



REGULATED INDUSTRIES COMMISSION

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31

2006



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REGULATED INDUSTRIES COMMISSION

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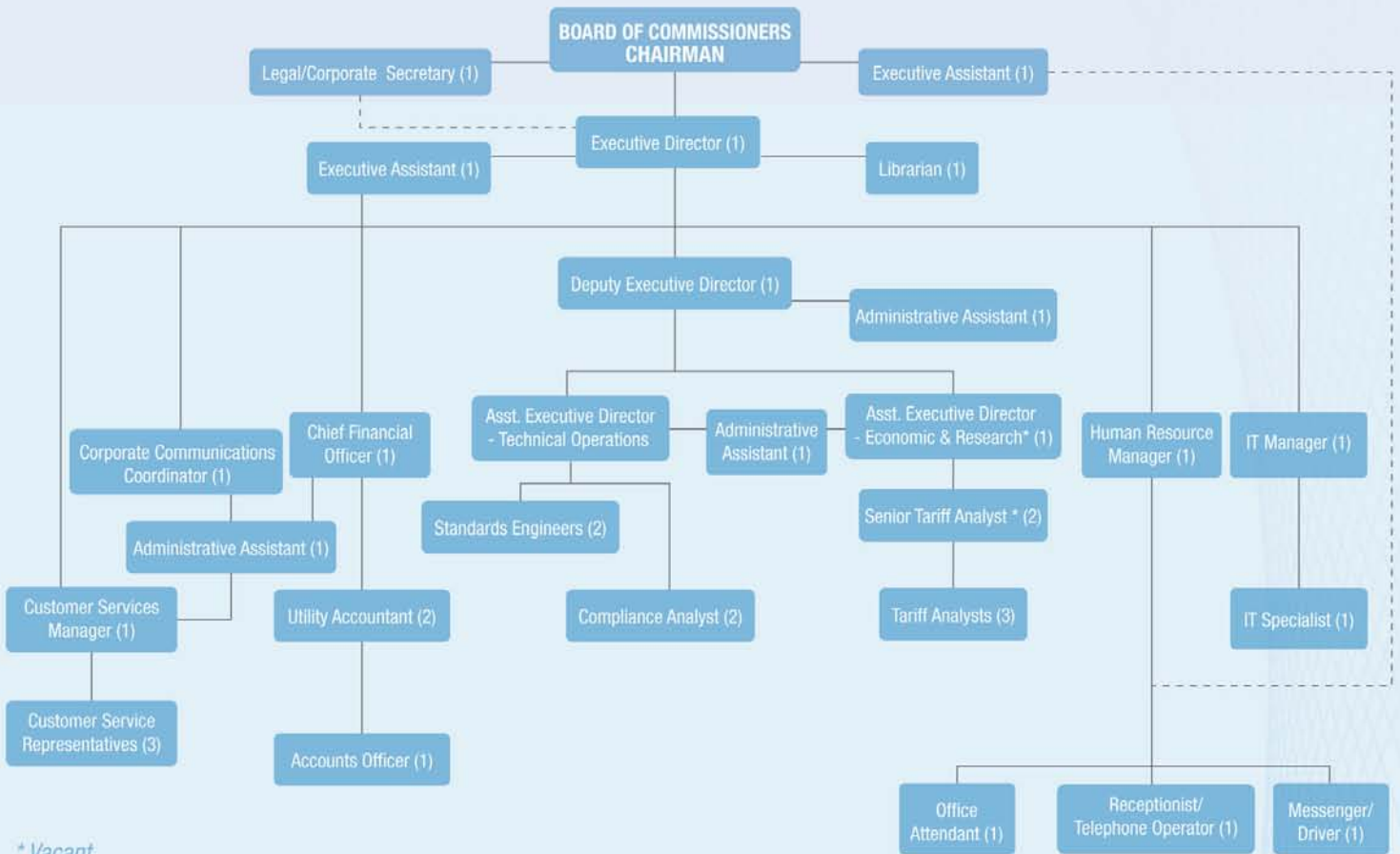
For The Year Ended December 31 2006

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REGULATED INDUSTRIES COMMISSION

REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE



* Vacant



REGULATED INDUSTRIES COMMISSION

VISION & MISSION STATEMENT

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.



REGULATED INDUSTRIES COMMISSION

INTRODUCTION

This, the fifth report of the RIC, covers the activities of the RIC for the period January to December 31, 2006.

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)
- Trinity Power Limited (formerly INNCOGEN Limited)

Functions of the RIC

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

- To advise the Minister on matters relating to the operations of the Act including the granting of Licences and monitoring the terms and conditions of the Licences;
- To carry out studies of efficiency and economy of operation and of performance of service providers, 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;
- 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.



CHAIRMAN'S OVERVIEW

The year 2006 was a significant milestone in the life of the RIC. For the first time in fifteen (15) years new electricity price increases were announced by the Chairman of the RIC on June 01, 2006. The new regulatory regime introduced cost reflective tariffs but ensured that low income consumers and disadvantaged groups would have access to basic needs. It also provided incentives for the Trinidad and Tobago Electricity Commission (T&TEC) to achieve better performance and specific directives to ensure that service levels were improved. While this was an event of singular importance about which the Commission can be proud and satisfied, in retrospect, the year in review was also an extremely difficult time as the independence of the RIC was severely challenged owing to inordinate delay in approving its 2006 budget. The staff of the RIC must be highly commended for their efficiency and dedication under very austere circumstances.

The milestone achieved by the RIC in June, 2006 should have occurred in 2005 but the delay in appointing a new Board to replace the one that expired in August 2005, effectively stymied the RIC's ability to conduct activities associated with the review. In the circumstances, the original timeframe for completing the rate review exercise was exceeded by approximately six (6) months owing to the non-appointment of Commissioners. This situation could have had serious implications since the RIC Act allows for rates to be implemented by the utility six (6) months after submission of its application if the RIC fails to make a determination within that timeframe. What is of greater concern, however, is the issue of non-implementation of RIC's determined tariffs. The service provider did not implement the new tariffs in respect of Residential Customers. The failure to implement the new rates could have serious implications for the level of revenues collected by the service provider. The RIC is unhappy about this situation and will propose, to its line Ministry, amendments to its Act to ensure that such a situation will not jeopardise the financial sustainability of the Utility.

Following the appointment of Commissioners in early January, the level of enthusiasm was high as it was generally felt that the year ahead would be a very significant one in the life of the RIC. We did not anticipate the problems that would soon beset us in two important areas.



Challenges of Budget Approval

At the end of 2005, the RIC held balances that were sufficient to pay salaries for approximately four (4) months. However, the increased level of activity associated with the publication of documents in the print media severely depleted finances. By March 2006, the Commission had to approach the Government for funding to cover operational costs for the month of April 2006. Owing to this situation, the RIC had to further curtail its activities and thus conduct operations at a reduced level. By May 2006, the payment of staff salaries had to be delayed. Further, the Commission took a decision that Commissioners would not be paid in June if the budget was not approved. In an ideal situation, this should never happen but the budget of 2006 met with a lot of scrutiny resulting in its final approval coming as late as August 2006.

Proposed RIC Building

In the 2005 report I indicated that a project commencement date of January 2006 was set for the construction of RIC's office at the site acquired in 2005. Unfortunately, before mobilisation took place, the Cabinet agreed to acquire the property for expansion of the Ministry of Works and Transport. Given all the circumstances, the RIC's Board decided to pursue alternative arrangements including seeking the Ministry of Public Utilities and the Environment's intervention in acquiring a suitable alternative site. No progress was made in this area by year's end.

I must admit that this has been a very challenging year, especially since the issues which proved to be troublesome had very little or nothing to do with the Public Utilities themselves.

I wish to thank the Management and Staff for their continued commitment in the face of difficult circumstances, and my fellow Commissioners for the various roles they played in ensuring that the RIC fulfilled its mission of providing high quality utility services to the citizens of Trinidad and Tobago.

f/CHAIRMAN



OVERVIEW

The year under review can be separated into two distinct halves. In the first half of the year, the RIC was fully stretched with activities that culminated in the announcement of its Final Determination of new electricity rates and charges at a press conference on June 01, 2006. This was an historic moment as it was the first time that the RIC had conducted such an exercise and also the first time that a new methodology had been employed to determine utility rates in Trinidad and Tobago.

Briefly, the regulation of a monopoly needs to balance consumer interest and the service provider's interests. This balance is achieved, primarily, through the setting of price/revenue caps to ensure reasonable prices for customers, compatible with the need for an efficient service provider to have the opportunity to earn a reasonable rate of return. Price controls are set to take account of the cost of capital, along with other costs reasonably incurred by the service provider. The calculation is based on the assumption that the service provider achieves a demanding level of efficiency improvements.

The approach used throughout the Rate Review exercise was one of wide consultation and transparency. The former was considered to be *sine qua non* but undertaking wide consultation had its consequences; especially in relation to our budget and other expenditure items. The staff travelled throughout the country to hold public consultations, including late evenings and on weekends, to ensure that the national public had the opportunity to express views on our consultative documents.

