



Regulatory Financial Statements 2017 including Openreach Undertakings

Document user guide

BT Regulatory Financial Statements 2017 including Openreach Undertakings

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Regulatory Financial Statements 2017 including Openreach Undertakings

Example

For further discussion of these items see pages •• and •• to ••. A reconciliation of adjusted EBITDA to group operating profit (loss) by line of business, and for the group, is provided in the table at the foot of pages •• to ••.



Ofcom Statement on BT's Regulatory Financial Statements 2017

Introduction

BT's reporting obligations arise out of market reviews conducted by Ofcom and SMP conditions and directions related to regulatory reporting¹. Under these SMP conditions BT is required to publish with the audited regulatory financial statements (RFS) any written statement made by Ofcom and provided to BT commenting on the data in, the notes to or any presentation of any or all of the RFS, the reconciliation report and/or the Accounting Methodology Documents.

Ofcom believes that the statement below will be helpful to users of the RFS by drawing attention to several important aspects of BT's 2016/17 RFS.

Publication requirements

It is important that BT retains responsibility for its RFS and can respond to changes in circumstances when deciding how best to prepare them. Since June 2014, BT has been required to notify Ofcom and publish any changes that it intends to make to its allocation methodologies in advance in a report (the Change Control Notification). The Change Control Notification should include a description of each of the changes proposed by BT, the reason for making each of the changes and an estimate (based on the prior year RFS) of the impact of each of the changes. When in Ofcom's opinion, any proposed change does not comply with any SMP conditions or the Regulatory Accounting Principles, it can direct BT not to make that change.

BT is also required to publish an audited reconciliation report (the Reconciliation Report) with the RFS, setting out the reasons for and impact of the methodology changes it actually made and the effect of correcting any material errors identified in the year. The actual changes should be similar to those included in the Change Control Notification, subject to the outcome of discussions with Ofcom.

We note that BT has included three additional schedules in Section 2 of the RFS setting out the impact of those changes on 2015/16 revenue, costs and mean capital employed.

Changes to regulatory accounting methodologies

BT's 2016/17 Reconciliation Report includes a methodology change that was not included in the Change Control Notification. After publication of the Change Control Notification, BT informed us of its intention to make one further change relating to Interconnect Circuit volumes; after discussing with BT we agreed that it could be treated as if it had been notified within the Change Control Notification.

We have not directed BT to withdraw any of its proposed changes, although this does not represent an endorsement of them. We consider that at least two of the changes introduced by BT require further review ahead of next year's RFS: the valuation of Openreach Fibre services, (see Section 5.02 of the 2017 Reconciliation report), and the use of ISDN fault rate data (see Section 5.07 of the Reconciliation report). While these changes appear to represent improvements to previous methodologies we have yet to decide if and how these changes should be included in the future charge controls.

Next Steps

It is important that BT's regulatory reporting obligations remain relevant and appropriate. We expect to consult on a number of reporting issues coming out of the Digital Communications Review during the next 12 months which are likely to include reporting of costs for passive infrastructure amongst others.

We will also continue to review the methodologies used by BT through our market review process. We would encourage all our stakeholders to participate in these reviews as our decisions on these determine BT's future reporting obligations.

¹ Some obligations also arise from the Undertakings given by BT under the Enterprise Act 2002.

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Section 1
Introduction to the Regulatory Financial Statements

Section 1 – Introduction to the Regulatory Financial Statements

1.1 Regulatory Financial Reporting Obligations

The form and content of the Regulatory Financial Statements are based on the reporting obligations set by Ofcom. We refer to these obligations as *the Final Statements and Notifications* (see Appendix 5).

BT Lines of Business and Markets with Significant Market Power (SMP)

In the Regulatory Financial Statements for 2017, we are required to report on the following SMP markets (in the UK excluding the Hull area, modified where stated below):

Market Review (MR)	Fixed Access (FAMR)	Business Connectivity (BCMR)	Narrowband (NMR)	Wholesale Broadband Access (WBAMR)
openreach	WLA	CISBO Rest of UK		
	WFAEL			
	ISDN2	CISBO London Periphery		
	ISDN30			
Non-Openreach		Low Bandwidth TISBO	Call Origination	
			Call Termination	WBA Market A
			Technical Areas	

Reporting Financial Performance

We are required to report the Financial Performance of all SMP markets to which cost accounting and/or accounting separation obligations apply:

- At market review level encompassing individual SMP markets; and
- At an individual SMP market level.

Openreach

We are required by Section 5.31 of the Undertakings to disclose the financial results of Openreach separately and to reconcile the financial results to the Openreach segmental information shown in BT Group plc's Annual Report. We have included this information in Section 12.

Section 1 – Introduction to the Regulatory Financial Statements

BT SMP Markets

Fixed Access Markets

Services related to copper and fibre fixed lines connecting end-users to access nodes in BT exchanges. Communication Providers (CPs) use these lines to provide telephone and broadband Internet services (including superfast broadband) to residential and business customers.

WLA (Wholesale Local Access)

Copper lines and fibre lines used by CPs to connect end-users to voice or broadband nodes located in BT exchanges.

WFAEL (Wholesale Fixed Analogue Exchange Lines)

Copper lines connected to a line card in a BT telephony switch. Used by CPs to provide end-users with voice services.

ISDN2 (Wholesale ISDN2 exchange line services)

Two 64 kbps channels provided over a single copper line, connected to a line card in a BT telephony switch. Used by CPs to provide business customers with voice and data services.

ISDN30 (Wholesale ISDN30 exchange line services)

Similar functionality to ISDN2 but provides up to 30 channels over a single circuit that can be provided over copper, fibre or radio.

Business Connectivity Markets

Services related to leased lines, dedicated circuits providing transmission capacity between fixed locations.

CISBO (Contemporary Interface Symmetric Broadband Origination) Rest of UK

Leased lines provided using modern technology more suitable for the transmission of IP data than TISBO.

This market is for services sold outside of the London Periphery, Central London and Hull area zones.

CISBO (Contemporary Interface Symmetric Broadband Origination) London Periphery

Leased lines provided using modern technology more suitable for the transmission of IP data than TISBO.

This market is for services sold in the London Periphery zone.

Low Bandwidth TISBO (Traditional Interface Symmetric Broadband Origination)

Low Bandwidth Leased lines (up to 8 Mbps) provided using legacy technology. End-users are gradually migrating to more modern technologies but currently still value certain characteristics of these traditional lines.

Narrowband Markets

Services related to the delivery of fixed line telephone calls. Different wholesale charges are raised to CPs depending on how much of the call is carried on our network.

Call Origination (Wholesale Call Origination on Fixed Narrowband Network)

The wholesale charges for calls originating on our network between the originating fixed line to the first point in the network at which other CPs can interconnect.

Call Termination (Wholesale Fixed Geographic Call Termination)

The wholesale charges for calls to BT fixed lines. These charges are for carrying the call to a BT terminating line from the nearest point in the network at which other CPs could interconnect.

Technical Areas (Interconnect Circuits)

Provision of the physical infrastructure that allows a CP to interconnect with our network. This enables calls to travel between the two networks.

Wholesale Broadband Access Markets

Services related to access and backhaul that allow CPs to provide their end-user customers with broadband over fixed lines.

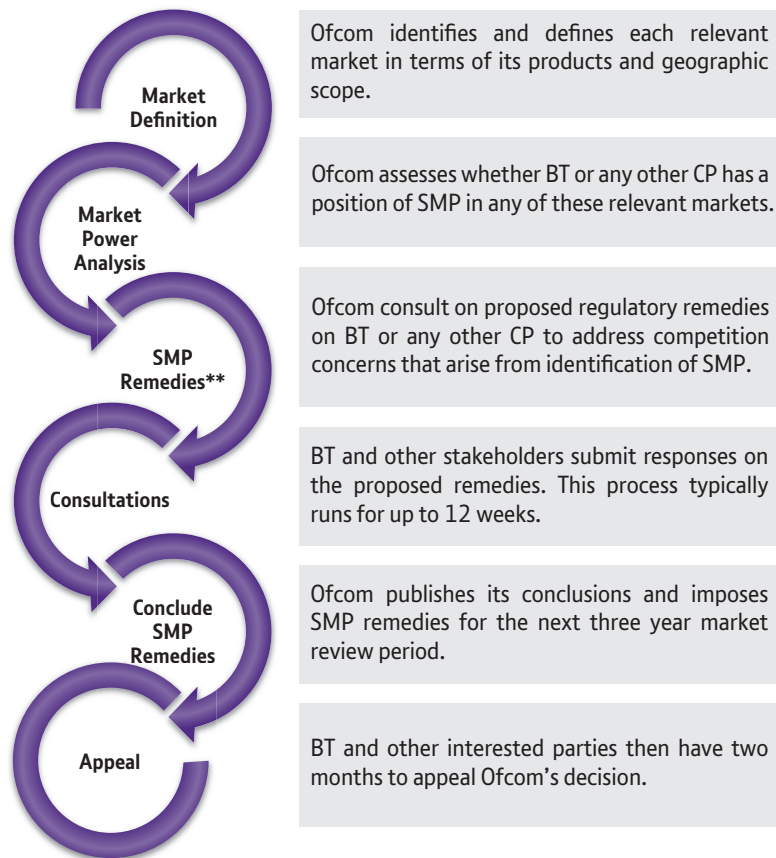
WBA Market A (Wholesale Broadband Access Market A)

Market A covers exchange areas where BT and no more than one other CP are, or are forecast to be, present.

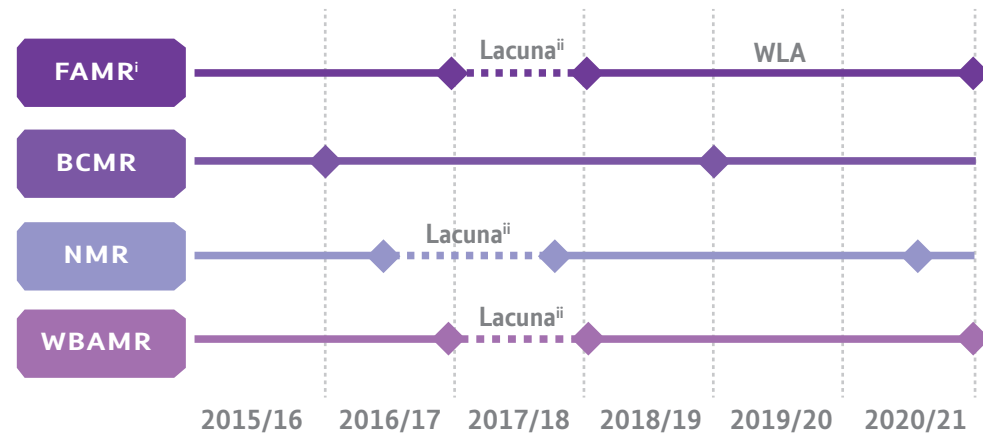
Section 1 – Introduction to the Regulatory Financial Statements

1.2 Regulatory Market Review Cycle

Ofcom reviews some communications markets periodically, in accordance with the EU Common Regulatory Framework, which is implemented in the UK by the Communications Act 2003 as amended. The process involves three analytical stages: Market Definition, Market Power Analysis and SMP Remedies. This is followed by consultations with stakeholders, after which Ofcom will conclude and potentially impose SMP remedies for the next three year period. Prior to the expiry of the remedies, the market review cycle will start again.



Market Regulatory Period (BT's Financial Year)



◇ Regulatory Period Beginning/Ending.

i Only WLA market is included in 2018/19 for FAMR. WFAEL, ISDN2 and ISDN30 markets are included in the 2017/18 NMR.

ii Interim period between expired price controls and implementation of new price controls.

**Examples of SMP remedies are below:



Section 1 – Introduction to the Regulatory Financial Statements

1.3 Regulatory Market Changes

Fixed Access Markets

Key Regulatory Changes

The final statement of the Fixed Access Market Review (FAMR) was published on 26 June 2014. This set out the Ofcom policy regarding these services and covered the period 1 July 2014 to 31 March 2017. There have been no new regulatory changes to Fixed Access Markets for the year to 31 March 2017. The Narrowband Market Review and Wholesale Local Access Market Review consultations published on 1 December 2016 and 31 March 2017 respectively propose the creation of a revised Narrowband Market (NMR) to include WFAEL, ISDN2 and ISDN30 products, with WLA products remaining within the Fixed Access Markets.

The main charge controls in place for 2016/17 are as follows:

Charge control by Basket	Value
WLR Rental	CPI-3.0%
WLR Connections	CPI-8.3%
MPF Rental	CPI+0.3%
MPF New provides	CPI-2.8%
SMPF Rental	CPI-33.4%
SMPF New provide	CPI-1.5%
ISDN2 (Rentals and Connections)	0%
ISDN30 (Rentals and Connections)	0%

Key Market Changes

The markets are impacted by the continued growth in fibre technology as a result of increased investment from BT and Broadband Delivery UK (BDUK).

Customers are migrating from traditional PSTN (Public Switched Telephone Network) technology to the new superfast fibre-to-the-cabinet (FTTC) and ultrafast fibre-to-the-premises (FTTP) broadband.

Within the WFAEL market, analogue core rental volumes remained flat versus 2015/16. However there was an increase in internal rentals and a decrease in external rentals, primarily driven by the acquisition of EE on 29 January 2016 by BT Group. In the long term, the market is expected to decline as customers move to more advanced copper and fibre services in the WLA market, but returns slightly increased due to Current Cost Accounting (CCA) adjustments resulting from an increase in the Retail Price Index (RPI).

ISDN2 rental volumes declined as alternatives such as Session Initiation Protocol (SIP) Trunking, broadband and fibre based NGA (Next Generation Access) services, as well as broadband penetration, provided opportunities for substitution. Broadband continues to supersede ISDN2 in the residential segment. Additionally, where internet access is the primary requirement, broadband is replacing ISDN2 in the business segment.

ISDN30 also continued to decline as customers migrated to more modern technology. However, this market still has considerable rental volumes as ISDN30 provides smaller businesses a cheaper alternative to Ethernet products.

Section 1 – Introduction to the Regulatory Financial Statements

Business Connectivity Markets

Key Regulatory Changes

The final statement of the Business Connectivity Market Review (BCMR) was published on 28 April 2016. This set out new cost allocation methodologies, new charge controls and redefined the markets. The new cost allocations were introduced in 2015/16 and the charge controls commenced in 2016/17. Under the new charge control prices in the market have fallen significantly.

In its statement, Ofcom found BT to have SMP in the following markets:

- CISBO (Contemporary Interface) leased lines (formerly AISBO and MISBO) in the London Periphery area;
- CISBO leased lines in the UK excluding the Central London, London Periphery and Hull areas; and
- Low Bandwidth TISBO in the UK (excluding Hull). This market definition now includes Low Bandwidth services previously included in Regional Trunk and Technical Areas.

Charge controls were imposed in these markets, principally on the basket of Ethernet CI services up to and including 1Gbps bandwidth. A starting charge adjustment of -12% and an annual price cap of CPI-13.5% were also imposed. Prices charged in the Ethernet markets were therefore reduced by circa 25%.

Ofcom found BT to no longer have SMP in the Medium and High Bandwidth TISBO markets.

Key Market Changes

Within the TISBO markets there continues to be a fall in demand for traditional Time Division Multiplexing (TDM) circuits as customers migrate to CISBO services and other services such as broadband. Overall competition and customer demand for alternative technologies have resulted in falling volumes in this market.

The CISBO market saw a decrease in revenue, mainly driven by price cuts made to comply with the charge controls. The decrease was partly offset by an increase in volumes.

The main charge controls in place for 2016/17 are as follows:

Charge control by Basket	Value
Low Bandwidth TISBO	CPI-3.5%
CISBO Rest of UK (Ethernet Basket)	CPI-13.5%
CISBO London Periphery (Ethernet Basket)	CPI-13.5%

Section 1 – Introduction to the Regulatory Financial Statements

Narrowband Markets

Key Regulatory Changes

The final statement of the Narrowband Market Review (NMR) was published on 26 September 2013. It concluded that BT continue to have SMP in the Fixed Call Origination, Fixed Geographic Call Termination and Technical Areas (Interconnect Circuits) markets in the UK (excluding the Hull area). There were no changes in the regulation of these markets in 2016/17.

Ofcom's consultation on the Narrowband Market for the next charge control period was published in December 2016. An approach to pricing has been agreed with Ofcom to cover the interim period from 1 October 2016 until a new network charge control is set by Ofcom. BT's line of business Wholesale and Ventures will hold the overall basket of prices at the average price level existing in the final year of the current charge controls.

Ofcom has proposed to deregulate Call Origination in its consultation.

The charge controls for the services in these markets are as follows:

Market	1 Oct 2014 to 30 Sep 2015	1 Oct 2015 to 30 Sep 2016
Fixed Call Origination	RPI-3.5%	RPI-3.6%
Fixed Geographic Call Termination	RPI-3.0%	RPI-3.1%
Technical areas (Interconnect Circuits)	0%	0%

Key Market Changes

Overall the different markets for calls continue to show reducing volumes. This trend has been driven by several factors:

- The ongoing migration of call origination and termination minutes from fixed public narrowband networks to mobile networks;
- The substitution impact of Voice over Internet Protocol (VoIP) calls continues, reducing call origination and termination volumes; and
- Growth in Local Loop Unbundling (LLU) lines has eroded call origination and termination volumes with major CPs marketing double and triple play offerings to their customer base, where voice services are provided alongside high speed data.

As call origination and termination volumes reduce, there is a consequential reduction in the revenue for interconnect circuits. Interconnect circuit volumes have also reduced due to CPs rationalising their existing interconnections with BT, directly interconnecting with other CPs, and moving to IP solutions which do not require traditional interconnect circuits.

Section 1 – Introduction to the Regulatory Financial Statements

Wholesale Broadband Access Markets

Key Regulatory Changes

The final statement of the Wholesale Broadband Access Market Review (WBAMR) was published on 26 June 2014, with the below changes taking effect from 1 July 2014. The consultation on the next control period commenced in June 2017.

The changes as a result of the 2014 statement were:

- BT was found to have SMP only in exchanges where no more than two principal operators were or were forecast to be present (Market A); and
- A price cap of CPI-10.7% per annum applied to a basket of IPStream Connect services within Market A, with sub-caps on certain services within the basket.

Key Market Changes

Although there is good growth in fibre broadband, the market remains competitive and the migration of broadband lines to Local Loop Unbundling (LLU) continues.

The decline in IPstream Bandwidth (BW) and rental outweighs the growth in Wholesale Broadband Connect (WBC) fibre and copper, partly due to a reduction in internal revenue as a result of declining downstream volumes.

Section 2 Basis of Preparation

Section 2 – Basis of Preparation

2.1 Basis of Preparation

2.1.1 Regulatory Accounting Framework

The ultimate holding company of British Telecommunications plc ('the Company') is BT Group plc. As used in these Regulatory Financial Statements ("RFS") the terms 'the Group', 'BT', 'we', 'us' or 'our' refer collectively to BT Group plc and its subsidiary undertakings, associates and joint ventures.

BT Group plc's Annual Report and Form 20-F 2017 details the basis of preparation and explains the accounting policies adopted by the Group. BT's Annual Report and Form 20-F 2017, on which the independent external auditors issued an unqualified report, did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006 and has been delivered to the Registrar of Companies.

The Company has, by agreement with BT Group plc, prepared the RFS in accordance with the Regulatory Accounting Principles (RAP) (as described in Section 2.1.2 below) and Accounting Methodology Document (AMD) (as described in Section 2.1.3 below), by disaggregating balances recorded in the general ledgers and other accounting records of the Group.

The RAP and AMD set out the framework under which the RFS is prepared.

2.1.2 Regulatory Accounting Principles

The RAP are the principles we apply or use in the preparation of the RFS. For example we must attribute revenues, costs, assets and liabilities in accordance with the activities which cause the revenues to be earned, or costs to be incurred, or assets to be acquired, or liabilities to be incurred respectively.

Ofcom set out its conclusions in its Regulatory Financial Reporting Final Statement dated 20 May 2014 that in preparing the RFS BT shall be required to comply with the RAP, including the requirement for consistency with regulatory decisions.

Under SMP condition 13A.8 set out in Annex 29 of the FAMR statement, condition 8A.8 set out in Annex 2 of the WBA statement, and condition 11.8 set out in Annex 35 of the 2016 BCMR Statement, BT is required to comply with the RAP. Ofcom's Direction specifying the RAP is set out in Annex 1 of Ofcom's Directions for Regulatory Financial Reporting of 30 March 2015, and in the Schedule on page 207 of Annex 35 of the 2016 BCMR Statement.

2.1.3 Documentation and Application of the Regulatory Accounting Framework

In adhering to the RAP, we prepare and update annually our methodology documentation, the AMD. This document covers:

- **Attribution Methods** – we explain how we attribute revenue, transfer charges, costs, assets and liabilities to activities.

- **Transfer Charge System Methodology** – we explain our approach within our regulatory costing system (REFINE) on transfer charges.
- **Non-discrimination** – we demonstrate an equivalent treatment for internal and external CPs. For each reported market, we disclose the average price of services sold to external CPs and the average price sold to internal CPs. Where a reported market is required to buy input services from an upstream reported market, the cost is shown as an Equivalence of Input (EOI) charge.
- **Accounting Policies** – the way we apply the requirements of the Companies Act 2006, Article 4 of the International Accounting Standards (IAS) Regulation, and our accounting policies, in line with the RAP. The AMD details the accounting policies adopted in preparing the underlying financial information.
- **Long Run Incremental Cost (LRIC) Methodology** – the long run incremental cost principles, procedures and processes form the framework we use to calculate long run incremental costs and standalone costs.
- **Current Cost Accounting (CCA)** – we prepare the RFS under the Financial Capital Maintenance (FCM) convention in accordance with the principles set out in the handbook "Accounting for the Effects of Changing Prices", published in 1986 by the Accounting Standards Committee. Under the FCM convention we include changes in asset values in the RFS income statement as unrealised holding gains or losses. The CCA section also includes the Regulatory Asset Valuation (RAV) where Ofcom has directed an alternative methodology for valuing parts of the local access network.
- **Usage Factors** – we use usage factors in our costing methodology to reflect when the services have a different relative usage of network components.

In addition to the AMD, we also publish a Wholesale Catalogue, which separately identifies and describes services which are internally, externally, or both internally and externally supplied, and those which are used in the course of supplying other wholesale services.

The product and geographic markets defined by Ofcom's Final Statements and Notifications do not correspond to how the Group is organised for management and accounting purposes. The RFS are therefore produced by overlaying the requirements of the regulatory reporting framework on the management and accounting structure of the Group.

We reconcile the RFS to BT's statutory accounts and we explain any differences.

For the purposes of the RFS, we calculate Fully Allocated Costs (FAC) for our network components including a Return on Mean Capital Employed (MCE) attributed to that component.

Due to the complex nature of the RFS, figures in this report are individually rounded to the nearest relevant unit (e.g. £m or £0.1m). For values of less than £50,000 these round to a 0,

Section 2 – Basis of Preparation

and where there is no value this is shown as a “-”. Totals and sub-totals are calculated based on these rounded figures, percentages are based on unrounded figures. Where required by the Final Statements and Notifications rounding differences are shown on each individual schedule. Where rounding differences are not shown minor summation inconsistencies may arise between schedules.

2.1.4 Changes to BT’s Financial Reporting Obligations

Ofcom’s Business Connectivity Market Review dated 28 April 2016 (BCMR 2016) has had an impact on the regulatory accounting methodologies within the RFS for the year ended 31 March 2017. The relevant requirements are set out in the Direction specifying the requirements in relation to consistency with regulatory decisions and regulatory asset value set out in the Schedule on page 212 of Annex 35 of the 2016 BCMR Statement.

Implementation of the BCMR 2016

- Ofcom changed the definition of BCMR markets, and removed the obligation to report four of the traditional leased line markets (Medium Bandwidth TISBO, High Bandwidth TISBO, Technical Areas (Point of Handover) and Regional TI Trunk Segments).
- Ofcom defined a set of new markets as Contemporary Interface Symmetric Broadband Origination (CISBO). There are no longer separate markets by bandwidth (previously separated as AISBO and MISBO).
- The geographic definition of CISBO markets has also changed from West East and Central London Area (WECLA) to two separate markets for London Periphery and Central London Area. Non-WECLA has been renamed as Rest of UK.
- SMP conditions only apply to CISBO Rest of UK and CISBO London Periphery. Other products, which are not subject to accounting separation or cost accounting obligations, are included in residual.

We made a number of changes to reporting to introduce Baskets and Sub-Baskets to the reporting hierarchy. These are as follows:

Total Ethernet Basket which includes:

- i) Ethernet 1 Gbps EAD and EAD LA sub basket;
- ii) Ethernet Main Link sub basket up to and including 1 Gbps; and
- iii) Ethernet Interconnection sub basket.

Very High CISBO which includes:

- iv) WDM Services; and
- v) Other Ethernet Services with bandwidth above 1 Gbps.

Other Services which includes:

- vi) Exempt Ancillary Services;
- vii) Ethernet Time Related Charges; and
- viii) Excess Construction Charges.

Ofcom directed the introduction of four new components to reflect the passive and active elements of Ethernet Backhaul Direct (EBD).

Ofcom recalculated the regulatory cost of capital to be used in the calculation of fully allocated cost (FAC), this is 8.8% for copper access components and 9.8% for other network components.

Ofcom directed that Class of Work (CoW) costs associated with Project Services should be attributed to Project Services, and reported within the SMP markets.

The impact of the market restructure is shown in 2.1.6.

2.1.5 Change Control Notification – amendments and additional methodologies

BT has an obligation under SMP Condition 13A.21 set out at Annex 29 of the FAMR 2014, SMP Condition 8A.21 set out at Annex 2 of the WBA 2014, and SMP Condition 11.21 set out at Annex 35 of the BCMR 2016, to publish all methodology changes that were implemented between the Regulatory Financial Statements 2016 published on 28 October 2016 (the “2016 RFS”) and the Regulatory Financial Statements 2017 published on 31 July 2017 (the “2017 RFS”). This obligation was met by the publication of the Change Control Notification (CCN), dated 31 March 2017.

Our CCN contained all the methodology changes we proposed up to 31 March 2017. We have implemented one further change to our methodologies after 31 March 2017 that has also been notified to Ofcom. The additional methodology change is:

I. Interconnect Volumes

In the 2016 RFS, the Interconnect market was reported showing total costs, but not total volumes or revenues as a methodology change made in 2016 removed internal circuits from this market. Volumes included circuits that carry 100% CP originated traffic, circuits shared between BT and external CPs, but not circuits that carry 100% BT originated traffic.

In the 2017 RFS, we have included all circuit volumes within the Interconnect market. All interconnect circuits are reported as external with no adjustment for traffic rebates because they are set up between BT and other operators regardless of where the traffic originated.

2.1.6 Comparability of current and prior year results

We have reflected all methodology changes listed in the CCN, the additional change to interconnect volumes and all known errors above Ofcom’s defined materiality threshold in the

Section 2 – Basis of Preparation

restated comparatives for the year ended 31 March 2016. The restated results also reflect the correction of prior period errors as a result of the Italian business investigation as described in the BT Group plc Annual Report and Form 20-F 2017. We set out below our estimates of the impact of the changes on 2015/16 revenue, costs and mean capital employed (MCE). Details of the background to each of the methodology changes and error amendments can be found below with more detailed explanations in the “2017 Reconciliation Report” dated 31 July 2017.

Section 2 – Basis of Preparation

Impact of Changes on Revenue

	Reference to the Reconciliation Report	Fixed Access Markets				Business Connectivity Markets										Narrowband Markets			WBA								
		WLA £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Low Bandwidth TISBO £m	Medium Bandwidth TISBO £m	High Bandwidth TISBO £m	TI Regional Trunk £m	Technical Areas (Point of Handover) £m	AISBO Non WECLA £m	AISBO WECLA £m	MISBO Non WECLA £m	CISBO Rest of UK £m	CISBO London Periphery £m	Fixed Call Origination £m	Fixed Geographic Call Termination £m	Technical Areas (Interconnect Circuits) £m	WBA – Market A £m	Total SMP Markets £m	Wholesale Residual £m	EOI Eliminations £m	Retail Residual £m	Other Eliminations £m	Roundings £m	Total Markets £m	
2015/16 as originally published		1,950	1,665	105	196	262	17	9	16	2	735	78	121	-	-	185	15	25	453	5,834	3,053	(941)	15,775	(4,677)	(2)	19,042	
CCN Methodologies		-	2	-	-	14	(17)	(9)	(16)	(2)	(735)	(78)	(121)	865	32	-	-	7	(44)	(109)	(27)	-	-	137	(1)	-	
Methodology Changes in Addition to the CCN		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	(7)	-	-	-	-	-	
Changes due to Errors Corrected in Prior Year Comparatives		-	(1)	-	-	1	-	-	-	-	-	-	-	(1)	-	7	-	-	-	6	(84)	11	49	16	2	-	
Investigation into Italian Business		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30)	-	-	(30)	
Total effect of methodology changes		-	1	-	-	15	(17)	(9)	(16)	(2)	(735)	(78)	(121)	864	32	7	-	7	(44)	(96)	(118)	11	19	153	1	(30)	
2015/16 as restated		1,950	1,666	105	196	277	-	-	-	-	-	-	-	864	32	192	15	32	409	5,738	2,935	(930)	15,794	(4,524)	(1)	19,012	
CCN Methodologies																											
Reorganisation and market review changes																											
BCMR Changes	5.12	-	-	-	-	14	(17)	(9)	(16)	(2)	(735)	(78)	(121)	850	31	-	-	-	-	(83)	83	-	-	-	-	-	
Project Services	5.12	-	2	-	-	-	-	-	-	-	-	-	-	15	1	-	-	-	-	18	(17)	-	-	-	(1)	-	
Reorganisation and market review changes		-	2	-	-	14	(17)	(9)	(16)	(2)	(735)	(78)	(121)	865	32	-	-	-	-	(65)	66	-	-	-	(1)	-	
Methodology Changes																											
Openreach Fibre CCA	5.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fibre Access WBC Point of Handover	5.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)	(44)	15	-	-	29	-	-	
MSAN Geographic Location Costing	5.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Time Related Charges	5.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Openreach Capitalisations	5.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BT Group Billing	5.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ISDN Fault Rates	5.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Wholesale Residual WBA and Wholesale Residual Calls	5.09–5.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(108)	-	-	108	-	-	
Methodology changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)	(44)	(93)	-	-	137	-	-	
Total CCN Methodology changes		-	2	-	-	14	(17)	(9)	(16)	(2)	(735)	(78)	(121)	865	32	-	-	-	(44)	(109)	(27)	-	-	137	(1)	-	
Methodology Changes in Addition to the CCN																											
Interconnect Volumes	5.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-	7	(7)	-	-	-	-	-	
Changes due to Errors Corrected in Prior Year Comparatives																											
Freezones	7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7	(20)	-	-	13	-	-	
Grant Funding Assets (GFA)	7.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revenue Driving EBD allocations	7.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ofcom Administration Fee	7.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
MNS Revenue	7.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53)	-	53	-	-	-	
Revenue Receivables	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Residual Trades	7.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Immaterial error amendments		-	(1)	-	-	1	-	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)	(11)	11	(4)	3	2	-	
Changes due to Errors Corrected in Prior Year Comparatives		-	(1)	-	-	1	-	-	-	-	-	-	-	(1)	-	7	-	-	-	6	(84)	11	49	16	2	-	
Investigation into Italian Business																											
Investigation into Italian Business		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30)	-	-	(30)	

Section 2 – Basis of Preparation

Impact of Changes on Operating Costs

	Reference to the Reconciliation Report	Fixed Access Markets				Business Connectivity Markets										Narrowband Markets			WBA									
		WLA	WFAEL	ISDN2	ISDN30	Low Bandwidth TISBO	Medium Bandwidth TISBO	High Bandwidth TISBO	TI Regional Trunk	Technical Areas (Point of Handover)	AISBO Non WECLA	AISBO WECLA	MISBO Non WECLA	CISBO Rest of UK	CISBO London Periphery	Fixed Call Origination	Fixed Geographic Call Termination	Technical Areas (Interconnect Circuits)	WBA – Market A	Total SMP Markets	Wholesale Residual	EOI Eliminations	Retail Residual	Other Eliminations	Roundings	Total Markets		
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
2015/16 as originally published		1,316	1,038	47	81	168	7	7	11	3	365	28	84	–	–	101	93	24	198	3,571	2,601	(941)	14,785	(4,677)	1	15,340		
CCN Methodologies		(23)	30	(9)	(4)	6	(7)	(7)	(11)	(3)	(365)	(28)	(84)	430	11	–	–	–	(7)	(71)	30	–	(134)	137	(2)	(40)		
Methodology Changes in Addition to the CCN		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Changes due to Errors Corrected in Prior Year Comparatives		4	(4)	1	–	(2)	–	–	–	–	–	–	–	(2)	2	2	(2)	–	(5)	(6)	(24)	11	3	16	(1)	(1)		
Investigation into Italian Business		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	92	–	–	92		
Total effect of methodology changes		(19)	26	(8)	(4)	4	(7)	(7)	(11)	(3)	(365)	(28)	(84)	428	13	2	(2)	–	(12)	(77)	6	11	(39)	153	(3)	51		
2015/16 as restated		1,297	1,064	39	77	172	–	–	–	–	–	–	–	428	13	103	91	24	186	3,494	2,607	(930)	14,746	(4,524)	(2)	15,391		
CCN Methodologies																												
Reorganisation and market review changes																												
BCMR Changes	5.12	–	–	–	–	9	(7)	(7)	(11)	(3)	(365)	(28)	(84)	446	11	–	–	–	–	(39)	39	–	–	–	–	–		
Project Services	5.12	–	1	–	–	–	–	–	–	–	–	–	–	10	–	–	–	–	–	11	(12)	–	–	–	1	–		
Reorganisation and market review changes		–	1	–	–	9	(7)	(7)	(11)	(3)	(365)	(28)	(84)	456	11	–	–	–	–	(28)	27	–	–	–	1	–		
Methodology Changes																												
Openreach Fibre CCA	5.02	(4)	–	–	(3)	(3)	–	–	–	–	–	–	–	(23)	–	–	–	–	(1)	(34)	(6)	–	–	–	–	(40)		
Fibre Access WBC Point of Handover	5.03	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(13)	(13)	13	–	(29)	29	–	–		
MSAN Geographic Location Costing	5.04	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7	7	(7)	–	–	–	–	–		
Time Related Charges	5.05	2	4	(1)	(1)	–	–	–	–	–	–	–	–	(3)	–	–	–	–	–	1	–	–	–	–	(1)	–		
Openreach Capitalisations	5.06	(24)	20	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(3)	3	–	–	–	–	–		
BT Group Billing	5.12	(1)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	–	–	3	–	(2)	–		
ISDN Fault Rates	5.07	4	5	(9)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Wholesale Residual WBA and Wholesale Residual Calls	5.09–5.10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(108)	108	–	–		
Methodology changes		(23)	29	(9)	(4)	(3)	–	–	–	–	–	–	–	(26)	–	–	–	–	(7)	(43)	3	–	(134)	137	(3)	(40)		
Total CCN Methodology changes		(23)	30	(9)	(4)	6	(7)	(7)	(11)	(3)	(365)	(28)	(84)	430	11	–	–	–	(7)	(71)	30	–	(134)	137	(2)	(40)		
Methodology Changes in Addition to the CCN																												
Interconnect Volumes	5.11	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Changes due to Errors Corrected in Prior Year Comparatives																												
Freezones	7.2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3	(1)	–	–	2	(1)	–	(13)	13	(1)	–		
Grant Funding Assets (GFA)	7.3	5	(1)	–	–	–	–	–	–	–	–	–	–	(1)	–	–	–	–	–	3	(2)	–	–	–	(1)	–		
Revenue Driving EBD allocations	7.4	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4)	(4)	4	–	–	–	–	–		
Ofcom Administration Fee	7.5	(1)	(1)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1)	(3)	(2)	–	5	–	–	–		
MNS Revenue	7.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Revenue Receivables	7.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		
Residual Trades	7.9	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(16)	–	16	–	–	–		
Immaterial error amendments		–	(2)	1	–	(2)	–	–	–	–	–	–	–	(1)	2	(1)	(1)	–	–	(4)	(7)	11	(5)	3	1	(1)		
Changes due to Errors Corrected in Prior Year Comparatives		4	(4)	1	–	(2)	–	–	–	–	–	–	–	(2)	2	2	(2)	–	(5)	(6)	(24)	11	3	16	(1)	(1)		
Investigation into Italian Business																												
Investigation into Italian Business		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	92	–	–	92		

Section 2 – Basis of Preparation

Impact of Changes on Mean Capital Employed (MCE)

	Reference to the Reconciliation Report	Fixed Access Markets				Business Connectivity Markets										Narrowband Markets			WBA								
		WLA	WFAEL	ISDN2	ISDN30	Low Bandwidth TISBO	Medium Bandwidth TISBO	High Bandwidth TISBO	TI Regional Trunk	Technical Areas (Point of Handover)	AISBO Non WECLA	AISBO WECLA	MISBO Non WECLA	CISBO Rest of UK	CISBO London Periphery	Fixed Call Origination	Fixed Geographic Call Termination	Technical areas (Interconnect Circuits)	WBA – Market A	Total SMP Markets	Wholesale Residual	EOI Eliminations	Retail Residual	Other Eliminations	Roundings	Total Markets	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
2015/16 as originally published		4,357	4,755	161	211	385	26	24	44	6	1,596	98	250	–	–	161	146	27	363	12,610	1,723	–	7,039	–	(1)	21,371	
CCN Methodologies		10	–	–	9	33	(26)	(24)	(44)	(6)	(1,596)	(98)	(250)	1,886	42	–	–	–	4	(60)	131	–	8	–	–	79	
Methodology Changes in Addition to the CCN		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Changes due to Errors Corrected in Prior Year Comparatives		(8)	(21)	–	(1)	(3)	–	–	–	–	–	–	–	5	1	3	(4)	–	1	(27)	(33)	–	65	–	2	7	
Investigation into Italian Business		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(203)	–	–	(203)	
Total effect of methodology changes		2	(21)	–	8	30	(26)	(24)	(44)	(6)	(1,596)	(98)	(250)	1,891	43	3	(4)	–	5	(87)	98	–	(130)	–	2	(117)	
2015/16 as restated		4,359	4,734	161	219	415	–	–	–	–	–	–	–	1,891	43	164	142	27	368	12,523	1,821	–	6,909	–	1	21,254	
CCN Methodologies																											
Reorganisation and market review changes																											
BCMR Changes	5.12	–	–	–	–	26	(26)	(24)	(44)	(6)	(1,596)	(98)	(250)	1,839	41	–	–	–	–	(138)	137	–	–	–	1	–	
Project Services	5.12	–	–	–	–	–	–	–	–	–	–	–	–	(1)	–	–	–	–	–	(1)	1	–	–	–	–	–	
Reorganisation and market review changes		–	–	–	–	26	(26)	(24)	(44)	(6)	(1,596)	(98)	(250)	1,838	41	–	–	–	–	(139)	138	–	–	–	1	–	
Methodology Changes																											
Openreach Fibre CCA	5.02	10	–	–	9	7	–	–	–	–	–	–	–	48	1	–	–	–	–	75	5	–	–	–	(1)	79	
Fibre Access WBC Point of Handover	5.03	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)	4	–	2	–	–	–	
MSAN Geographic Location Costing	5.04	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10	10	(10)	–	–	–	–	–	
Time Related Charges	5.05	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Openreach Capitalisations	5.06	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
BT Group Billing	5.12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
ISDN Fault Rates	5.07	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Wholesale Residual WBA and Wholesale Residual Calls	5.09 – 5.10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(6)	–	6	–	–	–	
Methodology changes		10	–	–	9	7	–	–	–	–	–	–	–	48	1	–	–	–	4	79	(7)	–	8	–	(1)	79	
Total CCN Methodology changes		10	–	–	9	33	(26)	(24)	(44)	(6)	(1,596)	(98)	(250)	1,886	42	–	–	–	4	(60)	131	–	8	–	0	79	
Methodology Changes in Addition to the CCN																											
Interconnect Volumes	5.11	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Changes due to Errors Corrected in Prior Year Comparatives																											
Freezones	7.2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5	(3)	–	–	2	(2)	–	–	–	–	–	
Grant Funding Assets (GFA)	7.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Revenue Driving EBD allocations	7.4	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Ofcom Administration Fee	7.5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	1	(1)	–	(1)	–	–	(1)	
MNS Revenue	7.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Revenue Receivables	7.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(57)	–	57	–	–	–	
Residual Trades	7.9	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Immaterial error amendments		(8)	(21)	–	(1)	(3)	–	–	–	–	–	–	–	5	1	(2)	(1)	–	–	(30)	27	–	9	–	2	8	
Changes due to Errors Corrected in Prior Year Comparatives		(8)	(21)	–	(1)	(3)	–	–	–	–	–	–	–	5	1	3	(4)	–	1	(27)	(33)	–	65	–	2	7	
Investigation into Italian Business																											
Investigation into Italian Business		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(203)	–	–	(203)	

Section 2 – Basis of Preparation

Market Reviews

On 28 April 2016 Ofcom published its final statement on the Business Connectivity Market Review (BCMR), which covers the provision of leased lines to businesses in the UK. Further information is detailed in section 2.1.4.

