</sup> In the Matter of Petition of Uniti National LLC for Approval to Provide Competitive Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, BPU Docket No. TE20100663 (Order dated January 27, 2021).

benefit the financial condition of Uniti Group and its current and future subsidiaries, including PEG NJ and Uniti National, and allow them to become more effective competitors in the communications industry. The 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. Their participation in the Financing Arrangements will be transparent to Petitioners' 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 April 19, 2023, stated that it does not object to approval of the Petition.

The Staff of the Board ("Staff") has also reviewed the Financing Arrangements and the use of the proceeds associated therewith and determined both are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, Staff 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 the Petition and exhibits in this matter, and the comments of Rate Counsel and Staff, the Board **HEREBY FINDS** that PEG NJ and Uniti National's participation in the subject 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, the Board, pursuant to N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** Petitioners to participate in the subject 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 (5) business days, of any material changes in the proposed Financing Arrangements 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 on the terms of the proposed Financing Arrangements within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangements 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.

6. Beginning January 15, 2024, and no later than January 15 of each year following the issuance of this Order, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior year, along with copies of executed indentures associated with the authorization contained in this Order. The report shall include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees, trustee fees, etc.) and any other material provision with respect to the terms and conditions of the new issuance.

This Order shall become effective on May 31, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FIORDALISO  
PRESIDENT

  
MARYANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

ATTEST:  
  
SHERRIL L. GOLDEN  
SECRETARY

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 THE VERIFIED JOINT PETITION OF PEG BANDWIDTH NJ, LLC AND  
UNITI NATIONAL LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING  
ARRANGEMENTS**

BPU DOCKET NO. TF23010054

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