



REGULATED INDUSTRIES COMMISSION

Annual Report & Financial Statements

For The Year Ended December 31



2004

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Protecting YOUR Interests

Annual Report & Financial Statements

For The Year Ended December 31

2004

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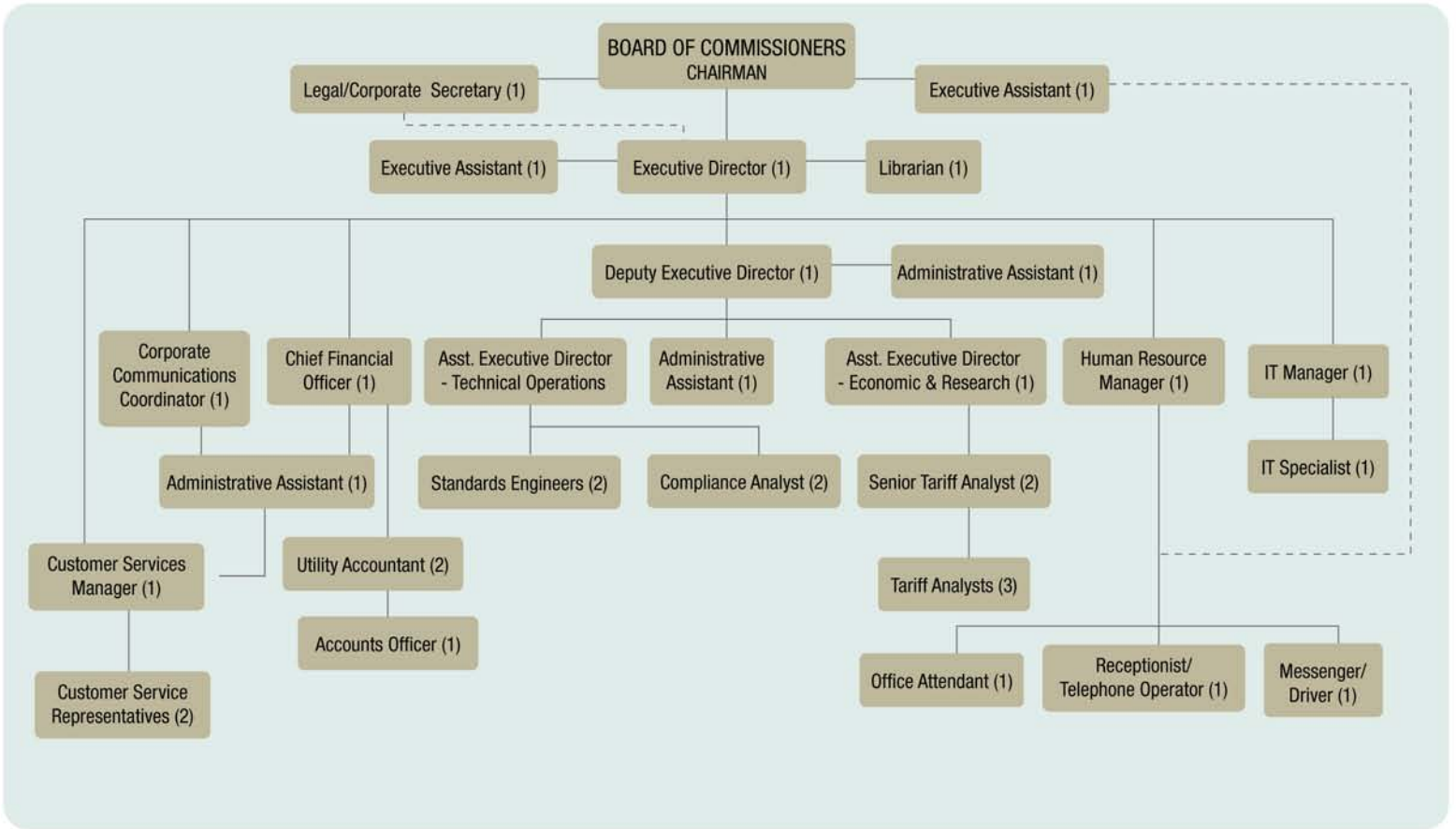


REGULATED INDUSTRIES COMMISSION



1.

Regulated Industries Commission Organizational Structure



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RIC Vision & Mission Statement

VISION

To be a World Class Regulator.

MISSION STATEMENT

To ensure that services provided for all are reliable, efficient and cost effective.

To be a credible and transparent regulatory regime that responds adequately to stakeholders' concerns.

To demonstrate fairness, equity and concern for the national welfare in the performance of the Commission's functions.



Introduction

This, the third report of the RIC, covers the activities of the RIC for the period January to December 31, 2004.

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)
- InnCogen Limited (INNCOGEN)
- Telecommunications Services of Trinidad and Tobago (TSTT).

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 monitor compliance and impose sanctions for non-compliance;
- 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 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.



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Chairman's Overview

Several important initiatives were taken during the course of the 2004 financial year. These initiatives were aimed at streamlining the work of the Commission to ensure the achievement of objectives with maximum efficiency. Among them was the creation of several Board Committees whose remit was to work with staff to ensure the completion of the Commission's work. Basically two types of committees were introduced; Standing Committees, such as the Human Resources Committee, to assist the Board in taking decisions by making recommendations to the Board on issues before it for consideration, and Ad hoc Committees, such as the Building Committee, whose remit is to work with staff to ensure the successful completion of a specific project.

Perhaps the most significant occurrence during the fiscal year was the launch and implementation of the Quality of Service Standards for the Electricity Transmission and Distribution Sector. Never before in the history of this country has a state utility been subjected to such standards, and consumers guaranteed compensation for failure by the utility to provide quality service. This, in fact, is a watershed in consumer services delivery.

The Commission is very conscious about preserving its status as an independent body, and during 2004 it pursued activities aimed at shoring up its position. It approved and submitted, to the Minister of Public Utilities and the Environment, draft amendments to the RIC Act of 1998, whose implementation could improve its effectiveness. The Commission initiated a process to acquire premises to house its operations. The Board felt that by acquiring property it would, over the long-term, lower the costs of accommodation to the Commission and thus reduce the overall cost of regulation to the public.

