

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 THE GEM STATE'S
APPLICATION FOR APPROVAL OF THE IDAHO BROADBAND
EQUIPMENT TAX CREDIT FOR THE YEAR 2021;
CASE NO. CGS-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 the Gem State, Inc. (“Company”), seeking Commission determination that the broadband equipment installed during the calendar year 2021 meets the statutory definition of qualified broadband equipment.

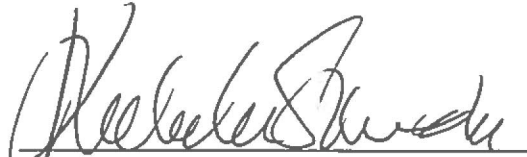
In the Application, the Company represents that it uses terrestrial wireline technology and has installed broadband equipment associated with various forms of Digital Subscriber Line (DSL) based equipment, including Asymmetric Digital Subscriber Line (ADSL) and Very-High-Bit -Rate Digital Subscriber Line (VDSL) in various vintages. Data transportation is a mixture of fiber optic and metallic cable, which also supports 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. Additionally, the Company represents that it provides 1,268 Idaho customers with broadband service and estimates a total of 2,155 possible Idaho customers to be served with its broadband network within its designated service areas, or 59 percent. The Company also states that it invested \$792,708 in 2021 in qualifying broadband equipment that it confirms is integral to its broadband network.

STAFF REVIEW AND RECOMMENDATION

Staff examined the list of proposed broadband equipment and believes the equipment qualifies for the investment tax credit. Staff recommends that the Commission issue an order confirming the 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. CGS-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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