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27 January 2012

Dr Ron Ben David  
Chairperson  
Essential Services Commission  
Level 2, 35 Spring Street  
Melbourne, Victoria 3000

Dear Dr Ben David,

I refer to your letter of 09 December 2011 regarding the 2010-2011 Energy Retailers Comparative Performance Report – Customer Service.

The Essential Services Commission (the Commission) has requested that Lumo Energy, (Lumo), provides explanation for some of our customer service performance indicators and seeks assurance that Lumo has been or will be addressing these issues. Additionally you have requested written details of any corrective actions completed or planned to be addressed.

With regards to the customer service performance indicators our explanations are as follows:

1. Gas disconnections were above average and disconnections and reconnections of customers exhibiting hardship indicators were above average.

All retailers have divergent customer bases and credit management systems and Lumo is unable to make comment as to why our data is above the industry average. As the Commission has stated Lumo has significantly reduced its overall disconnection rates which is a positive trend.

2. Hardship data was inaccurate and unreliable.

As indicated in our Energy Audit Retailer Report there were a number of key areas that lead to inaccuracies with our hardship data reporting. The fundamental issue was the use of excel spread sheets and manual reporting, with insufficient controls and management oversight. Lumo is taking a number of steps to address the hardship data reliability which is discussed later in our response.

3. Complaints for electricity and gas increased overall.

In 2009 Lumo recognised that our external complaint volumes weren't reflective of our commitment to delivering quality customer service. Accordingly an end to end review was undertaken of our complaints management and we instigated a number of business improvement initiatives focusing on our complaints management and customer service delivery.



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Throughout 2010 and 2011 Lumo made significant progress in reducing Ombudsman complaint numbers by nearly 50% through correct complaint classification and the implementation of a robust complaint management system.

An expected consequence of reducing our Ombudsman complaints and vigilance by our frontline staff for the identification and capturing of complaints has led to an overall increase in the volume of internal complaints captured.

Assurance:

Lumo provides the Commission assurance that we are currently reviewing all reporting requirements and building systems which ensure data quality assurance and compliance. Any data quality issues identified by Lumo will be raised with the Commission promptly.

To ensure compliance a number of initiatives including documenting processes, training, automating reporting, data quality assurance, increased management oversight and auditing will be undertaken. Furthermore Lumo will carry out an independent audit of the data quality of the performance reporting which is anticipated to be completed by quarter four, 2012.

With regards to the increase in complaint volumes recorded Lumo will continue to identify, capture, review, analyse and take corrective action. Simultaneously Lumo is enhancing its total Customer Service experience through improved work force planning, reducing customer effort, a revised quality assurance program, kaizen application and a reengineered business continuous improvement program. Senior Lumo Managers have already met with the Commission to discuss and demonstrate our initiatives directly.

Ultimately we view any expression of dissatisfaction as highly valuable to our business and we remain committed to recognising and capturing all customer complaints. This vigilance may lead to comparatively inflated reporting but primarily we believe a better customer experience. Over time we expect to see a reduction in internal complaint numbers and our Ombudsman complaint numbers will continue to decline.

To discuss these matters in greater detail please contact Aneta Graham, General Manager Regulatory Affairs and Corporate Relations.

Yours sincerely,

Dean Carroll  
Chief Executive Officer