

# Morgan Lewis

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May 16, 2019

## **VIA E-FILE**

Brinda Westbrook-Sedgwick, Secretary  
District of Columbia Public Service Commission  
1325 G Street N.W., Suite 800  
Washington, DC 20005

**Re: Notification of a Proposed *Pro Forma* Change in Intermediate Ownership and Control of PEG Bandwidth DC, LLC**

Dear Ms. Westbrook-Sedgwick:

By this letter, PEG Bandwidth DC, LLC ("PEG-DC") notifies the Commission of a proposed *pro forma* change in the intermediate ownership and control structure of PEG-DC with no change in its direct or ultimate owner (the "*Pro Forma* Change").<sup>1</sup> PEG-DC emphasizes that its customers will not be impacted by these changes.

The Commission determined that "for the sake of administrative economy, CLEC transactions concerning corporate reorganizations and restructurings that are purely intra-corporate in nature, and do not involve transfer of ownership or control to an outside entity or organization, shall only require a Notification of the Transaction." *See* Order No. 17536. Further, the Commission determined that the *pro forma* change described in the *2018 Notice* did not require Commission review and approval for lack of jurisdiction. *See* Order No. 19360. Since the *Pro Forma* Change is purely intra-corporate in nature and does not involve the transfer of owner-

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<sup>1</sup> In Docket No. TA2012-04-18, PEG-DC notified the Commission of a different proposed *pro forma* change in indirect ownership of PEG-DC (the "*2018 Notice*"). However, the proposed *pro forma* change described in the *2018 Notice* has not been completed and the proposed *Pro Forma* Change described in this Notification is expected to replace it. Upon completion of the proposed *Pro Forma* Change described in this Notification, PEG-DC will notify the Commission that *pro forma* change described in the *2018 Notice* will not be completed.

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ship or control to an outside entity or organization, Commission action is not required pursuant to 15 DCMR § 2511.2. Accordingly, PEG-DC provides this Notification pursuant to the Commission's directive in Order No. 17536<sup>2</sup> for informational purposes.

In support of this filing, PEG-DC provides the following information:

### **Description of PEG-DC**

PEG-DC is a Delaware limited liability company and a 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 PEG-DC are indirect subsidiaries of Uniti Group Inc. ("Parent" and together with its subsidiaries, "Uniti"), a publicly-traded Maryland corporation (NASDAQ: UNIT). PEG-DC has principal offices located at 107 St. Francis Street, Suite 1800, Mobile, AL 36602. In the District of Columbia, PEG-DC is authorized to provide resold and facilities based local exchange services pursuant to authority granted by Order No. 16979 in Formal Case No. TA 2012-04, on December 4, 2012.

### **Designated Contacts**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this filing should be directed to:

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with a copy to:  
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<sup>2</sup> In addition, PEG-DC's most recent Survey Responses indicate that it does not provide retail telecommunications services (except non-jurisdictional services) or have any telephone lines or facilities in the District of Columbia. See Docket No. ASMT2019-79-T-2 (filed March 28, 2019). Under Commission precedent, PEG-DC does not meet the definition of a public utility set forth in D.C. Code §§ 34-214, 34-220, and 34-221 and, pursuant to D.C. Code § 34-1001, the Commission does not have authority to regulate a transaction involving a CLEC that does not meet the statutory definition of a public utility. See *In re Notification of a Prom Forma Change in the Intermediate Ownership and Control of PEG Bandwidth DC, LLC*, Order No. 19360, Formal Case No. TA 2012-04-20 (May 23, 2018); *In re the Joint Application of Onvoy, LLC, The Broadvox Holding Company, LLC, and Broadvox-CLEC, LLC for Approval of the Transfer of Control of Broadvox-CLEC, LLC to Onvoy, LLC*, Order No. 17985, Formal Case No. TA 10-5-14 (Sept. 28, 2015); *In re the Joint Application of Crown Castle NG Atlantic LLC and 24/7 Mid-Atlantic Network, LLC, 24/7 Chesapeake Holdings, LLC and GRI Fund #2, L.P. for Approval of the Transfer of Indirect Control of 24/7 Mid-Atlantic Network, LLC*, Order No. 17687, Formal Case No. TA 05-1 (Oct. 30, 2014).

