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CASE MANAGEMENT

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FEB 15 2019

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February 14, 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Via Email (aida.camacho@bpu.nj.gov) and FedEx Overnight Mail

Aida Camacho-Welch, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
3<sup>rd</sup> Floor, Suite 314  
Trenton, NJ 08625

TM19020217

Re: I/M/O Verified Joint Petition of DSCI, LLC, U.S. TelePacific Holdings Corp., and Pensare Acquisition Corp. for Approval to Transfer Indirect Control of DSCI, LLC to Pensare Acquisition Corp.  
Our File No. 41144.2000

Dear Secretary Camacho-Welch:

On behalf of Petitioners, DSCI, LLC, U.S. TelePacific Holdings Corp., and Pensare Acquisition Corp., enclosed please find an original and 11 copies of their Joint Verified Petition in connection with the above-captioned matter.

It would be appreciated if you would kindly date stamp the extra copy of this letter and said Petition as "FILED" and return the documents in the self-addressed stamped envelope enclosed herein for your convenience.

As always, should you require any further information, please do not hesitate to contact me.

I thank you for your kind attention.

Very truly yours,

*Dennis Linken* hlp

Dennis C. Linken  
For the Firm

DCL/dp

enc.

CMS  
LEGAL / C. Artale  
DAE  
RPA  
L. Gilbert  
TELECLY

- cc: Lawanda R. Gilbert, Director (w/enc. - lawanda.gilbert@bpu.nj.gov - and FedEx)
- Rocco Della Serra, Administrative Analyst II (w/enc. - rocco.dellaserra@bpu.nj.gov - and FedEx)
- Dr. Ben Witherell, Director (w/enc. - ben.witherell@bpu.nj.gov - and FedEx)
- Christine Lin, Administrative Analyst (w/enc. - christine.lin@bpu.nj.gov - and FedEx)
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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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FEB 15 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

I/M/O Verified Joint Petition of

**DSCI, LLC,  
U.S. TelePacific Holdings Corp.,**

and

**Pensare Acquisition Corp.**

for Approval to Transfer Indirect Control of DSCI,  
LLC to Pensare Acquisition Corp.

Docket No. \_\_\_\_\_

**VERIFIED JOINT PETITION**

DSCI, LLC (“DSCI”), U.S. TelePacific Holdings Corp. (“TPx Holdings”), and Pensare Acquisition Corp. (“Pensare”) (collectively, the “Petitioners”) request approval, to the extent required, for Pensare to acquire indirect control of DSCI (the “Transaction”). This Petition is filed 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”).

In support of this Verified Joint Petition, Petitioners state:

**I. EXECUTIVE SUMMARY**

Since its commencement of service as a telecommunications provider, TPx Holdings and its subsidiaries (collectively, “TPx”) have delivered the benefits of competition to telecommunications consumers. By deploying the latest technologies, TPx has brought to the marketplace greater innovation, lower prices and its industry-leading customer service.

With this filing, TPx seeks approval for the indirect transfer of control of its subsidiary DSCI to Pensare. This Transaction is another step in the evolution of TPx as the premier provider of voice and managed services to businesses not only in New Jersey but across the country. This

transformative merger will strengthen TPx's balance sheet, increase its liquidity and position it to pursue its goals to expand across the nation. A stronger TPx means a more competitive telecommunications marketplace.

## **II. REQUEST FOR EXPEDITED TREATMENT**

Petitioners submit that expedited approval is in the public interest and should be granted. As a result of this Transaction, TPx Holdings will become a publicly traded company on either the NASDAQ stock exchange or New York Stock Exchange under the ticker symbol "TPXC" (or a similar ticker symbol). But before that can happen, the Petitioners must meet a number of federal and state statutory requirements. First, the Petitioners must obtain the approval of this Board and other state regulatory bodies.<sup>1</sup> They must seek approval from the Securities and Exchange Commission ("SEC") of the security filings necessary to complete the Transaction. And, the Parties must obtain approval from the Federal Communications Commission ("FCC").<sup>2</sup>

The Petitioners anticipate those processes will culminate in late May and would like to close the Transaction as soon as possible. An extended delay in any of those processes could cause the Petitioners to incur additional transaction expenses or material negative consequences associated with existing shareholders of Pensare or the banks who are party to the existing credit agreement with TPx. Petitioners therefore request that the Board consider this Petition no later than the Board Meeting scheduled for April 18, 2019.

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1 In addition to New Jersey, the Parties will seek approval for the Transaction from state regulatory bodies in California, the District of Columbia, Georgia, Maryland, New York, Pennsylvania, Texas and Virginia.

