

3 March 2008

Public Policy and Communications

Mr Michael Cosgrave
General Manager Telecommunications
Australian Competition & Consumer Commission
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Dear Mr Cosgrave,

Unconditioned Local Loop Service ("ULLS") - Ordinary Access Undertaking

Telstra submits an ordinary access undertaking dated 3 March 2008 in relation to the Unconditioned Local Loop Service ("ULLS") ("**Undertaking**") for consideration by the ACCC.

The monthly charge for the Undertaking is \$30. This price is in line with Telstra's actual costs of providing ULLS and is reflective of the value delivered by the service. The cost estimate produced by the Telstra Efficient Access ("**TEA**") model using the ACCC's accepted TSLRIC methodology makes clear that such a price is reasonable.

Please find enclosed with this letter:

1. the Undertaking dated 3 March 2008;
2. a DVD containing Version 1.0 of the TEA model;
3. an overview of the TEA model;
4. a full set of documentation for the TEA model;
5. a document setting out the engineering rules adopted in the TEA model;
6. a document setting out the network asset costs used in the TEA model entitled "Access Network Modelling Costing Information" ("**Costing Document**"); and,
7. a detailed user guide for the TEA model.

Items 1, 3, 4, 5 and 7 are not confidential and may be made public by the Commission.

The TEA model and the Costing Document contain information that is confidential and highly commercially sensitive to Telstra. Release of that information to persons other than Telstra and the Commission has the potential to result in significant and irreparable prejudice to Telstra in its business operations.

Telstra provides the TEA model to the Commission on the following basis:

1. The TEA model and the Costing Document are confidential and will not be disclosed by the Commission to any person outside of the Commission without Telstra's prior written approval.
2. The TEA model and the Costing Document will only be used by the Commission in carrying out its functions under Part XIC of the TPA in respect of ULLS, including the Commission's consideration of the Undertaking, any appeal in respect of its decision with respect to the Undertaking and any access disputes (present or future) notified in respect of ULLS.

3. The intellectual property in the TEA model is, and will at all times remain, the property of Telstra. Telstra gives to the Commission a license to use that intellectual property solely for the purposes of carrying out its functions as identified in paragraph 2 above.
4. To the extent that any changes are made to the TEA model itself, or the inputs to the model, by anyone other than Telstra, the model in that altered form and outputs from the model in that form must not be attributed to Telstra or referred to in terms that imply that the model in that form is Telstra's model, or that outputs generated from the model in that altered form are outputs generated by Telstra's model.
5. When Telstra provides to the Commission a revised version of the model, that version of the model supersedes all previous versions. In the interests of clarity each version of the model should be referred to by its proper version name.
6. The Commission will bring any suggested changes to the model to Telstra's attention in a timely manner so that they can be considered, in the course of the process relating to the Undertaking or otherwise, for future versions of the model.

On 25 February 2008, Telstra sent confidentiality agreements to access seekers in relation to the TEA model, for signature by their employees and their external consultants and legal advisors. Under cover of a separate letter, Telstra will provide one of two versions of the TEA model to those interested parties who have returned signed confidentiality agreements already distributed. One version is a full version of the model, as is enclosed with this letter to the Commission, and will be sent to access seekers' external consultants, legal advisors and people employed by access seekers in a purely non-commercial role. The second version of the model will contain data for one simulated exchange only and will have highly commercially sensitive information (for example, vendor pricing) removed. This version will be made available to persons employed by the access seekers in a fully or partly commercial role. The second version will allow those persons to, among other things, operate the model, analyse the calculations undertaken by the model and conduct sensitivity tests of the inputs. Both versions will be thoroughly transparent and both are confidential to Telstra.

Telstra has already hosted four briefing sessions with access seekers over the two weeks beginning 11 February 2008. Those sessions were informal discussions in relation to the methodology underlying the TEA model. There were no written materials provided to access seekers or received by Telstra in relation to those sessions.

Because the information contained in the Costing Document is confidential and highly commercially sensitive, Telstra does not propose to provide a copy of the document to access seekers or their advisers and the Commission should not publish or otherwise make the Costing Document available to access seekers or third parties.

All correspondence in relation to the Undertaking should be addressed to me (tony.warren@team.telstra.com) with a copy to Rebecca Mitchell (rebecca.mitchell@team.telstra.com).

Yours sincerely



Tony Warren
Executive Director Regulatory Affairs
Public Policy and Communications