



REGULATED INDUSTRIES COMMISSION

ANNUAL REPORT

& FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31

2007

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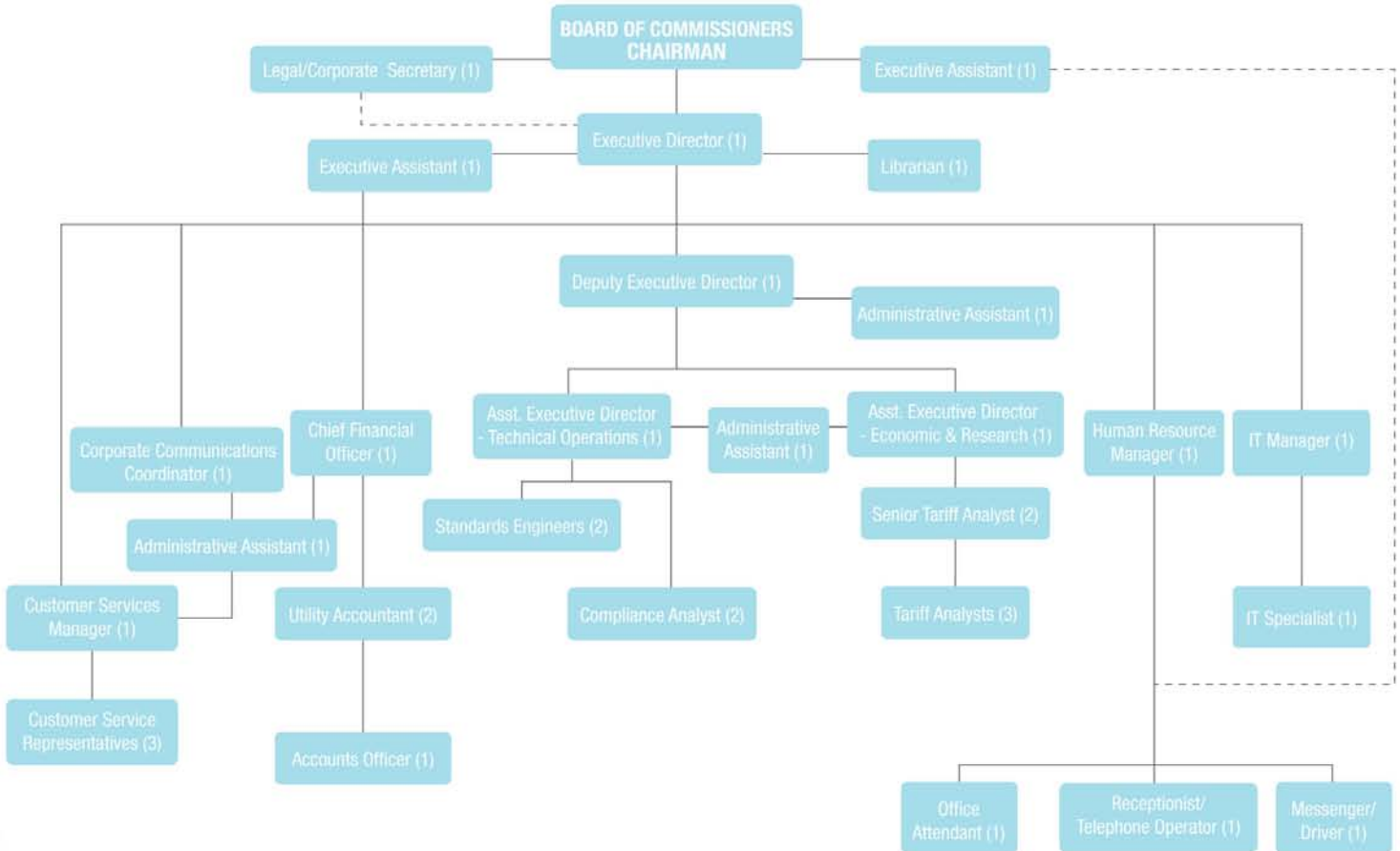


TABLE OF CONTENTS

	PAGE
▪ MISSION AND VISION	3
▪ INTRODUCTION	4
▪ CHAIRMAN'S REMARKS	5
▪ OVERVIEW	7
▪ THE YEAR IN REVIEW.....	8
▪ CONSUMER SERVICES	18
▪ CORPORATE COMMUNICATIONS	28
▪ HUMAN RESOURCES/ADMINISTRATION	30
▪ INFORMATION TECHNOLOGY & ANCILLARY SERVICES	33
▪ FINANCES OF THE RIC	34



REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE





VISION

To be a World Class Regulator.

MISSION STATEMENT

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



INTRODUCTION

This, the sixth report of the RIC, covers the activities of the RIC for the period January to December 31, 2007.

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

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

FUNCTIONS OF THE RIC

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

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

At our retreat in Tobago in October 2006, I challenged the staff to formulate an idea that would have a meaningful impact on the national community, while at the same time being relevant to the work of a utility regulator. I believe that a regulator's role should not be confined to ensuring efficient services and satisfied consumers but should also incorporate the concept of Corporate Social Responsibility. In this connection, the RIC launched its Home Safety Initiative (HSI) with the specific purpose of increasing awareness of and sensitivity to safety issues pertaining to the home and work environment.

The RIC settled on this particular project since it addressed an issue that is important to all households in the country. Additionally, home safety is a concern that is under represented in terms of socially responsible activities of other organisations and thus the HSI is one that facilitates collaboration with the service providers without involving any conflict of interest in terms of the RIC's independent regulatory functions. Minister Beckles was high in praise of the Commission's efforts and commended the RIC "for this Home Safety Initiative... since a responsibility of the Commission is to educate the public on safety issues in respect of the utilities for which it has regulatory responsibility". The HSI was launched at the Crowne Plaza in May, 2007 with its slogan being "Connecting You To Life".

Our budget was approved by November, 2007 and consequently for the second consecutive year, the RIC was forced to seek the assistance of its line Ministry for a subvention to meet its operating expenses for the months of September and October 2007. Owing to our stringent financial situation, the RIC could not undertake a full slate of activities and thus, our regulatory effectiveness was compromised. That situation, combined with the fact that staff could not get an increase in compensation, even though the last salary adjustment occurred in 2004, caused significant unrest among staff and perhaps contributed to the resignations of several key personnel. At the time of writing, suitable replacements could not be found for three of the vacancies created by the resignations.

There is a dearth of experienced regulatory professionals locally, and losing staff in whom significant investments in training have been made continues to be a threat to the effectiveness of our regulatory function. In view of the serious situation faced by the RIC, the Board took a decision to engage an HR consultant to review our remuneration package. Staff had also been clamouring for the introduction of flexible working hours because of the long hours spent in traffic jams in commuting to and from their homes. The Board agreed to the introduction of "flexi-time" in April 2007 on a trial basis. Despite a few teething problems, the "flexitime" initiative appears to be contributing to increased productivity by staff. We recognise the efforts of the staff for the commitment and dedication they have shown to the RIC and we hope that the initiatives that we have taken would result in a more satisfied group of workers.



I would also like to take this opportunity to commend two of our employees who received awards at a function hosted by the Ministry of Public Utilities and the Environment in March 2007 on the occasion of International Women's Day. Diahann Abraham, Customer Services Representative, received an award for "Outstanding Performance in a Specific area of Work in the Sector", while Carol Balkaran, Tariff Analyst, was recognised for "Significant Contribution to the Development of the Sector". The recognition and awards, although personal, also reflect, in my view, the valuable contribution being made by the RIC to the development of the Utility Sector in Trinidad and Tobago.

Following the appointment of a new line Minister in 2007, members of the Board and Senior Management of the RIC met with Minister Abdul-Hamid and his senior staff at the Ministry in November 2007. At this meeting, I made a presentation on the role and function of the RIC. The Minister expressed his appreciation at the conclusion and promised to work with the RIC to ensure that consumers receive reliable and efficient services. On a personal note, during 2007, I was elected as the Chairman of the Organisation of Caribbean Utility Regulators (OOCUR), the regional organisation whose mandate it is to improve the quality of utility regulation in the Caribbean.

Finally, I would like to thank the Management and Staff for their commitment and dedication despite the challenging circumstances, and also to thank my fellow Commissioners for their support and invaluable contributions during the year. In fiscal year 2008, we expect to focus on a review of rates and tariffs for the Water and Sewerage Authority, an even greater challenge than T&TEC, and thus I look forward to the support of all stakeholders as the RIC attempts to transform and improve water and waste-water services.

f/CHAIRMAN

OVERVIEW

In 2007, the RIC focussed on monitoring the performance of T&TEC through the many directives issued to the company in the RIC's Final Determination for the regulation of Electricity Transmission and Distribution, 2006 – 2011. This included approval of T&TEC's annual tariff request. Additionally, in accordance with the RIC's work programme, the staff were assigned research projects and other activities that were an integral part of the review process for WASA. These included "Stakeholder Information Days", sessions that allowed targeted groups to share their concerns and suggestions for improving the supply of water, as well as specific reports that evaluated the status of WASA's operations. In December 2007, the RIC formally initiated its Rate Review for WASA.