By the end of May 2006, the finances of the RIC were almost completely depleted and for the first time since the inception of the RIC, salaries were paid late during the month of June. The uncertainty surrounding the approval of the 2006 Budget only served to dampen the spirits of staff who for the past year had been stretched by all the activities related to the Rate Review. Additionally, the RIC had requested salary adjustments for the staff and this did not materialise.



REGULATED INDUSTRIES COMMISSION

ANNUAL RETREAT

The Annual Retreat was held over two days, October 27 – 28, 2006 with twenty-eight (28) staff and five (5) Commissioners in attendance.

The Chairman acknowledged the contributions and commitment of the staff during the recent T&TEC Rate Review process and thanked them for the dedication shown throughout the exercise. A small token was presented to staff members in appreciation of their sterling efforts.

The proposed work programme for 2007 and other issues were also discussed at the Retreat. After a general discussion on staff related issues, the decision was taken to examine the issue of flexi-time with a view to implementation on a trial basis and to undertake a project that could assist with branding the RIC so as to improve its public image. The activity should involve the service providers or the Fire Services and should be about safety. These matters will be receiving the attention of the Board and Management in fiscal 2007 as we attempt to improve the conditions under which staff perform their duties.



Staff members listen attentively as the Chairman discusses the RIC's strategic focus for 2007.



REGULATED INDUSTRIES COMMISSION

THE YEAR IN REVIEW

SECTOR REPORTS

Trinidad and Tobago Electricity Commission (T&TEC)

During the first half of 2006, the level of intensity of activities related to T&TEC's application for a rate review continued to be high. Following the appointment of a new Board in January 2006, the RIC began a period of wide consultation with the public on the new rates and tariffs proposed for the electricity transmission and distribution sector. In total, six (6) meetings were held; five (5) across the regional areas and one (1) national consultation. At the conclusion of our consultative process, T&TEC was encouraged to hold town meetings to enlighten the population about the reasons why it needed a rate increase. Several such meetings were held across the country with T&TEC "putting its case" to the public and seeking their support. Staff of the RIC also attended these meetings.

At the end of this activity, the RIC then consulted with the Shareholder. At the conclusion of this exercise and after responding to all written comments on the rate review, the Board decided on the proposal and gave its final determination on June 01, 2006.

During our consultative process, and on many of the local Radio Talk Shows, concerns were expressed about the impact of price increases on customers and on the level of inflation and business competitiveness. In respect of Residential Customers, especially those comprising low income groups (approximately 50,997 customers), the bi-monthly increase in electricity bills would range from between \$4.34 and \$14.90 for individuals consuming between 100 and 400 kWh respectively. **Table 1** provides greater detail.



TABLE 1:

Impact on Bills of Price Increases for Typical Residential Customers, 2006

| kWh | No. of Customers | CURRENT | | RIC APPROVED | | | | |
|------|------------------|------------|---------------|--------------|---------------|---------------------|------------------------|------------|
| | | Monthly \$ | Bi-Monthly \$ | Monthly \$ | Bi-Monthly \$ | MONTHLY INCREASE \$ | BI-MONTHLY INCREASE \$ | % Increase |
| 100 | 20,768 | 13.18 | 26.35 | *15.35 | *30.69 | 2.17 | 4.34 | 16.5 |
| 250 | 30,209 | 29.94 | 59.88 | **34.91 | **69.83 | 4.97 | 9.94 | 16.6 |
| 400 | 43,266 | 46.70 | 93.40 | **54.15 | **108.30 | 7.45 | 14.90 | 16.0 |
| 600 | 62,744 | 69.05 | 138.10 | 88.00 | 176.00 | 18.95 | 37.90 | 27.4 |
| 800 | 49,514 | 91.40 | 182.80 | 119.00 | 238.00 | 27.60 | 55.20 | 30.2 |
| 1000 | 34,886 | 113.75 | 227.50 | 150.00 | 300.00 | 36.25 | 72.50 | 31.9 |
| 1300 | 32,181 | 147.28 | 294.55 | 201.00 | 402.00 | 53.72 | 107.44 | 36.5 |
| 1600 | 17,738 | 180.80 | 361.60 | 252.00 | 504.00 | 71.20 | 142.40 | 39.4 |

* This includes additional subsidy of 7%.

** This includes additional subsidy of 5%.

With respect to the impact on Inflation, since the average household electricity bill represented only 3.5% of average monthly household expenditure, the average additional costs in electricity per month would have increased the share of electricity cost on monthly average household expenditure by an estimated 0.03%. The impact of Inflation was therefore likely to be insignificant. In the case of the country's competitiveness, the RIC estimated, based on figures obtained from the Central Statistical Office (CSO) that on average, electricity constituted 1.6% of the production costs of a firm in Trinidad and Tobago. Following the increase in electricity rates, production costs were expected to increase only marginally to 1.7%. Of course, in some sectors increases might have been larger, while in the others, they could have been smaller but the overall impact was not expected to be significant.

It should be noted that while the RIC approved rates for all categories of electricity customers with effect from June 1, 2006, that the service provider implemented new rates for only its Commercial and Industrial customers in November 2006. Rates for Residential Customers were not adjusted in keeping with the RIC's Determination.



QUALITY OF SERVICE - MONITORING

The RIC had established Quality of Service Standards for the Electricity Transmission and Distribution Sector in April 2004. It began monitoring those standards in 2005 based on quarterly reports submitted by the Utility. The first full report "Quality of Service Standards Annual Performance Report 2005" was completed in August 2006 and published for public information.

With respect to the Guaranteed Standards, only two of the six have been fully complied with by T&TEC. In 2005, there were 25,145 breaches for which T&TEC would have been required to compensate customers. GES 1 (Response and Restoration Times of supply of Unplanned Outages in the Distribution System) accounted for 97.9% of the total breaches. Based on the number of breaches, the RIC estimated that compensatory payments of approximately \$ 755,000.00 would have been due if claims were made and had been approved. Only three claims were made in 2005, and only one was compensated. In the case of Overall Standards, only OES 6 (Response to Customer Queries / Requests written) was unsatisfactory with compliance less than 50%.

New and more stringent requirements for some Overall Standards have been set in the Final Determination and these have been linked to an incentive scheme. This has been done to ensure that these particular standards are maintained as they impact significantly on the quality of supply. Proposals have also been made to improve the level of customer awareness to ensure that individuals make claims when breaches occur. This is one way of ensuring that the utility improves its service to the public. In **Tables 2 and 3** which follow, compliance rates for both Guaranteed and Overall Standards are presented for 2005.



TABLE 2:

Summary of Compliance – Guaranteed Standards (2005)

| STANDARD | COMPLIANCE RATES | | | | | |
|---|---|-------------|-------------|-------------|-------|-------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | TOTAL | |
| GES 1 - Response and Restoration Times of Supply after unplanned outages on the distribution system | 99.7 | 98.1 | 99.8 | 99.6 | 99.4 | |
| GES 2 - Billing Punctuality | Residential | 96.9 | 100.0 | 100.0 | 100.0 | 99.3 |
| | Non- Residential | 75.0 | 100.0 | 90.6 | 100.0 | 90.7 |
| GES 3 - Reconnection after Payment of overdue amount/ agreement | 98.5 | 99.4 | 99.3 | 100.0 | 99.2 | |
| GES 4 - Making and Keeping Appointments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| GES 5 - Time to credit | Credit | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Compensatory Payment | Complete investigation | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| GES 6 – Connection to supply | Service drop and meter to be installed <30m | 99.0 | 99.7 | 99.4 | 99.4 | 99.4 |
| | Provision of estimate (30 to 100m) | 66.0 | 70.9 | 73.2 | 88.6 | 59.6 |
| | Complete construction (30 to 100m) | 84.5 | 70.9 | 67.9 | 83.3 | 80.6 |
| | Provision of estimate (100 to 250m) | 100.0 | 76.0 | 71.4 | 95.0 | 63.5 |
| | Complete construction (100 to 250 m) | 83.3 | 64.0 | 80.0 | 85.0 | 78.8 |



TABLE 3:
Summary of Compliance – Overall Standards (2005)

| STANDARD | | 1st Quarter Compliance Rate (%) | 2nd Quarter Compliance Rate (%) | 3rd Quarter Compliance Rate (%) | 4th Quarter Compliance Rate (%) | TOTAL Compliance Rate (%) |
|--|-----|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------|
| OES 1 - Line faults affecting customers repaired within 48 hours | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| OES 2 - Billing Punctuality | | 97.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| OES 3 - Frequency of meter testing | | 100.0 | | | | 100.0 |
| OES 4 - Frequency of meter reading | | 100.0 | | | | 100.0 |
| OES 5 - System Losses | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| OES 6 - Response to customer queries/requests (written) | 6.1 | 62.2 | 46.9 | 32.5 | 32.9 | 41.6 |
| | 6.2 | 96.0 | 13.5 | 7.1 | 8.2 | 25.0 |
| | 6.3 | - | - | - | - | - |
| OES 7 – Number of complaints by type | | 100.0 | | | | 100.0 |
| OES 8 – Prior notice of planned outages | | 76.3 | 76.2 | 78.5 | 67.3 | 76.0 |
| OES 9 – Correction of low/high voltage complaints | 9.1 | 99.1 | 99.8 | 99.1 | 99.8 | 99.5 |
| | 9.2 | 93.4 | 98.5 | 92.6 | 93.7 | 94.6 |



ESTABLISHMENT OF WORKING GROUPS

Based on comments and suggestions received from stakeholders during its consultations throughout the country, the RIC determined that it needed to establish several Working Groups to develop proposals in relation to policies for Service Deposits, Capital Contribution and Damaged Appliances. These issues have generated severe criticism of T&TEC and resulted in numerous complaints. The RIC believed that by establishing the above groups and by inviting representatives of NGOs and other interest groups to comprise its membership that a way forward could be found to treat with such difficult matters.

