



19 May 2000

Dr Tom Parry  
Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box Q290, QVB Post Office  
SYDNEY NSW 1230

Award Gold  
Australian Quality Award  
for Business Excellence



Dear Dr Parry

### **PRICING OF RECOVERABLE WORKS – DISCUSSION PAPER DP-39**

Thank you for the invitation to comment on the issues raised in Discussion Paper DP-39 of the above title and dated May 2000.

Integral Energy is of the view that the current recoverable works arrangements as set out in Determination 10 of 1996 are working well and sees little benefit in making any wholesale adjustments to these arrangements.

As stated in the discussion paper Integral Energy makes all recoverable works contestable with the exception of what is termed “emergency works”. In the last financial year Integral Energy undertook approximately 1500 of these types of “emergency works” covering such aspects as:

- Vehicle impacts;
- Vandalism;
- Tree lopping damage;
- Undermining of poles;
- Cable dig ins etc.

It is difficult to see how some of this work could be made contestable at this point in time and the current framework of IPART regulating the charge rates and overhead rates for this type of work appears to be effective. To my knowledge we have not received any complaints or been subject to any disputes for this type of work. Integral believes that the approval of the charge out rates by IPART assures the customer that the rates used are reasonable and also allows the customer to check the rates on their account against the IPART approved rates.

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Asset relocations are generally small in number with approximately 215 such jobs carried out in the 1999 calendar year. Integral Energy has made this work contestable and believes that the process is working well.

Integral Energy sees little benefit in having to disclose the number of non-contestable recoverable works jobs in our annual report. It can be seen from the above that we can track the actual number of jobs but as they are all “emergency works” such details provide little, if any, useful information. If the Tribunal is interested in the numbers of these jobs then maybe including the details in the annual regulatory accounts may be a better way of tracking the information.

In summary, our recommendation is that the existing process for recoverable works does not need to change in any substantial way. For further information or clarification, please contact Frank Nevill in Integral’s Regulatory & Pricing Group on (02) 9853 6598.

Yours faithfully



**Richard Powis**  
**Chief Executive Officer**