

# ANNUAL REPORT 2000

Energy Industry Ombudsman (Victoria) Limited

guiding principles > independence > access > equity > effectiveness > community awareness > community outreach

# Annual Report 2000

Energy Industry Ombudsman  
(Victoria) Limited

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## Guiding Principles

### Independence – impartial and fair.

The EIOV is an instrument of complaint resolution not advocacy. The scheme acts independently whilst maintaining good working relationships with all stakeholders.

### Access – informal and open to all.

The scheme is readily accessible to individual consumers of electricity and gas services regardless of their ethnicity, language skill, physical or mental abilities or geographical locations.

### Equity – fair, economical, efficient and confidential.

The fundamental principle of the EIOV in resolving cases is that of fairness to all parties, to ensure a just, economical, informal and speedy resolution within an environment of privacy and confidentiality.

### Effectiveness – skilled staff and quality systems.

The office of the EIOV is staffed by high calibre people, sensitive to consumer issues, and equipped to make optimal use of technology to receive and resolve cases in an economical and timely manner.

### Community Awareness – public relations and education.

The EIOV fosters community awareness of its function and the development of its public profile in keeping with the status and role of the organisation.

### Linkages – working with community and relevant organisations.

The scheme ensures that effective links and working relationships are maintained and developed with relevant organisations, agencies and members.

# A year in review 1999/2000

The number of cases received by the EIOV in 1999/2000 reached 5,302, which was an increase of 38.61% compared to the previous financial year.

Electricity cases increased by 28.68% and gas cases by 152.44% from the previous year. This was the first full year of gas cases.

Reporting of individual electricity member companies in the EIOV's public reports has been received positively by members and other stakeholders.

The EIOV's Multicultural Communities Access Program was launched on 21 February 2000 which has helped increase awareness of the EIOV's services in ethnic communities.

Gas disconnection relative to electricity disconnections became a prevalent issue and highlighted the need for more flexible payment options and better customer focus.

All energy companies experienced computer system problems to a greater or lesser extent during this financial year due to Year 2000, the GST and preparation for full retail competition.

The highest proportion of cases received by the EIOV were against Powercor Australia, who made up 31.78% of all cases received by the EIOV in 1999-2000 and 37.22% of all electricity cases.

A small but concerning number of cases emerged relating to one company's customers being put on tariffs without permission or full understanding. Following discussion with the company the problem abated.

The EIOV provided industry training, and for the first time, with larger numbers of retailers from interstate.

New software was implemented in the EIOV office for the auditing of high bills which has increased efficiency, made investigations more independent and improved service.

It was announced that the EIOV will take water complaints from early to mid 2001.

Three Binding Decisions were made by the Ombudsman in the 1999-2000 financial year, one about an electrical power surge, one about electricity supply problems and one about a gas leak.

## Mission

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

# The Board Chairman's report



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The EIOV Board of Directors is composed of an equal representation of members and customer interests, and is chaired by an independent Chairman. The primary responsibilities of the Board are to oversee the EIOV scheme; to provide advice to the Ombudsman on policy and procedural matters; to oversee the formal administration of the company and its financial affairs; and to maintain the independence of the Ombudsman.

The Hon. Tony Staley, EIOV Board Chairman

With the 1999-2000 year being my third as Chairman of the Energy Industry Ombudsman (Victoria) scheme, I am pleased to report on the scheme's continued success in providing all electricity and gas consumers with an efficient, fair and independent resolution scheme.

A highlight of the past 12 months has been the launch of the Multicultural Communities Access Program on 21 February 2000. Approximately 30% of Victorians identify as being from a non English speaking background, and this program has helped raise awareness of the scheme amongst non-English speakers. I thank Mr Stefan Romaniw, Chairman of the Victorian Multicultural Commission, for his advice and support for this program.

With the change of the Victorian government in late 1999, it is pleasing to see the government's continuing support for dispute resolution schemes. The recognition of the importance of these schemes will ensure all Victorians continue to have their complaints investigated and resolved in an efficient and independent manner.

The number of cases being received by the EIOV continues to increase and this indicates a growing public awareness of the service. I congratulate the Ombudsman, Fiona McLeod, and her staff for handling these cases in a manner that meets the needs of the community and am certain that their high commitment to customer service will continue as the scheme grows.

An exciting challenge for the EIOV in the next year will be the expansion of the scheme to include the water industry—increasing the number of scheme members from 22 to 46. The bringing together of Victoria's three most essential services: electricity, gas and water, will create a central point for consumers experiencing problems with any of these services. On behalf of the Board I offer the Ombudsman our full support to ensure this occurs as smoothly as the incorporation of the gas companies into the scheme.

One of the strengths of the EIOV Board has been the stability of Board membership and the commitment demonstrated by my fellow directors. I

would like to thank Colin Peirce, Barbara Romeril, Denis Nelthorpe, Caryle Demarte, Simon Lucas and Lyndon Goulding for their efforts during the past year. I would also like to thank Brett Hausler for making himself available as an Alternate Director and welcome Brad Green, Chris Field and Ken Stickland to Alternate Director roles. The Board looks forward to their input, which is necessary for the EIOV to fulfil its obligations to its members and the community.

As I look to the future, it is with confidence that I see the EIOV continuing to provide the high level of service it has provided throughout its four and a half years existence. In particular, the expansion of the scheme to offer service to water customers will see the scheme take up an even more important role in the Victorian community.

A handwritten signature in black ink that reads "Tony Staley". The signature is fluid and cursive.

The Hon. Tony Staley  
EIOV Board Chairman

**Directors** INDUSTRY REPRESENTATIVES



**Ms Caryle Demarte**  
General Manager  
TXU Retail, TXU Australia Pty Ltd  
(Appointed 21/5/99)



**Mr Lyndon Goulding**  
Company Secretary  
United Energy Ltd (Pulse)  
(Appointed 1/6/99)



**Mr Simon Lucas**  
Company Secretary  
CitiPower Pty Ltd  
(Appointed 30/11/98)

**Directors** COMMUNITY / CONSUMER REPRESENTATIVES



**Mr Denis Nelthorpe**  
Consumers Federation of Australia  
(Appointed 30/11/98)



**Mr Colin Peirce**  
Deputy Chairman,  
Executive Member, Small Business Association of  
Victoria (Executive Sub-Committee of the Victorian  
Employers' Chamber of Commerce and Industry)  
(Appointed 30/11/98)



**Ms Barbara Romeril**  
Executive Director  
Financial & Consumer Rights Council  
(Appointed 20/4/99)

**Board  
Membership  
at 30 June 2000**

**COMPANY SECRETARY**

**Ms Susan Bardsley**  
Business Manager  
EIOV  
(Appointed 14/12/98)

**Alternate Directors**

**INDUSTRY  
REPRESENTATIVES**

**Ms Denise Dawson**  
Customer Service  
Group Manager  
United Energy Ltd (Pulse)  
(Appointed 23/6/99)

**Mr Brad Green**  
National Manager  
Origin Energy  
(Appointed 15/12/99)

**Mr Anthony Kelly**  
Company Secretary  
TXU Australia Pty Ltd  
(Appointed 14/12/98)

**COMMUNITY / CONSUMER  
REPRESENTATIVES**

**Mr Chris Field**  
Executive Director  
Consumer Law Centre Victoria  
(Appointed 23/2/00)

**Mr Ken Stickland**  
Chairman,  
Regulatory Reform Committee  
Property Council of Australia  
(Appointed 23/2/00)

**Resigned  
Alternate Directors**

**Mr Brett Hausler**  
Regulatory Compliance Manager  
Origin Energy Pty Ltd  
(Resigned 11/11/99)

# Ombudsman's report



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## MEETING COMMUNITY NEEDS FOR GREATER AWARENESS, ACCESS, REPORTING

Now in its fifth year, the EIOV is widely recognised as a highly effective, independent complaints and dispute resolution scheme. On a daily basis, as we assist energy customers, the EIOV team is reminded of the importance of our role, and the high regard in which the scheme is held by its customers, its peers, industry participants and the government agencies with which it has contact.

Fiona McLeod, Energy Industry Ombudsman (Victoria)

The past year was a challenging one with expansion on a number of fronts – more comprehensive and company-specific public reporting; improved access for non-English speaking Victorians; agreement with Government that the scheme should have jurisdiction for water complaints; greater case complexity; and increased participation in the various preparations for full retail competition. The year has been demanding on the scheme's human, financial and physical resources, but much has been achieved.

### Naming of individual member companies

During the year, and for the first time, the EIOV named individual electricity companies in "Resolution", its six-monthly public report. This represented a major milestone in the scheme's development. It had been clear for some time that consumers, industry and regulators were keen for more detail about the performance of Victoria's electricity and gas companies. A successful public reporting regime already exists in Victoria, by way of performance monitoring and reporting by the Office of the Regulator-General, and publicly identified poor performance is generally regarded as an incentive to improve.

The concept of naming EIOV member companies was canvassed with each electricity company's CEO. This revealed a high level of comfort with the notion of public reporting by company name, for three main reasons:

- the existing public reporting regime by the industry regulator;
- the desire of electricity companies who performed well in relation to EIOV complaints to be able to publicise this fact; and
- a feeling that anonymous reporting may contribute to a community perception of the energy industry being homogeneous in its approach to customer service, which is not the case.

Taking views for and against the naming of companies into account, and following a consultation process with all members, the EIOV Board decided that from 1 July 1999, individual electricity companies would be named and from 1 July 2000, gas retailers would be named. The decision to delay naming gas companies was taken in consideration of the three gas retailers being new to the scheme at the time the decision was taken.

"Resolution", issued each six months, reports on the major issues during the previous six months and on Binding

Decisions made by the Ombudsman during that period. It also provides statistics on the number and source of cases to the EIOV, as well as the types of complaint. Its mailing list is extensive including customer and community organisations and interest groups.

Two editions of "Resolution" (Nos. 9 and 10) have now named individual electricity companies, and in No. 10 it was possible to draw some initial comparisons between the five main electricity retail companies across the two reporting periods. It was also noteworthy that, following the first report, a number of interstate electricity retailers moved quickly to contact the EIOV so that they could take all possible steps to ensure no widening of the market conduct issues that had been identified in the report. Over time these reports will build on each other to develop a picture of how each electricity and gas company is performing in the critical area of complaints handling.

Neither the whole of the electricity industry, nor the gas industry, should have to bear the responsibility for companies with less than satisfactory customer service practices. Greater transparency in the EIOV's reporting of energy company complaint handling performance will enable those companies who are performing well in relation to EIOV complaints to benefit from public acknowledgment of their performance. Where necessary, it will also act as a powerful incentive for energy companies to improve their performance.

## Access and awareness for non-English speaking Victorians

Following extensive research and consultation with multi-cultural interest groups, the EIOV launched its Multicultural Communities Access Program on 21 February 2000. The Chairman of the Victorian Multicultural Commission, Mr Stefan Romaniw, officially launched the program. He congratulated the EIOV

for recognising the needs of Victoria's multicultural population and said that we need to remind ourselves that no two customers are the same.

The first phase of the program was the development of a brochure that was translated into Greek, Chinese-Mandarin, Italian, Serbian, Turkish and Vietnamese. A poster about the service was also produced in the 20 most commonly used languages in Victoria. These translated materials were provided to ethnic media, through the Victorian Multicultural Commission distribution network and to Migrant Resource Centres across Victoria. The program also saw the start of educational visits to Migrant Resource Centres.

As part of the program, EIOV Investigations Officers received refresher training in the use of telephone interpreters and will also undertake cross-cultural awareness training.

## New Victorian government and policies

In September 1999 the new Victorian government came to office with an energy policy that required consideration of the role of an Ombudsman scheme in a number of essential services, including electricity, gas, water and public transport. The EIOV signalled that it shared the government's objectives of an efficient, effective and comprehensive scheme for Victorians to be able to have their electricity and gas disputes investigated independently and resolved. The EIOV also signalled its intention to work with the government to ensure that the excellent service provided by the EIOV scheme to the community continued.

The EIOV also responded to the government's 'Essential Services Ombudsman' Consultation Paper, noting among other things, the obvious parallels between customer complaints in the energy and water industries that would make the water industry a logical inclusion within the EIOV's jurisdiction.

After extensive consultation with key stakeholders, it was recently announced that the EIOV would, from early to mid 2001, expand its jurisdiction to accept water complaints. Over the next 12 months, and in particular through January to June 2001, the EIOV team will be undertaking extensive preparations to ensure the entry to the scheme of Victoria's water companies and authorities proceeds as smoothly as did the entry of the gas retailers.

## Systems problems impact customers

During the past year, the electricity companies in particular changed and upgraded their customer information and billing systems in anticipation of the year 2000, the GST and full retail competition. In doing so, the companies (to greater and lesser degrees) experienced systems problems, many of which flowed on to customers. Commonly these problems were billing related, including but not limited to, extended periods of receipt of estimated bills, or no bills at all, followed by customers receiving unexpected very high bills or multiple bills in quick succession.

As a result, significant numbers of customers contacted the EIOV complaining about billing and associated matters, many saying that as a result, they were having or expected to have difficulty paying their bills. In the case of Powercor, calls to the EIOV increased greatly when the EIOV's phone number was inadvertently placed on customer bills in place of Powercor's customer service number. Customers complained of not being warned of the billing problems, not being able to get through on customer service numbers, of conflicting responses from call centre staff and lack of understanding by company representatives of the issues or the customer's particular situation.

The cases the EIOV received highlighted just how critical it is for companies to have procedures in place to deal with the

flow-on effect on customers of widespread system changes. Strategies to minimise complaint escalation are essential. It is also critical to ensure that all staff in direct contact with customers (in particular front-line staff) are equipped through information and training, to respond effectively and realistically to customer concerns at the customer's first point of contact with the company. Widespread and high impact problems such as billing issues should also quickly be assessed for their whole company impact – initial categorisation of such problems as say, IT related, may lead other parts of the company (for example, the credit area) to dismiss the issues, rather than assess whether their area has a role to play and if so what that role might be. Whole company ownership and effective cross-company communication are vital to achieving swift and appropriate customer service solutions.

If customer service issues arise that were not foreseeable, direct communication with customers should occur as soon as possible after the problems are detected. Rather than wait until customers initiate contact, companies should move proactively to contact customers to explain and/or apologise. Where a billing error is the fault of the company and the customer is adversely affected financially, companies must be prepared to offer payment arrangements that take account of the customer's capacity to pay. Because customer impact and circumstances will vary greatly, flexibility should be an overarching principle, rather than dealing with customer concerns 'by the book' or with a 'one size fits all' solution.

It is hoped that the companies will learn from these problems and apply that learning to ensure that when the full retail gas and electricity markets finally open, customer inconvenience and confusion are minimised through effective communication and customer support strategies.

## Increasing case complexity

Over the year the EIOV also noted a trend towards increasing complexity in the cases it was receiving and investigating. This was especially evident in electricity, in respect of contestability issues relating to billing, tariffs and contracts. It is very likely that this trend will continue into 2001 as we move towards full electricity retail competition. The EIOV Board, the staff and I have been giving consideration to how this increased demand on the scheme's resources can be most effectively handled.

Increasing case complexity also means that the EIOV's present \$10,000 award limit will prove inadequate, strengthening the case for an increase of the limit to \$20,000 in line with the limits of the Energy and Water Industry Ombudsman NSW, Electricity Industry Ombudsman South Australia, and Tasmanian Electricity Ombudsman. This matter is due to be reconsidered by the EIOV Board in late 2000.

## Decision on CitiPower legal action

The past year also saw the closure of three cases from 1998 which required Binding Decisions, and which were the subject of legal action in the Supreme Court of Victoria by CitiPower against the scheme and me as Ombudsman. In each case, the customer had suffered property loss due to voltage variation after a contractor working for the State Electricity System Operator failed to isolate all trip circuits before conducting a test. By way of each Binding Decision each customer was awarded compensation. In its action lodged in June 1998, CitiPower alleged that the Ombudsman did not have jurisdiction in the three cases in question, because in each case the 'event' was not within CitiPower's 'reasonable control'.

The EIOV defended and won the action, contending that the event was within

CitiPower's 'reasonable control' since CitiPower had the responsibility to ensure that an appropriate Use of System Agreement was put in place and appropriate arrangements made to maintain the supply of electricity to the customers' premises, including during testing events. Her Honour Justice Warren vindicated the Ombudsman's power to determine jurisdiction, as the scheme is based in contract between the EIOV and the members. Justice Warren took the view that it is not for the courts to take any interest in jurisdictional or Binding Decision disputes in schemes where members freely enter the scheme in the understanding that they give power of jurisdiction and Binding Decision making to an Ombudsman. While finding that it was not the role of the court to review the decision, she did observe that the Binding Decisions in the three cases under the action were sound. Her view was that the Ombudsman has the power to make whatever Binding Decision he/she believes to be fair and reasonable, so long as the decision is not aberrant or irrational.

The legal action was significant since it marked the first time in the world that a member company had taken legal action against its own scheme on jurisdiction, and only the second time in the world where a member company of an industry based customer dispute resolution scheme challenged its scheme in some way. The action also placed the integrity of the EIOV scheme unnecessarily at risk. There is no doubt that legal action was not an appropriate way to resolve the issue, since it was fundamentally in conflict with the EIOV's stated aim of resolving customer disputes in an informal and non legalistic, non adversarial way. It would have been preferable (and would have saved the other member companies the burden of the cost of the EIOV's defence) for CitiPower to test the issue in accordance with the EIOV Constitution. Clause 6.4 provides that where there is a dispute between the Ombudsman and a member about the effect of the law or of regulatory instruments, the Ombudsman may refer

the matter to the Office of the Regulator-General, Senior Counsel or the courts for determination or authoritative advice, as the case may be, at the member's expense. The company also had the option of pursuing the issue through the representatives it had on both the EIOV Board and Council where concerns about jurisdictional policy could have been raised.

