

REDACTED – FOR PUBLIC INSPECTION

May 2, 2013

VIA COURIER AND ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Re: *In the Matter of Special Access Rates for Price Cap Local Exchange Carriers; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, WC Docket No. 05-25, RM-10593*

Dear Ms. Dortch:

On behalf of BT Americas, Inc., please find enclosed two copies of the redacted version of a notice of *ex parte* for filing in the above-referenced proceeding. The notice contains information deemed confidential under the *Modified Protective Order*¹ and information deemed highly confidential under the *Second Protective Order*² in this proceeding. Specifically, Appendix A to the notice contains a presentation that includes non-public information regarding the locations of multisite enterprises across North America and major Western European countries.³ This presentation also includes highly-detailed information regarding (1) the rates

¹ *In the Matter of Special Access for Price Cap Local Exchange Carriers*, Modified Protective Order, 25 FCC Rcd. 15168 (2010) (“*Modified Protective Order*”).

² *In the Matter of Special Access for Price Cap Local Exchange Carriers*, Second Protective Order, 25 FCC Rcd. 17725 (2010) (“*Second Protective Order*”); see also *Special Access for Price Cap Local Exchange Carriers*, Letter from Sharon E. Gillett, Chief, Wireline Competition Bureau to Paul Margie, Wiltshire & Grannis LLP, 26 FCC Rcd. 6571 (2011) (“*Letter to Paul Margie*”) (supplementing the *Second Protective Order*); *Special Access for Price Cap Local Exchange Carriers*, Letter from Sharon E. Gillett, Chief, Wireline Competition Bureau to Donna Epps, Vice President, Federal Regulatory Affairs, Verizon, 27 FCC Rcd. 1545 (2012) (“*Letter to Donna Epps*”) (further supplementing the *Second Protective Order*).

³ See *Modified Protective Order*, ¶ 4 (deeming information “that is not otherwise available from publicly available sources” eligible for confidential treatment).

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that wholesale Ethernet providers have offered BT in response to requests for production⁴; (2) the types of services demanded by BT's customers in various countries⁵; and (3) the extent to which competitive LECs are able to fulfill Ethernet access demand in the United States.⁶

Pursuant to the procedures outlined in the *Modified Protective Order*⁷ and *Second Protective Order*,⁸ as modified by the instructions in the second data request in this proceeding,⁹ the original highly confidential version of the notice of *ex parte* is being filed with the Secretary's Office under separate cover, two copies of the highly confidential version of the notice will be delivered to Andrew Mulitz of the Pricing Policy Division of the Wireline Competition Bureau, and one machine-readable copy of the redacted version of the notice will be filed electronically via ECFS. Finally, pursuant to a request from members of the Wireline Competition Bureau staff, one copy of the highly confidential version of the notice will be delivered to Derian Jones of the Pricing Policy Division of the Wireline Competition Bureau.

Please do not hesitate to contact me at (202) 303-1161 if you have any questions regarding this submission.

Respectfully submitted,


Matthew Jones

Counsel for BT Americas, Inc.

Enclosure

⁴ See *Letter to Donna Epps* at 1548, Category J (deeming "responses received to RFPs parties have issued" to be eligible for highly confidential treatment); see also *id.* at 1548, Category F (deeming "[p]ricing, to the extent such information is not publicly available, for . . . all PSDS" to be eligible for highly confidential treatment).

⁵ See *Second Protective Order* ¶ 6 (deeming "[t]he types of customers companies serve and the types of special access-type services demanded by those customers" to be eligible for highly confidential treatment).

⁶ See *id.* (deeming "[t]he extent to which companies rely on incumbent local exchange carrier ('ILEC') and non-incumbent LEC last-mile facilities and local transport facilities to provide special access-like services and the nature of those inputs" to be eligible for highly confidential treatment).

⁷ See *Modified Protective Order*, ¶¶ 5, 14.

⁸ See *Second Protective Order* ¶ 15.

⁹ See *Competition Data Requested in Special Access NPRM*, Public Notice, WC Docket No. 05-25, RM-10593, at 21 (rel. Sept. 19, 2011) ("[P]lease provide those copies of confidential and highly confidential filings that are to be delivered to staff of the Pricing Policy Division to Andrew Mulitz instead of Marvin Sacks.")



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May 2, 2013

Via Courier and 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. 05-25, RM-10593***

Dear Secretary Dortch:

On April 30, 2013, BT met with Commissioner Rosenworcel and her legal advisor, Priscilla Argeris. Representing BT were Sean Williams, Group Director of Strategy, Policy and Portfolio, Sheba Chacko, Senior Counsel and Head, North American Regulation and Global Telecoms Policy, and Jennifer Taylor Hodges, VP, US Government Affairs.

During this meeting, BT explained the distinctive characteristics of the global enterprise network services market and the particular dependency of global enterprises on US access services. BT explained why it was especially important to competitiveness in the global network services market that US business access services be effectively regulated wherever there is dominance. BT also went on to describe the benefits of effective regulation of dominance for consumers using the UK as an example. BT used the attached presentations as aids.

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

Sincerely,

A handwritten signature in black ink that reads 'SChacko' in a cursive, stylized font.

