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

STATEMENT OF [c-i-c]

On 27 July 2006, I, **[c-i-c]** of 4/30 Pirie Street Adelaide, in the State of South Australia, Manager, state as follows:

1 **[removed]**

Definitions

2 In this statement the following abbreviations and terms have the following meanings:

(a) **Access Seeker** – a service provider, such as Optus or Primus, acquiring ULLS from Telstra;

(b) **ACIF** – Australian Communications Industry Forum;

(c) **ACIF ULLS Code** – ACIF Code 569:2005 Unconditioned Local Loop Service - Ordering Provisioning and Customer Transfer, registered by ACMA under section 117 of the *Telecommunications Act 1997* (Cth);

(d) **ACMA** – Australian Communications and Media Authority;

(e) **CAM** - Customer Access Module as defined in the ACIF ULLS Code*;*

(f) **Carrier** – the holder of a carrier license in accordance with the *Telecommunications Act 1997* (Cth);

(g) **Cutover** – the action taken by Telstra to complete the provisioning of a ULLS;

(h) **DAC** – Data Activation Centre. The DAC is part of the Telstra Services Business Unit. The DAC has a major role in the provision of ULLS, including service qualification, reservation of cable, co-ordination of testing and co-ordination of the Cutover;

(i) **Deployment class** – means a set of specifications applying to deployable systems as defined in the ACIF C559 ULLS Network Deployment Rules Code, registered by ACMA under section 117 of the *Telecommunications Act 1997* (Cth);

(j) **DSL** – Digital Subscriber Line;

(k) **DULL** – a request for the provision of ULLS from an In Use Service, together with a request that Telstra provide a ULLS Call Diversion service for up to 30 calendar days beyond ULLS Cutover;

(l) **In Use ULLS** – a line that is being used to supply services to an end user customer;

(m) **LNP** – Local Number Portability - porting of telephone numbers associated with the provision of a local service, from one carrier/carriage service provider to another (but not any services or features associated with the telephone numbers);

(n) **MNMs** – managed network migrations;

(o) **POI** – Point of Interconnect - a point that is an agreed point of interconnection located at or associated with a CAM;

(p) **Port** – the movement of telephone numbers between carrier/carriage service providers using LNP processes;

(q) **PSTN** – Public Switched Telephone Network;

(r) **Service qualification** ("**SQ**") – a desktop process where Telstra checks the availability of the ULLS from the end user side of the CAM to the end user's Property Boundary Point and that the use on that ULLS of the Access Seeker-nominated Deployment Class complies with the ACIF Network Deployment Rules;

(s) **SSS –** Spectrum Sharing Service;

(t) **ULLS Call Diversion –** is a call diversion service applied to a service number which was cancelled during the In Use ULLS provisioning process and diverted to another nominated service number for up to a maximum of 30 days beyond ULLS Cutover. This enables the service number to remain live and issued and thus able to be ported if required;

(u) **ULLCIS –** ULLS Carrier Interface System. ULLCIS is a Telstra system used for communicating with Access Seekers for the purposes of provisioning and service qualification of ULLS. It captures, validates and utilizes information from Access Seekers and provides automated transactions by file transfer between Access Seekers and Telstra;

(v) **ULLS –** Unconditioned Local Loop Service;

(w) **Vacant ULLS –** a line that is not an In Use ULLS; and

(x) **WCS –** Wholesale Customer Service group.

Experience

3 I am the Business Processes and Systems Manager in the Wholesale Customer Transfers Group – Adelaide ("**WCTA**"), which is part of the Telstra Wholesale Business Unit. In that position, I am responsible for determining requirements for process or system changes to better support activities such as ULLS ordering and provisioning. Prior to that, I was the Team Leader of the ULLS provisioning team in the WCTA.

4 I have responsibility for overseeing the following two ULLS projects: the ULLS enhancements project and a proposed SSS to ULLS connection processes project. It is my responsibility to drive these projects from the initial idea stage to deployment and to ensure the delivery of operational benefits expected from the projects.

ULLS Enhancements

5 The ULLS enhancements project has the following components:

(a) **Amendment to ULLS product codes and rules to eliminate manual processing**

This aspect of the project has now been completed and involved amendments to various ULLS product codes and rules to prevent a significant number of ULLS transferring from automatic processing to manual processing. This aspect of the project was particularly relevant to DULL transactions. As set out in the definitions section, a DULL is a request for ULLS in circumstances where there is already an In Use ULLS which is required to be placed on ULLS Call Diversion. The amendments were made to ULLCIS and the core provisioning system, in respect of certain codes that ULLCIS sends to the provisioning and cable records systems.

