



REGULATED INDUSTRIES COMMISSION

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31

2008

Protecting YOUR Interests

www.ric.org.tt



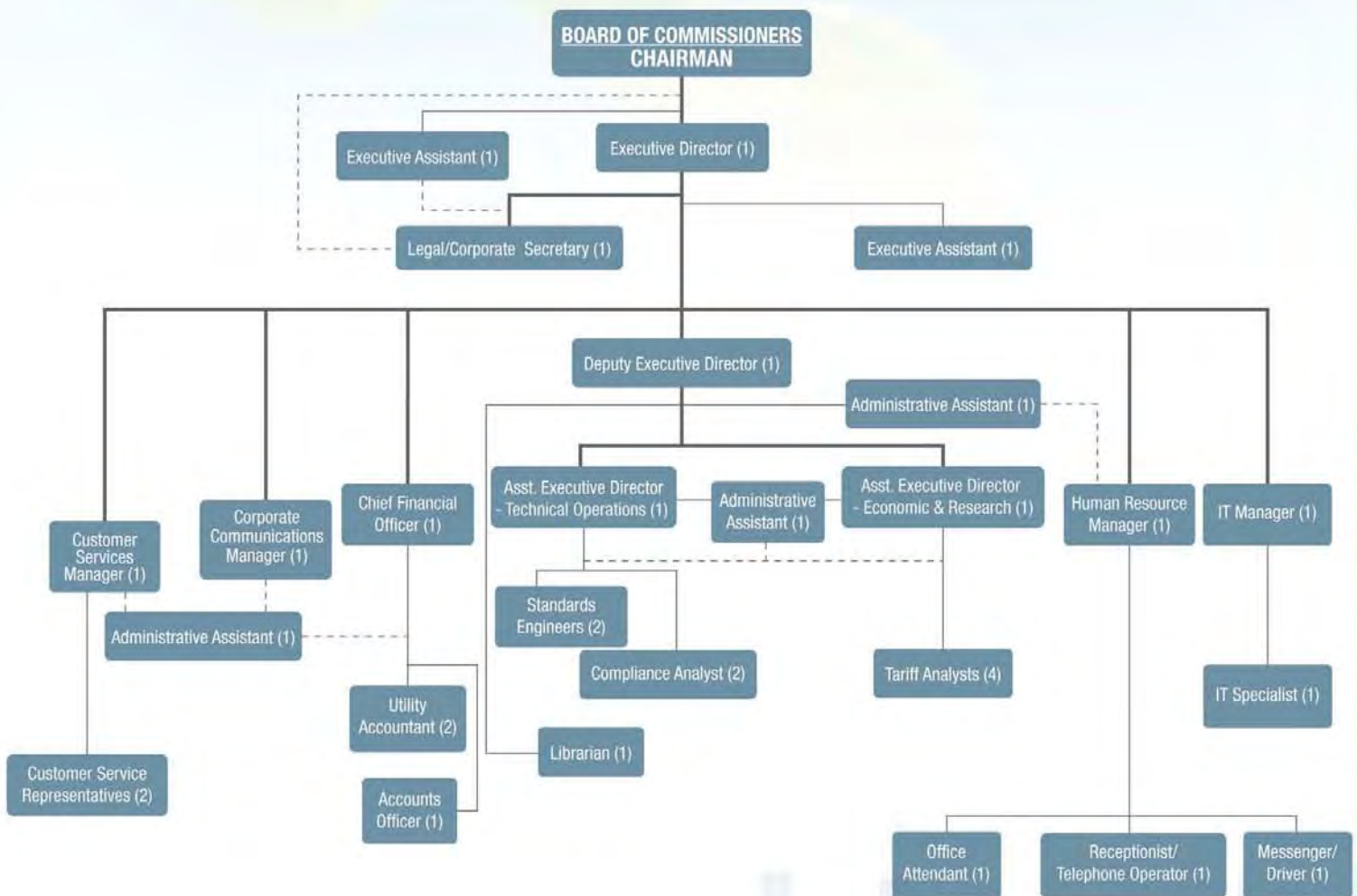
REGULATED INDUSTRIES COMMISSION

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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.



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REGULATED INDUSTRIES COMMISSION

RIC RECEIVES GLOBAL RECOGNITION

for the Overall Composite Index and
TRANSPARENCY & ACCOUNTABILITY

DEFINITIONS:

ACCOUNTABILITY -
the procedures and mechanisms, and instruments aimed at guaranteeing an adequate level of control of the agency's budget and performance by political authorities.

TRANSPARENCY -
... guaranteeing the disclosure and publication of relevant regulatory and institutional information, the participation of stakeholders in the agency's decisions and decision-making, and the application of rules aimed at governing the integrity and behaviour of agency officials.

The Regulated Industries Commission (RIC) was recently ranked first overall as the top performing Regulatory Body as part of a research effort that explored the impact of regulatory governance on the performance of electricity distribution utilities.

The results of the authors' research was published by the World Bank as part of its Policy Research Working Paper Series in January 2008 entitled, "*Regulatory Governance and Sector Performance: Methodology and Evaluation for Electricity Distribution in Latin America.*" The authors developed indexes of regulatory governance and conducted an econometric analysis which showed significant improvement in utility performance where there were regulatory bodies.

The *Electricity Regulatory Governance Index (ERGI)*, a composite indicator of regulatory performance in the utility sector and governance of independent regulatory agencies, is assessed according to four variables of their design and functioning: autonomy, transparency, accountability and tools.

As the body responsible for the electricity distribution sector in Trinidad and Tobago, the RIC takes pride in achieving the *highest rating* in the areas of *Transparency and Accountability*, which resulted in the RIC ranking as the top performing regulatory body in the overall ERGI. This is testament to our continued efforts to demonstrate competence and independence.

Protecting *YOUR* Interests

CALL: 800-4RIC (4742)
www.ric.org.tt

1st & 3rd Floors, Furness House, Cor. Wrightson Road & Independence Square Port-Of-Spain.

INTRODUCTION

This, the seventh report of the RIC, covers the activities of the RIC for the period January to December 31, 2008.

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 outlined in Section 6 of the RIC Act of 1998 and are **summarized** below:

- To advise the Minister on matters relating to the operations of the Act including the granting of Licences and monitoring the terms and conditions of the Licences;
- To carry out studies of efficiency and economy of operation and of performance of service providers and publish the results thereof;
- To prescribe standards for services, monitor compliance and impose sanctions for non-compliance;
- To establish 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; and
- To ensure service providers are able to finance the delivery of services with sufficient return on investment.

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

The year began on a positive note with our Annual Budget being approved in the month of April. This situation facilitated good planning and execution of our work programme for the fiscal year. In particular, the Board agreed to implement a decision, taken on March 21, 2005, to retain the services of Castalia Strategic Advisors to conduct an evaluation of WASA's assets, and to review and assess its planned capital expenditure programme. That exercise was considered to be of vital importance in the review of WASA's rates and tariffs. To ensure the efficiency of its decision-making process, the Board appointed two committees on matters related to the Utilities; an Electricity Committee and a Water and Wastewater Committee.



IAN WELCH

In respect of T&TEC, two important and related events occurred during the first half of the year. In the first instance, tariffs determined by the RIC and announced on June 1, 2006 were finally implemented for Residential Customers on May 1, 2008. Tariffs for all other categories had been implemented in November 2006. Secondly, on May 8, the RIC agreed to accept T&TEC's application for the annual adjustment in rates for the period June 1, 2008 to May 31, 2009 to commence from August 1, 2008. Essentially, two rate adjustments were implemented within a few months of one another. The RIC had sought to avoid such situations by proposing a system of annual adjustments. However, while the Act gives sole power to the RIC to determine rates, it has no power in relation to implementation of its decisions. In the case of the second rate adjustment, perhaps history was made as the RIC announced a reduction in rates for customers consuming between 0 – 400 KWh of energy. Persons falling in that category are generally those on fixed incomes and from low income households. That group of customers benefited from a reduction in the energy charge, which declined from \$0.27 to \$0.25 per KWh. In addition, those customers whose consumption falls in the range 401 and 1000 KWh per billing cycle, had no increase in energy charge. Because of these developments, almost all residential customers were expected to experience a decrease in their total bill. The RIC took those decisions to benefit customers since it felt that there was no need to increase rates for those categories of customers.

Other important decisions were taken in relation to staff and operational matters. The Board agreed to offer permanent employment to all staff with effect from January 1, 2009, and to implement a pension plan.

CHAIRMAN'S REMARKS con'td

It also agreed to payment of arrears of salary to the former employees of the RIC who were employed for varying periods over the years 2006 to 2009. In March 2008, the Board decided to execute the conveyance to transfer its property situated at No. 15 Richmond Street to the Government of Trinidad and Tobago. The RIC's Car Park will continue to operate at the site until financial settlement has been received.

During the year under review, the RIC received high commendation for its overall performance. In a study "Regulatory Governance and Sector Performance: Methodology and Evaluation for Electricity Distribution in Latin America", published by the World Bank in January 2008, the RIC was ranked first overall, as the top performing Regulatory Body. The study explored the impact of regulatory governance on the performance of electricity distribution utilities. The RIC received the highest ratings in the areas of Transparency and Accountability. This achievement is a testament to the quality of work and commitment of the RIC's staff. The Board takes this opportunity to formerly recognise the sterling efforts of the RIC Management and Staff.

The term of office of Professor Dennis Pantin expired on June 11, 2008. A new Board with myself as Chairman and comprising Mr. Kelvin Ramkissoon, Mr. Eric Thompson, Mr. Ryan Chaitram, Ms. Desise Escayg and Ms. Anwarie Ramkissoon, was appointed and installed on September 5, 2008. Professor Pantin served the Commission as Chairman for approximately six years and was fully committed to ensuring that the RIC achieved its objectives. He also made a valuable contribution to the regional regulatory body, OOCUR, serving as its Chairman for one term. I would like to acknowledge his significant contribution and to thank him for the role he played in the development of the RIC.



