



REGULATED INDUSTRIES COMMISSION

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## Letter of Transmittal

The Honourable Nizam Baksh  
Minister of Public Utilities  
#2 Elizabeth Street  
St. Clair

Dear Minister,

Re: Annual Report and Financial Statements 2011

In accordance with Section 34 of the Regulated Industries Commission (RIC) Act, Chapter 54:73, I have the honour to submit the RIC's audited Statement of Accounts and the Annual Report for the year ending December 31, 2011 as certified by the Auditor General.

Sincerely,



Dr. Anne-Marie Mohammed  
Chairman

## CHAIRMAN'S REMARKS

Prior to the General Elections of May 2010, the entire Board of the RIC had vacated office, and it was not until February 2011 that a new Board under my chairmanship had been appointed by the President of Trinidad and Tobago.

The year 2011 represented the first milestone in the short history of the RIC, it having commenced operations in April, 2001. On the occasion of the RIC's Tenth Anniversary, I think that it is fitting that I pay tribute to my predecessors as Chairmen, Mr Vashist Maharaj (2001-2002), Professor Dennis Pantin (2002-2008), and Mr. Ian Welch (2009-2010), for their leadership and to all former Commissioners for the role they played in establishing the RIC as a respected regulatory agency in Trinidad and Tobago. Through their joint efforts, the RIC has moved from a nascent institution to one that is making a significant contribution to the welfare of the citizens of Trinidad and Tobago.

As the new Board assumed office, we moved swiftly to address the many outstanding matters that had been delayed by the absence of a Board over the previous nine months. The Board was updated on the RIC's work programme and began to make decisions on matters that required its urgent attention.

The Commission continued its monitoring of T&TEC's performance in the area of Quality of Service Standards (QSS) with respect to Guaranteed and Overall Standards. However, as at December 2011, similar standards for the Water and Wastewater Sectors were still at the final stages of being gazetted by the Ministry.

Customer outreach and stakeholder relations saw increased activity in 2011 with several initiatives including meeting with proposed members of a prospective External Stakeholder Panel. The RIC recognizes the importance of stakeholder involvement as a vital component of good regulatory policy-making and thus it always ensures that its processes are open and accountable. The RIC interacts with the public and all other stakeholders



**Board of Commissioners with  
Mr. H.S. Atwal, Executive Director (far right)**

to enable consumer confidence in the legitimacy of its processes.

The Board took under consideration outstanding human resource issues and set about the task of ensuring that the RIC had its full complement of staff, which is one of the main prerequisites for the work of the Commission to continue at a consistent pace. This was accomplished by the end of 2011.

I had the pleasure of speaking at the Commission's inaugural Long Service Awards Celebration this year, where members of staff were given commemorative awards and tokens in recognition of their diligent effort and dedicated service over the years. The Board gave special recognition to five members of staff who had served the Commission for 10 years or more.

In closing, I would like to thank my fellow Commissioners for their commitment and support during the year. On behalf of the entire Board, I would like to convey a sincere thank you to the management and staff of the RIC for their expert work in our collective effort towards improving the quality of life for all citizens of Trinidad and Tobago.

Chairman

Dr. Anne-Marie Mohammed

## 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.

## ORGANISATION STRUCTURE

The Executive Director is responsible for the supervision over and direction of the work and staff of the Commission. The staff provide a range of services and advice to the Commission on all aspects of its work.



# RIC AT A GLANCE

**This, the ninth report of the RIC, covers the activities of the RIC for the period January 1st to December 31st, 2011.**

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).
- To establish economic principles and methodology for the setting of rates for services and to perform periodic reviews of the rating regimes;
  - To investigate consumer complaints in respect of rates, billing and unsatisfactory service and facilitate redress;
  - To ensure service providers are able to finance the delivery of services with an appropriate return on investment; and
  - To ensure openness and transparency by publishing information which will allow stakeholders the opportunity for input in regulatory decisions.

## 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, publish results and take action, where necessary, to protect the interests of customers and other stakeholders;
  - To prescribe standards for services, monitor compliance and impose sanctions for non-compliance;
- 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.

## THE YEAR IN REVIEW

The work of the RIC in 2011 unfolded in the context of a confluence of several realities; a new Board was installed thereby enabling decisions on regulatory policy to be made. Also, the first rate determination for T&TEC expired in May 2011 and the process of gathering and analyzing information for the second review commenced in earnest. Additionally, by the end of 2011 the Draft Determination for the Water and Sewerage Authority (WASA) had been substantially completed and should be available for public comment by the first quarter of 2012. At the same time, the monitoring of service providers was important in assessing their compliance with established directives and this remained an ongoing exercise.

In the case of consumer service activities, there was a 49% decrease in number of complaints received by the RIC, owing to an overall improvement in the level of service from the utilities. From the complaints received, the staff at the Customer Service Department performed exceptionally, achieving a 92% resolution rate.

When the number of complaints by service provider was analysed, 86% of all complaints were about WASA while 14% concerned T&TEC, further reinforcing the importance of establishing quality of service standards for the Water/Wastewater Sector. The draft determination for WASA will propose a number of initiatives that will improve the level of service to customers tremendously.

The RIC shared its view on transparency and accountability in monitoring the water and electricity utilities in February 2011, at a symposium held at the Crowne Plaza Hotel which was geared towards public education. Later in the year, staff journeyed to Tobago to hold a working lunch with stakeholders, for a better appreciation of the unique cultural perspectives that influence the utility-related issues emanating from the island. The RIC also continued its enhancement of stakeholder involvement through the launch of its External Stakeholder Panel (ESP), the dissemination of three new information brochures and also via media releases and press advertisements throughout the year.

The Ninth Annual OOCUR Conference was held in Barbados in November, 2011. The Chairman, two Commissioners and several members of staff attended the conference, which attracted over 70 regional and extra-regional participants. Two members of RIC staff presented papers at the conference on the issues of energy efficiency in the water and electricity sectors.

The RIC's emphasis on empowering staff continued, through a robust training programme that saw more than 22 members of staff being exposed to different levels of technical and non-technical training.

## SECTOR REPORTS

### Trinidad and Tobago Electricity Commission (T&TEC)

#### Quality of Service Standards for T&TEC

The RIC continued its monitoring of T&TEC's performance in the area of the Quality of Service Standards (QSS). A summary of this analysis follows.

#### Summary of T&TEC's Performance under the Guaranteed Standards

In total, there were 10,565 breaches by T&TEC under the Guaranteed Standards for 2011. This was 51% less than the 21,381 breaches recorded in 2010. Of these breaches, 516 were eligible for automatic compensation. There were 10,049 breaches for the Guaranteed Standard GES 1 (Response and Restoration time) representing 95% of the total number of breaches, while the next highest number of breaches was 370 (4% of total)

for GES 2 (Billing Punctuality). GES 4 (Making and Keeping Appointments) and GES 6 (Responding to billing and payment queries) were the only standards for which there were no breaches in 2011 (See table 1).

Generally, for 2011, the level of performance of the service provider under the Guaranteed Standards showed improvement in all the standards. GES 1 (Response and Restoration Time) has always had a high compliance rate and this situation persisted in 2011. However, because of the large number of customer outage incidents, the number of breaches is usually proportionately large when compared with the number of breaches occurring under the other standards. There was significant improvement observed under two of the Guaranteed Standards (GES 2 and GES 6), when compared with figures from 2010.

**Table 1 – Number of Breaches under the Guaranteed Standards by Quarter (2011)**

Standard		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTAL
GES 1 – Response and Restoration Times of Supply after unplanned outages on the distribution system		267	1,298	5,046	3,438	10,049
GES 2 – Billing Punctuality	Residential	104	145	88	10	347
	Non-Residential	6	9	4	4	23
GES 3 – Reconnection after Payment of overdue amount/ agreement		7	2	5	1	15
GES 4 – Making and Keeping Appointments		0	0	0	0	0
GES 5 – Investigation of Voltage Complaints	Response	0	4	5	6	15
	Rectification	6	0	2	0	8
GES 6 – Responding to billing and payment queries		0	0	0	0	0
GES 7 – New connection of supply		0	0	0	13	13
GES 8 – Payments owed under guaranteed standards	Residential	3	0	88	0	88
	Non-Residential	0	0	4	0	4
TOTAL						10,565



A summary of the compliance rates for the Guaranteed Standards in 2011 is presented below in table 2.

### Summary of T&TEC's Performance under Overall Standards

With respect to the Overall Standards, there continued to be full compliance with OES 1 (Frequency of meter reading). The improvement previously seen in OES 2 (Billing Punctuality) during 2010 was not sustained in 2011 with the compliance rate dropping from 95.9% to 89.5%. There were improvements in OES 3 (Responding to meter problems) and OES 4 (Prior notice of unplanned outages). Performance under OES 6 (Response to customer queries/requests) showed a marginal decline, while that under OES 7 (Notifying customers of receipt of claim under Guaranteed Standard GES 1) improved slightly to achieve full compliance. Notwithstanding a small improvement, performance

under OES 5 (Street lights maintenance) continued to be the lowest, with compliance rates under 80%. A summary of compliance rates under the Overall Standards in 2011 is presented in table 3.