Reorganisation

Following the acquisition of EE on 29 January 2016, BT reorganised its line of business (LoB) structure for 2016/17.

Elements of EE have been integrated within the pre-existing LoBs including: Business customers have moved into Business & Public Sector; Technology team and network assets have moved into Technology, Service and Operations (TSO); The Mobile Virtual Network Operator business (MVNO) has moved into Wholesale & Ventures; and central functions have moved into Group Functions. EE will continue to be reported within Retail Residual. Other restructure movements not related to EE include; Group Function teams such as cables and supply chain moved into Wholesale & Ventures; Global Services teams such as customer service; government and health moved into Business and Public Sector and Fleet moved into Wholesale & Ventures. In 2016/17, Openreach had an organisational restructure to reallocate headcount between cost centres (OUCs, Organisational Unit Codes).

To reflect this reorganisation, process changes have been applied to our methodologies to update our allocation rules, so they remain materially consistent with the nature of costs year on year, and the RAP.

Methodology changes

The impacts of these changes are detailed in the tables; Impact of Changes on Revenue, Impact of Changes on Operating Costs and Impact of Changes on Mean Capital Employed on Pages 14, 15 and 16.

I. *Openreach Fibre CCA*

We changed the CCA valuation of Access Fibre to include additional costs associated with bringing the asset to its intended use, and replaced in-year man hour task time data with a five year rolling average.

II. *Fibre Access WBC Point of Handover*

We changed our methodology for attributing WBC customers between Market A and B. We now report any end user from a Market B child exchange as a Market B volume irrespective of their parent exchange location.

III. *MSAN Geographic Location Costing*

We changed our methodology for allocating MCE and costs between Market A and Market B by using the location of MSAN rather than the end user volumes of the services supported.

IV. *Time Related Charges*

We changed our methodology to split time related charges by using specific classes of work which can be directly attributed to regulated or unregulated time related charges, to drive costs, rather than solely attributing the costs based on revenue.

V. *Openreach Capitalisations*

We improved the alignment of the recognition of capitalisation of Openreach costs, so the reduction in operating costs as a result of capitalisation is consistently aligned against the original cost, rather than against a more generic cost sector or category.

VI. *Downstream Usage of EAD*

We changed the allocation of EOI Charges to include allocation of Ethernet Access Direct (EAD) costs to Fibre-Access WBC bandwidth services as the use of the EAD Backhaul Network by this service is no longer immaterial.

VII. *BT Group Billing*

We used a more detailed set of billing data to drive attribution.

VIII. *ISDN Fault Rates*

Volume and fault rate data used to calculate ISDN2 and ISDN30 factors has been updated to use current year data, and to use 12 months rather than 10 months extrapolated data.

IX. *Network Features*

We changed the allocation of Network Features costs between Caller Display and Other Network Features to be based on volumes of rentals sold rather than the number of activations.

X. *Wholesale Residual WBA and Wholesale Residual Calls*

We changed the methodology for calculating internal revenues for WBA Market B and Wholesale Residual Calls services by setting the internal price to equal the FAC.

XI. *Special Fault Investigation*

We used modular task times based on the fixed task times per module as used in Ofcom's FAMR 2014 removing the need for estimation of module task times.

Section 2 – Basis of Preparation

XII. Abortive Visit Charges

We changed the methodology to allocate installation and repair costs and MCE to abortive visit charge (AVC) services, rather than just using installation costs and MCE.

XIII. Circuit Provision Cost Simplification

We changed the methodology for the attribution of Circuit Provision costs to use one plant group instead of three.

Errors Corrected in Prior Year Comparatives

The prior year comparatives have been restated to reflect the correction of errors which meet Ofcom's definition of material error (i.e. resulting in a correction of any figure in the RFS which exceeds the higher of 5% or £1m). None of these errors impact the revenues, costs and mean capital employed of any SMP Market by more than 5%. The errors identified in the 2016 RFS are detailed below:

I. Freefones

Certain BT to other CPs Freefone volumes revenues were excluded from the Call Origination market in the 2016 RFS in error.

II. Grant Funding Assets

In the 2016 RFS BDUK Grant Funded Assets (GFA) were predominantly reported within Access Fibre, but elements of the funding were reported within Transmission and Other sectors. This correction was made so all GFA are recognised within the Access Fibre sector.

III. Revenue Driving EBD Allocations

The 2016 RFS EOI charges for Ethernet Backhaul Direct (EBD) and Ethernet Access Direct (EAD) were based on revenues instead of volumes in error.

IV. Ofcom Administration Fee

We corrected an error in the way we apportion the Ofcom Administration Fee by using all relevant revenue as defined by Ofcom.

V. TV Connect (TVC) in Openreach Residual

We corrected for an error where Wholesale Residual costs and MCE for TV Connect (TVC) were previously included in Openreach Residual.

VI. Managed Network Services (MNS) Revenue

We corrected an error in our reporting of revenue between Wholesale Residual and Retail Residual.

VII. Revenue Receivables

In 2015/16 revenue receivables were based on gross internal revenue. This change corrects the revenue receivables so it is based on net internal revenue within the SMP markets.

VIII. Residual Trades

We corrected for an error in the way internally traded costs relating to Retail Residual were apportioned to Openreach Residual.

IX. Other immaterial errors impacting MCE restatement

Comparative information for the year ended 31 March 2016 has been restated for the correction of two additional errors which impact only MCE and relate to ECC credits and CCA. These errors do not meet Ofcom's definition of a Material Error and therefore are not included in the 2017 Reconciliation Report.

Investigation into Italian Business

The comparative 2015/16 results are also restated for the correction of errors as a result of the investigation into our Italian business.

As disclosed in the 2017 Annual Report, during the year our investigations into our Italian business revealed inappropriate behaviour and improper accounting practices. The improper practices included a complex set of improper sales, purchase, factoring and leasing transactions.

The prior years' errors resulted from profits, and therefore equity, being overstated for a number of years, with revenue and operating costs in the year ended 31 March 2016 being overstated by £30m and £92m respectively. The correction of these errors impacts only Retail Residual.

During the year, we also reviewed the carrying value of the assets and liabilities on the balance sheet of our Italian business including reassessing the recoverability of trade and other receivables and reconsidering other exposures, principally sales taxes. We took into account any changes in facts or circumstances since 31 March 2016 in determining whether there was a need to change an estimate and whether additional exposures had arisen in the current year. This exercise required a level of judgement, in many cases taking a more cautious view based on our current understanding of circumstances in the business. The results for the year ended 31 March 2017 include the impact of these changes in estimates amounting to £245m. These 2016/17 period costs only directly impact Retail Residual, but also have a small impact on the attribution of certain overheads where the attribution methodology is based on total previously attributed costs.

For further details see BT's Annual Report and Form 20-F 2017.

Section 2 – Basis of Preparation

Treatment of EE

On 29 January 2016 BT Group acquired the entire share capital of EE Limited (EE) from Deutsche Telekom and Orange. In 2015/16 transactions with EE between the date of acquisition and the 2015/16 year-end were treated as external transactions and all EE activities were treated as Retail Residual for the purposes of disclosures in the RFS, in 2016/17 transactions with EE were treated as internal. In 2015/16, to reflect the shorter period of ownership of EE, the MCE was adjusted using the closing balance sheet to approximate the two months owned. All of the EE assets were recognised in the residual markets. For 2016/17 MCE reflects a full year of EE ownership.

2.1.7 Competition Appeal Tribunal ruling on the 2016 BCMR

The 2017 RFS has been prepared on the basis of the market definitions provided in the 2016 BCMR. We appealed Ofcom's decision to the Competition Appeal Tribunal (CAT) because we disagreed with the market definitions and certain other elements of the BCMR. The CAT has heard our arguments and upheld our appeal in relation to market definitions. The CAT has indicated that it will remit matters back to Ofcom for reconsideration. We will now be discussing with Ofcom how we formalise the CAT decision and what arrangements could be put in place whilst Ofcom resets the regulation. This could impact the form and content of the RFS in future years.

Section 3 Statement of Responsibility

Section 3 – Statement of Responsibility

3.1 Statement of Responsibility

British Telecommunications plc (the “Company”) is required to prepare Regulatory Financial Statements in accordance with the Final Statements and Notifications as described in Appendix 5.

The Regulatory Financial Statements include comparative information for the year ended 31 March 2016 originally published on 28 October 2016 subject to certain restatements and re-presentations detailed in Sections 2.1.5 and 2.1.6.

The directors confirm to the best of their knowledge that the Regulatory Financial Statements for the year ended 31 March 2017 have been prepared in accordance with the requirements of the Final Statements and Notifications, the Accounting Methodology Document and Wholesale Catalogue dated 31 July 2017 and in accordance with the Regulatory Accounting Principles as published in Ofcom’s “Business Connectivity Market Review” dated 28 April 2016 (BCMR 2016).

The directors confirm to the best of their knowledge that the comparative information for the year ended 31 March 2016 included in the Regulatory Financial Statements has been prepared in accordance with the requirements of the Final Statements and Notifications and the Accounting Methodology Document dated 28 October 2016 subject to certain restatements and re-presentations as detailed in Sections 2.1.5 and 2.1.6.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Openreach

The Company is also required in accordance with the Undertakings to separately report the financial results of Openreach within the Regulatory Financial Statements as explained in Sections 1.1 and 1.2. The Undertakings are attached in Annex A of Part 2 of Ofcom’s “Final Statements on the Strategic Review of Telecommunications, and undertakings in lieu of a reference under the Enterprise Act 2002”, issued on 22 September 2005.

The Undertakings require the Company to report the financial results of Openreach, including the following:

- Openreach financial information such as headline revenue, cost of sales (or gross margin), selling, general and administrative expenses (SG&A), earnings before interest, tax, depreciation and amortisation (EBITDA), depreciation, operating profit and capital expenditure, revenues broken down into the broad product groups that Openreach provide and further split between internal and external revenues, separately identifying

payments to other parts of the Company for products that form inputs to Openreach products (e.g. electronics); and

- Reconciliation of Openreach’s revenue and operating profit (and other such items as may be agreed between the Company and Ofcom) with financial information about Openreach shown in BT’s statutory accounts.

The Openreach Financial Statements can be found in Section 12 and include comparative information for the year ended 31 March 2016. These comparatives were subject to certain restatements and representations detailed in Sections 2.1.5 and 2.1.6.

The form, content and basis of preparation of the financial results of Openreach follow those used in the preparation of the Regulatory Financial Statements as described above, except where differences are agreed with Ofcom.

The directors confirm to the best of their knowledge that the Openreach Financial Statements for the year ended 31 March 2017, which have been prepared in accordance with the Accounting Methodology Document and Wholesale Catalogue dated 31 July 2017, comply with the requirements of the Undertakings dated 22 September 2005.

The directors confirm to the best of their knowledge that the comparative information for the Openreach Financial Statements for the year ended 31 March 2016 included in the Regulatory Financial Statements, which have been prepared in accordance with the requirements of the Final Statements and Notifications and the Accounting Methodology Document dated 31 July 2017, subject to certain restatements and re-presentations as detailed in Sections 2.1.5 and 2.1.6, comply with the requirements of the Undertakings dated 22 September 2005.

Approved by the Board of Directors and signed on its behalf by:

Glyn Parry

Director, British Telecommunications plc

31 July 2017

Section 4 Audit Report

Section 4 – Audit Report

4.1 Report of Independent Auditors

Report of the Independent Auditors to British Telecommunications plc and Ofcom issued in accordance with the Final Statement and Notification entitled “The regulatory financial reporting obligations on BT and Kingston Communications” issued by Ofcom on 22 July 2004 as amended by the subsequent notifications and directions issued by Ofcom following consultation as set out below.

1. We have examined the Regulatory Financial Statements for the year ended 31 March 2017 (the “Financial Statements”) which include information in respect of economic markets (the “Market Financial Statements”) and Openreach (the “Openreach Information”).
2. The Market Financial Statements are prepared by British Telecommunications plc (the “Company”) under the current cost convention in accordance with:
 - a) the Final Statement and Notification entitled “The regulatory financial reporting obligations on BT and Kingston Communications” issued by Ofcom on 22 July 2004 as amended by the Statements and Notifications entitled “Changes to BT’s regulatory financial reporting framework” issued by Ofcom on 31 August 2005, “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 16 August 2006, “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 30 May 2007, “Changes to BT’s 2007/08 regulatory financial statements” issued by Ofcom on 26 June 2008, “Changes to BT and KCOM’s regulatory financial reporting 2008/09 update” issued by Ofcom on 15 June 2009, “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued by Ofcom on 4 June 2010, “Changes to BT and KCOM’s regulatory financial reporting 2010/11 update” issued by Ofcom on 2 June 2011, “Changes to BT and KCOM’s regulatory financial reporting 2011/12 update” issued by Ofcom on 17 April 2012, “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued by Ofcom on 25 April 2013, “Review of the Fixed Narrowband Services Markets Statement” issued by Ofcom on 26 September 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued by Ofcom on 3 April 2014, “Regulatory Financial Reporting” issued by Ofcom on 20 May 2014, “Fixed Access Market Reviews Statement” issued by Ofcom on 26 June 2014, “Review of the Wholesale Broadband Access Markets Statement” issued by Ofcom on 26 June 2014, “Directions for Regulatory Financial Reporting” issued by Ofcom on 30 March 2015 and “Business Connectivity Market Review Statement” issued by Ofcom on 28 April 2016 (together the “Final Statements and Notifications”); and
 - b) the Company’s Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2017.
3. The Openreach Information is prepared by the Company under the current cost convention in accordance with:
 - a) the undertakings given to Ofcom by the Company pursuant to the Enterprise Act 2002 on 22 September 2005 (the “Undertakings”);
 - b) the Statements and Notifications entitled “Changes to BT’s regulatory financial reporting and audit requirements” issued by Ofcom on 30 May 2007, “Changes to BT’s 2007/08 regulatory financial statements” issued by Ofcom on 26 June 2008, “Changes to BT and KCOM’s regulatory financial reporting 2008/09 update” issued by Ofcom on 15 June 2009, “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued by Ofcom on 4 June 2010, “Changes to BT and KCOM’s regulatory financial reporting 2010/11 update” issued by Ofcom on 2 June 2011, “Changes to BT and KCOM’s regulatory financial reporting 2011/12 update” issued by Ofcom on 17 April 2012, “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued by Ofcom on 25 April 2013, “Review of the Fixed Narrowband Services Markets Statement” issued by Ofcom on 26 September 2013, “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued by Ofcom on 3 April 2014, “Regulatory Financial Reporting” issued by Ofcom on 20 May 2014, “Fixed Access Market Reviews Statement” issued by Ofcom on 26 June 2014, “Review of the Wholesale Broadband Access Markets Statement” issued by Ofcom on 26 June 2014, “Directions for Regulatory Financial Reporting” issued by Ofcom on 30 March 2015 and “Business Connectivity Market Review Statement” issued by Ofcom on 28 April 2016 (together the “Openreach Final Statements and Notifications”); and
 - c) the Company’s Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2017.
4. The Market Financial Statements comprise the following statements for the year ended 31 March 2017 for the Markets listed on page 4:
 - a) the Performance Summary by Market on pages 28 and 29; and
 - b) the related notes comprising the Basis of Preparation on pages 11 to 19, the individual market summaries and individual market calculations of FAC based on component costs and usage factors on pages 31 to 91, the statements of Attribution of Wholesale Current Costs and Current Cost Mean Capital Employed on pages 94, 95, 97 and 98, the Reconciliation Statements on pages 100 and 101; and Appendix 1 on pages 110 to 113.

Section 4 – Audit Report

5. The Openreach Information comprises the following information for the year ended 31 March 2017 on pages 104 to 108:
- a) the Openreach Income Statement;
 - b) the Openreach MCE Statement; and
 - c) the Reconciliation of Openreach Income Statements.
6. The Market Financial Statements and the Openreach Information include comparative information for the year ended 31 March 2016 first published on 28 October 2016 which has been restated and re-presented as described in “Comparability of current and prior year results” on pages 12 to 19. All comparative information for the year ended 31 March 2016 is prepared by the Company to comply with the Final Statements and Notifications, and in accordance with the Company’s Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016 as amended, where applicable, in accordance with “Comparability of current and prior year results” on pages 12 to 19.

Management’s responsibility for the Financial Statements

7. As described on page 21 of the Financial Statements, management is responsible for preparing and approving the Financial Statements.

Auditors’ Responsibility

8. Our responsibilities, as independent auditors, are established in the United Kingdom by the Final Statements and Notifications, the Undertakings, the Financial Reporting Council/Auditing Practices Board and our profession’s ethical guidance.
9. Our responsibility is to examine the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the Company and Ofcom and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.
10. We report our opinions as to whether:
- a) the Market Financial Statements as a whole;
 - b) each of the Market Group Statements comprising the statement of financial performance in Fixed Access Markets, Business Connectivity Markets, Narrowband Markets and Wholesale Broadband Access Market A for the year ended 31 March

2017 shown within the Performance Summary by Market on page 28 (the “Market Group Statements”).

- c) the statements of financial performance for each of the following markets (the “PPIA Markets”) for the year ended 31 March 2017 shown within the Performance Summary by Market on page 28:
 - Wholesale fixed analogue exchange line services (“WFAEL”);
 - Wholesale local access services (“WLA”);
 - Wholesale ISDN30 exchange line services (“ISDN30”);
 - Contemporary Interface Symmetric Broadband Origination – Rest of UK (“CISBO Rest of UK”);
 - Traditional interface symmetric broadband origination (TISBO) (up to and including 8Mbit/s) (“Low Bandwidth TISBO”);
 - Call Origination on a fixed narrowband network (“Fixed call origination”);
 - Fixed geographic call termination;
 - Technical Areas (Interconnection Circuits); and
 - Wholesale Broadband Access (Market A) (“WBA – Market A”).
 - d) The Openreach Information for the year ended 31 March 2017 on pages 104, 106 and 108, are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and Wholesale Catalogue dated 31 July 2017 and comply with the requirements of the Final Statements and Notifications and, in respect of the Openreach Information, the Openreach Final Statements and Notifications and the Undertakings.
11. We report our opinions as to whether the restated Market Financial Statements as a whole for the year ended 31 March 2016 are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and Wholesale Catalogue dated 28 October 2016 subject to the changes described in “Comparability of current and prior year results” on pages 12 to 19, and comply with the requirements of the Final Statements and Notifications.
12. We report our opinion as to whether, in the course of conducting our examination, we have become aware of any material changes in costing methodologies used in the preparation of the Financial Statements for the year ended 31 March 2017 compared with the costing methodologies applied in the preparation of the Financial Statements for the year ended 31 March 2016 published on 28 October 2016 which were not included in the description of methodology changes published by the Company in

Section 4 – Audit Report

“Change Control Notification” dated 31 March 2017 (the “Change Control Notification”) or described in section 2.1.5 on page 12. Further we read each of the papers approved by the Company’s Accounting Separation Improvement Group (“ASIG”) in the period 29 October 2016 to 31 July 2017 and report any methodology changes expected by management to have a material impact on the Financial Statements which were approved by the ASIG for use in the preparation of the Financial Statements for the year ended 31 March 2017 but not included in the description of methodology changes published by the Company in the Change Control Notification or described in section 2.1.5 on page 12.

13. In addition, we report if, in our opinion, the “Basis of Preparation” on pages 11 to 19, setting out the basis upon which the Financial Statements have been prepared, is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our examination, or if information specified by the Final Statements and Notifications is not disclosed.
14. We read the financial and non-financial information presented with the Financial Statements to identify material inconsistencies with the Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the examination. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. The other information comprises the Introduction to the Regulatory Financial Statements on pages 3 to 9, the Statement of Responsibility on page 21, the Wholesale sector costs on page 93, the Wholesale Current Costs Mean Capital Employed on page 96, the Openreach Information on page 103 and the Price Control Statements, Adjusted Performance Summary, Time Related Charges and Special Fault Investigation Costs, Final Statements and Notifications Set Out by Ofcom, Glossary and Footnotes List and Additional Information on pages 115 to 131.

Basis for opinions

15. As explained in the “Basis of preparation” on pages 11 to 19 the Company has, by agreement with BT Group plc, its ultimate parent company, prepared the Financial Statements by disaggregating balances recorded in the general ledgers and other accounting records of BT Group plc and its subsidiaries (“the Group”) maintained in accordance with the Companies Act 2006 and used, in accordance with that Act, for the preparation of the Company’s statutory consolidated financial statements for the years ended 31 March 2017 and 31 March 2016 (“the Statutory Financial Statements”).
16. PricewaterhouseCoopers LLP audited the Statutory Financial Statements on which they expressed unmodified audit opinions. Their audit report on the Statutory Financial Statements describes the scope of their audit of those Statutory Financial Statements.

17. In conducting our subsequent examination of the Financial Statements, and in providing the opinions in paragraphs 19 and 20 below, we have not performed any additional tests of the transactions and balances which are recorded in the general ledgers and other accounting records beyond those already performed for the purpose of the audits of the Statutory Financial Statements.

18. Having regard to the above:

- a) we conducted our examination of the Financial Statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Our work involved obtaining evidence about the amounts and disclosures in the Financial Statements.
- b) we planned and performed our examination of the Financial Statements so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Market Financial Statements as a whole, each of the Market Group Statements, the Market Summary Statements for each of the PPIA Markets and the Openreach Information are properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2017 or, in respect of the restated Market Financial Statements as a whole for the year ended 31 March 2016, the Accounting Methodology Documents and Wholesale Catalogue dated 28 October 2016 subject to the changes described in “Comparability of current and prior year results” on pages 12 to 19. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements in accordance with the form and content requirements of the Final Statements and Notifications.

Opinions

19. In our opinion:

- a) the Market Financial Statements as a whole, each of the Market Group Statements and the Market Summary Statements for each of the PPIA Markets for the year ended 31 March 2017 have been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2017 and comply with the requirements of the Final Statements and Notifications;
- b) the Openreach Information for the year ended 31 March 2017 has been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 31 July 2017 and complies with the disclosure requirements of the Undertakings and the Openreach Final Statement and Notifications;

Section 4 – Audit Report

- c) the restated Market Financial Statements as a whole for the year ended 31 March 2016 have been properly prepared in accordance with the procedures defined in the Accounting Methodology Documents and the Wholesale Catalogue dated 28 October 2016, and comply with the disclosure requirements of the Final Statements and Notifications as amended, where applicable, in accordance with “Comparability of current and prior year results” on pages 12 and 19.
20. In the course of conducting our examination, we noted no material changes in costing methodologies used in the preparation of the Financial Statements for the year ended 31 March 2017 compared with the costing methodologies applied in the preparation of the Financial Statements for the year ended 31 March 2016 published on 28 October 2016 which were not included in the description of methodology changes published by the Company in the Change Control Notification or described in section 2.1.5 on page 12. Further, having read each of the papers approved by the ASIG in the period 29 October 2016 to 31 July 2017 we noted no methodology changes expected by management to have a material impact on the Financial Statements which were approved by the ASIG for use in the preparation of the Financial Statements for the year ended 31 March 2017 but not included in the description of methodology changes published by the Company in the Change Control Notification or described in section 2.1.5 on page 12.
21. We have no matters to report in respect of our responsibilities explained in paragraphs 13 and 14.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London,
31 July 2017

Section 5 Summary of Market Performance

Section 5 – Summary of Market Performance

5.1 Performance Summary by Market

For the year ended 31 March 2017

	Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adj. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %
Fixed Access Markets														
WLA	6.1	814	1,323	2,137	885	519	(113)	66	26	–	1,383	754	4,817	15.6%
WFAEL	6.2	1,249	358	1,607	592	419	(151)	105	20	(2)	983	624	4,598	13.6%
ISDN2	6.3	37	58	95	24	14	(4)	3	2	(1)	38	57	145	38.6%
ISDN30	6.4	81	95	176	45	26	(12)	(1)	13	–	71	105	209	50.5%
Total		2,181	1,834	4,015	1,546	978	(280)	173	61	(3)	2,475	1,540	9,769	15.7%
Business Connectivity Markets														
CISBO Rest of UK	7.1	477	298	775	239	250	(109)	(6)	104	–	478	297	2,011	14.8%
CISBO London Periphery	7.2	17	11	28	8	7	(2)	0	2	(1)	14	14	44	30.6%
Low Bandwidth TISBO	7.3	104	97	201	91	57	(12)	1	9	(1)	145	56	339	16.6%
Total		598	406	1,004	338	314	(123)	(5)	115	(2)	637	367	2,394	15.3%
Narrowband Markets														
Fixed Call Origination	8.1	122	45	167	84	24	(3)	1	8	1	115	52	159	32.7%
Fixed Geographic Call Termination	8.2	3	8	11	56	18	(2)	1	6	–	79	(68)	118	(57.4)%
Technical Areas (Interconnect Circuits)	8.3	–	26	26	18	4	(1)	0	0	1	22	4	25	14.8%
Total		125	79	204	158	46	(6)	2	14	2	216	(12)	302	(4.1)%
WBA – Market A	9.1	353	29	382	113	68	(9)	(2)	7	(1)	176	206	373	55.2%
Total SMP Markets		3,257	2,348	5,605	2,155	1,406	(418)	168	197	(4)	3,504	2,101	12,838	16.3%
Wholesale Residual		2,407	331	2,738	2,455	392	(23)	(29)	61	–	2,856	(118)	1,296	(9.1)%
EOI Eliminations		(1,017)	–	(1,017)	(1,017)	–	–	–	–	–	(1,017)	–	–	–
Roundings		–	–	–	(3)	(2)	–	–	1	5	1	(1)	–	–
Total Wholesale Markets		4,647	2,679	7,326	3,590	1,796	(441)	139	259	1	5,344	1,982	14,134	14.0%
Retail Residual		–	21,384	21,384	18,421	1,776	–	–	–	–	20,197	1,187	17,222	6.9%
Eliminations		(4,647)	–	(4,647)	(4,647)	–	–	–	–	–	(4,647)	–	–	–
Roundings		–	(1)	(1)	1	–	–	–	–	–	1	(2)	1	–
Total Markets		–	24,062	24,062	17,365	3,572	(441)	139	259	1	20,895	3,167	31,357	10.1%

Section 5 – Summary of Market Performance

5.2 Performance Summary by Market

Restated for the year ended 31 March 2016 (e)

	Section	Internal Revenue £m	External Revenue £m	Total Revenue £m	Operating Costs £m	Depreciation £m	Holding (gain)/loss £m	Supp. Dep. £m	Other CCA Adj. £m	Roundings £m	Total CCA Operating Costs £m	Return £m	Mean Capital Employed £m	Return on MCE %
Fixed Access Markets														
WLA	6.1	685	1,265	1,950	842	442	(53)	61	4	1	1,297	653	4,359	15.0%
WFAEL	6.2	1,212	454	1,666	622	418	(76)	101	(1)	–	1,064	602	4,734	12.7%
ISDN2	6.3	43	62	105	23	15	(2)	3	1	(1)	39	66	161	41.0%
ISDN30	6.4	91	105	196	49	27	(5)	(1)	7	–	77	119	219	54.5%
Total		2,031	1,886	3,917	1,536	902	(136)	164	11	–	2,477	1,440	9,473	15.2%
Business Connectivity Markets														
CISBO Rest of UK	7.1	528	336	864	201	223	(44)	(3)	51	–	428	436	1,891	23.1%
CISBO London Periphery	7.2	20	12	32	6	6	(1)	0	1	1	13	19	43	43.9%
Low Bandwidth TISBO	7.3	127	150	277	112	63	(7)	1	4	(1)	172	105	415	25.1%
Total		675	498	1,173	319	292	(52)	(2)	56	–	613	560	2,349	23.8%
Narrowband Markets														
Fixed Call Origination	8.1	140	52	192	76	24	(2)	1	3	1	103	89	164	54.6%
Fixed Geographic Call Termination	8.2	4	11	15	67	21	(1)	1	3	–	91	(76)	142	(53.3)%
Technical Areas (Interconnect Circuits)	8.3	–	32	32	19	4	0	0	0	1	24	8	27	30.4%
Total		144	95	239	162	49	(3)	2	6	2	218	21	333	6.6%
WBA – Market A	9.1	361	48	409	133	61	(5)	(4)	2	(1)	186	223	368	60.4%
Total SMP Markets		3,211	2,527	5,738	2,150	1,304	(196)	160	75	1	3,494	2,244	12,523	17.9%
Wholesale Residual		2,243	692	2,935	2,201	447	(17)	(33)	9	–	2,607	328	1,821	18.0%
EOI Eliminations		(930)	–	(930)	(930)	–	–	–	–	–	(930)	–	–	–
Roundings		–	(1)	(1)	–	1	(1)	(1)	–	–	(1)	–	–	–
Total Wholesale Markets		4,524	3,218	7,742	3,421	1,752	(214)	126	84	1	5,170	2,572	14,344	17.9%
Retail Residual		–	15,794	15,794	13,868	877	–	–	–	1	14,746	1,048	6,909	15.2%
Eliminations		(4,524)	–	(4,524)	(4,524)	–	–	–	–	–	(4,524)	–	–	–
Roundings		–	–	–	–	1	–	–	–	(2)	(1)	1	1	–
Total Markets		–	19,012	19,012	12,765	2,630	(214)	126	84	–	15,391	3,621	21,254	17.0%

Section 6 Review of Fixed Access Markets

Section 6 – Review of Fixed Access Markets

6.1 WLA Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
MPF Rentals	17.3	771.7	789.0	202,966	8,971,304	lines	85.29	86.02	16.6	735.0	751.6
MPF New Provide Services	0.9	74.7	75.6	20,680	2,090,584	conns	44.42	35.75	0.6	61.2	61.8
MPF Single Migrations	–	20.4	20.4	–	672,691	conns	–	30.30	–	17.2	17.2
MPF Bulk Migrations	–	1.9	1.9	–	83,343	conns	–	23.26	–	1.6	1.6
 SMPF Rentals	 13.6	 2.2	 15.8	 5,449,402	 865,147	 lines	 2.50	 2.50	 21.7	 3.5	 25.2
SMPF New Provide Services	30.9	2.8	33.7	1,123,348	93,510	conns	27.53	30.09	25.3	2.1	27.4
SMPF Single Migrations	1.2	1.6	2.8	39,012	51,752	conns	30.13	30.38	1.0	1.3	2.3
SMPF Bulk Migrations	0.1	0.6	0.7	4,743	30,092	conns	20.97	20.98	0.1	0.6	0.7
 Co-mingling New Provide and Rental services	 –	 37.7	 37.7	 –	 (ux)	 (ux)	 –	 (sx)	 –	 60.9	 60.9
Tie Cables	13.1	5.7	18.8	(ux)	(ux)	(ux)	(sx)	(sx)	23.0	15.6	38.6
Hard Cease Services	9.7	16.0	25.7	402,026	754,750	ceases	24.08	21.14	6.4	12.0	18.4
Other LLU Ancillary Services	4.5	4.5	9.0	149,907	211,944	ancillaries	30.26	21.37	1.6	1.9	3.5
Special Fault Investigations	19.1	19.4	38.5	(ux)	(ux)	(ux)	(sx)	(sx)	27.2	20.7	47.9
Time Related Charges	5.4	32.2	37.6	(ux)	(ux)	(ux)	(sx)	(sx)	4.5	27.0	31.5
VULA Migrations	2.2	2.2	4.4	198,230	200,300	migrations	11.00	11.04	1.1	1.1	2.2
Other WLA	696.1	329.3	1,025.4	(ux)	(ux)	(ux)	(sx)	(sx)	479.4	254.9	734.3
Rounding	0.1	–	0.1						–	(0.1)	(0.1)
Total WLA	814.2	1,322.9	2,137.1						608.5	1,216.5	1,825.0

Section 6 – Review of Fixed Access Markets

WLA calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	MPF Rentals		MPF New Provide Services		MPF Single Migrations	MPF Bulk Migration	SMPF Rentals		SMPF New Provide Services		SMPF Single Migrations		SMPF Bulk Migrations	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	External £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)															
Co-mingling set up	rooms	3,165.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	44.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	1.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	52.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Routing & Records	£/line	2.72	-	-	0.1	5.7	-	-	-	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	10.87	-	-	0.3	32.6	10.6	0.8	-	-	14.5	1.2	0.6	0.8	0.0	0.3
E side copper capital	£/line	6.62	1.3	59.4	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.49	0.9	37.9	-	-	-	-	3.9	0.6	-	-	-	-	-	-
D side copper capital	£/line	33.41	6.8	299.7	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.61	2.1	93.5	-	-	-	-	9.7	1.5	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	0.4	17.3	-	-	-	-	5.2	0.8	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.13	0.3	12.3	-	-	-	-	1.3	0.2	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	0.0	1.2	-	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.95	3.2	143.1	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	1.85	0.5	20.1	-	-	-	-	-	-	-	-	-	-	-	-
MPF line testing systems	£/line	3.25	0.7	29.1	-	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£69m	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.6	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Fault Investigation	%	£47m	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FTTC Development	%	£19m	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£22m	0.0	1.5	0.0	0.1	0.0	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Provision WLA	%	£24m	-	-	0.1	7.9	2.5	0.3	-	-	4.2	0.4	0.1	0.2	0.0	0.1
Service Centre – Provision NGA	%	£12m	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£4m	0.0	1.4	0.0	0.3	0.1	0.0	0.9	0.1	0.2	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Assurance WLA	%	£7m	0.1	5.8	-	-	-	-	0.6	0.1	-	-	-	-	-	-
Service Level Guarantees WLA	%	£36m	0.2	8.3	0.2	14.2	3.9	0.4	0.0	0.0	5.9	0.5	0.2	0.3	0.0	0.1
Revenue Receivables	%	£37m	0.1	3.7	0.0	0.4	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Rounding			-	0.1	(0.1)	(0.1)	-	0.1	(0.1)	0.2	0.1	-	0.1	-	0.1	0.1
Fully Allocated Cost (£m)			16.6	735.0	0.6	61.2	17.2	1.6	21.7	3.5	25.3	2.1	1.0	1.3	0.1	0.6
Volume (units)			202,966	8,971,304	20,680	2,090,584	672,691	83,343	5,449,402	865,147	1,123,348	93,510	39,012	51,752	4,743	30,092
Unit cost £			81.91	81.93	30.98	29.27	25.60	18.65	3.99	3.99	22.50	22.92	25.37	25.42	18.28	18.28

Section 6 – Review of Fixed Access Markets

WLA calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	Co-mingling New Provide and Rental services			Tie Cables		Hard Cease Services		Other LLU Ancillary Services		Special Fault Investigations		Time Related Charges		VULA Migrations	
Fully Allocated Cost (£m)			External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																
Co-mingling set up	rooms	3,165.12	23.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	44.86	24.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	12.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	52.99	-	21.2	14.3	-	-	-	-	-	-	-	-	-	-	-	-
Routing & Records	£/line	2.72	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.5
MDF Hardware jumpering	£/line	10.87	-	-	-	4.7	8.8	0.1	0.1	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	33.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	1.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF line testing systems	£/line	3.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£69m	-	-	-	-	-	-	-	-	-	-	-	4.5	26.7	-	-
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Fault Investigation	%	£47m	-	-	-	-	-	-	-	27.0	20.5	-	-	-	-	-	-
FTTC Development	%	£19m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4
Openreach sales product management	%	£22m	0.3	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0
OR Service Centre – Provision WLA	%	£24m	0.0	1.5	1.0	1.5	2.8	0.6	0.8	-	-	-	-	-	-	-	-
Service Centre – Provision NGA	%	£12m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Local Loop Unbundling systems development	%	£4m	0.1	0.1	0.0	0.1	0.1	0.0	0.0	-	-	-	-	-	-	-	-
OR Service Centre – Assurance WLA	%	£7m	0.4	0.0	0.2	-	-	-	-	-	-	-	-	-	-	-	-
Service Level Guarantees WLA	%	£36m	-	-	-	-	-	0.9	0.9	-	-	-	-	-	-	-	-
Revenue Receivables	%	£37m	0.2	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.2	0.0	0.2	0.0	0.0
Rounding			-	0.1	0.1	-	0.1	-	0.1	-	-	-	-	-	-	-	-
Fully Allocated Cost (£m)			60.9	23.0	15.6	6.4	12.0	1.6	1.9	27.2	20.7	4.5	27.0	1.1	1.1		
	Volume (units)		(ux)	(ux)	(ux)	402,026	754,750	149,907	211,944	(ux)	(ux)	(ux)	(ux)	198,230	200,300		
	Unit cost £		(ux)	(ux)	(ux)	15.83	15.84	10.54	8.79	(ux)	(ux)	(ux)	(ux)	5.74	5.74		