In view of its concern about improved services to customers, the RIC set up three Working Groups in September 2006 comprising representatives of NGOs, other interest groups, T&TEC and the RIC. Terms of reference were defined for each group and a report with recommendations is expected at the end of six months. The RIC would review the recommendations of the groups before consulting with stakeholders on new policies in relation to Service Deposits, Capital Contribution and Damaged Appliances. These policies are expected to be finalised in 2007.



Members of the Damaged Appliance Working Group



THE WATER AND SEWAGE AUTHORITY (WASA)

Even though the Quality of Service Standards for the Water and Wastewater Sectors were launched in April 2005, they were yet to be implemented at the end of 2006. Seven meetings were held between technical teams from the RIC and WASA during 2005 and a final report based on discussion between both groups was submitted to the RIC in January 2006. Since it was the Minister of Public Utilities and the Environment who had suggested the joint team exercise, as a way of arriving at a viable implementation strategy for the standards, a copy of the report was forwarded to the Ministry. Nothing concrete has happened since that time, thus the standards have not been implemented. It is hoped that the standards would be operationalised in 2007 since the RIC proposes to conduct a review of WASA's rates and tariffs during that year.

No major incidents occurred during fiscal 2006 but the supply of water to large sections of the population continued to be inadequate. An important initiative aimed at wide ranging improvements occurred in 2006, WASA began to invite bids for a consultancy to develop a water supply and wastewater master plan for Trinidad and Tobago to the year 2035. The RIC has been invited to meetings concerning this issue. The Consultancy is expected to commence in 2007.

During the course of 2006, the Deputy Executive Director undertook a one-week familiarisation tour of WASA's water and wastewater facilities. Arrangements were also made for the technical staff and Customer Service Representatives of the RIC to visit the major water production and wastewater treatment facilities at WASA. These visits were very useful and the staff had the opportunity to see for themselves some of the challenges faced by the authority in delivering quality services to the public.



THE POWER GENERATION COMPANY OF TRINIDAD AND TOBAGO (POWERGEN)

Our regulatory oversight over this utility has not reached the level expected but in 2006 two (2) major events occurred which resulted in the RIC having to issue "Press Releases" advising about the situations, and explaining how the RIC planned to ensure that the population was not adversely affected by those events.

In the first instance, on June 28, 2006, three (3) employees of POWERGEN's Penal Power Station were injured (two fatally, one seriously) when an explosion occurred at that site during routine maintenance work. After receiving notification of the incident, the Executive Director and two staff members visited the families of the persons injured in the incident to empathise with them and to offer any assistance the RIC could render. On the following day, staff of the RIC visited the scene of the incident and requested information from the Utility concerning the explosion. POWERGEN appointed an investigation team, headed by an independent industrial consultant, to investigate and report on the causes of the incident and the circumstances contributing to its occurrence.

As part of the RIC's monitoring process, utilities are required to submit final reports of all major incidents for our review and analysis. In this connection, POWERGEN submitted the report of the investigation team to the RIC on July 31, 2006. The RIC conducted a detailed review of the report and held two meetings with officials of POWERGEN to clarify ambiguities and to request explanations. On October 02, 2006, the RIC submitted a draft copy of its review to POWERGEN. Follow-up meetings were held between both parties in November and December and it is expected that the final report would be completed in early 2007.

With respect to the second incident, in December 2006, there was an incident of load-shedding in the Port of Spain area resulting from the unavailability of adequate generation occasioned by the shutdown of two machines at that station. The RIC issued a Press Release expressing its concern about the availability of generation capacity to meet the growing demand in the country. We advised that both T&TEC and the Government initiate measures to alleviate the impending shortages, as a matter of urgency. It is expected that approximately 200 megawatts of power would be added to the system in 2007.



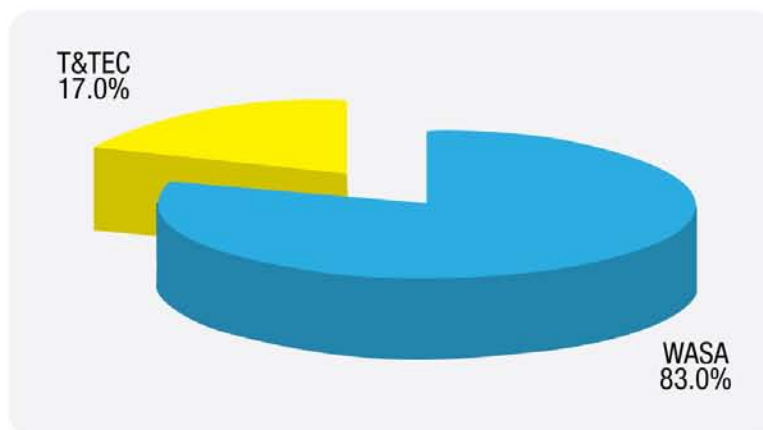
CONSUMER SERVICES

The primary mandate of the Customer Services Department (CSD) is to investigate complaints by those customers who have failed to obtain redress from either the Water and Sewerage Authority (WASA) or the Trinidad and Tobago Electricity Commission (T&TEC), and to facilitate relief where necessary. During 2006, the department recorded 3,977 complaints, reported by 1564 customers of whom 1183 or 75% accessed the service of the RIC for the first time.

The Customer Outreach Programme (COP) and the Toll-Free number initiatives that were established in 2005, to make our services more accessible to the public, proved to be very successful in 2006. Eight (8) COPs were undertaken in 2006 with 297 complaints being received. However, an estimated 100 additional persons sought advice from the officers of the CSD during the COP. The Telephone continues to be the medium of choice for reporting complaints, 85% of all complaints were received through this medium.

The complaints recorded in 2006 represented a 34% increase in the number of complaints received when compared to 2005. Using the same comparative period, the number of complaints resolved was 3213, a 35 % increase. WASA accounted for 3294 or 83% of all complaints received (**Figure 1**).

FIGURE 1:
Percentage of Complaints Received for 2006 by Service Provider



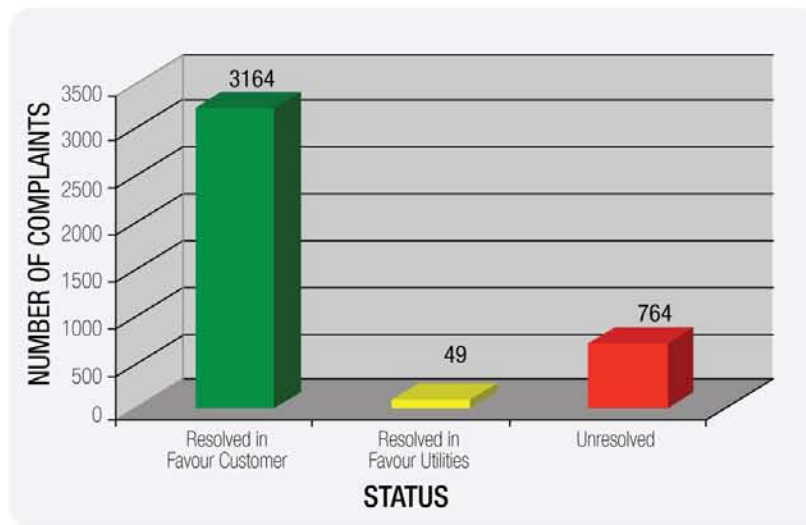


As shown in **Table 4** and **Figure 2**, 3164 or 79.6 % of all complaints reported were resolved in favour of the customer.

TABLE 4:
Status of Complaints Received for 2004-2006

| STATUS | YEAR | | | % INCREASE |
|---------------------------------|------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | |
| Number of complaints received | 1335 | 2979 | 3977 | 34% |
| Number of complaints resolved | 906 | 2380 | 3213 | 35% |
| Number of complaints unresolved | 346 | 496 | 764 | 54% |
| Number of complaints withdrawn | 83 | 62 | 69 | 11% |
| RESOLUTION RATE | 72% | 82% | 82% | |
| Resolved in favour Customer | 869 | 2312 | 3164 | 37% |
| Resolved in favour Utilities | 37 | 68 | 49 | -28% |

FIGURE 2:
Status of Resolution of Complaints for 2006





The most frequently used medium to lodge complaints was the telephone. Through this medium, 3408 or 85.7% of the complaints were received. The COP accounted for 7.0%, walk-ins 2.9% and those submitted by letters accounted for 3.8%. **Table 5 and Figure 3** present numerical and graphical representations of complaints.