Following the court's decision in favour of the EIOV, the scheme has now re-emphasised to all member companies the EIOV internal procedures for how to resolve jurisdictional disputes between the Ombudsman and members.

## The challenge of full retail competition

The biggest challenge for the electricity industry in Victoria is yet to come when almost 2 million domestic and small business customers become contestable at the end of 2001. This year saw the acceleration of an extensive process of regulatory code review and development in preparation for the introduction of electricity full retail competition. Based on its extensive and unique experience in dealing with customer concerns, the EIOV has been able to contribute significantly to this process, through its participation in working groups and consultative processes and through formal submissions to regulatory bodies, in particular the Office of the Regulator-General. It is envisaged that this involvement will continue into 2001.

The EIOV will continue to focus its efforts on ensuring that, as far as possible –

- domestic and small business customers will be able to make an informed choice as to whether they wish to change their retailer
- they are free to exercise that choice when it becomes available to them
- their billing, metering and transfer needs will be met on time
- there is clarity about the terms and conditions on which they buy and use electricity

- they are assured of continuity of supply by appropriate back-to-back industry arrangements between retailers and distributors
- customers have clear and transparent processes for complaining to their company if they have a problem and
- customers are told about the services of the Ombudsman if their problem cannot be solved in the company

It is also anticipated that the rate of cases to the EIOV from customers will increase in line with increased industry marketing activity, particularly from 1 January next year.

## Electricity marketing practices

During the first few months of 2000, the EIOV detected a small but serious trend in customers complaining about electricity tariffs that they had moved onto. Some customers reported being put on tariffs without their permission, others of not being properly advised of the costs associated with a new tariff and receiving unsolicited and pressured phone calls about changing tariffs. There were also cases where customers, whose first language was not English, had been signed up to tariffs they did not understand.

Energy companies are, of course, entitled to market new or innovative tariffs to customers. However in doing so, it needs to be understood that customer reactions to such initiatives will differ, sometimes dramatically. Even though one customer may be prepared to embrace say, a tariff that entails the production of 'environmentally-friendly' energy, may not mean that the next customer will do the same. Companies must ensure that sales staff are trained to be sensitive to customer reactions, and are aware of the consequences if that marketing moves into the realm of harassment, or could mislead customers.

## Gas disconnections

The three Victorian gas retailers entered the scheme in March 1999. Generally, that entry was smooth. However, there were early indications of some issues in respect of disconnection. A higher than expected number of gas disconnection cases were coming to the EIOV and we signalled that we would be watching case numbers to see whether gas company policies or procedures may need improvement.

The use of disconnection as a punitive measure against customers unable to pay their bills was an issue that Victoria's electricity companies found necessary to address over the last few years. The electricity companies' efforts in this regard are illustrated by only 3.05% of electricity cases for the year being related to disconnection, in quite dramatic contrast with the corresponding figure of 25.84% for gas cases.

This difference points to substantial room for improvement in how Victoria's gas retailers approach the issue of disconnection. In particular, the companies should be looking to develop customer-focussed and creative alternatives to the use of disconnection, including flexible payment and/or instalment plans that take account of customers' capacity to pay and proactive, direct and helpful contact with customers who are obviously having difficulty paying.

## National Energy Ombudsman Network

In late 1999 it was announced that an Electricity Ombudsman would be established in South Australia, with the scheme to commence operation in August 2000. The SA Electricity Ombudsman is Mr Nick Hakof. The EIOV has established contact with the EIOSA and provided assistance with a range of matters.

With the creation of the South Australian scheme, the National Energy Ombudsman Network now comprises four members,

and meets quarterly about matters of mutual interest and concern. In particular our focus is on ensuring consistency of approach in all four schemes, so that it does not matter whether you live in Victoria, South Australia, New South Australia or Tasmania, you can expect a similar standard of service from the Energy Ombudsman.

## Thank you

It was a busy and demanding year for the EIOV team. I am pleased to report that, as usual, team members have undertaken their roles in a highly capable and professional manner. Dealing daily with customer concerns demands high levels of personal resilience, tenacity and dedication. The EIOV is very fortunate to have staff who are reliable and professional. I thank them for their ongoing commitment.

In particular I would like to thank Jo Benvenuti and Susan Bardsley for their

support, and management of the investigations and administration areas of the EIOV respectively.

My thanks also go to the EIOV Board for their support of me in the role of Ombudsman and for their insightful assistance in the development of the scheme. In particular I would like to thank the Board's Chairman, the Hon. Tony Staley now in his third year in this role, for his continued support and valuable advice.

I am looking forward to the next big challenge in the scheme, when the water industry joins, and when water customers will have access to the excellent services we provide in investigating and resolving disputes.



Fiona McLeod  
Energy Industry Ombudsman (Victoria)

# Operations

## Jurisdiction

The EIOV deals with:

- the provision of, or failure to provide, electricity or gas
- the supply of, or failure to supply, electricity or gas
- billing
- 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 or gas company with the consent of the complainant.

## Funding

The EIOV is an industry-based scheme that derives its funding from its members.

There are three types of levy placed upon members, each serving a specific purpose:

## Start up levy

This is levied on members when they join the EIOV, is intended to fund the cost of joining the EIOV and to contribute to the costs of establishing the EIOV which were originally funded by the founding electricity members.

## Annual levy

This is levied on members each year to fund the EIOV operations. It comprises a fixed fee to fund membership costs and a variable fee to fund the cost of the EIOV handling member related contacts.

## Special levy

The EIOV may at any time obtain funds by raising a special levy from the members. This expenditure may include specific projects or market research. The EIOV management would make a request to the Board for funding over and above the current annual budget.

The Business Manager is responsible on behalf of the scheme to ensure that an appropriate financial system is in place to provide efficient and effective management of payments of levies.

## Membership

It is a condition of electricity transmission, distribution and retail licences and gas retail licences to be a member of a dispute resolution scheme. Membership of the EIOV meets this licence condition.

Membership of the EIOV at 30 June 2000 is as follows:

### FOUNDING ELECTRICITY MEMBERS

AGL Electricity Ltd  
CitiPower Pty Ltd  
Eastern Energy Ltd  
(now called TXU Electricity)  
GPU PowerNet Pty Ltd  
(now called SPI PowerNet)  
Powercor Australia Ltd  
United Energy Ltd  
(now called Pulse)

### FOUNDING GAS MEMBERS

Energy 21 Pty Ltd  
(now called Origin Energy Retail)  
IKON Energy  
(now called Pulse)  
Kinetik Energy Pty Ltd  
(now called TXU Gas)

### INDEPENDENT ELECTRICITY MEMBERS

Advance Energy Victoria  
ACTEW Energy Ltd  
Boral Energy (Vic) Pty Ltd  
(now Origin Energy Electricity Pty Ltd)  
Energex Retail Pty Ltd  
EnergyAustralia  
ETSA Power Corporation (Victoria) Pty Ltd  
(now AGL South Australia Pty Ltd)  
Great Southern Energy  
IKON Energy (now Pulse)  
Integral Energy Australia  
Kinetik Energy Pty Ltd  
(now TXU Electricity)  
NorthPower  
Energy 21  
(now Origin Energy Electricity Pty Ltd)

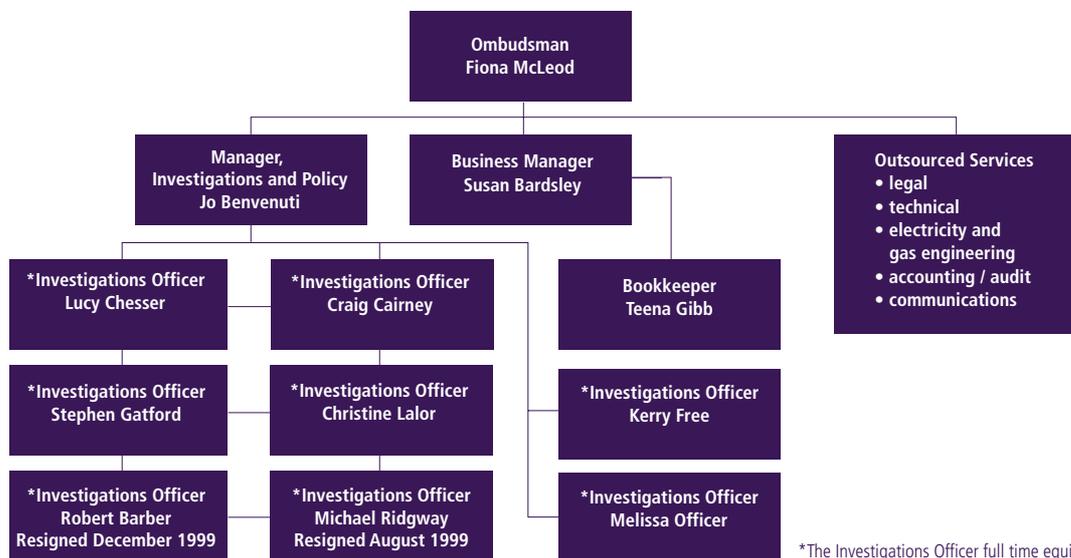
## Governance

The EIOV is governed by a Board comprising equal representation of groups representing customers of electricity or gas, and the EIOV members, with an independent Chairman.

The electricity members appoint two Directors to the EIOV Limited Board and the gas members appoint one Director to the Board. The Regulator-General, after consultation with the Regulator-General's Customer Consultative Committee, appoints to the Board three persons from groups representing customers of electricity or gas services.

Chaired by The Hon. Tony Staley, the EIOV Board is responsible for the business affairs and property of the EIOV, including corporate governance, the setting of budgets, risk management, strategic planning and ensures the Ombudsman's independence. The Ombudsman has the responsibility for the day to day operation of the scheme, and it is the function of the Board to provide advice to the EIOV on policy and procedural matters, including case handling procedures.

# The structure



## Investigations team

The investigations team responds to all incoming customer phone calls, letters, emails and faxes. Each Investigations Officer (IO) handles a case from the initial Enquiry through to investigation and resolution of the matter. The emphasis of the Investigations Officer's work is on facilitating a conciliated outcome.

During the 1999/ 2000 year Stephen Gatford, Kerry Free, Christine Lalor, Melissa Officer, Craig Cairney and Lucy Chesser continued their good work with the scheme. Michael Ridgway, who had been with the EIOV since December 1997 left in August 1999 to travel overseas. Michael has made a welcome return to the EIOV in July 2000. Robert Barber also left in December 1999 and we acknowledge his contribution.

## Administration team

Many administrative systems needed updating in preparation for the Year 2000 strategy. Business Manager, Susan Bardsley, co-ordinated and implemented the Year 2000 compliance strategy which involved the upgrade of the EIOV's computer system and all associated documents.

The case management system, which is vital to the work of the Investigations Officers, was upgraded in May 2000 and all information has successfully been transferred from the old to the new system.



Susan Bardsley, Business Manager



Teena Gibb, Bookkeeper

# Handling of cases

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.

## Scheme context

The scheme also provides an avenue of redress for third parties that are directly affected by the activities of any company. This is an important feature of the scheme, and in particular, as the electricity and gas markets deregulate further, any particular geographical area may have 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 to customers and its processes are comparatively speedy
- in terms of its potential impact on customer services, 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 and gas 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 and gas 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 interpreter service is available to callers for whom English is not their first language.

The EIOV's website has an on-line complaint and question lodgement service.

The emphasis in service delivery is on informality.

## Case work

All initial contacts received by the EIOV are categorised by the Investigations Officers as one of four case types – Enquiry, Consultation, Complaint or Dispute – according to their complexity and estimated resolution timeframe.

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 or gas 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 are usually settled within a day or two without 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 appears likely to settle within the 14 day timeframe allocated to this case type. 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 scheme member. Consultations involve investigation. An example of a Consultation is a high bill query where the EIOV may request billing details from the company's Customer Information System (CIS) screens and conduct a detailed phone audit with the customer.

Consultations may also be urgent matters which must be settled quickly (e.g. imminent disconnection).

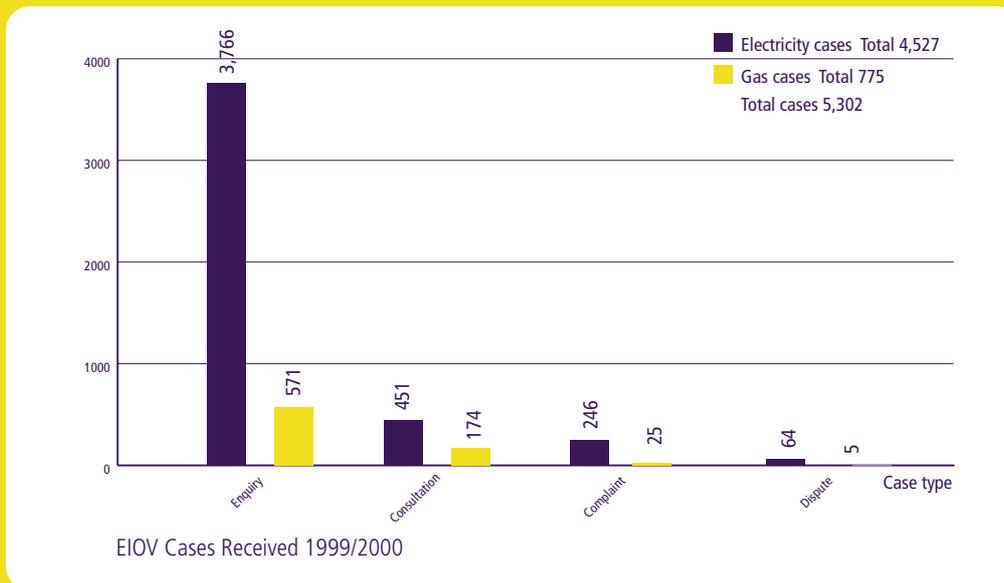
A **Complaint** may be an unresolved Consultation which has been escalated or may be a case which seems unlikely to settle in the 14 day timeframe for a

Consultation and requires the 28 day timeframe of a Complaint. The conditions applying to a Consultation also apply to a Complaint. However, a Complaint involves a relatively more complex investigation by 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 the case, the consumer remains dissatisfied with the resolution of the Complaint or the way in which the member has attempted to resolve the Complaint and the EIOV believes the case has sufficient merit to warrant continuing the investigation. Dispute resolution involves a high level of EIOV staff input in active investigation and may incorporate a conciliation conference to assist resolution of the matter. 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.

# The results



## 1999-2000 Trends

The total number of cases received in 1999/2000 increased by 38.61% compared to the previous financial year. Electricity cases increased by 28.68% while gas cases increased by 152.44%. The large increase in gas cases reflects the fact that 1999/2000 was the first full year in which gas cases were taken by the EIOV, compared to the four months of gas cases taken in 1998/1999.

Electricity Enquiries rose by 29.06% compared to the previous year, as did Consultation cases which rose 67.04%. Both Complaint and Dispute levels fell for electricity cases with Complaints falling 1.6% and Disputes falling 20%. This shows that there is a growing number of cases coming to the EIOV, however, the cases are being resolved more quickly than previously.

# Overview

## Electricity

It is intended that all Victorian customers (2 million) will be able to choose their electricity retailer by the end of 2001. Until then residential and small business customers have a franchise with their local retailers: AGL Electricity, CitiPower, Powercor Australia, TXU Electricity (formerly Eastern Energy) and United Energy (Pulse). These five retailers have the majority of customers in Victoria and accounted for 84.12% of all cases received by the EIOV from 1 July 1999 to 30 June 2000. Complaints against independent electricity retailers and the transmission company SPI PowerNet (formerly GPU PowerNet) account for the remaining 15.88%.

## Gas

The de-regulation of the gas market (1.4 million customers) will continue during 2001. Residential and small business customers have a franchise with their local retailers: Origin Energy (formerly Energy 21), TXU (formerly Kinetik Energy), and Pulse (formerly Ikon Energy). These 3 main retailers have the majority of customers in Victoria & accounted for all cases received by the EIOV from 1 July 1999 to 30 June 2000. In this Annual Report gas companies are not separately identified. They will be identified in reports covering periods subsequent to 1 July 2000.

The following table sets out the market share of the five main electricity retailers as at December 1994. This serves as an appropriate benchmark and, the percentage results in this report should be compared to each company's market-share. Following the commencement of retail competition, this benchmark may need review.

Larger customers (who consume more than 160MWh/year) can choose from a range of licenced retailers and are known as contestable customers. Only 15,000 of 2,000,000 customers are able to choose their retailer and so cases against the independent retailers are small in number relative to the five franchise retailers.

All electricity retailers and distribution companies operating in Victoria and the transmission company SPI PowerNet are required by licence to participate in a dispute resolution scheme. SPI PowerNet is the transmission company which is responsible for transmission of high voltage electricity from the generators. It operates the electricity towers across Victoria and does not have customers per se.

