

REGULATED INDUSTRIES COMMISSION

Annual Report and Financial Statements

FOR THE PERIOD

April 2001 – December 2002

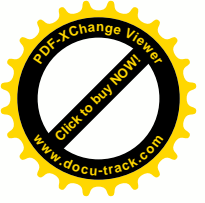
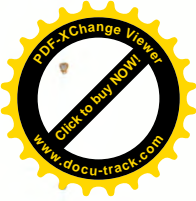
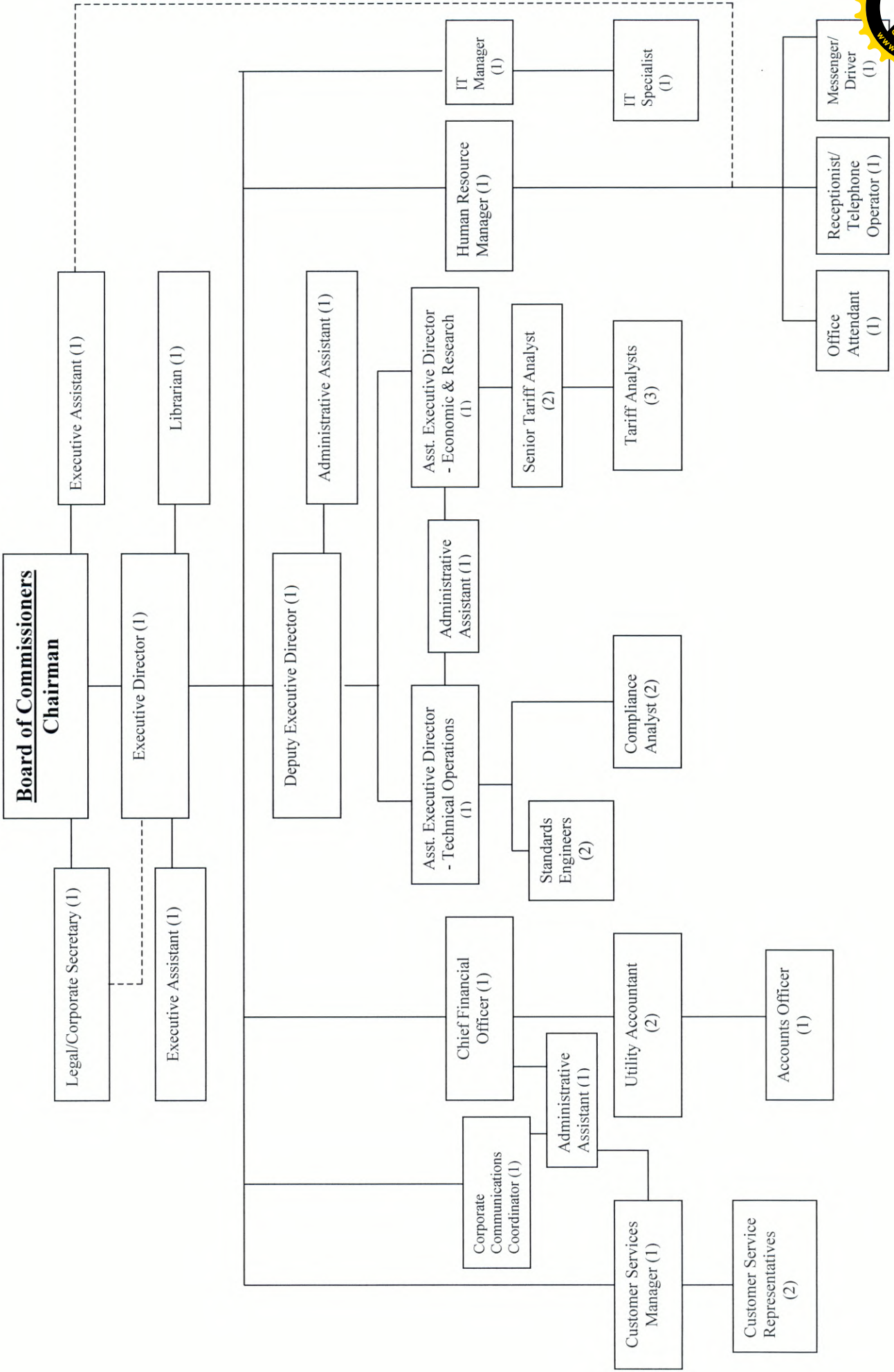
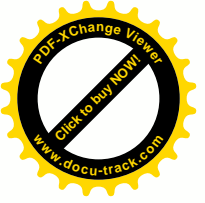


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REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE



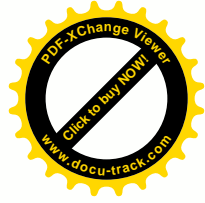
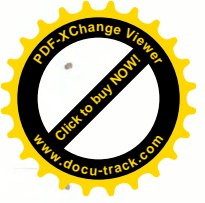


VISION STATEMENT

To be a World Class Regulator.

MISSION STATEMENT

- To ensure that services provided for all are reliable, efficient and cost effective.
- To be a credible and transparent regulatory regime that responds adequately to stakeholders' concerns.
- To demonstrate fairness, equity and concern for the national welfare in the performance of the Commission's functions.



INTRODUCTION

This, the first report of the RIC, covers the activities of the RIC for the period April 2001 to December 31, 2002.

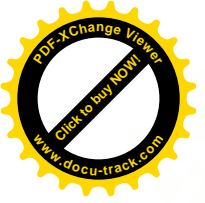
The Regulated Industries Commission Act No. 26 of 1998 established the Regulated Industries Commission (RIC) as a body corporate. Under the Act, the RIC is charged with the responsibility of regulating the following service providers:

- The Water and Sewerage Authority (WASA)
- The Trinidad and Tobago Electricity Commission (T&TEC)
- The Power Generation Company of Trinidad and Tobago (POWERGEN)
- InnCogen Limited (INNCOGEN)
- Telecommunications Services of Trinidad and Tobago (TSTT).

Functions of the RIC

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

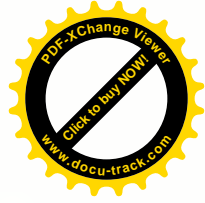
- To advise the Minister on matters relating to the operations of the Act including the granting of Licences and monitoring the terms and conditions of the Licences;
- To carry out studies of efficiency and economy of operation and of performance of service providers, publish results and take action, where necessary, to protect the interests of customers and other stakeholders;
- To monitor compliance and impose sanctions for non-compliance;
- To establish economic principles and methodology for the setting of rates for services and to perform periodic reviews of the rating regimes;



- To investigate consumer complaints in respect of rates, billing and unsatisfactory service and facilitate redress;
- To ensure service providers are able to finance the delivery of services with sufficient return on investment; and
- To ensure openness and transparency by publishing information which allows stakeholders to have their say in regulatory decisions.

Furthermore, the RIC Act places direct functional responsibility upon the Commission in Section 6 (3) to ensure that the public interest is protected particularly:

- By ensuring maximum efficiency in the use and allocation of resources and that services are reliable and provided at the lowest possible cost;
- By ensuring equal access by consumers to service and the fair treatment of consumers and service providers who are similarly placed;
- By ensuring non-discrimination in terms of service access, pricing and quality; and
- By ensuring that current national environmental policies are adhered to.



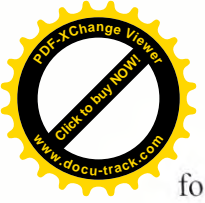
CHAIRMAN'S REMARKS

The Regulated Industries Commission (RIC) is a body corporate established by Act No. 26 of 1998 for the purpose of exercising and performing such duties as are conferred upon it by the Act and by any other law. Its main powers and functions are outlined in Section 6:1 of the Act which was proclaimed on June 01, 2000. A Board of Commissioners was appointed in April, 2001 and held its first statutory meeting of the Commission on May 09, 2001.

This report covers the period April, 2001 to December 31, 2002.

Prior to April 2001, the operations of the Commission were undertaken by a small group of administrative and clerical staff under the direction of a Consultant Executive Director. The Consultant was made available by the Inter-American Development Bank (IADB) in its role as administrator of a non-reimbursable technical cooperation agreement between the Government of Trinidad and Tobago and itself towards the establishment of the RIC. His mandate involved putting mechanisms in place to operationalise the RIC during 2001. The Consultant completed the basic planning for the start up of the institution with the support and assistance of the Ministry of Public Utilities. However, the implementation phase was constrained by political uncertainty in early 2001 which delayed government approval of budgets, business plan and the collection of cess. During the Consultant's tenure, two professional staff were contracted - a Human Resources Consultant and an Information Technology (IT) Specialist. However, other appointments remained in suspension. Consequently, little progress was achieved. It should be noted that in the absence of other relevant technical and professional staff, no review of the operations of utilities had been conducted since 1994. The Consultant's contract expired on June 04, 2001 and the Board appointed a new Executive Director with effect from June 18, 2001.

In April 2001, the RIC's operations were housed on the first floor of Furness House. The Board decided, among other things, to acquire additional space to facilitate further space needs of the organization. An additional floor was leased. After review and amendment of the organizational chart, the Board set about the task of structuring the RIC. During 2001 most of the activities



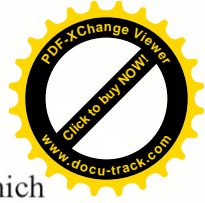
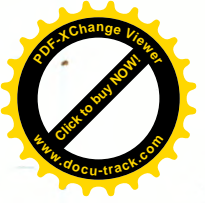
focused on planning and constituting the organization and refurbishment of the premises. All vacant positions were advertised and interviews conducted in the last quarter of 2001.

At the beginning of 2002, the Commission comprised five members with Mr. Vashist Maharaj as Chairman and Dr. Patrick Watson, Deputy Chairman. Commissioner Hayden Toney resigned his position with effect from December 31, 2001. During 2001, there were changes in the composition of the Board. Mr. Dennis Pantin was appointed Chairman in June 2002, assuming office in September 2002 and Mr. Winston Rennie was appointed Commissioner in September 2002. Dr. Watson served as interim Chairman during the period June 18 and September 17, 2002. The Board wishes to thank Mr. Hayden Toney for his contribution during his tenure as Commissioner.

The year 2002 was challenging for the RIC from several standpoints. It started off in a rather hopeful manner as senior executive and managerial positions were filled as early as February. However, operational activities were restricted when further recruiting was temporarily halted due to service providers' tardiness in the payments of cess.

The major task for 2002 was to provide the RIC with human resources and ancillary equipment but these were initially constrained by a number of factors. In spite of this, the Commission was able to make substantial progress during the year. A one-week training seminar was held to expose new employees to the fundamentals of the regulatory environment and it was a tremendous success. Participants included staff of local utilities as well as regional regulatory commissions. The revenue situation improved towards the middle of the year and the Commission was able to recruit additional staff and thereby pursue an important aspect of its mandate: research in the utility sector. Several research projects were undertaken by new staff. These are identified later. In the area of revenue collection the RIC has experienced some problems because of the weak financial condition of some service providers, particularly those that have not benefited from a tariff increase within the last ten-year period.

