



Contents

Ombudsman's Message	2
EWON's Achievements in 1999-2000	3
Structure of EWON and The People	4
Who Contacts EWON	6
What We Do and How We Do It	8
Sydney Water Joins the Scheme	10
EWON in Regional NSW	11
EWON in the Multicultural Community	12
Other Community Initiatives	14
EWON Council – Chairperson's Message	15
EWON Board – Chairperson's Message	15
Minister for Energy and Utilities' Message	16
Minister for Fair Trading's Message	16
Disconnection of Electricity	17
Restriction of Water	19
Billing and Other Money Issues	20
Reliability and Quality of Supply	24
Customer Service	26
Full Retail Competition in Electricity	29
Financial Summary	30
Customer Issues	32

Message

Clare Petre, Energy & Water Ombudsman NSW

It sometimes seems that the only constant in electricity, gas and water is change.

Utilities in New South Wales are experiencing rapid change with inevitable consequences for the Ombudsman scheme. In 1999-2000 Sydney Water joined the scheme, resulting in a change of our name and our service, while AGL applied to join EWON from July 1, 2000. Contacts with customers of existing providers continued to increase, raising a number of important new and recurring issues.

Covering EWON's second full year of operation, this report documents an increasing awareness and use of the Ombudsman's office by customers with electricity and now water issues. Although we are still relatively young and there is more work to be done in informing potential customers, new customer contacts with EWON increased by almost 34% during 1999-2000.

Assistance to customers facing disconnection of electricity remains a major part of EWON's work. Unrequested disconnections in New South Wales have increased in the past few years, which is of great concern, given the obvious consequences for individuals and families of being without electricity.

Most energy providers are working towards a positive approach to credit management, offering customers a greater range of options for payment of energy bills. Instead of waiting until customers fail to make payments and face disconnection, some providers are taking a proactive approach and making personal contact with customers to discuss ways of dealing with their energy bills. Instead of making unreasonable demands for payment, which almost inevitably result in failure, providers are approaching low income customers more realistically in terms of affordable payments.

Nevertheless, as the rate of disconnection suggests, significant problems remain for many families struggling to pay their utility and other bills. Their burden is increased where providers are unrealistic or take a heavy handed approach. Unless great care is taken to protect such customers, these problems may be exacerbated when full retail competition in electricity is extended to all customers. These people may be even more vulnerable in a full competition environment.

The experience EWON has acquired in dealing with customer issues in the essential services of electricity, water and gas will enable us to make a worthwhile contribution to discussions about customer service standards in this new environment.

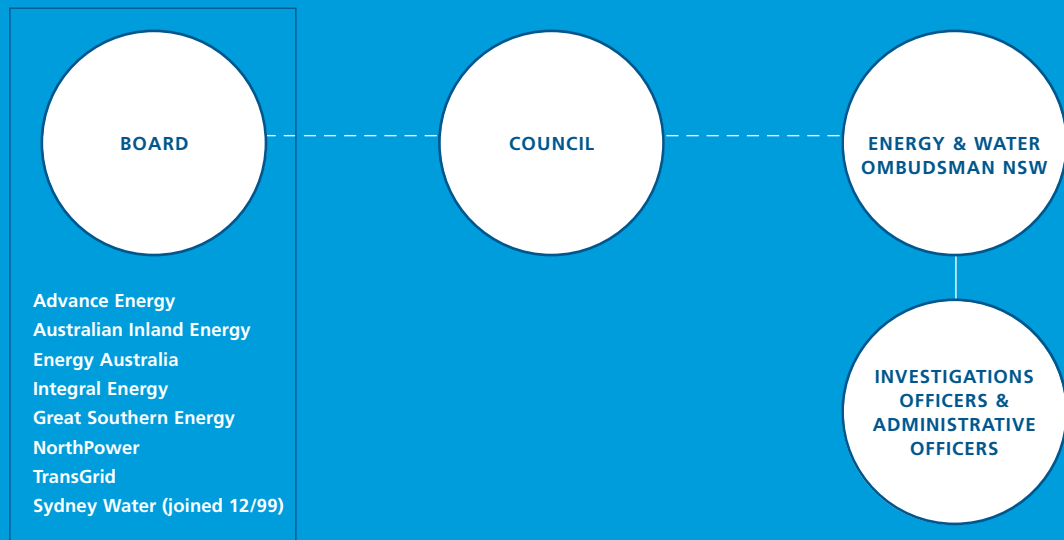


EWON's Achievements in 1999-2000

The Energy & Water Ombudsman NSW (EWON) played an important role during the year in resolving customer issues and in communicating with member companies and other stakeholders about these issues. Among EWON's key achievements were:

- Finalising a record 3,648 cases during the period, or 33.6% more than in 1998-99;
- Finalising 73% of matters within 14 days by resolving the issue or referring customers back to their electricity or water provider with an invitation to contact us again if the matter was not resolved satisfactorily within a reasonable timeframe;
- Providing comprehensive information to customers, members and the broader community about issues affecting energy and water customers. This included identifying to members a range of systemic problems with accounts, regulations and customer service issues;
- Expanding our utility industry focus and incorporating membership of Sydney Water and its 1.4 million customers;
- Implementing the first stage of a communications strategy aimed at reaching customers whose first language is not English, with initiatives targeting the Chinese-speaking community;
- Continuing a regional visits program aimed at getting a better understanding of the issues affecting customers in country New South Wales, to inform them of EWON's role, and to establish better links with community groups in rural and regional areas;
- Recruiting and training seven new permanent and casual staff, thereby expanding EWON's team of investigations officers to deal with the increased customer contacts generated by growing awareness of the role of the Ombudsman;
- Working with gas supplier AGL to pave the way for its membership of EWON from 1 July, 2000;
- Developing and strengthening contacts between EWON and energy ombudsman schemes in other States through the National Electricity Ombudsman Network (NEON), and with other ombudsmen and complaint handling bodies in New South Wales.