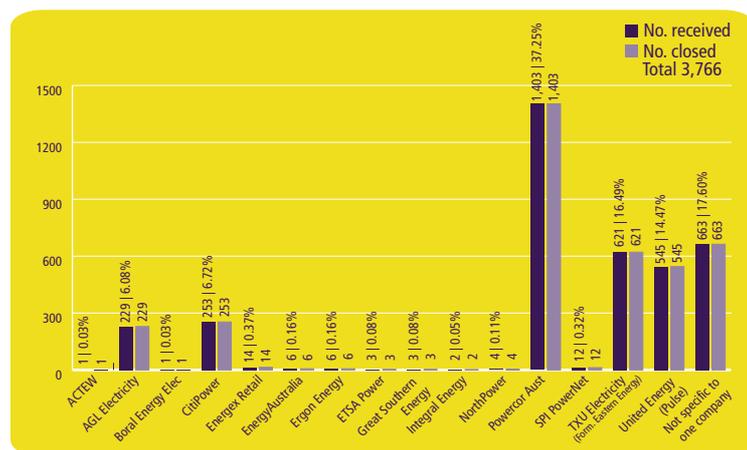
ELECTRICITY MARKET SHARE (DECEMBER 1994)

AGL Electricity	11.9%
CitiPower	11.8%
Powercor Australia	26.8%
TXU Electricity (formerly Eastern Energy)	23.3%
United Energy (Pulse)	26.2%

GAS MARKET SHARE (NOVEMBER 1998)

Ikon Energy	35.92%
Kinetik Energy	28.37%
Energy 21	35.71%

FIGURE 1 ELECTRICITY ENQUIRIES RECEIVED, PERCENTAGE OF TOTAL ENQUIRIES RECEIVED, AND ENQUIRIES CLOSED.



An Enquiry is a request for information or assistance which requires immediate or short term handling by the EIOV. An Enquiry does not involve investigation with the company, but may involve referral. Enquiries can usually be resolved within a day or two.

- A total of 3,766 Enquiries was received and the same number was closed during the 1 July 1999 to 30 June 2000 period. This was achieved because of the short period in which these calls can be resolved.
- The rate of closure for all companies' Enquiries was excellent. Because the five main electricity companies have the largest customer bases, these companies accounted for the majority of the Enquiries.
- Powercor recorded the highest number of Enquiries (1,403 or 37.25%). This result is higher than their market share percentage of 26.8%. This result is mainly due to billing system problems and to a mail out of Powercor electricity bills in which the company contact number was inadvertently left off, leaving only the EIOV's contact number.
- AGL Electricity, CitiPower, TXU Electricity and United Energy (Pulse) all recorded Enquiry levels lower than their market share.
- All the calls categorised as 'not specific to one company' were Enquiries. This year's result is high as it includes Enquiries received about the February 2000 load shedding and restriction event.

A Consultation is a more substantial matter than an Enquiry, which requires further investigation and contact with the company. Consultations have a 14 day timeframe in which to resolve. Billing matters are routinely categorised as Consultations.

- 81.37% of Consultation cases received were closed in the 1 July 1999 to 30 June 2000 period. The fewer number of closures indicates that some of the cases may have closure dates in the following financial year.

- Powercor Australia received the highest number (165) and percentage (36.6%) of Consultations. This result stems from difficulties Powercor had with its customer information and billing systems for year 2000 compliance, GST and preparation for Full Retail Competition.
- CitiPower's percentage of Consultations received (11.53%) is marginally less than their market share of 11.8%. TXU Electricity received less (22.17%) compared to their market share of 23.3%.
- United Energy (Pulse)'s percentage of Consultations received (21.29%) and AGL Electricity's result (8.2%) were less than their market share (26.2% and 11.9% respectively).
- The only independent electricity retailer or transmission company to receive a Consultation was Ergon Energy.

A Complaint is relatively complex and requires detailed investigation. It may also be an unresolved Consultation. A Complaint has a 28 day timeframe in which to resolve. Electricity supply and gas provision matters are routinely categorised as Complaints.

- 89.43% of Complaints received in the 1999-2000 financial year had been closed. The fewer number of closures indicates that some of the cases may have closure dates in the following financial year.
- AGL Electricity and CitiPower closed more cases than were received. This is the result of some cases from the previous financial year being closed in the period 1 July 1999 to 30 June 2000.
- Powercor Australia and TXU Electricity both recorded Complaints levels higher than their market shares.
- Apart from the five main retailers, the only other Complaints were against the independent retailer NorthPower which received one Complaint and transmission company SPI PowerNet which received two.

FIGURE 2 ELECTRICITY CONSULTATIONS RECEIVED, PERCENTAGE OF TOTAL CONSULTATIONS RECEIVED, AND CONSULTATIONS CLOSED.

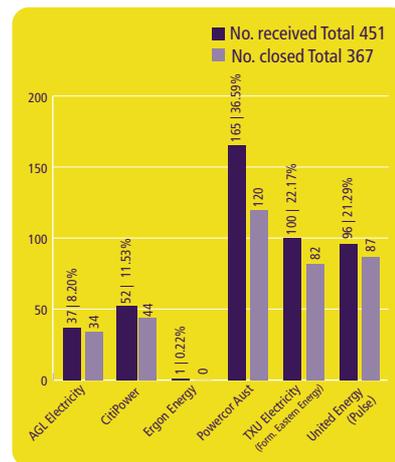


FIGURE 3 ELECTRICITY COMPLAINTS RECEIVED, PERCENTAGE OF TOTAL COMPLAINTS RECEIVED, AND COMPLAINTS CLOSED.

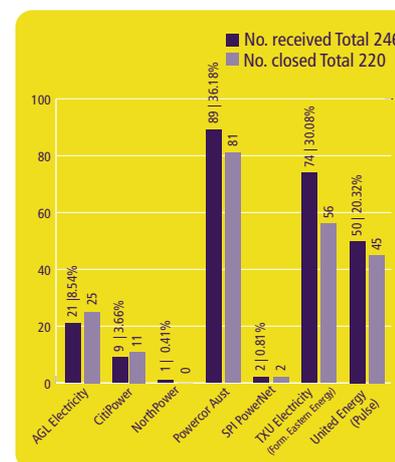


FIGURE 4 ELECTRICITY DISPUTES RECEIVED, PERCENTAGE OF TOTAL DISPUTES RECEIVED, AND DISPUTES CLOSED.

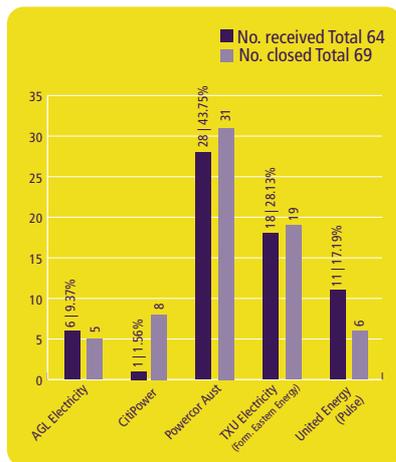
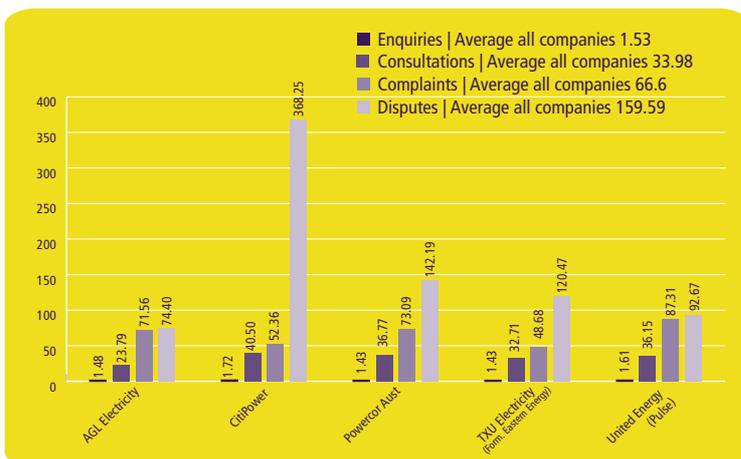


FIGURE 5 AVERAGE DAYS TO CLOSE CASES: 1 JULY 1999 – 30 JUNE 2000 (NO. OF DAYS)



A Dispute requires a high level of investigation and negotiation. It is generally an unresolved Complaint. A Dispute has a 90 day timeframe in which to resolve.

- Five more Dispute cases were closed than received in the period. This indicates that some of the Dispute cases closed in this period, were received in the previous financial year.
- Disputes were only received for the five main electricity retailers.
- Powercor Australia and TXU Electricity both received Dispute cases at levels higher than their market shares. Disputes against Powercor Australia were significantly higher than their market share which reflects the high number of cases against Powercor in this period and that many of these cases escalated to Dispute level.
- CitiPower’s Dispute levels were significantly lower than their market-share.
- United Energy (Pulse)’s and AGL’s Dispute levels were below market share
- Unresolved cases at Dispute level go to a Binding Decision by the Ombudsman.

## Average days to close cases

Many factors can affect the time it takes to close a case and these may be:

- internal to the company (field testing and reports, site inspections, analysis, inadequate resourcing for complaint management, case backlogs, inflexibility in approaching case resolution, delays in return replies from company staff in the field) or
- external to the company (the EIOV delays in seeking technical/ legal advice, delays in customer action/ replies, case backlogs).
- The timeframes in which cases should be resolved depends on the type of case. Enquiries aim to be resolved within a day or two, Consultations within 14 days, Complaints within 28 days and Disputes within a 90-day timeframe.
- The more complex a case type is, the longer it takes to resolve. Therefore, Disputes take the most number of days to resolve.
- Except for Enquiries, all other case types took longer to close, on average, than their allocated timeframe.
- CitiPower registered the highest average number of days (40.50) to close Consultations during the reporting period while AGL Electricity registered the lowest average number of days (23.79).
- United Energy (Pulse) registered the highest average number of days (87.31) to close Complaints during the reporting period while TXU Electricity registered the lowest average number of days (48.68).
- CitiPower registered the highest average number of days (368.25) to close Disputes during the reporting period while AGL Electricity registered the lowest average number of days (74.40). This was due to the closure of three cases kept open due to legal action by CitiPower.
- AGL was the only company to close a non-Enquiry case type within the allocated timeframe and, this was for Disputes.

The following data tables set out for each of the EIOV's four case types (Enquiry, Consultation, Complaint and Dispute) the main issue raised by each company's customers, and broken down into a second level of description.

FIGURE 6 MOST PREVALENT ENQUIRY ISSUE & 2ND LEVEL ISSUE  
1 JULY 1999 – 30 JUNE 2000

Company name	Prevalent Enquiry	2nd level Enquiry issue	No. of Enquiries	% of company's total Enquiries
ACTEW ENERGY	Billing		1	100.00
		Arrears	1	100.00
AGL ELECTRICITY	Billing		141	61.57
		Arrears	7	4.96
		Backbill	5	3.55
		Concession	11	7.80
		Direct Debit	3	2.13
		Disconnection	9	6.38
		Easyway	5	3.55
		Error	7	4.96
		Format	6	4.26
		High	30	21.27
		Inquiry	36	25.53
		Lost Payments	2	1.42
		Meter	6	4.26
		Refundable Advance	1	0.71
		Service Charge	7	4.96
Tariff	6	4.26		
BORAL ENERGY ELECTRICITY	Ombudsman Inquiry		1	100.00
		Information	1	100.00
CITIPOWER	Billing		149	58.89
		Arrears	11	7.38
		Backbill	11	7.38
		Concession	9	6.04
		Direct Debit	1	0.67
		Disconnection	12	8.05
		Easyway	8	5.37
		Error	13	8.73
		Format	6	4.03
		High	28	18.79
		Inquiry	24	16.11
		Meter	9	6.04
		Re-connection	1	0.67
		Refundable Advance	2	1.34
		Service Charge	7	4.70
Tariff	7	4.70		
ENERGEX RETAIL	Contestability		13	92.85
		Information	9	69.23
		Market Conduct	3	23.08
		N/A	1	7.69

- For the five main retailers, the most prevalent Enquiry issue in this period was Billing. This issue represented an average of 62.13% of the Enquiries received by these companies.
- Billing cases accounted for just over 70% of Powercor Australia's Enquiries. This was the result of Powercor experiencing significant difficulties with its customer information and billing systems. Billing Inquiries accounted for over 40% of Powercor's Billing issues which was the result of the EIOV's contact number being placed on the Powercor bills and Powercor's complaint numbers being inadvertently omitted, leading to extra calls coming to the EIOV.
- The main Billing issues for AGL Electricity, CitiPower and United Energy (Pulse) were High and Inquiry, which together accounted for between 34.9% and 46.8% of each company's Enquiries.
- The main Billing Enquiry for TXU Electricity was Format which accounted for 31.87% of their Billing Enquiries.
- A small number of Enquiries was received against some of the independent retailers. The main issues raised were Billing, Contestability or Ombudsman Inquiry – for example, about the EIOV's jurisdiction to take cases against independent retailers.
- The most common Enquiry against the transmission company SPI PowerNet related to land issues.

FIGURE 6 CONTINUED

Company name	Prevalent Enquiry	2nd level Enquiry issue	No. of Enquiries	% of company's total Enquiries
<b>ENERGYAUSTRALIA</b>				
	Contestability		2	33.33
		Information	1	50.00
		N/A	1	50.00
	Billing		2	33.33
		Arrears	1	50.00
		Tariff	1	50.00
<b>ERGON ENERGY</b>				
	Ombudsman Inquiry		2	33.33
		Information	1	50.00
		Role	1	50.00
	Supply		2	33.33
		Quality	2	100.00
<b>ESTA POWER</b>				
	Contestability		2	66.66
		N/A	2	100.00
<b>GREAT SOUTHERN ENERGY</b>				
	Billing		1	33.33
		Tariff	1	100.00
	Contestability		1	33.33
		N/A	1	100.00
	Customer Service		1	33.33
		Poor	1	100.00
<b>INTEGRAL ENERGY</b>				
	Billing		2	100.00
		Arrears	1	50.00
		Direct Debit	1	50.00
<b>NORTHPOWER</b>				
	Ombudsman Inquiry		2	50.00
		Jurisdiction	2	100.00
<b>POWERCOR AUSTRALIA</b>				
	Billing		994	70.84
		Arrears	41	4.13
		Backbill	24	2.41
		Concession	33	3.32
		Direct Debit	22	2.21
		Disconnection	33	3.32
		Easyway	22	2.21
		Error	108	10.87
		Format	34	3.42
		High	163	16.40
		Inquiry	405	40.74
		Lost Payment	8	0.81
		Meter	38	3.82
		Refundable Adv	1	0.10
		Service Charge	26	2.62
		Tariff	36	3.62

FIGURE 6 CONTINUED

Company name	Prevalent Enquiry	2nd level Enquiry issue	No. of Enquiries	% of company's total Enquiries
SPI POWERNET	Land		7	58.33
		Easement	2	28.57
		Towers	1	14.29
		Tree Clearing	4	57.14
<b>TXU ELECTRICITY (FORMERLY EASTERN ENERGY)</b>				
	Billing		364	58.61
		Arrears	14	3.85
		Backbill	11	3.02
		Concession	31	8.52
		Direct Debit	6	1.65
		Disconnection	9	2.47
		Easyway	8	2.20
		Error	39	10.72
		Format	116	31.87
		High	53	14.56
		Inquiry	20	5.49
		Lost Payments	3	0.82
		Meter	26	7.14
		Refundable Adv	8	2.20
		Service Charge	7	1.92
		Tariff	13	3.57
<b>UNITED ENERGY (PULSE)</b>				
	Billing		331	60.73
		Arrears	24	7.25
		Backbill	39	11.78
		Concession	19	5.74
		Direct Debit	5	1.51
		Disconnection	12	3.63
		Easyway	9	2.72
		Error	35	10.57
		Format	31	9.37
		High	58	17.52
		Inquiry	62	18.73
		Lost Payment	1	0.30
		Meter	19	5.74
		Re-connection	1	0.30
		Refundable Advance	3	0.91
		Service Charge	5	1.51
		Tariff	8	2.42
<b>NOT SPECIFIC TO ONE COMPANY</b>				
	Supply		183	27.60
		Loadshed/Restriction	179	97.81
		Unplanned Outage	4	2.19

- Billing was the most prevalent Consultation issue for all companies receiving Consultation cases, with the issue making up at least 76% of Consultation cases. This result also reflects the EIOV's policy regarding case classification as we classify Billing matters at Consultation, in the expectation that the majority of these will resolve within the 14 day timeframe for resolution of this case type.
- Disconnections constituted the majority (28.14%) of Billing cases against AGL Electricity.
- The major Billing issues for CitiPower, Powercor Australia and TXU Electricity were Error and High Billing cases, which made up over 50% of Billing cases at Consultation level for these companies.
- High bills and Backbill each made up 25% of United Energy's (Pulse's) Billing cases received at Consultation. These cases reflect some of the difficulties experienced with their customer information and billing systems introduced for year 2000.
- One Billing Consultation was taken by the EIOV against Ergon Energy and it related to Tariffs.
- The EIOV did not receive any Consultation cases against other independent retailers or SPI PowerNet for the period.

