

General Manager  
Network Regulation North Branch  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

**Attention: Mike Buckley**

Dear Mr Buckley

The Hills Shire Council hereby wishes to lodge a submission relating to the Draft Decision New South Wales Draft Distribution Determination 2009-10 to 2013-14 Alternative Control (Public Lighting) Services 6 March 2009.

*The draft decision document indicates that - "Each of the NSW DNSP's have at various times during the current regulatory control period submitted applications to IPART seeking to have their public lighting charges increased. The applications generally state that current public lighting charges were below the cost of service provision and involved some degree of cross subsidisation. The applications from the NSW DNSP's also anticipate that further increases are necessary in order to move existing charges to a cost reflective position. IPART reviewed the capital and operating expenditures proposed by the DNSP's and, based on its conclusions, modelled the revenues and price paths. IPART accepted annual real price increases of between 2 per cent and 10 per cent in the current regulatory control period on the basis that the increases met its Excluded Distribution Services Rule 2004/1 and were required to move prices towards the actual cost of service provision."*

Integral Energy made a submission to IPART on 21 December 2007 titled "*Prices for the construction and maintenance of Integral Energy's Public Lighting Infrastructure Report to the Independent Pricing and Regulatory Tribunal of NSW*" for an increase in pricing for street lighting which equated to an increase from 1 February 2008 with further increases being identified over a 5 year period. The Hills Shire Council made allowances in its budget to include the approved increase and noting that the remaining balance would follow over 4 years commencing 2009/10. The latest draft decision now indicates an increase in Council's public lighting bill of 24%.

The IPART decision approved an increase in pricing for Integral Energy for the next 4 years to move to a more cost reflective position yet it appears that an increase to 24% in the 2009/10 financial year is now being recommended by the AER. The true increase to Council is now difficult to determine due to the variation between the IPART and AER decisions. Council is raising concerns that if the initial submission was prepared and approved to achieve a cost reflective strategy over a five year period, why is AER now supporting a second submission from Integral Energy to achieve the same cost reflective strategy 1 year into the previous decision.

As yet, The Hills Shire Council has not been approached by Integral Energy by any of its representatives to discuss the impacts or to explain options or alternatives of this latest proposal. It should be noted that the overall level of consultation with The Hills Shire Council by Integral Energy has been less than satisfactory. In addition the time available to make comment on such an important issue is considered unsatisfactory as

a significant amount of research needs to be undertaken in order to understand the complexities of this proposal.

The budgetary implications imposed on Council and its ratepayers, as a result of substantial price increases, is of major concern to Council. If the current 24% proposal is approved this level of increase is considered unreasonable, particularly if the increase is passed on in one financial year.

The reasons for the substantial increase to The Hills Shire Council appears to be associated with the recent level of new subdivisions within the Council with underground electricity supply.

Older more established Councils have above ground electricity supply on timber poles. These poles are then utilised to provide a support for street lights. The electricity supply authority provided the poles to service houses and commercial properties. In the new subdivisions the street light columns are to provide the streetlight support, not electricity wires.

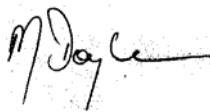
There appears to be a cost now attached to the provision of brackets, outreaches, columns and poles which did not occur previously. In addition there is a 4 year inspection cycle to assess the poles for both structural and electrical safety.

The charges previously applied did not reflect or include these costs, and it appears that this increase is largely to recoup these expenses.

Discussions with Integral Energy and adjoining Councils revealed that no other electricity supplier provides household services from the streetlight columns. In the other areas of the country the streetlight column is purely to provide the streetlight. In the Integral Energy area house services are provided from the street poles. If the poles were not provided then Integral Energy would need to provide a pillar.

Under these circumstances the cost of inspections of the poles would serve two purposes that of streetlight and private electricity supply and Council should not have to absorb that cost.

Yours faithfully



Michael Doyle  
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