

## DECISION MEMORANDUM

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

**FROM:** DOUG COOLEY

**DATE:** MARCH 25, 2004

**RE:** BROADBAND TAX CREDIT APPLICATIONS  
CASE NOS. VZN-T-04-02; DCM-T-04-01; ALB-T-04-01; SZ9-T-04-01;  
AND GNR-T-04-03.

### BACKGROUND

In February and March 2004, the Commission received several Applications 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

Verizon Northwest - In its Application, Verizon states that during calendar year 2001 it installed equipment used to provide DSL and high-speed data (e.g. T-1) services to customers in the exchanges of Bayview, Bonners Ferry, Coeur d'Alene, Genesee, Hayden Lake, Kellogg, Moscow, Orofino, Pinehurst, Sandpoint, and St. Maries. Such components include digital access platforms, long-range digital transport, line cards, access ports, fiber optic cable, fiber terminals, and supporting software. Verizon states that transmission rates range from 128 Kbps to well beyond 1.544 Mbps. The Application states that Verizon invested approximately \$1,150,000 in qualifying broadband equipment during 2001.

Direct Communications, Rockland Inc. - Direct's Application states that during calendar year 2003, the Company installed equipment used to provide ADSL services to customers in Bear Lake, Bannock, Caribou, and Power counties. Such equipment includes fiber optic placing equipment, fiber optic cable, a DSLAM, digital line cards, Ethernet network extenders, an access

multiplexer, and supporting labor and software. The Company states that transmission rates range from 512 kbps upstream to 8 Mbps downstream. Direct states that it invested approximately \$751,000 in qualifying broadband equipment during 2003.

Albion Telephone Company - Albion's Application states that during calendar year 2003, the Company installed over 80 miles of fiber optic cable, digital line cards, and supporting power supply and software in providing ADSL services in Custer, Oneida, Butte, and Cassia counties. The Company states that transmission rates range from 256 kbps to 1.54 Mbps. Albion states that it invested approximately \$2,138,000 in qualifying broadband equipment during 2003.

Syringa Networks, LLC - Syringa's Application states that it placed over 260 miles of fiber optic cable in Ada, Canyon, Washington, Gem, Clark, Blaine, and Camas counties. The Company also states that it installed digital switching equipment, SONET multiplexers, Dense Wave Division Multiplexers (DWDM), testing equipment, modular routers, and supporting power supply and software. Syringa offers high-speed transport, frame-relay, and other related services to customers at transmission rates of 1.544 Mbps and higher. The Company also states that all of its customers are Idaho subscribers. Syringa states that it invested approximately \$13,644,000 in qualifying broadband equipment during calendar year 2003.

Salmon Internet - Salmon Internet's Application states that it installed wireless broadband access units, antennae, and supporting lightning arrestors during calendar years 2001 and 2002. The Company did not indicate the cost of the equipment but states that transmission rates are between 256 kbps and 1Mbps for its customers in Lemhi County. Salmon Internet's network consists of one base station and two repeater stations to offer high-speed internet access to customers in the Salmon, Idaho area.

## **STAFF REVIEW**

Staff has reviewed the lists of proposed broadband equipment submitted by the Companies and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. In the case of Salmon Internet, Staff is not aware of the purchase arrangement or amounts but believes the equipment is installed and complies with *Idaho Code* § 63-3029I(3)(b)(iv). Therefore, 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 Applications for the broadband investment tax credit?

  
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Doug Cooley

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