The Guaranteed Standards Scheme was designed to encourage T&TEC to focus on improving the quality of service delivered in the specified areas. This is the second year for which there has been automatic compensation for breaches of all the Guaranteed Standards except GES1. T&TEC has improved its management of the automatic compensatory scheme during this period. However, until compensation for breaches of GES 1 is made automatic, the full benefit of the Guaranteed Standards Scheme will not be realised. The RIC must therefore do everything within its power to encourage T&TEC to complete all modules of the AMI project, so that individual customers affected by outages can be identified, the pre-requisite for making compensation under GES 1 automatic.

**Table 2 – Summary of Compliance – Guaranteed Standards (2011)**

Standard		Compliance Rates (%)					TOTAL	
		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	2011	2010	
GES 1 – Response and Restoration Times of Supply after unplanned outages on the distribution system		99.9	99.8	99.5	99.7	99.7	99.7	
GES 2 – Billing Punctuality	Residential	96.3	95.6	96.8	99.5	96.8	68.0	
	Non-Residential	71.4	93.2	81.8	78.9	88.2	29.0	
GES 3 – Reconnection after Payment of overdue amount/ agreement		99.8	100.0	99.9	100.0	99.9	99.5	
GES 4 – Making and Keeping Appointments		100.0	100.0	100.0	100.0	100.0	98.2	
GES 5 – Investigation of Voltage Complaints	Response	100.0	99.6	99.4	99.4	99.6	98.0	
	Rectification	98.3	100.0	99.5	100.0	99.5	99.2	
GES 6 – Responding to billing and payment queries		100.0	100.0	100.0	56.6	100.0	72.7	
GES 7 – New connection of supply		100.0	100.0	100.0	99.6	99.9	92.9	
GES 8 – Payments owed under guaranteed standards	Residential	100.0	N/A	0.0	N/A	3.3	N/A	
	Non-Residential	N/A	N/A	0.0	N/A	0.0	N/A	

## Trinidad and Tobago Electricity Commission (T&TEC) *(continued)*

The RIC continues to experience difficulties in receiving accurate information from T&TEC. However, it is hoped that with the establishment of a department dedicated to regulatory affairs within T&TEC, this problem should be alleviated.

In June 2011 the first Rate Determination expired and the RIC is currently gathering up to date information before it issues the second Determination.

### Monitoring of T&TEC's Capital Expenditure

For the regulatory period 2006–2011, the allowed Capex was \$800 Mn, while T&TEC's capital expenditure amounted to approximately \$1,203.55 Mn (150.4% of the RIC allowed Capex), a divergence of \$403.55 Mn above the allowed Capex. The period 2006 - 2010 was characterized by under utilization of approved allocations, while actual expenditure for 2010/2011 was reported to be significantly greater than the approved allocation. However, the actual expenditure for 2010/2011 incorporates expenditure on previously unreported projects and is currently being ratified in order that the expenditure will be disaggregated over the appropriate years.

Despite the fact that approximately 150.4% of the approved Capex was utilized, the proposed capital expenditure project implementation has not been completed as scheduled. Out of 107 projects scheduled to be implemented over the regulatory period, 69 projects (64.5%) were commenced of which 40 projects (37.4%) were completed.

During 2011, there were six incidents that were reported by service providers in the electricity sector under the ENRMP (see table 4). No reports of any events were received from PowerGen for the year 2011, while Trinity Power Limited reported on one (1) incident pertaining to the internal damage of a transformer while it was in operation and which was subsequently replaced. T&TEC reported on five (5) events. There were two (2) instances of the unplanned loss of electrical supply to large numbers of customers in different parts of North Trinidad, and two (2) separate events of contact with energized conductors that resulted in fatalities, one which involved a T&TEC worker at a job site in Tunapuna and the other that involved a member of the public working on a roof in Point Fortin. The fifth event concerned an incident where a member of the public made non-fatal contact with T&TEC's overhead lines in San Fernando. The outcome of further investigations and the final reports for the latter three incidents are still to be submitted to the RIC.

**Table 3 – Summary of Compliance – Overall Standards (2011)**

Standard		Compliance Rates (%)					
		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTAL	
						2011	2010
OES 1 – Frequency of meter reading	Industrial	100.0				100.0	100.0
	Residential/Comm	100.0				100.0	100.0
OES 2 – Billing Punctuality		99.5	64.5	89.3	100.0	93.9	95.9
OES 3 – Responding to meter problems		100.0	100.0	79.9	85.6	96.8	95.8
OES 4 – Prior notice of planned outages		99.6	98.7	99.2	96.9	98.5	94.9
OES 5 – Street lights maintenance	Street Lights	74.5	87.5	80.3	74.3	79.1	77.2
	Highway Lights	96.8	80.3	49.3	92.4	87.5	76.1
OES 6 – Response to customer queries/requests	Initial Response	95.5	97.6	87.1	45.0	86.8	91.9
	Final Position	90.9	100.0	93.5	100.0	95.6	95.7
OES 7 – Notifying customer of receipt of claim under Guaranteed Standard GES1		100.0	100.0	100.0	100.0	100.0	99.9

### Monitoring and reporting of Incidents under the Events Notification and Response Management Plan (ENRMP)

**Table 4 – Summary Report - Incidents in The Electricity Sector (2011)**

Standard	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTAL	Comments
T&TEC	5	2	1	0	2	No final reports have been submitted.
PowerGen	0	0	0	0	0	
Trinity Power	1	0	0	1	0	There was an explosion in the Main Transformer and it was replaced.
Total	6	2	1	1	2	

## The Water & Wastewater Authority (WASA)

### Quality of Service Standards for Water and Wastewater Sectors

During 2011 the RIC submitted, to the Ministry of Public Utilities, the Quality of Service Standards for Water and Wastewater for gazetting. By end of 2011, the standards remained unpublished, and thus an important instrument for ensuring better service to consumers could not be employed.

Due to the delay experienced in gazetting the standards, and in an effort to expedite its implementation, consideration is being given to placing the standards within the Draft Determination for the Water and Wastewater Sectors. The standards will become effective once the determination is finalized.

The Executive Director of RIC met with the Board and Management of WASA in February 2011 to discuss the upcoming Determination.

### Monitoring and Reporting of Incidents under the Events Notification and Response Management Plan (ENRMP)

WASA reported fifty-four events to the RIC for the year 2011, representing an average of thirteen events per quarter. Nearly all of the events reported pertained to a significant loss of water supply, of which 30% were due to maintenance issues, 30% to capital improvement works, 20% to emergency repairs and 9% due to excessive turbidity from heavy rainfall.

A summary of the number of events reported per quarter by WASA is shown in table 5 below.

**Table 5 – ENRMP - Summary Report for Water & Wastewater Sectors, 2011**

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTAL	%	Avg Per Quarter
Maintenance	0	4	7	5	16	30	4
Emergency Repairs	1	3	5	2	11	20	2.75
Capital improvement	1	9	4	2	16	30	4
Excessive turbidity due to rainfall	1	0	3	1	5	9	1.25
Other	0	3	0	3	6	11	1.5
Additional Reports required	0	1	0	1	2	3.70	0.5
Most Noteworthy Event of the Quarter	Disruption in water supply in East-West corridor due to heavy rainfall: Affected the Caroni & North Oropouche treatment plants	Collapse of Communal tank on resident in Williamsville	Several disruptions in water supply in North Trinidad due to a build-up of silt and debris caused by heavy rainfall	Length of shutdown of Desalcott & the severity of the resulting water shortage			

# CONSUMER SERVICES

The RIC, through its Customer Services Department (CSD) continued to provide assistance to those customers who failed to obtain redress to their complaints from either the Water and Sewerage Authority (WASA) or the Trinidad and Tobago Electricity Commission (T&TEC).

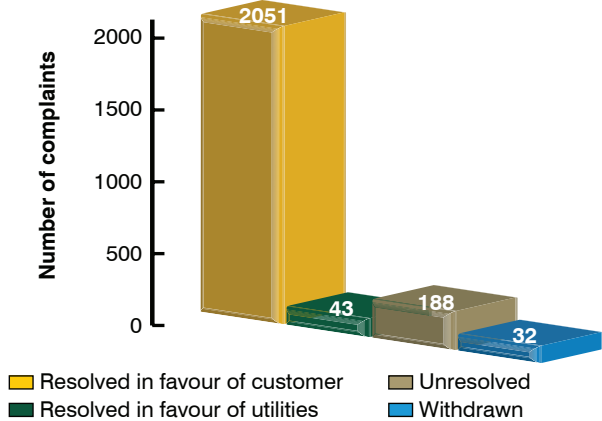
The RIC received 2,314 complaints in 2011 which, when compared to 2010, represented a 49% decrease in the number of complaints received. Generally, the fall in number of complaints is indicative of improvements in service delivery. One factor which contributed to improvements was the recently installed Navet Trunk Main which brought a more reliable supply to many customers in the Southern region. Another factor was the recent 24/2 initiative, which mandated WASA to deliver water to the entire country with a frequency of at least 2 days per week. The favourable rainy season is a third factor that may have caused a decrease in the number of complaints, since many residents of underserved areas store rainwater in large tanks for

domestic use. A high resolution rate to complaints received was maintained, with 2,094 or 92% of the complaints resolved, as shown in table 6.

