

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: JANUARY 24, 2007

RE: FIRST STEP INTERNET BROADBAND TAX CREDIT APPLICATION;
CASE NO. GNR-T-06-5

BACKGROUND

On December 18, 2006, the Commission received an Application from First Step Internet LLC (First Step) asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-30291(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

First Step's Application indicated it provides broadband services using both wired and wireless technologies, using its own facilities, as well as those leased from local telephone companies. First Step has built a point-to-point wireless network to provide broadband services to Idaho customers in the rural communities around Lewiston and Moscow. Customers on the wireless network are provided broadband services at a variety of speeds, from a minimum of 256,000 bits per second (256kbps) to as much as 5 million bits per second 5Mbps. Wired services are provided at speeds from 256kbps download/128kbps upload to as fast as 100Mbps. The Company indicated the equipment identified in its Application is necessary and integral to its broadband network. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified approximately a half million dollars of investment.

STAFF REVIEW

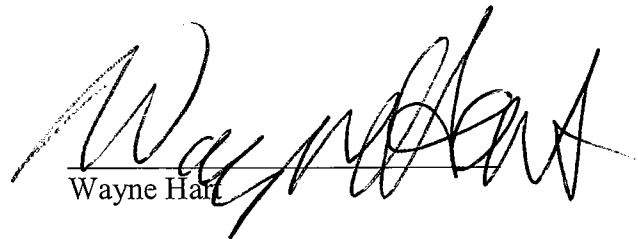
In order to qualify for the credit, the broadband equipment must be capable of transmitting signals at a rate of at least two hundred thousand (200 000) bits per second to a subscriber and at least one hundred twenty-five thousand (125 000) bits per second from a subscriber. *Idaho Code* § 63-3029I(3)(b). 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 RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by First Step and believes that the equipment identified meets this statutory criterion. 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 First Step's Application for an Order confirming that installed equipment qualifies for the tax credit?


Wayne Hart

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