



Agenda Date: 4/7/21  
Agenda Item: IVC

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF )  
PEG BANDWIDTH NJ, LLC AND UNITI NATIONAL LLC ) ORDER  
FOR APPROVAL TO PARTICIPATE IN CERTAIN )  
MODIFIED ADDITIONAL FINANCING )  
ARRANGEMENTS ) DOCKET NO. TF20120748

**Parties of Record:**

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

BY THE BOARD:

On December 11, 2020, PEG Bandwidth NJ, LLC (“PEG NJ”) and Uniti National, LLC (“Uniti National”, and together with PEG NJ, “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 parents and affiliates (“Verified Petition”).

**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). PEG NJ’s principal offices are located at 107 St. Francis Street, Suite 1800, Mobile, AL 36602. Uniti National 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 on August 15, 2012.<sup>1</sup> 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

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<sup>1</sup> 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'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 Number 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 aforementioned certification application and is therefore already a matter of public record. Because Uniti National's petition for authority to provide telecommunications services was granted prior to the effective date of a Board order approving the Modified Revolving Credit Facilities (as defined below), Uniti National seeks approval for it to participate in the Modified Revolving Credit Facilities. Specifically, Uniti National seeks authority for it to be a guarantor or co-guarantor, and to pledge its assets as security in connection with its participation in the Modified Revolving Credit Facilities.

### **DISCUSSION**

Effective May 30, 2020, PEG NJ's petition to be a guarantor or co-guarantor for \$2.25 billion aggregate principal amount 7.875% senior secured notes due 2025 (the "2025 Notes") and to pledge its assets as security for the 2025 Notes was approved in the Board's May 20, 2020 order in Docket No. TF20030257. Effective September 3, 2020, PEG NJ's petition 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 \$3.180 billion at varying maturity and interest rates was approved in the Board's August 24, 2020 order in Docket No. TF20070480 ("August 2020 Order") (the "Additional Financing Arrangements"). Petitioners seek Board approval to enter into certain modifications to the revolving credit facilities that are one component of the Additional Financing Arrangements (the "Modified Revolving Credit Facilities"). Specifically, Petitioners seek authority to improve the terms of the revolving credit facilities that are a component of the Additional Financing Arrangements previously approved by the Board. More specifically, Petitioners seek to lengthen the maturity of the revolving credit facility and to decrease the applicable interest rate.

Pursuant to the Board's August 2020 Order, the Board approved, among other debt encumbrances, the following material terms of the revolving credit facilities:

**Borrower/Issuer:** Uniti Group LP, Uniti Group Finance 2019 Inc. & CSL Capital, LLC  
**Principal Amount:** Up to \$575 million  
**Debt Instruments:** Revolving Credit Facilities  
**Maturity:** April 24, 2022  
**Interest Rate:** LIBOR + Applicable Rate (4.75% - 5.25%)

By its current Verified Petition, Petitioner seeks authority to modify the revolving credit facilities as follows:

**Borrower/Issuer:** Uniti Group LP, Uniti Group Finance 2019 Inc. & CSL Capital, LLC  
**Principal Amount:** Up to \$575 million  
**Debt Instruments:** Revolving Credit Facilities  
**Maturity:** Four years from closing, expected in 2025  
**Interest Rate:** LIBOR + Applicable Rate (3.75% - 4.5%)

The remainder of the debt encumbrances approved by the Board in the Additional Financing Arrangements remain in place and are unaffected by this Verified Petition.

In the Verified Petition, Petitioners state that purposes for, and uses of, the Modified Revolving Credit Facilities remain the same as PEG NJ previously identified when securing approval for the Additional Financing Arrangements. In particular, Petitioners will continue to use the Modified Revolving Credit Facilities to repay outstanding debt and for other purposes such as acquisitions, working capital requirements (including the development and expansion of distributed network systems), and general corporate purposes of Petitioners and their affiliates and subsidiaries.

In the Verified Petition, Petitioners state that the Additional Financing Arrangements will serve the public interest. Among other things, the Modified Revolving Credit Facilities will authorize Petitioners to continue to use such credit lines, in part, to repay existing debt, and otherwise to fund some, or all, of the purchase price of future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. The Modified Revolving Credit Facilities allow Petitioners to do so on more favorable terms providing access to financial resources that will allow Uniti Group Inc. and its current and future subsidiaries, including Petitioners, to become more effective competitors in the communications industry. Petitioners' participation in the Modified Revolving Credit Facilities is necessary and appropriate, will not impair Petitioners' ability to provide its services, and will promote its corporate purposes. Petitioners' participation in the Modified Revolving Credit Facilities 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 March 10, 2021, stated that it does not object to approval of the Verified Petition. Rate Counsel anticipates the more beneficial terms of the Modified Revolving Credit Facilities will promote increased competition in the New Jersey telecommunications market for the benefit of customers in this state.

