

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF
QWEST CORPORATION FOR AN INVESTMENT
TAX CREDIT FOR INSTALLING QUALIFIED
BROADBAND EQUIPMENT.**

CASE NO. QWE-T-04-8

ORDER NO. 29523

On May 10, 2004, Qwest Corporation 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 from the Commission an Order confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment set out at *Idaho Code* § 63-3029I(3)(b). Briefly, qualified broadband equipment must be 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. In the case of a telecommunications service provider, the qualified broadband equipment must also “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). In this Order, we find that Qwest has installed qualified broadband equipment.

THE APPLICATION

Qwest states that during calendar year 2002, it installed various components as part of its wireline broadband network for the provision of high-speed Internet access in its Idaho service areas. Installed broadband equipment included a synchronous transfer mode (ATM) switches and frame relay switches at various locations throughout southern Idaho. Qwest also installed interoffice trunks and facilities that are necessary to connect customers to the Internet. The Company stated that these interoffice facilities “do not constitute specific individual broadband services that are offered to subscribers. Rather, these assets comprise part of the network that provides the means by which the above services are offered.” Qwest also capitalized such items as labor, engineering, transportation, and other overhead costs associated with the installation of this equipment. The Company asserts that it installed qualifying broadband equipment during 2002 in excess of \$8 million. The Company states that the installed

equipment is capable of offering high-speed access to customers at transmission rates from 256 kilobits per second (kbps) to more than 100 megabits per second (Mbps).

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. This Order identifies information that must be included in an Application for a broadband credit. Once the information has been filed, the Commission Staff reviews the Application and submits a recommendation to the Commission.

Staff has reviewed the list of broadband equipment installed by Qwest. Staff believes that the equipment is “necessary for the provision of broadband services and is an integral part of a broadband network.” Consequently, Staff recommends that the Commission issue an Order approving Qwest’s Application.

FINDINGS

Having reviewed the Application and Staff’s recommendation, we find that the Application for a qualifying broadband equipment Order should be granted. Qwest has demonstrated that it installed qualifying broadband equipment identified in its Application during 2002 in conformance with *Idaho Code* § 63-3029I. We further find that as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. *Idaho Code* §§ 63-3029I(3)(b)(i, iv-vi). It is therefore appropriate for the Commission to issue this Order confirming that Qwest has installed qualified broadband equipment as a precondition to seeking an Idaho broadband tax credit. The Commission makes no findings regarding the costs of the installed broadband equipment or whether it is appropriate to include installation and labor as part of its tax credit.

ORDER

IT IS HEREBY ORDERED that Qwest’s Application for an Order certifying that it has installed qualifying broadband equipment in 2002 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) or in interlocutory Orders previously issued in this Case No. QWE-T-04-8 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 or in interlocutory Orders previously issued in

this Case No. QWE-T-04-8. 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 9th day of June 2004.



PAUL KJELLANDER, PRESIDENT

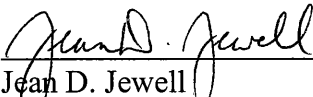


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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