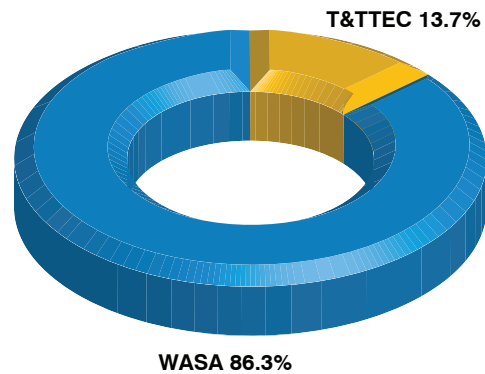
The complaints received in 2011, were filed by 1,133 customers of whom 55% or 626 accessed the services of the RIC for the first time. There were a number of repeat customers as 480 persons or 42% reported two or more complaints. Protecting the interest of consumers continued to be high on the RIC's list of priorities. In 2011, 2,051 or 98% of the complaints were resolved in the favour of customers, as indicated in figure 1.

Historically, the bulk of complaints received by the RIC concern WASA and this trend continued, as the number of complaints filed against WASA accounted for 1996 or 86% of all complaints received as shown in figure 2. Typically, during the dry season the RIC receives an increasing number of complaints because of water scheduling and lower rainfall. However in 2011, the highest numbers of

**Figure 1 – Status of Complaints Received in 2011**



**Figure 2 – Complaints Received in 2011 shown by Service Provider**



**Table 6 – Status of Complaints Received for 2009-2011**

Status	YEAR			% Change
	2009	2010	2011	
Number of complaints received	4354	4557	2314	-49%
Number of complaints unresolved	718	326	188	-42%
Number of complaints withdrawn	91	133	32	-76%
Resolution rate	83%	93%	92%	-1%

complaints were reported in the last two months as depicted in figure 3. This observation was directly related to problems emanating from WASA's and Desalcott's water production facilities, causing an abnormal spike in complaints in those months.

The RIC's decision to establish its Toll-Free service (800-4RIC) has certainly been worthwhile. Most of RIC's customers now use this service to lodge and follow up their complaints. In 2011, 91.7 % or 2,122 complaints were received by telephone, as shown in table 7. However, when compared to 2010 there was a 50.9% reduction in use of this medium, which is due largely to the decrease in number of complaints overall. More people have access to the internet and as a consequence, the number of complaints received by email has increased by 28.3%. This medium represents 3.3%

of all complaints received in 2011. Complaints received by letter and from persons who visited the RIC's office (walk-ins) accounted for 2.4% in each case, as depicted in figure 4. Unfortunately, no Community Outreach Programme (COP) was held in 2011, because of resource challenges.

As shown in figure 5, Inadequate Supply was the most common problem reported by customers as 1,557 or 67.3% of complaints received in 2011 were related to this particular complaint category. This represents a reduction when compared against previous years as complaints in that category were recorded at 78.3% in 2010 and 81.4% in 2009. The other categories in descending order were Leaks, Street/ Lights/Poles, Billing Query, representing 11.3%, 4.7% and 4.0% of the total complaints received respectively.

Figure 3 - The Number of Complaints lodged against the Service Providers in 2011

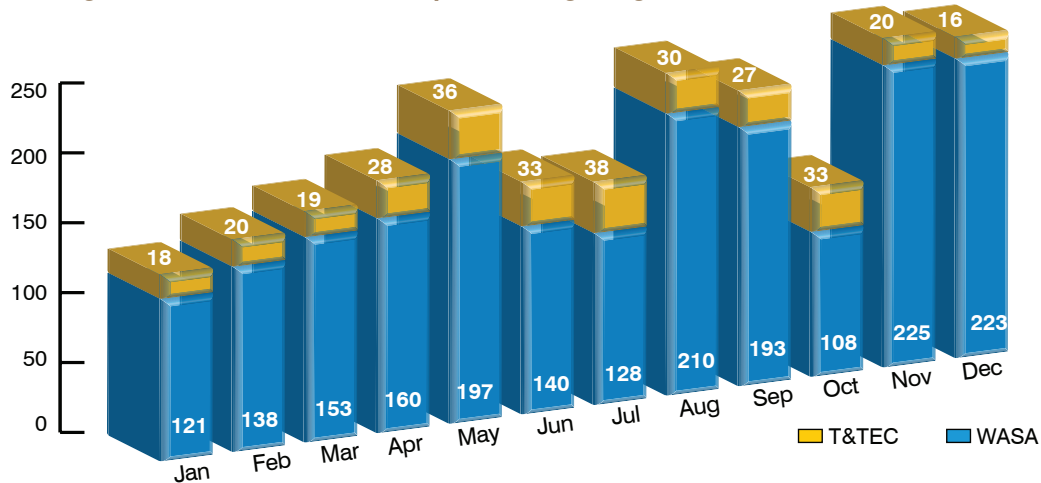


Table 7 – Number of Complaints shown by Receiving Medium, 2009 – 2011

Status	YEAR			% Change
	2009	2010	2011	
E-Mail	35	60	77	28.3%
Letter	133	96	56	-41.7%
Media	1	3	4	33.3%
COP	148	0	0	0.0%
Telephone	3974	4320	2122	-50.9%
Walk-In	63	78	55	-29.5%
<b>Total</b>	<b>4354</b>	<b>4557</b>	<b>2314</b>	<b>-49.2%</b>

Figure 4 – Distribution of Complaints by Receiving Medium, 2011

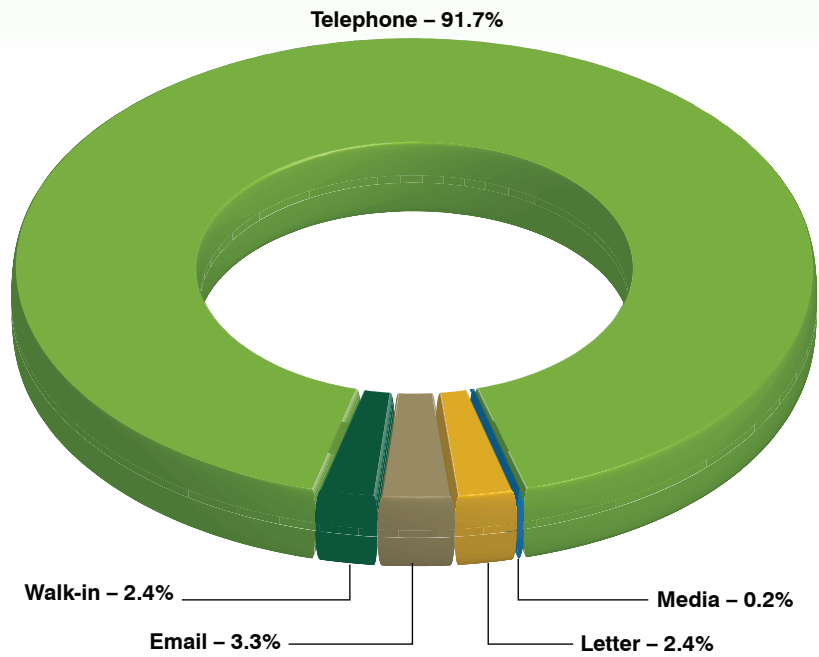
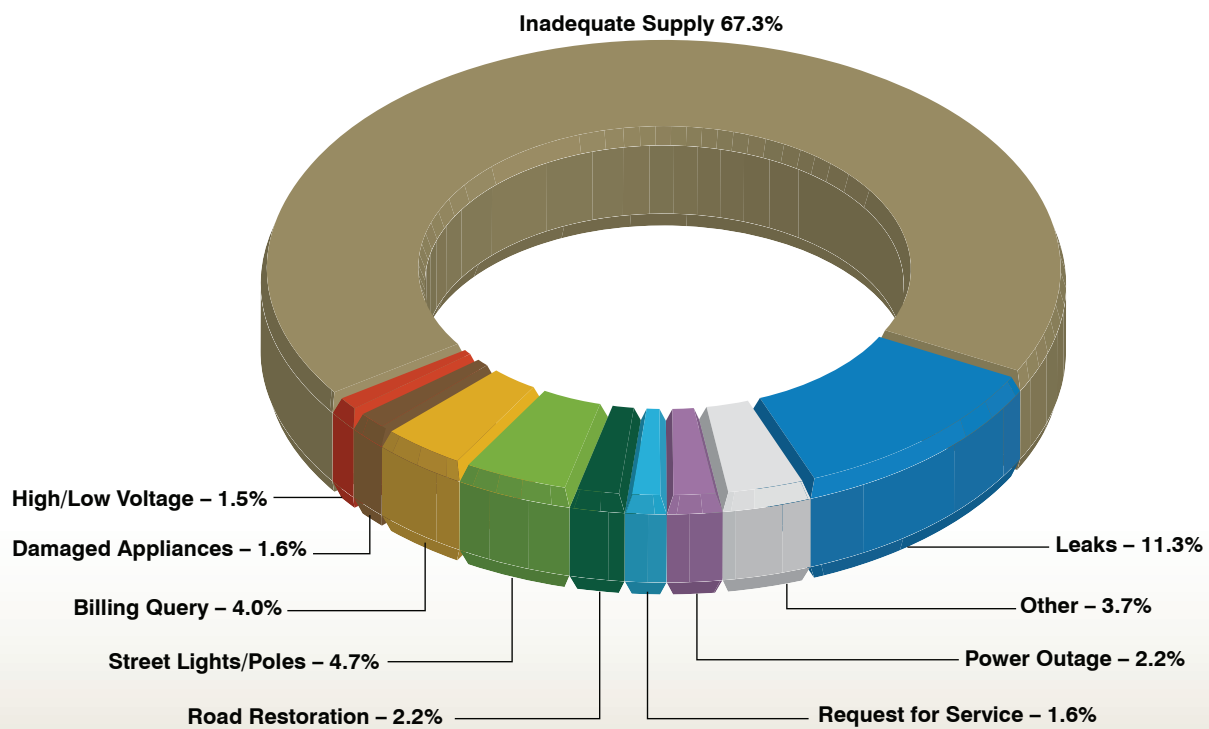


