

## **Description and Justification**

### **1.0 INTRODUCTION**

In connection with the May 19, 2014 Annual Filing early submission, Micronesian Telecommunications Corporation “MTC” hereby submits limited Tariff Review Plan (TRP) pages and the necessary support data as required by the Commission<sup>1</sup> and in compliance with Sections 61.41 through 61.49 of the Commission’s Rules.

This filing performs one major function: it reflects the effects of exogenous cost adjustments to Telecommunication Relay Service (TRS), adjustments to Regulatory Fee, and adjustment for Obligations to NANPA.

### **1.1 EXOGENOUS COST CHANGES**

In this filing, MTC proposes three general exogenous cost adjustments. The three adjustments are:

1. Regulatory Fee
2. Telecommunications Relay Service
3. NANPA

The Price Cap portion of these exogenous cost amounts is summarized on Exhibit 1.

#### **1.1.1 ALLOCATION OF EXOGENOUS COST CHANGES TO PRICE CAP AND NON-PRICE CAP**

The total Regulatory Fee, TRS and NANPA amounts are allocated to Common Line, Special Access and Excluded services based on the 499A revenues.

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<sup>1</sup> In the Matter of Material to be filed in Support of 2014 Annual Access Tariff Filings, DA 14-494, released April 14, 2014 (“2014 TRP Order”). In the Matter of July 1, 2014 Annual Access Charge Tariff Filings, WC Docket No. 14-48, Order, DA 14-404, released March 25, 2014.

### **1.1.2 THE FCC REGULATORY FEE**

Since the proposed FCC Regulatory Fee for the current period is not yet available, the exogenous cost amount in this filing is preliminary, reflecting last year's factor. Last year's rate was applied to the interstate end user revenue at the end of 2013 from MTC's Form 499-A. The exogenous interstate cost adjustment has been calculated to determine the difference between the FCC Regulatory Fee obligation in the 2013 tariff period and the proposed obligation in the 2014 tariff period. The total Price Cap exogenous cost associated with FCC Regulatory Fees shows a decrease of approximately \$412. MTC will file a tariff to reflect any additional exogenous cost change to its Regulatory Fee obligation when the 2014 factor is finalized.

### **1.1.3 TELECOMMUNICATIONS RELAY SERVICE**

Since the proposed TRS rate for the current period is not yet available, the exogenous cost amount in this filing is preliminary, reflecting last year's factor. Last year's rate was applied to the interstate end user revenue at the end of 2013 from MTC's Form 499-A. The exogenous interstate cost adjustment has been calculated to determine the difference between the TRS obligation in the 2013 tariff period and the proposed obligation in the 2014 tariff period. The total Price Cap exogenous cost amount shows a decrease of approximately \$1,631. See Exhibit 1 for allocation to Price Cap and non-Price Cap.

### **1.1.4 NORTH AMERICAN NUMBERING PLAN**

Since the proposed NANPA factor for the current period is not yet available, the exogenous cost amount in this filing is preliminary, reflecting last year's factor. MTC will update the NANPA exogenous cost when the current factor becomes available.

Exogenous costs associated with our preliminary obligation to the North American Numbering Plan Administration (NANPA) are reflected pursuant to Public Notice, DA 13-1215, CC Docket 92-237, released May 28, 2013. Last year's rate was applied to the end user price cap revenues at the end of 2013 from MTC's Form 499-A. The exogenous interstate cost adjustment has been calculated to determine the difference between the NANPA obligation in the 2013 tariff period and the proposed obligation in the 2014 tariff period. The total NANPA amount is allocated to Common Line, Special Access and Excluded services based on the 499A revenues. The allocation of the incremental exogenous cost amounts to non-Price Cap and Price Cap non-ATS Price Cap baskets is shown on the bottom of Exhibit 1. The total Price Cap exogenous cost amount shows a decrease of approximately \$14.

## **1.2 WORKPAPERS AND TARIFF REVIEW PLANS**

### **1.2.1 INTRODUCTION**

MTC has provided the necessary detail to support the calculations of exogenous costs. The following is the index of such workpapers. Appendix A contains the Exogenous Cost workpapers and the Tariff Review Plan (short form) for MTC.

#### **Appendix A**

##### **Exhibit 1**

Exogenous Costs - Regulatory Fee, NANPA and  
Telecommunication Relay Service