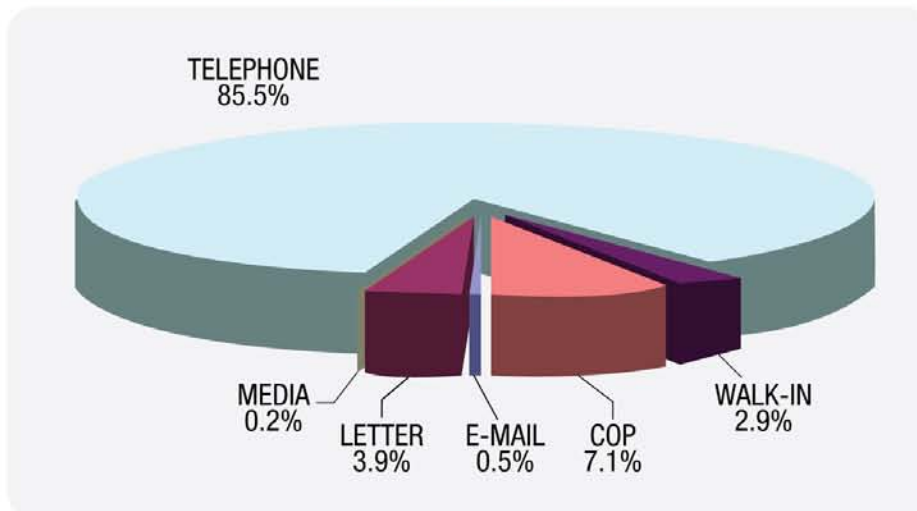
TABLE 5:

Number of Complaints by Receiving Medium for 2004 - 2006

| RECEIVING MEDIUM | 2004 | 2005 | 2006 |
|------------------|-------------|-------------|-------------|
| E-Mail | 19 | 11 | 18 |
| Letter | 136 | 126 | 151 |
| Media | 18 | 2 | 7 |
| Telephone | 995 | 2451 | 3408 |
| Walk-In | 167 | 150 | 114 |
| COP | | 239 | 279 |
| TOTAL | 1335 | 2979 | 3977 |

FIGURE 3:

Percentage Distribution of Complaints by Receiving Medium for 2004 - 2006





An analysis of complaints received by categories indicated that the category recording the highest number of complaints was **Inadequate Supply**, which represented 70% of complaints received in 2006. This was followed by the category **Billing Query** which represented 7.9% collectively, Street/Lights/Poles at 7.3% and Leaks 5.6%. In **Table 6** below, the number of complaints received by category for the period (2004 – 2006) is presented.

TABLE 6:

Complaints Received by Category (2004 – 2006)

| SERVICE PROVIDER | COMPLAINT CATEGORY | YEAR | | |
|------------------|-----------------------|-------------|-------------|-------------|
| | | 2004 | 2005 | 2006 |
| T&TEC | Billing Query | 102 | 83 | 60 |
| | Damaged Appliances | 92 | 91 | 73 |
| | High / Low Voltage | 62 | 85 | 74 |
| | Other | 37 | 35 | 55 |
| | Power Outages | 36 | 60 | 32 |
| | Request for Service | 35 | 43 | 42 |
| | Street Lights / Poles | 93 | 192 | 292 |
| | | 457 | 589 | 628 |
| WASA | Billing Query | 109 | 193 | 253 |
| | Inadequate Supply | 361 | 1922 | 2784 |
| | Leaks | 102 | 186 | 221 |
| | Other | 39 | 33 | 50 |
| | Request for Service | 9 | 30 | 16 |
| | Road Restoration | 3 | 26 | 25 |
| | | 623 | 2390 | 3349 |
| | TOTAL | 1080 | 2979 | 3977 |

Source: CSD



A dis-aggregation of complaints by region revealed that the largest number of complaints emanated from the Southern region while Tobago recorded the least number of complaints (Figure 4).

FIGURE 4:
Percentage Distribution of Complaints by Region for 2006

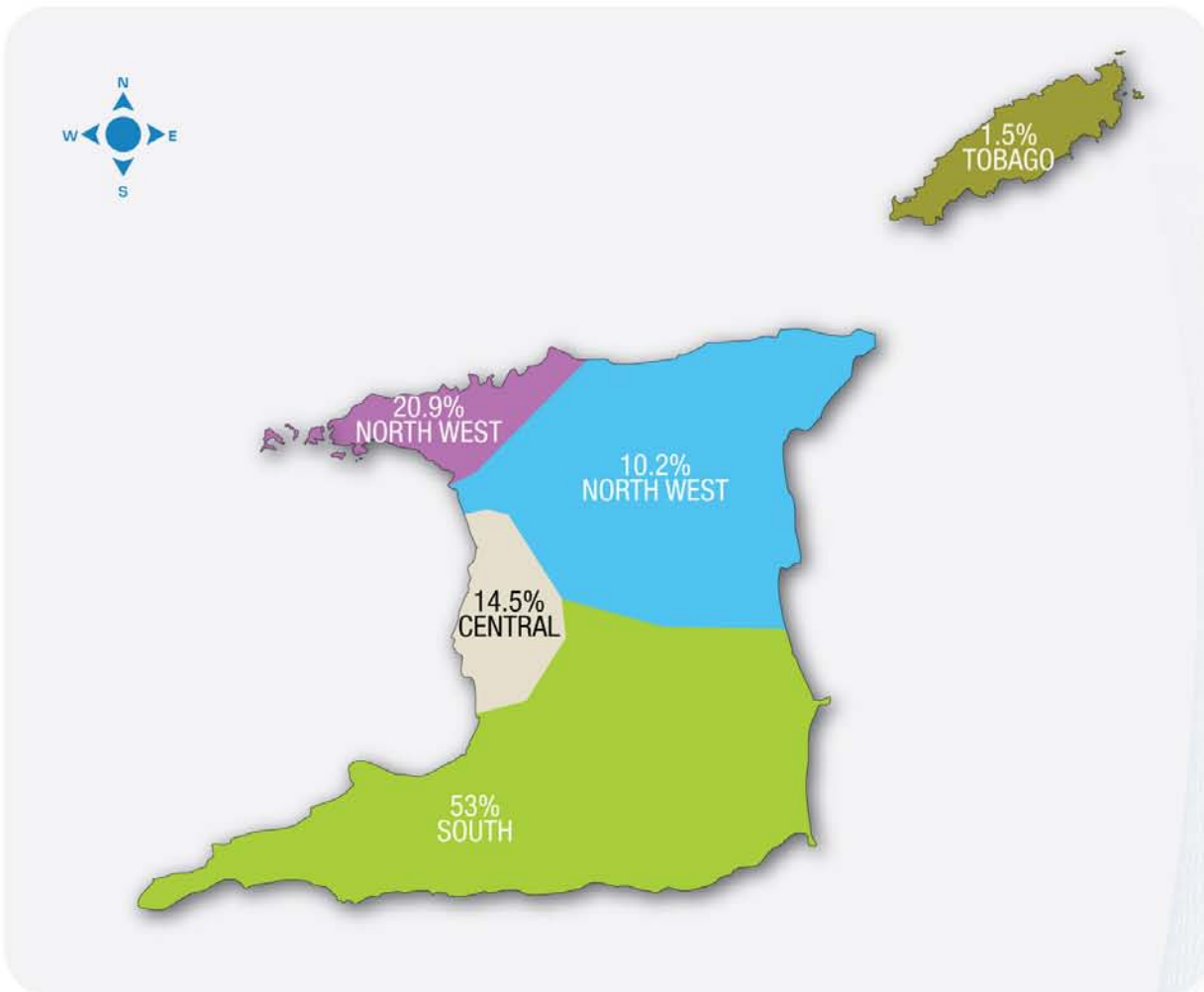




Table 7 shows the number of complaints from the various Regional / City Corporations throughout Trinidad as well as those from Tobago. Data from this table highlight that in 2006, the highest number of complaints reported (1024) came from the Penal/Debe Regional Corporation, followed by 518 from the Princes Town Regional Corporation, and 482 from the Couva/Tabaquite/Talparo Regional Corporation.

TABLE 7:

Number of Complaints by Regional Corporations (2004 – 2006)

| City/ Borough/ Regional Corporation | 2004 | 2005 | 2006 |
|--|-------------|-------------|-------------|
| Arima Borough Corporation | 82 | 123 | 86 |
| Chaguanas Borough Corporation | 178 | 224 | 148 |
| Couva/Tabaquite/Talparo Regional Corporation | 131 | 321 | 482 |
| Diego Martin Regional Corporation | 127 | 164 | 250 |
| Mayaro/Rio Claro Regional Corporation | 25 | 39 | 55 |
| Penal/Debe Regional Corporation | 92 | 464 | 1024 |
| Point Fortin Borough Corporation | 28 | 55 | 49 |
| Port of Spain City Corporation | 115 | 198 | 324 |
| Princes Town Regional Corporation | 133 | 600 | 518 |
| San Fernando City Corporation | 93 | 163 | 212 |
| San Juan/Laventille Regional Corporation | 104 | 170 | 279 |
| Sangre Grande Regional Corporation | 42 | 118 | 109 |
| Siparia Regional Corporation | 50 | 104 | 124 |
| Tobago House of Assembly | 17 | 33 | 59 |
| Tunapuna/Piarco Regional Corporation | 118 | 203 | 258 |
| TOTAL | 1335 | 2979 | 3977 |

Source: CSD

Given the fact that Inadequate Water Supply was the most reported complaint in 2006, **Table 8** indicates the top five areas where these complaints came from by location. It reveals that residents from Penal reported most instances of inadequate supply.

