



STATE OF NEW JERSEY
Board of Public Utilities
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OFFICE OF CABLE
TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED) ORDER
AMENDED PETITION OF PEG BANDWIDTH)
NJ, LLC AND UNITI NATIONAL LLC TO)
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS) DOCKET NO. TF23030156

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:¹

On April 12, 2023, PEG Bandwidth NJ, LLC (“PEG NJ”) and Uniti National LLC (“Uniti National”) (together, “Petitioners”) submitted an Amended 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 new Financing Arrangements and the 2023 Modified Revolving Credit Facilities (both as defined below).

PEG NJ and Uniti National are Delaware limited liability companies and indirect subsidiaries of Uniti Group Inc. (“Unity Group”), a publicly traded Maryland real estate investment trust (NASDAQ: UNIT). Uniti Group is a real estate investment trust that engages in the acquisition and construction of infrastructure utilized by the communications industry. PEG NJ and Uniti National’s principal offices are located at 107 St. Francis Street, Suite 1800, Mobile, AL 36602.

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

¹ Commissioner Marian Abdou did not participate.

15, 2012.² PEG NJ is also authorized by the Federal Communications Board (“FCC”) to provide interstate telecommunications services. Unifi National is authorized to provide competitive local exchange and interexchange telecommunications services pursuant to authority granted by the Board on January 27, 2021.³

Additional information concerning Petitioners’ technical, managerial and financial qualifications have been submitted to the Board as part of Unifi National’s certification application in Docket No. TE20100663, 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.

BACKGROUND

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, Unifi Group’s subsidiaries Unifi Group LP, Unifi Fiber Holdings Inc., Unifi Group Finance 2019 Inc, and CSL Capital, LLC (together, “Issuers”) have completed an offering of \$2.6 billion aggregate principal amount of 10.50% senior secured notes due 2028 (“Financing Arrangements”). The Issuers used the net proceeds from Financing Arrangements to fund the redemption in full of the existing 7.875% senior secured notes due 2025, including related premiums, fees and expenses in connection with the foregoing. The Financing Arrangements will be guaranteed on a senior unsecured basis by Unifi Group, and on a senior secured basis by each of Unifi Group LP’s subsidiaries, including Petitioners, that is an issuer, obligor or guarantor under Unifi 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:	\$2.6 billion (“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.

The Issuers used the net proceeds to fund the redemption in full of the existing 7.875% senior secured notes due in 2025, including related premiums, fees and expenses in connection with the foregoing. The remaining net proceeds may be used for general corporate purposes, which may include the repurchase or repayment of other outstanding debt.

² 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.

³ In re the Petition of Unifi 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.

In addition, Petitioners request authority to modify, for a second time, the terms of revolving credit facilities originally authorized pursuant to Board orders in 2020.⁴ Pursuant to an April 7, 2021 Board Order, Petitioners were later authorized to enter into certain modifications to the previously authorized revolving credit facilities (“2020 Modified Revolving Credit Facilities”).⁵ Petitioners now request Board authorization to enter into certain modifications to the 2020 Modified Revolving Credit Facilities (“2023 Modified Revolving Credit Facilities”). Specifically, Petitioners seek to lengthen the maturity of the 2020 Modified Revolving Credit Facilities on the following terms:

Borrower/Issuer:	Uniti Group LP, Uniti Group Finance 2019 Inc. & CSL Capital, LLC
Principal Amount:	Up to \$500 million
Debt Instruments:	Revolving Credit Facilities
Maturity:	December 10, 2024
Interest Rate:	LIBOR + Applicable Rate (3.75% - 4.5%) for continuing loans and future drawdowns; and 0.40% to 0.50% for certain unused lines of credit.

Petitioners seek authority to again modify the revolving credit facilities as follows:

Borrower/Issuer:	Uniti Group LP, Uniti Group Finance 2019 Inc. & CSL Capital, LLC
Principal Amount:	Up to \$500 million
Debt Instruments:	Revolving Credit Facilities
Maturity:	September 24, 2027
Interest Rate:	Secured Overnight Financing Rate (“SOFR”) plus 0.1% plus Applicable Rate (3.75% to 4.50%) for continuing loans and future drawdowns; and 0.40% to 0.50% for certain unused lines of credit

The remainder of the debt encumbrances deemed approved by operation of law on July 13, 2020, remain in place and are unaffected by the Petition.

