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Dear Ms Weier

Connection and disconnection charges as part of the fixed line services FAD inquiry

I refer to the ACCC's request, at the meeting on 23 January 2015, for additional information on the costs associated with connecting and disconnecting the unconditioned local loop service (**ULLS**), the line sharing service (**LSS**) and wholesale DSL (**WDSL**).

In that meeting, the ACCC requested that Telstra provide it with the following information:

1. A link to Telstra Wholesale Structural Separation Undertaking (**SSU**) website, which sets out the processes and systems for service qualification, service activation & provisioning and fault rectification for the relevant services.

2. Telstra to confirm its ▇▇▇▇▇▇▇▇▇▇ rates and the following information in respect of sub-contractor work:

   a) The Schedule of Rates (SOR) as set out in our 9 January response were adjusted to reflect both the rates for specific work items *plus* costs associated with additional tasks that are necessary to complete the specified ULLS/LSS or WDSL activity. The ACCC has asked that we set out further information about these additional tasks. The ACCC also asked for these data to be provided by ULLS Band.

   b) As noted in our 9 January response, ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇ ▇▇▇▇▇▇ Telstra pays ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇. The ACCC has asked that we list the expense items included in the ▇▇▇▇▇▇▇▇▇▇▇▇ ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇.

3. Mapping of Schedule of Rates (**SOR**) codes to each type of connection and disconnection.
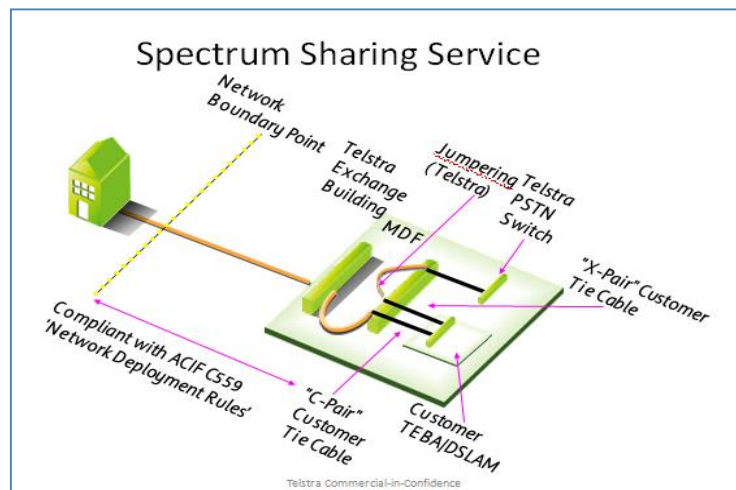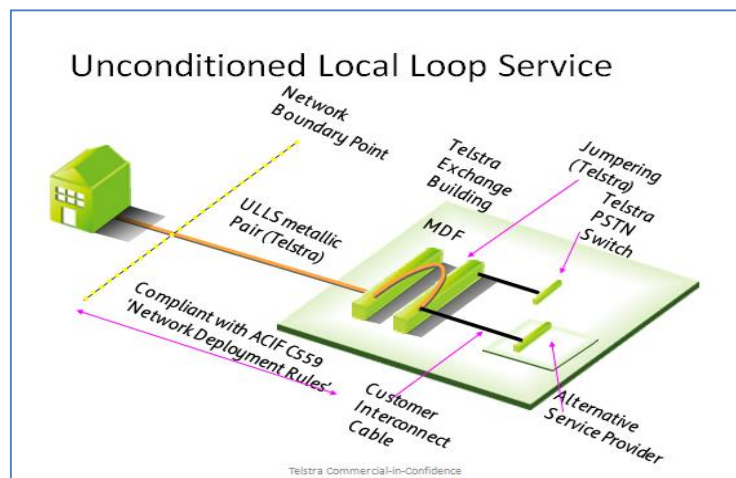
Our response to the request is set out below. It supplements our response of 9 January 2015 which set out the current SOR for the relevant work items involved in the connection and disconnection of ULLS, LSS and WDSL services.

1. Telstra Wholesale SSU website

Telstra Wholesale's SSU webpage can be found at: http://www.telstrawholesale.com.au/structural-separation-undertaking/index.htm#tab-4

This webpage details the processes and systems for service qualification, service activation & provisioning and fault rectification for each of ULLS, LSS and WDSL.

In addition to the link, below are the schematic diagrams which show the end-to-end connectivity path for a ULLS and LSS respectively for your reference.