Another important activity that occupied considerable time was the Home Safety Initiative, launched by the RIC in May 2007. Through this initiative, the RIC hoped to educate the population on the importance of home safety since electrical hazards are a major cause of fires. Following the official launch of the HSI, various methods were utilised to promote public awareness of safety. They included; talk show appearances, news articles and lectures encouraging safety audits at offices, and a caravan involving primary schools across Trinidad and Tobago. Based on the feedback received from the various schools and institutions where the RIC made presentations, the HSI was well received and applauded.

Our Customer Service Department in conjunction with the Corporate Communications Unit continued their outreach activities in 2007. These sessions have become a permanent feature of the RIC's operations as they provide avenues for customers in remote areas to interface with our staff and to lodge complaints. Our activities included visits to our sister isle where the Customer Service Manager, Mohan Chadee met with the Secretary for Infrastructure and Public Utilities of the Tobago House of Assembly and representatives of the Consumer Affairs Division. Our staff also participated in activities associated with the celebration of World Consumer Rights Day.

The RIC holds the view that regulatory bodies should co-operate in order to ensure that consumers receive high quality services. To this end, a meeting was arranged between the Telecommunications Authority of Trinidad and Tobago (TATT) and ourselves to discuss issues related to incidents of fallen electricity poles and low cables which posed both a hindrance and a danger to members of the public. Both parties agreed that a lack of coordination between the service providers contributed to delays in removing fallen poles. We resolved to develop an action plan that would minimise the delays and thus produce greater efficiency.



Launch of the Home Safety Initiative



RIC meets THA



THE YEAR IN REVIEW

SECTOR REPORTS

Trinidad and Tobago Electricity Commission (T&TEC)

Quality of Service Standards for T&TEC

The Quality of Service Standards which have been in operation since 2004 came up for review in 2007. After careful review of T&TEC's performance in meeting standards since their inception, and consideration of customer complaints over the same period, eight (8) Guaranteed Standards and seven (7) Overall Standards were proposed. One significant change proposed in the new standards is that there should be automatic compensation for breaches in all Guaranteed Standards except GES 1. Previously, customers were required to make claims for compensation following breaches of these standards. However, despite numerous breaches in the Guaranteed service standards, there has been a general apathy on the part of the customer to make claims. The previous scheme therefore, has not had the desired effect of forcing the utility to become more efficient and thus the RIC is proposing automatic payments as a means of discouraging poor service. The proposed standards are expected to be implemented in 2008 after a series of public consultations. Until such time that the new standards are effected, the RIC continues to utilise the existing standards to monitor T&TEC's performance.

Quality of Service – Monitoring Performance of T&TEC

Of the six (6) Guaranteed Standards, full compliance was achieved in only two for the period under review, and these are GES 1 and GES 4. The most breaches occurred in GES 2 (Billing Punctuality) which accounted for 72.4% of all breaches. The compliance rate for this standard was below 50% with the next lowest compliance recorded at 70.7% for GES 6. The RIC will be meeting with T&TEC to discuss how they propose to ensure better compliance for these areas. A summary of the Guaranteed Standards is presented in **Table 1**.

TABLE 1:
Summary of Compliance – Guaranteed Standards for 2007

STANDARD	COMPLIANCE RATES					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL Compliance Rate (%)	
GES 1 - Response and Restoration Times of Supply after unplanned outages on the distribution system	100.0	100	99.9	99.8	99.89	
GES 2 - Billing Punctuality	Residential	56.5	14.7	53.2	56.4	49.4
	Non- Residential	16.7	14.6	3.8	3.7	10.2
GES 3 - Reconnection after Payment of overdue amount/ agreement	99.7	99.6	98.9	99.9	99.5	
GES 4 - Making and Keeping Appointments	100.0	100.0	100.0	100.0	100.0	
GES 5 - Time to credit	Credit	N/A	N/A	N/A	N/A	N/A
Compensatory Payment	Complete investigation	N/A	N/A	N/A	N/A	N/A
GES 6 – Connection to supply	Service drop and meter to be installed <30m	99.97	99.92	99.75	99.93	99.88
	Provision of estimate (30 to 100m)	97	97	94	81	94.8
	Complete construction (30 to 100m)	89	86	65	77	80.5
	Provision of estimate (100 to 250m)	100.0	97	80	81	93.5
	Complete construction (100 to 250 m)	83	60	30	13	70.7

N/A – Not applicable since there were no claims made during 2007.

Based on the total number of breaches in 2007 (14,623), the RIC estimates that compensatory payments of \$439,000 would have been due to customers if claims had been made and such claims approved. However, no claims were made in 2007.

Of the nine (9) Overall Standards, there was full compliance in four of them. Among the remaining five, OES6 (response to customer queries / requests) continued to be poor but performance under OES 8 (prior notice of Planned Outages), was the worst of the overall standards.



The level of unplanned outages raised questions about the maintenance of the distribution network. The performances achieved in two standards are indicative of the quality of service to customers and underscores why the RIC has proposed a customer satisfaction survey. As before, these areas will be highlighted in our meeting with the service provider. A summary of performance in the Overall Standards is presented in **Table 2** below.

TABLE 2:
Summary of Compliance – Overall Standards for 2007

STANDARD		1st Quarter Compliance Rate (%)	2nd Quarter Compliance Rate (%)	3rd Quarter Compliance Rate (%)	4th Quarter Compliance Rate (%)	ANNUAL Compliance* 2007 (%)
OES 1 - Line faults affecting customers repaired within 48 hours		100.0	100.0	100.0	100.0	100.0
OES 2 - Billing Punctuality		66.3	98.8	95.9	92.9	87.8
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	0.0	0.0	0.0	0.0
OES 6 - Response to customer queries/requests (written)	6.1	81	91	87	95	89
	6.2	42	39	44	81	52
	6.3	17	34	51	56	39
OES 7 – Number of complaints by type		100.0				100.0
OES 8 – Prior notice of planned outages		45	44	48	56	48
OES 9 – Correction of low/high voltage complaints	9.1	100.0	100.0	100.0	100.0	99.9
	9.2	98	96	99	98	98

**Computed using actual quarterly raw data and NOT based on the average of quarterly compliance rates*

Working Groups (Reports)

Three Working Groups were established in 2006 to develop proposals in relation to policies for Service Deposits, Capital Contribution and Damaged Appliances. Each group was chaired by a stakeholder representative appointed at the initial meeting of Working Groups which commenced towards the end of 2006. Staff from the RIC provided expert advice to all working groups. The reports of the working groups were received in the second quarter of 2007. They were used to develop consultative papers which would be made available for public comments. It is expected that draft policy documents will be completed in 2008.



Damaged Appliance Working Group members at work developing the policy.

Annual Tariff Adjustment

On June 1, 2006, the RIC issued a Determination (Rates and Miscellaneous Charges) for the regulation of Electricity Transmission and Distribution prices for June 1, 2006 to May 31, 2011. The Determination set the maximum tariffs and a methodology for determining the total revenue that T&TEC may recover through its pricing during the regulatory control period. It also outlined the process and conditions for the approval of annual revenue limits. T&TEC, as it was required to do, submitted its proposed tariffs for the period June 1, 2007 to May 31, 2008 to the RIC for verification two months prior to the commencement of the new regulatory year. It should be noted that new tariffs for Residential Customers approved in 2006 had not been implemented up to that time. The RIC conducted its evaluation of the proposals as well as a review of a number of directives and performance targets that T&TEC were required to meet before its request could be approved. After due consideration, the RIC agreed inter alia, to the following:

1. The maximum annual increase of 7.4% to be applied to the revenue be implemented from August 01, 2007. This increase is not to be applied to the individual tariffs outlined for customer categories and classes.
2. In order to achieve the determined forecast revenue, the following should apply with respect to the individual tariffs:

- **Residential Customers -**

- a) No increase in the customer charge of \$6.00;
- b) No increase in energy charge for customers consuming up to 1000 kWh (i.e. approximately 241,387 residential customers); and
- c) Customers using more than 1000 kWh should not experience an increase in energy charge greater than 3%. Based on this increase, customers using between 1000 and 1300 will experience an increase of only 0.76% and consumers consuming 1600 will experience an increase of only 1.21%.

