

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).

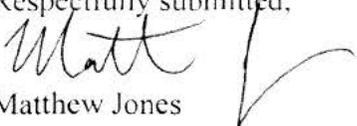
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that wholesale Ethernet providers have offered BT in response to requests for production⁴; (2) the types of services demanded by BT's customers in various countries⁵; and (3) the extent to which competitive LECs are able to fulfill Ethernet access 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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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 Steve Wildman, FCC Chief Economist, Jonathan Chambers, Acting Chief of the Office of Strategic Policy, and Eric Ralph, Chief Economist for the Wireline Competition Bureau. 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 stated that the dependency in this market on US incumbents to supply the majority of the necessary wholesale access inputs is consistent with the findings of a WIK study on business access services. The WIK study examined business access conditions across the member countries of the European Union. It found that in country after country, incumbents still dominate in the provision of business access services to large, multi-sited enterprises in their countries.¹

BT used the attached presentation as an aid in explaining the global network services market. In addition, BT described the multiple reviews conducted of the business access services

¹ See Godlovitch, Monti, Schafer & Stumpf, *Business Communications, Economic Growth and The Competitive Challenge* (2013) at pp 49-54, a study prepared for the European Competitive Telecommunications Association (ECTA) and International Telecommunications User Group (INTUG) by WIK Consult and available at http://www.ectportal.com/en/upload/File/Reports/ecta_businesscustomers_final_5_clean.pdf.

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market in the UK and the most recent price controls imposed on wholesale business access services where dominance was established.

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 large initial 'S' and a stylized 'C'.

