



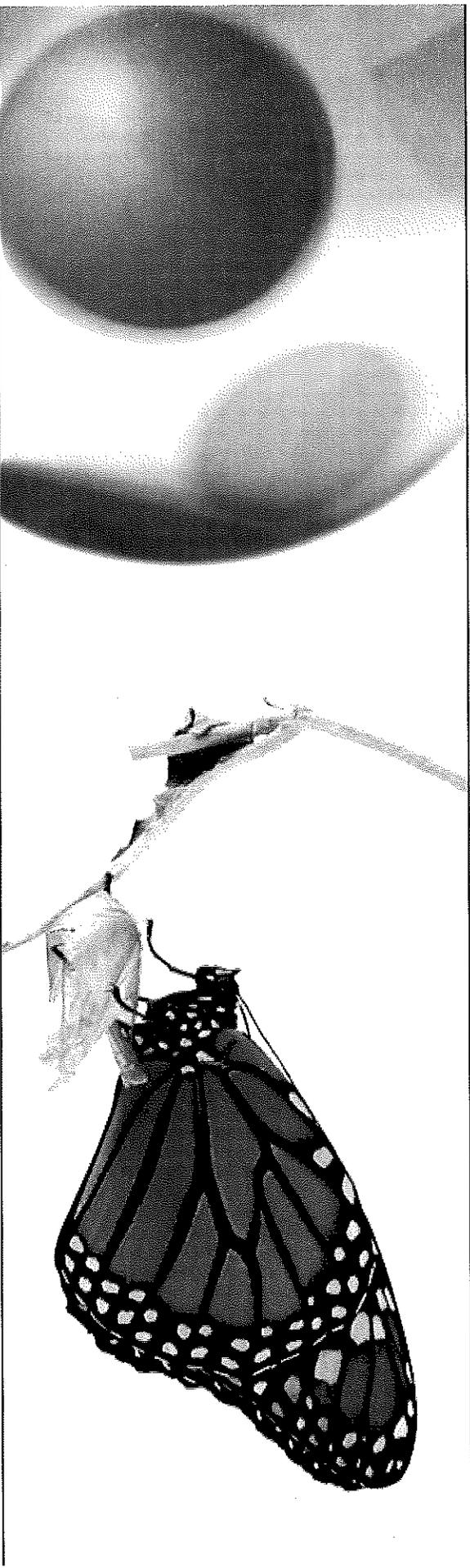
FEDERALLY-REGISTERED LOBBYIST CONTACT DISCLOSURE FORM

This form is to be completed by NTIA employees who are contacted by Federally-registered lobbyists in person in a non-public setting or by phone regarding policy issues concerning the Recovery Act (BTOP or DTV Converter Box Coupon Program). This report includes a written description of each contact, the date and time of the contact, and the names of the Federally-registered lobbyist(s) and the employee(s) with whom the contact took place. The information on this form will be available to the public on NTIA's recovery website.

Program (check which applies) <input checked="" type="radio"/> BTOP <input type="radio"/> DTV		
Date and Time of Contact Date: <input type="text" value="09/17/09"/> Time: <input type="text" value="10:00 am"/>	Name of the Employee(s) Contacted (Name and Title) <input type="text" value="Assistant Secretary Strickling
Diane Steinour, OIA
Christina Speck, OIA"/>	Brief Description of the Contact (attach separate sheet if necessary) <input type="text" value="NTIA met with CEO and others from British Telecom (BT) to discuss NTIA's policy priorities on open access (in particular 'special access') and competitive supply in U.S. broadband markets, as well as to discuss the UK's Digital Britain broadband plan."/>
Name of the Employee(s) who prepared this form: <input type="text" value="Angela Simpson"/>		Prepared Date: <input type="text" value="09/17/09"/>

Federally-registered Lobbyist(s) Name: <input type="text" value="Jill Cocayne"/>	Title: <input type="text" value="VP Government Affairs"/>	Firm or Organization, if applicable: <input type="text" value="BT, PLC"/>	Client: <input type="text" value="BT, PLC"/>
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Submit Form