Section 6 – Review of Fixed Access Markets

WLA Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
MPF Rentals	15.1	768.6	783.7	172,928	8,785,983	lines	87.48	87.48	15.0	763.6	778.6
MPF New Provide Services	1.3	84.4	85.7	28,767	2,163,621	conns	45.74	39.02	0.8	57.2	58.0
MPF Single Migrations	–	20.5	20.5	–	665,609	conns	–	30.82	–	16.0	16.0
MPF Bulk Migrations	–	1.3	1.3	–	54,398	conns	–	23.69	–	0.9	0.9
 SMPF Rentals	 22.5	 3.8	 26.3	 6,056,170	 1,013,194	 lines	 3.72	 3.76	 23.7	 4.0	 27.7
SMPF New Provide Services	38.3	2.5	40.8	1,380,964	82,293	conns	27.71	30.65	28.6	1.7	30.3
SMPF Single Migrations	1.3	1.3	2.6	42,605	41,855	conns	30.59	31.27	1.0	1.0	2.0
SMPF Bulk Migrations	0.2	0.0	0.2	9,237	636	conns	23.51	24.39	0.2	0.0	0.2
 Co-mingling New Provide and Rental services	 –	 45.7	 45.7	 –	 (ux)	 (ux)	 –	 (sx)	 –	 71.3	 71.3
Tie Cables	18.5	6.5	25.0	(ux)	(ux)	(ux)	(sx)	(sx)	16.8	11.6	28.4
Hard Cease Services	15.7	19.6	35.3	647,786	874,678	ceases	24.29	22.43	10.2	13.8	24.0
Other LLU Ancillary Services	16.8	6.3	23.1	770,696	594,909	ancillaries	21.82	10.56	4.6	2.6	7.2
Special Fault Investigations	16.6	16.3	32.9	(ux)	(ux)	(ux)	(sx)	(sx)	18.8	14.0	32.8
Time Related Charges	6.6	31.0	37.6	(ux)	(ux)	(ux)	(sx)	(sx)	7.2	26.4	33.6
VULA Migrations	0.9	0.9	1.8	82,077	83,331	migrations	11.00	11.00	0.6	0.6	1.2
Other WLA	531.4	255.7	787.1	(ux)	(ux)	(ux)	(sx)	(sx)	396.4	191.5	587.9
Rounding	0.1	0.2	0.3						0.1	0.1	0.2
Total WLA	685.3	1,264.6	1,949.9						524.0	1,176.3	1,700.3

Section 6 – Review of Fixed Access Markets

WLA calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.2)	MPF Rentals		MPF New Provide Services		MPF Single Migrations	MPF Bulk Migrations	SMPF Rentals		SMPF New Provide Services		SMPF Single Migrations		SMPF Bulk Migrations	
		Internal £m	External £m	Internal £m	External £m	External £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)														
Co-mingling set up	rooms	2,363.41	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	50.79	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	1.06	-	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	39.93	-	-	-	-	-	-	-	-	-	-	-	-	-
Routing & Records	£/line	1.52	-	0.0	3.3	-	-	-	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	11.96	-	0.5	37.1	11.5	0.6	-	-	19.7	1.2	0.7	0.7	0.1	0.0
E side copper capital	£/line	6.88	1.2	60.4	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.41	0.7	36.3	-	-	-	4.3	0.7	-	-	-	-	-	-
D side copper capital	£/line	37.25	6.4	327.3	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.35	1.7	88.8	-	-	-	10.4	1.7	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	0.3	16.9	-	-	-	5.8	1.0	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.19	0.2	12.6	-	-	-	1.5	0.2	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	0.0	1.3	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.07	2.8	141.2	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.29	0.5	24.3	-	-	-	-	-	-	-	-	-	-	-
MPF line testing systems	£/line	3.48	0.6	30.5	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£66m	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Fault Investigation	%	£32m	-	-	-	-	-	-	-	-	-	-	-	-	-
FTTC Development	%	£24m	-	-	-	-	-	-	-	-	-	-	-	-	-
Openreach sales product management	%	£27m	0.1	2.9	0.0	0.3	0.1	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Provision WLA	%	£21m	-	-	0.1	5.5	1.7	-	-	3.5	0.2	0.1	0.1	0.0	0.0
Service Centre – Provision NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£3m	0.0	1.1	0.0	0.3	0.1	0.8	0.1	0.2	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Assurance WLA	%	£7m	0.1	5.6	-	-	-	0.7	0.1	-	-	-	-	-	-
Service Level Guarantees WLA	%	£32m	0.2	10.0	0.2	10.3	2.5	0.0	0.0	4.7	0.3	0.2	0.2	0.0	0.0
Revenue Receivables	%	£45m	0.1	4.0	0.0	0.4	0.1	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Rounding			0.1	(0.1)	-	(0.1)	-	(0.1)	0.2	-	-	-	-	0.1	-
Fully Allocated Cost (£m)		15.0	763.6	0.8	57.2	16.0	0.9	23.7	4.0	28.6	1.7	1.0	1.0	0.2	0.0
Volume (units)		172,928	8,785,983	28,767	2,163,621	665,609	54,398	6,056,170	1,013,194	1,380,964	82,293	42,605	41,855	9,237	636
Unit cost £		86.91	86.91	27.33	26.45	23.98	16.93	3.92	3.92	20.69	21.08	23.78	23.85	17.02	17.14

Section 6 – Review of Fixed Access Markets

WLA calculation of FAC based on component costs and usage factors 2016 (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Co-mingling New Provide and Rental services			Tie Cables		Hard Cease Services		Other LLU Ancillary Services		Special Fault Investigations		Time Related Charges		VULA Migrations	
			External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Fully Allocated Cost (£m)																	
Components	Unit (c)																
Co-mingling set up	rooms	2,363.41	26.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling rentals	hostels	50.79	31.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co-mingling power & vent	hostels	1.06	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WLA tie cables	cables	39.93	-	15.6	10.6	-	-	-	-	-	-	-	-	-	-	-	-
Routing & Records	£/line	1.52	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
MDF Hardware jumpering	£/line	11.96	-	-	-	8.3	11.2	0.2	0.2	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MPF line testing systems	£/line	3.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£66m	-	-	-	-	-	-	-	-	-	-	-	7.1	26.1	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Fault Investigation	%	£32m	-	-	-	-	-	-	-	-	-	18.6	13.8	-	-	-	-
FTTC Development	%	£24m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3
Openreach sales product management	%	£27m	0.4	0.1	0.1	0.1	0.2	0.1	0.0	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0
OR Service Centre – Provision WLA	%	£21m	0.0	1.0	0.7	1.6	2.2	2.0	1.5	-	-	-	-	-	-	-	-
Service Centre – Provision NGA	%	£18m	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Local Loop Unbundling systems development	%	£3m	0.1	0.0	0.0	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-
OR Service Centre – Assurance WLA	%	£7m	0.4	0.0	0.2	-	-	-	-	-	-	-	-	-	-	-	-
Service Level Guarantees WLA	%	£32m	-	-	-	-	-	2.2	0.8	-	-	-	-	-	-	-	-
Revenue Receivables	%	£45m	0.2	0.1	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.2	0.0	0.0	0.0	0.0
Rounding		-	-	-	-	-	-	(0.1)	-	-	-	-	-	0.1	(0.1)	-	-
Fully Allocated Cost (£m)			71.3	16.8	11.6	10.2	13.8	4.6	2.6	18.8	14.0	7.2	26.4	0.6	0.6		
	Volume (units)		(ux)	(ux)	(ux)	647,786	874,678	770,696	594,909	(ux)	(ux)	(ux)	(ux)	82,077	83,331		
	Unit cost £		(ux)	(ux)	(ux)	15.81	15.82	6.01	4.37	(ux)	(ux)	(ux)	(ux)	7.57	7.57		

Section 6 – Review of Fixed Access Markets

6.2 WFAEL Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Analogue WLR Basic Rentals	906.7	165.7	1,072.4	10,455,663	1,911,054	lines	86.72	86.72	825.0	150.8	975.8
WLR Connections	18.9	5.6	24.5	493,470	130,494	conns	38.27	43.20	14.5	3.6	18.1
WLR Simultaneously Provided Connections	2.2	0.2	2.4	251,864	21,557	conns	8.73	8.73	7.0	0.6	7.6
WLR Transfers	8.6	3.7	12.3	955,760	389,639	transfer	9.04	9.53	12.4	5.1	17.5
WLR Simultaneously Provided Conversions	–	–	–	109,403	19,177	conns	–	–	3.7	0.6	4.3
WLR Conversions	14.5	1.1	15.6	478,524	36,905	conns	30.26	30.26	14.4	1.1	15.5
Analogue Premium Rentals	241.8	157.6	399.4	2,121,418	1,381,464	lines	114.00	114.05	173.4	112.9	286.3
WLR Premium Connections	3.3	3.9	7.2	85,482	102,175	conns	38.41	38.42	2.3	2.7	5.0
WLR Premium Transfers	0.4	1.1	1.5	53,001	132,325	transfer	7.36	8.49	0.8	2.1	2.9
Caller Display	1.5	0.4	1.9	3,065,202	810,366	rentals	0.48	0.48	1.9	0.5	2.4
Time Related Charges	35.7	9.8	45.5	(ux)	(ux)	(ux)	(sx)	(sx)	29.9	8.2	38.1
Other WLR	15.4	8.3	23.7	(ux)	(ux)	(ux)	(sx)	(sx)	9.5	5.0	14.5
Rounding	–	0.1	0.1						–	0.1	0.1
Total WFAEL	1,249.0	357.5	1,606.5						1,094.8	293.3	1,388.1

Section 6 – Review of Fixed Access Markets

WFAEL calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	Analogue WLR Basic Rentals		WLR Connections		WLR Simultaneously Provided Connections		WLR Transfers		WLR Simultaneously Provided Conversions		WLR Conversions	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Wholesale Access specific	£/trans	1.39	-	-	0.2	0.1	0.4	0.0	1.3	0.5	0.2	0.0	-	-
Routing & Records	£/line	2.72	-	-	1.3	0.4	0.7	0.1	-	-	0.3	0.1	1.3	0.1
MDF Hardware jumpering	£/line	10.87	-	-	7.1	1.5	3.0	0.3	-	-	1.9	0.3	7.5	0.6
E side copper capital	£/line	6.62	69.1	12.6	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.49	30.3	5.5	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	33.41	348.6	63.7	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.61	74.7	13.7	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	10.1	1.8	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.13	9.8	1.8	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	1.4	0.3	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.95	166.8	30.5	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	1.85	16.1	2.9	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	8.00	83.7	15.3	-	-	-	-	-	-	-	-	-	-
Pair gain	£/line	0.01	0.1	0.0	-	-	-	-	-	-	-	-	-	-
Combi card voice	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£4m	-	-	0.1	0.0	0.0	0.0	-	-	0.0	0.0	0.1	0.0
iNode features	%	£2m	-	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£69m	-	-	-	-	-	-	-	-	-	-	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	-	-
Caller Display	%	£2m	-	-	-	-	-	-	-	-	-	-	-	-
Network Features	%	£11m	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£4m	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0
Openreach sales product management	%	£22m	1.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0
OR Service Centre – Provision Analogue/ISDN2	%	£38m	-	-	5.7	1.5	2.9	0.2	11.0	4.5	1.3	0.2	5.5	0.4
OR Service Centre – Assurance Analogue/ISDN2	%	£12m	7.8	1.4	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£37m	4.4	0.8	0.1	0.0	0.0	0.0	0.0	0.0	-	-	0.1	0.0
Rounding			(0.1)	0.1	-	0.1	-	-	0.1	0.1	-	-	(0.1)	-
Fully Allocated Cost (£m)			825.0	150.8	14.5	3.6	7.0	0.6	12.4	5.1	3.7	0.6	14.4	1.1
	Volume (units)		10,455,663	1,911,054	493,470	130,494	251,864	21,557	955,760	389,639	109,403	19,177	478,524	36,905
	Unit cost £		78.90	78.90	29.40	27.43	27.76	27.76	12.97	12.97	33.58	33.59	30.18	30.18

Section 6 – Review of Fixed Access Markets

WFAEL calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)		Analogue Premium Rentals		WLR Premium Connections		WLR Premium Transfers		Caller Display		Time Related Charges		Other WLR	
Fully Allocated Cost (£m)		Internal	External	Internal	External	Internal	External	Internal	External	Internal	External	Internal	External	Internal	External
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Components	Unit (c)														
Wholesale Access specific	£/trans	1.39	-	-	0.1	0.1	0.1	0.2	-	-	-	-	-	-	-
Routing & Records	£/line	2.72	-	-	0.2	0.3	0.1	0.4	-	-	-	-	-	-	-
MDF Hardware jumpering	£/line	10.87	-	-	0.9	1.1	-	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.62	14.0	9.1	-	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.49	7.4	4.8	-	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	33.41	70.7	46.1	-	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.61	18.3	11.9	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	2.0	1.3	-	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.13	2.4	1.6	-	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.13	0.3	0.2	-	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	15.95	33.8	22.0	-	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	1.85	3.9	2.6	-	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	8.00	17.0	11.1	-	-	-	-	-	-	-	-	-	-	-
Pair gain	£/line	0.01	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
Combi card voice	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£4m	-	-	-	-	-	-	-	-	-	-	-	-	-
iNode features	%	£2m	-	-	-	-	-	-	-	-	-	-	-	1.2	0.7
Regulated time related charges	%	£69m	-	-	-	-	-	-	-	-	29.6	8.1	-	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	-	0.9	0.2
Caller Display	%	£2m	-	-	-	-	-	-	1.8	0.5	-	-	-	-	-
Network Features	%	£11m	-	-	-	-	-	-	-	-	-	-	-	7.3	4.1
Ofcom Administration Fee – Openreach	%	£4m	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0
OR Service Centre – Provision Analogue/ISDN2	%	£38m	-	-	1.0	1.2	0.6	1.5	-	-	-	-	-	-	-
OR Service Centre – Assurance Analogue/ISDN2	%	£12m	1.6	1.0	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£37m	1.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.0
Rounding			0.2	-	0.1	-	-	-	0.1	-	(0.1)	0.1	(0.1)	-	-
Fully Allocated Cost (£m)		173.4	112.9	2.3	2.7	0.8	2.1	1.9	0.5	29.9	8.2	9.5	5.0		
Volume (units)		2,121,418	1,381,464	85,482	102,175	53,001	132,325	3,065,202	810,366	(ux)	(ux)	(ux)	(ux)		
Unit cost £		81.73	81.73	26.77	26.77	15.71	15.68	0.61	0.61	(ux)	(ux)	(ux)	(ux)		

Section 6 – Review of Fixed Access Markets

WFAEL Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Analogue WLR Basic Rentals	861.3	243.4	1,104.7	9,624,625	2,719,127	lines	89.49	89.50	802.0	226.6	1,028.6
WLR Connections	19.3	10.5	29.8	365,204	217,002	conns	52.72	48.24	10.6	6.4	17.0
WLR Simultaneously Provided Connections	4.3	0.5	4.8	227,618	23,789	conns	18.93	18.93	7.0	0.7	7.7
WLR Transfers	4.8	3.1	7.9	637,093	429,388	transfer	7.57	7.33	10.1	6.8	16.9
WLR Simultaneously Provided Conversions	–	–	–	122,282	26,724	conns	–	–	4.5	1.0	5.5
WLR Conversions	10.1	2.6	12.7	327,778	83,516	conns	30.76	30.76	9.1	2.3	11.4
Analogue Premium Rentals	262.4	166.3	428.7	2,291,288	1,459,992	lines	114.51	113.94	197.6	125.9	323.5
WLR Premium Connections	5.8	4.4	10.2	140,059	105,719	conns	41.55	41.57	4.1	3.1	7.2
WLR Premium Transfers	0.7	1.0	1.7	73,305	150,545	transfer	9.64	6.45	1.3	2.6	3.9
Caller Display	1.5	0.7	2.2	3,502,669	1,490,312	rentals	0.43	0.44	1.7	0.7	2.4
Time Related Charges	26.5	12.5	39.0	(ux)	(ux)	(ux)	(sx)	(sx)	22.4	10.6	33.0
Other WLR	15.4	9.2	24.6	(ux)	(ux)	(ux)	(sx)	(sx)	9.7	4.7	14.4
Rounding	–	(0.1)	(0.1)						(0.1)	–	(0.1)
Total WFAEL	1,212.1	454.1	1,666.2						1,080.0	391.4	1,471.4

Section 6 – Review of Fixed Access Markets

WFAEL calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Analogue WLR Basic Rentals		WLR Connections		WLR Simultaneously Provided Connections		WLR Transfers		WLR Simultaneously Provided Conversions		WLR Conversions	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Wholesale Access specific	£/trans	7.12	-	-	1.7	1.3	1.6	0.2	4.5	3.1	0.9	0.2	-	-
Routing & Records	£/line	1.52	-	-	0.6	0.3	0.3	0.0	-	-	0.2	0.0	0.5	0.1
MDF Hardware jumpering	£/line	11.96	-	-	5.0	2.8	3.0	0.3	-	-	2.4	0.5	5.6	1.4
E side copper capital	£/line	6.88	66.1	18.7	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.41	27.3	7.7	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.25	357.9	101.1	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.35	66.7	18.8	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	9.2	2.6	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.19	9.5	2.7	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	1.4	0.4	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.07	154.6	43.7	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.29	18.3	5.2	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	7.81	75.1	21.2	-	-	-	-	-	-	-	-	-	-
Pair gain	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Combi card voice	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£3m	-	-	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0
iNode features	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-
Regulated time related charges	%	£66m	-	-	-	-	-	-	-	-	-	-	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-
Caller Display	%	£2m	-	-	-	-	-	-	-	-	-	-	-	-
Network Features	%	£11m	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0
Openreach sales product management	%	£27m	3.0	0.9	0.1	0.0	0.0	0.0	0.0	0.0	-	-	0.0	0.0
OR Service Centre – Provision Analogue/ISDN2	%	£26m	-	-	3.1	1.9	2.0	0.2	5.5	3.7	1.1	0.2	2.8	0.7
OR Service Centre – Assurance Analogue/ISDN2	%	£14m	7.8	2.2	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£45m	4.5	1.3	0.1	0.1	0.0	0.0	0.0	0.0	-	-	0.1	0.0
Rounding			-	(0.1)	-	-	0.1	-	0.1	-	(0.1)	0.1	0.1	0.1
Fully Allocated Cost (£m)			802.0	226.6	10.6	6.4	7.0	0.7	10.1	6.8	4.5	1.0	9.1	2.3
	Volume (units)		9,624,625	2,719,127	365,204	217,002	227,618	23,789	637,093	429,388	122,282	26,724	327,778	83,516
	Unit cost £		83.33	83.33	29.08	29.38	30.66	30.66	15.81	15.81	36.96	36.96	27.68	27.68

Section 6 – Review of Fixed Access Markets

WFAEL calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Analogue Premium Rentals		WLR Premium Connections		WLR Premium Transfers		Caller Display		Time Related Charges		Other WLR	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Wholesale Access specific	£/trans	7.12	-	-	1.0	0.8	0.5	1.1	-	-	-	-	-	-
Routing & Records	£/line	1.52	-	-	0.2	0.2	0.1	0.2	-	-	-	-	-	-
MDF Hardware jumpering	£/line	11.96	-	-	1.7	1.3	-	-	-	-	-	-	-	-
E side copper capital	£/line	6.88	15.7	10.0	-	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.41	7.9	5.0	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.25	85.2	54.3	-	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.35	19.2	12.2	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	2.2	1.4	-	-	-	-	-	-	-	-	-	-
Local exchanges general frames maintenance	£/line	1.19	2.7	1.7	-	-	-	-	-	-	-	-	-	-
Analogue line test equipment	£/line	0.15	0.3	0.2	-	-	-	-	-	-	-	-	-	-
Dropwire capital & analogue NTE	£/line	16.07	36.8	23.5	-	-	-	-	-	-	-	-	-	-
Analogue line drop maintenance	£/line	2.29	5.3	3.4	-	-	-	-	-	-	-	-	-	-
Analogue line cards	£/line	7.81	17.9	11.4	-	-	-	-	-	-	-	-	-	-
Pair gain	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Combi card voice	£/line	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Local Loop Unbundling systems development	%	£3m	-	-	-	-	-	-	-	-	-	-	-	-
iNode features	%	£3m	-	-	-	-	-	-	-	-	-	-	1.8	0.9
Regulated time related charges	%	£66m	-	-	-	-	-	-	-	-	22.0	10.4	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	0.6	0.3
Caller Display	%	£2m	-	-	-	-	-	-	1.7	0.7	-	-	-	-
Network Features	%	£11m	-	-	-	-	-	-	-	-	-	-	7.2	3.5
Ofcom Administration Fee – Openreach	%	£3m	0.2	0.1	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.9	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.1
OR Service Centre – Provision Analogue/ISDN2	%	£26m	-	-	1.2	0.9	0.6	1.3	-	-	-	-	-	-
OR Service Centre – Assurance Analogue/ISDN2	%	£14m	1.9	1.2	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£45m	1.4	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Rounding			-	-	-	(0.1)	0.1	-	-	-	0.1	-	(0.1)	(0.1)
Fully Allocated Cost (£m)			197.6	125.9	4.1	3.1	1.3	2.6	1.7	0.7	22.4	10.6	9.7	4.7
	Volume (units)		2,291,288	1,459,992	140,059	105,719	73,305	150,545	3,502,669	1,490,312	(ux)	(ux)	(ux)	(ux)
	Unit cost £		86.22	86.21	29.61	29.61	17.40	17.32	0.48	0.48	(ux)	(ux)	(ux)	(ux)

Section 6 – Review of Fixed Access Markets

6.3 ISDN2 Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £
Service								
ISDN2 Rentals	35.5	56.2	91.7	337,216	530,301	channels	105.37	105.96
ISDN2 Connections	1.1	0.7	1.8	18,532	8,826	channels	60.00	74.92
ISDN2 Takeovers/Transfers	0.0	1.1	1.1	441	43,815	channels	5.89	24.03
Total ISDN2	36.6	58.0	94.6					

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £
Service								
ISDN2 Rentals	41.4	59.3	100.7	391,022	559,874	channels	105.96	105.96
ISDN2 Connections	1.3	2.0	3.3	21,207	29,054	channels	59.99	69.66
ISDN2 Takeovers/Transfers	0.2	0.5	0.7	5,821	39,187	channels	29.99	13.74
Total ISDN2	42.9	61.8	104.7					

Section 6 – Review of Fixed Access Markets

6.4 ISDN30 Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £
Service								
ISDN30 Rentals	78.8	89.0	167.8	664,757	748,329	channels	118.56	118.98
ISDN30 Connection	1.4	1.0	2.4	36,115	32,953	channels	39.87	31.38
ISDN30 Transfers	0.0	0.4	0.4	530	87,798	channels	4.55	4.41
ISDN30 Enhanced Care	0.9	4.6	5.5	51,471	256,366	rentals	18.02	18.07
ISDN30 Direct Dialling – Planning	–	0.1	0.1	–	1,633	misc	–	81.55
ISDN30 Direct Dialling – Connections	–	0.1	0.1	–	159,172	conns	–	0.81
Rounding	–	0.1	0.1					
Total ISDN30	81.1	95.3	176.4					

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £
Service								
ISDN30 Rentals	88.7	97.6	186.3	748,553	821,217	channels	118.56	118.87
ISDN30 Connection	1.7	1.4	3.1	32,514	38,415	channels	52.94	36.86
ISDN30 Transfers	0.0	0.5	0.5	2,249	82,194	channels	5.52	5.52
ISDN30 Enhanced Care	0.9	5.0	5.9	52,459	278,921	rentals	16.45	17.75
ISDN30 Direct Dialling – Planning	0.0	0.2	0.2	543	2,647	misc	81.57	81.57
ISDN30 Direct Dialling – Connections	0.1	0.2	0.3	74,187	302,592	conns	0.81	0.81
Rounding	–	–	–					
Total ISDN30	91.4	104.9	196.3					

Section 7 Review of Business Connectivity Markets

Section 7 – Review of Business Connectivity Markets

7.1 CISBO Rest of UK Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
EAD 1Gbps Rentals	53.5	28.8	82.3	16,315	8,795	ccts	3,276.36	3,270.90	39.9	21.5	61.4
EAD LA 1Gbps Rentals	37.1	7.2	44.3	14,430	2,773	ccts	2,571.76	2,602.99	23.9	4.6	28.5
EAD 1Gbps Connections*	5.2	5.1	10.3	2,729	2,618	ccts	1,902.17	1,943.20	2.8	2.7	5.5
EAD LA 1Gbps Connections*	5.8	2.5	8.3	3,146	1,385	ccts	1,846.63	1,834.68	3.3	1.4	4.7
Ethernet 1Gbps EAD and EAD LA Sub-basket	101.6	43.6	145.2						69.9	30.2	100.1
Ethernet Main Link Sub-basket up to and including 1Gbps	85.1	63.2	148.3	292,421	220,101	fibre km	291.08	287.06	47.5	35.7	83.2
Ethernet Interconnection Sub-basket	0.5	0.9	1.4	(ux)	(ux)	(ux)	(sx)	(sx)	0.9	1.4	2.3
EAD 10Mbps Rentals	7.5	4.1	11.6	4,001	2,197	ccts	1,871.74	1,874.45	9.4	5.1	14.5
EAD 100Mbps Rentals	29.4	23.4	52.8	15,800	12,702	ccts	1,859.00	1,838.64	40.9	32.9	73.8
EAD LA 10Mbps Rentals	13.1	3.2	16.3	9,178	2,227	ccts	1,432.74	1,433.26	13.8	3.3	17.1
EAD LA 100Mbps Rentals	59.0	43.4	102.4	41,753	30,836	ccts	1,413.00	1,406.77	63.9	47.2	111.1
EBD 1Gbps Rentals	5.4	5.5	10.9	1,374	1,472	ccts	3,963.87	3,750.06	8.8	10.1	18.9
WES 10Mbps Rentals	5.8	6.2	12.0	4,161	4,639	le	1,399.96	1,346.37	6.2	7.0	13.2
WES 100Mbps Rentals	7.0	6.3	13.3	4,575	4,384	le	1,533.46	1,435.94	6.8	6.5	13.3
WES 1Gbps Rentals	2.8	2.3	5.1	1,226	1,036	le	2,306.66	2,239.72	2.4	2.1	4.5
BES 1Gbps Rentals	0.8	4.8	5.6	352	2,249	le	2,164.40	2,128.58	0.7	4.3	5.0
EAD 10Mbps Connections*	0.2	0.0	0.2	93	20	ccts	2,014.73	1,989.50	0.1	0.0	0.1
EAD 100Mbps Connections*	4.2	4.7	8.9	2,833	3,263	ccts	1,477.46	1,440.65	2.9	3.4	6.3
EAD LA 10Mbps Connections*	0.3	0.1	0.4	131	25	ccts	1,993.68	1,999.84	0.1	0.0	0.1
EAD LA 100Mbps Connections*	16.6	18.3	34.9	11,610	12,814	ccts	1,425.74	1,430.39	11.9	13.2	25.1
EBD 1Gbps Connections	0.1	0.1	0.2	75	47	ccts	1,957.74	1,691.84	0.1	0.0	0.1
Other Services up to and including 1Gbps Rentals and Connections	2.8	1.7	4.5	(ux)	(ux)	(ux)	(sx)	(sx)	4.2	1.3	5.5
Total Ethernet Basket	342.2	231.8	574.0						290.5	203.7	494.2

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK Summary (continued)

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
EBD 10Gbps Rentals	25.9	7.4	33.3	2,470	716	ccts	10,504.02	10,279.04	36.2	11.3	47.5
BES >1Gbps Rentals	0.2	0.5	0.7	21	66	le	8,683.33	8,269.70	0.1	0.2	0.3
WES >1Gbps Rentals	2.3	0.8	3.1	261	91	le	8,727.00	8,527.35	1.0	0.3	1.3
EBD 10Gbps Connections	3.0	2.0	5.0	415	275	ccts	7,252.05	7,304.73	0.4	0.3	0.7
WES/BES >1Gbps Connections	0.1	–	0.1	10	–	le	7,000.00	–	0.0	–	0.0
WES/BES/ONBS > 1Gbps Main Link Rental Charges	0.4	0.3	0.7	1,121	928	fibre km	372.00	372.00	0.2	0.2	0.4
Other Ethernet Services >1Gbps*	7.1	2.1	9.2	(ux)	(ux)	(ux)	(sx)	(sx)	3.3	0.8	4.1
Ethernet with bandwidth above 1 Gbps	39.0	13.1	52.1						41.2	13.1	54.3
WDM Services	53.3	35.7	89.0	(ux)	(ux)	(ux)	(sx)	(sx)	55.5	34.0	89.5
Very High CISBO Services	92.3	48.8	141.1						96.7	47.1	143.8
Exempt Ancillary Services	14.4	3.2	17.6	(ux)	(ux)	(ux)	(sx)	(sx)	6.3	0.8	7.1
Ethernet Time Related Charges (TRC) (i)	2.8	1.5	4.3								see notes
Excess Construction Charges (ECC) (i)	25.5	13.1	38.6								see notes
Depreciation on ECC and TRC Assets (ii)	–	–	–								see notes
Rounding	(0.1)	(0.1)	(0.2)								(0.4)
Total CISBO Rest of UK	477.1	298.3	775.4								675.2

Notes

* EAD Connection Services includes Excess Construction Charge fixed fee revenue of £26.9m, associated depreciation of £2.2m and MCE of £49.5m

(i) Ethernet Time Related Charges and Excess Construction Charges includes an estimate matched costs of £28.3m (Internal) and £14.6m (External) (d). Total estimated FAC for ECCs and TRCs is £30.5m.

(ii) Costs include estimated depreciation on equipment of £9.5m

Rest of UK CISBO Discount notes:

EAD 1 Gbps – Includes internal discounted revenue of £1.3m on 923 connections and external discounted revenue of £1.0m on 708 connections

EAD LA 1 Gbps – Includes internal discounted revenue of £1.1m on 871 connections and external discounted revenue of £0.5m on 402 connections

EAD 100 Mbps – Includes internal discounted revenue of £1.3m on 1,339 connections and external discounted revenue of £1.6m on 1,652 connections

EAD LA 100 Mbps – Includes internal discounted revenue of £5.5m on 5,752 connections and external discounted revenue of £6.0m on 6,279 connections

EBD 1 Gbps – Includes internal discounted revenue of £0.0m on 18 connections and external discounted revenue of £0.0m on 20 connections

WDM – Includes internal discounted revenue of £13.1m and external discounted revenue of £5.2m

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EAD 1Gbps Rentals – Rest of UK		EAD LA 1Gbps Rentals – Rest of UK		EAD 1Gbps Connections – Rest of UK		EAD LA 1Gbps Connections – Rest of UK		Ethernet Main Link up to and including 1Gbps – Rest of UK		Ethernet Interconnection – Rest of UK		EAD 10Mbps Rentals – Rest of UK		EAD 100Mbps Rentals – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	2.72	–	–	–	–	0.0	0.0	0.0	0.0	–	–	0.0	0.0	–	–	–	–
Ethernet Backhaul Direct extended reach	£/circuit	42.66	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Active	£/circuit	3,347.27	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Ethernet rentals – CCTV	£/le	1,628.58	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Ethernet new provides – CCTV	£/le	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Backhaul Extension Services Fibre	£/le	1,068.39	–	–	–	–	–	–	–	–	–	–	0.0	–	–	–	–	–
Wholesale Extension Services Fibre	£/le	1,076.68	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet main links	£/fibre km	151.79	–	–	–	–	–	–	–	44.4	33.4	–	–	–	–	–	–	–
Ethernet Electronics	£/le	333.93	9.5	5.1	8.4	1.6	–	–	–	–	–	0.0	0.0	2.0	1.1	8.0	6.4	
OR Systems & Development – Ethernet	£/le	45.86	0.7	0.4	0.7	0.1	0.1	0.1	0.1	1.8	1.4	0.3	0.5	0.2	0.1	0.7	0.6	
Ethernet Access Direct Fibre	£/circuit	853.25	27.9	15.1	13.5	2.6	–	–	–	–	–	–	0.0	6.8	3.7	30.9	24.8	
Ethernet Excess Construction	%	£42m	–	–	–	–	0.5	0.4	0.5	0.2	–	–	–	–	–	–	–	
OR Service Centre – Provision Ethernet	%	£43m	–	–	–	–	2.2	2.1	2.5	1.1	–	–	0.3	0.4	–	–	–	–
OR Service Centre – Assurance Ethernet	%	£13m	0.9	0.5	0.8	0.1	–	–	–	–	–	0.3	0.5	0.2	0.1	0.8	0.7	
OR Project Services	%	£10m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	–	–	
Openreach sales product management	%	£22m	0.5	0.2	0.3	0.1	0.0	0.0	0.1	0.0	0.7	0.5	0.0	0.0	0.1	0.0	0.3	0.2
Revenue Receivables	%	£37m	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.5	0.3	0.0	0.0	0.0	0.0	0.2	0.1	
Rounding			0.1	–	–	0.1	–	0.1	0.1	–	0.1	–	–	0.1	0.1	–	0.1	
Fully Allocated Cost (£m)			39.9	21.5	23.9	4.6	2.8	2.7	3.3	1.4	47.5	35.7	0.9	1.4	9.4	5.1	40.9	32.9
	Volume (units)		16,315	8,795	14,430	2,773	2,729	2,618	3,146	1,385	292,421	220,101	(ux)	(ux)	4,001	2,197	15,800	12,702
	Unit cost £		2,444.03	2,443.94	1,653.41	1,653.87	1,035.03	1,035.64	1,034.21	1,034.04	162.36	162.30	(ux)	(ux)	2,339.56	2,339.60	2,586.94	2,586.64

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EAD LA 10Mbps Rentals – Rest of UK		EAD LA 100Mbps Rentals – Rest of UK		EBD 1Gbps Rentals – Rest of UK		WES 10Mbps Rentals – Rest of UK		WES 100Mbps Rentals – Rest of UK		WES 1Gbps Rentals – Rest of UK		BES 1Gbps Rentals – Rest of UK		EAD 10Mbps Connections – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	2.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Ethernet Backhaul Direct extended reach	£/circuit	42.66	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	3,347.27	-	-	-	-	4.6	4.9	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	-	-	-	-	4.0	4.3	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	-	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,628.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,068.39	-	-	-	-	-	-	-	-	-	-	-	-	0.4	2.4	-	-
Wholesale Extension Services Fibre	£/le	1,076.68	-	-	-	-	-	-	4.5	5.0	4.9	4.7	1.4	1.1	-	-	-	-
Ethernet main links	£/fibre km	151.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	333.93	4.6	1.1	21.1	15.6	-	-	1.4	1.6	1.5	1.5	1.0	0.8	0.3	1.7	-	-
OR Systems & Development – Ethernet	£/le	45.86	0.4	0.1	1.9	1.4	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	853.25	8.0	1.9	37.7	27.9	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Excess Construction	%	£42m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
OR Service Centre – Provision Ethernet	%	£43m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0
OR Service Centre – Assurance Ethernet	%	£13m	0.5	0.1	2.2	1.6	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.1	0.0	0.5	0.4	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Revenue Receivables	%	£37m	0.1	0.0	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			0.1	0.1	0.2	0.1	-	-	-	0.1	0.1	-	-	0.2	-	(0.1)	-	-
Fully Allocated Cost (£m)			13.8	3.3	63.9	47.2	8.8	10.1	6.2	7.0	6.8	6.5	2.4	2.1	0.7	4.3	0.1	0.0
Volume (units)			9,178	2,227	41,753	30,836	1,374	1,472	4,161	4,639	4,575	4,384	1,226	1,036	352	2,249	93	20
Unit cost £			1,501.52	1,501.53	1,529.71	1,529.62	6,409.59	6,834.78	1,499.87	1,498.90	1,488.31	1,486.55	1,984.48	1,983.27	1,914.10	1,913.46	1,036.67	1,036.50

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EAD 100Mbps Connections – Rest of UK		EAD LA 10Mbps Connections – Rest of UK		EAD LA 100Mbps Connections – Rest of UK		EBD 1Gbps Connections – Rest of UK		Other Services up to and including 1Gbps Rentals and Connections – Rest of UK		EBD 10Gbps-Rentals – Rest of UK		BES > 1Gbps Rentals – Rest of UK		WES > 1Gbps Rentals – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	2.72	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0	–	–	–	–	–	–
Ethernet Backhaul Direct extended reach	£/circuit	42.66	–	–	–	–	–	–	–	–	–	–	–	0.1	–	–	–	–
Ethernet Backhaul Direct Active	£/circuit	3,347.27	–	–	–	–	–	–	–	–	–	–	28.4	8.2	–	–	–	–
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	–	–	–	–	–	–	–	–	–	–	7.2	2.1	–	–	–	–
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	–	–	–	–	–	–	–	–	–	–	–	0.6	–	–	–	–
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	–	–	–	–	–	–	–	–	–	–	–	0.1	–	–	–	–
Other Ethernet rentals – CCTV	£/le	1,628.58	–	–	–	–	–	–	–	–	1.4	–	–	–	–	–	–	–
Other Ethernet new provides – CCTV	£/le	–	–	–	–	–	–	–	–	–	0.1	–	–	–	–	–	–	–
Backhaul Extension Services Fibre	£/le	1,068.39	–	–	–	–	–	–	–	–	1.2	0.3	–	–	0.0	0.1	–	–
Wholesale Extension Services Fibre	£/le	1,076.68	–	–	–	–	–	–	–	–	0.7	0.4	–	–	–	–	0.3	0.1
Ethernet main links	£/fibre km	151.79	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Electronics	£/le	333.93	–	–	–	–	–	–	–	–	0.6	0.5	–	–	0.0	0.2	0.7	0.2
OR Systems & Development – Ethernet	£/le	45.86	0.1	0.1	0.0	0.0	0.5	0.6	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	853.25	–	–	–	–	–	–	–	–	–	0.0	–	–	–	–	–	–
Ethernet Excess Construction	%	£42m	0.5	0.5	0.0	0.0	1.9	2.1	–	–	–	–	–	–	–	–	–	–
OR Service Centre – Provision Ethernet	%	£43m	2.2	2.6	0.1	0.0	9.2	10.1	0.1	0.0	0.0	0.0	–	–	–	–	–	–
OR Service Centre – Assurance Ethernet	%	£13m	–	–	–	–	–	–	–	–	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£10m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Rounding			0.1	0.2	–	–	0.1	0.1	–	–	–	0.1	0.2	0.2	0.1	(0.1)	–	–
Fully Allocated Cost (£m)			2.9	3.4	0.1	0.0	11.9	13.2	0.1	0.0	4.2	1.3	36.2	11.3	0.1	0.2	1.0	0.3
Volume (units)			2,833	3,263	131	25	11,610	12,814	75	47	(ux)	(ux)	2,470	716	21	66	261	91
Unit cost £			1,028.75	1,028.21	1,036.41	1,036.40	1,027.99	1,028.06	859.60	857.02	(ux)	(ux)	14,641.69	15,796.58	3,591.90	3,584.63	3,854.96	3,851.40