2. Sub-contractor rates

As set out in our response of 9 January, Telstra has agreed a SOR that are to be paid to ▉▉▉ ▉▉▉▉▉▉▉▉▉▉▉ for carrying out a specified activity. In addition to the rates for a specified activity, there are rates associated with additional tasks that are necessary to complete the specified ULLS, LSS or WDSL activity – these were reflected in an adjusted SOR attached to our 9 January response. For the reasons set out in that response, the rates reflect a fundamentally different contractor model than was in place when Telstra previously provided similar data to the ACCC for the purposes of determining regulatory pricing for these services.

The ACCC requested that Telstra review and confirm (or revise if necessary) its ▉▉▉▉▉▉▉▉▉ ▉▉▉ and provide information about the additional tasks which are necessary to complete a specified ULLS, LSS or WDSL activity.

The ▉▉▉▉▉▉▉▉▉▉▉ rates for the 2014 calendar year are set out in Table 1 below. The rates are for specified tasks required for a given SOR, as well as taking into account any work associated with the following additional tasks necessary to complete a specified ULLS, LSS or WDSL activity:

- Civil works (Buried pit locations, Lead-in digdowns)
- Jointing (Additional Jointing outside the VULL scope to get the service connected, e.g. transfers over 3 attempts)

- Labour (expenses in exceptional circumstances where existing SOR codes do not cover the activities required)
- Lead-in (install new Lead-in cable where existing is out of specifications)
- Dirty Ticket Of Work (Work Cancelled or Already Completed)
- Multiple Frame Exchange (when installing a ULL service in a multiple frame exchange that requires two or more jumpers to be run) and
- Others – Other relevant tasks outside the key categories above

The following steps were taken to derive the ███████████████████ associated with the relevant SORs (as set out in Table 1). To aide in understanding, a detailed step-through of the process is set out for SOR II-12a1:

1. *Calculate the total* ███████████████ *payments for each of the SORs*

The total ███████████████ payments for "Run Jumper Exchange MDF (Non Associated)" task (SOR II-12a1) between January 2014 and December 2014 are as follows:

	Total amount paid (Jan 2014 - Dec 2014)			
SOR	**Band 1**	**Band 2**	**Band 3**	**Band 4**
II-12a1 only (A)	▮	▮	▮	▮

2. *Calculate the total amount paid for any work associated necessary to complete SOR II-12a1 between January 2014 and December 2014*

	Total amount paid (Jan 2014 - Dec 2014)			
Additional II-12a1 tasks	**Band 1**	**Band 2**	**Band 3**	**Band 4**
Additional task :				
Civil Works		▮		
Dirty Ticket Of Work		▮	▮	▮
Labour		▮	▮	▮
Multiple Frame Exchange		▮	▮	
Other		▮	▮	
Total Additional task **(B)**		▮	▮	▮

The total ███████████████ payments for SOR II-12a1 are as follows:

	Band 1	Band 2	Band 3	Band 4
Total paid excl additional tasks - (A)	▮	▮	▮	▮
Total paid incl additional tasks – (A) + (B)	▮	▮	▮	▮

3. Calculate the total number of work orders booked against SOR II-12a1 between January 2014 and December 2014

	Band 1	Band 2	Band 3	Band 4
Total Work Orders (Jan 2014 - Dec 2014)	▮	▮	▮	▮

4. Divide the total ███████████████ payments by the number of work orders to derive the ███████████████ payments associated with SOR II-12a1

	Band 1	Band 2	Band 3	Band 4
Unit rate excl additional tasks	▮	▮	▮	▮
Unit rate incl additional tasks	▮	▮	▮	▮

From the above it can be seen that the total payments made to ███████████ include both the <u>base</u> SOR payments (████████████████████████), as well as payments for any additional tasks required to complete a given work order associated with the relevant SOR. To be clear, the additional tasks only relate to those tasks necessary for the completion of the relevant connection or disconnection SOR work order. costs associated with installations and/or faults were not considered or counted among these additional tasks. For 2014 calendar year, the total costs associated with additional tasks comprised of less than ███ of the total rates paid for the list of tasks set out in Table 1. Telstra has included the costs for these additional tasks in the rates in order to reflect the actual costs incurred by Telstra for the completion of the relevant tasks.

In some cases, there was no work order recorded against a particular SOR in a given Band over the 2014 calendar year. In these cases (denoted in the table by shaded cells), the median Base Contractor Direct Rate has been included.