2 The Parties must wait for the completion of the PIPE (as defined herein) process to determine whether any investor from the PIPE process will hold a 10% or greater interest calculated pursuant to the FCC's ownership attribution rules for wireline and international telecommunications carriers.

Expedited approval is warranted since the only change will be in the structure of the corporation by the merger of TPx Holdings into an entity created for this Transaction. As stated in the press release announcing the Transaction, the senior management of TPx including CEO Richard A. Jalkut and CFO Timothy J. Medina will run the business. But more importantly, there will be no change in the rates, terms and conditions of the services DSCI provides to customers.

Expeditious treatment is critical because delay in the regulatory approval process risks creating business and marketplace uncertainty and competitive harm. Competitors of TPx Holdings can capitalize on such uncertainty to generate doubt in the marketplace affecting decisions by current and potential customers. Receiving timely approvals will enable the parties to undertake the necessary business preparations to complete the Transaction and to continue investing in the network and services of TPx Holdings and its subsidiaries, while delay in the regulatory approval process will cause the Petitioners to incur significant additional transactional expenses and prevent the parties from promptly realizing the economic and other benefits expected from the Transaction.

### **III. DESCRIPTION OF THE PETITIONERS**

#### **A. DSCI, LLC and U.S. TelePacific Holdings Corp.**

DSCI is a privately held Delaware limited liability company and a wholly-owned, indirect subsidiary of TPx Holdings. TPx Holdings, DSCI and their affiliates are headquartered at 515 S. Flower Street, 45th Floor, Los Angeles, California, 90071-2201. TPx provides facilities-based business communications services, including local, long distance, data and Internet services to small-to-medium sized businesses. With thousands of customers, TPx is one of the largest telecommunications companies headquartered in California.

In New Jersey, DSCI 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. DSCI has no employees who reside in New Jersey.

**B. Pensare Acquisition Corp.**

Pensare, a Delaware corporation with principal offices at 1720 Peachtree Street, Suite 629, Atlanta, GA 30309, is a publicly traded corporation on the NASDAQ Stock Market under the symbol "WRLSU." Upon completion of the Transaction, Pensare intends to change its name to TPx Corp. and to either continue trading on NASDAQ under the new ticker symbol "TPXC" or transfer its listing to the New York Stock Exchange. Pensare was organized as a Special Purpose Acquisition Company ("SPAC") for the purpose of effecting a merger, stock exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. For the purpose of accomplishing the Transaction, Pensare has created a new merger subsidiary, Tango Merger Sub Corp. ("Merger Sub"), a Delaware corporation and direct wholly owned subsidiary of Pensare.

Pensare has sufficient financial qualifications to consummate the Transaction and to provide adequate working capital to meet the operational needs of DSCI for the foreseeable future. In support of its financial qualifications, Pensare provides its most recent SEC Form 10-Q financial statements as Exhibit A.

#### IV. DESIGNATED CONTACTS

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

For TPx Holdings and DSCI:

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For Pensare:

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With a copy to:

William Hunt  
Senior Vice President, General Counsel,  
and Secretary  
U.S. TelePacific Holdings Corp.  
515 S. Flower Street, 45th Floor  
Los Angeles, CA 90071-2201  
Tel: 303-268-5420  
[william.hunt@tpx.com](mailto:william.hunt@tpx.com)

With a copy to:

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President  
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Suite 629  
Atlanta, GA 30309  
Tel: 404-234-3098  
[rw@pensaregrp.com](mailto:rw@pensaregrp.com)

V. **DESCRIPTION OF THE TRANSACTION**

TPx Holdings and Pensare entered into a Business Combination Agreement (“Agreement”) on January 31, 2019. Pursuant to the Agreement, Merger Sub will merge with and into TPx Holdings, with TPx Holdings surviving as a wholly owned subsidiary of Pensare. The Agreement also contemplates that Pensare will enter into a private placement (the “PIPE”) to be consummated prior to consummating the Transaction whereby shares of Pensare common stock or other equity or debt securities will be acquired in an aggregate amount and on terms to be determined. As a result, immediately following the consummation of the Transaction, TPx Holdings will be a direct, wholly-owned subsidiary of Pensare and DSCI will be an indirect, wholly-owned subsidiary of Pensare. Petitioners request authority for the transfer of indirect control of DSCI to Pensare. For the Board’s reference, pre- and post-Transaction organization charts are provided as Exhibit B.

The Transaction will be transparent to DSCI’s customers. Following the proposed Transaction, all existing customers will continue to be served by DSCI pursuant to its existing authorizations as well as its existing tariffs and contracts. The Petitioners intend that TPx’s existing management team and personnel will remain in place, ensuring that DSCI’s managerial, technical and operational standards will be maintained. The only change resulting from the Transaction will be that DSCI will be owned indirectly by Pensare.

