REGULATED INDUSTRIES COMMISSION

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31

2010

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REGULATED INDUSTRIES COMMISSION

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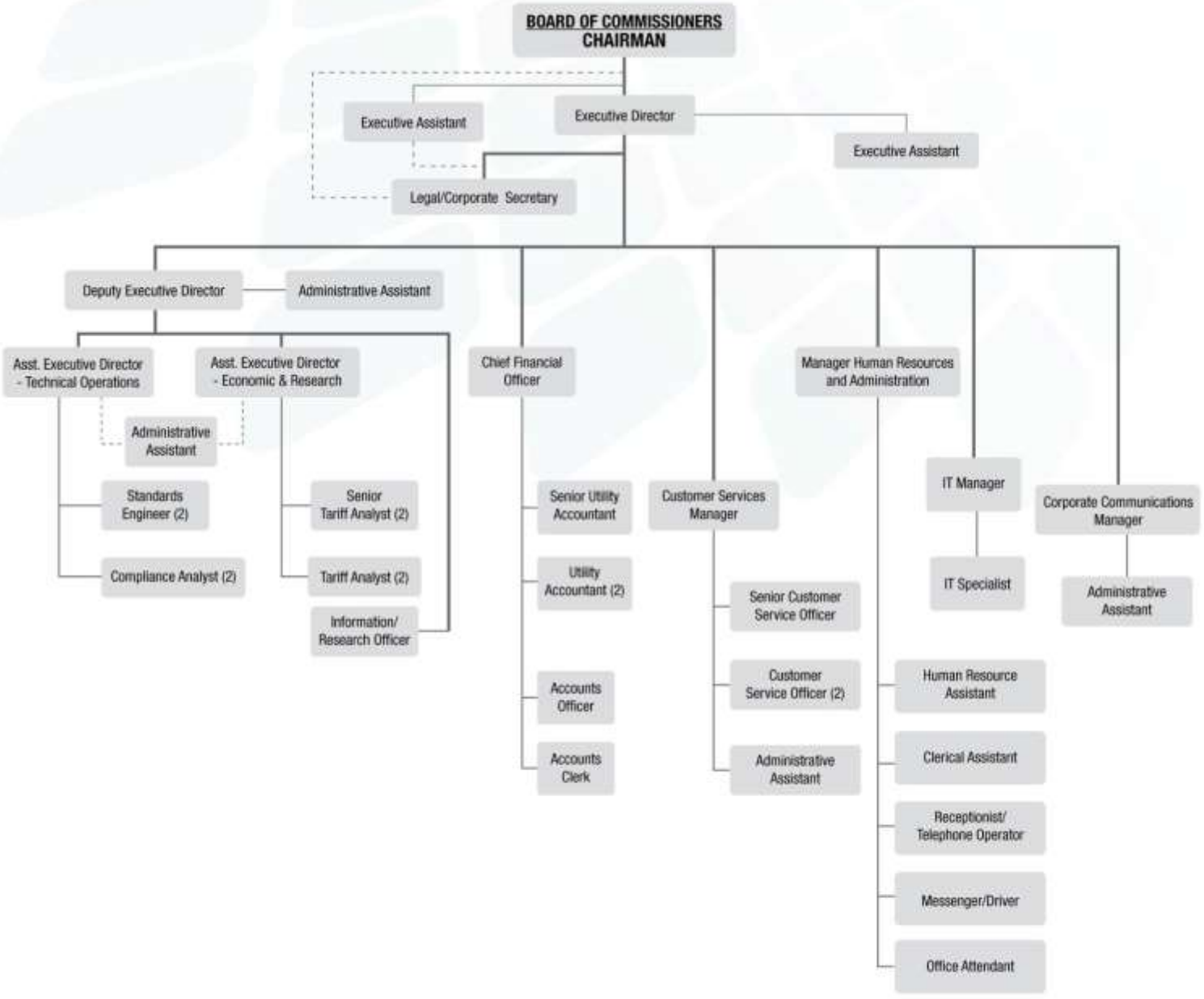
REGULATED INDUSTRIES COMMISSION

ORGANIZATIONAL STRUCTURE



REGULATED INDUSTRIES COMMISSION

VISION

To be a World Class Regulator.

MISSION STATEMENT

To ensure the promotion of the highest quality of utility services at fair and reasonable rates while building a credible regulatory regime that responds adequately to stakeholders concerns and also to ensure fairness, transparency and equity in the provision of utility services throughout the country.

INTRODUCTION

This, the eighth report of the RIC, covers the activities of the RIC for the period January to December 31, 2010.

The Regulated Industries Commission Act, No. 26 of 1998, established the Regulated Industries Commission (RIC) as a body corporate. Under the Act, the RIC is charged with the responsibility of regulating the following service providers:

- The Water and Sewerage Authority (WASA);
- The Trinidad and Tobago Electricity Commission (T&TEC);
- The Power Generation Company of Trinidad and Tobago (POWERGEN); and
- Trinity Power Limited (formerly InnCogen Limited).

Functions of the RIC

The specific powers and functions of the RIC are defined in Section 6 of the RIC Act of 1998 and are **summarized** below:

- To advise the Minister on matters relating to the operations of the Act including the granting of Licences and monitoring the terms and conditions of the Licences;
- To carry out studies of efficiency and economy of operation and of performance of service providers and publish the results thereof;
- To prescribe standards for services, monitor compliance and impose sanctions for non-compliance;
- To establish the principles and methodology for the setting of rates for services and to carry out periodic reviews of the rating regimes;
- To investigate consumer complaints in respect of rates, billing and unsatisfactory service and facilitate relief where necessary;
- To ensure service providers operating under prudent and efficient management are able to finance the delivery of services with sufficient return on investment; and
- To ensure openness and transparency by publishing information which allows stakeholders to have their say in regulatory decisions.

Furthermore, the RIC Act places direct functional responsibility upon the Commission in Section 6 (3) to ensure that the public interest is protected particularly:

- By ensuring maximum efficiency in the use and allocation of resources and that services are reliable and provided at the lowest possible cost;
- By ensuring equal access by consumers to service and the fair treatment of consumers and service providers who are similarly placed;
- By ensuring non-discrimination in terms of service access, pricing and quality; and
- By ensuring that current national environmental policies are adhered to.

CHAIRMAN'S REMARKS

IAN WELCH

The activities of the Board were restricted in 2010 owing to the announcement of General Elections that were held on May 23, 2010. In fact, two Commissioners, Anwarie Ramkissoon and Kelvin Ramkissoon resigned from the Board on April 30, and the former contested the elections as a candidate for the People's National Movement. Following the outcome of the Elections, the remaining members of the Board tendered their resignations. The RIC functioned without a Board from May 24, to the end of the year. In those circumstances, the Chairman's remarks reflect only those issues considered by the Board up to May 24, 2010, and is therefore brief.

The Commission approved the Quality of Service Standards for the Supply and Distribution of Water and Wastewater Services 2010 – 2012. The document has since been forwarded to the line Ministry so that arrangements could be made for the Standards to be published in the Gazette. Once that action is completed, they would have to be complied with by WASA.

Two members of staff were commended by the Commission for their excellent performance at work. In the first instance, the Board decided that Daramdeo Maharaj should receive a tangible, non-monetary award for his excellent service to the Commssion, as evidenced by the many letters of commendation received from the public with regard to his work in the resolution of complaints made to the Customer Services Department. Secondly, a letter of commendation was issued to Gerard Emmanuel-Rodriguez, Tariff Analyst, for his excellent performance. Further, the Board asked management to develop a Commendation Policy so that excellent and outstanding performance could be recognised by the organisation.

In light of the drought conditions which existed for 2010, the Commission took a decision that the RIC undertake a Public Education Drive to sensitise the public about water conservation and public health issues that may arise as a result of

consumption of untreated water from improper sources. The Board instructed management to prepare a document containing recommendations on Water Production and Distribution to be forwarded to the line Ministry for information and feedback.

On behalf of the Board of Commissioners, I would like to record our sincere thanks and appreciation to the Management and Staff of the RIC for their dedication and loyalty during our tenure in office. To my fellow Commissioners, I would like to express my gratitude for their commitment and support in the conduct of the Commission's activities.

IAN WELCH
Chairman

OVERVIEW

The politically charged environment that pervaded the country during the first half of 2010 resulted in delays and postponement of many of our planned activities. In reality, the entire RIC Board had vacated office following the results of the national elections and from that time, May 2010, to the end of the year the RIC functioned without a Board. In those circumstances the work of the RIC was severely curtailed.

Among the important activities that could not be finalised was the Draft Determination in respect of the Water and Wastewater sectors. Most of the technical work associated with that exercise had been completed in 2009 and the RIC was awaiting consultation with the shareholder. However, in the aftermath of the elections, the new government did not make this issue one of priority, hence at year's end, no consultation was held on matters of interest.

In the absence of a Board no decisions could have been taken on regulatory initiatives and thus most of our work in 2010 focussed on monitoring the service providers, complaint resolution and developing strategies to boost the RIC's consultative process. All of these matters would be discussed in greater detail later in the report.

SECTOR REPORTS

Trinidad and Tobago Electricity Commission (T&TEC)

Monitoring of Quality of Service Standards (T&TEC)

The revised Quality of Service Standards were approved in 2009 but because of an agreement between the RIC and the service provider, the Standards became effective in April, 2010.

Generally, the level of performance under the Guaranteed Standards varied from standard to standard. For the standards under which there was good compliance, the performance was even throughout all quarters, in those standards where performance was poor, that situation persisted in all quarters. Overall, T&TEC recorded 21,381 breaches in 2010, a 34% increase over the 2009 figure. Guaranteed Standard GES1 (Response and Restoration Time), accounted for the highest number of breaches (7,889) in 2010, an increase of 89% over the 2009 figure. The next highest number of breaches (6,336) occurred under GES6 (Responding to Billing and Payment Queries) followed by GES2 (Billing Punctuality) with 5,968 breaches. The assessment of T&TEC's performance against the revised Guaranteed Standards for 2010 is presented in **Table 1**.

