



Agenda Date: 12/14/11  
Agenda Item: 4A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</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 PETITION OF VERIZON )  
NEW JERSEY INC. FOR AUTHORITY TO ISSUE )  
\$1,600,000,000 PRINCIPAL AMOUNT OF )  
LONG-TERM DEBT SECURITIES )

ORDER  
MODIFYING ORDER  
DATED  
DECEMBER 18, 2008

DOCKET NO. TF05030275  
AMENDMENT NO. 2

Parties of Record:

Gregory M. Romano, Esq., Verizon New Jersey  
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

On November 16 2011, Verizon New Jersey Inc. ("Petitioner" or "Verizon NJ"), a public utility of the State of New Jersey as defined in N.J.S.A. 48:2-13, filed a Petition with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-9, requesting an extension of the time Verizon New Jersey has to exercise the financing authority granted it under the Board's August 1, 2005 Order of Approval, BPU Docket Number TF05030275. In that docket, the Board authorized Verizon NJ to:

1. issue in one or more series, and at such time or times as the Petitioner deems appropriate but in no event later than December 31, 2008, bonds, notes, or other evidence of indebtedness payable more than twelve months after the date or dates of their issuance, in an aggregate principal not to exceed \$1,600,000,000.
2. refund up to \$1,100,000,000 of callable long-term debt with maturity dates later than December 31, 2004, if conditions warrant; and

3. use a portion of the proceeds for expenditures incurred in connection with Verizon New Jersey's construction program, including repayment of short-term debt used as interim financing of such expenditures.

On December 18, 2008, the Board amended the Order of Approval, in Docket Number TF05030275, and extended the time to exercise this authority to December 31, 2011.

Verizon NJ has not issued any long-term securities under the Board's Order of Approval on August 1, 2005. Because Verizon NJ's authority under the Order of Approval remains unutilized, Verizon NJ requested an amendment to extend the time to exercise such authority until it is fully utilized. This extension is requested to be effective through December 31, 2014.

The Company intends to issue New Debt at such times, and in such increments, as are appropriate in light of market conditions and other factors. The New Debt will be issued on a private placement basis at a negotiated price with affiliated or non-affiliated entities. It is currently anticipated that affiliate notes would be placed with either Verizon Financial Services LLC or Verizon Investments Inc.

Petitioner proposes to use the entire net proceeds realized from the proposed sale or sales of said long-term debt securities, after payments of the costs and expenses incurred in connection therewith, for: (a) the refunding of high coupon debt if market conditions warrant, (b) the reduction of short-term debt levels and (c) the funding of the Petitioner's on-going operations and construction program.

The proceeds from the New Debt, after the payment of the costs and expenses incurred in connection therewith, will be utilized for the following purposes:

1. If conditions warrant, refinance and refund maturing debt: (1) \$1,000,000,000 will be applied to refunding and refinancing the currently outstanding 5.875% debenture maturing on January 17, 2012.
2. Use a portion of the proceeds for expenditures incurred in connection with Verizon New Jersey's construction program, including repayment of short-term debt used as interim financing of such expenditures.

The price to be paid to Petitioner, the interest rates, the redemption premium, and the public offering price of such debt securities have not yet been determined. Those determinations are dependent upon the timing and the result of the offering or offerings to be made at a future date or dates.

In order to provide the Company with valuable flexibility in the sale of the New Debt, the Company requests that the Board grant the approval requested herein in the form of a "one order" approach.

The Division of Rate Counsel has reviewed this matter and, by letter dated November 21, 2011, stated that it does not object to Board approval of the requested amendment to the Order.

The Board is limiting its approval for the use of the proceeds from the sale or sales of the long-term debt securities authorized in this Order to the refinancing and/or refunding of the

Petitioner's existing long-term issues identified in its Petition, reduction of the Petitioner's short-term debt and the funding of the Petitioner's ongoing operations and construction program.

The Board, after a review of this matter, FINDS that the proposed transactions are to be made in accordance with law; FINDS that the proposed transactions are in the public interest; APPROVES the purposes thereof; and HEREBY ORDERS that Verizon NJ be and is hereby AUTHORIZED:

- 1) To issue in one or more series, bonds, notes, or other evidence of indebtedness payable more than twelve months after the date or dates of their issuance, in an aggregate principal not to exceed \$1,600,000,000 at such time or times as the Petitioner deems appropriate until the amount it is fully utilized or by December 31, 2014.
- 2) To refund up to \$1,000,000,000 of long-term debt with maturity dates later than December 31, 2011, if conditions warrant.
- 3) To use a portion of the proceeds for expenditures incurred in connection with the Petitioner's construction program, including repayment of short-term debt used as interim financing of such expenditures.

This Order is subject to the following provisions:

1. Petitioner shall notify the Board within 14 days after issuance of the New Debt: (1) the principal sum of the note (2) the maturity date, (3) the initial interest rate obtained, (4) the interest reset rate and interval, if applicable, and (5) other terms agreed to, together with such other information as the Board may from time to time direct.
2. Debt acquired under private placement by Verizon Communications, Inc. and its subsidiaries may be passed on to Verizon NJ only if the debt includes reasonable premiums or surcharges of comparable to similar notes and market conditions at time of issuance.
3. Petitioner shall notify the Board of any material default on the terms of the Notes within five business days of such occurrence.
4. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner.
5. This Order shall not be construed, directly or indirectly, fixing any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioner.
6. This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value of investment cost.
7. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such

such agreement does not constitute automatic transfer of Petitioner's assess. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

8. The authority granted by this Order shall become null and void and of no effect with respect to any portion of the \$1,600,000,000 now authorized by the Board that is not exercised by December 31, 2014.

DATED: 12/15/11

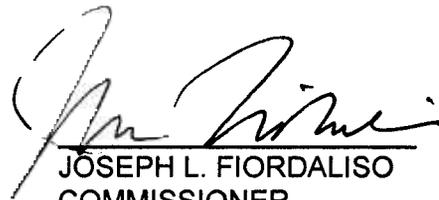
BOARD OF PUBLIC UTILITIES  
BY:



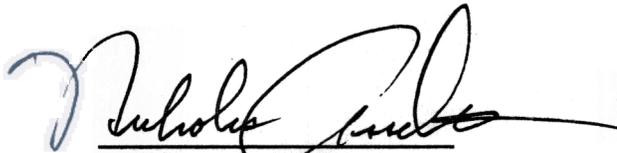
LEE A. SOLOMON  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER

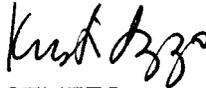


JOSEPH L. FIORDALISO  
COMMISSIONER



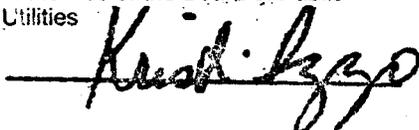
NICHOLAS ASSELTA  
COMMISSIONER

ATTEST:



KRISTI IZZO  
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 Petition of Verizon New Jersey Inc. for  
Authority to Issue \$1,600,000,000 Principal Amount of Long-term Debt Securities**

**Docket No. TF05030275 Amendment No. 2**

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