

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: DANIEL KLEIN

DATE: APRIL 29, 2021

RE: CUSTER TELEPHONE BROADBAND SERVICES, LLC'S 2020
BROADBAND EQUIPMENT TAX CREDIT; CASE NO. CTB-T-21-02.

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). In particular, 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 seconds (bps) to a subscriber and at least 125,000 bps from a subscriber.” *Idaho Code* § 63-329I(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 Commission an Order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Procedural Order No. 28784 and *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 Tax Commission.

THE APPLICATION

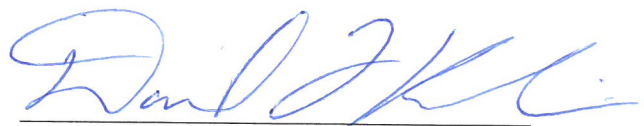
On April 16, 2021, the Commission received an Application from Custer Telephone Broadband Services, LLC (“CTBS” or “Company”), seeking approval of the equipment for the broadband tax credit installed during calendar year 2020. In the Application, CTBS states that it installed broadband equipment associated with Cable Modem High Speed Internet, Fixed Wireless High Speed Internet, and Fiber to the Home High Speed Internet Fiber Optic Fed Cable Modem Service. CTBS discloses that its broadband network has data transmission rates of 512,000 to 1 Gbps to a subscriber and 128,000 to 200 Mbps from a subscriber. These rates exceed the minimum statutory speed requirements pursuant to *Idaho Code 63-3029I*. The Company estimates that more than 57% of its Idaho customers have subscribed to its broadband network within its designated service areas. CTBS invested approximately \$848,558.55 in 2020 in qualifying broadband equipment that it confirms is integral to the broadband network.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed and audited the list of proposed broadband equipment and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Staff, therefore, recommends that the Commission issue an Order confirming the equipment is qualified broadband equipment and forward the approving Order along with a copy of the original Application to the Idaho Tax Commission.

COMMISSION DECISION

Does the Commission wish to issue an Order confirming the equipment identified in Case No. CTB-T-21-02 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b) and forward it to the Idaho Tax Commission?



Daniel Klein