IAN WELCH
CHAIRMAN



OVERVIEW

The major challenge anticipated at the start of the new fiscal year was the review of rates and charges for the water and waste water sectors. The Commission invoked a rate review, under Section 48 of the RIC Act No. 26 of 1998, in December 2007. However, since the second half of 2007, the staff had already been engaged in the preparations of consultative documents and other papers for discussions with various stakeholders. In January, the process started in earnest with a Press Release that announced that the RIC would soon hold a press conference to outline the Rate Review Process and its Plan of Activities.

The first activity at which members of the public were invited was a Stakeholder Information Day on April 9, 2008 at the Hotel Normandie. This activity and the public consultations that followed were aimed at holding dialogue with interested and affected stakeholders and customers so as to ensure that all views and ideas would be considered during our deliberations on WASA. Between January and June, 2008, seven public consultations were held at locations throughout Trinidad and Tobago.

We had expected to publish the Draft Determination for WASA before the end of 2008 but the absence of a fully constituted Board from June to September 2008 delayed that possibility and we were further hamstrung by additional delays from WASA's shareholder which had not responded to our invitation to share its views on the way forward, as far as policy is concerned.

We continued to live up to our slogan "*Protecting Your Interests*" by intervening in a matter affecting electricity customers. After receiving over 200 telephone complaints, during a two-month period, about high electricity bills, we investigated and found that a total of 294,602 customers' accounts were billed in excess of 65 days (the normal billing cycle). This issue, which will be discussed in greater detail later in the document, was resolved after several meetings between the RIC and the service provider, and customers received a rebate from T&TEC as a result of our intervention.

T&TEC applied to the RIC for approval of its annual rate adjustment consistent with the approach outlined by the RIC in its Final Determination of 2006. Interestingly, the RIC took a decision to reduce the rates for residential customers in the first tier by two cents.

We also continued our outreach activities in a number of areas such as: Home Safety Initiative; Educational visits to speak to retired persons on the new electricity rates in Chaguanas; and our customer service outreach activities.

THE YEAR IN REVIEW

SECTOR REPORTS

TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

Quality of Service Standards for T&TEC

In January 2008, the RIC published for public comment a revised Quality of Service Standards document, as a basis for consultation with the public and other stakeholders. In the revised document, eight Guaranteed Electricity Standards and seven Overall Electricity Standards were proposed. The existing standards contained six of the former and nine of the latter. Two of the former Overall Electricity Standards have been converted into Guaranteed Electricity Standards owing to customer complaints and unsatisfactory performance by the service provider. Only two responses were received in response to request for comments on the document, including one from T&TEC. At the end of the year, the staff had completed its review and the revised standards will be forwarded to the Board for final approval early in 2009.

Quality of Service – Monitoring Performance of T&TEC

The RIC continued its performance monitoring with respect to the Quality of Service Standards. In 2008, a total of 23,885 breaches were recorded. The highest number of breaches (13,271 or 55.6%) was recorded for Guaranteed Electricity Standard 1 (GES1) while the next highest number (10,246 of 42.9%) was recorded for GES2. Together, these two standards accounted for 98.5 percent of breaches under the Guaranteed Electricity Standards. Based on the number of breaches, the RIC estimates that compensatory payments of approximately \$716,550 would have been due to customers, had claims been made and payments approved. However, no claims were made in 2008. The low level of claims continues to be an area of concern to the RIC and thus consideration will be given to the implementation of automatic compensatory payments whenever breaches occur under the Guaranteed Electricity Standards.

Generally, there has been a decline in the performance of T&TEC in meeting the Guaranteed Electricity Standards for the Period January to December, 2008 (see **Table 1**).

THE YEAR IN REVIEW cont'd

TABLE 1: Summary of Compliance –
Guaranteed Electricity Standards for 2008

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	99.4	99.5	99.2	99.4	99.5	
GES 2 - Billing Punctuality	Residential	60.1	63.4	40.1	49.7	52.8
	Non- Residential	42.1	6.2	2.5	0.0	8.6
GES 3 - Reconnection after Payment of overdue amount/ agreement	99.9	99.9	100.0	100.0	99.9	
GES 4 - Making and Keeping Appointments	42.5	40.0	70.0	100.0	62.8	
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	100.0	100.0	100.0	99.8	99.95
	Provision of estimate (30 to 100m)	85.3	71.2	51.3	46.2	68.6
	Complete construction (30 to 100m)	80.9	53.8	25.6	46.2	56.8
	Provision of estimate (100 to 250m)	77.8	0.0	93.3	55.6	56.7
	Complete construction (100 to 250 m)	85.2	40.0	73.3	77.8	69.1

In the case of Overall Electricity Standards (OES), there was full compliance in OES1, OES3 and OES4. For the remaining standards, there were breaches during the period January to December 2008. In the case of OES5, T&TEC's performance fluctuated between poor and good. Breaches were recorded in only one category (Billing Queries) for OES7. Though breaches occurred in OES9, the performance was generally good. The performances under OES2, OES6 and OES8 were unsatisfactory. A summary of performance under the Overall Electricity Standards for the year 2008 is provided in **Table 2**.

THE YEAR IN REVIEW cont'd

TABLE 2: Summary of Compliance – Overall Electricity Standards - 2008

STANDARD		1st Quarter Compliance Rate (%)	2nd Quarter Compliance Rate (%)	3rd Quarter Compliance Rate (%)	4th Quarter Compliance Rate (%)	TOTAL 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		90.4	77.2	0.2	11.5	41.5
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	100.0	0.0
OES 6 - Response to customer queries/requests (written)	6a	77.5	79.9	69.6	67.0	72.9
	6b	63.7	68.4	89.3	50.9	68.4
	6c	79.3	85.9	61.7	74.5	73.3
OES 7 – Number of complaints by type	Billing Queries	0.0				0.0
	Voltage Complaints	100.0				100.0
	Street lights, poles, other	100.0				100.0
OES 8 – Prior notice of planned outages		38.0	35.4	38.9	44.6	38.9
OES 9 – Correction of low/high voltage complaints	9a	100.0	100.0	98.0	97.6	98.9
	9b	94.7	97.4	98.0	97.1	96.9

THE YEAR IN REVIEW cont'd

Capital Expenditure - Monitoring

Following the price review of 2006, the RIC began the monitoring of Capex by T&TEC to determine the level of success of the company's investment programme. Initially, this was done by reviewing the company's annual reports. However, in 2007 the RIC decided to intensify its monitoring by requesting quarterly reports and conducting site visits. In December 2008, RIC personnel commenced field visits to various project sites to verify whether work had been undertaken in accordance with the Capex Monitoring Plan. The site visits were conducted mainly at the transmission projects, including a visit to a site in Tobago. Such visits will continue until February 2009, in the first instance and thereafter on an annual basis.

New Policy on Damaged Appliance

In January, 2008 the RIC published for public comment the document "Policy for Compensation for Damage due to Fluctuations in Voltage or Interruptions in Supply of Electrical Energy". There were only two responses to our request for comments, including one by the service provider. Later in the year, discussions were held with T&TEC, the document was approved by the RIC and the policy implemented thereafter.

Advanced Metering Infrastructure (AMI)

The AMI project commenced in 2007, at an estimated cost of TT\$240 million, to replace approximately 400,000 meters over a twenty month period ending July 2009. The RIC began to monitor the installation of the AMI system in 2008. One of the major benefits expected to be derived from the new system was increased customer satisfaction through improved billing accuracy, as well as faster detection and replacement of defective meters. However, during 2008, a number of problems arose during the installation of meters which caused dissatisfaction among customers. Many of the complaints followed the implementation of the approved annual tariff adjustments in May and August 2008 and related to issues concerning the accuracy of customer bills.

Annual Tariff Adjustment for 2008 - 2009

In its Final Determination (Rates and Miscellaneous Charges) for the regulation of prices for June 1, 2006 to May 31, 2011, the RIC outlined the process and conditions for the approval of annual tariff adjustments. T&TEC is required to submit its proposed tariffs to the RIC for verification two months prior to the commencement of the new tariffs. The service provider also has to supply information and evidence that it has met certain directives and performance standards set by the RIC before its request could be approved.

THE YEAR IN REVIEW cont'd

Between June 2006 and May 1, 2008, there was an under recovery of revenue by T&TEC of approximately \$310 million. The main reasons for the under recovery over the period 2006 – 2008 were:

- the delays in implementing the new commercial and industrial tariffs (2006 – 2007 tariffs were implemented on November 1, 2006 and 2007 – 2008 tariffs were implemented on May 1, 2008); and
- Non-implementation of domestic tariffs during the period June 1, 2006 to April 30, 2008.

It was only on May 1, 2008 that the approved tariffs for the period 2007 – 2008 were implemented. The delay and / or non-implementation of tariffs resulted in an operating deficit of \$71.31 million over the second year of the review period.

In its submission, T&TEC sought approval for an annual rate adjustment of 4.47% for residential customers and 5.45% for all other customers on the tariffs allowed by the RIC for 2007 / 2008. Based on the adjustments, T&TEC projected revenue from tariffs for 2008 / 09 to be \$2.61 billion. However, the RIC after its assessment of T&TEC's request, approved revenue of \$2.5 billion.

On May 28, 2008, the RIC announced its Interim Determination of tariffs to apply from August 1, 2008 to May 31, 2009. The RIC was satisfied that T&TEC had generally met its directives and performance Standards and therefore agreed to the following:

• Residential Customers –

- a) There should be no increase in the customer charge of \$6.00;
- b) Customers consuming between 0 – 400 kWh should experience a decrease in the energy charge, from \$0.27 to \$0.25 per kWh;
- c) Customers consuming between 401 – 1000 kWh should experience no increase in energy charges (i.e. per kWh charge of 31¢); and
- d) Customers using more than 1000 kWh should not experience an increase in energy charge greater than 0.03% (i.e. per kWh charge of 35¢ will be no higher than 36¢).