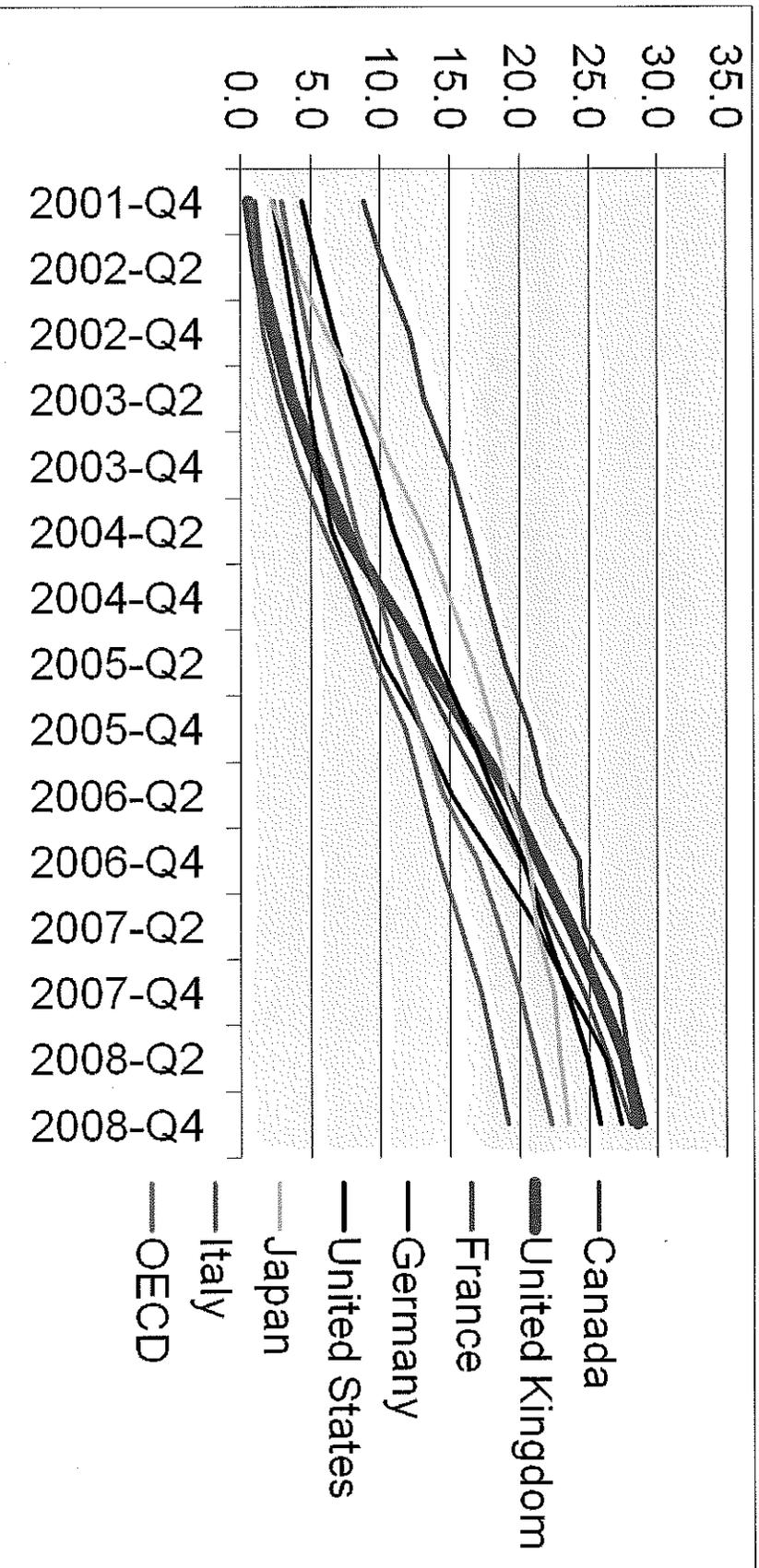


Relationship Between Effective Regulation of Access Bottlenecks and Broadband Penetration: The UK's Experience

September 2009

Effective regulation of access bottlenecks has driven accelerated broadband uptake in the UK

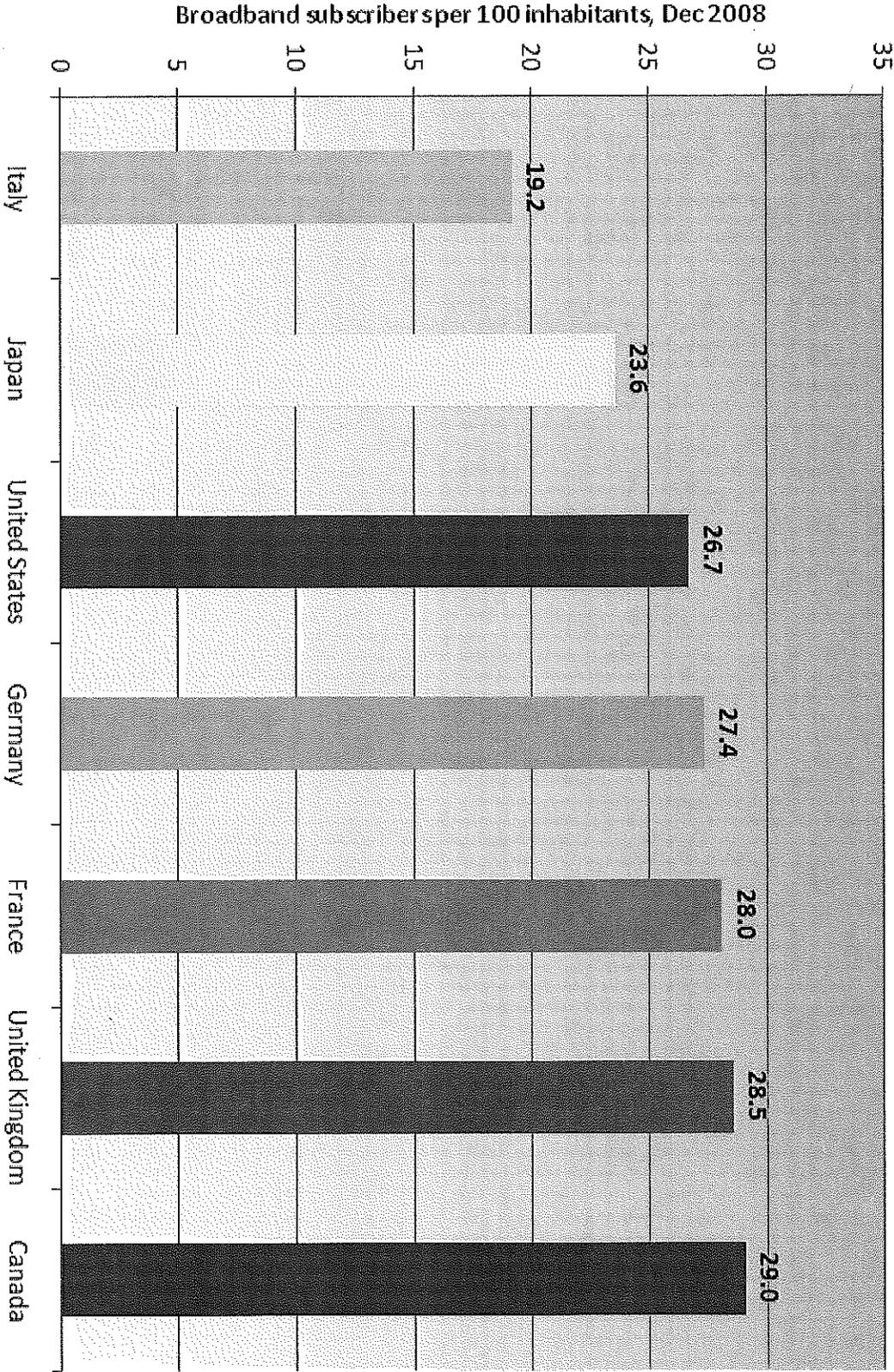
- Steeper rate of broadband penetration following implementation of the EC's regulatory framework and functional separation of BT
- Propelled the UK from a laggard position in broadband penetration amongst the G7 to one of leadership second only to Canada