- **Commercial Customers -**

- a) No increase in the customer charge; and
- b) No customer should experience an increase in energy charge greater than 3%.

- **Industrial Customers -**

- a) No customer should experience an increase in the demand and energy charge greater than 3%.

- **Street-Lighting -**

The overall increase to street-lighting revenue should be no more than 3%.

Estimated Impact on Customers' Bills of Annual Tariff Adjustment

The estimated impact on the bills of different categories of customers, based on the annual tariff adjustment is presented in Tables 3 to 5 below.

TABLE 3:
Impact on Bills for Typical Residential Customers 2007/08

kWh	Current RIC Approved 2006/07			RIC Approved 2007/08				% Increase
	No. of Customers	Monthly \$	Bi-Monthly \$	Monthly \$	Bi-Monthly \$	MONTHLY INCREASE \$	BI-MONTHLY INCREASE \$	
0 - 400	94,243	57.00	114.00	57.00	114.00	0.00	0.00	0.00%
401-1000	147,144	150.00	300.00	150.00	300.00	0.00	0.00	0.00%
1300	32,181	201.00	402.00	202.53	405.06	1.53	3.06	0.76%
1600	17,738	252.00	504.00	255.06	510.12	3.06	6.12	1.21%

TABLE 4:
Impact on Bills for Typical Commercial Customers 2007/08

kWh	RIC Current Approved 2006/07		RIC Approved 2007/08				% Increase
	Monthly \$	Bi-Monthly \$	Monthly \$	Bi-Monthly \$	MONTHLY INCREASE \$	BI-MONTHLY INCREASE \$	
500	107.5	215.00	110.35	220.70	2.85	5.70	2.65%
1000	202.5	405.00	208.20	416.40	5.7	11.40	2.81%
1500	297.5	595.00	306.05	612.10	8.55	17.10	2.87%
2000	392.5	785.00	403.90	807.80	11.4	22.80	2.90%
2500	487.5	975.00	501.75	1003.50	14.25	28.50	2.92%

TABLE 5:
Impact on Bills for Typical Industrial Customers 2007/08

RATE CATEGORY		RIC CURRENT APPROVED 2006/07	RIC CURRENT APPROVED 2007/08	PERCENTAGE INCREASE
	¢/kWh	18.00	18.54	
D1	\$kVA	48.00	49.44	3%
Total	\$	8,976.00	9,245.28	
	¢/kWh	20.00	20.60	
D2	\$kVA	48.00	49.44	3%
Total	\$	101,700.00	104,751.00	
	¢/kWh	16.50	17.00	
D3	\$kVA	41.00	42.23	3%
Total	\$	413,896.32	426,313.21	
	¢/kWh	15.00	15.45	
D4	\$kVA	38.00	39.14	3%
Total	\$	255,380.40	263,041.81	
	¢/kWh	14.50	14.94	
D5	\$kVA	35.00	36.05	3%
Total	\$	749,479.51	771,963.90	
	¢/kWh	13.00	13.39	
E1	\$kVA	42.00	43.26	3%
Total	\$	3,653,196.56	3,762,792.46	
	¢/kWh	13.00	13.39	
E5	\$kVA	38.00	39.14	3%
Total	\$	21,847,925.40	22,503,363.16	

Even though the RIC approved new rates and tariffs for all categories of customers in 2006, the rates in respect of residential customers have not been implemented. This in itself is a cause for concern since the delay might result in a large tariff increase when it is finally effected as opposed to small incremental increases as was intended by the RIC.



Reports of Incidents under the Event Notification and Response Management Plan

During 2007, nine (9) persons sustained fatal injuries through electrocution. Three of the deaths resulted after contact with T&TEC's electrical system while the others occurred either at business premises or residences. The latter incidents reveal how important it is for the general public to have a greater awareness of hazards associated with electrical usage. The RIC's decision to launch its Home Safety Initiative in 2007 was perhaps very timely.

Apart from the fatalities, there were two separate serious events which affected electricity customers. In the first quarter of 2007, two major load shedding incidents occurred in Port of Spain owing to the generation shortages at Powergen: one lasting for forty-five minutes while the other lasted for one hour. In the last quarter of 2007, two blackouts were reported at the Port of Spain General Hospital. In the first instance, equipment in the post surgery and regular wards were rendered useless for close to an hour. The second incident left the hospital without power for six hours and it was reported that it caused panic among the staff. Both incidents raised questions about the reliability of electricity supplied to the nation, and thus the RIC has decided that it would consider a reliability standard that would be subject to compensatory payment.



The Power Generation Company of Trinidad and Tobago (POWERGEN)

The RIC completed its review of the report submitted by the Joint Investigating Team into the fatal accident which occurred at Powergen's Generating Plant in Penal in 2006. Follow up meetings were held among senior staff of both institutions and a number of recommendations made to avert future incidents of the kind that caused the deaths.

Another area of concern for the RIC was the availability of generation capacity to meet the growing demand for electricity in the country. Two new 105MW generator sets were commissioned in April 2007 at Powergen's Point Lisas Power Station, thereby increasing the country's installed capacity to 1,613 MW. However, several of the extant Powergen machines are over 20 years old and consequently, the actual available capacity would be lower. In the absence of additional generation, greater emphasis will have to be placed on Demand Side Management in order to ensure reliability of supply to customers.

The Water and Sewage Authority (WASA)

Water Supply Problems

During the early months of 2007, chronic water shortage problems manifested themselves throughout the country, owing to extreme dry weather conditions. In many areas, residents took to the streets protesting the lack of water for basic human needs. Up to April 2007, 1,000 complaints had been received with 355 complaints received in April alone. In March, the residents of Debe / Penal experienced severe shortages and sought assistance from the RIC. In March 2007, the RIC met with senior management of WASA to hear their plans for addressing the concerns of customers in areas where water supply was inadequate or non-existent. The RIC was informed of the following measures to be implemented to provide relief:

- Approval will be sought from the Ministry of Public Utilities and the Environment for WASA to negotiate with DESALCOTT for the supply of an additional 3 million gallons of water per day;
- Construction of six (6) new wells (two at Clarke Road and two at Scotts Road in Penal and two at Quinam);
- Installation of a 16 inch pipeline from Dumfries Road to Penal;
- Addition of a transmission main from Pt. Lisas to San Fernando for the Caroni South System;
- Replacement of the Navet Trunk Main (to commence within 3 months and to be completed within 18 months); and
- Refurbishment of the filters at the Penal Water Treatment Plant (the contract has been awarded and work commenced with completion set for June 2007).

WASA met with the Penal / Debe Regional Corporation on March 27, 2007 to update them about the planned projects. In addition, as an interim measure, WASA promised to reassign truck-bourne suppliers from other areas (better served) and to increase the normal water trucking schedules.

Owing to the severity of the situation the RIC requested that WASA provide it with a copy of its plan for dealing with shortages in the dry season. WASA submitted a document (2007 Water Supply Management Plan) but this did not specifically address issues about the dry season. Not being satisfied that WASA had a specific plan for the dry season, the RIC took pre-emptive action to avert any potential crisis with water supply and issued a directive in December 2007, that WASA submit annually by December 31, an Annual Water Preparedness Plan for the dry season.



Quality of Service Standards

Though significant progress was made towards devising a viable strategy for the implementation of the Standards at the end of fiscal 2006, the expected operationalisation was not achieved in 2007. The RIC and WASA could not agree on two important areas; the required performance units for some standards, and a suitable timeframe for the implementation of standards. Both parties would have to find common ground in 2008 to ensure that this vital regulatory instrument is finally established.

Review of Rates and Traiffs

At the end of 2007, WASA in response to the RIC's information requirements document, submitted its Draft Business Plan (2007 – 2011) for review by the RIC. That document, when accepted by the RIC, would form the basis for a review of WASA's rates and tariffs. It is expected that the RIC would conduct a full scale review of WASA in 2008, with a view to determining new water and waste water tariffs and charges.

CONSUMER SERVICES

In accordance with its mandate, the RIC is required to facilitate relief where necessary, to those customers who have failed to obtain redress to their complaints from the Water and Sewerage Authority and the Trinidad and Tobago Electricity Commission.

During 2007, the Customer Services Department recorded 4,406 complaints, which were reported by 1,758 customers of which 69% or 1205 accessed the service of the RIC for the first time. In fulfilling our commitment of making the services of the RIC more accessible to the public, and minimizing the cost of making a complaint, the RIC continued its Customer Outreach Programme (COP) and its Toll-Free line (800-4RIC). However, due to staffing constraints, only four (4) COPs were held, from which 113 complaints were received. Nevertheless, many persons sought the advice of the Officers of the CSD during the COP, as well as during the various Public Consultations hosted by the RIC.

