

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF) CITIZENS TELECOMMUNICATIONS) COMPANY OF IDAHO DBA FRONTIER) COMMUNICATIONS OF IDAHO SEEKING A) BROADBAND EQUIPMENT TAX CREDIT FOR) <u>2014.</u>)	CASE NO. CTC-T-15-02 ORDER NO. 33449
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On December 21, 2015, Citizens Telecommunications Company of Idaho dba Frontier Communications of Idaho (“Frontier”) applied to the Commission for an Order confirming that equipment Frontier installed in 2014 is “qualified broadband equipment” under *Idaho Code* § 63-3029I (Income tax credit for investment in broadband equipment).

THE APPLICATION

Frontier states in the Application that it installed equipment associated with Asymmetric Digital Subscriber Line (ADSL) services. The ADSL network is capable of transmission speeds of up to 640,000 bits per second (bps) sent, and up to 6,000,000 bps received. Frontier states further that it can serve approximately 87% of its Idaho customers with broadband services. Frontier advises that it invested \$163,478.14 in broadband equipment in 2014.

THE BROADBAND EQUIPMENT TAX CREDIT

Idaho Code § 63-3029I allows a taxpayer to receive an income tax credit for having installed qualified broadband equipment during a calendar year. Before the taxpayer is eligible for the tax credit, the taxpayer must first apply to the Commission for an Order confirming that the installed equipment is “qualified broadband equipment” as defined in the statute. *Idaho Code* § 63-3029I(4). That statute defines “qualified broadband equipment” as equipment that “is capable of transmitting signals at a rate of at least [200,000 bps] to a subscriber and at least [125,000 bps] from a subscriber.” *Idaho Code* § 63-3029I(3)(b). In addition, qualified broadband equipment must be “primarily used to provide services in Idaho to public subscribers.” *Idaho Code* § 63-3029I(3)(b)(vii). Further, in “the case of a telecommunications carrier, such qualifying equipment shall be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i).

In furtherance of its statutory responsibility, the Commission has issued Order No. 28784 that specifies the information the taxpayer must include in a broadband tax credit application. When the taxpayer files the application, the Commission Staff reviews it to determine whether the listed equipment meets the statutory definition of “qualified broadband equipment.” Staff then submits a recommendation to the Commission. If the Commission ultimately approves the application, then the Commission forwards it and the Order approving the application to the Idaho State Tax Commission.

STAFF REVIEW

Staff reviewed Frontier’s Application under *Idaho Code* § 63-3029I and Commission Order No. 28784. Based on its review, Staff believes that Frontier is a telecommunications carrier and that the listed ADSL equipment meets the statutory criteria of “qualified broadband equipment” eligible for the tax credit. Staff thus recommended the Commission: (1) issue an Order confirming that Frontier’s equipment is “qualified broadband equipment,” and (2) forward copies of the Application and this Order to the Idaho State Tax Commission.

COMMISSION FINDINGS

In order to be eligible to obtain the broadband tax credit, a taxpayer must first obtain an Order from the Commission “confirming that the installed equipment is qualified broadband equipment.” *Idaho Code* § 63-3029I(4). “In the case of a telecommunications carrier, such qualifying equipment shall be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i).

Based upon our review of Frontier’s Application and the recommendation of Staff, we find that the Application requesting a qualified broadband equipment Order should be approved. Frontier has adequately demonstrated that the equipment identified in its Application qualifies as broadband equipment eligible for the tax credit. The Commission also finds that Frontier is a telecommunications carrier and, as presently configured, the installed equipment is an integral part of the Company’s broadband network and that it is necessary to facilitate the delivery of broadband internet service to Idaho customers. Therefore, the Commission certifies in this Order that the equipment identified in Frontier’s Application is qualified broadband equipment. The Commission makes no findings regarding the costs of the installed broadband equipment or other expenses.

ORDER

IT IS HEREBY ORDERED that Frontier's Application seeking an Order certifying that it has installed qualifying broadband equipment in Idaho during the 2014 calendar year is approved.

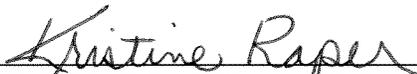
IT IS FURTHER ORDERED that the Commission Secretary serve this Order and Frontier's Application on the Idaho State Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this order (or in issues finally decided by this order) may petition for reconsideration within twenty-one (21) days of the service date of this order with regard to any matter decided in this order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* §§ 61-626, 63-3029I(4).

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of January 2016.



PAUL KJELLANDER, PRESIDENT

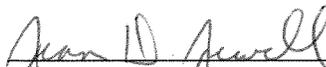


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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