



State of New Jersey  
DIVISION OF RATE COUNSEL  
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PHIL MURPHY  
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BRIAN O. LIPMAN  
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**Via Electronic Filing Only**

April 12, 2022

Ms. Carmen Diaz, Acting Board Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350  
[Carmen.Diaz@bpu.nj.gov](mailto:Carmen.Diaz@bpu.nj.gov)

Re: In the Matter of the Verified Petition of ZenFi Networks, LLC for  
Approval of an Increase to Credit Facility  
**BPU Docket No. TF22030131**

Dear Ms. Diaz:

The New Jersey Division of Rate Counsel (“Rate Counsel”) submits comments in the above referenced Petition filed by ZenFi Networks, LLC (“ZenFi” and/or “Petitioner”) with the New Jersey Board of Public Utilities (“Board”) on March 8, 2022, requesting Board approval to increase a Credit Facility continuing to serve as guarantor on the refinancing of Senior Notes with a Term Loan.<sup>1</sup> Petitioners have requested confidential treatment of some of the information included within ZenFi’s Verified Petition and have provided a Certification in Support of confidentiality along with a “Confidential” and a “Public” version of the filing. Rate Counsel requests acknowledgment of this electronic filing for its record.<sup>2</sup> Rate Counsel has no objection should the Board grant approval.

**Discussion**

ZenFi, asserts it has “deployed a purpose-built fiber network focused on cellular fronthaul/backhaul, Distributed Antenna Systems (“DAS”) / small cell deployments and

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<sup>1</sup> Petition, p. 3. Additionally, Petitioner states that ZenFi and its subsidiaries will secure the Credit Facility by a pledge of certain equity interests.

<sup>2</sup> Pursuant to e-filing procedures approved by the Board under Docket No. Docket No. EO20030254, dated March 19, 2020. The Petition is accompanied by the signed certification of Robert Sokota, ZenFi’s General Counsel and Chief Administrative Officer in support of Petitioners’ request for confidentiality, dated March 4, 2022.

wholesale fiber opportunities and is an authorized provider of facilities-based and resold telephone service/local exchange service and interexchange telecommunications services since 2014.”<sup>3</sup> ZenFi through its wholly-owned subsidiary Cross River Fiber, LLC (“CRF”) provides “custom-designed, scalable and secure high-speed fiber network solutions that extend dark and lit transport to data centers, carrier hotels, enterprise buildings, wireless access points, and financial exchanges for carriers, wireless mobility providers and enterprise businesses, within New Jersey and New York connecting businesses both to private intranets, and also to the public Internet since 2018.”<sup>4</sup>

Petitioners request Board approval to increase the current Credit Facility previously approved by the Board which consisted of a Senior Secured Revolver, a Senior Secured Term Loan and a Senior Secured Delayed Draw Term Loan, increased to a sum certain Total Facility with a Term Loan (“New Credit Facility”).<sup>5</sup> The New Credit Facility is expected to become effective on May 1, 2022 and Petitioners request Board approval prior to this date.<sup>6</sup> The Petitioners assert the increased funding will enable it to “reduce its cost of securing necessary capital and expand its operations to continue to offer competitive and innovative products and services.”<sup>7</sup>

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<sup>3</sup> Petition, pp. 1-2. *See also, I/M/O ZenFi Networks, Inc’s Verified Petition to Provide Resold and Facilities-Based Local Exchange and Interexchange Telecommunications Services Throughout New Jersey*, Docket No. TE14080907, Order dated September 30, 2014, at *fn.* 1.

<sup>4</sup> *Id.*, *see also, I/M/O The Verified Petition of Cross River Fiber, LLC and ZenFi Networks, Inc. For Approval of a Business Merger, Transfer of Control and Certain Financing Arrangements*, Docket No. TM18050505, Order dated July 25, 2018, at *fn.* 2.

<sup>5</sup> Petition (the terms of the financing are disclosed within the confidential filing), p. 3.

<sup>6</sup> *Id.*, p. 2.

<sup>7</sup> *Id.*, p. 3.

Prior Board approval of any encumbrance or mortgage of a telecommunications service provider is required; otherwise, the transaction is void under New Jersey law.<sup>8</sup> As the Petitioner's assets will secure the debt, in part, the Board's approval must be based on its satisfaction that the debt is made according to law and that the debt serves a beneficial purpose.<sup>9</sup> *N.J.S.A.* 48:3-9 and *N.J.A.C.* 14:1-5.9. Petitioners assert that the financing contemplated is not contrary to the public interest, and will customers. Petitioners have provided additional information in response to Board Staff's data requests in connection with the Board's financial review of the new financing.<sup>10</sup>

Rate Counsel relies on Petitioners' assertions and filing that the refinancing will promote quality service offerings and competition in the New Jersey telecommunications market and benefit residential and business customers in this state. Accordingly, Rate Counsel has no objection should the Board determine after its financial review that approval is prudent and warranted. Thank you for your attention to this matter.

Very truly yours,

BRIAN O. LIPMAN,  
DIRECTOR  
NJ DIVISION OF RATE COUNSEL

*/s/ Maria T. Novas-Ruiz*  
Maria T. Novas-Ruiz, Esq.  
Assistant Deputy Rate Counsel

MNR/td  
c: Service List

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<sup>8</sup> *N.J.S.A.* 48:3-9, *et seq.* If the Board finds that after investigation there is doubtful benefit to the petitioner, the Board may withhold approval. *See, Interstate Telephone & Telegraph Co. v. Board of Public Utility Commissioners*, 84 *N.J.L.* 184 (Sup. Ct. 1913), wherein the court interpreted the 'approval of the purpose' provision to empower the Board with the authority to withhold approval if in its judgment the purpose of the debt incurred will have doubtful benefit to the applicant.

<sup>9</sup> Petition, pp. 2-3.

<sup>10</sup> On April 7, 2022, Petitioners provided responses to Board Staff's data requests in connection with the financing, with copy to Rate Counsel.