

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

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## **VERIZON OK TO BORROW \$5B; WINS MARKETING FLEXIBILITY — Short-Term & Maturing Long-Term Debt Paid Off; New Construction Funded —**

Albany, NY—4/14/11— The New York State Public Service Commission (Commission) today approved Verizon New York Inc.’s request to issue and sell up to \$5 billion in long-term debt securities as part of a five-year financing plan. With the decision, the company wins significant financial flexibility to pay off short-term debt, refinance long-term debt, and fund ongoing construction efforts.

“The competitive nature of the telecommunications environment in which Verizon operates, where it has no assurances of recovering incurred costs, justifies the continuation of a flexible, multi-year financing approach,” said Commission Chairman Garry Brown. “As we have observed, the extraordinarily competitive telecommunications market place will continue to influence efficiencies and, therefore, Verizon’s continual pursuit of optimal financing strategies is fully warranted.”

In addition to being able to borrow long-term debt, the Commission decided, in a separate proceeding, to grant Verizon added flexibility to establish new promotional programs for residential customers without having to seek additional Commission approval. Due to the competitive nature of non-basic services throughout New York State, the Commission has already given the company increased flexibility to make promotional offerings, including the widely used Verizon Credit Plan.

Effective April 15, 2011, Verizon will be able to set up new residential promotional offerings without regulatory approval. However, in order to allow the Commission to continue to monitor non-basic retail promotional offerings and the competitive nature of the market, Verizon will be required to file quarterly reports describing its non-basic retail promotional offerings.

In regards to the financing decision, Verizon can issue the long-term debt through private placement notes, either to affiliated or non-affiliated entities, dependent upon prevailing market conditions. Verizon will use the proceeds of the long-term debt to repay short-term debt, to refinance \$1.2 billion of maturing long-term debt, and to refinance an additional \$450 million of callable long-term debt with maturity dates later than December 31, 2015 (when it can achieve savings) and to fund its ongoing construction program.

This is Verizon's fourth successive five-year financing plan, the most recent being a \$5 billion plan that expired on December 31, 2010. Similar to the three previous plans, the instant multi-year plan provides Verizon flexibility to operate with a wide degree of latitude given the high level of competition Verizon now faces. As a result, Verizon can issue debt at any time, in amounts and with maturities that best match its overall capital requirements.

The Commission's decisions today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.state.ny.us](http://www.dps.state.ny.us) and entering Case Numbers 11-C-0001 and 11-C-0103 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).