

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF FREMONT TELCOM)
COMPANY'S 2014 BROADBAND EQUIPMENT) CASE NO. FRE-T-15-01
TAX CREDIT APPLICATION)
) ORDER NO. 33319

On May 11, 2015, Fremont Telcom Company applied to the Idaho Public Utilities Commission (“PUC” or “Commission”) for an Order confirming that equipment it installed in 2014 is “qualified broadband equipment” under *Idaho Code* § 63-3029I (Income tax credit for investment in broadband equipment). With this Order, we confirm that the installed equipment is “qualified broadband equipment” under *Idaho Code* § 63-3029I.

THE APPLICATION

Fremont states in the Application that it installed equipment associated with Asymmetric digital subscriber line (ADSL) and Ethernet broadband services (using 18k non-loaded copper distribution, fiber optic backbone and distribution cable). The network is capable of providing transmission speeds of 256 Kbps to 1 Mbps from a subscriber and 768 Kbps to 1 Mbps to a subscriber. Fremont states that it can serve approximately 50% of its customers with broadband services. Fremont invested \$1,366,342.48 in broadband equipment during 2014. *See* Application.

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 this 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 qualifies for the *Idaho Code* § 63-3029B capital investment credit 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, to be “qualified broadband equipment” the equipment must be “primarily used to provide services in Idaho to Idaho public subscribers.” *See 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 PUC has issued Order No. 28784, which specifies the information a taxpayer must include in the broadband tax credit application. When the taxpayer files the application, the PUC 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 ultimately approves the application, then it and the Order to the Idaho State Tax Commission.

STAFF REVIEW

Staff reviewed Fremont’s Application under *Idaho Code* § 63-3029I and Commission Order No. 28784. Based on its review, Staff believes that Fremont is a telecommunications carrier and that the listed equipment meets the statutory criteria and is “qualified broadband equipment” that is eligible for the tax credit. Staff thus recommended the Commission: (1) issue an Order confirming that Fremont’s equipment is “qualified broadband equipment,” and (2) forward copies of the Application and Order to the Idaho State Tax Commission.

COMMISSION FINDINGS

Having reviewed Fremont’s Application and Staff’s recommendation, we find that Fremont’s equipment is “qualified broadband equipment” eligible for the tax credit under *Idaho Code* § 63-3029I. Fremont is a telecommunications carrier. Further, the listed equipment (as presently configured) is an integral part of Fremont’s broadband network and is necessary to the provision of broadband service to Idaho customers. Accordingly, it is appropriate for the Commission to issue an Order confirming that Fremont’s equipment 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 Fremont Telcom Company’s Application for an Order confirming that equipment it installed in 2014 is “qualified broadband equipment” is granted.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served 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. *See Idaho Code §§ 61-626 and 62-619.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of June 2015.



PAUL KJELLANDER, PRESIDENT




MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:FRE-T-15-01_bk