

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: MAY 13, 2005

RE: VELOCITUS BROADBAND TAX CREDIT APPLICATION;
CASE NO. GNR-T-05-5.

BACKGROUND

On May 10, 2005, the Commission received an Application from Velocitus asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-30291(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

Velocitus's Application indicated it had installed (1) main office and remote terminal equipment, (2) fiber and copper cables and (3) wireless broadband equipment to provide broadband services to Idaho customers. Velocitus's Application indicated it provides broadband services over wireless networks, DSL, ATM and frame relay facilities at speeds of 256, 000 bits per second or higher for downloads, and 128,000 bits per second for uploads. The Company indicated the equipment identified in its Application is necessary and integral to its broadband network. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified nearly two million 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.

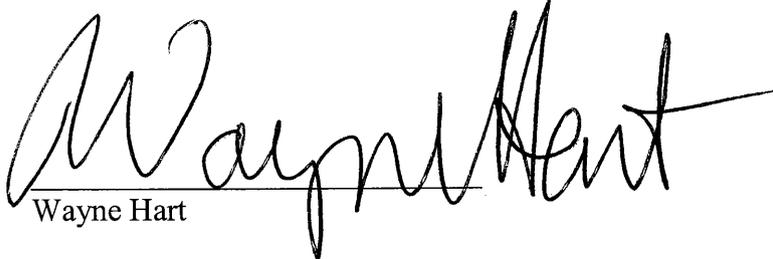
Idaho Code § 63-3029I(3)(b). In addition, for a wireless carrier, which would apply to much of the Velocitus broadband network, such equipment must be "only that equipment that extends from a transmitting/receiving antenna, including such antenna, which transmits and receives signals to or from multiple subscribers to a transmitting/receiving antenna on the outside of the structure in which the subscriber is located." *Idaho Code* § 63-3029I(3)(b)(iv). The wireline network investments must be "necessary to the provision of broadband service and an integral part of a broadband network". *Idaho Code* § 63-3029I(3)(b)(i).

ST AFF RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Velocitus 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 Velocitus's Application for an Order confirming that installed equipment qualifies for the tax credit?


Wayne Hart

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