Figure 5 – Distribution of Complaints by Category, 2011





As shown in figure 6, the trend of complaints about lack of adequate supply for each month in 2011 is lower than all months of 2009 and almost all months of 2010. The observed decrease in the complaints may be attributed to several reasons. Among the most important reasons, a favourable rainy season, replacement of the Navet Trunk Main and the improvement in supply to a number of communities because of the 24/2 initiative, can be identified.

Complaints disaggregated by service provider are shown in table 8 below. In the case of T&TEC, the RIC observed that Street Lights/Poles, Power Outages, Other and Damaged Appliances were the most reported complaints in 2011, accounting for 34.3%, 15.7%, 11.9% and 11.6% of the complaints respectively. However, Billing Queries, Request

for Service and Damaged Appliances were the complaint categories recording the highest percentage changes, decreasing by 50.8%, 45.7% and 35.1% respectively, when compared to 2010.

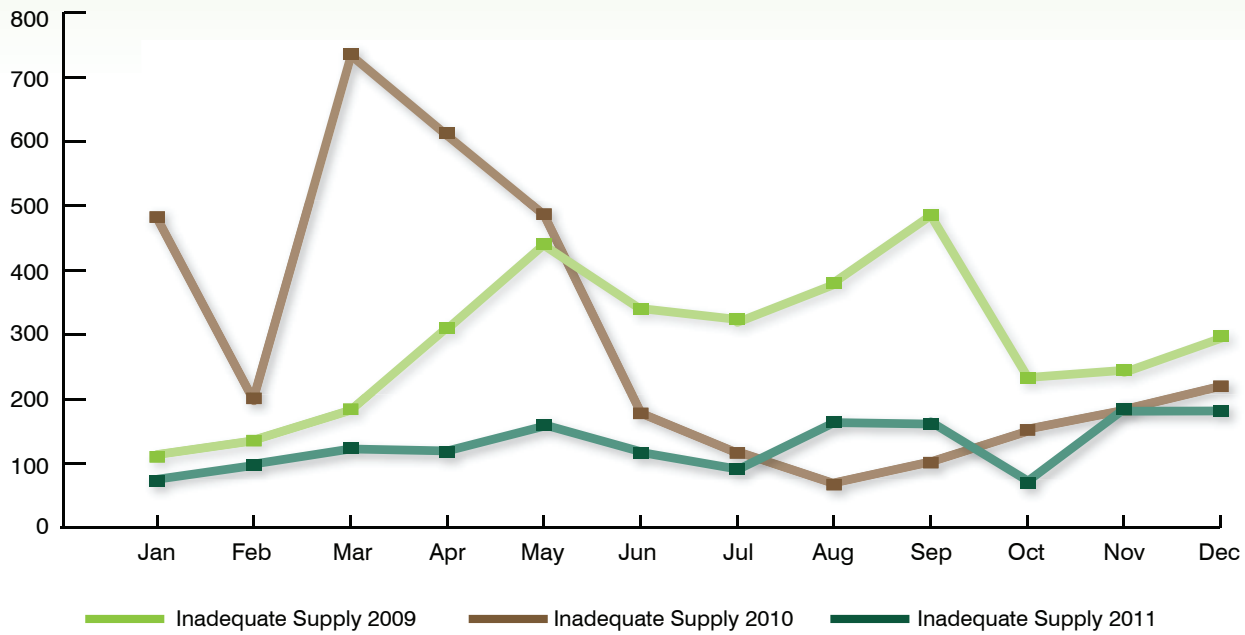
Analysis of the data for WASA revealed that Inadequate Supply, Leaks and Billing Queries were the most reported complaints, accounting for 78.0%, 13.1% and 3.1% of the complaints received respectively. The only category that recorded an increase in the number of complaints for 2011 was Road Restoration, which increased by 13 complaints or 35.1%. All of the other categories decreased when compared to the corresponding period in 2010, with the highest decline being recorded against Inadequate Supply, followed by Request for Service and Billing Queries at 56.4%, 35.7% and 28.7% respectively.

**Table 8 – Distribution of Complaints Received by Category and Service Provider for the period 2009-2011**

Status	YEAR			% Change
	2009	2010	2011	
<b>T&amp;TEC</b> Billing Query	97	63	31	-50.8%
Damaged Appliances	31	57	37	-35.1%
High / Low Voltage	21	42	34	-19.0%
Other	50	46	38	-17.4%
Power Outages	21	51	50	-2.0%
Request for Service	32	35	19	-45.7%
Street Lights / Poles	96	117	108	-6.8%
	<b>348</b>	<b>411</b>	<b>317</b>	<b>-22.6%</b>
<b>WASA</b> Billing Query	150	87	62	-28.7%
Inadequate Supply	3545	3568	1558	-56.4%
Leaks	205	369	262	-29.0%
Other	57	57	47	-17.5%
Request for Service	20	28	18	-35.7%
Road Restoration	29	37	50	35.1%
	<b>4006</b>	<b>4146</b>	<b>1997</b>	<b>-51.9%</b>
<b>Total</b>	<b>4354</b>	<b>4557</b>	<b>2314</b>	<b>-49.2%</b>



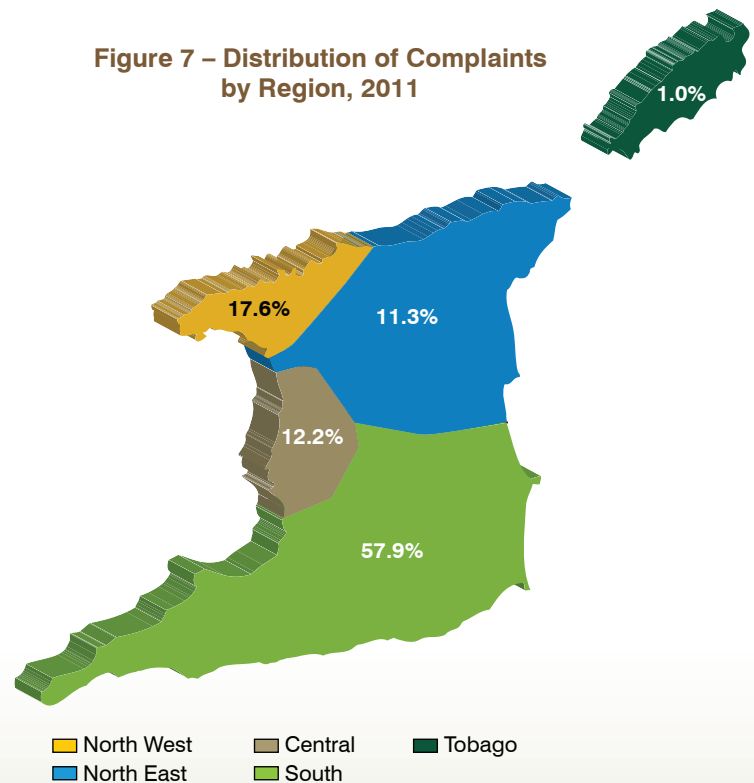
Figure 6 - Historical Trend of Inadequate Supply Complaints, 2009-2011



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 57.9% or 1339 complaints. This pattern appears to be relatively consistent with previous years as 56.8% and 62.2% came from the said region in 2010 and 2009 respectively.

Table 9 shows the disaggregation of the number of complaints by Regional/City Corporation throughout Trinidad and Tobago. Data from this table indicate that 2011 was relatively similar to 2010, in terms of ranking, as 21.3% of the complaints reported in 2011 came from the Penal/ Debe Regional Corporation, 20.8% came from the Princes Town Regional Corporation, and 14.3% from the Couva/Tabaquite/Talparo Regional Corporation.

Figure 7 – Distribution of Complaints by Region, 2011



Complaints emanating from Tobago recorded a 26% increase when compared to 2010, that is, an increase from 19 complaints in 2010 to 24 complaints in 2011. Complaints reported from all other geographic jurisdictions recorded significant declines, which may be attributed to the factors mentioned earlier, such as the favourable rainy season, improvements in water scheduling and replacement of strategic mains. Areas with the highest percentage change in descending order are Arima Borough Corporation, Siparia Regional Corporation, San Fernando City Corporation and Penal/Debe Regional Corporation, with declines of 76.5%, 73.6%, 71.4% and 56.1% respectively.

