

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 was one in tax year 2018-2019.

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 December 17, 2018, the Commission received a letter from the Oregon Department of Revenue (Revenue) confirming that Revenue granted one exemption for the 2018-2019 tax year, to Frontier. To date, no exemptions have been granted for any previous tax year. Each November, the Commission gathers information concerning projects the Commission has determined to be qualified projects.

The Commission requires all Companies receiving a qualified project determination to report certain information to the Commission. Each company that received a qualified project determination filed a report in 2018. Only one company, Frontier, reported that it offered the qualified service during the reporting period of calendar year 2017, and was required to submit a detailed report. Based on the information reported by Revenue and by Frontier, the Commission provides the following information:

1. Frontier, at all relevant times, provided Broadband Internet Access, Cable Television, and other Telecommunication Services.
2. Frontier newly constructed or installed \$1,157,100¹ of real or tangible personal property constituting communication infrastructure in 2017. Based upon the submission, the

¹ OAR 860-200-0250(2).

Commission concludes that Frontier’s service offerings continue to meet the statutory requirements service capacity and offering service to residential customers.² Further, at least 51 percent³ of Frontier’s residential service customers in Oregon had access to “at least approximately one gigabit per second symmetrical service.”

3. Frontier provides the qualified service using broadband Internet access with speeds of up to one (1) gigabit 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. Frontier offers this service to customers within four counties in its service footprint; Clackamas, Multnomah, Washington and Yamhill. As of June 30, 2018, Frontier provided the qualified service to at least one customer but not more than one percent or less of residential customers subscribed to Frontier’s Simply FIOS One Gigabit Service.⁴

4. Revenue reported on December 17, 2018 that Frontier received a tax exemption under ORS 308.677 for the 2018-2019, property tax year. The compiled information required to be reported under ORS 308.681(2)(b)(D) is:

2018-2019 Amount of exemption granted to the property:	\$158,819,568.00
2018-2019 Amount of property tax imposed:	\$4,030,687.70
2018-2019 Amount of property tax not imposed:	\$2,571,323.95
2019-2020 Amount of estimated ⁵ property tax to be imposed:	\$4,111,301.46
2019-2020 Amount of estimated ⁵ property tax not imposed:	\$2,622,750.43

5. Frontier submitted additional information indicating, for calendar year 2017, a zero percent denial of service to households to whom Frontier offer qualified service and zero complaints regarding denial of access due to income level.⁶

² ORS 308.681(2)(b)(B); OAR 860-200-0250 (3), (5), (8) and (9).

³ ORS 308.681(2)(b)(B); OAR 860-200-0250(5).

⁴ ORS 308.681(2)(b)(C); OAR 860-200-0250(4)

⁵ Estimates based on two percent increase from previous year.

⁶ ORS 308.681(2)(c); OAR 860-200-0250(1),(2),(6),(7),(10-11)