

New Networks Institute

3.0 Verizon NY Losses, Tax Benefits and Returns on Equity, 2000-2014

- Verizon NY lost \$2.6 billion in 2014 and had an "income tax benefit" of \$1.3 billion.
- Starting in 2009, Verizon NY showed losses with an average of \$2.3 billion a year and a resulting 'income tax benefit' of \$1.1 billion.
- For this 6 year period, Verizon NY lost \$13.63 billion and had an income tax benefit of \$6.34 billion.
- NOTE: 2013 showed a profit from a one-time 'extraordinary' pension income deal.

EXHIBIT 10
Verizon New York, Losses and Income Tax Benefit, 2009-2014

	2009	2010	2011	2012	2013	2014	Total	Avg.
PSC Annual								
Losses	(\$1,117)	(\$2,257)	(\$2,367)	(\$2,618)	(\$2,696)	\$ (2,578)	\$ (13,633)	\$ (2,272)
Income Tax Benefit	(\$667)	(\$974)	(\$1,062)	(\$1,161)	(\$1,196)	\$ (1,278)	\$ (6,338)	\$ (1,056)
Losses SEC								
Losses	(\$971)	(\$2,200)						
Income Tax Benefit	(\$379)	(\$716)						

3.1 Verizon NY Overall Intrastate Return and Return on Equity, 2000-2014

Verizon has complained to the state that it has been losing extensive amounts from the 'intrastate' return, which shows a continuous negative number, starting in 2003, 11 years. However, the intrastate return on equity has been highly profitable since 2010.

EXHIBIT 11
Verizon New York Overall Intrastate Return and Return on Equity, 2000-2014

	2000	2001	2002	2003	2004	2006	2007
Overall intrastate return	4.06%	2.61%	1.19%	-6.30%	-0.03%	-4.89%	-6.24%
Intrastate return on equity	-0.07%	-4.38%	-10.99%	-40.26%	-44.66%	-73.60%	-46.00%

	2008	2009	2010	2011	2012	2013	2014
Overall intrastate return	-6.70%	-16.03%	-22.03%	-18.35%	-24.50%	-6.43%	-26.26%
Intrastate return on equity	-48.66%	-142.96%	2077.15%	129.38%	62.64%	22.38%	45.35%

We have no clear understanding of what are the cost-causers to create these swings in profitability of the intrastate return on equity.