



Writer's Direct Dial: 703.755.6730
Facsimile Number: 703.755.6740
Sheba.Chacko@bt.com

REDACTED – FOR PUBLIC INSPECTION

September 28, 2016

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: *Business Data Services in an Internet Protocol Environment, WC Docket No. 16-143; Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans, WC Docket No. 15-247; Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, RM-10593*

Dear Ms. Dortch:

On behalf of BT Americas Inc., I hereby submit the redacted version of the attached letter in the above-referenced proceedings pursuant to the terms of the *Modified Protective Order*,¹ *Second Protective Order*,² *Data Collection Protective Order*,³ *Business Data Services Data Collection Protective Order*,⁴ and the *Tariff Investigation Protective Order*,⁵ as well as the *Protective Order Extension Order*.⁶

¹ *Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Modified Protective Order, 25 FCC Rcd. 15168 (2010).

² *Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Second Protective Order, 25 FCC Rcd. 17725 (2010).

³ *Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Order and Data Collection Protective Order, 29 FCC Rcd. 11657 (2014); see also *Wireline Competition Bureau Now Receiving Acknowledgments of Confidentiality Pursuant to Special Access Data Collection Protective Order*, Public Notice, 30 FCC Rcd. 6421 (2015).

⁴ *Investigation of Certain Price Cap Local Exchange Carrier Business Services Tariff Pricing Plans; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of*

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The Highly Confidential version of this submission has been filed with the Secretary's Office.

If you have any questions regarding this submission please contact the undersigned.

Sincerely,



Sheba Chacko
Head, Americas Regulation and Global Telecoms Policy,
BT Americas Inc.

Attachment

Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, Order and Protective Orders, 30 FCC Rcd. 13680, App. A (2015).

⁵ *Id.* at App. B.

⁶ *Business Data Services in an Internet Protocol Environment; Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Order, 31 FCC Rcd. 7104 (2016).



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Re: ***Business Data Services in an Internet Protocol Environment, WC Docket No. 16-143; Investigation of Certain Price Cap Local Exchange Carrier Business Data Services Tariff Pricing Plans, WC Docket No. 15-247; Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, RM-10593***

Dear Ms. Dortch:

By this letter BT Americas Inc. (“BT”) provides additional information in support of its argument that minimum revenue commitments (“MRCs”) should be capped at 50 percent or less with respect to contracts entered into with ILECs and/or their affiliates for the provision of dominant services (i.e., business data services (“BDS”) provided by an ILEC within its ILEC territory) and non-dominant services.¹

The minimum revenue commitment (“MRC”) levels in existing ILEC BDS tariffs and contracts are generally set at or above 80 percent of a customer’s previous spend. This commitment level does not allow a wholesale purchaser to migrate BDS from ILEC circuit-based data services (“CBDS”) to packet-based data services (“PBDS”) sold by either ILECs or CLECs. This is because a wholesale purchaser’s previous spend level is typically set based on its purchase of CBDS from the ILEC. PBDS, such as Ethernet, is less expensive to provide and the prices for PBDS are lower on a per-megabit basis than for CBDS. As PBDS becomes available and is ordered by downstream retail customers, it becomes harder and harder for a wholesale purchaser subject to an ILEC MRC to meet that commitment. As a result, as

