

**IN THE MATTER OF AN UNDERTAKING  
DATED 3 MARCH 2008 LODGED BY TELSTRA  
CORPORATION LIMITED WITH THE  
AUSTRALIAN COMPETITION AND  
CONSUMER COMMISSION IN RESPECT OF  
UNCONDITIONED LOCAL LOOP SERVICE  
(“the Access Undertaking”)**

**STATEMENT OF FRANK HATZENBUEHLER**

On 18 November 2008, I, **FRANK HATZENBUEHLER**, Telecommunications Policy

Consultant, [REDACTED], state as

follows:

**Confidentiality of information in this statement**

1 The information in this statement and its annexure is confidential to Telstra Corporation Limited (“Telstra”). I have prepared this statement on the basis that the information in it and its annexure (the “Telstra information”) will remain confidential and that the Telstra information will only be disclosed to a person:

- (a) who has executed a confidentiality undertaking in terms that are satisfactory to Telstra; and
  - (b) who may only use the Telstra information for the following purposes:
    - (i) making submissions to the Australian Competition and Consumer Commission (“ACCC”) in respect of an the Access Undertaking;
- or

- (ii) any application made to the Australian Competition Tribunal under section 152E of the *Trade Practices Act 1974 (Cth)* for review of a decision made by the ACCC in respect of the Access Undertaking; or
- (iii) any other purpose approved by Telstra in writing.

## **Experience**

- 1 I hold a Bachelor of Arts degree in Mathematics from the University of California at Berkeley conferred in 1973. For the past 32 years I have been involved in economic cost modeling in the telecommunications industry. This has involved the development of Long Run Incremental Cost ("LRIC"), Total Element Long Run Incremental Cost ("TELRIC") and Total Service Long Run Incremental Cost (Plus) ("TSLRIC+") models in relation to fixed line telecommunications services.
- 2 A number of telecommunications regulators in the United States have accepted a Model (LRIC, TELRIC and/or TSLRIC+) prepared under my supervision as the basis for setting prices for regulated fixed line telecommunications services. In particular, as an officer of a Regional Bell Operating Company (USWEST), I supervised the costing and pricing of wholesale services, including unbundled local loops, as part of the implementation of the 1996 *Telecommunications Act* in the United States.
- 3 I have been retained by Telstra to develop the Telstra Efficient Access ("TEA") Model for submission to the ACCC in support of the Undertaking. I was and am

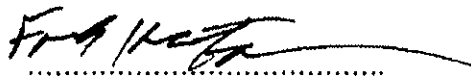
primarily responsible for the development of the TEA Model, which is a TSLRIC+ model for the Unconditioned Local Loop Service (“ULLS”) in Band 2 exchange service areas. In this role I have been assisted by a number of people, who are either retained by me or employees of Telstra.

4 The TEA Model uses Microsoft Excel to calculate the costs of ULLS. As part of the development of the TEA Model it was necessary to collect data in relation to Telstra’s actual fixed line copper telephone network from Telstra’s engineering databases and then use that data to design efficient cable routes capable of serving all Band 2 customers by means of an optimisation process.

5 The process by which the data was extracted from Telstra’s Cable Plant Record (“CPR2”) and Network Performance and Management System (“NPAMS”), optimized and converted into a format suitable for use in the TEA Model is described in the document prepared by me and headed “TEA Model - Route Optimization Process”, a copy of which is annexed to this statement and marked “A”. This document contains a true and accurate reflection of the process that I caused to be used by people under my supervision in order to convert the data from CPR2 and NPAMS into the TEA Model base data file.

**Dated:**

**18 NOVEMBER 2008**



**FRANK HATZENBUEHLER**