

## Annex A

### **SMP services conditions applicable to the provision of trunk and terminating segments by BT (extracted from Annex D to the 2004 LLMR Statement, pages 431-434, 435-440, 476-480)**

#### **Notification and SMP conditions**

#### **NOTIFICATION UNDER SECTIONS 48 (1) AND 79 (4) OF THE COMMUNICATIONS ACT 2003**

**The identification of markets, the making of market power determinations in relation to those markets and the setting of SMP services conditions in relation to BT and Kingston under section 45 of the Communications Act 2003**

#### **WHEREAS**

(A) The Office of Communications (“Ofcom”) issued a notification pursuant to section 48(2) and section 80 of the Communications Act 2003 (the “Act”) setting out their proposals for the identification of markets, the making of market power determinations and the setting of SMP services conditions on 18th December 2003 (the “First Notification”);

(B) A copy of the First Notification was sent to the Secretary of State in accordance with section 50(1)(a) of the Act, and to the European Commission and to the regulatory authorities of every other member state in accordance with sections 50(3) and 81 of the Act;

(C) In the First Notification and the accompanying explanatory statement, Ofcom invited representations about any of the proposals set out therein by 6th February 2004;

(D) By virtue of section 80(6) of the Act, Ofcom may give effect to any proposals to identify a market for the purposes of making a market power determination or any proposals for making a market power determination set out in the First Notification, with or without modification, where-

(i) they have considered every representation about the proposals made to them within the period specified in the First Notification; and

(ii) they have had regard to every international obligation of the United Kingdom (if any) which has been notified to them for this purpose by the Secretary of State; but

(iii) Ofcom’s power to give effect to such proposals is subject to sections 82 and 83 of the Act;

(E) By virtue of section 48(5) of the Act, Ofcom may give effect to any proposals to set SMP services conditions set out in the First Notification, with or without modification, where-

(i) they have considered every representation about the proposals made to them within the period specified in the First Notification; and

(ii) they have had regard to every international obligation of the United Kingdom (if any) which has been notified to them for this purpose by the Secretary of State;

(F) Ofcom received responses to the First Notification and have considered every such representation made to them in respect of the proposals set out in the First Notification and the accompanying explanatory statement; and the Secretary of State has not notified Ofcom of any international obligation of the United Kingdom for this purpose;

(G) The European Commission has not made a notification for the purposes of Article 7(4) of the Framework Directive as referred to in section 82 of the Act and the proposals do not relate to a transnational market as referred to in section 83 of the Act;

**THEREFORE**

1. Ofcom in accordance with section 79 of the Act identify the following markets for the purposes of making a market power determination:

(a) the provision of traditional interface symmetric broadband origination with a bandwidth capacity up to and including eight megabits per second within the United Kingdom but not including the Hull Area;

(b) the provision of traditional interface symmetric broadband origination with a bandwidth capacity above eight megabits per second and up to and including one hundred and fifty five megabits per second within the United Kingdom but not including the Hull Area;

(c) the provision of alternative interface symmetric broadband origination at all bandwidths within the United Kingdom but not including the Hull Area;

(d) the provision of wholesale trunk segments at all bandwidths within the United Kingdom;

(e) the provision of traditional interface retail leased lines up to and including a bandwidth capacity of eight megabits per second within the United Kingdom but not including the Hull Area;

(f) the provision of traditional interface symmetric broadband origination with a bandwidth capacity up to and including eight megabits per second within the Hull Area;

(g) the provision of traditional interface symmetric broadband origination with a bandwidth capacity above eight megabits per second and up to and including one hundred and fifty five megabits per second within the Hull Area;

(h) the provision of alternative interface symmetric broadband origination at all bandwidths within the Hull Area; and

(i) the provision of traditional interface retail leased lines up to and including a bandwidth capacity of eight megabits per second within the Hull Area.

2. Ofcom in accordance with section 79 of the Act make the following market power determinations in relation to the markets referred to in paragraph 1 above-

(a) in relation to the markets set out in paragraph 1(a)-(e) above, BT; and

(b) in relation to the markets set out in paragraph 1(f)-(i) above, Kingston.