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

cc: Priscilla Argeris

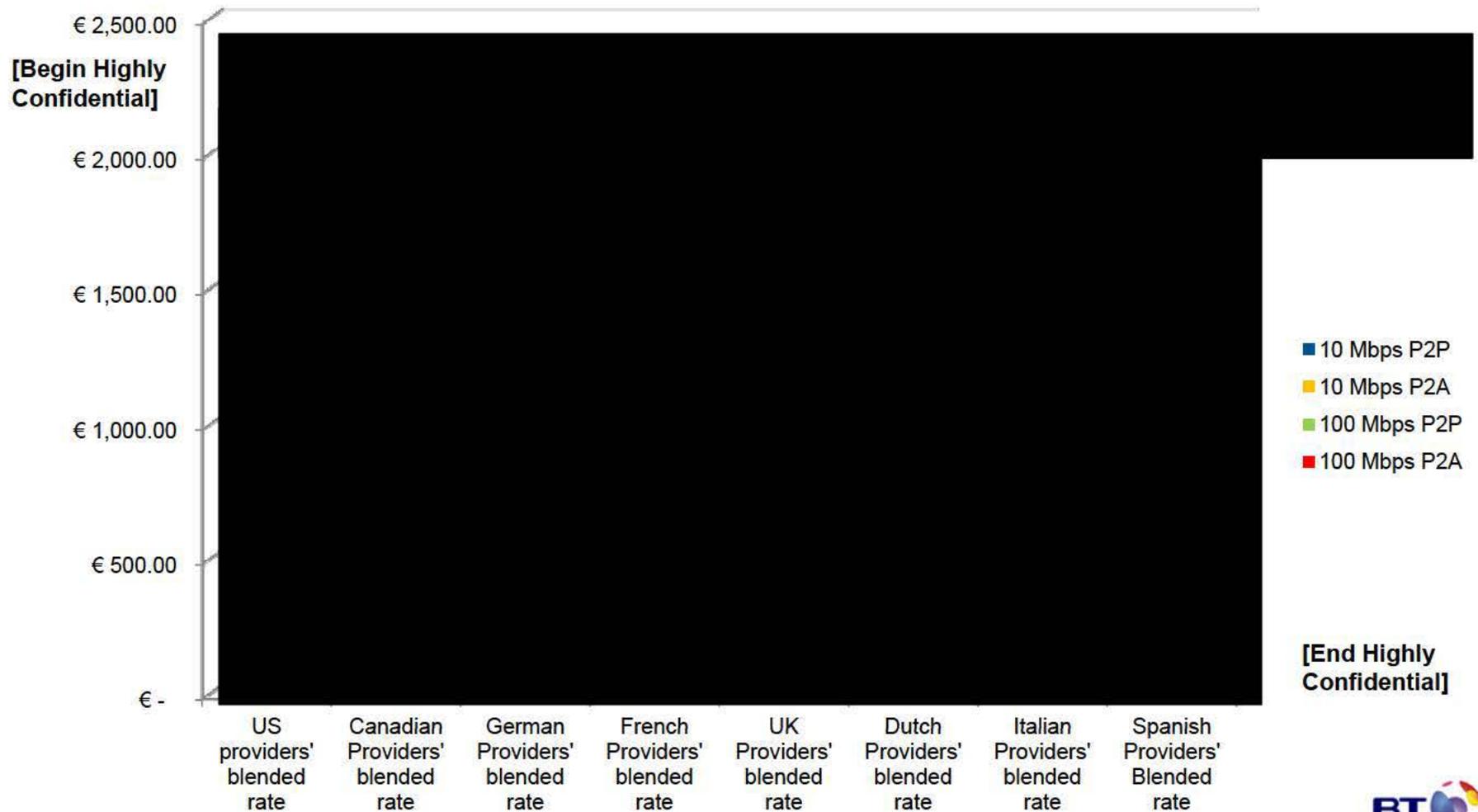
APPENDIX A



International Comparisons And Impacts on Global Enterprises

April 2013

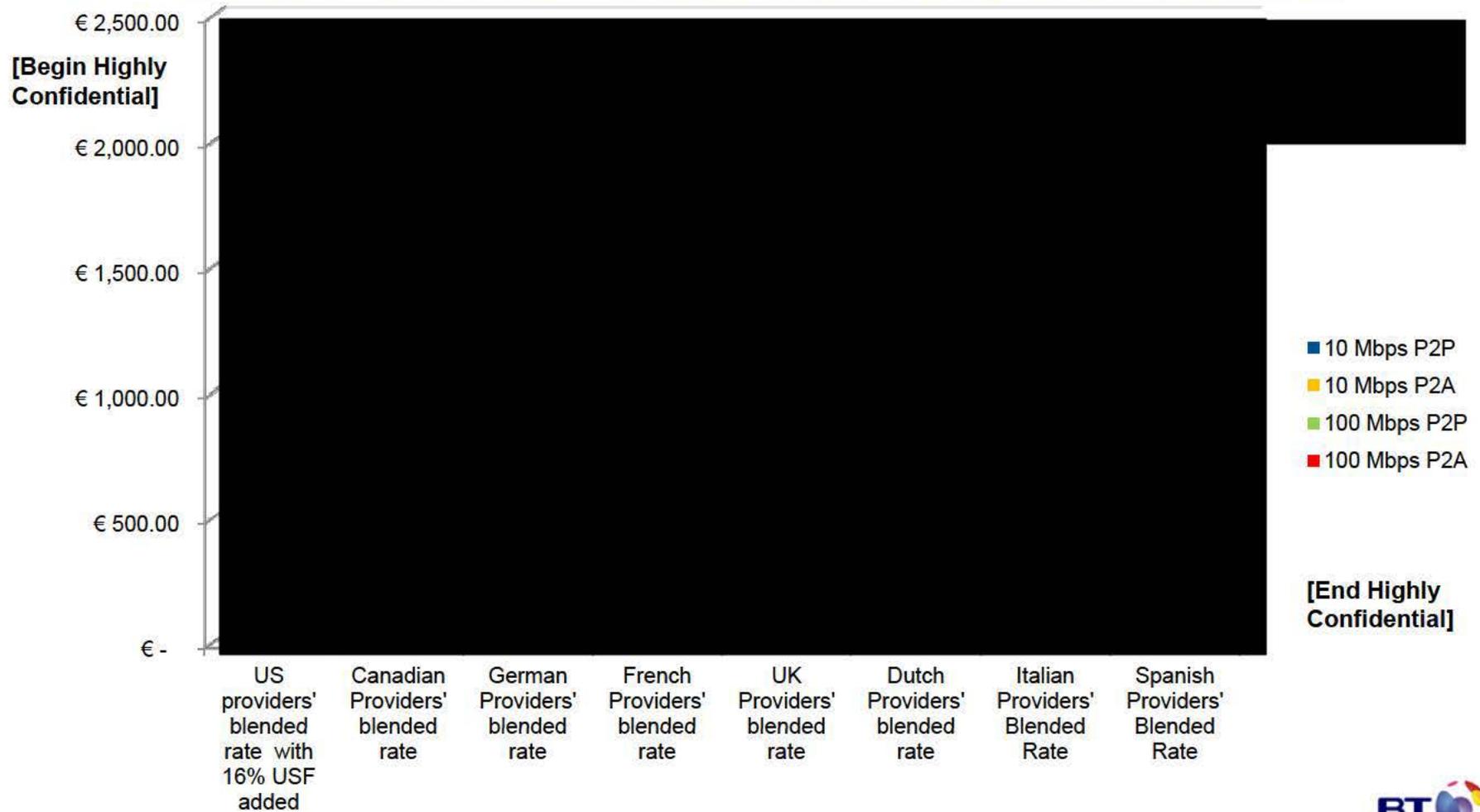
Aggregate Monthly Ethernet Pricing for Point-to-Point (P2P) and Point to Aggregate (P2A) Services Metro On-net Prices



