

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: MAY 12, 2005

RE: DIRECT COMMUNICATIONS CABLE BROADBAND TAX CREDIT
APPLICATION; CASE NO. GNR-T-05-4.

BACKGROUND

On April 11, 2005, the Commission received an Application from Direct Communications Cable (Direct Cable) 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

Direct Cable's Application indicated it had installed (1) fiber and coaxial cables and (2) remote digital terminals and related equipment to provide cable modem broadband services to Idaho customers. Direct Cable's Application indicated its service provides speeds of 512,000 bits per second for uploads from customers, and 1,000,000 bits per second for downloads to customers. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified over one hundred fifty thousand dollars of investment in 2004.

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.

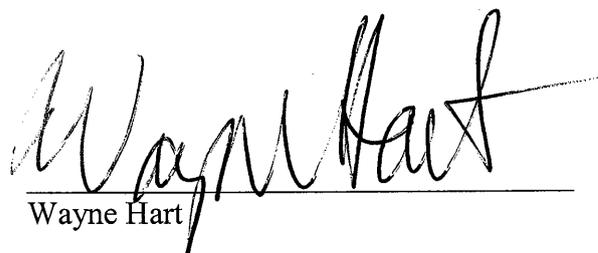
Idaho Code § 63-3029I(3)(b). In addition, for a cable or open video system operator, such equipment must “extend from the subscriber’s side of the headend to the outside of the structure in which the subscriber is located”. *Idaho Code* § 63-3029I(3)(b)(iii).

STAFF RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Direct Cable 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 Direct Cable’s Application for the broadband investment tax credit?



Wayne Hart

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