Table 1
Compliance under Guaranteed Standards - 2010

CODE	SERVICE DESCRIPTION	PERFORMANCE MEASURE	2010 Compliance Rates (%)
GES 1	Response and restoration time after unplanned (forced) outages on the distribution system.	Time for restoration of supply to affected customers within 10 hours	99.7
GES 2	Billing Punctuality (new customers)	Time for first bill to be mailed after service connection: (a) Residential – within 60 days (b) Non-Residential –within 30 days	68.0 29.0
GES 3	Reconnection after payment of overdue amounts or agreement on payment schedule	Restore supply after payment is made within 24 hours	99.5
GES 4	Making and keeping appointments	Where required, appointments will be made on a morning or afternoon basis	100.0
GES 5	Investigation of Voltage Complaints	(i) Response - All voltage complaints to be responded to within 24 hours. (ii) Rectification- All voltage complaints to be rectified within 15 working days.	98.0 99.2
GES 6	Responding to billing and payment queries.	Substantive reply within 15 working days.	72.7
GES 7	New connection of supply	Service drop and meter to be installed within 3 working days.	92.9
GES 8	Payments owed under guaranteed standards	(i) Residential (ii) Non- residential	UTC UTC

***Source:** Compiled from data supplied by T&TEC.*
UTC – unable to compute.

From April 2010 when the revised QSS were implemented, all breaches, except those occurring under GES1, were to be compensated by automatic payments. Owing to technical difficulties associated with the Advanced Metering Infrastructure (AMI), T&TEC was unable to identify individual customers affected by breaches of GES1 hence customers will still have to file claims until the problems are rectified. On the basis of the number of breaches recorded from April 2010, the RIC estimates that at a minimum, compensatory payments of $992,714 would have been due to customers if claims were made and all compensatory payments applied. **Table 2** provides more details about the payments just mentioned.

Table 2
Breaches and Payments Due under Guaranteed Standards – April to December 2010

STANDARD	TOTAL NUMBER	NUMBER OF BREACHES	MINIMUM PAYMENT DUE ($)
GES 1	2,101,428 (outage incidents)	7,534	452,040
GES 2	12,853 (requests)	3,750	187,500
GES 3	5,936 (arrangements/payments)	43	5,074
GES 5	4,496 (voltage complaints)	77	3,850
GES 6	17,956 (queries)	6,336	316,800
GES 7	10,360 (requests)	549	27,450
TOTAL	**2,153,029**	**18,289**	**992,714**

***Source:** Compiled from data supplied by T&TEC.*

In respect of the Overall Standards, only OES1 (Frequency of Meter Reading) maintained full compliance in 2010. There were notable improvements in OES2 (Billing Punctuality), OES4 (Prior Notice of Unplanned Outages) and OES6 (Response to Customer Queries/Requests). For the remaining three Overall Standards, OES3, OES5 and OES7, which are all new standards, the compliance rates varied across the quarters. Performance was poorest under OES5 (Street Lights Maintenance), which was the only standard with a compliance rate under 90%. Compliance rates for T&TEC's performance under the revised Overall Standards for 2010 are presented in **Table 3**.

Table 3
Compliance under Overall Standards - 2010

CODE	DESCRIPTION	REQUIRED PERFORMANCE UNITS	2010 COMPLIANCE RATES (%)
OES 1	Frequency of meter reading	(a) 90% of industrial meters should be read every month (b) 90% of residential and commercial meters read according to schedule	100.0 100.0
OES 2	Billing punctuality	98% of all bills to be mailed within ten (10) working days after meter reading or estimation	95.9
OES 3	Responding to meter problems	Visit or substantive reply within 10 working days 95% of the time.	95.8
OES 4	Prior Notice of planned outages	3 days advance notice of planned outages 100% of the time	94.9
OES 5	Street Lights Maintenance	Street Lights- within 7 working days Highway Lights – within 14 working days	77.2 76.1
OES 6	Response to customer queries/requests (written)	Time to respond after receipt of queries. Initial Response – within 10 working days Final Position – within 30 working days	 91.9 95.7
OES 7	Notifying customers of receipt of claim under Guaranteed Standard GES 1	100% of customers to be notified of receipt of claim within 10 working days.	99.9

Source: Compiled from data supplied by T&TEC.

Monitoring of T&TEC's Capital Expenditure

In its Final Determination for the regulatory period 2006 – 2011, the RIC approved Capital Expenditure (Capex) of $800 million for T&TEC under different asset categories (Transmission, Distribution, other Network related and Non-Network related). The RIC also specified a Capex monitoring plan that it would enforce during the price control period. In April 2010, staff from the Technical Operations Department of the RIC conducted a second round of field visits to major project sites in conformance with its monitoring mandate, and to verify the information on developmental works submitted in T&TEC's Capex Reports. The visits have confirmed that the construction status data have been accurately reported by the service provider.

In **Table 4** below the RIC Allowed Capex, per asset category is compared to T&TEC's actual spend, over the period June 2009 to May 2010. Of the total RIC allowed Capex of $137.8 million, 21.77% was allocated for transmission projects, 52.25% for distribution, 14.73% for other network related projects, and 11.25% for non-network related projects.

Table 4
Capital Expenditure RIC Allowed and Actual 2009/2010

PROJECT	RIC ALLOWED	T&TEC ACTUAL	ACTUAL (% OF RIC ALLOWED)
Transmission	30.0	12.5	42%
Distribution	72.0	13.7	19%
Other Network Related	20.3	90.2	444%
Non-Network Related	15.5	4.4	28%
TOTAL	**137.8**	**120.8**	

The actual expenditure incurred by T&TEC for RIC allowed projects over this period amounted to $120.8 million, or 88% of the allowed Capex. T&TEC under-spent in all asset categories except the 'Other Network Related" category, where an overspend of 444% was recorded.

In respect of the Other Network Related category, Capex was exceeded by over four times the allowed figure, owing mainly to expenditure on T&TEC's pole replacement programme, which project budget of $80 million was exceeded by $93.3 million due to the scope of the work undertaken. In the Distribution category, 19% of the allowed amount was utilized, with nineteen (19) out of twenty-six (26) projects that were scheduled for completion in 2009 / 10 remaining incomplete. Additional expenditure of $82.5 million was incurred for major transmission and distribution projects earmarked for funding by the Government, approximately 68.0% the actual Capex and 60% of the allowed Capex for the period. However, T&TEC has indicated that no funds were received from the Government to cover the expenditure.

Annual Tariff Adjustment for 2010-2011

T&TEC met the requirements set by the RIC and submitted all the relevant information needed to assess whether an adjustment in rates was justified over the period June 01, 2010 to May 31, 2011. That would have been the final annual adjustment obtainable under the first five-year regulatory control period. While the RIC completed its analysis, there was no standing Board and thus no decision could have been taken. In effect therefore, no adjustment was approved for the final period.

The Water and Sewage Authority (WASA)

The Draft Determination for the Water and Wastewater Sectors was completed during 2010 but delays hindered the completion of the required consultative process, hence by the end of the year, the Final Determination was still incomplete. Three events, in particular were responsible for the delays experienced; resignation of the Board prior to the General Elections in May, 2010 coupled with the non-appointment of a new Board, and the absence of consultation with the shareholder.

The country experienced a serious drought in 2010, and WASA imposed usage restrictions on customers to ration supplies to secure the safety of supply to the public. Owing to this situation, the number of complaints against WASA soared during the year. More details on this aspect are provided later.

Event Notification and Response Management Plan (ENRMP)

The Event Notification and Response Management Plan (ENRMP) was introduced by the RIC in 2004 as the instrument through which service providers will advise the RIC about incidents and events, which by their nature have affected or are likely to have adverse effect on consumers. It also seeks to ensure that customers are informed on a timely basis of the occurrence and findings of investigations on incidents and events.

THE YEAR IN REVIEW

During 2010, five incidents were reported by service providers under the ENRMP; four at T&TEC and one at WASA. The incidents in the electricity sector consisted mainly of large-scale unplanned outages/ load shedding on T&TEC's network. In one of those incidents, a Current Transformer Chamber exploded while maintenance work was being undertaken and three workers sustained superficial injury.

In the case of WASA, there was one incident involving unusual discoloration of the water supplied to areas in North West Trinidad. WASA attributed the cause to efforts aimed at increasing production at the Caroni Arena Water Treatment Plant, to meet anticipated increased demand over the Christmas holidays. As a result of those activities, additional water was discharged into the pipeline system, changing flow patterns and causing deposits in the pipeline to become dislodged. The situation was normalised within two days.