Table 1: ▮▮▮▮▮▮▮ rates (2014)

2104 ULL Direct third party/contractors rates Scope LSS and ADSL connection & disconnections ▮▮▮▮▮▮			Unit Rate by ULLS Band			
2008 SOR's	2014 SOR equivilent (one to one or one to many)	SOR Code	Band 1	Band 2	Band 3	Band 4
Run Jumper Exchange MDF (Non Associated)	Run Jumper Exchange MDF (Non Associated)	II-12a1	▮ ▮	▮ ▮	▮ ▮	▮▮
Multiple Tickets of Work (TOW) in designated exchanges for PSTN	Programmed multiple Tickets of Work in designated exchanges for PSTN	II-12b3	▮ ▮	▮ ▮	▮ ▮	▮ ▮
	Run Jumpers Exchange MDF for ADSL (Simplex)	II-13a1	▮▮	▮▮	▮▮	▮▮
	Run Jumpers Exchange MDF for ADSL (Complex)	II-13a2	▮▮	▮▮	▮▮	▮▮
	Programmed multiple Ticket of Works in designated exchanges for Simplex ADSL	II-13a6	▮▮	▮▮	▮▮	▮▮
	Programmed multiple Ticket of Works in designated exchanges for Complex ADSL	II-13a9	▮▮	▮▮	▮▮	▮▮
Vacant ULL Line	Vacant Unconditional Local Loop (VULL) Line Build	II-14a1	▮▮	▮▮	▮▮	▮▮
Single Ticket of Work for ULL Jumper (TULLS/IULLS)	Single Ticket of Work for ULL	II-14b1	▮▮	▮▮	▮▮	▮▮
Programmed multiple Ticket of Works in designated exchanges for ULL jumpers (TULLS/IULLS)	Programmed multiple Ticket of Works in designated exchanges for ULL	II-14b2	▮▮	▮▮	▮▮	▮▮
ULL MNM Jumper in One Visit only to exchange (Pre-jumper and cutover completed on the same day)	Bulk - ULL Jumper Task completed in single visit	II-15a1	▮ ▮	▮ ▮	▮ ▮	▮ ▮
ULL MNM Jumper in two visits to exchange (Pre-jumper and cutover completed on two separate days)	Bulk - ULL Jumper Task completed in two visits	II-15a2	▮▮	▮▮	▮▮	▮▮
	Bulk - SSS Jumper Task completed in single visit	II-15a3	▮▮	▮▮	▮▮	▮▮
	Bulk - SSS Jumper Task completed in two visits	II-15a4	▮▮	▮▮	▮▮	▮▮

* No relevant work orders recorded for the 2014 calendar year. Figures represent the median ▮▮▮
▮▮▮▮▮▮▮▮▮▮

▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮. In Table 2 below, ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ (in Table 1). In addition to these costs, Telstra bears its own internal costs associated with the connection and disconnection of ULLS, LSS. The costs in Table 2 do not include Telstra's own overhead costs.

Table 2: Sub-contractor rates (2014) including ███████████████████████████

2104 ULL Direct third party/contractors rates Scope LSS and ADSL connection & disconnections ███████████████████████████████			Unit Rate by ULLS Band			
2008 SOR's	**2014 SOR equivilent (one to one or one to many)**	**SOR Code**	**Band 1**	**Band 2**	**Band 3**	**Band 4**
Run Jumper Exchange MDF (Non Associated)	Run Jumper Exchange MDF (Non Associated)	II-12a1	████	████	████	████
Multiple TOW in designated exchanges for PSTN	Programmed multiple Tickets of Work in designated exchanges for PSTN	II-12b3	████	████	████	████
	Run Jumpers Exchange MDF for ADSL (Simplex)	II-13a1	████	████	████	████
	Run Jumpers Exchange MDF for ADSL (Complex)	II-13a2	████	████	████	████
	Programmed multiple Ticket of Works in designated exchanges for Simplex ADSL	II-13a6	████	████	████	████
	Programmed multiple Ticket of Works in designated exchanges for Complex ADSL	II-13a9	████	████	████	████
Vacant ULL Line	Vacant Unconditional Local Loop (VULL) Line Build	II-14a1	████	████	████	████
Single Ticket of Work for ULL Jumper (TULLS/IULLS)	Single Ticket of Work for ULL	II-14b1	████	████	████	████
Programmed multiple Ticket of Works in designated exchanges for ULL jumpers (TULLS/IULLS)	Programmed multiple Ticket of Works in designated exchanges for ULL	II-14b2	████	████	████	████
ULL MNM Jumper in One Visit only to exchange (Pre-jumper and cutover completed on the same day)	Bulk - ULL Jumper Task completed in single visit	II-15a1	████	████	████	████
ULL MNM Jumper in two visits to exchange (Pre-jumper and cutover completed on two separate days)	Bulk - ULL Jumper Task completed in two visits	II-15a2	████	████	████	████
	Bulk - SSS Jumper Task completed in single visit	II-15a3	████	████	████	████
	Bulk - SSS Jumper Task completed in two visits	II-15a4	████	████	████	████

* No relevant work orders recorded for the 2014 calendar year. Figures represent ███████████████
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████████████████████████████████████

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3. Mapping of SOR codes to each of the Connection/Disconnection types

Table 3 below maps the SOR codes to types of connection/disconnections.

