



STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
PEG BANDWIDTH NJ, LLC FOR APPROVAL OF A)
PRO FORMA CHANGE IN INTERMEDIATE)
OWNERSHIP AND CONTROL) DOCKET NO. TM19050575

Parties of Record:

James H. Laskey, Esq., Norris McLaughlin, P.A., on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 10, 2019, PEG Bandwidth NJ, LLC ("PEG NJ" or "Petitioner"), submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1 requesting Board approval to complete a pro forma change in indirect ownership that will result in a change in its intermediate ownership and control structure with no change to its ultimate owner (the "Pro Forma Change"). Following the Pro Forma Change, the same services will continue to be offered in New Jersey at the same rates, terms, and conditions to PEG NJ customers.

BACKGROUND

PEG NJ is a Delaware limited liability company and wholly owned, direct subsidiary of Uniti Fiber LLC, a Delaware limited liability company, which in turn is a wholly owned, direct subsidiary of Uniti Fiber Holdings Inc. ("Fiber Holdings"), a Delaware corporation. Fiber Holdings, Uniti Fiber LLC and Petitioner are indirect subsidiaries of Uniti Group Inc. ("Parent" and together with its subsidiaries, "Uniti"), a publicly-traded traded company. PEG NJ's principal offices are located in Mobile, Alabama.

PEG NJ is principally a carrier's carrier and provides telecommunications services to providers of wireless telecommunications as well as other carriers. PEG NJ is authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services. In New Jersey, PEG NJ is authorized to provide facilities-based and resold telephone service with authority to provide local exchange service. See, In the Matter of the 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 (August 15, 2012).

The granting of competitive local exchange ("CLEC") authority conveys certain rights and privileges upon PEG NJ, which are reserved for the provision of facilities-based landline services. While CLECs may also provide other telecommunications services, such as wireless, small cell or distributed antenna systems, these service offerings are beyond the scope of Board jurisdiction and the granting of CLEC authority. Specifically, the Board granting of CLEC authority is limited to the provision of competitive facilities-based local and interexchange services. To the extent that a CLEC provides non-regulated telecommunications services, the CLEC benefits, rights or privileges are not applicable to those non-regulated services.

DISCUSSION

The petition states that the proposed Pro Forma Change will involve the removal of two intermediate companies (*i.e.*, Uniti Holdings LP and Uniti Holdings GP LLC) from the ownership and control chain between Uniti Group LP and Fiber Holdings and the insertion of four intermediate companies (*i.e.*, CSL Capital, LLC, CSL National GP, LLC, CSL National, LP and a new entity, Uniti Group Finance Holdco Inc. ("NewCo"), which is wholly owned by Uniti Group LP, and was formed for the purposes of completing the Pro Forma Change. Thus, upon completion of the proposed Pro Forma Change, except for a limited number of individuals that will hold a *de minimis* amount of preferred shares in NewCo (necessary to meet certain real estate investment trust tax requirements), Uniti Group LP will directly and indirectly through CSL Capital, LLC, CSL National GP, LLC, CSL National, LP and NewCo, own Fiber Holdings and thus Petitioners. Since PEG NJ will remain nearly wholly owned, indirect subsidiaries of Uniti Group LP and Parent, the Pro Forma Change is routine in nature.

Petitioner notes that on June 22, 2018 at Docket No. TM18040470, the Board granted a Petition requesting approval for a different proposed change in indirect ownership (the "2018 Petition"). However, that proposed pro forma change has not been completed and the proposed Pro Forma Change described in this Petition is expected to replace it. Petitioner further states that upon completion of the proposed Pro Forma Change as described in this Petition, Petitioner will notify the Board that the pro forma change described in the 2018 Petition will not be completed.

Petitioner states that the proposed Pro Forma Change will be transparent to customers. Following the proposed changes, Petitioner will continue to conduct all of its operations as that are currently conducted. The telecommunications services provided by Petitioner and the rates, terms and conditions of those services will not change as a result of the Pro Forma Change, and Petitioner's customers will not be affected in any way by the Pro Forma Change. Additionally, because the Pro Forma Change only involves changes in the intermediate companies in PEG NJ's ownership chain there will be no effect on the number of PEG NJ's existing employees in New Jersey. Petitioner will continue to have the same managerial, technical and financial capabilities to provide quality communications services.

Petitioners submit that the proposed Pro Forma Change is in the public interest. The proposed changes in Uniti's ownership and control structure will provide Uniti additional financial flexibility with respect to its status as a real estate investment trust (REIT). Further, the proposed changes in Uniti's entity ownership and control structure will provide Uniti additional financial flexibility with respect to its status as a real estate investment trust ("REIT"). These additional resources will allow Petitioner to strengthen its competitive position to the benefit of its customers and the telecommunications marketplace.

By letter dated June 4, 2019, the New Jersey Division of Rate Counsel submitted comments, stating that it has no objection to the Board's grant of Petitioners' requests under the Verified Petition.

FINDINGS AND CONCLUSIONS

Pursuant to N.J.S.A. 48:2-51.1(a), the Board shall evaluate the impact of an acquisition of control of a public utility on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1 as set forth above. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

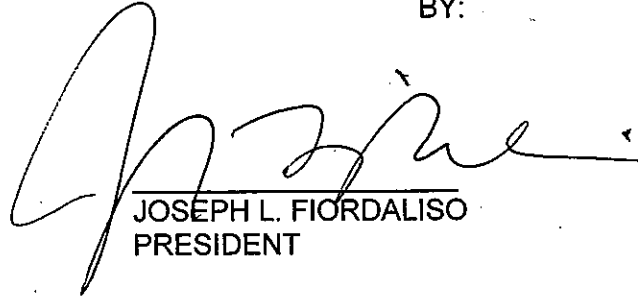
After a careful review of this matter, the Board is satisfied that positive benefits will flow to customers based upon the record, and that the Petitioner would not be able to exercise market power to raise prices above competitive levels or exclude competitors from the marketplace. The Board therefore **FINDS** that the proposed transaction will have little impact on competition. The Board additionally **FINDS** that there will be no negative impact on rates or the present provision of safe, adequate and proper service since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions and the provision of service quality on competitive offerings is in the public interest. The Board notes that the petitioner has represented that the transaction will not affect the number or the identity of the employees or management of, or their respective pensions or other benefits.

Accordingly, the Board **FINDS** that the proposed transaction is consistent with the applicable law, is not contrary to the public interest and will have no material impact on the rates of current customers, or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioner to complete the proposed transaction.

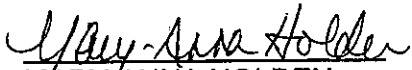
This Order shall be effective July 20, 2019.

DATED: 7/10/19

BOARD OF PUBLIC UTILITIES
BY:



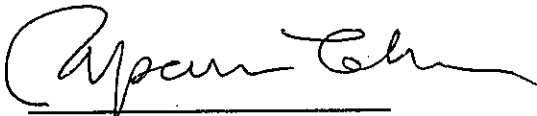
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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



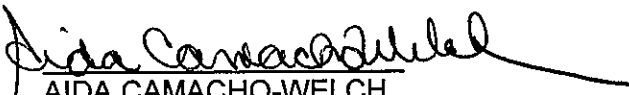
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COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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APPROVAL OF A PRO FORMA CHANGE IN INTERMEDIATE OWNERSHIP AND CONTROL
DOCKET NO. TM19050575**

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