CONSUMER SERVICES

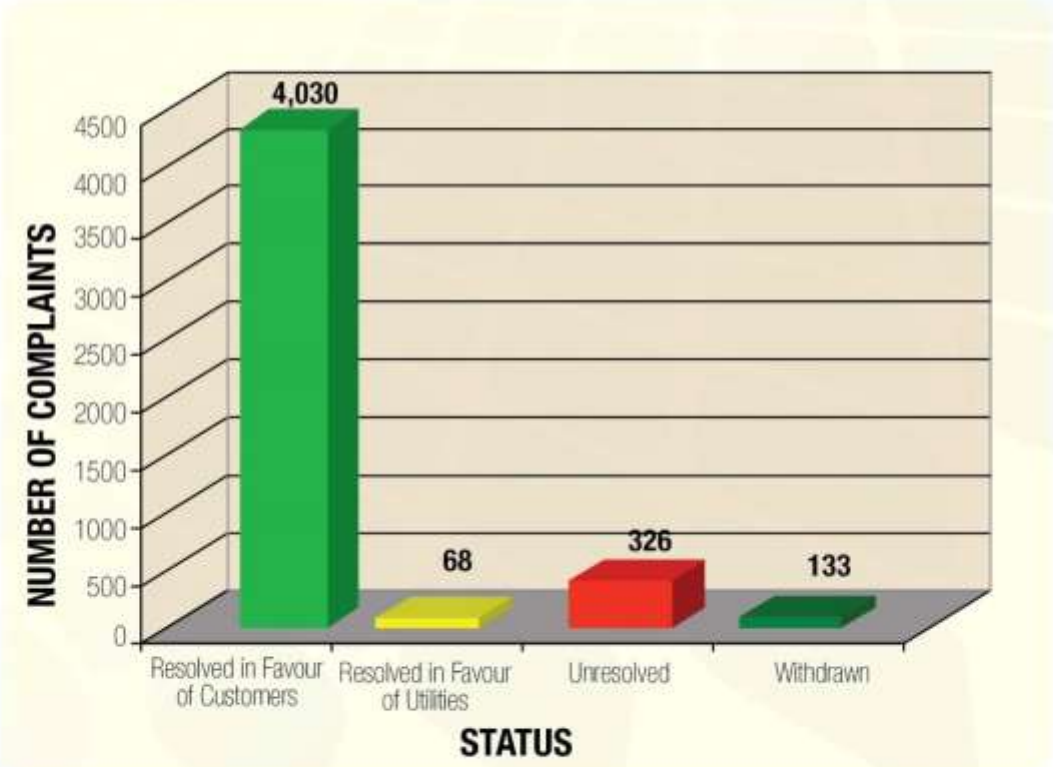
The overall performance of the Customer Services Department (CSD) in 2010 was excellent, as the department continued to provide relief where necessary, to those customers who were dissatisfied with the response, or lack thereof, to their complaints with either the Water and Sewerage Authority (WASA) or the Trinidad and Tobago Electricity Commission (T&TEC).

The RIC received 4,557 complaints, which represented a 5% increase when compared to 2009, and was able to achieve a resolution rate of 93% having resolved 4,098 complaints, 16% higher than the 2009 figure as shown in **Table 5**. These complaints were filed by 2,177 customers, of whom 68% or 1,483 accessed the service of the RIC for the first time. There were a number of repeat customers as 1,054 or 48% reported two or more complaints. The RIC has demonstrated its commitment to protecting consumers interests as 4,030 or 98% of the complaints resolved were in the favour of customers, see comparative numbers in **Figure 1**.

TABLE 5
Status of Complaints Received for 2008-2010

STATUS	YEAR			% CHANGE
	2008	2009	2010	
Number of complaints received	3,893	4,354	4,557	5%
Number of complaints resolved	3,197	3,545	4,098	16%
Number of complaints unresolved	575	718	326	-55%
Number of complaints withdrawn	121	91	133	46%
RESOLUTION RATE	**85%**	**83%**	**93%**	**10%**
Resolved in favour Customer	3,723	3,124	4,030	29%
Resolved in favour Utilities	51	73	68	-7%

FIGURE 1
Status of Complaints Received in 2010



Complaints filed against WASA accounted for 4,146 or 91% of all complaints received as shown in **Figure 2**. The harsh dry season experienced in 2010 due to the El Nino conditions, may have contributed to the increased number of complaints being reported against WASA, especially within the first six months, as depicted in **Figure 3**.

FIGURE 2

Complaints Received in 2010 shown by Service Provider

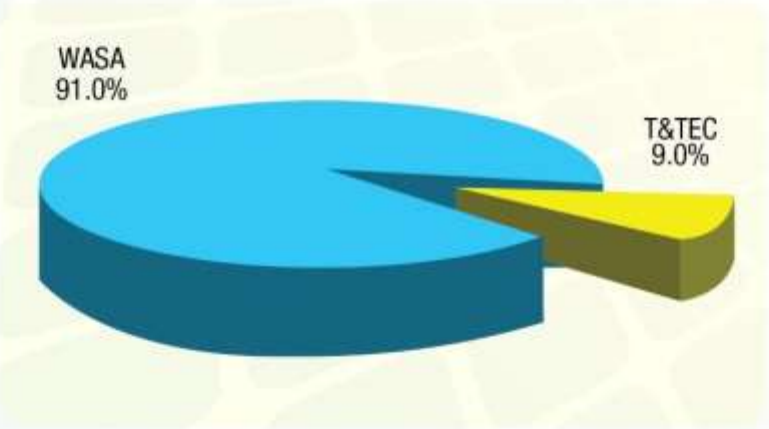
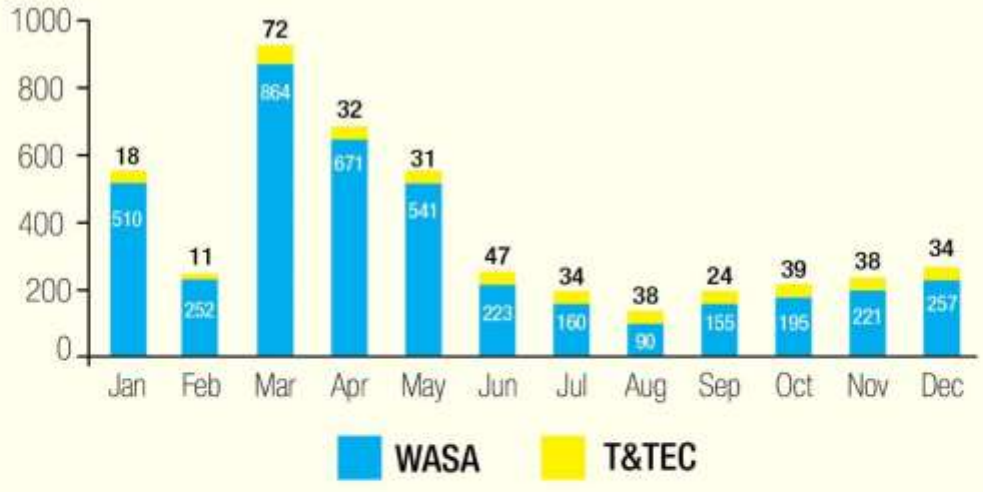


FIGURE 3

The number of Complaints lodged against the Service Providers in 2010



The Telephone continued to be the most popular medium used by our customers to lodge their complaint, with 94.8 % or 4,320 complaints being recorded through this medium. Most of our customers utilized the RIC's Toll-Free service (800-4RIC) which is aimed at minimizing the cost of making a complaint. Since this strategy was initiated in 2008, it has proved to be very effective and popular with customers.

A year on year increase of 9.0%, in the use of this particular medium, was recorded, as shown in table 6. Complaints received by letter accounted for 2.1%, those made in person (walk-ins) accounted for 1.7% and those submitted by email accounted for 1.3% as depicted in figure 4. No Outreach Programme (OP) was held in 2010 because of resource challenges resulting from the increased workload.

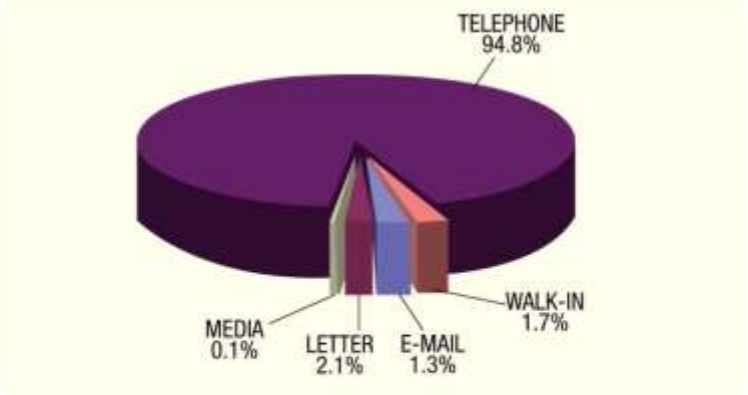
TABLE 6

Number of Complaints shown by Receiving Medium for 2008 - 2010

RECEIVING MEDIUM	2008	2009	2010	% CHANGE
E-Mail	29	35	60	71.0%
Letter	145	133	96	-28.0%
Media	3	1	3	200.0%
OP	38	148	0	-100.0%
Telephone	3596	3974	4320	9.0%
Walk-Ins	82	63	78	24.0%
TOTAL	**3,893**	**4,354**	**4,557**	

FIGURE 4

Distribution of Complaints by Receiving Medium, 2010



As shown in **Figure 5**, Inadequate Supply was the most common problem reported by customers, with 3,568 or 78.3% of complaints received in 2010 being related to this particular complaint category. This was similar to previous years when complaints related to inadequate supply were 81.4% in 2009 and 78.4% in 2008. A historical trend of the period 2008 to 2010 is provided in **Figure 6**. The categories of Leaks, Billing Query and Street/ Lights/Poles which represented 8.1%, 3.3% and 2.6% of the total complaints received respectively, are also noteworthy.

