

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
VERIZON NORTHWEST INC. FOR AN) CASE NO. VZN-T-04-2
INVESTMENT TAX CREDIT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)

IN THE MATTER OF THE APPLICATION)
OF DIRECT COMMUNICATIONS ROCKLAND,) CASE NO. DCM-T-04-1
INC. FOR AN INVESTMENT TAX CREDIT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT)

IN THE MATTER OF THE APPLICATION OF)
ALBION TELEPHONE COMPANY FOR AN) CASE NO. ALB-T-04-1
INVESTMENT TAX CREDIT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)

IN THE MATTER OF THE APPLICATION)
OF SYRINGA NETWORKS LLC FOR AN) CASE NO. SZ9-T-04-1
INVESTMENT TAX CREDIT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)

IN THE MATTER OF THE APPLICATION)
OF SALMON INTERNET FOR AN INVESTMENT) CASE NO. GNR-T-04-3
TAX CREDIT FOR INSTALLING QUALIFIED)
BROADBAND EQUIPMENT)

ORDER NO. 29459

In February and March 2004, the Commission received several applications from Companies requesting that the Commission certify that certain equipment they have installed is eligible for the broadband infrastructure tax credit authorized by Order No. 28784 and *Idaho Code* § 63-3029I(4).

BACKGROUND

Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for making “qualified investments” in “qualified broadband equipment” in Idaho, defined as network facilities that are 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. *Idaho Code* § 63-3029I(3)(b), *see also*, *Idaho Code* §§ 63-3029B and 63-3029I(3)(b). To be eligible for the tax credit, the taxpayer must obtain an order from the Commission confirming that the equipment

has been installed and that it meets the definition of qualified broadband equipment. *Idaho Code* § 63-3029I(4). To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001, identifying the information that must be included in an application in order for it to be able to determine whether the installed equipment qualifies for the tax credit.

THE CURRENT APPLICATIONS

Verizon Northwest, Case No. VZN-T-04-2. 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., Case No. DCM-T-04-1. 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, Case No. ALB-T-04-1. 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, Case No. SZ9-T-04-1. In its Application, Syringa 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, Case No. GNR-T-04-3. 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 1 Mbps 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 AND RECOMMENDATION

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 recommended approval of the Applications and further recommended that the Commission forward the approving Orders along with a copy of the original Applications to the Idaho Tax Commission.

COMMISSION FINDINGS AND DECISION

Having reviewed the record in each of the above matters, we find that the Applications for a qualifying broadband equipment Order should be granted. The Companies filing these Applications have adequately demonstrated that they installed the qualifying broadband equipment identified in their Applications in conformance with requirements set forth in *Idaho Code* § 63-3029I. 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. It is therefore appropriate for the Commission to issue this Order confirming that Verizon Northwest Inc., Direct Communications Rockland, Inc., Albion Telephone Company, Syringa Networks, LLC, and Salmon Internet have installed qualified broadband equipment as a precondition to seeking an investment tax credit.

ORDER

IT IS HEREBY ORDERED that the Applications requesting that the Commission certify that certain telecommunications equipment installed in 2001, 2002 and 2003 by certain Companies is eligible for the broadband infrastructure tax credit authorized by *Idaho Code* § 63-3029 *et seq.* are granted.

IT IS FURTHER ORDERED that Verizon Northwest Inc.'s Application for an Order certifying that it installed qualified broadband equipment during 2001, Case No. VZN-T-04-2, is granted.

IT IS FURTHER ORDERED that Direct Communications Rockland, Inc.'s Application for an Order certifying that it installed qualified broadband equipment during 2003, Case No. DCM-T-04-1, is granted.

IT IS FURTHER ORDERED that Albion Telephone Company's Application for an Order certifying that it installed qualified broadband equipment during 2003, Case No. ALB-T-04-1, is granted.

IT IS FURTHER ORDERED that Syringa Networks LLC's Application for an Order certifying that it has installed qualified broadband equipment during 2003, Case No. SZ9-T-04-1, is granted.

IT IS FURTHER ORDERED that Salmon Internet's Application for an Order certifying that it installed qualified broadband equipment during 2001 and 2002, Case No. GNR-T-04-3, is granted.


IT IS FURTHER ORDERED that a copy of this Order and copies of the Applications 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) in the Case Nos. VZN-T-04-2, DCM-T-04-1, ALB-T-04-1, SZ9-T-04-1 and GNR-T-04-3 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 or in interlocutory Orders previously issued in these cases. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 3rd
day of March 2004.



PAUL KJELLANDER, PRESIDENT

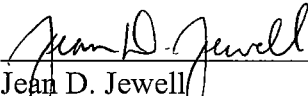


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:VZNT0402_DCMT0401_ALBT0401_SZ9T0401_GNRT0403_jh