The reason why this enhancement had not been included in ULLCIS previously, was that it was not necessary. Prior to April 2005 the number of dropouts was not significant because the number of DULLs was minimal. Since the increase of DULLs in April 2005, the issue has had a greater impact. Telstra expects that the number of DULLs will increase to about **[c-i-c]** of all ULLS connections. This will result in a corresponding increase in the number of services that would be affected by transferring to manual processing. As such, the amendments described above will result in operational efficiencies in processing and turn around time.

To my knowledge, this project enhancement was the simplest and cheapest means to changing these systems.

(b) **Amendment to validation of ULLS call diversion requests**

This aspect of the project relates to DULLs. Prior to this enhancement, a manual task was created for every ULLS Call Diversion upon the expiration of the 30 days. This task was created for all ULLS Call Diversions regardless of whether or not the In Use Service Number had been ported or not. In most instances, a number is ported before the expiration of the 30 day period. In those situations, the only task required was to validate the expiration of the ULLS Call Diversion. This process was also used by WCTA and WCS operators to notify Access Seekers who were new to the DULL process with a last reminder via telephone before the ULLS Call Diversion cancellation was triggered.

The project enhancement involved modifying ULLCIS so that, on the expiration of 30 days, a manual task is only created for those ULLS Call Diversion requests where the service number has not yet been ported. As a result, the number of manual 30-day call diversion request validation tasks is significantly reduced and the risk of error minimised.

The un-ported services will continue to be manually assessed at the expiration of the 30 day period, rather than cancelled automatically, because otherwise if a Carrier still wants to port the service, it will be very difficult to recover the number if the service has been cancelled.

The reason why this enhancement had not been included in ULLCIS previously, was that it was not necessary. Prior to mid-2005 the issue outlined above only affected a small number of service numbers. However from mid-2005 there was a significant increase in DULLs. Key benefits from the modifications are: a) the reduction in manual handling and thus increased efficiency, and b) the reduction in the potential for human error in relation to end-user service numbers and the associated disruption to those numbers.

To my knowledge, this project enhancement was the cheapest means to change ULLCIS in order to reduce the number of manual tasks.

(c) Changes to validation rules for ULLS requests

The third enhancement involved making changes to the ULLCIS validation rules for ULLS requests which previously did not pass validation due to a mismatch between the POI data, submitted in an Access Seeker's ULLS request notification, and the POI data in Telstra's core systems. The amendment is relevant to Vacant ULLS.

Access Seekers include POI data in each ULLS request notification so that Telstra can verify that the Access Seeker has a POI presence in the relevant exchange. If the ULLS request relates to a single address that is serviced by two exchanges or a sub-exchange there is the possibility that the request will be rejected. This happens where there is a POI data mismatch in core systems because those systems did not, prior to ULLS being connected to POIs, have to process dual-fed exchange and sub-exchange data differently.

This was not an issue prior to the implementation of ULLS because a new Telstra service could simply be provisioned to either exchange. For ULLS, the service must be provisioned to the exchange where the POI is installed. Prior to the enhancement, the ULLS request rejection would be communicated back to the Access Seeker via ULLCIS. Typically the Access Seeker would then make a complaint which would be escalated to the WCTA or WCS. The WCTA or WCS, would then resolve the issue outside of ULLCIS, typically via an exchange of emails with the Access Seeker and the DAC.

The project enhancement involves changing the validation rules in ULLCIS for ULLS requests so that where there is a POI data mismatch, instead of automatically rejecting the record, ULLCIS creates a manual validation task for the DAC. On receiving the manual task, the DAC operator can see if the POI data mismatch is a result of there being a dual fed address or sub-exchange. The DAC can manage the record within the ULLCIS database, as opposed to the previous process of email exchange. A component of this project also involves a one-off file-load to ULLCIS of records which have been managed outside the system, so that the data mismatch does not occur for future requests associated with the same ULLS.

The benefits of this project enhancement are the operational efficiencies resulting from the reduction in the number of rejected requests. I estimate that as a result of this enhancement, the average time taken to validate the affected ULLS requests is reduced by at least one day. A further benefit to Access Seekers is the fact that the data mismatch is rectified within ULLCIS rather than a rejection being sent to the Access Seeker who then has to communicate with the WCTA or WCS via email to resolve the issue.

The reason why this enhancement had not been included in ULLCIS previously, was that the issue only became significant with the increase in volumes in ULLS orders.

To my knowledge, this project enhancement was the simplest and cheapest means to implement the change to ULLCIS in order to reduce the number of automatic rejections of ULLS requests.

(d) New functionality to flag requests for Managed Network Migrations (MNM) of PSTN/DSL to ULLS

The fourth enhancement involves adding new functionality in order to flag all PSTN/DSL to ULLS MNM requests so that they can be identified by the workforce appointment system which receives orders created by ULLCIS.

