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September 10, 2019

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

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

TM 19091153

RECEIVED
MAIL ROOM
SEP 11 2019
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Re: I/M/O Verified Joint Petition of DSCI, LLC, U.S. TelePacific Holdings Corp., and Tango Private Holdings II, LLC, for Approval to Transfer Indirect Control of DSCI, LLC to Tango Private Holdings II, LLC
Our File No. 41144.3000

Dear Secretary Camacho-Welch:

Enclosed herewith please find an original and 11 copies of the 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,



Laura M. Miller
For the Firm

LMM/dp

enc.

CMS
LEGAL
DAG
RPA
TELEC (b)
R. Della Serra

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)
Stefanie A. Brand, Director (w/enc. sbrand@rpa.nj.gov and FedEx)
Maria T. Novas-Ruiz, Assistant Deputy Rate Counsel (w/enc. mnovas-ruiz@rpa.nj.gov and FedEx)

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

RECEIVED
MAIL ROOM

SEP 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

I/M/O Verified Joint Petition of

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

and

Tango Private Holdings II, LLC

for Approval to Transfer Indirect Control of DSCI,
LLC to Tango Private Holdings II, LLC

Docket No. _____

VERIFIED JOINT PETITION

DSCI, LLC (“DSCI”), U.S. TelePacific Holdings Corp. (“TPx Holdings”), and Tango Private Holdings II, LLC (“Tango” or “Transferee”) (collectively, the “Petitioners”) request approval, to the extent required, for Tango 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, including DSCI (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 Holdings seeks approval for the transfer of indirect control of DSCI to Tango Private Holdings II, LLC, an affiliate of investment firm Siris Capital Group, LLC. This Transaction is another step in the evolution of TPx as a premier provider of voice and managed

services to businesses in New Jersey and across the country. This sale is expected to strengthen TPx's financial condition and prospects, increase its liquidity and accelerate the introduction of new communications technologies, products and services to TPx's customers. Strengthening TPx is expected to lead to a more competitive telecommunications marketplace.

II. REQUEST FOR EXPEDITED TREATMENT

Approval is in the public interest and should be granted expeditiously. Expedited action is warranted because of the anticipated benefits to TPx, including DSCI, of the Transaction. The only change will be in the holding company structure of TPx Holdings by the merger of a newly formed subsidiary of Transferee (which was created for this Transaction) with and into TPx Holdings (with TPx Holdings surviving the merger as a wholly owned subsidiary of Transferee). TPx management will maintain (and seek to enhance) DSCI's managerial, technical and operational standards. There will be no immediate 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.¹ Competitors of TPx Holdings can capitalize on such uncertainty to generate doubt in the marketplace affecting decisions by current and potential customers. Expeditious approval of the Transaction will enable the parties to undertake the necessary business preparations to complete the Transaction and to proceed with efforts to enhance the financial condition, prospects, network and services of TPx including DSCI, while delay will cause the Petitioners to incur significant additional expenses and prevent the parties from promptly realizing the economic and other benefits expected from the Transaction. Petitioners therefore

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, and Texas, as well as the Federal Communications Commission.

request that the Board consider this Petition no later than the Board Meeting scheduled for December 20, 2019.

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 is 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.

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. Tango Private Holdings II, LLC

Tango, a Delaware limited liability company with principal offices at c/o Siris Capital Group, LLC, 601 Lexington Avenue, 59th Floor, New York, New York 10022, is an affiliate of Siris Capital Group, LLC, a leading investment firm focused on driving value creation in technology and telecommunications companies. Tango was formed for the purpose of acquiring TPx Holdings. For the purpose of accomplishing the Transaction, Tango has created a merger subsidiary, Tango Private Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and direct wholly owned subsidiary of Tango.

Tango is a direct, wholly owned subsidiary of Tango Private Holdings I, LLC, which is a direct, wholly owned subsidiary of Tango Private Investments, LLC. Tango is ultimately controlled—through intermediary entities—on a day-to-day basis by Frank Baker, Peter Berger, and Jeffrey Hendren, all of whom are U.S. citizens. The investment vehicles that indirectly

invested in Tango are structured with numerous limited partners holding most of the equity, none of whom ultimately own more than 10% of the indirect equity of Tango.