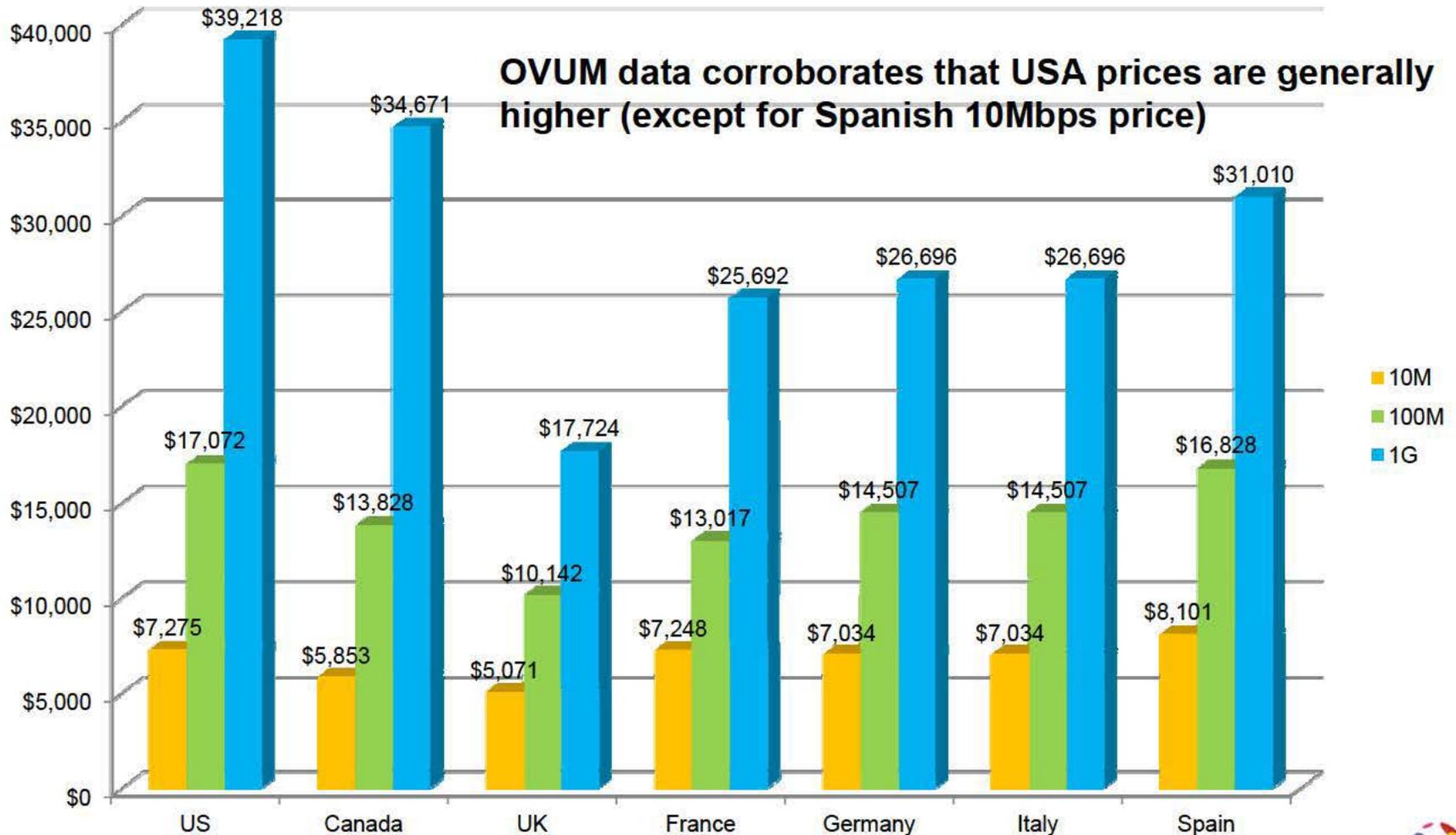
Source: BT/Confidential



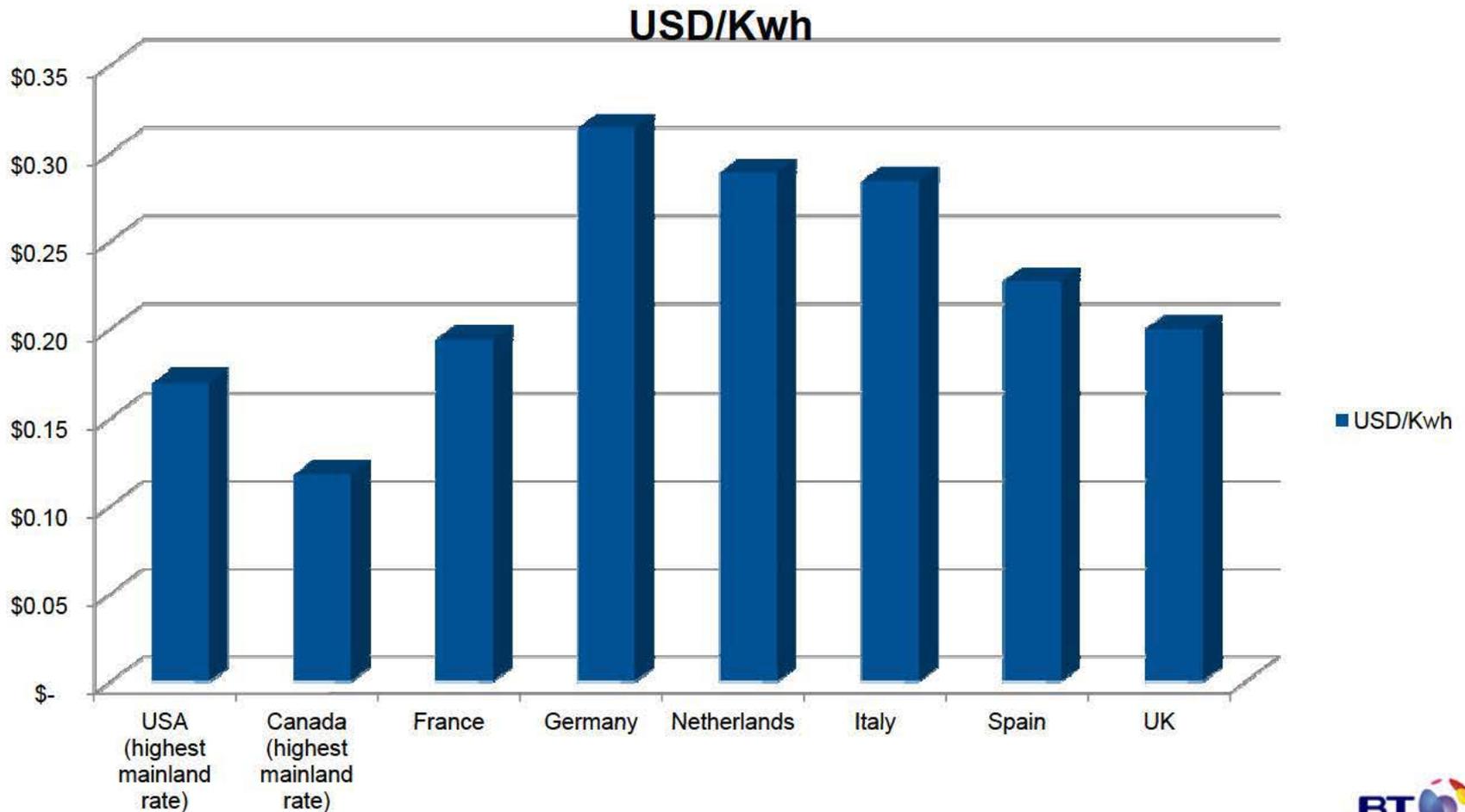
Aggregate Monthly Ethernet Pricing for Point-to-Point (P2P) and Point to Aggregate (P2A) Services Metro On-net Prices with 16% USF Added



OVUM 2011 Data on Annual Metro Ethernet Prices Per End Point



Yet Electricity Prices are Generally Lower in USA than Other Countries



Source: http://en.wikipedia.org/wiki/Electricity_pricing

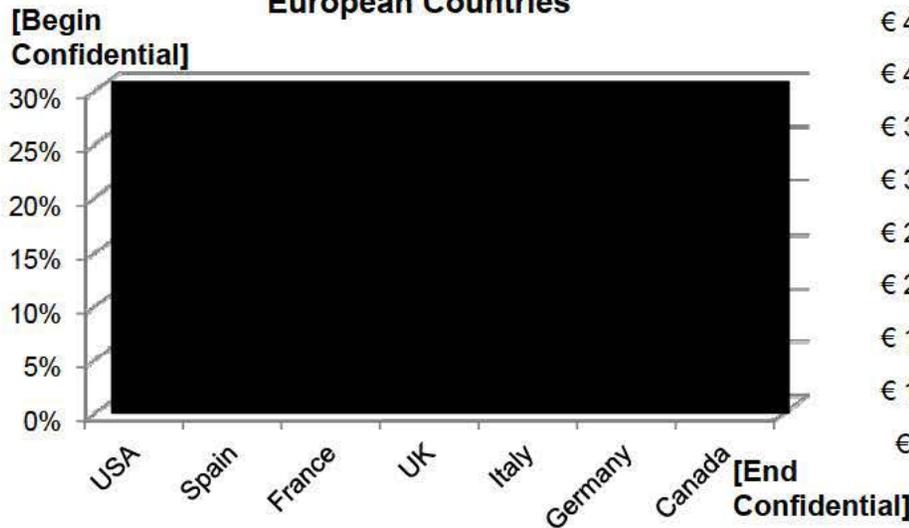


Overpricing in USA Has Inordinate Cost Impact on Global Enterprises Because They Typically Have Large Footprints in the USA

