

## DECISION MEMORANDUM

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN

**DATE:** MAY 22, 2009

**RE:** ALBION TELEPHONE COMPANY'S 2008 BROADBAND EQUIPMENT  
TAX CREDIT APPLICATION; CASE NO. ALB-T-09-01.

### BACKGROUND

In 2001, House Bill 377 was enacted authorizing income tax credit for the installation of qualifying broadband infrastructure in Idaho. *Idaho Code* § 63-3029B(3)(a)(ii). In particular, Section 63-3029I allows a taxpayer to receive an investment tax credit for eligible broadband equipment installed during a calendar year.

“Qualified broadband equipment” is defined as those network facilities capable of transmitting signals at a rate of at least 200,000 bits per seconds (bps) to a subscriber and at least 125,000 bps from a subscriber. *Idaho Code* § 63-3029I(3)(b). To be eligible for the broadband equipment tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for capital investment credit. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4).

### THE APPLICATION

On May 4, 2009, the Commission received an Application from Albion Telephone Company dba ATC Communications (ATC) seeking approval of equipment for the broadband tax credit. ATC's Application lists the broadband investments made during calendar year 2008 in the Idaho counties of Butte, Cassia, Custer, and Oneida. ATC indicated that during 2008, the Company added 38 miles of copper and 42 miles of fiber cable; installed Fujitsu fiber terminals for backhaul and several brands of Digital Loop Carriers. ATC stated it provides ADSL, IDSL,

HDSL, and SDSL services to its customers at network transmission rates of 256 Kbps to 6 Mbps. ATC reported that it added the capacity to provide broadband service to 173 new customers in 2008, bringing the total number to 1,665 customers. The ATC 2008 broadband investment is approximately \$2,200,000.

#### **STAFF REVIEW AND RECOMMENDATION**

Staff has reviewed the list of proposed broadband equipment submitted by ATC and believes that it qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Further, Staff believes that the expenditures indentified by ATC, a telecommunications provider, were for equipment that is “necessary for the provision of broadband services and an integral part of a broadband network.” Staff, therefore, recommends acceptance 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**

Does the Commission wish to accept ATC’s Application for the broadband equipment tax credit?

  
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Grace Seaman

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