



18 November 2008

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Dear Mr Cosgrave

### **Telstra's Band 2 ULLS Undertaking**

I am writing in reference to Telstra's ULLS undertaking currently pending before the ACCC.

As you are aware, Telstra has made every effort to ensure that the TEA model is the most transparent and well-documented model to be submitted to the ACCC. You will also know that Optus and Network Strategies raised concerns in their responses to the ACCC's discussion paper to the effect that they do not fully understand the route optimisation process employed in the extraction of the base data used to run the TEA model. The documentation attached to this correspondence is intended to address those apparent concerns.

The real world, fact based approach taken in modelling the cost of the customer access network adopted by the TEA model involves a considerable amount of expense and effort. In order to create a network cost model guided by, and in all ways consistent with, sound engineering principles, Telstra has closely examined every Distribution Area (DA), all Distribution routes and all Main routes in every Band 2 Exchange Service Area (ESA) in Australia; some 50,000 DAs and thousands upon thousands of cable routes in 584 ESAs. This examination entailed the extraction, transformation, processing and loading of gigabytes of data over the past 2 years (the size of the database used to run the TEA model for Band 2 ESAs is over 700 Megabytes). We refer to the extraction, transformation, processing and loading of this vast amount of data as the TEA Model Route Optimisation Process.

Given the enormity of the data involved and the complexity of creating a model in conformance with the Telstra Network Access Dimensioning Rules, which guided the process, specialised engineering and information technology expertise and sophisticated processing methodologies have been required to complete the task. In order to make the TEA Model Route Optimisation Process as understandable and as transparent as possible for the audience most interested in Telstra's ULLS

undertaking, documentation has been prepared that balances the need to fully explain the process with the desirability of addressing an audience not steeped in the technical language of data processing.

Accordingly, this letter attaches:

1. a Confidential [Category 1] Statement of Telstra's expert annexing the TEA Model Route Optimisation Process documentation.

The statement and annexed *TEA Model Route Optimisation Process documentation* prepared by Telstra's expert in this field provides a detailed, step-by-step explanation of the methodology used to extract necessary data from Telstra's source databases, rationalise and optimise the network data to adhere to strict efficiency guidelines and format the data for loading into the TEA model's excel spreadsheets. The explanations should be readily understood by those with a basic knowledge of customer access network engineering principles and TSLRIC+ modelling standards.

The TEA Model Route Optimisation Process documentation should be read in conjunction with Telstra's report entitled "*Measure of TEA Model Efficiency: ULLS Band 2*", sent to the ACCC 10 September 2008, which assesses the efficiency of the TEA Model network design relative to Telstra's existing network

2. The expert report of Dr. Robert G Harris and Dr. William Fitzsimmons entitled "*An Assessment of Telstra's TEA Cost Model for Use in the Costing and Pricing of Unconditioned Local Loop Services (ULLS)*" in both a Confidential [Category 1] and public form (as marked); and
3. Telstra's detailed Response to Access Seeker Submissions dated 18 November 2008 in Confidential [Category 1] and public form (as marked).

Telstra does **not** claim confidentiality over:

- this letter; or
- the public form of Dr. Robert G Harris and Dr. William Fitzsimmons expert report entitled "*An Assessment of Telstra's TEA Cost Model for Use in the Costing and Pricing of Unconditioned Local Loop Services (ULLS)*"; or
- the public form of Telstra's detailed Response to Access Seeker Submissions dated 18 November 2008.

and those documents may be published on the ACCC's website.

Telstra **does** claim confidentiality over:

- the Confidential [Category 1] Statement of Telstra's expert annexing the TEA Model Route Optimisation Process documentation; and
- the Confidential [Category 1] form of the expert report of Dr. Robert G Harris and Dr. William Fitzsimmons entitled "*An Assessment of Telstra's TEA Cost Model for Use in the Costing and Pricing of Unconditioned Local Loop Services (ULLS)*"; and
- the Confidential [Category 1] form of Telstra's detailed Response to Access Seeker Submissions dated 18 November 2008,

and those documents may not be published on the ACCC's website.

Telstra will make these Confidential [Category 1] documents available to interested parties subject to the same terms of access applicable to any other Telstra Confidential Material and in compliance with Telstra's obligations of confidence in respect of any particular access seeker's confidential information provided to Telstra. As there is no public form, Telstra suggests the ACCC may wish to alert interested parties to the existence of the Confidential [Category 1] Statement of Telstra's expert by referring to that documents, consistently with previous Telstra confidential statements listed on the ACCC's website, as '*Statement of Telstra expert annexing the TEA Model Route Optimisation Process documentation*'.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Warren', with a stylized flourish extending to the right.

Tony Warren  
Executive Director Regulatory Affairs  
Public Policy and Communications