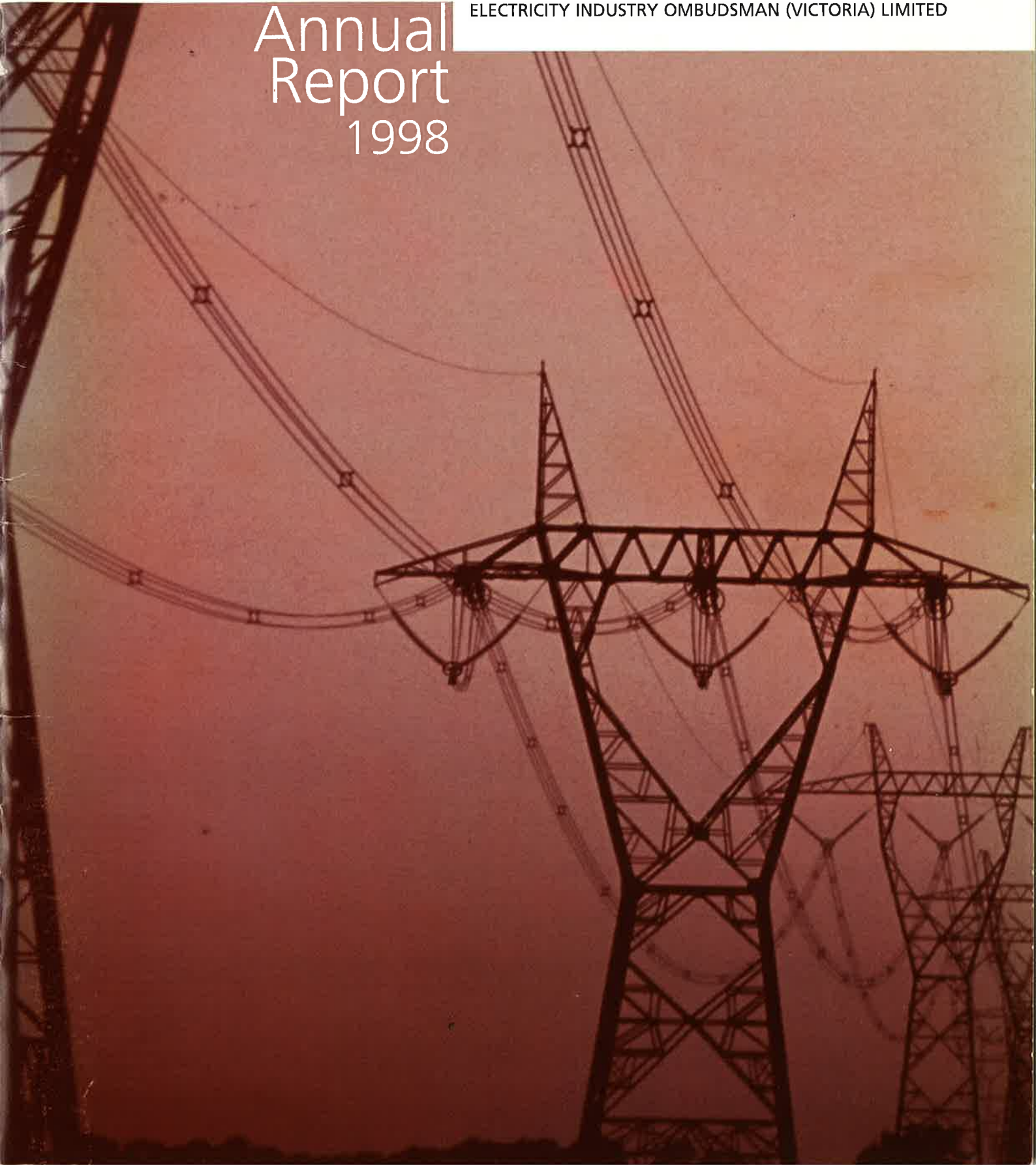




Annual Report 1998

ELECTRICITY INDUSTRY OMBUDSMAN (VICTORIA) LIMITED



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Electricity
Industry
Ombudsman

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Melbourne Vic 3001
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Mission

The mission of the EIOV is to receive, investigate and facilitate the resolution of complaints and disputes between consumers of electricity services in Victoria and members of the scheme.

The mission is founded on the principles of: independence, access, equity, effectiveness, community awareness and community outreach.

Jurisdiction

The EIOV deals with:

- the provision of, or failure to provide, electricity
- the supply of, or failure to supply, electricity
- electricity bills
- credit and payment services
- disconnections
- refundable advances (security deposits)
- land and land access, including tree clearing
- matters raised by the Office of the Regulator- General
- matters raised by an electricity company with the consent of the complainant

The Year's Highlights

- In the year 1 July 1997 to 30 June 1998, the EIOV received 8,012 telephone contacts resulting in 3,636 cases: 2,562 Enquiries, 417 Consultations, 412 Complaints and 245 Disputes.
- 2,562 Enquiries, 510 Consultations, 621 Complaints and 182 Disputes were resolved in the year.
- Billing was the main area of concern in Enquiries and Consultations, and in particular high bills.
- Supply was the main area of concern in Complaints and in particular interruptions to supply.
- Land / tree clearing was the main issue in Disputes. This result is unusual due to 123 cases related to the one event.
- 64.9% of closed Consultations were conciliated.
- 54.4% of closed Complaints were conciliated.
- 95.6% of closed Disputes were conciliated.
- Of all resolved Consultations, Complaints and Disputes 56.44% were settled substantially in favour of the complainant. A further 9.14% were settled partly in favour of the complainant.
- Ten Binding Decisions were made on cases which failed to settle by discussion and agreement between the parties.
- The Binding Decisions represented 0.28% of the total 3,636 cases.
- 22.94% of cases to the EIOV came from rural customers. 76.15% came from metropolitan customers and 0.91% came from interstate.
- 18.51% of cases came from business customers. 78.91% came from residential customers.
- The average dollar claim on supply cases was \$2,172.39. The average dollar settlement was \$682.21.
- 92.99% of cases were lodged by phone.
- The number of Enquiries is less this year than last year with fewer supply problems due to fires and adverse weather conditions.
- The number of cases has increased by 4%. The increase would have been 25% but for a new process of referral back to a higher level contact in the company for once only callers to the call centre or faults room.
- 215 Enquiries were referred back to a higher level contact in their company under a new process to provide companies with a further opportunity to resolve customer issues.
- 20% of cases were referred by electricity companies, an improvement on last year's rate of 8%.
- 10 Binding Decisions were made in favour of complainants.
- 10 decisions were made not to further investigate customers' complaints.
- The average age of closed Consultations and Complaints at 30 June 1998 is less than at 30 June 1997.
- The average age of closed Disputes at 30 June 1998 is more than at 30 June 1997 but within the 90 day timeframe.
- Company performance in relation to EIOV cases is improving overall.

The EIOV Council is an **independent Council**, composed of an equal representation of members and of customer interests, chaired by an independent Chairman. The primary responsibilities of the Council are to oversee the EIOV scheme, to provide advice to the Ombudsman on policy and procedural matters and to maintain the independence of the Ombudsman.

The Council Chairman's Report

A Year of Consolidation

The 1997/1998 year has been my first year as Council Chairman of the Electricity Industry Ombudsman (Victoria) (EIOV). It is very pleasing to look back on the achievements of the year.

The scheme went into the year with a brief to implement a series of recommendations from the first review of the EIOV's operations, and I have been impressed with the leadership of the Ombudsman Fiona McLeod in the implementation of a wide range of improvements to the scheme. Streamlining the case handling procedures, with extensive input from the electricity industry, means an even better service to customers. This year has seen considerable attention paid to ensuring that the challenge of maintaining constructive relations with the electricity industry is met.

When I first took over the role of Council Chairman late last year I saw an increasing complexity in the work of the EIOV as further deregulation of the market gathers pace. This has been the case in 1997/1998 with a decrease in the more straightforward customer contacts (Enquiries) and a 4% increase in more substantive matters (Consultations, Complaints and Disputes). This increase would have been 25% but for a new process instituted with the industry to refer once only callers back to a higher level in their company.

I am very satisfied with the progress of the scheme and in particular with the Ombudsman and her staff who provide an excellent service to Victorian customers who have a problem with their electricity company.

I have enjoyed the role of Council Chairman very much this year due to the skill, expertise and good humour of the EIOV Council, and I thank them all for their contributions to this successful year.

The role of the Board, and in particular the support and hard work of the EIOV Board Chairman, Mr Stephen Blanch, has also been greatly appreciated.

We have spent time this year on important issues which will increase the effectiveness of the EIOV and its service to customers. The entry of the gas retailers into the scheme is under discussion and planning. The merger of the Council and the Board to provide more streamlined corporate governance of the EIOV is also under discussion and planning.

I look forward to the challenges next year will bring and congratulate the EIOV on its achievements.



Tony Staley
EIOV Council Chairman



EIOV Council Chairman,
the Honourable Tony Staley

Council Membership

Council Chairman

The Hon. Tony Staley

Industry representatives

Mr Brendan Bourke

Divisional Manager, Customer Operations
CitiPower Pty

(25 February 1998 to 30 June 1998)

Mr John Azaris

Executive Consultant

GPU PowerNet

(16 June 1998 to 30 June 1998)

Mr Greg Cudley

Manager Regulatory Development
and Compliance

Eastern Energy Ltd

(1 May 1998 to 30 June 1998)

Mr Richard Grass

Manager Regulation

Powercor Australia Ltd

(Resigned August 1997)

Mr Wayne Debernardi

Manager Customer Care

United Energy Ltd

(Resigned 29 October 1997)

Ms Karen Noble

CitiPower Pty

(Resigned February 1998)

Mr Allan Driver

Manager Regulation

Eastern Energy

(Resigned 2 April 1998)

Ms Val Kangsanant

Manager Business Strategy and
Regulation

GPU PowerNet

(Resigned 2 April 1998)

Community / Consumer representatives

Mr Geoff Crick

Treasurer, Victorian Farmers Federation

Mr Denis Nelthorpe

National Chair, Consumers Federation
of Australia

Mr Colin Peirce

Deputy Chairman, Executive Member,
Small Business Association of Victoria

(executive Sub Committee of the
Victorian Employers Chamber of

Commerce and Industry)

The EIOV **Board of Directors** is composed of directors appointed by the member electricity companies. The Board is responsible for the formal administration of the Company and exercises final authority in relation to its financial affairs

The Board Chairman's Report

Meeting the challenges

The second full year of the EIOV scheme has seen extensive consolidation of its operations. Last year's review results provided the scheme with a blueprint for further work to ensure that the scheme operates as effectively and efficiently as possible. The Ombudsman has taken up this challenge with dedication and achieved significant results.

As an industry we look to the EIOV for two major areas of assistance:

- independent investigation and resolution of individual complaints which we have not been able to solve within our company processes; and
- independent advice from the Ombudsman's office about how we can address systemic and trend issues which may adversely affect our customer service.

I am happy to say that on both counts the EIOV has greatly contributed to our continuing service improvements.

On 1 July 1997 another tranche of the Victorian electricity market became contestable. I believe this tranche opened with fewer complaints than the previous tranche in July 1996 partly because the industry had the benefit of the EIOV's advice and experience in meeting the new challenge.

Our greatest challenge in the future will be to ensure that on 1 January 2001, when all Victorian electricity customers are able to choose their retailer, that we have learned much from the experience of customer complaints to the EIOV.

I have enjoyed the working relationship with our new Council Chairman, the Hon. Tony Staley, and have valued his wisdom and ideas for progressing issues of mutual interest and concern to both Board and Council. His appointment has been extremely positive for the scheme.

I am grateful for the hard work the EIOV Council has put in over the year making our job at the Board very much easier. I am also very appreciative of the time and efforts of EIOV Board members who this year have had to consider a number of important issues for the future of the scheme.

My thanks again go to the Ombudsman, Ms Fiona McLeod, for her skill, dedication and perseverance in making the EIOV an effective alternative dispute resolution service for Victorian electricity customers. Her staff work with fairness, care and skill to investigate and resolve cases, and the Board is appreciative of their efforts.

The next few years will be critical for the electricity industry in Australia as the pace of reform picks up. The EIOV will be of enormous value to us during this period and beyond.



