

## DECISION MEMORANDUM

**TO:** COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSIONER KEMPTON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN

**DATE:** FEBRUARY 5, 2008

**RE:** RURAL TELEPHONE COMPANY BROADBAND TAX CREDIT FOR  
2005-2008; CASE NO. RUR-T-09-01.

### BACKGROUND

In 2001, House Bill 377 was enacted authorizing income tax credit for the installation of qualifying broadband infrastructure in Idaho. *Idaho Code* § 63-3029B(3)(a)(ii). In particular, Section 63-3029I allows a taxpayer to receive an investment tax credit for eligible broadband equipment installed during a calendar year.

“Qualified broadband equipment” is defined as those network facilities capable of transmitting signals at a rate of at least 200,000 bits per seconds (bps) to a subscriber and at least 125,000 bps from a subscriber. *Idaho Code* § 63-3029I(3)(b). To be eligible for the broadband equipment tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for capital investment credit. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4).

### THE APPLICATION

On January 27, 2009, the Commission received an Application from Rural Telephone Company (Rural), seeking approval of equipment for the broadband tax credit. Rural’s Application lists the broadband investments made during a three-year period beginning on January 2005 through December 2007. Rural states that its broadband network includes a collaboration of Rural Telephone Company and Syringa Network, LLC fiber serving several locations throughout Elmore County. Rural offers services to customers at transmission rates of

1.544 Mbps and higher. The Company states that the equipment was installed in Idaho for its Idaho subscribers and that it invested approximately \$1.1 million dollars in qualifying broadband equipment during the calendar years of 2005, 2006 and 2007.

#### **STAFF REVIEW AND RECOMMENDATION**

Staff has reviewed the list of proposed broadband equipment submitted by Rural and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Staff also believes that the expenditures identified by Rural, a telecommunications provider, were for equipment that is “necessary for the provision of broadband services and an integral part of a broadband network.” Staff, therefore, recommends acceptance of Rural’s 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 accept Rural Telephone Company’s Application for the broadband investment tax credit?

  
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Grace Seaman

GS:umemos/RuralTelCo05-08