The Commission played a significant role in the formation of the Organisation of Caribbean Utility Regulators (OOCUR). The former Chairman was a strong advocate for such a body and

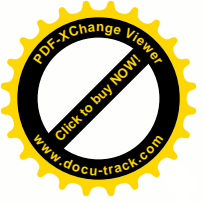


was one of the persons instrumental in organizing a meeting in Jamaica, in July 2002, which agreed to the establishment of OOCUR. At that meeting a team of three persons, the Deputy Chairman, Deputy Executive Director and Corporate Secretary, represented the RIC. The Deputy Chairman's offer to provide office space at the RIC's office to host the Secretariat of OOCUR was accepted and Mrs. Rita Persaud-Kong, RIC's Corporate Secretary was appointed OOCUR Secretary.

At the end of 2002, the Board recognized that significant challenges were ahead, however, certain arrangements needed to be finalized in order for the regulatory environment to be complete. Still outstanding are; the appointment of Consumer Service Committee by the Ministry, the laying of RIC regulations before Parliament (for negative resolution), the establishment of the Fair Trading Commission and, the expected amendments to the current legislation.

The Commission took a decision to convene a weekend retreat in early 2003, involving all staff, in an attempt to chart a course for the organization

D. PANTIN



HUMAN RESOURCES/ADMINISTRATION

The fiscal years 2001 and 2002 were quite a challenge for the RIC. With the appointment of the Board of Commissioners, the immediate objective was to render the organization fully operational and effective. Some of the main activities undertaken over this period included:

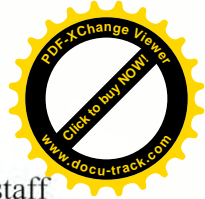
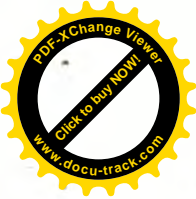
- the approval of the new organizational structure;
- advertising, short-listing, interviewing and appointment of staff to key positions in the organization;
- the refurbishment of the offices of the RIC to appropriately meet the requirements of the staff, health and safety regulations;
- the tendering, acquisition and installation of IT equipment; and
- the approval of the Internal Accounting Procedures of the RIC.

The main objectives in setting a new organizational structure were:

- ensuring that the RIC was able to achieve its mandate in an efficient and effective manner; and
- providing staff with opportunity for growth.

However, the RIC experienced considerable difficulties in attracting staff to some positions as those persons interviewed found the remuneration package unattractive. This suggested that an urgent review of the compensation and benefits structure was essential in order to attract and retain the requisite staff.

In spite of these difficulties, in February 2002, the Deputy Executive Director, Mr. Glenn A. Khan, Corporate Secretary, Mrs. Rita Persaud-Kong, and Assistant Executive Director, Mr. Garvin A. Alexander were appointed. By the middle of the year seven additional persons, including four Tariff Analysts, one Standards Engineer, one Consumer Service Representative, and one associate staff had been recruited. A Corporate Communications Manager was employed on a short-term contract for the period March to May 2002. The Ministry of Public Utilities had put the recruitment activities on hold and it was not until the last quarter of 2002 that this situation changed. As a consequence, the remaining vacant positions were advertised



and some interviews conducted before the end of 2002. By December 2002, twenty (20) staff had been recruited.

Finances of the RIC

The RIC's funding is based on the fees (Cess) levied on service providers. However, the line Minister approves the budget and has to be satisfied that the budget is fair and reasonable. **Table I** highlights the major areas of expenses for the period. A detailed breakdown is contained in the financial statements.

Expenditure in 2001 and 2002 has been dominated by items of a start-up nature. The RIC's three main areas of expenditure are related to staff, accommodation and external technical advice. Personnel expenditure represents about 36.35% of the total expenses, while rental accommodation is 10%. As can be seen, significant savings were achieved during the period. As a public entity, the RIC has a duty to account for all its activities. The best way to achieve this objective is through openness and consultation. Pursuant to this objective, **Table II** outlines the compensation for the senior staff of the RIC.

TABLE I – Major Areas of Expense, 2001 – 2002

	2001		2002	
	Budget \$	Actual \$	Budget \$	Actual \$
Personnel Expenditure	2,725,939	1,396,666	5,978,961	2,652,604
Accommodation	989,796	600,000	956,025	940,800
Consulting and Contracting	103,676	236,034	304,206	310,347
Training	96,500	14,346	380,001	181,706
Education, Promotion and Printing	110,832	90,889	115,000	42,881
Capital Expenditure, IT	3,564,080	575,462	894,212	2,891,652
Other Costs	447,508	234,455	634,113	973,356
TOTAL	8,038,331	3,147,852	9,262,518	7,993,346

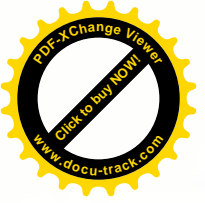


Table II: Compensation for Senior Staff, April 2001 – December 2002

Positions	Basic Salary \$	Gratuity %	Pension	Group Life Health Insurance	Allowance (Per Month) \$	Travelling (Per Month) \$	Motor Vehicle
Executive Director	22,000	20	Nil	Nil	2,500	3,000	Yes
Dep. Executive Director	18,000	20	Nil	Nil	2,000	2,000	No
Asst. Executive Director	14,000	20	Nil	Nil	Nil	1,500	No
Human Resources Manager	11,500	20	Nil	Nil	Nil	1,500	No
Information Technology Manager	13,000	20	Nil	Nil	Nil	1,000	No
Legal/Corporate Secretary	13,000	20	Nil	Nil	Nil	1,500	No
Chief Financial Officer	13,000	20	Nil	Nil	Nil	1,500	No

TECHNOLOGY/INFORMATION CENTRE

During the period, an important priority was the increased application of Information Technology (IT) to improve organizational efficiency and to position IT as a critical tool in the operations of the RIC. During the course of the year the Commission acquired and installed the Network infrastructure required to enhance the efficiency of its employees. The RIC intends to access information from all utilities via E-mail and an Extranet link. The Extranet will use a Virtual Private Network (VPN) Connection to connect to utilities so as to enhance the efficiency of the RIC's operations. The RIC is also considering the use of VOIP technology to facilitate efficient communication between itself and the service providers. These initiatives are expected to provide significant benefits, especially in the conduct of the RIC's monitoring activities. Additionally, the RIC transformed the library into an "Information Centre" where it will be a focal point of reference nationally, regionally and internationally for information about utility regulations. The "Information Centre" will also assist in ensuring full compliance with the requirements of the Freedom of Information Act (FOIA).



The RIC's website (www.ric.org.tt) has been undergoing constant redesign to improve its functionality and ease of use. The RIC's publications and documents will be available on-line. The website will be a significant source of information on the activities and publications of the RIC.

TRAINING AND DEVELOPMENT

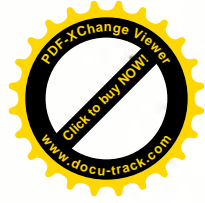
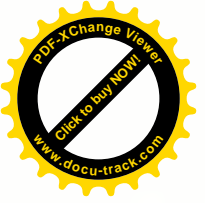
As part of its commitment to the development of its human resources, a one-week course facilitated by Stone and Webster in conjunction with the Public Utilities Research Center, University of Florida, funded by the Inter-American Development Bank. The entire staff and several of the Commissioners participated, as well as representatives from all service providers under our jurisdiction. Several of our regional colleagues from Barbados, Guyana and Jamaica were also involved. This was a highly intensive programme that provided a good foundation for persons being introduced to the regulatory environment.

External training and development opportunities also focused on enabling staff at all levels to adapt to the new environment. During the period a significant number of the RIC's staff attended training in:

- Grounding, Bonding and Protection of Electrical Systems
- Trinidad and Tobago's Electrical Wiring Code
- The Right to Representation, Right to be Heard (Consumer Rights Day)
- Computer and Software Security
- The Use of New Software Packages
- Modern Telephone Systems
- Latest trends in Industrial Relations

The RIC was also represented at the following international meetings and conferences during the period:

Name of Meeting	Place	Date
• 2 nd Meeting of the Organisation of Caribbean Utility Regulators (OOCUR)	Kingston, Jamaica	July 24-26, 2002
• Annual Regulatory Conference -Institute of Public Utilities	Tampa, Florida	December 8-11, 2002



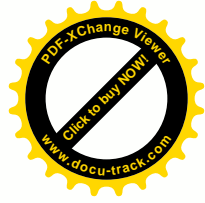
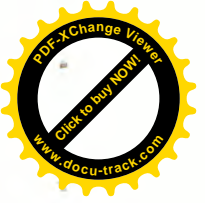
CORPORATE RELATIONS

There was a marked increase in corporate relations and involvement in regulatory affairs at local and regional levels. In keeping with the RIC's commitment to transparency and accessibility, the Chairman and Deputy Executive Director appeared on National Television in April, 2002 to sensitize the public to the role and functions of the RIC.

The Executive Director and several staff members made initial official visits to T&TEC and WASA to apprise management and staff about the new approach to price determination and economic regulation. The RIC expected to hold similar consultations in the future.

The Executive Director was invited to deliver a paper entitled **A Two-Staged Approach to a Concession in the Water Sector - Trinidad and Tobago Experience** at a Symposium on Water Regulatory Policy in Jamaica, April 2002. The Deputy Executive Director was invited to deliver a lecture entitled **A Critical Look at the Future** at the World Consumer Day Seminar hosted by the Consumer Affairs Division of the Ministry of Legal Affairs, March 2002. He also chaired a session at the Seventh Annual Senior Policy Seminar on Pensions and Investment Management in the Caribbean, hosted by the Caribbean Centre for Monetary Studies May, 2002.

The Commission agreed to fund two post graduate scholarship, tenable at the University of the West Indies, St. Augustine and valued at a total of \$80,000.00 each. The scholarships were to be tenable annually to students pursuing research degrees in an area of relevance to the utility sector or economic regulation, commencing 2003. The Commission also introduced a student internship programme in 2002. The intent of this programme was to provide experience in the working environment for university students who are soon to access the job market. During the period of internship, the interns would be assigned to undertake a research project on a topic of relevance to the RIC. It is hoped that by this arrangement both parties would benefit from the association. The first beneficiaries of the programme came from the Université des Antilles et de la Guyane, Guadeloupe. We think that the initial experience was good and believe that the participants gained both by their emersion into an English language environment and their interaction with the staff who assisted them with their projects.



REVIEW OF ACTIVITIES

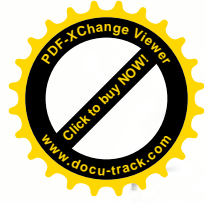
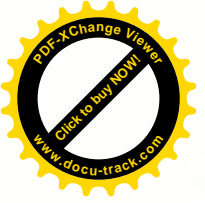
During the course of the year the staff of the Commission initiated and completed several documents aimed at improving service in the utility sector. A draft **Quality of Service Standards** document for the electricity transmission and distribution sector was issued for public comment. This document which is expected to be finalized by the end of March 2003, would be used to ensure quality service to customers throughout Trinidad and Tobago. A draft **Quality of Service Standards** document for the water and wastewater sector was also prepared and will be issued for public comment in early 2003. The RIC regards the establishment of Guaranteed Standards for the service providers as a key component of the regulatory framework. These Standards, when finalized, will entitle the consumer to a financial payment if breached by the service provider.