Stephen Blanch
EIOV Board Chairman



EIOV Board Chairman,
Mr Stephen Blanch

Board Membership

Board Chairman

Mr Stephen Blanch

Manager Director
Eastern Energy Ltd

Members

Mr Lyndon Goulding

Company Secretary
United Energy Ltd

Mr Tim Currie

General Manager, Strategic Development
Powercor Australia Ltd

Mr Simon Lucas

Company Secretary
CitiPower Pty

Ms Tina McMeekan

Company Director
GPU PowerNet

Mr Gordon Thomas

General Manager Retail Electricity
AGL

Mr John Marshall

Chief Executive Officer
AGL

(Resigned 25 March 1998)

Company Secretary

Mr Jim Holmes

Executive Manager, Business
Development

GPU PowerNet

(Resigned 22 August 1997)

Mr Anthony Kelly

Company Secretary
Eastern Energy Ltd

The Electricity Industry Ombudsman is vested with authority under the Constitution to receive, investigate and facilitate the resolution of complaints. The Ombudsman is also vested with a range of other responsibilities including staffing, management tasks, media liaison, and community education.

1997/1998 Ombudsman's Report

Overview

Settling in

1997/1998 is the second full year of the EIOV's operations and we have seen the scheme "settle into itself". Now, with two full years of case data, we have been able to make better sense of cyclical complaint events and to see trends emerge. These can be analysed and fed back to the electricity industry. No longer are we seeing the wide variations in data that come from limited history.

We are also out of the establishment and developmental phase of the scheme's life and into a period of consolidation and improvement. The review of the scheme last year enabled us to review what we had established, it was instrumental in providing us with a clear brief to refine and improve what we had commenced as we moved into the next stage.

Company performances vary

The year has seen the fortunes of the EIOV member companies wax and wane in relation to complaints to the EIOV. Last year I spoke about companies moving from resisting the resolution of cases to being more focused on resolution. This focus has continued. In fact some of the companies have made remarkable progress in turning around those aspects of their customer service policies and practices needing improvement.

In its reporting the EIOV does not identify companies by name. The drawback of this policy is that a public perception might develop that the industry is homogenous in its approach to complaint handling and customer service practice. The effectiveness of the various companies' customer service can vary considerably, however, by company and by particular services. The 1996/1997 year closed with a range of company performances, from poor to very good, in relation to complaints to the EIOV.

The 1997/1998 year has seen some extremely commendable initiatives by companies to acknowledge their poor performance, apologise for it, and tell the community what they will do to rectify it over the coming period. This has been one of the bright spots during the year for the EIOV, as we believe we have, along with regulators and community groups, contributed to this positive progress. Conversely, good performers last year have seen increases in their proportion of cases to the EIOV.

At year's end I am of the view that there is less wide variation in performance from company to company.

Improving complaint handling by companies

Overall I consider that all companies are improving in their capacity to seriously address customer problems. I have consistently given a message to the industry that their challenge is to capture their customers' complaints and fix them so that there is no need for independent third party resolution by this office. My experience is that this message is now being actively taken up by the companies.



The Ombudsman
Fiona McLeod

Successful resolution of 123 tree clearing cases

Following tree clearing by PowerNet (now GPU PowerNet) along the Merri Creek in late 1995 and early 1996, 123 users of the creek Parklands lodged cases with the EIOV for investigation and resolution. The cases cited concerns about breaches of tree clearing agreements, unnecessarily destructive tree pruning and clearing of 358 trees, inadequate community consultation, heavy handed contractor behaviour and language, and loss of visual and aesthetic amenity.

After nearly 2 years of investigation and attempted resolution by the EIOV, the cases were finally resolved following a change of ownership to GPU PowerNet.

The resolution included:

- replanting of 720 tube stock trees by GPU PowerNet
- remedial pruning and tree stump removal by GPU PowerNet
- a commitment to further discussions about future GPU PowerNet sponsorship of the creek parklands
- establishment of a joint working group to develop new protocols for the management plans for vegetation along the Merri Creek corridor.

The outcome was successful also in that it satisfied not only the concerns of the 123 individuals who complained but other key stakeholders in the area such as the Friends of Merri Creek, Merri Creek Management Committee, Moreland and Darebin Councils.

It was very pleasing to see GPU PowerNet agree to work with the local community to restore the area and establish positive ongoing relations, at the same time ensuring that the right balance between fire safety and community amenity is struck.

EIOV case numbers up

Our complaint statistics have slightly increased over last year, a rise of 4% in case numbers. Case statistics would have been increased by 25% but for the new Refer to Higher Level policy and process, instituted in March 1998, by which once-only callers to an electricity company are referred back to a higher level contact in that company.

The 2001 challenge

Naturally the greatest challenge is yet to come with about 2 million domestic and small business customers due to become contestable on 1 January 2001. We will be working with the relevant authorities to ensure that, as far as possible:

- these customers will be ready to make an informed decision as to whether they wish to change their supplier
- their billing and metering needs will be met on time, and
- there is clarity about the terms and conditions on which they buy electricity.



L to R: Mr Ray Radford, Secretary, Friends of Merri Creek; Ms Fiona McLeod, Electricity Industry Ombudsman (Victoria); Mr Rod Keller, Chief Executive Officer, GPU PowerNet

Expansion of EIOV to include gas complaints

Late in 1997 formal discussions commenced to provide for entry by the 3 Victorian gas retailers, Ikon Energy, Energy 21 and Kinetik Energy to join the EIOV. The idea of a "one stop shop" for customers with both electricity and gas complaints has long been mooted as an effective initiative.

A feasibility study was carried out during December 1997 and January 1998 to establish the benefits of the expansion of the scheme to cover both electricity and gas complaints. The feasibility study demonstrated that there were cost-benefits to both industries in joining together in the one scheme and benefits to customers.

Subsequently, a working party of all relevant stakeholders - consumers, the gas industry, the electricity industry, the Office of the Regulator-General, the Department of Treasury and Finance, Energy Projects Division - was established to commence a re-draft of the Memorandum and Articles and Constitution of the EIOV. The re-drafted documents were approved by the EIOV Council on 16 June 1998. It is hoped that early in the 1998/1999 financial year the entry of gas into the scheme can be finalised.

In anticipation of this move a Memorandum of Understanding has been developed between the Office of Gas Safety and the EIOV.

EIOV Governance

Council/Board merger

Since its inception the EIOV has been constituted by both a Council and a Board.

The Council, which is currently responsible for policy advice to the Ombudsman, comprises 3 industry, 3 consumer representatives and an independent Chairman.

The Board, which is currently responsible for approval of the scheme's financial resources, consists of 6 industry representatives.

One of the recommendations arising out of the review of the scheme in the 1996/1997 year was that consideration be given to merging the Council and the Board for more effective scheme governance. A joint Board and Council meeting was held in August 1997 to consider the review recommendation. It was agreed that the issue be looked at further and a joint working party was established with

the task of drafting a concept paper. This paper went to the EIOV Council in late October 1997.

By February 1998 a redraft of the Memorandum and Articles and Constitution of the scheme had been undertaken to provide for the merger of the Council and the Board, whilst ensuring the maintenance of the independence of the Ombudsman. At year end both the Council and the Board of the scheme have approved the redrafted Memorandum, Articles and Constitution, and it is hoped that early in the 1998/99 year that an Extraordinary General Meeting of the members will approve the merger.

The new EIOV Board will comprise 3 consumer representatives, 3 industry representatives and an independent Chairman and will have comprehensive responsibility for policy and financial management of the scheme.

There has been extensive consultation with both industry and consumer groups on the merger of the Council and the Board and all key stakeholders are satisfied that the new structure will continue the maintenance of the independence of the Ombudsman.

Review of EIOV Constitution

In February 1998 Council determined that the scheme take time to review the operation of the EIOV Constitution. It was decided that a review of the EIOV Constitution be held in the 1998/1999 year. A Council working party was established to consider how best to carry out this review. At year end, preparatory work had commenced for this review.

Emerging Issues

Intermediaries/resellers

The EIOV notes the development in the electricity market of a number of new players providing broking services, buying group services and consulting services, often as an intermediary between customers and their electricity companies. The scheme will be closely monitoring this development in the electricity market to ensure that the jurisdiction of the scheme adequately provides redress to customers who may face a problem due to the activities of such intermediaries.

Legal challenge to jurisdiction of EIOV

On 30 June 1998 CitiPower lodged an action in the Victorian Supreme Court alleging that the EIOV did not have jurisdiction in 3 cases which were the subject of Binding Decisions. The EIOV has and is defending the action.

Independent Electricity Retailers

In my last report I anticipated that a number of new members would have joined the scheme by 30 June 1998. While there has been considerable discussion and negotiation about this issue, it will be early 1998/1999 before any new members join the scheme. This year has seen a finalisation of the criteria for joining the scheme and the costs which will be levied against new members. I look forward to new members joining the scheme to ensure adequate coverage for customer complaints.

Until the dispute resolution mechanisms for the independent retailers have been approved by the Office of the Regulator-General, the Office will take customer complaints.

Office of the Regulator-General, Victoria (ORG)

The EIOV has continued its close and constructive working relationship with the Office of the Regulator-General during the year. I was pleased to establish a good working relationship with the new Regulator-General, Dr John Tamblyn, who took up his role in July 1997.

The EIOV has participated along with other key stakeholders in the ORG Review of the Distribution Code, and has participated in a joint working group of ORG, the Australian Competition and Consumer Commission, the Office of Fair Trading and Business Affairs in preparation for the opening of the 160 Megawatt hour per year tranche on 1 July 1998.

The EIOV now meets monthly with ORG staff around a range of issues of mutual interest.

The EIOV has greatly appreciated the advice and assistance of the Office of the Regulator-General on regulatory interpretations related to case work. We have

also benefited this year from a number of training and information sessions run by ORG staff.

Perhaps the most important interaction between the EIOV and ORG is the EIOV's referral of systemic and trend issues for consideration by the Regulator. This consideration in the context of the adequacy of the current legislative and regulatory framework ensures that customer concerns are fed directly into the regulatory system when change is needed. This process is two way in that the ORG also seeks input from the EIOV into its regulatory reviews.

Office of the Chief Electrical Inspector (OCEI)

The EIOV continues to build a positive and constructive working relationship with the OCEI, and particularly in relation to electrical safety and power line clearance issues.

During the year the EIOV contributed to discussion regarding changes to the Powerline Clearance Consultative Committee structure and relevant power line clearance legislation and codes. The EIOV reports its results quarterly to the OCEI in cases where electrical safety and power line clearance or land issues are important.

A Memorandum of Understanding was completed with the OCEI during the year. The Memorandum provides for cross referral of relevant complaints and disputes, briefings by each office on relevant areas of work, cooperation in the preparation and distribution of materials, the holding of information forums for staff and quarterly meetings between the offices.

The EIOV has also provided comments to the OCEI on the draft Transmission Line Clearance Code. I have also been asked to provide input to the Chairman of the Powerline Clearance Consultative Committee through the Chairman's reference group, and to provide an EIOV representative to the Affected Persons reference group.

The EIOV has also greatly appreciated the advice and assistance of the Office of the Chief Electrical Inspector on regulatory interpretations related to case work involving electrical safety and powerline clearance. We have also benefited this year from a number of training and information sessions run by OCEI staff.

As with the ORG an important interaction between the EIOV and OCEI is the EIOV's referral of systemic and trend issues for consideration by the Chief Electrical Inspector. This consideration in the context of the adequacy of the current legislative and regulatory framework ensures that customer concerns are fed directly into the regulatory system when change is needed. This process is two way in that the OCEI also seeks input from the EIOV into its regulatory reviews.

Ombudsman Schemes Conference

For some time the various alternative dispute resolution schemes operating in Victoria have discussed collaborating on a conference. Accordingly, the industry schemes (banking, telecommunications, general insurance, life insurance, electricity), the statutory schemes (Commonwealth Ombudsman, State Ombudsman, Equal Opportunity Commission) and professional schemes (legal, health services) have agreed to hold a joint seminar next year. Considerable preparatory work has been undertaken this year to ensure that the seminar benefits staff working across industry, statutory and professional schemes.

Electricity / Energy Ombudsman network

In June 1998 the Energy Industry Ombudsman of NSW (EION) opened for business, and the Tasmanian Electricity Ombudsman (TEO) was established. Ms Clare Petre is the Energy Industry Ombudsman of NSW and Mr Damon Thomas is the Tasmanian Electricity Ombudsman. The EIOV, EION and TEO have joined together to form a national network, which is likely to include new members from Ombudsman schemes in South Australia and Queensland, shortly to be established.

It is noted that both EION and TEO have award limits of \$20,000 making the EIOV the lowest award limit in Australia (\$10,000). This will be a matter to be explored at the EIOV's first review of its Constitution next year.

Scheme Review

Following the review of this scheme in the last financial year, all recommendations have been implemented or are in the final stages of implementation. Much of the review

focussed on internal procedures which have, with the input of electricity companies and consumers, been streamlined for maximum effectiveness.

