DECISION MEMORANDUM

TO: **COMMISSIONER KJELLANDER**
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: **WAYNE HART**

DATE: **MAY 29, 2007**

RE: **CITIZENS TELECOMMUNICATIONS' BROADBAND TAX CREDIT APPLICATION; CASE NO. CTC-T-07-2.**

BACKGROUND

On April 18, 2007, the Commission received an Application from Citizens Telecommunications of Idaho dba Frontier Communications of Idaho (Frontier) asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for the tax credit.

STAFF ANALYSIS

Frontier's Application indicated it had installed central office equipment and fiber and copper cables to provide DSL services to Idaho customers. Frontier indicated its slowest DSL service provides speeds of 256K bits per second for uploads from customers, and 1M bits per second for downloads to customers. The Company indicated the equipment is necessary and integral to its broadband network. The Company claims that 100% of the identified investment will be used to provide service to Idaho customers. The Application identified over three hundred thousand dollars of investment in broadband facilities in 2006.

STAFF REVIEW

In order to qualify for the credit, the broadband equipment must be capable of transmitting signals at a rate of at least two hundred thousand (200,000) bits per second to a subscriber and at least one hundred twenty-five thousand (125,000) bits per second from a subscriber. *Idaho*

Code § 63-3029I(3)(b). In addition, for a telecommunications carrier, such equipment must "be necessary to the provision of broadband service and an integral part of a broadband network". *Idaho Code* § 63-3029I(3)(b)(i). Staff has reviewed the list of proposed broadband equipment submitted by Frontier and believes that the equipment identified meets this statutory criterion. Therefore, Staff recommends approval of the Application and further recommends that the Commission forward the approving Order along with a copy of the original Application to the Idaho Tax Commission.

COMMISSION DECISION

Should the Commission approve Frontier's Application for the broadband investment tax credit?

Wayne Hart

i:udmemos/citizens 2006 broadband app memo