Structure of EWON



Board of Directors

Valerie Duncan Integral Energy - Chairperson

Geoff Lilliss Energy Australia

Terry Miller Advance Energy

Kevin Murray TransGrid

Allan Naylor NorthPower

Eddy Norris Australian Inland Energy

Max Smith Great Southern Energy

Secretary to the Board:

Michael Sinclair Electricity Association of NSW

Members of the Council

Gae Pincus Chairperson

Representatives of industry interests

Jeff Allen Integral Energy (resigned 12/99)

Ron Craggs NorthPower

Jeff McCarthy Integral Energy (began 12/99)

Colin Ridley Sydney Water (began 12/99)

Lionel Smyth TransGrid

Representatives of domestic and small business consumers

Victoria Aird Small business representative (term completed 9/99)

Carol Alcock NCOSS (began 12/99)

Trish Benson PIAC (began 10/99)

Kayee Griffin Mayor of Canterbury (term completed 9/99)

Noel Hadjimichael State Chamber of Commerce (began 10/99)

Margaret Kilby Ryde-Eastwood Financial Counselling Service (began 10/99)

Stephen Rix PIAC (term completed 9/99)

EWON - The People

Full-time Staff

Clare Petre Ombudsman

Helen Swan Business Manager

Lynden McCluskey Administrative Assistant

Mark Aiken Senior Investigations Officer

Keith Brooke Senior Investigations Officer

Melissa Russell Senior Investigations Officer

Grant Arbuthnot Investigations Officer

Anthony Fisk Investigations Officer

Annabelle Geddes Investigations Officer

Allyson Henry Investigations Officer

David Rapley Investigations Officer

Trish Sleigh Investigations Officer

Left during the year

Kim Castle Investigations Officer

Julie Heron Investigations Officer

Mary Salmon Administrative Assistant

Casual Staff

Helen Barry Investigations Officer

Sue Chippindale Investigations Officer

Fay Golding Investigations Officer

Kim Isaacs Investigations Officer

Megan Phillips Investigations Officer

Left during the year

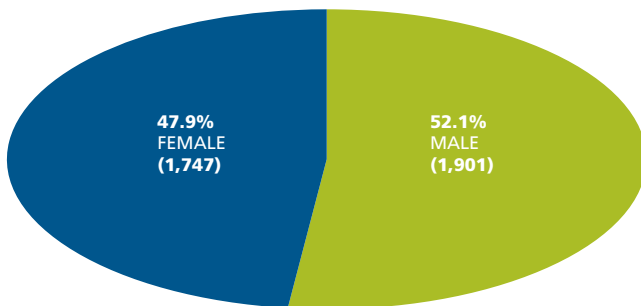
Eleni Karagounis Investigations Officer

Megan Manning Administrative Assistant



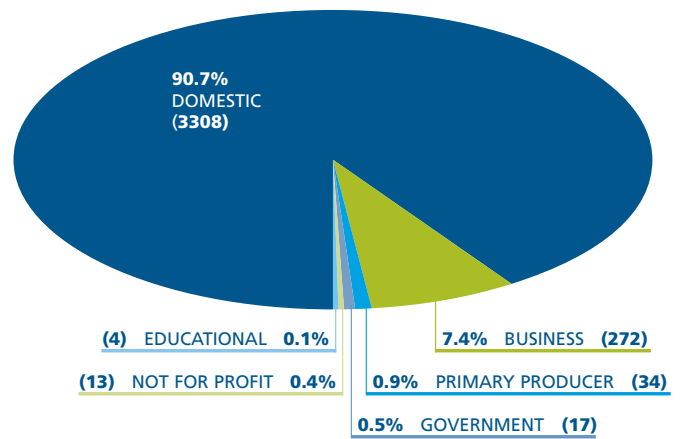
Who Contacts EWON

Gender #



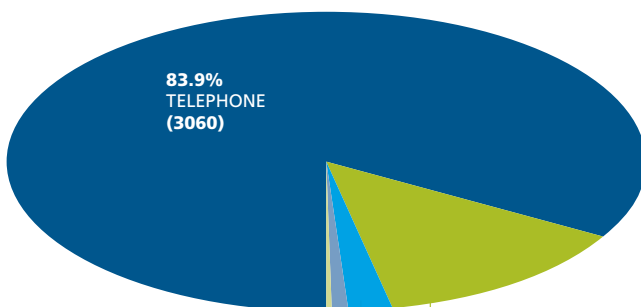
TOTAL: 3,648

Status of Customer #



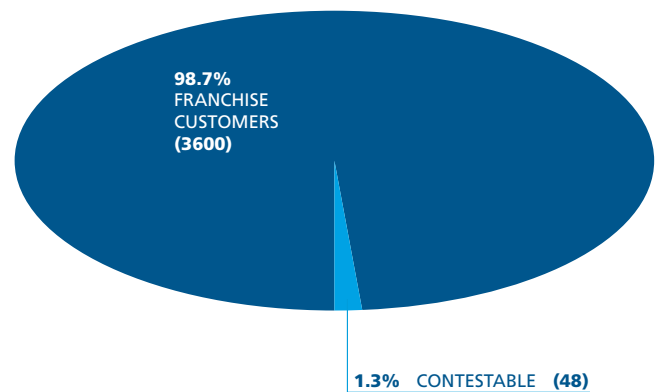
Total: 3,648

Method of Customer Contact #



TOTAL: 3,648

Type of Customer #



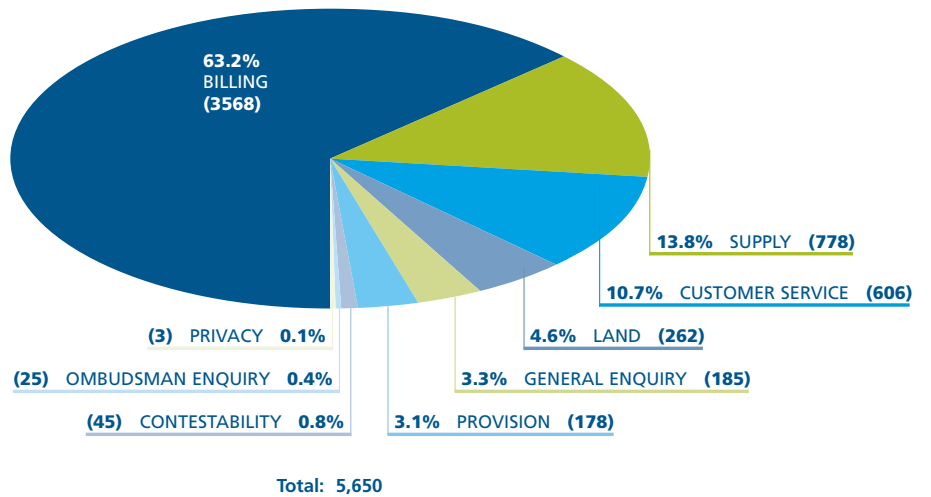
TOTAL: 3,648

How EWON Handles Matters

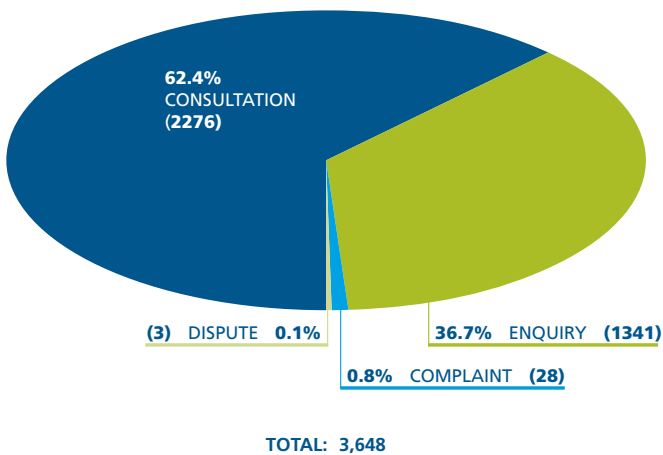
All Matters Dealt with by EWON in 1999-2000

OPEN AT THE BEGINNING OF THE PERIOD	183
OPENED DURING THE PERIOD	3718
CLOSED DURING THE PERIOD	3648
OPEN AT THE END OF THE PERIOD	253

Categories of Issues Raised*



How EWON Deal with Customer Matters #



Timeframes for Matter Finalisation

	1999-2000	1998-1999
WITHIN 2 DAYS	2188	60%
WITHIN 7 DAYS	2465	68%
WITHIN 14 DAYS	2656	73%
WITHIN 28 DAYS	2889	75%
WITHIN 60 DAYS	3190	82%
WITHIN 90 DAYS	3334	87%
> 90 DAYS	314	13%
TOTAL	3648	2730

FINALISED MATTERS

* ONE MATTER CAN RAISE MORE THAN ONE ISSUE

What We Do

The Energy & Water Ombudsman NSW (EWON) is an independent body established to investigate complaints from customers about electricity providers and about Sydney Water.