3. Ofcom in accordance with section 48(1) of the Act and section 79 of the Act hereby set pursuant to section 45 of the Act the SMP services conditions on the persons referred in paragraph 2 above as set out in Schedules 1 and 2 respectively to this Notification to take effect, unless otherwise is stated in those Schedules on the date of publication of this Notification.

4. The effect of and Ofcom's reasons for the decisions referred to in paragraphs 1 to 3 above are contained in the explanatory statement accompanying this Notification.

5. In making the decisions referred to in paragraphs 1 and 2 above, Ofcom have taken due account of all applicable guidelines and recommendations which have been issued or made by the European Commission in pursuance of a Community instrument, and relate to market identification or analysis, as required by section 79 of the Act.

6. In making the decisions referred to in paragraphs 1 to 3 above, Ofcom have considered and acted in accordance with the six Community requirements set out in section 4 of the Act and their duties in section 3 of the Act.

7. Ofcom consider that the SMP services conditions referred to in paragraph 3 above comply with the requirements of sections 45 to 50 and sections 78 to 92 of the Act, as appropriate and relevant to each such SMP services condition.

8. Copies of this Notification and the accompanying explanatory statement have been sent to the Secretary of State in accordance with section 50(1)(a) and section 81(1) of the Act and to the European Commission in accordance with sections 50(2) and 81(2) of the Act.

9. Save for the purposes of paragraph 1 of this Notification and except as otherwise defined in this Notification, words or expressions used shall have the same meaning as in the Act.

10. In this Notification:

(a) "BT" means British Telecommunications plc whose registered company number 1800000, and including any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989;

(b) "Hull area" means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc;

(c) "Kingston" means Kingston Communications (Hull) plc whose registered company number 2150618, and including any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 736 of the Companies Act 1985, as amended by the Companies Act 1989; and

(d) "United Kingdom" has the meaning given to it in the Interpretation Act 1978.

**Jim Niblett**

**A person authorised by Ofcom under paragraph 18 of the Schedule to the  
Office of Communications Act 2002**

**24 June 2004**

## **SCHEDULE 1**

**The conditions imposed on British Telecommunications plc under the Communications Act 2003 as a result of the analysis of the market for the provision of traditional interface symmetric broadband origination with a bandwidth capacity up to and including eight megabits per second in which British Telecommunications plc has been found to have significant market power**

### **Part 1: Definitions and Interpretation of these conditions**

1. These conditions shall apply to the market for the provision of traditional interface symmetric broadband origination with a bandwidth capacity up to and including eight megabits per second within the United Kingdom but not including the Hull Area and shall also apply to Interconnection Services.

2. For the purpose of interpreting the conditions imposed on the Dominant Provider following a review of the markets referred to in paragraph 1 the following definitions shall apply:

“Act” means the Communications Act 2003;

“Access Charge Change Notice” has the meaning given to it in Condition G6;

“Dominant Provider” means British Telecommunications plc, whose registered company number is 1800000 and any British Telecommunications plc subsidiary or holding company, or any subsidiary of that holding company, all as defined by section 736 of the Companies Act 1985 as amended by the Companies Act 1989;

“the Hull Area” means the area defined as the ‘Licensed Area’ in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc;

“Interconnection Services” mean:

In-Span Handover (“ISH”);

Customer-Sited Handover (“CSH”);

ISH extension circuits;

Synchronous Transfer Mode 1/ISH handover; and

Synchronous Transfer Mode-1/CSH handover.

“Network Component” means to the extent they are used in the Market, or for Interconnection Services, the network components specified in a direction given by Ofcom from time to time for the purpose of these conditions;

“Reference Offer” means the terms and conditions on which the Dominant Provider is willing to enter into an Access Contract;

“The Market” means the market set out in paragraph 1 above;

“Third Party” means a person providing a public Electronic Communications Service or a person providing a public Electronic Communications Network;

“Transfer Charge” means the charge or price that is applied, or deemed to be applied, by the Dominant Provider to itself for the use or provision of an activity or group of activities. For the avoidance of doubt such activities or group of activities include, amongst other things,

products and services provided from, to or within the Market and the use of Network Components in that Market; and

“Usage Factor” means the average usage by any Communications Provider (including the Dominant Provider itself) of each Network Component in using or providing a particular product or service or carrying out a particular activity.