Ombudsman Reappointment

I am pleased to have been appointed for a further 3 years in the role of Electricity Industry Ombudsman in Victoria, with an option of a further 2 years. A great deal has been achieved in the first two years of the scheme with the support of the EIOV Council, Board and electricity companies. Over the next five years there will be significant changes in the industry, and stability of tenure in this role will lead to a better result for all key stakeholders.

Thank you

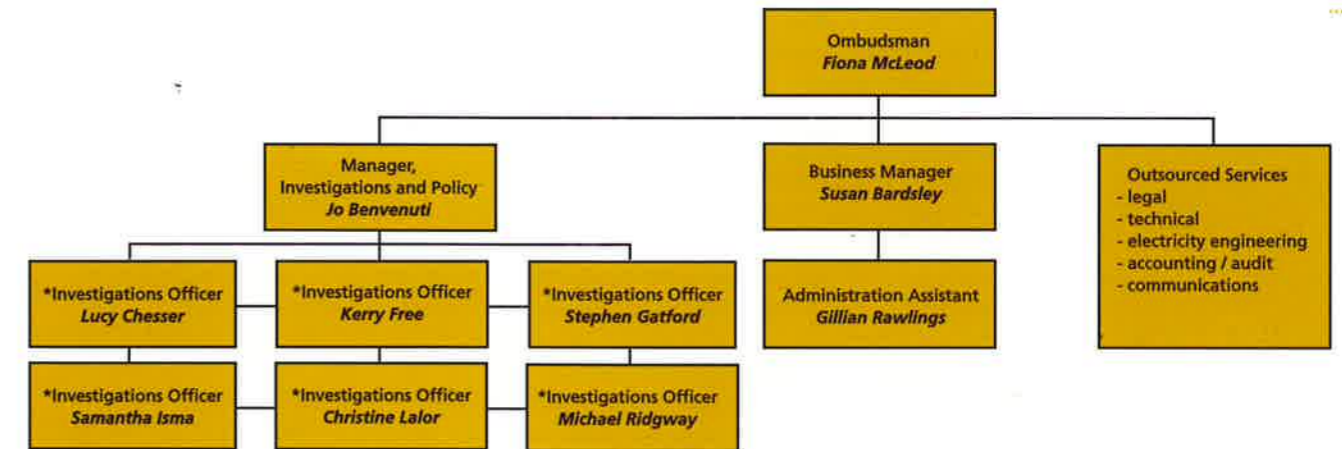
Once again the work of the EIOV staff has been excellent. As the scheme has grown so, too, have the demands on the staff and the number of cases. This is particularly so with the advent of the Refer to Higher Level policy introduced in March 1998 which has left the most complex matters to be resolved by the scheme.

My thanks go to the Council of the scheme and in particular to the Hon. Tony Staley whose advice and support I have greatly appreciated since he took up his role late in the 1996/ 1997 year. The Council continues to be a major force in the scheme for progressing the important issues facing us. The Board of the scheme has provided sufficient funds for the EIOV's successful operation during 1997/ 1998. I thank them for their management of the financial aspects of the EIOV, and for their approval and support of Council's recommendations during the year.



Fiona McLeod
Electricity Industry Ombudsman (Victoria)

EIOV Organisational Structure



*The Investigations Officer full time equivalent is 4.

Staffing

Investigations Team

EIOV investigations staff handle customer enquiries from the initial phone call or letter. Where the customer's issue is within jurisdiction the Investigations Officer (IO) investigates the full range of matters raised and works to explore options for the resolution of the case. The investigations staff has increased slightly in the past year to accommodate casework. All the staff are currently part-time. There has been an emphasis on increased training in key knowledge and skill areas for 1997/98 and this is now reflected in a highly skilled and dedicated team. To reflect this level of training, investigations staff under direction of the Manager Investigations and Policy have recently begun preparation of those Dispute cases requiring a binding decision by the Ombudsman.

IO's Samantha Isma, Stephen Gatford and Christine Lalor were on staff for the full year. Kerry Free, Michael Ridgway and Lucy Chesser joined the EIOV in December 1997. Natasha Broadstock has also contributed to project work during the year. Jane Runciman, David Symons and Anne Farrelly left the EIOV during the year.

The positions of Customer Service Officers were renamed to Investigations Officers in March 1998 to more accurately reflect the nature of the work.

The position of Manager, Enquiries and Complaints has also changed to Manager Investigations and Policy to more accurately reflect the role.

Administration

The EIOV is supported by a small administration team. Business Manager, Susan Bardsley is responsible for the financial and general management of the scheme - accounting and business systems and procedures, and human resources.

Administration Assistant, Gillian Rawlings, provides secretarial and administrative support to the Ombudsman, Business Manager, Manager Investigations and Policy, and to the Investigations Team.

Susan has overseen the development and implementation of a range of administrative policies and procedures during the 1997/1998 financial year with the support of the administration team.



Susan Bardsley and Gillian Rawlings

The handling of cases

Scheme context

The EIOV illustrates how industry dispute schemes can play a positive role in ensuring that quality customer service is provided, be it by company staff, or their contractors and agents. The scheme is available to both domestic and business customers.

The scheme also provides an avenue of redress for third parties who are directly affected by the activities of any company. This is an important feature of the scheme as the electricity market deregulates further, when in any particular geographical area there may be a number of retailers operating.

The EIOV is an alternative to formal legal processes for solving complaints.

Alternative dispute resolution has much to commend it because:

- it involves the parties rather than confusing and distancing them as the legal system can do
- it can assist the parties to understand the issues
- it produces a sense of ownership of the outcome and a commitment to its implementation
- it is free and its processes are comparatively speedy
- in terms of its potential impact on customer service, its impartiality means that the data it collects can be an invaluable source of independent information.

Access

It is a key principle of the EIOV'S operation that its services are readily available to individual consumers of electricity services regardless of their ethnicity, language skill, physical or intellectual capacity or geographical location.

For this reason, the EIOV employs state of the art telecommunications technology to facilitate access for all Victorians.

Freecall and freefax facilities enable electricity users throughout the state to make the necessary contacts with the EIOV without any financial expense. Callers with a speech or hearing impairment are able to access the EIOV through a telephone typewriter service (TTY) while an interpretation and translation service is available to callers for whom English is not their first language.

The emphasis in service delivery is on informality.

Internal Procedures

All initial contacts received by the EIOV are designated by Investigations Officers as one of the following four case types - **Enquiry, Consultation, Complaint or Dispute.**



L to R: Samantha Isma, Lucy Chesser, Stephen Galford, Micheal Ridgway and Jo Benvvenuti

What is a case type?

An **Enquiry** is a request for information or assistance received by phone, fax, personal visit, or in writing. Some Enquiries are handled quickly over the phone (e.g. where a customer has not been to their electricity company first to try and resolve their problem, or where the problem is out of jurisdiction of the EIOV). Others may require some further work but can usually be settled within a day and without investigation or contact with the member company. A common example of an Enquiry has been explanation of the 'supply charge'. In some cases an Enquiry may be upgraded (escalated) to a Consultation or a Complaint, as appropriate.

A **Consultation** is a case that looks likely to settle within the 14 day time frame allocated to this case type, or may be an Enquiry which has been escalated. A Consultation:

- relates to a member of the scheme
- is within jurisdiction of the scheme
- has been raised with the relevant member; and/ or
- results because the consumer is dissatisfied with the outcome or the way in which the member has attempted to resolve the issue.

Consultations may require limited desktop follow up such as telephone conversations with the complaints handling staff of the scheme member. Consultations do not involve detailed investigation. An example of a Consultation is a high bill query where the EIOV may request billing details from the company's CIS screens and conduct a phone audit with the customer. Consultations may also be urgent matters which must be settled quickly (e.g. imminent disconnections).

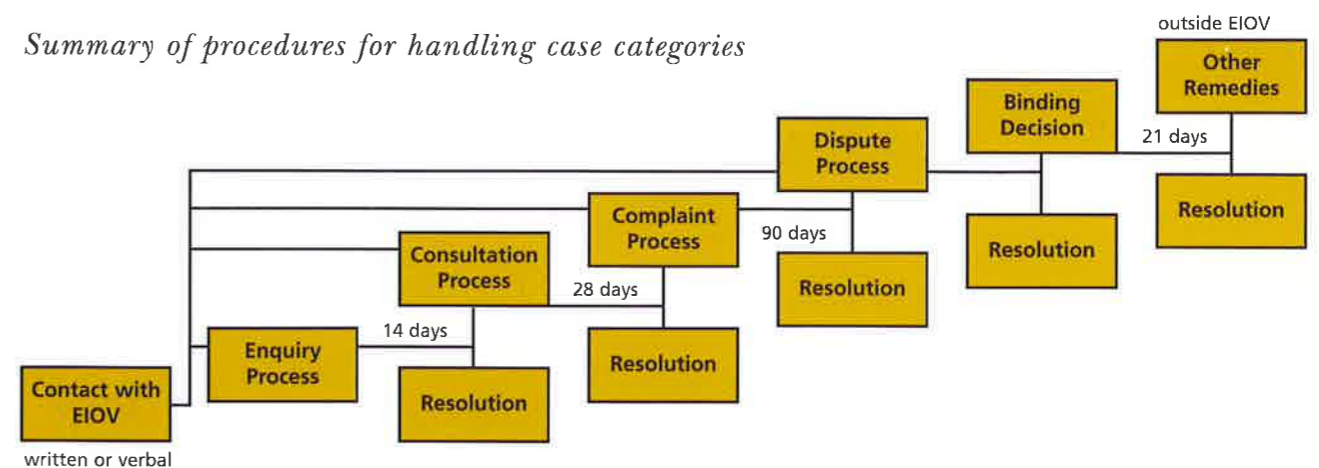
A **Complaint** may be an unresolved Consultation which has been escalated or may be a case which seems unlikely to settle in the 14 day time frame for a Consultation and requires the 28 day time frame of a Complaint.

The conditions applying to a Consultation also apply to a Complaint. However, a Complaint is relatively complex and has a greater impact on the complainant than a Consultation. A Complaint will require investigation by both the member and the EIOV and has 28 days in which to resolve. An example here includes a matter in which the customer has a financial claim against the company relating to supply damage or restitution following a tree clearing event or property damage.

A **Dispute** is a Complaint in which the relevant member has had sufficient opportunity to resolve and the consumer remains dissatisfied with the resolution of the Complaint or the way in which the member has attempted to resolve the Complaint. Dispute resolution involves a high level of EIOV staff input in active investigation and may incorporate a negotiation/ conciliation role in seeking agreement or a satisfactory resolution on the part of both parties. There is a 90 day time frame for the resolution of Disputes. Disputes which cannot be resolved by negotiation/ conciliation will require a binding decision by the Ombudsman.

A **Binding Decision** by the Ombudsman is binding on the company only and not on the customer. The customer has 21 days to accept or reject the Decision of the Ombudsman. If he/ she accepts the Ombudsman's Decision the company must carry out the terms of the Decision. If the customer rejects the Decision the company is released from the terms of the Decision.

Summary of procedures for handling case categories



Tree Clearing and Use of Herbicide

A customer claimed that his electricity company mismanaged vegetation clearance at his property, potentially endangering his and his family's health, his household water supply, his farmland and his stock.

He sought an apology and \$7,501 being the cost of the provision of a new bored water supply.

After discussion with the company, the customer agreed that trees adjacent to his water supply be removed but, being concerned for the safety of his pregnant wife and his children, he stressed that no herbicide or poison was to be used. The subsequent Customer Negotiation Form clearly stated that this would be the case.

Although the contractors confirmed they would not do so, they did use a herbicide to treat the cut stumps in the flow line to his water supply, spilling the herbicide near his house and in his paddocks.

The EIOV investigation revealed that the contractors employed by the company were not registered with the Department of Health to use herbicide, and that this particular herbicide was not registered for use as a stump treatment.

A thick, green algae subsequently formed over the customer's spring, and his family ceased using it for domestic purposes. They instead relied on tank water, the catchment of which was inadequate of their needs.

Water tests carried out independently by the EIOV subsequently found that the water was safe for drinking.

The Ombudsman found that the company, through its contractors, erred in carrying out works in direct breach of an agreement, in contradiction of verbal assurances given on site and in breach of the then *Code of Practice for Tree-Clearing 1992*.

The Ombudsman further found that the complete removal of trees sheltering a domestic water supply, without the possibility of negotiating for them to be pruned instead, was unnecessary.

The Ombudsman awarded the customer \$5,000, taking into account the mental anguish and needless inconvenience experienced by the customer.