Two major Press Conferences were held in 2004. The first was to announce our decision on the operations of Call Centres and our findings on TSTT's rate of return, investigations and research into which were initiated in 2003 but completed in 2004. The second, to launch an Event Notification and Response Management Plan, and a Toll-free facility to provide easy access to our Consumer Services Department when making complaints. In the case of the former, the Commission took a decision to notify all Call Centre operators to cease operations within two weeks or face prosecution. This action spawned public debate and resulted in legal action being filed against the Commission but it also helped to raise the public profile of the RIC. With respect to TSTT, the RIC called upon them to review their rates as it appeared that the entity was earning significantly higher revenues than was acceptable. Unfortunately, the RIC could not see these actions to their conclusion as responsibility for TSTT was removed from its jurisdiction by the proclamation of the Telecommunications Act 2001, in June 2004. All relevant documentation on the above mentioned issues were handed over to the Telecommunications Authority of Trinidad and Tobago.



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The Event Notification and Response Management Plan was in direct response to incidents occurring towards the end of 2003. Events that compromised both the safety and security of supply from T&TEC and WASA placed a significant section of the population at risk and disrupted services. As a result of the implementation of this plan both Utilities now have to ensure that the public is informed, in a timely manner, about service interruptions and major incidents that could disrupt service. As the public profile of the RIC began to increase a decision was taken to provide Toll-Free services to customers desirous of making complaints to the Commission. Consequently a Toll-Free number, 800-4RIC was launched in June, 2004.

The Commission took a decision to pursue discussions with the Environmental Management Authority regarding the establishment of a Memorandum of Understanding (MOU) since that organisation had responsibility for some matters involving service providers under our jurisdiction. Initial meetings were held between staff of both organisations and a draft MOU prepared. This arrangement is expected to be formalized in 2005.

In the area of staff issues some progress was made towards achieving our full complement but we still continue to experience serious difficulty in attracting skilled and qualified persons. The Board's decision to provide training and exposure to all staff would continue.

At the staff retreat held in the fourth quarter of 2004, one of the major issues discussed was a request by staff for consideration for permanent employment. The employees indicated that their status as contract workers was hindering their access to credit facilities at financial institutions and was also not conducive to good long-term planning. The Board gave a commitment to pursue this issue.

The RIC, after only three years of operation, is quickly establishing itself as an important institution in the drive to deliver high quality utility services to the nation. Though it has been making great strides in achieving its mandate, it continues to be subject to the vagaries of the national bureaucracy. In particular, its programme of activities is usually delayed by the tardy approval of its Cess payments. Notwithstanding this difficulty, the RIC is served by a cadre of professionals whose commitment is unwavering. The successes achieved thus far are due to their tireless efforts. In this connection I want to express, on behalf of the Board, our sincere appreciation to the management and staff for their loyalty and to urge them to continue to build on earlier successes. I would also like to take this opportunity to thank all Commissioners for their contribution during the year, and to especially thank Dr. Patrick Watson, Deputy Chairman, whose term of office expired in 2004. I look forward to 2005 with much anticipation, especially since T&TEC has submitted an application for a review of its rates and tariffs. This particular issue would be our major focus in the next financial year.


f/CHAIRMAN



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Review Of Operations

At the end of the last reporting period the Commission had signaled its intention to play a more active role in regulating the network monopolies. Consequently, and of singular importance, it took a decision to launch the Quality of Service Standards for the Electricity Transmission and Distribution Sector in January 2004. This was the second major initiative taken by the RIC, one which sought to impose and enforce quality of service standards on a service provider, something which the general population was either skeptical about or totally ignorant of. Though the standards were formally launched by the Minister of Public Utilities and the Environment in January 2004, they became effective in April 2004.

The RIC found itself at the centre of controversy and subsequently the subject of court action, following its decision to regulate the activities of Call Centres. Following its research, which commenced in December 2003, the RIC took a decision to inform all Call Centres that they were operating illegally and that they should cease operations until they had been licensed by the relevant Ministry. The RIC thus began to flex its muscles and its profile began to increase in the public domain.



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Regulating Network Industries

Trinidad and Tobago Electricity Commission (T&TEC)

The Quality of Service Standards for the Electricity Transmission and Distribution Sector were officially launched by the Minister of Public Utilities and the Environment in January 2004 at the Trinidad Hilton. There were representatives from various groups at the launch; persons representing public and private sector organisations, NGOs as well as members of the Board and Management of both the RIC and T&TEC. Several persons were provided with tokens as a form of appreciation for the contributions made to the completion of the final standards document. The standards themselves are of two types; Overall Standards, that the service providers are expected to meet on an industry-wide basis and, Guaranteed Standards, those that are specific to each customer, and which attract compensation to affected customers for breaches of standards.

Following the implementation of the standards the RIC established a monitoring regime to assess the performance of the service provider. A periodic report would be made available to the public; data would be received on a quarterly basis but an annual performance report published in the following year. In 2005 therefore, the first performance report on the T&TEC standards would be published. Early signs from data assessed by December 2004, confirm that there have been breaches of the standards but individuals have not made corresponding claims.

The RIC, in an effort to ensure that consumers were fully informed about the standards and their implications, dispatched an information leaflet to every T&TEC Customer in a joint effort that was supported by T&TEC. Leaflets were sent with their regular bills.



Regulating Network Industries

The Water and Sewerage Authority (WASA)

Because of the poor response from members of the public to our request for comments on the draft Quality of Service Standards for the Water and Waste Water Sector the Commission took the decision to take our document to the public. Twenty-Six (26) Community Consultations were held across Trinidad and Tobago between March and June 2004. The draft Standards were amended based on comments received and a draft final document was presented to a National Consultation audience of about 200 persons in September 2004 at the Crowne Plaza. In order to ensure the widest possible participation in this exercise, the RIC provided transportation to persons living in rural areas. Final amendments were made following the National Consultation, and the Commission approved the Standards in December 2004.

