

## DECISION MEMORANDUM

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

**FROM:** WAYNE HART

**DATE:** APRIL 25, 2005

**RE:** VERIZON BROADBAND TAX CREDIT APPLICATION;  
CASE NO. VZN-T-05-1.

### BACKGROUND

On March 22, 2005, the Commission received an Application from Verizon Northwest, Inc, (Verizon) 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's Application indicated it had installed central office equipment, fiber and copper cables, digital radio, and pairgain devices, all capable of transmitting data in excess of 200,000 bits per second to or from the consumer and will be used to provide DSL or high speed data services. The Company indicated the equipment is necessary and integral to its broadband network, and installed in the Bayview, Bonners Ferry, Clarkfork, Coeur d'Alene, Hayden Lake, Kellogg, Moscow, Mullen, Orofino, Pinehurst, Plummer-Worley, Post Falls, Priest River, Rathdrum, Sandpoint, Spirit Lake, St. Maries and Wallace exchanges. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified over 10 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 telecommunications carrier, such equipment must “be necessary to the provision of broadband service and an integral part of a broadband network”. *Idaho Code* § 63-3029I(3)(b)(i). Staff has reviewed the lists of proposed broadband equipment submitted by Verizon and believes that the equipment identified meets this statutory criteria. 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 Verizon’s Application for the broadband investment tax credit?



Wayne Hart

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