



Agenda Date: 5/18/22  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION )  
OF ZENFI NETWORKS, LLC FOR APPROVAL OF AN ) ORDER  
INCREASE TO CREDIT FACILITY )  
) DOCKET NO. TF22030131

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Brian Moore, Esq., Bevan, Mosca & Giuditta, P.C.**, on behalf of Petitioners

BY THE BOARD:

On March 8, 2022, ZenFi Networks, LLC, on behalf of itself and its subsidiaries and affiliates, including Cross River Fiber LLC ("CRF") (collectively, "ZenFi" or "Petitioners"), submitted a Verified Petition for Approval of an Increase to Certain Financing Arrangements with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:1-5.9("Petition"). In the Petition, ZenFi requested approval of a transaction by which ZenFi will replace and expand an existing credit facility previously approved by the Board ("New Credit Facility").

**BACKGROUND**

According to the Petition, ZenFi was founded in 2013 by executives with significant experience in the industry. Additionally, ZenFi and its affiliated and predecessor companies have been continuously involved in the construction, operation and maintenance of fiber facilities in the New York and Northern New Jersey metropolitan area since 1985. ZenFi has deployed a purpose-built fiber and optical network focused on mobile fronthaul/backhaul, small cell deployments and wholesale/enterprise fiber and optical opportunities.

ZenFi is authorized to provide facilities-based and resold local exchange and interexchange telecommunications services in the State of New Jersey.<sup>1</sup> On July 25, 2018, the Board issued an Order granting ZenFi authority to merge with CRF, and to establish a credit facility (“Current Credit Facility”).<sup>2</sup>

According to the Petition, CRF continues as a wholly-owned subsidiary of ZenFi, and provides custom-designed, scalable and secure high-speed fiber network solutions for carriers, wireless mobility providers and enterprise businesses. Additionally, ZenFi’s purpose-built fiber network extends into key data centers, carrier hotels, enterprise buildings, wireless access points, and financial exchanges within New Jersey and New York. By providing dark and lit transport solutions, CRF connects businesses to both private intranets, and public internet. In New Jersey, CRF is authorized by the Board to provide both resold and facilities based local exchange and interexchange telecommunications services throughout the State.<sup>3</sup>

As stated in the Petition, ZenFi also holds multiple franchises for access to the public rights of way in New York City. ZenFi’s Certificate of Public Convenience and Necessity to provide facilities-based and resold telecommunications service throughout the State of New York was approved by the New York State Department of Public Service on July 14, 2014. ZenFi has not been denied authority to provide services in any state, nor has any state revoked its authority to do business therein.

**PROPOSED CREDIT FACILITY INCREASE:**

The Current Credit Facility approved in the Board’s July 2018 Order provides for up to \$69,000,000 in financing to ZenFi and CRF (as borrowers) in the form of a \$15,000,000 Senior Secured Revolver, a \$32,000,000 Senior Secured Term Loan and a \$22,000,000 Senior Secured Delayed Draw Term Loan. The initial lenders under the Current Credit Facility are Webster Bank, N.A. and CoBank, ACB, with Webster Bank, N.A. acting as the administrative agent.

ZenFi stated that the New Credit Facility will replace and expand the Current Credit Facility in the aggregate amount of up to \$175,000,000, as follows: (1) a \$75,000,000 Drawn Term Loan; (2) a \$25,000,000 Undrawn Revolver; and (3) a \$75,000,000 Undrawn Delayed Draw Term Loan. ZenFi and CRF will remain as Borrowers. The Petitioners stated they will draw on this New Credit Facility consistent with the needs of the business and commercially reasonable operating and accounting practices. Petitioners will secure the New Credit Facility by a pledge of certain equity interests, as well as offering a first priority lien on substantially all of the assets and property of ZenFi and its subsidiaries, including CRF.

The Petitioners asserted that the New Credit Facility will enable the Petitioners to invest in additional telecommunications infrastructure and will provide general liquidity for operating

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<sup>1</sup> In re 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.

<sup>2</sup> In re 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. TM18050503, Order dated July 25, 2018 (“July 2018 Order”).

<sup>3</sup> In re the Petition of Cross River Fiber, Inc., for Approval to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE12040297, Order dated June 18, 2012.

purposes consistent with the Petitioners' business operations. Petitioners anticipate that customers will benefit from this enhanced access to capital, which will enable it to continue to offer competitive and innovative products and services, expand its operations, and to reduce its cost of securing necessary capital.

In response to Board Staff's Discovery Requests, Petitioners have submitted the Joint Written Consent of the Board of Managers of ZenFi Networks, LLC, authorizing, adopting and approving the Term Sheet setting forth the material terms of the proposed New Credit Facility, and authorizing ZenFi to enter into a debt financing on the terms set forth in the Term Sheet.

By letter dated April 12, 2022, the New Jersey Division of Rate Counsel stated that it does not object to approval of the Petition, subject to the provisions outlined below.

**DISCUSSION, FINDINGS AND CONCLUSIONS:**

The Board **FINDS** that the proposed New Credit Facility will not have a negative impact on competition, the rates of current customers, or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this proceeding pursuant to N.J.A.C. 14:1-5.9, the Board **FINDS** that the expanded financing arrangements are in accordance with the law and in the public interest, and pursuant to N.J.S.A. 48:3-9, **HEREBY AUTHORIZES** Petitioners to participate in financing arrangements up to an aggregate amount of up to \$175 million, and to take those actions necessary to effectuate such financing arrangements.

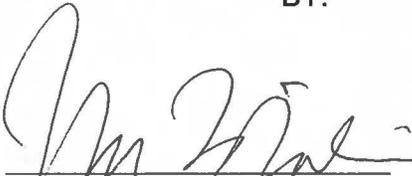
This Order is issued subject to the following provisions:

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 Petitioners.
2. Petitioners 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.

This Order shall become effective on May 25, 2022.

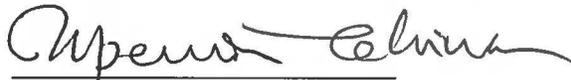
DATED: May 18, 2022

BOARD OF PUBLIC UTILITIES  
BY:

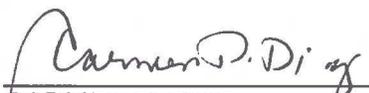
  
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JOSEPH L. FIORDALISO  
PRESIDENT

  
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MARY-ANNA HOLDEN  
COMMISSIONER

  
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DIANNE SOLOMON  
COMMISSIONER

  
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UPENDRA J. CHIVUKULA  
COMMISSIONER

  
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ROBERT M GORDON  
COMMISSIONER

ATTEST:   
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CARMEN D. DIAZ  
ACTING SECRETARY

IN THE MATTER OF THE VERIFIED JOINT PETITION OF ZENFI NETWORKS, LLC FOR  
APPROVAL OF AN INCREASE TO CREDIT FACILITY

DOCKET NO. TF22030131

SERVICE LIST

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