• Commercial Customers –

- a) There should be no increase in the customer charge of \$25.00; and
- b) Energy charge should not be greater than \$0.3960 per kWh for B customers and \$0.60 per kWh for B1 customers.

THE YEAR IN REVIEW cont'd

• Industrial Customers –

Industrial customers should experience an increase in the demand and energy charges as follows:

Customer	Energy Charge (¢/kWh)	kVA Charge (\$/kVA)
D1	18.90	50.00
D2	20.80	50.00
D3	17.30	42.50
D4	15.70	40.00
D5	15.00	37.00
E1	13.50	44.50
E5	13.50	41.00

• New Industrial Customers

The charges for new industrial customer categories would be as follows:

Customer	Energy Charge (¢/kWh)	kVA Charge (\$/kVA)
E2	13.50	44.00
E3	13.50	43.00
E4	13.50	42.00

• Street-Lighting

The overall increase to street-lighting revenue should be no more than 2%.

THE YEAR IN REVIEW cont'd

In **Tables 3 to 5** below, the impact of the price adjustments on customer bills can be observed. Overall, because of the measures taken by the RIC, residential customers' total bills should decline.

TABLE 3: Impact on Bills for Typical Residential Customers 2008/09

kWh	Current RIC Approved 2007/08		RIC Approved 2008/09				
	Monthly \$	Bi-Monthly \$	Monthly \$	Bi-Monthly \$	MONTHLY INCREASE/DECREASE \$	BI-MONTHLY INCREASE/DECREASE \$	% INCREASE/DECREASE
0 - 400	57.00	114.00	53.00	106.00	-4.00	-8.00	-7.0%
401-1000	150.00	300.00	146.00	292.00	-4.00	-8.00	-2.7%
1300	202.53	405.06	200.00	400.00	-2.53	-5.06	-1.2%
1600	255.06	510.12	254.00	508.00	-1.06	-2.12	-0.4%

TABLE 4: Impact on Bills for Typical Commercial Customers (B) 2008/09

kWh	RIC Current Approved 2007/08		RIC Approved 2008/09				
	Monthly \$	Bi-Monthly \$	Monthly \$	Bi-Monthly \$	MONTHLY INCREASE \$	BI-MONTHLY INCREASE \$	% Increase
500	110.35	220.70	111.50	223.00	1.15	2.30	1.04%
1000	208.20	416.40	210.50	421.00	2.30	4.60	1.10%
1500	306.05	612.10	309.50	619.00	3.45	6.90	1.13%
2000	403.90	807.80	408.50	817.00	4.60	9.20	1.14%
2500	501.75	1003.50	507.50	1015.00	5.75	11.50	1.15%

THE YEAR IN REVIEW cont'd

TABLE 5: Impact on Bills for Typical Industrial Customers 2008/09

RATE CATEGORY		RIC CURRENT APPROVED 2007/08	RIC APPROVED 2008/09	PERCENTAGE INCREASE
	c/kWh	18.54	18.90	
D1	\$kVA	49.44	50.00	
Total	\$	9,245.28	9,389.51	1.56%
	c/kWh	20.60	20.80	
D2	\$kVA	49.44	50.00	
Total	\$	101,700.00	102,757.68	1.04%
	c/kWh	17.00	17.30	
D3	\$kVA	42.23	42.50	
Total	\$	426,313.21	432,238.96	1.39%
	c/kWh	15.45	15.70	
D4	\$kVA	39.14	40.00	
Total	\$	263,041.81	267,855.48	1.83%
	c/kWh	14.94	15.00	
D5	\$kVA	36.05	37.00	
Total	\$	771,963.90	787,094.39	1.96%
	c/kWh	13.39	13.50	
E1	\$kVA	43.26	44.50	
Total	\$	3,762,792.46	3,831,651.56	1.83%
	c/kWh	13.39	13.50	
E5	\$kVA	39.14	41.00	
Total	\$	22,503,363.16	23,052,445.22	2.44%

THE YEAR IN REVIEW cont'd

The Water and Sewerage Authority (WASA)

Review of Rates and Tariffs

The most important activity, to engage the RIC's attention during 2008 was a review of WASA's rates and tariffs. Notably, the last time that WASA received a rate increase was in 1992 under the then Public Utilities Commission (PUC) and this was the first time that such an exercise would be undertaken by the RIC. A review of rates and tariffs was not only overdue but absolutely necessary given the parlous state of the Utility's finances and its operations.

Based on the experience gained during the rate review process for T&TEC, in 2005 / 06, the RIC decided to revise its approach to consultation in the hope of achieving greater participation through focussed discussion with stakeholders. In treating with the WASA review 'Stakeholder Information Days' (SID) were introduced to provide more direct opportunities for Stakeholders to share their views and ask questions. The first such SID was held on April 9, 2008 and participants were asked to address the following questions:

1. How can the level of reliability of service be improved within the shortest possible time?
2. How can the efficiency and performance of WASA be improved?
3. How can collections be improved and receivables be reduced?
4. How should Universal Metering be implemented?
5. What is the most efficient and effective subsidy mechanism for the poor?

After considering the responses and interaction at the initial SID, the RIC came up with a new set of questions from which we hoped to receive solutions and suggestions that could result in better service to the country. Eight Public Consultations were held across Trinidad and Tobago, six in the former and two in the latter. The following questions were posed for discussion with participants:

1. How can consumers receive an improved supply of water within the shortest possible time?
2. How can an improved water supply be achieved at the least possible cost?
3. How can the RIC ensure that the poor and vulnerable groups in the society are not disadvantaged?

Concurrent with the consultations, staff had been engaged in preparing a series of technical papers for public discourse, and an international consulting firm, Castalia, had been contracted to advise the RIC on specific matters concerning WASA.

THE YEAR IN REVIEW cont'd

Engagement of Consultants

The RIC engaged the advisory services of Castalia Strategic Advisors, a multi-disciplinary firm involved in business planning, regulation, governance, and public-private partnerships, to provide advice on two elements of the rate review process for the water and wastewater sector, namely:

- The most appropriate asset valuation methodology for determining the value of WASA's assets for the purpose of establishing tariffs, and based on the chosen method, propose a reasonable asset base for WASA; and
- Whether the proposed capital expenditure forecasts of WASA are reasonable and represent an efficient level of capital expenditure.

At a stakeholder workshop held on July 11, 2008, attended by approximately 15 persons comprising representatives of local government bodies, WASA, the general public and a Trade Union, Castalia presented its draft report and responded to questions from participants. Following the workshop, the RIC and Castalia held another technical meeting before the final report was submitted. The RIC will use the report as a guide when finalising its Capex for WASA. Because of the absence of a Commission during the second half of 2008, the RIC's work on the Draft Determination could not be completed.

Visit to Desalination Plant - Moruga

The Government of Trinidad and Tobago took a decision in 2007 to increase the supply of potable water through the establishment of additional desalination plants. The first such plant to be put in service is located in Moruga, in the south west of the country where the water situation is dire. A packaged plant provided by HAJI, a Korean firm, designed to provide 100,000 gallons of water per day was established on 7,000 square feet of land close to the sea. The plant supplies water to class V areas in Marac and La Lune, areas which previously received either an occasional pipe borne supply, or depended on truck-borne delivery.

A team from the Technical Operations Department made a site visit to view the operations. The team reported that from its discussions with residents, that supply to the area was much improved. The plant requires only one operator per shift and it is envisaged that if this project proves to be successful that other such plants will be located throughout the country in areas where there is a water supply deficiency.

Quality of Service Standards (QSS) for Water and Wastewater Services

Even though these standards were launched in 2005, their implementation has been delayed because of a lack of agreement on required performance units. In 2008, further discussions were held between the RIC and WASA and there was consensus on some of the issues. However, the RIC took a decision to include the QSS in the Draft Determination for WASA, with a view to having them implemented with the Final Determination. It is hoped that the QSS will be effected in 2009.

THE YEAR IN REVIEW cont'd

Monitoring and Reports of Incidents under the Event Notification and Response Management Plan – All Service Providers

All incidents recorded under the Event Notification and Response Management Plan (ENRMP) pertained to the Electricity Sector. There were no incidents on the part of WASA for the year in review. The recorded incidents consisted solely of large-scale unplanned electrical outages / load shedding occurrences on T&TEC's network, some of which were as a result of a combination of issues relating to both T&TEC and PowerGen. Generation shortages primarily at PowerGen's Port of Spain Power Plant coupled with capacity limitations of T&TEC's Transmission network contributed to service disruptions experienced by customers in the north western areas of Trinidad serviced by T&TEC. Out of seven outages and/or load shedding occurrences, six affected those customers while the remaining incident affected customers in South Trinidad.

It must be highlighted that there were no fatal electrocutions to either T&TEC's staff or members of the general public in 2008, a marked departure from the nine electrocutions which occurred in 2007.

Finally, the reporting of incidents by the respective service providers needs to be more consistent. The number of preliminary reports submitted for 2008 was greater than in 2007, however, the number of final reports outstanding still remain relatively high. The RIC will continue its efforts to ensure that the service providers adhere to the policies of the ENRMP. These efforts will include interface meetings between representatives of the service providers and the RIC.

CUSTOMER SERVICES

During 2008, the Customer Services Department (CSD) received 3,893 complaints from 1,630 customers, of which 63% utilized the complaint services of the RIC for the first time. There were a number of repeat customers as 778 or 48% of all customers who lodged complaints reported two or more complaints during 2008. The RIC's Toll-Free service (800-4RIC), which is aimed at minimizing the cost to customers of making a complaint, appeared to be an effective strategy in our service delivery as most complaints received were made via this Service.