Figure 1

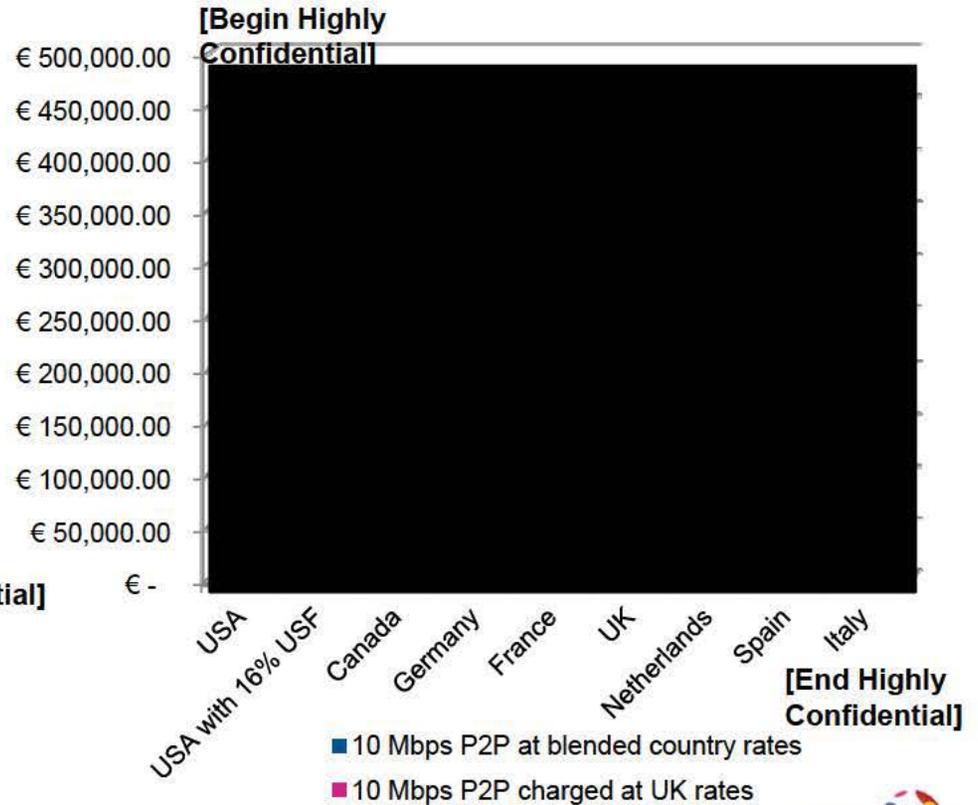
Figure 2

Top 1600 Global Public and Private Sector Multi-Sited Enterprises – Distribution of Their Sites Across North America and Major W. European Countries



■ Percentage of Multi-Jurisdictional Enterprises' Sites in Each Country

Monthly Ethernet access costs to a global enterprise with 1000 sites distributed as per Fig. 1



■ 10 Mbps P2P at blended country rates
■ 10 Mbps P2P charged at UK rates

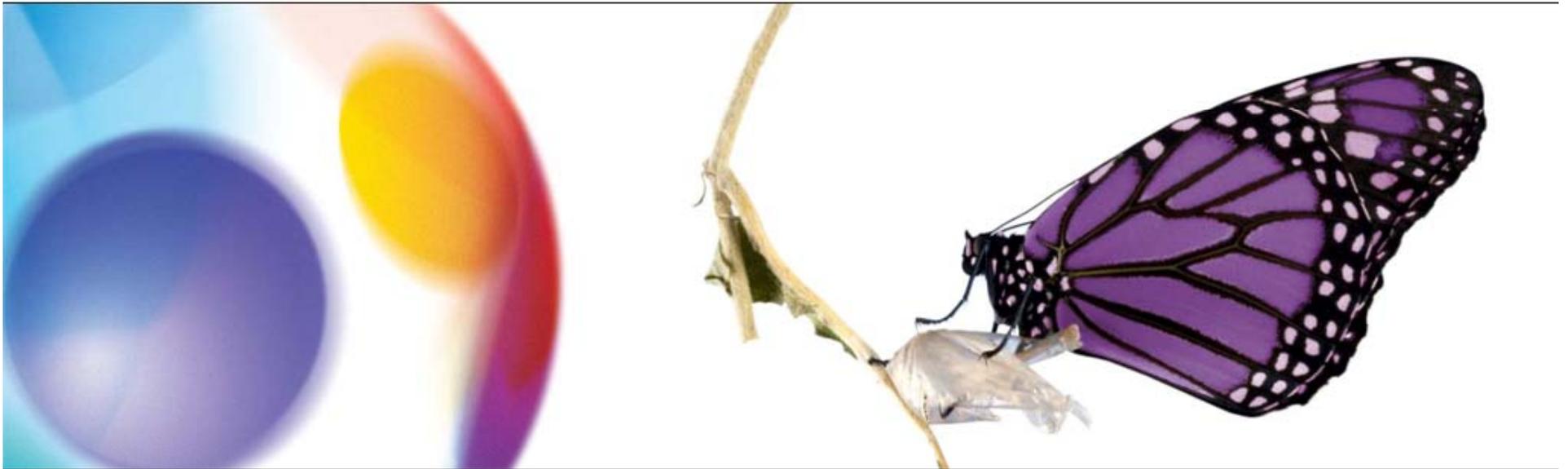


Availability and Take-Up of Ethernet Access Services

- In BT's experience, availability and takeup of Ethernet access services in the USA are lower than in Europe.
 - Approximately **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** of access services supplied by BT in Europe are Ethernet services whereas only **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** of the access circuits supplied by BT in the USA are Ethernet services. Compare this with **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** of access services supplied by BT in Latin America which are Ethernet services.
 - The USA ranks with **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** as jurisdictions in which BT experiences demand but take up of Ethernet access services is low because Ethernet access services are unavailable and/or uncompetitively priced.
 - **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** rank as top jurisdictions where BT experiences high demand and take up for Ethernet access services because Ethernet access services are widely available to enterprise sites and competitively priced.
 - US CLECs can fulfill **[Begin Highly Confidential]** [REDACTED] **[End Highly Confidential]** of US Ethernet access demand.



