

File No: 64-1-19/5

15 August 2008

Mr Mike Buckley
General Manager
Network Regulation North Branch
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Dear Sir

Regulatory Proposal to the Australian Energy Regulator 2009 to 2014

I refer to the recent submission to the Australian Energy Regulator by Integral Energy of its Regulatory Proposal from 2009 to 2014.

Blacktown City Council wishes to make the following submission with respect to the above proposal:

Council acknowledges the need to recover costs for Integral assets such as pole and columns as used for the installation of street lighting. The concern that Council wishes to express is under the current scheme there exists Schedule 1 rates which are Integral Energy funded projects and Schedule 2 rates which are customer funded projects. As indicated within the proposal, Integral Energy proposes to convert any of the aging wooden poles and columns that have reached the end of their useful life, to Schedule 1 annual charges where originally they were Schedule 2. This has the implication of increasing the Annual Charges that are currently paid by Blacktown City Council.

Whilst Council accepts this part of Integral's submission Council requests that the current system whereby Council pays Schedule 2 rates for lighting projects where either Council or developers fund the capital charges and receive schedule 2 rates be maintained.

Integral Energy had an IPART approved price increase in 2007 of 5.5% which equates to an additional \$191,500 per year increase to Council's budget for street lighting. The proposed additional forecast price increase is expected to have a substantial impact on Council's budgeting.

In Integral Energy's proposal, page 225 *19.15 Customer Impact* also refers to "rate pegging" as a means to fund the proposed increases. Blacktown City Council would support this suggestion in this case as a means to fund the increased charges, as Council has no other revenue stream available to cover these increases.

Should you require any further information regarding this matter, please contact Council's Traffic Management Officer, Andy Karklins on 9839 6305.

Yours faithfully,
RON MOORE
GENERAL MANAGER

Per: *AK*