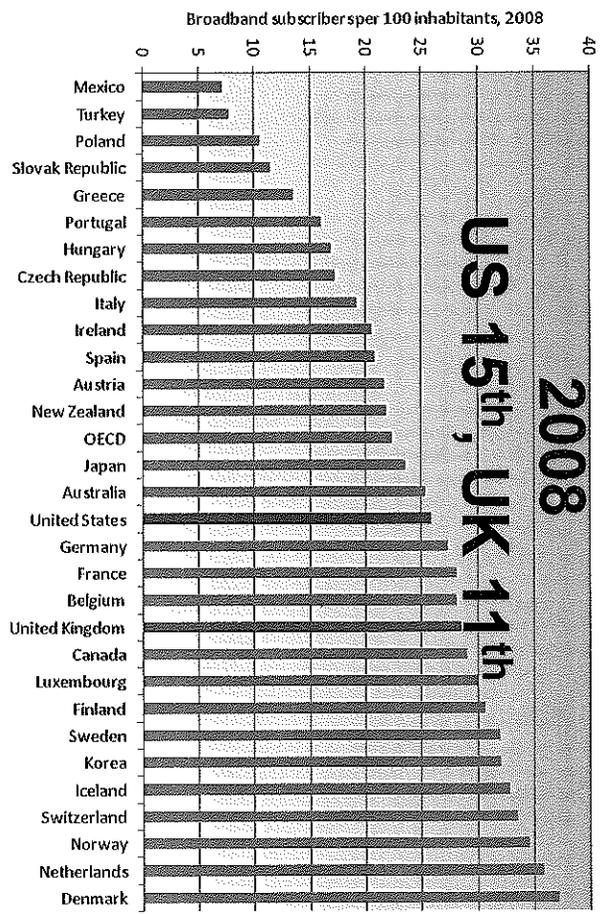
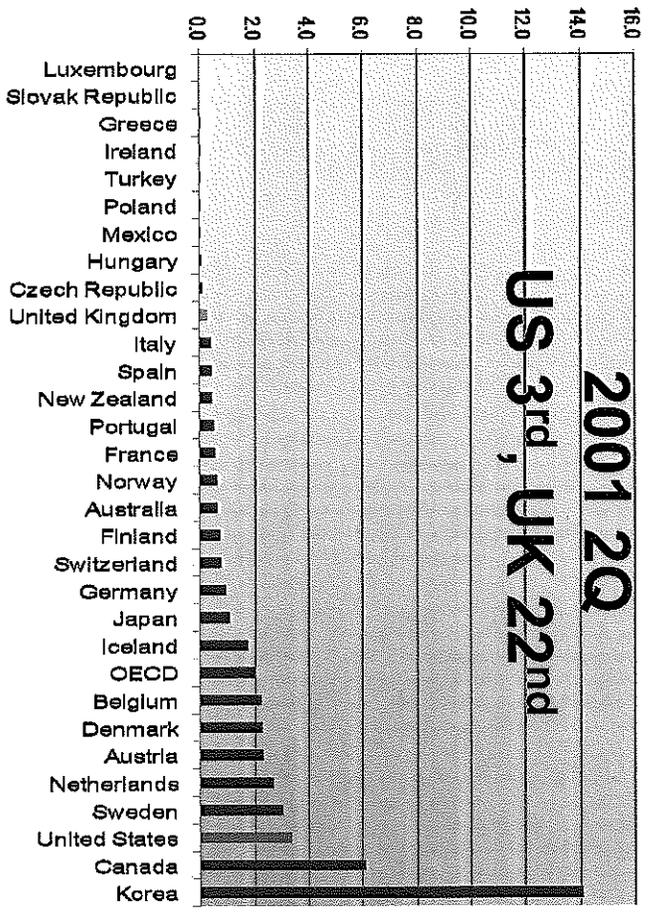
Source: OECD



Broadband penetration in major economies



Improved UK broadband performance enabled by effective regulation of access bottlenecks