Historically, Inadequate Water Supply complaints have been the most reported complaint and 2011 was no exception. The RIC examined the 2011 complaints data to determine which areas in the four geographic regions are considered to be the

worst served areas. Table 10 indicates the five top areas (City/Town/Village) that are most affected in each region where these Inadequate Water Supply complaints were reported. There were some obvious changes in the areas when year to year comparisons were made, however, the number of complaints from the Southern region remains very large relative to the other regions. The regions of Barrackpore, Princess Town and Penal continued to be regarded as worst served areas.

One of the indicators the RIC uses to demonstrate, in a tangible way, whether it has added value to the regulatory process, is the quantum of credit/rebate and compensation that has been recovered for customers who lodged their complaints with the Commission. Over the last three years the RIC has recovered \$3.73 Mn in rebates as depicted in table 11. For 2011, the RIC recovered \$1.57Mn in credit/rebates, of which 86.1% was paid by WASA.

**Table 9 – Number of Complaints by Regional Corporations, 2009 - 2011**

City/ Borough Regional Corporation	YEAR			% Change
	2009	2010	2011	
Arima Borough Corporation	95	251	59	-76.5%
Chaguanas Borough Corporation	139	185	86	-53.5%
Couva/Tabaquite/Talparo Regional Corporation	602	656	332	-49.4%
Diego Martin Regional Corporation	282	185	122	-34.1%
Mayaro/Rio Claro Regional Corporation	77	74	38	-48.6%
Penal/Debe Regional Corporation	1313	1124	493	-56.1%
Point Fortin Borough Corporation	61	51	43	-15.7%
Port of Spain City Corporation	257	192	129	-32.8%
Princes Town Regional Corporation	463	590	481	-18.5%
San Fernando City Corporation	125	241	69	-71.4%
San Juan/Laventille Regional Corporation	252	293	164	-44.0%
Sangre Grande Regional Corporation	78	116	61	-47.4%
Siparia Regional Corporation	457	341	90	-73.6%
Tobago House of Assembly	19	19	24	26.3%
Tunapuna/Piarco Regional Corporation	134	239	123	-48.5%
<b>Total</b>	<b>4354</b>	<b>4557</b>	<b>2314</b>	<b>-49.2%</b>

Table 10 – Complaints Related to an Inadequate Water Supply: The top 5 Areas in each Region, 2009-2011

Status Status	2009		2010		2011	
	Area	Total	Area	Total	Area	Total
Central	Freeport	70	Freeport	142	Cunupia	31
	Cunupia	57	Claxton Bay	82	Claxton Bay	27
	Couva	40	Cunupia	37	Las Lomas No. 1	17
	Las Lomas No. 1	37	Chaguanas	36	Carapichaima	12
	Carapichaima	27	Carapichaima	22	Chaguanas	11
North East	Talparo	23	Arima	152	Talparo	24
	Arima	22	Talparo	70	Arima	16
	Arouca	18	D'Abadie	28	Champ Fleurs	14
	Manzanilla	14	St. Joseph	28	D'Abadie	11
	D'abadie	13	Arouca	20	Sangre Grande	6
North West	Diego Martin	106	Santa Cruz	63	Santa Cruz	42
	San Juan	79	San Juan	62	Diego Martin	32
	Glencoe	64	Morvant	34	Glencoe	23
	St. Anns	55	Barataria	33	Morvant	20
	Port of Spain	37	Port of Spain	33	Carenage	16
South	Penal	647	Penal	494	Barrackpore	339
	Barrackpore	350	Barrackpore	381	Princes Town	199
	Princes Town	277	Princes Town	344	Penal	136
	Siparia	235	Siparia	117	Tableland	58
	Gasparillo	145	San Fernando	108	Gasparillo	57

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 12 highlights the Department's performance during 2011 against the four established standards.

The CSD dealt with 144 walk-in customers in 2011 which resulted in fifty-five complaints being processed. Interestingly, 97.9% of the customers came to the RIC's office without an appointment and 91.6% of walk-ins were seen within 10 minutes, regardless of whether they had an appointment or not.

**Table 11 – Credit/Rebates obtained for customers by Complaint Type and Service Providers, 2009-2011 (TT\$)**

Service Provider	Type of Complaint	YEAR			Total
		2009	2010	2011	
<b>T&amp;TEC</b>	Billing Classification	3,627.00	<b>88,183.00</b>	-	91,810.00
	Billing Query	91,966.00	<b>92,344.00</b>	<b>109,731.00</b>	294,041.00
	Damage to Property	-	<b>4,500.00</b>	<b>188.00</b>	4,688.00
	Damaged Appliances/Equipment	64,780.00	<b>26,701.00</b>	<b>66,861.00</b>	158,342.00
	Other	144,192.00	<b>799,421.00</b>	<b>4,108.00</b>	947,721.00
	Reduction in Reserve Capacity	141,792.00	-	-	141,792.00
	Request for Service	9,358.00	-	<b>37,378.00</b>	46,736.00
	Retroactive Billing Adjustment	19,000.00	<b>32,666.00</b>	-	51,666.00
			<b>474,715.00</b>	<b>1,043,815.00</b>	<b>218,266.00</b>
<b>WASA</b>	Billing Classification	56,431.00	<b>5,658.00</b>	<b>1,755.00</b>	63,844.00
	Billing Query	396,511.00	<b>124,126.00</b>	<b>390,276.00</b>	910,913.00
	Damage to Property	20,000.00	<b>25,500.00</b>	<b>904,635.00</b>	950,135.00
	Disconnection / Reconnection	-	-	-	-
	Other Types of Liability Claims	-	-	<b>55,533.00</b>	55,533.00
	Retroactive Billing Adjustment	18,630.00	-	-	18,630.00
			<b>491,572.00</b>	<b>155,284.00</b>	<b>1,352,199.00</b>
<b>Total Rebate</b>		<b>\$966,287.00</b>	<b>\$1,199,099.00</b>	<b>\$1,570,465.00</b>	<b>\$3,735,851.00</b>

**Table 12 – Consumer Services Department's Performance, 2009 - 2011**

Target Area	Standard	YEAR		
		2009	2010	2011
Response to Written Complaints	95% Within ten (10) working days.	91.7%	<b>96.7%</b>	<b>98.20%</b>
Response to Telephone and E-mail Complaints	95% Within ten (10) working days	99%	<b>100%</b>	<b>99.95%</b>
Response to Overnight Messaging	100% Within one (1) working day	100%	<b>100%</b>	<b>100.00%</b>
Keeping Appointments	100% Within ten (10) minutes	100%	<b>100%</b>	<b>99.31%</b>

# CORPORATE COMMUNICATIONS

The RIC effectively leveraged the power of its growing reputation to sustain stakeholder engagement this year. Building on work done in previous years, the RIC continued its drive to educate the public, create deeper awareness and maintain the RIC's corporate image. With these goals in mind, all efforts were made to achieve the right balance of positive exposure in the face of challenges.

## **New Transparency and Accountability Measures for Service Providers**

The RIC shared its initial thinking on regulatory mechanisms to improve transparency and accountability when the Commission launched the first in a series of public education symposia under its Symposium Series at the Crowne Plaza Hotel on February 25th, 2011. At this symposium, entitled "Advancing Transparency & Accountability in the Electricity, Water and Wastewater Sectors" the RIC highlighted the transparency tools and accountability measures it proposed to adopt to improve its capacity to monitor service providers' actions and promote equitable access to utility services. The feature address "Toward Greater Transparency & Accountability in State-owned Utilities" was delivered by the Honourable Emmanuel George, Minister of Public Utilities who underscored that the Ministry "endorses any measure that will allow the public utilities in T&T to become more accountable for their performance and make them more transparent in their operations."

Transparency and accountability have become increasingly relevant as the visibility of many advocacy groups and international agencies have increased, in addition to them committing substantial resources towards identifying and deterring corrupt practices. The RIC is ensuring the protection of customers by; continuing to emphasize the need for service providers to become more efficient, promoting good governance and ensuring that there is an adequate level of transparency and accountability across the sectors. The RIC

proposes the introduction of specific tools in six broad areas: Consultation; Information disclosure; Openness, - making service providers answerable to consumers; Ethics and Integrity; and Promoting assessment and monitoring and Institutional/Governance arrangements. The RIC's proposed measures include:

- making information that concerns planning and development activities available to the public via the service provider websites;
- providing quarterly revenue and expenditure statements in accordance with guidelines established by the RIC and making these accessible to the public and the media;
- providing information on key performance indicators twice per year, including effectiveness in dealing with complaints;
- publishing the salaries and other benefits of senior management annually;
- declaring all foreign trips and expenses incurred by Board Members and management annually;
- disclosing the identity of all contractors, the value of the contracts and the main evaluation criteria used to select contractors;
- establishing Codes of Conduct for staff; and
- holding Annual Public Meetings to allow the public to question the Board and the Executive Director.

By adopting these specific proposals the RIC believes that service providers can gain credibility and trust, thereby enhancing support from stakeholders.

