

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF VELOCITUS, INC. CONCERNING) CASE NO. GNR-T-03-10
INVESTMENT FOR INSTALLING)
QUALIFIED BROADBAND EQUIPMENT)
TAX CREDIT) ORDER NO. 29225
)

On March 6, 2003, VELOCITUS, Inc. filed an Application to receive an investment tax credit for installation of broadband equipment under *Idaho Code* § 63-3029I. Pursuant to that section, an Idaho taxpayer may receive a tax credit for installing eligible equipment, which must be part of network facilities that are 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. In the case of a telecommunications carrier, the qualified broadband equipment also must “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). A taxpayer may receive the credit only after obtaining from the Commission an Order confirming that the installed equipment qualifies under the statute. To facilitate its review under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001, identifying the information that applicants must provide to the Commission to determine whether the installed equipment qualifies for the tax credit.

VELOCITUS’ Application states that during calendar year 2002 it installed equipment as part of its wireline and wireless broadband network for the provision of high-speed Internet access and other point-to-point data services to customers in the Treasure Valley and other communities in Idaho. VELOCITUS identified such components that include transmitting/receiving antennae, data traffic concentrators, and routers. VELOCITUS also included in its Application costs incurred in installing the equipment including labor. VELOCITUS states that it began offering high-speed Internet access to customers during 2001 at transmission rates of 256 kilobits per second (kbps) up to 45 megabits per second (Mbps).

Staff reviewed the list of proposed broadband equipment filed by VELOCITUS and believes the equipment is “necessary to the provision of broadband services and an integral part of a broadband network.” In some instances VELOCITUS subscribers encounter multiple routers or concentrators before they reach VELOCITUS’ access point to the Internet at the Boise

Airport. In these cases, customers who do not have a line-of-sight to the Boise Airport may have their data traffic relayed through the equipment and antennae of those customers who are able to establish a wireless connection to the Internet at the Boise Airport. Staff reviewed the network with VELOCITUS, and the Company states that its Application meets the requirements of *Idaho Code* § 63-3029I(3)(b)(iv-vii). Staff has also been assured that the installation and labor costs included in VELOCITUS' Application are being capitalized, not expensed, and are directly related to offering broadband in Idaho. Staff thus recommended the Commission approve the Application filed by VELOCITUS for a tax credit.

Having reviewed the Application filed by VELOCITUS and Staff's recommendation, the Commission finds that the Company's Application for a qualifying broadband equipment Order should be granted. The Company has adequately demonstrated that it installed the equipment identified in its Application during 2002 to conform with the requirements set forth in *Idaho Code* § 63-3029I. The Commission further finds that as configured the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. It is therefore appropriate for the Commission to issue this Order confirming that VELOCITUS has installed qualified broadband equipment as a precondition to seeking an investment tax credit.

ORDER

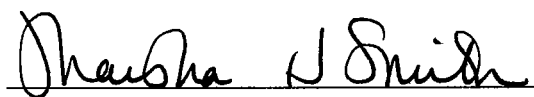
IT IS HEREBY ORDERED that VELOCITUS, Inc.'s Application for an Order certifying that it has installed qualified broadband equipment is granted. The Commission will forward this Order along with the Application filed by VELOCITUS to the Idaho Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th
day of April 2003.



PAUL KJELLANDER, PRESIDENT

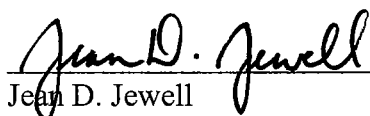


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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