AGL, the major supplier of gas in New South Wales, has indicated its intention to join EWON from July 2000. This means that EWON will be able to assist customers across the two major utilities of electricity and gas, as well as the customers of Sydney Water.

People can approach EWON about a range of matters including:

- the provision, supply or failure to provide energy or water services;
- disconnection or restriction of supply;
- billing disputes;
- administration of credit and payment services;
- security deposits;
- the impact on land or other property of actions by energy or water providers;
- any other matters referred by a member company by agreement with the Ombudsman and the person/s affected.

EWON will deal with matters as:

- *enquiries*, where we provide information to customers, and/or refer them to their energy or water provider or other agency without the need for us to contact the provider;
- *consultations*, where we contact the relevant member company to obtain information and try to resolve a customer's matter;
- *complaints*, where a consultation has not been resolved and the matter is escalated to a complaint;

- *disputes*, where a complaint has not been resolved, and the Ombudsman can make a binding decision (determination) to resolve the matter.

The majority of customer issues are resolved by negotiation with the energy or water provider. In the few cases where negotiation is not successful and the matter is escalated to a dispute, the Ombudsman can resolve a complaint by making a determination which is binding on the member company, including by:

- making a determination that the company make restitution to the complainant;
- directing the company to provide an energy or water service;
- directing the company to amend, or not impose, a charge for a service;
- directing a member to do, not do, or cease doing an act.

The Ombudsman can make determinations of up to a value of \$20,000, or up to \$50,000 with the consent of the member company.

The functions of the Ombudsman do not extend to areas such as the setting of tariffs, which are matters for IPART (Independent Pricing and Regulatory Tribunal); commercial activities outside the scope of the member's licence to supply energy or water; the content of government policies, legislation, licences and codes; matters before a court or other forum; customer contributions to the cost of capital works where those works are subject to any contestable or tender process; complaints or disputes between any members of the scheme.

How We Do It

In carrying out our functions we will:

- deal with customer issues in a fair, just, impartial and expeditious manner;
- provide an accessible service to energy consumers in New South Wales and customers of Sydney Water, ensuring there are no barriers to access such as language, geographic location, physical or mental capacity, or financial status;
- guard our independence strongly, while maintaining good working relationships with members and other stakeholders;
- make optimal use of technology and other resources to assist in quality complaints handling, referrals and reporting;
- foster effective links with relevant organisations, including members, other complaint handling bodies, government agencies, and consumer, small business and community organisations;
- be financially accountable to members, and operationally accountable to members, consumers and the wider community.

In dealing with customer issues we will:

- generally expect customers to take up their complaint with their energy or water provider in the first instance so that complaints can be resolved as quickly and as close to the source as possible, unless it is difficult for customers to do so because of factors such as language or disability;
- invite customers whom we have referred back to their energy or water provider to contact us again if they have not been able to resolve things directly or are not satisfied with their provider's response;
- be as helpful as possible to people who contact us, whether or not we are able to assist them directly. If we cannot help them we will try to find someone who can.

PLANTING BULBS .



Sydney Water Joins the Scheme

On 10 December 1999, Sydney Water became the latest corporation to join the scheme and the first outside the energy industry to do so. Its membership necessitated a name change from Energy Industry Ombudsman NSW (EION) to Energy & Water Ombudsman NSW (EWON).

Sydney Water's membership also saw EWON's focus broadened to encompass customers of essential services generally. New South Wales was the first State to offer a specialist ombudsman scheme to water consumers.

Launching Sydney Water's participation in EWON at Prospect Reservoir, the Hon Kim Yeadon, Minister for Energy and Utilities, highlighted the need for Sydney Water customers to have access to an independent dispute resolution service such as EWON. He said the scheme would provide them with a greater level of consumer protection.

Noting the voluntary nature of the scheme, the Energy & Water Ombudsman NSW, Clare Petre, said Sydney Water's decision to join EWON demonstrated a commitment to improving standards of customer service and to the fair, effective delivery of water services to its 1.4 million customers.

As part of the preparation for Sydney Water's membership, the Ombudsman and EWON staff met with Sydney Water customer committees at Blacktown, Rockdale, Sutherland, Chatswood and Liverpool.



EWON in Regional NSW

Rural customers share many of the problems experienced by energy and water customers all over New South Wales. However, they also face problems unique to their geographical circumstances. For example:

- delays in bills reaching them by post and delays in their payments being received in return. This reduces the payment period at both ends and increases the risk of rural customers incurring late fees and overdue notices;
- it can be more difficult for rural and regional customers to access the government assistance scheme for payment of electricity bills. Customers who live a long way from rural centres often find it difficult to get to community agencies which administer the assistance scheme. Fewer, more dispersed community agencies also means that electricity payment vouchers are not as available in some rural areas as in urban areas;
- a lack of independent contractors in some rural areas means that customers are effectively not able to seek competitive quotes for electricity works;
- rural customers have raised issues with EWON about the cost of connection and the reliability of their supply.

EWON staff met with a number of community groups and member organisations in rural and regional New South Wales during the year. The EWON Council held one of its meetings at Bathurst, where Council members and the Ombudsman met with community representatives and representatives of Advance Energy.

It is the Ombudsman's aim to continue to visit rural and regional areas to learn first hand about customer issues.



EWON in the Multicultural Community

Language and cultural barriers can be major impediments to seeking and receiving help with problems relating to essential services such as electricity and water.

EWON's role in dispute resolution has made a vital difference to many of the thousands of customers who have contacted us since the scheme's introduction in 1998, especially those on lower incomes. But there are still many customers who are not aware of our service, particularly customers whose first language is not English.

In 1999-2000 we began a campaign to raise awareness about EWON among ethnic communities in New South Wales. We targeted the six major ethnic communities which account for almost half of the State's non English speakers – Chinese, Arabic, Italian, Greek, Vietnamese and Spanish speaking.

