

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
RURAL TELEPHONE COMPANY, INC. FOR) CASE NO. RUR-T-05-1
AN INVESTMENT TAX CREDIT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT) ORDER NO. 29897
_____)**

On October 4, 2005, Rural Telephone Company, Inc. (“Rural Telephone” or “Company”) filed an Application requesting that the Commission find the Company eligible to receive an Idaho Investment Tax Credit. Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing “qualified broadband equipment” in Idaho. To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the definition of qualified broadband equipment set out at *Idaho Code* § 63-3029I(3)(b). Briefly, qualified broadband equipment must be 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 must also “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). In this Order, we find that Rural Telephone has installed qualified broadband equipment.

THE APPLICATION

Rural Telephone’s Application indicates that during 2002, 2003, and 2004 it installed central office equipment, remote terminal equipment and fiber optic cables to provide Asymmetric Digital Subscriber Line (ADSL) and ADSL2+ broadband services to Idaho customers. The Company states that transmission rates are from 1 megabits per second (Mbps) to 8.0 Mbps. The Application included a signed affidavit indicating the submitted investments qualify for the broadband tax credit. The Company capitalized the labor and overhead costs associated with the installation of this equipment, and indicates nearly \$2,460,600 of broadband investment for 2002, nearly \$606,400 for 2003, and nearly \$1,048,400 for 2004.

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. This Order identifies information that must be

included in an Application for a broadband tax credit. Once the information has been filed, then the Commission Staff reviews the Application and submits a recommendation to the Commission. Staff reviewed the list of broadband equipment submitted by Rural Telephone. Staff believes that the equipment is “necessary for the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). Consequently, Staff recommended that the Commission issue an Order approving Rural Telephone’s Application. Staff further recommended that the Commission forward the approving Order, along with a copy of the original Application, to the Idaho Tax Commission.

FINDINGS

Having reviewed Rural Telephone’s Application and Staff’s recommendation, we find that the Application for a qualifying broadband equipment Order should be granted. The Company has demonstrated that the installed broadband equipment identified in its Application conforms with the qualifying requirements of *Idaho Code* § 63-3029I(b). We further find that, as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. *Idaho Code* § 63-3029I(3)(b)(i). It is therefore appropriate for the Commission to issue this Order confirming that Rural Telephone has installed qualified broadband equipment as a precondition to seeking an Idaho broadband tax credit. The Commission makes no findings regarding the costs of the installed broadband equipment.

ORDER

IT IS HEREBY ORDERED that Rural Telephone Company, Inc.’s Application for an Order certifying that it has installed qualifying broadband equipment is approved.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served upon the Idaho State Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by 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 19th
day of October 2005.



PAUL KJELLANDER, PRESIDENT

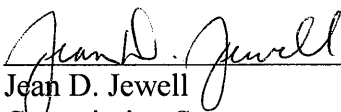


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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