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EBD 10Gbps Connections – Rest of UK		WES/BES >1Gbps Connections – Rest of UK		WES/BES/ONBS > 1Gbps Main Link Rental Charges – Rest of UK		Other Ethernet Services >1Gbps – Rest of UK		WDM Services – Rest of UK		Exempt Ancillary Services – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Routing & Records	£/line	2.72	0.0	0.0	0.0	-	-	-	0.0	0.0	0.0	0.0	-	-
Ethernet Backhaul Direct extended reach	£/circuit	42.66	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	3,347.27	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,628.58	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,068.39	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,076.68	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	151.79	-	-	-	-	0.2	0.1	0.5	0.1	5.3	5.3	-	-
Ethernet Electronics	£/le	333.93	-	-	-	-	-	-	1.5	0.3	42.6	24.6	-	-
OR Systems & Development – Ethernet	£/le	45.86	0.0	0.0	0.0	-	0.0	0.0	0.1	0.0	0.7	0.5	-	-
Ethernet Access Direct Fibre	£/circuit	853.25	-	-	-	-	-	-	0.8	0.1	3.5	2.0	-	-
Ethernet Excess Construction	%	£42m	-	-	-	-	-	-	0.1	0.0	-	-	-	-
OR Service Centre – Provision Ethernet	%	£43m	0.3	0.2	0.0	-	-	-	0.3	0.1	2.1	0.8	-	-
OR Service Centre – Assurance Ethernet	%	£13m	-	-	-	-	-	-	0.0	0.0	0.4	0.2	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	6.2	0.8
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.0	0.0	0.0	-	0.0	0.0	0.1	0.0	0.6	0.4	0.1	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.0
Rounding			0.1	0.1	-	-	-	0.1	(0.1)	0.2	-	-	(0.1)	-
Fully Allocated Cost (£m)			0.4	0.3	0.0	-	0.2	0.2	3.3	0.8	55.5	34.0	6.3	0.8
	Volume (units)		415	275	10	-	1,121	928	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)
	Unit cost £		912.02	912.55	548.00	-	164.76	164.77	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
EAD 1Gbps Rentals	66.4	31.3	97.7	13,746	6,967	ccts	4,832.64	4,488.21	34.5	17.4	51.9
EAD LA 1Gbps Rentals	33.0	4.8	37.8	11,368	1,582	ccts	2,906.90	3,005.35	19.6	2.7	22.3
EAD 1Gbps Connections*	8.2	7.1	15.3	3,178	2,122	ccts	2,585.06	3,345.25	1.5	1.0	2.5
EAD LA 1Gbps Connections*	6.7	2.5	9.2	3,111	895	ccts	2,152.62	2,815.66	1.5	0.4	1.9
Ethernet 1Gbps EAD and EAD LA Sub-basket	114.3	45.7	160.0						57.1	21.5	78.6
Ethernet Main Link Sub-basket up to and including 1Gbps	104.2	82.1	186.3	286,897	221,288	fibre km	363.31	371.08	60.1	46.4	106.5
Ethernet Interconnection Sub-basket	1.1	1.2	2.3	(ux)	(ux)	(ux)	(sx)	(sx)	0.8	1.2	2.0
EAD 10Mbps Rentals	11.7	7.4	19.1	4,501	2,848	ccts	2,603.78	2,584.50	10.8	6.8	17.6
EAD 100Mbps Rentals	37.9	27.5	65.4	14,666	11,231	ccts	2,582.07	2,446.44	38.4	29.4	67.8
EAD LA 10Mbps Rentals	18.5	4.9	23.4	10,420	2,768	ccts	1,777.11	1,766.86	16.3	4.3	20.6
EAD LA 100Mbps Rentals	58.3	34.1	92.4	34,551	21,111	ccts	1,686.97	1,615.89	55.2	33.7	88.9
EBD 1Gbps Rentals	15.7	9.4	25.1	2,311	1,620	ccts	6,813.56	5,808.24	18.0	14.3	32.3
WES 10Mbps Rentals	8.6	11.2	19.8	5,488	7,333	le	1,563.74	1,523.85	8.4	11.2	19.6
WES 100Mbps Rentals	11.5	10.4	21.9	6,714	6,576	le	1,706.95	1,587.80	10.2	10.0	20.2
WES 1Gbps Rentals	5.6	5.6	11.2	1,439	1,416	le	3,911.19	3,927.43	3.0	3.0	6.0
BES 1Gbps Rentals	1.4	9.2	10.6	404	2,785	le	3,365.79	3,286.29	0.8	5.6	6.4
EAD 10Mbps Connections*	0.4	0.2	0.6	166	81	ccts	2,117.40	2,108.00	0.1	0.0	0.1
EAD 100Mbps Connections*	6.0	6.3	12.3	3,068	3,248	ccts	1,954.88	1,951.66	1.4	1.5	2.9
EAD LA 10Mbps Connections*	0.7	0.1	0.8	339	42	ccts	2,108.00	2,108.00	0.2	0.0	0.2
EAD LA 100Mbps Connections*	18.7	21.0	39.7	9,835	11,049	ccts	1,900.67	1,900.00	4.6	5.2	9.8
EBD 1Gbps Connections	0.5	0.7	1.2	200	254	ccts	2,590.00	2,669.11	0.1	0.1	0.2
Other Services up to and including 1Gbps Rentals and Connections	6.3	2.7	9.0	(ux)	(ux)	(ux)	(sx)	(sx)	7.5	1.7	9.2
Total Ethernet Basket	421.4	279.7	701.1						293.0	195.9	488.9

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK Summary (continued)

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
EBD 10Gbps Rentals	25.7	2.2	27.9	2,069	212	ccts	12,424.97	10,431.18	28.1	2.9	31.0
BES >1Gbps Rentals	0.2	1.2	1.4	21	120	le	9,853.97	10,075.95	0.1	0.5	0.6
WES >1Gbps Rentals	2.5	1.0	3.5	259	103	le	9,846.21	9,756.00	1.1	0.4	1.5
EBD 10Gbps Connections	3.8	4.3	8.1	368	472	ccts	10,218.78	9,022.39	0.2	0.2	0.4
WES/BES >1Gbps Connections	0.3	0.0	0.3	46	6	le	7,000.00	7,000.00	0.0	0.0	0.0
WES/BES/ONBS > 1Gbps Main Link Rental Charges	0.4	0.5	0.9	1,116	1,328	fibre km	372.00	372.00	0.2	0.3	0.5
Other Ethernet Services >1Gbps*	1.0	0.2	1.2	(ux)	(ux)	(ux)	(sx)	(sx)	0.2	0.0	0.2
Ethernet with bandwidth above 1 Gbps	33.9	9.4	43.3						29.9	4.3	34.2
WDM Services	41.2	32.2	73.4	(ux)	(ux)	(ux)	(sx)	(sx)	41.1	28.8	69.9
Very High CISBO Services	75.1	41.6	116.7						71.0	33.1	104.1
Exempt Ancillary Services	16.8	5.8	22.6	(ux)	(ux)	(ux)	(sx)	(sx)	8.7	1.9	10.6
Ethernet Time Related Charges (TRC) (i)	3.0	0.7	3.7								see notes
Excess Construction Charges (ECC) (i)	11.8	7.9	19.7								see notes
Depreciation on ECC and TRC Assets (ii)	–	–	–								see notes
Rounding	0.3	(0.1)	0.2								0.1
Total CISBO Rest of UK	528.4	335.6	864.0								632.0

Notes

* EAD Connection Services includes Excess Construction Charge fixed fee revenue of £20.4m, associated depreciation of £1.3m and MCE of £29.8m

(i) Ethernet Time Related Charges and Excess Construction Charges includes an estimate matched costs of £14.8m (Internal) and £8.6m (External) (d). Total estimated FAC for ECCs and TRCs is £28.3m.

(ii) Costs includes estimated depreciation on equipment of £8.1m

Rest of UK CISBO Discount notes:

WDM – Includes internal discounted revenue of £17.1m and external discounted revenue of £9.6m

There were no discounted revenues or volumes for EAD and EBD services

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EAD 1Gbps Rentals – Rest of UK		EAD LA 1Gbps Rentals – Rest of UK		EAD 1Gbps Connections – Rest of UK		EAD LA 1Gbps Connections – Rest of UK		Ethernet Main Link up to and including 1Gbps – Rest of UK		Ethernet Interconnection – Rest of UK		EAD 10Mbps Rentals – Rest of UK		EAD 100Mbps Rentals – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	1.52	-	-	-	-	0.0	0.0	0.0	0.0	-	-	0.0	0.0	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	-	-	-	-	56.2	43.3	-	-	-	-	-	-
Ethernet Electronics	£/le	390.25	9.2	4.6	7.6	1.1	-	-	-	-	-	-	0.0	0.0	2.6	1.7	8.6	6.6
OR Systems & Development – Ethernet	£/le	59.60	0.8	0.4	0.7	0.1	0.2	0.1	0.2	0.1	2.4	1.8	0.3	0.6	0.3	0.2	0.9	0.7
Ethernet Access Direct Fibre	£/circuit	832.54	23.0	11.6	10.4	1.4	-	-	-	-	-	-	-	0.0	7.5	4.7	27.8	21.3
Ethernet Excess Construction	%	£37m	-	-	-	-	0.4	0.2	0.4	0.1	-	-	-	-	-	-	-	-
OR Service Centre – Provision Ethernet	%	£13m	-	-	-	-	0.8	0.6	0.8	0.2	-	-	0.2	0.1	-	-	-	-
OR Service Centre – Assurance Ethernet	%	£8m	0.5	0.3	0.5	0.1	-	-	-	-	-	-	0.2	0.4	0.2	0.1	0.6	0.4
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.5	0.3	0.3	0.0	0.1	0.1	0.1	0.0	0.8	0.7	0.0	0.0	0.1	0.1	0.3	0.2
Revenue Receivables	%	£45m	0.4	0.2	0.2	0.0	0.1	0.0	0.0	0.0	0.7	0.5	0.0	0.0	0.1	0.0	0.2	0.2
Rounding			0.1	-	(0.1)	-	(0.1)	-	-	-	(0.1)	-	0.1	0.1	-	-	-	-
Fully Allocated Cost (£m)			34.5	17.4	19.6	2.7	1.5	1.0	1.5	0.4	60.1	46.4	0.8	1.2	10.8	6.8	38.4	29.4
	Volume (units)		13,746	6,967	11,368	1,582	3,178	2,122	3,111	895	286,897	221,288	(ux)	(ux)	4,501	2,848	14,666	11,231
	Unit cost £		2,509.65	2,504.39	1,725.04	1,726.54	481.41	493.02	474.80	484.93	209.65	209.77	(ux)	(ux)	2,388.60	2,388.31	2,616.51	2,614.44

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EAD LA 10Mbps Rentals – Rest of UK		EAD LA 100Mbps Rentals – Rest of UK		EBD 1Gbps Rentals – Rest of UK		WES 10Mbps Rentals – Rest of UK		WES 100Mbps Rentals – Rest of UK		WES 1Gbps Rentals – Rest of UK		BES 1Gbps Rentals – Rest of UK		EAD 10Mbps Connections – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	1.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	10.0	7.0	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	7.6	5.3	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	1.2	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	-	-	0.4	3.0	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	5.8	7.8	7.1	7.0	1.6	1.5	-	-	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.25	6.1	1.6	20.2	12.3	-	-	2.2	2.9	2.6	2.6	1.3	1.3	0.3	2.4	-	-
OR Systems & Development – Ethernet	£/le	59.60	0.6	0.2	2.1	1.3	0.1	0.1	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.1	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	832.54	8.9	2.4	30.7	18.7	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Excess Construction	%	£37m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
OR Service Centre – Provision Ethernet	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
OR Service Centre – Assurance Ethernet	%	£8m	0.4	0.1	1.4	0.8	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.2	0.0	0.5	0.3	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Revenue Receivables	%	£45m	0.1	0.0	0.4	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Rounding			-	-	(0.1)	0.1	-	-	-	-	-	(0.1)	0.1	0.2	0.1	(0.2)	0.1	-
Fully Allocated Cost (£m)			16.3	4.3	55.2	33.7	18.0	14.3	8.4	11.2	10.2	10.0	3.0	3.0	0.8	5.6	0.1	0.0
Volume (units)			10,420	2,768	34,551	21,111	2,311	1,620	5,488	7,333	6,714	6,576	1,439	1,416	404	2,785	166	81
Unit cost £			1,563.83	1,563.67	1,597.39	1,596.30	7,779.11	8,820.53	1,528.82	1,528.34	1,525.37	1,523.92	2,086.15	2,086.34	2,028.68	2,027.50	474.28	474.07

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.2)	EAD 100Mbps Connections - Rest of UK		EAD LA 10Mbps Connections - Rest of UK		EAD LA 100Mbps Connections - Rest of UK		EBD 1Gbps Connections - Rest of UK		Other Services up to and including 1Gbps Rentals and Connections - Rest of UK		EBD 10Gbps- Rentals - Rest of UK		BES >1Gbps Rentals - Rest of UK		WES >1Gbps Rentals - Rest of UK	
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																
Routing & Records	£/line	1.52	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	-	-	-	-	-	20.8	2.1	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	-	-	-	-	-	6.8	0.7	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	1.4	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	1.6	0.5	-	-	0.0	0.1	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	-	2.4	0.4	-	-	-	-	0.3	0.1
Ethernet main links	£/fibre km	195.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.25	-	-	-	-	-	-	-	1.4	0.6	-	-	0.1	0.3	0.8	0.3
OR Systems & Development – Ethernet	£/le	59.60	0.2	0.2	0.0	0.0	0.6	0.7	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	832.54	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
Ethernet Excess Construction	%	£37m	0.4	0.4	0.0	0.0	1.1	1.3	-	-	-	-	-	-	-	-	-
OR Service Centre – Provision Ethernet	%	£13m	0.8	0.9	0.1	0.0	2.6	2.9	0.1	0.1	0.0	-	-	-	-	-	-
OR Service Centre – Assurance Ethernet	%	£8m	-	-	-	-	-	-	-	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.0	0.1	0.0	0.0	0.2	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Rounding		-	(0.1)	0.1	-	-	-	-	-	0.1	0.2	-	0.1	-	0.1	-	-
Fully Allocated Cost (£m)		1.4	1.5	0.2	0.0	4.6	5.2	0.1	0.1	7.5	1.7	28.1	2.9	0.1	0.5	1.1	0.4
Volume (units)		3,068	3,248	339	42	9,835	11,049	200	254	(ux)	(ux)	2,069	212	21	120	259	103
Unit cost £		471.78	471.73	474.13	474.05	470.95	470.94	353.20	354.06	(ux)	(ux)	13,567.34	13,545.88	3,962.38	3,965.62	4,149.04	4,148.00

Section 7 – Review of Business Connectivity Markets

CISBO Rest of UK calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EBD 10Gbps Connections – Rest of UK		WES/BES > 1Gbps Connections – Rest of UK		WES/BES/ONBS > 1Gbps Main Link Rental Charges – Rest of UK		Other Ethernet Services > 1Gbps – Rest of UK		WDM Services – Rest of UK		Exempt Ancillary Services – Rest of UK	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Routing & Records	£/line	1.52	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	0.2	0.3	0.0	0.0	4.3	5.9	-	-
Ethernet Electronics	£/le	390.25	-	-	-	-	-	-	0.1	0.0	32.4	20.1	-	-
OR Systems & Development – Ethernet	£/le	59.60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.5	-	-
Ethernet Access Direct Fibre	£/circuit	832.54	-	-	-	-	-	-	0.0	0.0	2.5	1.5	-	-
Ethernet Excess Construction	%	£37m	-	-	-	-	-	-	0.0	0.0	-	-	-	-
OR Service Centre – Provision Ethernet	%	£13m	0.1	0.1	0.0	0.0	-	-	0.0	0.0	0.5	0.3	-	-
OR Service Centre – Assurance Ethernet	%	£8m	-	-	-	-	-	-	0.0	0.0	0.2	0.1	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	8.5	1.8
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.0
Revenue Receivables	%	£45m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.0
Rounding			0.1	0.1	-	-	-	-	0.1	-	0.1	-	-	0.1
Fully Allocated Cost (£m)			0.2	0.2	0.0	0.0	0.2	0.3	0.2	0.0	41.1	28.8	8.7	1.9
	Volume (units)		368	472	46	6	1,116	1,328	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)
	Unit cost £		435.90	422.92	248.48	248.33	208.63	208.63	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

7.2 CISBO London Periphery Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
EAD 1Gbps Rentals	1.0	1.2	2.2	287	368	ccts	3,320.67	3,256.92	0.5	0.6	1.1
EAD LA 1Gbps Rentals	1.7	0.9	2.6	670	349	ccts	2,583.28	2,595.35	0.8	0.4	1.2
EAD 1Gbps Connections*	0.1	0.3	0.4	60	136	ccts	2,040.83	1,941.18	0.1	0.1	0.2
EAD LA 1Gbps Connections*	0.4	0.4	0.8	201	190	ccts	1,849.03	1,869.39	0.2	0.2	0.4
Ethernet 1Gbps EAD and EAD LA Sub-basket	3.2	2.8	6.0						1.6	1.3	2.9
Ethernet Main Link Sub-basket up to and including 1Gbps	1.2	1.6	2.8	4,090	5,334	fibre km	302.27	291.67	0.3	0.4	0.7
Ethernet Interconnection Sub-basket	0.0	0.1	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.0	0.0	0.0
EAD 10Mbps Rentals	0.1	0.1	0.2	53	53	ccts	1,898.67	1,879.43	0.1	0.1	0.2
EAD 100Mbps Rentals	0.6	1.0	1.6	320	545	ccts	1,874.12	1,843.19	0.6	1.0	1.6
EAD LA 10Mbps Rentals	0.5	0.1	0.6	331	75	ccts	1,440.53	1,434.95	0.4	0.1	0.5
EAD LA 100Mbps Rentals	2.8	1.7	4.5	2,012	1,229	ccts	1,413.85	1,406.79	2.2	1.4	3.6
EBD 1Gbps Rentals	0.2	0.1	0.3	49	41	ccts	3,992.53	3,548.98	0.2	0.2	0.4
WES 10Mbps Rentals	0.2	0.2	0.4	155	143	le	1,431.05	1,384.74	0.1	0.1	0.2
WES 100Mbps Rentals	0.4	0.3	0.7	233	226	le	1,519.72	1,420.84	0.2	0.2	0.4
WES 1Gbps Rentals	0.1	0.1	0.2	62	26	le	2,320.39	2,234.41	0.1	0.0	0.1
EAD 10Mbps Connections*	–	0.0	0.0	–	1	ccts	–	1,950.00	–	0.0	0.0
EAD 100Mbps Connections*	0.1	0.2	0.3	41	134	ccts	1,289.27	1,424.25	0.0	0.1	0.1
EAD LA 10Mbps Connections*	0.0	–	0.0	14	–	ccts	1,974.29	–	0.0	–	0.0
EAD LA 100Mbps Connections*	0.8	0.7	1.5	538	496	ccts	1,442.37	1,426.45	0.5	0.5	1.0
EBD 1Gbps Connections	–	0.0	0.0	–	5	ccts	–	1,960.00	–	0.0	0.0
Other Services up to and including 1Gbps Rentals and Connections	0.3	0.1	0.4	(ux)	(ux)	(ux)	(sx)	(sx)	0.4	0.0	0.4
Total Ethernet Basket	10.5	9.1	19.6						6.7	5.4	12.1

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery Summary (continued)

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
EBD 10Gbps Rentals	1.1	0.3	1.4	108	26	ccts	9,893.15	10,297.55	1.4	0.3	1.7
BES >1Gbps Rentals	0.0	0.0	0.0	2	2	le	8,550.00	8,750.00	0.0	0.0	0.0
WES >1Gbps Rentals	0.3	0.0	0.3	40	3	le	8,750.00	8,333.33	0.1	0.0	0.1
EBD 10Gbps Connections	0.1	0.1	0.2	17	12	ccts	7,200.00	7,200.00	0.0	0.0	0.0
WES/BES >1Gbps Connections	0.0	–	0.0	2	–	le	7,000.00	–	0.0	–	0.0
WES/BES/ONBS > 1Gbps Main Link Rental Charges	0.1	0.0	0.1	238	20	fibre km	372.00	372.00	0.0	0.0	0.0
Other Ethernet Services >1Gbps*	0.1	0.1	0.2	(ux)	(ux)	(ux)	(sx)	(sx)	0.0	0.0	0.0
Ethernet with bandwidth above 1 Gbps	1.7	0.5	2.2						1.5	0.3	1.8
WDM Services	2.7	0.7	3.4	(ux)	(ux)	(ux)	(sx)	(sx)	2.2	0.5	2.7
Very High CISBO Services	4.4	1.2	5.6						3.7	0.8	4.5
Exempt Ancillary Services	0.6	0.1	0.7	(ux)	(ux)	(ux)	(sx)	(sx)	0.3	0.0	0.3
Ethernet Time Related Charges (TRC) (i)	0.1	0.1	0.2								see notes
Excess Construction Charges (ECC) (i)	1.1	0.5	1.6								see notes
Depreciation on ECC and TRC Assets (ii)	–	–	–								see notes
Rounding	–	(0.1)	(0.1)								0.3
Total CISBO London Periphery	16.7	10.9	27.6								18.5

Notes

* EAD Connection Services includes Excess Construction Charge fixed fee revenue of £1.2m, associated depreciation of £0.1m and MCE of £1.9m

(i) Ethernet Time Related Charges and Excess Construction Charges includes an estimated matched cost of £1.2m (Internal) and £0.6m (External) (d). Total estimated FAC for ECCs and TRCs is £1.3m.

(ii) Costs include estimated depreciation on equipment of £0.4m

London Periphery CISBO Discount notes:

EAD 1 Gbps – Includes internal discounted revenue of £0.0m on 18 connections and external discounted revenue of £0.0m on 30 connections

EAD LA 1 Gbps – Includes internal discounted revenue of £0.1m on 54 connections and external discounted revenue of £0.1m on 46 connections

EAD 100 Mbps – Includes internal discounted revenue of £0.0m on 27 connections and external discounted revenue of £0.1m on 70 connections

EAD LA 100 Mbps – Includes internal discounted revenue of £0.2m on 257 connections and external discounted revenue of £0.2m on 245 connections

EBD 1 Gbps – Includes internal discounted revenue of £0.0m on 0 connections and external discounted revenue of £0.0m on 0 connections

WDM – Includes internal discounted revenue of £0.9m and external discounted revenue of £0.2m

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EAD 1Gbps Rentals – London Periphery		EAD LA 1Gbps Rentals – London Periphery		EAD 1Gbps Connections – London Periphery		EAD LA 1Gbps Connections – London Periphery		Ethernet Main Link up to and including 1Gbps – London Periphery		Ethernet Interconnection – London Periphery		EAD 10Mbps Rentals – London Periphery		EAD 100Mbps Rentals – London Periphery	
			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Fully Allocated Cost (£m)																		
Components	Unit (c)																	
Routing & Records	£/line	2.72	–	–	–	–	0.0	0.0	0.0	0.0	–	–	0.0	0.0	–	–	–	–
Ethernet Backhaul Direct extended reach	£/circuit	42.66	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Active	£/circuit	3,347.27	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Ethernet rentals – CCTV	£/le	1,628.58	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Ethernet new provides – CCTV	£/le	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Backhaul Extension Services Fibre	£/le	1,068.39	–	–	–	–	–	–	–	–	–	–	0.0	–	–	–	–	–
Wholesale Extension Services Fibre	£/le	1,076.68	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet main links	£/fibre km	151.79	–	–	–	–	–	–	–	–	0.2	0.3	–	–	–	–	–	–
Ethernet Electronics	£/le	333.93	0.2	0.2	0.4	0.2	–	–	–	–	–	–	0.0	0.0	0.0	0.0	0.2	0.3
OR Systems & Development – Ethernet	£/le	45.86	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	853.25	0.3	0.3	0.3	0.2	–	–	–	–	–	–	–	0.0	0.0	0.0	0.4	0.6
Ethernet Excess Construction	%	£42m	–	–	–	–	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
OR Service Centre – Provision Ethernet	%	£43m	–	–	–	–	0.0	0.1	0.2	0.2	–	–	0.0	0.0	–	–	–	–
OR Service Centre – Assurance Ethernet	%	£13m	0.0	0.0	0.0	0.0	–	–	–	–	–	–	0.0	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£10m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			–	0.1	0.1	–	0.1	–	–	–	0.1	0.1	–	–	0.1	0.1	–	0.1
Fully Allocated Cost (£m)			0.5	0.6	0.8	0.4	0.1	0.1	0.2	0.2	0.3	0.4	0.0	0.0	0.1	0.1	0.6	1.0
Volume (units)			287	368	670	349	60	136	201	190	4,090	5,334	(ux)	(ux)	53	53	320	545
Unit cost £			1,642.29	1,641.32	1,193.52	1,193.72	1,010.33	1,008.97	1,007.56	1,007.89	70.77	70.61	(ux)	(ux)	1,534.07	1,533.93	1,748.05	1,747.57

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.1)	EAD LA 10Mbps Rentals – London Periphery		EAD LA 100Mbps Rentals – London Periphery		EBD 1Gbps Rentals – London Periphery		WES 10Mbps Rentals – London Periphery		WES 100Mbps Rentals – London Periphery		WES 1Gbps Rentals – London Periphery		EAD 10Mbps Connections – London Periphery	
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)														
Routing & Records	£/line	2.72	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	42.66	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	3,347.27	-	-	-	0.2	0.1	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,628.58	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,068.39	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,076.68	-	-	-	-	-	0.1	0.1	0.1	0.1	0.0	0.0	-	-
Ethernet main links	£/fibre km	151.79	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	333.93	0.2	0.0	1.0	0.6	-	0.0	0.0	0.1	0.1	0.0	0.0	-	-
OR Systems & Development – Ethernet	£/le	45.86	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Ethernet Access Direct Fibre	£/circuit	853.25	0.2	0.0	1.0	0.6	-	-	-	-	-	-	-	-	-
Ethernet Excess Construction	%	£42m	-	-	-	-	-	-	-	-	-	-	-	-	0.0
OR Service Centre – Provision Ethernet	%	£43m	-	-	-	-	-	-	-	-	-	-	-	-	0.0
OR Service Centre – Assurance Ethernet	%	£13m	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Openreach sales product management	%	£22m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Rounding			-	0.1	-	-	(0.1)	0.1	-	-	-	0.1	-	-	-
Fully Allocated Cost (£m)		0.4	0.1	2.2	1.4	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.0	-	0.0
Volume (units)		331	75	2,012	1,229	49	41	155	143	233	226	62	26	-	1
Unit cost £		1,099.46	1,099.47	1,104.52	1,105.31	4,642.84	4,987.89	941.90	941.63	957.69	957.04	1,439.92	1,439.05	-	1,010.00

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.1)	EAD 100Mbps Connections – London Periphery		EAD LA 10Mbps Connections – London Periphery		EAD LA 100Mbps Connections – London Periphery		EBD 1Gbps Connections – London Periphery		Other Services up to and including 1Gbps Rentals and Connections – London Periphery		EBD 10Gbps Rentals – London Periphery		BES > 1Gbps Rentals – London Periphery		WES > 1Gbps Rentals – London Periphery	
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																
Routing & Records	£/line	2.72	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Backhaul Direct extended reach	£/circuit	42.66	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Backhaul Direct Active	£/circuit	3,347.27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.3	0.0	0.0	0.0	0.0
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Ethernet Backhaul Direct Resilience																	
Active	£/circuit	256.39	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Backhaul Direct Resilience																	
Passive	£/circuit	128.29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Ethernet rentals – CCTV	£/le	1,628.58	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Ethernet new provides – CCTV	£/le	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Backhaul Extension Services Fibre	£/le	1,068.39	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wholesale Extension Services Fibre	£/le	1,076.68	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet main links	£/fibre km	151.79	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Electronics	£/le	333.93	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
OR Systems & Development – Ethernet	£/le	45.86	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	853.25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Excess Construction	%	£42m	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Provision Ethernet	%	£43m	0.0	0.1	0.0	0.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OR Service Centre – Assurance Ethernet	%	£13m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£10m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Fully Allocated Cost (£m)		0.0	0.1	0.0	0.0	0.5	0.5	0.0	0.0	0.4	0.0	1.4	0.3	0.0	0.0	0.1	0.0
Volume (units)		41	134	14	0.0	538	496	0.0	5	(ux)	(ux)	108	26	2	2	40	3
Unit cost £		999.27	1,001.27	1,009.29	0.0	1,001.56	1,001.33	0.0	860.00	(ux)	(ux)	12,867.89	13,017.23	3,390.00	3,387.10	3,274.18	3,270.00

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	EBD 10Gbps Connections – London Periphery		WES/BES >1Gbps Connections – London Periphery		WES/BES/ONBS > 1Gbps Main Link Rental Charges – London Periphery		Other Ethernet Services >1Gbps – London Periphery		WDM Services – London Periphery		Exempt Ancillary Services – London Periphery	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Routing & Records	£/line	2.72	0.0	0.0	0.0	-	-	-	0.0	0.0	0.0	0.0	-	-
Ethernet Backhaul Direct extended reach	£/circuit	42.66	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	3,347.27	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	2,923.89	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	256.39	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	128.29	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,628.58	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,068.39	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,076.68	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	151.79	-	-	-	-	0.0	0.0	0.0	0.0	0.1	0.0	-	-
Ethernet Electronics	£/le	333.93	-	-	-	-	-	-	0.0	0.0	1.9	0.4	-	-
OR Systems & Development – Ethernet	£/le	45.86	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Ethernet Access Direct Fibre	£/circuit	853.25	-	-	-	-	-	-	0.0	0.0	0.1	0.0	-	-
Ethernet Excess Construction	%	£42m	-	-	-	-	-	-	0.0	0.0	-	-	-	-
OR Service Centre – Provision Ethernet	%	£43m	0.0	0.0	0.0	-	-	-	0.0	0.0	0.1	0.0	-	-
OR Service Centre – Assurance Ethernet	%	£13m	-	-	-	-	-	-	0.0	0.0	0.0	0.0	-	-
OR Project Services	%	£10m	-	-	-	-	-	-	-	-	-	-	0.3	0.0
Ofcom Administration Fee – Openreach	%	£4m	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£22m	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£37m	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			-	-	-	-	-	-	-	-	-	0.1	-	-
Fully Allocated Cost (£m)			0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	2.2	0.5	0.3	0.0
	Volume (units)	17		12	2	-	238	21	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)
	Unit cost £	911.76	911.67		470.00	-	68.84	68.81	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
EAD 1Gbps Rentals	1.4	1.3	2.7	284	291	ccts	4,821.56	4,369.44	0.5	0.5	1.0
EAD LA 1Gbps Rentals	1.5	0.5	2.0	485	185	ccts	3,000.06	2,952.65	0.6	0.2	0.8
EAD 1Gbps Connections*	0.1	0.4	0.5	47	114	ccts	2,847.87	3,469.61	0.0	0.1	0.1
EAD LA 1Gbps Connections*	0.4	0.3	0.7	175	114	ccts	2,175.78	2,861.23	0.1	0.1	0.2
Ethernet 1Gbps EAD and EAD LA Sub-basket	3.4	2.5	5.9						1.2	0.9	2.1
Ethernet Main Link Sub-basket up to and including 1Gbps	1.7	1.9	3.6	4,808	5,122	fibre km	358.56	375.60	0.4	0.4	0.8
Ethernet Interconnection Sub-basket	0.0	0.1	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.0	0.0	0.0
EAD 10Mbps Rentals	0.2	0.2	0.4	64	69	ccts	2,788.51	2,693.38	0.1	0.1	0.2
EAD 100Mbps Rentals	0.9	1.3	2.2	327	526	ccts	2,797.82	2,469.66	0.6	1.0	1.6
EAD LA 10Mbps Rentals	0.7	0.2	0.9	391	99	ccts	1,811.54	1,769.86	0.5	0.1	0.6
EAD LA 100Mbps Rentals	3.0	1.5	4.5	1,778	913	ccts	1,696.29	1,614.57	2.1	1.1	3.2
EBD 1Gbps Rentals	0.8	0.3	1.1	109	51	ccts	7,031.58	5,595.03	0.6	0.3	0.9
WES 10Mbps Rentals	0.3	0.3	0.6	214	204	le	1,591.39	1,565.03	0.2	0.2	0.4
WES 100Mbps Rentals	0.5	0.5	1.0	322	342	le	1,685.61	1,573.38	0.3	0.3	0.6
WES 1Gbps Rentals	0.4	0.2	0.6	99	41	le	3,747.28	3,732.32	0.2	0.1	0.3
EAD 10Mbps Connections*	0.0	0.0	0.0	4	1	ccts	2,108.00	2,108.00	0.0	0.0	0.0
EAD 100Mbps Connections*	0.1	0.3	0.4	48	136	ccts	1,950.00	1,950.00	0.0	0.1	0.1
EAD LA 10Mbps Connections*	0.0	0.0	0.0	20	1	ccts	2,108.00	2,108.00	0.0	0.0	0.0
EAD LA 100Mbps Connections*	1.0	0.8	1.8	546	428	ccts	1,902.01	1,900.00	0.2	0.2	0.4
EBD 1Gbps Connections	–	0.0	0.0	–	9	ccts	–	2,722.22	–	0.0	0.0
Other Services up to and including 1Gbps Rentals and Connections	0.5	0.1	0.6	(ux)	(ux)	(ux)	(sx)	(sx)	0.3	0.1	0.4
Total Ethernet Basket	13.5	10.2	23.7						6.7	4.9	11.6

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery Summary (continued)

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
EBD 10Gbps Rentals	1.1	0.1	1.2	87	11	ccts	12,283.75	11,119.05	1.0	0.1	1.1
BES >1Gbps Rentals	0.0	0.1	0.1	2	5	le	9,883.33	10,554.69	0.0	0.0	0.0
WES >1Gbps Rentals	0.5	0.1	0.6	44	8	le	10,192.25	9,627.22	0.2	0.0	0.2
EBD 10Gbps Connections	0.2	0.1	0.3	19	14	ccts	9,247.37	8,669.39	0.0	0.0	0.0
WES/BES >1Gbps Connections	–	–	–	–	–	le	–	–	–	–	–
WES/BES/ONBS > 1Gbps Main Link Rental Charges	0.1	0.0	0.1	208	60	fibre km	372.00	372.00	0.0	0.0	0.0
Other Ethernet Services >1Gbps*	–	0.0	0.0	(ux)	(ux)	(ux)	(sx)	(sx)	–	0.0	0.0
Ethernet with bandwidth above 1 Gbps	1.9	0.4	2.3						1.2	0.1	1.3
WDM Services	2.9	0.6	3.5	(ux)	(ux)	(ux)	(sx)	(sx)	2.2	0.4	2.6
Very High CISBO Services	4.8	1.0	5.8						3.4	0.5	3.9
Exempt Ancillary Services	0.7	0.2	0.9	(ux)	(ux)	(ux)	(sx)	(sx)	0.4	0.1	0.5
Ethernet Time Related Charges (TRC) (i)	0.1	–	0.1								see notes
Excess Construction Charges (ECC) (i)	0.5	0.3	0.8								see notes
Depreciation on ECC and TRC Assets (ii)	–	–	–								see notes
Rounding	0.1	0.1	0.2								0.1
Total CISBO London Periphery	19.7	11.8	31.5								17.3

Notes

* EAD Connection Services includes Excess Construction Charge fixed fee revenue of £0.9m, associated depreciation of £0.0m and MCE of £1.1m

(i) Ethernet Time Related Charges and Excess Construction Charges includes an estimated matched cost of £0.6m (Internal) and £0.3m (External) (d). Total estimated FAC for ECCs and TRCs is £1.2m.

