

DECISION MEMORANDUM

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

FROM: DOUG COOLEY

DATE: OCTOBER 13, 2004

RE: BROADBAND TAX CREDIT APPLICATIONS; CASE NOS. COL-T-04-3
AND SIL-T-04-1.

BACKGROUND

In September 2004 the Commission received Applications from Silver Star Telephone Company, Inc. and Columbine Telephone Company dba Teton Telecom asking for approval of equipment for the 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 from the Commission an Order confirming that installed equipment qualifies for the tax credit.

STAFF ANALYSIS

Columbine Telephone Company. Columbine indicates that, during 2003, it installed DSL-capable line cards, concentrators, and supporting equipment in providing ADSL and HDSL broadband services to customers in Teton County. The Application states that transmission rates are from 128 kbps to 1.5 Mbps. Columbine also installed over 17 miles of fiber optic cable in 2003. Columbine capitalized the labor and overhead costs associated with the installation of this equipment. The Company states nearly \$630,000 of broadband investment for 2003.

Silver Star Telephone Company, Inc. Silver Star states that, during 2003, it installed additional DSL line cards and over 6 miles of fiber optic cable to provide Asynchronous Digital Subscriber Line (ADSL) to customers in Bonneville County at speeds from 128 kbps from subscribers to 1.5 Mbps from subscribers. Silver Star capitalized the labor and overhead costs

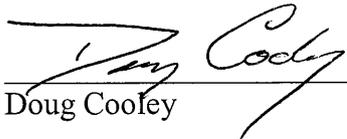
associated with the installation of this equipment. The Company's broadband investment for 2003 was approximately \$94,000.

STAFF REVIEW

Staff has reviewed the lists of proposed broadband equipment submitted by the companies and believes that the equipment identified qualifies for the investment tax credit pursuant to *Idaho Code* § 63-3029I. Staff recommends approval of the Applications and further recommends that the Commission forward the approving Orders along with a copy of the original Applications to the Idaho Tax Commission.

COMMISSION DECISION

Should the Commission approve the Applications for the broadband investment tax credits?



Doug Cooley

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