



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF DSCI, LLC, U.S. TELEPACIFIC HOLDINGS CORP.,) ORDER
AND TANGO PRIVATE HOLDINGS II, LLC FOR)
APPROVAL TO TRANSFER INDIRECT CONTROL OF)
DSCI, LLC TO TANGO PRIVATE HOLDINGS II, LLC) DOCKET NO. TM19091153

Parties of Record:

Dennis C. Linken, Esq., Scarinci & Hollenbeck, LLC, on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 11, 2019, DSCI, LLC ("DSCI"), U.S. TelePacific Holdings Corp. ("TPx Holdings"), and Tango Private Holdings II, LLC ("Tango" or "Transferee") (collectively, the "Petitioners") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 requesting Board approval for Tango to acquire indirect control of DSCI (the "Transaction"). Following closing of the transaction, the same services will continue to be offered in New Jersey at the same rates, terms, and conditions to customers.

BACKGROUND

DSCI is a Delaware limited liability company and a wholly-owned, indirect subsidiary of TPx Holdings. TPx Holdings, which is headquartered in Los Angeles, California 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 facilities-based local and long distance telecommunications services pursuant to authority granted by the Board. See In the Matter of the Petition of DSCI, LLC for Authority to Provide Resold and Facilities-Based Competitive Intrastate Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE14091038 (December 17, 2014). DSCI has no employees who reside in New Jersey.

Tango, a Delaware limited liability company with principal offices in New York, New York, is an affiliate of Siris Capital Group, LLC, which is an investment firm that focuses on 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.

DISCUSSION

Petitioners state that on August 17, 2019, TPx Holdings, Tango, Merger Sub, and Investcorp International, Inc. (as Stockholder Representative) entered into an Agreement and Plan of Merger ("Agreement"). 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. Accordingly, Petitioners are requesting Board approval for the transfer of indirect control of DSCI to Tango.

Petitioners submit that the transaction is in the public interest in that it will promote competition among telecommunications providers. Petitioners assert that the proposed 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 are expected to allow DSCI to strengthen its competitive positions to the benefit of its customers and the telecommunications marketplace. Petitioners also state that the Transaction will have no adverse impact on the customers of DSCI. Following the Transaction, DSCI will continue to provide service at the same rates, terms, and conditions and without any interruption of service. Petitioners point out that Transferee does not offer or provide telecommunications services in New Jersey.

By letter dated October 16, 2019, the New Jersey Division of Rate Counsel submitted comments, stating that it does not oppose the approval of Petitioners' requests in this matter.

FINDINGS AND CONCLUSIONS

Pursuant to N.J.S.A. 48:2-51.1(a), the Board shall evaluate the impact of an acquisition of control of a public utility on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1 as set forth above. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

After a careful review of this matter, the Board is satisfied that positive benefits will flow to customers based upon the record, and that the Petitioners would not be able to exercise market power to raise prices above competitive levels or exclude competitors from the marketplace. The Board therefore **FINDS** that the proposed transaction will have little impact on competition. The Board additionally **FINDS** that there will be no negative impact on rates or the present provision of safe, adequate and proper service since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and

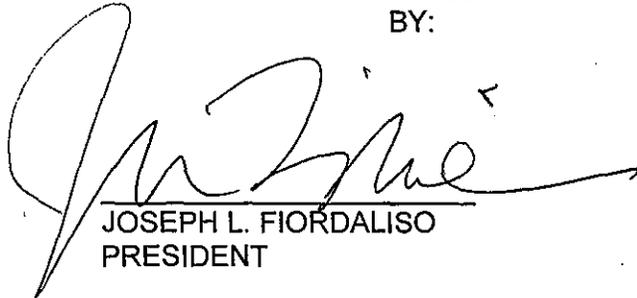
conditions and the provision of service quality on competitive offerings is in the public interest. The Board notes that Petitioner has no employees in New Jersey, and that Petitioner has represented that its employees will continue to possess the same retirement benefits following the transaction.

Accordingly, the Board **FINDS** that the proposed transaction is consistent with the applicable law, is not contrary to the public interest and will have no material impact on the rates of current customers, or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the proposed transaction.

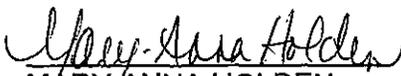
This Order shall be effective November 23, 2019.

DATED: 11/13/19

BOARD OF PUBLIC UTILITIES
BY:



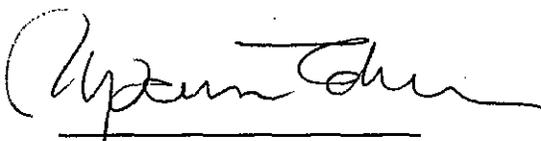
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DIANNE SOLOMON
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UPENDRA J. CHIVUKULA
COMMISSIONER.



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

**IN THE MATTER OF THE 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
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