

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF VERIZON NORTHWEST FOR AN) **CASE NO. VZN-T-04-8**
INVESTMENT TAX CREDIT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT.) **ORDER NO. 29563**
)

On May 27, 2004, Verizon Northwest filed an Application requesting that the Commission find the Company eligible to receive an Idaho Investment Tax Credit. Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing “qualified broadband equipment” in Idaho. To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the definition of qualified broadband equipment set out at *Idaho Code* § 63-3029I(3)(b). Briefly, qualified broadband equipment must be capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber. In the case of a telecommunications carrier, the qualified broadband equipment must also “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). In this Order, we find that Verizon Northwest has installed qualified broadband equipment.

THE APPLICATION

Verizon Northwest’s Application states that during 2003 the Company installed equipment used to provide Digital Subscriber Line (DSL) and high-speed data (e.g. T-1) services to customers in the exchanges of Bayview, Bonners Ferry, Coeur d’Alene, Clark Fork, Hayden Lake, Hope, Kellogg, Moscow, Orofino, Pinehurst, Plummer/Worley, Post Falls, Potlatch, Priest River, Rathdrum, Spirit Lake, Weippe, Wallace, 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 Northwest states that transmission rates range from 128 kilobits per second (Kbps) to beyond 6 Megabits per second (Mbps). Verizon Northwest’s Application states that it invested approximately \$8,600,000 in qualifying broadband equipment during 2003.

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. This Order identifies information that must be included in an application for a broadband tax credit. Once the information has been filed, then the Commission Staff reviews the application and submits a recommendation to the Commission. Staff reviewed the list of broadband equipment submitted by Verizon Northwest. Staff believes that the equipment is “necessary for the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). Consequently, Staff recommends that the Commission issue an Order approving Verizon Northwest’s Application.

FINDINGS

Having reviewed Verizon Northwest’s Application and Staff’s recommendation, we find that the Application for a qualifying broadband equipment Order should be granted. The Company has demonstrated that the installed broadband equipment identified in its Application conforms with the qualifying requirements of *Idaho Code* § 63-3029I(b). We further find that as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. *Idaho Code* § 63-3029I(3)(b)(i). It is therefore appropriate for the Commission to issue this Order confirming that Verizon Northwest has installed qualified broadband equipment as a precondition to seeking an Idaho broadband tax credit. The Commission makes no findings regarding the costs of the installed broadband equipment.

ORDER

IT IS HEREBY ORDERED that Verizon Northwest’s Application for an Order certifying that it has installed qualifying broadband equipment is granted.

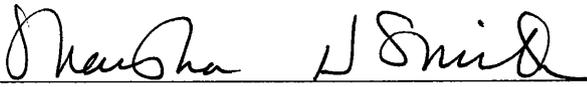
IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served upon the Idaho State Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) issued in this Case No. VZN-T-04-8 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order issued in this Case No. VZN-T-04-8. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12th
day of August 2004.



PAUL KJELLANDER, PRESIDENT

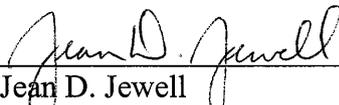


MARSHA H. SMITH, COMMISSIONER

Out of the Office on this Date

DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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