With limited marketing funds, we decided to target the campaign one community at a time. We opted for the Chinese community first, as it is the largest and most diverse ethnic community in NSW, with one of the lowest English proficiency rates. During next year we will target the Vietnamese and Arabic communities.

The Chinese community strategy included:

- advertisements in all Chinese newspapers, SBS radio and community radio;
- internet banner advertising on one of the few Chinese language websites in Australia;
- campaign launch in Sydney's Chinatown by the Hon John Watkins, the Minister for Fair Trading, and the Hon Helen Sham-Ho, the first Australian Member of Parliament from a Chinese background;
- community endorsement – leaders of major Chinese community and media organisations attended the launch;
- media interviews and editorials;
- Chinese language brochures and Chinese language information on EWON's website.

A number of Chinese-speaking customers contacted EWON for assistance as a result of the awareness campaign. In all cases, language was a barrier to them resolving their problems with their suppliers.

Case Study 1: **Language as a Barrier**

Mr N, a customer from a non-English speaking background, tried contacting his electricity supplier to query a \$10,489 bill for a small unused farm. His bills were usually no more than \$50. Mr N found it difficult to communicate his problem in English and so got no response from the supplier.

EWON contacted the supplier on Mr N's behalf and asked the company to investigate. It was discovered that the meter was not recording any usage and actually read 1KWH less than the previous reading. This meant Mr N was billed for 99,999 units as if the meter had gone around the clock. The supplier immediately amended the bill and reissued the account.

Case Study 2: **Interpreting the Benefits**

Mr P felt that his electricity bills were too high. He sought advice from two community centres and tried contacting his supplier on several occasions. EWON visited his home with a Spanish interpreter and discovered Mr P was eligible for a pensioner rebate. Once the rebate was arranged, Mr P was happy to pay the arrears he had accumulated on his account.

Case Study 3: **Neighbourly Love?**

Since Mr Z had moved into a new house on a subdivided property, he had been receiving quarterly electricity bills of \$600 - \$700. Mr Z felt his bills were higher than they should have been and wanted to raise the issue with the supplier. As Mr Z was from a non-English speaking background, he contacted EWON to help him.

Upon investigation, EWON discovered that Mr Z's bill were far higher than his neighbour's on the subdivided property. The supplier investigated the matter further and discovered that the builder of the new house had incorrectly labelled the meters. This meant Mr Z had been paying for his neighbour's electricity. The supplier forwarded a substantial refund to Mr Z.

Sometimes there is a simple solution if the problem can be properly identified. For people whose first language is not English, this can be simply a matter of the involvement of an interpreter.



Other Community Initiatives

The essential nature of utilities means that there are many stakeholders and groups with an interest in the development of customer service standards, complaint handling and the like.

EWON has developed strong links and working relationships with relevant organisations, and we are keen for EWON's experience with customer issues to contribute to the community discussion about the development of utilities in New South Wales. Significant contacts during the year include:

Community

- Energy Accounts Payments Assistance (EAPA) program Working Group
- Utility Consumers' Advocacy Program (UCAP), NSW Council of Social Service (NCOSS), Park and Village Service, Smith Family, St Vincent de Paul
- Customer councils of Advance Energy, NorthPower, Sydney Water, AGL
- State Chamber of Commerce
- Launch of EWON awareness campaign for Chinese community

Government agencies

- Ministry of Energy & Utilities
- Licence Compliance Advisory Board (LCAB)
- Market Implementation Group, NSW Treasury
- Department of Fair Trading
- Independent Pricing and Regulatory Tribunal (IPART)
- Australian Competition & Consumer Commission (ACCC)
- Department of Housing

- Department of Community Services
- Sustainable Energy Development Authority (SEDA)
- Water Regulator
- Water Unit, Department of Health
- Environment Protection Authority (EPA)

Other Ombudsman offices

- Energy Industry Ombudsman Victoria (EIOV)
- Electricity Ombudsman Tasmania (EOT)
- Electricity Industry Ombudsman South Australia (EIOSA)
- Membership of the National Electricity Ombudsman Network (NEON) with Electricity Ombudsman schemes from Victoria, Tasmania and South Australia
- Ombudsman NSW

Industry

- All members of EWON
- Electricity Association of NSW
- Electricity Supply Association of Australia (ESAA)
- National Electricity Code Administrator (NECA)
- AGL
- Hunter Water

Messages

Gae Pincus Chairperson EWON Council

The past year has been a period of considerable activity and expansion for the Ombudsman scheme. The growth in the number of customer complaints handled and their speedy, fair and effective resolution by the Ombudsman and her staff are indications of the value and continuing success of the scheme.

Membership of the scheme by Sydney Water and proposed membership by AGL mean that a majority of utility customers in NSW will have access to a single independent dispute resolution service.

During the year, the Council oversaw a review of the scheme as required by its Constitution. The independent consultant's report was very positive, assessing EWON's operations very favourably against the Benchmarks for Industry-based Customer Dispute Resolution Schemes and against the Constitution and objectives of the scheme.

The scheme was found to be operating effectively, and its systems generally well designed and efficient. Positive suggestions where management improvements could be made, recognising the impact of the pace of growth of the scheme, have contributed to the management of that growth.

The committed participation of the members of the Council, representing industry, consumer and small business interests, has helped ensure the independence of the Ombudsman and appropriate resourcing to meet the growing needs of the office.

It has been my privilege to chair the Council since the scheme's inception in 1998 and my pleasure to work with other Council members, the Ombudsman Clare Petre, and her hardworking, dedicated staff to achieve the considerable and continuing successes of the scheme.

Val Duncan Chairperson EWON Board

The 1999-00 financial year has seen the Ombudsman's scheme enter a new phase in its evolution towards becoming the pre-eminent utilities Ombudsman scheme in New South Wales.

On 10 December 1999 Sydney Water was welcomed to the scheme, increasing the reach of the scheme to millions of customers across both electricity and water. AGL also agreed to join the scheme towards the end of the financial year.

The launch of the new name, Energy & Water Ombudsman NSW (EWON), was designed to accommodate the changing breadth of the scheme from energy alone to the broader utilities focus. The growth of almost 34% in the usage of the scheme by customers during the year demonstrates the real need for an independent dispute resolution mechanism for customers of large and small utilities alike.

The future is likely to see further membership growth through the NSW Government mandating membership to all holders of retail licences in New South Wales. We would welcome this as a means of ensuring that all customers have access to a superior independent dispute resolution body.

The Ombudsman and her staff have performed admirably in achieving the level of complaint resolution that they have during a particularly turbulent growth period. My congratulations, too, on their steadfast focus on customer satisfaction during this period. This continued focus in 2000-01 can only deliver even greater effectiveness, efficiency and service to EWON's customers.

Messages

The Hon Kim Yeadon MP Minister for Information Technology, Minister for Energy, Minister for Forestry and Minister for Western Sydney

This past year has seen the Energy Industry Ombudsman NSW (EION) change its name to the Energy & Water Ombudsman NSW (EWON), reflecting the change and broadening of its focus to both energy and water issues.

