

## DECISION MEMORANDUM

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

**FROM: GRACE SEAMAN**

**DATE: AUGUST 21, 2009**

**RE: CENTURYTEL OF IDAHO'S 2008 BROADBAND EQUIPMENT TAX  
CREDIT APPLICATION; CASE NO. CEN-T-09-01.**

### 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).

### THE APPLICATION

On July 23, 2009, the Commission received an Application from CenturyTel of Idaho, Inc. (CenturyTel) seeking approval of equipment for the broadband tax credit. The Application identifies the broadband investments made by CenturyTel during 2008. CenturyTel states it installed equipment that provides Asymmetric Digital Subscriber Line (ADSL) service with transmission rates of 1 Mbps to a subscriber and 128 Kbps from a subscriber. The qualifying equipment was installed in Leadore, Salmon, and North Fork exchanges. CenturyTel asserts

that 3,444 or 66% of its Idaho customers have access to broadband services. The Company identifies approximately \$225,000 in qualifying broadband equipment for 2008.

#### **STAFF REVIEW AND RECOMMENDATION**

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

  
Grace Seaman

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