TABLE 8:

Inadequate Water Supply – Most Complaints by Areas (2006)

| LOCATION | CITY / TOWN / VILLAGE | TOTAL |
|------------|-----------------------|-------|
| South | Penal | 508 |
| | Barrackpore | 309 |
| | Princes Town | 303 |
| | San Fernando | 112 |
| | Moruga | 63 |
| North West | St. Anns | 78 |
| | Diego Martin | 73 |
| | St. James | 70 |
| | Laventille | 70 |
| | Belmont | 66 |
| Central | Cunupia | 62 |
| | Las Lomas No. 1 | 51 |
| | Piarco | 46 |
| | St. Helena | 32 |
| | Brasso | 26 |
| North East | Arima | 23 |
| | Champ Fleurs | 20 |
| | Dabadie | 12 |
| | Mathura | 12 |
| | Manzanilla | 10 |



Rebates/Compensation

Over the years the RIC has been very successful in obtaining either rebates or compensation for customers who have lodged complaints with the RIC. Rebates to the customer account are typically related to billing queries, where the customer billing classification was incorrect or some other inaccuracy occurred in the billing process. Claims for compensation were usually related to damaged appliance, equipment or property. **Table 9** below reflects the value of Rebates/Compensation that the RIC secured on customers' behalf over the period 2004-2006.

TABLE 9:
Customer's Rebates/Compensation (2004 – 2006)

| | YEAR | | |
|-----------------------|---------|---------|---------|
| | 2004 | 2005 | 2006 |
| Rebate / Compensation | 130,713 | 743,597 | 510,490 |



Customer Satisfaction

In order to consistently provide excellent customer service, the performance of the CSD was routinely monitored. Apart from having resolved 86% of the complaints reported in 2006, the second Customer Satisfaction Survey (first done in 2005) revealed that 93% of the respondents rated the RIC’s overall customer service as being good to excellent which seems to be consistent with the rating received in 2005 which was 91%. Further, **Table 10** highlights the Department’s performance during 2006 against four established standards.

TABLE 10:

Customer Services Department’s (CSD) Performance (2004 – 2006)

| TARGET AREAS | STANDARD | YEAR | | |
|---|--------------------------------------|-------|-------|-------|
| | | 2004 | 2005 | 2006 |
| Response to Written Complaints | 95% Within ten (10) working days. | 99.9% | 99.9% | 91.3% |
| Response to Telephone and E-mail Complaints | 95% Within ten (10) working days. | 100% | 100% | 100% |
| Response to Overnight Messaging | 100% Within one (1) working day | 100% | 100% | 100% |
| Keeping Appointments | 100% Within ten (10) minutes | 100% | 99.2% | 100% |



REGULATED INDUSTRIES COMMISSION

CORPORATE RELATIONS

The RIC's philosophy in relation to communications is that at the core of successful regulation are effective stakeholder communication, involvement and consultation. During the past year we focused on initiatives that were realistic and achievable. The initiatives were designed to build consistent stakeholder relationships, awareness and understanding among target groups. A holistic approach was taken to ensure that stakeholders had every opportunity to influence our decision making process. When interfacing with the various groups, the RIC was guided by the principles of access, fairness, transparency of information and representation. Two important changes reflect the RIC's desire to be more consumer focused. The first resulted in a new tagline, "Protecting Your Interests", which seeks to draw attention to our focus on stakeholders, while the second involved the revision of our Mission Statement.

NEW MISSION STATEMENT

The previous statement was consolidated and revised in order to emphasise the RIC's purpose and broader goals. The new statement reads:

"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".



CORPORATE RELATIONS (CONT'D)

COMMUNICATING WITH STAKEHOLDERS

The first major activity of 2006 was the release of the Draft Determination (Rates and Miscellaneous Charges) for the Regulation of Electricity Transmission and Distribution, 2006 – 2011, at a press conference on January 18, 2006. With the publication of this document, the RIC provided a forum for all stakeholders, including the general public, to comment and make recommendations on the new rates and charges proposed for T&TEC. Because we sought to encourage the widest possible participation, we did not confine our initiatives to the print and electronic media but engaged the national community across Trinidad and Tobago in a series of public consultations. Commencing in February 2006, five regional consultations were held at venues in Port of Spain, Arima, Chaguanas, San Fernando and Tobago. Approximately 120 persons attended these sessions but this number seemed insufficient and consequently a national consultation, which attracted 112 persons, was held at the Crowne Plaza in Port of Spain.

Following the consultative process, the RIC considered all comments and in some cases, it amended its position based on comments received from stakeholders. In instances where it held firm to its original position, the RIC provided explanations for the benefit of the public. To compliment its consultative activities, the RIC published supplements in all major newspapers, providing details about the importance of the rate review, the process involved and examples of price changes and how these would affect customers. Our intention was to be totally transparent and also to enable understanding of the process so that acceptance of the decisions could be better facilitated. We believe that we have achieved that goal. Both the Chairman and the Executive Director appeared on national television to explain the process and substance of the Rate Review.



CORPORATE RELATIONS (CONT'D)

EDUCATING THE PUBLIC

Our ongoing interaction with the public has allowed us to gauge public awareness of both the RIC and its role in ensuring the delivery of quality utility services. We formed the opinion that much more needed to be done to ensure that the public had access to information on our activities. To this end, a number of initiatives were taken: strip advertisements on the Quality of Service Standards were issued; industrial and commercial customers were provided with information on “How to Calculate their Electricity Bills”; and a four page supplement was published with a summary of the final determination, including actual rates to be paid by different customer classes. Special interest groups such as the Trinidad and Tobago Manufacturers Association (TTMA), Chamber of Commerce, Downtown Owners and Merchants Association (DOMA) and the San Juan Business Association received copies of these documents.

Throughout the year, the RIC maintained a steadfast commitment to community outreach and involvement through participation in collaborative programmes and activities supporting public education. Our involvement in the World Consumer Rights Day activities hosted by the Consumer Affairs Division of the Ministry of Legal Affairs is testimony of our focus on public education. Additionally, our newsletter was totally revamped to make it more reader-friendly, and two new brochures were added to our list of publications. The new brochures explain the correct approach to making complaints (How to Complain – A guide for Electricity and Water Consumers), and electricity conservation (Save Money on Your Next Electricity Bill).



Members of the public collect informative brochures at the RIC's “World Consumer Rights Day” display.



REGULATED INDUSTRIES COMMISSION

CORPORATE RELATIONS (CONT'D)

INDEPENDENT PEER REVIEW

As a member of the regional regulatory body, Organisation of Caribbean Utility Regulators (OOCUR), the RIC is committed to openness and transparency in treating with regional organisations. At an Executive Council meeting of OOCUR both the RIC and the Office of Utilities Regulation (OUR) agreed to initiate a peer review exercise to be undertaken by OUR. It would involve a weeklong visit to the RIC's office to make an assessment of its Customer Services Department, that is, its efficiency and effectiveness in handling complaints. The reviewers would also determine whether best practices were used and whether certain benchmarks could be developed for the Caribbean.

Three officers from the OUR conducted the assessment over a one-week period from September 11, 2006. Apart from interviewing RIC's personnel, they met with the Ombudsman, representatives from the Ministry of Public Utilities and Environment, the Consumer Affairs Division, Ministry of Legal Affairs, the media and customers. Their findings were presented at the 4th Annual Conference of OOCUR in Grenada in November, 2006. While we were encouraged by the efforts of OUR, we believe that the process used was flawed. Consequently, we propose to develop a methodology for conducting peer reviews and present same at a regional forum in 2007. Notwithstanding, we want to record our thanks and appreciation to OUR and to OOCUR for initiating what we believe to be an important and very relevant exercise. Both organisations can depend on our full support for initiatives of these kinds.



CORPORATE RELATIONS (CONT'D)

CONFERENCES AND WORKSHOPS

Two senior staff and one Commissioner participated in two major international conferences during 2006. The Executive Director and Commissioner Winston Rennie participated in the World Energy Forum III in Washington DC in October, 2006 and the Chief Financial Officer attended NARUC's 118th Annual Conference in Florida in November, 2006. The Deputy Executive Director participated in a three-week International Visitor Leadership Program sponsored by the Embassy of the United States of America. He visited five states between September 24 and October 13, 2006 and met with utility regulators and executives of utility companies.

In terms of regional conferences, the major activity was OOCUR's 4th Annual Conference held in Grenada from November 8 – 10, 2006. The conference addressed the challenges of public utilities in a regulatory environment and the RIC contingent focussed on matters pertaining to the water and wastewater sector. The presentations proposed models that could transform the Water and Sewerage Authority (WASA) into an efficient and viable entity. Other conferences attended by staff in 2006 included: the 15th Annual CWWA conference, Tobago; Carilec's Engineer Conference, Trinidad; and OOCUR's workshops on Public Participation and Communication, Trinidad, April 2006.