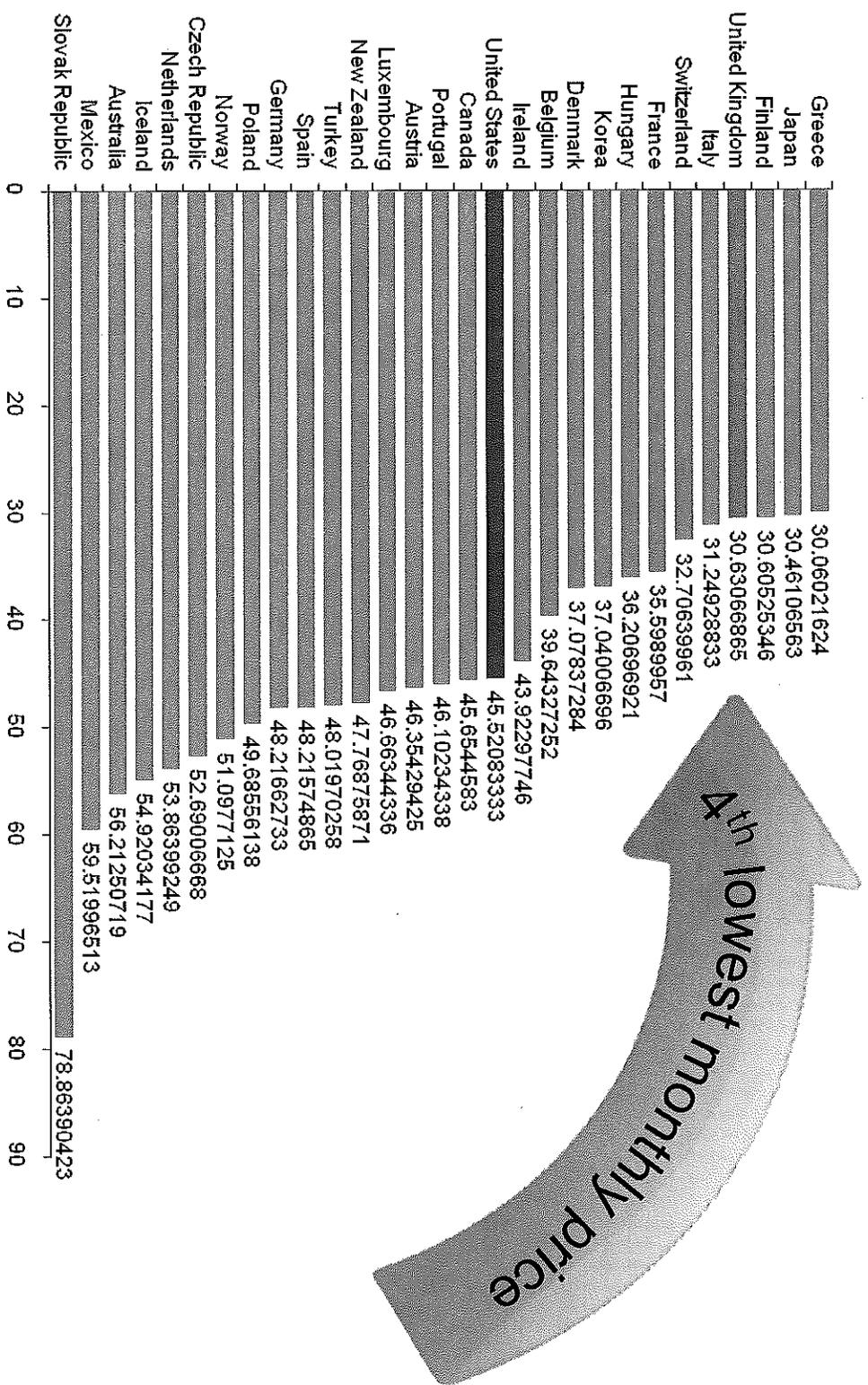
UK is 11th in OECD ranking today whereas it was in 22nd place in 2001

█ = UK
█ = US



Intense intra/intermodal competition has lowered prices for broadband subscribers

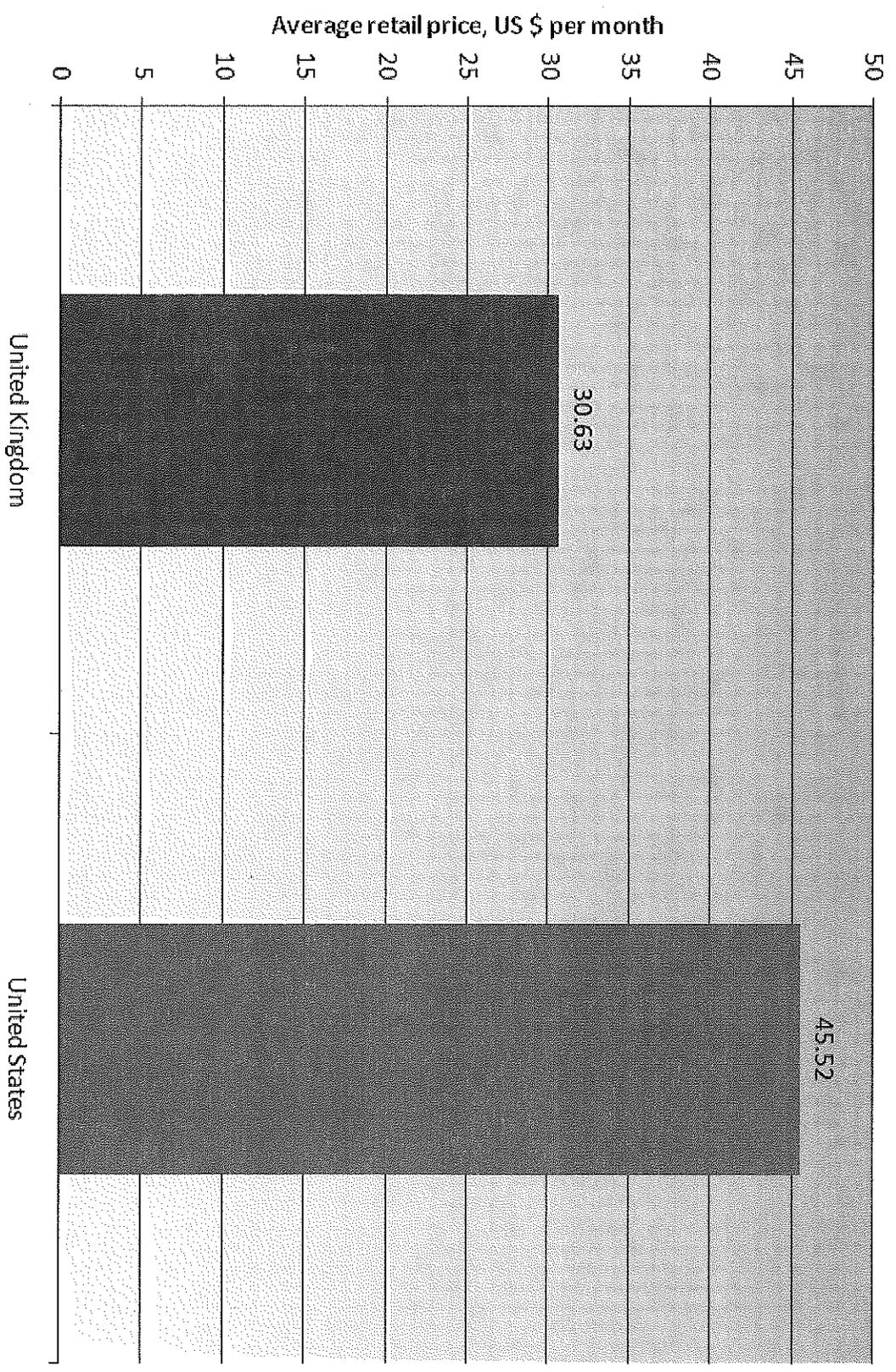
Broadband average monthly subscription price, Oct. 2008, USD PPP



