

## DECISION MEMORANDUM

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

**FROM:** DOUG COOLEY

**DATE:** NOVEMBER 7, 2003

**RE:** FILER MUTUAL TELEPHONE COMPANY'S APPLICATION FOR  
BROADBAND EQUIPMENT TAX CREDIT; CASE NO. FIL-T-03-1.

### BACKGROUND

On November 4, 2003, the Commission received an Application from Filer Mutual Telephone Company to receive an investment tax credit for eligible broadband equipment 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.

### DISCUSSION

Filer stated that, during calendar year 2002, it installed various components as part of its wireline broadband network for the provision of high-speed Internet access to customers in its Idaho service area. The Company indicated that it offers high-speed access to customers at transmission rates up to 1.54 megabits per second (Mbps). The Application indicates that Filer offers Asynchronous Digital Subscriber Line (ADSL) to approximately 190 customers using primarily AFC and Nortel brand equipment.

Filer represents that it installed an AFC brand integrated multiservice access platform in August 2001, Nortel modems in September 2000, and a Nortel Digital Subscriber Line Access Multiplexer (DSLAM) in November 2001 all within the Twin Falls area. Filer also capitalized the labor and overhead costs associated with the installation of this equipment.

## **STAFF REVIEW**

Staff has reviewed the list of proposed broadband equipment submitted by Filer and believes the equipment is “necessary to the provision of broadband services and an integral part of a broadband network” according to *Idaho Code* § 63-3029I(3)(b)(i). Staff has had discussions with Filer to clarify the nature of various pieces of equipment and has also been assured that the installation labor, overhead, and supporting equipment is directly related to offering broadband in Idaho.

## **STAFF RECOMMENDATION**

Staff recommends approval of the Application from Filer Mutual Telephone Company and further recommends that the Commission forward the approving Order and copies of the Applications to the Idaho Tax Commission.

## **COMMISSION DECISION**

Does the Commission wish to confirm that the equipment in the Application qualifies as broadband equipment and forward the Application to the Tax Commission?

  
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Doug Cooley

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