3. Save for the purposes of paragraph 1, except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act.

4. The Interpretation Act 1978 shall apply as if each of the conditions were an Act of Parliament.

5. Headings and titles shall be disregarded.

## **Part 2: The conditions**

### **Condition G1 - Requirement to provide network access on reasonable request**

G1.1 Where a Third Party reasonably requests in writing Network Access, the Dominant Provider shall provide that Network Access. The Dominant Provider shall also provide such Network Access as Ofcom may from time to time direct.

G1.2 The provision of Network Access in accordance with paragraph G1.1 shall occur as soon as reasonably practicable and shall be provided on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as Ofcom may from time to time direct.

G1.3 The Dominant Provider shall comply with any direction Ofcom may make from time to time under this Condition.

### **Condition G2 - Requirement not to unduly discriminate**

G2.1 The Dominant Provider shall not unduly discriminate against particular persons or against a particular description of persons, in relation to matters connected with Network Access.

G2.2 In this Condition, the Dominant Provider may be deemed to have shown undue discrimination if it unfairly favours to a material extent an activity carried on by it so as to place at a competitive disadvantage persons competing with the Dominant Provider.

### **Condition G3 - Basis of charges**

G3.1 Unless Ofcom directs otherwise from time to time, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of Ofcom, that each and every charge offered, payable or proposed for Network Access covered by Condition G1 is reasonably derived from the costs of provision based on a forward looking long run incremental cost approach and allowing an appropriate mark up for the recovery of common costs including an appropriate return on capital employed.

G3.2 For the avoidance of any doubt, where the charge offered, payable or proposed for Network Access covered by Condition G1 is for a service which is subject to a charge control under Condition G4, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of Ofcom, that such a charge satisfies the requirement of Condition G3.1.

G3.3 The Dominant Provider shall comply with any direction Ofcom may from time to time direct under this Condition.

**Condition G4 - Charge control**

G4.1 This Condition shall apply without prejudice to the generality of Condition G3.

G4.2 Paragraphs G4.3 and G4.4 of this Condition shall only apply if Ofcom gives notice to the Dominant Provider that it has breached the voluntary undertaking it gave to Ofcom concerning the pricing of the products which are the subject of this Condition.

G4.3 As from 25 June 2004, the Dominant Provider shall charge no more than the amounts set out in Annex A to this Schedule for each of the products set out in that Annex.

G4.4 The Dominant Provider shall apply the amounts set out in Annex A to this Schedule in a manner to be agreed from time to time with Ofcom.

G4.5 The Dominant Provider shall comply with any direction Ofcom may make from time to time under this Condition.

...

**The conditions imposed on British Telecommunications plc under the Communications Act 2003 as a result of the analysis of the market for the provision of wholesale trunk segments at all bandwidths in which British Telecommunications plc has been found to have significant market power**

**Part 1: Definitions and Interpretation of these conditions**

1. These conditions shall apply to the market for the provision of wholesale trunk segments at all bandwidths within the United Kingdom and shall also apply to Interconnection Services.

2. For the purpose of interpreting the conditions imposed on the Dominant Provider following a review of the markets referred to in paragraph 1 the following definitions shall apply:

“Act” means the Communications Act 2003;

“Access Charge Change Notice” has the meaning given to it in Condition H5;

“Dominant Provider” means British Telecommunications plc, whose registered company number is 1800000 and any British Telecommunications plc subsidiary or holding company, or any subsidiary of that holding company, all as defined by section 736 of the Companies Act 1985 as amended by the Companies Act 1989;

“Interconnection Services” mean:  
In-Span Handover (“ISH”);  
Customer-Sited Handover (“CSH”);  
ISH extension circuits;  
Synchronous Transfer Mode-1/ISH handover; and  
Synchronous Transfer Mode-1/CSH handover.

“Network Component” means to the extent they are used in the Market, or for Interconnection Services, the network components specified in a Direction given by Ofcom from time to time for the purpose of these conditions;

“Reference Offer” means the terms and conditions on which the Dominant Provider is willing to enter into an Access Contract;

“The Market” means the market set out in paragraph 1 above;

“Third Party” means a person providing a public Electronic Communications Service or a person providing a public Electronic Communications Network;

“Transfer Charge” means the charge or price that is applied, or deemed to be applied, by the Dominant Provider to itself for the use or provision of an activity or group of activities. For the avoidance of doubt such activities or group of activities include, amongst other things, products and services provided from, to or within the Market and the use of Network Components in that Market; and

“Usage Factor” means the average usage by any Communications Provider (including the Dominant Provider itself) of each Network Component in using or providing a particular product or service or carrying out a particular activity.