FIGURE 5
Distribution of Complaints by Category, 2010

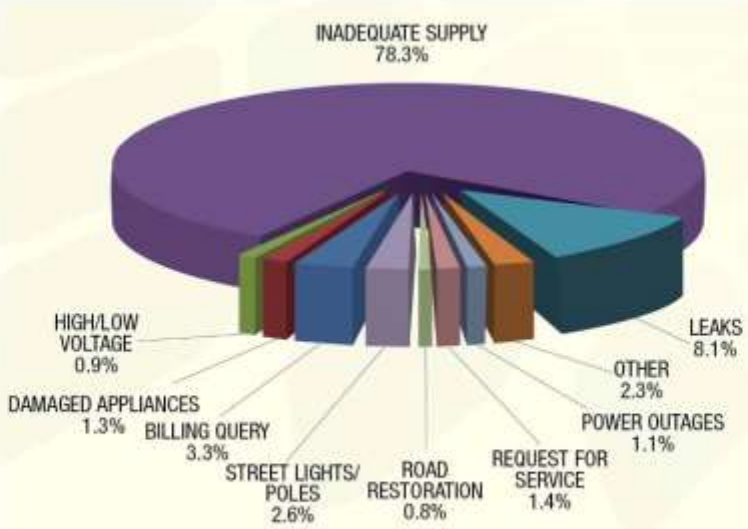
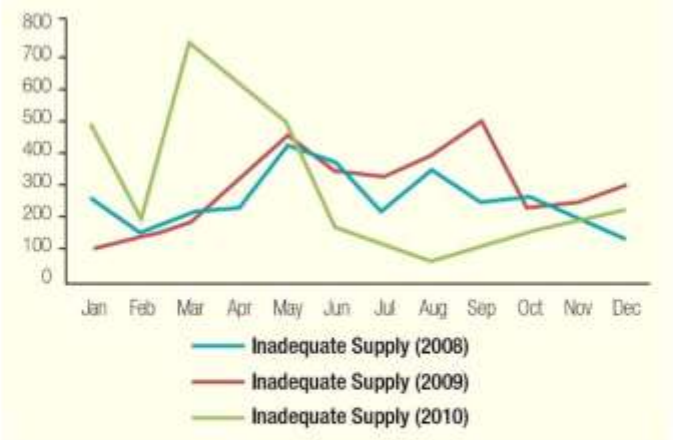


FIGURE 6
Historical Trend of Inadequate Supply Complaints 2008-2010



In the case of complaints against T&TEC, Street Lights/Poles, Billing Queries, and Damaged Appliances were the most reported complaints against this utility for 2010. In **Table 7** below, a distribution of complaints received against both T&TEC and WASA is provided. Power Outage, High/Low Voltage and Damaged Appliances were the complaint categories recording the highest percentage changes of 143%, 100% and 84% respectively, when compared to 2009.

The data for WASA indicate that Inadequate Supply, Leaks and Billing Queries were the most reported complaints, accounting for 86.1%, 8.9% and 2.1% of the complaints respectively. However, the categories of Leaks and Request for Service recorded increases of 80% and 40% respectively. There was a 42% decrease in the number of Billing Queries received when compared to 2009.

TABLE 7
Distribution of Complaints Received by Category and Service Provider for the period, 2008 - 2010

SERVICE PROVIDER	COMPLAINT CATEGORY	YEAR 2008	YEAR 2009	YEAR 2010	% CHANGE
T&TEC	Billing Query	72	97	63	-35%
	Damaged Appliances	44	31	57	84%
	High / Low Voltage	25	21	42	100%
	Other	53	50	46	-8%
	Power Outages	54	21	51	143%
	Request for Service	14	32	35	9%
	Street Lights / Poles	130	96	117	22%
		392	**348**	**411**	**18%**
WASA	Billing Query	131	150	87	-42%
	Inadequate Supply	3051	3545	3568	1%
	Leaks	237	205	369	80%
	Other	46	57	57	0%
	Request for Service	15	20	28	40%
	Road Restoration	21	29	37	28%
		3501	4006	4146	3%
	TOTAL	**3893**	**4354**	**4557**	

The number of complaints received by the RIC was disaggregated by geographic location as shown in **Figure 7** and it was observed that the largest number of complaints reported came from the Southern region, which accounted for 56.8% or 2588 complaints. This pattern appears to be relatively consistent with previous years as 62.2% and 55.9% came from the said region in 2009 and 2008 respectively. Tobago recorded the least number of complaints for 2010.

FIGURE 7
Distribution of Complaints by Region, 2010

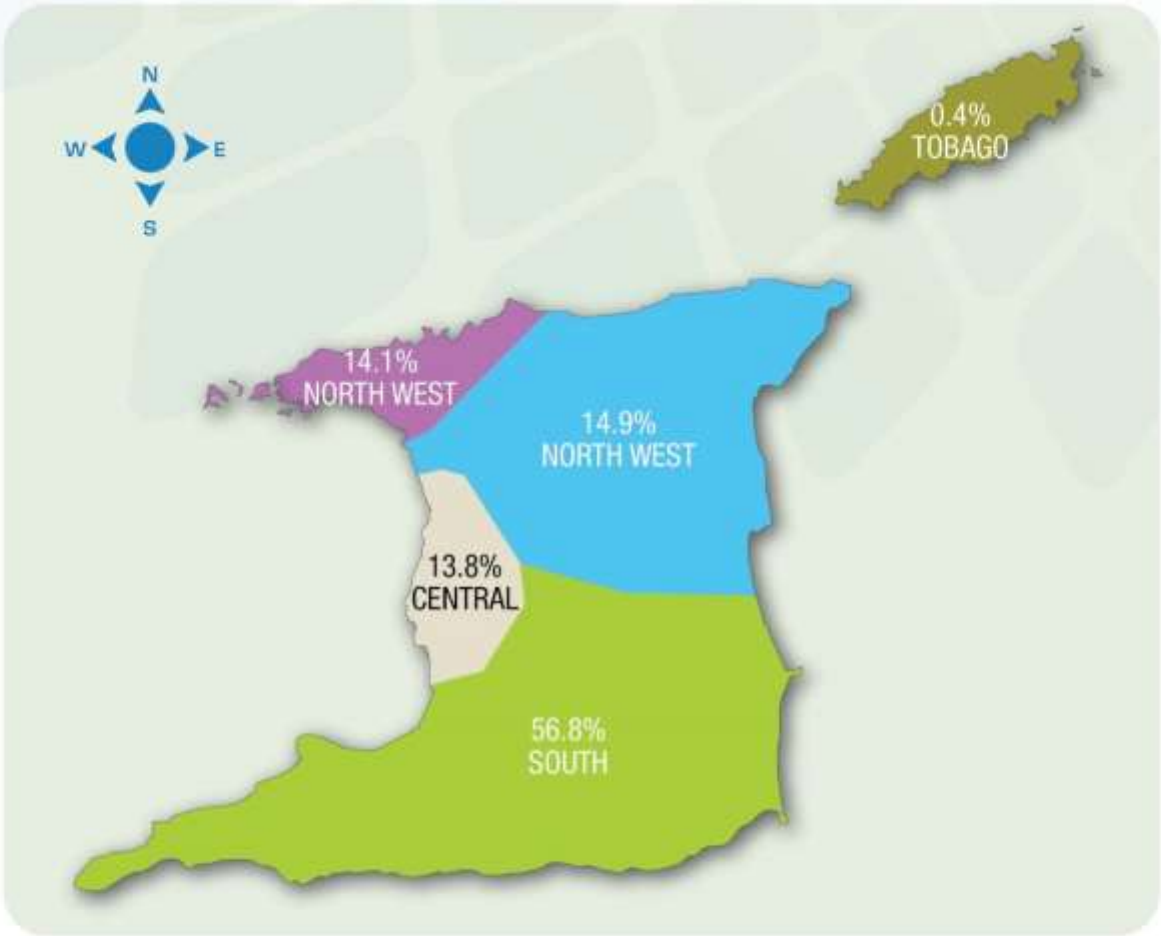


Table 8 shows the number of complaints from the various Regional/City Corporations throughout Trinidad as well as those that came from Tobago. Data from this table reveal a consistent pattern between 2009 and 2010 as 24.7% of the complaints reported in 2010, came from the Penal/Debe Regional Corporation, 14.4% came from the Couva/Tabaquite/Talparo Regional Corporation, 12.9% from the Princes Town Regional Corporation, and 7.5% came from the Siparia Regional Corporation.

Several Regional /City Corporations recorded increases in the number of complaints received in 2010, Arima increased by 156 or 164% , San Fernando by 116 or 93%, Tunapuna/ Piarco by 105 or 78%, and Couva/Tabaquite/Talparo by 54 or a 9% increase. The remaining Regional /City Corporations recorded decreases in the number of complaints received, Penal decreased by 189 or 14%, Siparia by 116 or 25%, Diego Martin by 97 or 34%, and Port of Spain by 65 or a 25% decrease.

TABLE 8

Number of Complaints by Regional Corporations, 2008 - 2010

City/ Borough Regional Corporation	YEAR			% CHANGE
	2008	2009	2010	
Arima Borough Corporation	176	95	251	164%
Chaguanas Borough Corporation	161	139	185	33%
Couva/Tabaquite/Talparo Regional Corporation	632	602	656	9%
Diego Martin Regional Corporation	290	282	185	-34%
Mayaro/Rio Claro Regional Corporation	64	77	74	-4%
Penal/Debe Regional Corporation	983	1,313	1,124	-14%
Point Fortin Borough Corporation	45	61	51	-16%
Port of Spain City Corporation	185	257	192	-25%
Princes Town Regional Corporation	430	463	590	27%
San Fernando City Corporation	147	125	241	93%
San Juan/Laventille Regional Corporation	239	252	293	16%
Sangre Grande Regional Corporation	73	78	116	49%
Siparia Regional Corporation	268	457	341	-25%
Tobago House of Assembly	21	19	19	0%
Tunapuna/Piarco Regional Corporation	179	134	239	78%
TOTAL	**3,893**	**4,354**	**4,557**	**5%**

As Inadequate Water Supply complaints have historically been and continue to be the most reported complaint, the RIC examined the data to determine which areas in the four geographic regions were considered to be the worst served areas in 2010. Table 9 indicates the five top areas (City/Town/Village) where Inadequate Water Supply complaints emanated from, for each region. As noted, the Southern region continued to be the worst served, especially in the areas of Penal, Barrackpore, Princes Town, Siparia and San Fernando. This conclusion is based on the number of complaints reported relative to other areas as indicated in the said table.

