

DECISION MEMORANDUM

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

FROM: GRACE SEAMAN

DATE: AUGUST 7, 2009

RE: CUSTER'S 2008 BROADBAND EQUIPMENT TAX CREDIT
APPLICATION; CASE NO. CUS-T-09-01.

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 July 15, 2009, the Commission received an Application from Custer Telephone Cooperative, Inc. (Custer), seeking approval of equipment for the broadband tax credit. The Application identifies the broadband investments made by Custer during 2008. Custer states it installed equipment that provides Asymmetric Digital Subscriber Line (ADSL) and High-bit-rate Digital Subscriber Line (HDSL) services with transmission rates of 128 to 512 Kbps upstream and 512 Kbps to 8 Mbps downstream. The qualifying equipment was installed in Custer and

Lemhi counties. Custer asserts that five out of 1000 possible people have access to broadband services. The Company identifies approximately \$1.5 million in qualifying broadband equipment for 2008.

STAFF REVIEW AND RECOMMENDATION

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

COMMISSION DECISION

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


Grace Seaman

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