

**<Name, Address and Contact Details Removed>**

The Energy and Water Ombudsman, <Date removed>.  
GPO Box 469,  
Melbourne, Victoria, 3001

Dear Madam,

**Your reference: <Reference No. removed>.**

**Introduction.**

In January 2007, my wife and I retired and moved to <address removed>, which was our son's holiday home. There was an existing electricity account with AGL, which we formally took over as tenants on the property. In November 2007, I received what I regarded as an excessive account from AGL. I wrote to them on several occasions on the matter, but never received any reply. I did contact your office and was given a reference number, but I was only making enquiries at that stage. In April 2009, we vacated the premises and terminated our interest in the AGL account, which we understand has reverted to <owner's name removed>. During our occupancy, AGL made no attempt whatsoever to resolve the matter, though towards the end, there were sundry demands for payment and threats of legal action. There were also a number of calls from a collection agency. Eventually, I reported the matter to you and was given the above reference number.

On receiving your advice on the options open to us, I elected to deal with AGL directly, and our case was taken up by a Ms <AGL Representative>. Our only communications were a telephone call (to establish her identity) and a number of emails. While <AGL Representative> was unfailingly polite and responded promptly to our emails, in the end, she told us nothing we did not already know and made no proposal that might have resolved the situation. I therefore decided to return the matter to your jurisdiction.

**Documentation.**

I enclose the following documents for your perusal. A package consists of a number of related items stapled together, with the package number being written on the first page.

- Package 1. Accounts received from AGL, from November 2007 to June 2009 at which point the account reverted to the owner.
- Package 2. Notices received from AGL.
- Package 3. Letters written to AGL.
- Package 4. Letters received from AGL. These did not address the matters I had raised, but simply dealt with problems in its billing system.
- Package 5. Meter readings which I carried out every few days.
- Package 6. AGL Reconciliation Statements.
- Package 7. Our computations.

- Package 8. Copy accounts received from AGL.
- Package 9. Text of emails between myself and <AGL Representative>. They are listed in reverse order of time, due to the copying process used.

### **Arguments.**

#### **Quantum of Electricity Units Used.**

Following the receipt of this account, I began monitoring our meter readings every few days and logging the usage of the various heating units in the house. I assumed that all other power consumption (hot water, washing machines, refrigerator) would be reasonably constant over the year. There are no cooling devices in the house. The intention was to maintain readings for at least a year, so that seasonal variations could be established. In the event, very consistent statistics were obtained, which I believe validates my claim that the account under dispute is excessive. (See Package 5 and Package 7). In general, all subsequent accounts matched my readings.

On the basis of our statistics, I would like to make the following points:

1. The winter of 2007 was very mild compared with that of 2008, which was considered to be the coldest for a decade. We had to buy an additional heater to maintain a comfortable temperature in the house. The actual usage for 2008 must have been greater than that for 2007.
2. The May07-Aug07 account (the one preceding the one under dispute) was unusually low and did not reflect actual usage (obtained by projecting our statistics backwards). This was apparently due to the fact that the usage was estimated and not based on meter readings. To check whether the sum of the two accounts would provide a reasonable statement of usage for the two months together, usage for bi-monthly and quarterly periods were calculated and the 2008 figures were still less than those for 2007, even without taking into account that in 2007 we spent a week in Perth and a week in Sydney on business and the house was empty.
3. If one examines the usage in the three periods up to and including the one under dispute, we note that (according to AGL accounts) in the Feb07-May07 (summer + autumn) period, 2500 units were used, in the May07-Aug07 (autumn + winter) period, only 757 units were used (according to AGL's assessment) and in the Aug07-Nov07 (winter + spring) period, 14953 units were used. AGL might argue that the corresponding period for the previous year had been used, but they would have to have known that at that time, the house (being a holiday home) was mostly empty. A more reasonable, yet conservative, estimate would have been to use the figures for the preceding month.

#### **Behaviour of AGL.**

There are a number of features of AGL behaviour I would like to mention.

1. In all, I wrote four letters to AGL, none of which were responded to in any way. When I queried this with call-centre staff (very expensive calls, by the way, due to time spent on hold !), no one could find any reference to my letters in the files visible to them.