The Transaction will not result in any assignment of licenses or assets, trigger any Federal or state anti-slamming 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 will continue to have access to multiple competitive alternatives.

Further, Petitioners anticipate that DSCI will continue to participate as a guarantor and pledging assets as security for the financing arrangements of TPx Holdings in an aggregate amount of up to \$680 million as approved by the Board by Order dated August 23, 2017 in Docket No. TF17050556. As described in that proceeding, the financing arrangements of TPx Holdings consist of a six-year term loan facility in the amount of \$655,000,000 and a revolving credit facility of up to \$25,000,000, of which up to \$10,000,000 was made available through a sub-facility for letters of credit. TPx Holdings expects to keep in place its existing credit agreement while paying down some of the existing debt as a result of the Transaction.

#### **VI. PUBLIC INTEREST CONSIDERATIONS**

The proposed Transaction will serve the public interest in promoting competition among telecommunications providers. The proposed Transaction will enable DSCI to obtain access to additional financial and operations resources from its new publicly-traded indirect parent company. These additional resources will allow DSCI to strengthen its competitive position to the benefit of its customers and the telecommunications marketplace. The Transaction will allow TPx to pursue growth strategies and to expand its operations both in terms of service area coverage and through the ability of each TPx entity to offer customers an expanded line of products and services. As a result, Petitioners believe DSCI will be able to compete more effectively against incumbent carriers and larger competitive carriers.

Key management personnel will continue with DSCI and will be supplemented by management of Pensare. At the same time, the proposed Transaction will have no adverse impact on the customers of DSCI. Immediately following the Transaction, DSCI will continue to provide service at the same rates, terms, and conditions and without any interruption of service.

Further, the transfer of indirect control of DSCI to Pensare will not have an adverse effect on competition in the markets for intrastate and interstate telecommunications services. Pensare



does not offer or provide telecommunications services in New Jersey. Ultimately, the Transaction will benefit customers by enabling DSCI to become a stronger competitor in its market.

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. As noted above, DSCI has no employees that reside in New Jersey. Upon consummation of the Transaction, there are no immediate plans to change these employment positions. DSCI does not have an employee pension plan. Employees' existing rights in any other retirement plan offered by DSCI will be retained upon completion of the Transaction.

## **VII. CONCLUSION**

For the reasons stated above, Petitioners respectfully submit that the public interest, convenience and necessity would be served by expeditious grant of this Petition for approval of the transfer of indirect control of DSCI. Petitioners request that the Board consider this Petition no later than the Board Meeting scheduled for April 18, 2019 so that the parties can take the corporate steps necessary to complete the proposed transfer of indirect control as soon as possible.

Respectfully submitted,



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*Counsel for U.S. TelePacific Holdings  
Corp. and DSCI, LLC*

Dated: February 14, 2019

STATE OF NEW YORK  
CITY OF NEW YORK

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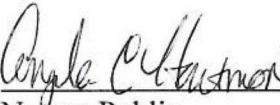
**VERIFICATION**

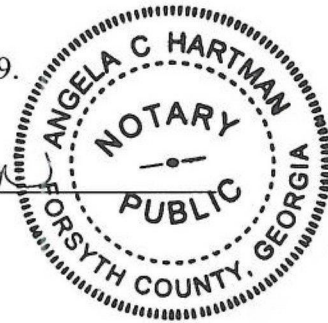
I, Darrell Mays, hereby declare that I am the Chief Executive Officer of Pensare Acquisition Corp. ("Pensare"); that I am authorized to make this Verification on behalf of Pensare; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 10<sup>th</sup> day of February, 2019.

  
Name: Darrell Mays  
Title: Chief Executive Officer  
Pensare Acquisition Corp.

Sworn and subscribed before me this 12<sup>th</sup> day of February, 2019.

  
Notary Public



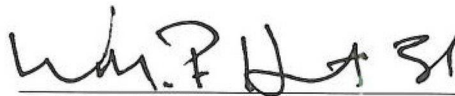
My commission expires 6/22/2024

CITY OF WASHINGTON §  
DISTRICT OF COLUMBIA §

**VERIFICATION**

I, William P. Hunt, III, hereby declare that I am the Senior Vice President, General Counsel and Secretary of U.S. TelePacific Holdings Corp. and DSCI, LLC (“TPx”); that I am authorized to make this Verification on behalf of TPx; 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 forgoing is true and correct. Executed this 11th day of February, 2019.



William P. Hunt, III  
Senior Vice President, General Counsel and  
Secretary  
U.S. TelePacific Holdings Corp.  
DSCI, LLC

Sworn and subscribed before me this 11th day of February, 2019.



Notary Public

**My Commission Expires  
October 14, 2019**

My commission expires \_\_\_\_\_

