

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF CUSTER TELEPHONE )**  
**COOPERATIVE, INC'S 2014 BROADBAND )** **CASE NO. CUS-T-15-01**  
**EQUIPMENT TAX CREDIT APPLICATION. )**  
**)** **ORDER NO. 33379**

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On July 17, 2015, Custer Telephone Cooperative, Inc. ("Custer") applied to the Commission for an Order confirming that equipment it installed in 2014 is "qualified broadband equipment" under *Idaho Code* § 63-3029I (Income tax credit for investment in broadband equipment). This Order confirms that the installed equipment is "qualified broadband equipment" under *Idaho Code* § 63-3029I.

**THE APPLICATION**

Custer states in the Application that it installed equipment associated with Asymmetric Digital Subscriber Line (ADSL) and Symmetrical Digital Subscriber Line (SDSL) services with transmission rates of 256 Kbps to 10 Mbps from a subscriber, and 256 Kbps to 100 Mbps to a subscriber. The Company asserts that approximately 82% of its customers can be served by the broadband network. Custer states that during 2014, it invested approximately \$314,000 in qualifying broadband equipment.

**THE BROADBAND EQUIPMENT TAX CREDIT**

*Idaho Code* § 63-3029I allows a taxpayer to receive an income tax credit for having installed qualified broadband equipment during a calendar year. Before the taxpayer is eligible for the tax credit, the taxpayer must first apply to the Commission for an Order confirming that the installed equipment is "qualified broadband equipment" as defined in the statute. *Idaho Code* § 63-3029I(4). That statute defines "qualified broadband equipment" as equipment that qualifies for the *Idaho Code* § 63-3029B capital investment credit that "is capable of transmitting signals at a rate of at least [200,000 bps] to a subscriber and at least [125,000 bps] from a subscriber." *Idaho Code* § 63-3029I(3)(b). In addition, to be "qualified broadband equipment" the equipment must be "primarily used to provide services in Idaho to Idaho public subscribers." See *Idaho Code* § 63-3029I(3)(b)(vii). Further, in "the case of a telecommunications carrier, such qualifying equipment shall be necessary to the provision of broadband service and an integral part of a broadband network." *Idaho Code* § 63-3029I(3)(b)(i).

In furtherance of its statutory responsibility, the Commission has issued Order No. 28784. That Order specifies the information the taxpayer must include in the broadband tax credit application. When the taxpayer files the application, the Commission Staff reviews it to determine whether the listed equipment meets the statutory definition of “qualified broadband equipment.” Staff then submits a recommendation to the Commission. If the Commission ultimately approves the application, then the Commission forwards it and the Order to the Idaho State Tax Commission.

### **STAFF REVIEW**

Staff reviewed Custer’s Application pursuant to *Idaho Code* § 63-3029I and Commission Order 28784. Based on its review, Staff believes that Custer is a telecommunications carrier, and that the listed equipment meets the statutory criteria and is “qualified broadband equipment” eligible for the tax credit. Staff thus recommended that the Commission: (1) issue an Order confirming that Custer’s equipment is “qualified broadband equipment;” and (2) forward copies of the Application and Order to the Idaho State Tax Commission.

### **COMMISSION FINDINGS**

Having reviewed Custer’s Application and Staff’s recommendation, we find that Custer’s equipment is “qualified broadband equipment” eligible for the tax credit under *Idaho Code* § 63-3029I, and that Custer is a telecommunications carrier. Further, the listed equipment (as presently configured) is an integral part of Custer’s broadband network and is necessary to the provision of broadband service to Idaho customers. Accordingly, it is appropriate for the Commission to issue an Order confirming that Custer’s equipment is “qualified broadband equipment.” The Commission makes no findings regarding the costs of the installed broadband equipment or other expenses.

### **ORDER**


IT IS HEREBY ORDERED that Custer’s Application for an Order confirming that equipment it installed in 2014 is “qualified broadband equipment” is granted.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served on 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 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17<sup>th</sup> day of September 2015.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
KRISTINE RAPER, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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