APPENDIX B



UK – Residential and Business Consumer Benefits of Addressing Leased Line Access Bottlenecks

October 2012

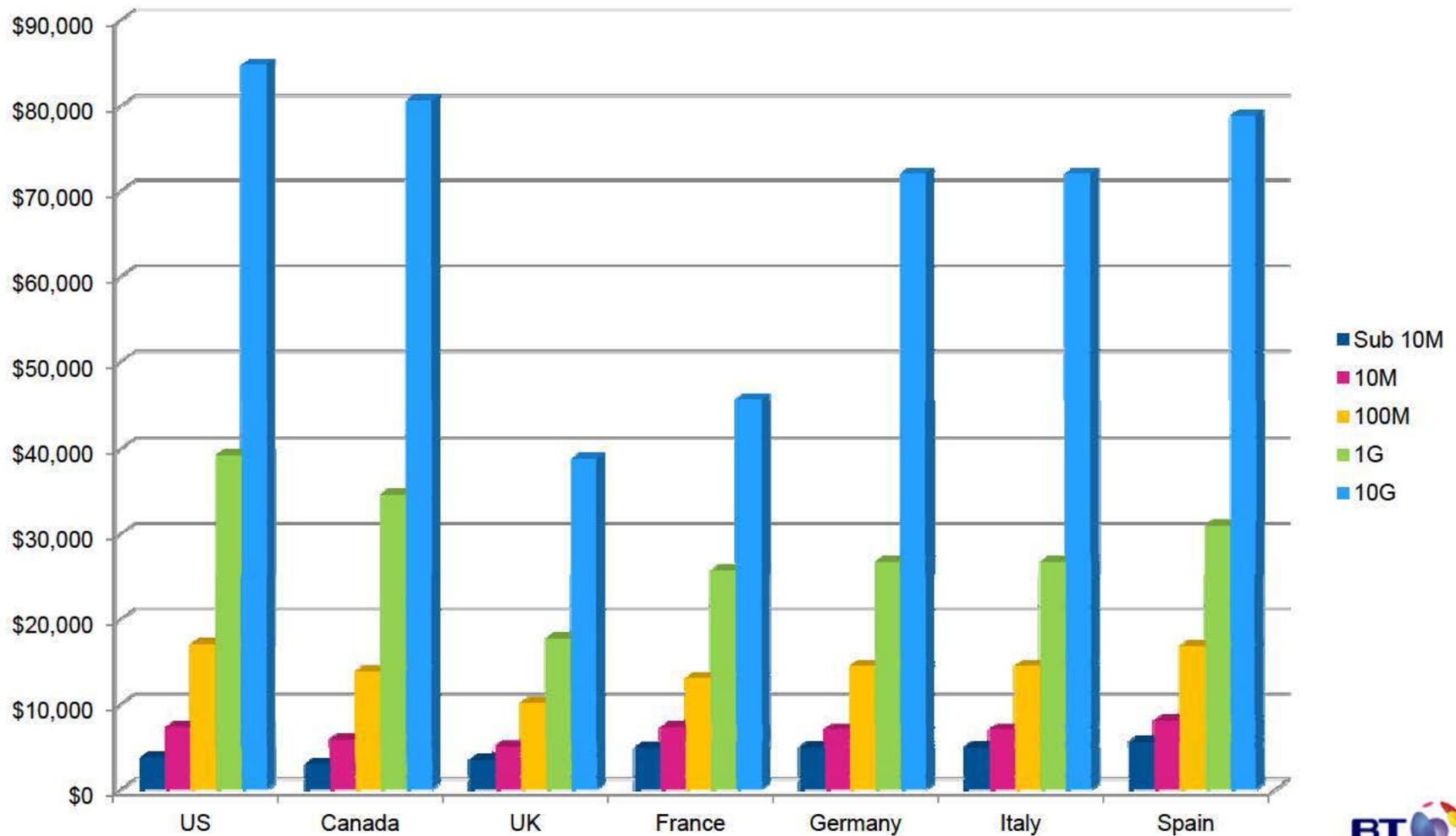
Introduction

- The data in this pack shows that retail competition in the provision of communication services in the UK has delivered real benefits for consumers in terms of choice, quality and value for money, including real GDP growth for the UK economy.
- This retail competition has been underpinned by BT's commitment to providing a range of fairly-priced wholesale access products on equivalent terms.
 - Market review of Ethernet and TDM access conducted every three years.
 - 10,000 postal sectors examined for competition.
 - Where market power exists, prices controls on access are imposed.
- The UK is now one of the world's leading countries in the cost and availability of communication services that research shows is delivering significant GDP growth compared to other countries.

UK Ethernet prices are amongst the lowest

Metro Ethernet Price Comparison Per End Point

Annual Prices



Source: <http://www.ovumkc.com/Products/Telecoms/Enterprise/Enterprise-Ethernet-Service-Forecast-Spreadsheet-2011-16/Ovum-Data-Pack>



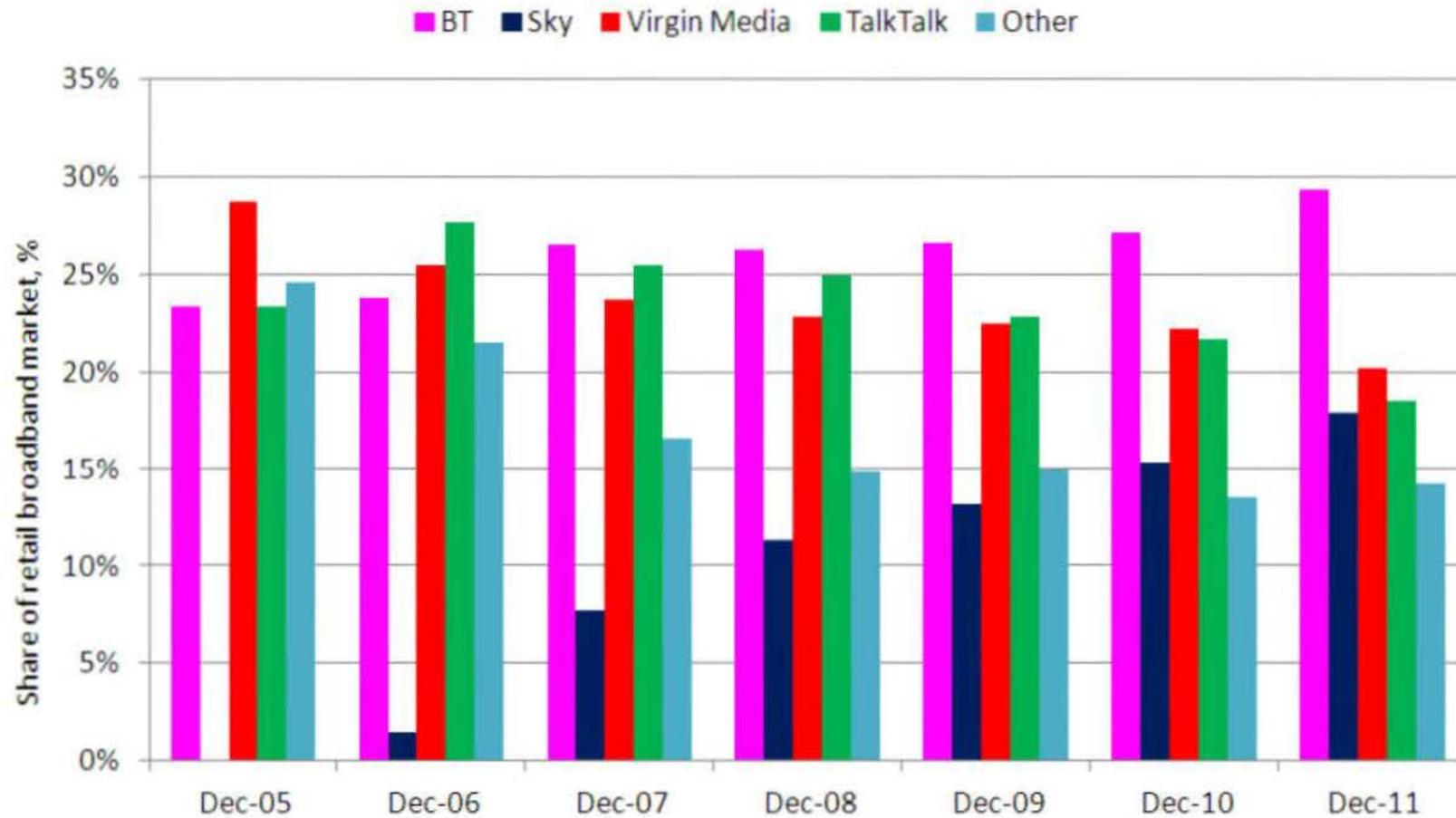
BT Fiber to the Home Investment Despite Regulation

- BT is deploying NGA networks without any regulatory forbearance.
- Invested £2.5bn to make fibre available to two thirds of UK premises by the end of 2014.
- Available for BT's competitors to use.
- Majority of premises are connected via fibre to the cabinet, delivering speeds of up to 80Mbps. The rest are fibre to the premises, delivering speeds of up to 300Mbps.
- More than 99% of UK homes have access to broadband. 9 of 10 UK homes have access to over 2Mbps in practice (often substantially more).
- BT is trialling one Gigabit fibre broadband speeds in the UK.