Prior to the project enhancement, ULLS MNM requests were not recognised by the workforce appointment system, as being MNM requests. As such, in order to batch the orders together, the Project Delivery Coordination group ("**PDC**") would have to use a spreadsheet to find each MNM order in the workforce appointment system and manually drag them across to the project based sub-system.

A precursor to this project involved asking Access Seekers to enter a particular code in a redundant field when submitting each ULLS request notification that is part of a MNM. This arrangement was agreed with the Access Seeker and included in contractual arrangements with Access Seekers.

The project involved modifying ULLCIS so that it would read requests with the MNM code and allocate to those requests a special code identifying the request as being part of a MNM. Changes were also made to the workforce appointment system to recognise the special code automatically and to allocate MNM requests to a project workforce to be tracked and managed as batches, that is, agreed groups of services listed for migration on the same date and at the same Telstra exchange. This results in efficiencies in the provisioning and ordering of MNM orders.

The reason why this enhancement had not been included in ULLCIS previously, was that it was not necessary. The commencement of MNM ULLS requests from mid 2005 onwards was the impetus for these changes.

To my knowledge, there were no other viable options to this project enhancement other than the one implemented.

(e) Changes to identify different manual task queues for operators

The fifth project enhancement involved implementing filters in ULLCIS to

identify which tasks are ULLS MNM requests. The filters recognise the special code for MNM requests introduced by the amendment identified at paragraph (d) above.

MNM requests are undertaken by field technicians in groups of **[c-i-c]** ULLS requests as part of batches listed for migration on the same date at the same Telstra exchange. Once **[c-i-c]** services have been Cutover, the technician contacts the DAC who locates and clears the order in ULLCIS and other core systems. Prior to the project enhancement, individual ULLS orders that formed part of a MNM would sit in the same Cutover queue as other non-MNM ULLS orders. This meant that the DAC operator would need to manually sort through the tasks in the Cutover queue to find the various ULLS requests that formed part of the same MNM batch.

As noted above, the project enhancement involves implementing filters in ULLCIS so that ULLS MNM requests are filtered into a separate queue for processing by DAC operators. This means that DAC, WCTA and WCS operators can more quickly locate the MNM batches. This results in operational efficiencies and closer tracking of MNM batches. It also means that the orders can be cleared more quickly in ULLCIS which means that the Access Seeker receives completion advice more quickly and, if required, can commence the porting of numbers sooner.

The reason why this enhancement had not been included in ULLCIS previously, was that it was not necessary. The commencement of MNM ULLS requests from mid 2005 onwards was the impetus for these changes.

To my knowledge, there were no other viable options to this project enhancement other than the one implemented.

(f) Improved level of Automation on ULLS Service Qualification

The sixth enhancement was designed to improve the automation levels of ULLS service qualifications ("**SQ's**") and consequently reduce the incidence of manual service qualification and the associated risk of manual error. This has resulted in benefits to Access Seekers through a reduction in the time required for SQ's and an associated increase in operational efficiencies.

Prior to deployment of this project enhancement, the turn around time to confirm a ULLS order request averaged approximately **[c-i-c]**. As a result of the project enhancement this time has been reduced to a current average of approximately **[c-i-c]**.

The reason why this enhancement had not been included in ULLCIS previously, was that given the volumes of ULLS requests, manual SQs only had a minor impact. With the increase in volume of ULLS requests the number of SQs falling to manual became more significant.

To my knowledge, although a number of options were investigated, this project enhancement was the simplest and cheapest means to implementing the change to ULLCIS in order rectify the main cause of service qualifications failure.

(g) New functionality to automate the assignment of cable path for ULLS

The seventh enhancement implemented new functionality to automate the assignment of cable path for ULLS.

Previously, cable assignment, which occurs after service qualification, was performed manually by a DAC operator. The DAC operator had to query ULLCIS for each ULLS request and locate the POI data. The DAC operator then manually keyed-in the POI data to the core cable record system and then used the POI data and relevant address data to assign a pathway for the service.

The project changes involved implementing the functionality to allow Telstra's ordering system to accept the POI data in ULLCIS and automatically transfer this information to the cable records system which then uses the information to automatically complete a full cable assignment. The amendment involves changes to ULLCIS and two core systems.

Access Seekers will benefit from operational efficiencies associated with automation and the reduction in error which can result from manual processing.

The reason why this enhancement had not been included in ULLCIS previously, was that it was not necessary given the volumes of ULLS

requests. The driver for the project has been the increase in demand for ULLS.

To my knowledge, there were no other viable options, and the cost of implementing this project enhancement in 2006 is lower than if it had been implemented when ULLCIS was first introduced because Telstra has been able to partially leverage off the technology implemented to allow automatic cable assignment for SSS.

