

October 21, 2005

EX PARTE

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

Re: Applications for Consent to Transfer Control of Filed by Verizon Communications, Inc. and MCI, Inc., WC Docket No. 05-75

Dear Ms. Dortch:

BT Americas Inc. (“BT”) has filed an *ex parte* purporting to address evidence Verizon submitted showing that, contrary to BT’s prior assertions, BT’s rates are in fact higher than Verizon rates for comparable special access services.¹ *See* Letter from Dee May, Verizon and Curtis Groves, MCI to Marlene H. Dortch, WC Docket No. 05-75 (August 12, 2005). While we have not had time to fully evaluate BT’s recent assertions, it is clear from even a cursory review of BT’s analysis that it is significantly flawed. Specifically, in calculating its monthly rates and comparing them to Verizon’s monthly rates, BT fails to include its non-recurring charges for its DS1 and DS3 equivalent circuits. Although BT suggests that the non-recurring charges should not be considered because of “possible differences in the elements that comprise the nonrecurring charges,” (BT at 4), these nonrecurring charges are still part of the rate customers pay for special access services in both the U.S and the U.K. Indeed, as Verizon pointed out in its previous filing, BT’s nonrecurring charges make up a large part of the customer’s cost for BT’s DS1 and DS3 equivalent services, and when these non-recurring charges are added both to Verizon’s and to BT’s rates for these services, BT’s rates are significantly higher than the rates Verizon charges for comparable services.² *See* Letter from Dee May, Verizon and Curtis Groves, MCI to Marlene H. Dortch, WC Docket No. 05-75 (August 12, 2005) at 5-7. Thus,

¹ BT also claims that Verizon’s rate of return on special access is high, but as Verizon has previously explained, the Commission has recognized that the accounting rates of return reported in ARMIS “do not serve a ratemaking purpose,”¹ and therefore cannot serve as a baseline for estimating the profits that Verizon can be expected to earn if it were to raise special access prices

² While BT claims that their exclusion of the non-recurring charge is based on differences between the way carriers provision service at the customer’s premise in the U.S and the U.K., BT makes no attempt to separate out the impact for this purported difference but simply excludes the entire non-recurring charge.

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rather than refute Verizon's evidence of an apples-to-orange comparison, BT chose simply to ignore it.

Sincerely,

A handwritten signature in black ink that reads "Dee May". The signature is written in a cursive style with a large, looped 'D' and a trailing flourish.

Dee May
Verizon

A handwritten signature in black ink that reads "Curtis Groves". The signature is written in a cursive style with a large, looped 'C' and a trailing flourish.

Curtis Groves
MCI

cc: Michelle Carey
Julie Veach
William Dever
Ian Dillner
Gail Cohen
Tom Navin
Don Stockdale
Gary Remondino