

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF FRONTIER)	
COMMUNICATIONS NORTHWEST INC.'S 2011)	CASE NO. VZN-T-12-02
BROADBAND EQUIPMENT TAX CREDIT)	
APPLICATION.)	ORDER NO. 32729
_____)	

On December 20, 2012, Frontier Communications Northwest Inc. applied to the Commission for an Order confirming that equipment it installed in 2011 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, the Company says it invested \$4,473,103.64 in qualifying broadband equipment in 2011. The Company says it installed equipment associated with Asymmetric Digital Subscriber Line (ADSL) services with transmission rates of 640,000 bits per second (bps) from a subscriber and 6,000,000 bps to a subscriber. The Company says it installed the broadband equipment in the Bonners Ferry, Coeur d’Alene, Genesee, Hayden Lake, Hope, Kellogg, Moscow, Orofino, Post Falls, Potlatch, Priest River, Rathdrum, Sandpoint, Spirit Lake, Wallace, and Weippe exchanges, and that the broadband network can serve about 72,217 Idaho customers, which is more than 75% of the Company’s total customer base. *See Application.*

STAFF REVIEW

In July 2001, the Commission issued Procedural Order No. 28784 to implement its responsibilities under *Idaho Code* § 63-3029I. That Order identifies information that must be included in a broadband tax credit application. When a company files an 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.

Here, Staff reviewed the Company’s Application and believes that the listed equipment is “qualified broadband equipment” under *Idaho Code* § 63-3029I. 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). 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).

Here, Staff believes that the Company is a telecommunications carrier and that the listed equipment meets the above-described statutory criteria and is “qualified broadband equipment” that is eligible for the tax credit. Staff thus recommended that the Commission: (1) issue an Order confirming that the Company’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 the Company’s Application and Staff’s recommendation, we find that the Company’s equipment is “qualified broadband equipment” subject to the tax credit under *Idaho Code* § 63-3029I. The Company is a telecommunications carrier. Further, 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, it is appropriate for the Commission to issue an Order confirming that the Company’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 Frontier Communications Northwest Inc.’s Application for an Order confirming that equipment it installed in 2011 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.

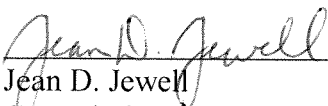
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th
day of January 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:VZN-T-12-02_kk