

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER CHATBURN
COMMISSIONER HAMMOND
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: JOHAN E. KALALA-KASANDA
RILEY NEWTON

DATE: FEBRUARY 17, 2022

RE: THE 2021 BROADBAND EQUIPMENT TAX CREDIT APPLICATION
FOR ALBION TELEPHONE COMPANY, CASE NO. ALB-T-22-01.

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* § 63-329I(3)(b). If the equipment is installed by a telecommunications carrier, it must also be “necessary to the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Commission Order No. 35297 and *Idaho Code* § 63-3029I(4). Once the Commission has determined the installed equipment is eligible for the broadband equipment tax credit, an order along with the original Application is forwarded to the Idaho Tax Commission.

THE APPLICATION

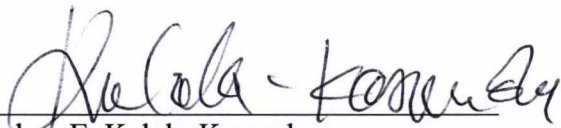
On January 20, 2022, the Commission received an Application from Albion Telephone Company. (“Albion” or “Company”), seeking approval of the equipment for the broadband tax credit installed during calendar year 2021. In the Application and in the follow up inquiries from Staff, Albion discloses that its broadband network has data transmission rates at a minimum rate of 6 Mbps for few customers who are on old, grandfathered plan. However, the Company is planning on doing away with that speed, in the next couple of months, and upgrade customers to the minimum rate of 25 Mbps for both upstream and downstream transmissions with transmission speeds up to 1 Gbps. This rate is above the statutory speed requirements pursuant to *Idaho Code* § 63-3029I. The Company asserts that 99% of its Idaho subscribers have access to the broadband network. Albion invested approximately \$1,864,460 in 2021 in qualifying broadband equipment that it confirms is integral to the broadband network.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed and audited the list of proposed broadband equipment and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 35297 and *Idaho Code* § 63-3029I(3)(b). Staff, therefore, recommends that the Commission issue an Order confirming the equipment is qualified broadband equipment and forward the approving Order along with a copy of the original Application to the Idaho Tax Commission.

COMMISSION DECISION

Does the Commission wish to issue an Order confirming the equipment identified in Case No. ALB-T-22-01 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b) and forward it to the Idaho Tax Commission?


Johan E. Kalala-Kasanda