

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
CUSTER TELEPHONE COOPERATIVE, INC)	CASE NO. CUS-T-16-01
SEEKING A BROADBAND EQUIPMENT TAX)	
CREDIT FOR 2015)	ORDER NO. 33541
)	

On June 1, 2016, Custer Telephone Cooperative, Inc. applied to the Commission for an Order confirming that equipment it installed in 2015 is “qualified broadband equipment” under *Idaho Code* § 63-3029I (Income tax credit for investment in broadband equipment).

THE APPLICATION

Custer stated in its Application that during calendar year 2015, it made investments in Custer County for the Challis exchange. Along with its Application, the Company included an itemized inventory of installed equipment related to Fiber to the Home High Speed Internet service, and Symmetrical Digital Subscriber Line service. Custer stated that its broadband digital subscriber line services are available to 88% of its customers at network transmission rates of 256,000 bps to 10 million bps from a subscriber, and 256,000 bps to 100 million bps to a subscriber. According to Custer, the 2015 broadband investment is \$2,154,069.61.

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 approves the application, the Commission will direct that the application, and the Order approving it be forwarded to the Idaho State Tax Commission.

STAFF REVIEW

Staff reviewed Custer’s Application under *Idaho Code* § 63-3029I and Commission Order No. 28784. Based on its review, Staff believes that Custer is a telecommunications carrier and that the listed 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 Custer’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 Custer’s Application and the recommendation of Staff, we find that the Application requesting a qualified broadband equipment Order should be approved. Custer has adequately demonstrated that the equipment identified in its Application qualifies as broadband equipment eligible for the tax credit. The Commission also finds that Custer 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 Custer’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 Custer's Application seeking an Order certifying that it has installed qualifying broadband equipment in Idaho during the 2015 calendar year is approved.


IT IS FURTHER ORDERED that the Commission Secretary serve this Order and Custer'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 16th day of June 2016.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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