UK Small and Medium Sized Businesses (SME) have High Take-up Rate of Broadband

- UK SME market
 - 80-90% of UK SME business premises take wired broadband service with download speeds of greater than 2 Mbps.
 - 90% of UK business premises have access to Ethernet access services.
- USA SME market
 - According to the FCC's National Broadband team, **“many small businesses don't have connectivity sufficient for new opportunities, like cloud computing.”**

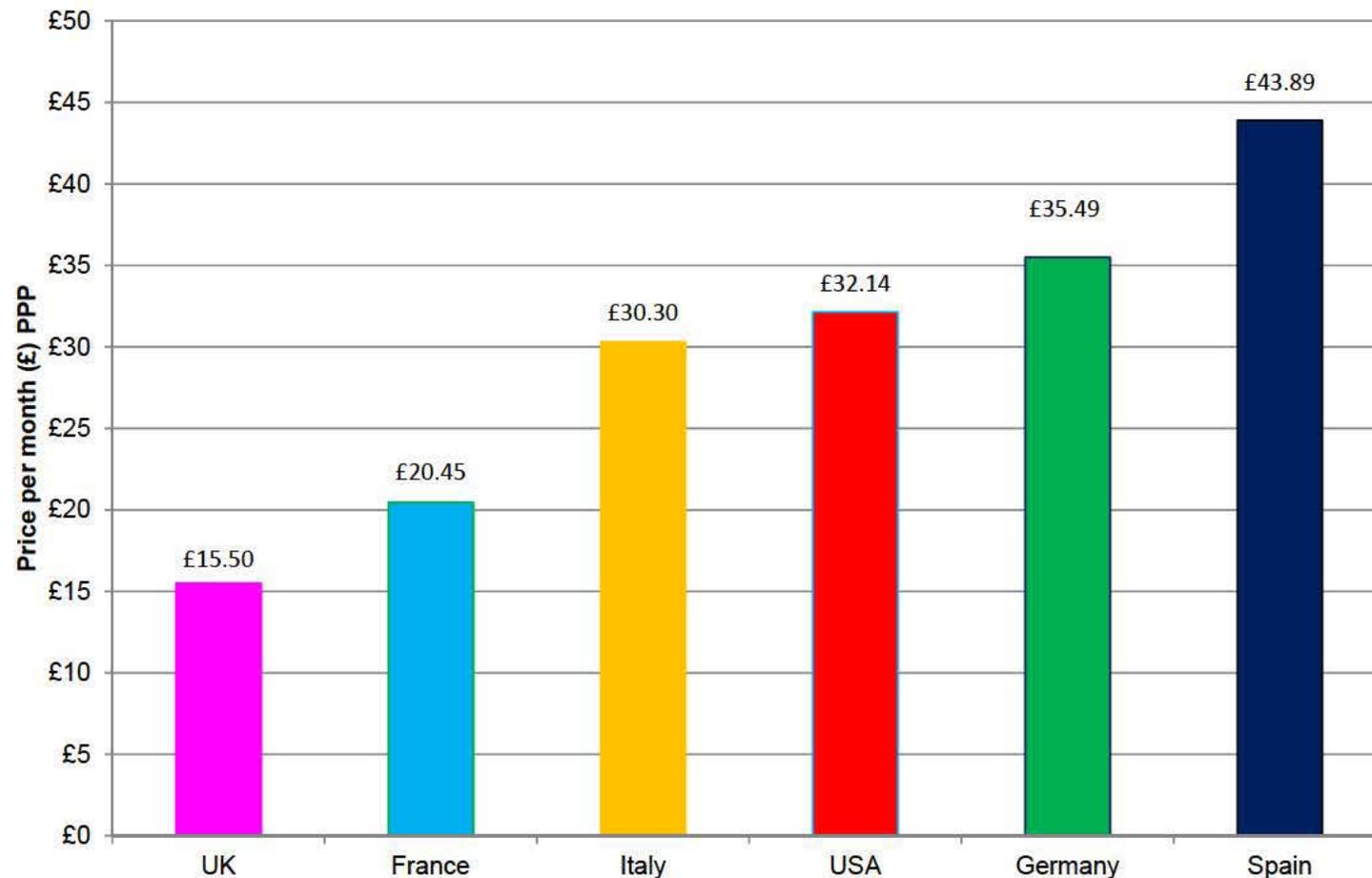
UK has high number of national providers of retail broadband



Source: Quarterly Market Update, Ofcom, 2012



Competition and new entry have given the UK the lowest broadband prices among the major countries...

