

DECISION MEMORANDUM

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

FROM: GRACE SEAMAN

DATE: AUGUST 10, 2007

RE: APPLICATIONS FOR BROADBAND TAX CREDIT:
CASE NOS. CTC-T-07-02; CTC-T-07-03; AND CTC-T-07-04.

BACKGROUND

During July 2007, the Commission received three Applications from Citizens Telecommunications of Idaho dba Frontier Communications of Idaho (Frontier) seeking approval of equipment for the broadband tax credit pursuant to Commission Order No. 29784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain a Commission Order confirming that installed equipment qualifies for the tax credit.

STAFF ANALYSIS

1. Additional Broadband Tax Credit for 2006 investments (Case No. CTC-T-07-02).
On July 10, 2007, Frontier filed an Application for additional 2006 broadband tax credit. These investments were not listed in the initial Broadband Tax Credit Application for 2006 that the Commission approved on June 12, 2007 (Order No. 30341). Upon review of the latest Application, Staff requested and received a revised itemization of equipment that will provide Asymmetric Digital Subscriber Line (ADSL) service to customers in McCall, Cascade, Donnelly, Homedale, New Meadows, Horseshoe Bend, and Garden Valley exchanges. Frontier states the new equipment will allow network transmission rates of up to 512 Kbps send and 3 Mbps receive. The Application identifies an additional investment for 2006 of approximately half a million dollars.

2. 2004 Broadband Tax Credit (Case No. CTC-T-07-03). On July 10, 2007, Frontier submitted a Broadband Tax Credit Application for 2004, identifying the equipment that was installed to provide Asymmetric Digital Subscriber Line (ADSL) service in McCall, Cascade, Donnelly, Homedale, New Meadows, Horseshoe Bend, and Garden Valley exchanges. Frontier states that this equipment will allow network transmission rates of up to 512 Kbps send and 3 Mbps receive. The 2004 broadband tax credit investment is approximately \$570,000.

3. 2005 Broadband Tax Credit (Case No. CTC-T-07-04). On July 12, 2007, Frontier submitted a Broadband Tax Credit Application for 2005, identifying the equipment that was installed to provide Asymmetric Digital Subscriber Line (ADSL) service to customers in McCall, Cascade, Donnelly, Homedale, New Meadows, Riggins, Garden Valley, Wilder, and Parma exchanges. Frontier states that this equipment will allow network transmission rates of up to 512 Kbps send and 3 Mbps receive. The 2005 broadband tax credit investment is approximately \$723,000.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Frontier and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. Thus, Staff recommends approval of the Applications and further recommends that the Commission forward the approving Orders along with a copy of the original Applications to the Idaho Tax Commission.

COMMISSION DECISION

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



Grace Seaman