Three additional draft documents were completed and are being discussed internally before a decision is taken on their implementation. They are:

- Draft Licence document for the Trinidad and Tobago Electricity Commission;
- Draft water metering implementation plan for Trinidad and Tobago;
- Draft complaints procedure and standards for handling complaints.

Apart from the above projects several draft research papers on the utility sector were prepared in 2002:

- The Exchange Rate Adjustment Clause Revisited - PUC Order # 81;
- Priority Services for Elderly and Disabled Customers: Issues for Consideration by the RIC;
- Economic Regulation of Network Industries: A Justification;
- The Growing Natural Gas Industry – A Case for Regulation;
- Technical Issues in the Application of Incentive-Based Regulation in Trinidad and Tobago;
- A Proposal for Universal Water Metering – The Way Forward;
- Identification of Performance Indicators for WASA and T&TEC;



- A Proposal for Protecting Vulnerable Groups with Respect to Rate Structure Design;
- The Methodology for the Determination of the X-Factor, Re: the Price-Cap Approach (RPI –X).

The output of the research work may be used to inform the Commission’s decisions and could conceivably form the basis of a publication on the utility sector.

CONSUMER SERVICES

Staff has been very diligent in resolving complaints against service providers. For the year ended December 2002, a total of 569 complaints were received. Sixty-four percent (64%) or 362 complaints were filed against WASA, while 128 and 79 were filed against TSTT and T&TEC, respectively. The 2002 complaints figure represents a 37% decrease over the previous year. The average number of complaints received per month for the three utilities was 47%. In terms of the resolution of complaints, 90% were resolved in 2002 as compared to 87.0% in 2001. A disaggregation of complaints by region revealed that the largest number of complaints was received from the South followed by the North West region, while Tobago evidenced the least number of complaints. Refer to **Figures I and II**.

Figure I – Percentage Distribution of Complaints by Service Providers

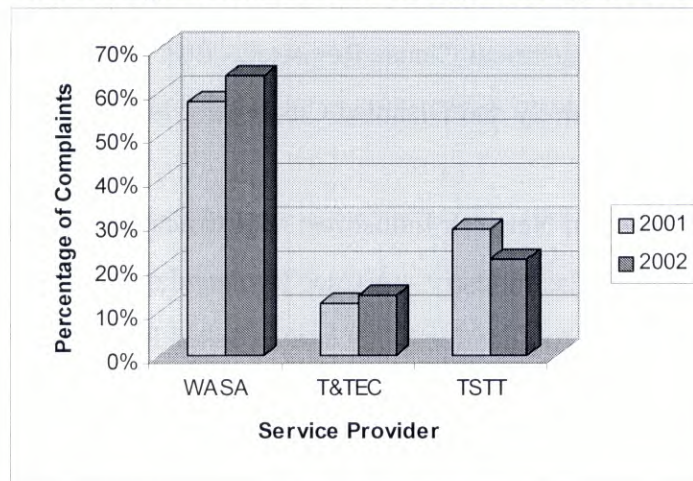
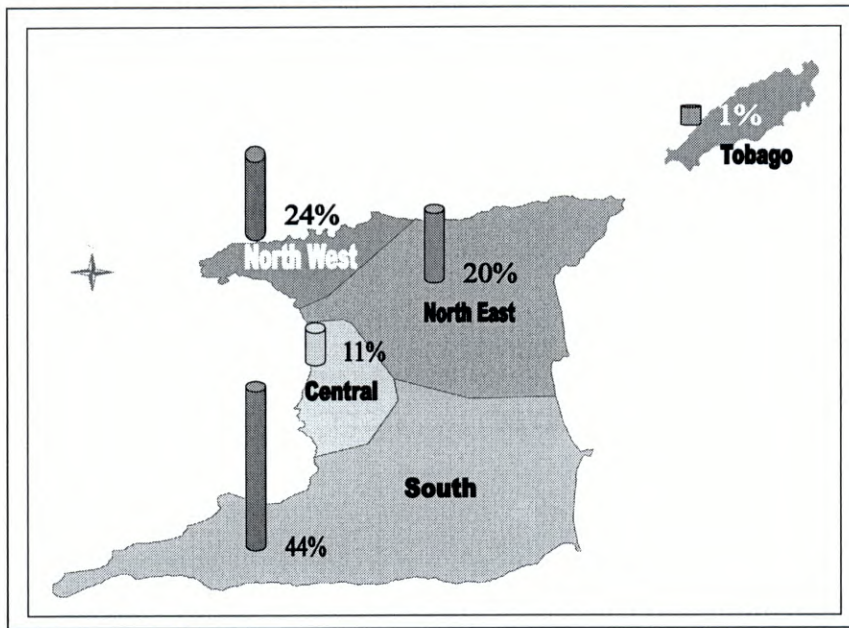


Figure II – Percentage Distribution of Complaints by Region for 2002



When complaints were analyzed by Utility and Category, 42.4% of all complaints related to inadequate supply of water. The next highest percentages related to leaks 11.2%, and out of service telephone (TSTT) 11.2%. In respect of T&TEC, billing query complaints were highest among all categories of complaints, but as a percentage of total complaints of all Utilities, billing queries are second overall representing 13.2% (all complaints). On average it took 40.4 days to resolve complaints filed against WASA; 51.8 days against T&TEC; and 45.4 days for TSTT. In respect of resolved complaints, 88.0% of complaints against WASA were resolved in favor of the customer. The figures for T&TEC and TSTT are 59.0% and 86.0% (in favour of customers) respectively. Refer to **Figure III and Table III**.

Figure III – Percentage Distribution of the Status of Complaints Received in 2002

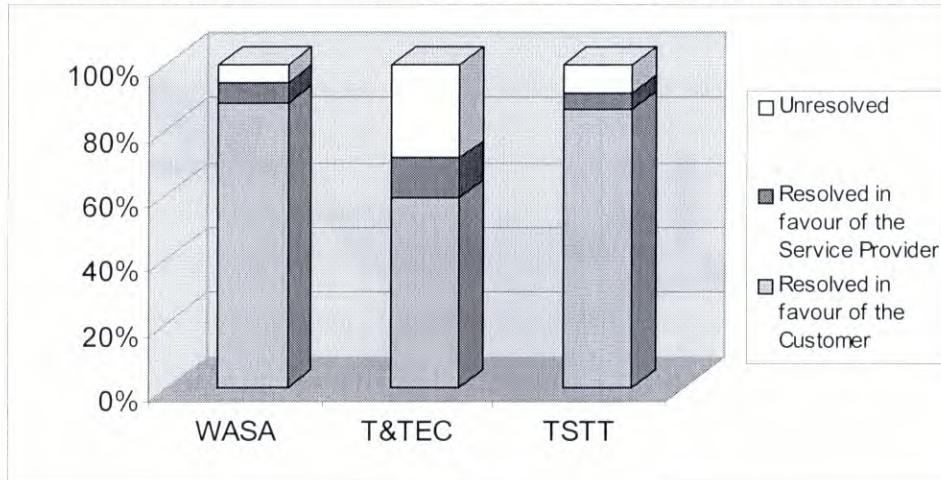


Table III – Distribution of Complaints Received/Resolved by Category for 2002

Complaint Category	WASA		T&TEC		TSTT		Total	Total
	Received	Resolved	Received	Resolved	Received	Resolved	Received	Resolved
Billing Query	29	13	18	15	28	22	75	50
Inadequate Supply	241	240	*	*	*		241	240
Leaks	64	63	*	*	*		64	63
Other	16	16	15	12	25	22	56	50
Out of Service	*	*	*	*	64	64	64	64
Power Outages	*	*	9	7	*	*	9	7
Request for Service	2	1	9	8	11	9	22	18
Road Restoration	10	8	*	*	*	*	10	8
Street Lights / Poles	*	*	14	10	*	*	14	10
Voltage Fluctuations / Damages	*	*	14	4	*	*	14	4
	362	341	79	56	128	117	569	514

* Not Applicable

569 – Received

514 – Resolved

Regardless of the origin of complaints, the telephone was the most frequently used mode (87% of all complaints) by which consumers brought their various complaints to the RIC. Six percent (6%) of complaints received were by letters, while visits accounted for seven percent (7%). Refer to **Figure IV**.

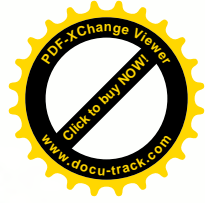
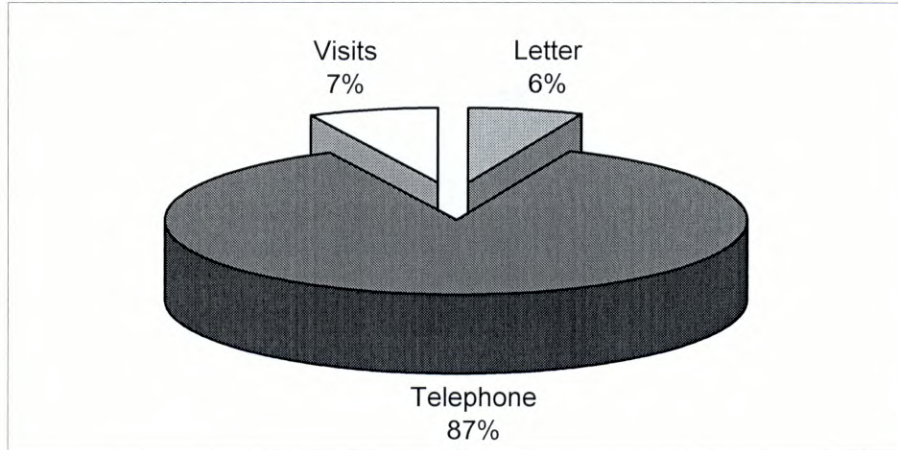


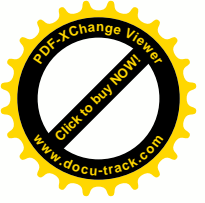
Figure IV – Percentage Distribution of Complaints Received by Receiving Medium



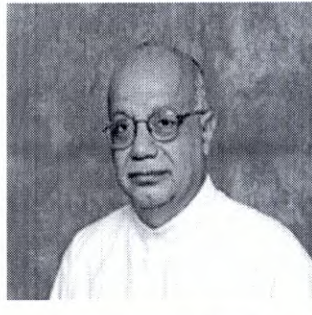
In an effort to ensure that complaints are given priority and attended expeditiously, benchmarks have been established to measure the performance of the Consumer Service Department of the RIC. **Table IV** reveals that the Department performed creditably during 2002.

