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March 22, 2012

*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: Special Access Rates for Price Cap Local Exchange Carriers, WC Docket No. 05-25

Dear Secretary Dortch:

On March 21, 2012, BT met with Commission staff to discuss the special access data requests. Representing BT were Sheba Chacko, Head, North American Regulation and Global Telecoms Policy, Jennifer Taylor, Vice President Government Affairs USA, Jerry Hebert, Global Supplier Management (via telephone), and Christine Gallagher, Senior Access Development Manager (via telephone). BT met with the following Commission staff -- Betsy McIntyre, Jamie Susskind, Jack Erb, Ken Lynch, Ben Childers (via telephone), Daniel Shiman, Nick Alexander, and Douglas Klein.

BT discussed why it had not been able to provide a substantive response to the FCC's voluntary data request, but nevertheless is advocating strenuously for special access reform. The problem for BT is that it buys very little pure special access services directly from ILEC tariffs. The majority of what BT purchases are from non-ILEC entities whose services include bundles of local and long distance leased lines. With respect to the TDM services it purchases, BT does not believe it can isolate in the bundles and suppliers' differing rate structures the special access rate elements the FCC asks about in the latest voluntary data request. Likewise BT does not believe it can isolate in the bundles the Ethernet rate elements requested by the Commission in its data request. Moreover, BT explained that the non-ILEC services it purchases are covered by nondisclosure agreements that allow BT to respond only if BT is under mandatory legal compulsion to provide information about the services it purchases.

Nevertheless, BT reiterated that it is extremely concerned about the lack of effective regulation of special access and Ethernet access services because excess profits of approximately 9 billion p.a. earned jointly by AT&T and Verizon are being used to cross-subsidize AT&T's and Verizon's services and expansion in the global business services market to BT's detriment.

In addition, special access services are significant components of the leased line services BT purchases which adversely affect the pricing of leased lines BT purchases.

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', with a stylized, cursive script.

Sheba Chacko  
Head, North American Regulation and Global Telecoms  
Policy, BT

cc: Nick Alexander  
Elizabeth McIntyre