The success and value of EWON to the community has also been reaffirmed with AGL's intention to join the scheme in July 2000. This will extend EWON's jurisdiction to gas as well as electricity, the main forms of energy available to NSW consumers.

This increased role for EWON is particularly timely with the approaching full retail contestability of the electricity and gas markets. The new challenges that contestability brings

emphasise and strengthen the need to have an appropriate independent dispute resolution process in place.

The Carr Government is very proud to be associated with the Ombudsman scheme. Its practical commitment is demonstrated by grass roots visibility such as the measures to inform non-English speaking communities about EWON.

I would like to take this opportunity to thank the Ombudsman, Clare Petre, and her staff for their excellent work over this last year. It has been a hectic year for them with an impressive record of over 3,500 cases being resolved. We look forward to working with them in the year ahead to provide an even better service for all NSW consumers.

The Hon John Watkins MP Minister for Fair Trading

I congratulate the Energy and Water Ombudsman and her staff, the Board and the Council on another successful year of serving energy and now water consumers in New South Wales.

In 1999-2000 the Ombudsman's office saw over a 33% increase in complaints from consumers, indicating increasing consumer awareness of the scheme. More importantly, the Ombudsman assisted with some 3,648 cases during this period.

The independence of the Ombudsman is crucial to its successful operation. The EWON Council operates to ensure the independence of the policy and procedures of the Ombudsman from the industry members who fund the scheme's operation. As Minister for Fair Trading, I am pleased to have nominated Carol Alcock, Trish Benson, Margaret Kilby and Noel Hadjimichael as new consumer and small business representatives

on the EWON Council. I am sure they will make a valuable contribution.

During the year I also had the pleasure of launching EWON's awareness campaign for non-English speaking communities. It began with the Chinese community and will focus in future on the Arabic, Vietnamese, Spanish, Italian and Greek speaking communities.

The energy market in New South Wales has entered a period of fundamental change. In the new fully competitive energy market the role of EWON will be most important. I wish the Ombudsman continued success in protecting the interests of utility customers in the coming year. My Department and I look forward to continuing to work with the Ombudsman, the EWON Council and industry to deliver good customer service outcomes for energy and water consumers in NSW.

Disconnection of Electricity

Disconnection of electricity is a problem for many people across New South Wales. As in previous years, a significant part of EWON's work has been negotiating to have customers reconnected or to avoid disconnection.

In some cases, disconnection was the result of errors which were able to be rectified, such as accounts or notices sent to an incorrect address. However, many people who contacted EWON were low income customers struggling to pay their electricity accounts, as well as other utilities and living expenses. Many of these customers were single parents with children, where family resources were stretched to the limit.



CASE STUDY 4: **Doing it Tough**

Mrs G called EWON after receiving her third notice of disconnection in as many years. She explained that her family lives on the land and had been struggling after several years of drought to pay off their electricity bills. Mrs G said she paid as much as she could whenever she could. She had tried to explain the situation to her electricity provider but was constantly having to pay extra fees.

EWON contacted the supplier who confirmed that Mrs G had always paid her account. It agreed not to disconnect the power and to negotiate a system of reasonable instalments with Mrs G.

CASE STUDY 5: **Attitude About Face**

Mr S had separate electricity accounts for his business and home. When his business failed, the supplier added his unpaid business account to his home account. While Mr S was working away from home the supplier sent a notice of intention to disconnect the household power due to the unpaid business account. On his return home Mr S contacted the supplier and asked for an extension of time to pay his bill while he waited for a cheque to clear from one of his clients. The supplier refused the extension.

When EWON contacted the supplier on Mr S's behalf we were met with a completely different attitude. The supplier agreed that Mr S had been very good at keeping his residential account up to date, apologised for the disconnection notice and cancelled the proposed disconnection.

case
studies

Disconnection of Electricity

It is pleasing to note that most electricity providers have continued to explore options for low income customers to pay their accounts in ways that are more in line with their income such as through small but regular payments, or through negotiation of more realistic payment installment arrangements.

However, the cases dealt with by EWON over the past year suggest that there is still room for improvement. In many cases there has been little discussion with customers about their financial situation, and a heavy handed approach to credit management (usually the threat of disconnection) instead of more positive initiatives to work with customers to find the most appropriate payment options for their financial circumstances.

Disconnection in Error

Given the millions of customer transactions each year, it is not surprising that some mistakes occur in the delivery of energy and water services. What is surprising, is the defensive response of some suppliers, and their unwillingness to acknowledge the possibility of error. In some cases there have been simple mistakes which have led to customers being disconnected, yet the customers have had to seek assistance from EWON to sort out the problems.

CASE STUDY 6: Computer Error Ad Infinitum

The power to Mr C's home was disconnected. Mr C contacted his provider, paid a \$60 charge, and had the power reconnected. However, he felt he should not have had to pay this charge, as he had not received a single bill, let alone a reminder notice for overdue payments, during the five months he had lived at the address.

The provider insisted it had sent accounts to Mr C at the correct address, as well as a registered notice. Following EWON's intervention, the company rechecked its records and found that Mr C's address had been wrongly entered on the computer. It agreed to refund the reconnection charge.

Restriction of Water

For health reasons, disconnection of water is rare. Instead, restriction is the usual option for unpaid arrears or other issues. Unfortunately, as water rates are the responsibility of the owner of the property, third party tenants can be caught up in these situations.



CASE STUDY 7: Tenants as the Meat in the Sandwich

The first that 11 families, living as tenants in a block of flats, knew of unpaid water rates on the property was when their water supply dwindled to a trickle. The supplier had restricted supply because the landlord was overdue with payment of the bill.

One of the tenants, Mrs B, had contacted the units' manager before calling EWON, but was told that he was away on holidays. EWON subsequently contacted the manager's office and was advised that he was unavailable as he was at a meeting, but that he had paid the overdue bill that morning by credit card.

EWON contacted the supplier who was prepared to accept the manager's assurance that the bill had been paid that morning and reconnected the water, agreeing that the tenants were not responsible for the unpaid bill.

EWON discussed with the supplier what action would be taken if payment was not made, despite the assurances of the unit manager. The supplier agreed that it would give the tenants reasonable notice before restricting supply in the future, allowing them time to contact EWON or to make other arrangements.

Billing and Other Money Issues

A common problem for many low income customers is that they cannot pay their electricity account on time, or cannot pay all the amount owing at once. They need time to pay, or to be able to pay their arrears in instalments.

There is no doubt that suppliers give extensions of time to pay to thousands of customers without them needing the assistance of a third party like EWON. However, there are many other instances where customers have not been able to negotiate an extension of time or installment arrangement and they need to seek help from EWON, particularly if they are facing disconnection.

In some cases it is hard to understand why disconnection was contemplated rather than a short extension of time being given as requested by the customer. It is even more surprising when the amount of arrears is quite small.

