

## DECISION MEMORANDUM

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

**FROM:** GRACE SEAMAN

**DATE:** APRIL 16, 2009

**RE:** CITIZEN'S 2008 BROADBAND EQUIPMENT TAX CREDIT  
APPLICATION; CASE NO. CTC-T-09-1.

### 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 March 31, 2009, the Commission received an Application from Citizen's Telecommunications of Idaho dba Frontier Communications of Idaho (Citizens), seeking approval of equipment for the broadband tax credit for calendar year 2008. In this filing, Citizens states that it installed various components as part of its Asymmetrical Digital Subscriber Line (ASDL) broadband network for the provision of high-speed Internet access to customers in Horseshoe Bend, McCall, Homedale, Aberdeen, Wilder, Garden Valley, Cascade, Riggins, and

Sweet. Citizens indicates in its Application that it offers network transmission rates of up to 512 Kbps to a subscriber and 3 Mbps from a subscriber. The Company states that broadband service is now available to approximately 18,750 customers or over 87% of the total customer base. Approximately \$893,600 of broadband equipment was installed during calendar year 2008.

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

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

#### **COMMISSION DECISION**

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

  
Grace Seaman

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