

Description and Justification

Herein, Hawaiian Telcom, Inc. (“Hawaiian Telcom”) provides the Description and Justification for its midcourse access tariff filing, scheduled to become effective October 1, 2018.

1.0 INTRODUCTION

Hawaiian Telcom hereby submits its Tariff Review Plan (TRP) and the necessary data to support the rates it proposes in this filing in compliance with Sections 61.41 through 61.49 of the Commission’s Rules.

This filing reflects changes to the exogenous cost adjustments related to Telecommunications Relay Service (“TRS”), Federal Communications Commission (“FCC” or “Commission”) Regulatory Fees and North American Numbering Plan Administration (“NANPA”) obligations due to the Commission’s adoption of final 2018/2019 tariff year factors subsequent to this year’s annual access tariff filing. The total impact of the exogenous cost adjustments in this filing is a decrease of \$78,354.

1.1 EXOGENOUS COST CHANGES

In this filing, Hawaiian Telcom proposes three exogenous cost adjustments. These adjustments are for Telecommunications Relay Service, FCC Regulatory Fees and North American Numbering Plan Administration expenses. The Price Cap portion of these exogenous cost amounts are summarized on the Exogenous Cost Allocations Workpaper.

1.1.1 FCC REGULATORY FEES

The FCC Regulatory Fees exogenous cost change reflects the difference between Regulatory Fees based on 2017 revenues at the rate proposed in *Assessment and Collection of Regulatory Fees for Fiscal Year 2018*, FCC 18-65, MD Docket No. 18-175, released May 22, 2018 and Regulatory Fees based on 2017 revenues at the rate adopted in *Assessment and Collection of Regulatory Fees for Fiscal Year 2018*, FCC 18-126, MD Docket 18-175, Report and Order, released August 29, 2018.

The FCC Regulatory Fees exogenous cost change in this filing was calculated by first subtracting from the regulatory fees amount used in the annual filing, based on the .00276 factor proposed in FCC 18-65, the regulatory fees amount calculated based on the .00291 factor adopted in FCC 18-126. This difference was then annualized to reflect the fact the lower proposed factor of .00276 had been incorporated in rates for the first three months of the 2018/2019 tariff period. The Exogenous Cost Allocations Workpaper displays the calculation of the Regulatory Fee Obligation. The total price cap exogenous cost adjustment for regulatory fees is an increase of \$5,310.

1.1.2 TELECOMMUNICATIONS RELAY SERVICES

The TRS contributions were calculated by determining the difference between the TRS

contribution factor and obligation incorporated in Hawaiian Telcom's rates in the annual filing and the actual TRS contribution factor and contribution for the 2018/2019 tariff period adopted after the annual filing was submitted. Because the Commission had not yet finalized a new TRS factor, in the annual filing Hawaiian Telcom used the factor proposed by the Commission for the 2018/2019 Tariff Period. The TRS factor of 0.03034 for the 2018/2019 tariff period was proposed by the FCC's Consumer and Governmental Affairs Bureau on May 14, 2018 in Public Notice DA 18-494, *Rolka Loube Associates Submits Payment Formulas and Funding Requirement for the Interstate Telecommunications Relay Services Fund for the 2018-2019 Fund Year*, CG Docket Nos. 03-123 and 10-51. However, in *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123, DA 18-680, released June, 29, 2018, the Commission adopted a TRS factor of 0.02801.

The TRS exogenous cost change in this filing was calculated by first subtracting from the TRS amount used in the annual filing, based on the .03034 factor proposed in DA 18-494, the TRS amount calculated based on the .02801 factor adopted in DA 18-680. This difference was then annualized to reflect the fact the higher proposed factor of .03034 had been incorporated in rates for the first three months of the 2018/2019 tariff period. The Exogenous Cost Allocations Workpaper displays the calculation of the TRS Obligation. The total price cap exogenous cost adjustment for TRS is a decrease of \$82,485.

1.1.3 NORTH AMERICAN NUMBERING PLAN ADMINISTRATION

The NANPA contributions were calculated by determining the difference between the NANPA contribution factor and obligation incorporated in HT's rates in the annual filing and the NANPA contribution factor and contribution for the 2018/2019 tariff period adopted after the annual filing was submitted. Because the Commission had not yet finalized a new NANPA factor, in the annual filing Hawaiian Telcom used the factor proposed by the Commission for the 2017/2018 Tariff Period. The NANPA factor of 0.0000518 for the 2017/2018 tariff period was proposed by the FCC's Wireline Competition Bureau on August 17, 2017 in Public Notice DA 17-783, *Proposed North American Numbering Plan Administration Fund Size Estimate and Contribution and Fund Size for October 2017 through September 2018*. However, in Wireline Competition Bureau Public Notice DA 18-727, WCB Docket No. 92-237, released July 13, 2018, *Proposed North American Numbering Plan Administration Fund Size Estimate and Contribution for October 2018 through September 2019*, the Commission adopted a NANPA contribution factor of 0.0000427.

The NANPA exogenous cost change in this filing was calculated by first subtracting from the contribution amount used in the annual filing, based on the .0000518 factor proposed in DA 17-783, the NANPA amount calculated based on the .0000427 factor adopted in DA 18-727. The Exogenous Cost Allocations Workpaper displays the calculation of the NANPA contributions. The total price cap exogenous cost adjustment

for NANPA is a decrease of \$1,179.

1.2 RATEMAKING

Hawaiian Telcom has decreased its multiline business and ISDN Primary Rate Interface (PRI) SLCs to \$8.18 and \$40.90, respectively.

1.3 WORKPAPERS AND TARIFF REVIEW PLAN

1.3.1 INTRODUCTION

Hawaiian Telcom has provided the necessary detail to support the calculation of the special access indices, common line CMT, and exogenous costs in its workpapers. The workpapers provided are shown in the Index in the next section.

1.3.2 INDEX

Tariff Review Plan Long Form (HTHI091418)

SUM-1	Price Out Summary
EXG-1	Exogenous Cost Changes
EXG-2	Net Exogenous Cost Shifts
RTE-1	Rate Detail
CAP-1	Calculation of EUCL Limit, PICC and CCL Rates
CAP-2	Manual Input of EUCL rates
CAP-3	Calculation of Minimum and Maximum End User Rates
CAP-4	Allocation of Pool Revenues to MLB PICC and MLB EUCL

CAP- 5

Verification of Recovered CMT
Revenue

ANALYZER

TRP Analyzer

Workpapers and Exhibits

Figure 1

Single line Residence, Single Line
Business, Non-Primary, Multi-line
Business and PRI Proposed SLC
Rates

Figure 2

CMT per line

HTHI091418A

Rate Detail File

Revenue Summary_HTHI091418

Revenue Summary

Exogenous Cost Allocations Workpaper