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

cc: Eric Ralph
Steve Wildman
Jon Chambers

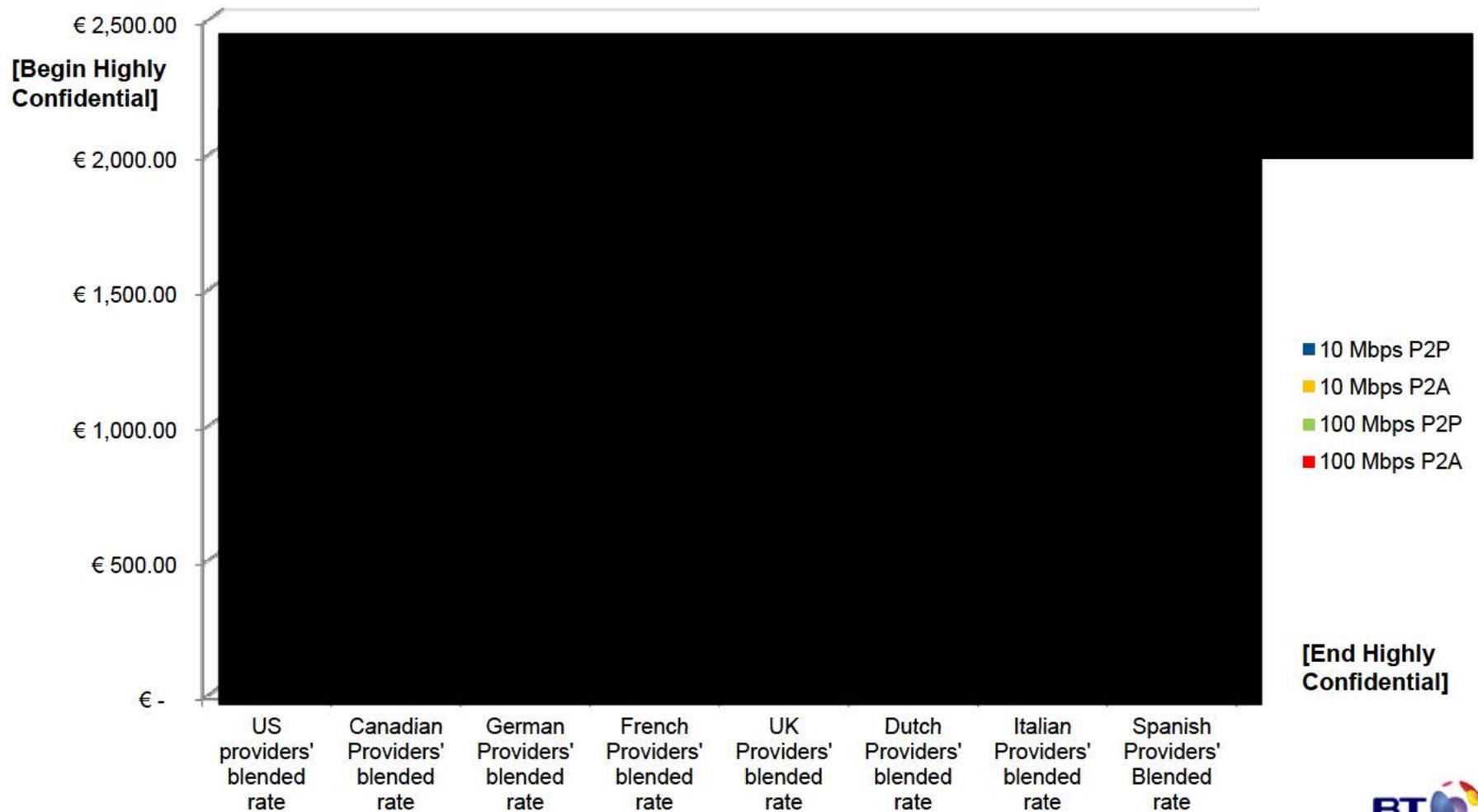
APPENDIX A



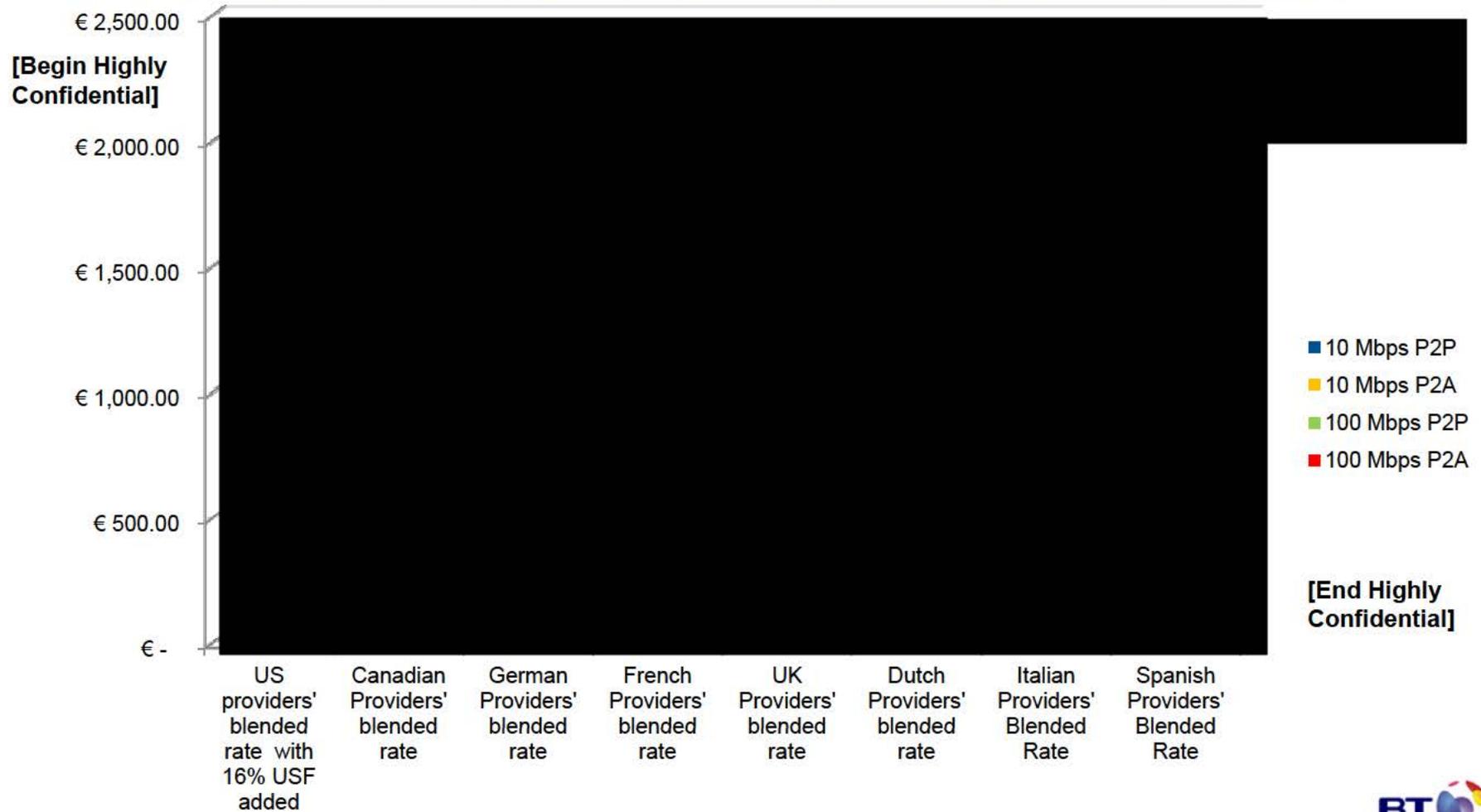
International Comparisons And Impacts on Global Enterprises

