

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF FIRST STEP INTERNET,)
LLC’S BROADBAND EQUIPMENT TAX) **CASE NO. FSI-T-15-01**
CREDIT APPLICATION FOR 2006-2013.)
_____) **ORDER NO. 33288**

On January 13, 2015, First Step Internet, LLC (“First Step” or “Company”) applied to the Idaho Public Utilities Commission (“Commission”) for an Order confirming that equipment it installed for calendar years 2006 through 2013 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

In its Application, First Step indicated that from 2006 to 2013, it invested about \$2,237,300 in qualifying broadband equipment. *See* Application, Attached Worksheet. According to First Step, the installed equipment is associated with Ethernet, digital subscriber line (DSL), frame relay, and fixed wireless services. *Id.* The Company stated that the equipment is capable of transmitting signals at rates of one megabit per second (Mbps) to one gigabit per second (Gbps), to or from a customer.¹ *Id.* at 1. The Company also stated that the equipment was installed in and around exchanges in Moscow, Lewiston, Deary, Troy, Bovill, Genessee, Potlatch, and Orofino. *Id.*

THE BROADBAND EQUIPMENT TAX CREDIT

Idaho Code § 60-3029I 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 qualifies for the *Idaho Code* § 63-3029B capital investment credit that “is capable of transmitting signals at a rate of at least” 200,000 bits per second (bps) to a subscriber and at least 125,000 bits per second (bps) from a subscriber. *Idaho Code* § 63-3029I(3)(b). In addition, to be “qualified

¹ One Mbps equals 1,000,000 bits per second (bps). One Gbps equals 1,000 Mbps.

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 Commission has issued Order No. 28784. That Order specifies the information the taxpayer must include in the 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 ultimately approves the application, then the Commission forwards it and the Order to the Idaho State Tax Commission.

STAFF REVIEW

Staff reviewed First Step’s Application under *Idaho Code* § 63-3029I. Based on its review, Staff believes that the Company is a fixed wireless service provider and that the listed equipment meets the statutory criteria and is “qualified broadband equipment” that is eligible for the tax credit. Staff also believes the Company’s identified expenditures “were for equipment that is ‘necessary for the provision of broadband services and an integral part of a broadband network.’” Staff Comments at 2. Staff thus recommended the Commission: (1) issue an Order confirming that First Step’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 First Step’s Application and Staff’s recommendation, we find that the Company’s equipment is “qualified broadband equipment” eligible for the tax credit under *Idaho Code* § 63-3029I. The listed equipment (as presently configured) is an integral part of the Company’s broadband network and is necessary to the provision of broadband service to Idaho customers. Accordingly, based on what has been provided, we find it appropriate to issue an Order confirming that First Step’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 First Step Internet, LLC's Application for an Order confirming that equipment it installed for the years 2006-2013 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.*

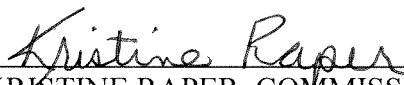
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of April 2015.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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