

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
 CITIZENS TELECOMMUNICATIONS OF)
 IDAHO DBA FRONTIER COMMUNICATIONS)
 OF IDAHO FOR AN INVESTMENT TAX)
 CREDIT FOR INSTALLING QUALIFIED)
 BROADBAND EQUIPMENT FOR THE YEAR)
 2004)**

CASE NO. CTC-T-07-03

**IN THE MATTER OF THE APPLICATION OF)
 CITIZENS TELECOMMUNICATIONS OF)
 IDAHO DBA FRONTIER COMMUNICATIONS)
 OF IDAHO FOR AN INVESTMENT TAX)
 CREDIT FOR INSTALLING QUALIFIED)
 BROADBAND EQUIPMENT FOR THE YEAR)
 2005)**

CASE NO. CTC-T-07-04**ORDER NO. 30412**

On July 10, 2007, the Commission received two Applications from Citizens Telecommunications of Idaho dba Frontier Communications of Idaho (Frontier) asking for approval of equipment for the broadband tax credit for years 2004 and 2005 pursuant to Order No. 28784 and *Idaho Code* § 63-3029I(4). To be eligible for the tax credit, the taxpayer must obtain an Order from the Commission confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment set out in *Idaho Code* § 63-3029I(3)(b). Qualified broadband equipment must be capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber. The qualified broadband equipment must also “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). In this Order, we find that Frontier’s investment meets the applicable standards.

THE APPLICATIONS

1. 2004 Broadband Tax Credit (Case No. CTC-T-07-03). Frontier identified the equipment that was installed to provide Asymmetric Digital Subscriber Line (ADSL) service in McCall, Cascade, Donnelly, Homedale, New Meadows, Horseshoe Bend, and Garden Valley exchanges. Frontier states that this equipment will allow network transmission rates to its customers at speeds of 512 Kbps to 3 Mbps. The Company indicated the equipment is necessary and integral to its broadband network. The Company claims that 100% of the identified

investment will be used to provide service to Idaho customers. The 2004 broadband tax credit investment is approximately \$570,000.

2. 2005 Broadband Tax Credit (Case No. CTC-T-07-04). Frontier identified the equipment that was installed to provide Asymmetric Digital Subscriber Line (ADSL) service to customers in McCall, Cascade, Donnelly, Homedale, New Meadows, Riggins, Garden Valley, Wilder, and Parma exchanges. Frontier states that this equipment will allow network transmission rates to its customers at speeds of 512 Kbps to 3 Mbps. The Company indicated the equipment is necessary and integral to its broadband network. The Company claims that 100% of the identified investment will be used to provide service to Idaho customers. The 2005 broadband tax credit investment is approximately \$723,000.

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. This Order identifies information that must be included in an application for a broadband tax credit. Once the information is filed with the Commission, the Staff reviews the application and submits a recommendation to the Commission. Staff has reviewed the list of proposed broadband equipment submitted by Frontier and believes that the equipment identified meets the statutory criteria. Staff therefore recommended approval of the Applications and further recommended that the Commission forward an approving Order along with a copy of the original Applications to the Idaho State Tax Commission.

COMMISSION FINDINGS

Having reviewed Frontier's Applications and Staff's recommendations, we find that the Applications for a qualifying broadband equipment Order should be granted. The Company has demonstrated that it installed qualifying broadband equipment identified in its Applications during 2004 and 2005 in conformance with *Idaho Code* § 63-3029I. We further find that as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. The Commission accordingly issues this Order confirming that Citizens Telecommunications of Idaho dba Frontier Communications of Idaho has installed qualified broadband equipment as a precondition to seeking an Idaho broadband tax credit. The Commission makes no findings regarding the costs of the installed broadband equipment.

ORDER

IT IS HEREBY ORDERED that Citizens Telecommunications of Idaho dba Frontier Communications of Idaho's Applications for an Order certifying that it has installed qualifying broadband equipment for 2004 and 2005 is granted.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Applications be served upon the Idaho State 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, 63-3029I(4).

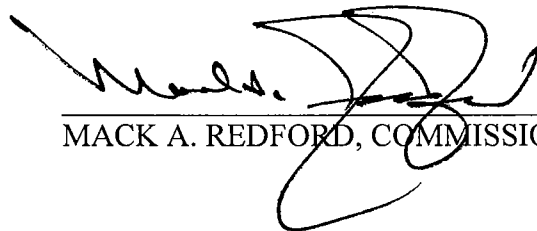
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd day of August 2007.



PAUL KJELLANDER, PRESIDENT

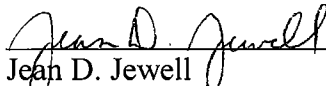


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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