The number of complaints recorded in 2007, as shown in **Table 6**, is representative of 11% increase over the 2006 figures. Using the same comparative period, the number of complaints resolved was 3774 or an increase of 17 %. WASA accounted for 3,871 or 88% of all complaints received (**Figure 1**). Additionally, as shown in **Table 6**, 3,723 or 99% of all complaints reported were resolved in favour of the customer. **Figure 2** shows the status of customer complaints for 2007.

TABLE 6:
Status of Complaints Received for 2005 - 2007

STATUS	YEAR			% CHANGE
	2005	2006	2007	
Number of complaints received	2986	3978	4406	11%
Number of complaints resolved	2380	3213	3774	17%
Number of complaints unresolved	496	765	632	-17%
Number of complaints withdrawn	62	69	67	-3%
RESOLUTION RATE	81%	82%	87%	5%
Resolved in favour Customer	2312	3164	3723	18%
Resolved in favour Utilities	68	49	51	4%

Source: RIC

*Percentage figures rounded to nearest integer.

FIGURE 1:
Percentage of Complaints Received for 2007 by Service Provider

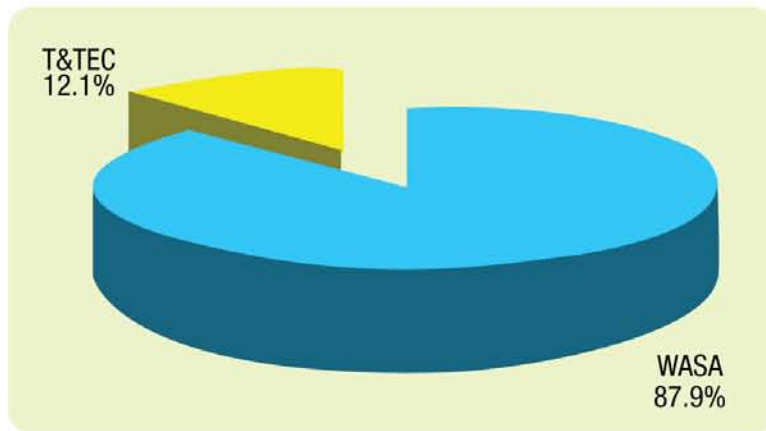
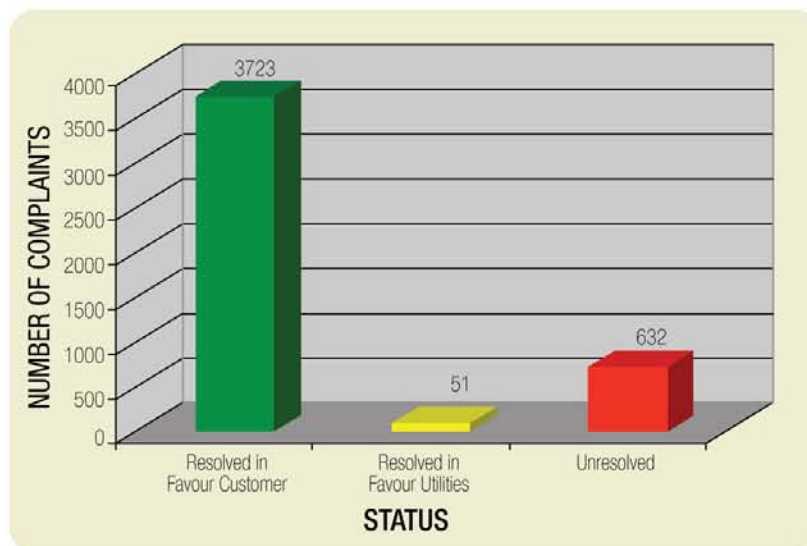


FIGURE 2:
Status of Resolution of Complaints for 2007



The majority of customers favour the use of the telephone to lodge complaints and this medium accounted for 4,047 or 91.9% of the complaints received. In **Table 7**, this figure represents an increase of 18.7% when compared to 2006. The COP accounted for 2.6%, walk-ins 2.0% and complaints submitted by letters accounted for 3.0% as depicted in **(Figure 3)**.

TABLE 7:
Number of Complaints by Receiving Medium for 2005 - 2007

RECEIVING MEDIUM	2005	2006	2007	% CHANGE
E-Mail	11	18	18	0.0%
Letter	127	151	133	-11.9%
Media	2	8	8	0.0%
Telephone	240	278	113	-59.4%
Walk-In	2456	3409	4047	18.7%
COP	150	114	87	-23.7%
TOTAL	2986	3978	4406	10.8%

Source: RIC

FIGURE 3:
Percentage Distribution of Complaints by Receiving Medium for 2007

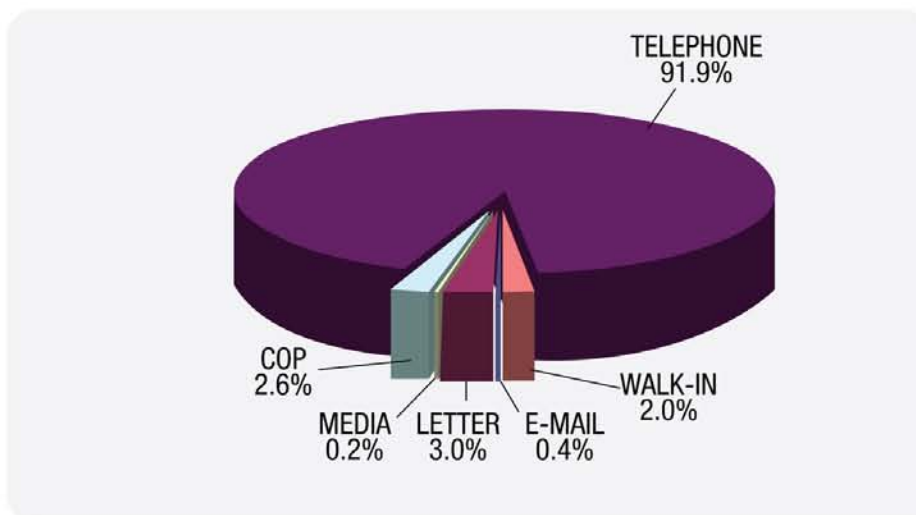


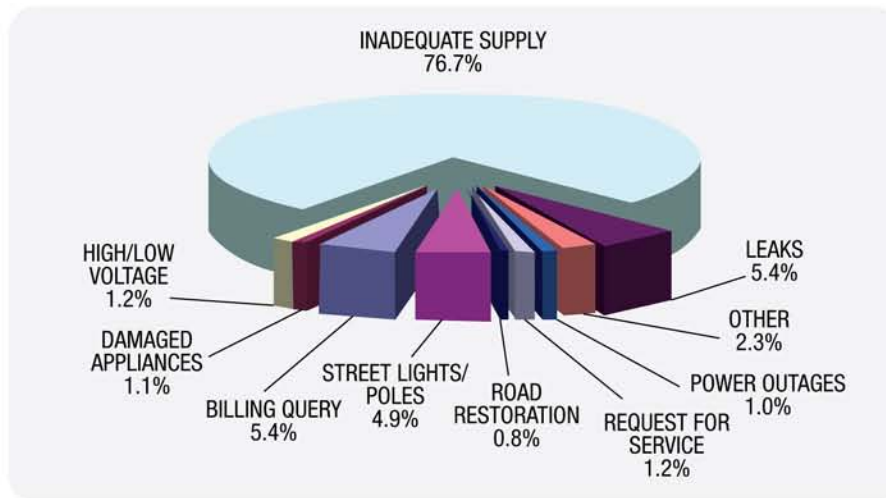
TABLE 8:
Distribution of Complaints Received by Category for 2005 - 2007

SERVICE PROVIDER	COMPLAINT CATEGORY	YEAR			% CHANGE
		2005	2006	2007	
T&TEC	Billing Query	84	60	97	61.7%
	Damaged Appliances	91	73	47	-35.6%
	High / Low Voltage	85	74	52	-29.7%
	Other	31	55	45	-18.2%
	Power Outages	60	32	46	43.8%
	Request for Service	43	42	28	-33.3%
	Street Lights / Poles	192	292	215	-26.4%
		586	628	530	-15.6%
WASA	Billing Query	193	252	141	-44.0%
	Inadequate Supply	1927	2785	3381	21.4%
	Leaks	186	221	237	7.2%
	Other	38	51	57	11.8%
	Request for Service	30	16	26	62.5%
	Road Restoration	26	25	34	36.0%
		2400	3350	3876	15.7%
TOTAL		2986	3978	4406	

