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Dear Mr Wright

**Telstra's Band 2 ULLS Undertaking – request for access to NERA Model**

We refer to the ACCC's Draft Decision on Telstra's Band 2 ULLS undertaking (**Undertaking**) and, in particular, the ACCC's approach to depreciation contained in the Draft Decision.

Telstra notes that the ACCC states (at page 123 of the Draft Decision):

*"The ACCC considers that the application of a tilt to regulated cash flows under the TSLRIC regime is appropriate for fair compensation because the assets are revalued periodically by the regulator to reflect a current hypothetically efficient network in each regulatory period."*

Telstra wishes to examine the ACCC's adoption and application of a tilted annuity over the time during which the ULLS has been declared. Telstra notes that the ACCC has used the NERA model to value Telstra's CAN and/or set ULLS prices in at least the following determinations:

- A report on the assessment of Telstra's undertaking for the Domestic PSTN Originating and Terminating Access services, July 2000; and,
- Pricing of unconditioned local loop services (ULLS): Final Report, March 2002.

Accordingly, Telstra requests that the ACCC make the versions of the NERA model used by the ACCC for the final determinations listed above available to Telstra for the purpose of examination in the context of Telstra's current Band 2 ULLS Undertaking.

Such examination would be informative of what meets the reasonableness test under Part XIC of the Trade Practices Act.

Telstra requests that the ACCC respond to this request and provide appropriate versions of the NERA Model as soon as practicable.

Yours sincerely,



Tony Warren  
Executive Director Regulatory Affairs  
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