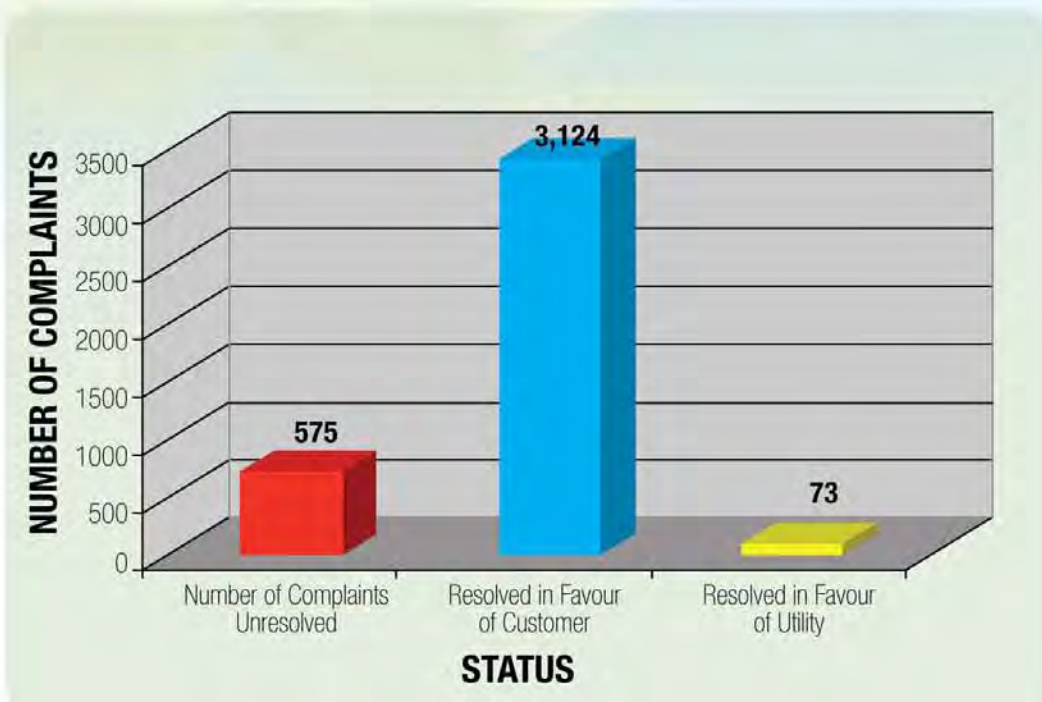
The CSD has managed to maintain a relatively high resolution rate of 85% in 2008, as shown in **Table 6**. However, there was a 12% decrease in the number of complaints received and a 15% decrease in the number of complaints resolved when compared to 2007. Nevertheless, the bulk of all complaints resolved (3124) were in favour of the customer as indicated in **Figure 1**.

TABLE 6: Status of Complaints Received, 2006 - 2008

STATUS	YEAR			% CHANGE (2007-2008)
	2006	2007	2008	
Number of complaints received	3,978	4,406	3,893	-12%
Number of complaints resolved	3,213	3,774	3,197	-15%
Number of complaints unresolved	696	565	575	2%
Number of complaints withdrawn	69	67	121	81%
RESOLUTION RATE	82%	87%	85%	2%
Resolved in favour Customer	3,164	3,723	3,124	-16%
Resolved in favour Utilities	49	51	73	43%

CUSTOMER SERVICES cont'd

FIGURE 1: Status of Resolution of Complaints, 2008



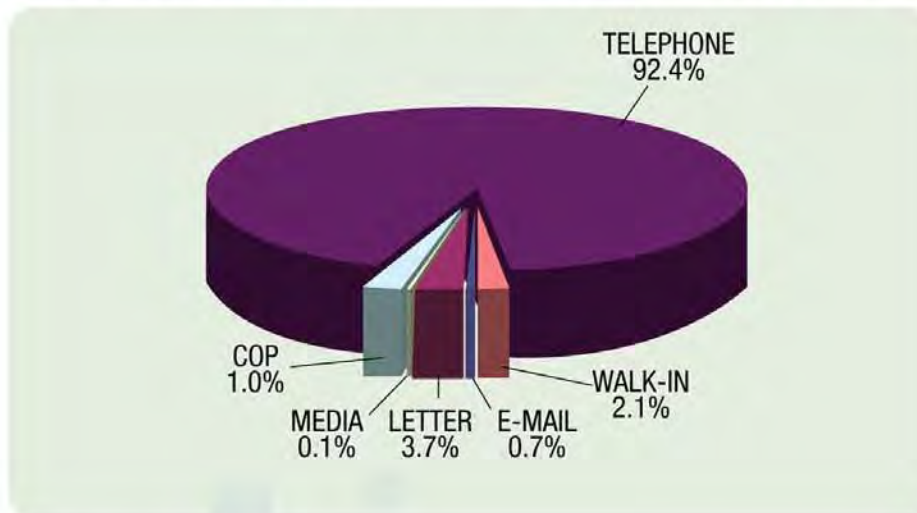
The telephone continued to be the most frequently used medium to lodge complaints, 3,596 or 92.4% of all complaints were received through this medium in 2008. Complaints received by letter accounted for 3.7%, walk-ins (complaints made in person at the office of the RIC) accounted for 2.1% and those submitted by email accounted for 0.7% of total complaints (see **Table 7** and **Figure 2**). Only three (3) Outreach Programmes (OPs) were held in 2008, resulting in fewer complaints being received through this medium. This was primarily because resources were directed to other aspects of our operations. It is interesting to note a 61% increase, from 2007 to 2008, in complaints made via email, reflecting the increasing use of the internet as a communication tool.

CUSTOMER SERVICES cont'd

TABLE 7: Number of Complaints by Receiving Medium, 2006 - 2008

RECEIVING MEDIUM	2006	2007	2008	%
E-Mail	18	18	29	0.7
Letter	151	133	145	3.7
Media	8	8	3	0.1
OP	278	113	38	1.0
Telephone	3,409	4,047	3,596	92.4
Walk-Ins	114	87	82	2.1
TOTAL	3,978	4,406	3,893	

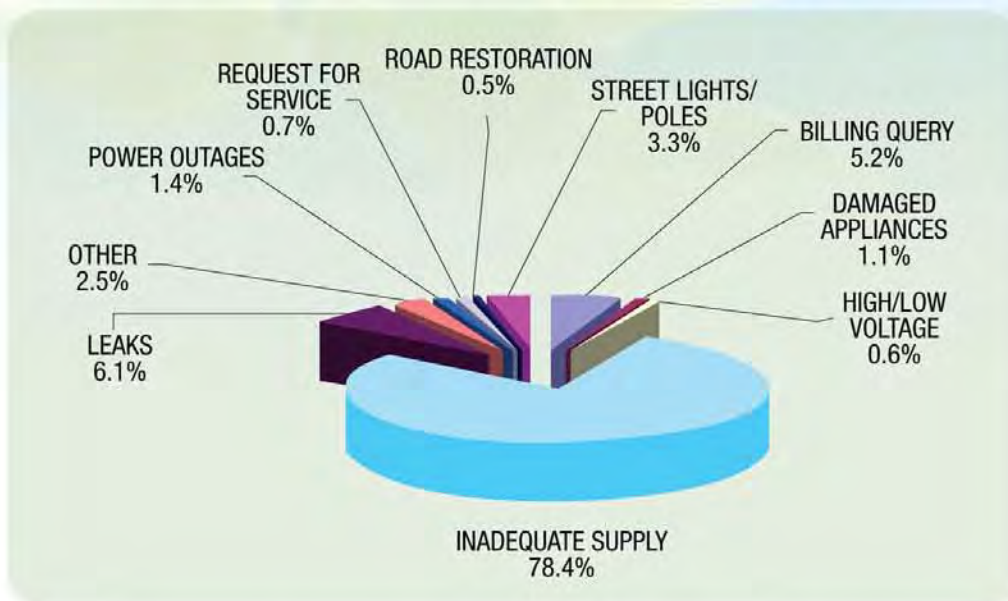
FIGURE 2: Distribution of Complaints by Receiving Medium, 2008



Collectively, complaints related to an Inadequate Supply continue to account for the majority of complaints received by the RIC, representing 78.4% of all complaints received in 2008. This was followed by the categories Leaks, Billing Query and Street/ Lights/Poles which represented 6.1%, 5.2% and 3.3%, respectively, of all complaints, as depicted in **Figure 3**.

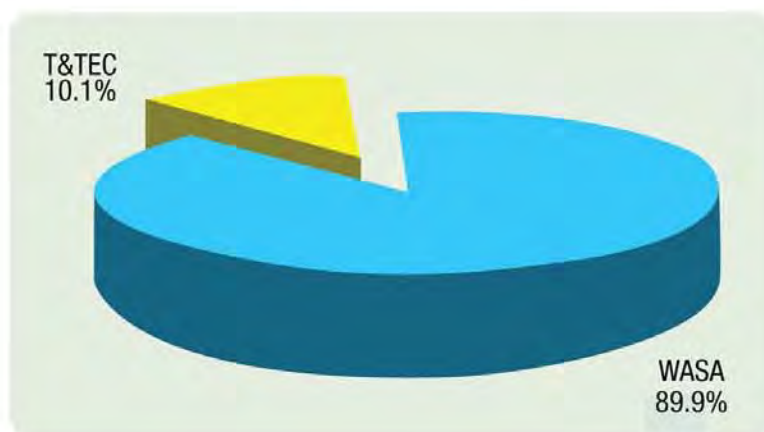
CUSTOMER SERVICES cont'd

FIGURE 3: Distribution of Complaints by Category, 2008



Complaints filed against WASA accounted for 3,501 or 89.9% of all complaints received, as shown in **Figure 4**.