## **External Stakeholder Panel**

In charting the course for future consultative exercises, the RIC hosted a briefing session on February 3rd, 2011 with prospective members of its External Stakeholder Panel (ESP), an independent stakeholder interest group set up by the RIC to ensure that the interests and views of consumers in particular, are fully considered and taken into account when framing regulatory policy.

As conceptualized, the ESP will act in an advisory capacity to help inform the RIC's decision-making process. Prospective members were approached by the RIC on the basis of their background, experience and specialist knowledge of either consumer or technical matters or their connection with a particular end-user group. All panel members should be committed to discussing issues with the goal of protecting and promoting the interests of all major stakeholders.

The ESP may not necessarily endorse the RIC's decisions; rather it is expected to comment objectively on them. The views of the Panel will be taken seriously by the RIC and will be given due weight during deliberations. However, the RIC is not obliged to act on the views expressed.

#### **Stakeholder Involvement Strategies**

To give stakeholders the wherewithal to understand and participate in the decision-making process, considerable efforts were made this year to simplify the technical content of the information being disseminated, thereby making this information more reader friendly. This year saw the introduction of three new brochures:

- Utilities Regulation: Your Questions Answered;
- Quality of Service Standards for the Electricity Distribution & Transmission Sector; and
- Balancing Interests: Facts on the RIC's Approach to Rate Setting.

In the interest of keeping stakeholders apprised, media releases and press advertisements were distributed during the year. Also, the RIC established its social media presence with the creation of a dedicated page or profile on Facebook where customers and stakeholders alike could interact with the RIC. The page offers a steady stream of advice to customers on electricity and water-related complaints that the RIC can help to resolve, as well as tips on unsafe practices to be avoided in the home and workplace, part of the RIC's Home Safety Initiative.

#### **Stakeholder Relations - Strengthening Ties in Tobago**

As a means of strengthening ties between the RIC and our stakeholders in Tobago, on September 15th 2011, the RIC hosted a Working Lunch at the Kariwak Village Holistic Haven & Hotel. In attendance were key officials and opinion leaders, including representatives of the Division of Infrastructure and Public Utilities, Chamber of Industry & Commerce, Heads of active Consumer-Interest Groups, and Non-Governmental Organisations.

The objective of the meeting was very simple: give Tobagonians the opportunity to spell out their preferences for public engagement. The RIC believes that effective stakeholder engagement implies understanding Tobagonians' unique cultural perspectives and taking their views into consideration, being accountable to them when required, and using the information gleaned from them to drive innovation.

#### **Public Awareness and Stakeholder Education National Training Agency Skills Expo**

The National Training Agency's Skills Expo was held on November 2nd & 3rd, 2011 at the Centre of Excellence and the RIC saw an opportunity to create greater public awareness of our role and responsibilities. The Expo allowed the RIC to interface with a 'targeted' public whose feedback is important to the Commission to ensure that it continues to consider stakeholders' needs. The RIC booth had good participation, with visitors highlighting their issues and receiving feedback for obtaining redress for any problem related to service providers.

#### **Stakeholder Involvement - Requests for Public Comments – 2011**

Continuous communication from the RIC underscores its commitment to the best interests of all stakeholders and ensures that stakeholders are kept informed of matters pertinent to the regulatory decision-making process. This year the RIC sought



public comments on eighteen consultative papers that covered a wide range of regulatory-specific topics. All seventeen papers listed below were responded to and the respondents' views were taken under consideration.

- Improving Transparency and Accountability in the Electricity and Water Sectors;
- Stakeholder Involvement in Regulatory Decision-Making;
- Information Requirements – Business Plan June 01, 2011 – May 31, 2016;
- Framework and Approach – Second Regulatory Control Period Electricity Transmission and Distribution Sector;
- Addressing the Affordability of Regulatory Prices;
- Approach to Setting Operating Expenditure;
- Assessment of the Consultation Process for the 2006 – 2011 Electricity Transmission and Distribution Price Control – Post Project Review;
- Determining the Length of the Regulatory Control Period;
- Embedding Financial Viability and Sustainability;
- Establishing an Appropriate Form of Price Control;
- Incentive Mechanism for Managing Systems Losses;
- PO Adjustment – Passing Cost Savings to Customers;
- Performance Monitoring and Reporting;
- Regulating Quality of Service;
- Review of Approach to Capital Investments;
- The Treatment of Input Price Inflation in Price Control Reviews;
- Treatment of Pension Costs for Regulatory Decision-Making.

#### **Ninth Annual OOCUR Conference**

The Ninth Annual Conference of the Organisation of Caribbean Utility Regulators (OOCUR) was co-hosted by the Barbados Fair Trading Commission and held from November 2nd to 4th 2011, at the Accra Beach Hotel in Barbados. The main theme of the Conference was “Regulation and Competition: The Impact and Value in the Caribbean”,

It was the first time in its nine year history that the OOCUR Conference was being held in Barbados. The OOCUR Conference brings together participants from throughout the Caribbean and beyond, providing them with the opportunity to share knowledge and information. A contingent of international speakers from respected organisations such as the National Association of Regulatory Utility Commissioners (NARUC) and the Public Utility Research Centre (PURC) was also in attendance.

The programme also featured discussions on the introduction of renewable energy technologies as viable alternatives to fossil-fuel electricity generation and energy efficiency. The conference attracted well over 70 participants. The RIC was well represented by its Chairman, several Commissioners and members of staff, two of whom presented papers.

#### **RIC Representation on External Committees**

The RIC continues to be represented at meetings of the Safety Council of Trinidad & Tobago, the Standards Committee of the Trinidad & Tobago Bureau of Standards, the Integrated Water Resources Management Committee (IWRM) and the Renewable Energy Subcommittee of the Electrical Code Committee of the Board of Engineering of Trinidad & Tobago

The Water Resources Agency (WRA) currently hosted by WASA, convened an IWRM committee to ensure that the water resources of Trinidad and Tobago are managed in a holistic manner to ensure sustainable use of this precious commodity. The Renewable Energy Subcommittee was formed to bring together all the relevant stakeholders concerned with the implementation of grid connected solar photovoltaic systems and the attendant issues.

The RIC continues to be a key stakeholder in these discussions.

## HUMAN RESOURCES / ADMINISTRATION

There was a high level of activity in the Human Resources/Administration Department towards the second half of the year as the RIC attempted to fill existing vacancies and address other staff matters, in particular the issues of remuneration and staff benefits. The RIC had obtained approvals for permanent employment status for its employees in August 2010. The long awaited approval for revised terms and conditions from the Ministry, which were to accompany the permanent employment status, was received in the last quarter of 2011. All staff received new salaries and benefits in December 2011. The new compensation package will expire in July 2013.

### Human Resources Policies

In November 2011, the Board of Commissioners approved the implementation of RIC's Personnel Policies and Procedures Manual which had been drafted several years before and had been thoroughly discussed by Management and staff. A separate Training and Development Policy was also approved.

### Staff Adjustments

There were four promotions; a Tariff Analyst was promoted to Senior Tariff Analyst, a Utility Accountant was promoted to Senior Utility Accountant, a Customer Services Officer was promoted to Senior Customer Services Officer and an Administrative Assistant was promoted to the position of Executive Assistant to the Chairman, Board of Commissioners. The Board of Commissioners also approved the appointment of six new employees to fill vacant positions during 2011. However, two employees left the organisation: one resigned, citing medical reasons and another retired.

### Summer Internship

As is customary, the RIC participated in the UWI Internship Programme and accepted two interns for the period July 20th, to August 31st 2011. One intern was placed within the Corporate Communications Department and the other in the Technical Operations Department.

### Training and Development

The RIC continued its commitment to staff training and development, and during 2011 staff members participated in a number of training programmes, both locally and abroad. Staff also benefited from programmes which were available on-line from foreign training institutions. These opportunities provided exposure to new developments and trends in the areas of regulation. The RIC considers this important to develop and build its reputation as an efficient and effective regulatory entity.

Members of staff participated in various technical and non-technical workshops, conferences and seminars hosted by Royal Institute of Public Administration, American Waterworks Association (AWWA), National Association of Regulatory Commissioners (NARUC), Electric Utility Consultants Inc (EUCI), Institute of Public Private Partnerships (IP3), ACCA/ICATT, Caribbean Institute of Forensic Accounting, Arthur Lok Jack Graduate School of Business etc. Some members of staff were also involved in activities related to renewable energy in Trinidad and Tobago, and also participated in a symposium on Renewable Energy in the Caribbean.

### 10 Years of Looking Forward

The RIC celebrated its 10th Anniversary this year and as part of its celebrations, it recognized the contribution of its staff as part of a Long Service Awards Ceremony which when combined with the Annual Christmas Dinner, turned into a very exciting evening at the Trinidad Hilton. Tokens of appreciation were presented to all staff, with the Executive Director, H. S. Atwal, Mr. Rickey Bovell, Mr. Martin Haynes, Mr. Daramdeo Maharaj and Mrs. Helen Peru being singled out for special mention for over 10 years dedicated service. All in attendance were entertained throughout the evening by saxophonist Joseph Bishop, an entertaining discourse by Mr. Paul Keens-Douglas and sweet renditions by local group - H2O Phlo. A 'PhotoWalk from our Archives' presentation was prepared which showcased pictures of many of the memorable events and activities in the RIC's short history, beautifully capturing our 'work hard, play hard' culture.



