



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

TELECOMMUNICATIONS

I/M/O VERIFIED PETITION OF PEG BANDWIDTH NJ,) ORDER
LLC FOR APPROVAL OF A PRO FORMA CHANGE IN)
INTERMEDIATE OWNERSHIP AND CONTROL) DOCKET NO. TM18040470

Parties of Record:

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

BY THE BOARD:

On April 27, 2018, 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 for PEG NJ 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" or "Transaction"). Following closing of the Transaction, 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. 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.)

DISCUSSION

Petitioner seeks Board approval to effectuate a Pro Forma Change involving the removal of two intermediate companies (Uniti Holdings LP and Uniti Holdings GP LLC) from the ownership and control chain between Uniti Group LP and Fiber Holdings. Upon completion of the Pro Forma Change, Fiber Holdings will be a direct subsidiary of Uniti Group LP and will no longer be a subsidiary of Uniti Holdings LP, which is controlled by its non-economic general partner, Uniti Holdings GP LLC. As a result of the Pro Forma Change, Uniti Holdings LP and Uniti Holdings GP LLC will no longer be in the ownership and control chain of PEG NJ. Since PEG NJ will remain wholly owned, indirect subsidiaries of Parent, the Pro Forma Change is pro forma in nature. After the Pro Forma Change is completed, Petitioner will continue to conduct all of its operations as they are currently conducted.

Petitioner contends that the Pro Forma Change is consistent with the public interest by providing Uniti additional financial flexibility with respect to its status as a real estate investment trust ("REIT"). Petitioner states that it will continue to have the same requisite managerial, technical and financial capabilities to provide quality communications services. Petitioner asserts that the Pro Forma change will not result in any changes to the ultimate ownership of Petitioner, and that Petitioner's New Jersey customers will receive the same full range of products and services that they received prior to the Pro Forma Change at the same prices and under the same terms and conditions. Additionally, Petitioner asserts that the Pro Forma Change will have no effect on the number of PEG NJ's existing employees in New Jersey.

The New Jersey Division of Rate Counsel submitted comments by letter dated May 16, 2018, 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 benefits obligations to any of its employees.

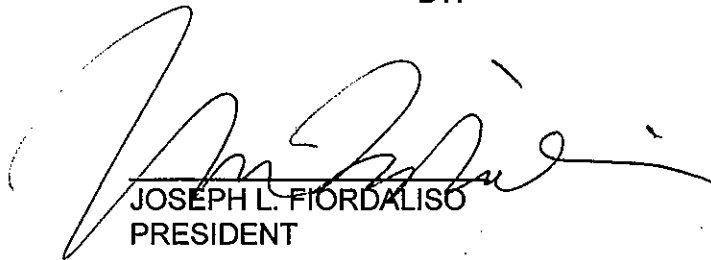
After a careful review of this matter and all related documentation, the Board is satisfied that positive benefits will flow to customers based upon the record as the Pro Forma Change will provide Uniti additional financial flexibility with respect to its status as a REIT. The Board therefore **FINDS** that the proposed Pro Forma Change will have no negative impact on rates or the present provision of safe, adequate and proper service since Petitioner's New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Petitioner asserts, and the Board accepts, that following the Pro Forma

Change, Petitioner's operations will continue to be overseen by the same management team, and because the Pro Forma Change only involves removal of holding companies from PEG NJ's ownership chain, there will be no effect upon the number of PEG NJ's existing employees in New Jersey. Accordingly, the Board **FINDS** that the proposed Pro Forma Change 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 Pro Forma Change.

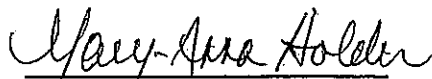
This Order shall be effective July 2, 2018.

DATED: 6/22/18


BOARD OF PUBLIC UTILITIES
BY:



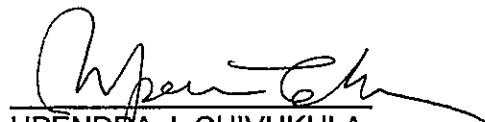
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MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
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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CHANGE IN INTERMEDIATE OWNERSHIP AND CONTROL
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