Source: Data collected by RIC

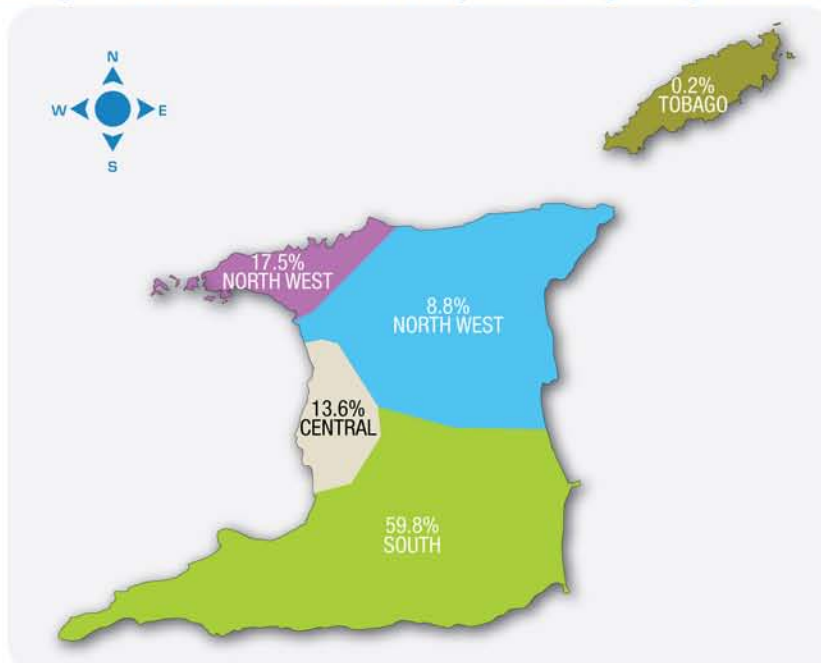
The category recording the most number of complaints was Inadequate Supply, which represented 76.7% of complaints received in 2007. This was followed by the categories Billing Query and Leaks which represented 5.4% each, Street/ Lights/Poles at 4.9% as depicted in **(Figure 4)**.

FIGURE 4:
Percentage Distribution of Complaints by Type for 2007



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 5)**.

FIGURE 5:
Percentage Distribution of Complaints by Region for 2007



Further, **Table 9** shows the number of complaints from the various Regional /City Corporations throughout Trinidad as well as those that came from the Tobago. Data from this table highlight that in 2007, the highest number of complaints reported (1442) came from the Penal/Debe Regional Corporation, followed by 548 from the Couva/Tabaquite/Talparo Regional Corporation and 409 from the Princes Town Regional Corporation.

TABLE 9:
Number of Complaints by Regional Corporations for 2005 - 2007

City/ Borough Regional Corporation	YEAR			% CHANGE
	2005	2006	2007	
Arima Borough Corporation	124	73	126	73%
Chaguanas Borough Corporation	225	239	204	-15%
Couva/Tabaquite/Talparo Regional Corporation	320	395	548	39%
Diego Martin Regional Corporation	166	255	246	-4%
Mayaro/Rio Claro Regional Corporation	39	46	78	70%
Penal/Debe Regional Corporation	465	1033	1442	40%
Point Fortin Borough Corporation	52	43	45	5%
Port of Spain City Corporation	198	308	252	-18%
Princes Town Regional Corporation	602	527	409	-22%
San Fernando City Corporation	163	205	238	16%
San Juan/Laventille Regional Corporation	175	296	297	0%
Sangre Grande Regional Corporation	116	109	89	-18%
Siparia Regional Corporation	105	124	224	81%
Tobago House of Assembly	33	59	9	-85%
Tunapuna/Piarco Regional Corporation	203	266	199	-25%
TOTAL	2986	3978	4406	11%

Source: RIC Database

Inadequate Water Supply was the most reported complaint in 2007 and from **Table 10**, it can be observed that the five worst served areas were in the southern region.

Table 10:
The top 5 Areas that reported the highest Number of Complaints
Related to an Inadequate Water Supply in 2007

LOCATION	CITY / TOWN / VILLAGE	TOTAL
South	Penal	809
	Barrackpore	390
	Princes Town	224
	San Fernando	143
	Debe	96
North West	Diego Martin	95
	Glencoe	76
	Laventille	65
	Santa Cruz	49
	Port of Spain	48
Central	Flanagin Town	66
	Couva	55
	Freeport	41
	Carapichaima	37
	Cunupia	35
North East	D'Abadie	43
	Arima	41
	Manzanilla	15
	Arouca	14
	Sangre Grande	12

Source: RIC Database



The RIC has been able to secure rebates for customers who have lodged their complaints with us. Over the last three years, customers have benefited from rebates valued at \$1.8 M as depicted in **Table 11**. For 2007, we have been able to recover \$558,186.00 in rebates, of which 80% came from WASA, this represents an increase of 9% over 2006 figures.

TABLE 11:
Rebates obtained by the RIC on behalf of customers
by Complaint Type and Service Providers for 2005 - 2007

SERVICE PROVIDER	TYPE OF COMPLAINT	2005	2006	2007	TOTAL
T&TEC	Billing Classification	1,099.00		5,954.00	7,053.00
T&TEC	Billing Query	40,537.00	19,392.00	84,331.00	144,260.00
T&TEC	Damage to Property		111.00	2,524.00	2,635.00
T&TEC	Damaged Appliance/Equipment	10,932.00	74,714.00	17,521.00	103,167.00
T&TEC	Request for Service		1,248.00		1,248.00
T&TEC	Retroactive Billing Adjustment			888.00	888.00
		52,568.00	95,465.00	111,218.00	259,251.00
WASA	Billing Classification	9,322.00	6,596.00	23,293.00	39,211.00
WASA	Billing Query	588,400.00	382,288.00	340,752.00	1,311,440.00
WASA	Damage to Property	95,000.00		80,550.00	175,550.00
WASA	Disconnection / Reconnection			73.00	73.00
WASA	Retroactive Billing Adjustment	1,545.00	26,141.00	2,300.00	29,986.00
		694,267.00	415,025.00	446,968.00	1,556,260.00
	TOTAL REBATE	746,835.00	510,490.00	558,186.00	1,815,511.00

As part of a self examination process, the CSD continued to monitor its performance, in order to ensure that it consistently provides excellent customer service to the citizens of Trinidad and Tobago. Apart from having resolved 87% of the complaints reported, the 2007 Customer Satisfaction Survey revealed that 90% of respondents indicated that they were either satisfied or very satisfied with the Officer who addressed their complaint. Approximately 81% of the respondents said the investigation into their complaint was thorough and 83.3% of the surveyed respondents believed that the RIC followed up on their complaint in a timely manner.

In addition, approximately 84% of the respondents rated the RIC’s response to their complaint as Good to Excellent, while 91% of the respondents rated their satisfaction with RIC’s overall customer service as being good to excellent.

Further, the CSD continued to monitor its response time to complaints based on its internal performance standards. **Table 12** highlights the Department’s performance during 2007 against the four established standards.

TABLE 12:
Consumer Services Department’s Performance, 2005 - 2007

TARGET AREAS	STANDARD	PERFORMANCE RATING		
		2005	2006	2007
Response to Written Complaints	95% Within ten (10) working days.	99.9%	91.3%	81.2%
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	99.2%	100%	*100%

** Four customers were seen after ten minutes but they did not have appointments.*

CORPORATE COMMUNICATIONS

The role of the Corporate Communications Unit in maintaining and enhancing the RIC's brand is to develop internal and external relations strategies that effectively communicate the RIC's vision, mission and values to the general public, stakeholders and to employees. The unit's responsibilities encompass public relations, advertising and publications, as well as corporate social responsibility.

Corporate Social Responsibility

As the concept of Corporate Social Responsibility gains currency, many organisations are considering a broader range of stakeholder interests among aspects of their operations. In light of the high incidence of electrical fires and other accidents in the home, the RIC decided to assert its social value by creating and supporting a national cause that was in direct alignment with its core competencies and functions. On May 18, 2007 the RIC launched its Home Safety Initiative (HSI) in the hope that it would increase awareness of and sensitivity to safety issues as they relate to the home and the work environment.

The personal suffering and loss that arise because of ignorance or negligence are often highlighted in the media thus the purpose of the HSI was to educate and empower individuals through home safety awareness so as to reduce or prevent electrical and fire hazards, enhance child safety in the home, and to encourage safety in the workplace. The key message of the Home Safety Initiative was captured in the slogan "Connecting You To Life" which emphasised the importance of making mental links between negligence and the threats these might pose to human life when correct guidelines are not followed.

