

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF CUSTER TELEPHONE COOPERATIVE,) **CASE NO. CUS-T-03-1**
INC. CONCERNING INVESTMENT FOR)
INSTALLING QUALIFIED BROADBAND)
EQUIPMENT TAX CREDIT.) **ORDER NO. 29356**
)

On September 5, 2003, Custer Telephone Cooperative, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I. An Idaho taxpayer may receive a tax credit for installing eligible equipment, which must be part of network facilities that are capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber. In the case of a “telecommunications carrier,” the qualified broadband equipment also must “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). A taxpayer may receive the credit only after obtaining from the Commission an Order confirming that the installed equipment qualifies under the statute. To facilitate its review under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001, identifying the information that applicants must provide to the Commission to determine whether the installed equipment qualifies for the tax credit.

THE APPLICATION

Custer’s Application states that during calendar year 2002 it installed various components as part of its wireline broadband network for the provision of high speed Internet access to its Idaho customers. Custer states that it installed fiber optic transceivers, digital loop carrier shelves, line cards, concentrating electronics, and supporting power supply and software. Custer also installed approximately 30 miles of fiber optic cable and 10 miles of copper distribution cable. Custer also included in its Application labor and overhead costs associated with the installation of the equipment.

Custer states that it offers high-speed access to its customers at transmission rates of 128 kilobits (kbps) to 1.54 megabits per second (Mbps). The Application states that Custer offers Asynchronous Digital Subscriber Line (ASDL) to customers using primarily equipment manufactured by AFC.

DISCUSSION

Staff reviewed the Application filed by Custer to confirm that the equipment is “necessary to the provision of broadband services and an integral part of a broadband network.” Staff stated the equipment installed by Custer qualifies for the tax credit and recommended the Commission approve the Application.

Having reviewed the Application filed by Custer and Staff’s recommendation, the Commission finds that the Company’s Application for a qualifying broadband equipment Order should be granted. The Company has adequately demonstrated that it installed the equipment identified in its Application during 2002 to conform with the requirements set forth in *Idaho Code* § 63-3029I. The Commission further finds that, as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. It is therefore appropriate for the Commission to issue this Order confirming that Custer has installed qualified broadband equipment as a precondition to seeking an investment tax credit.

ORDER

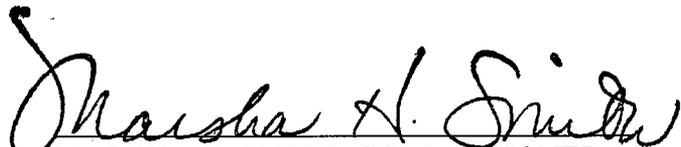
IT IS HEREBY ORDERED that Custer Telephone Cooperative’s Application for an Order certifying that it has installed qualified broadband equipment is granted.

IT IS FURTHER ORDERED that the Commission Secretary forward a copy of this Order along with the Application to the Idaho Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th
day of October 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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