FIGURE 4: Complaints Received, shown by Service Provider, 2008



CUSTOMER SERVICES cont'd

TABLE 8: Distribution of Complaints Received by Category and Service Provider, 2006 - 2008

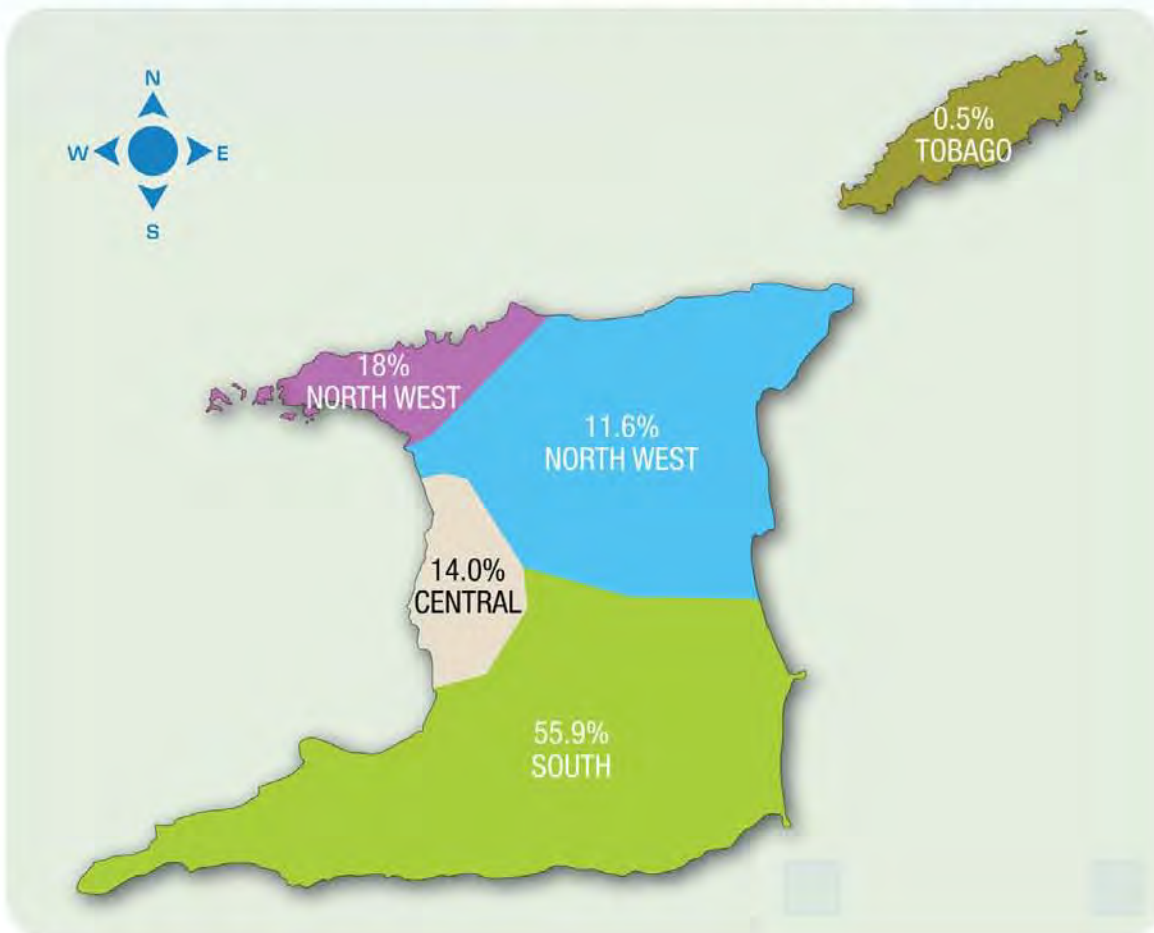
SERVICE PROVIDER	COMPLAINT CATEGORY	YEAR			%
		2006	2007	2008	
T&TEC	Billing Query	60	97	72	18.4
	Damaged Appliances	73	47	44	11.2
	High / Low Voltage	74	52	25	6.4
	Other	55	45	53	13.5
	Power Outages	32	46	54	13.8
	Request for Service	42	28	14	3.6
	Street Lights / Poles	292	215	130	33.2
	TOTAL	628	530	392	
WASA	Billing Query	252	141	131	3.7
	Inadequate Supply	2,785	3,381	3,051	87.1
	Leaks	221	237	237	6.8
	Other	51	57	46	1.3
	Request for Service	16	26	15	0.4
	Road Restoration	25	34	21	0.6
	TOTAL	3,350	3,876	3,501	
TOTAL		3,978	4,406	3,893	

When disaggregated by Service Providers, it can be observed that Street Lights/Poles, Billing Queries and Power Outages were the most reported complaints against T&TEC for 2008, accounting for 33.2%, 18.4% and 13.8% of total complaints respectively. In the case of WASA, Inadequate Supply, Leaks and Billing Queries were the most reported complaints, together accounting for over 97% of total complaints lodged against WASA in 2008, as shown in **Table 8**.

CUSTOMER SERVICES cont'd

Segmenting the complaints received by region has revealed that the largest number of complaints emanated from the South region which accounted for 55.9%, 59.8% and 53.6% of all complaints received for 2008, 2007 and 2006 respectively. Tobago recorded the least number of complaints for 2008 as shown in **Figure 5**.

FIGURE 5: Distribution of Complaints by Region, 2008



CUSTOMER SERVICES cont'd

Table 9 shows the number of complaints from Tobago and the various Regional / City Corporations throughout Trinidad. Data from this table highlight that in 2008 25.3% of the complaints reported came from the Penal/Debe Regional Corporation, followed by 16.2% from the Couva/Tabaquite/Talparo Regional Corporation, 11.0% from the Princes Town Regional Corporation and 7.4% from the Diego Martin Regional Corporation.

TABLE 9: Number of Complaints by Regional Corporations, 2006 - 2008

City/ Borough Regional Corporation	YEAR			
	2006	2007	2008	%
Arima Borough Corporation	73	126	176	4.5
Chaguanas Borough Corporation	239	204	161	4.1
Couva/Tabaquite/Talparo Regional Corporation	395	548	632	16.2
Diego Martin Regional Corporation	255	246	290	7.4
Mayaro/Rio Claro Regional Corporation	46	78	64	1.6
Penal/Debe Regional Corporation	1,033	1,442	983	25.3
Point Fortin Borough Corporation	43	45	45	1.2
Port of Spain City Corporation	308	252	185	4.8
Princes Town Regional Corporation	527	409	430	11.0
San Fernando City Corporation	205	238	147	3.8
San Juan/Laventille Regional Corporation	296	297	239	6.1
Sangre Grande Regional Corporation	109	89	73	1.9
Siparia Regional Corporation	124	224	268	6.9
Tobago House of Assembly	59	9	21	0.5
Tunapuna/Piarco Regional Corporation	266	199	179	4.6
TOTAL	3,978	4,406	3,893	

CUSTOMER SERVICES cont'd

Inadequate Water Supply was the most reported complaint to the RIC in 2008. From **Table 10**, it can be seen that customers in Barrackpore, Penal and Princes Town continue to lodge the most number of complaints in relation to an inadequate water supply.

TABLE 10: Complaints Related to an Inadequate Water Supply:
The top 5 Areas in each region for 2008

REGION	CITY / TOWN / VILLAGE	TOTAL
Central	Freeport	68
	Cunupia	54
	Las Lomas No. 1	46
	Couva	41
	Caroni	30
North East	Arima	105
	Talparo	47
	D'Abadie	36
	St. Joseph	25
	Arouca	21
North West	Glencoe	108
	Diego Martin	59
	San Juan	37
	Santa Cruz	35
	Port of Spain	32
South	Barrackpore	441
	Penal	403
	Princes Town	261
	Siparia	135
	Gasparillo	93

CUSTOMER SERVICES cont'd

One of the indicators that the RIC uses to demonstrate its added value to the regulatory process is the quantum of credit/rebate that it has been able to secure for customers who have lodged their complaints with the RIC. Over the last three years, the RIC has recovered \$1.42 million in rebates as depicted in **Table 11**. For 2008, rebates in the sum of \$353,869.00 have been recovered, 54.9% of which were paid by T&TEC.

TABLE 11: Rebates obtained for customers, shown by Complaint Type and Service Providers, 2006 – 2008

SERVICE PROVIDER	TYPE OF COMPLAINT	2006	2007	2008	TOTAL
T&TEC	Billing Classification	-	5,954.00	-	5,954.00
T&TEC	Billing Query	19,392.00	84,331.00	136,918.00	240,641.00
T&TEC	Damage to Property	111.00	2,524.00	20,000.00	22,635.00
T&TEC	Damaged Appliance/Equipment	74,714.00	17,521.00	37,193.00	129,428.00
T&TEC	Request for Service	1,248.00	-	-	1,248.00
T&TEC	Retroactive Billing Adjustment	-	888.00	-	888.00
TOTAL		95,465.00	111,218.00	194,111.00	400,794.00
WASA	Billing Classification	6,596.00	23,293.00	286.00	30,175.00
WASA	Billing Query	382,288.00	340,752.00	146,335.00	869,375.00
WASA	Damage to Property	-	80,550.00	-	80,550.00
WASA	Disconnection / Reconnection	-	73.00	-	73.00
WASA	Retroactive Billing Adjustment	26,141.00	2,300.00	13,137.00	41,578.00
TOTAL		415,025.00	446,968.00	159,758.00	1,021,751.00
TOTAL REBATE		510,490.00	558,186.00	353,869.00	1,422,545.00

CUSTOMER SERVICES cont'd

Furthermore, the CSD continued to monitor its response time to complaints based on its internal performance standards. **Table 12** highlights the Department's performance during 2008 against the four established standards. With the one exception of its response time to written complaints, the CSD continues to maintain a perfect level of performance in relation to its set internal performance standards.