The Ombudsman further directed the company to provide the customer with a written apology and consult with him as to the future vegetation clearance on and around his property.

Billing Arrears / Lost Payment

A small business customer contacted the EIOV, stating that his supplier was seeking payment of a bill which he had previously settled with a cheque payment.

He had settled the bills for two separate accounts, forwarding one cheque to cover the two amounts. The cheque was cleared through his bank and he subsequently received a letter from his supplier requesting payment of one of the bills.

He contacted his supplier to inform them that he had settled the bill and was asked to verify with his bank whether the cheque had been cleared. He obtained written verification of this and faxed a copy to his supplier.

He subsequently received a Final Demand from his supplier requesting payment of the amount, failing which disconnection of the account might ensue.

Following the EIOV's request for details of the customer's billing and payment history from, and communication with, the company, the company admitted that it had credited the missing amount to the wrong account.

The payment was transferred into the correct account.

Refundable Advance

A business customer contacted the EIOV following his inability to obtain a refundable advance in the form of a cheque.

He advised he had complied with his electricity company's request two years ago to make a payment of \$700 to secure his account. He was advised at the time that the amount would be refunded with interest, if his accounts were paid on time for two years.

He called the company approximately two months before the expiration of the two year period but, despite many ensuing conversations, he was unable to obtain confirmation that the amount would be paid in a form other than a credit to his account.

The customer was unhappy with this response as he felt the money should be fully released to him in a useable form.

The EIOV obtained the agreement of the company to provide him with a cheque amount of \$776, the full refundable amount plus interest.

Billing Arrears / Payment Arrangements

A residential customer called the EIOV because she was unable to reach agreement with her electricity company on a payment arrangement for account arrears.

The customer advised her family's income had been substantially lowered following her fiancée's industrial accident. The customer stated she was making \$100 payments each fortnight, but fell behind, following a delay in her fiancée's court matter being heard.

She stated though she advised the company of the pending court action the company continued to threaten disconnection of supply, making weekly contact seeking payment. She felt very intimidated by their action.

The customer stated that her offer of \$50 per fortnight, pending the outcome of the court case, was not accepted and that the company had advised that disconnection of supply was imminent.

The EIOV obtained the agreement of the company and the customer to enter into a fortnightly payment arrangement of \$50 to address her arrears and current amount over the next 12 months.

The customer indicated that once the court case was heard, she intended to increase the payments to clear her debt.

The results

Total case numbers 1997/1998

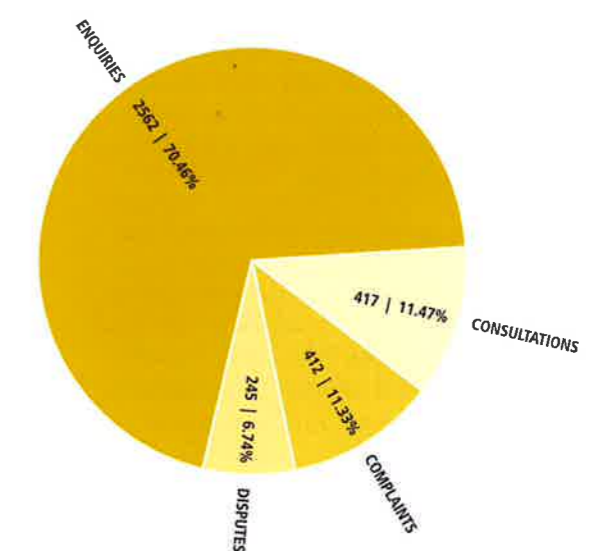
In the 1997/1998 year the EIOV received 3,636 cases. Of the 3,636 cases, there were 2,562 Enquiries and 1,074 cases:

- 2,562 Enquiries 70.46%
- 417 Consultations 11.47%
- 412 Complaints 11.33%
- 245 Disputes 6.74%

The number of Enquiries has dropped since last year due to fewer problems during the 1997/1998 summer with supply.

The number of cases has increased by 4% on last year. The number would have been 25% higher but for a new procedure implemented in March 1998. Customers who had only been to the call centre or the faults room once are now referred back to a higher level contact in the company. Since the introduction of this procedure 215 Enquiries were referred to a higher level in the company with the majority being successfully resolved by the company at this level. These Enquiries would have been taken as cases last year. This has decreased the EIOV caseload leaving the more complex matters to be investigated and resolved.

Total case numbers 1997/1998



A closer look at cases

High Bills

Electricity is often a difficult product for customers to come to grips with. Customers rely on a meter for measurement and on meter readers to read accurately. It is very common therefore for customers to doubt the accuracy of the process. Equally customers do not have a high level of knowledge about electricity use.

Many customers approach the EIOV saying that they have been trying to limit their use of electricity and yet they still have high bills. What this may signify is that they do not have enough information about their appliances, how these work and how much electricity they actually use. For example, a customer may try to limit their electricity use by turning off lights whereas the real source of their problem bills may be the type of heater they use or the fact that the thermostat on their refrigerator or freezer is faulty and the appliance is running constantly.

Of the high bills which the EIOV investigates there are occasional meter mis-readings, wiring or other problems. It is the EIOV's role to investigate these issues in an independent manner and to this end, if there is no obvious explanation through examining the customer's billing history and apparent use, the EIOV may have an independent energy audit and meter test observation carried out to seek the explanation for the bills.

In many of the high bill cases handled by the office, however, the real issues are about how the electricity companies communicate with their customers about their bills, about providing adequate, plain English explanations and assisting customers to understand the use and pricing implications of appliances. This is the key customer service issue associated with high bill cases.

The companies are improving their performance in this area. One reason for this is the availability of more sophisticated computer software, allowing the customer service officers in the electricity companies to have "on-line" information which better explains the customer's electricity use, comparisons with other billing quarters or electricity use in previous years, and the provision of telephone energy audits.

The EIOV is also working with the other energy ombudsman schemes to establish software programs which will speed up the process for customers checking the authenticity of their bills with an independent body.

Bill payment options

The move to offer technological advances to customers sometimes has unforeseen consequences.

In early 1998, when one of the electricity companies changed its payment option arrangements, withdrawing a telephone payment service and replacing it with another system, approximately 50 customers complained to the EIOV. Customer issues ranged from inconvenience regarding registration for the new system through to more serious issues about lack of access to suitable payment options, especially for those customers who were elderly, geographically isolated or rural customers who had payment limit problems with the new system.

The EIOV has facilitated the resolution of most of these customers' individual complaints. However, the issues relating to this new payment option were referred to the Office of the Regulator-General for an interpretation as to whether a breach of the Electricity Industry Supply and Sale Code had occurred.

Damage claims from supply events

By far the highest number of supply cases in 1997/98 were those in which customers claimed damage from high or low voltage events. An analysis of the Consultation, Complaint and Dispute cases received by the EIOV for this year, showed that 199 cases were received in which the customer claimed damage resulting from a high voltage event and 24 cases were received relating to low voltage events. In a damage claim the EIOV initially seeks information from both parties.

From the customer, the EIOV requires the date and time of the alleged event, repair or loss advice, quotes and/or repair/ replacement invoices for the appliances and appliance information such as make, model and age.

From the electricity company, the EIOV requires reports regarding the history of the supply events at the customer's premises and any special reports that may have been logged following inspection or repair works. The nature of electricity supply itself means that it is not always easy to establish whether events took place and what the cause was. Having gathered the available evidence, however, the EIOV seeks the advice of independent engineers to assist the resolution of cases where there is no obvious explanation or ensuing resolution.

There has been a marked improvement in the resolution rate of these cases in 1997/98 in comparison with the previous year.

Reliability of supply

While the majority of supply issues received during 1997/98 related to appliance damage claims associated with high and low voltage events, the EIOV received 43 cases for investigation about customer claims of poor supply reliability.

In one instance the complaint was brought before the EIOV by a local residents' committee. The EIOV investigates the individual claims of these customers, and where systemic trends emerge refers these to the Office of the Regular-General for information and action. In many instances customers are satisfied when they receive an explanation of the cause of these events, the company's monitoring process and projections of how their supply reliability issues will be addressed.

Consultation

Cases involving tree clearing, and changes to the supply system that were received by the EIOV during 1997/98 have clearly illustrated the importance of adequate communication prior to the electricity companies making changes that could impact significantly on customers. In the case of tree clearing or substantial changes to the supply system, it appears that many complaints could have been avoided if the company or its contractors had taken the time to explain its intentions, discuss any objections the customer may have and agree on the actions in advance.

Interpretation of regulations - systemic issues

In a number of cases brought before the EIOV, issues raised by individual customers have a bearing on how other customers may be impacted by company policies. These individual cases are therefore considered to raise systemic issues. The cases are referred to the relevant regulatory body for interpretation of the code and relevant decisions are conveyed to the companies for their information.

Examples of the types of issues that have arisen over 1997/98 and have been referred, included:

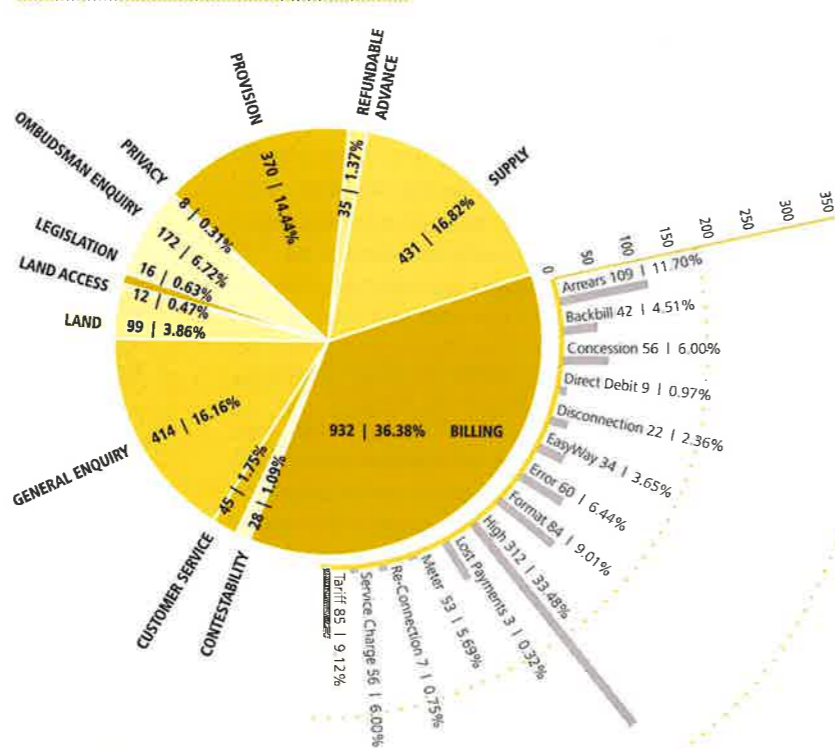
- a customer who made a verbal payment arrangement to pay an overdue account failed to make these payments on time, but subsequently made the payments. He was disconnected without further notice and claimed wrongful disconnection. This case raised questions about the interpretation of the Supply and Sale Code as to appropriate notification of disconnection;
- cases involving quotes for new connections in which the customer claimed that they had received inadequate information;
- cases where customers queried the information provided about a tariff or charge for services, or an inappropriate tariff or charge being applied;
- a backbilling case in which the customer had unknowingly been undercharged for electricity resulting from a meter tamper by a previous customer. The customer was then backbilled for this amount;
- a case in which the customer complained about being charged for service to property charges for vacant properties. In trying to resolve this matter the customer was offered the alternative of having the electricity meters removed. The customer did not want to incur the expense of reconnection once the property was re-tenanted;
- a case in which a customer claimed that there had been inadequate community consultation and adherence to the Electricity Supply Association of Australia policy on prudent avoidance in the design and implementation of additional electricity capacity in her local area. The customer was concerned about the impact of potential increases in electro-magnetic fields on her family;
- a small number of contestable customers complained about lack of notification of their contestability and the consequent impact on their bills.

What sorts of cases did the EIOV receive?

Enquiries received by issue (Total 2562)

- The main area of customer concern in Enquiries was billing (36.38%). This is a decrease on last year (44.29%)
- 33.48% of the billing Enquiries were about high bills
- 11.70% of billing Enquiries were about billing arrears
- 16.82% of Enquiries were about supply issues. This is a slight increase on last year (15.77%)
- 16.16% of Enquiries were of a general nature (e.g how do I check the qualifications of a registered electrical contractor? What is the supply charge for?)

