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June 3, 2022

Via Electronic Filing

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 7th Floor
Trenton, NJ 08625

Re: Verified Petition of DSCI, LLC for Approval to Participate in Financing Arrangements

Dear Secretary Camacho-Welch:

Attached for filing with the Commission is the above-referenced Verified Petition. Please acknowledge receipt and acceptance of this filing. Should you have any questions concerning this filing, please do not hesitate to contact the persons identified in the Verified Petition.

Respectfully submitted,

/s/ Joshua M. Bobeck

Joshua M. Bobeck

(NJ Bar No. 026291992)



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

Verified Petition of

DSCI, LLC

for Approval to Participate in
Financing Arrangements

Docket No. _____

VERIFIED PETITION

DSCI, LLC (“DSCI” or “Petitioner”), by undersigned counsel and to the extent necessary pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 and the regulations of the Board of Public Utilities (the “Board”), requests that the Board grant Petitioner authority to participate in the Financing Arrangements (as defined below) up to an aggregate principal amount of \$708 million. In support of this Petition, DSCI provides the following information:

I. DESCRIPTION OF THE PETITIONER

DSCI, LLC is a privately held Delaware limited liability company. DSCI is a wholly-owned subsidiary of U.S. TelePacific Corp. (“TPx”), which is a wholly-owned subsidiary of U.S. TelePacific Holdings Corp. (“TPx Holdings”). TPx Holdings and its affiliates, including DSCI, are headquartered at 303 Colorado St., Suite 2075, Austin, TX 78701. TPx Holdings is a wholly-owned subsidiary of Tango Private Holdings II, LLC (“Tango”), an affiliate of Siris Capital Group, LLC, which is a leading investment firm focused on driving value creation in technology and telecommunications companies.¹

DSCI, LLC is a competitive local exchange carrier and provider of hosted communications, managed IT and connectivity services. In New Jersey, DSCI is authorized to provide resold and

¹ See Docket No. TM19091153 for additional information about the ownership of TPx Holdings.

facilities-based local and long distance telecommunications services pursuant to authority granted by the Board in Docket No. TE14091038 on December 17, 2014.

II. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Petition should be directed to DSCI's counsel of record:

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with a copy to:

Jennifer Rohrbach
Director, Regulatory Compliance
DSCI, LLC
3300 N. Cimarron Rd
Las Vegas, NV 89129
Tel: 702-310-3189
jrohrbach@tpx.com

III. DESCRIPTION OF THE FINANCING ARRANGEMENTS

DSCI seeks Board approval to participate in certain new financing arrangements, comprised of a term loan credit facility, a revolving credit facility, and an incremental term loan that total an aggregate principal amount of up to approximately \$700 million ("New Financing Arrangements"). DSCI will continue to participate in existing financing arrangements with a reduced aggregate principal amount of approximately \$8 million ("Existing Financing

Arrangements”).² The aggregate principal amount of the New Financing Arrangements, when combined with the reduced aggregate principal amount of the Existing Financing Arrangements, totals approximately \$708 million (“the Financing Arrangements”). Accordingly, the New Financing Arrangements will increase the aggregate amount of debt above the up to \$680 million previously approved by the Board while extending TPx’s debt maturity profile, lowering interest expenses, and adding cash to the balance sheet for working capital.

In order to respond to market conditions and requirements and to respond to future acquisition, financing and other business opportunities, DSCI seeks approval to enter into, or otherwise participate in, Financing Arrangements that are substantially consistent with the terms outlined below, which would permit, to the extent market conditions may warrant, modifications to the specific structure of the financing in a manner most favorable to DSCI:

Aggregate Amount: Up to approximately \$708 million

Debt Instruments: In order to maintain flexibility, DSCI seeks authority to participate in TPx’s debt instruments that may include one or more of the following forms of debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; bridge loans; or a combination thereof.

