



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1ST Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
DSCI, LLC FOR APPROVAL TO PARTICIPATE IN)
FINANCING ARRANGEMENTS) DOCKET NO. TF23080582

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Joshua M. Bobeck, Esq. on behalf of Petitioner

BY THE BOARD:

On August 22, 2023, DSCI, LLC (“DSCI” or “Petitioner”) submitted a Verified Petition to the New Jersey Board of Public Utilities (“Board”), pursuant to N.J.S.A. 48:3-7 and 48:3-9, requesting Board approval for DSCI to participate in certain financing arrangements up to an aggregate amount of \$1.2 billion, consisting of four (4) separate credit agreements (“Financing Arrangements”) (“Petition”).

DSCI, LLC is a privately held Delaware limited liability company and 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

¹ For additional information about the ownership of TPx Holdings, See 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, BPU Docket No. TM19091153, Order dated November 13, 2019.

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 facilities-based local and long distance telecommunications services pursuant to authority granted by the Board in Docket No. TE14091038 on December 17, 2014.² The Board approved similar financing petitions from DSCI to participate in credit agreements in aggregate amounts of \$680 million³ and \$708 million.⁴

To maintain flexibility, DSCI is presently seeking Board approval to participate in the Financing Arrangements with an aggregate principal amount of up to \$1.2 billion. The Financing Arrangements consist of four (4) separate credit agreements with term loan credit facilities and a revolving credit facility.

DSCI represented that the Financing Arrangements may be used to refinance existing debt, for acquisitions and other expansion activities, and for working capital and other general corporate purposes. 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.

The Petition stated that the Financing Arrangements will serve the public interest because, 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. DSCI contended that 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. DSCI asserted that the Financing Arrangements are necessary and appropriate, will not impair DSCI's ability to provide its services, and will promote its corporate purposes. DSCI further stated that the Financing Arrangements will be transparent to DSCI's customers and will not disrupt service or cause customer confusion or inconvenience.

Petitioner further stated that it does not offer an employee pension plan, and that the Financing Arrangements are not expected to disturb employees' existing rights to any other retirement benefits provided by Petitioner.

The New Jersey Division of Rate Counsel ("Rate Counsel") reviewed the Petition and, by letter dated November 29, 2023, stated that it does not object to Board approval of the Petition, subject to two (2) conditions: 1) that Petitioner complies with N.J.A.C. 14:1-5.9(b), which requires semiannual filings with the Board setting forth the amount of stocks, notes, bonds, or other evidences of indebtedness, issued under any order of approval in this matter; and the extent to, and in detail, the manner in which the proceeds have been distributed; and (2) Petitioner does not pledge their assets as collateral for the Financing Arrangements.

² In re 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, BPU Docket No. TE14091038, Order dated December 17, 2014.

³ In re the Verified Petition of DSCI, LLC for Approval to Participate in Certain Financing Arrangements, BPU Docket No. TF17050556, Order dated August 23, 2017.

⁴ In re the Verified Petition of DSCI, LLC for Approval to Participate in Financing Arrangements, BPU Docket No. TF22060372, Order dated December 7, 2022.

DISCUSSION AND FINDINGS

The Board, after investigation, having considered the Petition, Petitioner's responses to discovery and the comments of Rate Counsel and Board Staff, **HEREBY FINDS** that DSCI's participation in the Financing Arrangements is in accordance with law, in the public interest and will have no negative impact on the company, rates, customers or New Jersey employees. The Board, pursuant to N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** DSCI to participate in Financing Arrangements up to an aggregate amount of \$1.2 billion and for DSCI to take those actions necessary to effectuate such Financing Arrangements.

This Order is issued subject to the following provisions:

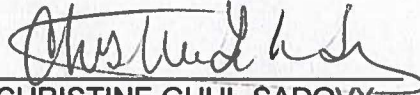
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioner shall notify the Board, within five (5) business days, of any material changes in the proposed financing and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Petitioner shall notify the Board of any material default in the terms of the proposed financing within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangement or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets located in the State of New Jersey and no party to such Financing Arrangement or other supporting document ancillary to the Financing Arrangement shall exercise any remedies that would constitute a transfer or assignment of any assets of Petitioners located in the State of New Jersey or a change of control of any Petitioner prior to obtaining Board approval pursuant to N.J.S.A. 48:1-1 et seq. where applicable. Any such filing would include reference to the docket number in this matter. The Petitioners agree that they may not transfer or assign any New Jersey assets without Board approval under N.J.S.A. 48:1-1, et seq.
5. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioner.

Beginning June 15, 2024, and every six (6) months thereafter, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior six months, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees, trustee fees, etc.) and any other material provision with respect to the terms and conditions of the new issuance.

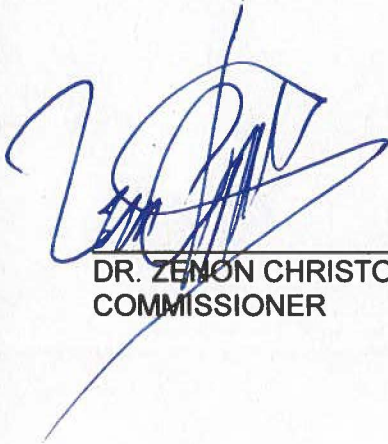
This Order shall become effective on February 7, 2024.

DATED: January 31, 2024

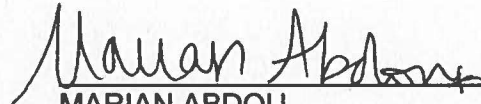
BOARD OF PUBLIC UTILITIES
BY:



CHRISTINE GUHL-SADOVY
PRESIDENT



DR. ZEMON CHRISTODOULOU
COMMISSIONER

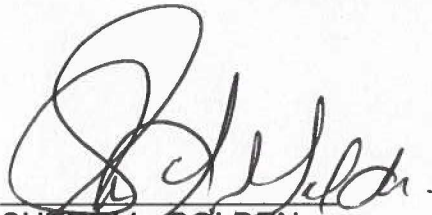


MARIAN ABDOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
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 PETITION OF DSCI, LLC FOR APPROVAL TO PARTICIPATE IN
FINANCING ARRANGEMENTS

DOCKET NO. TF23080582

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