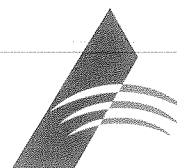


Our ref: M2008/238, 31600
Contact officer: Matthew Gillet
Contact phone: (03) 9290 6971



Australian
Competition &
Consumer
Commission

GPO Box 520
Melbourne Vic 3001

Level 35, The Tower
360 Elizabeth Street
Melbourne Vic 3000

tel: (03) 9290 1800
fax: (03) 9663 3699

www.accc.gov.au

11 February 2008

Dr Tony Warren
Executive Director Regulatory Affairs
Unit 11, Level 2
11 National Circuit
Barton ACT 2600

cc: Rebecca Mitchell
Legal Counsel
Public Policy & Communications
Level 11, 231 Elizabeth Street
Sydney NSW 2000

By facsimile: 02 9261 8390

Dear Dr Warren

Cost Factor Study: TEA Model v1.3

I refer to Telstra's submission dated 23 December 2008, responding to the ACCC's Draft Decision on Telstra's Band 2 ULLS undertaking. This submission notes that Telstra is revising the factor calculations in response to issues raised in the ACCC's Draft Decision (page 82). In order to adequately assess these changes, the ACCC requires an updated version of Telstra's cost factor study, indicating how Telstra has derived the operations and maintenance (O&M) cost factors.

I note that a previous cost factor study was supplied to the ACCC on 7 April 2008. This document explains how the O&M and indirect cost factors were calculated in Version 1.0 of the Telstra Efficient Access (TEA) model. The ACCC requests that Telstra supply an updated version of this document by 18 February 2009. The ACCC also requests a public version of this document be supplied at the same time.

Should you have any questions regarding this letter, please contact Matthew Gillet on (03) 9290 6971.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Seymour'.

Ed Seymour
Acting General Manager
Compliance and Regulatory Operations
Communications Group