

## DECISION MEMORANDUM

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

**FROM:** WAYNE HART

**DATE:** AUGUST 18, 2005

**RE:** SILVER STAR TELEPHONE CO. BROADBAND TAX CREDIT  
APPLICATION; CASE NO. SIL-T-05-1.

### BACKGROUND

On June 27, 2005, the Commission received an Application from Silver Star Telephone Co. Inc. (Silver Star) asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). A revised application was submitted on August 17, 2005. 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

Silver Star's Application indicated it had installed central office equipment and fiber optic cables to provide DSL and T1 services to Idaho customers. The Company asserts that its service provides speeds of between 128K and 1.5M bits per second for uploads from customers, and 256K and 1.5M bits per second for downloads to customers. The Company further states that the equipment is necessary and integral to its broadband network and that 100% of the investment will be used to provide service to Idaho customers. The Application identified over one hundred thousand 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). Staff has reviewed the list of proposed broadband equipment submitted by Teton 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 Application to the Idaho Tax Commission.

### COMMISSION DECISION

Should the Commission approve Silver Star’s Application for the broadband investment tax credit?



Wayne Hart

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