Source: OECD



Average retail broadband subscription price per month (US \$ per month, Oct 2008)



UK: Intense intra/intermodal broadband competition enabled by effective access regulation

- Over 700 national and regional ISPs compete to serve a population 1/5th the size of the US, and occupying a landmass the size of Oregon.
- 99% of UK exchanges are enabled with ADSL Max
 - Up to 8 Mbps available to UK homes as well as small, medium, and large businesses.
- BT offering ADSL2+ to reach 55% of UK homes by 2010 providing up to 20 Mbps downstream.
- BT to spend £1.5 billion to extend FTTC and FTTH to 10 million UK homes by 2012, approximately 40% of UK homes.
- BT has 614 Ethernet nodes rolled out across the UK. Ethernet service within 5km of 90% of UK's business premises.

Result: More innovation in services & pricing driving broadband uptake

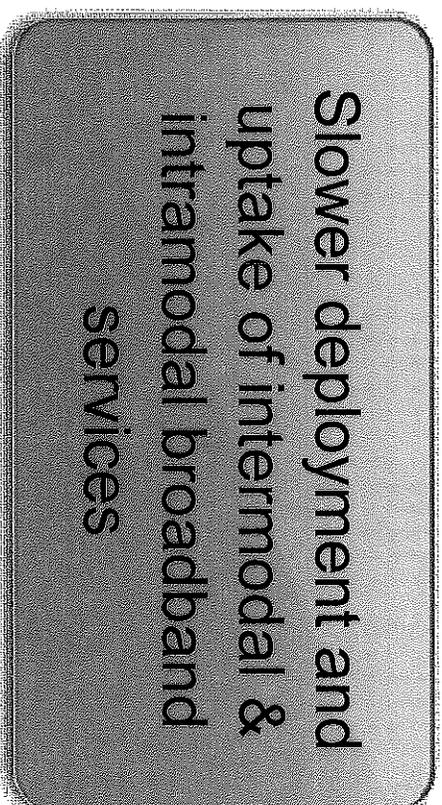
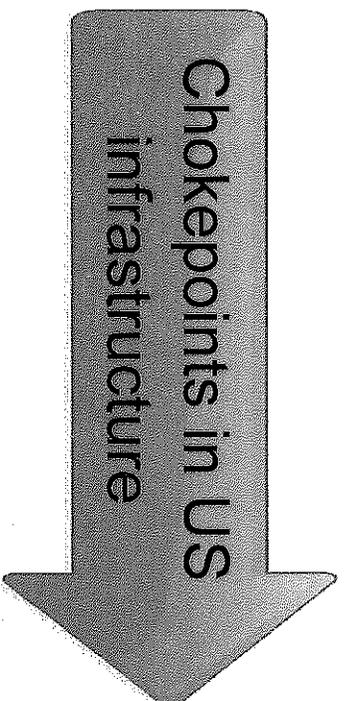
UK: Intense intra/intermodal broadband competition enabled by effective access regulation

- Health IT in the UK is a reality because high speed broadband is affordable, widely deployed, and used by not only residential customers but also by doctors' and dentists' offices.
- Small businesses (SMEs) have access to affordable large business solutions allowing them to compete on a global stage.
 - Dozens of national and sub-national providers competing to provide broadband and related services to SMEs.
 - BT and others offer SMEs 20-24 Mbps broadband services at affordable prices.
 - SMEs have access to innovative services such as Ethernet, SaaS, cloud computing, videoconferencing, and unified communications.

