



Agenda Date: 1/12/22  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</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 ) ORDER  
PEG BANDWIDTH NJ, LLC AND UNITI NATIONAL LLC )  
FOR APPROVAL TO PARTICIPATE IN CERTAIN )  
FINANCING ARRANGEMENTS ) DOCKET NO. TF21101190

**Parties of Record:**

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

BY THE BOARD:<sup>1</sup>

On October 22, 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). Both 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

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<sup>1</sup> Commissioner Upendra J. Chivukula did not participate.

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. Specifically, Uniti Group'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 \$700 million aggregate principal amount 6.00% senior notes due 2030 ("Financing Arrangements"). The Issuers used the net proceeds from Financing Arrangements to fund the redemption in full of the outstanding 7.125% senior notes due 2024 ("2024 Senior Notes"), including related premiums, fees, and expenses in connection with the foregoing. According to the petition, the Issuers will use any remaining net proceeds to prepay settlement obligations under the settlement agreement Uniti entered into with Windstream Holdings, Inc. (together with Windstream Holdings II, LLC, its successor in interest, and its subsidiaries, "Windstream") in connection with Windstream's emergence from bankruptcy. The Financing Arrangements are to be guaranteed on a senior unsecured 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 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:** \$700 million (the "Aggregate Amount").

**Debt Instruments:** Senior unsecured notes.

**Maturity:** The notes mature in 2030.

**Interest Rate:** 6.00%

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

The Issuers used the net proceeds to fund the redemption in full of the outstanding 7.125% senior notes due 2024, including related premiums, fees and expenses in connection with the foregoing. The Issuers will use any remaining net proceeds to prepay settlement obligations under the settlement agreement Uniti entered into with Windstream in connection with Windstream's emergence from bankruptcy.

In the 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 reduced the 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 allow them to

become more effective competitors in the communications industry. The Petitioners' assert that their participation in the Financing Arrangements are necessary and appropriate, will not impair the 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 has reviewed this matter and, by letter dated December 17, 2021, stated that it does not object to approval of the petition.

Board Staff ("Staff") has reviewed the petition and believes 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, 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 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, the Board **HEREBY AUTHORIZES** Petitioners to participate in Financing Arrangements, and to take those actions necessary to effectuate such Financing Arrangements.

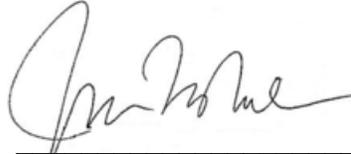
This Order is issued subject to the following provisions:

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 (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 (5) 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.

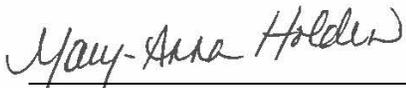
This Order shall become effective on January 19, 2022.

DATED: January 12, 2022

BOARD OF PUBLIC UTILITIES  
BY:



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JOSEPH L. FIORDALISO  
PRESIDENT



\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER



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DIANNE SOLOMON  
COMMISSIONER



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ROBERT M. GORDON  
COMMISSIONER

ATTEST:



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AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF THE VERIFIED PETITION OF PEG BANDWIDTH NJ, LLC AND UNITI  
NATIONAL LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING  
ARRANGEMENTS - DOCKET NO. TF21101190

SERVICE LIST

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