(ii) Costs include estimated depreciation on equipment of £0.4m

London Periphery CISBO Discount notes:

WDM – Includes internal discounted revenue of £0.0m and external discounted revenue of £0.1m

There were no discounted revenues or volumes for EAD and EBD services

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EAD 1Gbps Rentals – London Periphery		EAD LA 1Gbps Rentals – London Periphery		EAD 1Gbps Connections – London Periphery		EAD LA 1Gbps Connections – London Periphery		Ethernet Main Link up to and including 1Gbps – London Periphery		Ethernet Interconnection – London Periphery		EAD 10Mbps Rentals – London Periphery		EAD 100Mbps Rentals – London Periphery	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
Routing & Records	£/line	1.52	-	-	-	-	0.0	0.0	0.0	0.0	-	-	0.0	0.0	-	-	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	-	-	-	-	0.3	0.4	-	-	-	-	-	-
Ethernet Electronics	£/le	390.25	0.2	0.2	0.3	0.1	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.2	0.3
OR Systems & Development – Ethernet	£/le	59.60	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	832.54	0.3	0.3	0.2	0.1	-	-	-	-	-	-	-	0.0	0.1	0.1	0.4	0.6
Ethernet Excess Construction	%	£37m	-	-	-	-	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
OR Service Centre – Provision Ethernet	%	£13m	-	-	-	-	0.0	0.0	0.0	0.0	-	-	0.0	0.0	-	-	-	-
OR Service Centre – Assurance Ethernet	%	£8m	0.0	0.0	0.0	0.0	-	-	-	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			-	-	0.1	-	-	0.1	0.1	0.1	0.1	-	-	-	-	-	-	0.1
Fully Allocated Cost (£m)			0.5	0.5	0.6	0.2	0.0	0.1	0.1	0.1	0.4	0.4	0.0	0.0	0.1	0.1	0.6	1.0
Volume (units)			284	291	485	185	47	114	175	114	4,808	5,122	(ux)	(ux)	64	69	327	526
Unit cost £			1,737.54	1,730.66	1,296.89	1,296.16	462.77	472.28	452.57	462.98	83.43	83.69	(ux)	(ux)	1,616.04	1,614.50	1,826.90	1,821.89

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EAD LA 10Mbps Rentals – London Periphery		EAD LA 100Mbps Rentals – London Periphery		EBD 1Gbps Rentals – London Periphery		WES 10Mbps Rentals – London Periphery		WES 100Mbps Rentals – London Periphery		WES 1Gbps Rentals – London Periphery		EAD 10Mbps Connections – London Periphery	
			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Fully Allocated Cost (£m)																
Components	Unit (c)															
Routing & Records	£/line	1.52	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	0.5	0.2	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	0.1	0.1	0.2	0.2	0.1	0.0	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Electronics	£/le	390.25	0.2	0.1	1.0	0.5	-	-	0.1	0.1	0.1	0.1	0.1	0.0	-	-
OR Systems & Development – Ethernet	£/le	59.60	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	832.54	0.2	0.0	0.9	0.4	-	-	-	-	-	-	-	-	-	-
Ethernet Excess Construction	%	£37m	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
OR Service Centre – Provision Ethernet	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
OR Service Centre – Assurance Ethernet	%	£8m	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Openreach sales product management	%	£27m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			0.1	-	-	0.1	-	-	-	-	-	-	-	0.1	-	-
Fully Allocated Cost (£m)			0.5	0.1	2.1	1.1	0.6	0.3	0.2	0.2	0.3	0.3	0.2	0.1	0.0	-
	Volume (units)		391	99	1,778	913	109	51	214	204	322	342	99	41	4	1
	Unit cost £		1,180.81	1,180.14	1,187.96	1,186.71	5,658.70	6,542.62	987.83	987.64	1,008.45	1,007.58	1,554.53	1,554.12	452.50	450.00

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.2)	EAD 100Mbps Connections – London Periphery		EAD LA 10Mbps Connections – London Periphery		EAD LA 100Mbps Connections – London Periphery		EBD 1Gbps Connections – London Periphery		Other Services up to and including 1Gbps Rentals and Connections – London Periphery		EBD 10Gbps Rentals – London Periphery		BES > 1Gbps Rentals – London Periphery		WES > 1Gbps Rentals – London Periphery	
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																
Routing & Records	£/line	1.52	0.0	0.0	0.0	0.0	0.0	–	0.0	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct extended reach	£/circuit	55.22	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Active	£/circuit	4,311.88	–	–	–	–	–	–	–	–	–	0.9	0.1	–	–	–	–
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	–	–	–	–	–	–	–	–	–	0.1	0.0	–	–	–	–
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Ethernet rentals – CCTV	£/le	1,197.66	–	–	–	–	–	–	–	0.1	–	–	–	–	–	–	–
Other Ethernet new provides – CCTV	£/le	42,740.71	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Backhaul Extension Services Fibre	£/le	1,066.63	–	–	–	–	–	–	–	0.1	0.0	–	–	0.0	0.0	–	–
Wholesale Extension Services Fibre	£/le	1,064.19	–	–	–	–	–	–	–	–	0.0	–	–	–	–	0.0	0.0
Ethernet main links	£/fibre km	195.74	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Electronics	£/le	390.25	–	–	–	–	–	–	–	0.1	0.0	–	–	0.0	0.0	0.1	0.0
OR Systems & Development – Ethernet	£/le	59.60	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ethernet Access Direct Fibre	£/circuit	832.54	–	–	–	–	–	–	–	–	0.0	–	–	–	–	–	–
Ethernet Excess Construction	%	£37m	0.0	0.0	0.0	0.0	0.1	0.0	–	–	–	–	–	–	–	–	–
OR Service Centre – Provision Ethernet	%	£13m	0.0	0.0	0.0	0.0	0.1	0.1	–	0.0	–	–	–	–	–	–	–
OR Service Centre – Assurance Ethernet	%	£8m	–	–	–	–	–	–	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OR Project Services	%	£13m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	0.0	–	0.0	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rounding			–	0.1	–	–	0.1	–	–	–	0.1	–	–	–	–	0.1	–
Fully Allocated Cost (£m)		0.0	0.1	0.0	0.0	0.2	0.2	–	0.0	0.3	0.1	1.0	0.1	0.0	0.0	0.2	0.0
	Volume (units)	48	136	20	1	546	428	–	9	(ux)	(ux)	87	11	2	5	44	8
	Unit cost £	449.17	449.12	451.50	450.00	448.37	448.34	–	354.44	(ux)	(ux)	11,442.52	11,426.55	3,745.00	3,757.97	3,633.11	3,628.00

Section 7 – Review of Business Connectivity Markets

CISBO London Periphery calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	EBD 10Gbps Connections – London Periphery		WES/BES > 1Gbps Connections – London Periphery		WES/BES/ONBS > 1Gbps Main Link Rental Charges – London Periphery		Other Ethernet Services > 1Gbps – London Periphery		WDM Services – London Periphery		Exempt Ancillary Services – London Periphery	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
Routing & Records	£/line	1.52	0.0	0.0	-	-	-	-	-	-	0.0	0.0	-	-
Ethernet Backhaul Direct extended reach	£/circuit	55.22	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Active	£/circuit	4,311.88	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Passive	£/circuit	3,305.55	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Active	£/circuit	759.37	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet Backhaul Direct Resilience Passive	£/circuit	237.68	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet rentals – CCTV	£/le	1,197.66	-	-	-	-	-	-	-	-	-	-	-	-
Other Ethernet new provides – CCTV	£/le	42,740.71	-	-	-	-	-	-	-	-	-	-	-	-
Backhaul Extension Services Fibre	£/le	1,066.63	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale Extension Services Fibre	£/le	1,064.19	-	-	-	-	-	-	-	-	-	-	-	-
Ethernet main links	£/fibre km	195.74	-	-	-	-	0.0	0.0	-	0.0	0.1	0.0	-	-
Ethernet Electronics	£/le	390.25	-	-	-	-	-	-	-	0.0	1.9	0.4	-	-
OR Systems & Development – Ethernet	£/le	59.60	0.0	0.0	-	-	0.0	0.0	-	0.0	0.0	0.0	-	-
Ethernet Access Direct Fibre	£/circuit	832.54	-	-	-	-	-	-	-	0.0	0.1	0.0	-	-
Ethernet Excess Construction	%	£37m	-	-	-	-	-	-	-	0.0	-	-	-	-
OR Service Centre – Provision Ethernet	%	£13m	0.0	0.0	-	-	-	-	-	0.0	0.0	0.0	-	-
OR Service Centre – Assurance Ethernet	%	£8m	-	-	-	-	-	-	-	0.0	0.0	0.0	-	-
OR Project Services	%	£13m	-	-	-	-	-	-	-	-	-	-	0.4	0.1
Ofcom Administration Fee – Openreach	%	£3m	0.0	0.0	-	-	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0
Openreach sales product management	%	£27m	0.0	0.0	-	-	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.0	-	-	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0
Rounding			-	-	-	-	-	-	-	-	0.1	-	-	-
Fully Allocated Cost (£m)			0.0	0.0	-	-	0.0	0.0	-	0.0	2.2	0.4	0.4	0.1
	Volume (units)		19	14	-	-	208	60	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)
	Unit cost £		425.26	419.29	-	-	80.87	80.87	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

7.3 Low Bandwidth TISBO Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Radio Backhaul Services 64Kbps Connections	0.0	0.0	0.0	(ux)	91	ccts	(sx)	488.70	0.0	0.2	0.2
Radio Backhaul Services 64Kbps Rentals	1.6	5.8	7.4	(ux)	(ux)	(ux)	(sx)	(sx)	1.4	5.3	6.7
Radio Backhaul Services 2Mbps Connections	0.0	0.1	0.1	(ux)	55	ccts	(sx)	2,009.06	0.1	0.5	0.6
Radio Backhaul Services 2Mbps Rentals	5.7	20.5	26.2	(ux)	(ux)	(ux)	(sx)	(sx)	4.1	15.4	19.5
Other Mobile Services	2.4	–	2.4	(ux)	(ux)	(ux)	(sx)	(sx)	3.2	–	3.2
TI Mobile Services Sub-Cap	9.7	26.4	36.1						8.8	21.4	30.2
Partial and Private Circuits Point of Handover	–	1.3	1.3	(ux)	27,170	le	(sx)	46.10	–	3.0	3.0
Other Interconnection services	–	–	–	(ux)	(ux)	(ux)	(sx)	(sx)	–	–	–
TI Interconnection Sub-Cap	–	1.3	1.3						–	3.0	3.0
Partial and Private Circuits 64Kbps Connections	0.0	0.0	0.0	(ux)	(ux)	(ux)	(sx)	(sx)	0.1	0.1	0.2
Partial and Private Circuits 64Kbps Local Ends	9.3	2.9	12.2	12,473	3,853	le	748.08	748.08	17.5	5.4	22.9
Partial and Private Circuits 64Kbps Links	5.8	1.7	7.5	36,513	10,781	links	159.51	159.85	5.9	1.7	7.6
Partial and Private Circuits 64Kbps Terminating segments	2.2	0.9	3.1	745,824	305,847	km	2.96	2.95	5.1	2.1	7.2
Partial and Private Circuits 2Mbps Connections	0.4	1.0	1.4	192	431	ccts	2,217.40	2,217.40	1.8	4.0	5.8
Partial and Private Circuits 2Mbps Local Ends	41.1	23.6	64.7	40,580	22,901	le	1,013.19	1,028.60	24.3	13.7	38.0
Partial and Private Circuits 2Mbps Links	8.1	7.5	15.6	19,455	18,814	links	417.45	401.10	3.6	3.5	7.1
Partial and Private Circuits 2Mbps Terminating segments	25.3	27.1	52.4	375,644	387,511	km	67.28	70.02	17.2	18.9	36.1
Partial and Private Circuits Other	2.0	4.3	6.3	(ux)	(ux)	(ux)	(sx)	(sx)	0.3	10.6	10.9
TI All Services Sub-Cap	94.2	69.0	163.2						75.8	60.0	135.8
TI Services Basket	103.9	96.7	200.6								
TI Excess Construction Charges	0.1	0.4	0.5								
ECC Asset Depreciation	–	–	–								
Rounding	0.3	(0.1)	0.2								
Total Low Bandwidth TISBO	104.3	97.0	201.3								

Notes

Estimated matched cost of £0.1m (Internal) and £0.4m (External) (d)
Estimated depreciation on equipment of £3.2m

Section 7 – Review of Business Connectivity Markets

Low Bandwidth TISBO calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

			Average cost per unit (from Appendix 1.1)		Radio Backhaul Services 64Kbps Connections		Radio Backhaul Services 64Kbps Rentals		Radio Backhaul Services – 2Mbps Connections		Radio Backhaul Services – 2Mbps Rentals		Other Mobile Services		Partial and Private Circuits Point of Handover		Other Interconnection services		Partial and Private Circuits 64Kbps – Connections	
Fully Allocated Cost (£m)					Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																			
E side copper capital	£/line	6.62	-	-	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-
E side copper current	£/line	3.49	-	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-
D side copper capital	£/line	33.41	-	-	-	0.1	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-
D side copper current	£/line	8.61	-	-	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-
PC rental 2Mbps link per km distribution	£/km	49.65	-	-	-	-	-	-	2.0	7.0	1.8	-	-	-	-	-	-	-	-	-
Point of Handover electronics	£/eq	2,313.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64Kbps link	£/link	153.14	-	-	0.4	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbps link	£/link	164.46	-	-	-	-	-	-	0.4	1.4	0.2	-	-	-	-	-	-	-	-	-
PC rental 64Kbps link per km transmission	£/km	6.68	-	-	0.6	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2Mbps and above PC link connection cct provision	£/circuit	9,207.03	-	-	-	-	0.1	0.5	-	-	0.1	-	-	-	-	-	-	-	-	-
64Kbps PC link connection cct provision	£/circuit	2,611.38	0.0	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
PC rental 64Kbps link local end	£/le	1,311.86	-	-	0.1	0.4	-	-	-	-	-	-	-	-	0.9	-	-	-	-	-
PC rental 2Mbps local end copper	£/le	319.85	-	-	0.1	0.3	-	-	0.0	0.2	0.0	-	-	0.2	-	-	-	-	-	-
PC rental 2Mbps local end fibre	£/le	567.84	-	-	0.2	0.6	-	-	1.3	4.7	0.6	-	-	1.9	-	-	-	-	-	-
PC rentals 2Mbps regional trunk	£/km	24.03	-	-	-	-	-	-	0.1	0.8	0.4	-	-	-	-	-	-	-	-	-
PC rental 2Mbit link per km national trunk	£/km	11.81	-	-	-	-	-	-	0.0	0.2	0.1	-	-	-	-	-	-	-	-	-
Customer support – Partial private circuits	%	£13m	0.0	0.0	0.1	0.3	0.0	0.0	0.3	1.0	0.1	-	-	0.1	-	-	-	-	0.0	0.0
Ofcom Administration Fee – Wholesale	%	£2m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.0	-	-	-	-	0.0	-
TISBO Excess Construction	%	£9m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low TISBO 3rd party Equipment Depn	%	£4m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£37m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-	-	0.0	-	-	-	-	0.0	0.0
Rounding			-	-	(0.1)	0.1	-	-	-	-	(0.1)	-	-	(0.1)	-	-	-	-	-	-
Fully Allocated Cost (£m)			0.0	0.2	1.4	5.3	0.1	0.5	4.1	15.4	3.2	-	-	3.0	-	-	0.1	0.1		
	Volume (units)		(ux)	91	(ux)	(ux)	(ux)	55	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)	27,170	(ux)	(ux)	(ux)	(ux)
	Average cost £		(ux)	1,687.51	(ux)	(ux)	(ux)	9,313.36	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)	(ux)	111.79	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

Low Bandwidth TISBO calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	Partial and Private Circuits 64Kbps – Local Ends		Partial and Private Circuits 64Kbps – Links		Partial and Private Circuits 64Kbps – Terminating segments		Partial and Private Circuits 2Mbps – Connections		Partial and Private Circuits 2Mbps – Local Ends		Partial and Private Circuits 2Mbps – Links		Partial and Private Circuits 2Mbps – Terminating segments		Partial and Private Circuits Other	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
E side copper capital	£/line	6.62	0.1	0.0	-	-	-	-	-	-	0.1	0.0	-	-	-	-	0.0	-
E side copper current	£/line	3.49	0.0	0.0	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-
D side copper capital	£/line	33.41	0.4	0.1	-	-	-	-	-	-	0.3	0.2	-	-	-	-	0.0	-
D side copper current	£/line	8.61	0.1	0.0	-	-	-	-	-	-	0.0	0.0	-	-	-	-	0.0	-
Local exchanges general frames equipment	£/line	0.96	0.0	0.0	-	-	-	-	-	-	0.0	0.0	-	-	-	-	0.0	-
PC rental 2Mbps link per km distribution	£/km	49.65	-	-	-	-	-	-	-	-	-	-	-	-	13.4	15.9	0.1	0.4
Point of Handover electronics	£/eq	2,313.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.9
PC rental 64Kbps link	£/link	153.14	-	-	5.6	1.7	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbps link	£/link	164.46	-	-	-	-	-	-	-	-	-	-	3.2	3.1	-	-	0.0	0.1
PC rental 64Kbps link per km transmission	£/km	6.68	-	-	-	-	5.0	2.0	-	-	-	-	-	-	-	-	-	-
2Mbps and above PC link connection cct provision	£/circuit	9,207.03	-	-	-	-	-	-	1.8	4.0	-	-	-	-	-	-	-	-
64Kbps PC link connection cct provision	£/circuit	2,611.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64Kbps link local end	£/le	1,311.86	16.4	5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbps local end copper	£/le	319.85	-	-	-	-	-	-	-	-	1.7	1.1	-	-	-	-	0.0	-
PC rental 2Mbps local end fibre	£/le	567.84	-	-	-	-	-	-	-	-	20.0	11.1	-	-	-	-	0.1	0.2
PC rentals 2Mbps regional trunk	£/km	24.03	-	-	-	-	-	-	-	-	-	-	-	-	2.5	1.5	0.0	0.1
PC rental 2Mbit link per km national trunk	£/km	11.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer support – Partial private circuits	%	£13m	0.4	0.1	0.3	0.1	0.1	0.0	0.0	0.0	1.9	1.1	0.4	0.4	1.2	1.3	0.1	0.2
Ofcom Administration Fee – Wholesale	%	£2m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TISBO Excess Construction	%	£9m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low TISBO 3rd party Equipment Depn	%	£4m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.6
Revenue Receivables	%	£37m	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.0	0.1	0.1	0.0	0.0
Rounding			-	0.1	-	(0.1)	-	0.1	-	-	0.1	0.1	-	-	-	0.1	-	0.1
Fully Allocated Cost (£m)			17.5	5.4	5.9	1.7	5.1	2.1	1.8	4.0	24.3	13.7	3.6	3.5	17.2	18.9	0.3	10.6
	Volume (units)		12,473	3,853	36,513	10,781	745,824	305,847	192	431	40,580	22,901	19,455	18,814	375,644	387,511	(ux)	(ux)
	Average cost £		1,402.59	1,402.59	161.60	161.62	6.83	6.83	9,324.69	9,324.69	598.20	596.48	185.42	184.55	45.84	48.67	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

Low Bandwidth TISBO Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Radio Backhaul Services 64Kbps Connections	–	0.0	0.0	(ux)	66	ccts	(sx)	517.12	–	0.1	0.1
Radio Backhaul Services 64Kbps Rentals	–	6.0	6.0	(ux)	(ux)	(ux)	(sx)	(sx)	–	7.9	7.9
Radio Backhaul Services 2Mbps Connections	–	0.5	0.5	(ux)	222	ccts	(sx)	2,062.00	–	2.0	2.0
Radio Backhaul Services 2Mbps Rentals	–	47.7	47.7	(ux)	(ux)	(ux)	(sx)	(sx)	–	31.2	31.2
Other Mobile Services	5.5	–	5.5	(ux)	(ux)	(ux)	(sx)	(sx)	6.6	–	6.6
TI Mobile Services Sub-Cap	5.5	54.2	59.7						6.6	41.2	47.8
Partial and Private Circuits Point of Handover	–	1.4	1.4	(ux)	33,875	le	(sx)	40.69	–	3.4	3.4
Other Interconnection services	–	–	–	(ux)	(ux)	(ux)	(sx)	(sx)	–	–	–
TI Interconnection Sub-Cap	–	1.4	1.4						–	3.4	3.4
Partial and Private Circuits 64Kbps Connections	0.1	0.0	0.1	(ux)	(ux)	(ux)	(sx)	(sx)	0.2	0.1	0.3
Partial and Private Circuits 64Kbps Local Ends	12.0	3.9	15.9	14,179	4,652	le	847.53	847.53	18.9	6.2	25.1
Partial and Private Circuits 64Kbps Links	8.8	3.0	11.8	40,581	13,872	links	217.16	216.88	6.4	2.2	8.6
Partial and Private Circuits 64Kbps Terminating segments	3.4	1.6	5.0	835,068	393,236	km	4.02	3.99	5.6	2.6	8.2
Partial and Private Circuits 2Mbps Connections	0.7	1.0	1.7	308	467	ccts	2,217.40	2,217.40	2.8	4.2	7.0
Partial and Private Circuits 2Mbps Local Ends	50.6	32.2	82.8	46,172	28,775	le	1,096.62	1,118.39	25.3	15.8	41.1
Partial and Private Circuits 2Mbps Links	10.3	10.4	20.7	22,194	23,531	links	463.57	443.65	4.0	4.2	8.2
Partial and Private Circuits 2Mbps Terminating segments	32.3	36.9	69.2	437,211	479,625	km	73.77	76.96	20.4	23.8	44.2
Partial and Private Circuits Other	2.7	5.3	8.0	(ux)	(ux)	(ux)	(sx)	(sx)	0.4	12.6	13.0
TI All Services Sub-Cap	120.9	94.3	215.2						84.0	71.7	155.7
TI Services Basket	126.4	149.9	276.3								
TI Excess Construction Charges	0.2	0.2	0.4								
ECC Asset Depreciation	–	–	–								
Rounding	–	–	–								
Total Low Bandwidth TISBO	126.6	150.1	276.7								

Notes

Estimated matched cost of £0.2m (Internal) and £0.2m (External) (d)
Estimated depreciation on equipment of £3.2m

Section 7 – Review of Business Connectivity Markets

Low Bandwidth calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	Average cost per unit (from Appendix 1.2)	Radio Backhaul Services 64Kbps Connections		Radio Backhaul Services 64Kbps Rentals		Radio Backhaul Services – 2Mbps Connections		Radio Backhaul Services – 2Mbps Rentals		Other Mobile Services		Partial and Private Circuits Point of Handover		Other Interconnection services		Partial and Private Circuits 64Kbps – Connections	
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																
E side copper capital	£/line	6.88	-	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-
E side copper current	£/line	3.41	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-
D side copper capital	£/line	37.25	-	-	0.1	-	-	-	0.1	0.0	-	-	-	-	-	-	-
D side copper current	£/line	8.35	-	-	0.0	-	-	-	0.0	-	-	-	-	-	-	-	-
Local exchanges general frames equipment	£/line	0.96	-	-	0.0	-	-	-	0.0	0.0	-	-	-	-	-	-	-
PC rental 2Mbps link per km distribution	£/km	49.38	-	-	-	-	-	-	14.1	3.4	-	-	-	-	-	-	-
Point of Handover electronics	£/eq	3,459.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 64Kbps link	£/link	143.73	-	-	2.4	-	-	-	-	-	-	-	-	-	-	-	-
PC rental 2Mbps link	£/link	153.42	-	-	-	-	-	-	2.6	0.3	-	-	-	-	-	-	-
PC rental 64Kbps link per km transmission	£/km	6.44	-	-	3.7	-	-	-	-	-	-	-	-	-	-	-	-
2Mbps and above PC link connection cct provision	£/circuit	8,880.65	-	-	-	-	2.0	-	-	0.7	-	-	-	-	-	-	-
64Kbps PC link connection cct provision	£/circuit	2,554.24	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1
PC rental 64Kbps link local end	£/le	1,221.99	-	-	0.3	-	-	-	-	-	-	-	1.0	-	-	-	-
PC rental 2Mbps local end copper	£/le	341.97	-	-	0.4	-	-	-	0.4	0.0	-	-	0.2	-	-	-	-
PC rental 2Mbps local end fibre	£/le	486.92	-	-	0.6	-	-	-	8.1	0.9	-	-	2.1	-	-	-	-
PC Rentals 2Mbps regional trunk	£/km	23.34	-	-	-	-	-	-	2.2	0.7	-	-	-	-	-	-	-
PC rental 2Mbit link per km national trunk	£/km	12.83	-	-	-	-	-	-	0.7	0.2	-	-	-	-	-	-	-
Customer support – Partial private circuits	%	£19m	-	0.0	0.3	-	0.0	-	2.7	0.3	-	-	0.1	-	-	0.0	0.0
Ofcom Administration Fee – Wholesale	%	£1m	-	0.0	0.0	-	0.0	-	0.0	0.0	-	-	0.0	-	-	0.0	-
TISBO Excess Construction	%	£10m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low TISBO 3rd party Equipment Depn	%	£5m	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Receivables	%	£45m	-	0.0	0.0	-	0.0	-	0.3	0.0	-	-	0.0	-	-	0.0	0.0
Rounding			-	-	0.1	-	-	-	-	0.1	-	-	-	-	-	-	-
Fully Allocated Cost (£m)		-	0.1	-	7.9	-	2.0	-	31.2	6.6	-	-	3.4	-	-	0.2	0.1
	Volume (units)	(ux)	66	(ux)	(ux)	(ux)	222	(ux)	(ux)	(ux)	(ux)	(ux)	33,875	(ux)	(ux)	(ux)	(ux)
	Average cost £	(ux)	2,026.97	(ux)	(ux)	(ux)	9,010.99	(ux)	(ux)	(ux)	(ux)	(ux)	99.48	(ux)	(ux)	(ux)	(ux)

Section 7 – Review of Business Connectivity Markets

Low Bandwidth calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Partial and Private Circuits 64Kbps – Local Ends		Partial and Private Circuits 64Kbps – Links		Partial and Private Circuits 64Kbps – Terminating segments		Partial and Private Circuits 2Mbps – Connections		Partial and Private Circuits 2Mbps – Local Ends		Partial and Private Circuits 2Mbps – Links		Partial and Private Circuits 2Mbps – Terminating segments		Partial and Private Circuits Other	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)																	
E side copper capital	£/line	6.88	0.1	0.0	–	–	–	–	–	–	0.1	0.0	–	–	–	–	0.0	–
E side copper current	£/line	3.41	0.0	0.0	–	–	–	–	–	–	0.0	0.0	–	–	–	–	–	–
D side copper capital	£/line	37.25	0.5	0.2	–	–	–	–	–	–	0.4	0.3	–	–	–	–	0.0	–
D side copper current	£/line	8.35	0.1	0.0	–	–	–	–	–	–	0.0	0.0	–	–	–	–	–	–
Local exchanges general frames equipment	£/line	0.96	0.0	0.0	–	–	–	–	–	–	0.0	0.0	–	–	–	–	0.0	–
PC rental 2Mbps link per km distribution	£/km	49.38	–	–	–	–	–	–	–	–	–	–	–	–	15.6	19.6	0.1	0.5
Point of Handover electronics	£/eq	3,459.78	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.4
PC rental 64Kbps link	£/link	143.73	–	–	5.8	2.0	–	–	–	–	–	–	–	–	–	–	–	–
PC rental 2Mbps link	£/link	153.42	–	–	–	–	–	–	–	–	–	–	3.4	3.6	–	–	0.0	0.1
PC rental 64Kbps link per km transmission	£/km	6.44	–	–	–	–	5.4	2.5	–	–	–	–	–	–	–	–	–	–
2Mbps and above PC link connection cct provision	£/circuit	8,880.65	–	–	–	–	–	–	2.7	4.1	–	–	–	–	–	–	–	–
64Kbps PC link connection cct provision	£/circuit	2,554.24	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PC rental 64Kbps link local end	£/le	1,221.99	17.3	5.7	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PC rental 2Mbps local end copper	£/le	341.97	–	–	–	–	–	–	–	–	2.1	1.4	–	–	–	–	0.0	–
PC rental 2Mbps local end fibre	£/le	486.92	–	–	–	–	–	–	–	–	19.6	12.0	–	–	–	–	0.1	0.2
PC Rentals 2Mbps regional trunk	£/km	23.34	–	–	–	–	–	–	–	–	–	–	–	–	2.8	1.8	0.0	0.2
PC rental 2Mbit link per km national trunk	£/km	12.83	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Customer support – Partial private circuits	%	£19m	0.7	0.2	0.5	0.2	0.2	0.1	0.0	0.1	2.8	1.8	0.6	0.6	1.8	2.1	0.2	0.3
Ofcom Administration Fee – Wholesale	%	£1m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TISBO Excess Construction	%	£10m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Low TISBO 3rd party Equipment Depn	%	£5m	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5.0
Revenue Receivables	%	£45m	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3	0.2	0.1	0.1	0.2	0.2	0.0	0.0
Rounding			0.1	0.1	–	–	–	–	0.1	–	–	0.1	(0.1)	(0.1)	–	0.1	–	(0.1)
Fully Allocated Cost (£m)			18.9	6.2	6.4	2.2	5.6	2.6	2.8	4.2	25.3	15.8	4.0	4.2	20.4	23.8	0.4	12.6
	Volume (units)	14,179	4,652	40,581	13,872	835,068	393,236	308	467	46,172	28,775	22,194	23,531	437,211	479,625	(ux)	(ux)	
	Average cost £	1,330.42	1,330.42	157.46	157.44	6.69	6.69	9,020.81	9,020.84	547.05	547.38	181.78	180.52	46.61	49.60	(ux)	(ux)	

Section 8 Review of Narrowband Markets

Section 8 – Review of Narrowband Markets

8.1 Fixed Call Origination Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic – millions of minutes (mm)				External NCC traffic – millions of minutes (mm)				Internal Average NCC rates – pence per minute (ppm)				External Average NCC rates – pence per minute (ppm)			
	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service																			
Internal and External Wholesale call originating local exchange segment PSTN and ISDN (excl OA)	0.0	26.3	26.3	0	0	0	0	4,673	630	536	5,839	0.510	0.234	0.184	0.455	0.510	0.234	0.184	0.450
Internal and External Wholesale call originating local exchange segment (incl OA)	120.2	18.3	138.5	18,508	5,088	5,555	29,151	3,189	353	360	3,902	0.526	0.241	0.190	0.412	0.526	0.241	0.190	0.469
Internal Wholesale call origination local exchange Stick	2.1	–	2.1	557	153	253	963	–	–	–	–	0.298	0.137	0.108	0.222	–	–	–	–
Total Fixed Call Origination	122.3	44.6	166.9																

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic – millions of minutes (mm)				External NCC traffic – millions of minutes (mm)				Internal Average NCC rates – pence per minute (ppm)				External Average NCC rates – pence per minute (ppm)			
	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service																			
Internal and External Wholesale call originating local exchange segment PSTN and ISDN (excl OA)	0.0	31.7	31.7	4	1	0	5	5,439	714	599	6,752	0.532	0.244	0.192	0.475	0.532	0.244	0.192	0.471
Internal and External Wholesale call originating local exchange segment (incl OA)	137.4	20.6	158.0	19,891	6,148	6,642	32,681	3,389	462	464	4,315	0.548	0.251	0.198	0.425	0.548	0.251	0.198	0.479
Internal Wholesale call origination local exchange Stick	2.7	–	2.7	632	303	389	1,324	–	–	–	–	0.298	0.137	0.108	0.205	–	–	–	–
Total Fixed Call Origination	140.1	52.3	192.4																

Section 8 – Review of Narrowband Markets

8.2 Fixed Geographic Call Termination Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic – millions of minutes (mm)				External NCC traffic – millions of minutes (mm)				Internal Average NCC rates – pence per minute (ppm)				External Average NCC rates – pence per minute (ppm)			
	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service																			
Wholesale call termination local exchange segment	2.9	8.0	10.9	5,267	1,382	2,193	8,842	14,907	4,604	3,897	23,408	0.043	0.020	0.016	0.033	0.043	0.020	0.016	0.034
Internal Wholesale call termination local exchange stick (PSTN & ISDN)	0.2	–	0.2	557	153	253	963	–	–	–	–	0.027	0.012	0.010	0.020	–	–	–	–
Total Fixed Geographic Call Termination	3.1	8.0	11.1																

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue	External Revenue	Total Revenue	Internal NCC traffic – millions of minutes (mm)				External NCC traffic – millions of minutes (mm)				Internal Average NCC rates – pence per minute (ppm)				External Average NCC rates – pence per minute (ppm)			
	£m	£m	£m	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	24 hours	Day	Evening	Weekend	Weighted Average	Day	Evening	Weekend	Weighted Average
Service																			
Wholesale call termination local exchange segment	3.8	11.0	14.8	5,909	2,746	3,462	12,117	20,222	5,461	4,623	30,306	0.045	0.021	0.016	0.031	0.045	0.021	0.016	0.036
Internal Wholesale call termination local exchange stick (PSTN & ISDN)	0.2	–	0.2	632	303	389	1,324	–	–	–	–	0.027	0.012	0.010	0.019	–	–	–	–
Total Fixed Geographic Call Termination	4.0	11.0	15.0																

Section 8 – Review of Narrowband Markets

8.3 Technical Areas (Interconnect Circuits) Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Wholesale Standard CSI Connections – External	–	0.5	0.5	–	281	circuits	–	1,866.58	–	2.0	2.0
Wholesale Standard CSI Rentals – Fixed	–	8.1	8.1	–	6,332	circuits	–	1,275.17	–	2.7	2.7
Wholesale Standard CSI Rentals – per km	–	4.4	4.4	–	204,742	km	–	21.60	–	1.1	1.1
Wholesale IEC Connections	–	0.1	0.1	–	85	circuits	–	1,003.19	–	0.1	0.1
Wholesale IEC Rentals	–	3.1	3.1	–	5,002	circuits	–	627.28	–	1.7	1.7
Wholesale IEC Rentals – per km	–	2.3	2.3	–	108,401	km	–	21.60	–	3.3	3.3
Wholesale Intra-Building Circuits Connections	–	0.9	0.9	–	1,033	circuits	–	834.95	–	0.1	0.1
Wholesale Intra-Building Circuit Rentals	–	4.4	4.4	–	42,074	circuits	–	104.23	–	5.6	5.6
Wholesale ISI Rentals	–	–	–	–	35,742	circuits	–	–	–	3.7	3.7
Nominated ISI – per 100m	–	1.4	1.4	–	19,775	100m	–	68.75	–	0.4	0.4
Wholesale Rearrangements	–	0.6	0.6	–	1,171	circuits	–	471.31	–	3.8	3.8
Rounding	–	(0.1)	(0.1)						–	–	–
Total Technical Areas (Interconnect Circuits)	–	25.7	25.7						–	24.5	24.5

Section 8 – Review of Narrowband Markets

Technical Areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	Customer Sited Interconnect (end to end circuit)			In Span Interconnect with Interconnect Extension Circuit (end to end circuit)			In Span Interconnect				
			Wholesale Standard CSI Connections	Wholesale Standard CSI Rentals – Fixed	Wholesale standard CSI Rentals – per km	Wholesale IEC Connections	Wholesale IEC Rentals	Wholesale IEC Rentals – per km	Wholesale Intra-Building Circuit Connections	Wholesale Intra-Building Circuit Rentals	Wholesale ISI Rentals	Nominated ISI – per 100m	Wholesale Rearrangements
Fully Allocated Cost (£m)			External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m
Components		Unit (c)											
Interconnect local end rental 2Mbps		£/circuit	136.52	–	0.9	–	–	–	–	–	–	–	–
Interconnect 2Mbps connection		£/circuit	4,924.19	2.0	–	–	0.1	–	–	–	–	–	3.7
Interconnect extension circuits (IEC) 2Mbps link		£/circuit	131.18	–	–	–	–	0.7	–	–	–	–	–
Customer Sited Interconnect cct (CSI) 2Mbps link		£/circuit	10.80	–	0.1	–	–	–	–	–	–	–	–
Nominated In Span I/Connect cct (ISI) transmission		£/100m	12.86	–	–	–	–	–	–	–	–	0.3	–
Interconnect Extension Circuits (IEC) 2Mbps per km		£/km	27.95	–	–	–	–	–	3.0	–	–	–	–
Customer Sited Interconnect (CSI) 2Mbps per km		£/km	2.84	–	–	0.6	–	–	–	–	–	–	–
In Span Interconnect circuits (ISI) transmission		£/circuit	102.37	–	–	–	–	–	–	–	3.7	–	–
Intra Building Circuit (IBC) connection		£/circuit	2.52	0.0	–	–	0.0	–	–	0.0	–	–	–
Intra Building Circuit (IBC) rental		£/circuit	118.67	–	0.8	–	–	0.6	–	–	5.0	–	–
Customer support – Interconnect		%	£3m	0.1	1.0	0.5	0.0	0.4	0.3	0.1	0.5	–	0.2
Ofcom Administration Fee – Wholesale		%	£2m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0
Revenue Receivables		%	£37m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0
Rounding				(0.1)	(0.1)	–	–	–	–	–	0.1	–	(0.1)
Fully Allocated Cost (£m)				2.0	2.7	1.1	0.1	1.7	3.3	0.1	5.6	3.7	0.4
		Volume (units)		281	6,332	204,742	85	5,002	108,401	1,033	42,074	35,742	19,775
		Unit cost £		7,188.79	429.23	5.61	1,263.88	330.15	30.72	109.41	132.02	102.37	21.66

Section 8 – Review of Narrowband Markets

Technical Areas (Interconnect Circuits) Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m
Service											
Wholesale Standard CSI Connections – External	–	0.4	0.4	–	216	circuits	–	1,866.58	–	1.5	1.5
Wholesale Standard CSI Rentals – Fixed	–	10.9	10.9	–	8,512	circuits	–	1,275.17	–	2.9	2.9
Wholesale Standard CSI Rentals – per km	–	6.1	6.1	–	283,930	km	–	21.60	–	1.5	1.5
Wholesale IEC Connections	–	0.1	0.1	–	109	circuits	–	1,003.19	–	0.1	0.1
Wholesale IEC Rentals	–	3.9	3.9	–	6,243	circuits	–	627.28	–	1.6	1.6
Wholesale IEC Rentals – per km	–	3.2	3.2	–	147,429	km	–	21.60	–	3.9	3.9
Wholesale Intra-Building Circuits Connections	–	0.7	0.7	–	795	circuits	–	834.95	–	0.1	0.1
Wholesale Intra-Building Circuit Rentals	–	4.3	4.3	–	40,905	circuits	–	104.23	–	4.0	4.0
Wholesale ISI Rentals	–	–	–	–	32,393	circuits	–	–	–	3.8	3.8
Nominated ISI – per 100m	–	1.4	1.4	–	19,775	100m	–	68.75	–	0.5	0.5
Wholesale Rearrangements	–	1.0	1.0	–	2,040	circuits	–	471.31	–	6.6	6.6
Rounding	–	(0.2)	(0.2)						–	–	–
Total Technical Areas (Interconnect Circuits)	–	31.8	31.8						–	26.5	26.5