April 2013

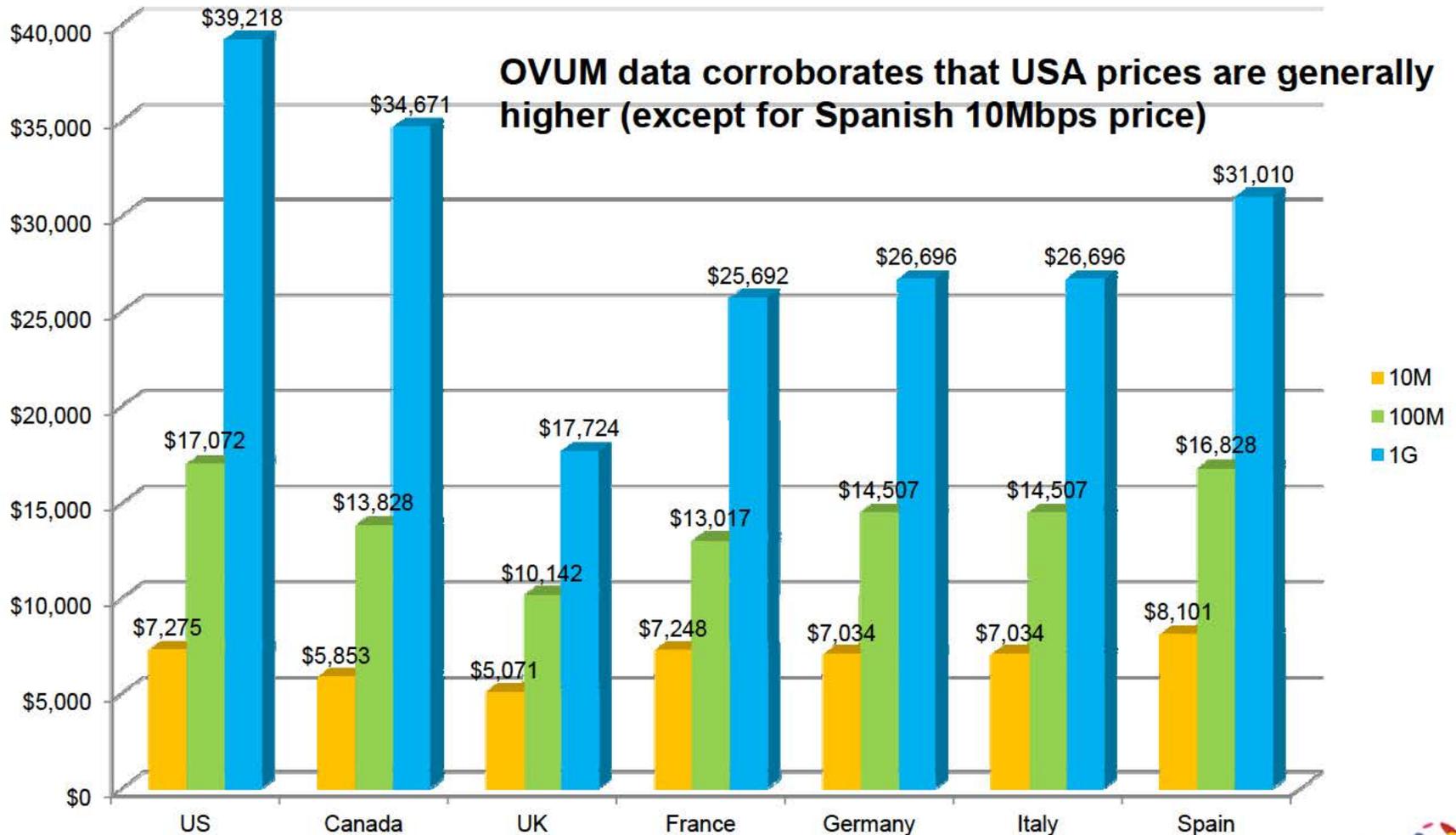
Aggregate Monthly Ethernet Pricing for Point-to-Point (P2P) and Point to Aggregate (P2A) Services Metro On-net Prices



