

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF CUSTER TELEPHONE COOPERATIVE,)	CASE NO. CUS-T-06-01
INC. FOR AN INVESTMENT TAX CREDIT)	
FOR INSTALLING QUALIFIED)	ORDER NO. 30107
<u>BROADBAND EQUIPMENT</u>)	

On June 30, 2006, Custer Telephone Cooperative filed an Application requesting that the Commission find the Company eligible to receive an Idaho Investment Tax Credit. Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing “qualified broadband equipment” in Idaho. To be eligible for the tax credit, the taxpayer must obtain an Order from the Commission confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment set out in *Idaho Code* § 63-3029I(3)(b).

THE APPLICATION

Custer’s Application states that it has installed central office equipment, fiber optic cables and copper cables to provide DSL service to Idaho customers. The Application indicates that this equipment transmits data at speeds of 128,000 and 512,000 bits per second (bps) for uploads from customers, and 512,000 and 1.5 million bps for downloads to customers. The Company states that the equipment is necessary and integral to its broadband network. The Company claims that 100% of this investment will be used to provide service to Idaho customers. The Application identified nearly \$2.5 million of investment in 2005.

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. The Order identifies what must be included in an Application for broadband credit. Once the information has been filed, the Commission Staff reviews the Application and submits a recommendation to the Commission. In order to qualify for the tax credit, the broadband equipment must be 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. In addition, for a telecommunications carrier like Custer, such equipment must “be necessary to the provision of broadband service and an integral part of the broadband network.” *Idaho Code* § 63-3029I(3)(b)(i).

Staff reviewed the list of installed broadband equipment submitted by Custer and determined that the equipment identified meets the statutory standards. Staff also determined that Custer is a telecommunications provider and the equipment is “necessary for the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). Therefore, Staff recommended that the Commission issue an Order approving Custer’s Application and forward the Order with a copy of the original Application to the Idaho Tax Commission.

COMMISSION FINDINGS

Based on our review of the Application and Staff recommendations, we find that the Application for a qualifying broadband equipment Order should be granted. Custer has adequately demonstrated that it has installed qualifying broadband equipment identified in its Application in conformance with the requirements set forth in *Idaho Code* § 63-3029I(3)(b)(i). We further find that Custer is a telecommunications carrier and, as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. *Id.* It is therefore appropriate for the Commission to issue this Order confirming that Custer has installed broadband equipment as a precondition to seeking an Idaho broadband tax credit.

ORDER

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

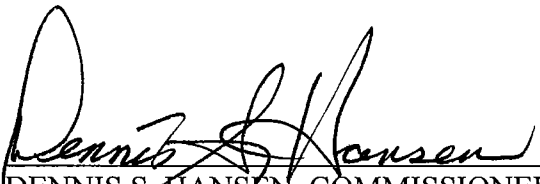
IT IS FURTHER ORDERED that the Commission Secretary serve a copy of this Order and a copy of the Application upon the Idaho Tax Commission.

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.

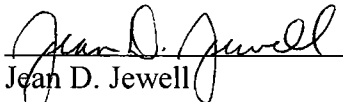
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th
day of July 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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