

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: MAY 13, 2005

RE: IDACOMM, INC. BROADBAND TAX CREDIT APPLICATION;
CASE NO. IZ2-T-05-1.

BACKGROUND

On May 10, 2005, the Commission received an Application from IDACOMM, Inc. (IDACOMM) asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-30291(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

IDACOMM's Application indicated it had installed (1) main office and remote terminal equipment and (2) fiber and copper cables to provide broadband services to Treasure Valley Idaho customers. IDACOMM's Application indicated it provides broadband services over fiber optic SONET rings and TDM and Gigabit Ethernet facilities at speeds of 1,544 000 bits per second or higher. The Company indicated the equipment identified in its Application 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 nearly two million dollars of investment in 2004.

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.

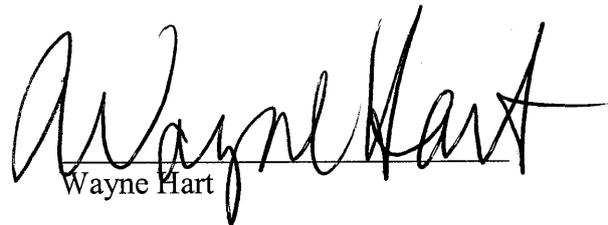
Idaho Code § 63-3029I(3)(b). In addition, for a telecommunications carrier, such equipment must be "necessary to the provision of broadband service and an integral part of a broadband network"
Idaho Code § 63-3029I(3)(b)(i).

ST AFF RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by IDACOMM and believes that the equipment identified meets this 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 IDACOMM's Application for an Order confirming that installed equipment qualifies for the tax credit?


Wayne Hart

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