3. Save for the purposes of paragraph 1, except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them and otherwise any word or expression shall have the same meaning as it has in the Act.

4. The Interpretation Act 1978 shall apply as if each of the conditions were an Act of Parliament.

5. Headings and titles shall be disregarded.

## **Part 2: The conditions**

### **Condition H1 - Requirement to provide network access on reasonable request**

H1.1 Where a Third Party reasonably requests in writing Network Access, the Dominant Provider shall provide that Network Access. The Dominant Provider shall also provide such Network Access as Ofcom may from time to time direct.

H1.2 The provision of Network Access in accordance with paragraph H1.1 shall occur as soon as reasonably practicable and shall be provided on fair and reasonable terms, conditions and charges and on such terms, conditions and charges as Ofcom may from time to time direct.

H1.3 The Dominant Provider shall comply with any direction Ofcom may make from time to time under this Condition.

### **Condition H2 - Requirement not to unduly discriminate**

H2.1 The Dominant Provider shall not unduly discriminate against particular persons or against a particular description of persons, in relation to matters connected with Network Access.

H2.2 In this Condition, the Dominant Provider may be deemed to have shown undue discrimination if it unfairly favours to a material extent an activity carried on by it so as to place at a competitive disadvantage persons competing with the Dominant Provider.

### **Condition H3 - Basis of charges**

H3.1 Unless Ofcom directs otherwise from time to time, the Dominant Provider shall secure, and shall be able to demonstrate to the satisfaction of Ofcom, that each and every charge offered, payable or proposed for Network Access covered by Condition H1 is reasonably derived from the costs of provision based on a forward looking long run incremental cost approach and allowing an appropriate mark up for the recovery of common costs and an appropriate return on capital employed.

H3.2 The Dominant Provider shall comply with any direction Ofcom may from time to time direct under this Condition.

## **Annex B: Illustrative example highlighting certain cost concepts**

1. In his witness statement, Mr Myers sought to illustrate cost concepts such as incremental cost by reference to a simple example of an ice cream van selling various products. This analogy was also used in the Determination (eg at paragraph 5.63). We shall adopt it (with a little variation) for purposes of exposition here.

### *Incremental and common costs*

2. Suppose the owner of the ice cream van initially sells only ice creams and ice lollies, but then decides to sell cold drinks in addition, which requires a fridge to store them in. The **incremental cost** for the new product (cold drinks) is the fridge and the wholesale cost of buying the drinks from the manufacturer.
3. The **common costs** faced by the ice cream van owner would include the cost of the van itself, and the staff who operate it. These costs are common to all three products (ice creams, ice lollies and cold drinks). Then there is the freezer, which is a common cost to both the ice creams and the ice lollies, but not the drinks.

### *Stand alone cost and long run incremental cost*

4. The **stand alone cost** (“SAC”) of providing each of the three products is (self-evidently) going to be higher than the incremental costs. For example, if an operator wants to sell just ice creams (or just ice lollies) he would need to buy a van, a freezer, the ice creams (or ice lollies) from the wholesaler and hire someone to operate the van. To sell just cold drinks, the SAC would comprise the incremental costs of the drinks (ie their wholesale costs) and the fridge, as well as the common costs of the van and staff. The cost of the freezer would not be relevant to the SAC of the drinks.
5. As noted in the Judgment, **long run incremental costs** (“LRIC”) treats all costs as variable, and simply looks to the cost of replacement or provision in assessing cost. This contrast between LRIC and SAC can be illustrated in the following way. Suppose the costs of the ice cream van owner are as follows:

<b>Ice Creams</b> £500	<b>Ice Lollies</b> £400	<b>Cold Drinks</b> £300
<b>Freezer</b> £750		<b>Fridge</b> £250
<b>Van and operating costs</b> £2,000		