2. At one stage, I asked for a technical person to call and discuss with me whether there was any way the meter could have been tampered with. AGL said that they would arrange a meter reading, which they thought would serve the purpose. I was advised that a firm time could not be arranged, other than that it would be (from memory) before 12 noon. About an hour after the expiry of the period, I had to go out for a short time. I returned after half-an-hour or so, to find that the meter had been read and the reader had departed. This could have, of course, been simply happenstance, but in the current context, one has to wonder whether this failure to meet was intentional.
3. At another time, AGL apparently had difficulties with a new computer system and had to withdraw several accounts. They offered payment of outstanding accounts over a period of nine months. The sum of those payments did not include the contested amount and I assumed that the difference was about to be conceded. However, the unpaid amount appeared as an overdue payment in all subsequent accounts.
4. We received a number of demands and threats of disconnection from AGL, but no action was ever taken. At this point, I may already have signalled my intention to refer the matter to yourself. However, the repetitious appearance of these documents could be considered as somewhat intimidatory, especially in view of AGL's failure to discuss the matter.
5. Eventually, AGL referred the matter to <Company Name Removed>, a collection agency. This company sent us the usual notices, followed up by several telephone demands for payment. The first time, I provided your reference number to the person I was speaking to, who replied that they would take no further action until the matter was resolved with yourself. However, subsequent callers (all different people) denied any knowledge of the initial conversation. One could argue that there was a degree of intimidation in these repetitious calls also, though it could equally be said that our experience was simply due to inadequate documentation and process on the part of the company.
6. Recently, AGL submitted an account for the amount outstanding to <the owner> who rejected it on the grounds that we had taken over responsibility for the account for the period being charged for. We feel that this was uncalled-for action on the part of AGL, who were fully aware of the circumstances and suspect that this was simply an attempt to provoke payment by causing some embarrassment.

#### Business Circumstances.

The following observations are used to provide a context for the interpretation of the facts presented in this letter.

1. I remember reading in either the Age or the Australian newspapers at the time that AGL had significant cash flow problems. I made some limited efforts to find these articles by searching the internet but could not find the ones I had in mind. However, I did find other supporting evidence. In November 2005, journalist Alan Kohler was very critical of AGL's purchase of Southern Hydro for a price which he considered excessive and he offered the opinion that adverse effects would be felt for several years. In October 2007, there was profound dissatisfaction with the performance of AGL, which resulted in the sacking of the CEO and a fall in the share price of nearly 15%. The large payouts to the CEO (who had begun his stint with AGL by buying Southern Hydro) were heavily criticised because they did not relate to the very poor performance of AGL during his tenure.

2. At the time the disputed account was issued, there had been a much higher number of complaints about AGL accounts than was usually the case. It would be interesting to see whether the pattern of any of those complaints matched that of our complaint. (I did consider putting an inquiry on the internet to see if I could establish this for myself, but given the sensitivity of the arguments I am raising and their interpretation, I thought it would be better to wait until this matter was resolved).

### **Interpretation.**

AGL have offered no explanation as to how the very high apparent usage came about, other than to state that the readings were taken by an outside contractor and that they stand by those readings. I have sought advice from professionals as to whether the meter could have been affected by a power surge and was told that this was most unlikely, if not impossible. I have also tried to determine whether our connection was tampered with to steal power at our expense, but could find no evidence of this. I am, regrettably, left with the possibility that the meter and its readings were manipulated by AGL for its own benefit. This cannot be proved directly, but all of the circumstantial evidence tends to support the proposition, especially in view of the business context I have mentioned.

Here is a possible scenario as to how the account may have been manipulated.

1. A very small usage is billed for the May07-Aug07 period. This was done to make the very high anticipated billing for the Aug07-Nov07 period more plausible..
2. Shortly afterwards, a technician from AGL visits the site and advances the meter an amount equivalent to about \$900 of electricity usage (\$200 to fill out the May07-Aug07 usage, the remainder to add to the actual Aug07-Nov07 usage).

I would like to make it clear that I am not necessarily accusing AGL as a corporate entity of this fraudulent conduct. There is an equal possibility that it was committed by an employee or department without authorisation. In the late 1960s or early 1970s, there was much discussion about a business phenomenon called The Corporate Will. Employees of an organisation would take action, possibly illegal, because they believed it was what their employer would want them to do. A prime example of this was when scientists working for a company whose products were used to line the interiors of aircraft destroyed evidence that when heated, the plastics gave off toxic gases, greatly inflating the number of deaths in aeroplane accidents. A more modern phenomenon of a similar kind is exemplified where employees will manipulate their employers' systems to maximise their bonuses or to hide their actions when under inquiry. I do maintain, however, that there is sufficient congruence in all of the facts which I have placed before you to justify an enquiry along these lines.

### **Resolution.**

The amount claimed by AGL is approximately \$2,900 and I would emphasise that only about \$650 of this is under contention. We stopped paying our accounts simply because we were exasperated by AGL's behaviour and were trying to provoke some response from them. Whatever the outcome, the outstanding balance will be paid. However, I would like to make a couple of points about our financial circumstances which may suggest to you how the matter should be finalised.

<Last paragraph deleted>.