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**For Publication**

Dear Mr Wright

***Wholesale ADSL FAD Inquiry – Request for data on AGVC/VLAN and SIOs***

Thank you for your letter of 19 April 2013, in which you asked Telstra to confirm whether the AGVC/VLAN usage data used by the Commission in the Draft FAD included AGVC/VLAN usage data for those Wholesale Customers who [CIC begins] [CIC ends]. We confirm that that usage data pertaining to those Wholesale Customers was not included in the AGVC/VLAN data used by the Commission. [CIC begins]

[CIC ends]

Attachment A to this letter provides, as requested, updated peak usage data for all Wholesale Customers, which includes the peak usage of those Wholesale Customers [CIC begins] [CIC ends] (as well as other data requested by the Commission). As set out in Attachment A, in preparing this data response we have sought (to the greatest extent possible) to provide data that is calculated on a consistent basis to data contained Telstra's TEM report.

It should be noted that Telstra does not think that it is necessarily appropriate to take into account the data usage of Wholesale Customers [CIC begins] [CIC ends] in the context of determining AGVC/VLAN forecasts as part of the FLSM calculations.

Telstra also notes that the Commission has used retail peak usage data (and has sought further retail peak usage data as part of this request) in calculating its forecasts for wholesale AGVC/VLAN usage. Similar to our concerns with respect [CIC begins] [CIC ends] Telstra does not think it is appropriate for the Commission to utilise retail usage data to calculate these forecasts.

Further, if the Commission were to adjust its forecasts for AGVC/VLAN capacity as a result of taking into account these data, Telstra is concerned that other parameters within the model

would also need to be adjusted to take these changes into account. Most obviously, in the Draft FAD, the Commission has determined to allocate approximately [CIC begins] % [CIC ends] of Wholesale ADSL (WDSL) costs to usage (AGVC/VLAN) charges, and just under [CIC begins] % [CIC ends] to port charges. This allocation is based on the RMRC model used by the Commission in setting the IAD prices. This allocation decision results in significantly lower allocation of WDSL costs to usage charges than an allocation based on relative costs (which we estimate would result in an approximate allocation between port and AGVC/VLAN charges of [CIC begins] % [CIC ends] for ports and [CIC begins] % [CIC ends] for usage).

Please note that this letter, including Attachment A, is ~~confidential~~. Telstra appreciates the Commission's desire to provide key information to interested parties to the FAD Inquiry and we are happy to work with the Commission to this end.

If you have any queries in relation to this submission, please contact Alister Montgomery on (03) 8649 2008.

Yours sincerely,



Jane van Beelen  
Executive Director - Regulatory Affairs  
Telstra Corporation Limited

**ATTACHMENT A – Answers to questions set out in the Commission’s data request**

1. Please provide the amount of AGVC/VLAN (in Mbps) acquired by all wholesale ADSL customers [CIC begins] [CIC ends], as at 30 June 2011 and 30 June 2012. Please also provide the number of SIOs that these customers acquired as at 30 June 2011 and 30 June 2012.

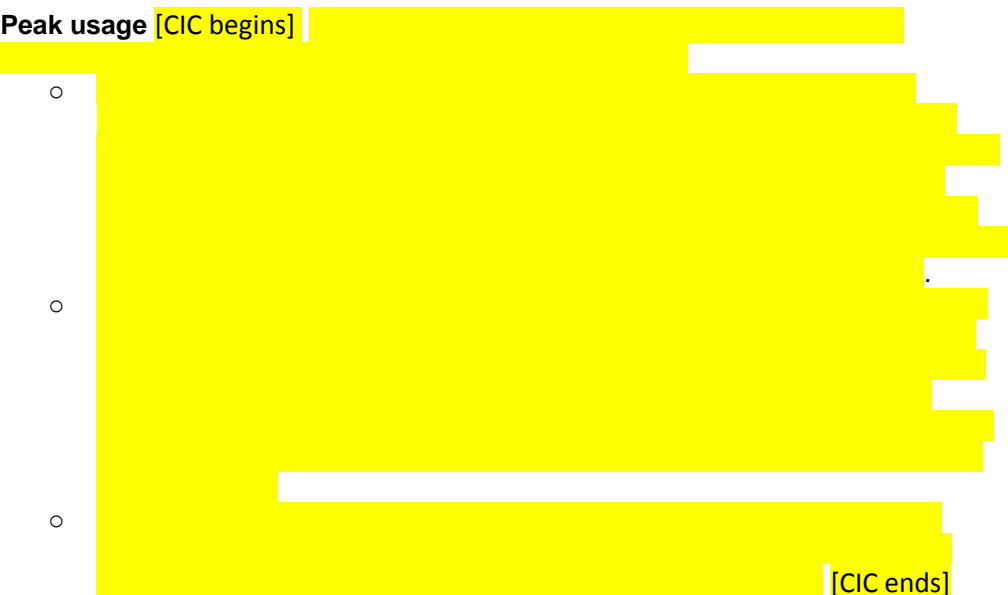
Table 1 shows the number of SIOs and the peak busy hour throughput for all of Telstra’s Wholesale ADSL customers [CIC begins] [CIC ends], as at 30 June 2011 and 30 June 2012:

