

DESCRIPTION AND JUSTIFICATION

I. Introduction

A. Background

Micronesian Telecommunications Corp (MTC) hereby submits this filing in support of implementation of the requirements of the Federal Communications Commission's Business Data Services Order (BDS Order)¹ and includes adjustments consistent with the requirements of Sections 61.41 through 61.49 of the Commission's Rules.

This information is being filed on 7 days' notice pursuant to the Federal Communications Commission's (Commission) streamlined filing procedures.

In compliance with the BDS Order, MTC has implemented the designation of DS1 and DS3 end user channel terminations as competitive or noncompetitive based on the Commission's market test designation of the county in which the service is provided. MTC utilized the list of counties and their respective designations released by the Wireline Competition Bureau (WCB) in their Public notice dated May 15, 2017 to complete the assignment process of the competitive and noncompetitive designations at the county level. Rates, terms and conditions for end user channel terminations provided in wire centers where the physical address of the wire center is in a county or county equivalent designated as competitive pursuant to the FCC's list of competitive and non-competitive counties will be provided pursuant to the rates, terms and conditions of the MTC tariff. Special Access end user channel terminations for services provided in wire centers where the physical address of the wire center is in a county or county equivalent designated as non-competitive pursuant to the FCC's list of competitive and non-competitive counties will be provided pursuant to the rates, terms and conditions of this tariff. No exchanges or counties in MTC's Study Area are deemed competitive.

As required by the BDS Order, MTC has designated certain other Special Access services as competitive in all study areas in accordance with the Commission's BDS services market analysis. These competitive services include: all packet-based business data services; circuit-based data services above the DS3 bandwidth level; transport service, which includes

¹ *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No 16-143 et al., Report and Order, 32 FCC Rcd 3459 (2017) (*Business Data Services Order*).

interoffice facilities, channel terminations between the serving wire center and point of presence, and all sub-elements established for the use of these transport facilities; DS1 & DS3 end user channel terminations and other special Access services in an area for which the company was granted Phase II Pricing Flexibility prior to June 2017.

B. Detariffed Services

This filing removes all Special Access services deemed competitive by the Commission's market analysis and Special Access services provided in an area for which the company was granted Phase II Pricing Flexibility prior to June 2017. Detariffed Special Access services include:

- Packet-based business data services;
- Circuit-based data services above the DS3 bandwidth level;
- Transport services, including interoffice facilities, channel terminations between the serving wire center and point of presence, and all sub-elements established for the use of transport facilities;
- DS1 & DS3 end user channel terminations and other special Access services in an area for which the company was granted Phase II Pricing Flexibility prior to June 2017; and
- DS1 & DS3 end user channel terminations and other special access services in any competitive county.

To the extent any services required to be detariffed that are not detariffed with this filing, such services will be detariffed within the 36 month transition period in accordance with FCC rule 61.201.

II. Index and Rate Development

As a result of the competitive designation for all Special Access services offered by MTC in certain counties and the detariffing of all such services, no Tariff Review Plan ("TRP") calculations are necessary and TRP-related exhibits for those areas are excluded from this filing.

A. Existing Indices

The existing indices are those indices that will be in effect on December 4, 2017. See IND-1 for transmittal numbers under which existing indices became effective.

B. PCI Development

In accordance with the Commission's Rules, the PCIs for each service basket were calculated as shown in Exhibit PCI-1 using a GDP-PI factor of 1.9559% as applied in the MTC 2017 Annual TRP filing and an X-factor of 2.0 percent as directed by the 2017 BDS TRP Notice².

III. Conclusion

MTC is submitting the accompanying information consistent with the requirements of the Commission's price cap regulations for local exchange carriers. The adjustments proposed herein are demonstrated to be just and reasonable, and are supported by detailed exhibits reflecting the calculation of the required revisions as designated by the Commission.

² *In the Matter of Business Data Services in an Internet Protocol Environment et al.*, (Business Data Services Order), WCB/Pricing File No. 16-143 (DA 17-109), released October 13, 2017 (2017 BDS TRP Notice).