



STATE OF NEW JERSEY
Board of Public Utilities
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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 PENSARE ACQUISITION CORP. FOR)
APPROVAL TO TRANSFER INDIRECT CONTROL OF)
DSCI, LLC TO PENSARE ACQUISITION CORP.) DOCKET NO. TM19020217

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 February 15, 2019, DSCI, LLC ("DSCI"), U.S. TelePacific Holdings Corp. ("TPx Holdings"), and Pensare Acquisition Corp. ("Pensare") (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 to transfer indirect control of DSCI to Pensare (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 DSCI customers.

BACKGROUND

DSCI, LLC 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 in Los Angeles, California. TPx Holdings and its subsidiaries (collectively, "TPx") provide facilities-based business communications services, including local, long distance, data and Internet services to small-to-medium sized businesses. In New Jersey, DSCI, LLC 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.

Pensare, a Delaware corporation with principal offices in Atlanta, Georgia, 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. The petitioners state that 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.

The granting of competitive local exchange ("CLEC") authority conveys certain rights and privileges upon DSCI, which are reserved for the provision of facilities-based landline services. While CLECs may also provide other telecommunications services, such as wireless, small cell or distributed antenna systems, these service offerings are beyond the scope of Board jurisdiction and the granting of CLEC authority. Specifically, the Board granting of CLEC authority is limited to the provision of competitive facilities-based local and interexchange services. To the extent that a CLEC provides non-regulated telecommunications services, the CLEC benefits, rights or privileges are not applicable to those non-regulated services.

DISCUSSION

Pursuant to the terms of a Business Combination Agreement (the "Agreement") dated as of January 31, 2019, by and between TPx Holdings and Pensare, 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 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.

Petitioners state that 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 state 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.

Petitioners also state that 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 authorized, 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.

Petitioners submit that the Transaction is in the public interest. 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 is expected to 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.

Further, Petitioners state that 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.

By letter dated March 6, 2018, the New Jersey Division of Rate Counsel submitted comments, stating that it does not oppose the approval of Petitioners' requests contained in their Joint Verified Petition.

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 combined enterprise 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 April 8, 2019.

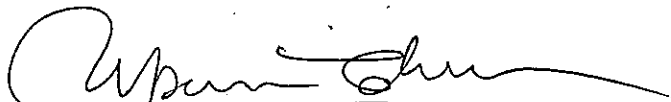
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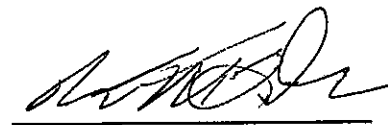
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SECRETARY

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

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DOCKET NO. TM19020217**

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