Table IV – Consumer Service Department Performance, 2002

Target Areas	Standard	Performance Rating
Response to Written complaints	95% Within ten (10) working days	97.20%
Response to Telephone and e-mail complaints	95% Within ten (10) working days	99.80%
Response to Overnight Messaging Service Contact Information	100% Within one (1) working day	100%
Keeping Appointments	100% Within ten (10) minutes	100%



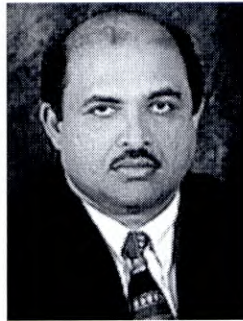
COMMISSIONERS FOR THE YEAR 2002



Dennis Pantin
Chairman



Dr Patrick Watson



Vashist Maharaj



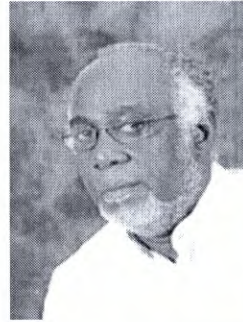
Leon Prevatt



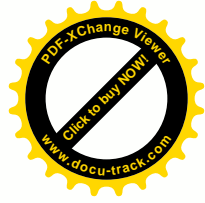
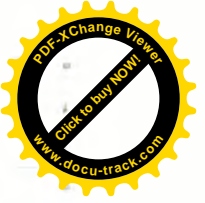
Ian Welch



Annette Mc Kenzie



Winston Rennie



MANAGEMENT



Harjinder S Atwal
Executive Director



Glenn A Khan
Deputy Executive Director



Rita Persaud-Kong
Legal/Corporate Secretary



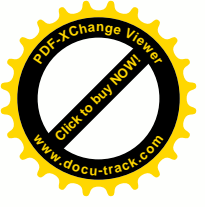
Garvin Alexander
Assistant Executive Director
Technical Operations



Martin Haynes
Information Technology
Manager



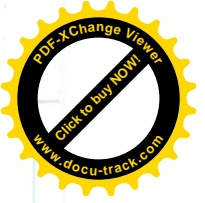
Helen Peru
Human Resources Manager



REGULATED INDUSTRIES COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2002



REGULATED INDUSTRIES COMMISSION

Annual Report and Financial Statements

FOR THE YEAR ENDED DECEMBER 31

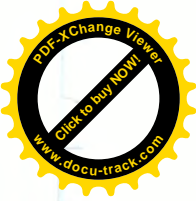
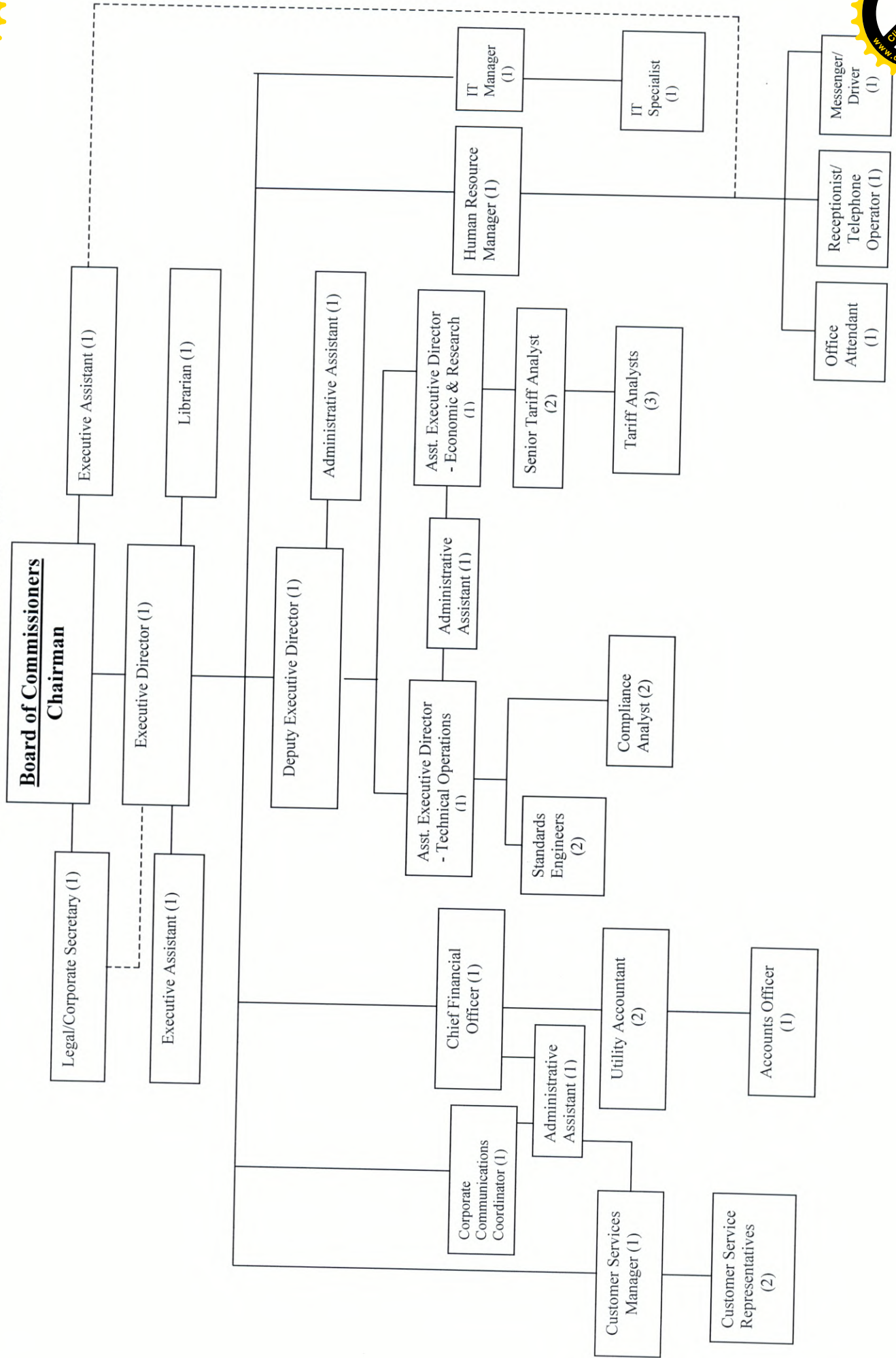
2003



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REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE



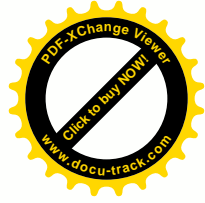
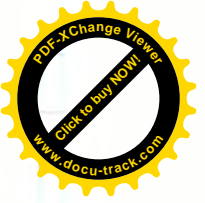


VISION

To be a World Class Regulator.

MISSION STATEMENT

- To ensure that services provided for all are reliable, efficient and cost effective.
- To be a credible and transparent regulatory regime that responds adequately to stakeholders' concerns.
- To demonstrate fairness, equity and concern for the national welfare in the performance of the Commission's functions.



INTRODUCTION

This, the second report of the RIC, covers the activities of the RIC for the period January to December 31, 2003.

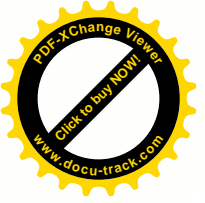
The Regulated Industries Commission Act No. 26 of 1998 established the Regulated Industries Commission (RIC) as a body corporate. Under the Act, the RIC is charged with the responsibility of regulating the following service providers:

- The Water and Sewerage Authority (WASA)
- The Trinidad and Tobago Electricity Commission (T&TEC)
- The Power Generation Company of Trinidad and Tobago (POWERGEN)
- InnCogen Limited (INNCOGEN)
- Telecommunications Services of Trinidad and Tobago (TSTT).

Functions of the RIC

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

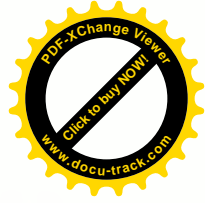
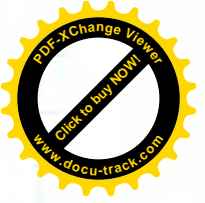
- To advise the Minister on matters relating to the operations of the Act including the granting of Licences and monitoring the terms and conditions of the Licences;
- To carry out studies of efficiency and economy of operation and of performance of service providers, publish results and take action, where necessary, to protect the interests of customers and other stakeholders;
- To monitor compliance and impose sanctions for non-compliance;
- To establish economic principles and methodology for the setting of rates for services and to perform periodic reviews of the rating regimes;



- To investigate consumer complaints in respect of rates, billing and unsatisfactory service and facilitate redress;
- To ensure service providers are able to finance the delivery of services with sufficient return on investment; and
- To ensure openness and transparency by publishing information which allows stakeholders to have their say in regulatory decisions.

Furthermore, the RIC Act places direct functional responsibility upon the Commission in Section 6 (3) to ensure that the public interest is protected particularly:

- By ensuring maximum efficiency in the use and allocation of resources and that services are reliable and provided at the lowest possible cost;
- By ensuring equal access by consumers to service and the fair treatment of consumers and service providers who are similarly placed;
- By ensuring non-discrimination in terms of service access, pricing and quality; and
- By ensuring that current national environmental policies are adhered to.



CHAIRMAN'S REMARKS

Significant progress was achieved in the year under review. The Board set the tone for the year by hosting a two-day retreat during the first week of 2003. All Commissioners and staff participated in the exercise. The retreat itself facilitated the close collaboration of Commissioners and Staff in the process of identifying the critical issues to be addressed in moving the organization forward. Three major priorities for the year were agreed upon by consensus: branding the RIC; preparation for tariff reviews; and staff related issues.

With respect to the branding of the RIC, this was thought to be of the utmost priority, as it was generally believed that the public at large was generally unaware of our activities and remit. Effecting a change in public awareness could be achieved in different ways, including: increasing our efforts at resolving customer complaints and making this information public and by the engagement of the public in consultation on matters related to regulating the service providers. Both issues are of equal importance. Our strategy is to engage in wide consultation with members of the public and stakeholders. In this way all ideas and views expressed can impact the policy making process. We also fulfill requirements regarding transparency of our internal processes and facilitate greater acceptability of our decisions.

At the end of 2003 the increased profiling of the RIC resulted in a 63 percent increase in complaints received over the previous year. The Consumer Services Department achieved a resolution rate of 80 percent in handling those complaints.

On the issue of preparation for tariff reviews, the staff produced several draft documents intended to inform the public about the current state of the utilities and the pricing methodology and regulatory techniques that would be used to regulate them. Two one-day follow-up retreats were held in June and October at which those documents were discussed. We also used those opportunities to review the targets set and to facilitate the process of team building. There was near full participation at both events.

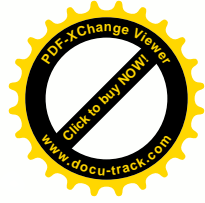


With regard to staff issues, the Board was fully cognizant that the existing compensation package was inadequate and contributed significantly to the Commission's inability to attract and retain staff. Three persons exited the organization during the year; two of them terminated their contracts while the other did not seek a renewal. The Board engaged the services of a compensation specialist and used his recommendation to structure an enhanced salary package, which was approved internally in October and forwarded for the Minister's approval. We recognize the highly specialized nature of the regulatory professionals and the difficulty encountered in acquiring persons with such skills and experience and consequently we shall aim to provide remuneration and a work environment that will be conducive to retention and development of staff. It is in this context that the Board approved overseas training for several staff during the fourth quarter of 2003. We shall continue to provide opportunities for staff enhancement.

The RIC has had a fairly successful year despite the lack of a full complement of staff. This situation we hope to remedy in 2004 when we expect to be more fully engaged in undertaking our legal mandate. We intend to be a listening organization that acts fairly but efficiently, effectively and responsibly in the national interest. We have been conferred with wide regulatory powers and we shall not hesitate to use them without fear or favor, within the confines of the Act. However, as a general approach we prefer consultation and the use of alternative dispute resolution techniques. This will always be our first resort, and we have found it useful thus far. During the coming year we intend to further increase our public profile and to prescribe standards by which all citizens would receive better quality utility services. This is a mandate which we take very seriously and one which we shall deliver upon. As an organization we will remain dynamic, adapting as we develop, so as to ensure continued efficiency in discharging our function under the law.

