

Our Ref. 48/2 (418301)

Your Ref.

Phone Enquiries: 4934 9700



08 July 2005

Independent Pricing And Regulatory Tribunal
 PO Box Q290
 QVB Post Office NSW 1230

Dear Tribunal Members,

**RE: ENERGYAUSTRALIA'S PUBLIC LIGHTING PRICING PROPOSAL,
 JUNE 2005 TO THE INDEPENDENT PRICING AND REGULATORY
 TRIBUNAL**

I refer to EnergyAustralia's submission to the Independent Pricing and Regulatory Tribunal regarding Public Lighting Pricing Proposal, June 2005.

Having reviewed the submission, it is Council's opinion that the latest pricing proposal is essentially the same as EnergyAustralia's November 2004 pricing proposal, as the same price increase of 25% is sought however over a four (4) year period. Council strongly objects to the proposal given that:

- A. A price increase of 25% is sought over a four (4) year period.
- B. The revenue shortfall incurred by EnergyAustralia (\$5.7m) should be managed by improved energy efficient practices by EnergyAustralia rather than cost shifting to Council's customers (especially where there has been no demonstration of improved service delivery or energy efficient practices that could have been consulted with Council in the first instance).
- C. The price path over the next four years in real terms will increase the charges to Council's customers, and the pricing proposal is based on replacement costs rather than a review of management practices to improve energy efficiency and service delivery (by EnergyAustralia extending the 'remaining life of assets' this will only offset price rises to the long term, which may have implications on Council's budget and service levels).

Maitland was proclaimed a City on 7 December, 1945 and we are proud to be celebrating our 60th Year.

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Maitland City Council anticipates that there will be a requirement for Council to provide an additional \$130,000 annually to ensure the delivery of the current standard of street lighting.

The provision of street lighting is an important service and significant component of Council's annual budget. This proposal will have a significant impact on Council service levels across all areas.

As stated in Council's previous letter, it would be appreciated that the Tribunal take into account the following issues in its consideration of this matter.

1. Cost implications for Council particularly the details of the proposed transitional price path \ justification of the large increase in costs including a comparison with charges from other service providers;
2. Regulatory protection is required for Councils in their dealings with public utility monopolies until there is change in the NSW contestability policy on existing public lighting assets, i.e. allows for existing public lighting to be contestable;
3. The need for a fair and equitable approach by energy authorities to public lighting for all Councils in NSW;
4. Consultation by EnergyAustralia with Council prior to the submission of the proposal did not give consideration of ways to address the prices increases;
5. Notification time for comment was inadequate.

Council in considering this matter has resolved to approach Hunter Councils to actively and publicly oppose the proposed increases. Furthermore, Council will be encouraging the Hunter Councils to investigate alternative energy providers for the street lighting services for its Council members.

Maitland City Council opposes the proposed price increases and requests that Tribunal reject the EnergyAustralia proposal.

If you have any queries or require any further information please do not hesitate to contact me.

Yours faithfully



CHRIS JAMES
MANAGER ASSETS & INFRASTRUCTURE PLANNING