The purposes for, and uses of, the 2023 Modified Revolving Credit Facilities remain the same as previously identified when securing the original Board authorizations for the financing and the 2020 Modified Revolving Credit Facilities. Petitioners will continue to use the 2023 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 Petition, Petitioners asserted that the Financing Arrangements will serve the public interest. The Financing Arrangements were used to repurchase a portion of outstanding debt and to pay related fees and expenses. The Financing Arrangements will benefit the financial condition of Uniti Group and its current and future subsidiaries, including PEG NJ and Uniti National, and allow

⁴ In re the Verified Petition of PEG Bandwidth NJ, LLC for Approval to Participate in Certain Financing Arrangements, BPU Docket No. TF20030257 (Order dated May 20, 2020) and I/M/O Verified Petition of PEG Bandwidth NJ, LLC for Approval to Participate in Certain Additional Financing Arrangements, BPU Docket No. TF20070480, Order dated August 24, 2020.

⁵ In re the Verified Petition of PEG Bandwidth NJ, LLC and Uniti National, LLC for Approval to Participate in Certain Modified Additional Financing Arrangements, BPU Docket No. TF20120748, Order dated April 7, 2021.

them to become more effective competitors in the communications industry. Petitioners asserted that their 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.

In the Petition, Petitioners also stated that the 2023 Modified Revolving Credit Facilities will serve the public interest. Among other things, the 2023 Modified Revolving Credit Facilities would 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 2023 Modified Revolving Credit Facilities allow Petitioners to do so on more favorable terms providing access to financial resources that will allow Uniti Group and its current and future subsidiaries, including Petitioners, to become more effective competitors in the communications industry. Petitioners' participation in the 2023 Modified Revolving Credit Facilities is necessary and appropriate, will not impair Petitioners' ability to provide their services, and will promote their corporate purposes. Petitioners' participation in the 2023 Modified Revolving Credit Facilities will be transparent to their 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 June 8, 2023, stated that it does not object to approval of the Petition, conditioned upon: 1) Petitioners' compliance with N.J.A.C. 14:1-5.9(b), which requires semiannual filings with the Board, setting forth the amount of stocks, notes, bonds, or other evidences of indebtedness issued under any order of approval in this matter; and the extent to, and in detail, the manner in which the proceeds thereof have been disbursed; and 2) none of the regulated utilities operating in New Jersey pledge their assets as collateral for the Financing Arrangements. Rate Counsel anticipates the more beneficial terms of the Financing Arrangements and 2023 Modified Revolving Credit Facilities will promote increased competition in the New Jersey telecommunications market for the benefit of customers in this state.

Board Staff ("Staff") reviewed the Petition. Staff's review indicates that the Financing Arrangements and the 2023 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, Staff is satisfied that the Financing Arrangements and the 2023 Modified Revolving Credit Facilities will not have an adverse impact on the operations of Petitioners in New Jersey.

DISCUSSION AND FINDINGS

After review of this matter, the Board **HEREBY FINDS** that PEG NJ and Uniti National's participation in the Financing Arrangements and the 2023 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 approving of the purposes of the Financing Arrangements and 2023 Modified Revolving Credit Facilities, the Board **HEREBY AUTHORIZES** Petitioners to participate in Financing Arrangements and the 2023 Modified Revolving Credit Facilities, and to take those actions necessary to effectuate such Financing Arrangements and the 2023 Modified Revolving Credit Facilities.

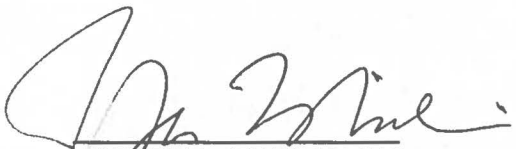
This Order is issued subject to the following provisions:

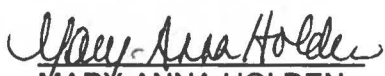
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting 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 (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.
6. Beginning January 15, 2024, 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 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 July 19, 2023.

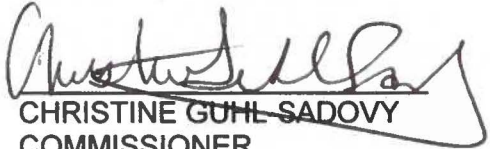
DATED: July 12, 2023

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


CHRISTINE GUHL-SADOVY
COMMISSIONER

ATTEST: 
SHERRIL L. GOLDEN
SECRETARY

I 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 AMENDED PETITION OF PEG BANDWIDTH NJ, LLC AND UNITI
NATIONAL, LLC FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

DOCKET NO. TF23030156

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