TABLE 9

Complaints Related to an Inadequate Water Supply: The top 5 Areas in each Region, 2008 - 2010

	2008		2009		2010	
Location	Areas	Total	Areas	Total	Areas	Total
Central	Freeport	68	Freeport	70	Freeport	142
Central	Cunupia	54	Cunupia	57	Cunupia	82
Central	Las Lomas No. 1	46	Couva	40	Las Lomas No. 1	37
Central	Couva	41	Las Lomas No. 1	37	Couva	36
Central	Caroni	30	Carapichaima	27	Caroni	22
North East	Arima	105	Talparo	23	Arima	152
North East	Talparo	47	Arima	22	Talparo	70
North East	D'Abadie	36	Arouca	18	D'Abadie	28
North East	St. Joseph	25	Manzanilla	14	St. Joseph	28
North East	Arouca	21	D'abadie	13	Arouca	20
North West	Glencoe	108	Diego Martin	106	Glencoe	63
North West	Diego Martin	59	San Juan	79	Diego Martin	62
North West	San Juan	37	Glencoe	64	San Juan	34
North West	Santa Cruz	35	St. Anns	55	Santa Cruz	33
North West	Port of Spain	32	Port of Spain	37	Port of Spain	33
South	Barrackpore	441	Penal	647	Barrackpore	494
South	Penal	403	Barrackpore	350	Penal	381
South	Princes Town	261	Princes Town	277	Princes Town	344
South	Siparia	135	Siparia	235	Siparia	117
South	Gasparillo	93	Gasparillo	145	Gasparillo	108

The RIC uses the quantum of credit/rebate and compensation for damages that has been recovered for customers whose complaints had been lodged with the Commission as one of the most significant indicators to illustrate, in a tangible way, the important role played by regulators. Over the last three years the RIC has been able to recover $2.51 million dollars in rebates as depicted in **Table 10**. For 2010, $1.1 million was recovered in credit/rebates, of which 87.0% was paid by T&TEC.

TABLE 10
Credit/Rebates obtained for customers by Complaint Type and Service Providers, 2008 – 2010

SERVICE PROVIDER	COMPLAINT CATEGORY	2008	2009	2010	TOTAL
T&TEC	Billing Classification	-	3,627.00	88,183.00	91,810.00
	Billing Query	136,918.00	91,966.00	92,344.00	321,228.00
	Damage to Property	20,000.00	-	4,500.00	24,500.00
	Damaged Appliance/Equipment	37,193.00	64,780.00	26,701.00	128,674.00
	Other	-	144,192.00	799,421.00	943,613.00
	Reduction in Reserve Capacity	-	141,792.00	-	141,792.00
	Request for Service	-	9,358.00	-	9,358.00
	Retroactive Billing Adjustment	-	19,000.00	32,666.00	51,666.00
		194,111.00	**474,715.00**	**1,043,815.00**	**1,712,641.00**
WASA	Billing Classification	286.00	56,431.00	5,658.00	62,375.00
	Billing Query	146,335.00	396,511.00	124,126.00	666,972.00
	Damage to Property	-	20,000.00	25,500.00	45,500.00
	Disconnection / Reconnection	-	-	-	-
	Retroactive Billing Adjustment	13,137.00	18,630.00	-	31,767.00
		159,758.00	491,572.00	155,284.00	806,614.00
	TOTAL REBATE	**353,869.00**	**966,287.00**	**1,199,099.00**	**2,519,255.00**

CONSUMER SERVICES

Another important performance indicator the RIC uses to measure the quality of its service delivery is its response time to complaints based on its internal performance standards. Table 11 highlights the Customer Services Department's performance during 2010 against the four established standards.

TABLE 11
Consumer Services Department's Performance, 2008 - 2010

TARGET AREAS	STANDARD	PERFORMANCE RATING		
		2008	2009	2010
Response to Written Complaints	95% Within ten (10) working days.	86.8%	91.7%	96.7%
Response to Telephone and E-mail Complaints	95% Within ten (10) working days.	100%	99%	100%
Response to Overnight Messaging	100% Within one (1) working day	100%	100%	100%
Keeping Appointments	100% Within ten (10) minutes	100%	100%	100%

Naming and Shaming – Public Disclosure of Non-Compliance

During the year under review, the RIC introduced a new policy initiative that would send a clear message to the utility service providers, under its purview, that its specific directives, and requests must be complied with. Consonant with the powers conferred in the RIC Act, the RIC will issue press releases and publish public disclosure notices, through the print media, that will feature detailed information on non-compliant service providers, and the nature and circumstances of their non-conformity. The notices will subsequently be placed in a public register on the RIC's website.

As the economic regulator of the water, wastewater and electricity sectors, the RIC is vested with powers under its Act, Section 6(1)(g), to impose sanctions as it may prescribe for non-compliance with standards established under Section 6(1)(e) of the RIC Act No. 26 of 1998. Hitherto, these sanctions were primarily in the form of penalty payments, made directly to the customers by the service providers. However, through this new initiative the RIC aims to ensure that service providers adhere to the established standards and honour their obligations to customers.

The instrument of public disclosure, also known as ***"Naming and Shaming"*** is a strategy used by regulatory bodies to deter potential offenders, and as a reminder and reassurance mechanism for service providers who are already compliant. The public disclosure of corporate offences is gaining popularity as a regulatory tool, as more and more regulators attempt to incorporate reputational mechanisms in the regulation of public utilities. The RIC will issue public disclosure notices only after a service provider has been notified in writing of a failure to comply either with the RIC's prescribed standards and/or a failure to submit requested information within a stipulated timeframe, and after allowing sufficient time for compliance by the service provider.

The RIC believes that by publishing the names of service providers and the details of their non-compliance, the transparency of its operations and the visibility of its enforcement powers will be enhanced. It should be noted, however, that the RIC reserves its right to pursue legal action if necessary.

Utility Assistance Programme (UAP)

In 2006, the RIC introduced a Low-Income Assistance Programme to cushion the impact of the new electricity rates on the vulnerable groups in the society. The programme, as envisaged, would have been managed by T&TEC which had to rely on assistance from the Ministry of Social Development, with respect to a database of eligible persons. While the idea was well received by stakeholders, T&TEC was ill equipped to manage the programme because of a lack of resources. Owing to these and other issues the Ministry of Public Utilities assumed responsibility for the initiative and rebranded it as the Utility Assistance Programme (UAP). The UAP was launched by the Ministry in December 2010.

The UAP is a social intervention strategy and is designed to provide financial assistance to eligible citizens to ensure their continued access to basic utilities such as water and electricity. The programme is managed and facilitated by the Ministry of Public Utilities in collaboration with the Ministry of the People and Social Development, WASA and T&TEC. The relief will take the form of a subsidy which the service providers will apply to the customer's utility bill.

In the case of WASA's customers, the subsidy will be applied as follows:

- A2 customers – persons with an external water supply – will receive a credit of $70.00 per year.
- A3 or A4 customers – persons with an internal water supply, non-metered and metered – will receive a credit of $100.00 per year.

With respect to T&TEC's customers, the following will apply:

- 50% of the electricity bill, up to $57.00 per bill or a maximum of $342.00 per year.

In order to benefit from the UAP, customers must be recipients of the Senior Citizen's Grant (Old Age Pension), a Disability Grant, or any other form of public assistance from the Ministry of the People and Social Development. In the case of WASA's customers, only residential customers who own one property in either class A2, A3 or A4 are eligible. With respect to customers of T&TEC, those eligible must have an average consumption of 400kw or less, over three billing periods (6 months). The subsidy may be reviewed whenever there is a tariff adjustment.

Code of Practice Governing Public Consultations

The first document outlining the RIC's approach to Public Consultations entitled "Conducting Public Consultation" was published in February 2005, and has been in use since its adoption in June 2005. On the basis of the experience and feedback gained from our consultations over the past years the RIC decided to conduct a review of its approach in 2010 in order to enhance stakeholder confidence and to increase the legitimacy of its consultative process.

In its revised policy, the RIC outlined the approach it would use to garner the views of individuals or groups on issues likely to affect them.

The distinct groups identified, included the following:

- Adhoc Working Groups and Committees – representatives of service providers, customers and other interest groups who will discuss specific issues;
- Independent Advisors – to be consulted on matters of a technical nature;
- Regulatory Professionals and Institutions - consultation with respected professionals/institutions from other jurisdictions;
- Shareholder/Government – as the overall sector policy is set by the Government, it must be consulted;
- External Stakeholder Panel – an independent group set up by the RIC to ensure that the interests/views of consumers are fully considered when framing regulatory policy;
- Private Sector – dialogue will be sought with the various representative groups; and
- Rate Review Panel – a group of stakeholders, set up by the RIC, who will provide input on a range of issues during the rate setting process.

In principle, all of the above groups would be engaged in informal consultation prior to the official release of documents for public consultation.

In addition to the foregoing, the RIC took a decision to expand its existing engagement methods, and will incorporate the following in its Code of Practice:

- Formal invitations for written submissions;
- Concise, reader-friendly, non-technical documents;

- Workshops, seminars, panel discussions and public meetings with representative groups and other interested parties, including rural communities;
- Media Interviews;
- Annual Meetings with Parliamentarians, and the Tobago House of Assembly;
- Annual Public Lectures, with plenary sessions and keynote speaker;
- Website Discussion Forum or Web Chats;
- Stakeholder Information Days;
- Live on-line consultation;
- SMS Text messages;
- Newspaper columns and radio programmes;
- Surveys and opinions polls; and
- Social media (Facebook and Twitter).

Through this Code of Practice, the RIC hopes to improve the quality of its Final Determination, build better understanding of the regulatory environment, and help clarify its decision-making process to the public and stakeholders.

Eighth Annual OOCUR Conference

The Office of Utilities Regulation (OUR) Jamaica, acted as host for the Eighth Annual Conference of OOCUR which was held at the Sunset Jamaica Grande Resort and Spa, in Ocho Rios, Jamaica from November 3 to 5, 2010. The conference whose theme was 'Regulation, Convergance and the Competitive Environment', attracted a number of speakers from international agencies such as the World Bank, the IDB and the National Association of Regulatory Utility Commissioners (NARUC). In addition, over 70 regional participants, from OOCUR member countries attended, and from among them, some colleagues shared their experiences about the challenges they faced in their respective jurisdictions.

The RIC was represented by the Executive Director and two staff, one of whom, presented a paper "The Feasibility of the Application of Net Metering / Feed-in Tariffs as an incentive to Promote the use of Renewable Energy in Trinidad and Tobago".

RBTT Young Leaders Great Debate on Water - 2010

The 2010 debate focused on the issue "Water Beyond the Surface: Sustaining Life, Securing the Future". The competition was first introduced in 2001, and serves as a catalyst for training young people in the art of public speaking. It also serves as a useful forum for students to develop their research writing skills as they prepare arguments on socially relevant subjects.