The HSI commenced with interactive theatre workshops as part of our public education activities involving thirty-six (36) primary schools across Trinidad and Tobago. Theatre-in-Education was the tool used by the group, Arts in Action, to create greater awareness and to educate the participants at eight educational theatre workshops. Arts in Action depicted the "Trippin Family", a typical family challenged to adopt safe practices in the home. The assistance of the Trinidad and Tobago Fire Services and the Trinidad and Tobago Red Cross Society were invaluable, as representatives were on hand to demonstrate the proper use of a fire extinguisher and the life saving technique, Cardio Pulmonary Resuscitation (CPR). The entire theatre workshop, including the demonstrations of the use of the extinguisher and CPR, was compiled on a DVD and distributed to some 200 schools.

The "Connecting You To Life" message of the HSI was also publicised on several television talk shows and upwards of one thousand (1,000) HSI posters were distributed to government as well as private offices and public areas where they would be visible.



Interfacing with the 'Safe Home' Mural at the launch of the Home Safety Initiative.



Fire Officer demonstrates the use of a fire extinguisher at a HSI School Tour.



Primary school students at one of the HSI School Tours.

Stakeholder Involvement Strategies

The opportunity to hold open dialogue with stakeholders is an important element in effective communication within the regulatory environment. The RIC continued to demonstrate a strong commitment to stakeholder involvement and openness and this year incorporated several methods to ensure that participants got a clear understanding of how decisions are reached, while boosting their confidence that their interests had been considered.

During fiscal 2007, a Code of Practice governing the Public Consultative Process of the RIC was developed, and once feedback is received through public consultations, all future consultations will be conducted in accordance with the principles of that document. Additionally, a Media Relations Policy was formalised and an Internal Communications Strategy devised for effectively treating with internal issues, the latter would complement the existing internal newsletter, "In the Loop".

Website Discussion Forum

For the RIC embracing technology is crucial to our communication strategy. All regulators should seek opportunities for interaction with service providers and stakeholders. Such interaction should be on an ongoing basis and not limited to feedback on defined topics or at specified intervals.

As the use and popularity of social media grow, stakeholders, particularly consumers, are turning to colleagues, friends and other persons they trust for advice via easy to publish tools such as weblogs and the online forum. These tools are excellent sources of information since persons respond to this innovative, conversational form of communication more readily than they would to more direct forms of communication. In an effort to capitalise on this technology, the RIC re-launched its revamped website on May 15, 2007 and introduced a dynamic, interactive and moderated forum (Discussion Forum) designed to improve the usability and appeal of the website while creating a more user-friendly environment.

Public Awareness and Stakeholder Education

The RIC believes that public awareness and stakeholder engagement / education involve understanding the viewpoint of our stakeholders and taking these into consideration, being accountable to various stakeholder groups when accountability is called for, and using the information garnered from those sources to formulate policies and solve regulatory problems.

Our efforts at stakeholder education in 2007, exemplified this approach as we participated in a number of radio and television programmes to discuss our role and function and to address specific questions posed by consumers. Throughout the year, the RIC maintained a steadfast commitment to community outreach and involvement by hosting Customer Outreach Sessions and by participating in the World Consumer Rights Day public education exhibit on March 15, 2007 at the Brian Lara Promenade in Port of Spain. Additionally, the RIC contributed to a three-part Radio Talk-Show series initiated by the Ministry of Public Utilities and the Environment in July 2007 on radio stations 195.5 FM entitled 'Utility Speaks' and Radio Shakti 97.5 labelled 'Focus on Utilities and the Environment'.

Media Relations

In the interest of keeping our stakeholders informed and aware of our activities, sixteen media releases and / or press advertisements were issued during 2007.

OOCUR Conference

The 5th Annual Conference of the Organisation of Caribbean Utility Regulators (OOCUR) was co-hosted by the Public Utilities Commission of Guyana and held at Buddy's International Hotel, Guyana from November 7 to 9, 2007. The RIC was represented by the Chairman and one Commissioner, our Executive Director and four members of staff, who presented papers at the conference.



5th Annual OOCUR Conference – Guyana.



HUMAN RESOURCES / ADMINISTRATION

Several of the staff related matters that were incomplete at the end of fiscal 2006 remained outstanding at the end of 2007. The much anticipated introduction of permanent employment has not been implemented owing to a lack of agreement on a suitable pension plan. The Board had proposed to utilise a Defined Contribution Scheme but the staff requested that presentations of the alternative products be made to allow them to appreciate the merits of the various plans. This was agreed to by management and arrangements made with three providers to present their products for review. In these circumstances, no final decision was reached at the year's end.

Despite the fact that new salary and benefits proposals were forwarded to the Ministry for approval in October 2006, the Public Sector Negotiating Committee had not convened a meeting to discuss those proposals during fiscal 2007. There were encouraging signs during the course of the year that progress was being made as the Human Resources Manager from our line Ministry sought clarification on various issues in our documents but our expectations of a speedy resolution did not materialize.

The draft Handbook of Personnel Policies and Procedures was finalised after considerable discussion and review by the committee comprising a cross-section of staff members. It was forwarded to the Employers' Consultative Association to ensure that it complied with Industrial Relations Law and Human Resource best practices but because the issues related to permanent employment have not been settled, no decision had been taken about its implementation. In the case of the Performance Management System, it was referred to the HR Committee, and for further discussion with the staff.

RECRUITMENT AND RETENTION OF STAFF

The unattractiveness of the RIC's remuneration package continued to undermine its ability to recruit and retain staff. After six years of searching, there has not been any success in filling the critical position of Assistant Executive Director – Economics and Research. But worse still, there have been six departures during 2007. A review of exit interviews revealed that the main reasons for staff departures were the Commission's unattractive compensation and benefits package, and the lack of opportunities for career advancement within the RIC. Three of the professional staff who exited the organisation had received regulatory training at a high cost to the RIC. We were able to attract four new staff but were faced with a situation of having to spend a considerable sum on training the new recruits. The Board, recognizing the difficult situation faced by the Commission, agreed that a new Job Evaluation and Compensation Survey was essential and contracted Human Systems Limited to undertake the exercise. By the end of the year, the consultant had held meetings with the staff as a group and individually with a view to revising job descriptions if necessary, but this exercise would be finalised in 2008.

Owing to staff departures and a general feeling that staff morale and motivation were low, the Board agreed to undertake a Staff Morale Exercise. The project was awarded to Ms. Maureen Bowen, an industrial psychologist, who commenced background work by distributing a questionnaire to staff. This activity would also be concluded during fiscal 2008.

In 2007 we were able to fulfil our commitment to promote our employees' progress through training and development. Staff members participated in a full range of training programmes; locally, through computer on-line training, and externally.

Staff benefited from the training programmes and other developmental activities listed below.

NON TECHNICAL TRAINING: Eight persons benefited from training in non technical areas.

- **Managing Corporate Events**
 - Arthur Lok Jack School of Business: Trinidad and Tobago – August 21 – 22 (2 days)
- **No Sweat Speaking: Facing the Fear of Public Speaking**
 - International Association of Business Communicators: Trinidad and Tobago – 1 day
- **Crisis Management Certificate Programme**
 - Institute of Crisis Management: USA – June 18-20 (3 days)
- **Supervisory Skills**
 - Arthur Lok Jack School of Business, Trinidad and Tobago: May 21-24 (4 days)
- **Technical Proposal and Report Writing**
 - University of Trinidad and Tobago: June 25-29 (5 days)
- **Pensions and Benefits Training**
 - Arthur Lok Jack School of Business: Trinidad and Tobago – July 6, 18, 25 (3 days)
- **Professional Business Practices**
 - Employers' Consultative Association: Trinidad and Tobago – June 5-6 (2 days)

ON-LINE TRAINING: Nine members of staff participated in the following courses hosted by the Institute for Public - Private Partnerships, Inc. (IP3).

- **Fundamentals of Utility Regulation**
 - IP3, Washington D.C. – 5 weeks
- **Fundamentals of Utility Benchmarking**
 - IP3, Washington D.C. – 5 weeks
- **PPP Skills and Competency Development**
 - IP3, Washington D.C. – 5 weeks
- **Stakeholder Consultation**
 - IP3, Washington D.C. – 5 weeks

Hosted by OOCUR – Local and External: Four persons participated in training hosted by OOCUR.

- **Utility Finance: Integrating Financial, Economic and Policy Perspective in Utility Regulation**
– Trinidad and Tobago – May 23-25 (3 days)
- **Advanced Course in Utilities Management and Regulation**
– The Bahamas – July 23-27 (5 days)

Seminar / Workshops: Five persons represented the RIC at these events.

