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CASE MANAGEMENT



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State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. BOX 003
TRENTON, NEW JERSEY 08625

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

PHIL MURPHY
Governor

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

Via Electronic and Regular Mail

May 30, 2019

Aida Camacho-Welsh, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Fl., Ste. 314
P.O. Box 350
Trenton, New Jersey 08625-0350

FORWARD
CASE MANAGEMENT
2019 JUN -14 A 11:23
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: I/M/O the Verified Petition of PEG Bandwidth NJ, LLC, for Approval of a *Pro Forma* Change in Intermediate Ownership and Control, **BPU Docket No.: TM19056575**

Dear Secretary Camacho-Welsh:

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed the above referenced Verified Petition of PEG Bandwidth NJ, LLC (“PEG NJ” or “Petitioner”) filed with the New Jersey Board of Public Utilities (“Board”) seeking Board approval, to the extent required, to effectuate a *pro forma* change in indirect ownership at the intermediate holding company level with no change to the ultimate owners of the company, which change will not impact customers.¹ Rate Counsel submits the within comments on this matter for the Board’s consideration. Enclosed with this original please find ten copies. Kindly return a date/stamped “Received” and/or “Filed” copy to Rate Counsel. For the reasons that follow, Rate Counsel does not object to approval of Petitioners’ requests in this matter.

Petitioner and Transaction

PEG NJ is a Delaware limited liability company headquartered in Mobile, Alabama, authorized to provide resold and facilities-based local exchange under Board authority granted in Docket No.:TE12040317, in August 2012, and provides telecommunications services to other carriers including wireless service providers.² PEG NJ is owned by Uniti Fiber LLC, a limited liability Delaware company wholly owned by Uniti Fiber Holdings, Inc., (“Fiber Holdings”) a Delaware corporation, and all are indirect subsidiaries of Uniti Group Inc., (“Parent” and/or along with its subsidiaries “Uniti”) a publicly traded company.³ See Petition Exhibit A. Petitioners state that post the *pro forma* change in the indirect ownership, the Licensees will continue to conduct all current operations as currently conducted.⁴ Petitioner notes that the

¹ Verified Petition at pp. 1 and 3. Petitioners note a “2018 Petition” filed under Board Docket TM18040470, which approved the proposed *pro forma* change contemplated therein, which has not yet occurred and will be cancelled once the Board grants the relief requested herein. Id., at p. 1, fn 1.

² Id., at p. 2.

³ Id., at pp. 1-2 and at fn 2 noting: (NASDAQ: UNIT) and Uniti Group Inc.’s former name as Communications sales & leasing, Inc. up through February 2017; and Uniti Fiber, LLC *f.k.a.* Unit Fiber-PEG, LLC.

⁴ Verified Petition at pp. 4-5.

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transaction will consist of the removal of two intermediate companies (Uniti Holdings LP and Uniti Holdings GP LLC) and insertion of four intermediate companies (CSL Capital, LLC; CSL National GP, LLC, CSL National, LP; inclusive of a new company, Uniti Group Finance Holdco, Inc., ("NewCo")) in the chain of control between Petitioner and its Parent.⁵ Thus, the transaction will effectuate an indirect *pro forma* change in control of Petitioner but will not result in any substantial changes to the ultimate ownership of Petitioner.⁶

Prior Board approval of any sale or merger Board's approval must be based on its satisfaction that the transaction will result in positive benefits and are in the public interest. Petitioners have provided information required by *N.J.S.A. 48:2-51.1 et seq.*, and *N.J.S.A. 48:3-10* regarding a petition for approval of a transfer of control/merger. Petitioners assert that the transfer of ownership will only result in changes at the intermediary level to Petitioner's Parent's overall corporate structure, thus keeping the ultimate and direct ownership of PEG NJ, with Parent and its shareholders.⁷ Petitioner asserts that the *pro forma* change will not directly involve Petitioner or its operations, or affect Petitioner's management and/or employee headcount, nor affect Petitioner's technological or financial capabilities.⁸ Furthermore, Petitioner states that the Transaction will be transparent to PEG NJ customers, and will occur without discontinuance, reduction, loss or impairment of service to customers and services will continue under the same rates, terms and conditions.⁹ In sum, the transaction will provide additional financial flexibility under its real estate investment trust ("REIT") and thus strengthen the company's capabilities/business status.

Rate Counsel supports the contemplated continued provision of innovative, high quality telecommunications services to the public and the promotion of increased competition in the New Jersey telecommunications market for the benefit of both residential and business customers in this state. This petition does not impinge upon those services or competition. Accordingly, Rate Counsel has no objection to the Board's grant of Petitioners' requests under the Verified Petition.

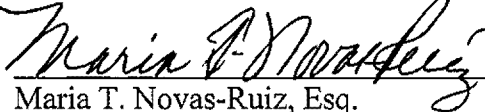
Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.

DIRECTOR

NEW JERSEY DIVISION OF RATE COUNSEL



Maria T. Novas-Ruiz, Esq.

Assistant Deputy Rate Counsel

MNR/td

c: Service List

⁵ Id., at pp. 3-4.

⁶ Id., p. 4, and at Exhibit A.

⁷ Id.

⁸ Id.

⁹ Id.

**Verified Petition of PEG
Bandwidth NJ, LLC for Approval
of a Pro Forma Change in
Intermediate Ownership and
Control**

BPU Docket No.: _____

Aida Camacho, Board Secretary
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Lawanda Gilbert, Esq.
Director, Office of Telco & Cable
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Carol Artale, Esq.
Deputy Chief Counsel
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Renee Greenberg, DAG
Division of Law & Public Safety
124 Halsey Street, 5th Floor
POB 45029-5029
Newark, NJ 07101

Paul Flanagan, Esq.
Executive Director
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Harold Bond, Bureau Chief
Office of Telco & Cable
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Timothy R Oberleiton, DAG
Office of Economist
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Rocco Della-Serra,
Administrative Analyst, Accounting
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Christin Lin
Administrative Analyst, Accounting
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd, Fl. Ste. 314
P.O. Box 350
Trenton, NJ 08625

Caroline Vachier, Chief, DAG
NJ Attorney General's Office
Division of & Public Safety
124 Halsey Street, 2nd Floor
POB 45029-5029
Newark, NJ 07101

James H. Laskey
Norris McLaughlin, P.A
400 Crossing Blvd 8th Floor
Bridgewater, NJ 08807-5933

Stefanie A. Brand, Esq.
Director
NJ Division of Rate Counsel
140 E. Front Street, 4th Fl.
PO Box 003
Trenton, NJ 08625

Maria T. Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel
NJ Division of Rate Counsel
140 E. Front Street, 4th Fl.
PO Box 003
Trenton, NJ 08625