Regional Participants at the 4th Annual Conference of OOCUR



HUMAN RESOURCES /ADMINISTRATION

At the end of 2005, two important decisions remained outstanding owing to the non-appointment of a Board of Commissioners. However, with the appointment of the Board, the issue of the implementation of permanent employment was agreed, with a proposal to utilise a Defined Contribution Pension Plan. Based on the Compensation Survey undertaken by HR Associates, the Board agreed to a package of proposals, which included amendments to the Organisational Structure to accommodate changes in several important areas. In addition to those matters, the Board also approved a Compensation Policy for the organisation. The policy outlines the circumstances under which staff would be eligible to receive merit increases as well as other forms of compensation. In addition to these issues, the Board also approved the draft Performance Management System document for circulation and comments from staff. It is expected that the approved document would be operationalised in 2007. Also expected to be approved in 2007 is the Handbook of Personnel Policies and Procedures, which is currently being finalised.

RECRUITMENT AND RETENTION OF STAFF

Given that permanent employment and a new compensation package were approved, one expected to see little outward movement of staff. However, because implementation of approved policies was protracted, and owing to delays in the approval of our annual budget, which resulted in salaries being paid late in two instances, several persons exited the organisation to pursue more lucrative opportunities elsewhere. Both our IT Specialist and Corporate Communications Coordinator were lured away with the promise of greater rewards, one Tariff Analyst who was hired in April received a better offer a few months later, and our librarian, who was recruited in the last quarter of 2005, resigned by mid 2006.

It has been five years since the establishment of the RIC and it is still unable to fill all vacancies. On the one hand, the highly specialised nature of regulation results in a dearth of skills available locally but on the other hand, persons who are hired become very marketable after a few years and are attracted away by higher salaries. Because the activities of the RIC had begun to intensify, it could not function properly without quick replacement of the personnel who departed. In the circumstances, the selection process was initiated soon thereafter and five new staff joined the RIC in 2006 as direct replacements for those who left. Only in one case were we unable to fill a vacant position, that of Assistant Executive Director, Economics and Research. Given our difficulty in finding a suitable individual to fill this vacancy, the Board took a decision to approach the Inter-American Development Bank for assistance in finding and recruiting a suitably qualified person. At the end of the year, no progress had been made with that initiative.



HUMAN RESOURCES /ADMINISTRATION (CONT'D)

STAFF TRAINING AND DEVELOPMENT

The RIC remains fully committed to staff training and development both as a means to ensure the organisation's success and continuity and to boost staff morale. Unfortunately, in 2006, our activities in this area were severely curtailed by a lack of financial resources. Owing to the late approval of our 2006 annual budget, very few opportunities could be entertained during the first half of 2006. It was only during September, October and November that our training activities could be accelerated. There was no in-house training during the year but staff benefited from local training in the following areas:

1. Effective Public Speaking and Presentation Skills
2. Essential Mediation Skills
3. Mediation Skills Workshop
4. Communicators and the Business Press
5. Managing Corporate Reputation, Image and Identity; and
6. Supervisory Management

Six persons benefited from a combination of online and face to face training. These courses are identified below:

- PPP Skills and Competency Development
- Fundamentals of Infrastructure Project Finance
- Fundamentals of Utility Tariffs
- Advance Rate Making
- Information Communications and Technology for Effective Disaster Management

Four staff members were originally registered to attend the OOCUR training in Jamaica in July 2006 but, owing to budget constraints, only two were allowed to attend.

The RIC is committed to implementing a full training schedule once our finances permit its execution.

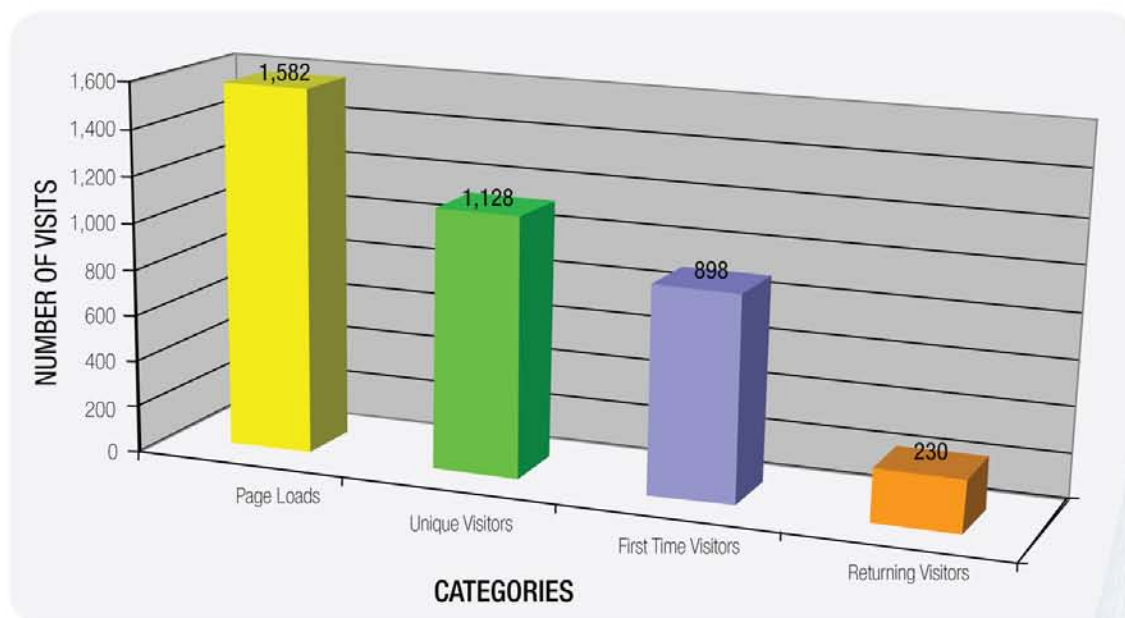


INFORMATION TECHNOLOGY AND ANCILLARY SERVICES

The IT Policies and Procedures Document that was initiated in 2005 was finalised in June, 2006. Also developed was a Disaster Management and Recovery Plan to be used by the Local Area Network. A Business Continuity Plan was circulated to staff for comments. This plan, if effected, would allow the organisation to continue operations in the event of a disaster. Work is ongoing on the plan and it is expected to be finalised in 2007. The IT Manager participated in a week-long forum in Jamaica that addressed relevant issues for ICTs during disasters.

The IT Department began tracking the number of users to our website, commencing January 2006. **Figure 5** provides details of visitors by category. A decision was taken to update the website to make it more user friendly. A project under the joint supervision of the IT Manager and the Corporate Communications Cordinator was initiated and is expected to be finalised in 2007.

FIGURE 5:
RIC Website Statistics for 2006





FINANCES OF THE RIC

Cess levied on the service providers continues to be the primary source of funding available to the RIC. However, in 2006, owing to bureaucratic delays in the approval of its budget, the RIC was forced to access funding through the Ministry of Public Utilities and the Environment to the tune of \$ 1,372,241.00 to fund its monthly expenditure for the months of June and July, 2006. Although the RIC Act states that it is the line Minister who is responsible for approving the budget once he/she is satisfied that its expenditure is both fair and reasonable, the Cabinet has been the *de facto* body undertaking that exercise and this process has resulted in lengthy delays.

The fact that the RIC's 2006 budget was approved in August, 2006 resulted in the postponement of several important activities and thus, actual expenditure for 2006 was significantly lower than budgeted (see **Table 11**). The pattern of expenditure continued to mirror that of previous years, with Personnel Expenditure accounting for the bulk of spending at 58%. Other significant areas of expenditure were Accommodation - 13.54%, Promotional Activities - 7.5%, Capital Expenditure and IT - 7.0% and Consulting and Contracting - 6.0%. Owing to the variance between Actual and Budgeted expenditure, cess to the value of \$1.16 million was carried forward to the new fiscal year (2007).

TABLE 11:

Budgeted and Actual Expenditure for Fiscal 2006

| | 2006 | |
|-----------------------------------|-------------------|------------------|
| | BUDGET (\$) | ACTUAL (\$) |
| Personnel Expenditure | 6,899,766 | 5,781,116 |
| Accommodation | 1,407,048 | 1,337,255 |
| Consulting and Contracting | 808,815 | 559,831 |
| Training | 500,000 | 254,335 |
| Education, Promotion and Printing | 450,000 | 749,249 |
| Capital Expenditure and IT | 317,274 | 666,256 |
| Other Costs | 740,000 | 618,656 |
| TOTAL | 11,122,903 | 9,966,698 |
| CESS CARRIED FORWARD | | 1,156,205 |



The RIC is committed to ensuring that its costs are carefully controlled, resources efficiently managed and value for money is delivered. In fact, the RIC’s expenditure is based on a formula which allows annual expenditure to be adjusted in line with inflation, and extraordinary expenditure, if any, approved by the line Minister. The formula was approved by Cabinet in 2003 and was due for review in 2006. the RIC is seeking to increase the cess factor from 0.4% to 0.6%, primarily due to the loss of revenue occasioned by the removal of the Telecommunications Services of Trinidad and Tobago (TSTT) from the purview of the RIC.

