



Agenda Date: 10/23/24
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 PETITION OF) ORDER
PEG BANDWIDTH NJ, LLC AND UNITI NATIONAL LLC)
FOR APPROVAL TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS) DOCKET NO. TF24070491

Parties of Record:

James Laskey, Esq. and James Creech, Esq., Norris McLaughlin, P.A., on behalf of
Petitioners

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On July 2, 2024, PEG Bandwidth NJ, LLC ("PEG NJ") and Uniti National LLC ("Uniti National") (together, "Petitioners") submitted a 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 new Financing Arrangements (as defined below) ("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) that engages in the acquisition and construction of infrastructure utilized by the communications industry. PEG NJ's and Uniti National's principal offices are located at 2101 Riverfront Drive, Suite A, Little Rock, Arkansas 72202.

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 on August 15, 2012.¹ PEG NJ is also authorized by the Federal Communications Board ("FCC") to provide interstate telecommunications services.

¹ In re the 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.

Uniti National is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to authority granted by the Board on January 27, 2021.²

On May 20, 2020, the Board authorized PEG NJ to be a guarantor or co-guarantor for \$2.25 billion aggregate principal amount 7.875% senior secured notes due 2025 ("2025 Notes") and to pledge its assets as security for the 2025 notes.³ Subsequently, on August 24, 2020, the Board approved a petition from PEG NJ to be a guarantor or co-guarantor, and to pledge its assets as security, for additional financing arrangements of its corporate parent and affiliates in an aggregate principal amount of \$3.18 billion at varying maturity and interest rates.⁴ The Board authorized modifications to the August 24, 2020 financing arrangements by Order dated April 17, 2021.⁵ Most recently, the Board authorized additional modifications to the August 24, 2020 revolving credit facilities and approved additional financing arrangements in the amount of \$2.6 billion with a maturity date of February 15, 2028.⁶

In the instant Petition, the Petitioners seek Board approval to participate as guarantors or co-guarantors and to pledge their assets as security for certain new financing arrangements of their corporate parent and affiliates. Specifically, Uniti Group Inc.'s subsidiaries, Uniti Group LP, Uniti Fiber Holdings Inc., Uniti Group Finance 2019 Inc., and CSL Capital, LLC (together, "Issuers"), have completed an offering of \$300 million aggregate principal amount of 10.50% senior secured notes due 2028 ("Financing Arrangements"). The Financing Arrangements will be guaranteed on a senior unsecured basis by Uniti Group Inc., and on a senior secured basis by each of Uniti Group LP's subsidiaries, including Petitioners, that is an issuer, obligor or guarantor under 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: \$300 million ("Aggregate Amount").

Debt Instruments: Senior unsecured notes.

Maturity: The notes will mature on February 15, 2028.

Interest Rate: 10.50%.

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.

² In re the 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.

³ In re the Verified Petition of PEG Bandwidth NJ, LLC to Participate in Certain Financing Arrangements, BPU Docket TF20030257, Order dated May 20, 2020.

⁴ In re PEG Bandwidth NJ, LLC – Approval to Participate in Certain Additional Financing Arrangements, BPU Docket TF20070480, Order dated August 24, 2020.

⁵ In re PEG Bandwidth NJ, LLC and Uniti National LLC - for Approval to Participate in Certain Additional Financing Arrangements, BPU Docket TF20120748, Order dated April 17, 2021.

⁶ In re the Verified Amended Petition of PEG Bandwidth NJ, LLC and Uniti National LLC to Participate in Certain Financing Arrangements, BPU Docket TF23030156, Order dated July 12, 2023.

The Issuers intend to use the net proceeds for general corporate purposes, which may include funding a portion of the cash consideration for the proposed Windstream Transaction.⁷

In the Petition, Petitioners state that the Financing Arrangements will serve the public interest. The Issuers intend to use the Financing Arrangements for general corporate purposes, which may include providing a portion of the cash consideration for the Windstream Transaction. The Financing Arrangements will benefit Uniti Group Inc. 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 is 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 New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated September 25, 2024, stated that it does not object to the Board's approval of the Petition.

The Board Staff's review indicates that the Financing Arrangements and the use of the proceeds associated therewith are appropriate and will not result in an inability of the Petitioners to fulfill their obligations to any employees with respect to pension benefits previously enjoyed, whether vested or contingent, for New Jersey employees. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, Board Staff's review indicates satisfaction that the Financing Arrangements will not have an adverse impact on the operations of Petitioners in New Jersey.

DISCUSSION AND FINDINGS

After careful 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 Petitioners' ability to fulfill pension obligations to its employees. Therefore, the Board, pursuant to N.J.S.A. 48:3-7, N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, and approving of the purposes of the Financing Arrangements, **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 (5) business days, of any material changes in the Financing Arrangements and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.

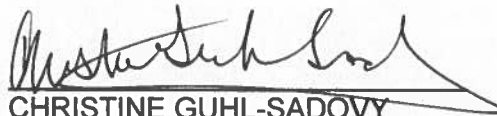
⁷ "Windstream Transaction" refers to the transaction authorized by the Board on October 9, 2024, which included, among other things, the indirect transfer of control over PEG NJ and Uniti National. See In re Verified Petition of Windstream Parent; Windstream Holdings II, LLC; and Uniti Group Inc. for Approval of the Indirect Transfer of Control of Authorized Telecommunications Providers, BPU Docket No. TM24060411, Order dated October 9, 2024.


3. Petitioners shall notify the Board of any material default in the terms of the 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, 2025, and every six (6) months thereafter, 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 six (6) months, along with copies of executed indentures associated with the authorization contained in this Order. The reports 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.

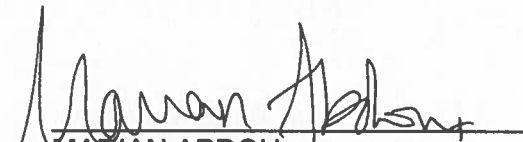
This Order shall become effective on October 23, 2024.

DATED: October 23, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTOBOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
SECRETARY

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LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

DOCKET NO. TF24070491

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