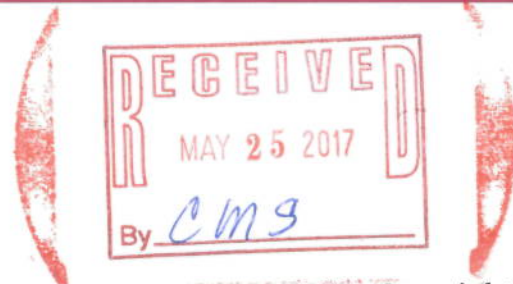


DENNIS C. LINKEN | Partner
dlinken@scarincihollenbeck.com
P: 201-806-3426 | F: 201-806-3454

May 24, 2017



BOARD OF PUBLIC UTILITIES

MAY 25 2017

MAIL RECEIVED

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

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

TF17050556

Re: Petition of DSCI, LLC for Approval to Participate in Certain Financing Arrangements
Our File No. 41144.2000

Dear Secretary Asbury:

Our office represents DSCI, LLC ("Petitioner"), in connection with the above-captioned matter. Enclosed herewith please find an original and 11 copies of Petitioner's 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,

D Linken / dp

Dennis C. Linken
For the Firm

DCL/dp

enc.

CMS
LEGAL
DFG
RPA
L. Gilbert
H. Bond
M. Beyer
C. Lin
TELEC

cc: Mark C. Beyer, Chief Economist (mark.beyer@bpu.nj.gov and FedEx overnight mail)
Lawanda R. Gilbert, Director (lawanda.gilbert@bpu.nj.gov and FedEx overnight mail)
Christine Lin, Administrative Analyst (christine.lin@bpu.nj.gov and FedEx overnight mail)
Stefanie A. Brand, Director (sbrand@rpa.state.nj.us and regular mail)
Maria T. Novas-Ruiz, Assistant Deputy Rate Counsel (mnovas-ruiz@rpa.state.nj.us and regular mail)

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

Petition of)
)
DSCI, LLC)
)
for Approval to Participate in Certain)
Financing Arrangements)

Docket No. _____ **MAY 25 2017**

BOARD OF PUBLIC UTILITIES

MAIL RECEIVED

PETITION

DSCI, LLC (“DSCI” or “Petitioner”) requests approval from the New Jersey Board of Public Utilities (“Board”) to participate in certain financing arrangements entered into by its parent, U.S. TelePacific Corp., dba TPx Communications (“TPx”). This petition is filed pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9.

I. THE 2016 TRANSFER OF CONTROL AND FINANCING

On March 14, 2016, DSCI and TPx filed two petitions with the Board. The first was a Verified Joint Petition for approval of the transfer of control of DSCI to TPx. (“TOC Petition”).¹ On April 27, 2016, the Board issued an order approving the TOC Petition.²

The second petition was also filed on March 14. It sought Board approval for DSCI to participate in certain financing arrangements of TPx (“2016 Financing Petition”).³ The Board issued its approval with respect to the 2016 Financing Petition on the same day as the TOC Petition.⁴

¹ *In the Matter of the 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.* New Jersey Board of Public Utilities, Docket No. TM16030230, March 14, 2016.

² Order, *TOC Petition*, April 27, 2016.

³ *In the Matter of the Verified Joint Petition of DSCI, LLC and U.S. TelePacific Corp. for Approval for DSCI, LLC to Participate in Certain Financing Arrangements of U.S. TelePacific Corp.*, New Jersey Board of Public Utilities, Docket No. TF16030231 (“2016 Financing”).

⁴ Order, *2016 Financing*, April 27, 2017.

II. TPx COMMUNICATIONS

As a result of the acquisition, TPx, its subsidiaries and affiliates, including DSCI, now provide facilities-based and resold business communications and managed hosting services to small and medium customers across the United States. The company is headquartered at 515 S. Flower Street, 47th Floor, Los Angeles, CA 90071-2201. In April 2017, U.S. TelePacific Holdings Corp. (“Holdings”) undertook a rebranding of all company entities by adopting the tradename “TPx Communications.”

TPx is a wholly-owned subsidiary of Holdings. DSCI is a wholly-owned subsidiary of TPx. In New Jersey, DSCI is authorized to provide resold local exchange and long distance telecommunications services pursuant to authority granted by the Board in Docket No. TE14091038 on December 14, 2014.

III. CONTACT INFORMATION

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

Dennis C. Linken, Esq.
Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue
P.O. Box 790
Lyndhurst, NJ 07071
Tel. 201-806-3426
Email: dlinken@sh-law.com

With a copy to:

William Hunt
VP, Assistant General Counsel and Assistant Secretary
U.S. TelePacific Corp. dba TPx Communications
515 S. Flower Street, 47th Floor
Los Angeles, CA 90071-2201
Tel: 303-268-5420
Email: william.hunt@tpx.com

IV. DESCRIPTION OF THE FINANCING ARRANGEMENT

DSCI requests Board approval to join the guarantee and security provisions of a Credit Agreement entered into by TPx and Holdings in early May 2017 (“2017 Financing”). At that time, Holdings and its subsidiaries – except DSCI – provided a guarantee by okay if I did not of their number up but I had called: receiving let me see what he says let’s see what he says report we want event was fired and shall more than the picture you don’t want the base know he’s got to give you a brochure or brochures there now I don’t think he doesn’t event was about what he what the plumber needs is the and security interest in their assets to secure the corporate obligations. DSCI seeks approval to join the 2017 Financing after all state regulatory approvals are secured.