### **Description of the *Pro Forma* Change**

The proposed *Pro Forma* Change will involve the removal of two intermediate companies (*i.e.*, Uniti Holdings LP<sup>3</sup> and Uniti Holdings GP LLC<sup>4</sup>) 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,<sup>5</sup> CSL National GP, LLC,<sup>6</sup> CSL National, LP<sup>7</sup> and a new entity, Uniti Group Finance Holdco Inc. ("NewCo"),<sup>8</sup> which is wholly owned by Uniti Group LP, and was formed for the purposes of completing the *Pro Forma* Change). Upon completion of the *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 PEG-DC. Since PEG-DC will remain a nearly wholly owned, indirect subsidiary of Uniti Group LP and Parent, the *Pro Forma* Change is *pro forma* in nature. See **Exhibit A** for charts illustrating the current and post-*Pro Forma* Change entity ownership structure of PEG-DC.

Thus, aside from the *de minimis* number of preferred shares issued by NewCo as noted above, the *Pro Forma* Change will not result in any changes to the ultimate ownership of PEG-DC, which will remain with Parent and its shareholders. Rather, PEG-DC will have different intermediary entities between it and Parent. After the *Pro Forma* Change is undertaken PEG-DC will continue to conduct all of its operations as they are currently conducted and will remain well-qualified to provide service to its customers as their operations will continue to be overseen by the same well-qualified management team with substantial telecommunications experience and technical expertise.

### **Public Interest Considerations**

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"). Given that the *Pro Forma* Change only involves the reorganization of entities from Uniti's corporate structure, it is purely *pro forma* in nature, it will not result in any new owners of PEG-DC other than those in existence immediately before the *Pro Forma* Change takes place (aside from the *de minimis* number of preferred share owners of NewCo), and it will not directly involve PEG-DC or its operations.

The net effect of the *Pro Forma* Change will be simply to change entities in PEG-DC's intermediate ownership and control chain. There will be no change in actual working control of PEG-DC. PEG-DC will remain well-qualified to provide service to customers, and their operations

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<sup>3</sup> Uniti Holdings LP is a Delaware limited partnership.

<sup>4</sup> Uniti Holdings GP LLC is a Delaware limited liability company.

<sup>5</sup> CSL Capital, LLC is a Delaware limited liability company.

<sup>6</sup> CSL National GP, LLC is a Delaware limited liability company.

<sup>7</sup> CSL National, LP is a Delaware limited partnership.

<sup>8</sup> NewCo is a Delaware corporation.

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will continue to be overseen by their existing management teams. The telecommunications services provided by PEG-DC and the rates, terms and conditions of those services will not change as a result of the *Pro Forma* Change, and PEG-DC's customers will not be affected in any way by the *Pro Forma* Change.

In sum, the *Pro Forma* Change will provide Uniti additional flexibility under its REIT status. PEG-DC will continue to have the same requisite managerial, technical and financial capabilities to provide quality communications services. PEG-DC's 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. All of the above facts demonstrate that the *Pro Forma* Change is in the public interest.

\* \* \* \*

Please acknowledge receipt and acceptance of this filing. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in blue ink that reads "Brett P Ferenczak".