## INFORMATION TECHNOLOGY

In 2011 the Information Technology (IT) Department continued to perform at required levels that facilitated the daily operations of the RIC. During 2011, a number of new contracts, including software renewal contracts were entered into. Additionally, hardware purchases were necessary for replacement of obsolete equipment and also for increasing productivity since the older equipment were causing inordinate delays in work processes.

The reconfiguration and rebuilding of the RIC's website was raised as an important factor in disseminating information, as well as facilitating a more interactive environment, thereby allowing the public another robust medium by which they could communicate with the RIC. This proposed upgrade and redesign was sent out for tender, and the submissions received in 2011 are currently being evaluated.

## FINANCES OF THE RIC

A Budget of \$16,035,223 was approved by the Minister of Public Utilities by Order on January 03, 2011 for the financial year, 2011. The Cess Order, authorising the RIC to collect the under mentioned sums from the regulated entities, was published on February 18, 2011.

The Trinidad & Tobago Electricity Commission	\$ 9,112,363
The Water and Sewerage Authority	\$ 2,024,597
The Power Generation Company T&T	\$ 3,024,989
Trinity Power Limited	\$ 526,484
<b>TOTAL</b>	<b><u>\$ 14,688,433</u></b>

CESS from the previous year is carried forward into the new year. For the year ending 2010 the figure amounted to \$1,346,790. This figure, when

added to the sum to be collected from the service providers in 2011, comprised the RIC's 2011 budgeted revenue.

The pattern of expenditure continued to mirror that of previous years, with bulk of expenditure being utilised for Personnel and Accommodation, 60.7% and 17.8% respectively. Despite this fact, overall expenditure was lower than budgeted in all areas except Capital Expenditure. A full breakdown of the main items of expenditure is presented in the table below.

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.

**Table 13 – Budget and Actual Expenditure for Fiscal 2011**

	2011	
	Budget (\$)	Actual (\$)
Personnel Expenditure	9,374,614	8,539,080
Accommodation	2,511,600	2,511,600
Consulting and Contracting	700,059	373,230
Training	900,000	503,013
Education, Promotion and Printing	800,000	361,018
Capital Expenditure and IT	550,000	917,345
Other Costs	1,198,950	860,177
<b>TOTAL</b>	<b>16,035,223</b>	<b>14,065,463</b>
<b>CESS CARRIED FORWARD</b>		<b>1,969,760</b>

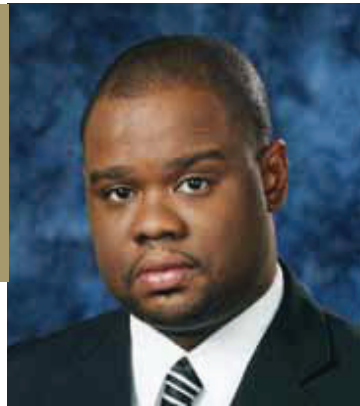
## MEMBERS OF THE BOARD



**Dr. Anne-Marie Mohammed**  
Chairman



**Mr. Neigel Subiah**  
Deputy Chairman



**Brian Nedd**  
Commissioner



**Mark Seepersad**  
Commissioner



**William Rajnauth**  
Commissioner



**Sunita Ganpat**  
Commissioner



**Rawle Raphael**  
Commissioner

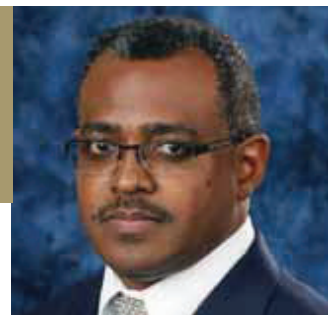
# MANAGEMENT TEAM



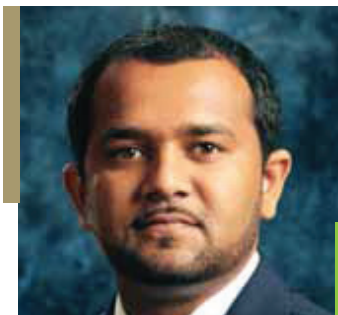
**Harjinder S. Atwal**  
Executive Director



**Glenn Khan**  
Deputy Executive Director



**Garvin Alexander**  
Assistant Executive Director  
Technical Operations



**Rishi Maharaj**  
Assistant Executive Director  
E&R



**Nadia John**  
Legal/Corporate Secretary



**Kazim Khan**  
Chief Financial Officer



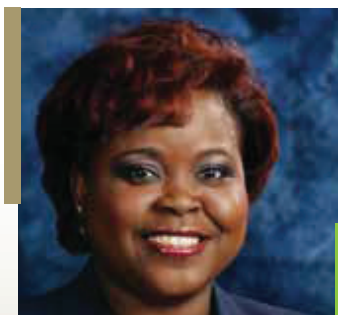
**Helen Peru**  
Manager, Human Resources  
& Administration



**Martin Haynes**  
Information Technology  
Manager



**Mohan Chadee**  
Customer Services Manager



**Denise Caesar**  
Corporate Communications  
Manager



REGULATED INDUSTRIES COMMISSION

## FINANCIAL STATEMENTS

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33	STATEMENT OF CASH FLOWS
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## Report of the Auditor General



### **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 31<sup>ST</sup> DECEMBER 2011**

The accompanying Financial Statements of the Regulated Industries Commission for the year ended 31<sup>st</sup> December 2011 have been audited. The Statements comprise a Statement of Financial Position as at 31<sup>st</sup> December 2011, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 31<sup>st</sup> December 2011 and Notes numbered 1 to 15.

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 8th May 2013 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 and the Economy in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

28<sup>th</sup> October, 2013



A handwritten signature in black ink, appearing to read 'Majeed Ali'.

**MAJEED ALI  
ACTING AUDITOR GENERAL**



## 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 31<sup>st</sup> December 2011, 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 31<sup>st</sup> December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

8th May 2013

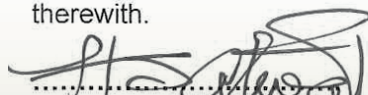



## Statement of Financial Position

As at 31st December 2011 (With comparative figures as at 31st December, 2010)

	Notes	<u>2011</u> \$	<u>2010</u> \$
<b>ASSETS</b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Motor Vehicles		400,421	533,895
Computers & Office Equipment		1,356,244	1,762,607
Office Furniture		369,978	370,897
Assets from Public Utilities Commission		2,063	2,424
	<b>N3</b>	<u>2,128,706</u>	<u>2,669,823</u>
<b><u>CURRENT ASSETS</u></b>			
Prepayments	<b>N4</b>	144,786	163,179
Rental Deposit		16,738	16,738
Cash in Hand		2,150	3,000
Bank - Current Account		1,042,273	633,073
Bank - Money Market Fund Account	<b>N5</b>	23,843,173	22,479,965
Accounts Receivable	<b>N6</b>	218	218
Refundable Deposit	<b>N7</b>	154,700	154,700
V.A.T. Recoverable	<b>N8</b>	287,982	415,262
		<u>25,492,020</u>	<u>23,866,135</u>
<b>TOTAL ASSETS</b>		<u><u>27,620,726</u></u>	<u><u>26,535,958</u></u>
<b>CAPITAL &amp; LIABILITIES</b>			
<b><u>ACCUMULATED FUNDS</u></b>			
Accumulated Funds - Government Grants	<b>N10</b>	2,063	2,424
Retained Earnings		24,439,164	22,238,682
Retained Earnings - Depreciation on P.U.C. Assets	<b>N11</b>	299	348
Surplus for the year		1,944,464	2,250,426
		<u>26,385,990</u>	<u>24,491,879</u>
<b><u>CURRENT LIABILITIES</u></b>			
Accounts Payable			
- Other	<b>N12</b>	135,996	119,492
Gratuity Provision		143,776	281,377
Pension		760,713	210,967
Salary		194,251	1,432,242
		<u>1,234,736</u>	<u>2,044,078</u>
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<u><u>27,620,726</u></u>	<u><u>26,535,958</u></u>

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

  
EXECUTIVE DIRECTOR

  
CHAIRMAN

On... ١٣/١٢/٢٠١١, the Commissioners of Regulated Industries Commission approved these financial statements.