Over a nine-week period, students from fifty-two secondary schools articulated their views and argued the first motion – "Trinidad and Tobago does not need Desalination Plants or imported supplies of water because the water resources are sufficient to satisfy the needs of the country". The final debate was held on November 30, 2010 between Queens Royal College (QRC) and St. Mary's College (CIC) who argued the motion – "The Privatisation of our water resources will ensure a supply of water for everyone". The QRC team emerged victorious.

The RIC was present, as guests, at the finals, and it was heartening to observe that through their research, the teams fully understood the role of the RIC in the delivery of utility services.

Stakeholder Awareness

In our continuing efforts to educate and inform the public about developments taking place in the regulatory sector, and about the RIC's role in facilitating the resolution of consumer-related complaints, we undertook a major awareness-building radio campaign.

Five creative and compelling radio commercials focussing on customer-related issues were produced and targeted to specific audiences. Among the issues covered in the commercials were; water-related topics such as billing query, requests for truck-borne supply, low water pressure and leaks. In respect of the issues dealing with the electricity sector, the commercials addressed; low voltage, billing query, damaged appliances, power outages and street lights. The commercials were aired during peak hours

(mornings and evenings) on four radio stations taking into account their reach, and diversity of listenership.

Revised Quality of Service Standards were introduced for T&TEC in 2010, and full page advertisements in the daily newspapers highlighted the benefits that customers would derive should breaches occur. The RIC's personnel appeared on the Caribbean New Media Group's (CNMG) morning programme "First Up" to provide details on the improvements.

Sharing Best Practices

The RIC's Customer Service Manager participated in a panel discussion at the Telecommunications Authority of Trinidad and Tobago's (TATT) ICT Open Forum, held on July 22, 2010 at its office in Barataria. The forum focussed on "Establishing Customer Service Standards for Telephone, Cable & Internet Services" and facilitated discussion among various stakeholders with a view to developing a Draft Consumer Rights and Obligation Policy. The presentation focused on the "RIC's experience with Developing Customer Service Policies and Standards".

Introduction of Permanent Employment

By letter dated July 12, 2010 from the Ministry of Public Utilities, the RIC was advised that Cabinet agreed inter alia:

- To the creation, with effect from August 1, 2010 of a Permanent Staff Establishment for the Regulated Industries Commission (RIC), comprising positions in the current organisational structure, with the exception of the Executive Director;
- To the termination, with effect from July 31, 2010, of all existing contract positions at the RIC with the exception of that of the Executive Director; and
- To the establishment and maintenance of a pension scheme for the staff of the RIC.

Further correspondence from the Ministry of Public Utilities, dated November 15, 2010 advised that persons 50 years and over as at August 1, 2010, who were employed on contract at the RIC, be offered the option to continue to be employed on contract, once they were found suitable for positions at the Commission.

All employees, with the exception of the Executive Director, were advised that their employment contracts were terminated with effect from July 31, 2010, and that they were placed within the Permanent Establishment.

Training

During 2010, efforts were intensified for staff training and development. The RIC, in conjunction with the Institute of Public-Private Partnerships (IP3), Global Training Services, hosted a one-week intensive course "Auditing and Financial Review of Regulated Utilities: Cost Accounting Systems, Reporting Requirements, and Enforcement Techniques". In total, thirty-two persons attended the training course, including regulators from South Africa, our Caribbean colleagues, and staff from our local service providers. The RIC was represented by eight persons from various departments. All persons who completed the training course received a certificate as well as 3 Continuing Education Credits which could be used towards fulfilling the requirements of Certified Regulatory Specialist.

HUMAN RESOURCES / ADMINISTRATION

Apart from the in-house training conducted by the IP3, staff participated in a variety of training courses, conferences and seminars, the details of which are provided below:

Technical Training

Four members of staff participated in the following training courses:

- Utility Regulation and Strategy, Public Utility Research Centre (PURC), Gainesville, Florida – January 2010 (2 weeks);
- Regulating Quality of Service, Planning Compliance Monitoring and Enforcement, IP3, Washington D.C. – August 2010 (2 weeks);
- NARUC Utility Rate School, University of Michigan / Institute of Public Utilities, Florida – May 2010 (5 days).

Technical Training (On-line)

Nine members of staff participated in the following training programmes:

- Fundamentals of Regulation, IP3 (7 weeks);
- Fundamentals of Utility Tariffs, IP3 (6 weeks);
- Advanced Rate Setting and Subsidy Strategies, IP3 (7 weeks);
- Advanced Rate Setting for Utilities and Regulators, IP3 (6 weeks);
- Monitoring Activities of Energy Regulatory Commissions, Energy Regulators Regional Association (ERRA) (7 weeks); and
- Renewable Energy Regulation, ERRA (7 weeks).

Non-Technical (Local)

Seven members of staff participated in the following training courses:

- Human Resource Labour Law Workshop, Arthur Lok Jack Graduate School of Business (3 days);
- Enhancing Critical and Creative Thinking, UWI, St. Augustine (2 days);
- Employee Assistance Programme, Elder Associates Limited (2 days);
- Managing the Media Workshop, Arthur Lok Jack Graduate School of Business (5 days);
- Dealing with Difficult People, Still Feld Handy Group (2 days);
- Meeting the Challenges of Risk Assessments, The Safety Council of Trinidad and Tobago (1 day); and
- Forum on Governance, Regulation and Financial Crisis, International Government and Risk Institute (4 days).

Conferences / Seminars

Three members of staff attended the following:

- 19th Annual Caribbean Water and Wastewater Association (CWWA) Conference, Grenada (October 4 – 8, 2010); and
- ICT Business and Innovation Symposium, Trinidad and Tobago 2010 (3 days).

Obituary

The RIC's former Chairman, Professor Dennis Pantin, passed away on July 13, 2010. Our sincere condolences go out to his family. Professor Pantin will be remembered for his deep and abiding interest in Independent Regulation and his desire to ensure the highest quality of service it could bring to the population at large. His commitment and dedication to the RIC was unwavering. He was awarded the Humming Bird Medal (Gold) posthumously, at the Independence Day National Awards, August 31, 2010.

INFORMATION TECHNOLOGY & ANCILLARY SERVICES

Following the installation of new computer equipment in 2009, new licences, to migrate from Microsoft 2003 to Microsoft 2007 were required to upgrade the operating system. However, those were not acquired until the end of 2009, thus training on the new software package was planned for the first quarter of 2010. Between February 22 and March 12, 2010, all staff were trained in the MS Office 2007 applications. The training was conducted by the RIC's IT Department.

Because of the newly acquired equipment, and the training completed in 2010, the overall level of productivity has improved, and the risk of failure, because of aged equipment, reduced. In fact, the IT Department achieved 99.9% uptime in all services provided to its internal customers.

In January 2010, the MGE UPS Galaxy PW, which was purchased in 2002 to protect the IT assets from electrical surges failed. The supplier of the equipment was called in to evaluate the problem. While conducting checks to determine the cause of failure of the RIC's UPS, CCL agreed to loan a small unit to the RIC to provide temporary relief for contingencies. In March 2010, an engineer from Schneider Electric, the manufacturer of the equipment, was brought to assess the problem, and he determined that the "Static Bypass Switch" needed to be replaced. Even though CCL was able to source the part, at a cost of $23,000.00, a decision was taken to purchase a new unit because of the age of the existing UPS and also because that unit's book value of $20,400.00 was lower than the price of the part. It simply did not make sense to repair the old UPS given its age and the likelihood of increased failures.

Because of the challenging issues faced by the organisation, during 2009 and the early months of 2010, an internal IT Committee, headed by the Deputy Executive Director, and comprising various heads of departments, was formed to examine all IT matters to ensure that reliable service could be obtained, given our heavily reliance of our IT resources to function effectively.

FINANCES OF THE RIC

A Budget of $16,262,214 was approved by the Cabinet on January 19, 2010, for the financial year, 2010. The Cess Factor was 0.42% of the cumulative revenue of the service providers under the RIC's purview. The Cess Order, authorising the RIC to collect the undermentioned sums from the regulated entities, was published on January 28, 2010.

The Trinidad & Tobago Electricity Commission	$ 9,527,715
The Water and Sewerage Authority	$ 2,326,598
The Power Generation Company T&T	$ 3,364,493
Trinity Power Limited	$ 594,847
TOTAL	**$15,813,653**

Any unused CESS from the previous year is carried forward into the new year, and thus the RIC is unable to accumulate savings. In this connection, $448,561 was carried forward from 2009 to be utilised in 2010. That figure, when added to the sum to be collected from the service providers in 2010, comprised the RIC's 2010 budgeted revenue.

FINANCES OF THE RIC

The pattern of expenditure continued to mirror that of previous years, with bulk of expenditure being utilised for Personnel and Accommodation, 56.3% and 16.1% respectively. Despite this fact, overall expenditure was lower than budgeted in all areas except Other Costs (see **Table 12**). The RIC had been mandated to cancel all existing contracts, except that of the Executive Director, and as a result, it had to make payments to all staff in lieu of notice, as well as to prorate gratuity payments which were due upon termination of contracts. It was those payments which resulted in other costs exceeding the budgeted figures. A full breakdown of the main items of expenditure is presented in the table below.

Table 12
Budget and Actual Expenditure for fiscal 2010

	2009	
	BUDGET ($)	ACTUAL ($)
Personnel Expenditure	9,590,462	8,404,122
Accommodation	2,475,464	2,415,805
Consulting and Contracting	686,713	376,096
Training	900,000	504,026
Education, Promotion and Printing	800,000	174,760
Capital Expenditure and IT	725,000	45,385
Other Costs	1,084,575	4,459,601
TOTAL	**16,262,214**	**14,915,424**
CESS CARRIED FORWARD		**1,346,790**

FINANCES OF THE RIC

The RIC remains fully committed to ensuring that its costs are carefully controlled, resources managed efficiently, and to transparency in its operations. In keeping with these values, individuals who wish to access any information on the RIC's financial operations may do so through the normal channels.

