MICRONESIAN TELCOMMUNICATIONS CORP.

TARIFF F.C.C. NO. 1 (ACCESS SERVICE)

TRANSMITTAL NO.

ISSUED: JUNE 16, 2021

EFFECTIVE: JULY 1, 2021

DESCRIPTION & JUSTIFICATION

1.0 INTRODUCTION

In connection with the June 16th, 2021 Annual Filing submission, Micronesian Telecommunications Corp (MTC) hereby submits the Tariff Review Plan (TRP) pages and the necessary support data as required by the Commission[1] and in compliance with Sections 61.41 through 61.49 of the Commission's Rules.

This filing reflects changes to the PICC rates, the effects of the exogenous cost adjustments associated with adjustments to Telecommunications Relay Service (TRS), adjustments to Regulatory Fee Obligations and adjustments to the NANPA fee and to implement the FCC 8YY Access Charge Order (WCC Docket No. 18-156) released on October 9, 2020.

1.1 DESCRIPTION AND JUSTIFICATION

The Commission's Price Cap Plan employs a combination of caps on aggregates of service rates ('baskets') and maximum limits on prices in individual service categories ("bands"). Under this plan, MTC services subject to price cap regulation are grouped into two baskets:

(1) Common Line

(2) Special Access

[1] In the Matter of Material to be filed in Support of 2019 Annual Access Tariff Filings, DA 19-313, released May 1,2019. In the Matter of July 1, 2019 Annual Access Charge Tariff Filings, WCB/Pricing File No. 19-47, DA 19-246, released April 4, 2019.

The Common Line basket includes CAP-1 adjustments for USAC Receipts. USAC Receipts were frozen by the FCC in its Report and Order in WC Docket Nos. 10-90, etc., FCC Release No. 11-161.

The Special Access basket is also subject to individual service-specific price bands. The Special Access basket contains one service band for High-Cap/Digital Data Services. For each basket of services, the Price Cap Plan places a ceiling on the aggregate revenue-weighted price changes.

Following are subsections to this general section: Section 1.2 describes the methodologies used to calculate adjustments to PCI and Upper Limits for the Baskets and Bands established by the Commission. Section 1.3 describes the development of the exogenous cost adjustments. Section 1.4 describes the demand used in this filing. Section 1.5 describes the Ratemaking. Section 1.6 contains the supporting Workpapers.

The price cap and service band constraints were compared to an index of the aggregate revenue-weighted price changes within each basket (the Actual Price Index, or API) and an index of the revenue-weighted aggregate price changes of the rate elements that comprise each service category (the Service Band Index, or SBI). These indices were determined with reference to actual 2020 base period demand, appropriately adjusted to reflect current services, tariff structures, and rates in effect as of July 1,2021

1.2 COMPLIANCE WITH INDICES

In this filing, the Commission requires MTC to compute the appropriate adjustments to the Price Cap Index (PCI) for each Price Cap basket.[2] The PCI calculations are set forth in the Tariff Review Plan, form PCI-1. The sources for the existing indices are found in IND-1 References. Proposed indices are included in this submission.

1.3 EXOGENOUS COST CHANGES

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

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

The Price Cap Portion of these exogenous cost amounts is summarized on Exhibit 1, Exogenous Cost Worksheet.

1.3.1 THE FCC REGULATORY FEE

The FCC Regulatory Fee exogenous cost changes are calculated by determining the difference between the Regulatory Fee in the current tariff rates and the rate for the July 1, 2021 through June 30, 2022 tariff period as set forth in FCC Notice of Proposed Rulemaking, Report and Order, and Order FCC 20-120, released August 31 2020.

[2] See 47 C.F.R. §§ 61.43, 61.45

1.3.1.1 CALCULATION OF TOTAL COMPANY CHANGE FOR FCC REGULATORY FEE

The first step for calculating the total company preliminary amount of the FCC regulatory fee for the tariff period 2021/2022 was to determine the total end user interstate price cap revenues at the end of 2020 from MTC's Form 499-A. The revenues were multiplied by the proposed regulatory fee rate of $0.00321 per FCC Notice of Proposed Rulemaking, Report and Order, and Order FCC 20-64. The current amount in rates from the 2020/2021 tariff period was then subtracted from this amount. Exhibit 1 also displays the calculation of the Regulatory Fee Obligation. Due to a Mid-Year Filing the total Price Cap Regulatory Fee exogenous cost is a net zero effect and is shown on Exhibit 1.

1.3.2 TELECOMMUNICATIONS RELAY SERVICE

The Telecommunications Relay Service (TRS) contributions were calculated by determining the difference between the TRS contribution obligation in the current tariff rates and the proposed TRS contribution fee for the July 1, 2021 through June 30, 2022 tariff period.