- **Competition Policy Workshop: Status of the Fair Trading Commission**
– Ministry of Trade and Industry of Trinidad and Tobago – 2 days
Carol Balkaran and Nadia John
- **Alternative Dispute Resolution**
– Georgetown, Guyana – November 5-6, 2007 (2 days)
- **Consumer Participation in the Utility Regulatory Process**
– hosted by OOCUR – St Croix, US Virgin Islands (3 days)



Participants of the 'Alternative Dispute Resolution' workshop take part in an in-class exercise.

INFORMATION TECHNOLOGY AND ANCILLARY SERVICES

The main challenge faced by the IT Department in 2007 was that of ensuring that users of the IT equipment were able to function with a reasonable level of efficiency. Most of the existing hardware in use at the RIC was purchased in 2002 and with aging, they had begun to mal-function and therefore were less than optimal in performance. Because of the financial constraints that were experienced in 2007, no resources were available for the purchase of new equipment. In the circumstances, initiatives will be taken early in 2008 to ensure that the RIC is outfitted with modern and up-to-date equipment that would improve the level of efficiency of staff output.

Notwithstanding these difficulties, the RIC, in its attempt to become more customer friendly, launched its revamped website in May 2007 on a Mambo Content Management System (CMS) platform that offered users new features. The new features include; a Discussion Forum where the public can make comments or raise issues on any matter related to utility service, a Press and Media Releases Area, a Newsletter Section, a Media Gallery, and a Documents Section, where all publications of the RIC can be viewed.

Another important development in 2007 was the hiring of an IT Specialist to support the work of the IT Manager. All that is required now is a full change out of equipment so that our regulatory function would not be inhibited.



RIC's revamped Webpage.



FINANCES OF THE RIC

The financial year 2007 was an extremely challenging one for the RIC, owing to the late approval of its annual budget. The annual budget for the period January to December 2007 was approved by the Minister on November 27, 2007. As a consequence of the late approval of its budget, the RIC was forced to approach the line Ministry for assistance and received subventions in September and October 2007 to the value of \$418,000.00 and \$1,039,083.00 respectively.

Although the RIC Act allows for the provision of subvention to supplement Cess collected from service providers, it presumed that such a situation would cease once the RIC attained self-sufficiency. In fact, between fiscal years 2002 and 2005, the RIC required no financial support from the exchequer. The fact that this was the second year in succession that the RIC had to approach the Government for funding raises questions about its independence.

Owing to the late approval of our budget, the RIC was forced to postpone some activities and reduce its expenditure in other areas. A review of **Table 13** would reveal that actual expenditure for 2007 was significantly lower (70.0%) than budgeted. That notwithstanding, the pattern of expenditure continued to follow that of previous years, with Personnel Expenditure accounting for the bulk of spending at 61.5%. Among the other items of expenditure, only Training and Other Costs exceeded budgeted levels.

TABLE 13:
Budgeted and Actual Expenditure: Fiscal 2007

	2007	
	BUDGET (\$)	ACTUAL (\$)
Personnel Expenditure	8,028,295	5,695,161
Accommodation	1,526,108	1,294,400
Consulting and Contracting	1,347,158	357,333
Training	403,406	489,341
Education, Promotion and Printing	700,000	282,946
Capital Expenditure and IT	440,000	159,735
Other Costs	820,000	974,284
TOTAL	13,264,967	9,253,200
CESS CARRIED FORWARD		4,011,767

For the Fiscal year 2007, Cabinet approved a budget of \$12,108,761.00. The Cess Factor was 0.325% of the cumulative gross revenue of the service providers.

The RIC had requested in October 2006 that the Cess formula approved by Cabinet in 2003 be reviewed. Correspondence received from the Ministry of Public Utilities dated November 19, 2007 advised that Cabinet agreed to the retention of the 2003 formula used for the calculation of Cess with the following modifications:

- (i) the k-factor be redefined as extra-ordinary items of expenditure, to be approved by the line Ministry, that arise from events or transactions that are clearly distinct from the ordinary activities of the RIC and therefore , are not expected to recur frequently or regularly.
- (ii) the upper limit for the Cess factor to be levied on the cumulative gross revenue of service providers be increased from 0.4% to 0.6%.

With this approval, the RIC shall be able, because of access to additional resources, to widen its scope of work to ensure that the consumers receive the highest quality of utility services.

Because the RIC is committed to full transparency, information on any aspect of its financial operations will be made available through the normal channels.



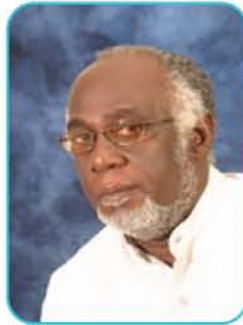
COMMISSIONERS FOR 2007



DENNIS PANTIN
Chairman



IAN WELCH
Commissioner



WINSTON RENNIE
Commissioner



ANNETTE MC KENZIE
Commissioner



ERIC THOMPSON
Commissioner



KELVIN RAMKISSION
Commissioner



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



FINANCIAL STATEMENTS

December 31 2007

TABLE OF CONTENTS	Sub-Page
▪ REPORT OF AUDITOR GENERAL	1
▪ AUDITORS' REPORT	2
▪ STATEMENT OF FINANCIAL POSITION	3
▪ STATEMENT OF COMPREHENSIVE INCOME	4
▪ STATEMENT OF CHANGES IN EQUITY	5
▪ STATEMENT OF CASH FLOWS	6
▪ NOTES TO THE FINANCIAL STATEMENTS	7 - 11

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 2007 DECEMBER 31

The accompanying Financial Statements of the Regulated Industries Commission for the year ended 2007 December 31 have been audited. The Statements comprise a Statement of Financial Position as at 2007 December 31, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 2007 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. Their Report dated 2010 May 28 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 July 27



Sharmar Ottley
SHARMAN OTTLEY
AUDITOR GENERAL



AUDITOR'S REPORT



BOB GOPEE AND ASSOCIATES CHARTERED ACCOUNTANTS

HEAD OFFICE: 53 Picton Street, Port of Spain, Trinidad, West Indies • Telefax: 868-628-4707
BRANCH: 144 Pointe-a-Pierre Road, Vistabella, Trinidad, West Indies • Telefax: 868-653-2542

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 2007, the statement of comprehensive income, statement of changes in equity, statement of cash flows, for the year then ended and notes to the financial statements, as set out on pages 2 to 10.

Management's responsibility for the financial statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Commission as at 31st December 2007, 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

28th May 2010



STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2007

(With comparative figures as at 31st December, 2006)

	Notes	2007 \$	2006 \$
ASSETS			
NON-CURRENT ASSETS			
Land		6,300,000	6,300,000
Motor Vehicles		250,118	262,091
Computers & Office Equipment		585,731	590,682
Office Furniture		511,143	569,596
Assets from Public Utilities Commission		4,196	4,801
	N3	<u>7,651,188</u>	<u>7,727,170</u>
CURRENT ASSETS			
Prepayments	N4	45,853	69,601
Rental Deposit		16,738	16,738
Cash in Hand		6,756	6,756
Bank - Current Account		574,819	81,188
Bank - Money Market Fund Account		2,090,513	6,343,498
Accounts Receivable	N5	8,568,167	15,261
Refundable Deposit	N6	154,700	154,700
V.A.T. Recoverable	N8	186,876	230,144
		<u>11,644,422</u>	<u>6,917,886</u>
TOTAL ASSETS		<u>19,295,610</u>	<u>14,645,056</u>
ACCUMULATED FUNDS & LIABILITIES			
ACCUMULATED FUNDS			
Accumulated Funds - Government Grants	N10	4,196	4,801
Retained Earnings		12,123,543	10,018,670
Retained Earnings - Depreciation on P.U.C. Assets	N11	606	694
Surplus for the year		3,165,909	1,956,034
		<u>15,294,254</u>	<u>11,980,199</u>
CURRENT LIABILITIES			
Accounts Payable	N9	112,926	420,945
Gratuity Provision		1,059,106	871,671
Accounts Payable - Due to Treasury		2,829,324	1,372,241
		<u>4,001,356</u>	<u>2,664,857</u>
TOTAL ACCUMULATED FUNDS & LIABILITIES		<u>19,295,610</u>	<u>14,645,056</u>

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


EXECUTIVE DIRECTOR


CHAIRMAN

On 27.12.2007, the Commissioners of Regulated Industries Commission approved these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2007

(With comparative figures for the year ended 31st December, 2006)