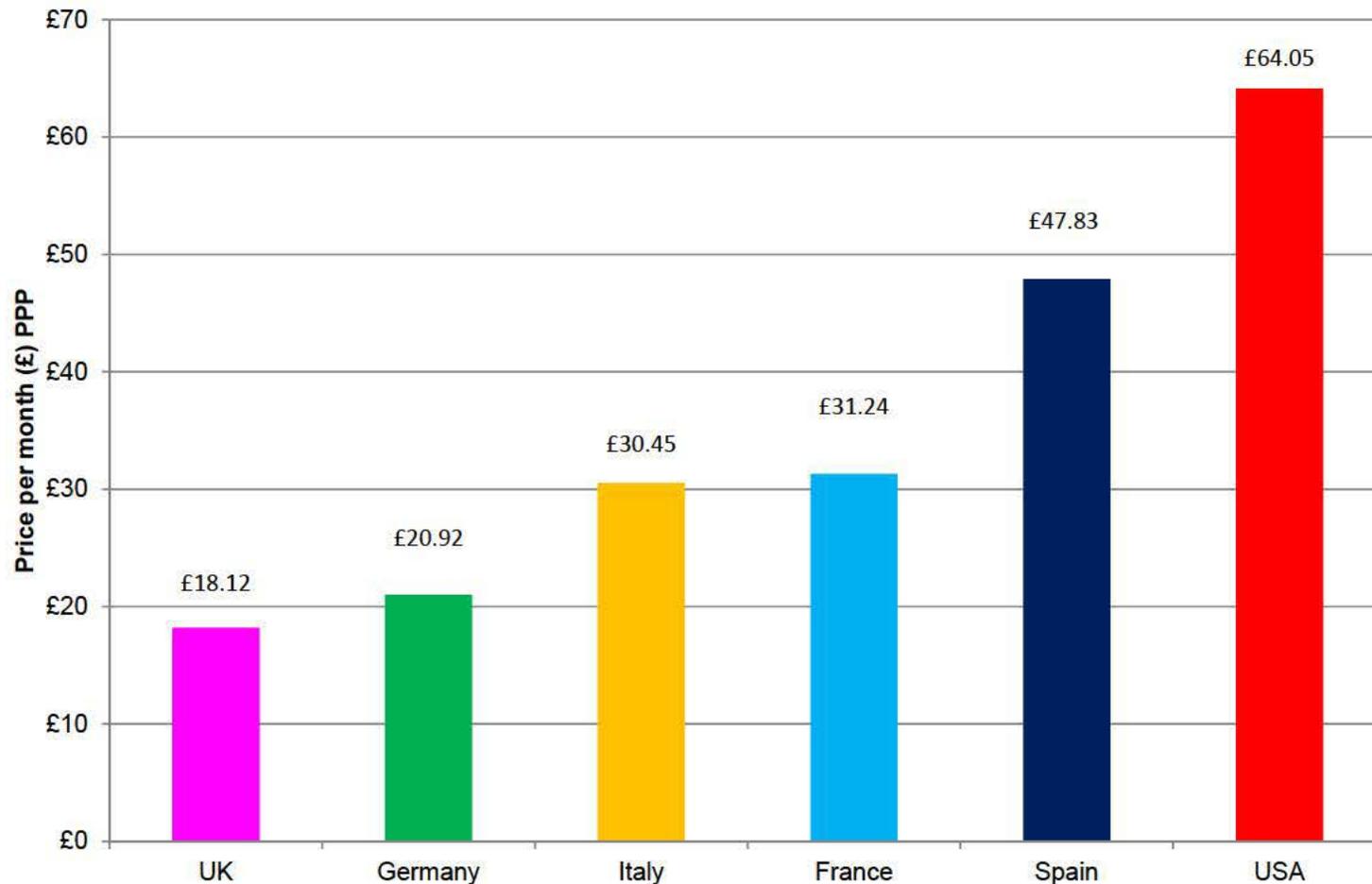


Source: International Communications Market, December 2012, Ofcom

Notes: Weighted average of best-value tariff from each of the three largest operators by market share in each country; PPP adjusted. Based on a family of two parents and two teenage children. They are heavy users of the fixed-line phone and the internet, requiring a minimum headline connection speed of 'up to' 8Mbit/s, and subscribe to entry-level pay-TV services.



And the lowest superfast broadband prices among the major countries

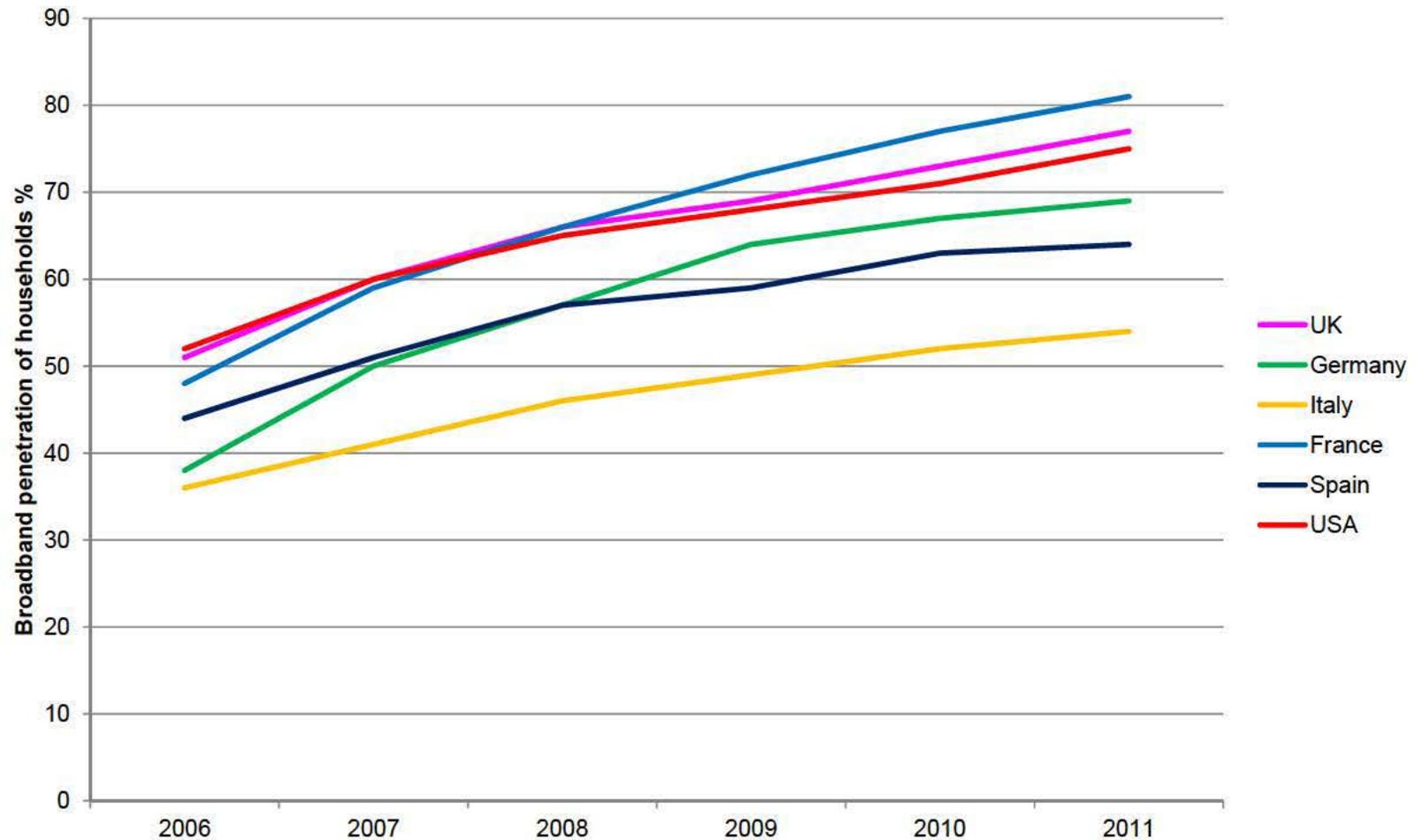


Source: International Communications Market, December 2012, Ofcom

Notes: Weighted average of best-value tariff from each of the three largest operators by market share in each country; PPP adjusted. Based on an affluent young couple of high-end users. They are fairly high users of mobile voice and data services and, to a lesser extent, SMS. They have a fixed line with relatively low use, are heavy internet users with a superfast broadband connection (i.e. with a headline speed of 30Mbit/s or more). Note for Italy, figures include 'up to' 20Mbit/s as no ISPs in survey offered 30Mbit/s.