Result: More innovation in services & pricing driving broadband uptake

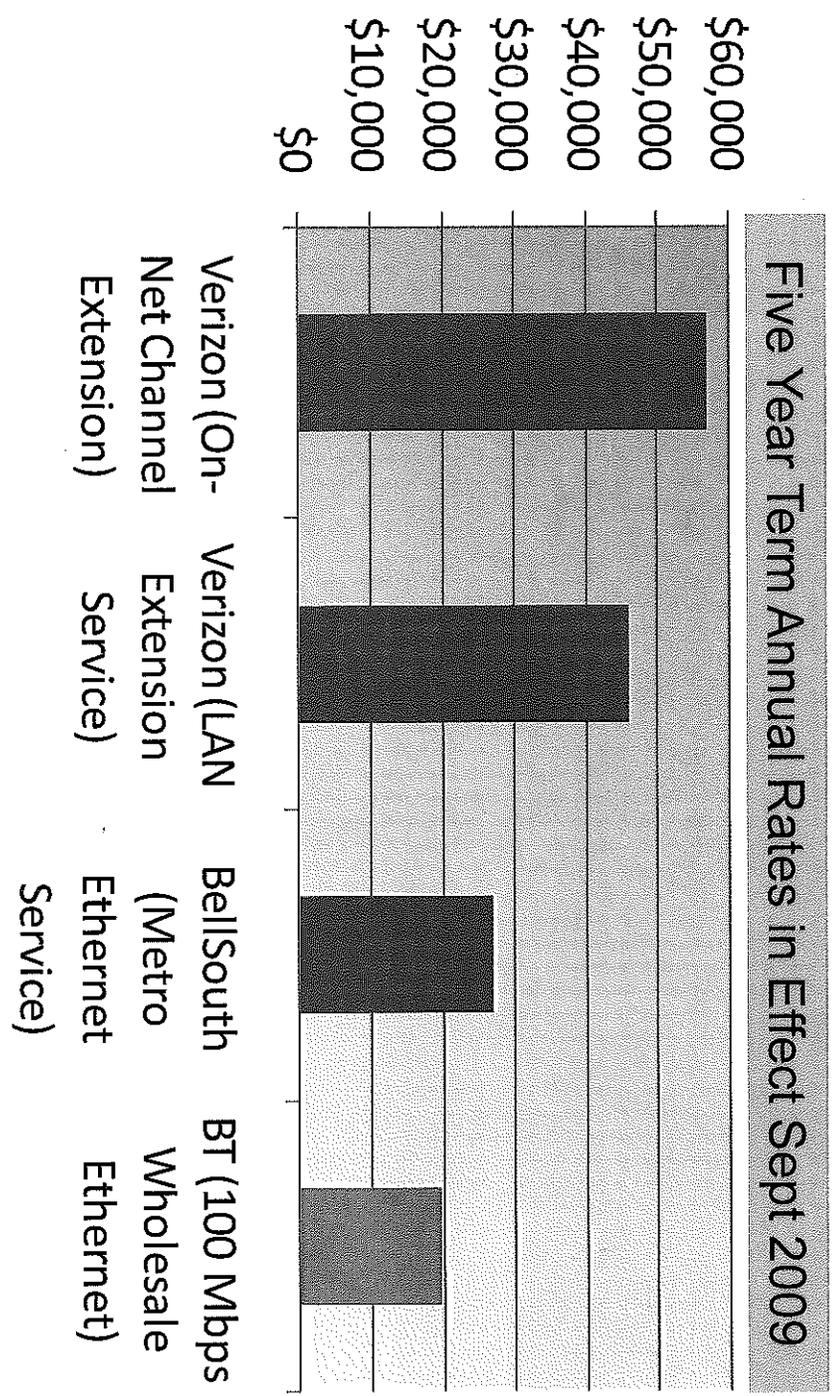
US access bottlenecks need effective regulation

- AT&T's 2007 after-tax rate of return on special access = 137%.
- Verizon's 2007 after-tax rate of return on special access = 63%.
- BT's rate of return on PPCs, the UK equivalent of special access, is 11.5% and its allowed return on wholesale Ethernet is 10%. **
- US access services are chokepoints. The following slides show comparative US/UK data highlighting overpricing.



** (Ofcom determined that BT's return on wholesale Ethernet is at 35% and excessive therefore it is imposing a price cap that will bring BT's return on Ethernet down to 10%).

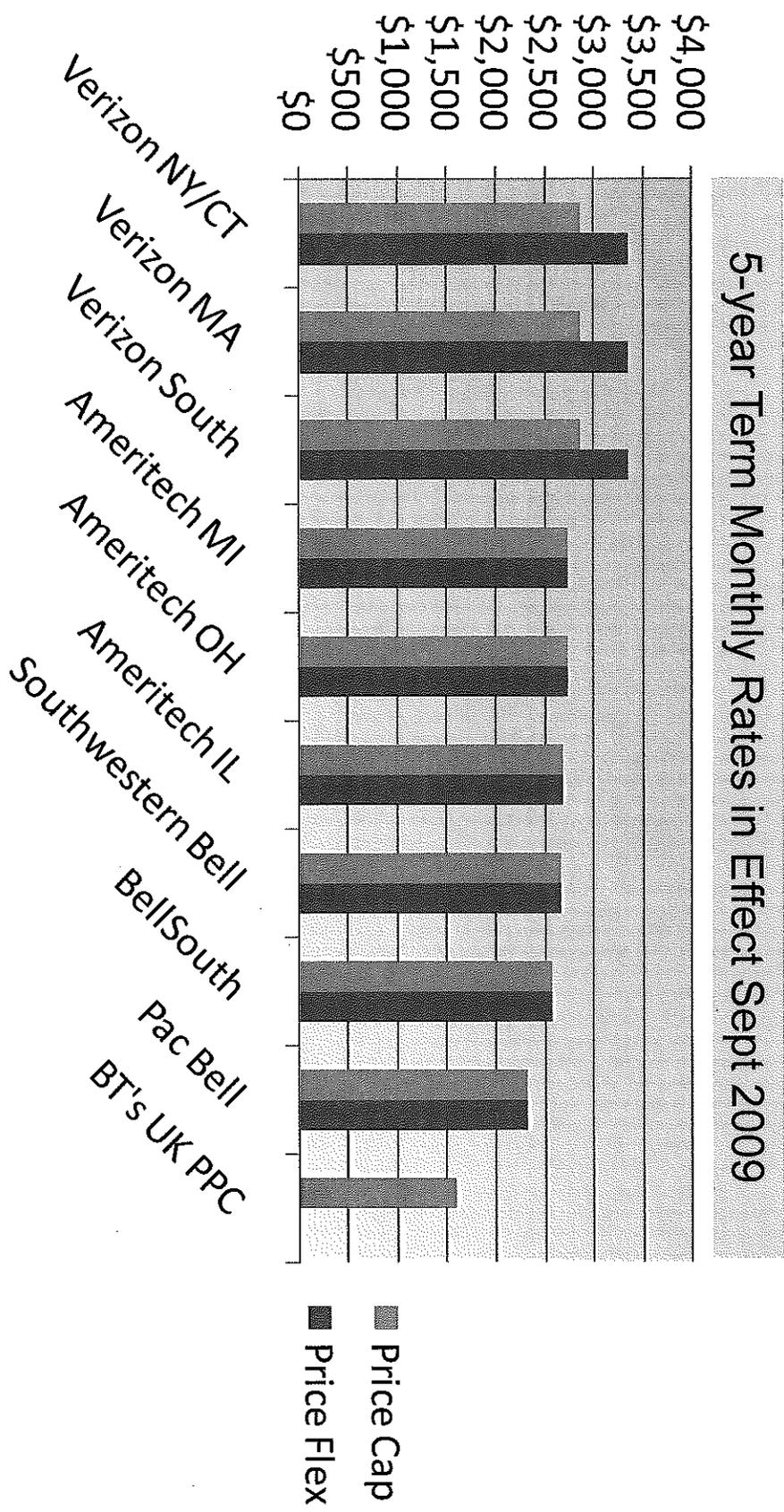
Comparison of 100 Mbps Ethernet access rates to BT's equivalent offering



