

CONFIDENTIAL



14 February 2014

Alan Lazarus
Director of Regulatory Affairs
Openreach
Kelvin House
123 Judd Street
London
WC1H 9NP

David Clarkson
Competition Group

Direct line:
Direct fax:
Mobile:

Dear Alan

Pricing: LLU and WLR core rental services

Thank you for your letter, dated 14 February 2014, where you set out the approach that BT is intending to take on the pricing of the LLU and WLR core rental services in the period between 1 April 2014 (when the current LLU/WLR charge control expires) and 1 July 2014 (when the new LLU/WLR charge control is expected to take effect).

Your approach aims to ensure that the average price, over the period 1 April 2014 to 31 March 2015, is the same as the price that we set in the first year of the new LLU/WLR charge control. This means that the cost to your customers over this period is the same as it would have been had the new change control taken effect on 1 April 2014.

However, to achieve this, while still complying with the new charge control, you propose to increase the rental price of MPF and WLR to the top-end of the range published in our December 2013 consultation document in the period where no charge control is in place. In the event that these price increases turn out to be above the level set in the new change control you undertake to make repayments to your customers, to ensure that the average price, over the period 1 April 2014 to 31 March 2015, is the same as the price that we set in the first year of the new LLU/WLR charge control.

You intend to inform your customers of this approach in the next day or so and at the same time to notify the MPF and WLR rental price increases.

I am grateful for the effort that BT is making to provide certainty to its customers and the wider industry during the period where no charge control is in place.

Yours sincerely

A handwritten signature in blue ink that reads "D. Clarkson".

David Clarkson