Section 8 – Review of Narrowband Markets

Technical Areas (Interconnect Circuits) calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Customer Sited Interconnect (end to end circuit)			In Span Interconnect with Interconnect Extension Circuit (end to end circuit)			In Span Interconnect				
			Wholesale Standard CSI Connections	Wholesale Standard CSI Rentals – Fixed	Wholesale standard CSI Rentals – per km	Wholesale IEC Connections	Wholesale IEC Rentals	Wholesale IEC Rentals – per km	Wholesale Intra-Building Circuit Connections	Wholesale Intra-Building Circuit Rentals	Wholesale ISI Rentals	Nominated ISI – per 100m	Wholesale Rearrangements
Fully Allocated Cost (£m)			External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m	External £m
Components	Unit (c)												
Interconnect local end rental 2Mbps	£/circuit	107.29	–	0.9	–	–	–	–	–	–	–	–	–
Interconnect 2Mbps connection	£/circuit	3,981.10	1.5	–	–	0.1	–	–	–	–	–	–	6.5
Interconnect extension circuits (IEC) 2Mbps link	£/circuit	111.56	–	–	–	–	0.7	–	–	–	–	–	–
Customer Sited Interconnect cct (CSI) 2Mbps link	£/circuit	10.74	–	0.1	–	–	–	–	–	–	–	–	–
Nominated In Span I/Connect cct (ISI) transmission	£/100m	18.05	–	–	–	–	–	–	–	–	–	0.4	–
Interconnect Extension Circuits (IEC) 2Mbps per km	£/km	24.55	–	–	–	–	–	3.6	–	–	–	–	–
Customer Sited Interconnect (CSI) 2Mbps per km	£/km	3.07	–	–	0.9	–	–	–	–	–	–	–	–
In Span Interconnect circuits (ISI) transmission	£/circuit	116.62	–	–	–	–	–	–	–	–	3.8	–	–
Intra Building Circuit (IBC) connection	£/circuit	11.22	0.0	–	–	0.0	–	–	0.0	–	–	–	–
Intra Building Circuit (IBC) rental	£/circuit	86.78	–	0.7	–	–	0.5	–	–	3.5	–	–	–
Customer support – Interconnect	%	£3m	0.0	1.0	0.6	0.0	0.4	0.3	0.1	0.4	–	0.1	0.1
Ofcom Administration Fee – Wholesale	%	£1m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0
Revenue Receivables	%	£45m	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0
Rounding			–	0.1	–	–	–	–	–	0.1	–	–	–
Fully Allocated Cost (£m)			1.5	2.9	1.5	0.1	1.6	3.9	0.1	4.0	3.8	0.5	6.6
Volume (units)			216	8,512	283,930	109	6,243	147,429	795	40,905	32,393	19,775	2,040
Unit cost £			7,165.14	334.93	5.28	1,249.17	262.35	26.76	96.43	97.42	116.62	25.07	3,231.21

Section 9
Review of Wholesale Broadband Access Markets

Section 9 – Review of Wholesale Broadband Access Markets

9.1 WBA (Market A) Summary

For the year ended 31 March 2017

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m	Internal EOI £m	External EOI £m
IPstream Services													
IPstream Connect Max and Max Premium End User Access – Rental	27.4	8.3	35.7	462,768	133,813	rentals	59.21	62.08	32.5	9.5	42.0	4.9	1.4
IPstream Connect Contracted Bandwidth per Mbps per node rental	67.6	5.3	72.9	1,684,180	132,436	bandwidth	40.11	40.12	75.0	8.6	83.6	–	–
IPstream Connect End User Re-grade	0.1	0.0	0.1	31,797	233	re-grades	4.39	4.39	0.2	0.0	0.2	0.2	0.0
IPstream Connect End User Migration	0.1	0.0	0.1	11,805	86	migrations	9.57	9.57	0.1	0.0	0.1	0.1	0.0
IPstream Connect ADSL Cancellation	0.0	0.0	0.0	12	12	cancellations	60.55	60.55	0.0	0.0	0.0	0.0	0.0
Other IPstream Connect Market	10.3	3.2	13.5	(ux)	(ux)	(ux)	(ux)	(ux)	2.7	0.7	3.4	1.9	0.5
Total IPstream Connect Basket	105.5	16.8	122.3						110.5	18.8	129.3	7.1	1.9
Cease Basket	–	–	–	221,338	33,945	ceases	–	–	1.3	0.2	1.5	1.3	0.2
WBC Services													
WBC Connections	6.3	0.0	6.3	143,708	755	conns	43.85	44.59	5.3	0.0	5.3	5.1	0.0
WBC End User Access – Rental	70.6	0.3	70.9	828,637	3,758	rentals	85.25	83.83	49.1	0.2	49.3	17.9	0.1
WBC Bandwidth	166.3	0.3	166.6	4,158,517	7,146	bandwidth	40.00	40.00	17.6	0.0	17.6	5.6	0.0
WBC Ancillary Charges & other	1.3	0.2	1.5	(ux)	(ux)	(ux)	(ux)	(ux)	2.3	0.0	2.3	2.3	0.0
Sub-total WBC Services	244.5	0.8	245.3						74.3	0.2	74.5	30.9	0.1
Other WBA Market A	2.5	11.4	13.9						5.9	1.0	6.9	5.8	0.8
Total WBA Market A (including EOI and Internal)	352.5	29.0	381.5						192.0	20.2	212.2	45.1	3.0
Adjustment for EOI and Internal	(45.1)	(3.0)	(48.1)						(45.1)	(3.0)	(48.1)		
Rounding	–	0.2	0.2						(0.1)	0.2	0.1		
Total WBA Market A (adjusted for EOI and Internal)	307.4	26.2	333.6						146.8	17.4	164.2		

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) calculation of FAC based on component costs and usage factors

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	IPstream Connect Max and Max Premium End User Access – Rental		IPstream Connect Contracted Bandwidth per Mbps per node rental		IPstream Connect End User Re-grade		IPstream Connect End User Migration		IPstream Connect ADSL Cancellation		Other IPstream Connect Market	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
ADSL connections	£/conn	0.22	–	–	–	–	–	–	–	–	–	–	0.0	0.0
Broadband line testing systems	£/line	0.43	0.2	0.1	–	–	–	–	–	–	–	–	0.0	0.0
DSLAM support	£/line	14.95	22.7	6.7	5.4	1.6	–	–	–	–	–	–	0.5	0.2
DSLAM equipment	£/line	4.98	4.1	1.2	5.4	1.6	–	–	–	–	–	–	0.1	0.0
Core Directors	£/circuit	0.40	–	–	0.7	0.1	–	–	–	–	–	–	–	–
ATM customer interface 34Mbps	£/port	81.83	–	–	0.0	0.0	–	–	–	–	–	–	–	–
ATM customer interface > 155Mbps	£/port	22.97	–	–	0.4	0.1	–	–	–	–	–	–	–	–
ATM network interface	£/port	239.11	–	–	0.3	0.0	–	–	–	–	–	–	–	–
ATM network switching	bandwidth	471.49	–	–	1.2	0.2	–	–	–	–	–	–	–	–
Inter ATM transmissions	£/use	2,369.40	–	–	2.6	0.4	–	–	–	–	–	–	–	–
Broadband backhaul circuits (excl Virtual Paths)	%	£66m	–	–	57.5	4.5	–	–	–	–	–	–	–	–
Core/Metro (broadband)	£/circuit	0.58	–	–	–	–	–	–	–	–	–	–	–	–
Edge Ethernet ports broadband	bandwidth	0.02	–	–	–	–	–	–	–	–	–	–	–	–
Metro BRAS and MSE	bandwidth	0.60	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Switch BB	£/circuit	0.55	–	–	–	–	–	–	–	–	–	–	–	–
Metro-core broadband transmission	£/circuit	0.20	–	–	–	–	–	–	–	–	–	–	–	–
Combi card broadband access	£/line	11.27	–	–	–	–	–	–	–	–	–	–	–	–
MSAN Access – SFB	£/port	1.12	–	–	–	–	–	–	–	–	–	–	–	–
Broadband MSAN access	rental	14.41	–	–	–	–	–	–	–	–	–	–	–	–
EVOTAM Testing Systems	£/line	4.82	–	–	–	–	–	–	–	–	–	–	–	–
Customer support – Broadband	%	£30m	0.5	0.1	1.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
Ofcom Administration Fee – Wholesale	%	£2m	0.0	0.0	0.1	0.0	0.0	–	0.0	–	–	–	0.0	0.0
Revenue Receivables	%	£37m	0.1	0.0	0.4	0.0	0.0	0.0	0.0	–	–	–	0.1	0.0
Notional Creditor	%	£(3)m	0.0	0.0	–	–	0.0	0.0	0.0	–	–	–	0.0	0.0
EOI Inputs			4.9	1.4	–	–	0.2	0.0	0.1	0.0	0.0	0.0	1.9	0.5
Rounding			–	–	(0.2)	–	–	–	–	–	–	–	(0.1)	(0.1)
Fully Allocated Cost (£m)			32.5	9.5	75.0	8.6	0.2	0.0	0.1	0.0	0.0	0.0	2.7	0.7
	Volume		462,768	133,813	1,684,180	132,436	31,797	233	11,805	86	12	12	(ux)	(ux)
	Unit cost £		70.27	71.03	44.51	64.88	7.80	7.82	10.22	10.18	9.17	9.17	(ux)	(ux)

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) calculation of FAC based on component costs and usage factors (continued)

For the year ended 31 March 2017

		Average cost per unit (from Appendix 1.1)	Cease Basket		WBC Connections		WBC End User Access – Rental		WBC Bandwidth		WBC Ancillary Charges & other		Other WBA Market A	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
ADSL connections	£/conn	0.22	-	-	0.0	0.0	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.43	-	-	-	-	0.3	0.0	-	-	-	-	-	-
DSLAM support	£/line	14.95	-	-	-	-	-	-	-	-	-	-	-	-
DSLAM equipment	£/line	4.98	-	-	-	-	-	-	-	-	-	-	-	-
Core Directors	£/circuit	0.40	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface 34Mbps	£/port	81.83	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbps	£/port	22.97	-	-	-	-	-	-	-	-	-	-	-	-
ATM network interface	£/port	239.11	-	-	-	-	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	471.49	-	-	-	-	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	2,369.40	-	-	-	-	-	-	-	-	-	-	-	-
Broadband backhaul circuits (excl Virtual Paths)	%	£66m	-	-	-	-	-	-	-	-	-	-	-	-
Core/Metro (broadband)	£/circuit	0.58	-	-	-	-	-	-	2.4	0.0	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.02	-	-	-	-	-	-	0.1	0.0	-	-	-	-
Metro BRAS and MSE	bandwidth	0.60	-	-	-	-	-	-	2.5	0.0	-	-	-	-
Ethernet Switch BB	£/circuit	0.55	-	-	-	-	-	-	2.3	0.0	-	-	-	-
Metro-core broadband transmission	£/circuit	0.20	-	-	-	-	-	-	0.8	0.0	-	-	-	-
Combi card broadband access	£/line	11.27	-	-	-	-	11.3	0.1	-	-	-	-	-	-
MSAN Access – SFBB	£/port	1.12	-	-	-	-	0.1	0.0	-	-	-	-	-	-
Broadband MSAN access	rental	14.41	-	-	-	-	14.4	0.1	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	4.82	-	-	-	-	3.5	0.0	-	-	-	-	-	-
Customer support – Broadband	%	£30m	-	-	0.1	0.0	1.2	0.0	2.9	0.0	0.0	0.0	0.0	0.2
Ofcom Administration Fee – Wholesale	%	£2m	-	-	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£37m	-	-	0.0	0.0	0.4	0.0	0.9	0.0	0.0	0.0	0.0	0.1
Notional Creditor	%	£(3)m	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EOI Inputs			1.3	0.2	5.1	0.0	17.9	0.1	5.6	0.0	2.3	0.0	5.8	0.8
Rounding			-	-	0.1	-	-	(0.1)	-	-	-	-	0.1	(0.1)
Fully Allocated Cost (£m)			1.3	0.2	5.3	0.0	49.1	0.2	17.6	0.0	2.3	0.0	5.9	1.0
		Volume	221,338	33,945	143,708	755	828,637	3,758	4,158,517	7,146	(ux)	(ux)	(ux)	(ux)
		Unit cost £	5.99	5.99	36.82	38.31	59.21	58.66	4.24	4.08	(ux)	(ux)	(ux)	(ux)

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) EOI

For the year ended 31 March 2017

EOI Charge		Average EOI Input Price per unit		IPstream Connect Max and Max Premium End User Access – Rental		IPstream Connect Contracted Bandwidth per Mbps per node rental		IPStream Connect End User Re-grade		IPstream Connect End User Migration		IPstream Connect ADSL Cancellation		Other IPstream Connect Market		Cease Basket		WBC Connections		WBC End User Access – Rental		WBC Bandwidth		WBC Ancillary Charges & other		Other WBA Market A		
		Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	
Part Service Description		Units																										
EBD ONBS Rentals AISBO Non-WECLA		circuits	3,963.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.0	-	-	-	-	
EBD ONBS Connections AISBO Non-WECLA		circuits	1,957.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
EBD ONBS Rentals MISBO Non-WECLA		circuits	10,504.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.0	-	-	-	-	
EBD ONBS Connections MISBO Non-WECLA		circuits	7,252.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	
ONBS Rentals Internal EOI Charges EOI Charges Central London Area		circuits	3,987.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Connection Internal EOI Charges EOI Charges Central London Area		circuits	1,919.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	
ONBS Rentals Internal EOI Charges EOI Charges London Periphery		circuits	3,992.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Main Link Central London Area Internal EOI Charges		circuits	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Connection EOI Charges Central London		circuits	7,200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Rentals EOI Charges Central London		circuits	9,842.59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Main Link London Periphery Internal EOI Charges		circuits	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Connection EOI Charges London Periphery		circuits	7,200.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Rentals EOI Charges London Periphery		circuits	9,893.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
SMPF New Provides		conns	27.53	-	-	-	-	-	-	-	-	-	1.9	0.4	-	-	-	3.2	0.0	-	-	-	-	-	-	-	-	
SMPF Single Migrations		migrations	30.13	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.0	-	-
SMPF Rentals		rentals	2.50	1.2	0.3	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	1.8	0.0	-	-	-	-	-	-	
Other LLU Ancillaries Basket		ancillaries	30.26	-	-	-	-	0.2	0.0	0.1	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	1.3	0.0	-	-	
SMPF Bulk Migrations		migrations	20.97	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-
MPF Hard Ceases		ceases	26.80	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	-	
SMPF Hard Ceases		ceases	23.98	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3	0.2	-	-	-	-	-	-	-	-	-	
Other Tie-cables and Co-mingling		%	£12m	1.7	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.5	0.0	-	-	-	-	-	-	
SMPF Enhanced Care		ancillaries	32.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	0.1
SMPF Expedite		ancillaries	97.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.0
WBA Broadband Boost		ancillaries	158.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	-
GEA FTTC Rentals EOI Charges – Internal		rentals	103.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.0	0.0	-	-	-	-	-	-	-
GEA FTTC Connections EOI Charges – Internal		conns	51.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	0.0	-	-	-	-	-	-	-	-	-
GEA FTTP Rentals EOI Charges – Internal		rentals	94.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.0	-	-	-	-	-	-	-
GEA FTTP Connections EOI Charges – Internal		conns	87.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	-
GEA CP to CP Migration EOI Charges – Internal		migrations	11.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Faults Investigation		ancillaries	80.73	0.6	0.2	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	1.0	0.0	-	-	-	0.7	0.0	2.7	0.6
ONBS Main Link AISBO Non-WECLA		circuits	2.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	-
ONBS Main Link MISBO Non-WECLA		circuits	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tie Cables		ancillaries	32.77	1.1	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.8	0.0	-	-	-	-	-	-	-
21CN Backhaul EAD		circuits	9,347.89	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.4	0.0	-	-	-	-	-
Time Related Charges		ancillaries	77.97	0.3	0.1	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	-	0.5	0.0	-	-	-	-	-	-	-
Roundings				-	-	-	-	-	-	-	-	-	-	0.1	(0.1)	-	-	-	-	0.1	0.1	-	-	-	-	-	-	0.1
Total EOI Charge (£m)				4.9	1.4	-	-	0.2	0.0	0.1	0.0	0.0	0.0	0.5	1.3	0.2	5.1	0.0	17.9	0.1	5.6	0.0	2.3	0.0	5.8	0.8		
		Volumes	462,768	133,813	1,684,180	132,436	31,797	233	11,805	86	12	12	(ux)	(ux)	221,338	33,945	143,708	755	828,637	3,758	4,158,517	7,146	(ux)	(ux)	(ux)	(ux)		
		Unit Rentals	10.58	10.45	0.00	0.00	7.74	7.74	10.05	10.05	7.74	7.74	(ux)	(ux)	6.02	6.02	35.79	37.29	21.58	20.55	1.35	1.18	(ux)	(ux)	(ux)	(ux)		

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) Summary

Restated for the year ended 31 March 2016 (e)

Detailed service analysis	Internal Revenue £m	External Revenue £m	Total Revenue £m	Internal Volume	External Volume	Measure	Average Internal Price £	Average External Price £	Internal FAC £m	External FAC £m	Total FAC £m	Internal EOI £m	External EOI £m
IPstream Services													
IPstream Connect Max and Max Premium End User Access – Rental	52.2	16.4	68.6	773,862	228,832	rentals	67.42	71.52	32.4	9.5	41.9	7.7	2.1
IPstream Connect Contracted Bandwidth per Mbps per node rental	127.6	13.7	141.3	2,734,234	296,043	bandwidth	46.67	46.39	77.0	11.5	88.5	–	–
IPstream Connect End User Re-grade	0.5	0.0	0.5	104,517	1,567	re-grades	4.67	4.67	2.6	0.0	2.6	2.6	0.0
IPstream Connect End User Migration	0.3	0.0	0.3	30,405	456	migrations	10.09	10.09	0.8	0.0	0.8	0.8	0.0
IPstream Connect ADSL Cancellation	0.0	0.0	0.0	74	23	cancellations	63.70	63.70	0.0	0.0	0.0	0.0	0.0
Other IPstream Connect Market	16.6	5.5	22.1	(ux)	(ux)	(ux)	(ux)	(ux)	3.9	1.1	5.0	3.1	0.8
Total IPstream Connect Basket	197.2	35.6	232.8						116.7	22.1	138.8	14.2	2.9
Cease Basket	–	–	–	563,138	135,349	ceases	–	–	4.6	1.1	5.7	4.6	1.1
WBC Services													
WBC Connections	5.1	0.0	5.1	114,755	459	conns	44.02	46.00	4.5	0.0	4.5	4.4	0.0
WBC End User Access – Rental	57.1	0.3	57.4	704,849	3,452	rentals	80.97	78.79	45.0	0.2	45.2	13.8	0.1
WBC Bandwidth	98.2	0.4	98.6	2,455,870	10,270	bandwidth	40.00	40.00	15.1	0.1	15.2	5.6	0.0
WBC Ancillary Charges & other	1.0	0.2	1.2	(ux)	(ux)	(ux)	(ux)	(ux)	10.4	0.2	10.6	10.5	0.2
Sub-total WBC Services	161.4	0.9	162.3						75.0	0.5	75.5	34.3	0.3
Other WBA Market A	2.2	11.5	13.7						4.8	1.1	5.9	4.7	0.8
Total WBA Market A (including EOI and Internal)	360.8	48.0	408.8						201.1	24.8	225.9	57.8	5.1
Adjustment for EOI and Internal	(57.8)	(5.1)	(62.9)						(57.8)	(5.1)	(62.9)		
Rounding	(0.1)	–	(0.1)						0.1	–	0.1		
Total WBA Market A (adjusted for EOI and Internal)	302.9	42.9	345.8						143.4	19.7	163.1		

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) calculation of FAC based on component costs and usage factors

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	IPstream Connect Max and Max Premium End User Access – Rental		IPstream Connect Contracted Bandwidth per Mbps per node rental		IPStream Connect End User Re-grade		IPstream Connect End User Migration		IPstream Connect ADSL Cancellation		Other IPstream Connect Market	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
ADSL connections	£/conn	0.09	–	–	–	–	–	–	–	–	–	–	0.0	0.0
Broadband line testing systems	£/line	0.33	0.3	0.1	–	–	–	–	–	–	–	–	0.0	0.0
DSLAM support	£/line	9.26	21.8	6.5	6.9	2.1	–	–	–	–	–	–	0.3	0.2
DSLAM equipment	£/line	1.60	1.4	0.4	3.7	1.1	–	–	–	–	–	–	0.0	0.0
Core Directors	£/circuit	0.19	–	–	0.5	0.1	–	–	–	–	–	–	–	–
ATM customer interface 34Mbps	£/port	83.38	–	–	0.0	0.0	–	–	–	–	–	–	–	–
ATM customer interface > 155Mbps	£/port	13.64	–	–	0.4	0.1	–	–	–	–	–	–	–	–
ATM network interface	£/port	173.92	–	–	0.3	0.1	–	–	–	–	–	–	–	–
ATM network switching	bandwidth	302.96	–	–	1.2	0.3	–	–	–	–	–	–	–	–
Inter ATM transmissions	£/use	3,901.36	–	–	7.1	1.6	–	–	–	–	–	–	–	–
Broadband backhaul circuits (excl Virtual Paths)	%	£65m	–	–	53.6	5.8	–	–	–	–	–	–	–	–
Core/Metro (broadband)	£/circuit	0.62	–	–	–	–	–	–	–	–	–	–	–	–
Edge Ethernet ports broadband	bandwidth	0.03	–	–	–	–	–	–	–	–	–	–	–	–
Metro BRAS and MSE	bandwidth	0.70	–	–	–	–	–	–	–	–	–	–	–	–
Ethernet Switch BB	£/circuit	1.19	–	–	–	–	–	–	–	–	–	–	–	–
Metro-core broadband transmission	£/circuit	0.31	–	–	–	–	–	–	–	–	–	–	–	–
Combi card broadband access	£/line	13.85	–	–	–	–	–	–	–	–	–	–	–	–
MSAN Access – SFBB	£/port	1.18	–	–	–	–	–	–	–	–	–	–	–	–
Broadband MSAN access	rental	15.01	–	–	–	–	–	–	–	–	–	–	–	–
EVOTAM Testing Systems	£/line	4.82	–	–	–	–	–	–	–	–	–	–	–	–
Customer support – Broadband	%	£32m	1.0	0.3	2.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1
Ofcom Administration Fee – Wholesale	%	£1m	0.0	0.0	0.1	0.0	0.0	–	0.0	–	–	–	0.0	0.0
Revenue Receivables	%	£45m	0.3	0.1	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Notional Creditor	%	£(4)m	(0.1)	0.0	–	–	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0
EOI Inputs			7.7	2.1	–	–	2.6	0.0	0.8	0.0	0.0	0.0	3.1	0.8
Rounding			–	–	–	(0.1)	–	–	–	–	–	–	0.1	–
Fully Allocated Cost (£m)			32.4	9.5	77.0	11.5	2.6	0.0	0.8	0.0	0.0	0.0	3.9	1.1
	Volume		773,862	228,832	2,734,234	296,043	104,517	1,567	30,405	456	74	23	(ux)	(ux)
	Unit cost £		41.88	41.70	28.18	38.71	24.54	24.54	27.30	27.30	26.06	26.06	(ux)	(ux)

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) calculation of FAC based on component costs and usage factors (continued)

Restated for the year ended 31 March 2016 (e)

		Average cost per unit (from Appendix 1.2)	Cease Basket		WBC Connections		WBC End User Access – Rental		WBC Bandwidth		WBC Ancillary Charges & other		Other WBA Market A	
Fully Allocated Cost (£m)			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m
Components	Unit (c)													
ADSL connections	£/conn	0.09	-	-	0.0	0.0	-	-	-	-	-	-	-	-
Broadband line testing systems	£/line	0.33	-	-	-	-	0.2	0.0	-	-	-	-	-	-
DSLAM support	£/line	9.26	-	-	-	-	-	-	-	-	-	-	0.0	-
DSLAM equipment	£/line	1.60	-	-	-	-	-	-	-	-	-	-	0.0	-
Core Directors	£/circuit	0.19	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface 34Mbps	£/port	83.38	-	-	-	-	-	-	-	-	-	-	-	-
ATM customer interface > 155Mbps	£/port	13.64	-	-	-	-	-	-	-	-	-	-	-	-
ATM network interface	£/port	173.92	-	-	-	-	-	-	-	-	-	-	-	-
ATM network switching	bandwidth	302.96	-	-	-	-	-	-	-	-	-	-	-	-
Inter ATM transmissions	£/use	3,901.36	-	-	-	-	-	-	-	-	-	-	-	-
Broadband backhaul circuits (excl Virtual Paths)	%	£65m	-	-	-	-	-	-	-	-	-	-	-	-
Core/Metro (broadband)	£/circuit	0.62	-	-	-	-	-	-	1.5	0.0	-	-	-	-
Edge Ethernet ports broadband	bandwidth	0.03	-	-	-	-	-	-	0.1	0.0	-	-	-	-
Metro BRAS and MSE	bandwidth	0.70	-	-	-	-	-	-	1.7	0.0	-	-	-	-
Ethernet Switch BB	£/circuit	1.19	-	-	-	-	-	-	2.9	0.0	-	-	-	-
Metro-core broadband transmission	£/circuit	0.31	-	-	-	-	-	-	0.8	0.0	-	-	-	-
Combi card broadband access	£/line	13.85	-	-	-	-	12.7	0.1	-	-	-	-	-	-
MSAN Access – SFBB	£/port	1.18	-	-	-	-	0.1	0.0	-	-	-	-	-	-
Broadband MSAN access	rental	15.01	-	-	-	-	13.8	0.1	-	-	-	-	-	-
EVOTAM Testing Systems	£/line	4.82	-	-	-	-	3.1	0.0	-	-	-	-	-	-
Customer support – Broadband	%	£32m	-	-	0.1	0.0	1.1	0.0	1.8	0.0	0.0	0.0	0.0	0.2
Ofcom Administration Fee – Wholesale	%	£1m	-	-	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Revenue Receivables	%	£45m	-	-	0.0	0.0	0.4	0.0	0.6	0.0	0.0	0.0	0.0	0.1
Notional Creditor	%	£(4)m	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0
EOI Inputs			4.6	1.1	4.4	0.0	13.8	0.1	5.6	0.0	10.5	0.2	4.7	0.8
Rounding			-	-	-	-	(0.1)	(0.1)	-	0.1	-	-	0.1	-
Fully Allocated Cost (£m)			4.6	1.1	4.5	0.0	45.0	0.2	15.1	0.1	10.4	0.2	4.8	1.1
	Volume		563,138	135,349	114,755	459	704,849	3,452	2,455,870	10,270	(ux)	(ux)	(ux)	(ux)
	Unit cost £		8.08	8.08	39.43	44.51	63.88	62.91	6.16	6.16	(ux)	(ux)	(ux)	(ux)

Section 9 – Review of Wholesale Broadband Access Markets

WBA (Market A) EOI

Restated for the year ended 31 March 2016 (e)

		Average EOI Input Price per unit	IPstream Connect Max and Max Premium End User Access – Rental		IPstream Connect Contracted Bandwidth per Mbps per node rental		IPStream Connect End User Re-grade		IPstream Connect End User Migration		IPstream Connect ADSL Cancellation		Other IPstream Connect Market		Cease Basket		WBC Connections		WBC End User Access – Rental		WBC Bandwidth		WBC Ancillary Charges & other		Other WBA Market A		
EOI Charge			Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	Internal £m	External £m	
Part Service Description		Units																									
EBD ONBS Rentals AISBO Non-WECLA		circuits	6,816.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.0	-	-	-	-	
EBD ONBS Connections AISBO Non-WECLA		circuits	2,585.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
EBD ONBS Rentals MISBO Non-WECLA		circuits	12,398.21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.0	-	-	-	-	
EBD ONBS Connections MISBO Non-WECLA		circuits	8,925.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	
ONBS Rentals Internal EOI Charges EOI Charges Central London Area		circuits	7,237.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Connection Internal EOI Charges EOI Charges Central London Area		circuits	2,562.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	
ONBS Rentals Internal EOI Charges EOI Charges London Periphery		circuits	7,035.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Main Link Central London Area Internal EOI Charges		circuits	311.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Connection EOI Charges Central London		circuits	10,441.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Rentals EOI Charges Central London		circuits	12,999.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Main Link London Periphery Internal EOI Charges		circuits	225.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Connection EOI Charges London Periphery		circuits	9,247.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS 1Gbps Internal EOI Charges Rentals EOI Charges London Periphery		circuits	12,285.56	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
SMPF New Provides		conns	27.71	-	-	-	-	-	-	-	-	-	-	3.0	0.7	-	-	2.7	0.0	-	-	-	-	-	-	-	
SMPF Single Migrations		migrations	30.59	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.0	-	-	
SMPF Rentals		rentals	3.72	2.9	0.8	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	2.4	0.0	-	-	-	0.0	-	
Other LLU Ancillaries Basket		ancillaries	21.82	-	-	-	2.6	0.0	0.7	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	8.9	0.1	-	-	
SMPF Bulk Migrations		migrations	23.51	-	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	
MPF Hard Ceases		ceases	24.34	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	-	-	-	-	
SMPF Hard Ceases		ceases	24.29	-	-	-	-	-	-	-	-	-	-	-	-	4.5	1.1	-	-	-	-	-	-	-	-	-	
Other Tie-cables and Co-mingling		%	£9m	1.2	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	0.0	-	-	-	-	-	
SMPF Enhanced Care		ancillaries	37.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	0.3	
SMPF Expedite		ancillaries	101.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.1	
WBA Broadband Boost		ancillaries	166.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
GEA FTTC Rentals EOI Charges – Internal		rentals	94.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.1	0.0	-	-	-	-	-	-	
GEA FTTC Connections EOI Charges – Internal		conns	59.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	0.0	-	-	-	-	-	-	-	
GEA FTTP Rentals EOI Charges – Internal		rentals	196.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	
GEA FTTP Connections EOI Charges – Internal		conns	91.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	
GEA CP to CP Migration EOI Charges – Internal		migrations	11.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.0	-	
Special Faults Investigation		ancillaries	80.81	1.7	0.5	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	1.4	0.0	-	-	-	0.6	0.5	
ONBS Main Link AISBO Non-WECLA		circuits	13.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
ONBS Main Link MISBO Non-WECLA		circuits	212.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	
Tie Cables		ancillaries	47.36	1.4	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.2	0.0	-	-	-	-	-	
21CN Backhaul EAD		circuits	2,625.36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.1	0.0	-	-	-	-	
Time Related Charges		ancillaries	131.38	0.5	0.0	-	-	-	-	-	-	-	-	0.0	0.0	-	-	-	-	0.5	0.0	-	-	-	-	-	
Roundings				-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	-	0.1	0.1	(0.1)	
Total EOI Charge (£m)			7.7	2.1	-	-	2.6	0.0	0.8	0.0	0.0	0.0	0.0	3.1	0.8	4.6	1.1	4.4	0.0	13.8	0.1	5.6	0.0	10.5	0.2	4.7	0.8
		Volumes	773,862	228,832	2,734,234	296,043	104,517	1,567	30,405	456	74	23	563,138	135,349	114,755	459	704,849	3,452	2,455,870	10,270				(ux)	(ux)	(ux)	(ux)
		Unit	Rentals	Rentals	Bandwidth	Bandwidth	Re-grades	Re-grades	Migrations	Migrations	Cancellations	Cancellations	Ceases	Ceases	Conns	Conns	Rentals	Rentals	Bandwidth	Bandwidth				(ux)	(ux)	(ux)	(ux)
		Unit cost £	9.94	9.24	0.00	0.00	24.58	24.58	27.22	27.22	24.58	24.58	(ux)	(ux)	8.14	8.14	38.48	43.54	19.57	17.75	2.29	2.29		(ux)	(ux)	(ux)	(ux)

Section 10
Attribution of Wholesale Current Costs and Mean Capital Employed

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

10.1 Wholesale sector costs

We outline below a brief description of the sectors reported in the Attribution of Wholesale Current Cost Statement and the key drivers of these sectors. Further details of these sectors can be found in the AMD.

EOI Input Prices

Where Openreach provides services under an EOI obligation these are provided on an equivalent basis to all customers. This means that BT provides, in respect of a particular product or service, the same product or service to all Communications Providers (including BT) on the same timescales, terms and conditions (including price and service levels) by means of the same systems and processes.

Provision and Maintenance

Provision and Maintenance includes engineering pay and non-pay costs relating to network provisions, installation and maintenance of the network. The most material cost relates to distribution side copper maintenance which is apportioned to services on the basis of the number of lines, relative fault rates and service levels.

Network Support

Network Support contains costs of the activities necessary to support the running of BT's network including time booked by engineers to non-operational activities. Most of these costs are apportioned using previously allocated engineers' pay.

General Support

General Support includes planning, development, supplies, transport, computing, customer service, personnel and administration, and other general support costs. The key drivers for the apportionment of General Support include previously allocated pay costs and activity surveys.

General Management

General Management includes operator services, costs of general management activities and other general expenses. The key drivers are pay costs and asset values.

Finance and Billing

Finance and Billing includes the non-pay costs associated with activities of a financial nature, including consulting work and audit fees. The key drivers for the apportionment of Finance and Billing are previously allocated pay costs and asset values.

Accommodation

Accommodation includes building rents, business rates, facilities management and utility bills. Accommodation costs are mainly apportioned based on the use of floor space and power consumption.

Bad Debts

Bad Debts include costs associated with writing off amounts that cannot be collected from customers. The key driver of the attribution of these costs is revenue.

Other Costs

Other Costs includes payments to other UK communications providers, which are allocated to Wholesale Residual.

Depreciation

Depreciation is analysed between land and buildings, access, switch, duct and transmission and other (including network power, computers and software). The key drivers are engineering models and direct mapping of BT classes of work to network components and then onto the appropriate service based on usage factors and service volumes.

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

Attribution of Wholesale Current Costs

For the year ended 31 March 2017

	Fixed Access Markets				Business Connectivity Markets			Narrowband Markets			Wholesale Broadband Access Markets				
	WLA	WFAEL	ISDN2	ISDN30	CISBO Rest of UK	CISBO London Periphery	Low Bandwidth TISBO	Fixed Call Origination	Fixed Geographic Call Termination	Technical Areas (Interconnect Circuits)	WBA – Market A	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Operating Costs of Wholesale Services:															
EOI Input Prices	–	–	–	–	–	–	–	–	–	–	48	969	(1,017)	–	–
Provision and Maintenance	208	158	4	10	10	0	18	7	5	5	8	204	–	–	637
Network Support	136	66	2	3	22	1	4	2	1	1	2	23	–	(1)	262
General Support	166	100	3	6	49	2	9	6	4	2	6	114	–	(1)	466
General Management	239	148	4	9	122	4	15	18	7	4	10	573	–	–	1,153
Finance and Billing	8	6	0	0	3	0	1	0	0	0	0	5	–	2	25
Accommodation	110	92	9	14	26	1	36	42	32	5	33	115	–	(1)	514
Bad Debts	1	1	0	0	0	0	0	0	0	0	0	1	–	(1)	2
Other Costs	17	21	2	3	7	0	8	9	7	1	6	451	–	(1)	531
Depreciation – Land and Buildings	34	12	1	2	3	0	6	7	5	1	7	22	–	1	101
– Access	367	348	10	14	109	2	22	1	1	0	4	23	–	(2)	899
– Switch, Duct and Transmission	8	14	1	7	112	4	21	9	7	2	29	211	–	(1)	424
– Other related	110	45	2	3	26	1	8	7	5	1	28	136	–	–	372
Total Depreciation	519	419	14	26	250	7	57	24	18	4	68	392	–	(2)	1,796
Total HCA Operating Costs	1,404	1,011	38	71	489	15	148	108	74	22	181	2,847	(1,017)	(5)	5,386
CCA Adjustments:															
Holding (Gain)/Loss	(113)	(151)	(4)	(12)	(109)	(2)	(12)	(3)	(2)	(1)	(9)	(23)	–	–	(441)
Supplementary Depreciation	66	105	3	(1)	(6)	0	1	1	1	0	(2)	(29)	–	–	139
Other CCA Adjustments	26	20	2	13	104	2	9	8	6	0	7	61	–	1	259
Roundings	–	(2)	(1)	–	–	(1)	(1)	1	–	1	(1)	–	–	5	1
Total CCA Operating Costs	1,383	983	38	71	478	14	145	115	79	22	176	2,856	(1,017)	1	5,344

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

Attribution of Wholesale Current Costs

Restated for the year ended 31 March 2016 (e)

	Fixed Access Markets				Business Connectivity Markets			Narrowband Markets			Wholesale Broadband Access Markets				
	WLA £m	WFAEL £m	ISDN2 £m	ISDN30 £m	CISBO Rest of UK £m	CISBO London Periphery £m	Low Bandwidth TISBO £m	Fixed Call Origination £m	Fixed Geographic Call Termination £m	Technical Areas (Interconnect Circuits) £m	WBA – Market A £m	Wholesale Residual £m	EOI Eliminations £m	Roundings £m	Total Wholesale Markets £m
Operating Costs of Wholesale Services:															
EOI Input Prices	–	–	–	–	–	–	–	–	–	–	63	867	(930)	–	–
Provision and Maintenance	244	165	2	11	11	0	18	6	6	5	8	203	–	1	680
Network Support	113	72	2	3	23	1	8	3	3	1	3	34	–	–	266
General Support	174	103	3	6	27	1	14	6	5	2	8	77	–	1	427
General Management	187	156	5	11	108	3	19	13	8	4	11	147	–	(1)	671
Finance and Billing	7	6	0	0	2	0	1	0	0	0	0	3	–	1	20
Accommodation	109	100	9	15	24	1	44	41	38	6	34	127	–	1	549
Bad Debts	1	1	0	0	0	0	0	0	0	0	0	0	–	(1)	1
Other Costs	7	19	2	3	6	0	8	7	7	1	6	743	–	(2)	807
Depreciation – Land and Buildings	31	12	2	2	3	0	7	7	6	1	7	26	–	1	105
– Access	325	345	10	14	96	2	20	1	1	0	3	22	–	(1)	838
– Switch, Duct and Transmission	8	15	1	8	99	3	26	8	7	2	32	230	–	1	440
– Other related	78	46	2	3	25	1	10	8	7	1	19	169	–	–	369
Total Depreciation	442	418	15	27	223	6	63	24	21	4	61	447	–	1	1,752
Total HCA Operating Costs	1,284	1,040	38	76	424	12	175	100	88	23	194	2,648	(930)	1	5,173
CCA Adjustments:															
Holding (Gain)/Loss	(53)	(76)	(2)	(5)	(44)	(1)	(7)	(2)	(1)	0	(5)	(17)	–	(1)	(214)
Supplementary Depreciation	61	101	3	(1)	(3)	0	1	1	1	0	(4)	(33)	–	(1)	126
Other CCA Adjustments	4	(1)	1	7	51	1	4	3	3	0	2	9	–	–	84
Roundings	1	–	(1)	–	–	1	(1)	1	–	1	(1)	–	–	–	1
Total CCA Operating Costs	1,297	1,064	39	77	428	13	172	103	91	24	186	2,607	(930)	(1)	5,170

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

10.2 Wholesale Current Cost Mean Capital Employed

We outline below a brief description of the non-current assets sectors and Working Capital reported in the Attribution of Wholesale Current Cost Mean Capital Employed Statement and the key drivers of the sector. Further details of these sectors can be found in the AMD.