See Note 1, Annex A



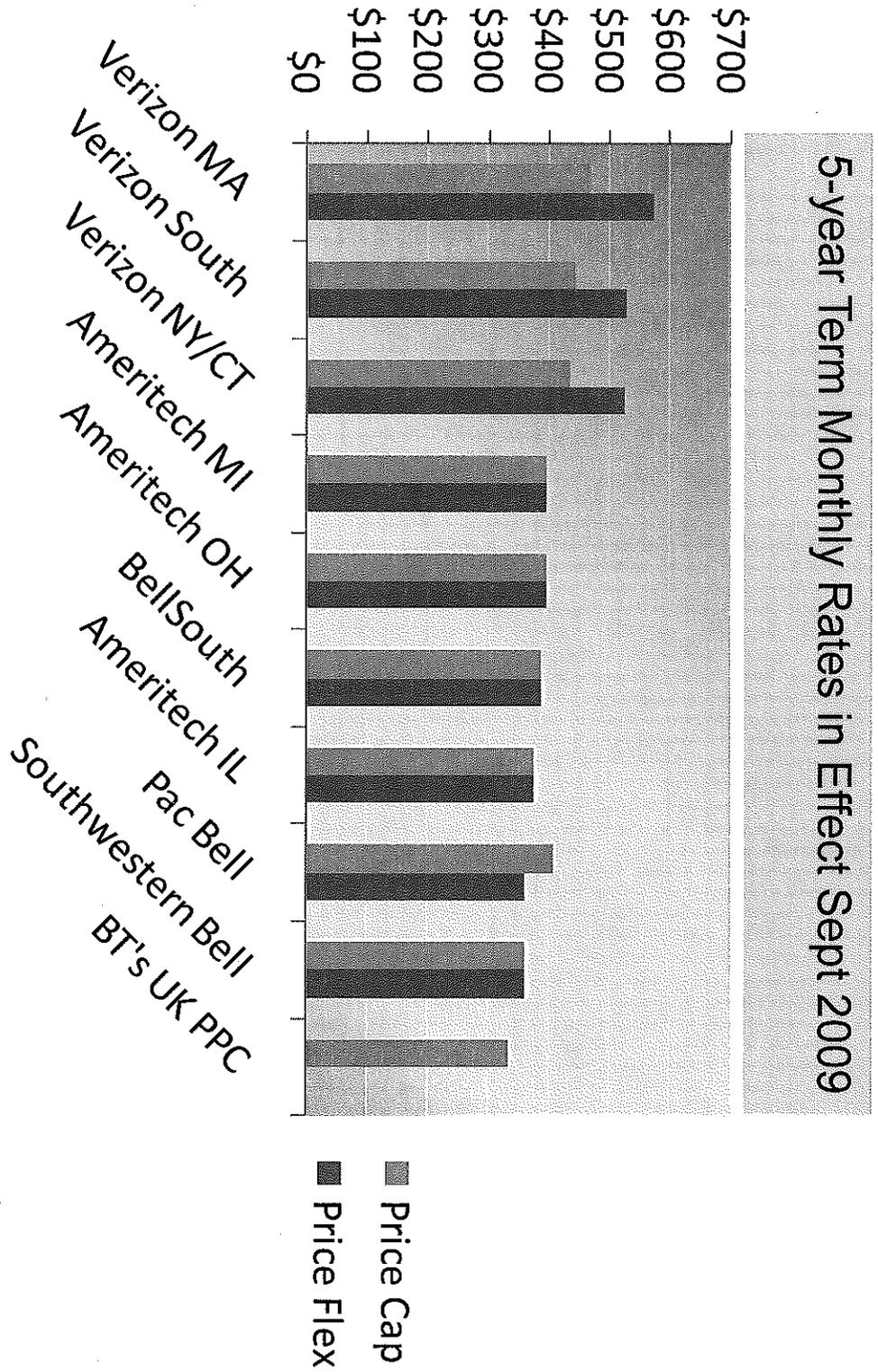
Comparison of DS3 (45 Mbps) special access to rate for BT's UK equivalent 45 Mbps PPC access



