

14 January 2005

Independent Pricing and Regulatory Tribunal

Dear Members of the Tribunal

Re: Energy Australia's Public Lighting Pricing Proposals

I refer to the above current application before the Tribunal and would like to thank you for the opportunity to make a submission.

Before making our submission I would like to note that:

- Warringah Council is a member of the Street Lighting Improvement (SLI) Program, a group of 29 Councils covering approximately 90% of the street lights provided by Energy Australia.
- Warringah Council fully endorses the submission made by Mr Graham Mawer of Next Energy on behalf of the SLI Program.
- In my view, Energy Australia (EA) has worked professionally and openly with Warringah Council and the SLI Program, both in relation to preparing their application and implementing service improvements.
- Despite significant changes implemented by EA they still have a long way to go

Warringah Council wishes to raise the following points for consideration, some of which may have also been also outlined in the SLI Program submission:

1. Timing of EA's Application

It is very difficult not to be cynical about the timing of EA's application. Its application is dated as 29/12/2004 on the IPART, the first working day after the Christmas public holidays. Further it is noted that EA also sent Council a letter, this dated 20 December 2004 but was not received until 11 January 2005. All this leads to an impression that the application has been lodged when EA's customers are potentially least prepared to respond. This strategy has actually been very effective and it has significantly constrained the extent and quality of Warringah's submission.

2. The Adequacy of the Application

EA's application is very lengthy but lacks substance in many areas including:

- why the existing charges need to be increased by such large amounts and over such a short period. For example, the first increase for Warringah represents a 34% (not 26%) increase or a staggering \$280,000 extra per annum.
- what EA has been doing to manage costs and improve work practices.
- The rationale behind the inclusion of dedicated assets into the charging regime.

- How do EA's proposed charges benchmark to other providers particularly Integral Energy.
- How does EA's services, practise and procedures compare to industry best practise.
- Why customers should be expected to fund EA's previous poor decisions and work practises in relation to street lighting. For example, EA continued to use luminaries which most other authorities stopped using in the mid 1980's due their poor reliability and high running costs.
- What is proposed after 1/7/2007

3. Potential Effects on Warringah's Community

If EA's submission is successful, as of 1/7/2007 Warringah will be paying EA an extra \$600,000 per annum (excluding any CPI increases) for street lighting charges. This increase burden excludes any changes in costs for the electricity used to provide street lighting.

As you would be aware, Warringah's rates income is subject rate pegging, which on average allows annual increases in the order of 3% per annum. In the period covered by EA's submission Warringah's rates income will increase by 6% while EA's charges will increase by CPI (approximately 6%) plus in excess of 75% per the new charging regime if this application is successful.

For Warringah to accommodate this increase we will be forced to significantly reduce service, or in other words, our community will loss \$600,000 per annual services.

To achieve this Warringah will have to consider the following actions or combinations thereof:

- Reducing the amount of street lighting
- Reducing or stopping any street lighting improvements
- Reducing or ceasing services to our community
- Reducing funding to community projects or community groups

Whatever action we are forced to take, our community will be the loser.

It must be noted that street lighting in Warringah is already below standards specified in Australian Standards and any decrease could lead to increases in criminal and other undesirable activities such as graffiti etc.

In conclusion Warringah recommends that IPART totally reject EA's submission and further we recommend that EA be limited to, at maximum, annual CPI increases until they can demonstrate they have achieved and fully implemented industry best practises for a continuous period of not less than twelve months.

Should you require any further information or assistance in relation to our submission please do not hesitate to contact me on (02) 9942-2673

Yours faithfully

Terry Cooper
Manager, Project Services