

Addendum on call revenues

The following paragraph should be inserted after paragraph 6.44 of Ofcom's *Fixed Access Market Reviews: Approach to the VULA margin* consultation, dated 19 June 2014.

6.44A Estimates submitted by one stakeholder suggest that it may earn materially^A lower OOP revenues on average than BT.^B There could be a wide range of reasons why BT earns higher OOP call revenues than other operators. For example, BT could be including fewer 'in-package' calls in its superfast broadband packages, BT could be setting higher tariffs for OOP calls, or BT's customers might have a higher propensity to purchase OOP calls. Our provisional view is that it is likely to be possible for other operators to match BT's revenues for OOP calls. In particular, where other operators are competing to attract superfast broadband customers that have a greater propensity to make or a higher willingness to pay for OOP calls, they could also generate higher OOP revenues from those customers. We note that respondents to the 2013 FAMR Consultation did not argue in favour of such an adjustment. Accordingly, applying the considerations set out in paragraphs 6.24-6.30 above, we do not propose to make any adjustment to OOP call revenue.

^A Paragraph 6.27 sets out our First Consideration that BT's costs and revenues must be materially different to those of other operators for Ofcom to consider whether an adjustment should be made.

^B [✂]