WASA continued to experience severe difficulties in providing acceptable service to its customers, and in the absence of Standards, this situation is not likely to improve in the short term without significant investment in plant. With this in mind, the RIC is determined to launch the standards in 2005 to ensure that WASA does all that it can to enhance its services.



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Telecommunications Services of Trinidad and Tobago (TSTT)

In our previous report we indicated that TSTT had requested our intervention in dealing with Call Centres which they claimed were operating ultra vires the Telephone Act and the RIC Act. Following our investigation and research into the matter the RIC took a decision in April 2004 to officially inform all Call Centre operators to cease operations within two weeks of notice. They were advised to apply to the relevant Ministry for a licence in order to carry on their businesses. At a press conference announcing this decision the Commission also revealed that TSTT was making returns in excess of what was considered normal for the industry, and the RIC thus advised that strategies be devised to share the benefits with the consumers.

These events sparked a major upheaval from the Call Centres which claimed that they were not breaching any laws, and from TSTT which felt that it was being unfairly criticized. In the case of the former, on April 20 2004, an application was filed, by a consortium of Call Centre operators, for leave to file a Judicial Review Application against the RIC for its decision to have the Call Centres licensed. The application failed and costs were awarded to the RIC. On April 23, a Judicial Review Application was filed by another group of Call Centre Operators. That matter was still before the courts when TSTT was removed from under the jurisdiction of the RIC.

With respect to TSTT, a meeting was held on May 18 with the Management of TSTT, representatives from the Ministry of Public Utilities and the Environment, the Chairman of the Telecommunications Authority of Trinidad and Tobago (TATT), and the Board and Management of the RIC. The meeting addressed two issues; transitional arrangements between the RIC and TATT, and TSTT's Rate of Return. Some of the matters initiated with respect to TSTT remained unresolved by June 2004, the effective month from which the President proclaimed the remaining provisions of the Telecommunication Act 2001. Hence the RIC no longer had jurisdiction for either TSTT or telephone services. It is interesting that the TATT has mandated that all Call Centres must be licensed in order to operate and it does not appear that any legal challenges have been made to this situation.



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Regulating Network Industries

Other Activities

The bulk of activities undertaken during the financial year was focused on preparation of consultative documents and technical papers intended to inform the price review process. The RIC had been expecting one of the service providers to apply for a rate review hence its decision to undertake preparation of background documents. As it turned out our efforts were not in vain as T&TEC made a formal request for a rate review in December 2004. Other technical papers were prepared as part of our on-going responsibility of regulating network industries. A schedule of activities undertaken in 2004 is presented in **Table 1**.

Table 1 - Schedule of Activities - 2004

ACTIVITY	STATUS
Conducting Public Consultations	Completed
Publication of the Willingness to Pay Survey Report	Completed
Event Notification Plan	Completed
Social Action Plan <ul style="list-style-type: none"> - Development of Codes of Practice - Provision of Priority Services for Vulnerable Groups 	Completed
Licensing of International Call Centres	Ongoing
Review of the Rate Base for TSTT	Completed
Implementation of Quality of Service Standards for the Electricity Transmission and Distribution Sector	Completed
Approaches to determining Regulatory Depreciation	On-going
Determining the Regulatory Asset Base for T&TEC	On-going
Benchmarking its Applicability in the Case of T&TEC	On-going
The Treatment of Uncontrollable Costs in Incentive Regulation – <i>The case of the Trinidad and Tobago Electricity</i>	On-going
Incentive Mechanisms for Managing Transmission Losses	On-going
Performance Monitoring and Reporting Framework – Trinidad and Tobago Electricity Commission	On-going
Sharing the Benefits of Efficiency Gains and Efficiency Carryover Mechanisms	On-going
Recruitment of Consultants to assess the Capital Investment Plans and assist in the determining of the Regulatory Asset Base and approach to regulatory depreciation	On-going



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Table 1 - Schedule of Activities - 2004 (cont'd)

ACTIVITY	STATUS
Assessment of Capital Expenditure and the treatment of Divergences between expected and out-turn capital expenditure in the case of the Trinidad and Tobago Electricity Commission	On-going
Determining the appropriate X- Factor	On-going
Demand Forecasting	On-going
Approaches to Subsidisation	On-going
Determining Appropriate Rate Structures	On-going
Assessment of efficient Operating Expenditure for the Trinidad and Tobago Electricity Commission	On-going
Assessing the current Miscellaneous charges for T&TEC	On-going
Development of the RIC Newsletter	Completed
Regulatory Accounting Guidelines	Ongoing
Construction of Fixed Asset Register	Completed
Business and Disaster Recovery Planning	On-going
Development of Customer Service Complaints Database	On-Going
Implementation of Toll Free 800 number	Completed
Performance Indicators for Water and Sewerage Authority	Completed
Creating and Sustaining Utility Improvement: The implementation of Quality of Service Standards for the Water and Wastewater Sectors in Trinidad and Tobago	Completed
Quality of Service Standards for the Supply and Distribution of Water and Wastewater Services – Final Determination	Completed



Human Resources

At the end of 2003 there were seven vacant positions at the RIC, two at the managerial level, four at the professional level and one at the technical/administrative level. Four of these positions were filled in early 2004. By that time the Commission had already agreed on improved salary packages based on the compensation survey conducted in 2003 and as such prospective applicants could be offered improved terms. In reality, however, the approval process for salaries was cumbersome and lengthy, with the result that the revised packages became payable only in July 2004.

Of importance was the hiring of a Communications professional. This position had remained vacant since the establishment of the RIC and consequently the outreach programmes and other public relations activities were (hitherto) effectively put on hold. That situation could now be remedied. Still, the Commission has not been able to find a suitable candidate to fill the vacant position of Assistant Executive Director, Economics and Research nor has it been successful in its effort to hire two Senior Tariff Analysts. Apparently, the pool of people with the required skills is either very bare or non-existent. Given that tariff setting is a main and perhaps fundamental activity of the RIC serious consideration must be given to ensuring that those persons currently on staff are encouraged to make long-term commitment to the RIC. Of course, two of the ways to encourage them is by providing the right training opportunities, and proper remuneration.

