

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
VELOCITUS FOR AN INVESTMENT TAX)
CREDIT FOR INSTALLING QUALIFIED)
BROADBAND EQUIPMENT)**

CASE NO. GNR-T-05-5

ORDER NO. 29792

On May 10, 2005, Velocitus filed an Application requesting that the Commission find the Company eligible to receive an Idaho Investment Tax Credit. Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing “qualified broadband equipment” in Idaho. To be eligible for the tax credit, the taxpayer must obtain an Order from the Commission confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment set out in *Idaho Code* § 63-3029I(3)(b). In addition, the Commission must find that the equipment meets certain standards depending on whether the carrier is characterized as a telecommunications carrier, commercial mobile service carrier, cable or open video system operator, satellite carrier or wireless carrier and whether the equipment is packet switching equipment or multiplexing and demultiplexing equipment. The Commission finds that Velocitus meets the applicable standards.

THE APPLICATION

The Velocitus Application states that it has installed (1) main office and remote terminal equipment, (2) fiber and copper cables, and (3) wireless broadband equipment to provide broadband services to Idaho customers. The Application states that Velocitus provides broadband services over wireless networks, DSL, ATM and frame relay facilities at speeds of 256,000 bits per second or higher for downloads and 128,000 bits per second for uploads. The Company indicated that the equipment is necessary and integral to its broadband network. The Application states that Velocitus has made more than \$2 million of investments in 2004. The Company claims that 100% of this investment will be used to provide service to Idaho customers.

STAFF REVIEW

Staff reviewed the list of proposed broadband equipment submitted by Velocitus and found that it complies with *Idaho Code* § 63-3029I(3)(b) and Procedural Order No. 28784. Staff

determined that the equipment is “qualified broadband equipment” capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber pursuant to *Idaho Code* § 63-3029I(3)(b). Staff also determined that Velocitus meets the requirements of both a telecommunications carrier and a wireless carrier. Specifically, the wireless equipment identified in the Application is “only that equipment that extends from a transmitting/receiving antenna on the outside of the structure in which the subscriber is located.” *Idaho Code* § 63-3029I(3)(b)(iv). In addition, the wireline network investments are “necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(1). Therefore, Staff recommended that the Commission issue an Order approving the Velocitus Application.

COMMISSION FINDINGS

Based upon our review of the Application and Staff recommendations, we find that the Application for a qualifying broadband equipment Order should be granted. Velocitus has adequately demonstrated that the equipment identified in its Application is qualifying broadband equipment subject to the tax credit. We further find that Velocitus meets the standards required of both a wireless carrier and a telecommunications carrier. Specifically, we find that (1) the wireless equipment included in the Application includes only that equipment that extends from a transmitting/receiving antenna on the outside of the structure in which the subscriber is located pursuant to *Idaho Code* § 63-3029I(3)(b)(iv), and (2) the wireline equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers pursuant to *Idaho Code* § 63-3029I(3)(b)(i). It is therefore appropriate for the Commission to issue this Order confirming that the equipment identified by Velocitus is qualified broadband equipment.

ORDER

IT IS HEREBY ORDERED that the Velocitus Application for an Order certifying it has installed qualifying broadband equipment is granted.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served upon the Idaho State Tax Commission.

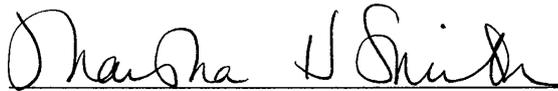
THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days

after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626, 63-3029I(4).

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of May 2005.



PAUL KJELLANDER, PRESIDENT

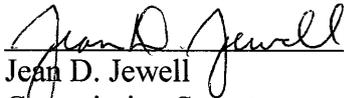


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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