

**IN THE MATTER OF UNDERTAKINGS DATED
23 DECEMBER 2005 PROVIDED BY TELSTRA
CORPORATION LIMITED TO THE
AUSTRALIAN COMPETITION AND
CONSUMER COMMISSION IN RESPECT OF
UNCONDITIONED LOCAL LOOP SERVICE
("the Access Undertakings")**

SUPPLEMENTARY STATEMENT OF [c-i-c]

On 21 August 2006, I, [c-i-c] of [c-i-c], Melbourne in the State of Victoria, [c-i-c], state as follows:

1 **[deleted]**

2 I make this statement from my own knowledge and based on my own enquiries, except where stated otherwise.

3 I refer to my previous statement dated 9 August 2006.

4 I have been further asked to comment on the appropriateness of the following asset lives used in the PIE II model:

(a) Main conduit; and

(b) distribution conduit.

5 I understand that the asset lives used in the PIE II model are:

(a) **[c-i-c]** for main conduit; and

(b) **[c-i-c]** for distribution conduit.

6 I refer to the report of PriceWaterhouseCoopers titled "*Telco Network Service Lives*" dated March 1999 in which ducts and pipes have an average asset life of [c-i-c]. I consider that there is a difference in asset lives between main and distribution conduit. This is because main conduit:

- (a) is provided in a more substantial base. The main conduits:
- (i) are deeper below the surface. If the main and distribution conduits are laid together, the main conduit is laid below the distribution conduit;
 - (ii) are supported in commercially available stabilized material;
 - (iii) are in large clusters, with the outer conduits protecting the other conduits; and
 - (iv) used by Telstra are [c-i-c] in diameter and therefore can tolerate side wall displacement to a greater extent than most of the distribution conduits used by Telstra, which range between [c-i-c] and [c-i-c] in diameter. Side wall displacement, or narrowing of the conduit, occurs due to external forces on the conduit, such as tree roots.

Hence main conduits are more immune from damage than distribution conduits;

- (b) supports both access network and inter-exchange network technologies making it more adaptable for future use.

7 A service life of [c-i-c] is appropriate for distribution conduit and of [c-i-c] for main conduit.

DATED 21 August 2006

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[c-i-c]