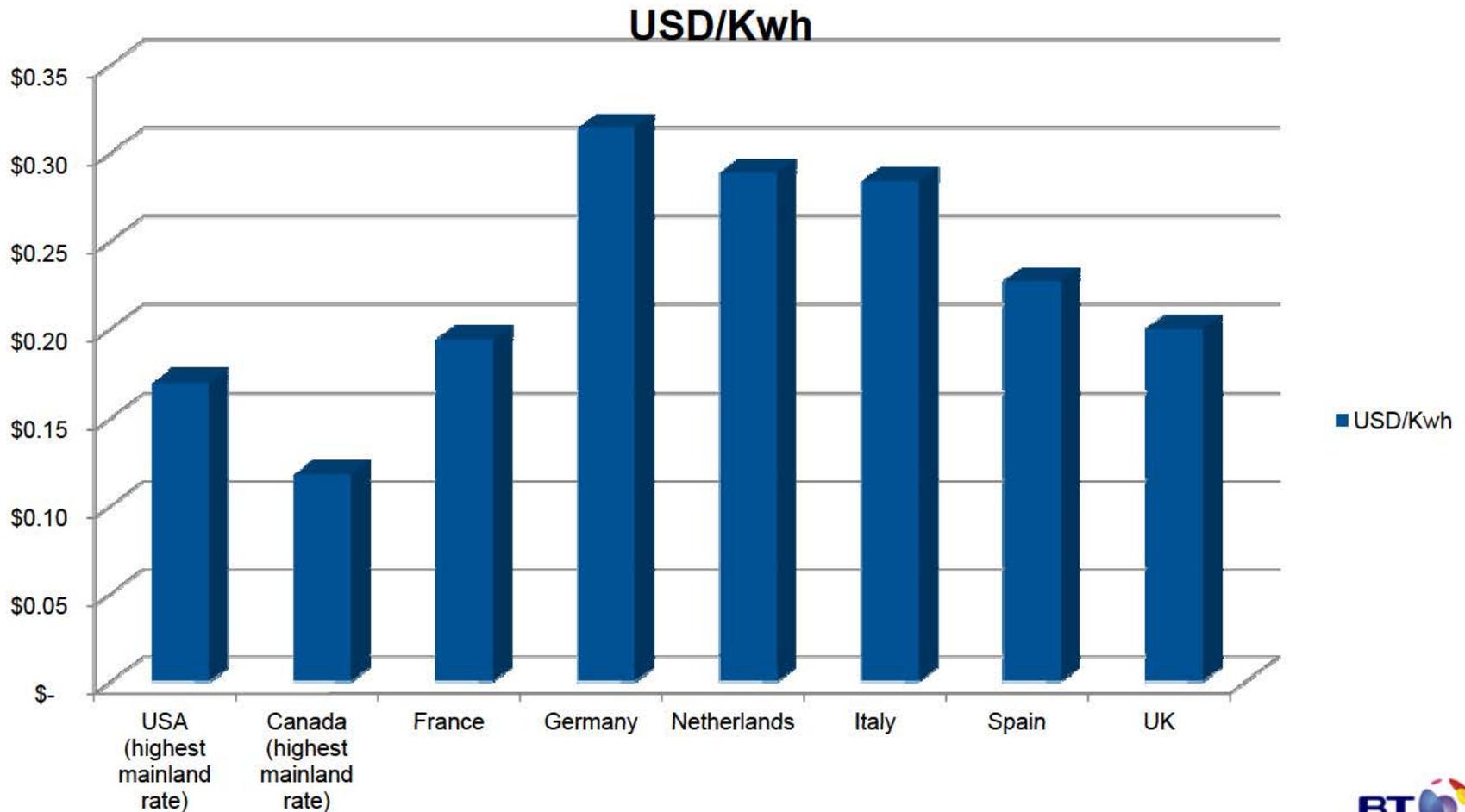
Aggregate Monthly Ethernet Pricing for Point-to-Point (P2P) and Point to Aggregate (P2A) Services Metro On-net Prices with 16% USF Added



