

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF FILER MUTUAL)
TELEPHONE COMPANY'S 2016 BROADBAND) CASE NO. FIL-T-17-01
EQUIPMENT TAX CREDIT APPLICATION)
) ORDER NO. 33764

On March 7, 2017, Filer Mutual Telephone Company (“Filer” or “Company”) applied to the Idaho Public Utilities Commission (“Commission”) for an Order confirming that equipment it installed for calendar year 2016 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, Filer indicated that it invested about \$1.1 million in qualifying broadband equipment in 2016. *See* Application, Attached Worksheet. According to Filer, the installed equipment is associated with asymmetric digital subscriber line (ADSL), high-bit-rate digital subscriber line (HDSL), wireless broadband (WBB), and “fiber to the x” (FTTX) (broadband network architecture using optical fiber to replace all or part of the local loop or “last-mile” telecommunications network). Application at 2; *see* Staff Memorandum at 2. The Company stated that the equipment is capable of transmitting signals at rates of 512 kilobits per second (kbps) to 10 gigabits per second (gbps). Application at 2. The Company also stated that 99% of its customers can be served by the broadband network. *Id.* In a supplemental filing, the Company indicated its equipment was “necessary for the provision of broadband service in Idaho and [is] an integral part of [Filer’s] broadband network.” May 1, 2017 Correspondence.

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 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 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 Filer’s Application under *Idaho Code* § 63-3029I. Based on its review, Staff believes the Company’s 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 Memorandum at 2. Staff thus recommended the Commission: (1) issue an Order confirming that Filer’s equipment is “qualified broadband equipment,” and (2) forward copies of the Application and Order to the Idaho Tax Commission.

COMMISSION FINDINGS

Having reviewed Filer’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 Filer’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 Filer Mutual Telephone Company's Application for an Order confirming that equipment it installed in 2016 is "qualified broadband equipment" is granted.

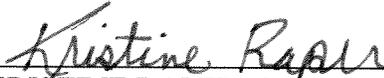
IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served on the Idaho Tax Commission.

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 *16th* day of May 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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