FIGURE 7 MOST PREVALENT CONSULTATION ISSUE & 2ND LEVEL ISSUE  
1 JULY 1999 – 30 JUNE 2000

Company name	Prevalent Consultation	2nd level Consultation issue	No. of Consultations	% of company's total Consultations
AGL ELECTRICITY	Billing		32	86.48
		Arrears	2	6.25
		Backbill	3	9.38
		Direct Debit	3	9.38
		Disconnection	9	28.14
		Easyway	1	3.12
		Error	4	12.50
		Format	1	3.12
		High	4	12.50
		Lost payment	1	3.12
		Meter	2	6.25
		Re-connection	1	3.12
		Tariff	1	3.12
CITIPOWER	Billing		43	82.69
		Arrears	2	4.65
		Backbill	2	4.65
		Direct Debit	1	2.33
		Disconnection	5	11.63
		Error	9	20.93
		Format	2	4.65
		High	15	34.88
		Lost Payment	2	4.65
		Meter	2	4.65
Refundable Advance	2	4.65		
Tariff	1	2.33		
ERGON ENERGY	Billing		1	100.00
		Tariff	1	100.00
POWERCOR AUSTRALIA	Billing		137	83.03
		Arrears	8	5.84
		Backbill	4	2.92
		Direct Debit	5	3.65
		Disconnection	27	19.71
		Error	36	26.28
		Format	1	0.73
		High	37	27.00
		Lost Payment	3	2.19
		Meter	12	8.76
		Refundable Advance	2	1.46
		Tariff	2	1.46

FIGURE 7 CONTINUED

Company name	Prevalent Consultation	2nd level Consultation issue	No. of Consultations	% of company's total Consultations
<b>TXU ELECTRICITY (FORMERLY EASTERN ENERGY)</b>				
	Billing		76	76.00
		Arrears	2	2.63
		Backbill	4	5.26
		Concession	1	1.32
		Direct Debit	1	1.32
		Disconnection	7	9.21
		Error	14	18.42
		Format	5	6.58
		High	26	34.21
		Lost Payment	1	1.32
		Meter	9	11.84
		Refundable Advance	2	2.63
		Tariff	4	5.26
<b>UNITED ENERGY (PUSLE)</b>				
	Billing		76	79.16
		Arrears	4	5.26
		Backbill	19	25.00
		Direct Debit	1	1.32
		Disconnection	7	9.21
		Error	15	19.74
		Format	4	5.26
		High	19	25.00
		Lost payment	4	5.26
		Meter	3	3.95

- Supply was the most prevalent issue for four of the main retailers at Complaint level with proportions ranging from 44.00% for United Energy (Pulse) to 61.90% for AGL Electricity. The one exception was Powercor Australia whose most prevalent issue was again Billing at 30.33%, due to the significant problems experienced with their billing systems.
- The high number of Supply cases in the Complaints category reflects the EIOV's policy regarding case classification as we classify Supply matters at Complaint level in the expectation that these will be complex cases and that the majority will require 28 days for resolution.
- The EIOV received one Complaint case against the independent retailer NorthPower and two about substation noise, against SPI PowerNet during this period.

FIGURE 8 MOST PREVALENT COMPLAINT ISSUE & 2ND LEVEL ISSUE  
1 JULY 1999 – 30 JUNE 2000

Company name	Prevalent Complaint	2nd level Complaint issue	No. of Complaints	% of company's total Complaints
AGL ELECTRICITY	Supply		13	61.90
		Quality	2	15.38
		Unplanned Outage	11	84.62
CITIPOWER	Supply		4	44.44
		Planned Outage	1	25.00
		Quality	2	50.00
		Unplanned Outage	1	25.00
NORTHPOWER	Supply		1	100.00
		Unplanned Outage	1	100.00
POWERCOR AUSTRALIA	Billing		27	30.33
		Arrears	3	11.11
		Backbill	1	3.70
		Disconnection	4	14.82
		Error	7	25.92
		Format	2	7.41
		High	6	22.22
		Meter	4	14.82
SPI POWERNET	Provision		2	100.00
		In Place	2	100.00
TXU ELECTRICITY (FORMERLY EASTERN ENERGY)	Supply		38	51.35
		Planned Outage	3	7.90
		Quality	5	13.15
		Reliability	3	7.90
		Unplanned Outage	27	71.05
UNITED ENERGY (PULSE)	Supply		22	44.00
		Reliability	2	9.09
		Unplanned Outage	20	90.91

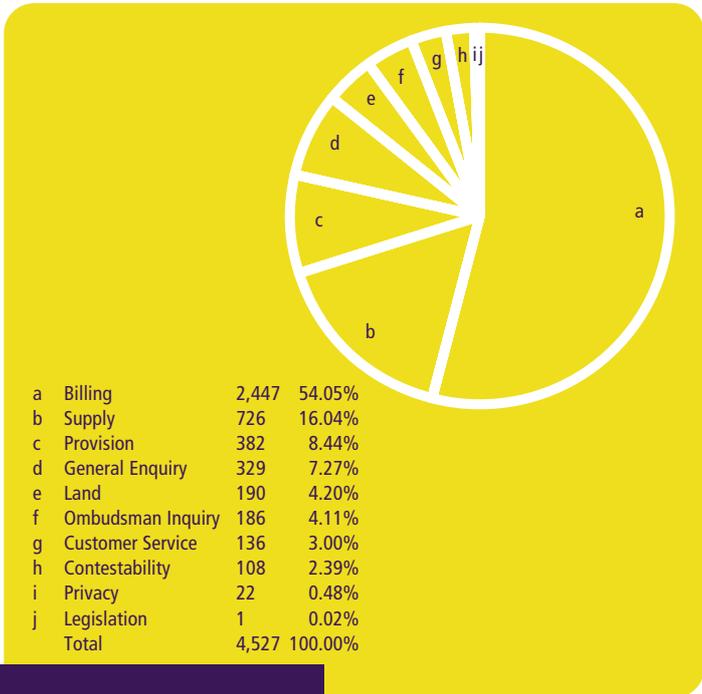
- The five main retailers were the only companies to have Dispute cases brought against them.
- The most prevalent Dispute issue for the period was Supply (16 cases) with Unplanned Outage being the most common Supply problem. The second most common Dispute issue was Provision and these cases can involve delays in connection, repairs, undergrounding, new installations, television interference.
- Three Contestability Disputes were brought against United Energy (Pulse) during the period. This reflects the fact that United Energy has begun its Contestability marketing campaign in preparation for full retail competition which will begin in late 2001.
- The EIOV did not receive any Dispute cases against the independent retailers or SPI PowerNet for the period.

FIGURE 9 MOST PREVALENT DISPUTE ISSUE & 2ND LEVEL ISSUE  
1 JULY 1999 – 30 JUNE 2000

Company name	Prevalent Dispute	2nd level Dispute issue	No. of Disputes	% of company's total Disputes
AGL ELECTRICITY	Provision		2	33.33
		In-place	1	50.00
		Interference	1	50.00
		Supply	2	33.33
		Unplanned Outage	2	100.00
CITIPOWER	Supply		1	100.00
		Unplanned Outage	1	100.00
POWERCOR AUSTRALIA	Provision		10	35.71
		In-place	5	50.00
		Interference	4	40.00
		New	1	10.00
TXU ELECTRICITY (FORMERLY EASTERN ENERGY)	Supply		10	55.55
		Quality	1	10.00
		Reliability	1	10.00
		Unplanned Outage	8	80.00
UNITED ENERGY (PULSE)	Contestability		3	27.27
		Information	1	33.33
		N/A	2	66.67
	Supply		3	27.27
		Reliability	1	33.33
	Unplanned Outage	2	66.67	

# Cases

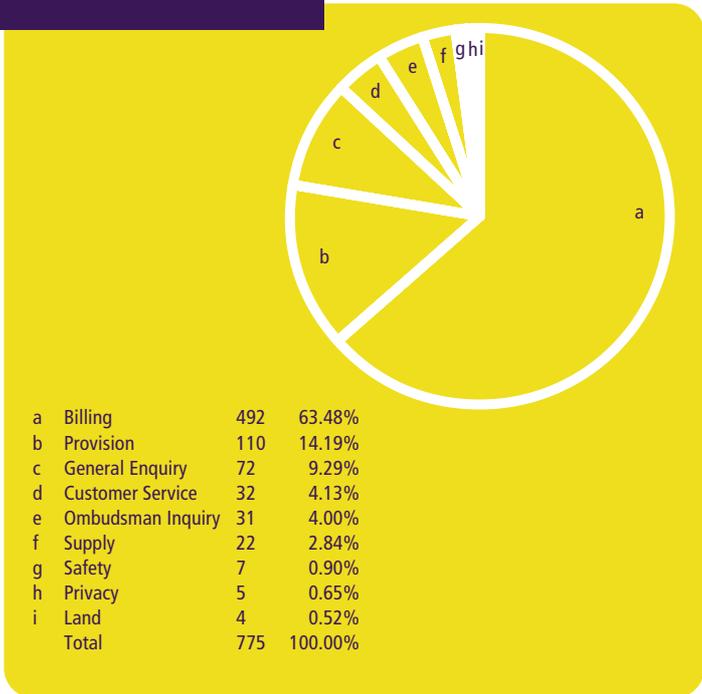
## Cases received



### Electricity cases received by issue

1 July 1999 to 30 June 2000

- Billing was the most prevalent electricity issue with 2,447 of 4,527 cases received (54.05%)
- Supply and Provision were the next most common issues with 726 (16.04%) and 382 (8.44%) respectively.



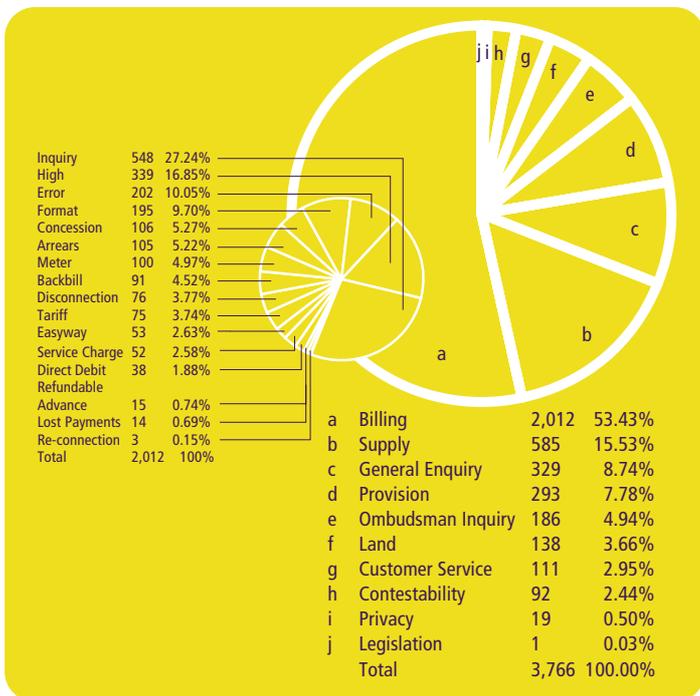
### Gas cases received by issue

1 July 1999 to 30 June 2000

- Billing was the most prevalent gas issue with 492 of 775 cases received (63.48%)
- Provision and General Enquiry were the next most common issues with 110 (14.19%) and 72 (9.29%) respectively.

- Although Billing is the main issue for both electricity and gas, it represents a higher proportion of all cases received for gas, 63.48% as against 54.05%.
- Land issues were about eight times more common in electricity cases than gas. This is because most powerlines are above ground and are therefore more prone to damage and other interference.
- Contestability issues were only raised in relation to electricity companies, as electricity marketing for full retail competition is more advanced than gas.
- Supply issues were about five and a half times more common in electricity cases.
- Safety was an issue that was raised in relation only to gas companies.

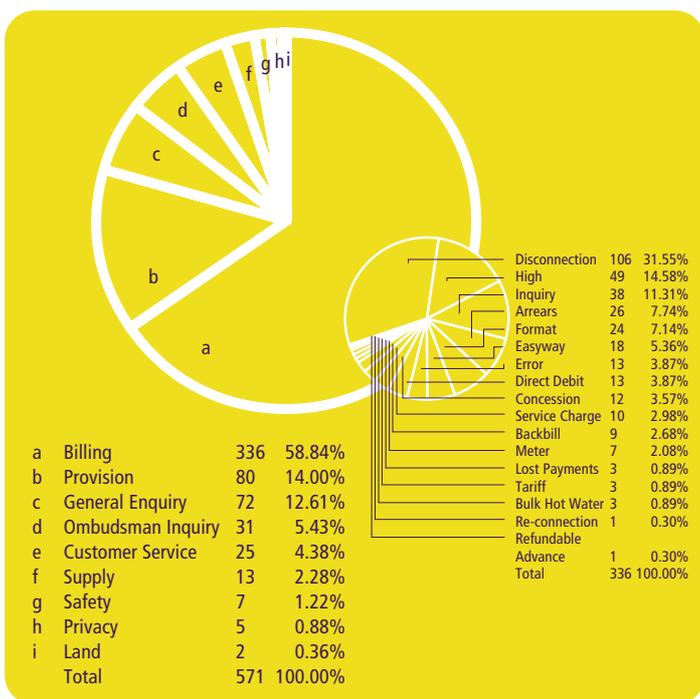
### Electricity Enquiries received by issue



- Billing was the most prevalent issue at Enquiry level for electricity, with 2,012 of 3,766 cases received (53.43%).
- Supply and General Enquiry made up the next most prevalent issues for the period with 585 cases (15.53 %) and 329 (8.74%) respectively.

## Enquiries

### Gas Enquiries received by issue

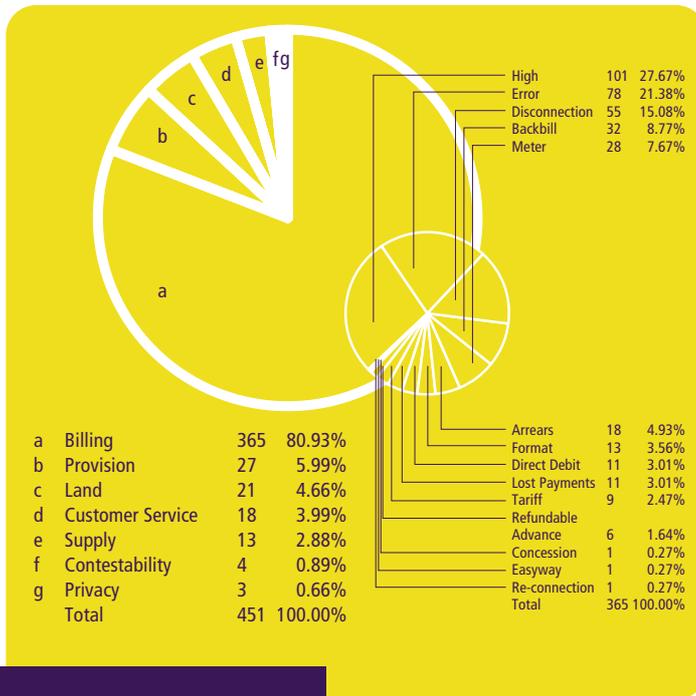


- Billing was the most prevalent issue for the period with 336 (58.84%) of 571 cases received.
- Disconnections made up the most common Billing issue with 106 cases (31.55%)
- Provision and General Enquiry made up the next most prevalent issues for the period with 80 cases (14.00%) and 72 cases (12.61%) respectively
- A higher percentage of Billing Enquiries was about disconnection of gas, than electricity (31.55% gas as against 3.77% electricity)
- Supply issues were about five times more common in electricity.

An Enquiry is a request for information or assistance which requires immediate or short term handling by the EIOV. An Enquiry does not involve investigation with the company, but may involve referral. Enquiries can usually be resolved within a day or two.

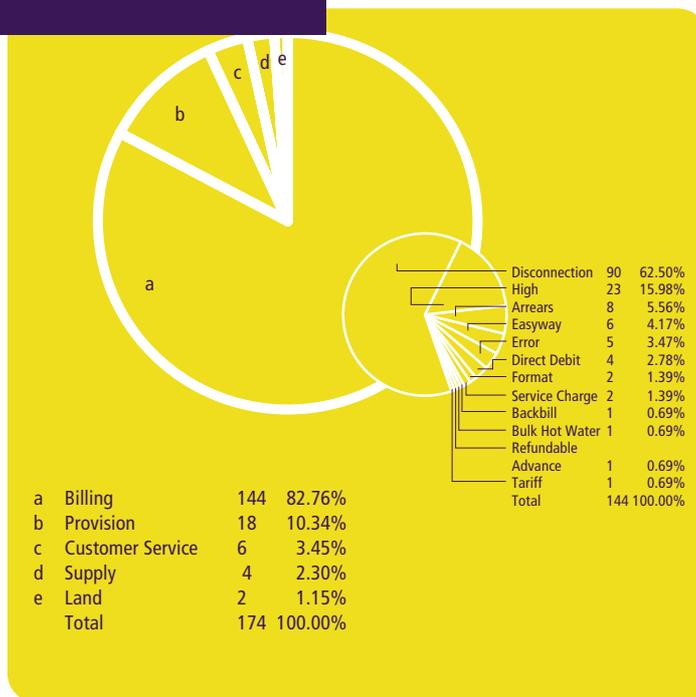
- The number of electricity Enquiries received for the period was 3,766 and the number of gas Enquiries was 571.
- Billing was the most prevalent issue at Enquiry level for electricity and gas.

## Consultations



### Electricity Consultations received by issue

- The most prevalent issue for the period at Consultation level was Billing with a total of 365 cases (80.93%) of 451 cases received.
- High bills were the most common Billing problem with 101 cases (27.67%) of 365 cases received.
- Provision and Land made up the next most prevalent issues for the period with 27 cases (5.99%) and 21 cases (4.66%) respectively.