The Human Resources Department prepared an employee handbook of Personnel Policies and Procedures. This document has not been approved for implementation as the Board agreed to look into the possibility of introducing Permanent Employment for the staff by June/July 2005. It needed time to consider implications and to review the reports of consultants before taking a decision. A Performance Management System was also developed for use but put on hold because of the same reasons advanced above.

During the course of 2004, a Customer Services Manager was appointed and a decision taken to expand the department by the addition of another position of CSR. There was only one departure in 2004, that of Corporate Secretary, who did not seek a contract renewal. However, the vacancy was filled in February 2004.



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Staff Training / Development

The Commission continued to place significant resources into training, with approximately 5% of the budget allocated to that expenditure. During August-September, Dr. Patrick Watson of the University of the West Indies was contracted to conduct a ten-day intensive course in Econometrics using the E-views software application. Six members of staff from three departments within the RIC benefited from this training as well as five persons from the Central Statistical Office (CSO). We invited the latter group as a way of forming an alliance with agencies, which we rely on for certain types of assistance. The programme was very successful and contributed, in large measure, to a greater understanding by our staff of forecasting techniques.

Apart from the training mentioned above other staff participated in numerous short courses and seminars conducted locally. Those courses were arranged for both technical and non-technical staff, specifically to update them on changes occurring in their respective areas.



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Finances of the RIC

The RIC'S funding is based on fees (Cess) levied on the service providers. Its budget must be approved by the line Minister who has to be satisfied that its expenditure is fair and reasonable. **Table 2** highlights the major areas of expenses for the period. A detailed breakdown is contained in the financial statements. The RIC's three main areas of expenditure are related to staff, accommodation and external technical advice. As can be seen, significant savings were achieved during 2004.

Table 2 - Major Areas of Expense - 2004

	BUDGET (\$)	ACTUAL (\$)
Personnel Expenditure	6,432,086	5,971,853
Accommodation	1,252,350	1,034,696
Consulting and Contracting	819,505	585,471
Training	500,000	261,718
Education, Promotion and Printing	525,000	497,485
Capital Expenditure and IT	255,000	144,875
Other Costs	678,338	670,456
TOTAL	10,462,279	9,166,554
CESS CARRIED FORWARD		*1,295,725

* Cess carried forward represents the excess of **cash** receipts over expenses for 2004.



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Finances of the RIC (cont'd)

In 2003, Cabinet agreed on a formula that would limit the expenditure and the Cess factor to 0.4% of the cumulative gross revenue of companies under the jurisdiction of the RIC and that the formula be reviewed every three years. In essence, the RIC's budget can only be increased annually by the rate of inflation of the preceding year. This new format should result in a more efficient approval process for the RIC's budget, which has previously taken several months, and restricted the Commission's ability to undertake its work programme.

As a public entity, the RIC has a duty to account for all its activities. The best way to achieve this objective is to maintain full transparency in its operations. Pursuant to this objective, **Table 3** sets out the compensation for the senior staff of the RIC.

Table 3 - Compensation for Senior Staff (2004)

POSITIONS	BASIC MONTHLY SALARY \$	GRATUITY %	PENSION	GROUP LIFE HEALTH INSURANCE	ALLOWANCE (MONTHLY) \$	TRAVELING (MONTHLY) \$	MOTOR VEHICLE
Executive Director	26,540	20	Nil	Nil	2,500	3,500	Yes
Dep. Executive Director	20,410	20	Nil	Nil	2,000	2,500	No
Asst. Executive Director	16,840	20	Nil	Nil	Nil	2,000	No
Human Resource Manager	15,310	20	Nil	Nil	Nil	2,000	No
Information Technology Manager	15,310	20	Nil	Nil	Nil	2,000	No
Legal/Corporate Secretary	15,310	20	Nil	Nil	Nil	2,000	No
Chief Financial Officer	15,310	20	Nil	Nil	Nil	2,000	No
Corporate Communications Coordinator	13,270	20	Nil	Nil	Nil	2,000	No



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Corporate Communications

At the end of 2003, the RIC had begun to increase its public profile by making appearances on television and radio programmes but it was determined to go further. Our approach in 2004 was more direct and involved face-to-face meetings with various stakeholders, in addition to our continued media advertisements.

Early in 2004, a series of "30-seconds" radio advertisements and several press advertisements aimed at creating and building public awareness, and a positive image of the Commission were developed and aired. The radio advertisements answered the questions, "Who are we, What do we do, and What can you expect from us?" Staff also participated in public awareness initiatives, which included radio call-in programmes as well as television appearances.

The RIC conducted twenty-six community consultations across Trinidad and Tobago on the Draft Quality of Service Standards for the Water and Wastewater Sector, and on its Social Action Plan. These consultations were extremely successful, with more than 1000 persons in attendance.

An external newsletter, RIC News was published for the first time in June 2004. Our intention is to make it a quarterly publication, which highlights the work of the RIC in addition to providing useful information on utility matters. The magazine would be distributed to all public libraries, Ministries, Parliamentary Representatives, CBOs, NGOs, and our Caribbean colleagues.

The Executive Director was invited to be a facilitator at an Economic Regulation Workshop hosted by OOCUR in Barbados in April. Two other staffers accompanied him and also participated in an IADB Workshop, which was convened to discuss "Financing of water and sanitation services in the Caribbean". The RIC was represented at the Caribbean Water Workshop Association (CWWA) Exhibition and Conference in Martinique in October.

The Chairman, two Commissioners, the Executive Director and five staff members participated in the 2nd Annual conference of OOCUR, which was held in Montego Bay, Jamaica in November 2004.



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Information Technology

The IT Department is currently working with the Customer Service Department to develop a customer service management database. The goal of this project is to capture all complaints electronically thereby improving the efficiency of the department.

The department continues to provide support to all facets of the Commission's work by procuring relevant software and other devices to facilitate completion of tasks in a timely and efficient manner.



Customer Services

The Customer Services Department (CSD) continued to provide effective support to the Commission in pursuit of its mandate. The work of the department intensified in 2004 as evidenced by the large increase in complaints received.