6. On the basis of these costs, the LRIC for ice creams and ice lollies is respectively £500 and £400. For cold drinks, it is £550 (because, as well as the cold drinks, a fridge must be purchased). Ice creams and ice lollies may be said to form a group because a common cost of providing the product is the freezer. A common cost to *all* products (ice creams, ice lollies and cold drinks) is the van and the operating costs.
7. The SAC of each product is far higher than its LRIC:
  - (1) Ice creams: £3,250.
  - (2) Ice lollies: £3,150.
  - (3) Cold drinks: £2,550.
8. These figures (and their breakdown) are summarised in the table below:

	LRIC	(Breakdown of LRIC)	SAC	(Breakdown of SAC)
<b>Ice Creams</b>	£500	£500 cost of purchasing ice creams wholesale	£3,250	£500 cost of purchasing ice creams wholesale + £750 cost of freezer + £2,000 cost of van and operating costs
<b>Ice Lollies</b>	£400	£400 cost of purchasing ice lollies wholesale	£3,150	£400 cost of purchasing ice lollies wholesale + £750 cost of freezer + £2,000 cost of van and operating costs
<b>Cold Drinks</b>	£550	£300 cost of purchasing cold drinks wholesale + £250 cost of fridge	£2,550	£300 cost of purchasing cold drinks wholesale + £250 cost of fridge + £2,000 cost of van and operating costs

9. If the ice cream van owner were to price his cold drinks on the basis of LRIC, he would only cover the costs of the cold drinks and the fridge – no contribution would be made to the costs of the van and the operating costs. Again, pricing ice creams on the basis of LRIC would ignore the common costs of the freezer (which is a cost common to both ice creams and ice lollies), as well as ignoring the van and the operating costs.
10. If the van owner priced on the basis of the SAC of ice-creams, he should only price the other products on the basis of LRIC. Were he to price *all* products on the basis of SAC, he would recover his common costs three times over. If the ice cream van operator priced his cold drinks at above their efficient SAC, a single product competitor would be attracted to the market.
11. If the van owner were to sell ice creams at below SAC, then a single product (ice cream) competitor would not be attracted into the market. But, even though the van owner may be pricing all his products at below efficient SAC, he may still be over-recovering his common costs. It may therefore be profitable for a multi-product firm to enter the market. Suppose the van owner decides to sell ice creams and ice lollies at below SAC, allowing for 50% recovery of the cost

of the freezer and 60% recovery of the cost of the van and the operating costs. This implies recovery of £2,075 for ice creams (ie £500 (ice creams) + £375 (freezer) + £1,200 (van and operating costs)) and £1,975 for ice lollies (ie £400 (ice lollies) + £375 (freezer) + £1,200 (van and operating costs)). These sums – as a glance at the table in paragraph 8 will show – are well below the SAC for each individual product. Nevertheless, the van owner substantially over-recovers in respect of his common costs (the van and operating costs are £2000, but the van owner recovers £2,400).

12. This over-recovery would attract a competitor selling ice creams and ice lollies together, whereas a competitor supplying only one of these products would not be attracted.

*Distributed stand alone cost and distributed long run incremental cost*

13. As described in the Judgment, **distributed stand alone cost** (“DSAC”) and **distributed long run incremental cost** (“DLRIC”) are both based upon “broad increments” in the products or services sold by any one firm, much wider than any individual product or service. LRIC and SAC are then calculated by reference to that broad increment
14. Applied to the ice cream van example, suppose the “broad increment” is defined as frozen products, comprising ice creams and ice lollies. On this basis (and assuming for the purposes of this example that common costs are distributed equally between products):
  - (1) The LRIC for providing the frozen products is £500 + £400 + £750. The DLRIC for ice creams is £500 + £375.
  - (2) The SAC for providing the frozen products is £500 + £400 + £750 + £2000. The DSAC for ice creams is £500 + £375 + £666.67.

*Use of combinatorial testing*

15. In the ice cream van example here being used, it would be very easy to carry out **combinatorial testing** in respect of all combinations of products that the ice cream van owner could actually sell, as there are in fact only three combinations:

<b>Combinations</b>	<b>LRIC of combination</b>	<b>SAC of combination</b>
Ice cream + ice lollies	£1,650	£3,650
Ice cream + cold drinks	£1,800	£3,800
Ice lollies + cold drinks	£1,700	£3,700

16. Thus, it would be possible to assess the pricing of the ice cream van owner and determine whether an appropriate or an inappropriate recovery for common costs was being made.