TABLE 12: Customer Services Department's Performance, 2006 - 2008

TARGET AREAS	STANDARD	PERFORMANCE RATING		
		2006	2007	2008
Response to Written Complaints	95% Within ten (10) working days.	91.3%	81.2%	86.8%
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%	100%	*100%

** There were twenty customers who were seen after ten minutes. However, they did not have an appointment and 85% of them were seen within 17 minutes. Those who waited longer requested the services of a specific CSR.*

CORPORATE COMMUNICATIONS

The role and function of the Communications Unit continued to expand because of the importance that the RIC places on communicating with all stakeholders effectively. Our commitment to this ideal was evident by the marketing and public relations approaches undertaken in fiscal 2008.

The RIC hosted two press conferences in 2008. At the first conference on February 13, the Chairman of the RIC outlined the steps to be followed in the WASA Rate Review process, while on the second occasion on May 28; the RIC announced its decisions on T&TEC's Annual Tariff Adjustment for the period June 01, 2008 to May 31, 2009. In addition to those events the RIC issued approximately 20 press releases and/or advertisements on various issues regarding WASA and T&TEC, and on matters related to its performance. In the case of the WASA and T&TEC releases, those addressed issues relating to quality of service from the Utilities as well as accuracy of billing, and the level of charges. The RIC had been receiving numerous phone calls from individuals who wanted explanations about their concerns and we thought that press releases would have more far-reaching effect.

Public Awareness and Stakeholder Education - Regulatory Day

The idea for a Regulatory Day was first touted at a public consultation hosted by the RIC during the review of T&TEC Rates and Charges. A member of the audience had suggested that the general public was not well informed about the activities of regulators and that regulators had a responsibility to make themselves better known to the public they serve. Based on that suggestion the RIC initiated discussion among local regulators and developed a concept paper on the issues. After about six weeks of deliberations eight regulators: the Ombudsman; the Securities and Exchange Commission; the Trinidad and Tobago Telecommunications Authority; the Environmental Management Agency; the Central Bank of Trinidad and Tobago; the OSH Authority and Agency; the Ministry of Legal Affairs, Consumer Affairs Division and the RIC agreed to host a Regulatory Day.



An aerial view of the RIC's display at the Regulatory Day Public Exhibition

There was consensus among the regulatory bodies that by engaging stakeholders the likelihood of effectively communicating key messages, and gaining their support for regulatory issues would increase. Consequently, the group selected March 15, 2008, World Consumers Rights Day, to launch its free public exhibition with the purpose of educating and enlightening the public on the role and functions of independent regulators, and fostering the appreciation of the importance of the regulatory process. The exhibition centered on the theme "Regulators: Empowering You and Protecting your Interest", and was held at the Atrium, Trincity Mall, Tacarigua. Apart from the educational aspect of the all day programme, the activities included entertainment by Soca Artistes as well as a song and verse contest.

CORPORATE COMMUNICATIONS cont'd

Corporate Social Responsibility

The Home Safety Initiative (HSI) was launched in 2007 and continued in 2008. The HSI "Lunch and Learn" sessions were introduced to workplaces in Port of Spain to educate adults on the importance of safety at home. The RIC held lunchtime sessions with staff members of the following companies: CARICRIS, Bank of Baroda, Securities and Exchange Commission, the Environmental Management Authority, National Flour Mills, and the Inter-commercial Bank of Trinidad and Tobago.

One highlight of the year was the RIC's involvement in Fire Prevention Week (October 5-11, 2008) hosted by the Trinidad and Tobago Fire Services. The week-long observance presented the opportunity to encourage the viewing of the RIC's HSI "DVD", which had been distributed to primary schools in 2007. The DVD features the "Trippin Family" and chronicles their experiences as they confront the challenges they face owing to their use of unsafe practices at home. Additionally, six strip advertisements sharing "Pluggie's Advice" on safe practices were placed in all three daily newspapers.

Visit by Delegation from Ghana

A delegation from Ghana, with representatives from the Volta River Authority and the Electricity Company of Ghana, visited Trinidad and Tobago during the period September 29 to October 3, 2008. The Team was desirous of sharing best practices and gaining insight into our regulatory processes and thus requested and were granted an audience with the RIC on October 2, 2008.

The delegation was part of the Economic Community of West African States (ECOWAS) initiative between Trinidad and Tobago and Africa. ECOWAS is a regional group of fifteen countries, founded in 1975, whose mission is to promote economic integration in "all fields of economic activity, particularly industry, transport, telecommunication, energy, agriculture, natural resources, among other things". At the meeting with the RIC, the Executive Director gave a synopsis of the RIC's approach and methodology used to conduct its review of Rates and Tariffs for the Electricity Transmission and Distribution Utility in 2006.

CORPORATE COMMUNICATIONS cont'd

Rebates for T&TEC Customers

During the third quarter of 2008 the RIC intervened to resolve a major issue involving electricity customers. The RIC's Customer Services Department (CSD) estimated that it had received over 200 telephone calls from members of the public, within a two-month period, complaining about high electricity bills. Following investigation, it was revealed that a total of 294,602 customer accounts were billed in excess of 65 days (the normal billing cycle) and this had become an issue because those customers were charged at the higher rate of consumption. Two reasons were advanced by T&TEC as an explanation for the problem.

1. The meter Upgrade Project – the transfer of data from the new Automatic Metering Infrastructure (AMI) onto the Customers' accounts was flawed.
2. Two rate adjustments (May 01, 2008 and August 01, 2008) within close succession created challenges for T&TEC's billing system.

The RIC held discussions with officials of T&TEC and mandated that they give a rebate to all customers billed in excess of 65 days, where the billing resulted in the account being billed at the higher tier. The rebates ranged from \$1.85 to \$74.70 and were credited to customer bills over a three-month period. T&TEC, as a show of goodwill, agreed to a moratorium on disconnection for affected customers. The situation was expected to be normalized by December 2008.

As part of a Public Awareness Campaign, officials of the RIC appeared on several Television and Radio Talk Show programmes to address the relevant issues and to dispel any misconceptions held by the public. In addition, a full page advertisement, in the Express Newspaper, highlighting six frequently asked questions (FAQs) on the issue was published for the benefit of customers.

Newsletter

The RIC published two issues of its Newsletters in 2008. Volume: 5 Issue 1, dealt with the "Application of PUC order #83 to Domestic Customers and VAT registered businesses, and Volume: 5 – Issue 2 featured the Appointment of the New Board of Commissioners.

OOCUR Conference

The 6th Annual Conference of the Organisation of Caribbean Utility Regulators (OOCUR) was hosted by the Public Utilities Commission of Belize at the Princess Hotel, Belize City from November 5 to 7, 2008. The theme of the Conference was "Towards a Common Utility Regulatory Framework in the Caribbean", and three members of staff of the RIC delivered papers on various aspects of the RIC's work. In total, two Commissioners and four staff represented the RIC at the Conference.

HUMAN RESOURCES / ADMINISTRATION

There was significant progress on a number of HR issues during the 2008 financial year. However, the approval from the Ministry of Public Utilities to implement revised remuneration packages for the period October 2006 to September 2009, was probably the most significant. The approval was received on March 6, 2008 and staff received their new salaries and retroactive payment in April 2008.

Interestingly, the Board had commissioned a Job Evaluation and Compensation Survey in 2007 and the exercise was concluded in the second quarter in 2008. Essentially, even though a new salary structure was put in place in March 2008, the consultant, Human Systems Limited, submitted proposals which showed that the RIC compensation package was still behind the market. It should be noted that the new salary proposals included adjustments for consideration of permanent employment. The Management forwarded its recommendations to the Board of Commissioners based on the consultant's report and once approved by the Board, a new salary and benefits proposal will be forwarded to the line Ministry for approval.

Staff Morale Survey

The Board had commissioned Industrial Psychologist, Maureen Bowen, to undertake a Staff Morale Survey in 2007. The Consultant submitted her report in April 2008. Among the issues raised by staff, two stood out; the continued frustration endured by employees because of the intense vehicular traffic on the roads which contributed to tardiness and reduced productivity, and the discomfort they undergo because of unsuitable work environment. In relation to the first issue, flexi-time was introduced on a trial basis in 2007. The Board agreed to formalise this arrangement to accommodate staff so as to increase productivity. Thus far, twelve members of staff have availed themselves of this opportunity. With regard to the uncomfortable work environment, an internal Committee was set up to examine and recommend improvement works. The latter should be undertaken in the 2009 financial year.

HUMAN RESOURCES / ADMINISTRATION cont'd

Staff Training and Development

The RIC is fully committed to training and development of its staff and its commitment was evident by the various programmes undertaken in 2008. Of particular importance was its hosting of a one-week training programme "Demand Management in Water and Energy" facilitated by the Institute for Public Private Partnership, (IP3), during the period June 23 to 27, 2008. Notably, it was the first time that such a programme was conducted offsite by the IP3. Normally, that programme is conducted at the IP3's Washington D.C. Training Centre and is open to international participants.

The RIC decided that it would be in its best interest to encourage IP3 to come to Trinidad and Tobago to deliver this course as it would facilitate greater participation by the RIC personnel as well as local and regional regulatory and utility staff. The RIC was responsible for all arrangements including ensuring that there was a specific number of participants, a condition imposed by the IP3 which had to be met before it entered into agreement to undertake the course. Mr. Gerard Emmanuel-Rodriguez, Tariff Analyst and Ms. Denise Caesar, Corporate Communications Manager, co-ordinated the activities and worked tirelessly to ensure a successful event. Their contribution to the success of the course is hereby acknowledged. In all, twenty-eight persons attended the Course; two persons each from Barbados, The Bahamas and Jamaica, 13 persons from the local utilities WASA and T&TEC and 8 RIC staff. At the conclusion of the event, participants received certificates of participation. They were also treated to a "Meet and Mingle" social event that saw many of them perform to karaoke. There were also live performances by local entertainers Skatie and Ziggy Ranking.