Ronald W. Del Sesto, Jr.  
Brett P. Ferenczak

Counsel for PEG Bandwidth DC, LLC

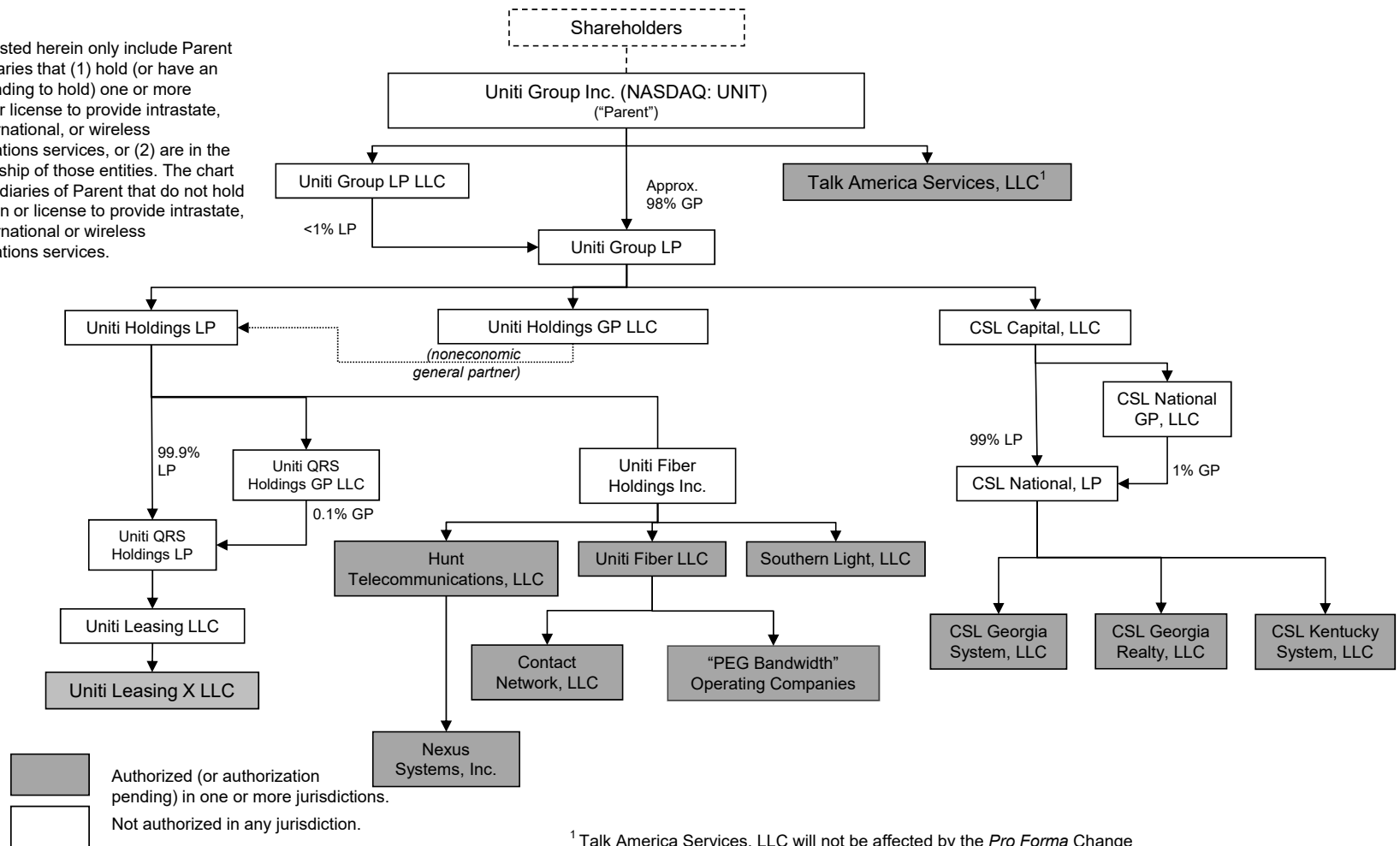
cc: Office of People's Counsel  
1133 15th Street N.W., Suite 500  
Washington, D.C. 20005

**EXHIBIT A**

**Current and Post-*Pro Forma* Change Entity Ownership Structure**

## Current Uniti Corporate Structure\*

\* The entities listed herein only include Parent and its subsidiaries that (1) hold (or have an application pending to hold) one or more authorization or license to provide intrastate, interstate, international, or wireless telecommunications services, or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries of Parent that do not hold an authorization or license to provide intrastate, interstate, international or wireless telecommunications services.