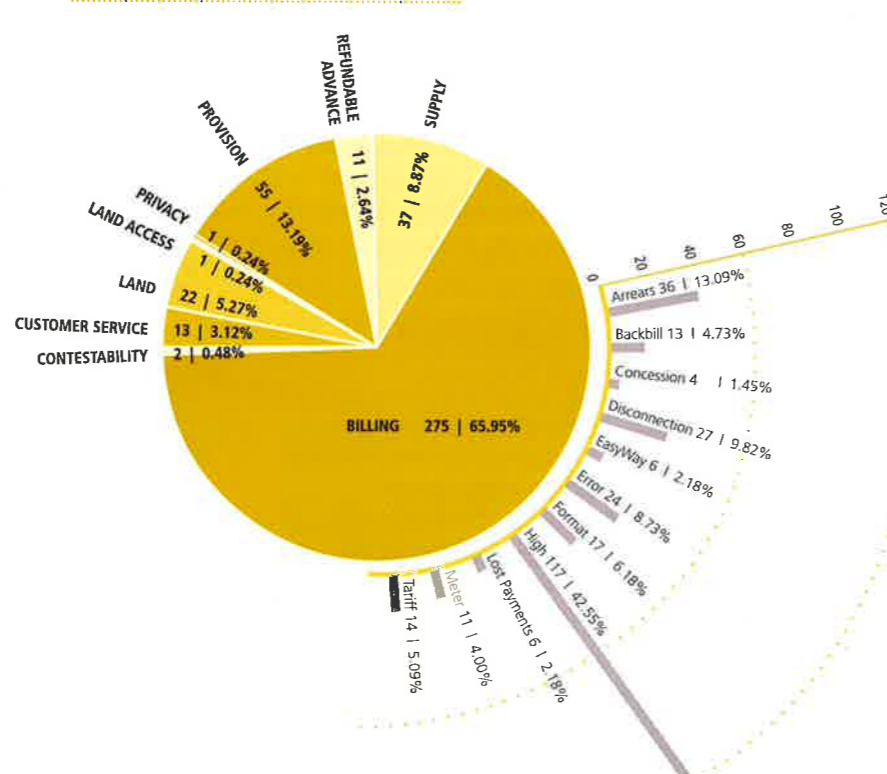
Enquiries received by issue (Total 2562)



Consultations received by issue (Total 417)

- The main area of customer concern in Consultations was billing (65.95%). This is a significant increase on last year (54.27%)
- 42.55% of the billing Consultations were about high bills
- 13.09% of the billing Consultations were about paying bill arrears
- 13.19% of Consultations were about the provision of electricity services (e.g. new connection delays)
- Supply issues represented 8.87% of all Consultations received, well under last year's percentage of 24.86%

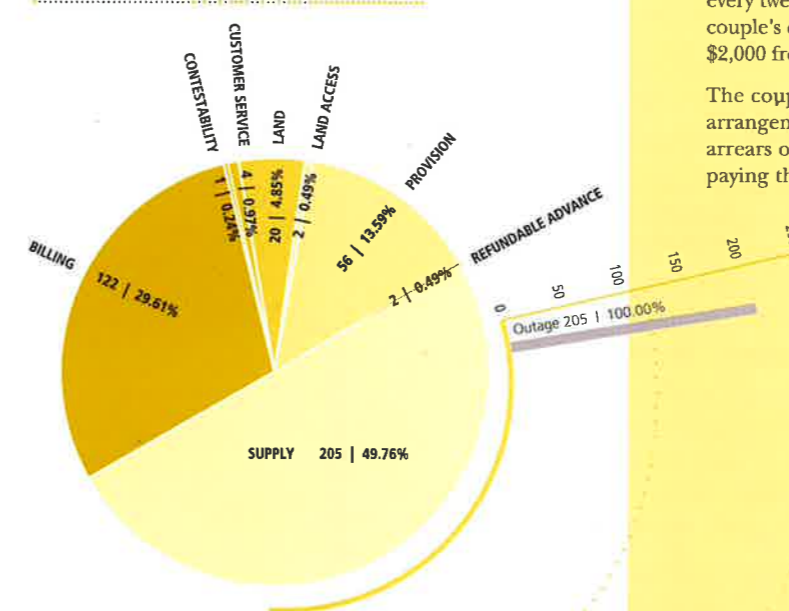
Consultations received by issue (Total 417)



Complaints by issue (Total 412)

- The main area of concern in Complaints was supply (49.76%), a large increase on Consultations, and slightly higher than last year's result
- All supply Complaints were about outages (interruptions to supply)
- 29.61% of Complaints were about billing, an increase on last year's result of 15.3%
- 13.59% of Complaints were about provision of electricity services
- Supply cases to the EIOV were about high and low voltage variations, planned and unplanned interruptions to supply. This year the trend continues of customer concern about damage to household goods and appliances from voltage variation events, and about the frequency and duration of interruptions to supply. Many cases included an element of unsatisfactory customer service such as lack of information, delays, and conflicting information.
- The majority of supply cases were about high voltage events (70.57%), followed by multiple interruptions (15.25%), low voltage events (8.51%), unplanned interruptions (3.54%) and planned interruptions (2.13%)

Complaints by issue (Total 412)



High Bill

A residential couple called the EIOV because disconnection of their supply was imminent, following the receipt of a very high bill for \$2,500.

When they called the company, they were advised that, as the company had not been able to access their meter for the past 16-18 months due to a dog on the premises, they had been provided with estimated bills.

The couple advised they had not had a dog for the past 12 months and were unhappy that the company had not left contact details.

The bills actually represented an undercharge as the estimated bills were lower than the couple's actual consumption.

The couple who were on a greatly reduced income, stated that they were only seeking a delay in payment or a payment plan.

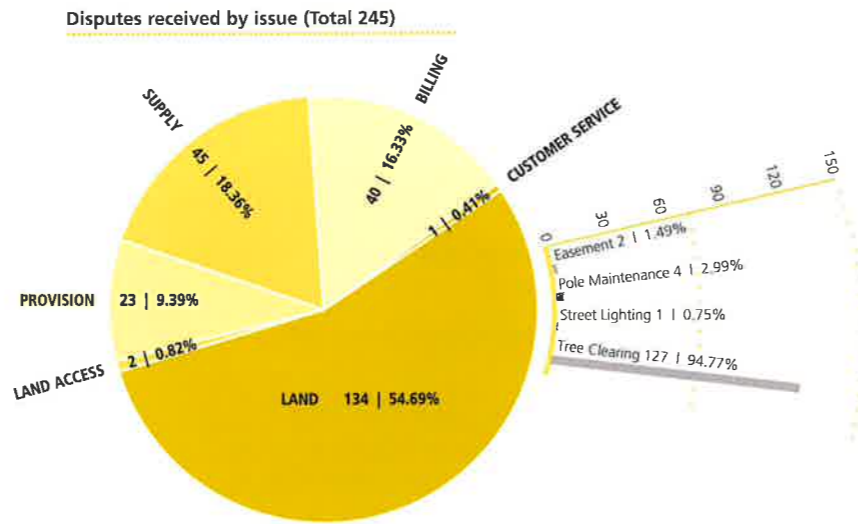
The company stated that they would not disconnect if the couple paid at least \$90 per fortnight. The couple could not afford the payment and the company advised they had no choice but to disconnect supply.

The EIOV noted that the Victorian Supply and Sale Code required that the company take an actual reading of a customer's meter at least once every twelve months. This had not occurred in this couple's case, and the company agreed to waive \$2,000 from the couple's account.

The couple also agreed to enter into a payment arrangement with the company to reduce the arrears over the next twelve months, while also paying their accounts over the period.

Disputes received by issue (Total 245)

- Land issues represented 54.69% of Disputes. This large increase on last year's result (6.67%) was due to 123 tree clearing Disputes about the one event
- 16.33% of Disputes were about billing, up from 3.33% last year
- 18.36% of Disputes were about supply, a considerable decrease on last year's result of 80%



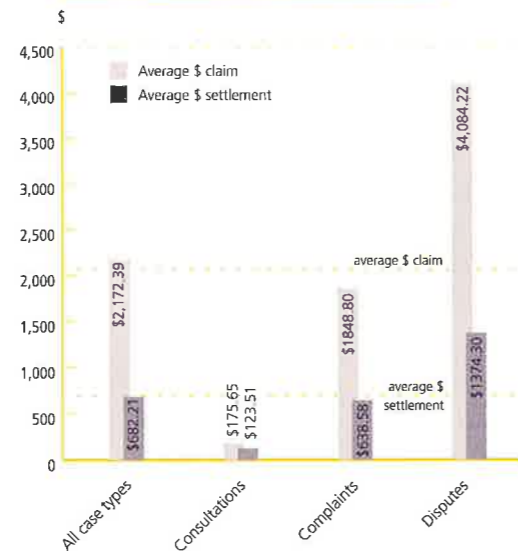
Binding Decisions

- Only 10 Binding Decisions were made in the 1997/ 1998 year, representing 0.28% of all Enquiries and cases
- The Decisions related to Billing (1), Supply/ damage (5), Supply/ low voltage (1), Electromagnetic Fields (1) and Land/ tree clearing (2)
- Three of these decisions are the subject of legal action by CitiPower against the EIOV scheme on jurisdiction, and will be reported once the legal action has been completed.
- One customer rejected the Ombudsman's binding decision thereby releasing the company from the terms of the decision.

Average dollar claim and settlement on closed supply cases

- The average dollar claim in supply cases was \$2,172.39
- At Consultation case type it was \$175.65
- At Complaint case type it was \$1,848.80
- At Dispute case type it was \$4,084.22
- The average dollar settlement in supply cases was \$682.21
- At Consultation case type it was \$123.51
- At Complaint case type it was \$638.58
- At Dispute case type it was \$1,374.30

Average dollar claim and settlement on closed supply cases



What sorts of cases did the EIOV receive?

Case Handling

New Dispute Timeframe

A new timeframe has been set for the resolution of the fourth case type in the scheme, Disputes. Ninety days is now set for investigation and resolution of Disputes. All three case types, Consultation, Complaint and Dispute, now have timeframes which set a benchmark for resolution for both customers and electricity companies.

Review of procedures

Arising out of the EIOV Review much of 1997/98 has focussed on streamlining internal case handling policies and procedures.

After extensive discussion and negotiation with the electricity companies about possible streamlining measures, a review of the case handling procedures was considered by the EIOV Council in October 1997. This review consisted of a draft paper which had been prepared for consultation with company contacts. The paper addressed the issues and concerns raised by companies in the review of the scheme and concerns voiced to Investigations Officers, the Manager Investigations and Policy, and the Ombudsman. The paper addressed these issues and others that EIOV staff had raised. It made a number of recommendations for changes to policies and procedures for case handling.

Meetings were held with the Ombudsman, the Manager, Investigations and Policy and the electricity companies. Comments were sought at the meetings and additional written comments were provided by companies and incorporated into a document for Council and for sign off by the companies. All companies signed off on this review of the procedures in December 1997. The procedures have now been implemented with further work on high bills and a company Policy and Procedure Manual to carry over into the 1998/99 year.

Further opportunity for electricity companies to resolve complaints

The EIOV has instituted a new procedure which provides electricity companies with a further opportunity to fix a customer problem, before the EIOV takes the issue up. The EIOV now refers customers back to a higher level contact in their electricity company where the customer has only been once to the call centre or faults room, and has not raised their matter as a complaint, allowing the company to resolve it.

This Higher Level Contact policy came into effect on 23 March 1998. From 23 March to 30 June 1998 215 Enquirers were referred back to their company in this way. These are 215 cases which the EIOV would have previously taken, placing the onus now on the companies to fix the problems. This has reduced the number of cases to the EIOV this year.

We have been monitoring how well electricity companies have been using this opportunity and the results so far have been very encouraging. Most Enquirers have been successful when they have gone back to a higher level in the company.

Many of the cases which have been successfully resolved through the higher level contact have been relatively straightforward issues such as high bills. This means that the EIOV deals with the more complex and substantive cases.

Reduction in time taken to solve cases

On 12 January 1998 the EIOV instituted more rigid adherence to the 14 and 28 day time frames set for Consultations and Complaints. On 25 February 1998 the EIOV set a 90 day time frame for resolution of Disputes, where previously there had been none. If a Consultation does not settle in 14 days it becomes a Complaint, if the Complaint does not settle in 28 days it becomes a Dispute. If the Dispute does not settle in 90 days it will be the subject of a Binding Decision. At the same time we negotiated with the electricity companies a set of criteria for exemption from this policy in special circumstances, for example where a customer is in hospital and cannot consider the company's offer.

This new policy and procedure is achieving good results from April 1998. Case resolution times are reducing, providing a speedier and more effective process for customers and their companies.