1.3.2.1 CALCULATION OF TOTAL COMPANY CHANGE FOR TRS FUND CONTRIBUTION

Similar to the regulatory fee, the first step for calculating the total company preliminary amount of the TRS Fund contribution fee for the tariff period 2021-2022 was to determine the total end user interstate and intrastate price cap revenues at the end of 2020 from MTC's Form 499-A. The interstate revenues were multiplied by the most recently proposed non-IP CTS TRS fund fee rate of $0.0136 and the total revenues (interstate and intrastate) were multiplied by the most recently proposed IP CTS TRS fund fee rate of .00962 in FCC Public Notice DA 20-692, released June 30, 2020. The current amount in rates from the 2021-2022 tariff period was then subtracted from this amount and further adjusted for the Mid-Year Filing. Exhibit 1 also displays the calculation of the TRS Fund contribution. The total Price Cap TRS Fund exogenous cost is an increase of approximately $5,161.

1.3.3 NORTH AMERICAN NUMBERING PLAN

Exogenous costs associated with the proposed obligation to the North American Numbering Plan Administration (NANPA) are reflected pursuant to Public Notice DA 20-856, released August 10, 2020. This rate was applied to the end user price cap revenues at the end of 2020 from MTC's Form 499-A. The current amount in rates from the 2021-2022 tariff period was then subtracted from this amount. Due to a Mid-Year Filing the total Price Cap NANPA exogenous cost is a net zero effect and is shown on Exhibit 1.

1.4 DEMAND

1.4.1 INTRODUCTION

Current rates and base period demand quantities were used to determine the base period revenues. The base period demand is for the year 2020 and was multiplied by rates at last PCI update to determine the weighted revenue for each rate element. This weighted revenue was used in the development of the PCI, APIs, and SBIs.

1.4.2 DATA SOURCES

MTC's Carrier Access Billing System (CABS), Customer Records Information System (CRIS), and Company demand and revenue tracking systems served as the primary sources for demand data. These billing and tracking systems provided the source of demand for rate element detail for Special Access baskets. The 2020 base period demand has been used in this filing in accordance with the Commission's Rules for development of API and SBI indices.[3]

[3] See 47 C.F.R. §§ 61.46 and 61.47.

1.5 RATEMAKING

1.5.1 New Common Line (CMT) Basket

As shown in the TRP CAP-1, the Revenue for MTC is capped at the Common Line (CMT) rate. Exhibit 3, PICC CAP Worksheet shows the CMT per line for MTC.[4] The Common Line revenue has decreased, in this filing. MTC calculated the Common Line charges pursuant to the Commission's Rules

In MTC FCC Tariff No. 1 the PICC is zero. The Subscriber Line Revenues remained at the CAP. The Carrier Common Line charge remained at zero. Rate Calculations are displayed in the TRP CAP-1.

1.5.1.2 PICC Rates

The Multiline Business PICC Cap is $0. Since the Subscriber Line Charges and High Cost revenues do not recover the total CMT revenues. Since ther is nooverflow the Price Cap rate is $0 .

The MLB PICC rate development is shown on Exhibit 5. The PICC rate is at the capped rate of $0

The CMT revenue requirement was met using the PICC rates that are at the capped PICC rate level.

[4] FCC 99-206 Fifth Report and Order and Further Notice of Proposed Rulemaking, released August 27, 1999.

1.5.2 ELIGIBLE RECOVERY

The FCC, in its Report and Order in WC Docket Nos. 10-90, etc., FCC Release No. 11-161, defined a recovery mechanism for access reform . The amount, called "Eligible Recovery", is available to Price Cap carriers. The Eligible Recovery includes the determination of the Price Cap baseline, which is based upon access revenues and reciprocal compensation. MTC does not have intrastate access or reciprocal compensation revenues. Therefore, MTC has no eligible recovery as a result of access reductions. Accordingly, MTC cannot implement an Access Recovery Charge (ARC).

1.6 WORKPAPERS AND TARIFF REVIEW PLANS

1.6.1 INTRODUCTION

MTC has provided the necessary detail to support the calculations of indices and exogenous costs in various workpapers. The following is the index of such workpapers.

1.6.2 Index

Appendix A

Exhibit 1- Exogenous Cost Worksheet

Exhibit 2 - IND-1 References

Exhibit 3 - PICC CAP Worksheet

Exhibit 4 – Services Outside of Price Cap

Exhibit 5 - Rates and Revenues Summary

Tariff Review Plan (Long Form)

ANALYZER	TRP Analyzer
COSA IND-1	Price Cap Indices Display
COSA PCI-1	Price Cap Index Calculations
COSA SUM-1	Price Out Summary
COSA EXG-1	Exogenous Cost Changes
COSA EXG-2	Net Exogenous Cost Shifts
COSA RTE-1	Rate Detail
CAP-1 (COSA)	Calculation of EUCL Limit, PICC and CCL Rates
CAP-2 (COSA)	Manual Input of EUCL rates
CAP-3 (COSA)	Calculation of Minimum and Maximum End User Rates
CAP-4 (COSA)	Allocation of Pool Revenues to MLB PICC and MLB EUCL
CAP-5 (COSA)	Verification of Recovered CMT Revenue

ELIGIBLE-RECOVERY-TRP

RATE CEILING-NO-CAF

SUMMARY ELIGIBLE RECOVERY-TRP

TARIFF-RATE-COMPARISON NO-CAF

TRUE UP-ARC-TUP