In closing, I wish to record my personal thanks to all Commissioners for the support during the year, especially to Mr. Leon Prevatt whose term ended in April 2003, and to the Management and Staff of the RIC for the high quality of output.

D. PANTIN



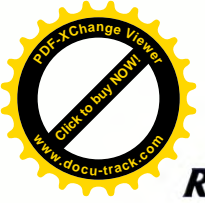
REVIEW OF OPERATIONS

The year 2003 was ushered in with a staff retreat over the period January 03 to 05, 2003. It was felt that the best way of putting the work of the RIC into perspective was by organising such an event to identify and target critical assignments for completion during the year. The programme incorporated a number of activities spread across the functional areas of the RIC. However, three Board issues were identified and these engaged the attention of the Commission:

- Branding of the RIC;
- Preparation for tariff reviews; and
- Staff issues.

The sessions were facilitated by Mr. Ray Braithwaite, Management Consultant. At the conclusion, a new vision and mission were agreed and a decision was taken to undertake a periodic review of targets set.

A major difference between fiscal 2002 and 2003 was an increase in the public profile of the RIC. This was facilitated by several activities undertaken by staff recruited in the latter half of 2002. One of the major initiatives undertaken was a “Willingness to Pay Survey” conducted in association with a graduate student from Mc Gill University, Canada. Staff from the Economics and Research, Technical Operations and Consumer Services Department collaborated on this project, which was completed in August 2003. Interestingly, one of the findings of the survey was that only 8% of the population had knowledge of the RIC and its activities. The focus on branding the RIC was therefore not misplaced. Several important pieces of research were completed as well as the development of quality of service standards for the Electricity Transmission and Distribution, and Water and Wastewater Sectors.



Regulating Network Industries

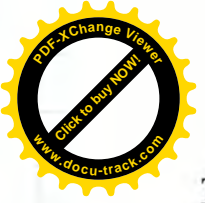
Trinidad and Tobago Electricity Commission (T&TEC)

As part of its mandate to provide consumer protection, the RIC commenced drafting Quality of Service Standards for the Electricity Transmission and Distribution Sector in 2002. These were circulated for comment to members of the public, including stakeholders and special interest groups. In 2003, this document was finalized by the RIC after reviewing all comments received and holding meetings with the Service Provider. A Technical Committee, comprising staff from both the Utility and the Regulator, was set up to facilitate the smooth implementation of the standards which had been finalised by November, 2003. The Commission proposed to officially launch the Standards in January 2004.

The standards are of two types. **Overall standards** constitute standards that service providers are expected to meet on an industry wide basis while **Guaranteed standards** are those specific to each customer. Failure to comply with Guaranteed standards would result in direct compensation to the affected customers.

It is important to mention here that the Minister of Public Utilities and the Environment, supported the efforts of the RIC during this process.

There was one major event that occurred in November, 2003 that required regulatory intervention. The failure of electrical equipment at the Rio Claro Sub-station led to fire damage at that location and resulted in a prolonged outage as well as damage to personal property. This was the first occasion that the Regulator had to make an official request for a report from the service provider. On the basis of the report received, the RIC made several recommendations aimed at averting similar occurrences.



The Water and Sewerage Authority (WASA)

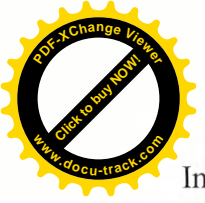
In February 2003, the draft Quality of Service Standards for the Water and Wastewater Sector was circulated for public comment. Initial response to the document was poor as only thirteen persons or institutions submitted comments. Given our belief that wide public consultation should precede policy implementation, we undertook to extend the period of consultation so that by the end of 2003 that document had still not been finalized even though our original time frame would have expired.

In November 2003, owing to a malfunction of its Caroni Arena Water Treatment Plant several of WASA's customers were affected, with reports suggesting that persons were being supplied contaminated water. Several persons claimed that the polluted water was responsible for illness, which resulted after consuming water from their taps. Both this incident and the one occurring at Rio Claro received widespread media coverage, with calls for compensation to aggrieved parties being made. The RIC again intervened and demanded a report from the Utility as well as conducted its own investigation. Resulting from this several recommendations were made to WASA for improvement in the delivery of service.

Owing to the delay of service providers in advising the RIC about the incidents occurring towards the end of 2003, the Commission took a decision to develop a document "**Event Notification and Response Management Plan**" that would guide service providers on the course of action to follow whenever events that disrupt services and impact consumers occur. The main focus of the plan will be to ensure that consumers receive proper notice of disruption in service and that the Regulator is formally notified of such incidents. This document should be finalized and implemented in 2004.

Telecommunications Services of Trinidad and Tobago (TSTT)

No initiatives were taken with respect to the drafting of Quality of Service Standards for this Utility owing to their impending removal from under our jurisdiction with the expected launch of the Telecommunications Authority. We continued to service complaints by aggrieved customers though and had good success in resolving such complaints.



In only October 2003, the RIC, however, began an internal investigation into TSTT's Rate of Return (ROR) and decided by December 2003 to have an external consultant to conduct an independent review of TSTT's Rate of Return.

Our regulatory mettle was tested however, when TSTT requested our intervention in dealing with the operations of Call Centres, whom they purported were operating ultra vires the RIC Act. As a responsible Regulator we launched an investigation into Call Centres and at the end of 2003 our research was still on going. We expect to provide a decision on this issue by April 2004.

Other Activities

Since one of the main functions of the RIC is to review rates and set tariffs for service providers, and given that several persons were hired in 2002, the Commission could now pursue its work in earnest. It thus set about to prepare several documents both for public information and consultation which were considered to be critical to an independent and transparent regulatory process.

The information documents are intended to illuminate the financial and operational situation of the utilities so that members of the public could better appreciate the need for a review of tariffs. The consultation documents are intended to involve the public and stakeholders as far as possible in our decision-making process. Apart from these documents other research was undertaken to shed light on issues of national interest.

Table I below sets out our progress against the key milestones identified in our work programme for the year 2003.

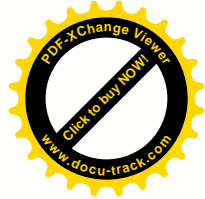
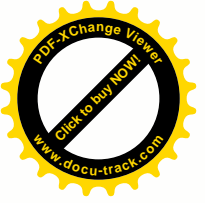


Table I – Schedule of Activities, 2003

Activity	Status
• Setting Price Control: Framework and Approach	Completed
• Information Requirements for the Rate Review: Business Plans 2004 – 2008 (WASA and T&TEC)	Completed
• Review of the Current State of T&TEC	Completed
• Review of the Current State of WASA	Completed
• Performance Indicators: Comparative Analysis (WASA)	Completed
• Performance Indicators: Comparative Analysis (T&TEC)	Completed
• Receivable and Collection Policy (T&TEC)	Completed
• Receivable and Collection Policy (WASA)	Completed
• Quality of Service Standards for the Electricity Transmission and Distribution Sector	Completed
• Quality of Service Standards for Water and Wastewater Sector	Completed
• Regulatory Accounting Guidelines	On-going
• Construction of Fixed Assets Register	On-going
• Blackout 2003: Are We Prepared in Trinidad and Tobago?	Completed
• Why Your T&TEC Bill Keeps Going Up	Completed
• Fuel Conversion Efficiency	Completed
• Development of Rate Review Procedures	Completed
• Development of Proposals for Amendments to the RIC Act	On-going
• Quality of Service and Customer Satisfaction Survey	Completed
• Development of Social Action Plan	On-going
• RIC's Customer Satisfaction Survey	Outstanding
• Information Technology Policies	Completed
• Business and Disaster Recovery Planning	Outstanding
• Digital Security	Completed

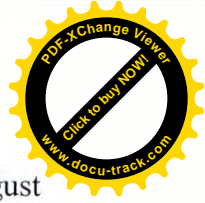


HUMAN RESOURCES/ADMINISTRATION

This was perhaps the area of greatest challenge for the Commission. At the end of fiscal 2002, approximately 50% of the vacancies at the RIC were still unfilled. Two factors contributed to this situation, the lack of a cadre of professionals trained in utility regulation disciplines, and a compensation package which potential candidates found unattractive. Many persons interviewed for vacant positions turned down our offers when the package was outlined to them. Consequently, the Board took a decision to review the compensation package. After a tendering process in early 2003, HRC Associates, Management Consultants were selected in May 2003, to undertake a Compensation Survey, and to produce a detailed report by August 31, 2003. The compensation survey having been completed, the Board approved a revised package for staff that fell short of the recommendations of the Consultants, especially in the area of perquisites. The Board felt that the financial burden would be too strenuous given its limited resource availability. The Board's recommendations were submitted to the Ministry of Public Utilities and the Environment on October 15, 2003 and at the end of 2003 approval was still outstanding. The RIC was able to attract twelve (12) new staff. During the latter half of 2003, seven professional and five administrative staff were employed. However, at the end of the year twenty-six (26) positions still remain vacant.

To ensure that the RIC is able to achieve its organizational mandate in an efficient and effective manner, the RIC reviewed its organizational structure by creating a new post of Customer Service Manager. This is in keeping with its policy of keeping its human resource requirement under constant review with the aim of ensuring that staffing is maintained at the most efficient level.

The Commission was also faced with another challenge involving four staff members of the Public Utilities Commission who had been retained during the setting up of the new body. These officers having rejected new offers made to them by the RIC opted for termination packages. While the Commission was not obligated to pay a termination package, the Board without prejudice to its legal rights and responsibilities, agreed to make a final payment to the workers in recognition of their services. The four officers departed at the end of May 2003. Mr. Ariston



Sutherland, who joined the Commission in May 2003 as an IT specialist, resigned in August 2003, citing personal reasons.

Staff Recruitment

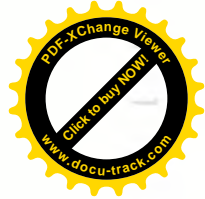
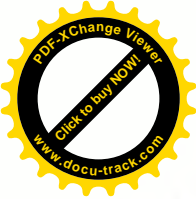
The RIC recruits on merit through fair and open competition and there were no exceptions to this recruitment process. This ensures opportunity for employment regardless of race or sex. In 2003, the RIC had a staff of twenty-six (26) of whom 58% are women. Of the total staff, 19% are Secretarial/Administrative Assistants, 27% Senior Management and the remainder being Middle Management.

Staff Training/Development

Given the expansion of staff and its commitment to the development of its human resources, the RIC provided opportunities for training in its core regulatory areas. The Board approved training and exposure in the area of tariff setting. Two teams comprising four staff each, led by the Executive Director and Deputy Executive Director, respectively journeyed to London to undertake a one-week training exercise conducted by utility consultants, Stone and Webster, during September and October, 2003. One team concentrated on issues pertaining to the electricity sector while the other focused on issues in the Water and Wastewater sectors. This training was necessary as none of the staff with the exception of the Executive Director had previous experience as a regulator and were therefore lacking knowledge and expertise in critical areas. Following this exercise, it was decided that a series of internal training sessions would be conducted to share knowledge and experience with other professional staff.