Land and Buildings

This sector contains the asset values that are booked to BT Classes of Work (CoW) for land and buildings, including freehold, long leases and short leases. The sector includes corporate offices and network buildings owned by BT. Asset values are mainly apportioned based on the use of floor space.

Access – Copper

This sector contains the asset values for access copper (all the copper cables in the access network and all other necessary equipment required to carry signals between the user and the exchange). The key driver is direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

Access – Fibre

This sector contains the asset values for access fibre. The key driver is the mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

Access – Duct

This sector contains the asset values for duct. Duct is a pipe, tube or conduit through which underground cables are passed. The key driver is a duct model that allocates CoW to network cable components and then onto the appropriate service based on usage factors and actual service volumes.

Switch

This sector contains the asset values for switching equipment. This equipment is located in BT exchanges. The key drivers are engineering models that allocate CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

Transmission

This sector contains the asset values for transmission. Transmission includes core transmission Synchronous Digital Hierarchy (SDH), Plesiochronous Digital Hierarchy (PDH), Asynchronous Transfer Mode (ATM), cables and repeaters. The core transmission is used to link exchanges. The key drivers are engineering inventories and models that allocate CoW to network components and then onto the appropriate service based on usage factors and service volumes.

Other

This sector contains the asset values for a range of assets used by BT businesses including categories such as Software, Motor Transport and 21CN. The key drivers are surveys, engineering models and direct mapping of CoW to network components and then onto the appropriate service based on usage factors and actual service volumes.

Working Capital

Working capital includes internal receivables and payables, external receivables and payables and inventories. Receivables and payables include an approximation of the internal “notional” receivables and payables that would be incurred if trades between BT’s lines of business were undertaken with a third party and at arm’s length. They are based upon the average trading terms of BT Group’s external trades. Other working capital is attributed based on previously allocated costs and capex.

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

Attribution of Wholesale Current Cost Mean Capital Employed

For the year ended 31 March 2017

	Fixed Access Markets				Business Connectivity Markets			Narrowband Markets			Wholesale Broadband Access Markets				
	WLA	WFAEL	ISDN2	ISDN30	CISBO Rest of UK	CISBO London Periphery	Low Bandwidth TISBO	Fixed Call Origination	Fixed Geographic Call Termination	Technical Areas (Interconnect Circuits)	WBA – Market A	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets															
Land and Buildings	351	111	14	22	31	1	61	69	54	7	74	232	–	2	1,029
Access – Copper	1,828	2,430	67	9	0	–	4	0	0	–	2	66	–	(1)	4,405
Access – Fibre	664	0	–	102	708	16	88	0	0	1	0	68	–	(1)	1,646
Access – Duct	1,743	1,895	52	49	802	13	108	31	24	9	146	236	–	(2)	5,106
Switch	21	48	7	3	0	–	0	23	18	3	0	44	–	–	167
Transmission	15	4	0	14	409	11	60	21	17	4	91	638	–	–	1,284
Other	343	160	8	15	94	3	34	30	23	4	66	342	–	1	1,123
Investments	0	0	0	0	0	–	0	0	–	–	0	0	–	–	0
Total Non-current Assets	4,965	4,648	148	214	2,044	44	355	174	136	28	379	1,626	–	(1)	14,760
Current Assets															
Inventories	–	–	–	–	–	–	–	–	–	–	0	7	–	–	7
Receivables															
– Internal	117	88	5	10	42	2	11	9	1	1	21	3	(56)	1	255
– External	107	90	3	5	35	1	9	6	4	1	8	593	–	–	862
Total Current Assets	224	178	8	15	77	3	20	15	5	2	29	603	(56)	1	1,124
Current Liabilities															
– Internal	–	–	–	–	–	–	–	–	–	–	(3)	(53)	56	–	–
– External	(348)	(213)	(9)	(17)	(101)	(2)	(34)	(29)	(21)	(5)	(31)	(531)	–	–	(1,341)
Total Current Liabilities	(348)	(213)	(9)	(17)	(101)	(2)	(34)	(29)	(21)	(5)	(34)	(584)	56	–	(1,341)
Net Current Assets/(Liabilities)	(124)	(35)	(1)	(2)	(24)	1	(14)	(14)	(16)	(3)	(5)	19	–	1	(217)
Total Assets less Current Liabilities	4,841	4,613	147	212	2,020	45	341	160	120	25	374	1,645	–	–	14,543
Provisions for liabilities and charges	(24)	(16)	(1)	(1)	(9)	0	(2)	(1)	(1)	0	(2)	(349)	–	(1)	(407)
Roundings	–	1	(1)	(2)	–	(1)	–	–	(1)	–	1	–	–	1	(2)
Mean Capital Employed	4,817	4,598	145	209	2,011	44	339	159	118	25	373	1,296	–	–	14,134

Section 10 – Attribution of Wholesale Current Costs and Mean Capital Employed

Attribution of Wholesale Current Cost Mean Capital Employed

Restated for the year ended 31 March 2016 (e)

	Fixed Access Markets				Business Connectivity Markets			Narrowband Markets			Wholesale Broadband Access Markets				
	WLA	WFAEL	ISDN2	ISDN30	CISBO Rest of UK	CISBO London Periphery	Low Bandwidth TISBO	Fixed Call Origination	Fixed Geographic Call Termination	Technical Areas (Interconnect Circuits)	WBA – Market A	Wholesale Residual	EOI Eliminations	Roundings	Total Wholesale Markets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-current Assets															
Land and Buildings	336	115	14	24	26	1	71	66	61	7	72	253	–	2	1,048
Access – Copper	1,769	2,495	74	10	0	–	5	0	0	–	1	62	–	(1)	4,415
Access – Fibre	500	0	0	100	606	14	104	0	0	1	0	63	–	–	1,388
Access – Duct	1,548	1,886	56	50	765	12	134	29	27	10	133	245	–	–	4,895
Switch	24	58	8	4	0	0	0	28	25	3	0	56	–	1	207
Transmission	14	5	0	17	399	12	79	23	21	5	99	682	–	–	1,356
Other	331	209	9	16	103	3	41	30	28	4	68	374	–	1	1,217
Investments	0	0	0	0	0	0	0	0	0	0	0	0	–	1	1
Total Non-current Assets	4,522	4,768	161	221	1,899	42	434	176	162	30	373	1,735	–	4	14,527
Current Assets															
Inventories	–	–	–	–	–	–	–	–	–	–	0	4	–	–	4
Receivables															
– Internal	118	100	6	12	52	2	17	12	1	2	25	(17)	(56)	(1)	273
– External	208	187	6	11	74	2	24	13	12	3	18	985	–	–	1,543
Total Current Assets	326	287	12	23	126	4	41	25	13	5	43	972	(56)	(1)	1,820
Current Liabilities															
– Internal	–	–	–	–	–	–	–	–	–	–	(4)	(52)	56	–	–
– External	(459)	(306)	(13)	(23)	(126)	(4)	(56)	(37)	(33)	(7)	(42)	(669)	–	–	(1,775)
Total Current Liabilities	(459)	(306)	(13)	(23)	(126)	(4)	(56)	(37)	(33)	(7)	(46)	(721)	56	–	(1,775)
Net Current Assets/(Liabilities)	(133)	(19)	(1)	–	–	–	(15)	(12)	(20)	(2)	(3)	251	–	(1)	45
Total Assets less Current Liabilities	4,389	4,749	160	221	1,899	42	419	164	142	28	370	1,986	–	3	14,572
Provisions for liabilities and charges	(31)	(15)	(1)	(1)	(7)	0	(3)	(1)	(1)	0	(2)	(164)	–	(2)	(228)
Roundings	1	–	2	(1)	(1)	1	(1)	1	1	(1)	–	(1)	–	(1)	–
Mean Capital Employed	4,359	4,734	161	219	1,891	43	415	164	142	27	368	1,821	–	–	14,344

Section 11
Reconciliation Statements

Section 11 – Reconciliation Statements

BT Reconciliation Statement Consolidated Profit and Loss Account

For the year ended 31 March 2017

Consolidated income statement	External Revenue £m	Operating Costs £m	Return or Profit Before Taxation £m
As in the BT Group plc Annual Report	24,062	20,895	2,354
Adjustments			
Share of post tax profit of associates and joint ventures	–	9	–
Net short term interest	–	32	–
Specific pension interest	–	–	209
Long term interest payable	–	–	562
Roundings and adjustments	–	1	–
Total BT Markets (HCA)	24,062	20,937	3,125
Holding (gain)/loss	–	(441)	441
Supplementary depreciation	–	139	(139)
Other CCA adjustments	–	259	(259)
Roundings	–	1	(1)
Total BT Markets (CCA)	24,062	20,895	3,167

Restated for the year ended 31 March 2016 (e)

Consolidated income statement	External Revenue £m	Operating Costs £m	Return or Profit Before Taxation £m
As in the BT Group plc Annual Report	19,012	15,399	2,907
Adjustments			
Share of post tax loss of associates and joint ventures	–	(6)	–
EvoTams adjustment	–	(2)	2
Net short term interest	–	4	–
Specific pension interest	–	–	221
Long term interest payable	–	–	487
Roundings and adjustments	–	–	–
Total BT Markets (HCA)	19,012	15,395	3,617
Holding (gain)/loss	–	(214)	214
Supplementary depreciation	–	126	(126)
Other CCA adjustments	–	84	(84)
Roundings	–	–	–
Total BT Markets (CCA)	19,012	15,391	3,621

Section 11 – Reconciliation Statements

BT Reconciliation Statement MCE 2017 and 2016

As at 31 March

	2017 £m	2016 £m
Shareholders' funds as in the Annual Report	8,335	10,112
CCA adjustments	1,787	1,730
	10,122	11,842
Adjustments		
Derivative financial instruments – assets	(2,246)	(1,639)
Deferred tax liabilities	1,240	1,262
Deferred tax assets	(1,717)	(1,247)
Current tax assets	(73)	(65)
Current tax liabilities	197	271
Long term loans and other borrowings:		
Due in less than one year	1,913	2,026
Due in more than one year	10,081	11,025
Derivative financial instruments – liabilities	903	911
Other liabilities	1,298	1,106
Retirement benefit obligations	9,088	6,382
EE capital employed as at 31 March 2016 (i)	–	(13,109)
EVOTAMS (iii)	–	22
Closing CCA capital employed at 31 March	30,806	18,787
Opening CCA capital employed	31,908	19,527
Include weighted average (two months) of EE capital employed	–	2,097
Total CCA mean capital employed	31,357	21,254

(i) EE capital employed

On 29 January 2016 BT Group acquired the entire share capital of EE Limited (EE) from Deutsche Telekom and Orange. In order to reflect the shorter period of ownership of EE for the year ended 31 March 2016 the MCE was adjusted using the closing balance sheet to approximate the two months owned. This adjustment was reversed in the 2016/17 opening balance sheet to reflect the full year's ownership of EE. All EE capital employed is recognised in the residual markets.

	2017 £m	2016 £m
Mean capital employed of BT Markets		
Fixed Access Markets	9,769	9,473
Business Connectivity Markets	2,394	2,349
Narrowband Markets	302	333
Wholesale Broadband Access Markets	373	368
Total SMP Markets	12,838	12,523
Residual activities		
Wholesale residual activity	1,296	1,821
Retail residual activity	17,222	6,909
Total residual activities	18,518	8,730
Wholesale markets	14,134	14,344
Retail markets and activities	17,222	6,909
Roundings and other adjustments	1	1
Total CCA mean capital employed	31,357	21,254
Movement between 2016 Closing and 2017 Opening CCA capital employed:		13,121
Reversal of EE capital employed adjustment (i)		13,109
Opening CCA adjustment (ii)		12

(ii) Opening CCA adjustment

Opening capital employed moves each year as a result of incorporating immaterial CCA changes.

(iii) EVOTAM adjustment

This is a 2016 adjustment due to a difference in asset lives used between the BT Group plc Annual Report and Form 20-F 2016 and the RFS. Asset lives were aligned in 2017.

Section 12
Openreach Information

Section 12 – Openreach Information

12.1 Openreach Information

Openreach Statements

On 22 September 2005, we offered certain undertakings to Ofcom in lieu of a reference under the Enterprise Act 2002 (“the Undertakings”). In accordance with section 5.31 of the Undertakings, our RFS needs to separately present the financial results of Openreach and include a reconciliation of Openreach’s revenue, operating profit (and other items agreed between us and Ofcom) with Openreach’s financial information as shown in BT Group plc’s Annual Report.

In March 2017, BT notified Ofcom of new voluntary [Commitments](#) relating to the reform of Openreach. Section 20 of the Commitments concerns financial reporting of the Openreach Division. These Commitments are subject to the satisfaction of various Conditions. On 13 July, Ofcom published a [Statement](#) confirming that it will release BT from the Undertakings 30 days after the Conditions are satisfied, when these Commitments will come into effect. This may impact the form and content of the RFS in future years.

The form, content and basis of preparation of the financial results of Openreach follow, to the fullest extent possible, those used in the preparation of the RFS. The reconciliation of this statement to the Openreach segmental financial information as shown in BT Group plc’s Annual Report is shown for the Income Statement below.

Reconciling Differences

The reconciling differences between the Openreach regulatory statement and the Openreach segmental financial information reported in BT Group plc’s Annual Report fall into the following main categories:

(a) Basis of preparation under CCA

The consolidated financial statements of BT Group plc have been prepared in accordance with the Companies Act 2006, Article 4 of the IAS Regulation and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations, as adopted by the European Union. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (the IASB).

The consolidated financial statements of BT Group plc are prepared on the historical cost basis, except for certain financial and equity instruments that have been measured at fair value.

BT’s RFS has been prepared on a CCA basis, in accordance with the annually updated AMD. As such, a reconciliation entry has been made to include the aggregated CCA adjustments within the Openreach regulatory statement.

(b) Rental charge to Openreach for use of assets owned by TSO

Within the Openreach segmental financial information reported in BT Group plc’s Annual Report, the results include a charge for an appropriate return on capital where assets are owned

by TSO (e.g. for line cards, electronics and network features) but are used by Openreach. The Openreach regulatory statements do not include this charge, as the basis for attribution of costs and assets to products in the regulatory accounts is actual costs and assets.

(c) Results relating to Northern Ireland’s operations

The RFS has been prepared in accordance with the Final Statements and Notifications imposed on BT where Ofcom has defined certain markets in which BT is deemed to have SMP in the UK. This definition includes BT’s Northern Ireland operations. The Openreach segmental financial information reported in BT Group plc’s Annual Report excludes BT’s operations in Northern Ireland. Accordingly, the results of the access network element of BT’s Northern Ireland operations form part of the reconciliation.

(d) Other Trading Differences

The Openreach segmental financial information reported in BT Group plc’s Annual Report reflects the internal charges between BT’s lines of business rather than the allocation of actual costs and capital employed as shown in the RFS. The other trading differences reflect the total of these differences across the year.

(e) Non-traded costs

Non-traded costs are shown separately from the Openreach segmental results in BT Group plc’s Annual Report. They are included as a separate line to enable reconciliation between this statement and the segmental financial information as shown in BT Group plc’s Annual Report.

(f) Deemed Consent

On 26 March 2017, Ofcom published the findings of its investigation into the historical use of Deemed Consent by Openreach. Deemed Consent is an agreed process between Openreach and its Communications Provider (CP) customers, which allows Openreach to halt the installation and reschedule the delivery date for providing dedicated business services (known as Ethernet) in a number of specific circumstances which are beyond its control. Ofcom found that Openreach had breached its contractual and regulatory obligations by inadequately and retrospectively applying Deemed Consent to reduce compensation payments to CPs between January 2013 and December 2014. As a result of the findings, Openreach has agreed to compensate CPs and Ofcom has imposed a fine of £42m, reflecting the seriousness of the failings. This includes a 30% maximum discount for BT admitting its liabilities and agreeing to compensate the affected CPs in full. The precise amount of these compensation payments will result from discussions with the affected parties and was estimated at £300m for the purpose of the preparation of the segmental financial information as shown in BT Group plc’s Annual Report. The fine and associated compensation payments have been recognised in Openreach Residual in the 2017 RFS. These costs are not included in the Openreach segment results in the BT Group plc Annual Report.

Section 12 – Openreach Information

Openreach Income Statement

For the year ended 31 March 2017

	WLA	WFAEL	ISDN2	ISDN30	Total full SMP services (excluding CISBO)	CISBO Rest of UK	CISBO London Periphery	Total full SMP services (including CISBO)	Other Openreach Markets & Activities (with no SMP reporting obligations)	Rounding	Total Openreach Services – by regulated market
Openreach Services (by regulated market)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue											
Internal Revenue											
–services which are also available externally											
– Internal LLU equivalent	128	–	–	–	128	–	–	128	8	(1)	135
– Other	686	1,249	37	81	2,053	477	17	2,547	219	–	2,766
–services provided internally only											
– ePPCs	–	–	–	–	–	–	–	–	101	–	101
– Other	–	–	–	–	–	–	–	–	15	–	15
External Revenue	1,323	358	58	95	1,834	298	11	2,143	81	–	2,224
Roundings	–	–	–	–	–	–	–	–	–	–	–
Total Revenue	2,137	1,607	95	176	4,015	775	28	4,818	424	(1)	5,241
Operating Costs											
Provision and Maintenance	208	158	4	10	380	10	0	390	150	1	541
Network Support	136	66	2	3	207	22	1	230	25	(1)	254
General Support	166	100	3	6	275	49	2	326	94	–	420
General Management	239	148	4	9	400	122	4	526	419	–	945
Finance and Billing	8	6	0	0	14	3	0	17	5	1	23
Accommodation	110	92	9	14	225	26	1	252	94	(1)	345
Bad Debts	1	1	0	0	2	0	0	2	0	–	2
Other Costs	17	21	2	3	43	7	0	50	(67)	–	(17)
Depreciation – Land and Buildings	34	12	1	2	49	3	0	52	16	1	69
– Access	367	348	10	14	739	109	2	850	45	–	895
– Switch, Duct and Transmission	8	14	1	7	30	112	4	146	86	(1)	231
– Other related	110	45	2	3	160	26	1	187	40	–	227
Total Depreciation	519	419	14	26	978	250	7	1,235	187	–	1,422
Total HCA Operating Costs	1,404	1,011	38	71	2,524	489	15	3,028	907	–	3,935
CCA Adjustments:											
Holding (Gain)/Loss	(113)	(151)	(4)	(12)	(280)	(109)	(2)	(391)	(35)	–	(426)
Supplementary Depreciation	66	105	3	(1)	173	(6)	0	167	(6)	–	161
Other CCA Adjustments	26	20	2	13	61	104	2	167	28	–	195
Roundings	–	(2)	(1)	–	(3)	–	(1)	(4)	–	1	(3)
Total CCA Operating Costs	1,383	983	38	71	2,475	478	14	2,967	894	1	3,862
Return	754	624	57	105	1,540	297	14	1,851	(470)	(2)	1,379
Return on mean capital employed	15.6%	13.6%	38.6%	50.5%	15.7%	14.8%	30.6%	15.6%	(51.7)%	n/a	10.8%

Section 12 – Openreach Information

Openreach Income Statement

Restated for the year ended 31 March 2016 (e)

	WLA	WFAEL	ISDN2	ISDN30	Total full SMP services (excluding CISBO)	CISBO Rest of UK	CISBO London Periphery	Total full SMP services (including CISBO)	Other Openreach Markets & Activities (with no SMP reporting obligations)	Rounding	Total Openreach Services – by regulated market
Openreach Services (by regulated market)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue											
Internal Revenue											
–services which are also available externally											
– Internal LLU equivalent	162	–	–	–	162	–	–	162	11	1	174
– Other	523	1,212	43	91	1,869	528	20	2,417	207	–	2,624
–services provided internally only											
– ePPCs	–	–	–	–	–	–	–	–	114	–	114
– Other	–	–	–	–	–	–	–	–	18	–	18
External Revenue	1,265	454	62	105	1,886	336	12	2,234	82	(2)	2,314
Roundings	–	–	–	–	–	–	–	–	–	1	1
Total Revenue	1,950	1,666	105	196	3,917	864	32	4,813	432	–	5,245
Operating Costs											
Provision and Maintenance	244	165	2	11	422	11	0	433	143	–	576
Network Support	113	72	2	3	190	23	1	214	34	–	248
General Support	174	103	3	6	286	27	1	314	54	–	368
General Management	187	156	5	11	359	108	3	470	100	–	570
Finance and Billing	7	6	0	0	13	2	0	15	3	–	18
Accommodation	109	100	9	15	233	24	1	258	98	1	357
Bad Debts	1	1	0	0	2	0	0	2	0	–	2
Other Costs	7	19	2	3	31	6	0	37	(65)	–	(28)
Depreciation – Land and Buildings	31	12	2	2	47	3	0	50	16	1	67
– Access	325	345	10	14	694	96	2	792	42	(1)	833
– Switch, Duct and Transmission	8	15	1	8	32	99	3	134	102	–	236
– Other related	78	46	2	3	129	25	1	155	50	1	206
Total Depreciation	442	418	15	27	902	223	6	1,131	210	1	1,342
Total HCA Operating Costs	1,284	1,040	38	76	2,438	424	12	2,874	577	2	3,453
CCA Adjustments:											
Holding (Gain)/Loss	(53)	(76)	(2)	(5)	(136)	(44)	(1)	(181)	(19)	–	(200)
Supplementary Depreciation	61	101	3	(1)	164	(3)	0	161	(14)	–	147
Other CCA Adjustments	4	(1)	1	7	11	51	1	63	17	–	80
Roundings	1	–	(1)	–	–	–	1	1	1	(3)	(1)
Total CCA Operating Costs	1,297	1,064	39	77	2,477	428	13	2,918	562	(1)	3,479
Return	653	602	66	119	1,440	436	19	1,895	(130)	1	1,766
Return on mean capital employed	15.0%	12.7%	41.0%	54.5%	15.2%	23.1%	43.9%	16.6%	(11.3)%	n/a	14.1%

Section 12 – Openreach Information

Openreach MCE Statement

For the year ended 31 March 2017

Openreach Services (by regulated market)	WLA £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Total full SMP services (excluding CISBO) £m	CISBO Rest of UK £m	CISBO London Periphery £m	Total full SMP services (including CISBO) £m	Other Openreach Markets and Activities (with no SMP reporting obligations) £m	Total Openreach Services – by regulated market £m
Non-current Assets										
Property, plant and equipment										
Land and Buildings	351	111	14	22	498	31	1	530	171	701
Access – Copper	1,828	2,430	67	9	4,334	0	0	4,334	72	4,406
Access – Fibre	664	0	0	102	766	708	16	1,490	156	1,646
Access – Duct	1,743	1,895	52	49	3,739	802	13	4,554	397	4,951
Switch	21	48	7	3	79	0	0	79	0	79
Transmission	15	4	0	14	33	409	11	453	241	694
Other	343	160	8	15	526	94	3	623	135	758
Investments	0	0	0	0	0	0	0	0	0	0
Total Non-current assets	4,965	4,648	148	214	9,975	2,044	44	12,063	1,172	13,235
Current Assets										
Inventories	–	–	–	–	–	–	–	–	5	5
Receivables										
– Internal	117	88	5	10	220	42	2	264	(99)	165
– External	107	90	3	5	205	35	1	241	355	596
Total Current Assets	224	178	8	15	425	77	3	505	261	766
Current Liabilities										
– Internal	–	–	–	–	–	–	–	–	–	–
– External	(348)	(213)	(9)	(17)	(587)	(101)	(2)	(690)	(299)	(989)
Total Current Liabilities	(348)	(213)	(9)	(17)	(587)	(101)	(2)	(690)	(299)	(989)
Net Current Assets/(Liabilities)	(124)	(35)	(1)	(2)	(162)	(24)	1	(185)	(38)	(223)
Total Assets less Current Liabilities	4,841	4,613	147	212	9,813	2,020	45	11,878	1,134	13,012
Provisions for liabilities and charges	(24)	(16)	(1)	(1)	(42)	(9)	0	(51)	(223)	(274)
Roundings	–	1	(1)	(2)	(2)	–	(1)	(3)	–	(3)
Mean capital employed	4,817	4,598	145	209	9,769	2,011	44	11,824	911	12,735

Section 12 – Openreach Information

Openreach MCE Statement

Restated for the year ended 31 March 2016 (e)

Openreach Services (by regulated market)	WLA £m	WFAEL £m	ISDN2 £m	ISDN30 £m	Total full SMP services (excluding CISBO) £m	CISBO Rest of UK £m	CISBO London Periphery £m	Total full SMP services (including CISBO) £m	Other Openreach Markets and Activities (with no SMP reporting obligations) £m	Total Openreach Services – by regulated market £m
Non-current Assets										
Property, plant and equipment										
Land and Buildings	336	115	14	24	489	26	1	516	159	675
Access – Copper	1,769	2,495	74	10	4,348	0	0	4,348	68	4,416
Access – Fibre	500	0	0	100	600	606	14	1,220	167	1,387
Access – Duct	1,548	1,886	56	50	3,540	765	12	4,317	399	4,716
Switch	24	58	8	4	94	0	0	94	0	94
Transmission	14	5	0	17	36	399	12	447	282	729
Other	331	209	9	16	565	103	3	671	173	844
Investments	0	0	0	0	0	0	0	0	0	0
Total Non-current assets	4,522	4,768	161	221	9,672	1,899	42	11,613	1,248	12,861
Current Assets										
Inventories	–	–	–	–	–	–	–	–	4	4
Receivables										
– Internal	118	100	6	12	236	52	2	290	(113)	177
– External	208	187	6	11	412	74	2	488	429	917
Total Current Assets	326	287	12	23	648	126	4	778	320	1,098
Current Liabilities										
– Internal	–	–	–	–	–	–	–	–	–	–
– External	(459)	(306)	(13)	(23)	(801)	(126)	(4)	(931)	(335)	(1,266)
Total Current Liabilities	(459)	(306)	(13)	(23)	(801)	(126)	(4)	(931)	(335)	(1,266)
Net Current Assets/(Liabilities)	(133)	(19)	(1)	–	(153)	–	–	(153)	(15)	(168)
Total Assets less Current Liabilities	4,389	4,749	160	221	9,519	1,899	42	11,460	1,233	12,693
Provisions for liabilities and charges	(31)	(15)	(1)	(1)	(48)	(7)	0	(55)	(83)	(138)
Roundings	1	–	2	(1)	2	(1)	1	2	(1)	1
Mean capital employed	4,359	4,734	161	219	9,473	1,891	43	11,407	1,149	12,556

Section 12 – Openreach Information

Reconciliation of Openreach Income Statements

For the year ended 31 March 2017

		Revenue £m	Operating Cost £m	Return or Operating Profit £m
As in the BT Group plc Annual report		5,098	3,834	1,264
Reconciliation differences:				
Use of TSO assets	(b)	–	(103)	103
Northern Ireland	(c)	143	80	63
Non-traded costs	(e)	–	–	–
Other trading differences	(d)	–	(218)	218
Regulatory matters – Deemed Consent	(f)	–	342	(342)
Total reconciliation differences		143	101	42
CCA Adjustments	(a)	–	(73)	73
Rounding		–	–	–
Regulatory Openreach		5,241	3,862	1,379

For the year ended 31 March 2016 (e)

		Revenue £m	Operating Cost £m	Return or Operating Profit £m
As in the BT Group plc Annual report (i)		5,100	3,737	1,363
Reconciliation differences:				
Use of TSO assets	(b)	–	(111)	111
Northern Ireland	(c)	145	91	54
Non-traded costs	(e)	–	(6)	6
Other trading differences	(d)	–	(259)	259
Total reconciliation differences		145	(285)	430
CCA Adjustments	(a)	–	27	(27)
Rounding		–	–	–
Regulatory Openreach		5,245	3,479	1,766

(i) BT undertook a reorganisation on 1 April 2016 following the acquisition of EE. We do not restate for reorganisations in the RFS because we only restate comparative results for errors and methodology changes (see sections 2.1.5 and 2.1.6).

Appendix 1
Network Activity Statements

Appendix 1 – Network Activity Statements

Appendix 1.1 Network Activity Statements Consolidated

For the year ended 31 March 2017

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain/(loss) and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average cost per min/unit on a current cost basis relating to current year
Low TISBO 3rd Party Equipment Depn	3.6	–	–	–	3.6	–	0.0%	–	3.6	(a)	–	(a)
Revenue Receivables	–	–	–	–	–	396.8	9.4%	37.3	37.3	(a)	–	(a)
TISBO Excess Construction	3.2	–	–	–	3.2	62.6	9.8%	6.1	9.3	(a)	–	(a)
Ethernet Excess Construction	13.2	–	–	–	13.2	292.4	9.8%	28.7	41.9	(a)	–	(a)
MPF line testing systems	24.3	0.6	(0.4)	(0.1)	24.4	60.8	8.8%	5.3	29.7	9,174,270	lines	3.25
EVOTAM Testing Systems	18.4	0.4	(0.3)	0.0	18.5	46.1	8.8%	4.1	22.6	4,679,905	lines	4.82
PC rentals 2Mbps regional trunk	5.5	0.2	(0.9)	–	4.8	24.5	9.8%	2.4	7.2	301,592	km	24.03
PC rental 2Mbit link per km national trunk	3.8	0.1	(0.6)	0.1	3.4	14.7	9.8%	1.4	4.8	410,588	km	11.81
Regulated time related charges	69.0	–	–	–	69.0	(1.9)	9.8%	(0.2)	68.8	(a)	–	(a)
Co-mingling set up	15.1	0.4	(0.3)	–	15.2	89.2	8.8%	7.9	23.1	7,293	rooms	3,165.12
Co-mingling rentals	18.1	–	–	–	18.1	71.4	8.8%	6.3	24.4	543,481	hostels	44.86
WLA tie cables	20.9	4.7	(4.8)	0.0	20.8	167.5	8.8%	14.7	35.5	671,072	cables	52.99
Local Loop Unbundling systems development	2.9	–	–	–	2.9	10.2	8.8%	0.9	3.8	(a)	–	(a)
Wholesale Access specific	2.4	–	–	–	2.4	9.6	8.8%	0.8	3.2	2,347,095	trans	1.39
Routing & Records	19.9	–	–	–	19.9	(0.2)	8.8%	0.0	19.9	7,321,635	lines	2.72
MDF Hardware jumpering	100.2	–	–	–	100.2	(2.7)	8.8%	(0.2)	100.0	9,195,348	lines	10.87
E side copper capital	101.6	20.1	(26.8)	0.0	94.9	843.9	8.8%	74.3	169.2	25,555,494	lines	6.62
E side copper current	99.2	–	–	–	99.2	(2.7)	8.8%	(0.2)	99.0	28,332,617	lines	3.49
D side copper capital	464.0	118.4	(173.9)	0.1	408.6	5,058.3	8.8%	445.1	853.7	25,555,494	lines	33.41
D side copper current	244.8	–	–	–	244.8	(9.1)	8.8%	(0.8)	244.0	28,332,617	lines	8.61
Local exchanges general frames equipment	37.4	–	–	–	37.4	23.8	8.8%	2.1	39.5	41,076,052	lines	0.96
Local exchanges general frames maintenance	32.0	–	–	–	32.0	(0.5)	8.8%	0.0	32.0	28,150,943	lines	1.13
Analogue line test equipment	3.0	–	–	–	3.0	4.7	8.8%	0.4	3.4	25,553,734	lines	0.13
Dropwire capital & analogue NTE	311.0	29.5	(30.0)	–	310.5	1,090.1	8.8%	95.9	406.4	25,477,627	lines	15.95
Analogue line drop maintenance	49.8	–	–	–	49.8	(2.5)	8.8%	(0.2)	49.6	26,749,678	lines	1.85
Analogue line cards	104.6	0.4	10.5	–	115.5	131.0	8.8%	11.5	127.0	15,869,599	lines	8.00
Pair gain	0.1	–	–	–	0.1	0.4	8.8%	0.0	0.1	15,869,599	lines	0.01
FTTC Development	15.3	–	–	–	15.3	36.7	9.8%	3.6	18.9	(a)	–	(a)
OR Service Centre – Provision Analogue/ISDN2	37.5	–	–	–	37.5	10.0	8.8%	0.9	38.4	(a)	–	(a)
OR Service Centre – Provision WLA	23.2	–	–	–	23.2	10.6	8.8%	0.9	24.1	(a)	–	(a)
OR Service Centre – Provision Ethernet	42.9	–	–	–	42.9	(3.0)	9.8%	(0.3)	42.6	(a)	–	(a)
Service Centre – Provision NGA	12.4	–	–	–	12.4	(1.1)	9.8%	(0.1)	12.3	(a)	–	(a)
OR Service Centre – Assurance Analogue/ISDN2	12.2	–	–	–	12.2	3.4	8.8%	0.3	12.5	(a)	–	(a)
OR Service Centre – Assurance WLA	7.0	–	–	–	7.0	3.1	8.8%	0.3	7.3	(a)	–	(a)
OR Service Centre – Assurance Ethernet	12.8	–	–	–	12.8	(2.3)	9.8%	(0.2)	12.6	(a)	–	(a)
Service Level Guarantees WLA	36.5	–	–	–	36.5	(6.7)	8.8%	(0.6)	35.9	(a)	–	(a)
Ethernet Backhaul Direct extended reach	0.1	0.0	0.0	–	0.1	0.4	9.8%	0.0	0.1	4,098	circuits	42.66
Ethernet Backhaul Direct Active	38.8	(1.7)	5.2	–	42.3	80.7	9.8%	7.9	50.2	15,006	circuits	3,347.27
Ethernet Backhaul Direct Passive	10.4	1.7	(3.0)	–	9.1	92.8	9.8%	9.1	18.2	6,217	circuits	2,923.89
Ethernet Backhaul Direct Resilience Active	0.8	(0.1)	0.1	0.1	0.9	1.7	9.8%	0.2	1.1	4,010	circuits	256.39
Ethernet Backhaul Direct Resilience Passive	0.2	0.0	0.0	–	0.2	1.3	9.8%	0.1	0.3	2,218	circuits	128.29
Combi card voice	0.0	0.0	0.0	–	–	0.0	8.8%	0.0	0.0	15,869,599	lines	–
Combi card broadband access	50.8	(10.1)	4.9	0.0	45.6	72.7	9.8%	7.1	52.7	4,679,753	lines	11.27
iNode features	1.5	0.0	0.0	–	1.5	4.0	9.8%	0.4	1.9	(a)	–	(a)
Core/Metro (broadband)	30.1	(2.6)	13.0	–	40.5	60.4	9.8%	5.9	46.4	79,943,437	circuits	0.58
Core Directors	0.5	0.0	0.2	–	0.7	1.0	9.8%	0.1	0.8	1,957,296	circuits	0.40
Edge Ethernet ports broadband	1.1	(0.1)	0.5	–	1.5	2.3	9.8%	0.2	1.7	75,047,304	bandwidth	0.02
Metro BRAS and MSE	29.4	(2.5)	12.6	–	39.5	58.7	9.8%	5.8	45.3	75,047,304	bandwidth	0.60
Broadband MSAN access	64.9	(11.7)	4.3	–	57.5	104.8	9.8%	10.3	67.8	4,707,363	rentals	14.41
Ethernet Switch BB	38.2	(2.0)	(4.2)	–	32.0	93.3	9.8%	9.1	41.1	75,047,304	circuits	0.55
MSAN Access SFBB	4.9	(0.3)	(0.6)	0.0	4.0	12.7	9.8%	1.2	5.2	4,736,061	ports	1.12
Metro-core broadband transmission	11.7	(0.6)	1.5	(0.1)	12.5	34.1	9.8%	3.3	15.8	79,297,751	circuits	0.20
ADSL connections	0.1	–	–	–	0.1	1.9	9.8%	0.2	0.3	1,166,674	conns	0.22
OR Project Services	10.0	–	–	–	10.0	(1.2)	8.8%	(0.1)	9.9	(a)	–	(a)
Caller Display	1.9	0.0	0.2	–	2.1	2.3	9.8%	0.2	2.3	(a)	–	(a)

Appendix 1 – Network Activity Statements

Appendix 1.1 Network Activity Statement Consolidated (continued)

