

## DECISION MEMORANDUM

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

**FROM:** WAYNE HART

**DATE:** MAY 21, 2007

**RE:** CUSTER TELEPHONE CO-OP, INC BROADBAND TAX CREDIT  
APPLICATION; CASE NO. CUS-T-07-3.

### BACKGROUND

On May 4, 2007, the Commission received an Application from Custer Telephone Co-Op, Inc. (Custer) asking for approval of equipment for the broadband tax credit pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for the tax credit.

### STAFF ANALYSIS

Custer's Application indicated it had installed central office equipment and fiber and copper cables to provide DSL services to Idaho customers. Custer's Application indicated its service provides speeds of between 128K and 512K bits per second for uploads from customers, and 512K and 8M bits per second for downloads to customers. The Company indicated the equipment is necessary and integral to its broadband network. The Company claims that 100% of the investment will be used to provide service to Idaho customers. The Application identified nearly two and a half million dollars of investment in 2006.

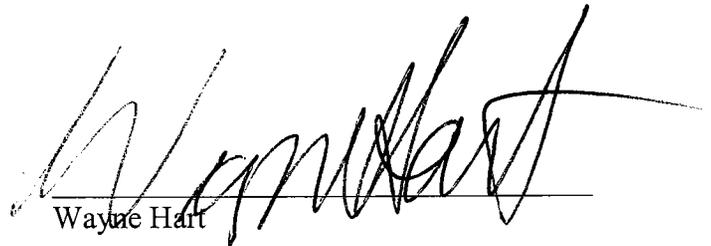
### STAFF REVIEW

In order to qualify for the credit, the broadband equipment must be capable of transmitting signals at a rate of at least two hundred thousand (200,000) bits per second to a subscriber and at least one hundred twenty-five thousand (125,000) bits per second from a subscriber. *Idaho Code*

§ 63-3029I(3)(b). In addition, for a telecommunications carrier, such equipment must “be necessary to the provision of broadband service and an integral part of a broadband network”. *Idaho Code* § 63-3029I(3)(b)(i). Staff has reviewed the list of proposed broadband equipment submitted by Custer and believes that the equipment identified meets this statutory criterion. Therefore, Staff recommends approval 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

Should the Commission approve Custer’s Application for the broadband investment tax credit?



Wayne Hart

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