### Gas Consultations received by issue

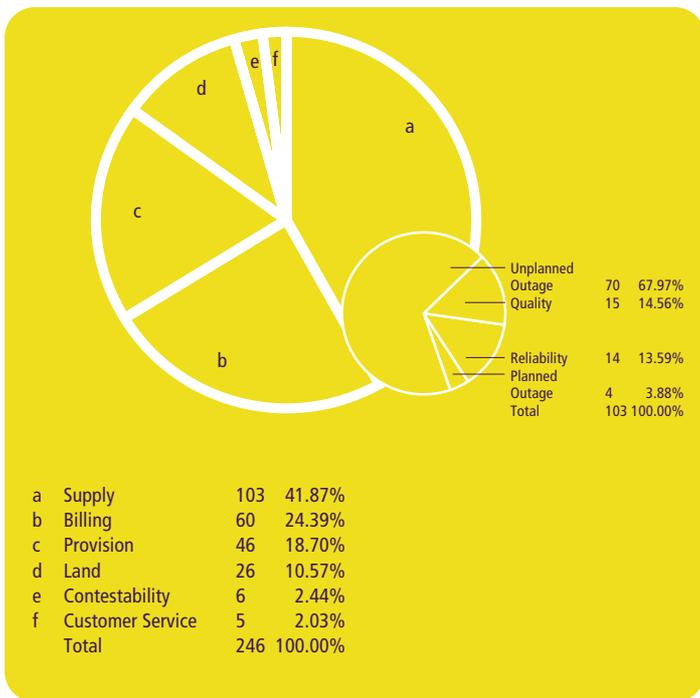
- The most prevalent issue at Consultation level was Billing with a total of 144 Consultation cases (82.76%) of 174 cases received.
- Disconnection was the most common Billing problem with 90 cases (62.50%) of Billing cases received.
- Provision and Customer Service made up the next most prevalent issues for the period with 18 cases (10.34%) and 6 cases (3.45%) respectively.

A Consultation is a more substantial matter than an Enquiry, which requires further investigation and contact with the company. Consultations have a 14 day timeframe in which to resolve. Billing matters are routinely categorised as Consultations.

- The number of electricity Consultations received during the period was 451 and the number of gas Consultations was 174.
- Billing was the most common Consultation issue for electricity (80.93%) and gas (82.76%).
- The actual number of Disconnection cases investigated at Consultation level was higher in gas than electricity. Ninety gas disconnection cases were investigated (51.72% of total gas Consultations) as against 55 electricity Disconnection Consultations (12.20% of total electricity Consultations).

### Electricity Complaints received by issue

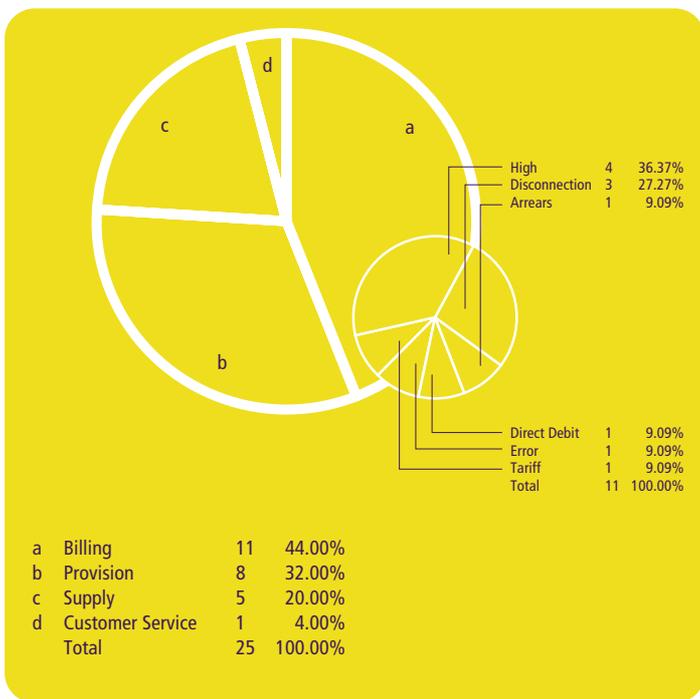
- The most prevalent issue for the period at Complaint level was Supply with a total of 103 cases (41.87%) of 246 received.
- Unplanned outages were the most common Supply problem.
- Billing and Provision made up the next most prevalent issues for the period with 60 cases (24.39%) and 46 cases (18.70%) respectively.



## Complaints

### Gas Complaints received by issue

- The most prevalent issue for the period at Complaint level was Billing with a total of 11 cases (44.00%) of 25 received.
- High bills were the most common Billing problem.
- Provision and Supply made up the next most prevalent issues for the period with 8 cases (32.00%) and 5 cases (20.00%) respectively.

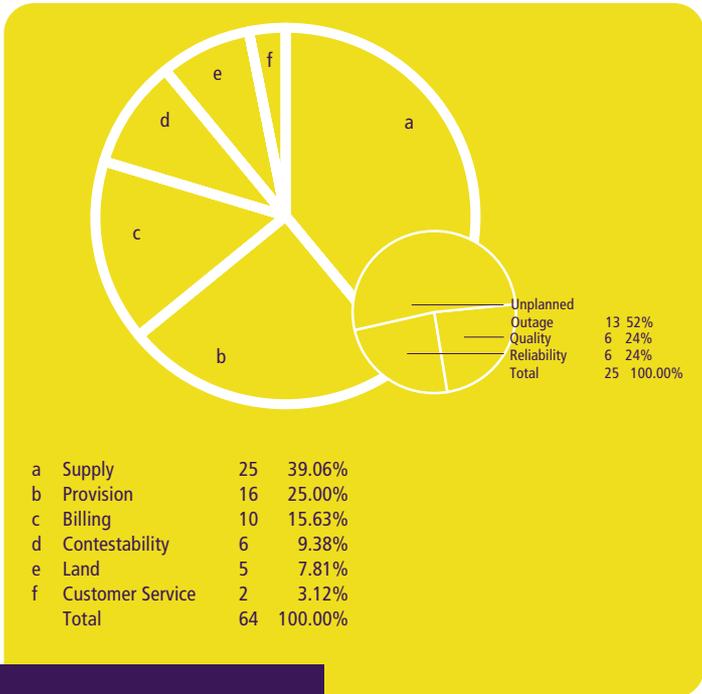


A Complaint is relatively complex and requires detailed investigation. It may also be an unresolved Consultation.

A Complaint has a 28 day timeframe in which to resolve. Electricity supply and gas provision matters are routinely categorised as Complaints.

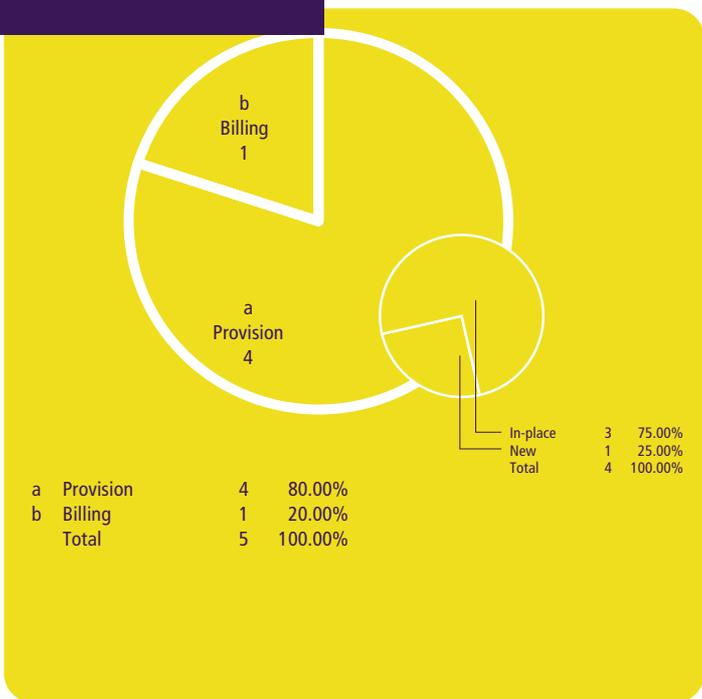
- The number of electricity Complaints received during the period was 246 and the number of gas Complaints was 25.
- Electricity Supply matters are more common due to the largely overhead nature of the poles and wires.
- Billing matters received at Complaint level were mainly due to escalation of unresolved Consultation cases. The high number of Billing system issues for both electricity and gas were due to the effects of widespread system changes for 2000, GST and full retail competition.

## Disputes



### Electricity Disputes received by issue

- The most prevalent issue for the period at Dispute level was Supply with a total of 25 cases (39.06%) of 64 received.
- Unplanned outages were the most common Supply problem.
- Provision and Billing made up the next most prevalent issues for the period with 16 cases (25.00%) and 10 cases (15.63%) respectively.



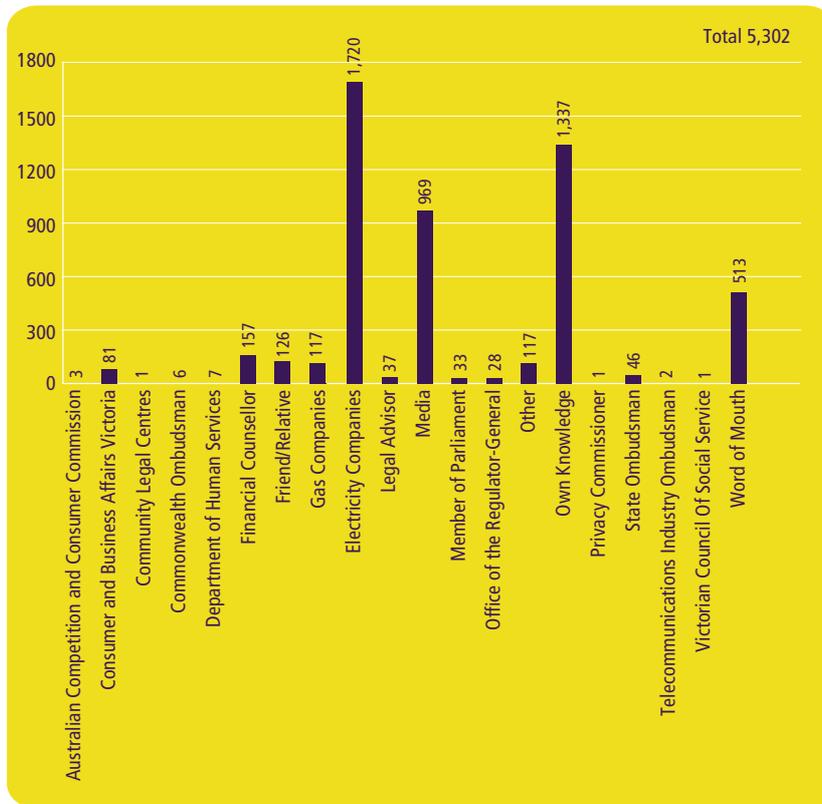
### Gas Disputes received by issue

- The most prevalent issue for the period at Dispute level was Provision with a total of 4 cases (80%) of 5 received.
- Provision In-Place cases such as connections, maintenance issues were the most common Provision problem.
- A Billing Dispute was the only other Dispute case received in the period.

A Dispute requires a high level of investigation and negotiation. It is generally an unresolved Complaint.

A Dispute has a 90 day timeframe in which to resolve.

- The number of electricity Disputes for the period was 64 and the number of gas Disputes was five.
- Electricity Supply matters are more common due to the largely overhead nature of the poles and wires.
- As with Provision cases, Supply matters can be extremely complex and difficult to resolve.
- There were 6 electricity Dispute cases involving Contestability issues. These cases related to complex contractual and billing matters in the larger market segment above 160 mwh.



### How did gas and electricity callers find out about the EIOV?

- The rate of advice to customers from their companies about the EIOV continues to increase. 34.63% of Enquirers knew about the EIOV from their electricity or gas company, although half of these were inadvertent due to Powercor's placing the EIOV's number on the bill instead of their own.

### How were electricity and gas cases resolved?

Conciliation of cases is the main aim of the EIOV and during 1999/2000, the rate of conciliation continued to be high.

Conciliation rates for all Consultations and Complaints have increased from the previous year with the rates for gas Consultations rising by 13.45% and gas Complaints by 12.65%. These results reflect the increased experience the gas companies have in conciliating cases with the EIOV since their inclusion in the scheme in March 1999.

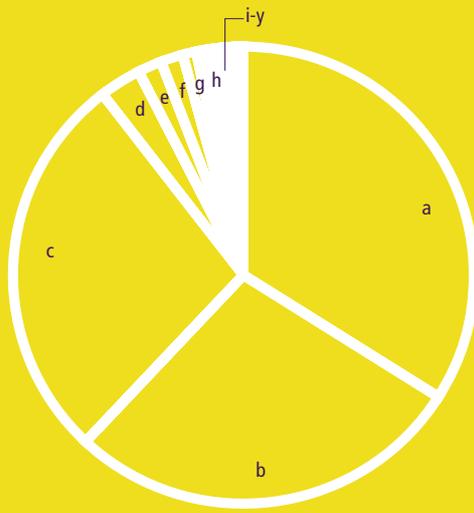
#### ELECTRICITY

- 79.56% of all closed Consultations were settled through conciliation.
- 66.82% of closed Complaints were settled through conciliation.
- 78.26% of closed Disputes were settled through conciliation.

#### GAS

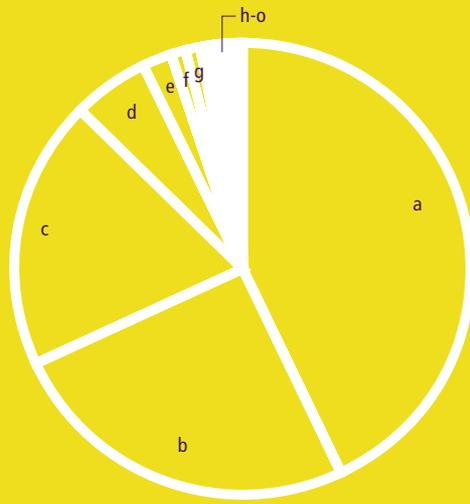
- 88.96% of all closed Consultations were settled through conciliation.
- 79.31% of closed Complaints were settled through conciliation.
- 66.66% of closed Disputes were settled through conciliation.

### Outcomes of electricity Enquiries received



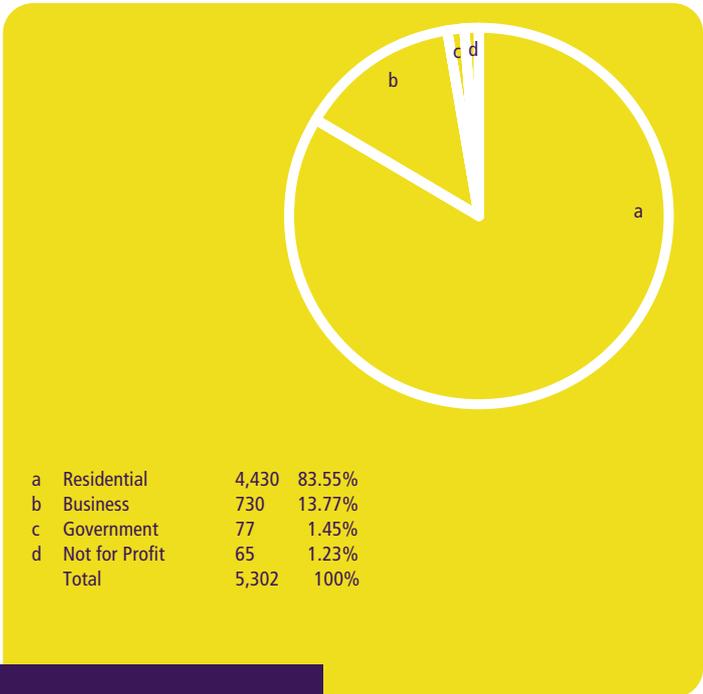
a	Referred to Member	1,279	33.96%
b	Provided general information	1,057	28.07%
c	Referred to Higher Level Member Contact	1,037	27.54%
d	Referred to Office of Chief Electrical Inspector	111	2.95%
e	Referred to Office of Regulator-General	64	1.70%
f	Referred to Consumer and Business Affairs Victoria	59	1.57%
g	Referred to other body	36	0.96%
h	Referred to Sustainable Energy Authority	28	0.74%
i	Referred to Energy and Water Ombudsman NSW	18	0.48%
j	Referred to State Ombudsman	13	0.35%
k	Provided legal/code information	11	0.29%
l	Referred to Dept. Human Services	10	0.27%
m	Referred to Member of Parliament	9	0.24%
n	Referred to Legal Advisor	7	0.19%
o	Referred to the Telecommunications Industry Ombudsman	6	0.16%
p	Other	4	0.11%
q	Referred to National Electricity Contractors Assoc.	3	0.08%
r	Referred to Banking Ombudsman	3	0.08%
s	Referred to Aust. Competition and Consumer Commission	3	0.08%
t	Referred to Commonwealth Ombudsman	2	0.05%
u	Referred to Human Rights and Equal Opportunity Comm.	2	0.05%
v	Referred to Insurance and Enquiries Complaints Ltd	1	0.02%
w	Referred to Privacy Commissioner	1	0.02%
x	Referred to Residential Tenancies List Hotline	1	0.02%
y	Referred to Residential Tenancy Tribunal	1	0.02%
	<b>Total</b>	<b>3,766</b>	<b>100%</b>

## Outcomes of gas Enquiries received

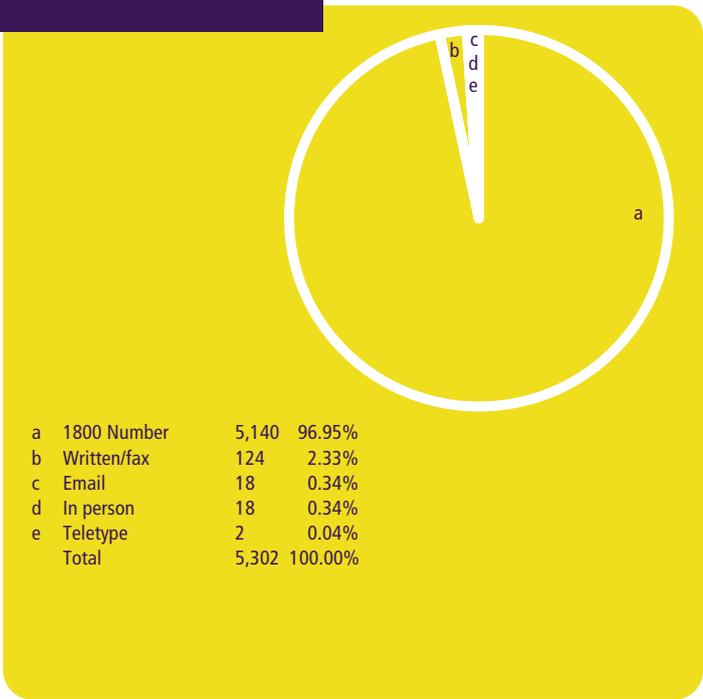


a	Referred to Higher Level Member Contact	245	42.91%
b	Provided general information	144	25.22%
c	Referred to Member	110	19.26%
d	Referred to Consumer and Business Affairs Victoria	31	5.43%
e	Referred to other body	12	2.10%
f	Referred to Aust. Competition and Consumer Comm.	6	1.05%
g	Referred to Office of the Regulator-General	6	1.05%
h	Referred to Office of Gas Safety	4	0.70%
i	Referred to Legal Advisor	3	0.53%
j	Referred to Member of Parliament	3	0.53%
k	Referred to Dept. Human Services	3	0.53%
l	Referred to Sustainable Energy Authority	2	0.35%
m	Provided legal/code information	1	0.17%
o	Referred to Energy and Water Ombudsman NSW	1	0.17%
	Total	571	100%

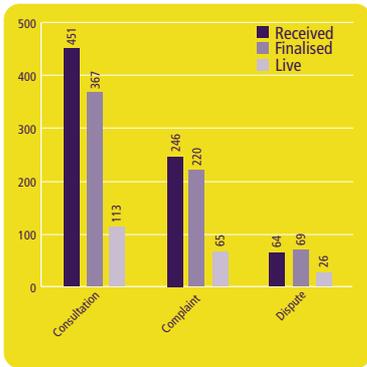
Who and how?