## Statement of Comprehensive Income

For the year ended 31st December 2011

(With comparative figures for the year ended 31st December, 2010)

	<u>Notes</u>	<u>2011</u> \$	<u>2010</u> \$
<b><u>INCOME</u></b>			
CESS		14,688,433	15,813,653
Other	N13	314,503	429,302
<b>TOTAL INCOME</b>		<b><u>15,002,936</u></b>	<b><u>16,242,955</u></b>
<b><u>EXPENSES</u></b>			
Advertising and Promotions		309,533	172,873
Allowances		362,757	307,200
Audit Fees		30,574	31,500
Bank Charges		3,001	3,785
Books and Periodicals		6,810	14,817
Charitable Contributions		150	6,250
Computer and Maintenance		-	60,178
Consultation Expenses		24,277	-
Contract Gratuities		40,000	1,019,065
Contracted Services		103,699	32,645
Depreciation	N3	589,339	700,856
Government Contribution to NIS		196,735	195,362
Group Health Insurance		122,455	116,870
Group Life Insurance		72,156	69,935
Insurance		52,281	57,579
Mail and Postage		7,674	2,732
Miscellaneous Expenses	N14	184,709	183,689
Motor Vehicle Maintenance		59,214	58,026
Office Expenses		100,787	106,512
OOCUR Expenses		31,568	96,459
Pension Expense		530,965	-
Professional Fees and Legal Fees		-	1,200
Remuneration to Board Members		502,562	181,500
Rent		2,184,000	2,100,700
Repairs and Maintenance		2,320	46,201
Salaries		6,487,587	7,508,949
Security and Janitorial Services		169,449	138,244
Subscriptions		195,316	79,234
Telephones		218,128	219,813
Training		455,676	477,556
Uniforms		14,750	2,800
<b>TOTAL EXPENSES</b>		<b><u>13,058,472</u></b>	<b><u>13,992,530</u></b>
 <b>NET SURPLUS FOR THE YEAR</b>		 <b><u>1,944,464</u></b>	 <b><u>2,250,426</u></b>

## Statement of Changes in Equity

For the year ended 31st December 2011

### AS AT 31ST DECEMBER 2011

	NOTES	RETAINED EARNINGS \$	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$	TOTAL \$
Opening Balance as at 01-Jan-11		24,489,456	2,424	24,491,880
Surplus for the year		1,944,464	-	1,944,464
Depreciation on P.U.C. Assets	N11	299	(361)	(62)
Prior Period Adjustment	N15	(50,292)	-	(50,292)
Closing Balance as at 31-Dec-11		<u>26,383,927</u>	<u>2,063</u>	<u>26,385,990</u>

### AS AT 31ST DECEMBER 2010

		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		348	(348)	-
Prior Period Adjustment		35,058	-	35,058
Closing Balance as at 31-Dec-10		<u>24,489,456</u>	<u>2,424</u>	<u>24,491,880</u>

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

## Statement of Cash Flows

For the year ended 31st December 2011

(With comparative figures for the year ended 31st December, 2010)

	<u>2011</u> \$	<u>2010</u> \$
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
<b>Net Surplus for the year</b>	<b>1,944,464</b>	<b>2,250,426</b>
Adjustments:		
Depreciation	589,339	700,856
Prior Period Adjustment	-	35,058
(Profit)/Loss on Asset Disposal	52,522	-
Interest on Investment	(296,179)	(426,996)
	<u>2,290,146</u>	<u>2,559,343</u>
Increase/(Decrease) in Accounts Payable	16,504	(85,230)
(Decrease) in Gratuity Provision	(137,601)	(728,234)
Increase in Pension	549,747	210,967
(Decrease)/Increase in Salaries	(1,237,991)	1,432,242
Decrease/(Increase) in Prepayments	18,394	(70,788)
Decrease in VAT Recoverable	127,280	49,505
<b>Net Cash Flow from Operating Activities</b>	<b><u>1,626,479</u></b>	<b><u>3,367,806</u></b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Acquisition of Fixed Assets	(151,100)	(551,859)
Proceeds from Asset Disposals	-	82,880
Interest on Investment	296,179	426,996
<b>Net Cash (Used in)/Flow from Investing Activities</b>	<b><u>145,079</u></b>	<b><u>(41,983)</u></b>
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES</b>	<b>1,771,558</b>	<b>3,325,823</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Net Cash Flow from Financing Activities	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>1,771,558</u></b>	<b><u>3,325,823</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<b>23,116,038</b>	<b>19,790,215</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>24,887,596</u></b>	<b><u>23,116,038</u></b>
<b><u>REPRESENTED BY:</u></b>		
Cash in Hand	2,150	3,000
Bank - Current Account	1,042,273	633,073
Bank - Money Market Fund Account	23,843,173	22,479,965
	<u>24,887,596</u>	<u>23,116,038</u>

# Notes to the Financial Statements

For the year ended 31st December 2011

## 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 market value. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

## Notes to the Financial Statements

For the year ended 31st December 2011

### 3 NON-CURRENT ASSETS - \$ 2,128,706

	Total \$	Motor Vehicle \$	Computers and Office Equipment \$	Office Furniture \$	Assets From PUC \$
<b><u>COST</u></b>					
Balance as at 01-Jan-11	5,912,540	780,619	3,989,383	1,101,908	40,630
Additions for the Year	151,100	-	89,268	61,832	-
Disposals made during the year	(569,134)	-	(525,660)	(27,589)	(15,885)
Prior Period Adjustment	(50,292)	-	(50,292)	-	-
Balance as at 31-Dec-11	5,444,214	780,619	3,502,699	1,136,151	24,745
<b><u>ACCUMULATED DEPRECIATION</u></b>					
Balance as at 01-Jan-11	3,242,717	246,724	2,226,777	731,011	38,205
Depreciation for the year	589,040	133,474	405,809	49,757	-
Disposal made during the year	(516,549)	-	(486,131)	(14,595)	(15,823)
Depreciation for the year - PUC Assets	299	-	-	-	299
Balance as at 31-Dec-11	3,315,508	380,198	2,146,455	766,173	22,682
<b>NET BOOK VALUE AS AT 31-DEC-11</b>	<b>2,128,706</b>	<b>400,421</b>	<b>1,356,244</b>	<b>369,978</b>	<b>2,063</b>
<b>NET BOOK VALUE AS AT 31-DEC-10</b>	<b>2,669,823</b>	<b>533,894</b>	<b>1,762,606</b>	<b>370,897</b>	<b>2,424</b>

### 4 PREPAYMENTS - \$ 144,786

	<u>2011</u> \$	<u>2010</u> \$
Prepayments comprise:		
Insurance	38,596	22,127
Copiers Maintenance Contract	19,252	19,252
Software Licenses	23,034	70,249
Contract Services	63,904	51,551
	<u>144,786</u>	<u>163,179</u>

## Notes to the Financial Statements

For the year ended 31st December 2011

### 5 BANK INVESTMENTS - \$23,843,173

	<u>2011</u> TT\$	<u>2010</u> TT\$
RBL Money Market	4,349,685	3,273,763
RBL Money Market (Land)	6,875,703	6,793,810
RBL Pooled Bond	7,818,499	7,648,535
RBL Certificate of Deposit	4,799,286	4,763,857
	<u>23,843,173</u>	<u>22,479,965</u>

#### Financial Risk

For the purposes of these financial statements, financial assets include the money market fund, trustee pooled bond and certificate of deposit. All amounts are fixed with the application of simple interest on invested amounts. As at 31st December, 2011 the recorded values of all financial assets approximate their fair values and these financial instruments can be redeemed at any point in time.

### 6 ACCOUNTS RECEIVABLE - \$218

	<u>2011</u> \$	<u>2010</u> \$
Accounts Receivable comprise:		
Employee Group Health	218	218
	<u>218</u>	<u>218</u>

### 7 REFUNDABLE DEPOSIT - \$154,700

	<u>2011</u> \$	<u>2010</u> \$
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
	<u>277,532</u>	<u>277,532</u>
Provision for Bad Debt	(122,832)	(122,832)
	<u>154,700</u>	<u>154,700</u>

\*\* 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 - \$287,982

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



## Notes to the Financial Statements

For the year ended 31st December 2011

### 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 - \$2,063

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 - \$299

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 - \$135,996

	<u>2011</u>	<u>2010</u>
	\$	\$
Accounts Payable comprise:		
Audit Fees	57,500	57,582
Auditor General	4,451	4,500
Arrears of Increment	10,288	10,288
Fairfield Complex	300	300
Catering Christmas Lunch	9,172	9,172
Security	7,200	-
Office Expense	3,901	-
Stale-dated cheques	43,184	37,651
	<u>135,996</u>	<u>119,492</u>

## Notes to the Financial Statements

For the year ended 31st December 2011

### 13 OTHER INCOME - \$314,503

	<u>2011</u>	<u>2010</u>
	\$	\$
Interest from Investments	296,179	426,996
Loss on Disposal of Assets	(52,522)	-
Other Receipts	70,846	2,306
	<u>314,503</u>	<u>429,302</u>

### 14 MISCELLANEOUS EXPENSES - \$184,709

	<u>2011</u>	<u>2010</u>
	\$	\$
Staff Functions	114,822	107,753
Staff Welfare	55,553	56,084
Catering	14,334	1,760
Public Relations	-	18,091
	<u>184,709</u>	<u>183,689</u>

### 15 PRIOR PERIOD ADJUSTMENTS - \$50,292

	<u>2011</u>	<u>2010</u>
	\$	\$
The Prior Period adjustments are with respect to:		
Over-statement of IBM Laptop	18,230	-
Over-statement of Symantec Back-up System	34,700	-
Under-statement of Cell-phone	(2,638)	-
V.A.T Reconciliation Difference	-	(54)
Over-statement of Car Park Expense	-	(6,221)
Under-statement of Gratuity Provision	-	41,333
	<u>50,292</u>	<u>35,058</u>



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