This enhancement makes up a significant proportion of the total project costs.

(h) Amendment to the completion activity required by DAC operators

The eighth enhancement involves reducing the number of tasks that DAC operators must perform in the ULLCIS database after Cutover testing in order to complete an order.

Prior to the enhancement, the tasks required to be performed by the DAC operator in ULLCIS at Cutover included the following:

(i) completing PSTN cancellation;

(ii) completing ULLS Cutover connection; and

(iii) completing ULLS Call Diversion connection.

The enhancement involved changes to the ULLCIS database, so that those tasks are combined into one task for the DAC operator to perform.

The benefits of the project are the operational efficiencies associated with the reduction in manual work. Further, Access Seekers benefit because they receive completion advices more quickly.

The reason why this enhancement had not been included in the original release of ULLCIS, was that it was not necessary at the outset. ULLCIS release 1 was basically designed for Vacant ULLS based on industry expectation and forecasts, and these constituted **[c-i-c]** of ULLS orders until 2005. The additional tasks listed above, were only added in subsequent ULLCIS releases as a result of DULLs which use In Use ULLS.

The impetus for these changes was the large volume of MNM ULLS requests from mid 2005 onwards, as well as Access Seeker demand for Cutover and porting to be able to occur on the same day for MNM ULLS orders.

To my knowledge, there were no other viable options to implement this enhancement other than as implemented.

(i) New functionality to enable ULLS billing via eBill

The ninth enhancement enabled wholesale billing data to be delivered online via eBill, aligning ULLS with other Telstra services such as DSL. By enabling ULLS billing data to be delivered via eBill, Access Seekers have access to billing data in an electronic format.

In order to enable eBill for ULLS, the necessary functionality already existed in Telstra's core systems, so the only amendment necessary was a change to ULLCIS so that an eBill profile can be added to each ULLS request. After implementation, ULLCIS is able to validate new ULLS requests that contain an eBill profile at Access Seeker level.

Functionality for an electronic billing format was specifically required by Optus, and Telstra also foresaw that other Access Seekers would benefit from the amendment, particularly those that already used eBill for other services.

To my knowledge, there were no other viable options to this project enhancement other than the one implemented as it simply required making the ULLCIS validation and profile changes so as to implement pre-existing e-Bill functionality in core systems.

Costs of the ULLS Enhancement Project

6 The total project budget was $ **[c-i-c]** million, of which $ **[c-i-c]** million was capital expenditure and $ **[c-i-c]** million was operating expenditure. To date, Telstra has spent a total of $**[c-i-c]** million, of which the majority is made up of IT vendor costs. I expect the project to incur a further $ **[c-i-c]** million expenditure by June 2006, taking the expenditure **[c-i-c]** over the original budget.

7 The operational expenditure costs are labour resource costs for undertaking feasibility, solution definition, delivery, training and any other project associated costs that are not capitalised.

SSS to ULLS Connection Process

8 As at November 2005, Telstra had completed an initial assessment and costing of a SSS to ULLS Connection Process project. Presently, the project remains under consideration but is currently on hold.

9 The proposed SSS to ULLS connection process project is designed to devise a solution for, in either a MNM scenario or single ULLS request scenario, the migration of SSS-based end-users to ULLS on the same Access Seeker equipment. As at December 2005 there was no process in place to manage this migration. The need for this type of migration has only arisen since mid 2005 as a consequence of a request by one Access Seeker, who after already migrating PSTN/DSL services to SSS, then wanted to further move them to ULLS.

10 In addition, I am informed by the Business Operations Managers that two additional Access Seekers, who are potential acquirers of ULLS, subsequently made preliminary inquiries about similar functionality.

11 Further, I am informed by James Coburn, the Telstra representative at the ACIF Operational Reference forum ("**ORP**") that the ACCC asked Telstra whether it was considering a process to support SSS to ULLS migrations at an ACIF ORP meeting in late 2005.

12 The proposed project involves a number of amendments so that when migrating an end-user from SSS to ULLS using the same POI point there is no need for a technician to re-jumper the copper pair. This added functionality requires changes to the ULLCIS database and other Telstra systems which will enable POI cable that is already in use for SSS to be reallocated for ULLS use.

13 The purpose of the proposed project was to enable potentially more migrations of SSS to ULLS per exchange batch per day, since less technician work is involved.

14 The estimated total capital expenditure of the proposed project is $ **[c-i-c]**. The estimated total operating expenditure of the project is $ **[c-i-c]**. The operational expenditure costs are labour resource costs for undertaking feasibility, solution

definition, delivery, training and any other project associated costs that are not capitalised.

DATED: 28 July 2006.

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