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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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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

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

STEFANIE A. BRAND
Director

Via Electronic and Regular Mail

November 25, 2019

Ms. Aida Camacho-Welsh, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Fl.
P.O. Box 350
Trenton, New Jersey 08625-0350

FORWARD
CASE MANAGEMENT
2019 NOV 27 P 12:08
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: I/M/O the Verified Petition of PEG Bandwidth NJ, LLC for Approval to
Participate in Certain Financing Arrangements **BPU Docket No.:TF19091212**

Dear Ms. Camacho-Welsh:

The New Jersey Division of Rate Counsel (“Rate Counsel”) has reviewed the above referenced Petition of PEG Bandwidth NJ, LLC (“PEG NJ” or “Petitioner”), filed with the New Jersey Board of Public Utilities (“Board”), requesting Board approval to participate in financing arrangements up to an aggregate amount of \$325 million.¹ Rate Counsel submits the comments below for the Board’s consideration and has enclosed with this original 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 Board approval of Petitioners’ requests as stated in the Verified Petition (“Petition”).

Discussion

PEG NJ is a Delaware limited liability company, based out of Mobile, Alabama, providing facilities-based local exchange and resold telecommunications services to other carriers including wireless carriers throughout New Jersey pursuant to Board Order in docket TE12040317.² Petitioner is a wholly-owned direct subsidiary of Uniti Fiber, LLC, a wholly-owned direct subsidiary of Uniti Fiber Holdings, Inc., (“Fiber Holdings”) which is wholly-owned by Uniti Group, LP, which is nearly wholly-owned by Uniti Group, Inc. (“Parent” and together with its subsidiaries “Uniti”) a publicly-traded Maryland corporation (NASDAQ:UNIT).³

*Case Mgmt
list copied*

¹ Petition, pp. 3-4.

² Id., p. 2. See also Board Orders in dockets TE12040317 and TM19050575 in connection with Petitioner’s technical, managerial and financial qualifications.

³ Id., p. 1.

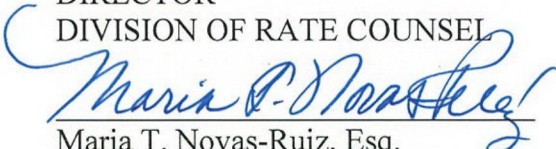
Petitioner requests Board approval, to participate as borrow/co-borrower in financial arrangements up to the aggregate amount of \$325 million and guarantor/co-guarantor in an intercompany financing (where Uniti Group LP is the lender and Fiber Holdings is the borrower) under the terms and conditions provided in the filing to refinance existing debt and seize financial opportunities that will increase development and expansion of the network system.⁴ Petitioner notes that other subsidiaries of Fiber Holdings are expected to be guarantors for the Intercompany Financing (revolving credit agreement).⁵ Petitioner states the financing will not be detrimental to New Jersey customers and is in the public interest as it will not affect existing services, rates, but will promote enhanced services and thus strengthen the company, enabling robust competition among telecommunications carriers in New Jersey.⁶

Prior Board approval of any encumbrance or mortgage of a telecommunications service provider is required otherwise the transaction is void under New Jersey law.⁷ As the Petitioner's assets will secure the debt, the Board's approval must be based on its satisfaction that the debt is made according to law and that the debt serves a beneficial purpose pursuant to *N.J.S.A. 48:3-9* and *N.J.A.C. 14:1-5.9*.⁸ Petitioners assert that the financing will promote enhanced telecommunications services and increase competition in telecommunications services throughout New Jersey.⁹

Accordingly, Rate Counsel has no objection should the Board determine after its financial review that approval of Petitioner's requests under the Verified Petition is prudent and warranted. Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.,
DIRECTOR
DIVISION OF RATE COUNSEL


Maria T. Novas-Ruiz, Esq.
Assistant Deputy Rate Counsel

MNR/td
c: Service List

⁴ Petition, pp. 3-4.

⁵ Id., p.4.

⁶ Id., pp. 4-5.

⁷ *N.J.S.A. 48:3-9, et seq.* If the Board finds that after investigation there is doubtful benefit to the petitioner, the Board may withhold approval. See, *Interstate Telephone & Telegraph Co. v. Board of Public Utility Commissioners*, 84 N.J.L. 184 (Sup. Ct. 1913), wherein the court interpreted the 'approval of the purpose' provision to empower the Board with the authority to withhold approval if in its judgment the purpose of the debt incurred will have doubtful benefit to the applicant.

⁸ Petition, p. 5.

⁹ Id., pp. 4-5.

**I/M/O the Verified Petition of PEG
Bandwidth NJ, LLC for approval
to participate in Certain Financing
Arrangements**

**BPU Docket No. TF19091212
Service List**

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

Stefanie A. Brand, Director
NJ Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
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

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

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

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

Christine 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

James H. Laskey
Norris McLaughlin P.A.
Attorneys at Law
400 Crossing Boulevard
8th Floor
P.O.Box 5933
Bridgewater, NJ 08807

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

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

Maria Novas-Ruiz
Assistant Deputy Rate Counsel
NJ Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Dr. Ben Witherell, Director
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd Fl., Ste. 314
P.O. Box 350
Trenton, NJ 08625

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

Ronald W. Del Sesto, Jr
Brett P. Ferenchak
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, NW
Washington, DC 20004-25414

Jeffrey R. Strenkowski
Vice President, Deputy General Counsel of
Governmental Affairs
Uniti Group Inc.
10802 Executive Center Drive, Suite 300
Little Rock, AR 72211