Training also focused on other staff at all levels to adapt to the changing technologies of the work environment. Therefore, other members of staff participated in a number of training courses and workshops offered locally, in the following areas:

- Technical Report writing
- Workshop on Economic Instruments in Environmental Management
- Training in the Solomon Accounting Software
- Microsoft Security Seminar.



Finances of the RIC

The RIC'S funding is based on fees (Cess) levied on the service providers. Its budget must be approved by the line Minister who has to be satisfied that its expenditure is fair and reasonable.

Table II highlights the major areas of expenses for the period. A detailed breakdown is contained in the financial statements. The RIC's three main areas of expenditure are related to staff, accommodation and external technical advice. As can be seen, there was significant savings achieved during 2003.

Table II – Major Areas of Expense, 2003

	2003		
	Budget (\$)	Actual (\$)	
Personnel Expenditure	5,892,187	4,297,240	
Accommodation	1,081,920	943,200	
Consulting and Contracting	817,406	304,048	
Training	500,000	451,729	
Education, Promotion and Printing	525,000	86,579	
Capital Expenditure and IT	400,000	155,794	
Other Costs	525,797	1,105,213	
TOTAL	9,742,310	7,343,803	
CESS CARRIED FORWARD		* 3,109,206	

* Actual expenditure for the financial year 2003 is presented on an accruals basis and includes Depreciation Expense. Cess carried forward, on the other hand, represented the excess of **cash** receipts over expenses for 2003.

Based on the Cabinet approved budget for 2003, the cess factor was 0.27% of the cumulative gross revenue of service providers and the cess was:

- Water and Sewerage Authority - \$1,057,492.00
- Trinidad and Tobago Electricity Commission - \$3,265,908.00
- Telecommunications Services of Trinidad & Tobago - \$3,154,903.00
- Power Generation Company of Trinidad & Tobago - \$1,470,351.00
- InnCogen - \$ 319,736.00

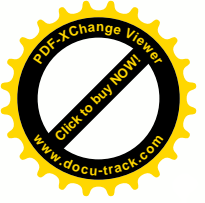


In 2003, Cabinet agreed on a formula that would limit the expenditure and the Cess factor to 0.4% of the cumulative gross revenue of companies under the jurisdiction of the RIC and that the formula be reviewed every three years. In essence, the RIC's budget can only be increased annually by the rate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

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

Table III – Compensation for Senior Staff (2003)

Positions	Basic Salary \$	Gratuity %	Pension	Group Life Health Insurance	Allowance (Per Month) \$	Travelling (Per Month) \$	Motor Vehicle
Executive Director	22,000	20	Nil	Nil	2,500	3,000	Yes
Dep. Executive Director	18,000	20	Nil	Nil	2,000	2,000	No
Asst. Executive Director	14,000	20	Nil	Nil	Nil	1,500	No
Human Resource Manager	11,500	20	Nil	Nil	Nil	1,500	No
Information Technology Manager	13,000	20	Nil	Nil	Nil	1,000	No
Legal/Corporate Secretary	13,000	20	Nil	Nil	Nil	1,500	No
Chief Financial Officer	13,000	20	Nil	Nil	Nil	1,500	No
Corporate Communications Manager	13,000	20	Nil	Nil	Nil	1,500	No



CORPORATE RELATIONS

The year 2003 evidenced a continuing increase in the public profile of the RIC at the local, regional and international levels. The RIC commenced its programme of support and outreach activities geared to promoting the RIC's relationship with its internal and external stakeholders. The senior management and other staff appeared on several radio/TV programmes to sensitize the public on the role and functions of the RIC as well as dealing with specific issues of concern to the public.

The RIC is committed to improving communications, involving stakeholders and becoming more transparent about its work. In this regard, we will consult widely on our decisions, explain how we make our decisions and will keep stakeholders informed so that they can contribute to the process of decision-making. As indicated above, the consultation process commenced with the release of quality of service standards for the Electricity and Water Sectors.

The Deputy Executive Director represented the Organization of Caribbean Utility Regulators (OOCUR) at the 1st Annual Global Regulatory Network Conference held in Windhoek, Namibia over the period June 16-19, 2003. He also delivered a paper on **“Trinidad and Tobago's Experience with Service Standards for the Water and Electric Utilities”** at a symposium on Service Standards in Jamaica, October, 2003.

In September 2003, the RIC hosted the First Annual Conference of OOCUR at the Trinidad Hilton and Conference Centre over the period September 16-19, 2003. It was a very successful event, which attracted participants from regional and international regulatory agencies as well as local and regional utility companies. The RIC's staff also presented several papers during the course of the Conference.

Information Technology and Other Services

During the year, IT systems continued to operate with high availability and good response time. Constant vigilance over security and contingency planning will continue to be maintained. Our



website will be adequately maintained and redesigned as appropriate. We also continued to pursue the aim of ensuring that our support services are both effective and cost-efficient.

CONSUMER SERVICES

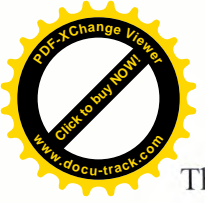
The Customer Services Department (CSD) continued to provide effective support for the Commission in pursuit of its overall mandate. The Department experienced an enhanced level of efficiency in treating effectively with consumer complaints. This resulted from the Department’s ability to closely and accurately monitor all complaints received from consumers and to perform detailed analyses on case data. These results were achieved even though there were some staff changes, as one of the more experienced Customer Service Representative resigned.

The CSD also played a primary role in the RIC’s participation of the World Consumer Rights Day that was held in April 2003. The RIC printed its first two brochures, **“Information about the RIC and Consumers’ Rights and Responsibilities”**. In addition, the CSD also played a significant role in the Willingness to Pay survey conducted in June 2003.

In an effort to ensure that complaints are given priority and attended to expeditiously, the Department among other things, formally monitors its own performance of the complaint management process against four standards. **Table IV** reveals that the Department performed creditably during 2003.

Table IV – Consumer Services Department’s Performance, 2003

Target Area	Standard	Performance Rating
• Response to Written Complaints	95% Within ten (10) working days	99.8%
• Response to Telephone and E-mail Complaints	95% Within ten (10) working days	100%
• Response to Overnight Messaging	100% Within one (1) working day	100%
• Keeping Appointments	100% Within ten (10) minutes	100%



The Department continued to perform some of the key roles in support of the RIC’s functions as it serves as the focal point through which the RIC offers direct contact and assistance to consumers. On the issue of complaints, the Department received 929 complaints in 2003 compared to 569 in 2002, an increase of 63% (**Table V**). WASA accounted for 61% of all complaints (**Figure 1**). The overall resolution rate for 2003 was 80% of which 75% was resolved in favour of the customer as seen in **Figure 2**.

Regardless of the origin of complaints, the telephone contact continued to be the most frequently used mode (76% of all complaints) by which consumers brought their various complaints to the RIC. Twelve percent (12%) of complaints received were by letters, while visits accounted for ten percent (10%). Refer to **Figure 3**.

Table V – Status of Complaints Received for 2003

Status	Year			% Increase
	2001	2002	2003	
Number of complaints received	903	569	929	63%
Number of complaints resolved	790	514	742	44%
Number of complaints unresolved	113	55	187	240%
Resolution rate	87%	90%	80%	
Resolved in Favour Customer			698	75%
Resolved in Favour Utility			44	5%
Unresolved			187	20%

Figure 1 – Percentage of Complaints Received for 2003 by Service Provider

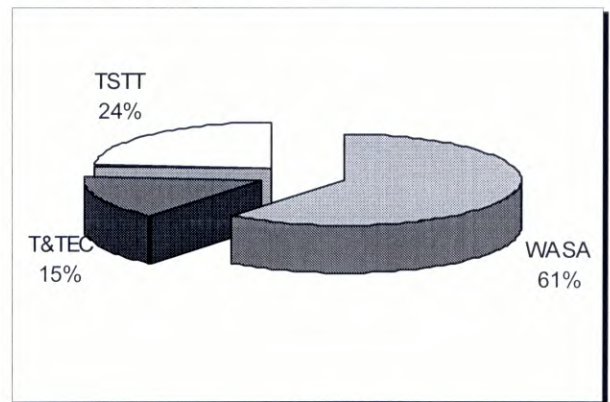


Figure 2 – Status of Resolution of Complaints

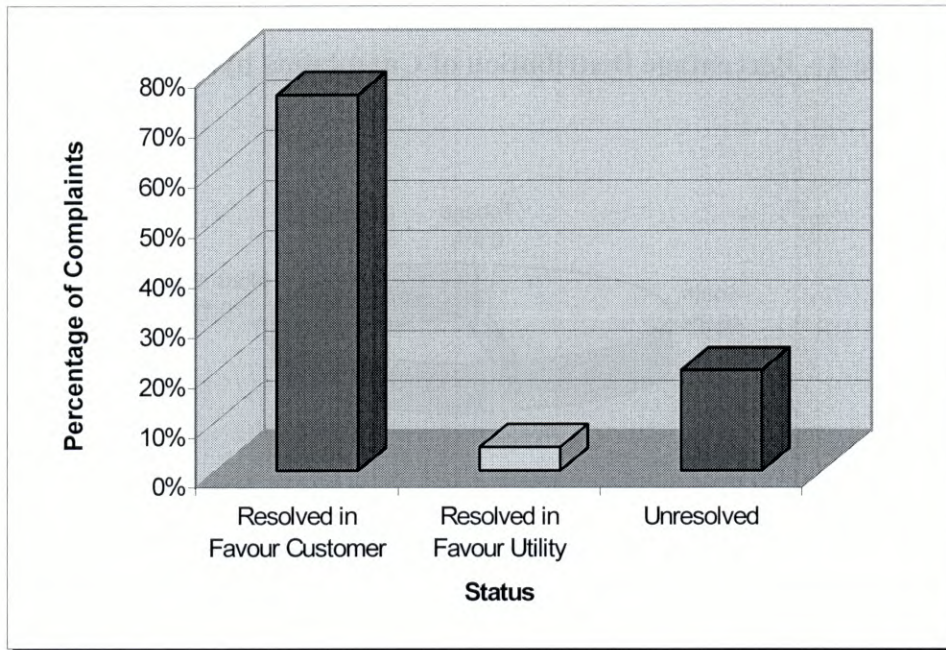
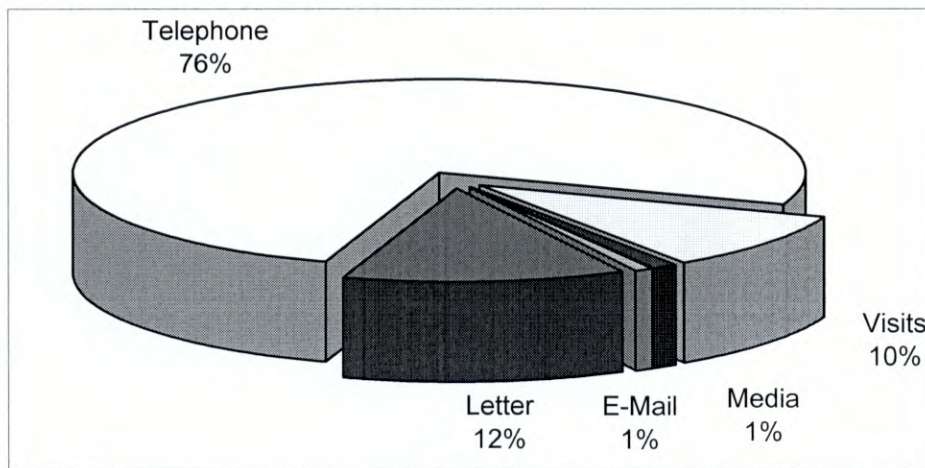
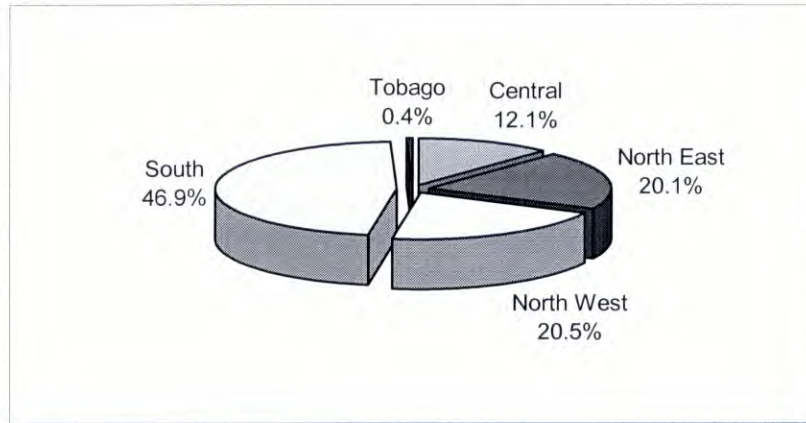


