

## DECISION MEMORANDUM

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

**FROM:** DOUG COOLEY

**DATE:** APRIL 8, 2004

**RE:** SUPPLEMENTAL BROADBAND TAX CREDIT APPLICATION;  
CASE NO. VZN-T-04-2.

### BACKGROUND

On March 31, 2004, the Commission received a Supplemental Application from Verizon Northwest, Inc. 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

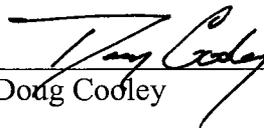
In its Supplemental Application, Verizon states that it includes additional broadband equipment that was inadvertently omitted from its original Application already approved in this case. During calendar year 2001 it installed equipment used to provide DSL and high-speed data (e.g. T-1) services to customers in the exchanges of Bayview, Bonners Ferry, Coeur d'Alene, Genesee, Hayden Lake, Kellogg, Moscow, Orofino, Pinehurst, Sandpoint, and St. Maries. Such components include over 25 miles of fiber optic cable, new copper cable, digital microwave radio equipment, digital access platforms, line cards, access ports, fiber terminals, and supporting software. Verizon states that transmission rates range from 128 Kbps to well beyond 1.544 Mbps. The Supplemental Application states that Verizon invested approximately \$7,830,000 in additional qualifying broadband equipment during 2001.

## STAFF REVIEW

Staff has reviewed the lists of proposed broadband equipment submitted by Verizon and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. Staff also confirmed that the Fujitsu Speedport DSL modems listed in the Supplemental Application were purchased and retained by Verizon and not leased or purchased by each DSL customer. Therefore, Staff recommends approval of the Supplemental Application and further recommends that the Commission forward the approving Order along with a copy of the Supplemental Application to the Idaho Tax Commission.

## COMMISSION DECISION

Should the Commission approve Verizon's Supplemental Application for the broadband investment tax credit?

  
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Doug Cooley

i:udmemos/Verizon 2001 supplement