

## DECISION MEMORANDUM

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

**FROM:** GRACE SEAMAN

**DATE:** APRIL 28, 2010

**RE:** ALBION TELEPHONE COMPANY'S 2009 BROADBAND EQUIPMENT  
TAX CREDIT APPLICATION; CASE NO. ALB-T-10-01.

### 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). If the equipment is installed by a telecommunications carrier, it must also be “necessary to the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4). Once the Commission has determined the installed equipment is eligible for the broadband equipment tax credit, an order along with the original Application is forwarded to the Idaho Tax Commission.

### THE APPLICATION

On March 3, 2010, the Commission received an Application from Albion Telephone Company dba ATC Communications (ATC) seeking approval of equipment for the broadband


tax credit. In the Application, ATC lists the broadband investments made during calendar year 2009 in the Idaho counties of Butte, Cassia, Custer, and Oneida. ATC indicates that during 2009, the Company added 19 miles of copper and 21 miles of fiber cable; installed Fujitsu fiber terminals for backhaul and several brands of Digital Loop Carriers including AFC, Telstrat, SRS, Adtran, and Calix. ATC states it provides various subscriber line services (ADSL, IDSL, HDSL, and SDSL) to its customers at network transmission rates of 256 Kbps to 6 Mbps. ATC reports that it added the capacity to provide broadband service to 162 new customers in 2009. The ATC 2009 broadband investment is approximately \$820,000.

### **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 identified 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 issue an order confirming the equipment identified in Case No. ALB-T-10-01 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b)(i), and forward it to the Idaho Tax Commission?



Grace Seaman  
Grace Seaman

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