

Our Ref: M2008/238, 31600
Contact Officer: Matthew Gillet
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**Australian
Competition &
Consumer
Commission**

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23 January 2009

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

Request for further information: Telstra's Band 2 ULLS undertaking

This letter formally requests Telstra Corporation Limited (Telstra) provide the Australian Competition and Consumer Commission (ACCC) with further information under section 152BT of the *Trade Practices Act 1974* about Telstra's unconditioned local loop service undertaking lodged on 3 March 2008 (the Undertaking).

The ACCC refers to Telstra's *Response to Access Seeker Submissions*, dated 18 November 2008, which discusses Optus' submission dated August 2008 on equipment prices used in the Telstra Efficient Access (TEA) model. Telstra submits that Optus' prices would not be comparable to the costing information in the TEA model as they would not include additional functions such as storage. Accordingly, in order to determine the nature of the costing information supplied by Telstra, the ACCC requests the following information for each of the cost items included in the TEA model, and in particular those identified in **Attachment A**:

- 1) What, if any, additional functions (such as storage) do the prices contained in the TEA model include?
- 2) What is the base vendor price for the equipment contained in the TEA model? For example, what is cost for each type of main copper cable *only*, without any additional functions?
- 3) Specify the percentage volume/quantity discounts that:
 - a) Are available to Telstra;
 - b) Telstra currently receives; and

- c) Have been applied in the TEA model. If the application of volume discounts varies between items in the TEA model, indicate the extent volume discounts have been applied to each item. For example, Telstra may apply a greater volume/quantity discount on equipment that is used more when constructing a network.
- 4) Do volume/quantity discounts vary with the quantity of the units ordered? If so, please specify by how much. For example, indicate the difference in applicable volume/quantity discount for an order of 100, 300, 500, 1,000, and 10,000 units (or as appropriate).

When supplying the requested information, the ACCC requests Telstra provide any submissions on these points at the same time.

Please forward the requested information (in both hard and electronic format) to:

Ms Kim Huynh
Communications Group
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3000
Email: kim.huynh@accc.gov.au
Fax: (03) 9663 3699

In accordance with sub-section 152BU(6), a day during any part of which this request (or part of this request) remains unfilled, is disregarded in calculating the period within which the ACCC must make a decision about the Undertaking.

In the event Telstra fails to comply with this request by such time that the ACCC considers reasonable, the ACCC may proceed to make a decision on the Undertaking based on the information currently before it.

Yours sincerely



Robert Wright
General Manager
Compliance and Regulatory Operations
Communications Group

Attachment A. TEA model equipment list

Cable-Materials and Placement Costs and Design Criteria

Normal Gauge .40 mm Conductor-Main	
Cable size (pairs)	2400
	1200
	800
	400
	200
	100
Heavy Gauge .64 mm Conductor-Main	
Cable size (pairs)	1200
	800
	400
	200
	100

Cable Cost Normal Gauge .40 mm Conductor-Distribution and Building Terminal Connections

Cable size (pairs)	100
	50
	30
	10

Cost per Wire Connection at Serving Pit-Distribution

Cable size (pairs)	2
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Pits, Manholes and Pillars-Materials and Placement Costs and Design Criteria

Manhole Cost-Main	PF28 manhole
	PF20 manhole
	PF12 manhole
	PF4 manhole
Pit Costs-Main and Distribution	No. 9 Pit
	No. 6 Pit
	No. 5 Pit
Pillar Costs	Large
	Small

Multiplexing Systems-Costs and Design Criteria

Type of Equipment	Alcatel CMUX AU
	Alcatel CMUX AU
	Alcatel CMUX NU

2 Pair Lead-Ins

Cost of Placing Lead-in
Cost of Cable and Cable Placement for Lead-ins in Excess of 20 Metres on Customer Property