

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER CHATBURN  
COMMISSIONER HAMMOND  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** JOHAN E. KALALA-KASANDA  
CLAIRE SHARP

**DATE:** DECEMBER 20, 2022

**RE:** IN THE MATTER OF CENTURYTEL OF IDAHO, INC'S APPLICATION  
FOR APPROVAL OF THE IDAHO BROADBAND EQUIPMENT TAX  
CREDIT FOR THE YEAR 2021; CASE NO. CEN-T-22-04.

### BACKGROUND

In 2001, House Bill 377 was enacted authorizing income tax credit for the installation of qualifying broadband infrastructure in Idaho. *Idaho Code* § 63-3029B(3)(a)(ii). Section 63-3029I allows a taxpayer to receive an investment tax credit for eligible broadband equipment installed during a calendar year.

Qualified broadband equipment is defined as those network facilities capable of transmitting signals at a rate of at least 200,000 bits per second to a subscriber and at least 125,000 bits per second from a subscriber. *Idaho Code* § 63-3029I(3)(b). If the equipment is installed by a telecommunications carrier, it must also be "necessary to the provision of broadband services and an integral part of a broadband network." *Idaho Code* § 63-3029I(3)(b)(i). To be eligible for the tax credit, the taxpayer must obtain from the Idaho Public Utilities Commission ("Commission") an order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Order No. 35297; *Idaho Code* § 63-3029I(4). Once the Commission has determined the installed equipment is eligible for the broadband equipment tax credit, an order along with the original Application is forwarded to the Idaho State Tax Commission.

## **THE APPLICATION**

On November 28, 2022, the Commission received an Application from CenturyTel of Idaho, Inc. (“Company”), seeking Commission determination that the broadband equipment installed during the calendar year 2021 meets the statutory definition of qualified broadband equipment.

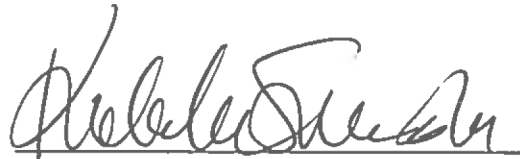
In the Application, the Company represents that it uses terrestrial wireline technology and has installed broadband equipment associated with various forms of Digital Subscriber Line (DSL) based equipment, including Asymmetric Digital Subscriber Line (ADSL) and Very-High-Bit -Rate Digital Subscriber Line (VDSL) in various vintages. Data transportation is a mixture of fiber optic and metallic cable, which typically is also supporting traditional telephony services. The equipment terminals are located in central office buildings, remote buildings, and in cabinets on concrete pads each serving a neighborhood. The Company discloses that the lowest broadband network data transmission rate offered to customers is 500,000 bits per second for downloads and 250,000 bits per second for uploads. The Company states that these rates exceed the minimum statutory speed requirements under *Idaho Code* § 63-3029I. The Company also represents that it has 5,349 potential Idaho customers that it could provide broadband service out of a total of 5,709. This represents 94 percent of the number of potential subscribers within its designated service areas. The Company states that it invested \$263,366 in 2021 in qualifying broadband equipment that it confirms is integral to its broadband network.

## **STAFF REVIEW AND RECOMMENDATION**

Staff examined the list of the proposed broadband equipment, and Staff believes the equipment qualifies for the investment tax credit. Staff recommends that the Commission issue an order confirming the listed equipment is qualified broadband equipment, and forward that order along with a copy of the Application to the Idaho State Tax Commission.

**COMMISSION DECISION**

Does the Commission wish to issue an order confirming the equipment identified in Case No. CEN-T-22-04 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b), and forward the order and a copy of the Application to the Idaho State Tax Commission?



Johan E. Kalala-Kasanda

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