The RIC is committed to full transparency in its operations. Pursuant to this objective, the salaries and benefits of senior staff are published in **Table 12** below.

TABLE 12:
Compensation for Senior Staff (2006)

| POSITIONS | BASIC MONTHLY SALARY \$ | GRATUITY % | PENSION \$ | GROUP LIFE/HEALTH INSURANCE \$ | ALLOWANCE (MONTHLY) \$ | TRAVELING (MONTHLY) \$ | MOTOR VEHICLE \$ |
|--------------------------------------|----------------------------|---------------|---------------|-----------------------------------|---------------------------|---------------------------|---------------------|
| Executive Director | 27,500 | 20 | Nil | 1,041 | 2,500 | 3,500 | Yes |
| Dep. Executive Director | 21,140 | 20 | Nil | 7,361 | 2,000 | 2,500 | Yes |
| Asst. Executive Director | 17,450 | 20 | Nil | 3,651 | Nil | 2,000 | No |
| Human Resource Manager | 15,860 | 20 | Nil | 5,091 | Nil | 2,000 | No |
| Information Technology Manager | 15,860 | 20 | Nil | 2,481 | Nil | 2,000 | No |
| Legal/Corporate Secretary | 15,860 | 20 | Nil | 2,481 | Nil | 2,000 | No |
| Chief Financial Officer | 15,860 | 20 | Nil | 5,091 | Nil | 2,000 | No |
| Corporate Communications Coordinator | 13,750 | 20 | Nil | 5,091 | Nil | 2,000 | No |



REGULATED INDUSTRIES COMMISSION

COMMISSIONERS FOR 2006



DENNIS PANTIN
Chairman



IAN WELCH
Commissioner



WINSTON RENNIE
Commissioner



ANNETTE MC KENZIE
Commissioner



ERIC THOMPSON
Commissioner



KELVIN RAMKISSION
Commissioner



REGULATED INDUSTRIES COMMISSION

MANAGEMENT TEAM



HARJINDER S. ATWAL
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



DENISE CAESAR
Corporate Communications
Coordinator



REGULATED INDUSTRIES COMMISSION

FINANCIAL STATEMENTS

December 31 2006

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REGULATED INDUSTRIES COMMISSION

REPORT OF 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 2006 DECEMBER 31

The accompanying Financial Statements of the Regulated Industries Commission for the year ended 2006 December 31 have been audited. The Statements comprise a Statement of Financial Position as at 2006 December 31, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 2006 December 31 and Notes numbered 1 to 13.

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, 1998 (Act No. 26 of 1998). Their Report dated 2009 November 02 which is attached refers.

SUBMISSION OF REPORT

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

2010 February 05



Sharmar Opley
SHARMAN OPLEY
AUDITOR GENERAL



AUDITOR'S REPORT



BOB GOPEE & 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

INDEPENDENT AUDITORS' REPORT

TO THE COMMISSIONERS OF REGULATED INDUSTRIES COMMISSION

Report on the financial statements

We have audited the accompanying financial statements of Regulated Industries Commission (the Commission) which comprise the statement of financial position as at 31st December 2006, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, 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 2006, 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

November 2nd 2009

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



STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2006

(With comparative figures as at 31st December, 2005)

| | Notes | 2006 \$ | 2005 \$ |
|---|------------|-------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Land | | 6,300,000 | 6,300,000 |
| Motor Vehicles | | 262,091 | 349,454 |
| Computers & Office Equipment | | 590,682 | 652,056 |
| Office Furniture | | 569,596 | 600,814 |
| Assets from Public Utilities Commission | | 4,801 | 5,495 |
| | N3 | <u>7,727,170</u> | <u>7,907,819</u> |
| CURRENT ASSETS | | | |
| Prepayments | N4 | 69,601 | 84,713 |
| Rental Deposit | | 16,738 | - |
| Cash in Hand | | 6,756 | 12,609 |
| Bank - Current Account | | 81,188 | 182,460 |
| Bank - Money Market Fund Account | | 6,343,498 | 2,818,715 |
| Accounts Receivable | N5 | 15,261 | 74,669 |
| Refundable Deposit | N6 | 154,700 | 154,700 |
| V.A.T. Recoverable | N8 | 230,144 | 170,915 |
| | | <u>6,917,886</u> | <u>3,498,781</u> |
| TOTAL ASSETS | | <u>14,645,056</u> | <u>11,406,600</u> |
| CAPITAL & LIABILITIES | | | |
| ACCUMULATED FUNDS | | | |
| Accumulated Funds - Government Grants | N10 | 4,801 | 5,495 |
| Retained Earnings | | 10,018,670 | 9,865,954 |
| Retained Earnings - Depreciation on P.U.C. Assets | N11 | 694 | 796 |
| Surplus for the year | | 1,956,034 | 186,460 |
| | | <u>11,980,199</u> | <u>10,058,705</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable | N9 | 420,945 | 297,313 |
| Gratuity Provision | | 871,671 | 848,955 |
| Accounts Payable - Due to Treasury | | 1,372,241 | 201,627 |
| | | <u>2,664,857</u> | <u>1,347,895</u> |
| TOTAL CAPITAL & LIABILITIES | | <u>14,645,056</u> | <u>11,406,600</u> |

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


EXECUTIVE DIRECTOR


CHAIRMAN

On 2-11-09, the Commissioners of Regulated Industries Commission approved these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2006

(With comparative figures for the year ended 31st December, 2005)

| | Notes | 2006 \$ | 2005 \$ |
|----------------------------------|-------|-------------------|------------------|
| INCOME | | | |
| CESS | | 11,002,565 | 9,715,775 |
| Property Receipts | | 86,361 | - |
| Other | N12 | 118,287 | 238,205 |
| TOTAL INCOME | | 11,207,213 | 9,953,980 |
| EXPENSES | | | |
| Advertising and Promotions | | 480,492 | 496,732 |
| Allowances | | 478,618 | 493,609 |
| Audit Fees | | 84,911 | 23,194 |
| Bad Debts | | 2,340 | - |
| Bank Charges | | 1,675 | 1,631 |
| Books and Periodicals | | 14,324 | 12,548 |
| Charitable Contributions | | 9,000 | 8,550 |
| Consultation Expenses | | 40,314 | 58,184 |
| Contract Gratuities | | 829,904 | 715,905 |
| Contracted Services | | 99,027 | 53,117 |
| Depreciation | N3 | 321,083 | 345,549 |
| Government Contribution to NIS | | 106,935 | 97,996 |
| Group Health Insurance | | 66,915 | 66,968 |
| Group Life Insurance | | 51,507 | 30,472 |
| Insurance | | 40,201 | 29,223 |
| Mail and Postage | | 6,292 | 5,195 |
| Miscellaneous Expenses | N13 | 81,625 | 54,014 |
| Motor Vehicle Maintenance | | 40,279 | 21,850 |
| Office Expenses | | 161,018 | 130,600 |
| OOCUR Expenses | | 94,387 | 85,325 |
| Professional Fees and Legal Fees | | 57,638 | 877,732 |
| Property Account | | 200 | 84,205 |
| Publications | | 57,190 | 5,950 |
| Remuneration to Board Members | | 316,647 | 251,188 |
| Rent | | 1,164,134 | 1,109,280 |
| Repairs and Maintenance | | 16,330 | 600 |
| Retreat Expenses | | 58,436 | - |
| Salaries | | 3,933,564 | 4,036,115 |
| Security and Janitorial Services | | 118,024 | 109,216 |
| Telephones | | 210,105 | 229,542 |
| CSR Mobile Office | | 2,535 | - |
| Training | | 305,529 | 333,033 |
| TOTAL EXPENSES | | 9,251,179 | 9,767,520 |
| NET SURPLUS FOR THE YEAR | | 1,956,034 | 186,460 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2006

AS AT 31ST DECEMBER 2006

| | NOTES | RETAINED EARNINGS \$ | ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$ | TOTAL \$ |
|---------------------------------|-------|-------------------------|--|-------------|
| Opening Balance as at 01-Jan-06 | | 10,053,211 | 5,495 | 10,058,706 |
| Surplus for the year | | 1,956,034 | - | 1,956,034 |
| Depreciation on P.U.C. Assets | N11 | 694 | (694) | - |
| Prior Period Adjustment | | (34,540) | - | (34,540) |
| Closing Balance as at 31-Dec-06 | | 11,975,398 | 4,801 | 11,980,199 |

AS AT 31ST DECEMBER 2005

| | | RETAINED EARNINGS \$ | ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$ | TOTAL \$ |
|---------------------------------|--|-------------------------|--|-------------|
| Opening Balance as at 01-Jan-05 | | 9,865,954 | 6,291 | 9,872,245 |
| Surplus for the year | | 186,460 | - | 186,460 |
| Depreciation on P.U.C. Assets | | 796 | (796) | - |
| Closing Balance as at 31-Dec-05 | | 10,053,211 | 5,495 | 10,058,706 |