Maturity: The New Financing Arrangements will consist of long-term indebtedness with a maturity date of approximately five (5) years after issuance (consistent with the maturity dates of the Credit Facility), depending on the type of facility. In order to maintain flexibility, DSCI seeks authorization for indebtedness that matures up to eight (8) years after issuance.

Interest: DSCI seeks authorization to incur indebtedness that, depending on the type of debt securities, facility(ies) or other arrangements, accrues interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as Secured Overnight Financing Rate (SOFR) or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates, or Paid-in-Kind (PIK) (an option to have interest added to the outstanding principal amount of the loan advances, which shall thereafter be deemed principal bearing interest). To maintain flexibility, Petitioner seeks

² See Docket No. TF17050556 (approving DSCI’s participation in financing arrangements in an aggregate amount of up to \$680 million).

authorization for financing arrangements at an interest rate(s) at the then current market conditions for financings of such type.

Security and Guaranty: Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of TPx, and certain of its subsidiaries, including DSCI. A portion of the Financing Arrangements may be unsecured facilities. Additionally, TPx and its current and future subsidiaries, including DSCI, will provide a guaranty of the obligations owing under the Financing Arrangements. In order to maintain flexibility, DSCI seeks authorization to provide a guaranty and grant a security interest in its assets to secure the full amount of the Financing Arrangements.

Purpose: A portion of the New Financing Arrangements was used to reduce the aggregate principal amount of the Existing Financing Arrangements. To maintain flexibility, DSCI seeks authority to participate in the Financing Arrangements that may be used to refinance existing debt, for acquisitions and other expansion activities, and for working capital and other general corporate purposes.

Accordingly, and to the extent necessary, DSCI requests Board authorization for DSCI to participate in the New Financing Arrangements, including as a guarantor and pledging its assets as security consistent with the parameters outlined above.

While N.J.S.A. 48:3-7 recommends considering the utility's ability to fulfill pension obligations to its employees, Petitioner does not have an employee pension plan. Nonetheless, the Financing Arrangements are not expected to disturb employees' existing rights in any other retirement benefits provided by Petitioner.

IV. PUBLIC INTEREST CONSIDERATIONS

Approval of DSCI's participation in the Financing Arrangements will serve the public interest. Among other things, the Financing Arrangements may be used to refinance existing debt, for acquisitions and other expansion activities, to provide for ongoing working capital, and for other corporate purposes. The Financing Arrangements also will provide access to greater financial resources that will allow TPx and DSCI to become more effective competitors in the communications industry. The Financing Arrangements are necessary and appropriate, will not impair DSCI's ability to provide its services and will promote its corporate purposes. The

Financing Arrangements will be transparent to DSCI's customers and will not disrupt service or cause customer confusion or inconvenience.

V. CONCLUSION

For the foregoing reasons, DSCI submits that the public interest, convenience and necessity would be furthered by granting this Petition and authorizing DSCI to participate in Financing Arrangements up to an aggregate principal amount of \$708 million on the terms described above.

Respectfully submitted,

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Counsel for Petitioner DSCI, LLC


Dated: June 3, 2022

STATE OF CALIFORNIA
COUNTY OF ORANGE

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§

VERIFICATION

I, David Zahn, state that I am the Senior Vice President, Connectivity of DSCI, LLC (the “Company”); that I am authorized to make this Verification on behalf of 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.



David Zahn
Senior Vice President, Connectivity
DSCI, LLC

Sworn and subscribed before me this ____ day of May, 2022.

Notary Public

My commission expires _____

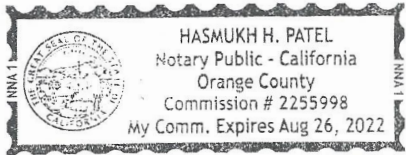
*See attached California
Notary Jurat*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of ORANGE

Subscribed and sworn to (or affirmed) before me on this 31ST
day of MAY, 2022, by DAVID ZAHN

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature HR Patel