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March 11, 2016



Via Electronic (irene.asbury@bpu.state.nj.us) and FedEx Overnight Mail

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
Trenton, NJ 08625

TM16030230

Re: Verified Joint Petition of DSCI Holdings Corporation, DSCI, LLC and U.S. TelePacific Corp., for Approval for the Transfer of Control of DSCI to U.S. TelePacific Corp.
Our File No. 41144.1000

Dear Secretary Asbury:

Our office represents DSCI Holdings Corporation, DSCI, LLC and U.S. TelePacific Corp. (collectively, the "Petitioners"), in connection with the above-captioned matter. Enclosed herewith please find an original and 11 copies of Petitioners' Verified Petition with regard to same.

It would be appreciated if you would kindly date stamp the extra copy of this letter and the Petition and return same in the stamped, self-addressed envelope provided herein.

I thank you for your kind attention.

Very truly yours,

Dennis Linken

Dennis C. Linken
For the Firm
DCL/dp
enc.

cc: Paul Flanagan, Executive Officer (paul.flanagan@bpu.state.nj.us and FedEx overnight mail)
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STATE OF NEW JERSEY
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Verified Joint Petition of

**DSCI Holdings Corporation,
DSCI, LLC**

and

U.S. TelePacific Corp.

for Approval for the Transfer of Control of
DSCI, LLC to U.S. TelePacific Corp.

Docket No. _____

**TO THE HONORABLE COMMISSIONERS OF THE NEW JERSEY BOARD OF
PUBLIC UTILITIES:**

DSCI Holdings Corporation (“Parent”), DSCI, LLC, and U.S. TelePacific Corp. (“TelePacific”) (collectively, “Petitioners”), to the extent necessary pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 and the regulations of the Board of Public Utilities (“Board”), request approval for TelePacific to acquire control of DSCI, LLC, through a merger of DSCI, LLC with a TelePacific direct subsidiary (the “Transaction”). To the extent necessary pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, Petitioners are also concurrently filing a petition for approval for DSCI, LLC to participate in the financing arrangements to be entered into in connection with the Transaction and existing financing arrangements of TelePacific.

Petitioners request that the Board grant all relief sought herein as expeditiously as possible, so that Petitioners can timely consummate the proposed Transaction.

In support of this Petition, Petitioners provide the following information:

I. DESCRIPTION OF THE PETITIONERS

A. DSCI Holdings Corporation and DSCI, LLC

Parent is a privately held Massachusetts corporation and DSCI, LLC is a privately held Delaware limited liability company. Both Parent and DSCI, LLC have their principal offices located at 303 Wyman Street, Suite 350, Waltham, MA 02451. DSCI, LLC is a competitive local exchange carrier and provider of hosted communications, managed IT and connectivity services. In New Jersey, DSCI, LLC is authorized to provide resold and facilities-based local and long distance telecommunications services pursuant to authority granted by the Board in Docket No. TE14091038 on December 17, 2014.

B. U.S. TelePacific Corp.

TelePacific is a California corporation with its headquarters located at 515 S. Flower Street, 47th Floor, Los Angeles, California 90071-2201. TelePacific Managed Services (“Merger Sub”) is a California corporation and wholly-owned subsidiary of TelePacific.

TelePacific provides facilities-based business communications services, including local, long distance, data and Internet services to small-to-medium sized businesses in California, Nevada and Texas. TelePacific’s affiliate Mpower Communications Corp., a Nevada corporation, also serves customers in Nevada and California; TelePacific’s affiliate Arrival Communications, Inc., a Delaware corporation, serves customers in California; TelePacific’s affiliate TelePacific Communications Co. f/k/a Tel West Network Services Corporation, a Washington corporation, serves customers in Texas. TelePacific and its affiliates are also authorized by the FCC to provide international and domestic interstate services as non-dominant carriers. With thousands of customers, TelePacific is one of the largest telecommunications companies headquartered in California.

TelePacific is a wholly owned subsidiary of U.S. TelePacific Holdings Corp. (“TPAC Holdings”). The following entities currently own 10 percent or more of TPAC Holdings:

Investcorp S.A.: Investcorp S.A.’s 39.6% interest is held indirectly through control of various corporations. Of these corporations, only TelePacific Equity Limited individually owns or controls more than 10% of TPAC Holdings. Investcorp S.A. is a private equity investor with three business areas: corporate investment in the US, Europe, and the Gulf; real estate investment in the US; and global hedge funds.