* Public Utilities Commission - P.U.C.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2006

(With comparative figures for the year ended 31st December, 2005)

| | <u>2006</u> | <u>2005</u> |
|--|-------------------------|---------------------------|
| | \$ | \$ |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Net Surplus for the year | 1,956,034 | 186,460 |
| Depreciation | 321,083 | 345,549 |
| Prior Period Adjustment | (34,540) | - |
| Profit on Asset Disposal | - | (11,429) |
| Increase in Due to Treasury | 1,170,614 | - |
| Increase in Accounts Payable | 123,632 | 160,539 |
| Decrease/(Increase) Accounts Receivable | 59,408 | (71,464) |
| Increase in Provisions | 22,716 | 67,840 |
| Decrease/(Increase) in Prepaid expenses | 15,112 | (29,049) |
| (Decrease) in Payment Received on Account | - | (100) |
| (Increase)/Decrease in VAT Recoverable | (59,229) | 175,080 |
| (Increase) in Rental Deposit | (16,738) | - |
| Net Cash flow from/(used in) Operating Activities | <u>3,558,092</u> | <u>823,426</u> |
| <u>CASH FLOW FROM INVESTING ACTIVITIES</u> | | |
| Acquisition of Fixed Assets | (140,434) | (6,028,536) |
| Proceeds from Asset Disposals | - | 71,464 |
| Net Cash flow from/(used in) Investing Activities | <u>(140,434)</u> | <u>(5,957,072)</u> |
| NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES | 3,417,658 | (5,133,646) |
| <u>CASH USED IN FINANCING ACTIVITIES</u> | | |
| Net Cash used in Financing Activities | - | - |
| NET CASH AND CASH EQUIVALENTS FROM/(USED IN) PERIOD | <u>3,417,658</u> | <u>(5,133,646)</u> |
| CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR | 3,013,784 | 8,147,430 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>6,431,442</u> | <u>3,013,784</u> |
| <u>REPRESENTED BY:</u> | | |
| Cash in Hand | 6,756 | 12,609 |
| Bank - Current Account | 81,188 | 182,460 |
| Bank - Money Market Fund Account | 6,343,498 | 2,818,715 |
| | <u>6,431,442</u> | <u>3,013,784</u> |

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2006

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 SIGNIFICANT ACCOUNTING POLICIES

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

- a BASIS OF PREPARATION**
These financial statements are prepared in accordance with International Financial Reporting Standards and are on the basis of historic cost.
- b REPORTING CURRENCY**
These financial statements are expressed in Trinidad and Tobago dollars.
- c FIXED ASSETS**
Assets are capitalised and depreciated from the date of acquisition. The method of depreciation used is the reducing balance method. The following rates of depreciation were applied to the capitalised assets :
- | | | |
|------------------|-------|-----------|
| Motor Vehicles | 25% | per annum |
| Computers | 25% | per annum |
| Office Furniture | 12.5% | per annum |
| Office Equipment | 12.5% | per annum |
- d CAPITALISATION POLICY**
The Commission has adopted the policy of expensing assets that fall below the cost of \$1,000.00, even though that asset may have a useful life in excess of one (1) accounting period.
- e REVENUE**
The Commission is funded by CESS Income which is obtained from utility service providers and is calculated based on a percentage of their income.
- f CASH AND CASH EQUIVALENTS**
Cash and Cash Equivalents are carried in the Statement of Financial Position at cost. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.
- g Presentation of Financial Statements**
In accordance with International Accounting Standard (IAS 1), Presentation of Financial Statements, the following statements have been renamed :

| CURRENTLY LABELLED | PREVIOUSLY LABELLED |
|-----------------------------------|-----------------------------------|
| Statement of Financial Position | Balance Sheet |
| Statement of Comprehensive Income | Income Statement |
| Statement of Cash flows | Cash flow Statement |
| Notes | Notes to the Financial Statements |



NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2006 (CONT'D)

3 NON-CURRENT ASSETS - \$7,727,170

| | TOTAL \$ | LAND \$ | MOTOR VEHICLES \$ | COMPUTERS AND OFFICE | | ASSETS FROM P.U.C. \$ |
|--|-------------|------------|-------------------------|----------------------------|-----------------|-----------------------------|
| | | | | EQUIPMENT \$ | FURNITURE \$ | |
| <u>COST</u> | | | | | | |
| Balance as at 01-Jan-06 | 9,674,701 | 6,300,000 | 542,355 | 1,781,889 | 1,002,599 | 47,857 |
| Additions for the year | 140,434 | - | - | 94,678 | 45,756 | - |
| Balance as at 31-Dec-06 | 9,815,135 | 6,300,000 | 542,355 | 1,876,567 | 1,048,355 | 47,857 |
| <u>ACCUMULATED DEPRECIATION</u> | | | | | | |
| Balance as at 01-Jan-06 | 1,766,882 | - | 192,901 | 1,129,833 | 401,785 | 42,362 |
| Depreciation for the year | 320,389 | - | 87,363 | 156,052 | 76,974 | - |
| Depreciation for the year - Assets from P.U.C. | 694 | - | - | - | - | 694 |
| Balance as at 31-Dec-06 | 2,087,965 | - | 280,265 | 1,285,885 | 478,759 | 43,056 |
| NET BOOK VALUE AS AT 31-DEC-06 | 7,727,170 | 6,300,000 | 262,091 | 590,682 | 569,596 | 4,801 |
| NET BOOK VALUE AS AT 31-DEC-05 | 7,907,819 | 6,300,000 | 349,454 | 652,056 | 600,814 | 5,495 |

4 PREPAYMENTS - \$69,601

| | 2006 \$ | 2005 \$ |
|------------------------------|------------|------------|
| Group Life Insurance | 38,016 | 37,176 |
| Copiers Maintenance Contract | 13,075 | 11,734 |
| Contracted Services | 6,924 | - |
| Security and Janitorial | 6,112 | - |
| Software Licenses | 4,834 | 9,502 |
| Cable | 490 | - |
| Postage | 150 | 77 |
| Rent | - | 16,738 |
| Air Conditioning | - | 7,500 |
| Property | - | 1,986 |
| | 69,601 | 84,713 |

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2006 (CONT'D)

5 ACCOUNTS RECEIVABLE - \$15,261

| | <u>2006</u> | <u>2005</u> |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Balance Receivable from CMMB | 8,594 | - |
| Airfare to Florida, USA | 5,803 | - |
| Telephone expenditure from OOCUR | 686 | 686 |
| Group Health Insurance from Employees | 145 | 248 |
| CESS Receivable from WASA | 33 | 33 |
| Overpayment of Commissioner's Fee | - | 2,340 |
| Insurance Settlement | - | 71,362 |
| | <u>15,261</u> | <u>74,669</u> |

6 REFUNDABLE DEPOSIT - \$154,700

| | <u>2006</u> | <u>2005</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 | <u>(122,832)</u> | <u>(122,832)</u> |
| | <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 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, customs duties, levies and other imposts on its income, profit or on assets which it acquires for its own use.

8 V.A.T. RECOVERABLE - \$230,144

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

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2006 (CONT'D)

9 ACCOUNTS PAYABLE - \$420,945

| | <u>2006</u> | <u>2005</u> |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Professional Services Fees | 97,648 | 147,133 |
| OOCUR | 72,869 | 62,155 |
| Computers | 61,305 | - |
| Audit Fees | 35,089 | 58,000 |
| Rent | 34,212 | - |
| Office Stationery | 33,622 | - |
| Telephone | 20,018 | - |
| Advertising | 12,995 | - |
| Contracted Services | 11,594 | - |
| Miscellaneous Expenses | 10,892 | - |
| Arrears of Increment | 10,288 | 13,020 |
| Consultation Expenses | 8,389 | 8,389 |
| Group Life Insurance | 7,180 | 2,546 |
| Repairs and Maintenance | 3,160 | - |
| Security and Janitorial Services | 1,035 | 3,102 |
| Payroll | 500 | - |
| Postage | 150 | - |
| Gas Supplies | - | 3,071 |
| Group Health Insurance | - | (103) |
| Catering Supplies | - | - |
| | <u>420,945</u> | <u>297,313</u> |

10 ACCUMULATED FUNDS - GOVERNMENT GRANTS - \$4,801

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 - \$694

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)

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2006 (CONT'D)

12 OTHER INCOME - \$118,287

| | <u>2006</u> \$ | <u>2005</u> \$ |
|---------------------------------|-------------------|-------------------|
| Interest from Investment | 118,287 | 226,776 |
| Profits from Disposal of Assets | - | 11,429 |
| | <u>118,287</u> | <u>238,205</u> |

13 MISCELLANEOUS EXPENSES - \$81,625

| | <u>2006</u> \$ | <u>2005</u> \$ |
|-----------------|-------------------|-------------------|
| Catering | 10,716 | 10,472 |
| Carnival | 19,170 | 12,061 |
| Staff Functions | 28,739 | 19,408 |
| Other | 23,000 | 12,073 |
| | <u>81,625</u> | <u>54,014</u> |



REGULATED INDUSTRIES COMMISSION

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