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December 2, 2010

Via Electronic Filing

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

ERRATUM -- EX PARTE LETTER

RE: Universal Service Contribution Methodology,
WC Docket No. 05-337, WC Docket No. 06-122 & GN Docket No. 09-51

Dear Secretary Dortch:

On November 30, 2010, BT met with FCC staff to discuss Universal Service Contribution issues. Representing BT were Sheba Chacko, Jillian Mertsch, and Linda Cicco. BT met with Vickie Robinson, Carol Pomponio and Nicholas Degani of the Wireline Competition Bureau.

During this meeting, BT explained why it is urgent that the Commission address contribution reform. The fund is cumbersome, burdensome, unclear and unstable. There are tremendous uncertainties and varieties of interpretations in the industry regarding many aspects of the contribution regime. Some providers bidding for customers' services may be subject to the contribution requirement while others are not, creating a skewed playing field. Finally, the impact of miscellaneous federal and state regulatory fees is huge adding an additional 16%-18% in regulatory fees alone to a customer's invoice. When federal and state taxes are layered on top of regulatory fees and base rates for telecommunications services, customers can pay assessments as much as 30%-33% above base rates. Ironically, the size of these assessments dwarf "sin" taxes which are assessed on goods or activities whose use the government is trying to discourage, unlike the case of telecommunications services.

Therefore, BT urged staff to act promptly to reform the contribution mechanism by: (i) expanding the base of contributors (e.g., by requiring all providers whose services contain a telecommunications component to contribute to the fund); (ii) simplifying the mechanism; (iii) implementing brightline tests; and (iv) ensuring a level playing field.

Ms. Marlene H. Dortch

December 1, 2010

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

Sincerely,

A handwritten signature in black ink, appearing to read "SChacko". The signature is written in a cursive, slightly slanted style.

Sheba Chacko
Head, Global Operational Regulation and Americas
Regulation - BT Global Services

cc: Vickie Robinson
Carol Pomponio
Nicholas Degani
Sharon Gillette
Paul deSa
Zac Katz
Margaret McCarthy
Angela Kronenberg
Bradley Gillen
Christine Kurth