The Department recorded 1335 consumer complaints in 2004, an increase of 406 over the 2003 figure, as shown in **Table 4**. Owing to the increased workload, the level of efficiency and effectiveness in dealing with these complaints declined (see **Table 4**). It is hoped that the employment of our computerised database will facilitate more accurate monitoring of complaints.

Table 4 - Status of Complaints Received for 2004

STATUS	YEAR			% CHANGE
	2002	2003	2004	
Number of complaints received	569	929	1335	44%
Number of complaints resolved	514	742	906	22%
Number of complaints unresolved	55	187	346	85%
Number of complaints withdrawn	0	0	83	
RESOLUTION RATE	90%	80%	68%	-12%
Resolved in favour Customer	479	706	869	23%
Resolved in favour Utilities	35	36	37	3%



Customer Services (cont'd)

WASA accounted for 612 or 46% of all complaints (**Figure 1**). The overall resolution rate for 2004 was 68% of which 869 or 96% was resolved in favour of the customer as seen in **Figure 2**.

Figure 1 - Percentage of Complaints Received for 2004 by Service Provider

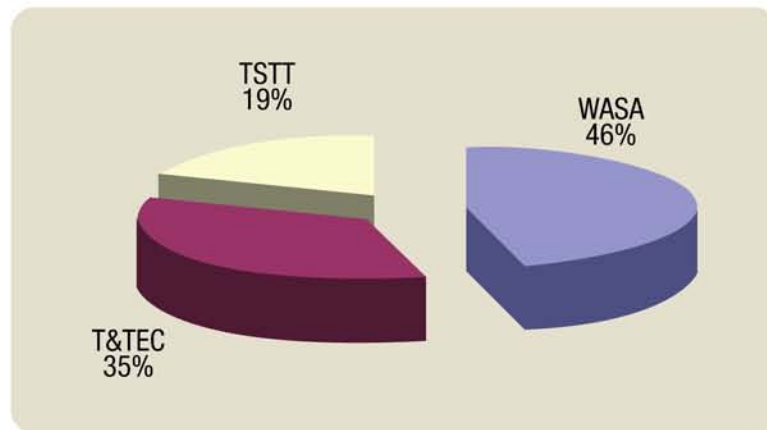
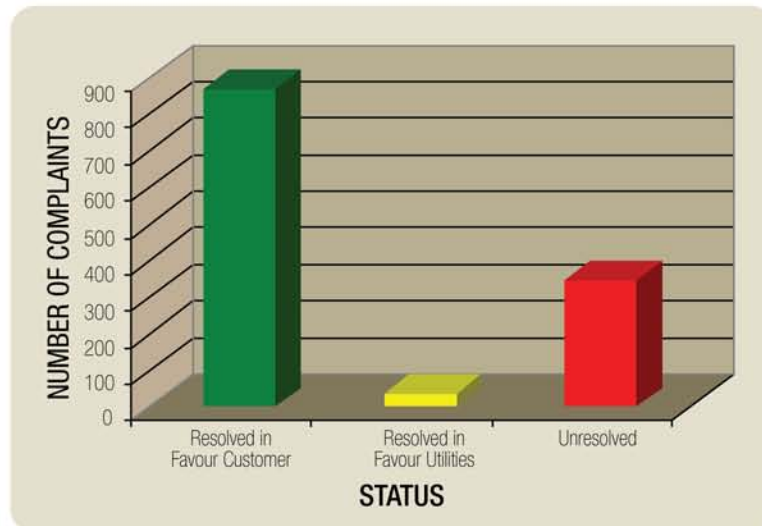


Figure 2 - Status of Resolution of Complaints



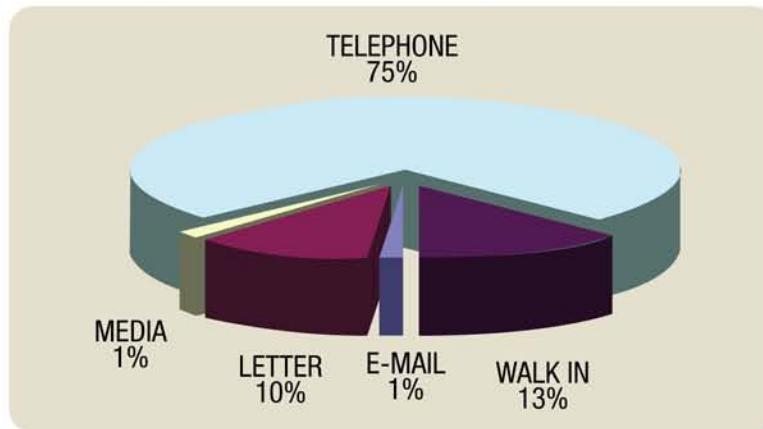
Customer Services (cont'd)

Regardless of the origin of complaints, the telephone contact continued to be the most frequently used mode (75% of all complaints) by which consumers brought their various complaints to the RIC (see **Table 5**). Ten percent (10%) of complaints received were by letters, while walk in/ office visits accounted for thirteen percent (13%). Refer to **Figure 3**.

Table 5 - Number of Complaints by Receiving Medium for 2004

RECEIVING MEDIUM	2002	2003	2004
E-Mail		7	19
Letter	36	116	136
Media		11	18
Telephone	491	703	995
Walk-In	41	92	167
TOTAL	568	929	1335

