



State of New Jersey
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Via Electronic Filing Only

June 10, 2021

Ms. Aida Camacho-Welch, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350
aida.camacho@bpu.nj.gov

Re: In the Matter of Verified Petition of PEG Bandwidth NJ, LLC and Uniti National LLC for Approval to Participate in Certain Financing Arrangements.
BPU Docket No. TF21030666

Dear Board Secretary:

The New Jersey Division of Rate Counsel (“Rate Counsel”) submits comments in the above referenced Petition filed by PEG Bandwidth NJ, LLC (“PEG NJ”) and Uniti National LLC (“Uniti National”), jointly (“Petitioners”) with the New Jersey Board of Public Utilities (“Board”) on March 18, 2021, requesting Board approval to participate in a financial arrangement serving as guarantor on the refinancing of Senior Notes totaling \$1.11 billion in the aggregate by its parent company and affiliates (“Issuers”).¹ Rate Counsel requests acknowledgment of this electronic filing for its record.² For the reasons discussed below, Rate Counsel would not oppose Board approval of Petitioners’ proposed new financial arrangement.

Discussion

PEG NJ and Uniti National are Delaware limited liability companies with principal offices in Mobile, Alabama 36602 providing facilities-based and resold telephone service/local exchange service and interexchange telecommunications services in New Jersey since 2012 and

¹ Issuers are designated as Uniti Group’s subsidiaries Uniti Group LP, Uniti Group Finance 2019 Inc, and CSL Capital, LLC. See, Petition, Section III. Rate Counsel notes that Petitioners provided responses to Board Staff’s information requests in connection with this financing on May 12, 2021.

² Pursuant to e-filing procedures approved by the Board under Docket No. Docket No. EO20030254, dated March 19, 2020.

2021 respectively.³ Petitioners are indirect subsidiaries of Uniti Group Inc., a publicly traded Maryland real estate investment trust (NASDAQ: UNIT). Petitioners additionally note their technical, managerial and financial qualifications are a matter of public record having been submitted to the Board as part of Uniti 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 TM19121534.⁴

Petitioners request Board approval to serve as guarantors on \$1.11 billion aggregate principal amount 6.50% senior notes due 2029 (the "Financing Arrangements") refinancing 8.25% senior notes due 2023 of its corporate parent and affiliates: Uniti Group's subsidiaries Uniti Group LP, Uniti Group Finance 2019 Inc, and CSL Capital, LLC (together, the "Issuers").⁵ Petitioners assert the financing is "necessary and appropriate, will not impair Petitioners' ability to provide their services, and will promote its corporate purposes;" "will be transparent to their customers, will not disrupt service or cause customer confusion or inconvenience;" and will enable Petitioners to "become more effective competitors in the communications industry."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

³ Petition, Section I., noting: *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); and *I/M/O Petition of Uniti National LLC for Approval to Provide Competitive Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey*, Docket No. TE20100663 (Order of Approval January 27, 2021).

⁴ Id., at Section I.

⁵ Id., at Section III.

⁶ Petition, Section IV.

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

assets will secure the debt, in part, 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.⁸ *N.J.S.A.* 48:3-9 and *N.J.A.C.* 14:1-5.9. Petitioners assert that the financing contemplated is not contrary to the public interest, will not affect service quality, will be transparent to customers, and will serve a beneficial purpose increasing Petitioners' ability to effectively compete in the market.⁹ Petitioners have provided additional information in response to Board Staff's data requests in connection with the Board's financial review of the Financial Arrangements.¹⁰

Rate Counsel relies on the assertions and information provided by Petitioner that the Financial Arrangements will promote quality service offerings and competition in the New Jersey telecommunications market ultimately for the benefit of both residential and business customers in this state. Accordingly, Rate Counsel has no objection should the Board determine after its financial review that approval is prudent and warranted.

Thank you for your attention to this matter.

Very truly yours,

STEFANIE A. BRAND, ESQ.
DIRECTOR
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/s/ Maria T. Novas-Ruiz
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Assistant Deputy Rate Counsel

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c: Service List

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, Section IV., p. 5.

⁹ Additionally, on August 31, 2020, Petitioners provided responses to Board Staff's data requests in connection with the financing.

¹⁰ Responses to the additional information and data requests were provided to the Board and Rate Counsel by Petitioners on May 12, 2021.