Fees Higher than Consumption

We are concerned that some customers who are facing disconnection for relatively small amounts have miscellaneous charges imposed which are almost as much or more than the arrears that triggered the disconnection action.

Disconnection is a serious matter, and there is no consistent approach by electricity providers to small amounts of arrears owed by customers.

The Independent Pricing and Regulatory Tribunal (IPART) has determined which charges can be applied for late payment by customers or as part of disconnection action. For example, if the supplier visits the customer with the intention to disconnect but the customer makes a satisfactory payment, the supplier can charge \$30 to the customer's account. If no payment is made and the customer is disconnected, the supplier can charge \$60 for disconnection/reconnection.

case studies

CASE STUDY 8: Small Sum, Big Problem

Mr D faced disconnection of his electricity for arrears of \$62. He told the company he could pay half that day and the other half a week later, but the company insisted on payment of the full amount that day. As soon as EWON called, the supplier agreed to give Mr D the one week's extension he needed.

CASE STUDY 9: Two Days Too Long

Ms H had six children, one of whom was asthmatic and relied on a nebuliser. When Ms H failed to pay an electricity account of more than \$600, the supplier threatened disconnection. Ms H said she could pay the full amount in two days but the company refused the extension and disconnected the power.

EWON contacted the company and it reconnected the power and granted Ms H the two day extension. Two days later Ms H advised that she had paid the account in full.

In some cases investigated by EWON, customers have faced disconnection for amounts less than the \$60 charge to disconnect and reconnect them. For customers already struggling to pay the original amount, it was a significant burden to find that their arrears had virtually doubled with the addition of the disconnection/reconnection charge.

EWON will be taking up with suppliers and other stakeholders the issue of whether there should be a threshold amount for disconnection of electricity.

Miscellaneous Charges

During the year we raised with the Independent Pricing and Regulatory Tribunal (IPART) the application by electricity distributors of the 'personal visit' charge approved by IPART. We understood that IPART had approved this charge for the situation when a power company visited a customer with the intention of disconnecting supply but did not proceed because they received a payment from the customer.

This charge was the source of significant numbers of complaints to EWON by customers. Our investigation of these complaints indicated that electricity suppliers were applying the charge inappropriately in some cases, ie when they

delivered a notice of disconnection to the customer's home, but without the intention to disconnect on that day. Customers complained that \$30 was an excessive and inappropriate amount to be charged for what amounted to a delivery service for a notice from their electricity supplier.

We requested clarification from IPART and negotiated with suppliers to reverse the charge in appropriate cases. The Tribunal confirmed that our interpretation was correct, and wrote to all electricity distributors to clarify that the \$30 charge is applicable only after all regulated disconnection procedures have been carried out and when there is a specific intent to disconnect the customer at the time of the visit. "The personal visit fee is not to be charged for delivering a notice of intent to disconnect," IPART said.

IPART requested that electricity distributors review their application of the personal visit fee to ensure that their conduct complied with both the spirit and the letter of the relevant IPART determination. Following IPART's letter of clarification to all electricity distributors in New South Wales, complaints by customers to EWON about the personal visit fee virtually disappeared.

CASE STUDY 10: Pensioner Rebate

Ms F, a pensioner with four children, contacted EWON when she received an electricity disconnection notice. She was \$150 in arrears.

When we investigated, the supplier acknowledged that Ms F had a good record of paying small amounts regularly. It agreed to give Ms F an extra week to pay the bulk of her account. While negotiating the extension, EWON discovered that Ms F was eligible for a pensioner rebate but was not receiving one. The company arranged for Ms F to apply for a rebate.

CASE STUDY 11: A Token Sum

Mrs W, a pensioner and sole parent of five dependent children, had been successfully paying off an overdue electricity account in weekly instalments for nearly six weeks.

When the final payment of \$19 fell due in early January, Mrs W could not pay it. She explained to her provider that the cost of Christmas had left her short of cash and she requested a week's extension. The company refused.

After EWON's intervention, the company agreed to the extension, saving Mrs W the loss of her power and a \$30 disconnection visit charge... \$11 more than the arrears in question!

Billing and Other Money Issues

Disputed Bills

Disputed bills is an issue that affects both energy and water customers. Many customers contacted EWON about accounts that were much higher than usual. They had queried the accounts with their suppliers, but had not been able to get a satisfactory explanation, in some cases receiving a dismissive response, or no response at all.

CASE STUDY 12: Kettle not the Culprit

Mrs A was concerned about an electricity bill for \$151 which was five times her usual account. She contacted the supplier and asked for a meter check but was only offered an extension of time to pay. Mrs A, who was elderly, told EWON that the only appliances she used regularly were an electric jug, toaster and radio. Now, fearful of another high bill, she had cut down on boiling the jug for cups of tea.

As part of our investigation, we asked Mrs A's supplier for a four year billing history. The company undertook its own enquiries, and subsequently found that Mrs A's meter had been over read by 1000 kw hours, resulting in an excess charge of \$113. The company credited Mrs A with the excess and apologised for its mistake.

CASE STUDY 13: Request for Meter Check Ignored

When Mr J got an electricity account for nearly \$900, he contacted the supplier asking for a meter check. Mr J and two other men lived in a company house during the week and returned to their own homes at weekends. During the week they were away working for long hours each day. The meter was not checked and instead they received a reminder notice.

It was only when EWON became involved that the company investigated and found that Mr J was being charged for a period of time before he moved into the house. They corrected the mistake immediately.

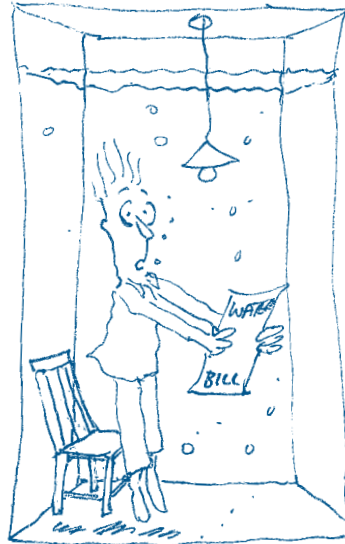
CASE STUDY 14: Correspondence Ignored

Mr R's written request for information about an unusually high electricity bill went unanswered by his provider for more than three months. Following contact from EWON the supplier re-read Mr R's meter and found there had been a mistake. Two weeks after EWON contacted the company, but four months after Mr R's initial contact, his account was amended.

Systemic Shortcomings

It is disappointing that the billing systems of some suppliers cannot identify and isolate clear discrepancies in customers' accounts. For example, where a normal account is a couple of hundred dollars, a bill for thousands of dollars is sent out without question or advance contact with the customer.

It is even more disappointing to hear of the experiences of some customers who received extraordinarily large bills and contacted their suppliers, often in a state of panic and distress.



CASE STUDY 15: How Much?!?!

Mrs K was horrified to receive a domestic electricity account for over \$28,000. She rang her supplier, whose only response was to ask if she would like an extension of time to pay. The customer was upset because the account was clearly wrong and should have been acknowledged as such and dealt with immediately.