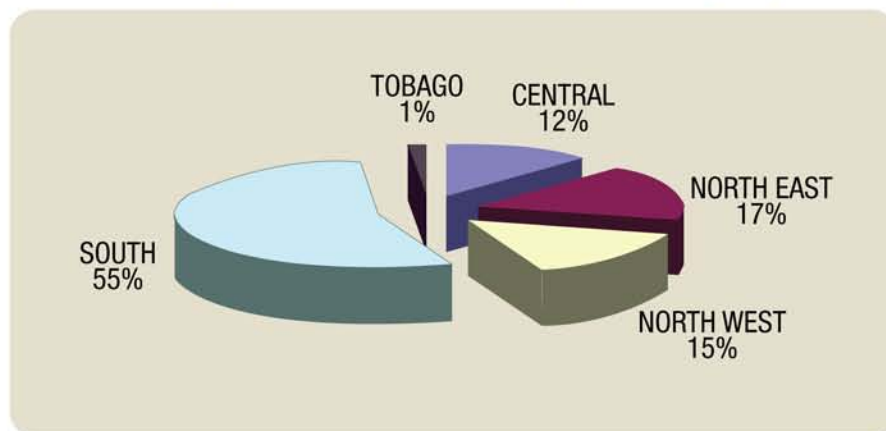
Figure 3 - Percentage Distribution of Complaints by Receiving Medium



Customer Services (cont'd)

Based on the data collected, a dis-aggregation of complaints by region revealed a consistent trend where the largest number of complaints received came from the South followed by the North East region, while Tobago evidenced the least number of complaints (**Figure 4**).

Figure 4 - Percentage Distribution of Complaints by Region for 2004



In terms of the specific categories of complaints by consumers, the category recording the most complaints continued to be **“Inadequate Water Supply”**, which represented 26% of all complaints received in 2004. This was followed by the category **“Billing Query”** which represented 21% and **“Voltage Fluctuations/Damages”**. The highest percentage changes were recorded in the following complaints categories; Street/lights/poles 389%, Voltage fluctuations/Damages 297%, Power Outage 140% and Billing queries 105% (see **Table 6**).



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Customer Services (cont'd)

Table 6 - Distribution of Complaints Received by Category for 2004

COMPLAINT CATEGORY	WASA		T&TEC		TSTT		TOTAL TOTAL		PERCENTAGE CHANGE
	2003	2004	2003	2004	2003	2004	2003	2004	
Billing Query	60	108	32	103	46	72	138	283	105%
Inadequate Supply	373	351	*	*	*	*	373	351	-6%
Leaks	88	103	*	*	*	*	88	103	17%
Other	26	38	22	43	38	32	86	113	31%
Out of Service	*	*	*	*	118	139	118	139	18%
Power Outages	*	*	15	36	*	*	15	36	140%
Request for Service	7	9	15	35	21	15	43	59	37%
Road Restoration	10	3	*	*	*	*	10	3	-70%
Street Lights / Poles	*	*	19	93	*	*	19	93	389%
Voltage Fluctuations / Damages	*	*	39	155	*	*	39	155	297%
	564	612	142	465	223	258	929	1335	



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Customer Services (cont'd)

Apart from ensuring that complaints are attended to expeditiously, the CSD is mandated to monitor its own performance in terms of the complaint management process against four standards. **Table 7** reveals that the Department continued to perform creditably during 2004.

Table 7 - Consumer Services Department's Performance, 2004

TARGET AREA	STANDARD	PERFORMANCE RATING	
		2003	2004
Response to Written Complaints	95% Within ten (10) working days.	99.8%	99.9%
Response to Telephone and E-mail Complaints	95% Within ten (10) working days.	100%	100%
Response to Overnight Messaging	100% Within one (1) working day	100%	100%
Keeping Appointments	100% Within ten (10) minutes	100%	100%



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IAN WELCH
Commissioner



WINSTON RENNIE
Commissioner



VASHIST MAHARAJ
Commissioner



SHERINA HOSIEN-MOHAMMED
Commissioner



ANNETTE MC KENZIE
Commissioner



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Executive Director



GLENN A. KHAN
Deputy Executive Director



GARVIN ALEXANDER
Assistant Executive Director
Technical Operations



TURKESSA BLADES
Legal/Corporate Secretary



EMILY PASCAL
Chief Financial Officer



HELEN PERU
Human Resources Manager



MARTIN HAYNES
Information Technology
Manager



MOHAN CHADEE
Customer Services Manager



SHARON LEE ASSANG
Corporate Communications
Coordinator



REGULATED INDUSTRIES COMMISSION



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REGULATED INDUSTRIES COMMISSION

AUDITORS' REPORT



BOB GOPEE AND ASSOCIATES CHARTERED ACCOUNTANTS

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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 balance sheet as at 31st December 2004, the income statement, statement of changes in equity and cash flow statement, for the year then ended, significant accounting policies 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 2004, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bob Gopee & Associates
.....
BOB GOPEE AND ASSOCIATES
PORT-OF-SPAIN
TRINIDAD, WEST INDIES

June 17th 2009
.....

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



REGULATED INDUSTRIES COMMISSION



BALANCE SHEET

REGULATED INDUSTRIES COMMISSION
BALANCE SHEET
AS AT 31ST DECEMBER 2004
 (With comparative figures as at 31st December, 2003)

	Notes	<u>2004</u> \$	<u>2003</u> \$
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Land	N3	630,000	-
Motor Vehicles		162,899	217,197
Computers & Office Equipment		806,805	938,269
Office Furniture		678,871	763,378
Assets from P.U.C.		6,291	7,205
	N2	<u>2,284,866</u>	<u>1,926,049</u>
<u>CURRENT ASSETS</u>			
Prepayments	N4	55,664	137,634
Cash in Hand		571	20
Bank - Money Market Fund Account		8,247,940	9,418,692
Accounts Receivable	N5	3,205	2,373
Refundable Deposit	N6	154,700	277,532
V.A.T. Recoverable	N8	345,995	129,112
		<u>8,808,075</u>	<u>9,965,363</u>
TOTAL ASSETS		<u><u>11,092,941</u></u>	<u><u>11,891,412</u></u>
CAPITAL & LIABILITIES			
<u>ACCUMULATED FUNDS</u>			
Accumulated Funds - Government Grants	N12	6,291	7,205
Retained Earnings		11,423,269	8,728,301
Retained Earnings - Depreciation on P.U.C. Assets (Deficit)/Surplus for the year	N13	914	1,049
		<u>(1,558,229)</u>	<u>2,691,432</u>
		<u>9,872,245</u>	<u>11,427,987</u>
<u>CURRENT LIABILITIES</u>			
Bank - Current Account	N9	101,080	196,077
Accounts Payable	N10	136,774	65,579
Gratuity Provision		781,115	42
Payment Received on Account	N11	100	100
Accounts Payable - Due to Treasury		201,627	201,627
		<u>1,220,696</u>	<u>463,425</u>
TOTAL CAPITAL & LIABILITIES		<u><u>11,092,941</u></u>	<u><u>11,891,412</u></u>



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


 EXECUTIVE DIRECTOR


 CHAIRMAN

On 15th June 2005, the Chairman of Regulated Industries Commission approved these financial statements.