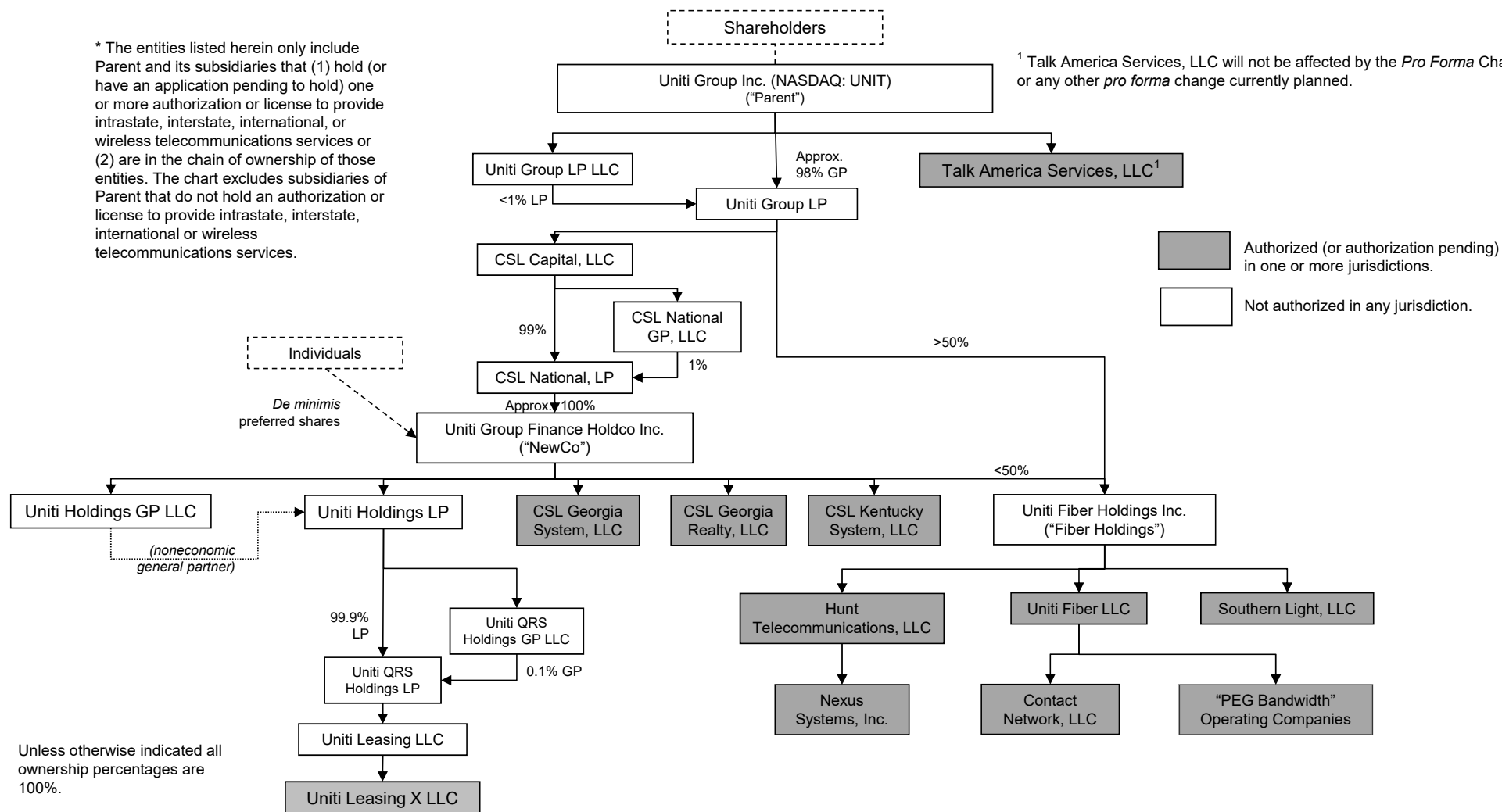
Unless otherwise indicated all ownership percentages are 100%.

<sup>1</sup> Talk America Services, LLC will not be affected by the *Pro Forma* Change or any other *pro forma* change currently planned.

### Post-Pro Forma Change Uniti Corporate Structure\*

\* The entities listed herein only include Parent and its subsidiaries that (1) hold (or have an application pending to hold) one or more authorization or license to provide intrastate, interstate, international, or wireless telecommunications services or (2) are in the chain of ownership of those entities. The chart excludes subsidiaries of Parent that do not hold an authorization or license to provide intrastate, interstate, international or wireless telecommunications services.

<sup>1</sup> Talk America Services, LLC will not be affected by the *Pro Forma* Change or any other *pro forma* change currently planned.



Unless otherwise indicated all ownership percentages are 100%.

## VERIFICATION



## VERIFICATION

I, Jeffrey R. Strenkowski, state that I am the Vice President and Deputy General Counsel of Governmental Affairs of Uniti Group Inc. ("Uniti"); that I am authorized to make this Verification on behalf of Uniti and its subsidiaries (collectively, the "Company"); that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 19 day of April, 2019.



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Jeffrey R. Strenkowski  
Vice President, Deputy General Counsel of  
Governmental Affairs  
Uniti Group Inc.