EWON contacted the provider, and the account was adjusted to around \$300. The customer was sent a letter of explanation and an apology.

CASE STUDY 16: Big Bills, Big Headaches

Ms Q, who lives in a two-bedroom townhouse, received an electricity bill for \$6000. Shocked, she contacted her supplier to complain. It took two more calls before the supplier sent someone to check the meter. Five weeks after receiving the first account Ms Q received a revised bill for \$6100.

After EWON contacted the supplier it took just three days to confirm there had been an error, and a bill for the correct amount of \$265 was reissued.

CASE STUDY 17: The Problem of Not Getting Billed

Mr E had lived at his address for 10 years. When he received an electricity account for \$2500 he realised he had not received a bill for 8 months. He rang his provider who confirmed there was a mistake but could not tell him when he would receive a corrected account. Mr E rang many times: sometimes he was told the problem was with the meter, sometimes with the computer. He was told on four occasions that his bill would be printed manually and sent, but it never happened.

Following EWON's contact with the provider, Mr E's bill was recalculated and sent to him. The provider was not able to bill him for the whole period because of problems in calculating the exact amount owing.

Reliability and Quality of Supply

Quality and reliability of electricity supply is a significant issue for many customers across New South Wales. In EWON's experience, customers are generally realistic about electricity supply and do not expect 100% reliability, as they understand the impact of events such as storms on power supply.

However, customers expect the best possible supply and proper maintenance of the system, and they expect suppliers to remedy problems when they occur. Just as importantly, they expect to be able to get as much information as possible about interruptions to supply, both planned and unplanned, and to obtain some redress where supply problems have an unreasonable impact on them.

case studies

CASE STUDY 18: Up in Smoke

Mrs I was hanging out the washing when she heard a loud bang and saw flames burst from the power pole outside her house and from the substation across the road. Mrs I's alarm system, phone and answering machine were all damaged.

The supplier sent someone to investigate the scene. He told Mrs I that if she had been on the phone at the time of the accident she might have been killed. Despite this, when Mrs I made a claim for \$1500 for the damaged appliances it was rejected by the company.

Mrs I contacted EWON, who sent an investigations officer to her property. The officer took photographs of the fire damage that was evident on the property of Mrs I and her neighbour. These were later shown to an officer from the electricity company. Upon seeing the photographs, the supplier agreed it was liable for the damage and agreed to pay Mrs I's claim as well as three similar claims made by neighbours.

CASE STUDY 19: Generating Distress

Mr L was one of a number of residents of a country town who had their power cut for 16 hours when underground cables were damaged by heavy rain. Two very large generators were used to provide temporary power while the problem was being fixed. The bigger of the two generators was located outside Mr L's home, close to his bedroom window, and operated for 60 hours until the supply fault was rectified.

Mr L and his wife, who had a young baby at the time, sought compensation from the supplier for the inconvenience, and for \$300 worth of food in the freezer which was ruined as a result of the power failure.

Although the supplier admitted that the generator would have sounded 'like a tractor running outside the house', it refused Mr L's claims, saying that the power failure had been 'sudden and unforeseeable' and that the company had done all it could to provide back up power and repair the damage as soon as possible.

Mr L told EWON that his main complaint was with the manner in which the supplier dismissed his claims. After EWON's intervention, the supplier offered compensation to Mr L, which he accepted.

CASE STUDY 20: **Slow Power for Fast Food**

When Mr Y arrived at his hamburger shop one day he noticed that some of the lights and a fan were not working and contacted his electricity supplier. About an hour later the supplier told him full power had been restored, but three hours later the power failed completely, followed by a period of not operating at full capacity. In desperation, Mr Y called in a private electrician. In all, Mr Y's store was without full power supply for almost 12 hours.

Mr Y asked the supplier to reimburse him for the cost of the electrician, as well as to compensate him for the loss of business earnings.

EWON arranged for an independent assessor to assist with the investigation. The assessor found that the original loss of power was due to lightning and unforeseen by the company.

He concluded, however, that the company's 'inordinate delay' in restoring power could be seen as a 'new and intervening cause' for which the supplier could be liable. The supplier agreed to pay \$160 in lost profits as well as the electrician's fee.

Customer Service

In EWON's experience, customers will tolerate mistakes so long as they are recognised and remedied as soon as possible. They will cope with problems so long as they are kept informed about what is happening and what is being done to fix the problems.

What customers will not tolerate is a poor or non-existent response by their supplier, a defensive attitude, or a lack of information. Small matters

become significant, and customer tolerance turns to anger and frustration.

After successful intervention by EWON, many customers wonder why an Ombudsman was needed to achieve what should have been a relatively straightforward response from their supplier. Sometimes all customers want is an apology.

CASE STUDY 21: The Hardest Word

When Mr M received an electricity bill nearly 40% higher than normal he contacted his provider and the mistake was acknowledged. Mr M was told his account would be amended. His next bill was amended correctly but the previous payment had not been credited. Again, Mr M contacted the provider and the problem was resolved.

At no time, however, did the company say it was sorry for the inconvenience it had caused Mr M. Mr M saw this as poor customer relations and poor business practice, as all he wanted was someone to apologise for the inconvenience he had experienced in trying to sort out the errors on his bills.

EWON contacted the company and an officer apologised to Mr M for the trouble it had caused him. The company offered him a rebate on his account, but Mr M declined, saying he was just happy to have received the apology.

CASE STUDY 22: Running Water

In the early hours of the morning, Mrs T discovered that she had no water but a couple of hours later heard the sound of running water. She found that the tap in her kitchen sink was running even though it was turned off. She phoned her water provider and was told that there was a broken main close to where she lived and that sometimes a tap might run when the water was turned back on. Mrs T was advised to get a plumber to fix her tap and to send the account to the provider.

Mrs T phoned 11 plumbers before she found one willing to come and fix the problem. She paid the plumber and requested a refund from her provider. Seven weeks later, upset by the lack of service and the fact that her letter had been ignored, she contacted EWON.

Following EWON's contact with the water provider, Mrs T was reimbursed. The provider acknowledged that there had been a breakdown in its system for handling this customer's complaint.



CASE STUDY 23: Feeling No Pressure

Mr O contacted EWON upset that there had been no response from his water supplier to his complaints of low water pressure to his home.

As a result of EWON's involvement, the supplier undertook an investigation of the problem and conducted tests on Mr O's pipes. It found that there was a problem between the water meter and Mr O's garden tap, and recommended that Mr O engage a licensed plumber. He did this and was satisfied that the problem was at his end of the pipes rather than with his supplier's.

Mr O commented that he had been complaining about this matter for a number of years, but that his supplier had only taken his complaints seriously after EWON became involved.

Customer Service



case studies

CASE STUDY 24: Supply with Compassion

Customers with a life-threatening condition are guaranteed their electricity supply by law. A number of customers using other medical devices, such as nebulisers, do not qualify, as a nebuliser is not regarded as a life support mechanism.