Table 3: SOR mapping

Connection / Disconnection Type	Relevant SOR(s) – refer to Appendix A for detailed description
LSS Single Connections	• II-13a1 or II-13a2.
LSS Single Disconnections	• II-12a1 or II-12b3
LSS Managed Network Migration (MNM) connection charges	• II-15a3 or II-15a4
ULLS single connection charges : a. In use ULLS (IULL) b. Transfer ULLS (TULL) c. Vacant ULLS (TULL) and d. Enhanced Vacant ULL (eVULL)	For all ULLS single connection types : • II-14b1 or II-14b2
ULLS MNM connection charges	II-15a1 or II-15a2
ULLS cancellation charges	II-14b2

As noted in the meeting on 23 January 2015, Telstra is currently reviewing and investigating the assumptions used in the previous ULLS and LSS connection cost models. Telstra is planning to provide the updated models to the ACCC by 6 February.

The information in this response is sensitive and confidential.

Please contact me directly or Jodi Gray (03 8649 6264 / jodi.gray@team.telstra.com) should you have any queries.

Yours sincerely,

Alister Montgomery

Group Manager, Economic Analysis
Regulatory Affairs

Appendix A

SOR	Description of tasks
II-12 Run Jumpers Exchange MDF (Non Associated)	All work necessary to run jumpers at the exchange Main Distribution Frame (MDF) where this activity is not included in other SOR Items. This would require the running of jumpers for residential or multiple segment business orders, new or change of LI requests and may include any number of work orders at a single exchange site. Includes removal of any redundant jumper wire from the frame where possible providing it will not damage any existing services. This SOR includes where required and approved by the cable assigner, the transfer or change of pairs within the exchange. Note: II-12a1 may only be claimed where a Contractor is issued, at an individual exchange, 3 or less jumpering orders in the course of a day in an Exchange.
II-12a1 Run Jumpers Exchange MDF (Non Associated)	Refer to II-12 Note: II-12a1 may only be claimed where a Contractor is issued, at an individual exchange, 3 or less jumpering orders in the course of a day in an Exchange.
II-12b3 Programmed multiple Ticket of Works in designated exchanges for PSTN	Refer to II-12 Multiple Ticket of Works SOR applicable to jumpering orders completed in exchanges of close proximity and/or within a reasonable travelling time of each other as determined and agreed between Telstra & the Contractor regional representative.
II-13 Run Jumpers Exchange MDF (ADSL Only)	All work required to run jumpers at the Exchange for connection of a Customer ADSL service. This item includes testing of ADSL Jumpers and Completion of Ticket Of Work in relevant database, including OATS testing. Using (NPAMS) the contractor will be accountable to update all associated records in NPAMS where a single pair change or transfer is made during completion of TOW. Includes removal of any redundant jumper wire from the frame where possible providing it will not damage any existing services.

SOR	Description of tasks
II-13a1 Run Jumpers Exchange MDF for ADSL (Simplex)	Where ADSL is to be installed on an existing PSTN service, terminate required jumpers at the CMUX/ASAM MDF block. Includes: Synchronisation of customers line by testing through an ADSL modem. Note: II-13a1 may only be claimed where a Contractor is issued, at an individual exchange, **three or less** ADSL Simplex jumpering orders in the course of a day in an Exchange.
II-13a2 Run Jumpers Exchange MDF for ADSL (Complex)	Where ADSL is to be installed and required to reuse existing Disconnected ADSL ports. Includes: Removal of old jumpers from disconnected ADSL Port, and running of a new PSTN jumper on existing customer's service. Installation of an ADSL service as per Ticket Of Work, terminate required jumpers at the CMUX/ASAM MDF block. Synchronisation of customer's line by testing through ADSL modem. Note: II-13a2 may only be claimed where a Contractor is issued, at an individual exchange, **three or less** ADSL Complex jumpering orders in the course of a day in an Exchange.
II-13a6 ADSL Simplex	Programmed multiple Ticket of Works in designated exchanges for Simplex ADSL Multiple Ticket of Works SOR applicable to jumpering orders completed in exchanges of close proximity and/or within a reasonable travelling time of each other as determined and agreed between Telstra & the Contractor regional representative Note : II-13a6 is to be claimed where a Contractor is issued, at an individual exchange, four or more ADSL Simplex jumpering orders in the course of a day in an Exchange.
II-13a9 ADSL Complex	Programmed multiple Ticket of Works in designated exchanges for Complex ADSL Multiple Ticket of Works SOR applicable to jumpering orders completed in exchanges of close proximity and/or within a reasonable travelling time of each other as determined and agreed between Telstra & the Contractor regional representative. Note : II-13a9 is to be claimed where a Contractor is issued, at an individual exchange,