See Note 2, Annex A



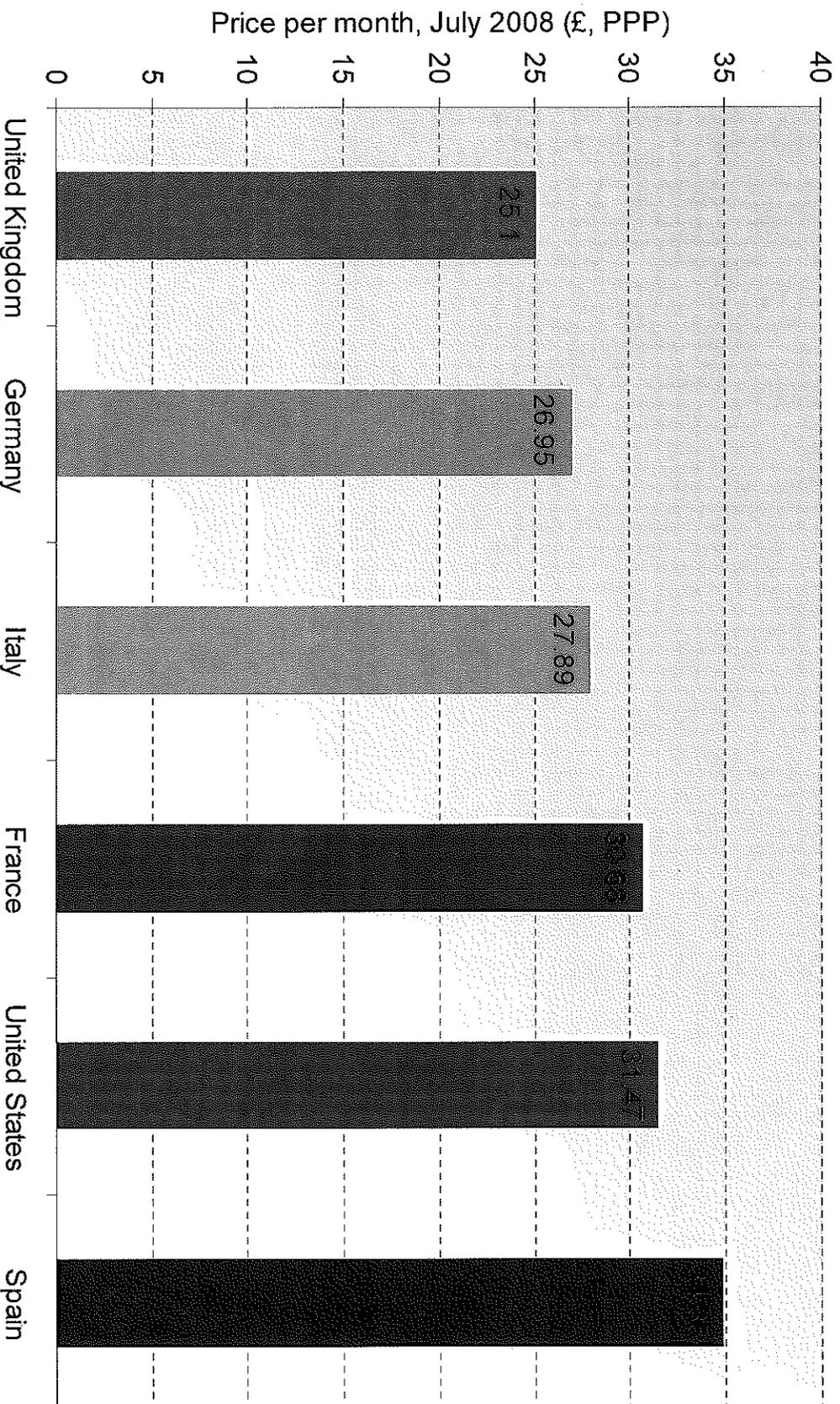
Comparison of DS1 (1.5 Mbps) special access rates to BT's equivalent 2 Mbps PPC access



*See Note 1, Annex A



UK has lowest landline prices amongst major countries



International Communications Market, November 2008, Ofcom; weighted average of best-value tariff from each of the three largest operators by market share in each country, for 600 outbound minutes; July 2008; PPP adjusted. Based on a family of two parents and two children, who are cost conscious and favour using the fixed-line phone whenever possible, which gets fairly heavy use. Includes line rental and cost of purchasing enhanced tariffs that offer reduced prices.

Conclusion

Proper regulation of network chokepoints accelerates broadband deployment and take up.

A successful National Broadband Plan must include effective regulation of special access and Ethernet chokepoints.



ANNEX A – Note 1

Verizon's and BellSouth's Ethernet rates are computed for a five-year term point-to-point circuit that is ten miles long and has two connections. Verizon's rates are derived from its tariff FCC No.

1. Secs 7.5.23 and 7.5.25 while BellSouth's rate is derived from its Interstate Access Guidebook at Sec. 7.5.22.

BT's Wholesale Ethernet access rate (WESWEEES 100) is available at

<http://www.openreach.co.uk/orpg/pricing/load/Product/PriceDetails.do?data=kM1u9yq1NPJ1yTuBFDTfUb%2FuVhXIMR5hQz3DdrCHJqBvfvWsqMC%2F4dy9qJJFTkna2>. BT's UK rate was converted to USD using the OECD's 2009 Purchasing Power Parities rate of \$1.00/£0.654. The OECD's PPP rates are available at http://stats.oecd.org/index.aspx?datasetcode=SNA_TABLE4.

Both nonrecurring and recurring charges were computed for Verizon's, BellSouth's and BT's 100 Mbps Ethernet services and divided by the relevant denominator to produce annual charges.

ANNEX A – Note 2

Verizon's and AT&T's special access rates are derived from their applicable FCC interstate access tariffs. Rates are Zone 1, five-year term rates and are computed for a hypothetical circuit consisting of ten miles of interoffice and two channel terminations at either end of less than a mile each. Rates include a 12.9% USF charge.

BT's PPC rates are available at www.btwholesale.com. They are likewise computed for a hypothetical circuit consisting of a main link ten miles long (fixed and mileage charges for ten miles), a local customer end of less than a mile (fixed and mileage charge for less than one mile) and a handover charge between the incumbent BT and the competitive provider. BT's UK rates contain an implicit universal service subsidy. Annual rates plus point of handover charges were computed for five years and then divided by 60 to derive an equivalent monthly five-year term rate. BT's rates are geographically neutral – i.e., BT's rates are the same regardless of geography. Hence the price comparison to AT&T's and Verizon's Zone 1 rates are more favorable to these Bell companies than a Zone 3 or Zone 5 rate comparison would be.

Nonrecurring charges were not included in the US and UK pricing calculations because a like-for-like comparison was not possible. BT's UK rate was converted to USD using the OECD's 2009 Purchasing Power Parities rate of \$1.00/£0.654. The OECD's PPP rates are available at http://stats.oecd.org/Index.aspx?datasetcode=SNA_TABLE4.