Table 1: Telstra Wholesale ADSL SIOs and peak usage

	June QTR 2011		June QTR 2012	
SIOs	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]
peak usage (Mbps)	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]
peak usage per SIO (Mbps)	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]

With the aim of maintaining consistency (where possible) with data provided as part of Telstra’s TEM reports, the above figures are calculated as follows:

- **SIOs** are calculated as the average of the number of SIOs as at the start of the first month of the quarter and the number of SIOs as at the end of the last month of the quarter. For example, the figure for June 2011 is calculated by summing the number of wholesale SIOs as at the end of March 2011 and the number of wholesale SIOs as at the end of June 2011 and dividing by two.

- **Peak usage** [CIC begins]  [CIC ends]

- **Peak usage per SIO** is simply calculated as peak usage divided through by SIOs at a given time.

2. In addition, there are several requests for information in relation to Telstra’s retail activities which generate traffic:

- a) Provide the amount of AGVC/VLAN (in Mbps) used by Telstra Retail to supply its ADSL customers—that is, peak network utilisation—as at 30 June 2011 and 30 June 2012.
- b) Confirm whether the figures in 2a include all data usage for which retail customers do not face a separate charge (e.g. including usage associated with unmetered BigPond content provided by Telstra that does not attract additional charges). If not, then please provide the amount of AGVC/VLAN (in Mbps) used for such services (e.g. unmetered content services) in addition to the AGVC/VLAN figures in 2a.
- c) Provide the amount of AGVC/VLAN (in Mbps) used by Telstra Retail to supply its ADSL customers with services the cost of which Telstra considers to be fully recovered by Telstra through charges or fees other than the retail broadband charge e.g. pay per view or content subscriptions services. The ACCC requests these figures as at 30 June 2011 and 30 June 2012.
- d) Provide the number of Telstra Retail ADSL SIOs as at 30 June 2011 and 30 June 2012.

Table 2 shows the number of SIOs and the peak busy hour throughput for Telstra's retail ADSL customers, as at 30 June 2011 and 30 June 2012:

Table 2: Telstra Retail ADSL SIOs and peak usage

	June QTR 2011		June QTR 2012	
SIOs	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]
peak usage (Mbps)	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]
peak usage per SIO (Mbps)	[CIC begins]	[CIC ends]	[CIC begins]	[CIC ends]

With the aim of maintaining consistency (where possible) with data provided as part of Telstra's TEM reports, the above figures are calculated as follows:

- **SIOs** are calculated as the average of the number of SIOs as at the start of the first month of the quarter and the number of SIOs as at the end of the last month of the quarter. For example, the figure for June 2011 is calculated by summing the number of retail SIOs as at the end of March 2011 and the number of wholesale SIOs as at the end of June 2011 and dividing by two. This is the same approach that is used in Telstra's TEM reports.
- **Peak usage** for Retail SIOs is calculated by:
  - First, the peak half hour usage figures for retail customers recorded at each IGR device over a calendar month are summed to produce a peak network usage figure for retail customers for that month. This is a conservative (over)estimate of peak network usage as it aggregates peak usage at each IGR, rather than observing the overall network peak in a given period. As such, this estimate of peak usage is likely to systematically overstate the actual peak network usage by retail customers at any one time over any given period.
  - To calculate the peak usage figure for the June quarter 2011 and for the June quarter 2012, the relevant monthly peak usage figures for each quarter are averaged.
  - This is the approach which is used in Telstra's TEM reports.
  - For the avoidance of doubt, (and in response to questions 2b and 2c), the peak usage figure in table 2 contains the peak data usage of Telstra Retail customers including all content (metered and unmetered) that is delivered across the IGR and into the DSL network. This includes unmetered content

such as BigPond Movies for which retail customers incur a separate charge in addition to their monthly plan fee.

- **Peak usage per SIO** is simply calculated as peak usage divided by SIOs at the relevant time.