

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER HAMMOND
COMMISSIONER LODGE
COMMISSION SECRETARY
LEGAL

FROM: JOHAN E. KALALA-KASANDA
MICHAEL DUVAL

DATE: MARCH 19, 2024

RE: IN THE MATTER OF ALBION TELEPHONE COMPANY'S
APPLICATION FOR THE 2023 BROADBAND EQUIPMENT TAX
CREDIT; CASE NO. ALB-T-24-01.

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). *Idaho Code* § 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 equipment “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). 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 25, 2024, the Commission received an Application from Albion Telephone Company (“Albion” or “Company”), seeking approval of the equipment for the broadband tax credit installed during the calendar year 2023.

In the Application, the Company represented that the broadband services it offers to its customers are associated with Digital Subscriber Line (“DSL”), wireless, and fiber-to-the-home (“FTTH”) technologies. This is carried out using Fujitsu, Adva, and Brocade as the Company’s backbone network and several brands of digital Loop carriers, including Adtran and Calix. The Company asserted that in 2023, as part of upgrading its network infrastructure, it added 1.38 miles of copper and duct and 158.74 miles of fiber cable and duct.

The Company confirmed that it offers broadband services to its customers at transmission rates of the minimum rate of 25 Mbps for both upstream and downstream transmissions with transmission speeds up to 1 Gbps. During 2023, it added 110 new internet customers, which brings the total number of its customer base to 3,840, and 99% of its Idaho subscribers have access to its broadband network.

Finally, the Company stated that it invested \$3,064,718.54 in 2023 in qualifying broadband equipment that it confirmed is integral to its broadband network. This qualifies for a 3% broadband tax credit of \$91,941.56.

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 Commission 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 broadband equipment identified in Case No. ALB-T-24-01 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

I:\Utility\UDMEMOS\ALB-T-24-01_jk.docx