

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF ALBION TELEPHONE COMPANY) CASE NO. ALB-T-02-1
CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF CAMBRIDGE TELEPHONE COMPANY,) CASE NO. CAM-T-02-1
INC. CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF COLUMBINE TELEPHONE COMPANY) CASE NO. COL-T-02-1
CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF CITIZENS TELECOMMUNICATIONS) CASE NO. CTZ-T-02-1
COMPANY OF IDAHO CONCERNING)
INVESTMENT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)
TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF CUSTER TELEPHONE COOPERATIVE,) CASE NO. CUS-T-02-1
INC. CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF DIRECT COMMUNICATIONS) CASE NO. DCM-T-02-1
ROCKLAND, INC. CONCERNING)
INVESTMENT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)
TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF FILER MUTUAL TELEPHONE) CASE NO. FIL-T-02-1
COMPANY CONCERNING INVESTMENT)
FOR INSTALLING QUALIFIED)
BROADBAND EQUIPMENT TAX CREDIT) ORDER NO. 29062**

**IN THE MATTER OF THE APPLICATION)
OF MIDVALE TELEPHONE EXCHANGE,) CASE NO. MID-T-02-1
INC. CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF PROJECT MUTUAL TELEPHONE) CASE NO. PRJ-T-02-1
ASSOCIATION CONCERNING)
INVESTMENT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)
TAX CREDIT)**

**IN THE MATTER OF THE APPLICATION)
OF SILVER STAR TELEPHONE COMPANY,) CASE NO. SIL-T-02-1
INC. CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT)**

On March 5, 2002, Custer Telephone Cooperative, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I.

On March 8, 2002, Citizens Telecommunications Company of Idaho and Project Mutual Telephone Association filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I.

On March 13, 2002, Albion Telephone Company, Filer Mutual Telephone Company, and Midvale Telephone Exchange, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I.

On March 20, 2002, Direct Communications Rockland, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I.

On March 28, 2002, Cambridge Telephone Company, Inc., Columbine Telephone Company, and Silver Star Telephone Company, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I.

Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing eligible equipment, which must be part of network facilities that are capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least

125,000 bps from a subscriber. In the case of a telecommunications carrier, the qualified broadband equipment also must “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). A taxpayer may receive the credit only after obtaining from the Commission an Order confirming that the installed equipment qualifies under the statute. To facilitate its review under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001, identifying the information that applicants must provide to the Commission to determine whether the installed equipment qualifies for the tax credit.

Albion’s Application states that during calendar year 2001 it installed a Digital Loop Carrier (DLC) system with supporting line cards, ports, transceivers and a fiber terminal. Albion also installed a Digital Subscriber Line Access Multiplexer (DLSAM), routers that also include Asynchronous Transfer Mode (ATM) functions, and supporting software in providing xDSL broadband services to customers in Custer, Butte and Oneida Counties. Albion capitalized the labor and overhead costs associated with the installation of this equipment.

Cambridge’s Application states that during calendar year 2001 it installed fiber optic cable and a DSLAM in providing Asymmetric Digital Subscriber Line (ADSL) broadband service to customers in Adams and Washington Counties. Cambridge also capitalized the labor and overhead costs associated with the installation of this equipment.

Columbine’s Application indicates that it installed fiber optic and copper distribution cable, Digital Subscriber Line (DSL)-capable line cards and supporting equipment in providing ADSL and High Bit Rate Digital Subscriber Line (HDSL) broadband services to customers in Teton County. Columbine also included in its Application the labor and overhead costs associated with the installation of the equipment.

Citizens’ Application indicates that it installed an ATM switch, a router, a broadband access service, a DSL local exchange terminal, line cards with supporting ports and cables, and supporting authentication and testing software in providing ADSL broadband service to customers in McCall, New Meadows and Cascade, Idaho. Citizens also included in its Application the labor and overhead costs associated with the installation of the equipment.

Custer’s Application states that it installed an ATM switch, a router, a DSLAM and DLC systems with supporting line cards and software, 14 miles of fiber optic cable and 15 miles of copper distribution cable in providing ADSL and HDSL to customers in Challis and Clayton,

Idaho. Custer also included in its Application costs incurred in installing the equipment, including engineering, power supply, and cabinet or vaults for field placement of the electronics.

