

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: OCTOBER 14, 2005

RE: RURAL TELEPHONE BROADBAND TAX CREDIT APPLICATION;
CASE NO. RUR-T-05-1.

BACKGROUND

On October 6, 2005, the Commission received an Application from Rural Telephone Company, Inc. (Rural) asking for approval of equipment for the broadband tax credit 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.

STAFF ANALYSIS

Rural's Application identifies the Company's broadband investments for the years 2002, 2003 and 2004. The Application indicated Rural had installed central office equipment, remote terminal equipment and fiber optic cables to provide ADSL and ADSL+2 broadband services to Idaho customers. The Application included a signed affidavit indicating the submitted investments qualified for the broadband tax credit. The Application identified a combined investment over the three years of over four million dollars.

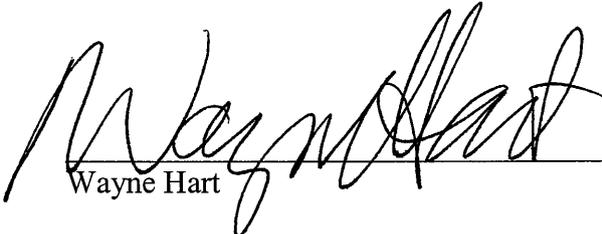
STAFF REVIEW

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). Staff has reviewed the list of proposed broadband equipment submitted by Rural 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 Rural’s Application for an Order confirming that the installed equipment qualifies for the broadband investment tax credit?



Wayne Hart

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