Owing to our early approval of our 2008 budget, the HR Department was able to roll out a full schedule of training for all categories of staff. New employees were exposed to introductory courses in regulation and other non-technical areas while their more experienced colleagues benefited from advanced courses. A full list of all training provided is reproduced hereunder.

On-Line Training: Six staff members benefited from two on-line training modules.

- *Advanced Rate Setting and Subsidy Design Strategies for Utilities and Regulatory Authorities*
 - Institute of Public Private Partnership (IP3) - 5 weeks
- *Fundamentals of Regulation*
 - Institute of Public Private Partnership (IP3) – 5 weeks

In House Training: Eight staff members participated in this programme.

- *Demand Management in Water and Energy*
 - Institute of Public Private Partnership (IP3) – 5 days

HUMAN RESOURCES / ADMINISTRATION cont'd

Other Technical Training: Four persons benefited from local and international training in these areas.

- *International Financial Reporting Standards*
- *Revised International Financial Reporting Standards*
- *Regulatory Systems Accountability* - Associates for Research and Resources Development Ltd
- *Cisco ICND 1 / ICND 2 / CCNA Exam Objectives – Border Com Trinidad*

Non - Technical Training: Twelve persons, including one Commissioner, participated in a range of non-technical programmes.

- *ADR Workshop* - Principled Negotiation - Stitfeld Handy Group
- *Procurement Law Intensive Programme* - Caribbean Procurement Institute, Jamaica
- *Academic Credential & CV Fraud Detection Programme* - Accreditation Council of T&T
- *Defensive Driving Course* - Jaric ESH Services
- *Purchasing, Principles and Applications* - Arthur Lok Jack, UWI Trinidad
- *Effective Business Writing Skills* - Arthur Lok Jack, UWI
- *Customer Satisfaction Measurement & Management Strategies* - Caribbean Institute for Quality Limited, Trinidad
- *Advanced Mediation Skills* - Institute for Dispute Resolution Ltd. - Trinidad
- *Mediation Skills Workshop* - Institute of Dispute Resolution Ltd. – Trinidad
- *World Class Customer Service* - Arthur Lok Jack, UWI Trinidad
- *Money, Messages and Metrics* - Measuring the ROI of your Communications Programme – International Association of Business Communications – Trinidad

Internship: Two university students participated in the 2008 internship programme for a twelve-week period hosted by the RIC, as follows:

- *Mr. Sherron Barker, a first year student at the University of the West Indies Mona Campus, pursuing a Bachelor of Science Degree in Geology, was assigned to the Technical Operations Department effective June 30, 2008.*
- *Ms. Daniella Kwang, a second year student at the University of Tampa, Florida pursuing a Bachelor Degree in Communications, was assigned to the Corporate Communications Department effective June 18, 2008.*

INFORMATION TECHNOLOGY & ANCILLARY SERVICES

It was a very challenging year for the IT Department with regard to the efficiency of the RIC's existing hardware. The level of productivity of staff was seriously affected by slow network performance, the breakdown of equipment and a lack of storage space. All of the desktops have exceeded their useful lives but because they were still in use, several experienced Hard Drive failures in 2008. Most of the laptops needed to be replaced also as these no longer performed efficiently and could not be easily repaired because of the difficulty in sourcing replacement parts, given the age of the equipment.

The IT Manager advised that the continued use of the existing equipment would pose a significant risk to the RIC, and suggested that their replacement should be treated as a matter of high priority. In addition, he advised that there needed to be a change in strategy from reactive to proactive development since in his view, such a change would have a positive impact on the development and implementation of a Business Continuity Plan. Consequently, a proposal was submitted to the Board to overhaul the existing infrastructure. The Board accepted the proposal in October 2008 and tenders were invited for the supply of the new equipment and software. Digidata Systems Ltd. was selected as the successful bidder and it is expected that delivery would take place in the first quarter of 2009.

Given all of the issues with our computing infrastructure, the IT staff were engaged in a lot of troubleshooting throughout the year. Despite the circumstances, the general staff exhibited good spirit and endeavour. This notwithstanding, the IT staff were involved in all activities associated with the consultations on the WASA rate review.

FINANCES OF THE RIC

In the years 2006 and 2007, the RIC's Annual Budget was approved in August and November respectively. Consequently, the full roll-out of the RIC's work programme was hampered by insufficient financial resources. It was therefore, a shot in the arm for the RIC when its 2008 Budget was approved in April 2008. The fact that the 2007 Budget had been approved in November 2007 meant that financing was available for the first time half of the next year but with the early approval of the 2008 Budget, all activities planned for 2008 could be executed.

For the 2008 financial year, the Cabinet approved a Budget of \$16,687,258.00. The Cess Factor was 0.48% of the cumulative revenue of the service providers. The largest items of expenditure continued to be Personnel Expenditure and Accommodation, representing 59.1% and 15% respectively. The payment of new salaries from April 2008, and retroactive payments to existing and former staff resulted in actual Personnel Expenditure jumping by 40% year on year but it still remained within budget. A breakdown of the main items of expenditure is presented in **Table 13** below.

TABLE 13: Budgeted and Actual Expenditure for Fiscal 2008

	2008	
	BUDGET (\$)	ACTUAL (\$)
Personnel Expenditure	8,460,181	7,991,106
Accommodation	2,183,160	2,018,940
Consulting and Contracting	1,422,610	985,625
Training	570,000	465,298
Education, Promotion and Printing	935,000	291,079
Capital Expenditure and IT	2,529,720	1,181,185
Other Costs	586,587	568,552
TOTAL	16,687,258	13,501,785
CESS CARRIED FORWARD		3,185,473

The RIC is fully committed to ensuring that its costs are carefully controlled, resources efficiently managed, and to transparency in its operations. Pursuant to these objectives, additional information on any aspect of its financial operations will be made available through the normal channels.

COMMISSIONERS FOR 2008



IAN WELCH
Chairman



KELVIN RAMKISSION
Commissioner



ERIC THOMPSON
Commissioner



DENISE ESCAYG
Commissioner



RYAN CHAITRAM
Commissioner



ANWARIE RAMKISSOON
Commissioner

MANAGEMENT TEAM



HARJINDER S. ATWAL
Executive Director



GLENN A. KHAN
Deputy Executive Director



GARVIN ALEXANDER
Assistant Executive Director
Technical Operations



NADIA JOHN
Legal/Corporate Secretary



KAZIM KHAN
Chief Financial Officer



HELEN PERU
Human Resources Manager



MARTIN HAYNES
Information Technology
Manager



MOHAN CHADEE
Customer Services Manager



DENISE CAESAR
Corporate Communications
Manager

FINANCIAL STATEMENTS

December 31 2008

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REPORT OF AUDITOR GENERAL



SECOND 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 2008 DECEMBER 31

The First Report of the Auditor General on the Non-receipt of Financial Statements of the Regulated Industries Commission for the year ended 2008 December 31 was signed by the Auditor General on 2009 November 04 and submitted to the Speaker and the President of the Senate for laying in the House of Representatives and the Senate respectively and to the Minister of Finance.

2. The accompanying Financial Statements of the Regulated Industries Commission for the year ended 2008 December 31 have been audited. The Statements comprise a Statement of Financial Position as at 2008 December 31, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 2008 December 31 and Notes numbered 1 to 14.

3. The audit was conducted by a firm of Accountants authorized by the Auditor General in accordance with section 34 (2) of the Regulated Industries Commission Act, Chapter 54:73. Their Report dated 2011 March 04 which is attached refers.

SUBMISSION OF REPORT

4. 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.

2011 May 11



Sharmar Ottey
SHARMAN OTTEY
 AUDITOR GENERAL

AUDITOR'S REPORT



BOB GOPEE AND ASSOCIATES CHARTERED ACCOUNTANTS

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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 2008, 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 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bob Gopee and Associates

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

4TH MARCH 2011

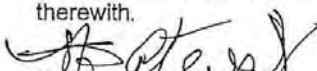
STATEMENT OF FINANCIAL POSITION

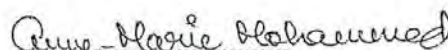
AS AT 31ST DECEMBER 2008

(With comparative figures as at 31st December, 2007)

	Notes	2008 \$	2007 \$
ASSETS			
<u>NON-CURRENT ASSETS</u>			
Land		6,300,000	6,300,000
Motor Vehicles		332,792	250,118
Computers & Office Equipment		486,954	585,731
Office Furniture		477,037	511,143
Assets from Public Utilities Commission		3,667	4,196
	N3	<u>7,600,450</u>	<u>7,651,188</u>
<u>CURRENT ASSETS</u>			
Prepayments	N4	999,286	45,853
Rental Deposit		16,738	16,738
Cash in Hand		6,756	6,756
Bank - Current Account		491,194	574,819
Bank - Money Market Fund Account	N5	12,547,289	2,090,513
Accounts Receivable	N6	2,163	8,568,167
Refundable Deposit	N7	154,700	154,700
V.A.T. Recoverable	N8	136,597	186,876
		<u>14,354,723</u>	<u>11,644,422</u>
TOTAL ASSETS		<u>21,955,173</u>	<u>19,295,610</u>
CAPITAL & LIABILITIES			
<u>ACCUMULATED FUNDS</u>			
Accumulated Funds - Government Grants	N10	3,667	4,196
Retained Earnings		15,223,197	12,123,543
Retained Earnings - Depreciation on P.U.C. Assets	N11	529	606
Surplus for the year		2,981,147	3,165,909
		<u>18,208,540</u>	<u>15,294,254</u>
<u>CURRENT LIABILITIES</u>			
Accounts Payable			
- Due to Treasury		2,829,324	2,829,324
- Other	N12	191,650	112,926
Gratuity Provision		725,659	1,059,106
		<u>3,746,634</u>	<u>4,001,356</u>
TOTAL CAPITAL & LIABILITIES		<u>21,955,173</u>	<u>19,295,610</u>

