



25<sup>th</sup> August 2008

Mr Robert Wright  
General Manager  
Compliance and Regulatory Operations  
Australian Competition and Consumer Commission  
Level 35 The Tower  
360 Elizabeth Street  
Melbourne VIC 3000  
**Fax: (03) 9663 3699**

**Public Policy and Communications**

Executive Director Regulatory Affairs  
Unit 11, Level 2  
11 National Circuit  
BARTON ACT 2600

Telephone 02 6208 0740  
Facsimile 02 9261 8390

**Copy to**

Nicole Hardy  
Australian Competition and Consumer Commission  
**E-mail: nicole.hardy@acc.gov.au**

Dear Mr Wright

**Telstra's CBD and Metro domestic transmission capacity service (DTCS) Exemption Applications**

I refer to Telstra's four exemption applications of 21 December 2007 in respect of the Domestic Transmission Capacity Service.

Attached to this letter is:

- (a) supplementary expert report from Michael Smart;
- (b) Telstra employee statement containing data on the number of building termination points connected to Telstra's fibre network infrastructure; and
- (c) Telstra employee statement containing data on Telstra's POTS and ULLS services in operation.

In the supplementary report from Mike Smart, he reviews the further evidence about extent of Telstra's tail transmission deployment. He concludes that:

- (i) Telstra's fibre tail coverage is not ubiquitous in metropolitan areas;
- (ii) Telstra's first mover advantage in fibre tail construction in metropolitan areas has been exaggerated by interested parties such as Optus and Internode in their submissions; and
- (iii) any perceived shortcomings of ULLS as a means of providing for 2 Mbps tail transmission do not necessarily translate into enhanced market power for Telstra in fibre tail transmission.

Attachments 1a, 2 and 3 to this letter contain information confidential to Telstra.

If you have any questions about this letter or the attachments to it, please contact Paul McLachlan on 02 9298 5559.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony Warren', with a stylized flourish extending to the right.

Tony Warren  
Executive Director Regulatory Affairs  
Public Policy and Communications

**Attachment 1a - Mike Smart report entitled *Analysis of extent of transmission tail deployment in metropolitan ESAs* (confidential version)**

**Attachment 1b - Mike Smart report entitled *Analysis of extent of transmission tail deployment in metropolitan ESAs* (public version)**

**Attachment 2 - Statement of Telstra employee containing data on the number of building termination points connected to Telstra's fibre network infrastructure (confidential)**

**Attachment 3 - Statement of Telstra employee containing data on Telstra's POTS and ULLS services in operation (confidential)**