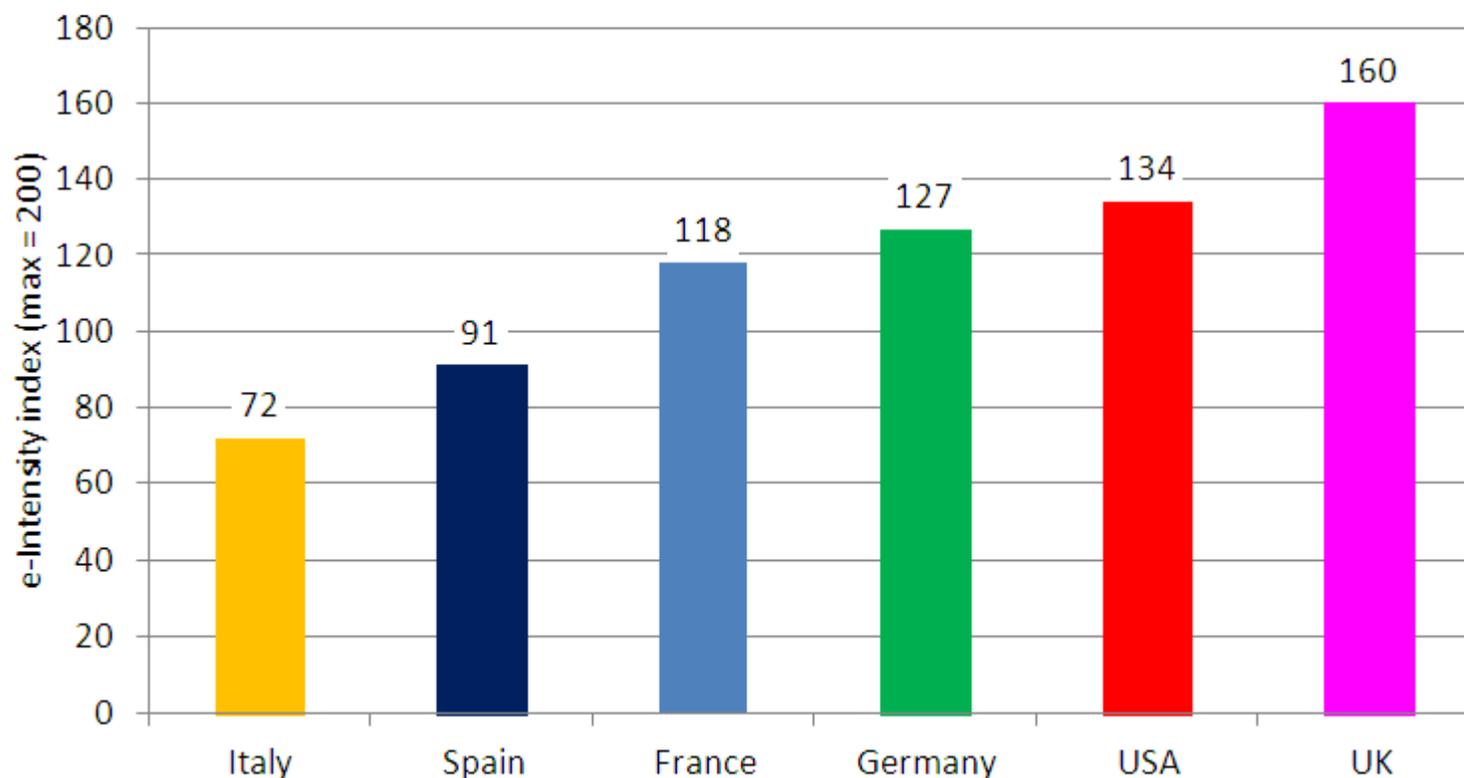
UK broadband penetration is second highest among major economies



Source: International Communications Market, December 2012, Ofcom



These supply and demand factors have contributed to the relative strength of the Internet in the UK



Source: Boston Consulting Group, e-Intensity Index, October 2011

The Index is a yardstick of Internet strength and activity across nations. It measures “**Enablement**” (How well built is the infrastructure and how available is access?); “**Engagement**” (How actively are businesses, governments, and consumers embracing the Internet?); and “**Expenditure**” (How much money is spent on online retail and online advertising?) The index is scaled so that the geometric mean is 100 for the 34 OECD countries. The UK is grouped in the top tier of countries along with South Korea, Sweden and Denmark.

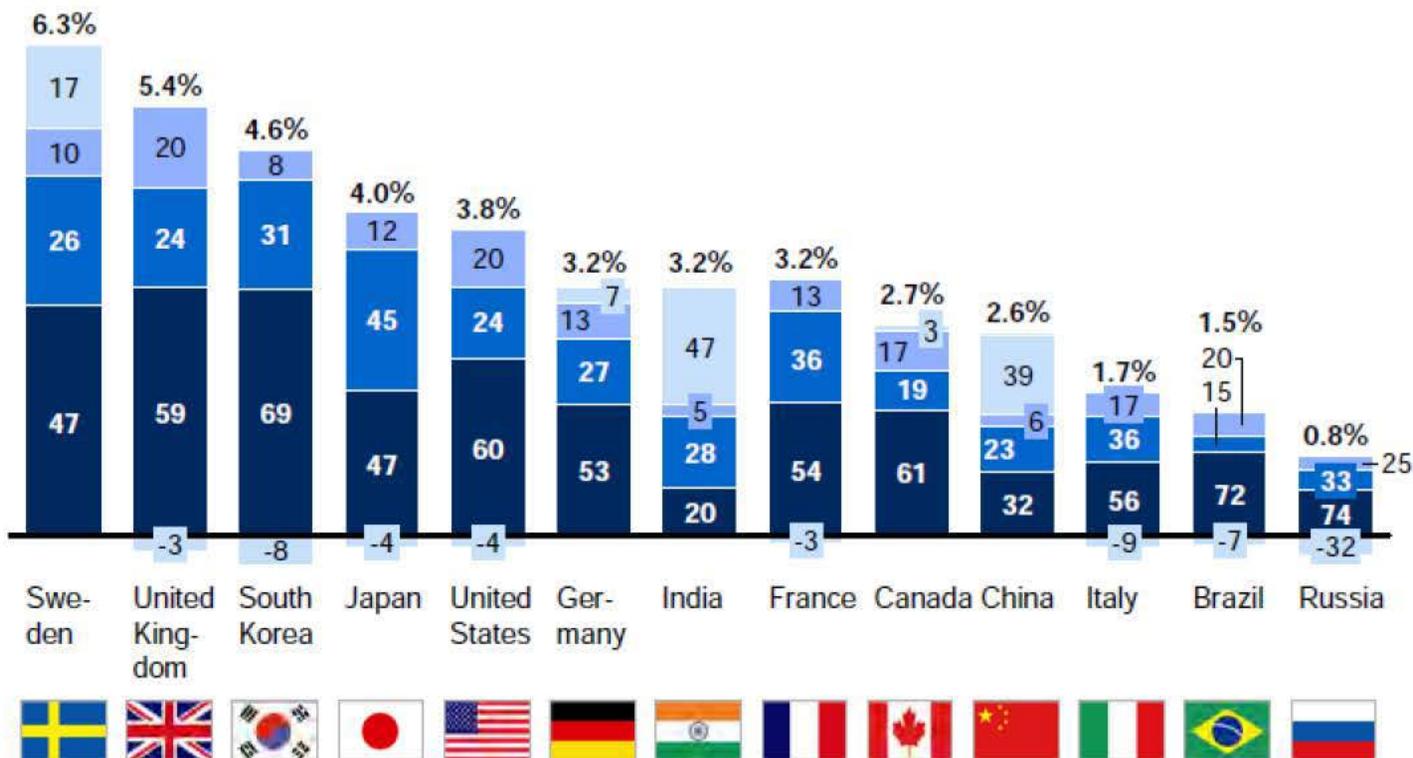


This strength of the internet economy has a direct impact on GDP

Internet contributed directly to between 0.8 percent and 6.3 percent of GDP, depending on the country

Contribution to GDP, 2009
%; % of GDP

- Trade balance
- Public expenditure
- Private investment
- Private consumption



SOURCE: McKinsey analysis