For the year ended 31 March 2017

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain/(loss) and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average cost per min/unit on a current cost basis relating to current year
Network Features	9.4	0.0	0.9	–	10.3	11.3	9.8%	1.1	11.4	(a)	–	(a)
ATM customer interface 34Mbps	0.1	0.0	0.0	–	0.1	0.1	9.8%	0.0	0.1	1,047	ports	81.83
ATM customer interface 155Mbps	0.5	0.0	0.0	–	0.5	0.7	9.8%	0.1	0.6	26,259	ports	22.97
ATM network interface	0.5	0.0	0.0	–	0.5	0.7	9.8%	0.1	0.6	2,426	ports	239.11
ATM network switching	2.0	0.0	0.0	–	2.0	2.8	9.8%	0.3	2.3	4,869	bandwidth	471.49
Inter ATM transmissions	4.1	0.3	(1.0)	(0.1)	3.3	25.2	9.8%	2.5	5.8	2,450	usage	2,369.40
PC rental 2Mbps link per km distribution	35.1	1.3	(2.7)	0.0	33.7	112.0	9.8%	11.0	44.7	899,713	km	49.65
Point of Handover electronics	5.2	0.1	(0.1)	(0.1)	5.1	11.8	9.8%	1.2	6.3	2,716	eq	2,313.35
PC rental 64Kbps link	8.0	0.1	0.0	–	8.1	9.3	9.8%	0.9	9.0	58,968	links	153.14
PC rental 2Mbps link	8.0	0.0	0.1	–	8.1	8.7	9.8%	0.9	9.0	54,515	links	164.46
PC rental 64Kbps link per km transmission	9.1	0.3	(0.6)	–	8.8	25.2	9.8%	2.5	11.3	1,688,685	km	6.68
2Mbps and above PC link connection cct provision	6.4	–	–	–	6.4	0.1	9.8%	0.0	6.4	701	circuits	9,207.03
64Kbps PC link connection cct provision	0.3	–	–	–	0.3	0.0	9.8%	0.0	0.3	133	circuits	2,611.38
PC rental 64Kbps link local end	19.7	0.3	0.1	–	20.1	27.6	9.8%	2.7	22.8	17,378	le	1,311.86
PC rental 2Mbps local end copper	3.3	0.0	0.0	–	3.3	3.2	9.8%	0.3	3.6	11,216	le	319.85
PC rental 2Mbps local end fibre	38.5	(1.1)	0.7	–	38.1	54.8	9.8%	5.4	43.5	76,624	le	567.84
Backhaul Extension Services Fibre	3.1	(0.2)	0.1	(0.1)	2.9	16.1	9.8%	1.6	4.5	4,226	le	1,068.39
Wholesale Extension Services Fibre	16.8	(1.4)	0.6	0.1	16.1	85.8	9.8%	8.4	24.5	22,729	le	1,076.68
Interconnect local end rental 2Mbps	0.7	0.0	0.0	–	0.7	1.5	9.8%	0.1	0.8	6,332	circuits	136.52
Interconnect 2Mbps connection	5.8	–	–	–	5.8	0.1	9.8%	0.0	5.8	1,171	circuits	4,924.19
Interconnect extension circuits IEC 2Mbps link	0.6	0.0	0.0	–	0.6	0.6	9.8%	0.1	0.7	5,002	circuits	131.18
Customer Sited Interconnect cct CSI 2Mbps link	0.1	0.0	0.0	–	0.1	0.1	9.8%	0.0	0.1	6,332	circuits	10.80
Nominated In Span I/Connect cct (ISI) transmission	0.1	0.0	(0.1)	0.1	0.1	1.7	9.8%	0.2	0.3	19,775	100m	12.86
Interconnect Extension Circuits IEC 2Mbps per km	2.4	0.1	(0.2)	0.1	2.4	6.7	9.8%	0.7	3.1	108,401	km	27.95
Customer Sited Interconnect CSI 2Mbps per km	0.5	0.0	0.0	(0.1)	0.4	1.5	9.8%	0.1	0.5	204,742	km	2.84
In Span Interconnect circuits ISI transmission	3.1	0.1	(0.1)	–	3.1	5.9	9.8%	0.6	3.7	35,742	circuits	102.37
Intra Building Circuit IBC connection	0.0	–	–	–	–	0.0	9.8%	0.0	0.0	1,399	circuits	2.52
Intra Building Circuit IBC rental	5.7	0.0	0.1	–	5.8	5.1	9.8%	0.5	6.3	53,408	circuits	118.67
Ethernet main links	43.7	13.7	(26.1)	0.0	31.3	614.5	9.8%	60.2	91.5	603,188	fibre km	151.79
Ethernet Electronics	160.8	0.0	0.0	–	160.8	264.5	9.8%	25.9	186.7	559,230	le	333.93
Customer support – Partial private circuits	12.2	–	–	–	12.2	5.3	9.8%	0.5	12.7	(a)	–	(a)
Customer support – Interconnect	3.1	–	–	–	3.1	0.2	9.8%	0.0	3.1	(a)	–	(a)
Customer support – Broadband	28.0	–	–	–	28.0	22.9	9.8%	2.2	30.2	(a)	–	(a)
Broadband backhaul circuits (excl Virtual Paths)	46.4	2.6	(5.7)	–	43.3	230.4	9.8%	22.6	65.9	(a)	–	(a)
OR Systems & Development – Ethernet	13.8	–	–	–	13.8	33.8	9.8%	3.3	17.1	374,054	le	45.86
Ofcom Administration Fee – Wholesale	1.6	–	–	–	1.6	(0.7)	9.8%	(0.1)	1.5	(a)	–	(a)
Ofcom Administration Fee – Openreach	4.0	–	–	–	4.0	(1.6)	9.8%	(0.2)	3.8	(a)	–	(a)
Special Fault Investigation	47.6	–	–	–	47.6	(1.2)	9.8%	(0.1)	47.5	(a)	–	(a)
Openreach sales product management	22.6	–	–	–	22.6	(12.1)	8.8%	(1.1)	21.5	(a)	–	(a)
Broadband line testing systems	2.0	–	–	–	2.0	2.6	9.8%	0.3	2.3	5,344,706	lines	0.43
DSLAM support	35.0	0.5	0.1	–	35.6	43.0	9.8%	4.2	39.8	2,662,597	lines	14.95
DSLAM equipment	11.6	–	–	–	11.6	16.9	9.8%	1.7	13.3	2,662,805	lines	4.98
Co-mingling power & vent	26.0	1.0	0.7	–	27.7	50.1	8.8%	4.4	32.1	28,189,649	hostels	1.14
Ethernet Access Direct Fibre	157.6	(18.5)	18.8	–	157.9	626.1	9.8%	61.4	219.3	256,976	circuits	853.25
Other Ethernet rentals – CCTV	1.7	–	–	–	1.7	0.0	9.8%	0.0	1.7	1,029	le	1,628.58
Other Ethernet new provides – CCTV	0.4	–	–	–	0.4	0.0	9.8%	0.0	0.4	0	le	–
SMP Accounting Separation components	785.8	(0.4)	15.6	–	801.0	2,199.4		215.5	1,016.5			
Residual components	1,530.4	(4.4)	9.7	0.1	1,535.8	569.5		55.1	1,590.9			
Roundings	(0.1)	0.2	0.1	(0.1)	0.1	(0.7)		–	0.1			
Total	5,386.5	139.4	(181.8)	0.0	5,344.1	14,134.5		1,306.5	6,650.6			

Appendix 1 – Network Activity Statements

Appendix 1.2 Network Activity Statement Consolidated

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain/(loss) and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average cost per min/unit on a current cost basis relating to current year
									year			
Low TISBO 3rd Party Equipment Depn	5.0	–	–	–	5.0	–	0.0%	–	5.0	(a)	–	(a)
Revenue Receivables	–	–	–	–	–	465.6	9.8%	45.4	45.4	(a)	–	(a)
TISBO Excess Construction	3.2	–	–	–	3.2	65.3	10.8%	7.1	10.3	(a)	–	(a)
Ethernet Excess Construction	10.6	–	–	–	10.6	240.2	10.8%	25.9	36.5	(a)	–	(a)
MPF line testing systems	24.9	0.4	(0.2)	0.0	25.1	70.3	8.6%	6.0	31.1	8,958,912	lines	3.48
EVOTAM Testing Systems	18.8	0.3	(0.2)	0.0	18.9	52.9	8.6%	4.6	23.5	4,862,106	lines	4.82
PC rentals 2Mbps regional trunk	6.9	0.3	(0.7)	–	6.5	30.2	10.8%	3.3	9.8	417,854	km	23.34
PC rental 2Mbit link per km national trunk	4.5	0.1	(0.4)	0.1	4.3	16.2	10.8%	1.8	6.1	470,595	km	12.83
Regulated time related charges	65.7	–	–	–	65.7	(0.9)	10.8%	(0.1)	65.6	(a)	–	(a)
Co-mingling set up	17.5	0.4	0.1	–	18.0	98.4	8.6%	8.5	26.5	11,193	rooms	2,363.41
Co-mingling rentals	23.1	–	–	–	23.1	94.1	8.6%	8.1	31.2	613,819	hostels	50.79
WLA tie cables	20.9	4.7	(2.7)	–	22.9	178.9	8.6%	15.4	38.3	958,145	cables	39.93
Local Loop Unbundling systems development	2.6	–	–	–	2.6	7.3	8.6%	0.6	3.2	(a)	–	(a)
Wholesale Access specific	13.5	–	–	–	13.5	38.1	8.6%	3.3	16.8	2,357,603	trans	7.12
Routing & Records	10.4	–	–	–	10.4	0.1	8.6%	0.0	10.4	6,845,261	lines	1.52
MDF Hardware jumpering	116.6	–	–	–	116.6	(3.5)	8.6%	(0.3)	116.3	9,729,002	lines	11.96
E side copper capital	100.9	18.1	(12.9)	–	106.1	816.2	8.6%	70.2	176.3	25,624,609	lines	6.88
E side copper current	91.5	–	–	–	91.5	(1.6)	8.6%	(0.1)	91.4	26,786,189	lines	3.41
D side copper capital	485.4	110.9	(87.3)	0.0	509.0	5,179.9	8.6%	445.5	954.5	25,624,609	lines	37.25
D side copper current	224.5	–	–	–	224.5	(9.6)	8.6%	(0.8)	223.7	26,786,189	lines	8.35
Local exchanges general frames equipment	38.0	–	–	–	38.0	22.9	8.6%	2.0	40.0	41,681,856	lines	0.96
Local exchanges general frames maintenance	32.0	–	–	–	32.0	(0.4)	8.6%	0.0	32.0	26,931,876	lines	1.19
Analogue line test equipment	3.3	–	–	–	3.3	5.7	8.6%	0.5	3.8	25,613,961	lines	0.15
Dropwire capital & analogue NTE	316.6	30.4	(28.6)	–	318.4	1,067.0	8.6%	91.8	410.2	25,529,391	lines	16.07
Analogue line drop maintenance	58.2	–	–	–	58.2	(3.6)	8.6%	(0.3)	57.9	25,289,830	lines	2.29
Analogue line cards	109.3	0.5	3.7	–	113.5	141.3	8.6%	12.1	125.6	16,095,032	lines	7.81
Pair gain	0.0	–	–	–	–	0.0	8.6%	0.0	0.0	16,095,032	lines	–
FTTC Development	18.4	–	–	–	18.4	49.1	10.8%	5.3	23.7	(a)	–	(a)
OR Service Centre – Provision Analogue/ISDN2	26.0	–	–	–	26.0	1.3	8.6%	0.1	26.1	(a)	–	(a)
OR Service Centre Provision WLA	21.1	–	–	–	21.1	0.6	8.6%	0.1	21.2	(a)	–	(a)
OR Service Centre – Provision Ethernet	13.2	–	–	–	13.2	(1.4)	10.8%	(0.1)	13.1	(a)	–	(a)
Service Centre – Provision NGA	18.1	–	–	–	18.1	0.7	10.8%	0.1	18.2	(a)	–	(a)
OR Service Centre – Assurance Analogue/ISDN2	13.8	–	–	–	13.8	0.9	8.6%	0.1	13.9	(a)	–	(a)
OR Service Centre – Assurance WLA	7.0	–	–	–	7.0	0.9	8.6%	0.1	7.1	(a)	–	(a)
OR Service Centre – Assurance Ethernet	8.5	–	–	–	8.5	(2.0)	10.8%	(0.2)	8.3	(a)	–	(a)
Service Level Guarantees WLA	32.2	–	–	–	32.2	(5.6)	8.6%	(0.5)	31.7	(a)	–	(a)
Ethernet Backhaul Direct extended reach	0.1	0.0	0.0	–	0.1	0.2	10.8%	0.0	0.1	1,722	circuits	55.22
Ethernet Backhaul Direct Active	36.7	(1.5)	(0.7)	0.1	34.6	78.3	10.8%	8.5	43.1	9,985	circuits	4,311.88
Ethernet Backhaul Direct Passive	10.8	1.7	(1.7)	–	10.8	94.8	10.8%	10.2	21.0	6,368	circuits	3,305.55
Ethernet Backhaul Direct Resilience Active	1.1	0.0	0.0	(0.1)	1.0	2.5	10.8%	0.3	1.3	1,722	circuits	759.37
Ethernet Backhaul Direct Resilience Passive	0.2	0.0	0.0	–	0.2	1.6	10.8%	0.2	0.4	1,658	circuits	237.68
Combi card voice	0.0	0.0	0.0	–	–	0.1	8.6%	0.0	0.0	16,095,032	lines	–
Combi card broadband access	67.7	(15.6)	7.6	0.1	59.8	74.7	10.8%	8.1	67.9	4,898,749	lines	13.85
iNode features	2.0	0.0	0.0	–	2.0	6.1	10.8%	0.7	2.7	(a)	–	(a)
Core/Metro (broadband)	32.3	(0.1)	(3.5)	0.0	28.7	61.9	10.8%	6.7	35.4	56,670,992	circuits	0.62
Core Directors	0.6	0.0	(0.1)	–	0.5	1.1	10.8%	0.1	0.6	3,352,263	circuits	0.19
Edge Ethernet ports broadband	1.3	0.0	(0.1)	(0.1)	1.1	2.5	10.8%	0.3	1.4	50,935,832	bandwidth	0.03
Metro BRAS and MSE	32.6	(0.1)	(3.5)	–	29.0	62.5	10.8%	6.7	35.7	50,935,832	bandwidth	0.70
Broadband MSAN access	72.5	(18.2)	8.5	–	62.8	99.6	10.8%	10.8	73.6	4,898,749	rentals	15.01
Ethernet Switch BB	53.4	(3.1)	0.0	0.1	50.4	97.0	10.8%	10.5	60.9	50,935,832	circuits	1.19
MSAN Access SFBB	3.7	(0.3)	0.0	0.0	3.4	9.5	10.8%	1.0	4.4	3,771,572	ports	1.18
Metro-core broadband transmission	14.1	(0.4)	(0.5)	–	13.2	39.3	10.8%	4.2	17.4	56,028,285	circuits	0.31
ADSL connections	0.1	–	–	–	0.1	0.0	10.8%	0.0	0.1	1,355,095	conns	0.09
OR Project Services	13.3	–	–	–	13.3	(1.5)	8.6%	(0.1)	13.2	(a)	–	(a)
Caller Display	2.0	0.0	0.1	–	2.1	2.4	10.8%	0.3	2.4	(a)	–	(a)

Appendix 1 – Network Activity Statements

Appendix 1.2 Network Activity Statement Consolidated (continued)

Restated for the year ended 31 March 2016 (e)

Fully Allocated Cost (£m)	HCA operating cost	Supplementary depreciation	Holding gain/(loss) and other CCA adjustments	Roundings	Total CCA operating costs	CCA mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume (b)	Units	Average cost per min/unit on a current cost basis relating to current year
									year			
Network Features	9.1	0.0	0.3	0.1	9.5	11.2	10.8%	1.2	10.7	(a)	–	(a)
ATM customer interface 34Mbps	0.1	0.0	0.0	–	0.1	0.1	10.8%	0.0	0.1	1,081	ports	83.38
ATM customer interface 155Mbps	0.6	0.0	0.0	–	0.6	0.8	10.8%	0.1	0.7	46,560	ports	13.64
ATM network interface	0.5	0.0	0.0	–	0.5	0.7	10.8%	0.1	0.6	3,511	ports	173.92
ATM network switching	2.1	0.0	(0.1)	0.1	2.1	2.9	10.8%	0.3	2.4	7,978	bandwidth	302.96
Inter ATM transmissions	9.4	0.2	(1.1)	–	8.5	49.0	10.8%	5.3	13.8	3,534	usage	3,901.36
PC rental 2Mbps link per km distribution	43.9	1.5	(2.7)	0.1	42.8	140.0	10.8%	15.1	57.9	1,172,765	km	49.38
Point of Handover electronics	5.7	0.1	(0.2)	(0.1)	5.5	13.3	10.8%	1.4	6.9	2,001	eq	3,459.78
PC rental 64Kbps link	9.2	0.1	(0.2)	–	9.1	11.0	10.8%	1.2	10.3	71,314	links	143.73
PC rental 2Mbps link	9.8	0.0	(0.2)	0.0	9.6	11.1	10.8%	1.2	10.8	70,136	links	153.42
PC rental 64Kbps link per km transmission	10.2	0.3	(0.6)	–	9.9	28.2	10.8%	3.1	13.0	2,015,295	km	6.44
2Mbps and above PC link connection cct provision	9.6	–	–	–	9.6	(0.1)	10.8%	0.0	9.6	1,079	circuits	8,880.65
64Kbps PC link connection cct provision	0.4	–	–	–	0.4	0.0	10.8%	0.0	0.4	173	circuits	2,554.24
PC rental 64Kbps link local end	21.3	0.3	(0.6)	–	21.0	30.4	10.8%	3.3	24.3	19,886	le	1,221.99
PC rental 2Mbps local end copper	4.0	0.0	0.0	–	4.0	4.3	10.8%	0.5	4.5	13,156	le	341.97
PC rental 2Mbps local end fibre	37.8	(1.4)	1.6	(0.1)	37.9	78.2	10.8%	8.4	46.3	95,267	le	486.92
Backhaul Extension Services Fibre	3.7	(0.3)	0.4	(0.1)	3.7	20.0	10.8%	2.2	5.9	5,522	le	1,066.63
Wholesale Extension Services Fibre	22.6	(1.9)	2.3	0.0	23.0	120.7	10.8%	13.0	36.0	33,848	le	1,064.19
Interconnect local end rental 2Mbps	0.7	0.0	0.0	–	0.7	1.6	10.8%	0.2	0.9	8,512	circuits	107.29
Interconnect 2Mbps connection	8.1	–	–	–	8.1	(0.1)	10.8%	0.0	8.1	2,040	circuits	3,981.10
Interconnect extension circuits IEC 2Mbps link	0.6	0.0	0.0	–	0.6	0.6	10.8%	0.1	0.7	6,243	circuits	111.56
Customer Sited Interconnect cct CSI 2Mbps link	0.1	0.0	0.0	–	0.1	0.1	10.8%	0.0	0.1	8,512	circuits	10.74
Nominated In Span I/Connect cct (ISI) transmission	0.2	0.0	0.0	–	0.2	1.8	10.8%	0.2	0.4	19,775	100m	18.05
Interconnect Extension Circuits IEC 2Mbps per km	2.8	0.1	(0.1)	–	2.8	7.6	10.8%	0.8	3.6	147,429	km	24.55
Customer Sited Interconnect CSI 2Mbps per km	0.7	0.0	0.0	(0.1)	0.6	2.1	10.8%	0.2	0.8	283,930	km	3.07
In Span Interconnect circuits ISI transmission	3.2	0.1	(0.1)	(0.1)	3.1	5.8	10.8%	0.6	3.7	32,393	circuits	116.62
Intra Building Circuit IBC connection	0.0	–	–	–	–	0.0	10.8%	0.0	0.0	1,120	circuits	11.22
Intra Building Circuit IBC rental	4.2	0.0	0.0	–	4.2	5.7	10.8%	0.6	4.8	55,660	circuits	86.78
Ethernet main links	46.2	13.1	(11.5)	0.0	47.8	601.7	10.8%	65.0	112.8	576,001	fibre km	195.74
Ethernet Electronics	147.5	0.0	0.0	–	147.5	253.2	10.8%	27.3	174.8	448,079	le	390.25
Customer support – Partial private circuits	19.0	–	–	–	19.0	2.8	10.8%	0.3	19.3	(a)	–	(a)
Customer support – Interconnect	3.0	–	–	–	3.0	(0.2)	10.8%	0.0	3.0	(a)	–	(a)
Customer support – Broadband	30.8	–	–	–	30.8	9.6	10.8%	1.0	31.8	(a)	–	(a)
Broadband backhaul circuits (excl Virtual Paths)	44.7	1.7	(4.3)	0.0	42.1	212.0	10.8%	22.9	65.0	(a)	–	(a)
OR Systems & Development – Ethernet	15.6	–	–	–	15.6	44.0	10.8%	4.8	20.4	341,937	le	59.60
Ofcom Administration Fee – Wholesale	1.5	–	–	–	1.5	(0.6)	10.8%	(0.1)	1.4	(a)	–	(a)
Ofcom Administration Fee – Openreach	3.6	–	–	–	3.6	(1.4)	10.8%	(0.1)	3.5	(a)	–	(a)
Special Fault Investigation	32.4	–	–	–	32.4	(0.6)	10.8%	(0.1)	32.3	(a)	–	(a)
Openreach sales product management	28.1	–	–	–	28.1	(11.3)	8.6%	(1.0)	27.1	(a)	–	(a)
Broadband line testing systems	1.6	–	–	–	1.6	3.6	10.8%	0.4	2.0	5,982,747	lines	0.33
DSLAM support	37.5	0.6	(1.3)	0.1	36.9	47.0	10.8%	5.1	42.0	4,530,939	lines	9.26
DSLAM equipment	4.8	–	–	–	4.8	22.9	10.8%	2.5	7.3	4,530,870	lines	1.60
Co-mingling power & vent	26.0	1.0	(3.0)	–	24.0	50.0	8.6%	4.3	28.3	26,787,508	hostels	1.06
Ethernet Access Direct Fibre	124.4	(14.9)	18.3	(0.1)	127.7	509.5	10.8%	55.0	182.7	219,514	circuits	832.54
Other Ethernet rentals – CCTV	1.7	–	–	–	1.7	0.0	10.8%	0.0	1.7	1,424	le	1,197.66
Other Ethernet new provides – CCTV	0.4	–	–	–	0.4	0.0	10.8%	0.0	0.4	10	le	42,740.71
SMP Accounting Separation components	671.0	(0.6)	8.6	–	679.0	1,761.5		190.2	869.2			
Residual components	1,406.0	(2.2)	(12.3)	–	1,391.5	1,046.2		111.2	1,502.7			
Roundings	0.3	0.1	(0.2)	–	0.2	(0.5)		(0.5)	(0.3)			
Total	5,173.4	126.4	(130.1)	0.0	5,169.7	14,344.5		1,371.3	6,541.0			

Appendix 2
Price Control Statements

Appendix 2 – Price Control Statements

Appendix 2.1 Price Controls in Regulated Markets

This appendix shows an extract from the most recent price control submissions to Ofcom to meet BT's price control obligations.

Basket/sub-basket	RPI between June 2014 and June	Charge Control	Controlling %	Actual Basket Yield to 30 September
	2015			2016
Call Termination	1.0%	RPI-2.9%	(1.9)%	(2.2)%
Call Origination	1.0%	RPI-3.6%	(2.6)%	(2.7)%
Interconnect	1.0%	RPI-1.0%	0.0%	0.0%

Submissions for WBA, FAMR and LLCC were made to Ofcom on 30 June 2017, ahead of the publication of the 2017 RFS. These are shown separately on our website at link <http://www.btplc.com/Thegroup/RegulatoryandPublicaffairs/Financialstatements/2017/index.htm>

Appendix 3
Adjusted Performance Summary

Appendix 3 – Adjusted Performance Summary

Appendix 3.1 Adjusted Performance Summary

Ofcom's "Directions for Regulatory Financial Reporting" 30 March 2015 Annex 6 directed BT to prepare the "Adjusted Financial Performance at a market review level" statement in order to show the impact of certain adjustments. Of the adjustments specified, only the following have an impact at a market review (Fixed Access, Business Connectivity Markets and WBA) level:

- Set the Net Replacement Cost (NRC) of PSTN Line Cards to £715m as from 31 March 2011 and adjust the NRC for the relevant Asset Volume Elasticity and a 5% cumulative reduction year on year. The impact of this will be within the Fixed Access Markets.
- Set the Gross Replacement Cost (GRC) of Digital Subscriber Line Access Multiplexer (DSLAM) to the current replacement cost of DSLAM and set the NRC:GRC ratio at 50% in relation to the following assets:
 - Synchronous Digital Hierarchy (SDH)
 - DSLAM

And to depreciate the two assets above over a thirteen year period. The impact of this will be within WBA – Market A.

- Remove the Other CCA adjustments in the WBA Market.

Ofcom's Direction specifying the requirements in relation to additional reporting of information related to BT's adjusted financial performance, is set out on page 245 of Annex 35 of the 2016 BCMR Statement. It requires BT to prepare the "Adjusted Financial Performance at a market review level" statement showing the impact of the following adjustments on the Business Connectivity Markets:

- Calculating an average of property rationalisation costs incurred in the three prior financial years and attributing that three year average to the Business Connectivity Markets.
- Calculating an average of restructuring costs incurred in the three prior financial years and attributing that three year average to the Business Connectivity Markets.

The purpose of this schedule is to publish BT's estimate of the impact of Ofcom's regulatory decisions taken in the Fixed Access, WBA and Business Connectivity market reviews that were not required to be included within the RFS.

Appendix 3 – Adjusted Performance Summary

Appendix 3.2 Adjusted Performance Summary

For the year ended 31 March 2017

	As reported							
	Revenue £m	HCA Costs £m	CCA Adjustments £m	CCA Roundings £m	CCA Operating Costs £m	Return £m	MCE £m	Return on MCE %
Fixed Access Markets	4,015	2,524	(46)	(3)	2,475	1,540	9,769	15.7%
Business Connectivity Markets	1,004	652	(13)	(2)	637	367	2,394	15.3%
Narrowband Markets	204	204	10	2	216	(12)	302	(4.1)%
Wholesale Broadband Markets	382	181	(4)	(1)	176	206	373	55.2%
Total SMP Markets	5,605	3,561	(53)	(4)	3,504	2,101	12,838	16.3%

Estimated impacts			
Revenue £m	CCA Operating Costs £m	Return £m	MCE £m
–	–	–	200
–	4	(4)	–
–	–	–	–
–	32	(32)	311
–	36	(36)	511

Revised return			
Revised return £m	Revised MCE £m	Impact on return on MCE Δ%	Revised Return on MCE %
1,540	9,969	(0.3)%	15.4%
363	2,394	(0.1)%	15.2%
(12)	302	–	(4.1)%
174	684	(29.8)%	25.4%
2,065	13,349	(0.8)%	15.5%

	Estimated impacts			
	Revenue £m	CCA Operating Costs £m	Return £m	MCE £m
Adjusted NRC for ATM and ATMW	–	–	–	–
Adjusted NRC for SDH	–	29	(29)	204
Adjusted NRC for DSLAMs	–	10	(10)	1
				07
Adjusted NRC for line cards	–	–	–	200
Remove Other CCA Adjustments for WBA	–	(7)	7	–
Property Rationalisation	–	–	–	–
Restructuring Costs	–	4	(4)	–
	–	36	(36)	511

Appendix 3 – Adjusted Performance Summary

Appendix 3.3 Adjusted Performance Summary

Restated for the year ended 31 March 2016 (e)

	As reported							
	Revenue £m	HCA Costs £m	CCA Adjustments £m	Roundings £m	CCA Operating Costs £m	Return £m	MCE £m	Return on MCE %
Fixed Access Markets	3,917	2,438	39	–	2,477	1,440	9,473	15.2%
Business Connectivity Markets	1,173	611	2	–	613	560	2,349	23.8%
Narrowband Markets	239	211	5	2	218	21	333	6.6%
Wholesale Broadband Markets	409	194	(7)	(1)	186	223	368	60.4%
Total SMP Markets	5,738	3,454	39	1	3,494	2,244	12,523	17.9%

Estimated impacts				
Revenue £m	CCA Operating Costs £m	Return £m	MCE £m	
–	–	–	201	
–	4	(4)	–	
–	–	–	–	
–	64	(64)	332	
–	68	(68)	533	

Revised return			
Revised return £m	Revised MCE £m	Impact on return on MCE Δ%	Revised Return on MCE %
1,440	9,674	(0.3)%	14.9%
556	2,349	(0.2)%	23.6%
21	333	–	6.6%
159	700	(37.8)%	22.6%
2,176	13,056	(1.2)%	16.7%

	Estimated impacts			
	Revenue £m	CCA Operating Costs £m	Return £m	MCE £m
Adjusted NRC for ATM and ATMW	–	15	(15)	6
Adjusted NRC for SDH	–	29	(29)	200
Adjusted NRC for DSLAMs	–	22	(22)	126
Adjusted NRC for line cards	–	–	–	201
Remove Other CCA Adjustments for WBA	–	(2)	2	–
Property Rationalisation	–	–	–	–
Restructuring Costs	–	4	(4)	–
	–	68	(68)	533

Appendix 4
Time Related Charges and Special Fault Investigation Costs

Appendix 4 – Time Related Charges and Special Fault Investigation Cost

Appendix 4.1 Time Related Charges Costs Relating to the Fixed Access Markets 2017

For the year ended 31 March 2017

Volumes (hours) – Billed (exc volume deals)	
Normal hours	1,016,682
Other hours	Not available
Sunday/Bank Holiday hours	Not available
Total TRC hours	1,016,682
Total Direct Costs £ per hour	38.22

Note – TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The “Normal hours” represents the number of visits plus the number of additional hours.

Appendix 4.2 Time Related Charges Costs Relating to the Fixed Access Markets 2016

For the year ended 31 March 2016

Volumes (hours) – Billed (exc volume deals)	
Normal hours	820,900
Other hours	Not available
Sunday/Bank Holiday hours	Not available
Total TRC hours	820,900
Total Direct Costs £ per hour	38.00

Note – TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The “Normal hours” represents the number of visits plus the number of additional hours.

Appendix 4.3 Special Fault Investigation Costs Relating to the Fixed Access Markets 2017

For the year ended 31 March 2017

Module	Cost per module £m
Base	38.7
Network	5.9
Frame	0.8
Internal Wiring	0.5
Internal Equipment	0.7
Co-op	–
Frame Direct	1.3
	47.9

Note – Special Fault Investigation service costs include the costs of the Special Fault Investigation component and some of the costs of other components e.g. Openreach Sales Product Management and Revenue Receivables.

Appendix 4.4 Special Fault Investigation Costs Relating to the Fixed Access Markets 2016

Restated for the year ended 31 March 2016 (e)

Module	Cost per module £m
Base	26.6
Network	3.8
Frame	0.6
Internal Wiring	0.6
Internal Equipment	0.5
Co-op	–
Frame Direct	0.7
	32.8

Note – Special Fault Investigation service costs include the costs of the Special Fault Investigation component and some of the costs of other components e.g. Openreach Sales Product Management and Revenue Receivables.

Appendix 4 – Time Related Charges and Special Fault Investigation Cost

Appendix 4.5 Ethernet Time Related Charges Costs 2017

For the year ended 31 March 2017

Volumes (hours) – Billed (exc volume deals)

Normal hours	64,164
Other hours	Not available
Sunday/Bank Holiday hours	Not available
Total TRC hours	64,164

Total Direct Costs £ per hour **51.08**

Note – TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The “Normal hours” represents the number of visits plus the number of additional hours.

Appendix 4.6 Ethernet Time Related Charges Costs 2016

For the year ended 31 March 2016

Volumes (hours) – Billed (exc volume deals)

Normal hours	52,880
Other hours	Not available
Sunday/Bank Holiday hours	Not available
Total TRC hours	52,880

Total Direct Costs £ per hour **52.68**

Note – TRCs are available outside of normal working hours and Sundays and bank holidays. It has not been possible to split TRC hours into normal, other, and Sunday/Bank holidays for the purposes of this report. The “Normal hours” represents the number of visits plus the number of additional hours.

Appendix 5
Final Statements and Notifications set out by Ofcom

Appendix 5 – Final Statements and Notifications set out by Ofcom

Final Statements and Notifications set out by Ofcom:

- Business Connectivity Market Review Statement 28 April 2016.
- Directions for Regulatory Financial Reporting Statement 30 March 2015.
- Review of the Wholesale Broadband Access Markets Statement 26 June 2014.
- Fixed Access Market Reviews Statement 26 June 2014.
- Regulatory Financial Reporting Statement 20 May 2014.
- Review of the Fixed Narrowband Services Markets Statement 26 September 2013.
- “Changes to BT and KCOM’s regulatory and financial reporting 2013/14 update” issued 3 April 2014.
- “Changes to BT and KCOM’s regulatory and financial reporting 2012/13 update” issued 25 April 2013.
- “Changes to BT and KCOM’s regulatory and financial reporting 2011/12 update” issued 17 April 2012.
- “Changes to BT and KCOM’s regulatory and financial reporting 2010/11 update” issued 2 June 2011.
- “Changes to BT and KCOM’s regulatory and financial reporting 2009/10 update” issued 4 June 2010.
- “Changes to BT and KCOM’s Regulatory Financial Reporting – 2008/09 update” issued 15 June 2009.
- “Changes to BT’s 2007/08 Regulatory Financial Statements” issued 26 June 2008.
- “Changes to BT’s Regulatory Financial Reporting and Audit Requirements” issued 30 May 2007.
- “Changes to BT’s Regulatory Financial Reporting and Audit Requirements” issued 16 August 2006.
- “Changes to BT’s Regulatory Financial Reporting Framework” issued 31 August 2005.
- “The Regulatory Financial Reporting Obligations on BT and Kingston Communications” issued 22 July 2004.

Each of these Final Statements and Notifications are available on the Ofcom website.

Glossary and Footnotes List

Glossary and Footnotes List

Glossary

21CN	21 st Century Network	CPI	Consumer Price Index
ADSL	Asymmetric Digital Subscriber Line	CPL	Carrier Price List
AI	Alternative Interface	CSH	Customer Sited Handover
AISBO	Alternative Interface Symmetric Broadband Origination	CSI	Customer Sited Interconnect
AMD	Accounting Methodology Document. This sets out the detailed processes by which revenues and costs are attributed between the SMP Markets, Services and Residual activities.	CTCS	Core Transmission Costing System
Annual Report	BT Group plc's Consolidated Financial Statements for the year ended 31 March. These are available on the BT website at: http://www.btplc.com/Sharesandperformance/Annualreportandreview/index.cfm	Current Cost Accounting ("CCA") adjustments	The change to historical costs arising from the revaluation of assets on a current cost basis. In the statements for individual markets the adjustments comprise the holding gains or losses arising from changes in asset values, together with the effect on asset values and depreciation of the appropriate allocation of current cost asset values between markets and Wholesale services.
ASIG	Accounting Separation Implementation Group	D Side	Distribution Side
ATM	Asynchronous Transfer Mode	(D)LRIC	Distributional LRIC, LRIC plus a share of common costs
BCMR	Business Connectivity Market Review	DSAC	Distributed Stand Alone Costs
BES	Backhaul Extension Services	DSLAM	Digital Subscriber Line Access Multiplexer
BRAS	Broadband Remote Access Server	E Side	Exchange Side
CAT	Competition Appeal Tribunal	EAD	Ethernet Access Direct
CC	Competition Commission	EBD	Ethernet Backhaul Direct
Cct	Circuits	EC	European Commission
CCN	Change Control Notification	ECC	Excess Construction Charge
CI	Contemporary Interface	Eq	Equipment units
CISBO	Contemporary Interface Symmetric Broadband Origination	EOI	Equivalence of Input
CLZ	Central London Zone	ePPCs	Ethernet Partial Private Circuits
Cost accounting	A cost accounting system is a set of rules which supports the attribution of costs, revenues and capital employed to individual activities and services.	EVOTAM	Evolution Test Access Matrix
CoW	Class of Work	FAC	Fully Allocated Cost
CP	Communication Provider	FAMR	Fixed Access Market Review
		FTTC	Fibre to the Cabinet

Glossary and Footnotes List

FTTP	Fibre to the Premises	MISBO	Multi Interface Symmetric Broadband Origination
GBCI	General Building Cost Index (GBCI). A national index that measures the costs of construction work including materials and labour.	mm	Millions of minutes
GEA	Generic Ethernet Access	MNS	Managed Network Services
GFA	Grant Funded Assets	MPF	Metallic Path Facilities
GRC	Gross Replacement Cost	MSAN	Multi Service Access Node
HCA	Historical cost accounting	MSE	Multi Service Edge
IAS	International Accounting Standards	MVNO	Mobile Virtual Network Operator
IBC	Intra-Building Circuit	n/a	Not applicable.
IEC	Interconnection Extension Circuit	NGA	Next Generation Access
INS	Integrated Network System	NRC	Net Replacement Costs
IP	Internet protocol	NTE	Network Terminating Equipment
ISH	In-Span Handover	Ofcom	Office of Communications
ISI	In-Span Interconnect	ONBS	Openreach Network Backhaul Service
km	Kilometres	OUC	Organisational Unit Code
LA	Local Access	PDH	Plesiochronous Digital Hierarchy
Le	Local ends	PoH	Point of Handover
Line	No. of Lines	PPC	Partial Private Circuit
LLCC	Leased Lines Charge Controls	ppm	Pence per Minute
LLU	Local Loop Unbundling	PSTN	Public Switched Telephone Network
LOB	Line of Business	PWNRCS	Profit Weighted Net Replacement Costs
LRIC	Long Run Incremental Cost	RAV	Regulatory Asset Valuation
m	Metres	RFS	Regulatory Financial Statements
MDF	Main Distribution Frame	RPI	Retail Price Index
Mean capital employed (MCE)	Mean capital employed is defined as total assets less current liabilities, excluding corporate taxes and dividends payable, and provisions other than those for deferred taxation. The mean is computed from the start and end values for the period.	SDH	Synchronous Digital Hierarchy
		SFBB	Super Fast Broadband
		SMP	Significant Market Power
		SMPF	Shared Metallic Path Facilities

Glossary and Footnotes List

TDM	Time Division Multiplexing
TI	Traditional Interface
TISBO	Traditional Interface Symmetric Broadband Origination
TSO	Technology, Service and Operations
TVC	Television Connect
Undertakings	The Undertakings given by BT under the Enterprise Act 2002
Use	The proportional bandwidth use of each circuit
Usage Factors	Usage Factors refer to the usage of any network component, including conveyance components.
VoIP	Voice over IP
VULA	Virtual Unbundled Local Access
WBA	Wholesale Broadband Access
WBC	Wholesale Broadband Connect
WDM	Wave Division Multiplexing
WECLA	Western, Eastern and Central London Area including Slough
WES	Wholesale Extension Services
WLR	Wholesale Line Rental
0 or -	A numerical value of <£0.5m and >£(0.5)m
<1	A value of below £1m

Glossary and Footnotes List

Footnotes

- (a) This component is attributed on a % basis so no volume or unit cost is derivable.
- (b) See glossary for volume unit descriptors.
- (c) ppm = pence per minute; £/2Mbit cct = £ per 2 Mbps circuit; £/km = £ per kilometre; £/100m = £ per 100 metres; £/trans = £ per transaction; £/circuit = £ per circuit; £/hostel rental = £ per hostel rental; % = % utilisation; £/line = £ per line; £/room = £ per room; £/cable = £ per cable; £/link = £ per link; £/eq = £ per equipment units; £/le = £ per local end; £/conn = £ per connection; £/channel = £ per channel; £/fibre km = £ per fibre km.
- (d) These are capital costs and therefore not included in the market total of operating costs.
- (e) See Section 2 – Basis of Preparation for explanation of restatement.
- (sx) This service comprises a number of individual prices as indicated by the value of x.
- (ux) This service comprises a number of individual volume types as indicated by the value of x.
- (un) This service comprises a large number of volume types and prices.

Additional Information

Additional Information

Hard copy versions of the published RFS and the AMD can be obtained from:

Shareholder helpline

Tel: Freephone 0808 100 4141

Fax: 01903 833371

Textphone: Freephone 0800 169 6907

From outside the UK:

Tel: +44 121 415 7178

Fax: +44 1903 833371

Textphone: +44 121 415 7028

<https://help.shareview.co.uk>

The Registrar

Equiniti

Aspect House

Spencer Road

Lancing

West Sussex

BN99 6DA

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Website: www.equiniti.com

Electronic copies of the above documents are also available from the following website:

www.btplc.com/Thegroup/RegulatoryandPublicaffairs/Financialstatements/index.htm



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