REGULATED INDUSTRIES COMMISSION

RIC INCOME STATEMENT

for the year Ended 31st December 2004
(With comparative figures for the year ended 31st December, 2003)

	<u>Notes</u>	<u>2004</u> \$	<u>2003</u> \$
INCOME			
Subventions		-	280,000
CESS		7,353,073	9,268,390
Other	N14	422,976	305,018
TOTAL INCOME		<u>7,776,049</u>	<u>9,853,408</u>
EXPENSES			
Remuneration to Board Members		323,702	248,917
Government Contribution to NIS		83,781	58,614
Allowances		467,418	338,443
Incremental Arrears		13,746	269,595
Group Health Insurance		58,260	26,018
Group Life Insurance		29,681	17,077
Pension Contributions		-	20,020
Salaries		3,697,886	3,003,977
Contract Gratuities		1,294,672	314,579
Security and Janitorial Services		119,464	155,958
Professional Fees		381,827	127,021
Contracted Services		20,437	11,397
Subscriptions		18,348	-
Telephones		167,479	178,334
Rent		977,085	943,200
Office Expenses		126,627	88,024
Books and Periodicals		13,124	25,327
Repairs and Maintenance		11,507	30,409
Motor Vehicle Maintenance		28,118	11,795
Refurbishment Cost		1,600	500
Audit Fees		21,564	17,696
Training		244,163	451,729
Insurance		20,170	16,275
Miscellaneous Expenses	N15	47,833	12,372
Advertising and Promotions		417,620	86,579
Mail and Postage		5,343	1,429
Depreciation		390,873	468,081
Bad Debts		122,832	-
Bank Charges		2,492	1,993
Retreat Expenses		53,057	50,224
Willingness to Pay Survey		-	110,907
OOCUR Expenses		98,844	75,486
Consultation Expenses		69,075	-
Charitable Contributions		5,650	-
TOTAL EXPENSES		<u>9,334,278</u>	<u>7,161,976</u>
NET (DEFICIT) / SURPLUS FOR THE YEAR		<u>(1,558,229)</u>	<u>2,691,432</u>



REGULATED INDUSTRIES COMMISSION



STATEMENT OF CHANGES IN EQUITY

for the year Ended 31st December 2004

AT 31ST DECEMBER 2004

	NOTES	RETAINED EARNINGS \$	ACC. FUND GOVERNMENT GRANT RELATING TO P.U.C. \$	TOTAL \$
Opening Balance as at 01-Jan-04		11,420,782	7,205	11,427,987
(Loss) for the year		(1,558,229)	-	(1,558,229)
Prior Period Adjustment	N16	2,487	-	2,487
Depreciation on P.U.C. Assets	N13	914	(914)	-
Closing Balance as at 31-Dec-04		<u>9,865,954</u>	<u>6,291</u>	<u>9,872,245</u>

AT 31ST DECEMBER 2003

		RETAINED EARNINGS \$	ACC. FUND GOVERNMENT GRANT RELATING TO P.U.C. \$	TOTAL \$
Opening Balance as at 01-Jan-03		8,728,301	8,254	8,736,555
Profit for the year		2,691,432	-	2,691,432
Depreciation on P.U.C. Assets		1,049	(1,049)	-
Closing Balance as at 31-Dec-03		<u>11,420,782</u>	<u>7,205</u>	<u>11,427,987</u>



REGULATED INDUSTRIES COMMISSION

RIC CASH FLOW STATEMENT

for the year Ended 31st December 2004

(With comparative figures for the year ended 31st December, 2003)

	<u>Notes</u>	<u>2004</u> \$	<u>2003</u> \$
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net (Deficit)/Surplus for the year		(1,558,229)	2,691,432
Depreciation	N2	390,873	468,081
Decrease in prepaid expenses		81,970	39,668
(Increase)/Decrease in Accounts Receivable		(832)	333,756
Decrease in Refundable Deposit		122,831	-
(Increase)/Decrease in VAT Recoverable		(216,883)	20,307
Increase/(Decrease) in Accounts Payable		71,196	(71,557)
Increase in Provisions		781,073	
Net Cash (used in)/flow from Operating Activities		(328,001)	3,481,687
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Acquisition of Fixed Assets	N2	(749,691)	(154,394)
Net Cash (used in) Investing Activities		(749,691)	(154,394)
<u>NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES</u>			
Net Cash flow from Financing Activities		-	-
		(1,077,692)	3,327,293
Prior Period Adjustment		2,487	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,075,205)	3,327,293
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		9,222,635	5,895,342
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8,147,430	9,222,635
<u>REPRESENTED BY:</u>			
Cash in Hand		571	20
Bank - Current Account		(101,080)	(196,077)
Bank - Money Market Fund Account		8,247,939	9,418,692
		8,147,430	9,222,635



REGULATED INDUSTRIES COMMISSION



SIGNIFICANT ACCOUNTING POLICIES

for the year Ended 31st December 2004

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.

b 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 :

<i>Motor Vehicles</i>	<i>25% per annum</i>
<i>Computers</i>	<i>25% per annum</i>
<i>Office Furniture</i>	<i>12.5% per annum</i>
<i>Office Equipment</i>	<i>12.5% per annum</i>

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 Balance Sheet at cost. For the purpose of presentation in the cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.



REGULATED INDUSTRIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

for the year Ended 31st December 2004

1 INCORPORATION AND PRINCIPAL ACTIVITY

The Regulated Industries Commission was established by Act No 26 of 1998, of the Laws of the Republic of Trinidad and Tobago. The purpose of the Commission is to regulate the activities of utility service providers through a system of licensing.

