

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: JULY 3, 2007

RE: CAMBRIDGE TELEPHONE'S BROADBAND TAX CREDIT
APPLICATION; CASE NO. CAM-T-07-1.

BACKGROUND

On June 28, 2007, the Commission received an Application from Cambridge Telephone Company (Cambridge) asking for approval of a broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain an Order from the Commission confirming that installed equipment qualifies for the tax credit.

STAFF ANALYSIS

Cambridge's Application indicated it had installed central office equipment and fiber cables to provide DSL, T1, DS3 and Frame Relay services to Idaho customers. Cambridge's Application indicated its service provides speeds of between 256K and 5M bits per second to customers. The Company indicated the equipment 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 just over one million dollars of investment in 2006.

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 has reviewed the list of installed broadband equipment submitted by Cambridge and believes that the equipment identified meets the 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 Cambridge's Application for the broadband investment tax credit?



Wayne Hart

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