



November 7, 2016

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

*EX PARTE LETTER* RE: WC Docket No. 16-70, WC Dkt No. 05-25, RM-10593

Dear Secretary Dortch:

On November 3, 2016, Sheba Chacko, Head of Americas Regulation, BT Americas Inc. ("BT") sent the attached ex parte letter to Stephanie Weiner and Lisa Hone, legal advisors to Chairman Wheeler via e-mail with the following comment and excerpted section from the ex parte letter:

*"I call your attention to the last paragraph of the ex parte highlighting that in the UK BT has not asserted that its margins on Ethernet are insufficient to cover the costs of serving rural parts of the UK despite severe price cuts year-on-year for nearly 8 years now to push Ethernet prices towards cost. Please let me know if you have any questions. Regards, Sheba"*

*"BT also noted that in the UK, its wholesale Ethernet service rates have been cut annually since 2009 and yet, as demonstrated by the public regulatory accounts BT has filed, it has earned reasonable margins for these Ethernet services despite serving rural and urban areas of the UK.2 BT has not advocated for geographic de-averaging in the UK that would allow BT to charge different rates in rural versus urban areas wherever BT's Ethernet services are subject to rate regulation. US ILECs too should be able to recover ample margins under the Verizon INCOMPAS framework despite the obligation to serve rural areas.*

*See table below which summarizes information BT has previously submitted in the record.*

*Ethernet Rate Cuts in the UK Imposed on BT*

*Speeds of Ethernet Access Services Covered by Price Controls*

*Years*

*2009-2012*

*2013-2015*

*2016-2018*

*Retail Price Index-7%*

*Retail Price Index-11.5%*

*Further initial price reduction of BT's Ethernet rates of 12% in addition to Retail Price Index-13.5% "*

*≤ 1Gbit/s*

*≤ 1Gbit/s*

*≤ 1Gbit/s*

If you have any questions regarding any matters discussed herein please feel free to contact me.

**BT AMERICAS INC.**

11440 Commerce Park Drive, Suite 100, Reston, VA, United States 20191

Sincerely,

A handwritten signature in black ink that reads "SChacko". The signature is written in a cursive style with a prominent initial "S" and a stylized "C".

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

cc:  
Lisa Hone  
Stephanie Weiner