### Annex C: Detailed figures reported by BT in its regulatory financial statements

Service	2004/05				2005/06				2006/07			
	DLRIC floor	FAC	DSAC ceiling	Charge	DLRIC floor	FAC	DSAC ceiling	Charge	DLRIC floor	FAC	DSAC ceiling	Charge
<b>Terminating</b>												
<b>64kbit/s</b>	1,728.18	1,876.86	3,901.79	<b>820.60</b>	1,728.18	1,876.86	3,901.79	<b>820.60</b>	-	-	-	-
<i>Connection</i>	-	-	-	-	870.92	1,089.80	1,982.50	<b>502.49</b>	441.69	483.98	742.65	499.94
<i>Link</i>	-	-	-	-	105.45	120.15	191.77	<b>70.35</b>	106.08	118.38	160.94	<b>69.99</b>
<i>Transmission</i>	-	-	-	-	2.28	3.35	8.68	3.81	3.77	5.62	19.05	3.83
<i>Local end</i>	-	-	-	-	309.07	416.07	589.34	<b>257.69</b>	414.23	496.54	655.89	<b>322.80</b>
<b>2Mbit/s</b>	2,918.44	3,703.66	6,241.19	5,491.93	2,918.44	3,703.66	6,241.19	5,491.93	-	-	-	-
<i>Connection</i>	-	-	-	-	693.43	745.35	1,202.24	<b>2,764.96</b>	1,652.17	1,724.40	2,425.00	2,406.40
<i>Link</i>	-	-	-	-	341.29	388.9	608.85	472.77	264.13	291.46	437.21	<b>466.01</b>
<i>Distribution</i>	-	-	-	-	65.84	80.52	146.78	<b>47.95</b>	45.96	60.25	151.29	47.26
<i>Local end</i>	-	-	-	-	582.53	973.65	1,289.78	637.97	621.09	936.02	1,153.97	782.25
<b>34/45Mbit/s</b>	10,826.19	14,777.34	20,320.91	<b>6,094.88</b>	10,826.19	14,777.34	20,320.91	<b>6,094.88</b>	-	-	-	-
<i>Connection</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Link</i>	-	-	-	-	3,334.01	3,768.21	5,190.29	<b>3,231.57</b>	1,935.24	2,183.02	2,989.00	<b>3,112.65</b>
<i>Distribution</i>	-	-	-	-	1,004.22	1,186.80	1,957.05	<b>493.95</b>	384.23	481.34	1,050.49	475.75
<i>Local end</i>	-	-	-	-	4,204.50	6,681.20	8,614.87	<b>2,953.43</b>	3,110.86	4,947.13	5,861.18	3,454.99
<b>140/155Mbit/s</b>	24,613.49	36,151.89	50,306.92	<b>22,624.50</b>	24,613.49	36,151.89	50,306.92	<b>22,624.50</b>	-	-	-	-
<i>Connection</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Link</i>	-	-	-	-	5,747.47	6,446.29	9,285.52	<b>10,737.10</b>	4,362.13	4,811.72	7,388.56	<b>10,544.44</b>
<i>Distribution</i>	-	-	-	-	725.78	882.19	1,577.45	1,242.61	409.57	523.81	1,294.92	1,220.31
<i>Local end</i>	-	-	-	-	17,358.59	26,038.82	33,543.03	<b>12,456.99</b>	9,954.89	14,641.13	9,954.89	<b>15,620.07</b>
<b>Trunk</b>												
<b>2Mbit/s trunk</b>	n/a	n/a	n/a	n/a	24.95	30.12	53.62	<b>102.24</b>	28.92	35.34	73.65	<b>102.24</b>
<b>34/45Mbit/s trunk</b>	n/a	n/a	n/a	n/a	178.37	223.21	418.06	<b>552.16</b>	329.23	402.86	839.62	552.16
<b>140/155Mbit/s trunk</b>	n/a	n/a	n/a	n/a	161.62	212.72	441.49	260.00	257.71	331.58	814.07	260.00
<b>622Mbit/s - trunk</b>	n/a	n/a	n/a	n/a	1,213.44	1,629.22	3,483.77	1,292.02	1,093.38	1,505.86	4,427.47	1,247.87
<i>Wholesale trunk segments</i>	738.63	982.18	2,367.10	1,015.57	-	-	-	-	-	-	-	-