2 NON-CURRENT ASSETS - \$2,284,866

	TOTAL	LAND	MOTOR VEHICLES	COMPUTERS AND OFFICE EQUIPMENT	OFFICE FURNITURE	ASSETS FROM P.U.C.
	\$	\$	\$	\$	\$	\$
<u>COST</u>						
Balance as at 01-Jan-04	3,076,721	-	404,558	1,640,455	983,851	47,857
Additions for the year	749,691	630,000	-	107,817	11,873	-
Disposals for the year	-	-	-	-	-	-
Balance as at 31-Dec-04	3,826,412	630,000	404,558	1,748,272	995,724	47,857
<u>ACCUMULATED DEPRECIATION</u>						
Balance as at 01-Jan-04	1,150,672	-	187,360	702,187	220,473	40,652
Depreciation for the year	389,960	-	54,299	239,280	96,380	-
Depreciation for the year - Assets from P.U.C.	914	-	-	-	-	914
Balance as at 31-Dec-04	1,541,546	-	241,659	941,467	316,853	41,566
NET BOOK VALUE AS AT 31-DEC-04	2,284,866	630,000	162,899	806,805	678,871	6,291
NET BOOK VALUE AS AT 31-DEC-03	1,926,049	-	217,198	938,268	763,378	7,205

3 LAND - \$630,000

On 8th October 2004, the Regulated Industries Commission made a 10% down payment in the sum of \$630,000 for the purchase of a property at the corner of Sackville and Richmond Streets. The cost of the property totalled \$6,300,000. The remaining \$5,760,000 plus legal fees of \$58,661 was paid on 10th January 2005.



REGULATED INDUSTRIES COMMISSION



NOTES TO THE FINANCIAL STATEMENTS

for the year Ended 31st December 2004 (cont'd)

4 PREPAYMENTS - \$55,664	<u>2004</u>	<u>2003</u>
	\$	\$
Rent	16,738	94,088
OOCUR	23,171	-
Group Life Insurance	15,755	30,938
Repairs and Maintenance	-	10,667
Security and Janitorial Services	-	1,440
Contracted Services	-	500
	<u>55,664</u>	<u>137,633</u>
5 ACCOUNTS RECEIVABLE - \$3,205	<u>2004</u>	<u>2003</u>
	\$	\$
Telephone expenditure from OOCUR	687	-
CESS Receivable from WASA	33	33
Group Health Insurance from Employees	145	-
Overpayment of Commissioner's Fee	2,340	2,340
	<u>3,205</u>	<u>2,373</u>
6 REFUNDABLE DEPOSIT - \$154,700	<u>2004</u>	<u>2003</u>
	\$	\$
Refundable Deposit with T & T Unit Trust Corporation	122,832	122,832
Deposit of two (2) months rent with Furness T'ad Ltd	154,700	154,700
	<u>277,532</u>	<u>277,532</u>
Provision for Bad Debt	(122,832)	-
	<u>154,700</u>	<u>277,532</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, 1998.

7 TAX EXEMPT STATUS

By virtue of the Regulated Industries Commission Act, 1998, Section 31, the Commission is exempt from all stamp duty, taxes, duties, custom duties, levies and other imposts on its income, profits or assets which it acquires for its own use.

8 V.A.T. RECOVERABLE - \$345,995

V.A.T. recoverable 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 TO THE FINANCIAL STATEMENTS

for the year Ended 31st December 2004 (cont'd)

9 BANK - CURRENT ACCOUNT - (\$101,080)

The balance of (\$101,080) represents unpresented cheques at 31st December, 2004.

10 ACCOUNTS PAYABLE - \$136,774

	<u>2004</u>	<u>2003</u>
	\$	\$
Audit Fees	56,000	49,000
Telephones	-	6,256
Office Stationery and Supplies	-	484
Security and Janitorial Services	12,720	-
Repairs and Maintenance	9,291	-
Miscellaneous Expenses	-	981
Group Life Insurance	2,546	-
Books and Periodicals	-	6,875
Group Health Insurance	7,900	-
Miscellaneous Exp. - Christmas Function	12,362	-
Incremental Arrears	13,746	-
Consultation Expenses	8,389	-
Commissioner's Fee	-	1,983
Contracted Services	13,820	-
	<u>136,774</u>	<u>65,579</u>

11 PAYMENT RECEIVED ON ACCOUNT - \$100

'Payment received on account' relates to an overpayment of CESS by Power Generation Company of Trinidad and Tobago (POWERGEN).

12 ACCUMULATED FUNDS - GOVERNMENT GRANTS - \$6,291

'Accumulated Funds - Government Grants' represents the balance in the Government Grants Account with respect to the assets taken over from the former Public Utilities Commission.

13 RETAINED EARNINGS - DEPRECIATION ON PUC ASSETS - \$914

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)



REGULATED INDUSTRIES COMMISSION



NOTES TO THE FINANCIAL STATEMENTS

for the year Ended 31st December 2004 (cont'd)

14 OTHER INCOME - \$422,976

	<u>2004</u>	<u>2003</u>
	\$	\$
Interest from Investment	402,956	304,614
Refund of Pension Plan Contributions	20,020	-
Training Room Rental	-	404
	<u>422,976</u>	<u>305,018</u>

15 MISCELLANEOUS EXPENSES - \$47,833

	<u>2004</u>	<u>2003</u>
	\$	\$
Catering	3,220	906
Carnival	19,172	-
Staff Functions	15,909	246
Other	9,532	11,220
	<u>47,833</u>	<u>12,372</u>

16 PRIOR PERIOD ADJUSTMENTS - \$2,487

	<u>2004</u>
	\$
Cash in Hand adjustment	27
Accrual for Books and Periodicals	6,875
Group Health Insurance Deductions 2003	(1,445)
Group Health Insurance 2003	(4,335)
Write Back of Accounts Payable	1,365
	<u>2,487</u>

(See Statement of Changes in Equity. Page 4)



REGULATED INDUSTRIES COMMISSION



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