COMMISSIONERS FOR 2010

IAN WELCH
Chairman

KELVIN RAMKISSOON
Commissioner

ERIC THOMPSON
Commissioner

DENISE ESCAYG
Commissioner

RYAN CHAITRAM
Commissioner

ANWARIE RAMKISSOON
Commissioner

MANAGEMENT TEAM

HARJINDER S. ATWAL
Executive Director

GLENN A. KHAN
Deputy Executive Director

GARVIN ALEXANDER
Assistant Executive Director
Technical Operations

NADIA JOHN
Legal/Corporate Secretary

KAZIM KHAN
Chief Financial Officer

HELEN PERU
Human Resources & Administration
Manager

MARTIN HAYNES
Information Technology
Manager

MOHAN CHADEE
Customer Services Manager

DENISE CAESAR
Corporate Communications
Manager

REGULATED INDUSTRIES COMMISSION

For the Year Ended December 31 2010

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REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE REGULATED INDUSTRIES COMMISSION FOR THE YEAR ENDED 2010 DECEMBER 31

The accompanying Financial Statements of the Regulated Industries Commission for the year ended 2010 December 31 have been audited. The Statements comprise a Statement of Financial Position as at 2010 December 31, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 2010 December 31 and Notes numbered 1 to 14.

2. The audit was conducted by a firm of Accountants authorized by the Auditor General in accordance with section 34 (2) of the Regulated Industries Commission Act, Chapter 54:73. Their Report dated 2012 June 18 which is attached refers.

SUBMISSION OF REPORT

3. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

MAJEED ALI
ACTING AUDITOR GENERAL

2012 September 28

REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL

AUDITOR'S REPORT

BOB GOPEE AND ASSOCIATES
CHARTERED ACCOUNTANTS

HEAD OFFICE: 53 Picton Street, Port of Spain, Trinidad, West Indies • Telefax: 868-628-4707
BRANCH: 144 Pointe-a-Pierre Road, Vistabella, Trinidad, West Indies • Telefax: 868-653-2542
BRANCH: Chase Place, LP 542, Southern Main Rd., Carapichaima, Trinidad, West Indies • Telephone: 868-671-9952

INDEPENDENT AUDITORS' REPORT

TO THE COMMISSIONERS OF REGULATED INDUSTRIES COMMISSION

Report on the financial statements
We have audited the accompanying financial statements of Regulated Industries Commission (the Commission) which comprise the statement of financial position as at 31st December 2010, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, as set out on pages 2 to 10.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of those financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Commission as at 31st December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bob Gopee and Associates

BOB GOPEE AND ASSOCIATES
PORT-OF-SPAIN
TRINIDAD, WEST INDIES

18th June 2012

Partners: R. Bob Gopee, B.A. (Econ.), FCCA, CA, Shazad Mohammed, FCCA, CA., Steve Ramlakhan FCCA, CA.

STATEMENT OF FINANCIAL POSITION

REGULATED INDUSTRIES COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2010
(With comparative figures as at 31st December, 2009)

	Notes	2010 $	2009 $
ASSETS			
NON-CURRENT ASSETS			
Motor Vehicles		533,895	249,594
Computers & Office Equipment		1,762,607	2,228,240
Office Furniture		370,897	421,093
Assets from Public Utilities Commission		2,424	2,772
	N3	2,669,823	2,901,700
CURRENT ASSETS			
Prepayments	N4	163,179	92,391
Rental Deposit		16,738	16,738
Cash in Hand		3,000	17,937
Bank - Current Account		633,073	469,977
Bank - Money Market Fund Account	N5	22,479,965	19,302,301
Accounts Receivable	N6	218	218
Refundable Deposit	N7	154,700	154,700
V.A.T. Recoverable	N8	415,262	464,767
		23,866,135	20,519,029
TOTAL ASSETS		26,535,958	23,420,729
CAPITAL & LIABILITIES			
ACCUMULATED FUNDS			
Accumulated Funds - Government Grants	N10	2,424	2,772
Retained Earnings		22,238,682	18,200,244
Retained Earnings - Depreciation on P.U.C. Assets	N11	348	435
Surplus for the year		2,250,426	4,002,945
		24,491,879	22,206,396
CURRENT LIABILITIES			
Accounts Payable			
- Other	N12	119,492	204,722
Gratuity Provision		281,377	1,009,611
Pension		210,967	-
Salary		1,432,242	-
		2,044,078	1,214,333
TOTAL CAPITAL & LIABILITIES		26,535,958	23,420,729

The attached notes form an integral part of these financial statements and should be read in conjunction therewith.

.....
EXECUTIVE DIRECTOR

Anne-Marie Deobarrie
CHAIRMAN

On 18-06-2012, the Commissioners of Regulated Industries Commission approved these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

REGULATED INDUSTRIES COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2010
(With comparative figures for the year ended 31st December, 2009)

	Notes	2010 $	2009 $
INCOME			
CESS		15,813,653	14,741,529
Property Receipts		-	15,894
Other	N13	429,302	1,099,857
TOTAL INCOME		**16,242,955**	**15,857,280**
EXPENSES			
Advertising and Promotions		172,873	208,456
Allowances		307,200	82,091
Audit Fees		31,500	34,275
Bank Charges		3,785	3,503
Books and Periodicals		14,817	44,753
Charitable Contributions		6,250	5,230
Computer and Maintenance		60,178	-
Consultation Expenses		-	82,500
Contract Gratuities		1,019,065	888,367
Contracted Services		32,645	108,415
CSR Mobile Office		-	4,700
Depreciation	N3	700,856	536,823
Government Contribution to NIS		195,362	197,672
Group Health Insurance		116,870	99,434
Group Life Insurance		69,935	64,874
Insurance		57,579	55,918
Mail and Postage		2,732	1,950
Miscellaneous Expenses	N14	183,689	143,663
Motor Vehicle Maintenance		58,026	55,185
Office Expenses		106,512	124,267
OOCUR Expenses		96,459	226,964
Professional Fees and Legal Fees		1,200	113,388
Remuneration to Board Members		181,500	462,000
Rent		2,100,700	2,041,200
Repairs and Maintenance		46,201	7,037
Salaries		7,508,949	5,449,548
Security and Janitorial Services		138,244	148,125
Specific Provision for Bad Debts		-	-
Subscriptions		79,234	25,104
Telephones		219,813	226,491
Training		477,556	397,359
Uniforms		2,800	15,042
TOTAL EXPENSES		**13,992,530**	**11,854,335**
NET SURPLUS FOR THE YEAR		**2,250,426**	**4,002,945**

STATEMENT OF CHANGES IN EQUITY

REGULATED INDUSTRIES COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2010

AS AT 31ST DECEMBER 2010

	NOTES	RETAINED EARNINGS $	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * $	TOTAL $
Opening Balance as at 01-Jan-10		22,203,624	2,772	22,206,396
Surplus for the year		2,250,426	-	2,250,426
Depreciation on P.U.C. Assets	N11	348	(348)	-
Prior Period Adjustment		35,058	-	35,058
Closing Balance as at 31-Dec-10		24,489,456	2,424	24,491,879

AS AT 31ST DECEMBER 2009

	RETAINED EARNINGS $	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * $	TOTAL $
Opening Balance as at 01-Jan-09	18,204,873	3,667	18,208,540
Surplus for the year	4,002,945	-	4,002,945
Depreciation on P.U.C. Assets	895	(895)	-
Prior Period Adjustment	(5,089)	-	(5,089)
Closing Balance as at 31-Dec-09	22,203,624	2,772	22,206,396

** P.U.C. - Public Utilities Commission*

STATEMENT OF CASH FLOW

REGULATED INDUSTRIES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2010
(With comparative figures for the year ended 31st December, 2009)

	2010 $	2009 $
CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus for the year	**2,250,426**	**4,002,945**
Adjustments:		
Depreciation	700,856	536,823
Prior Period Adjustment	35,058	(5,090)
(Profit)/Loss on Asset Disposal	-	(141,311)
Interest on Investment	(426,996)	(954,347)
	2,559,343	3,439,021
(Decrease) in Due to Treasury	-	(2,829,324)
(Decrease)/Increase in Accounts Payable	(85,230)	13,073
Decrease in Accounts Receivable	-	1,945
(Decrease)/Increase in Gratuity Provision	(728,234)	283,953
Increase in Pension	210,967	-
Increase in Salary	1,432,242	-
(Increase)/Decrease in Prepayments	(70,788)	906,895
Decrease/(Increase) in VAT Recoverable	49,505	(328,170)
Net Cash Flow from Operating Activities	**3,367,806**	**1,487,392**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(551,859)	(2,168,992)
Proceeds from Asset Disposals	82,880	6,472,229
Interest on Investment	426,996	954,347
Net Cash (Used in)/Flow from Investing Activities	**(41,983)**	**5,257,584**
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	**3,325,823**	**6,744,976**
CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Flow from Financing Activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,325,823**	**6,744,976**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**19,790,215**	**13,045,239**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**23,116,038**	**19,790,215**
REPRESENTED BY:		
Cash in Hand	3,000	17,937
Bank - Current Account	633,073	469,977
Bank - Money Market Fund Account	22,479,965	19,302,301
	23,116,038	**19,790,215**

REGULATED INDUSTRIES COMMISSION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2010

1 INCORPORATION AND PRINCIPAL ACTIVITY

The Regulated Industries Commission was established by the Regulated Industries Commission Act, Chapter 54:73. The purpose of the Commission is to regulate the activities of utility service providers through a system of licensing.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, based on generally accepted accounting principles, have been applied, unless otherwise stated:

a BASIS OF PREPARATION

These financial statements are prepared in accordance with International Financial Reporting Standards and are on the basis of historic cost.

b REPORTING CURRENCY

These financial statements are expressed in Trinidad and Tobago dollars.