Figure 3 – Percentage Distribution of Complaints by Receiving Medium



As was the case in the previous year, a disaggregation of complaints by region revealed that the largest number of complaints was received from the South followed by the North West region, while Tobago evidenced the least number of complaints (**Figure 4**).

Figure 4 – Percentage Distribution of Complaints by Region for 2003

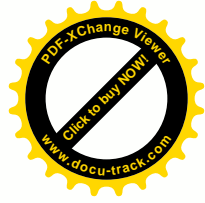
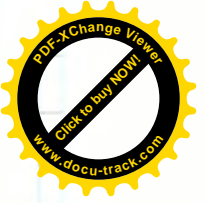


In terms of the specific categories of complaints by consumers, the category recording the most amount of complaints was “**Inadequate Water Supply**”, which represented 40% of all complaints received in 2003. This was followed by the category “**Billing Query**”. However, “**Voltage Fluctuations/Damages**” had the highest percentage increase of 179% (**Table VI**)

Table VI – Distribution of Complaints Received by Category for 2003

Complaint Category	WASA		T&TEC		TSTT		Total	Total	% Increase
	2002	2003	2002	2003	2002	2003	2002	2003	
Billing Query	29	60	17	32	30	46	76	138	82%
Inadequate Supply	241	373	*	*	*	*	241	373	55%
Leaks	64	88	*	*	*	*	64	88	38%
Other	16	26	13	22	23	38	52	86	65%
Out of Service	*	*	*	*	64	118	64	118	84%
Power Outages	*	*	9	15	*	*	9	15	67%
Request for Service	2	7	10	15	10	21	22	43	95%
Road Restoration	10	10	*	*	*	*	10	10	0%
Street Lights / Poles	*	*	17	19	*	*	17	19	12%
Voltage Fluctuations / Damages	*	*	14	39	*	*	14	39	179%
	362	564	80	142	127	223	569	929	63%

* Not Applicable



COMMISSIONERS FOR 2003



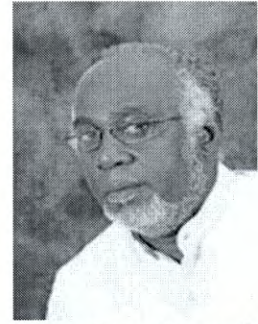
**Dennis Pantin
Chairman**



Dr Patrick Watson



Ian Welch



Winston Rennie



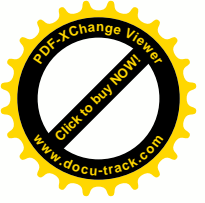
Vashist Maharaj



**Sherina Hosien-
Mohammed**



Annette Mc Kenzie



MANAGEMENT TEAM



Harjinder S. Atwal
Executive Director



Glenn A. Khan
Deputy Executive Director



Rita Persaud-Kong
Legal/Corporate Secretary



Garvin Alexander
Assistant Executive Director
Technical Operations



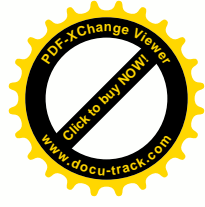
Helen Peru
Human Resources



Martin Haynes
Information Technology



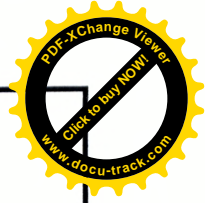
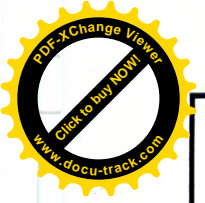
Emily Pascal
Chief Financial Officer



REGULATED INDUSTRIES COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 2003



REGULATED INDUSTRIES COMMISSION

BUDGET AND PLANNED ACTIVITIES 2004

FEBRUARY 2004

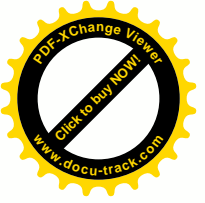
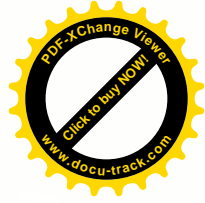
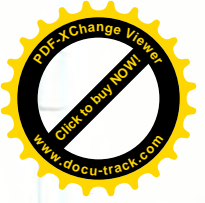


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INTRODUCTION

The Regulated Industries Commission (RIC) is required by its Act, #26 of 1998, Section 28 to submit to the Minister:

- (a) a budget showing planned expenses and revenues of the Commission; and
- (b) a statement outlining the objectives and planned activities of the Commission for the coming financial year.

This document serves that purpose. It establishes the priorities and objectives and outputs the RIC aims to achieve in 2004 to meet its overall duties and functions. Briefly, the document sets out:

- the main outputs to be delivered during the financial year January – December 2004;
- the financial resources required to deliver the outputs; and
- a summary of the routine work of the Commission.

Key events during the year 2004 will include:

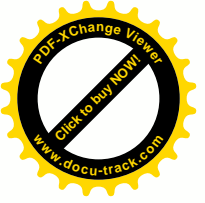
- the establishment and implementation of the principles and methodologies for determining rates and delivery of the required outputs by the service providers;
- prescribing, enforcing and monitoring standards of service;
- carrying out studies of efficiency of operations and the performance of service providers;
- the development and implementation of the Social Action Plan; and
- consulting stakeholders on all major regulatory policy issues.

The remainder of this document is structured as follows:

Part A – Statement of Planned Expenses and Revenue for the year 2004.

Part B – Objectives and Planned Activities:

- B1 outlines the RIC's role, mission and guiding principles.
- B2 sets out the RIC's strategic direction including key objectives and strategies.
- B3 discusses how the RIC will monitor and measure its performance.
- B4 details the RIC's work programme for 2004.



PART A – BUDGET 2004

STATEMENT OF PLANNED EXPENSES AND REVENUES

The RIC is committed to ensuring that costs are carefully controlled, resources managed efficiently and value for money is delivered. The expenditure of the RIC has been and will continue to be the subject of close scrutiny. In fact, the RIC’s expenditure is now based on a formula which was approved by Cabinet in 2003:

$$\text{Exp. Year}_1 = \text{Exp. Year}_0 [1 + \Delta\text{RPI}] + \text{K-S}$$

Where:

Exp = Best Base year expenditure of the RIC (approved by Cabinet)

ΔRPI = Percentage change in Retail Price Index or Rate of Inflation

K = Extraordinary expenditure to be approved by the line Ministry

S = Surplus of revenue over expenditure of previous year

Planned Expenditure

The RIC’s underlying expenditure for 2004 is projected to be \$10,462,279. Personnel expenditure represents 61.5% of the total expenses. It includes 20% gratuity, as all of the employees are on contract, travelling, health coverage and remuneration to Board members. Rental accommodation represents another 12.0%. **Table 1** details the total planned expenditure.

Planned Revenue

Table 2 below shows the planned revenues to be collected through cess.

Table 2 - Planned Revenues for 2004

Service Provider	Gross Revenue (\$)	Cess (\$)
T&TEC	1,338,909,209	3,622,071
WASA	399,771,781	1,081,478
POWERGEN	560,262,611	1,515,645
INNCOGEN	121,141,492	327,717
TSTT	1,192,000,000	806,162*

* TSTT’s cess is based on three months.

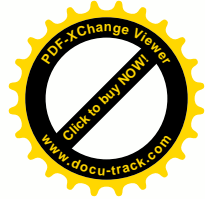
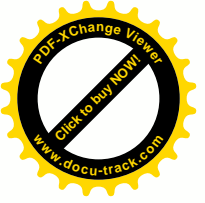


Table 1 – Planned Expenditure for 2004

	Cabinet Approved 2003 Expenditure (\$)	Budget 2004 (\$)	% Change
<u>Recurrent Expenditure</u>			
Personnel Expenditure:	6,184,630	<u>6,432,086</u>	
Remuneration to Board	352,800	352,800	
Staff Salaries	4,323,360	4,413,240	
Contract Gratuities	864,672	882,648	
Travelling Allowance (Staff)	368,000	507,600	
Employee Benefits	187,215	187,215	
Contribution to NIS	88,583	88,583	
Goods and Services:	3,675,254	<u>3,775,193</u>	
Accommodation	1,252,350	1,252,350	
Office Supplies	160,000	160,000	
Upkeep of Vehicle	40,000	40,000	
Telecommunication Services	257,338	257,338	
Advertisement and Publicity	525,000	525,000	
Training	500,000	500,000	
Insurance	27,500	27,500	
Library Resources	93,500	93,500	
Professional Consultancies	648,746	748,685	
Security Service	110,820	110,820	
Janitorial Services	60,000	60,000	
<u>Capital Expenditure:</u>	200,000	<u>255,000</u>	
Office Equipment	100,000	155,000	
Office Furnishing	100,000	100,000	
TOTAL EXPENDITURE	10,059,884	10,462,279	4.0



PART B – OBJECTIVES AND PLANNED ACTIVITIES

B1. Functions

The Regulated Industries Commission Act No. 26 of 1998, established the RIC as a statutory body. Currently, the RIC oversees regulation in the electricity, water and sewerage and telecommunication sectors. The specific powers and functions of the RIC are defined in Section 6 of the Act and are summarized below:

- to advise the Minister on matters relating to the operation of the Act including the granting and administering of licences;
- to carry out studies of efficiency and economy of operation and of performance of service providers and publish results thereof;
- to ensure, as far as is reasonably practicable, service providers are able to finance their operations with sufficient return on investment;
- to prescribe and publish standards of service being provided by service providers and impose sanctions for non-compliance;
- to establish economic principles and methodologies for the setting of rates for services;
- to perform periodic reviews of the rating regimes; and
- to investigate consumer complaints and facilitate redress in respect of rates, billing and unsatisfactory service.

