

## DECISION MEMORANDUM

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

**FROM:** WAYNE HART

**DATE:** MARCH 25, 2005

**RE:** SECOND SYRINGA BROADBAND TAX CREDIT APPLICATION;  
CASE NO. SZ9-T-05-2.

### BACKGROUND

On February 17, 2005, the Commission issued Order No. 29712 confirming that the equipment identified in the Application from Syringa Networks, LLC (Syringa) filed on February 1, 2005, qualified 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. On March 10, 2005, Syringa filed a second petition, and identified an additional \$495,432 in expenditures for equipment it claimed met the criteria for the broadband tax credit and requested Commission review and approval of the additional expenditures.

### STAFF ANALYSIS

Syringa's second Application primarily contains revised expenditure levels for the same projects that were included in the original Application. Syringa's representatives explained that an independent auditor's review identified additional expenditures on those projects that had not been included with the original Application. These expenditures were for the completion of work started in 2002 and 2003, including the installation of its fiber optic cable network, digital switching equipment, SONET multiplexers, testing equipment, modular routers, and supporting power supply and software.

In addition, the amended filing included a new project that provided redundancy for a section of the network to improve the reliability of broadband services.

*Idaho Code* § 63-3029(I)(3)(b) identifies different criteria for the qualifying equipment depending upon the type of carrier. Subsection (3)(b)(i) indicates that for a telecommunications carrier, such as Syringa, the qualifying equipment shall “be necessary to the provision of broadband service and an integral part of a broadband network.” Staff finds the identified equipment meets this criteria.

Syringa offers high-speed transport, frame-relay, and other related services to customers at transmission rates of 1.544 Mbps and higher, well above the rates identified in *Idaho Code* § 63-3029(I)(3)(b). The Company also states that all of its customers are Idaho subscribers. Syringa’s second Application identifies \$495,432 of investments in qualifying broadband equipment during calendar year 2004. When combined with the previously approved amount identified in the original Application of \$447, 041, Syringa’s total 2004 broadband investment is \$942, 473.

**STAFF REVIEW**

Staff has reviewed the lists of proposed broadband equipment submitted by Syringa and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. Therefore, Staff recommends approval of the second Application and further recommends that the Commission forward the approving Order along with a copy of the second Application to the Idaho Tax Commission.

**COMMISSION DECISION**

Should the Commission approve Syringa’s second Application for the broadband investment tax credit?



Wayne Hart

i:udmemos/2<sup>nd</sup> Syringa broadband memo