Direct Communications' Application indicates that it installed fiber optic cable, an ATM switch, a router, a DSLAM, and line cards with supporting ports and cables in providing ADSL broadband service to customers in Bannock, Power, and Caribou Counties. Direct also capitalized the labor and overhead costs associated with the installation of the equipment.

Filer's Application states that it installed an ATM-based access platform and several DSLAM's in providing ADSL broadband service to customers in Twin Falls County. Filer included in its Application the capitalized costs associated with the installation of the equipment.

Midvale's Application states that it installed ATM-supported DLCs, a router, fiber optic transceivers, and supporting ports and cables for providing ADSL broadband service to customers in Midvale and Stanley, Idaho. Midvale also included in its Application the labor and overhead costs associated with the installation of the equipment.

Project Mutual's Application indicates that it installed fiber optic cable, fiber optic transceivers, a router, DSLAM's, and line cards with supporting ports and cables in providing ADSL and HDSL broadband service to customers in Minidoka and Cassia Counties. Project Mutual also capitalized the labor and overhead costs associated with the installation of the equipment.

Silver Star's Application states that it installed over 230 miles of fiber optic cable and DLC equipment that facilitates the provision of ADSL and Synchronous Digital Subscriber Line (SDSL) service to customers in Caribou, Bonneville, Bingham, and Bannock Counties. Silver Star also states that it capitalized the labor and overhead costs associated with the installation of this equipment.

Staff reviewed the Applications filed by Albion Telephone, Cambridge Telephone, Columbine Telephone, Citizens Telecommunications, Custer Telephone, Direct Communications, Filer Mutual, Midvale Telephone, Project Mutual and Silver Star Telephone to confirm that the equipment is "necessary to the provision of broadband services and an integral part of a broadband network." Staff stated the equipment installed qualifies for the tax credit, and Staff thus recommended the Commission approve the Applications filed by Albion Telephone, Cambridge Telephone, Columbine Telephone, Citizens Telecommunications, Custer

Telephone, Direct Communications, Filer Mutual, Midvale Telephone, Project Mutual and Silver Star Telephone for a tax credit.

Having reviewed the Applications filed by Albion Telephone, Cambridge Telephone, Columbine Telephone, Citizens Telecommunications, Custer Telephone, Direct Communications, Filer Mutual, Midvale Telephone, Project Mutual and Silver Star Telephone and Staff's recommendation, the Commission finds that the Companies' Applications for a qualifying broadband equipment Order should be granted. The Companies have adequately demonstrated that they installed the equipment identified in their Applications during 2001 to conform with the requirements set forth in *Idaho Code* § 63-3029I. The Commission further finds that as configured the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. It is therefore appropriate for the Commission to issue this Order confirming that Albion Telephone, Cambridge Telephone, Columbine Telephone, Citizens Telecommunications, Custer Telephone, Direct Communications, Filer Mutual, Midvale Telephone, Project Mutual and Silver Star Telephone have installed qualified broadband equipment as a precondition to seeking an investment tax credit.

ORDER

IT IS HEREBY ORDERED that Albion Telephone Company's Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Albion Telephone Company to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Cambridge Telephone Company, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Cambridge Telephone Company, Inc. to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Columbine Telephone Company's Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Columbine Telephone Company to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Citizens Telecommunications Company of Idaho's Application for an Order certifying that it has installed qualified broadband equipment is granted.

The Commission will forward this Order along with the Application filed by Citizens Telecommunications Company of Idaho to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Custer Telephone Cooperative, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Custer Telephone Cooperative, Inc. to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Direct Communications Rockland, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Direct Communications Rockland, Inc. to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Filer Mutual Telephone Company's Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Filer Mutual Telephone Company to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Midvale Telephone Exchange, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Midvale Telephone Exchange, Inc. to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Project Mutual Telephone Association's Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Project Mutual Telephone Association to the Idaho Tax Commission.

IT IS HEREBY ORDERED that Silver Star Telephone Company, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by Silver Star Telephone Company, Inc. to the Idaho Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of June 2002.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

bls/O:ALBT0201_CAMT0201_COLT0201_ws