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


EXECUTIVE DIRECTOR


CHAIRMAN

On 03-03-2011, the Commissioners of Regulated Industries Commission approved these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2008

(With comparative figures for the year ended 31st December, 2007)

	Notes	2008 \$	2007 \$
INCOME			
CESS		14,545,149	12,108,761
Property Receipts		60,687	69,924
Other	N13	386,903	216,840
TOTAL INCOME		14,992,739	12,395,325
EXPENSES			
Advertising and Promotions		255,316	282,946
Allowances		103,265	470,285
Audit Fees		30,000	63,749
Bank Charges		2,472	2,118
Books and Periodicals		2,275	8,580
Charitable Contributions		11,355	12,490
Computer and Maintenance		23,238	4,834
Consultation Expenses		46,440	130,502
Contract Gratuities		559,946	866,078
Contracted Services		30,043	49,343
CSR Mobile Office		-	3,005
Depreciation	N3	268,924	306,619
Government Contribution to NIS		186,933	104,688
Group Health Insurance		70,742	65,183
Group Life Insurance		57,534	55,342
Insurance		43,108	55,468
Mail and Postage		4,674	7,691
Miscellaneous Expenses	N14	159,945	120,090
Motor Vehicle Maintenance		39,917	10,183
Office Expenses		113,260	113,999
OOCUR Expenses		117,679	48,287
Professional Fees and Legal Fees		750,401	74,877
Publications		-	11,293
Remuneration to Board Members		306,227	275,867
Rent		1,755,600	1,294,400
Repairs and Maintenance		5,201	13,060
Retreat Expenses		-	1,400
Salaries		6,232,219	3,857,721
Security and Janitorial Services		134,822	127,619
Specific Provision for Bad Debts		2,883	-
Subscriptions		1,918	113
Telephones		203,734	259,079
Training		481,690	496,342
Uniforms		9,831	36,165
TOTAL EXPENSES		12,011,592	9,229,416
NET SURPLUS FOR THE YEAR		2,981,147	3,165,909

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2008

AS AT 31ST DECEMBER 2008

	NOTES	RETAINED EARNINGS \$	ACCUMULATED FUND GOVERNMENT GRANT RELATING TO P.U.C. * \$	TOTAL \$
Opening Balance as at 01-Jan-08		15,290,059	4,195	15,294,254
Surplus for the year		2,981,147	-	2,981,147
Depreciation on P.U.C. Assets	N11	529	(529)	-
Prior Period Adjustments		(66,861)	-	(66,861)
Closing Balance as at 31-Dec-08		<u>18,204,873</u>	<u>3,666</u>	<u>18,208,540</u>

AS AT 31ST DECEMBER 2007

		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		606	(606)	-
Prior Period Adjustment		148,146	-	148,146
Closing Balance as at 31-Dec-07		<u>15,290,059</u>	<u>4,195</u>	<u>15,294,254</u>

* P.U.C.- Public Utilities Commission

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2008

(With comparative figures for the year ended 31st December, 2007)

	<u>2008</u>	<u>2007</u>
	\$	\$
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Surplus for the year	2,981,147	3,165,909
Depreciation	268,924	307,225
Prior Period Adjustment	(66,861)	148,146
Loss/(Gain) on Asset Disposal	2,728	(53,781)
Interest on Investment	(389,631)	(162,859)
Increase in Due to Treasury	-	1,457,083
Increase/(Decrease) in Accounts Payable	78,724	(308,019)
Decrease/(Increase) Accounts Receivable	8,566,004	(8,552,906)
(Decrease)/Increase in Gratuity Provision	(333,447)	187,434
(Increase)/Decrease in Prepaid expenses	(953,433)	23,748
Decrease in VAT Recoverable	50,279	43,268
Net Cash flow from/(used in) Operating Activities	<u>10,204,435</u>	<u>(3,744,752)</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Acquisition of Fixed Assets	(220,915)	(277,961)
Proceeds from Asset Disposals	-	100,500
Interest on Investments	389,631	162,859
Net Cash flow from/(used in) Investing Activities	<u>168,716</u>	<u>(14,602)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	10,373,151	(3,759,354)
<u>CASH USED IN FINANCING ACTIVITIES</u>		
Net Cash used in Financing Activities	-	-
NET INCREASED/(DECREASED) IN CASH AND CASH EQUIVALENTS	<u>10,373,151</u>	<u>(3,759,354)</u>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	2,672,088	6,431,442
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>13,045,239</u>	<u>2,672,088</u>
<u>REPRESENTED BY:</u>		
Cash in Hand	6,756	6,756
Bank - Current Account	491,194	574,819
Bank - Money Market Fund Account	12,547,289	2,090,513
	<u>13,045,239</u>	<u>2,672,088</u>

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2008

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 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.

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2008 (Cont'd)

3 NON-CURRENT ASSETS - \$7,600,450

	Total \$	Land \$	Motor Vehicles \$	Computers and Office Equipment \$	Office Furniture \$	Assets From PUC \$
<u>COST</u>						
Balance as at 01-Jan-08	9,853,097	6,300,000	420,580	2,022,604	1,062,056	47,857
Additions for the Year	220,915	-	154,884	32,334	33,697	-
Disposals made during the year	(3,477)	-	-	(3,477)	-	-
Balance as at 31-Dec-08	10,070,535	6,300,000	575,464	2,051,461	1,095,753	47,857
<u>ACCUMULATED DEPRECIATION</u>						
Balance as at 01-Jan-08	2,201,909	-	170,462	1,436,872	550,913	43,661
Depreciation for the year	268,395	-	72,210	128,382	67,803	-
Disposal made during the year	(748)	-	-	(748)	-	-
Depreciation for the year - P.U.C Assets	529	-	-	-	-	529
Balance as at 31-Dec-08	2,470,085	-	242,672	1,564,506	618,716	44,190
NET BOOK VALUE AS AT 31-DEC-08	7,600,450	6,300,000	332,793	486,954	477,037	3,667
NET BOOK VALUE AS AT 31-DEC-07	7,651,188	6,300,000	250,118	585,732	511,143	4,196

4 PREPAYMENTS - \$999,286

	2008 \$	2007 \$
Prepayments comprise:		
Computer Upgrade	946,254	-
Insurance	33,164	-
Group Life Insurance	-	26,358
Copiers Maintenance Contract	8,672	17,408
Security and Janitorial	10,438	1,603
Software Licenses	375	334
Postage	-	150
Contract Services	385	-
	<u>999,286</u>	<u>45,853</u>

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2008 (Cont'd)

5 BANK - MONEY MARKET FUND \$12,547,289

	<u>2008</u> TT\$	<u>2007</u> TT\$
This is represented by monies held in Money Market Fund, Republic Bank Limited.	12,547,289	2,090,513

6 ACCOUNTS RECEIVABLE - \$2,163

	<u>2008</u> \$	<u>2007</u> \$
Accounts Receivable comprise:		
CESS Receivable from T&TEC	-	3,547,138
CESS Receivable from Power Gen	-	2,601,080
CESS Receivable from WASA	-	1,851,164
CESS Receivable from Trinity Power	-	562,274
Winston Rennie	2,196	2,196
OOCUR Telephone	687	686
Employee Group Health	2,163	3,629
	<u>5,046</u>	<u>8,568,167</u>
Provision for Bad Debt	(2,883)	-
	<u>2,163</u>	<u>8,568,167</u>

7 REFUNDABLE DEPOSIT - \$154,700

	<u>2008</u> \$	<u>2007</u> \$
Refundable Deposit with T & T Unit Trust Corporation	122,832	** 122,832
Deposit of two (2) months rent with Furness T'dad Ltd	154,700	154,700
	<u>277,532</u>	<u>277,532</u>
Provision for Bad Debt	(122,832)	(122,832)
	<u>154,700</u>	<u>154,700</u>

** In 2001, the Regulated Industries Commission sought to lease office space in T & T Unit Trust Corporation. To this end, a deposit of \$122,832 was made to secure the required space. The transaction has since been aborted and subsequently became statute-barred. A Provision for Bad Debt was created pending approval from the Minister of Finance to write off the amount in accordance with Section 35 of the Regulated Industries Commission Act, 1998.

8 V.A.T. RECOVERABLE - \$136,597

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 2008 (Cont'd)

9 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.

10 ACCUMULATED FUNDS - GOVERNMENT GRANTS - \$3,667

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 - \$529

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

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

(See Statement of Changes in Equity. Page 4)

12 ACCOUNTS PAYABLE OTHER - \$191,650

	<u>2008</u>	<u>2007</u>
	\$	\$
Accounts Payable comprise:		
Audit Fees	73,298	74,750
Telephone	921	18,716
Arrears of Increment	10,288	10,288
Regulatory Day	2,530	-
OOCUR	90,141	-
Fairfield Complex	300	-
Ian Welch - Salaries	5,000	-
Catering Christmas Lunch	9,172	9,172
	<u>191,650</u>	<u>112,926</u>

NOTES

FOR THE YEAR ENDED 31ST DECEMBER 2008 (Cont'd)

13 OTHER INCOME - \$386,903

	<u>2008</u>	<u>2007</u>
	\$	\$
Interest from Investment	389,631	162,859
(Loss)/Gain on Disposal of Assets	<u>(2,728)</u>	<u>53,781</u>
	<u>386,903</u>	<u>216,640</u>

14 MISCELLANEOUS EXPENSES - \$159,945

	<u>2008</u>	<u>2007</u>
	\$	\$
Staff Functions	63,430	56,652
Staff Welfare	83,583	56,388
Catering	6,938	6,800
Public Relations	<u>5,995</u>	<u>250</u>
	<u>159,945</u>	<u>120,090</u>



REGULATED INDUSTRIES COMMISSION

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