The 2017 Financing replaces the Amended and Restated Credit Agreement entered into by TPx and Holdings in November 2014 in the aggregate amount of \$530 million (“2014 Credit Agreement”) and an additional debt arrangement of \$130 million, both of which were described in the 2016 Financing. Under the 2017 Financing, TPx entered into a six-year term loan facility in the amount of \$655,000,000 and a revolving credit facility up to \$25,000,000, of which up to \$10,000,000 was made available through a sub-facility for letters of credit (the “2017 Financing Agreement”).

The interest rate for the term loan is set at Libor at the option of TPx plus a margin up to 5 percent or ABR plus a margin up to 4 percent. The interest on the revolving facility is LIBOR plus a margin of up to 5 percent or ABR, plus a margin up to 4 percent, in each case, with a step down of 25 basis points based on achieving specified total leverage ratios. This change in the interest rates will save the Company up to \$3 million annually in interest expenses.

In addition to extending the Company's debt maturity profile, lowering interest expenses, and adding cash to the balance sheet for working capital, the proceeds allowed TPx to:

- a. Refinance in full all amounts under the previous 2014 Credit Agreement;
- b. Redeem or otherwise retire in full TPx's senior secured notes due 2021 in the aggregate amount of \$130 million;
- c. Pay related fees and expenses in connection with the 2017 Financing; and
- d. For other general corporate purposes.

Based on this improved financial profile that results from the 2017 Financing, DSCI requests that the Board approve its participation in the 2017 Financing to provide a guaranty and pledge of assets as security in an aggregate amount of up to \$690 million.

V. IMPACT ON PENSIONS

Participation by DSCI in the 2017 Financing arrangements will not adversely affect its current or proposed operations in New Jersey. The ability of the utility to fulfill pension obligations to its employees is a factor for the Board to consider pursuant to N.J.S.A. 48:3-7. DSCI does not have an employee pension plan. Employees' existing rights in any other retirement benefit plan offered by DSCI, LLC were retained upon completion of the transfer of control. Accordingly, DSCI requests that the Board approve its participation in the 2017 Financing.

VI. PUBLIC INTEREST CONSIDERATIONS

Approval of DSCI's participation in the 2017 Financing serves the public interest and promotes competition among telecommunications providers. It enhances the ability of TPx and DSCI to expand operations in terms of service area coverage and through an expanded line of products and services. With a stronger balance sheet and financial profile, TPx and DSCI will compete more effectively against incumbent carriers and large competitive local exchange carriers. The 2017 Financing will not result in any changes in the Company's highly experienced, well-qualified management, operating and technical personnel.

The net result of 2017 Financing Agreement is that TPx and DSCI will operate on stronger financial footing and that benefits consumers in the marketplace for telecommunications and managed services in New Jersey. In addition, participation by DSCI in the 2017 Financing will be transparent to customers and will not result in the discontinuance, reduction, loss, or impairment of service to customers. DSCI will continue to provide high-quality communications services to its customers following its participation in the 2017 Financing to provide a guaranty and pledge of assets as security.

VII. CONCLUSION

DSCI respectfully submits that the public interest, convenience and necessity would be served by grant of this Petition for approval of participation by DSCI, LLC in the 2017 Financing.

Respectfully submitted,

Handwritten signature of Dennis C. Linken in blue ink.

Dennis C. Linken
Scarinci & Hollenbeck, LLC
1100 Valley Brook Ave.
P.O. Box 790
Lyndhurst, NJ 07071
Tel: 201.806.3426
Email: dlinken@sh-law.com

Dated: May 24, 2017

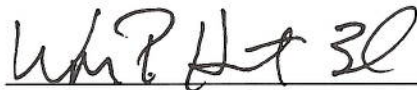
VERIFICATION

STATE OF ~~COLORADO~~ ^{California})
CITY OF ~~ENGLEWOOD~~ ^{Los Angeles})

VERIFICATION

I, William P. Hunt, III, declare that I am the Vice President, Assistant General Counsel and Assistant Secretary of U.S. TelePacific Corp. dba TPx Communications ("TPx"); that I am authorized to make this Verification on behalf of TPx and DSCI, LLC; that the foregoing filing was prepared under my direction and supervision; and that the contents 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 23rd day of May 2017.



William P. Hunt III
Vice President, Assistant General Counsel and
Assistant Secretary
U.S. TelePacific Corp. dba TPx Communications

Subscribed and sworn to me this 23rd day of May 2017.

see attached



Notary Public

My commission expires: May 21st 2019