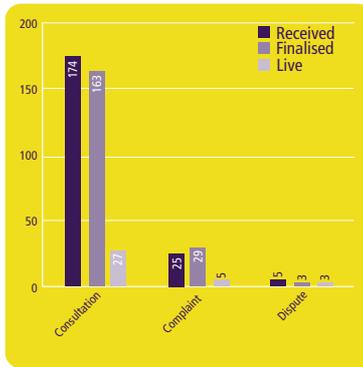
Who lodged electricity and gas cases with the EIOV?



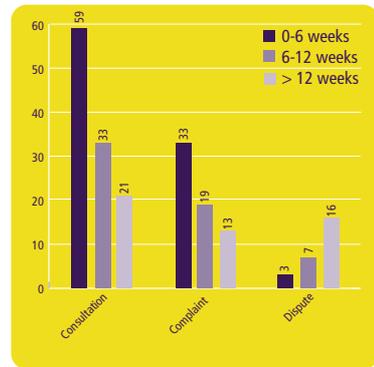
How did the EIOV receive electricity and gas cases?



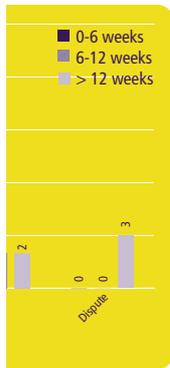
Progress of electricity cases during the year



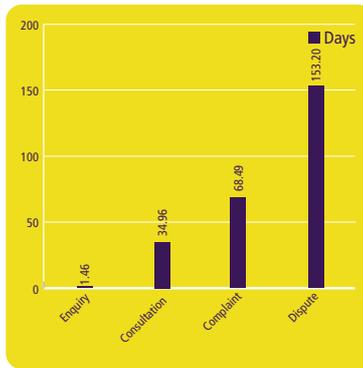
Progress of gas cases during the year



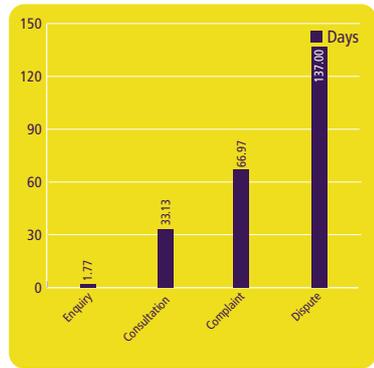
How old were electricity cases at 30 June 2000?



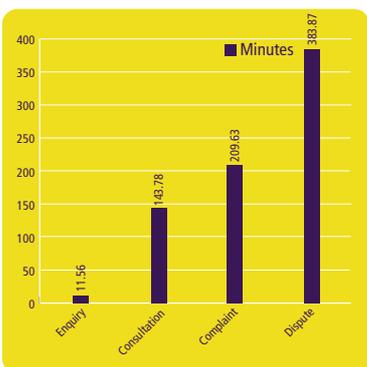
How old were gas cases at 30 June 2000?



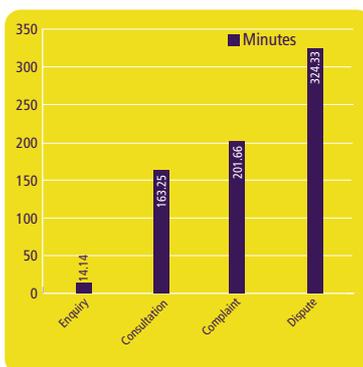
How long did each electricity case take to resolve?



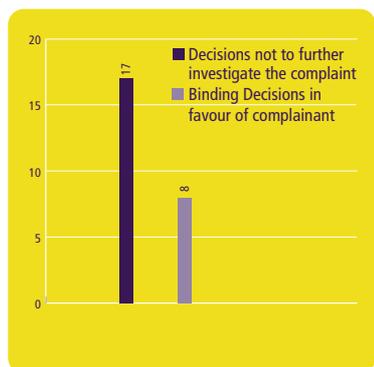
How long did each gas case take to resolve?



Average time spent on closed electricity cases in minutes

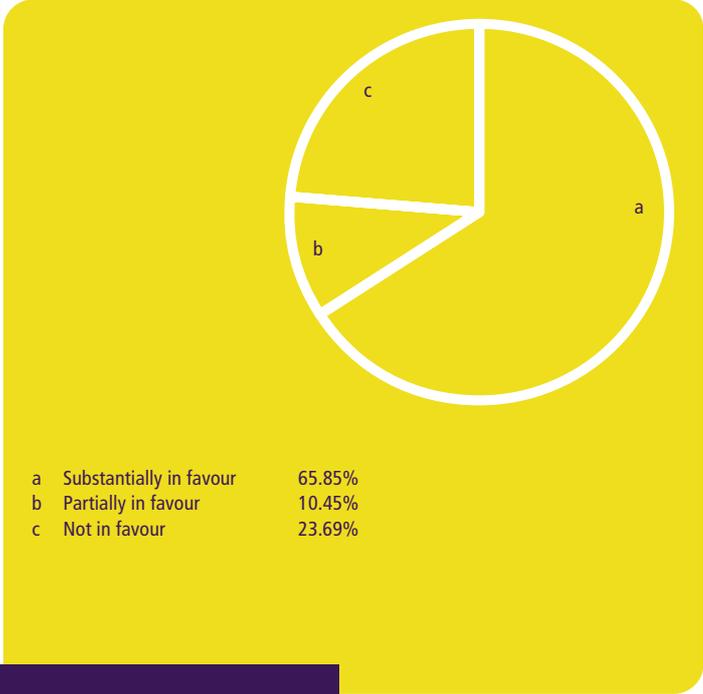


Average time spent on closed gas cases in minutes

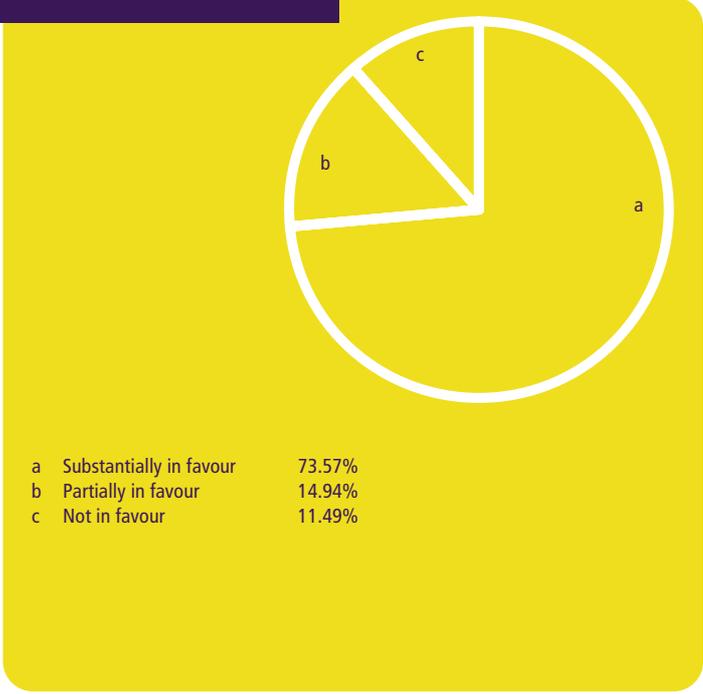


1999/2000 Binding Decisions, proportion in favour of complainants (gas and electricity)

## Case outcomes



Case Outcomes in favour of electricity complainants (includes Consultations, Complaints and Disputes)



Case Outcomes in favour of gas complainants (includes Consultations, Complaints and Disputes)

The following examples give an insight into the type of electricity and gas cases received by the Energy Industry Ombudsman (Victoria) during 1999–2000.

# Case studies





Jo Benvenuti, Manager, Investigations and Policy

## Appliance and equipment damage following interruption to supply

**Independently of each other, three customers contacted the EIOV about power surge damage. The EIOV's investigation revealed that all three complaints related to the same event.**

**Customer 1 claimed that a power surge had caused irreparable damage to her CD player. She claimed \$3,500 for replacement of her CD player and also \$440 for the cost of the dismantling and attempted repair of the player.**

**Customer 2 claimed that an interruption to supply at his business premises caused his computer system to malfunction. He sought \$3,630 to restore the system.**

**Customer 3 claimed that a supply interruption had caused damage to his business equipment. He provided the EIOV with repair advice totalling \$2,432.25 in which the repairer indicated that a power surge had caused the damage.**

In each case, the local electricity company confirmed the outage, but stated that there was no record of a power surge. The company explained that the outage occurred when a contractor working for the State Electricity System Operator failed to isolate all trip circuits before conducting a test. In each case, it stated that since it was unable to control or affect the interruption, and had no control over the conduct of the system operator's contractor, it was not responsible for compensating the customer.

The state Electricity System Operator also confirmed the cause of the supply interruption, but it too denied responsibility, citing section 27(3) of the Electricity Industry Act 1993 which states that an electricity corporation, VPX, a distribution company, a transmission company or a generation company is not liable in damages to any person for any partial or total failure to supply electricity arising through any case that is not due to the fault of the corporation, VPX or the company.

As part of its investigation into these cases, the EIOV sought the advice of an independent electrical engineer who confirmed the cause of the supply interruptions and that the local electricity company had no direct control over the incident. He advised that it was possible that a transient surge, and therefore a spike or other voltage disturbance, occurred when supply was restored. The EIOV also sought clarification and explanation of repair advice from the appliance repairers and advice from the Office of the Regulator-General (ORG).

In determining each case, the Ombudsman took into account what was fair and just, industry practice and relevant law. Relevant law included the *Supply and Sale Code 1997*, the *Trade Practices Act 1974*, the *Electricity Industry Act 1993*, the ORG's Guideline No. 5 on

Connection and Use of System Agreements and clauses 4 and 6 of the EIOV Constitution.

In each case, the Ombudsman found that it was likely that the damage to the customer's appliances or equipment as the case might have been, was a result of a voltage variation associated with the power interruption. She found that the event itself had resulted from an act of negligence by a third party.

In each case, the Ombudsman accepted that the local electricity company was not directly responsible for damage to the customer's property. However, she noted that she was directed by the EIOV Constitution to bear in mind "current law and reasonable and relevant industry practice" (clause 4.2(g)) and that she was aware that some distributors and retailers of electricity acknowledged that they bear responsibility for any interruption to supply causing damage, whether or not they are directly responsible.

The Ombudsman did not consider that section 27 of the *Electricity Industry Act 1993* provided relief to the System Operator in this matter, as the incident was not the result of "accident", "lack of fault" or any of the other exceptions listed; rather it was an act amounting to negligence. The System Operator accepted that the incident occurred due to the actions of its contractor, and advised that consideration had been given to methods that would prevent similar incidents in the future. The Ombudsman noted that as the System Operator was not a member of the EIOV Scheme, the customers could not bring their complaints directly against it through the EIOV.

However, the Ombudsman considered that it was fair and reasonable in each case for the customer to rely on the local electricity company to make appropriate arrangements with such other parties as may be required to maintain the supply of electricity to the customer's premises. The failure of continuity of supply was a matter between the company and the System Operator and between the System Operator and its sub-contractors. The Ombudsman also considered that if the local electricity company was able to claim under a contract with the System Operator, it must also bear responsibility pursuant to its own implied contract under the *Electricity Industry Supply and Sale Code 1997* with the customer to supply power.

In the case of Customer 1, the Ombudsman found that it was likely that the damage to the customer's CD player was a result of a voltage variation associated with the power interruption. She directed the local electricity company to compensate the customer both for the cost of partial repairs and the replacement cost of the CD player, a total of \$3,940.

In the case of Customer 2, the Ombudsman found that it was likely that the damage to the customer's computer was a result of a voltage variation associated with the power interruption. She also

considered that as the computer was used for the customer's business it would have been prudent for the customer to have an uninterruptible power supply (UPS) installed, as electricity companies do not guarantee supply and damage to computer systems resulting from outages is well documented. As such the Ombudsman considered that the customer in this instance could be taken to have accepted some risk. She determined therefore that the local electricity company pay the customer \$2,904.00, being the total claim amount of \$3,630.00 less \$907.50 (25%) for the customer's contribution for the acceptance of some risk.

In the case of Customer 3, the Ombudsman found that it was likely that the damage to the customer's equipment was a result of a voltage variation associated with the power interruption. In this case in relation to the repair quotes submitted by the customer, the EIOV noted that there had been subsequent repairs to the original repairs to the customer's equipment. Independent technical advice provided to the EIOV was that the subsequent repairs may have been due to initial repair work being poor. The Ombudsman directed the local electricity company to compensate the customer for the original equipment repairs only, to an amount totalling \$1,007.55.

Shortly after the Ombudsman's Binding Decisions, the local electricity company commenced legal action in the Victorian Supreme Court against the EIOV Scheme and the Ombudsman. The company alleged that the Ombudsman did not have jurisdiction in these three cases, and that if the Ombudsman did not have jurisdiction, then the Binding Decision in each case did not have to be complied with. The company paid the customers the amounts awarded by the Ombudsman, but said that it was not doing so in accordance with the Ombudsman's Binding Decision, rather it had taken a business decision to ensure the customers were not affected by its dispute with the Ombudsman.

The EIOV defended and won the action. The judge vindicated the power of the Ombudsman to determine jurisdiction, as the EIOV scheme is based in contract between the EIOV and the member companies. She also found that the Ombudsman's binding decisions in the three cases under the action were sound. Her view was that the Ombudsman has the power to make whatever Binding Decision she believes fair and reasonable, so long as the decision is not aberrant or irrational.

## Disputed electricity bill overpayment

A residential customer contacted the EIOV regarding an electricity billing issue he could not resolve with his electricity company. The customer stated that six months earlier he had mistakenly made a cheque payment of \$288.55 for his electricity account, instead of \$228.55.

He said he wrote to the electricity company, seeking a refund of the \$60 overpayment. The company responded that its records showed a payment of \$228.55, not \$288.55.

The customer obtained a copy of the cheque from his bank, at a cost of \$10. He posted this information to his electricity company. He subsequently received his next quarterly electricity account. He said he paid the account, less \$70, being for the \$60 overpayment, and the \$10 bank fee that he had incurred.

The customer then received a disconnection warning, seeking payment of the \$70. He recontacted his electricity company, who requested that he re-send a copy of the \$288.55 cheque, which he did. The customer stated that, six weeks later, his electricity company posted a letter to him, requesting a copy of his bank statement, and advising that it was not necessary to send in a copy of the cheque.

The customer told the EIOV that he was dissatisfied with the content and slowness of his electricity company's response. He did not want to provide the company with a copy of his bank statement, as he had already provided a copy of the relevant cheque.

The EIOV sought the company's response to the customer's statement. A resolution was reached within four days. The company acknowledged that the customer had made a payment of \$288.35, and conveyed an apology to him for the inconvenience that he had experienced. The company stated that it should have sought a copy of the customer's bank statement at the outset, rather than a copy of the actual cheque. As a gesture of good customer service, the company credited the customer's account with \$100.

The electricity company also advised that it would be reviewing its internal procedures, regarding the type of information that it seeks from customers who state that a payment (or part of a payment) has not been registered on their account.



Kerry Free, Investigations Officer



Christine Lalor, Investigations Officer

## Disconnection of electricity supply for arrears

The customer was a director of a company that owned and operated three pizza parlours. The company was placed into liquidation with its creditors including the electricity company which was owed some \$5,300. The customer stated that the electricity company advised him that as the electricity accounts were opened in his name he was personally liable for the outstanding amounts.