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

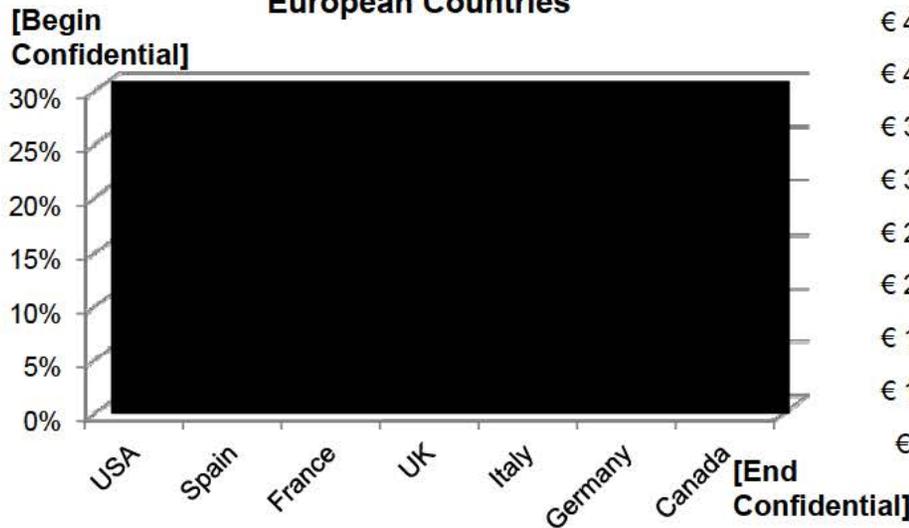


Overpricing in USA Has Inordinate Cost Impact on Global Enterprises Because They Typically Have Large Footprints in the USA

Figure 1

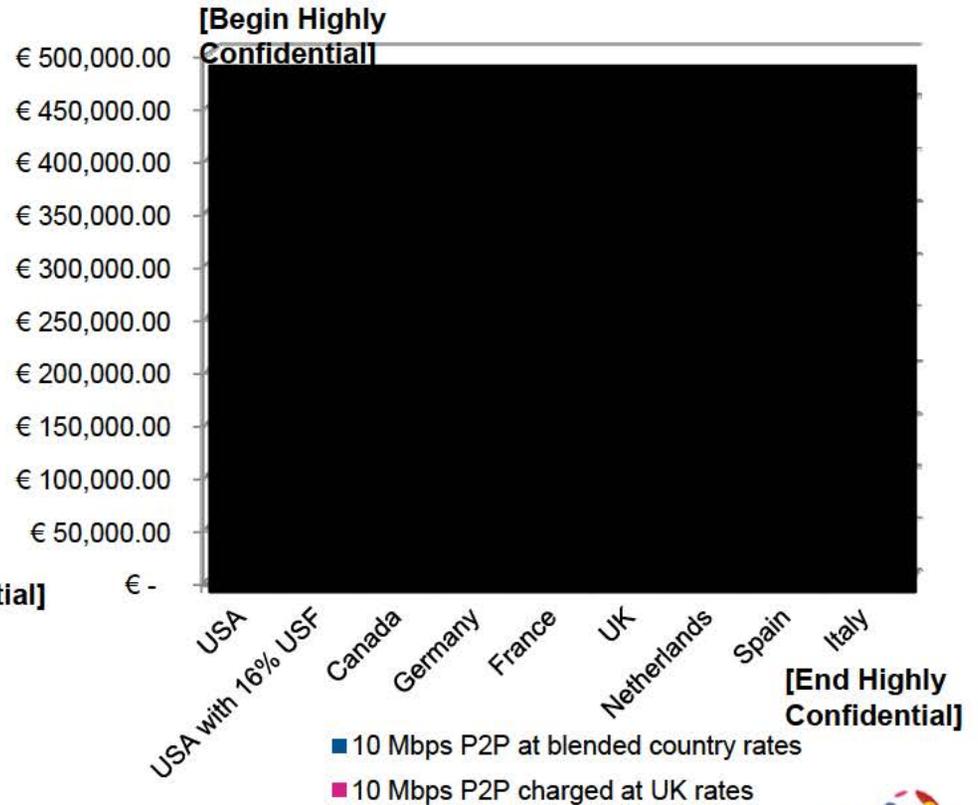
Figure 2

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



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.

