

DECISION MEMORANDUM

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

FROM: DOUG COOLEY

DATE: AUGUST 25, 2004

RE: APPLICATION FOR BROADBAND EQUIPMENT TAX CREDIT
CASE NO. PRJ-T-04-01.

BACKGROUND

On August 9, 2004, the Commission received an Application from Project Mutual Telephone Cooperative Association, Inc. 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

Project Mutual stated that, during calendar year 2003, it installed various components as part of its wireline and wireless broadband network for the provision of high-speed Internet access to customers in Cassia, Twin Falls and Minidoka counties. The Company also indicated that high-speed access to customers began in 2001 at transmission rates from 256 kilobits per second (kbps) up to 1.54 megabits per second (Mbps).

In 2003, Project Mutual indicates that it installed fiber optic transceivers and Digital Subscriber Line (DSL) modems with supporting line cards, ports and cables. Project Mutual also installed a wireless antenna and coarse wave division multiplexing (CWDM) equipment in providing ADSL and HDSL broadband service to customers in Minidoka, Twin Falls and Cassia counties. Project Mutual also capitalized the labor and overhead costs associated with the

installation of this equipment. The Company has asked for just over \$22,000 of broadband tax credits in this Application.

STAFF REVIEW

Staff has reviewed the list of proposed broadband equipment submitted by the companies 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 RECOMMENDATION

Staff recommends approval of the Application from Project Mutual 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 Applications to the Tax Commission?



Doug Cooley

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