The customer said the electricity company transferred a portion of the outstanding amount to his personal account without his permission, and that when he did not pay it, his electricity supply was disconnected. He said that following the disconnection he agreed to enter into a repayment program of \$200 per month, however, he maintained that when he originally opened the accounts he had asked that they be opened in his company's name.

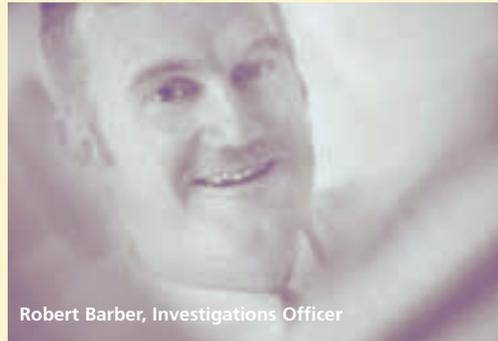
The customer said that he asked the electricity company to provide him with a copy of the original connection application forms for the three pizza parlours, but it was unable to do so because all accounts were opened over the phone with no paperwork received.

When approached by the EIOV, the electricity company confirmed that since connection of supply to the businesses all accounts had been in the customer's personal name. The company argued that as the accounts had always been this way, the customer had had ample opportunity to change them over to his company's name. The company also advised that it did not have any record of application forms, as it was not mandatory for connections to be in writing.

In response, the customer told the EIOV that all the other utility bills were in the name of his company (and he provided evidence to this effect) and that it was up to the electricity company to provide the appropriate application forms.

The EIOV consulted the Electricity Services Victoria Customer Service Guide dated April 1994, which indicated that in relation to a non-domestic premises the customer would be advised, under normal circumstances, that supply would not be connected until a completed application form was lodged at a customer service centre.

Legal advice provided to the EIOV was that it was up to the customer to prove that the electricity company was at fault in opening the accounts in his personal name and that each connection must be treated as a separate entity with substantiation of the customer's claim provided for each occurrence. This was not necessary however, since to resolve the matter the electricity company proposed that it write off the outstanding \$4,174 (the customer had already repaid some \$1,200). The customer agreed to this proposal.



Robert Barber, Investigations Officer

## Electricity backbill

The customer stated that she had moved into her unit in January 1999. Supply was connected to the unit when she moved in, and she contacted the electricity company to request the account be put in her name. She didn't receive a bill in the March 1999 billing cycle, or in June 1999. She stated that she contacted the company several times to request that a bill be forwarded to her, but that on each occasion she was told that a bill would be forwarded to her soon.

In July 1999 she arrived home the day her neighbour vacated his unit to find that she had no supply. She contacted the electricity company who sent a representative out the next day. He advised the customer that the same meter serviced both her unit and that of her neighbour. He rectified this, and in November 1999 she received a retrospective bill for \$341.35, \$141.35 of which related to the period from January 1999 to July 1999. The bill gave no indication of how the amount owing had been calculated.

The customer stated that she contacted the electricity company again, to be advised that the error was her fault, and that the bill had been backdated to the date of her initial contact with her supplier in June 1999. She said that she responded that she had originally contacted the company in January 1999 when she moved in and had called many times since then requesting that a bill be sent to her. The company told her it had no record of any of these calls.

As the backbill was due for payment in 10 days, the customer said she sought extra time to pay it. She was told she could have 3 months. She was dissatisfied that the electricity company had not been able to provide her with any information regarding how the backbill had been calculated, and how much of the backbill was for her usage and how much related to usage by her neighbour. She was also dissatisfied that the company had allowed her only 3 months to settle the full amount of the 6-month backbill.

During its investigation the EIOV was advised by the electricity company that it believed the customer had a responsibility to pay for electricity used. The company advised that it had calculated the usage at the customer's unit by means of deduction, and that, as a means of resolving the matter it would waive the disputed amount of \$148. The customer was satisfied with this resolution, but stated that she believed the supplier should have acted when she first contacted the company to determine why she was not receiving bills.

## Supply upgrade

**A customer contacted the EIOV stating that his electricity company had refused to reimburse him for part of the cost of installation of a high voltage extension line that he had financed to provide supply to his woolshed.**

The customer claimed that in September 1995 he paid \$16,290.00 for a 780-metre extension of a power line to his woolshed. He stated that he had understood from discussions with electricity company representatives during the planning stage of the works that, if other customers took supply from this line within ten years and six months, he would be entitled to reimbursement of part of the cost of the installation.

In August 1998, his neighbour applied for connection to supply. The closest point of supply for the neighbour's connection was from the line to the customer's woolshed. The customer subsequently contacted his electricity company to ask about reimbursement of part of the cost of the line, and was informed by company representatives that cost sharing did not apply in this case as the neighbour's connection was high voltage. If it had been a low voltage connection, cost sharing would have applied. The electricity company referred the customer to the Supply Contract that he signed prior to the commencement of the work in 1995.

The company advised the EIOV that neither of the company representatives involved in discussions with the customer could recall having made any unconditional statement regarding cost sharing, and given their experience with supply extensions and dealing with customers, it was most unlikely that such an unconditional statement was made. The customer stated that at no time during the discussions prior to signing the contract was he advised of any conditions which applied to the cost sharing arrangement, except that a new customer had to take supply within ten years and six months. He stated that he was not advised cost sharing would not apply to a high voltage connection taken from his line.

The customer advised that he had considered several alternatives for providing supply to his woolshed, including the purchase of generators and the construction of a dam and mini-hydro electric scheme. He had made his decision to finance the extension line believing that this would be the most economic alternative, given his awareness that a number of his neighbours were either planning, or had the possibility of, the development of their properties subject to the availability of supply. It was on this basis and in the belief that any connection, either high or low voltage, would make him eligible for cost sharing, that he proceeded with the extension line. He stated that, although the initial cost was high, he expected that reimbursement from his supplier following his neighbour's connection to supply, and the connection of at least one other neighbour in the short term, would bring the outlay down to a more acceptable level.

The EIOV obtained legal advice on the supply contract (a Group Extension Contract), and in particular on the electricity company's reliance on the supply contract in maintaining its position on cost sharing in this case. The advice received was to the effect that clause 29 of the contract stipulated that the supplier may pay to the

customer a share of the costs of the extension work should a further customer connect to the extension within ten years and six months. Note 4 of the contract stipulated that a contribution to the original capital cost would be made by the company only where a further connection was made at low voltage. However, the note (and the other notes to the contract) were preceded by a statement to the effect that the notes were for information only and did not form part of the contract. The legal advice to the EIOV was that the law provides that the construction least favourable to the party putting forward the contract should be adopted against it. The electricity company disputed the applicability of this principle.

The case proceeded to Binding Decision by the Ombudsman. On the basis of the evidence before her, the Ombudsman was not prepared to determine whose interpretation of the verbal representations was correct. The Ombudsman did find, however, that the onus was on the electricity company to provide the customer with a clear explanation in relation to the obligations of both parties. This explanation should have included the circumstances in which the customer would receive reimbursement of part of his costs and the factors that may prevent him receiving any reimbursement, and it should have been provided to the customer prior to his entering into an undertaking of this dimension. While it appears that the customer relied on his understanding of the electricity company's verbal representations, and notwithstanding that the company had a different view of those representations, the contract which was intended to formalise the arrangements was, in the view of the Ombudsman, lacking in clarity on the matter of cost sharing.

The Ombudsman accepted that the customer proceeded with the extension line as the most economical in the long term, given his expectation that other customers would take supply from it over time. She also accepted that, had the customer been aware that the company applied cost sharing only to low voltage connections, he might have proceeded with the generator option. She further noted that it would have been sensible for the customer to have obtained legal advice prior to signing the contract.

The Ombudsman found that, as a result of the installation of the extension line financed by the customer, the electricity company had the expectation of at least two and possibly up to fourteen new customers. In the short term, the company had benefited by connecting the customer's neighbour to the high voltage extension, notwithstanding that the company did not fund construction of that extension. On the basis that its contract did not fully articulate, the Ombudsman found that it was unfair for the electricity company to benefit by way of the neighbour's business without passing some of that benefit on to the customer.

Accordingly the Ombudsman determined that the electricity company pay to the customer the sum of \$5,080. This sum represented the difference between the cost to the customer of the extension line and electricity usage and the amount the customer would have paid for generators, including running costs of the machines over a ten year and six month period, less \$400, deducted on the basis that the customer accepted a certain risk of loss by not seeking legal advice. The \$400 represented the probable fee charged by a solicitor to peruse and provide advice on a contract. The customer was satisfied with this resolution.

## Installation of high voltage aerial bundled cable

A customer contacted the EIOV stating that his electricity company had installed thick black cabling in front of his business and residential premises and the vacant lot next door, which he also owned. He claimed that as a result the value of his properties had dropped and he had lost visual amenity. The customer was also dissatisfied with the level of consultation undertaken by the company prior to and during the works. He stated that the only notification he had received was a "Planned Outage Notice".

The company advised the EIOV that it had replaced existing open wire overhead conductors with HV ABC cable to improve the area's supply reliability in response to concern by local businesses. The feeder supplied 1,812 residents in the area and had been identified as the company's most unreliable feeder.

In response to the EIOV's request for details of its procedures for notifying those persons who might be affected by the works, the company advised it had undertaken a pamphlet drop, had put weekly advertisements in the local newspaper, had attached signs to poles near the location of the works and had sent a "Planned Outage Notice" to affected residents informing them of times that the works would disrupt their supply. The company also said the customer should have received five letters about the planned works because he had 5 meters. In addition, it had requested an onsite meeting with the customer two days after the works had commenced to discuss the concerns he had raised, but the customer had declined the offer.

The company stated that during the installation of the cable it had removed unsightly pole-top hardware from the pole in front of the customer's premises, including HV isolators, 3 large surge diverters, 3 strain insulators and a cross arm.

The EIOV sought from the local Council any relevant Council planning guidelines and environmental impact requirements that needed to be met by the company when installing the cables. The Council advised that it did not have any policy or planning requirements for the installation of high voltage power cables within its municipality.

The EIOV discussed the option of undergrounding the cable with the electricity company. The company advised that the cost of this would be about \$80,000, which would have to be borne by the customer. It also advised that the option of undergrounding the cable was complicated by the existence of other underground cables.

The customer advised the EIOV that, for him, the only acceptable solution would be the undergrounding of the cable. However, he was not prepared to pay for the cost of that. The customer also complained that access to his business premises was blocked by the company's vehicles, both during the installation of the cables and subsequently when the company accessed a substation at the rear of his property. The company

denied that this had happened during the installation works and stated that it had only occurred once when accessing the substation. The company advised the EIOV that it had notified all relevant personnel not to park in or obstruct the customer's access and a no parking sign had been erected. The EIOV facilitated an interim solution whereby the customer agreed to contact the EIOV if the company caused access problems for his business, and the EIOV would in turn notify the company.

As part of its investigation, the EIOV considered the regulatory context of the company's actions, in particular, the Electricity Industry Supply and Sale Code 1997 which states that an electricity company must "provide, install and maintain" its equipment "in a manner which is sensitive to the environment and the amenity of the area".

The EIOV sought advice from the Office of the Chief Electrical Inspector (OCEI) as to whether the new wires and pole configuration complied with relevant regulations. They did. The OCEI also advised that the company, under the relevant regulations, did not have a duty to consult, notify or negotiate with persons affected by works such as those carried out. An independent property valuer advised that the cabling had had some effect on the value of the customer's property. With the new cabling, the customer's property would fetch a marginally lower price on the open market (estimated at \$4,000 less because of the high value of the property).

As the case was not resolved through conciliation, the Ombudsman made a Binding Decision. In making the determination, the Ombudsman noted that she had taken into account a number of factors, including the visual impact of the cable outside the customer's premises, the company's obligations and responsibilities under current regulations and codes, its reasons for the installation of the HV ABC cables in the customer's suburb, regulatory advice and customer service issues.

The Ombudsman noted that, in these situations, it was often difficult to reconcile and balance the interests of individual customers with those of the community as a whole. While the company's upgrading of supply in the customer's area had



Lucy Chesser, Investigations Officer

improved the reliability and quality of supply generally, this did not fully balance the issues raised by the customer. In particular, it did not resolve the issue of the degree of consultation he received about the installation of the cable. The Ombudsman directed that the company review its consultation policy and procedures to ensure that customers are provided with sufficient information to make them aware of the implications of upgrading or extension works. The procedures should give customers the opportunity to provide input or further discuss any issues they may have in relation to proposed works. The consultation process should be made transparent to customers.

The Ombudsman noted that she could understand the customer's concerns as to the visual amenity of the HV ABC cable, especially as its impact was greater outside his premises due to the absence of mature trees. However, she determined that it was not appropriate to direct the company to underground the cable, having considered the cost and potential technical difficulties, as well as the fact that this could affect third parties. The Ombudsman also noted that in upgrading its assets the company was endeavouring to improve supply reliability for its customers and had acted in accordance with the relevant regulatory framework.

In this case the Ombudsman did not consider it appropriate for the company to compensate the customer for loss. However, with regard to the degree of consultation carried out by the company and the aggravation caused to the customer by the ongoing issue of access to his property, the Ombudsman did consider it appropriate that as a matter of customer service, the company should pay to the customer the sum of \$300.



Stephen Gatford, Investigations Officer

## Supply outage

**A customer contacted the EIOV because she was dissatisfied with the actions of, and accuracy of information provided by, employees of her electricity company following loss of supply to her home. She was claiming \$15,145.10 for stress, inconvenience, expenses for an electrician, the cost of pruning a creeper, additional interest on a portion of her home loan relating to the cost of upgrading her supply, lost food and property devaluation.**

The customer stated that she woke to find the power off and rang her electricity company. She said the company representative who came out disconnected the service line from the pole, after telling her he was unable to check the service fuse as it was positioned over a verandah, was inaccessible and would have to be relocated. She said he also told her that the service line would remain disconnected until the fault had been identified and rectified. The customer, and the electrician she had by this time called, said the representative told them there had been a fire and that the meter box and powerboard should be disconnected. The electrician said he queried the representative, but went ahead to disconnect the meter box and powerboard from the wall although he saw no evidence of a fire.

The customer then asked her electrician to move the service fuse and upgrade her property's supply to three-phase. She had in the past considered doing this to operate a kiln. She said the company representative confirmed this was possible and that once it was done, they should ring the company to request reconnection to supply. However, when they called the company, they found out there was paperwork to be completed. This delayed reconnection until later that day. The customer said that to claim through her insurance company, she pursued the electricity company for a letter saying that fire had caused the supply interruption. When it eventually arrived, the letter stated the cause was a blown service fuse.

The EIOV's investigation showed that the customer and the company had quite different views of the events of the day in question, and that there was some contradiction between the statements of the customer and her electrician. The company said its representative did not tell the customer there had been a fire. Rather, the customer had incorrectly been told this by a customer service representative during a subsequent phone call. It also said its representative did not tell the electrician to remove the powerboard, although its removal was necessary to change to three-phase supply, nor did he advise the customer's electrician on the new location of the point of attachment. The company claimed the cost of repairs was increased by the customer's decision to upgrade her supply, and that the letter to the customer was delayed because it had undertaken further investigation. It had also found a note in its system that stated, wrongly, that the mains had been burnt out.



Michael Ridgway, Investigations Officer



Craig Cairney, Investigations Officer

The customer said the company representative had rushed into disconnecting her supply. And, as he did not inspect the meter, the meter box or the point of attachment, she did not know how he determined the cause of the fault. She was unhappy about the location of the new point of attachment as she thought it detracted from the value of her property. She said she would not have considered upgrading her supply if the incident had not occurred.

The Office of the Chief Electrical Inspector (OCEI) advised the EIOV that due to the inaccessibility of the service fuse, the company representative had little alternative but to disconnect the line, because he could not determine the cause of the outage and therefore did not know there was a potential safety risk. An independent engineering expert visited the customer's premises and told the EIOV that the location of the new point of attachment was the most practical given the mandatory requirements of the past and present Electricity Safety (Network Assets) Regulations.

In making her determination, the Ombudsman took into account information provided by the customer, the company and the customer's electrician, as well as the technical advice the EIOV had received. The Ombudsman considered that it was probable the advice about the fire was given to the customer on the day in question, and that it was on the basis of this advice that the customer contacted her electrician to carry out repair works. It was also the case, however, that the customer's electrician ascertained almost immediately that there had not been a fire and that the cause of the outage was a blown service fuse. The customer had the option at that stage of requesting her electrician simply to relocate the point of attachment and renew the mains. The additional work to upgrade supply to three-phase was undertaken in the knowledge that such work was not strictly necessary. Accordingly, the Ombudsman did not consider the company to be responsible for the costs of upgrade to three-phase supply or the interest claimed in relation to that cost.

The Ombudsman noted the customer was unhappy about the delay in obtaining a letter from the company confirming the cause of the supply interruption, but did not consider that the timing was excessive since the company provided the letter within 3 weeks of the customer's original request. The Ombudsman found that it was reasonable for the company to fully investigate the customer's request, and that the company was in the circumstances unable to provide the customer with documentation supporting her claim to her insurance company, given that there had not been a fire at her premises.

The Ombudsman did not consider the customer's claim for loss of value to her house and the cost of pruning the creeper to hold merit. The customer's electrician had advised the EIOV that the decision about the position of the point of attachment was his, made in consultation with the customer and her husband, and the customer's husband had taken part in adapting equipment to attach the service fuse to the house. The customer argued that in view of the advice provided by the company representative, she believed there was no alternative location. The Ombudsman considered, however, that the customer could have discussed the possibilities with her electrician if she opposed his proposal.

