

DECISION MEMORANDUM

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

FROM: GRACE SEAMAN

DATE: FEBRUARY 22, 2008

RE: CITIZENS TELECOMMUNICATIONS COMPANY OF IDAHO'S
APPLICATION FOR BROADBAND EQUIPMENT TAX CREDIT;
CASE NO. CTC-T-08-1.

BACKGROUND

To be eligible for income tax credit for investment in broadband equipment, the taxpayer must obtain a Commission Order confirming that installed equipment is qualified broadband equipment. Order No. 28784 and *Idaho Code* § 63-3029I(4). 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 the case of a telecommunications carrier, such qualifying equipment shall be necessary to the provision of broadband service and an integral part of a broadband network. *Idaho Code* § 63-3029I(3)(b)(i).

STAFF ANALYSIS

On February 5, 2008, the Commission received an Application from Citizens Telecommunications of Idaho, dba Frontier Communications of Idaho (Citizens) to receive an investment tax credit for eligible broadband equipment. In this filing, Citizens stated that during calendar year 2007, it installed various components as part of its Asymmetrical Digital Subscriber Line (ASDL) broadband network for the provision of high-speed Internet access to customers in McCall, Cascade, Donnelly, Homedale, New Meadows, Riggins, Garden Valley, Horseshoe Bend, Wilder, and Parma. Citizens indicates in its Application that it offers network

transmission rates of up to 3 Mbps from a subscriber and of up to 512 Kbps to a subscriber. The Company states that broadband service is now available to approximately 87% of the total customer base.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Citizens and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I (3)(b)(i). Staff recommends approval of the Company's Application and further recommends that the Commission forward the approving Order and a copy of the Application to the Idaho Tax Commission.

COMMISSION DECISION

Should the Commission approve Citizens Telecommunications Company of Idaho's Application for the broadband investment tax credit?


Grace Seaman

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