	<u>Notes</u>	<u>2007</u> \$	<u>2006</u> \$
<u>INCOME</u>			
CESS		12,108,761	11,002,565
Property Receipts		69,924	86,361
Other	N12	216,640	118,287
TOTAL INCOME		12,395,325	11,207,213
<u>EXPENSES</u>			
Advertising and Promotions		282,946	480,492
Allowances		470,285	478,618
Audit Fees		63,749	84,911
Bad Debts		-	2,340
Bank Charges		2,118	1,675
Books and Periodicals		8,580	14,324
Charitable Contributions		12,490	9,000
Computer Maintenance		4,834	-
Consultation Expenses		130,502	40,314
Contract Gratuities		866,078	829,904
Contracted Services		49,343	99,027
CSR Mobile Office		3,005	2,535
Depreciation	N3	306,619	321,083
Government Contribution to NIS		104,688	106,935
Group Health Insurance		65,183	66,915
Group Life Insurance		55,342	51,507
Insurance		55,468	40,201
Mail and Postage		7,691	6,292
Miscellaneous Expenses	N13	120,090	81,625
Motor Vehicle Maintenance		10,183	40,279
Office Expenses		113,999	161,018
OOCUR Expenses		48,287	94,387
Professional Fees and Legal Fees		74,877	57,638
Property Account		-	200
Publications		11,293	57,190
Remuneration to Board Members		275,867	316,647
Rent		1,294,400	1,164,134
Repairs and Maintenance		13,060	16,330
Retreat Expenses		1,400	58,436
Salaries		3,857,721	3,933,564
Security and Janitorial Services		127,619	118,024
Subscriptions		113	-
Telephones		259,079	210,105
Training		496,342	305,529
Uniforms		36,165	-
TOTAL EXPENSES		9,229,416	9,251,179
NET SURPLUS FOR THE YEAR		3,165,909	1,956,034



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2007

AS AT 31ST DECEMBER 2007

	NOTES	RETAINED EARNINGS \$	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$	TOTAL \$
Opening Balance as at 01-Jan-07		11,975,398	4,801	11,980,199
Surplus for the year		3,165,909	-	3,165,909
Depreciation on P.U.C. Assets *	N11	606	(606)	-
Prior Period Adjustment		148,146	-	148,146
Closing Balance as at 31-Dec-07		15,290,059	4,196	15,294,254

AS AT 31ST DECEMBER 2006

		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 *		694	(694)	-
Prior Period Adjustment		(34,540)	-	(34,540)
Closing Balance as at 31-Dec-06		11,975,398	4,801	11,980,199

* Public Utilities Commission - P.U.C.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2007

(With comparative figures for the year ended 31st December, 2006)

	<u>2007</u>	<u>2006</u>
	\$	\$
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Surplus for the year	3,165,909	1,956,034
Depreciation	307,225	321,083
Prior Period Adjustment	148,146	(34,540)
Gain on sale of motor vehicle	(53,781)	-
Interest on Investment	(162,859)	(118,287)
Increase in Due to Treasury	1,457,083	1,170,614
(Decrease)/Increase in Accounts Payable	(308,019)	123,632
(Increase)/Decrease in Accounts Receivable	(8,552,906)	59,408
Increase in Gratuity Provisions	187,434	22,716
Decrease in Prepaid expenses	23,748	15,112
Decrease/(Increase) in VAT Recoverable	43,268	(59,229)
Increase in Rental Deposit	-	(16,738)
Net Cash flow (used in)/from Operating Activities	<u>(3,744,752)</u>	<u>3,439,805</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Acquisition of Fixed Assets	(277,961)	(140,434)
Sale proceeds from sale of motor vehicle	100,500	-
Interest on Investment	162,859	118,287
Net Cash flow (used in) Investing Activities	<u>(14,602)</u>	<u>(22,147)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING ACTIVITIES	(3,759,354)	3,417,658
<u>CASH USED IN FINANCING ACTIVITIES</u>		
Net Cash used in Financing Activities	-	-
NET CASH AND CASH EQUIVALENTS (USED IN)/FROM PERIOD	<u>(3,759,354)</u>	<u>3,417,658</u>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	6,431,442	3,013,784
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>2,672,088</u>	<u>6,431,442</u>
<u>REPRESENTED BY:</u>		
Cash in Hand	6,756	6,756
Bank - Current Account	574,819	81,188
Bank - Money Market Fund Account	2,090,513	6,343,498
	<u>2,672,088</u>	<u>6,431,442</u>



NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2007

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 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.

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 cost less than \$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.



NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2007 (CONT'D)

3 NON-CURRENT ASSETS - \$7,651,188

	COMPUTERS AND MOTOR OFFICE OFFICE ASSETS					
	TOTAL	LAND	VEHICLES	EQUIPMENT	FURNITURE	FROM P.U.C.
	\$	\$	\$	\$	\$	\$
<u>COST</u>						
Balance as at 01-Jan-07	9,815,135	6,300,000	542,355	1,876,567	1,048,355	47,857
Additions for the year	277,962	-	118,225	146,036	13,700	-
Disposal made during the year	(240,000)	-	(240,000)	-	-	-
Balance as at 31-Dec-07	<u>9,853,097</u>	<u>6,300,000</u>	<u>420,580</u>	<u>2,022,604</u>	<u>1,062,056</u>	<u>47,857</u>
<u>ACCUMULATED DEPRECIATION</u>						
Balance as at 01-Jan-07	2,087,965	-	280,265	1,285,885	478,759	43,056
Depreciation for the year	306,619	-	83,478	150,987	72,154	-
Disposal made during the year	(193,281)	-	(193,281)	-	-	-
Depreciation for the year - Assets from P.U.C.	606	-	-	-	-	606
Balance as at 31-Dec-07	<u>2,201,909</u>	<u>-</u>	<u>170,462</u>	<u>1,436,872</u>	<u>550,913</u>	<u>43,661</u>
NET BOOK VALUE AS AT 31-DEC-07	<u>7,651,188</u>	<u>6,300,000</u>	<u>250,118</u>	<u>585,732</u>	<u>511,143</u>	<u>4,196</u>
NET BOOK VALUE AS AT 31-DEC-06	<u>7,727,170</u>	<u>6,300,000</u>	<u>262,091</u>	<u>590,682</u>	<u>569,596</u>	<u>4,801</u>

4 PREPAYMENTS - \$45,853

	<u>2007</u>	<u>2006</u>
	\$	\$
Group Life Insurance	26,358	38,016
Copiers Maintenance Contract	17,408	13,075
Security and Janitorial	1,603	6,112
Software Licenses	334	4,834
Postage	150	150
Contracted Services	-	6,924
Cable	-	490
	<u>45,853</u>	<u>69,601</u>



NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2007 (CONT'D)

5 ACCOUNTS RECEIVABLE - \$8,568,167

	<u>2007</u>	<u>2006</u>
	\$	\$
CESS Receivable from Trinidad and Tobago Electricity Commission	3,547,138	-
CESS Receivable from Power Generation Company of Trinidad and Tobago	2,601,080	-
CESS Receivable from WASA	1,851,164	33
CESS Receivable from Trinity Power	562,274	-
Winston Rennie	2,196	-
OOCUR - Telephone	686	686
Employees - Group Health	3,629	145
CMMB	-	8,594
Airfare to Florida, USA	-	5,803
	<u>8,568,167</u>	<u>15,261</u>

6 REFUNDABLE DEPOSIT - \$154,700

	<u>2007</u>	<u>2006</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 or profit or on assets which it acquires for its own use.

8 V.A.T. RECOVERABLE - \$186,876

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.



NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2007 (CONT'D)

9 ACCOUNTS PAYABLE - \$112,926

	<u>2007</u>	<u>2006</u>
	\$	\$
Audit Fees	74,750	35,089
Telephone	18,716	20,018
Arrears of Increment	10,288	10,288
Miscellaneous Expenses	9,172	10,892
Professional Services Fees	-	97,648
OOCUR	-	72,869
Computers	-	61,305
Rent	-	34,212
Office Stationery	-	33,622
Advertising	-	12,995
Contracted Services	-	11,594
Consultation Expenses	-	8,389
Group Life Insurance	-	7,180
Repairs and Maintenance	-	3,160
Security and Janitorial Services	-	1,035
Payroll	-	500
Postage	-	150
	<u>112,926</u>	<u>420,945</u>

10 ACCUMULATED FUNDS - GOVERNMENT GRANTS - \$4,196

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.

11 RETAINED EARNINGS - DEPRECIATION ON PUC ASSETS - \$606

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 2007 (CONT'D)

12 OTHER INCOME - \$216,640

	<u>2007</u> \$	<u>2006</u> \$
Interest from Investment	162,859	118,287
Gain on sale of vehicle	53,781	-
	<u>216,640</u>	<u>118,287</u>

13 MISCELLANEOUS EXPENSES - \$120,090

	<u>2007</u> \$	<u>2006</u> \$
Staff Functions	56,652	28,739
Staff Welfare	56,388	23,000
Catering	6,800	10,716
Public Relations	250	-
Carnival	-	19,170
	<u>120,090</u>	<u>81,625</u>



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