- The average age of closed Consultations is down from 69 days (30 June 1997) to 42.2 days (30 June 1998)
- The average age of closed Complaints is down from 59.2 days (30 June 1997) to 53 days (30 June 1998)
- The average age of Disputes is up from 24.5 days (30 June 1997) to 79.8 days (30 June 1998). This is due to an increasing number of cases moving to Dispute because of the 14 and 28 day time frames, and also to the 123 tree clearing cases causing a statistical anomaly. The result is still within the 90 day timeframe.

Reduced phone answering times

New phone rostering arrangements for Investigations Officers have resulted in a reduction in the time taken to answer customer calls.

Case backlog reduced

The scheme went into the 1997/98 year with a large backlog of cases. However, with extra resources and dedication, staff were able to eliminate the case backlog 4 months ahead of forecast.

Productivity improvements

A number of productivity improvements have been implemented during the 1997/98 year, including direct entry of case details on to the customer's computer record from 1 October 1997.

New process for claims between \$10,000 and \$50,000

The EIOV Constitution requires the consent of all parties for a decision by the Ombudsman where the amount in dispute is between \$10,000 and \$50,000.

This year saw the first decision made for an amount at this recommendatory level. The company refused to consent to the amount over \$10,000 at the end of the process. The process has now been changed to gain consent at the beginning of the investigation process. This enables all parties to be aware of what will happen at an early stage if the case does not settle by conciliation and requires a binding decision.

At the outset of a case the EIOV will undertake an investigation into substantiation of the quantum of the claim only. If the quantum is substantiated at between \$10,000 and \$50,000 the company will be asked to indicate whether it consents. If it does not consent, the complainant will then have to consider whether to proceed knowing the maximum the Ombudsman can award is \$10,000 or whether to withdraw their complaint and pursue other remedies. If consent is obtained investigation will proceed in the normal way.

I will be monitoring the results of this new procedure and will be concerned if it develops that electricity companies set a pattern of refusals. Such a pattern would make the EIOV's Constitutional range of recommended award limits meaningless.

This brings into sharp focus the importance of having the base award limit set at the right amount. Taking into account that the EIOV now has the lowest award amount in Australia (\$10,000), this is a key issue for consideration by the scheme.

Supply

There is no further clarity about legal liability for power surges. The Australian Competition and Consumer

Commission interprets the Trade Practices Act as imposing strict liability on power companies for payments for damage from voltage variation. The industry does not agree with this interpretation. Despite this most electricity companies have taken business decisions to pay valid customer claims.

New EIOV Policies

Direct charging of technical costs

At present the scheme accesses technical advice in the investigation of complaints out of its budget. In effect there can be an unfair cross subsidisation from company to company if one company requires more technical advice or there are more cases requiring technical advice for one company than the others.

Accordingly, the EIOV Council approved a policy by which costs of technical advice and testing procedures be charged directly to the company against which the case is lodged. The implementation of this policy will occur in 1998/99.

Disconnection/Reconnection

In July 1997 the EIOV Council passed a policy by which all electricity companies agreed to reconnect a disconnected customer, where a customer has made a complaint to the EIOV directly related to the reason for which the disconnection has taken place, and the complaint remains unresolved. It is a requirement under the Supply and Sale Code not to disconnect a customer if the customer has lodged a complaint with this Office. It did not seem helpful or fair that customers who had been disconnected remained off supply for the period of investigation and resolution of their complaint, while customers who had been warned of disconnection would, under the Supply and Sale Code, be exempt from this disconnection.

Use of loss assessors

In order to provide accurate and appropriate assessment of customer claims in relation to large claims or consequential loss claims, the scheme has developed a policy and procedure on the use of auditors or loss assessors in such cases. The EIOV will conduct internal assessment of consequential loss claims to the value of \$10,000; use internal or external assessment for claims between \$10,000 and \$50,000; use an auditor on claims above \$50,000; and charge these costs directly to the company against which the complaint is made.

Contestable customer complaints

Contestable customers used the EIOV during 1997/98 to get assistance in resolving complaints with their electricity retailers. As the electricity market further deregulates the issue of responsibility for resolution of customer complaints will grow in seriousness, as more customers are able to choose their retailer.

The EIOV's policy is that customer complaints are to be taken against the retailer, even where another party has caused the problem.

This is done in the knowledge that the retailer holds ultimate responsibility for the customer, and that there is a range of mechanisms by which the retailer can pursue any other third party, either within or without the industry, for recompense it has had to make to a customer. This issue of responsibility for customer complaints is not helped by an unclear regulatory framework, which has not articulated or formalised the back to back arrangements in the industry in a way that makes responsibility absolutely clear.

Already the EIOV has been faced with one retail company arguing that it should not be responsible for an action by another industry participant which affected power supply, potentially leaving the customer with no adequate avenue of redress.

The EIOV encourages this issue to be taken up swiftly in order that there be a smooth transition to full contestability in 2001.

Company Changes

During the 1998/98 financial year the Australian Gas and Light Company (AGL), which was previously a part owner of Solaris Power, purchased the remainder of Solaris Power. Solaris Power was renamed AGL Electricity on 22 June 1998.

The government owned transmission company PowerNet Victoria also changed hands during this year and was purchased by GPU International. The company is now known as GPU PowerNet.

Marketing and Communications

Community awareness of the EIOV

At the inception of the EIOV benchmarking research was carried out to establish the level of community awareness about the scheme. In 1997/98 the scheme undertook tracking research to assess how well levels of community awareness have been set in the intervening period. This tracking research formed the basis of a revised marketing strategy for the scheme. In anticipation of the gas industry joining the EIOV, however, the EIOV Council decided to postpone the implementation of the revised marketing strategy until the expansion of the scheme to include gas is completed.

In general the tracking research found that the levels of awareness of the EIOV in both Metropolitan Melbourne and Regional Victoria still need improvement, particularly amongst older people, regional Victorians, the unemployed, women and the economically disadvantaged. The research demonstrated that the electronic media (TV and radio) and the print media are particularly important sources of information about the scheme. It also demonstrates that thus far the electricity

companies have not been an effective source of information about the scheme. Overwhelmingly people have found out about the scheme from sources other than their electricity company.

The feedback from customers is that they have an expectation that the EIOV will not only resolve disputes but also draw attention to major electricity related matters, provide information and act as a referral agency to relevant organisations.

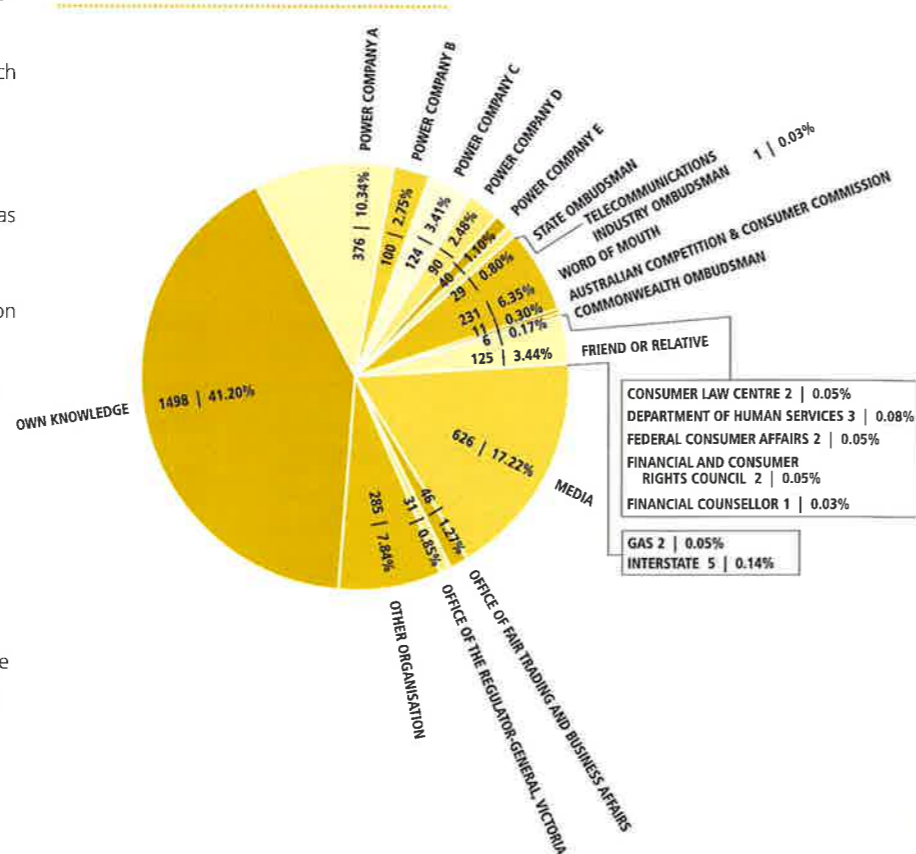
The scheme carried out separate research into the levels of awareness of the EIOV by customers of non-English speaking background (NESB). There is a very low level of awareness amongst NESB Victorians, which will be addressed as part of the revised marketing strategy in 1998/99.

How did callers find out about the EIOV?

There are a number of ways in which callers to the EIOV find out about the scheme:

- The main source of knowledge about how to access the EIOV was through the person's own knowledge of the scheme (41.20%), a significant increase on the previous year (14.75%).
- 17.22% of callers accessed EIOV through information from the media. This is a slight drop from last year (19.18%)
- 20.08% of cases came from referrals from electricity companies. This is a better result than last year where only about 8% of callers were referred to the EIOV by their electricity company

How did callers find out about the EIOV?



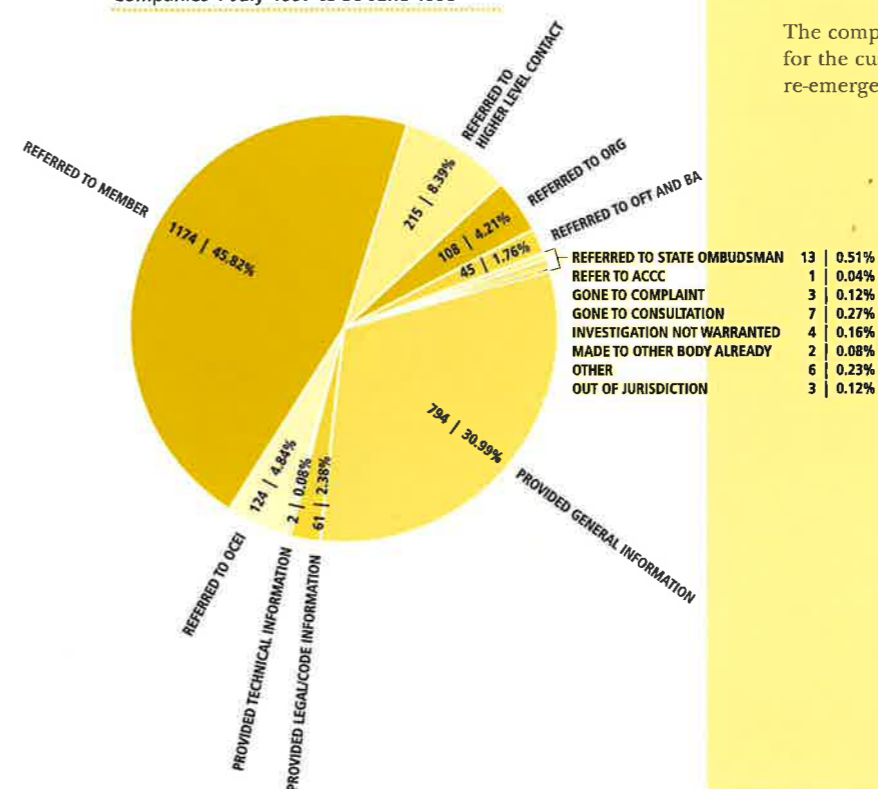
How were cases resolved?

The rate of case settlement through conciliation was again high in the 1997/ 1998 year. 64.9% of all closed Consultations were settled through conciliation, a better result than last year (58.91%). 54.43% of all closed Complaints were settled through conciliation, a decrease on last year's result of 81.54%. 95.6% of closed Disputes were settled through conciliation, up from 81.48% last year

Outcome of Enquiries Received All Companies 1 July 1997 to 30 June 1998

- 45.82% of callers were referred back to their companies because they had not been to their company first. This is lower than last year (49.99%)
- 30.99% received general information and advice about their problem
- 8.39% of Enquirers were referred back to a higher level contact in their company, having only raised their issue once with the call centre or faults room. This referral process was instituted in March 1998

Outcome of Enquiries Received All Companies 1 July 1997 to 30 June 1998



Television Interference

A residential customer contacted the EIOV because he had not been able to resolve a television interference problem with his electricity company.

