



# **Symmetrical Gigabit Exemption Report**



**Report to the 2018 Oregon Legislature**

**February 1, 2018**

## Executive Summary

Oregon Revised Statutes (ORS) 308.677 to 308.681 contain a property tax exemption for companies subject to central assessment, in specific circumstances, including when a company builds, maintains and operates a qualified project in Oregon. The Legislature requires the Public Utility Commission of Oregon (Commission) to perform analyses of qualified project applications and to provide an annual report of each company whose property is granted a tax exemption under ORS 308.677. This report is intended to provide data on exemptions granted under ORS 308.677 in a given tax year, of which there were none in tax year 2017-2018.

In 2016, the Commission determined three projects are “qualified projects.” The determinations were made following application by Comcast Corporation & Subsidiaries (Comcast), Frontier Communications Northwest, Inc. (Frontier) and Google Fiber Oregon, LLC (Google Fiber). On November 27, 2017, the Commission received a letter from the Oregon Department of Revenue (Revenue) confirming that Revenue granted no exemptions for the 2017-2018 tax year. To date, no exemptions have been granted for any tax year. The Commission understands that the legislative reporting requirements under ORS 308.681 assume that at least one exemption would be granted and therefore require the Commission to report on the amount of an exemption and specific details regarding the underlying qualified project. Each November, the Commission gathers information concerning projects the Commission has determined to be qualified projects. Though it appears a legislative report may not be required, the Commission submits this report to address two issues: 1) Confirm that no exemptions were granted for tax year 2017-2018, and 2) Offer the information the Commission has available on the qualified projects it had approved in 2016 to the extent that may be helpful in the coming year, or in the event an exemption is granted in any subsequent year.

The Commission requires all Companies receiving a qualified project determination to report certain information to the Commission. Each company with a qualified project filed a report in

2017. Only two companies, Comcast and Frontier, those that offered the qualified service during the reporting period of calendar year 2016, were required to submit a detailed report. Information provided by both companies is shown below.

1. Comcast and Frontier each provide Broadband Internet Access, Cable Television, and other Telecommunication Services.
2. Comcast newly constructed or installed \$114,846,634<sup>1</sup> of real or tangible personal property constituting communication infrastructure in 2016. For Frontier, the amount was \$2,609,545.
3. Based upon the submissions, the Commission concludes that these service offerings continue to meet the statutory requirements for a qualified project.<sup>2</sup> Further, at least 75 percent<sup>3</sup> of Comcast's residential service customers in Oregon had access to "at least approximately one gigabit per second symmetrical service." For Frontier, the percentage was at least 51 percent.
4. Each company provides the qualified service using broadband Internet access with speeds of up to two (2) gigabits per second symmetrical by utilizing a fiber optic distribution network. The customer is served over a fiber-to-the-home connection, consisting of a fiber optic connection between the company's fiber distribution network and the customer's residence. Comcast offers this service to customers within all ten counties in its service footprint. Frontier offers this service to customers within three counties in its service footprint. As of June 30, 2017, both companies had customers of the qualified service and one percent or less of residential customers subscribed to the Gigabit Pro service and the same was true for Frontier's Simply FiOS One Gigabit Service.<sup>4</sup>
5. Both companies submitted additional information indicating a zero percent denial of service to households to whom Comcast and Frontier offer qualified service and zero complaints regarding denial of access due to income level.<sup>5</sup>

---

<sup>1</sup> OAR 860-200-0250(2).

<sup>2</sup> OAR 860-200-0250 Sections (3), (5), (8) and (9).

<sup>3</sup> OAR 860-200-0250(5).

<sup>4</sup> OAR 860-200-0250(4)

<sup>5</sup> OAR 860-200-0250 Sections (1), (2), (6), (7), (10-11).