

## DECISION MEMORANDUM

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

**FROM:** JOHAN E. KALALA-KASANDA  
MICHAEL DUVAL

**DATE:** DECEMBER 20, 2022

**RE:** IN THE MATTER OF CABLE ONE, INC.'S APPLICATION FOR  
APPROVAL OF THE IDAHO BROADBAND EQUIPMENT TAX CREDIT  
FOR THE YEAR 2021; CASE NO. GNR-T-22-05.

### 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 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 Commission an order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Commission Procedural Order No. 35297 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 State Tax Commission.

## THE APPLICATION

On November 28, 2022, the Commission received an Application from Cable One, Inc. (“Cable One” or “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, Cable One represents that the broadband services it offers to customers are High-Speed Data services (HSD). This is provided through a network that uses an MX960 router that all data traffic travels through. The Company explains, further, that the network also contains several Cable Modem Termination Systems<sup>1</sup> (CMTSs) that deliver broadband service to customers. The network also utilizes a Network Time Protocol<sup>2</sup> server that makes sure that all the equipment in the headend<sup>3</sup> has the right time on it. Alcatel 9700 CDS is the equipment that delivers the Company’s commercial fiber service.

The Company discloses that the lowest broadband network data transmission rate offered to customers is 3 Megabits per second (Mbps) and the maximum offered is 200 Mbps. These rates exceed the minimum statutory speed requirements under *Idaho Code* § 63-3029I. The Company also represents that it has 516,197 potential Idaho customers at the end of 2021. An estimated 99.9 percent of customers who have access to Cable One also have access to its broadband network. The Company’s cable network is estimated to reach 95 percent of the population within its service areas. Cable One states that it invested \$28,495,267 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 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.

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<sup>1</sup> A Cable Modem Termination System (CMTS) is a piece of equipment, typically located in a cable company's headend or hubsite, which is used to provide high speed data services, such as cable Internet or Voice over Internet Protocol, to cable subscribers.

<sup>2</sup> The Network Time Protocol is a networking protocol for clock synchronization between computer systems over packet-switched, variable-latency data networks.

<sup>3</sup> A headend is a control center in a cable television system where various signals are brought together and monitored before being introduced into the cable network.

**COMMISSION DECISION**

Does the Commission wish to issue an order confirming the equipment identified in Case No. GNR-T-22-05 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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