Additionally, Section 6(3) of the RIC Act places direct functional responsibility upon the Commission 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 to service and fair treatment of consumers and service providers who are similarly placed;
- by ensuring non-discrimination in terms of service access, pricing and quality; and
- by ensuring that current national environmental policies are adhered to.



The way in which the RIC attempts to achieve its objectives will have a significant impact on its various stakeholders and the country at large. In fact, a lot of economic value is at stake. This value goes beyond the immediate revenue impact of the RIC's decisions on the service providers and their customers. It also includes investment decisions by the service providers and by the users of regulated services, particularly industrial customers, as the country's relative competitiveness could be affected. Additionally, there are transaction costs involved and these include annual costs of the RIC, the costs to stakeholders of participating in the RIC's review and decision-making process and the costs to the service providers of complying with the RIC's regulatory decisions. All these costs are ultimately borne by the country.

Mission

In recognition of its functions and its appreciation of the economic value it impacts, the RIC sees its mission as follows:

- **To ensure that the service providers provide reliable and efficient services at fair and reasonable rates.**
- **To build a credible and transparent regulatory regime that responds adequately to stakeholders' concerns.**
- **To demonstrate fairness, equity and concern for the national welfare in the performance of its functions.**

Vision

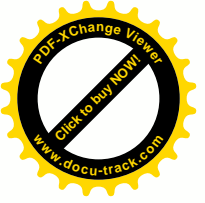
In pursuing this mission, the RIC's vision is:

To be a world class regulator.

Operating Principles

In pursuing its mission and vision, the RIC will:

- adhere to the highest professional standards and seek a reputation for impartiality and independence;



- consult widely and effectively with consumers, interest groups and service providers and be accessible to them;
- ensure the entire regulatory process is transparent, predictable and consistent;
- seek fair and equitable outcomes by balancing the interest of the service providers, customers and other stakeholders;
- ensure that regulation is not unduly burdensome and that RIC's costs are controlled carefully and resources managed efficiently;
- emphasize constructive working relationships with all interested parties and maintain regulatory effectiveness through a combination of influence, incentives and intervention; and
- use incentive-based regulation to encourage better services, innovation and efficiency.

B2. Strategic Direction for the Year 2004

This section sets out the RIC's priorities for the year 2004, and the results which the RIC plans to achieve, against a timetable. Performance will be measured based upon the degree of achievement of these key areas. The RIC's concentration will be on the following key activities:

- protecting the interests of consumers, including the socially disadvantaged groups;
- encouraging the efficient delivery of reliable and high quality services; and
- promoting financial sustainability of the service providers by implementing new price controls.

B.2.1. Price Setting and Regulation of Monopoly Business

One of the primary duties of the RIC is to ensure that the service providers are able to carry out and finance their functions [Section 6(1)(c)]. Therefore, the priority work for 2004 will include the review of the structure of electricity and water and wastewater charges and implementing and monitoring of standards. The key objectives of this work are to protect the interests of customers, to promote efficient use of the services and to ensure that service providers have the opportunity to earn a fair return so as to undertake proper maintenance and expansion of their networks.

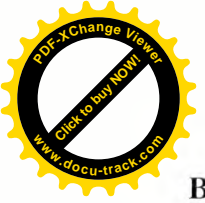


The RIC will complete the price control regime during 2004, based on a system of incentive based regulation (i.e. RPI-X price control regime). The RIC will adopt totally transparent processes in conducting the price control review and will consult widely on the proposed approach and methodology. The RIC will take account of requirements to deliver environmental benefits and improved water quality and work with the EMA and other quality regulators to deliver the best value to customers. In short, the RIC's regulatory framework will include a number of inter-related initiatives which collectively will deliver a number of objectives, among them:

- to implement a price regulation that is simple, easy to understand and that reduces the regulatory burden;
- to render reliable and affordable services of high quality, accessible to both urban and rural customers; and
- to provide service providers with incentives to increase efficiency and to be more innovative and with an opportunity to earn a fair return.

Key Deliverables and Timing

Activities	Key Deliverables
Electricity Sector	<ul style="list-style-type: none"> • Finalize Price Control Principles and Methodology (3rd Quarter 2004) and publish for consultation: <ul style="list-style-type: none"> - Performance Indicators: Comparative Analysis (1st Quarter) - Information Requirements for Price Review: Business Plan 2004-2008 (1st Quarter) - Review of the Current State of T&TEC (1st Quarter) - T&TEC's Asset Base and Investment Level Forecasts (3rd Quarter) - Setting Price Controls: Framework and Approach (1st Quarter).
Water & Wastewater Sector	<ul style="list-style-type: none"> • Finalize Price Control Principles and Methodology (3rd Quarter 2004) and publish for consultation: <ul style="list-style-type: none"> - Performance Indicators: Comparative Analysis (1st Quarter) - Information Requirements for Price Review: Business Plan 2004-2008 (1st Quarter) - Review of the Current State of WASA (1st Quarter) - WASA's Asset Base and Investment Level Forecasts (3rd Quarter) - Setting Price Controls: Framework and Approach (1st Quarter). • Development of Licences. • Implementation of Event Notification and Response Management Plan.



B.2.2 Customer Protection and Social Action Plan

Apart from its principal goal of protecting consumers' interests, the RIC has an important social responsibility to ensure that regulation provides fair and equitable treatment for all consumers, especially those in a low-income bracket or with special needs. In this regard, the RIC has planned two major projects for completion:

- Implementation and Enforcement of Service Standards; and
- The development and implementation of the Social Action Plan.

(i) Implementation and Enforcement of Service Standards

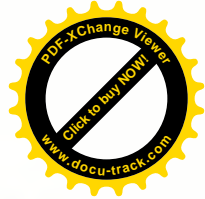
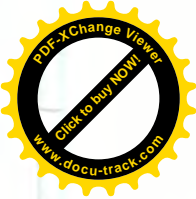
The RIC is increasingly focusing on the need to incorporate service quality standards within the regulatory regime to ensure that consumers receive an appropriate level of service quality at an efficient cost. While there are different methods to incorporate service quality standards within the regulatory regime, the RIC has adopted a Guaranteed Payments approach. The quality of service standards have been divided into Guaranteed and Overall Standards. A Guaranteed Standard is one where the customer is compensated if the standard is breached. The Overall Standards are used to improve the performance of the service providers. However, breach of these standards does not carry a compensatory payment. The RIC will also put in place arrangements for measuring and reporting performance against other targets. These will be compared overtime and with other utilities.

(ii) Social Action Plan

The RIC's Social Action Plan will lay the foundation for comprehensive and on-going initiatives to protect consumers, concentrating on specific programmes intended for low income and vulnerable groups. The objective is to develop a plan which:

- highlights areas of priority action by the RIC;
- ensures that the social dimension is fully considered in both the water and electricity sectors; and
- sets out the contribution expected from the service providers.

The measures in the plan will focus on areas where assistance is most needed and where action taken by the regulator can be most effective. No single measure is capable of addressing the numerous problems experienced by vulnerable customers. The action by the regulator, therefore, will represent one part of a wider programme involving Government and other groups.



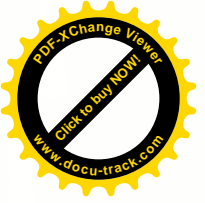
Key Deliverables and Timing

Activities	Key Deliverables
<u>Quality of Service Standards</u>	<ul style="list-style-type: none">• Gazette and implement Standards of service for the electricity Transmission and Distribution System (End January 2004).• Gazette and implement Standards of service for the Water and Wastewater Sector (1st Quarter).• Monitoring and reporting on service providers' performance in major areas of customer service.• Lodging of decisions regarding disputes between customers and service providers in the library.
<u>Social Action Plan:</u>	<ul style="list-style-type: none">• Convene a forum on the provision of services for customers with special needs and low income groups.
Designing Price Regulation to promote distributional objectives	<ul style="list-style-type: none">• Develop Rating structures which address issues of lower income and disadvantaged groups (2nd Quarter).• Develop, in conjunction with Government, targeted subsidy schemes for lower income and disadvantaged groups (2nd Quarter).• Continuation/extension of the Hardship Relief Programme (2nd Quarter).
Development of Codes of Practice	<ul style="list-style-type: none">• Finalize Codes of Practice for (2nd Quarter):<ul style="list-style-type: none">- Procedures for dealing with customers in default- Debt Recovery and Disconnection Procedures and policies- Retroactive Billing policies- Range and Accessibility of payment methods- Handling of Complaints
Provision of Priority Services for Vulnerable Groups	<ul style="list-style-type: none">• Priority services for vulnerable groups, including:<ul style="list-style-type: none">- Specific consideration for visually, speech and hearing-impaired customers- Modification of buildings to meet the needs of the physically challenged- Use of prepayment meters and Automatic Meter Readings as well as repositioning of meters- Development of Priority Services Register by service providers.

B.2.3 Work to Develop the RIC as an Efficient Regulator

The RIC will strive to be at the forefront of regulation. Therefore, its focus will be to invest in the training and development of the staff and systems which will enable the RIC to meet its objectives efficiently and effectively. In this regard, the RIC intends to focus on three core areas:

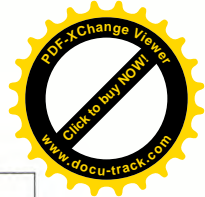
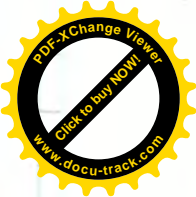
- (a) Communicating and demonstrating a fair and open process;
- (b) Building corporate knowledge and credible approach to work; and
- (c) Efficient and effective use of resources.



(a) *Communicating and Demonstrating Fair and Open Process*

The RIC will continue to ensure that its processes are fair and open, and that they are perceived as such by all stakeholders. To do this, the RIC will consult widely and effectively, encourage debate and ensure that stakeholders understand the regulatory process. The RIC also plans to undertake regional visits (including Tobago), public meetings and discussions with key stakeholders so that it can better understand local needs. A communications strategy will be developed and implemented in support of the priorities for 2004. This strategy will also focus on promoting the RIC and the distinctive but complementary role of Consumer Service Committees and on implementing best practice standards for consulting with stakeholders. The RIC's public education and outreach programmes will be an essential component in achieving its objective of high efficiency and professionalism as well as ensuring that customers' interest are represented effectively. The RIC will:

- put in place a regular meeting programme with key stakeholders;
- continue to explain its decisions/position through public reports and consultation/issues papers;
- publicize realistic timetables that allow adequate time for stakeholders to respond; and
- encourage stakeholders involvement and provide forum for addressing their concerns by:
 - adopting processes that make it easier to participate
 - continuing to publish timetables for reviews and releasing discussion papers
 - hold stakeholder seminars and public forums.



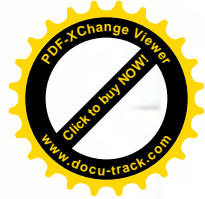
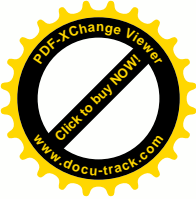
Key Deliverables and Timing

Activities	Key Deliverables
Communication/ Consultation	<ul style="list-style-type: none">• