

DECISION MEMORANDUM

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

FROM: GRACE SEAMAN

DATE: MAY 8, 2008

RE: ALBION TELEPHONE COMPANY, DBA ATC
COMMUNICATIONS 2007 BROADBAND EQUIPMENT TAX
CREDIT; CASE NO. ALB-T-08-01.

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).

DISCUSSION

On March 21, 2008, the Commission received an Application from Albion Telephone Company, dba ATC Communications (ATC), seeking approval of equipment for the broadband tax credit. ATC’s Application lists the broadband investments made during calendar year 2007 in the Idaho counties of Ada, Bingham, Butte, Cassia, Custer, Jefferson, and Oneida. ATC indicated that during 2007, the Company added 31 miles of copper and 4 miles of fiber cable; installed Tekelec soft switch equipment enabling ATC

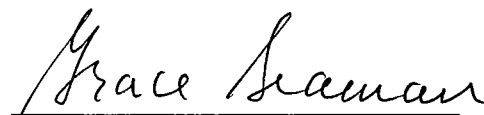
to offer the next generation of switching; and, continued to deploy a High Speed Wireless System in a neighboring exchange. ATC stated it provides ADSL, IDSL, HDSL, and SDSL services to its customers at network transmission rates of 256,000 bps to 3,000,000 bps. ATC reported that it added the capacity to provide broadband service to 567 new customers in 2007, bringing the total number to 1,492 customers. The ATC 2007 broadband investment is approximately \$2,700,000.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by ATC and believes that it qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Further, Staff believes that the expenditures identified by ATC, 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 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

Does the Commission wish to accept ATC’s Application for the broadband investment tax credit?


Grace Seaman

GS:udmemos/ATC 207 BTC