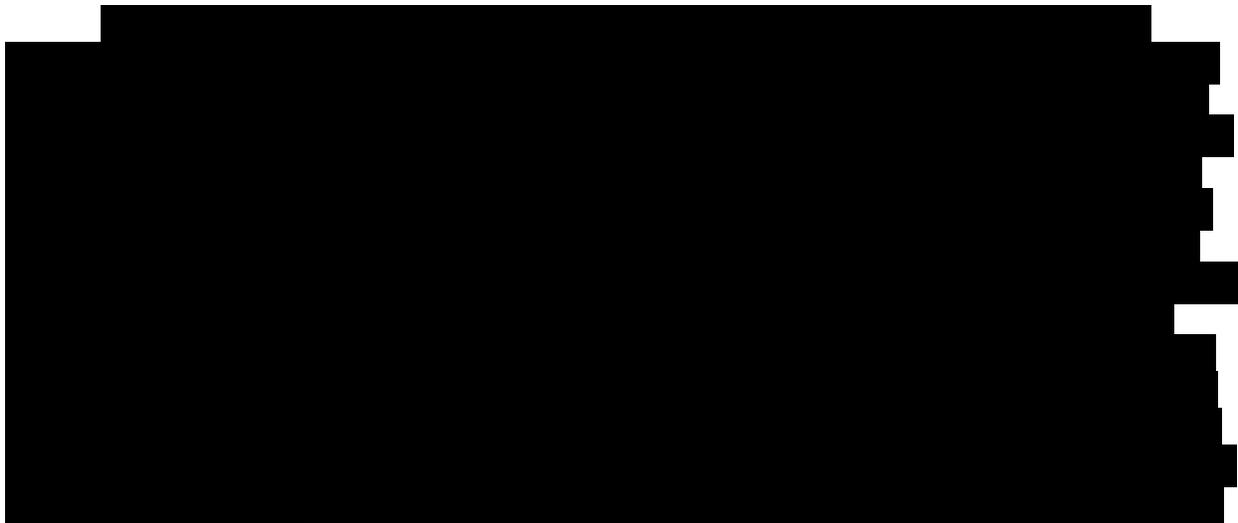
¹ See Letter from Sheba Chacko, BT Americas Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 16-143, 15-247, & 05-25, RM-10593 (filed Sept. 6, 2016).

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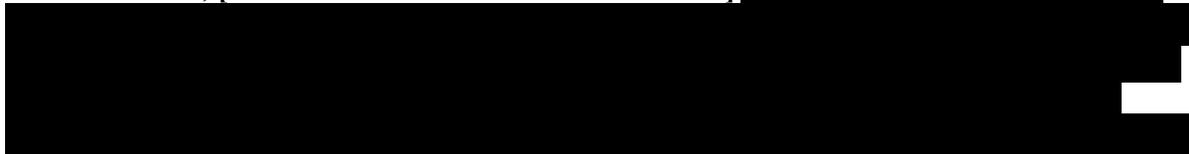
technological advances trigger changes in the mix of technologies in a BDS purchaser's inventory and lower costs, it becomes nearly impossible for a wholesale purchaser to meet high spend commitments that are based on older more expensive technologies.

This has been BT's own experience. **[BEGIN HIGHLY CONFIDENTIAL]**



[END HIGHLY CONFIDENTIAL]

In 2016, BT would like to expand the volume of PBDS it purchases from CLECs. Replacing CBDS with PBDS is essential because BT's customers increasingly demand more efficient PBDS, **[BEGIN HIGHLY CONFIDENTIAL]**



² The term CLEC is used in this letter to refer to non-ILEC affiliated CLECs.

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[END HIGHLY CONFIDENTIAL]

As BT's experience demonstrates, in order to encourage wholesale competition, the Commission must adopt rules that limit the MRCs included in contracts for the sale ILEC BDS, either from the ILEC itself or its affiliate. These limits must apply to commercial agreements and tariffs under which a customer purchases BDS provided by an ILEC. The rules must include a limitation that MRCs in a contract with an ILEC and/or its affiliates for dominant BDS and non-dominant services cannot exceed 50 percent of a purchaser's previous spend with said provider.

If you have any questions regarding any matters discussed herein please contact the undersigned.

Sincerely,



Sheba Chacko
Head, Americas Regulation and Global Telecoms Policy, BT
Americas Inc.

cc: Joseph Price
Christopher Koves
David Zesiger
Richard Benson
Christine Sanquist
Deena Shetler
Eric Ralph
Billy Layton