Clarity Partners, L.P.: Clarity Partners, L.P. and certain affiliated entities collectively hold 23.97% of TPAC Holdings. Headquartered in Los Angeles, Clarity Partners, L.P. is a private equity fund focused on communications, media and business service sectors.

TelePacific has sufficient financial qualifications to consummate the Transaction and to provide adequate working capital to meet the operational needs of DSCI, LLC for the foreseeable future. As explained in its concurrent filing for approval of financing arrangements, TelePacific has obtained financing commitments that will enable it to consummate the Transaction.

II. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this filing should be directed to:

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with a copy for U.S. TelePacific Corp. to:

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III. DESCRIPTION OF THE TRANSACTION

Pursuant to an Agreement and Plan of Merger (“Agreement”) dated March 1, 2016, TelePacific will acquire ownership and control of DSCI, LLC by merging Merger Sub with and into DSCI, LLC, with DSCI, LLC surviving the merger as a wholly owned subsidiary of TelePacific. As a result, immediately following the consummation of the Transaction, DSCI, LLC will be a direct, wholly owned subsidiary of TelePacific. Petitioners therefore request authority for the transfer of control of DSCI, LLC to TelePacific. For the Board’s reference pre- and post-transaction organization charts are provided as Exhibit A.

Following the proposed Transaction, DSCI, LLC’s customers will remain customers of DSCI, LLC and will continue to receive services under the same rates, terms and conditions as those services are presently provided to them. As a result, the Transaction will be virtually transparent to DSCI, LLC’s customers. The only change resulting from the Transaction will be

that DSCI, LLC will be a direct, wholly owned subsidiary of TelePacific, which is already well qualified to control the continuing operations of DSCI, LLC.

The Transaction will not result in any assignment of licenses or assets, trigger any Federal or state anti-slammings or bulk customer transfer rules (because the certificated, customer-facing service provider will be unchanged), or adversely affect the market for telecommunications services in the State of New Jersey. The Transaction also will not adversely affect competition for the provision of telecommunications in the State of New Jersey because all of the customers served by DSCI, LLC have, and following consummation of the Transaction will continue to have, access to multiple competitive alternatives.

While the Transaction will result in changes in the equity ownership of DSCI, LLC, it is not expected to change or affect the day-to-day operations of DSCI, LLC. The Petitioners anticipate customers will benefit from the availability of additional management expertise following the acquisition by TelePacific. The post-Transaction management of DSCI, LLC will be able to draw upon the substantial experience in the telecommunications industry of the current management team of TelePacific.

Employment is a factor for the Board to consider pursuant to N.J.S.A. 48:2-51.1 as well as the ability of the utility to fulfill pension obligations to its employees pursuant to N.J.S.A. 48:3-10. DSCI, LLC has two employees that reside in New Jersey. Upon consummation of the Transaction, there are no immediate plans to change these employment positions. DSCI, LLC does not have an employee pension plan. Employees' existing rights in any other retirement benefit plan offered by DSCI, LLC will be retained upon completion of the Transaction. In the future, DSCI, LLC's employees may be able to rollover pre-closing contributions to their existing retirement benefits plan into another qualified benefit plan such as an Individual Retirement Rollover Account or a TelePacific retirement benefits plan.

IV. PUBLIC INTEREST CONSIDERATIONS

The proposed Transaction will serve the public interest in promoting competition among telecommunications providers. The proposed Transaction will enhance the ability of TelePacific and DSCI, LLC to expand their respective operations both in terms of service area coverage and through the ability of each entity to offer customers an expanded line of products and services. As a result, Petitioners believe the combined companies will be able to compete more effectively against incumbent carriers and larger competitive carriers. DSCI, LLC will continue to be operated by highly experienced, well-qualified management, operating and technical personnel. DSCI, LLC will also have access to the financial, operational and managerial resources of TelePacific, and such support will strengthen its competitive position. Such support will strengthen the competitive position of DSCI, LLC to the benefit of the telecommunications marketplace in New Jersey.

DSCI, LLC will continue to offer competitive and innovative products following the Transaction at the same rates and on the same terms and conditions as currently provided (subject to future changes pursuant to applicable law and contract provisions). The Transaction is expected to be transparent to customers of DSCI, LLC and is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer. Ultimately, the Transaction will benefit customers by enabling DSCI, LLC to become a stronger competitor in its market.

V. CONCLUSION

For the foregoing reasons, Petitioners submit that the public interest, convenience, and necessity would be furthered by grant of this Petition.

Respectfully submitted,



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Dated: March 10, 2016