SOR	Description of tasks
	four or more ADSL Complex jumpering orders in the course of a day in an Exchange.
II-14a1 Vacant Unconditioned Local Loop (VULL) Line Build	Provide and prove jumpers from the exchange and all CCU's up to the NBD. Includes: • Tagging of circuit • Prove dial tone and arrange for testing to NBD and advise the access seeker of completion • Required testing with the access seeker via the Data Activation Centre • Using NPAMS access the contractor will be accountable to update all associated records in NPAMS where a single pair change or transfer is made during an installation TOW This item includes where required and approved by the cable assigner, the transfer of pairs from the exchange to the NBD up to 3 transfer attempts per service. Provision of services to Multi Level Developments. All work required to diagnose, locate and repair a faulty pair within the Customer Access Network **Note** When installing a VULL service in a multiple frame exchange that requires two or more jumpers to be run then contractor can claim II-13a3 for the second and subsequent jumpers Contractor to indicate on TOW that additional jumpers are required due multiple frame exchange
II-14b1 Unconditioned Local Loop (ULL) Jumper Task at Exchange MDF	All work necessary to run jumpers at the exchange Main Distribution Frame (MDF) for this activity is not included in other Schedule 2 Items. This would require the running of jumpers where a single existing PSTN service is migrating to ULL or where an existing ULL service is transferring to another ULL Access Seeker. The Contractor is required to contact the DAC via SMS or phone to initiate activation of ULL TOW. Refer to Work Instruction 011147 for procedure on "When DAC is to be contacted"

SOR	Description of tasks
	This item includes where required and approved by the cable assigner, the transfer or change of pairs within the exchange

Includes removal of any redundant jumper wire from the frame where possible providing it will not damage any existing services.
Note:

Note : II-14b1 may only be claimed where a Contractor is issued, at an individual exchange, 3 or less jumpering orders in the course of a day in an Exchange.

- When installing a ULL service in a multiple frame exchange that requires two or more jumpers to be run then contractor can claim II-13a3 for the second and subsequent jumper
- Contractor to indicate on TOW that additional jumpers are required due multiple frame exchange |
| II-14b2
Programmed multiple Ticket of Works in designated exchanges for ULL | Multiple Ticket of Works SOR applicable to jumpering orders completed in exchanges of close proximity and/or within a reasonable travelling time of each other as determined and agreed between Telstra & the Contractor regional representative.

Note: SOR II-14b2 may onlybe claimed where a Contractor is issued, at an individual exchange, 4 or more jumpering orders in the course of a day in an Exchange. |
| II-15
ULL/SSS Bulk Access Seeker Jumper Tasks at Exchange MDF | All work necessary to run jumpers at the exchange Main Distribution Frame (MDF).

This would require the running of jumpers where existing PSTN services are migrating to a ULL/SSS Access Seeker.

This code includes the following:
- Receive tasks from Web Client
- Complete Pre Jumper prior to TCD on the task
- Complete cutover in conjunction with DAC on due date as per Web Client (ULL only) one call per 10 jumpers
- Contact the DAC when no dial tone present on SSS/ULL Cutovers
- Complete work off in Web Client as per standard process

This includes the required testing with the access seeker via the Data Activation Centre (DAC) were applicable |

SOR	Description of tasks
	This item includes where required and approved by the cable assigner, the transfer or change of pairs within the exchange **Note:** • This schedule should only be used for Bulk Access Seeker Jumpers
II-15a1	ULL Jumper Task (II-15) completed in a single visit
II-15a2	ULL Jumper Task (II-15) completed in two visits
II-15a3	SSS Jumper Task (II-15) completed in single visit
II-15a4	SSS Jumper Task (II-15) completed in two visits