

To: Denise Caesar, Corporate Communications Manager, RIC.
From: David Renwick, External Stakeholder Panel.
Dateline: June 27, 2011.
Subject: Comments on documents in relation to TTEC rate determination.

Treatment of Pension Costs

Deficit Repair Payments: I support RIC's position that losses incurred in the pension plan due to high risk investments should not be passed on to customers. The RIC is right in concluding that it is the trustee and management's responsibility to manage assets in a way that secures a plan surplus. RIC's proposal not to make any adjustments to the cost of capital is also sound.

Regulating Quality of Service

I take RIC's word for it that the S-factor scheme is too "complex" to be introduced at this time and support the alternative of expanding the GSS Scheme and applying the Direct Revenue Adjustment mechanism.

However, the whole system of "planned outages" for "scheduled maintenance" is one that I feel RIC has not engaged with sufficient vigour since its establishment.

"Planned outages," no matter how well telegraphed in advance, must cause extensive disruption to production lines and industry in general and must cost the country millions of dollars in lost output each year. Do "planned outages" occur in fully industrialised countries? I lived in a fully industrialised country for many years and never once experienced a "planned outage," even though "scheduled maintenance" was obviously taking place on a regular basis.

TTEC's management, has, for some reason, been reluctant to insist on "hot line work" which, I am told, is standard practice elsewhere and completely safe if undertaken properly.

RIC must take this matter more seriously and press TTEC to start to adopt it. It will probably prove to be RIC's biggest contribution to the maintenance of a "high quality of service".

Treatment Of Input Price Inflation In Price Control Reviews

I agree with the approach to determining revenue based on the list of price inputs as set out in section 4. However, RIC must vigorously encourage TTEC to adjust its inputs to minimise costs where it can and certainly the "X" factor should be used to enforce productivity improvements on the utility, especially in regard to labour costs, including overtime, which, as RIC notes, now account for 50% of TTEC's overall cost base.

Submission ends.