c FIXED ASSETS

Assets are capitalised and depreciated from the date of acquisition. The method of depreciation used is the reducing balance method. The following rates of depreciation were applied to the capitalised assets :

Motor Vehicles	25%	per annum
Computers	25%	per annum
Office Furniture	12.5%	per annum
Office Equipment	12.5%	per annum

d CAPITALISATION POLICY

The Commission has adopted the policy of expensing assets that fall below the cost of $1,000.00, even though that asset may have a useful life in excess of one (1) accounting period.

e REVENUE

The Commission is funded by CESS Income which is obtained from utility service providers and is calculated based on a percentage of their income.

f CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are carried in the Statement of Financial Position at cost. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

REGULATED INDUSTRIES COMMISSION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2010 (Continued)

3 NON-CURRENT ASSETS - $2,669,823

	Total	Motor Vehicle	Computers and Office Equipment	Office Furniture	Assets From PUC
	$	$	$	$	$
COST					
Balance as at 01-Jan-10	5,663,037	575,464	3,947,290	1,099,654	40,629
Additions for the Year	551,859	507,511	42,094	2,254	-
Disposals made during the year	(302,355)	(302,355)	-	-	-
Balance as at 31-Dec-10	5,912,541	780,619	3,989,384	1,101,908	40,629
ACCUMULATED DEPRECIATION					
Balance as at 01-Jan-10	2,761,338	325,870	1,719,051	678,561	37,856
Depreciation for the year	700,506	140,329	507,727	52,450	-
Disposal made during the year	(219,474)	(219,474)	-	-	-
Depreciation for the year - PUC Assets	348	-	-	-	348
Balance as at 31-Dec-10	3,242,718	246,725	2,226,778	731,011	38,205
NET BOOK VALUE AS AT 31-DEC-10	2,669,823	533,894	1,762,606	370,897	2,424
NET BOOK VALUE AS AT 31-DEC-09	2,901,700	249,594	2,228,240	421,093	2,772

4 PREPAYMENTS - $163,179

	2010	2009
	$	$
Prepayments comprise:		
Motor Insurance	22,127	23,062
Copiers Maintenance Contract	19,252	1,844
Software Licenses	70,249	34,113
Postage	-	33,373
Contract Services	51,551	-
	163,179	92,391

REGULATED INDUSTRIES COMMISSION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2010 (Continued)

5 BANK - MONEY MARKET FUND - $22,479,965

	2010 TT$	2009 TT$
Republic Bank Limited.		
Investment Account 1	10,067,574	6,675,052
Investment Account 2	7,648,535	8,542,838
Investment Account 3	4,763,857	4,084,411
	22,479,965	19,302,301

6 ACCOUNTS RECEIVABLE - $218

	2010 $	2009 $
Accounts Receivable comprise:		
W. Rennie	-	2,196
Employee Group Health	218	218
	218	2,414
Provision for Bad Debt	-	(2,196)
	218	218

7 REFUNDABLE DEPOSIT - $154,700

	2010 $		2009 $
Refundable Deposit with T & T Unit Trust Corporation	122,832	**	122,832
Deposit of two (2) months rent with Furness T'dad Ltd	154,700		154,700
	277,532		277,532
Provision for Bad Debt	(122,832)		(122,832)
	154,700		154,700

** In 2001, the Regulated Industries Commission sought to lease office space in T & T Unit Trust Corporation. To this end, a deposit of $122,832 was made to secure the required space. The transaction has since been aborted and subsequently became statute-barred. A Provision for Bad Debt was created pending approval from the Minister of Finance to write off the amount in accordance with Section 35 of the Regulated Industries Commission Act, Chapter 54:73.

8 V.A.T. RECOVERABLE - $415,262

This represents refunds due to the Commission, in keeping with its tax exempt status, from VAT paid on consumption of goods and services.

REGULATED INDUSTRIES COMMISSION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2010 (Continued)

9 TAX EXEMPT STATUS

By virtue of the Regulated Industries Commission Act, Chapter 54:73, Section 31, the Commission is exempt from all stamp duty, taxes, duties, customs duties, levies and other imposts on its income, profit or on assets which it acquires for its own use.

10 ACCUMULATED FUNDS - GOVERNMENT GRANTS - $2,424

This represents the balance in the Government Grants Account with respect to the assets taken over from the former Public Utilities Commission.

11 RETAINED EARNINGS - DEPRECIATION ON PUC ASSETS - $348

An amount equivalent to the depreciation charge on assets taken over from the former Public Utilities Commission (PUC) was transferred from the Reserves Accumulated Funds - Government Grants to Retained Earnings. This measure, in effect, reimbursed the Regulated Industries Commission for the depreciation expense incurred on behalf of the PUC.

The method of depreciation used is in accordance with circular F 22/8/43 issued by the Ministry of Finance to all Government institutions on 23rd July 1969.

(See Statement of Changes in Equity. Page 4)

12 ACCOUNTS PAYABLE OTHER - $119,492

	2010 $	2009 $
Accounts Payable comprise:		
Audit Fees	57,582	68,698
Auditor General	4,500	5,938
Arrears of Increment	10,288	10,288
Fairfield Complex	300	300
Ian Welch - Salaries	-	5,000
Catering Christmas Lunch	9,172	31,280
Asset Disposal	-	6,762
Advertising	-	9,528
Professional Services	-	51,000
Newspaper Subscription	-	7,428
Staledated cheques	37,651	8,500
	119,492	204,722

REGULATED INDUSTRIES COMMISSION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2010 (Continued)

13 OTHER INCOME - $429,302

	2010 $	2009 $
Interest from Investment	426,996	954,347
Profit on Disposal of Assets	-	141,310
Tender Fees Deposit	-	4,200
Other Receipts	2,306	-
	429,302	1,099,857

14 MISCELLANEOUS EXPENSES - $183,689

	2010 $	2009 $
Staff Functions	107,753	61,820
Staff Welfare	56,084	61,366
Catering	1,760	7,230
Public Relations	18,091	13,247
	183,689	143,663

NOTES

REGULATED INDUSTRIES COMMISSION

REGULATED INDUSTRIES COMMISSION

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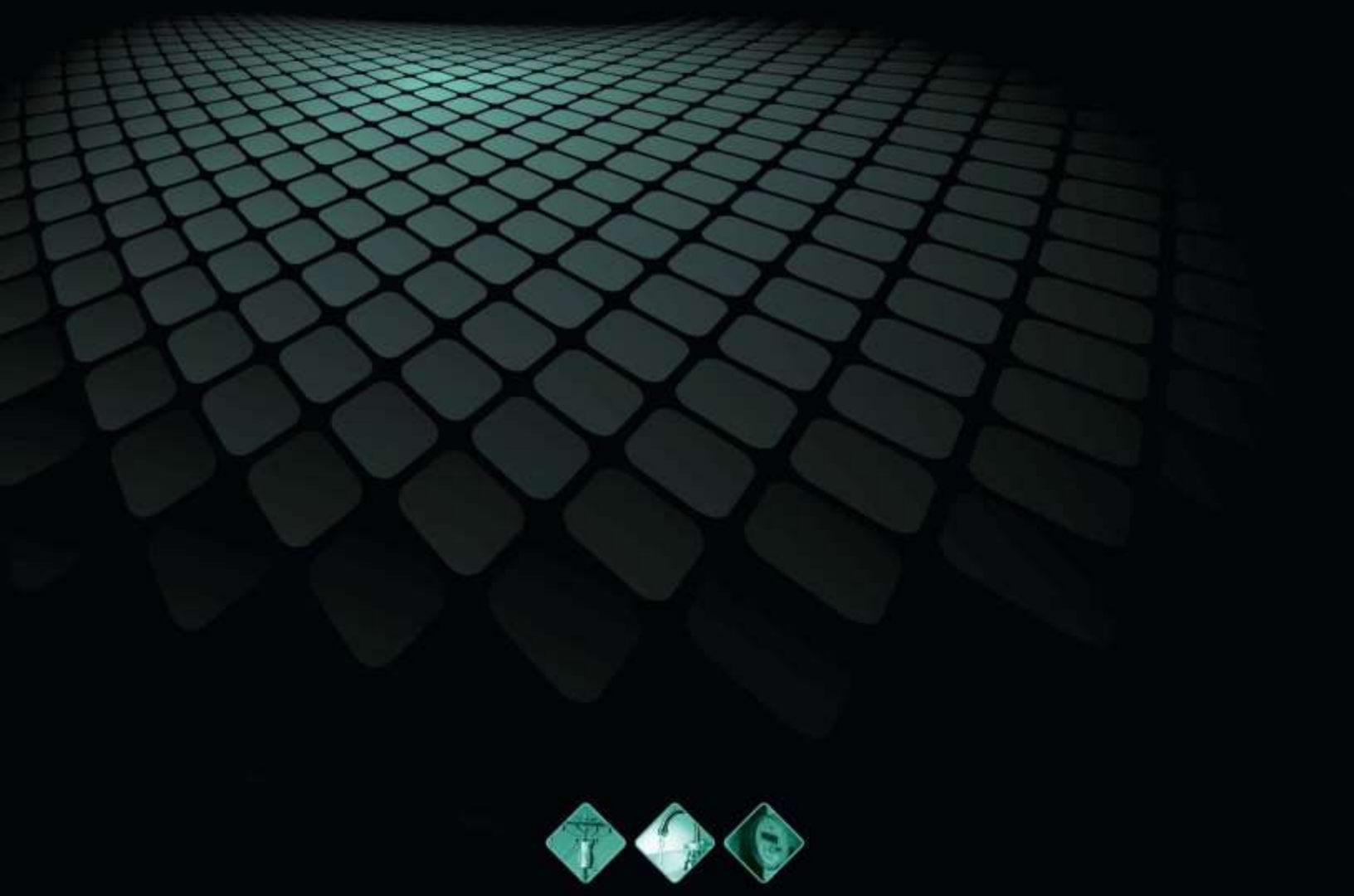

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