IV. DESIGNATED CONTACTS

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

For TPx Holdings and DSCI:

Dennis C. Linken
Laura M. Miller
Scarinci & Hollenbeck, LLC
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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

For Tango:

Marc A. Korman
Gabrielle Whitehall
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Fax: 202-736-8711
mkorman@sidley.com
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With a copy to:

Jeffrey Hendren
Tango Private Holdings II, LLC
c/o Siris Capital, LLC
601 Lexington Avenue, 59th Floor
New York, New York 10022
Tel: (212) 231-0095
hendren@siris.com

V. DESCRIPTION OF THE TRANSACTION

TPx Holdings, Tango, Merger Sub, and Investcorp International, Inc. (as Stockholder Representative) entered into an Agreement and Plan of Merger ("Agreement") on August 17, 2019.

Pursuant to and subject to the terms and conditions in the Agreement, Merger Sub will be merged with and into TPx Holdings, at which time Merger Sub will cease to exist, with TPx Holdings surviving the merger. Upon consummation of the Transaction, TPx Holdings will be a direct, wholly owned subsidiary of Tango. DSCI will be an indirect, wholly owned subsidiary of Tango. Petitioners request authority for the transfer of indirect control of DSCI to Tango. For the Board's reference, the pre- and post-Transaction structure charts are attached as Exhibit A.

The Transaction will be seamless to DSCI's customers. Immediately following the Transaction, all existing customers will continue to be served by DSCI pursuant to its existing authorizations as well as its existing tariffs and contracts. TPx intends to maintain (and seeks to enhance) DSCI's managerial, technical and operational standards.

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.² The Transaction also will not adversely affect competition for the provision of telecommunications in the State of New Jersey because all customers served by DSCI have access to multiple competitive alternatives.

Further, Petitioners anticipate that DSCI will continue to participate as a guarantor and pledge 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. Tango is expected to maintain the financing arrangements of TPx Holdings.

² Petitioners submit that the Board's mass migration rules do not apply to this transfer of indirect control of DSCI. Upon consummation of the Transaction, DSCI will remain the carrier to its customers in New Jersey.

VI. PUBLIC INTEREST CONSIDERATIONS

The Transaction will serve the public interest in promoting competition among telecommunications providers. The Transaction is expected to enhance the financial condition and prospects of DSCI, increase its liquidity and accelerate the introduction of new communications technologies, products and services to its customers. These enhancements, together with the operational and financial expertise of Tango's affiliates, are expected to allow DSCI to strengthen its competitive positions to the benefit of its customers and the telecommunications marketplace. The Transaction would 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 of the Transaction, Petitioners believe DSCI will be able to compete more effectively against incumbent carriers and larger competitive carriers.

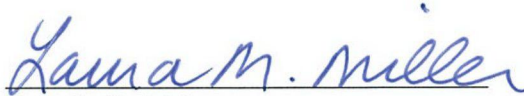
At the same time, the Transaction will have no adverse impact on the customers of DSCI. Immediately following the Transaction, DSCI will continue to provide service at the same rates, terms, and conditions and without any interruption of service. Further, the transfer of indirect control of DSCI to Transferee will not have an adverse effect on competition in the markets for intrastate and interstate telecommunications services. Transferee does not offer or provide telecommunications services in New Jersey.

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. 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 December 20, 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: September 10, 2019

VERIFICATION

STATE OF COLORADO

§

COUNTY OF ~~DENVER~~

§

ARAPAHOE

§

I, William P. Hunt, III, state 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 the TPx; 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.



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

SWORN TO AND SUBSCRIBED before me on the 20 day of August, 2019.



Notary Public

My commission expires: 01/23/2021

KEVIN CHECA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174003307
MY COMMISSION EXPIRES JANUARY 23, 2021

STATE OF New York ~~PLEASE PROVIDE~~ §
CITY OF Kings ~~PLEASE PROVIDE~~ §


VERIFICATION

I, Jeffrey Hendren, hereby declare that I am Managing Partner of Tango Private Holdings II, LLC ("Tango"); that I am authorized to make this Verification on behalf of Tango; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to my knowledge, information, and belief as they pertain to Tango.

HINA PATEL
NOTARY PUBLIC-STATE OF NEW YORK
No. 01PA6290195
Qualified in Kings County
My Commission Expires 10-07-2021


Name: Jeffrey Hendren
Title: Managing Partner
Tango Private Holdings II, LLC

Executed before me this 9th day of September, 2019.


Notary Public

My commission expires 10-07-2021