Board Staff's review indicates that the Modified Revolving Credit Facilities 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 Modified Revolving Credit Facilities 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 Modified Revolving Credit Facilities 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 **HEREBY AUTHORIZES** Petitioners to participate in Modified Revolving Credit Facilities, and to take those actions necessary to effectuate such Modified Revolving Credit Facilities.

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 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.

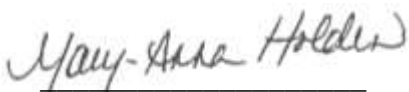
This Order shall become effective on April 17, 2021.

DATED: April 7, 2021

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

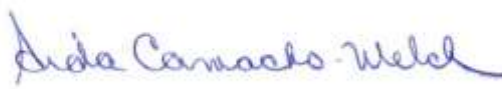


UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

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SERVICE LIST

Division of Rate Counsel  
Post Office Box 003  
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director  
[sbrand@rpa.nj.gov](mailto:sbrand@rpa.nj.gov)

Maria Novas-Ruiz, Esq.  
Assistant Deputy Rate Counsel  
[mnovas-ruiz@rpa.nj.gov](mailto:mnovas-ruiz@rpa.nj.gov)

James H. Laskey, Esq.  
Norris McLaughlin P.A.  
Attorneys at Law  
400 Crossing Boulevard, 8th Floor  
Post Office Box 5933  
Bridgewater, NJ 08807  
[ilaskey@norris-law.com](mailto:ilaskey@norris-law.com)

Ronal W Del Sesto Jr.  
Brett P. Ferenchak  
Stephany Fan  
Morgan Lewis and Bockius LLP  
1111 Pennsylvania Ave, N.W.  
Washington, DC 20004  
[ronald.delsesto@morganlewis.com](mailto:ronald.delsesto@morganlewis.com)

Jeffrey R. Strenkowski, Esq.  
Vice President, Deputy General  
Counsel of Governmental Affairs  
Uniti Group Inc.  
10802 Executive Center Drive, Suite 300  
Little Rock, AR 72211  
[jeffrey.strenkowski@uniti.com](mailto:jeffrey.strenkowski@uniti.com)

Laura M. Miller, Esq.  
Norris McLaughlin P.A.  
Attorneys at Law  
400 Crossing Boulevard, 8th Floor  
Post Office Box 5933  
Bridgewater, NJ 08807  
[lmiller@norris-law.com](mailto:lmiller@norris-law.com)

Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Aida Camacho-Welch, Secretary  
[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Dr. Benjamin Witherell  
Chief Economist  
[Benjamin.Witherell@bpu.nj.gov](mailto:Benjamin.Witherell@bpu.nj.gov)

Christine Lin  
Board of Public Utilities  
[Christine.lin@bpu.nj.gov](mailto:Christine.lin@bpu.nj.gov)

Lawanda Gilbert, Esq.  
Office of CATV&T  
[Lawanda.Gilbert@bpu.nj.gov](mailto:Lawanda.Gilbert@bpu.nj.gov)

Harold Bond, Chief  
Office of CATV&T  
[harold.bond@bpu.nj.gov](mailto:harold.bond@bpu.nj.gov)

Rocco Della-Serra  
[rocco.dellaserra@bpu.nj.gov](mailto:rocco.dellaserra@bpu.nj.gov)

Carol Artale, Esq.  
Deputy Chief Counsel  
[carol.artale@bpu.nj.gov](mailto:carol.artale@bpu.nj.gov)

Lanhi Saldana, Esq.  
Legal Specialist  
[Lanhi.saldana@bpu.nj.gov](mailto:Lanhi.saldana@bpu.nj.gov)

Division of Law  
25 Market Street, Post Office Box 112  
Trenton, NJ 08625

Pamela Owen. DAG  
[pamela.owen@law.njoag.gov](mailto:pamela.owen@law.njoag.gov)

Terel Klein, DAG  
[terel.klein@law.njoag.gov](mailto:terel.klein@law.njoag.gov)