The Ombudsman did not consider that the company provided the customer with adequate information at the time of the disconnection of supply to her house. It was possible therefore that this placed the customer in a position where she felt she was not able to consider the options available to her. However, advice from the OCEI indicated that the actions of the company in disconnecting the service line to the customer's house were necessary from a safety perspective, as the service fuse was inaccessible. The Ombudsman considered that while the company was justified in disconnecting the service line, it bore a responsibility to explain to the customer exactly why that course of action was taken and what her alternatives were. And, as disconnection of the service line was reasonable, the Ombudsman did not consider that the company was responsible for the costs of food claimed.

On the basis of the evidence before her, the Ombudsman considered that appropriate consultation procedures by the company would have avoided the misunderstandings that followed. She did not consider, however, that the losses for which the customer was claiming compensation were the responsibility of the company, and determined that a fair and reasonable outcome was that the company pay the customer \$300 in recognition of poor customer service and inadequate information provision.

## Appliance damage — high voltage (surge)

A customer contacted the EIOV stating that a power surge at his premises had damaged a number of appliances, including a microwave oven, sensor light, security console and a computer. The customer and his wife worked on a casual basis and ran a small part-time business from home for which he used the computer. He said his repairer told him that fixing the computer would be the cheapest option. The customer went ahead because he believed, from the customer advice sheet he had been given by the company inspector who visited his premises the evening of the surge, that the electricity company would meet claims for repair or replacement.

The customer stated that he submitted a claim to his electricity company for the repair and/or replacement cost of the damaged appliances. He said the company had offered to meet in full his claim for the repair of the microwave oven (\$281.75), the replacement of the sensor light (\$132.50) and the replacement of the security system (\$150). He said the company also offered \$900 as the market value of the damaged computer. The customer was dissatisfied with the company's offer for the computer as it had cost him \$1,630 to repair it.

The company advised that in assessing the computer it looked at replacement value based on its age. This was done on the basis of the company's trying to return the customer to the position he was in prior to the incident. To obtain a fair and reasonable price for the computer, the company looked for similar items in advertisements and applied the median value of \$900.

As the dispute was not about the cause of the power surge, the EIOV focussed its investigation on the basis for compensation to the customer. As part of the investigation, the EIOV sought legal advice and independent advice from a loss adjuster. The loss adjuster examined the computer and said that it appeared to have been totally replaced. He thought it was unlikely that every component had been damaged by the surge. He also pointed out that the cost of giving the customer a new computer and monitor of the same model was \$1,580, \$50 less than the repair cost. He recommended a settlement figure of \$1,350.90.

Legal advice received by the EIOV was to the effect that as a general rule, a customer had a responsibility to mitigate against loss, that is to minimise any claim, and that an item would be considered beyond economic repair where the cost of repairs was greater than the pre-damage market value of the item or the cost of new for old replacement. In addition, the legal advice stated that it was not unusual for insurance policies to provide for replacement of an item with an equivalent new item, new for old cover, but that this cover would exist only if the electricity company had a formal surge protection policy or scheme that provided new for old cover.

The company advised the EIOV that it did not have a formal written policy for surge protection and did not offer new for old cover. It also advised that the Surge Protection Scheme referred to on the reverse of the customer advice sheet that was given to the customer by its inspector had been cancelled.

The company increased its offer to the customer to \$1,350.90 as recommended by the independent loss adjuster. The customer declined the offer stating that he wanted compensation for the full cost of the repairs. When the matter was unable to be resolved by negotiation, the parties sought the Binding Decision of the Ombudsman.

In making her decision, the Ombudsman considered relevant laws, regulations, codes, good industry practice, information provided by the customer and the company and the legal and independent advice obtained.

The Ombudsman considered that a fair and reasonable outcome was to pay the customer for the replacement cost of a 1.5-year-old computer, rather than the cost of a new computer. This would place the customer in the position he would have been in if the incident had not occurred.

The Ombudsman noted that damage to the computer may have been avoided or minimised by the installation of a surge protection device, and given the customer operated a business from home using his computer, it would have been prudent for him to install such protection equipment. However, she also noted that the customer was under the false impression that his power board protected him against outside surge activity, and she was mindful of the fact that the customer's business was of a small part-time nature. She stated that the customer's failure to install surge protection equipment was therefore understandable.

A significant issue that the Ombudsman raised concerned the amount of information the company provided to its customers when they experienced supply damage due to voltage variations in their electricity supply. She was of the opinion that, if the company had provided the customer with a clear explanation of its compensation policy for these situations, the customer may not have incurred the additional repair costs and the dispute may have been avoided.

The Ombudsman directed the company to pay the customer \$1,450.90 for his loss and for unsatisfactory customer service, and to review and amend the format of its "Claim Form – Damage" and its "Advice to Customer" sheet so that they provide clear explanation of the company's policy and process for customers claiming loss, as well as advice to customers about when they should obtain repair and/or replacement advice.

## Connection of gas supply

A customer contacted the EIOV because her gas company had refused to connect supply and establish an account in her name, because there were arrears on a previous account for the premises in the name of the customer's former partner.

The customer stated that her former partner had left the home without paying the account, although she had given him money towards it as they had shared the premises. She claimed she was not in a position to pay the previous debt and she felt that the company was acting unfairly as she was not the holder of the account in question. She also said she wanted to establish an account in her own name and that she was willing to pay any future accounts as they fell due.

In line with agreed policy, the EIOV requested that the company connect supply to the customer pending the outcome of its investigation. During the course of the investigation, the EIOV sought independent legal advice on the company's assertion that



Melissa Officer, Investigations Officer

the customer should be liable for the previous debt. The advice was that as the customer was a third party to the contract between the company and the previous gas account holder, the company was not able to impose liability for the debt on her.

The EIOV provided the company with details of its independent legal advice. Following this, the company advised that it would establish an account in the customer's name and would seek to recover any monies owed on the previous account from the customer's former partner as the account holder.

## Gas disconnection for non-payment of arrears

By the time the customer contacted the EIOV, his gas supply had been disconnected for over a month and he had been unable to negotiate reconnection. He said that around \$700 was owing on the account and that the gas company had sought 14 fortnightly payments of \$50 before it would reconnect supply.

The customer had lived in his property for some seven months. He said that when he moved in, he phoned the gas company to set up his gas account, to be told that a form requesting identification details would be sent to him. He said this form did not arrive.

The customer stated that he was concerned he had received no gas accounts and he recontacted the gas company. However, the first correspondence he received was a disconnection warning some 6 months after he moved in. The customer said he was away at the time and his housemate was unable to negotiate a payment plan. This resulted in the gas being disconnected.

The EIOV contacted the gas company, and in accordance with the EIOV's reconnection policy, arranged reconnection of the customer's gas supply, pending the outcome of the EIOV's investigation.

The gas company advised that its records suggested that accounts had been sent to the customer's address. It also said that when the customer initially contacted it about connection of supply, relevant identification details should have been able to be provided over the phone. In other words, the gas company advised, there should have been no reason to send the customer an identification form. The company said it would follow this point through with its call centre staff.

In recognition of the inconvenience the customer had experienced, the company offered to credit his account with \$100. The customer accepted this offer. This credit reduced the amount owing on the account to \$553.07. A budget easyway payment plan of \$50 per fortnight was agreed to cover the account arrears and ongoing accounts. The gas company also appointed a representative to act as a direct point of contact for the customer, should he wish to re-negotiate this payment plan.

## Relocation of gas meter

**A customer contacted the EIOV claiming that his gas company had denied liability for damage to the gas fitting lines at a rental property he owned and had refused to reimburse him for costs relating to repairs at the property.**

The customer stated that he had been approached by a gas company representative seeking his permission to relocate the meter at his rental premises from the rear of the property to the front to facilitate renovations to a neighbouring property. The customer said he agreed reluctantly, on the understanding that his house would sustain no damage and the works would be at no cost to him. The customer said that three days after the works were completed, his tenant noticed the smell of gas and phoned the gas emergency contact number. A gas inspector visited the house and confirmed a gas leak in the customer's installation. The customer said the gas inspector advised his tenant to ask him as the landlord to contact a plumber. The inspector also disconnected the gas supply pending the location of the leak and the completion of repair work.

Acting on the information from the gas emergency inspector via his tenant, the customer said he engaged a plumber to locate and repair the gas leak. He said the plumber told him that as the leak was in the gas fitting lines under the floor, and was inaccessible, it would be preferable to disconnect the existing fitting lines and run new fitting lines under the roof. This work was undertaken at a cost of \$935. The customer stated that when he contacted the gas company for reimbursement of the \$935, he was told that the company did not consider itself liable for the cost of the repairs.

During the EIOV's investigation, the gas company advised that when the details of the meter relocation works had been discussed and agreed onsite with the customer, the customer had been advised that it was highly possible that the fitting lines may be faulty due to their age, and that as the owner of the premises, he was responsible for their maintenance should they fail during the required pressure test. The company stated that the fitting lines were tested before the work started and showed a minor, but permissible, gas escape in line with the age and general condition of the pipes. When the works were completed, the whole installation was tested again, showed a permissible leak and gas supply was restored. The company claimed that the customer's engagement of a private gasfitter was his responsibility. It also said it had no record of a service call by the customer's tenant to attend the property.

The customer reiterated that he had agreed to the meter relocation works as long as there was no cost to him. He said there was no onsite meeting. Rather a gas company representative had telephoned him. No mention was made of pressure testing during the telephone conversation, nor of the possibility that the pipes may need replacing at his cost. He stated that he engaged the gasfitter following advice to his tenant by the gas emergency inspector. As the gas smell was noticed some three days after the gas company's works, he believed the company's contractor had damaged the pipe.

As part of its investigation, the EIOV sought independent technical advice and advice from the Office of Gas Safety (OGS). The technical report indicated that the house and pipework were over 30 years old, that any works carried out ran the risk of causing a leak, that the customer's actions to repair the leaks under the floor were reasonable given the sequence of events, that the option taken by the plumber was reasonable, and that due to the age of the pipework the leak could have been the result of corrosion. The OGS report indicated that it was not possible to determine whether the company's works contributed to the gas leak, but that when any existing pipework is subjected to alteration there is a risk that pipework may be affected.

The EIOV also contacted the customer's plumber who said he had not been able to access the existing pipe as it was under the floor, so he was not able to determine the exact cause of the leak.

In her Binding Decision, the Ombudsman concluded that when undertaking works such as meter relocation, a gas company should inform the customer in writing of the nature of the works and the respective customer and company obligations, as well as give the customer the opportunity to provide input or further discuss any issues. She noted that this was not done in this case. The Ombudsman directed the gas company to review its consultation policy and procedures to ensure this occurred in the future.

The Ombudsman also found that on the basis of the evidence before her, she was not able to determine conclusively the exact cause of the leak. However, in the absence of firm evidence one way or the other, it was equally possible that the works undertaken by the gas company contributed to the leak as not. Accordingly she determined that a fair and reasonable outcome was for the gas company to pay the customer \$467.50, representing half the cost of repairs to the gas fitting lines at the customer's premises.

# Financial statements

## Balance sheet as at 30 June 2000

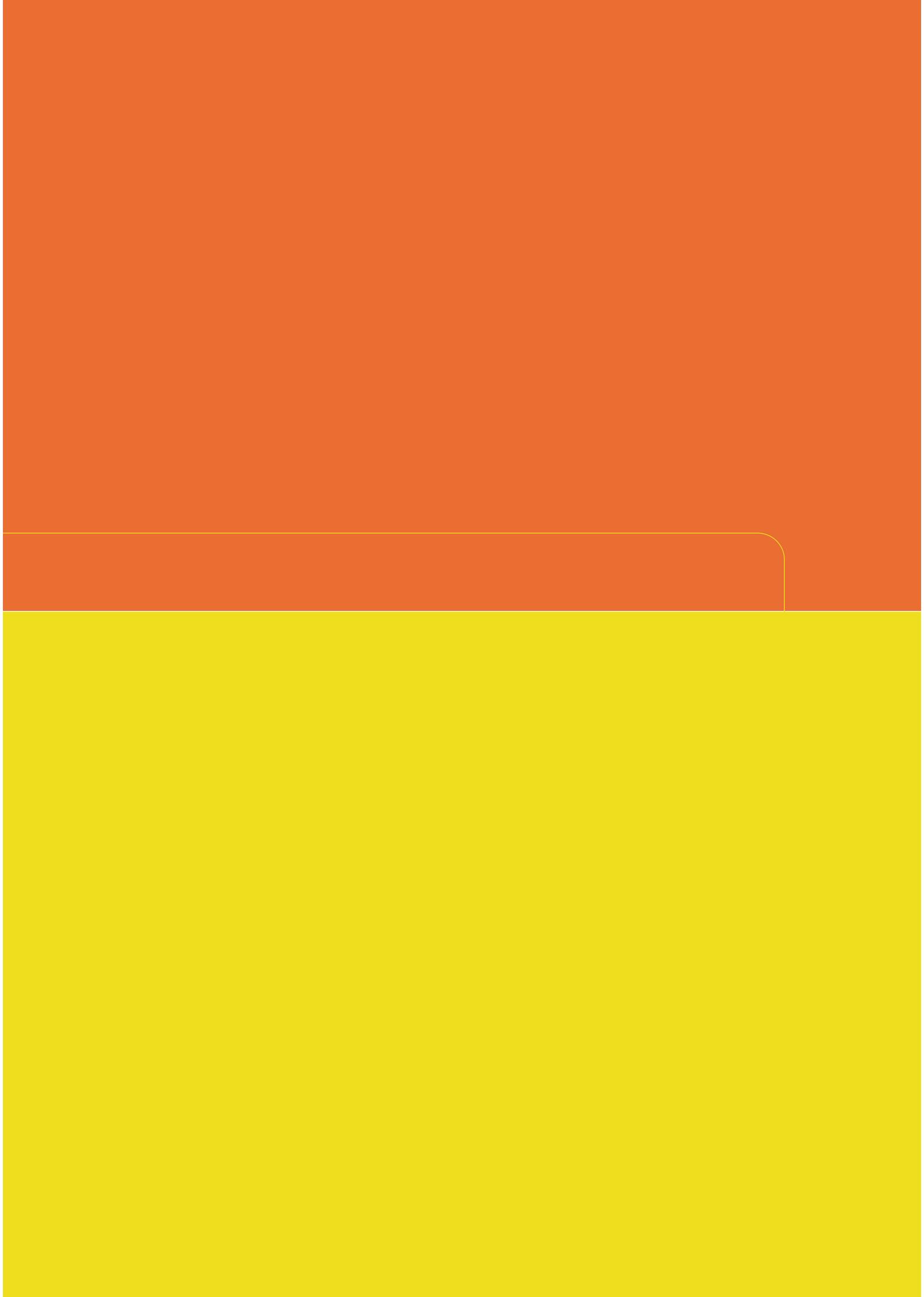
	2000 \$	1999 \$
<b>Current Assets</b>		
Cash	40,288	46,873
Investments	260,997	405,496
Other	33,938	17,482
<b>Total Current Assets</b>	<b>335,223</b>	<b>469,851</b>
<b>Non-Current Assets</b>		
Plant and equipment	299,674	330,620
Total Non-Current Assets	299,674	330,620
<b>Total Assets</b>	<b>634,897</b>	<b>800,471</b>
<b>Current Liabilities</b>		
Creditors	285,273	522,676
Borrowings	80,052	53,736
Provisions	59,004	59,379
Total Current Liabilities	424,329	635,791
<b>Non-Current Liabilities</b>		
Borrowings	1,744	81,682
Total Non-Current Liabilities	1,744	81,682
<b>Total Liabilities</b>	<b>426,073</b>	<b>717,473</b>
<b>Net Assets</b>	<b>208,824</b>	<b>82,998</b>
<b>Members' Equity</b>		
Retained surplus	208,824	82,998
<b>Total Members' Equity</b>	<b>208,824</b>	<b>82,998</b>

## Statement of cash flows as at 30 June 2000

	2000 \$	1999 \$
<b>Cash Flows from Operating Activities</b>		
Levy receipts from Members	1,506,407	1,986,296
Payments to suppliers and employees	(1,556,798)	(1,453,405)
Interest received	26,579	19,709
Finance charges on finance leases paid	(11,636)	(23,898)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(35,448)</b>	<b>528,702</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of plant and equipment	3,550	-
Proceeds from investments	5,954	-
Payments for plant and equipment	(65,564)	(151,787)
<b>Net cash outflow from investing activities</b>	<b>(56,060)</b>	<b>(151,787)</b>
<b>Cash Flows from Financing Activities</b>		
Principal repayments under finance leases	(53,622)	(115,732)
<b>Net cash outflow from financing activities</b>	<b>(53,622)</b>	<b>(115,732)</b>
<b>Net Increase (Decrease) in Cash Held</b>	<b>(145,130)</b>	<b>261,183</b>
Cash at the Beginning of the Financial Year	446,415	185,232
<b>Cash at the End of the Financial Year</b>	<b>301,285</b>	<b>446,415</b>

## Profit and loss statement for the year ended 30 June 2000

	2000 \$	1999 \$
Revenue from operating activities	1,691,607	1,705,253
Revenue from outside the operating activities	26,579	19,709
<b>Total revenue</b>	<b>1,718,186</b>	<b>1,724,962</b>
<b>Operating surplus</b>	<b>125,826</b>	<b>27,275</b>
Retained surplus at the beginning of the financial year	82,998	55,723
<b>Retained surplus at the end of the financial year</b>	<b>208,824</b>	<b>82,998</b>





## Energy Industry Ombudsman (Victoria)

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