Service	2007/08				2008/09			
	DLRIC floor	FAC	DSAC ceiling	Charge	DLRIC floor	FAC	DSAC ceiling	Charge
<b>Terminating</b>								
<b>64kbit/s</b>	-	-	-	-	-	-	-	-
Connection	2540.43	2,740.53	4,554.26	<b>499.94</b>	1264.66	1,391.77	2,316.77	<b>499.94</b>
Link	147.28	159.98	237.68	<b>69.99</b>	165.21	176.58	252.87	<b>67.75</b>
Transmission	3.25	4.55	11.04	<b>1.76</b>	3.17	4.29	11.65	<b>1.70</b>
Local end	658.05	747.80	1,047.25	<b>322.80</b>	471.99	569.82	783.38	<b>322.80</b>
<b>2Mbit/s</b>	-	-	-	-	-	-	-	-
Connection	1,476.47	1,599.18	2,622.55	1,690.26	1,646.12	1,828.23	2,829.98	1,695.04
Link	284.97	339.22	576.13	848.36	319.01	358.70	595.41	462.99
Distribution	41.41	50.09	93.54	46.82	41.37	49.16	96.56	46.82
Local end	760.65	1,043.48	1,382.02	<b>614.80</b>	688.12	1,009.28	1,338.41	<b>619.47</b>
<b>34/45Mbit/s</b>	-	-	-	-	-	-	-	-
Connection	1,190.19	1,294.18	2,104.51	1,637.06	1,346.79	1,494.80	2,202.45	1,593.44
Link	3,587.71	4,555.34	8,004.55	<b>3,035.57</b>	3,422.71	4,226.50	6,814.32	<b>2,954.70</b>
Distribution	352.67	413.95	703.15	463.94	361.16	417.94	743.32	451.58
Local end	3,943.88	5,739.39	7,753.59	<b>3,357.76</b>	7,740.08	10,624.90	15,949.73	<b>3,268.31</b>
<b>140/155Mbit/s</b>	-	-	-	-	-	-	-	-
Connection	1,190.19	1,294.18	2,104.51	1,804.72	1,346.79	1,494.80	2,202.45	1,804.72
Link	12,259.80	15,862.59	29,877.75	<b>10,544.44</b>	11,604.60	13,820.43	24,586.17	<b>10,544.44</b>
Distribution	529.65	638.80	1,195.43	1,220.31	500.10	556.05	1,101.25	1,220.31
Local end	10,167.72	14,640.20	18,974.36	15,620.07	15,124.23	18,507.46	26,727.86	15,620.07
<b>Trunk</b>								
<b>2Mbit/s trunk</b>	23.53	27.80	47.88	102.24	22.09	25.79	44.14	102.24
<b>34/45Mbit/s trunk</b>	258.31	306.87	535.07	552.16	238.77	274.29	473.95	552.16
<b>140/155Mbit/s trunk</b>	191.94	238.29	473.14	260.00	168.66	212.75	413.35	260.00
<b>622Mbit/s - trunk</b>	759.63	1,028.47	2,296.69	1,202.04	621.68	776.90	1,768.56	927.51
Wholesale trunk segments	-	-	-	-	-	-	-	-

Notes:

- (1) The relevant units are £/circuit.
- (2) The figures in these tables are taken from BT's regulatory financial statements published in each financial year, and do not reflect any amendment of the figures in the regulatory financial statements of the subsequent financial year. There was some variation in the granularity with which BT reported the individual measures of DLRIC, FAC, DSAC and average price in each financial year.
- (3) In each case the figures provided in this table relate to the provision of external services, although the costs and charges for internal services are also stated in the regulatory financial statements.
- (4) Figures in **bold underlined text** indicate a breach of the DLRIC floor; figures shaded in grey indicate a breach of the DSAC ceiling.
- (5) The figures for 2 Mbit/s terminating segments (local end) are stated in the regulatory financial statements to be a "weighted average for external CLZ / non-CLZ (nationally averaged cost)".