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March 25, 2016

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

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

Dear Secretary Dortch:

On March 23, 2016 Sheba Chacko, Senior Counsel and Head, Americas Regulation and Global Telecoms Policy, BT Americas Inc. ("BT") followed up with Eric Ralph, Chief Economist of the Wireline Competition regarding a point of clarification about the UK price cap regime applicable to leased line access services in the UK. BT had previously briefed Eric Ralph and other Wireline Bureau staff on March 9, 2016 about international Ethernet services regulation including the UK price control regime for leased line access services<sup>1</sup> which was described in a study BT had filed in this docket on February 19, 2016.<sup>2</sup> BT undertook to clarify a point about its experience with variations in price caps and margins across different geographies. In the attached e-mailed ex parte contact, Sheba Chacko indicated it may take a few more days to obtain information and provided an update from Ofcom regarding the price control regime applicable to UK leased line access services.

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<sup>1</sup> See Ex Parte Letter from Sheba Chacko, BT Americas Inc. to Marlene Dortch, Secretary, Federal Communications Commission, *WC Docket No. 05-25, RM-10593, GN Dkt No. 13-5* filed March 11, 2016.

<sup>2</sup> See WIK-Consult Report, *Ethernet Leased Lines: An International Benchmark* (Feb 2016) filed Feb 19, 2016 in the above referenced docket as Appendix B to BT Americas' Reply Comments.

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

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 "Chacko".

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

cc: Eric Ralph  
Deena Shetler  
William Layton

**From:** [sheba.chacko@bt.com](mailto:sheba.chacko@bt.com) [<mailto:sheba.chacko@bt.com>]

**Sent:** Wednesday, March 23, 2016 3:42 AM

**To:** Eric Ralph <[Eric.Ralph@fcc.gov](mailto:Eric.Ralph@fcc.gov)>

**Cc:** William Layton <[William.Layton@fcc.gov](mailto:William.Layton@fcc.gov)>; Deena Shetler <[Deena.Shetler@fcc.gov](mailto:Deena.Shetler@fcc.gov)>

**Subject:** RE: Price caps and margin variation across regions of varying demand density

Eric, I have reached out to colleagues in the UK to obtain an answer. It may take a few days given we are approaching the Easter holidays which are celebrated in the UK.

Meanwhile, here is the latest from Ofcom on the price cap issue:--

#### **Lower prices for high-speed lines**

Ofcom has confirmed plans to reduce the wholesale prices BT charges for leased lines services, which Ofcom expects to result in lower prices for businesses.

The main 'charge controls' relate to two groups of services provided by BT. These are: newer lines based on the 'Ethernet' standards for sending data at very high speeds over networks; and older leased lines using 'traditional interface' technology.

- For BT's Ethernet services with bandwidths up to and including 1Gbit/s, Ofcom has concluded an initial reduction in prices of 12%, with an overall cap of CPI - 13.25%, for each year of the charge control.
- For BT's traditional interface services with bandwidths up to and including 8Mbit/s, Ofcom has concluded an initial reduction in prices of 9%, with an overall cap of CPI -3.5%, for each year of the charge control.

Ofcom aims to bring prices down over a three-year period from 1 May 2016. This type of control is linked to inflation based on the consumer price index (CPI), and provides an incentive for BT to make efficiency gains. The charge controls have been informed by a review of BT's costs.

<http://media.ofcom.org.uk/news/2016/bcmr-2016/>

Rgds, Sheba