His reading of a booklet from the Australian Communications Authority, suggested that a possible source of the television interference was his electricity supplier's assets.

The customer phoned the company requesting rectification of the problem. One month later, a company representative identified a pole as the cause of the problem but, according to the customer, he was told that it would take another two weeks before works were undertaken.

Following the involvement of the EIOV, works were undertaken by the company, including the replacement of a broken insulator. It was established that the customer's television aerial had pointed at this asset.

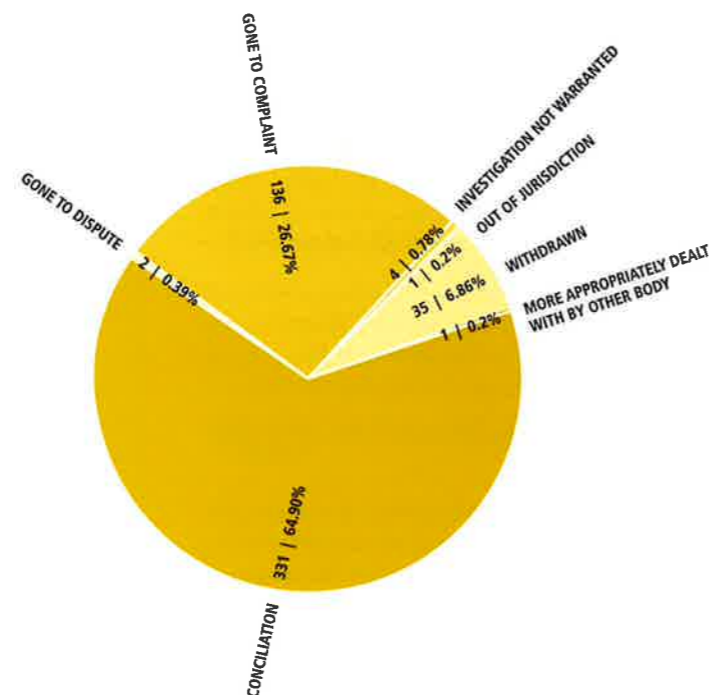
After these works were completed, and the direction of the aerial adjusted, the customer's television reception improved markedly.

The company appointed several Direct Contacts for the customer to call should the problem re-emerge.

Outcome of Consultations

- 64.9% of Consultations were settled by discussion and agreement between the customer and their company, with the assistance of the EIOV. This percentage is higher than last year.
- 26.67% of Consultations progressed to a Complaint
- 2 cases (0.39%) moved to Dispute status
- 35 customers (6.86%) withdrew their cases usually because the EIOV was unable to contact them, or the customer showed insufficient interest in their case, or were unable or unwilling to provide evidence of their claims
- 1 Consultation (0.2%) was out of jurisdiction
- The Ombudsman decided in 4 cases (0.78%) not to further investigate

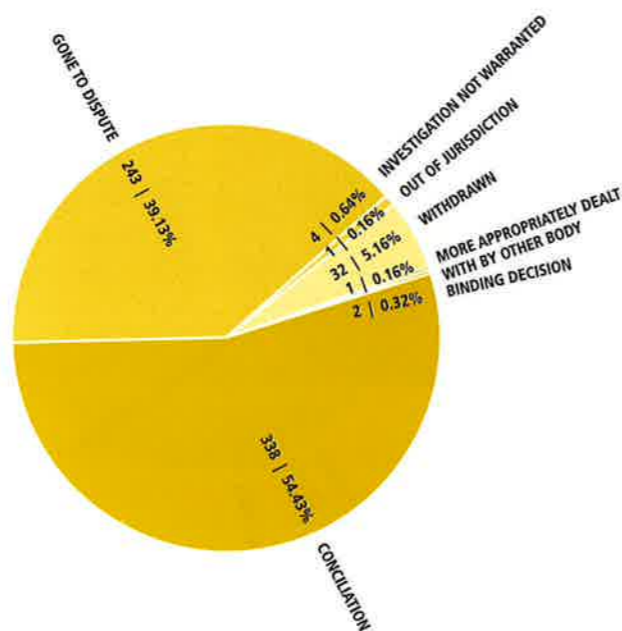
Outcome of Consultations



Outcome of Complaints

- 54.43% of all closed Complaints were settled through conciliation
- 39.13% of Complaints moved to Dispute status
- 32 customers withdrew their cases (5.16%), usually because the EIOV was unable to contact them, or the customer showed insufficient interest in their case, or were unable or unwilling to provide evidence of their claims
- 1 Complaint (0.16%) was out of jurisdiction
- The Ombudsman decided in 4 cases (0.64%) not to further investigate
- 2 Complaints resulted in Binding Decisions by the Ombudsman

Outcome of Complaints

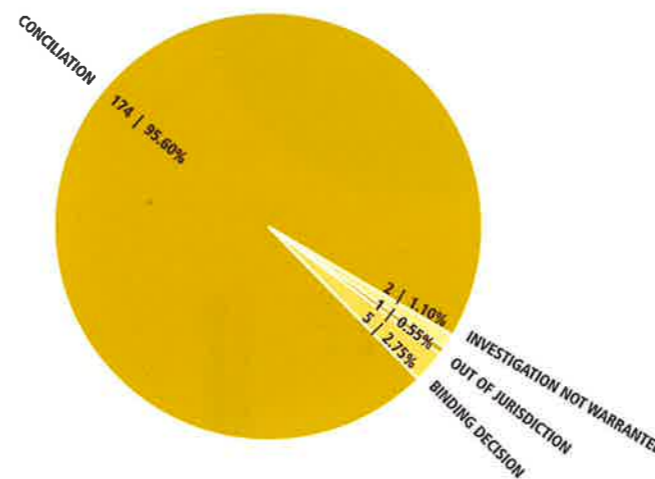


How were cases resolved?

Outcome of Disputes

- 95.6% of all closed Disputes were settled through conciliation
- 2.75% of all Disputes were determined by a Binding Decision by the Ombudsman (5 Disputes). A further 3 Binding Decisions were made in the 1997/ 1998 year but as the cases are the subject of legal action they have not been closed and are not represented here. The rate of Binding Decision at Dispute level is lower than last year (14.82%) and a very good result for the scheme
- 1 Dispute (0.55%) was out of jurisdiction
- In 1 Dispute (0.55%) the Ombudsman decided not to carry out further investigation

Outcome of Disputes



Frequent and recurring outages and brownouts

A customer called the EIOV regarding supply outages and low voltage events at his premises which he believed threatened his safety. He was also unhappy regarding the time the company took to attend to faults in his area.

The company provided the EIOV with details of past works and future plans to improve the reliability of supply in the area and stated that supply was in compliance with the *Distribution Code*.

The EIOV discussed the customer's concerns regarding the safety of his supply with the Office of the Regulator-General and the Office of the Chief Electrical Inspector. The Ombudsman noted following these discussions that there was no requirement on the company to install the safety switch equipment the customer sought and that the safety of his premises' electrical installation was his responsibility.

The Ombudsman stated her concerns at the number and frequency of supply problems affecting the customer's residence, but in reviewing past and planned asset maintenance and improvement works was satisfied the company was complying with the *Distribution Code*.

The Ombudsman considered the level of customer service the company provided was less than satisfactory.

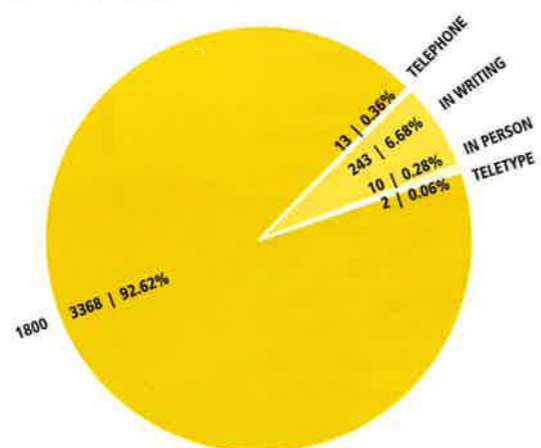
The Ombudsman made a binding decision which included the provisions that the company install voltage monitoring equipment at the customer's premises for a period of 12 months, improve the flow of information to the local community and pay the customer \$350 in compensation for inadequate customer service.

How were cases resolved?

How did the EIOV receive cases? (Total 3,636)

- 92.98% of cases were received through the telephone
- 6.68% of cases were received through the mail
- 10 customers visited the EIOV office to make their complaint
- 2 customers lodged their complaint using the telephone typewriter (TTY) due to a speech or hearing impairment
- An interpreter was used in 1 case

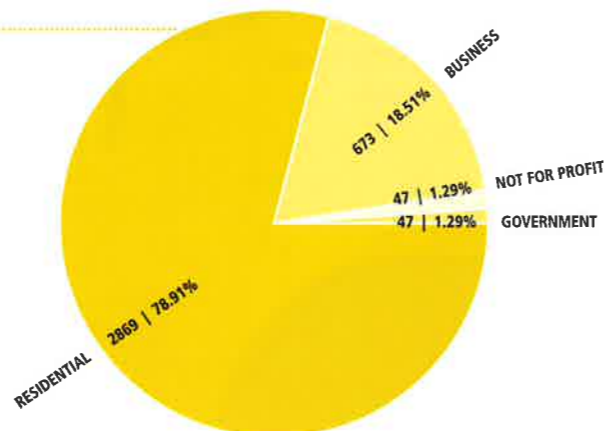
How did the EIOV receive cases? (Total 3,636)



Who lodged cases with the EIOV? (Total 3,636)

- Residential customers made up 78.91% of those who brought cases to the EIOV
- Business customers constituted 18.51% of all cases
- Rural Customers constituted 22.94% of all cases
- Metropolitan customers constituted 76.15% of all cases

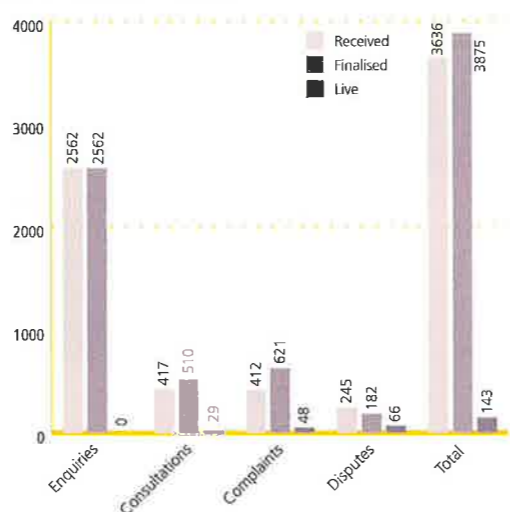
Who lodged cases with the EIOV? (Total 3,636)



Progress of cases during the year

- Equal numbers of Enquiries were opened as closed (2,562)
- More Consultations were closed (510) than opened (417). At the end of the year 29 Consultations remained open
- 621 Complaints were closed and 412 opened. 48 Complaints were still open at the end of the year.
- 245 Disputes were opened and 182 closed, with 66 unresolved at 30 June 1998

Progress of cases during the year

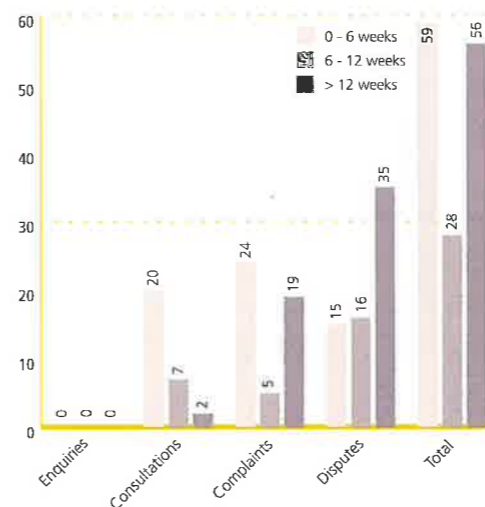


How were cases resolved?

How old were cases at 30 June 1998?

- The majority of Consultations were less than 6 weeks old.
- The majority of open Complaints were less than 6 weeks old
- 35 of the 66 Disputes at 30 June 1998 were over 12 weeks old

How old were cases at 30 June 1998?



Power surge and damage to household appliances

A customer contacted the EIOV stating her electricity company would not honour her claim of between \$8,290.57 and \$13,785.57 following fire damage to her kitchen and appliances (including a piano of great sentimental value). The fire was caused by a broken cross-arm on a company pole.

Following the incident, two company representatives had variously advised that she would be paid the replacement value of her appliances and that she would receive secondhand replacements.