Mr V, an elderly pensioner, was using an electric nebuliser four times a day after open-heart surgery. Shortly after he was discharged from hospital his power was disconnected. His electricity payments were in arrears, the provider wanted some payment before reconnecting him, and it was a week before Mr V's next pension payment was due.

After EWON arranged for Mr V's doctor to write to the company about his need for a nebuliser, the provider showed goodwill and flexibility in reconnecting the power. It also extended the deadline for further payment by one week. Mr V responded by making the payment on time and making arrangements for further payments.

Above and Beyond

It is the nature of an ombudsman scheme that customers generally contact us with complaints about their providers rather than compliments. However, the way in which providers respond to customer complaints can indicate their general approach to customer service. Some providers respond very positively and go to great efforts to resolve customer issues as quickly as possible, sometimes going beyond what is strictly required of them.

Typically, this applies to situations where electricity suppliers are prepared to show flexibility and goodwill towards customers facing difficulties with their bills.

CASE STUDY 25: Customer in Distress

Mr U phoned EWON, having woken up to find that his electricity was disconnected and that he could not even make a cup of tea. Mr U was ninety years old and acknowledged that he often became confused. He was distressed to have recently lost his driver's licence which made it hard for him to get into town to pay his bills.

Mr U wanted to know what it would take to get the company to reconnect his power straight away. He told EWON that he would go to the post office and pay the full bill later that day - he just needed to be able to make some breakfast first.

EWON contacted the supplier who not only agreed to reconnect the power urgently but to telephone Mr U directly and check that it was back on. Mr U phoned EWON later that day to say that he had paid his bill in full.

Full Retail Competition in Electricity

Full retail competition in electricity, where all domestic and small business customers will be able to choose their energy supplier, is fast approaching. There will be a number of new retailers operating in the NSW market, and it is EWON's view that all consumers should have access to an approved ombudsman scheme for independent resolution of disputes with their electricity suppliers. Comprehensive consumer protection measures need to be in place, such as cooling off period for contracts, informed consent provisions, and privacy protection measures.

Full retail competition will also occur in gas, and there is likely to be significant convergence between gas and electricity provision. It is

therefore important that electricity and gas are not considered in isolation, and that attention is given to the convergence of systems, regulatory requirements and consumer protection measures for customers of both electricity and gas providers, many of whom are likely to move to 'dual fuel' provision through one retailer.

To retain or attract customers, retailers are beginning to offer a range of products beyond basic energy provision. This 'bundling' of products is likely to increase. However, we have already identified some potential pitfalls for energy providers in managing a range of different products.

CASE STUDY 26: Electricity First

Mrs W is a pensioner who diligently paid her bills on time and took pride in never owing anything to anyone. She received an electricity bill for around \$90 and paid it by Bpay. Shortly afterwards she received another bill for \$67. She rang her provider and discovered that, without her authority, it had assigned most of her first payment to another product which she had purchased in addition to her electricity supply.

The provider acknowledged that it should not have taken the money for the non-energy product and that it could understand why the customer was upset. The provider rectified the error, apologised to Mrs W, and assured her that she was a valued customer with an excellent credit rating.



Financial Summary

Financial Statements for the Year Ended 30 June 2000

The seven electricity members of the scheme provided funding for the Energy & Water Ombudsman NSW. Sydney Water joined those members in December 1999.

Balance Sheet

	1999/2000 \$	1998/1999 \$
Current Assets		
Cash	374,575	170,617
Deposits and Prepayments	90,891	58,871
Total Current Assets	465,466	229,488
Non-Current Assets		
Property, Furniture and Equipment	130,483	123,390
TOTAL ASSETS	595,949	352,878
Current Liabilities		
Creditors and Accruals	(229,045)	(82,201)
Income in Advance	(185,000)	(19,000)
TOTAL LIABILITIES	(414,045)	(101,201)
NET ASSETS	181,904	251,677
Representing:		
Funds and Reserves		
Accumulated Funds – balance June 30 2000	166,904	166,677
Provisions	15,000	85,000
TOTAL FUNDS AND RESERVES	181,904	251,677

Statement of Cash Flows

	1999/2000	1998/1999
	\$	\$
Cash Flows from Operating Activities		
Grants Received (Members)	1,397,025	752,626
Interest Received and Sundry Income	17,104	10,581
Payments to Employees, Suppliers etc	(1,153,068)	(684,796)
Net Cash Inflow from Operating Activities	261,061	78,411
Cash Flows (Outflow) from Investment Activities		
Payments for Plant and Equipment	(57,103)	(18,985)
NET INCREASE IN CASH HELD	203,958	59,426
CASH AT BEGINNING OF YEAR	170,617	111,191
CASH AT END OF YEAR	374,575	170,617

Detailed Income and Expenditure Statement

	1999/2000	1998/1999
	\$	\$
Income		
Grants Received		
Joining Fees & Start up Funding Sydney Water	74,956	-
Operational Funding provided by Members	1,353,446	752,626
	1,428,402	752,626
Interest Received and Sundry Income	16,874	10,811
Gross Income	1,445,276	763,437
Less Expenditure		
Salaries and Oncosts	644,580	384,926
Operating Expenditure	515,087	301,575
Council and Board Costs	58,378	57,696
Project Costs	68,471	-
Fitout Costs	43,533	-
Transfer – Funding in Advance	110,000	19,000
Total Expenditure	1,440,049	763,197
OPERATING SURPLUS FOR THE YEAR	5,227	240

Customer Issues

Billing

- Arrears
- Backbilling
- Disconnection
- Error
- Fees
- Format
- High
- Meter
- Minimum charges/service access
- Payment
- Pensioner rebate
- Period
- Security Deposit
- Tariff

Contestability

- Billing
- Delay
- Information
- Terms of Contract

Customer Service

- Contractor
- Failure to respond
- Information/consultation
- Insufficient compensation
- Poor attitude
- Reduced service

General

- Gas
- Catchment *
- Legislation/government policy
- Independent contractors
- Other

Land

- Environment
- Easements
- Meter
- Pipes*
- Poles and wires #
- Street lighting #
- Towers #
- Tree trimming/clearing
- Vent shafts*

Ombudsman Enquiry

- Information

Privacy

- Details released
- Nuisance

Provision

- Connection
- Contestable works #
- Disconnection
- Interference

Quality *

- Cleanliness/smell/taste
- Health
- Pressure
- Waste water surcharge

Supply

- Outage (planned)
- Outage (unplanned)
- Quality #

Electricity issue only

* Water issue only





Energy & Water
Ombudsman NSW

Level 14
323 Castlereagh Street
Sydney NSW

PO Box K 1343
Haymarket NSW 1240

Phone: (02) 8218 5250
Fax: (02) 8218 5233

Email: omb@ewon.com.au
Web: www.ewon.com.au

ABN: 21 079 718 915
ISSN: 1444-2604



Energy & Water
Ombudsman NSW

19992000 annual report