

DECISION MEMORANDUM

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

FROM: WAYNE HART

DATE: MAY 5, 2005

RE: ALBION TELEPHONE COMPANY BROADBAND TAX CREDIT
APPLICATION; CASE NO. ALB-T-05-1.

BACKGROUND

On April 11, 2005, the Commission received an Application from Albion Telephone Company (Albion) 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

Albion's Application indicated it had installed (1) central office and remote terminal equipment and (2) fiber and copper cables to provide broadband services to Idaho customers. Albion's application indicated it provides Asynchronous Digital Subscriber Line (ADSL), Integrated Digital Services Subscriber Line (IDSL), High Bit Rate Digital Subscriber Line (HDSL) and Symmetric Digital Subscriber Line (SDSL) services to its customers at speeds of 256,000 bits per second to 1,540,000 bits per second. The Company indicated the equipment is necessary and integral to its broadband network. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified over two million dollars of investment in 2004.

STAFF REVIEW

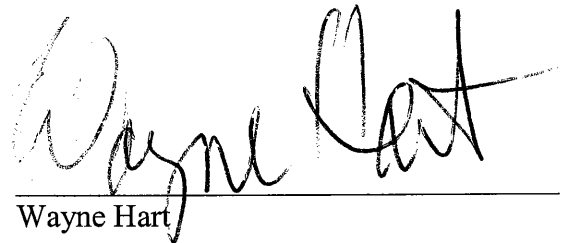
In order to qualify for the credit, the broadband equipment must be capable of transmitting signals at a rate of at least two hundred thousand (200,000) bits per second to a subscriber and at least one hundred twenty-five thousand (125,000) bits per second from a subscriber. *Idaho Code* § 63-3029I(3)(b). 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 RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Albion 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 Albion’s Application for the broadband investment tax credit?



Wayne Hart

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