The customer cared for her invalid husband and small child, and the couple received a very low combined income. The customer did not own a car, and advised she would have to travel to a major town to source appliances. Since the incident, the customer relied on takeaway food outlets and relatives for meals.

The EIOV investigated the matter, obtaining company confirmation that they accepted liability for the incident. The company stated it abided by the *Trade Practices Act* provision that the customer be restored to her previous position, and no better or worse.

The company also stated further liability issues would arise if they provided the customer with secondhand appliances.

The Ombudsman considered the extent of the inconvenience and enforced change of lifestyle being experienced by the customer and her family and the customer's personal circumstances.

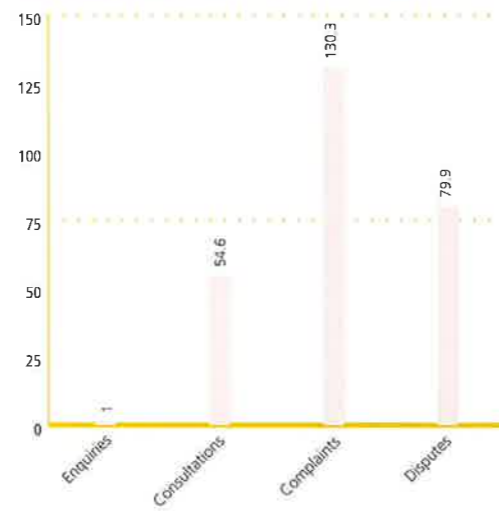
The Ombudsman determined that the company pay the customer \$6,976.70, which included an amount to compensate the customer for her damaged appliances, following a recommendation by the EIOV's independent loss adjustor and a 25% loading to take into account the substantial problems the customer would encounter replacing some items. \$1,000 of the amount represented a payment for the level of customer service and inconvenience experienced by the customer.

How were cases resolved?

How long did each case take to resolve?

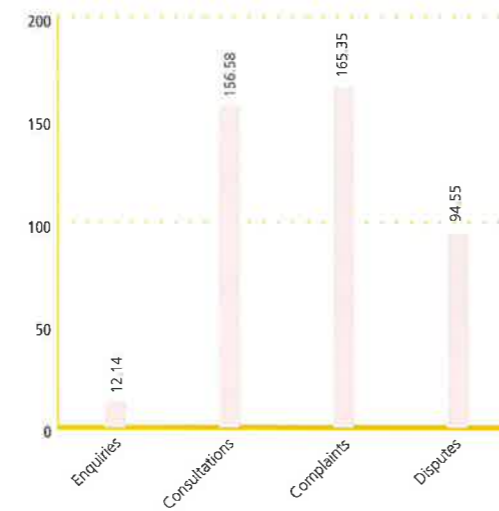
- Enquiries took an average of 1 day to close
- Consultations took an average of 54.6 days to close, fewer days than last year
- Complaints took an average of 130.3 days to close, more days than last year
- Disputes took an average of 79.9 days to close, slightly more days than last year

Average age of closed cases in days



- The average Enquiry during 1997/1998 took 12.14 minutes
- The average Consultation took 156.58 minutes
- The average Complaint took 165.35 minutes
- The average Dispute took 94.55 minutes

Average time spent on closed cases in minutes



How timely was the EIOV in answering telephone calls?

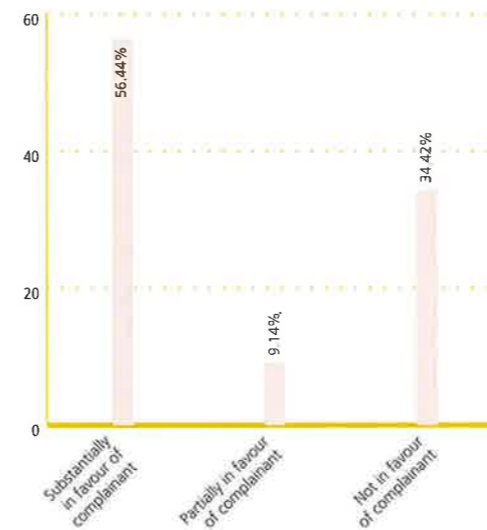
- The % of callers answered within 20 seconds varied throughout the year. In June 1998 94.76% of callers were answered within 20 seconds, a better result than last year's rate of 87%
- Only 0.12% of callers abandoned their calls due to delays

How were cases resolved?

Case Outcomes in Favour of Complainants (includes consultations, complaints and disputes)

- Substantially in favour of complainant 56.44%
- Partially in favour of complainant 9.14%
- Not in favour of complainant 34.42%

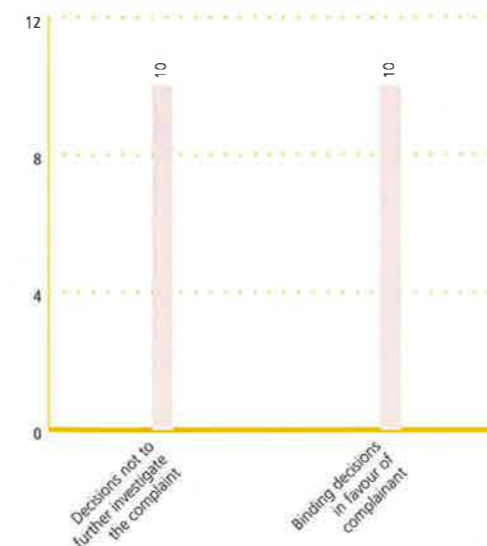
Case Outcomes in Favour of Complainants (includes consultations, complaints and disputes)



1997/1998 Decisions, Proportion in favour of complainants

- Decisions not to further investigate the complaint 10
- Binding decisions in favour of complainant 10

1997/1998 Decisions, Proportion in favour of complainants



Powerline Service

A residential customer contacted the EIOV as he was dissatisfied with his electricity company's response to an incident in which his service line had been brought down by a truck. The incident had caused damage to the fascia board on his house as well as electrical damage.

A carpenter and an electrician had undertaken the repairs at a cost of \$393 while the electricity supplier had also sent him an invoice for \$135 for a service truck visit.

The customer believed that the line was too low and said that it had previously been brought down by another vehicle.

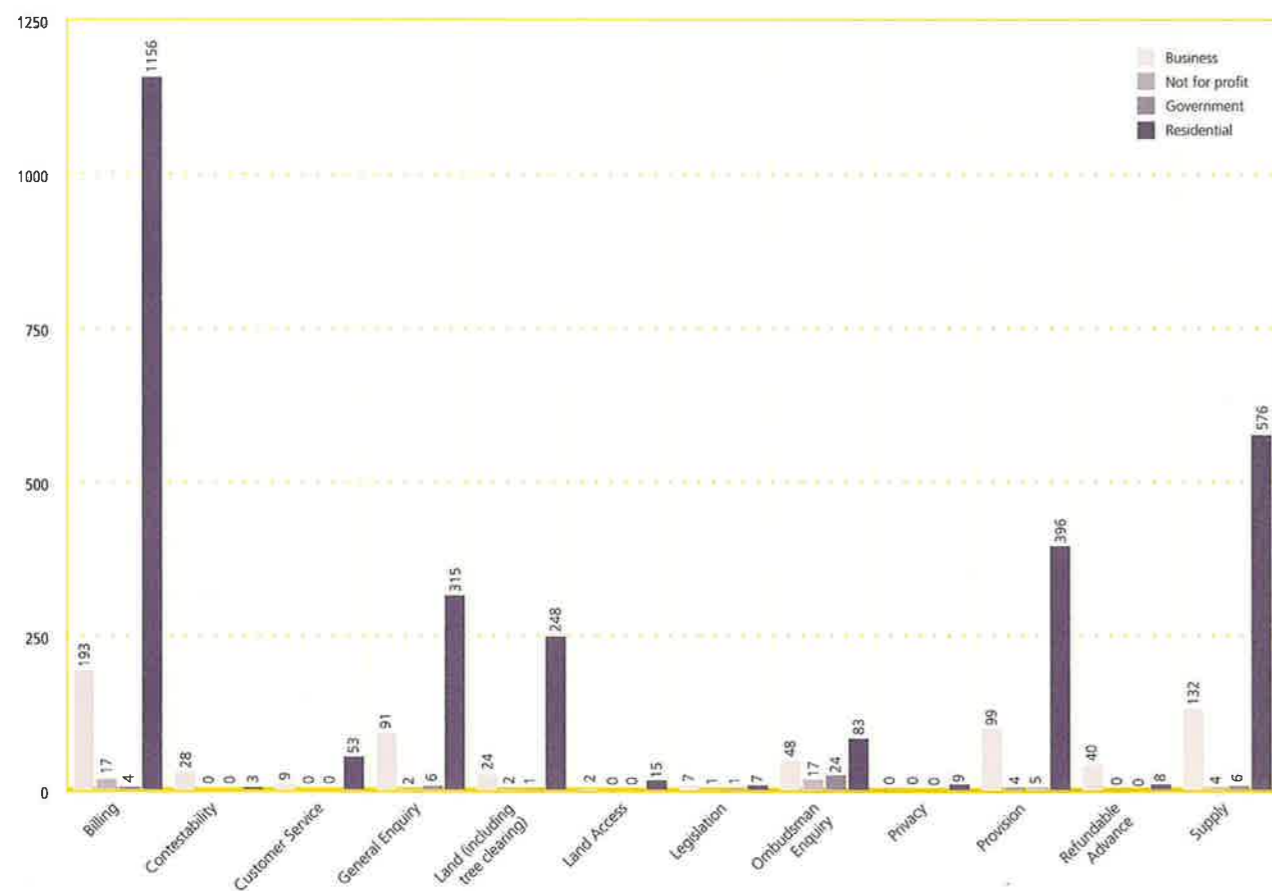
The customer contacted the EIOV when he had not received a written response from the company after a month and because he was unhappy with having to pay the service truck visit fee.

The EIOV was able to gain the agreement of the company to waive the service truck visit fee of \$135 and to pay the customer's claim of \$393. The company also offered the customer \$30 as a customer service payment, in recognition of the inconvenience caused.

How were cases resolved?

Who complained about what issues?

- Residential customers were the majority in all issue types except Refundable Advances and Contestability, where Business customers raised concerns about the amount and period of a refundable advance and there were increased cases about issues of contestability.
- 18.38% of supply cases were raised by business, 80.22% by residential customers
- 14.09% of billing issues were raised by business, 84.38% by residential customers



How were cases resolved?

Financial statements

Balance Sheet as at 30 June 1998

	1998 (\$)	1997 (\$)
Current Assets		
Cash	29,274	-
Investments	161,689	74,397
Receivables	-	15,500
Other	4,926	4,224
Total Current Assets	195,889	94,121
Non-Current Assets		
Property, plant and equipment	306,868	397,131
Total Non-Current Assets	306,868	397,131
Total Assets	502,757	491,252
Current Liabilities		
Creditors	165,627	56,268
Borrowings	115,732	111,200
Provisions	30,257	31,820
Total Current Liabilities	311,616	199,288
Non-Current Liabilities		
Borrowings	135,418	253,336
Total Non-Current Liabilities	135,418	253,336
Total Liabilities	447,034	452,624
Net Assets	55,723	38,628
Members' Equity		
Retained surplus	55,723	38,628
Total Members' Equity	55,723	38,628

Financial statements

Statement of Cash Flows For the year ended 30 June 1998

	1998 (\$) Inflows/(Outflows)	1997 (\$) Inflows/(Outflows)
Cash Flows from Operating Activities		
Levy receipts from Members	1,189,947	835,010
Payments to suppliers and employees	(916,948)	(778,984)
Interest received	18,066	10,257
Finance charges on finance leases paid	(31,081)	(43,547)
Net Cash Flows from Operating Activities	259,984	22,736
Cash Flows from Investing Activities		
Payments for plant and equipment	(30,032)	(11,255)
Payments for investments	(87,292)	(69,254)
Net Cash (Outflows) from Investing Activities	(117,324)	(80,509)
Cash Flows from Financing Activities		
Principal repayments under finance leases	(107,359)	(94,072)
Net Cash (Outflows) from Financing Activities	(107,359)	(94,072)
Net Increase (Decrease) in Cash Held	35,301	(151,845)
Cash at the Beginning of the Financial Year	(6,027)	145,818
Add: Cash equivalents reclassified	155,958	
Cash at the End of the Financial Year	185,232	(6,027)

Income and Expenditure Account for the year ended 30 June 1998

	1998 (\$)	1997 (\$)
Operating Revenue	1,151,959	952,594
Operating Surplus/(deficit)	17,095	(16,672)
Retained surplus at the beginning of the financial year	38,628	55,300
Retained Surplus at the End of the Financial Year	55,723	38,628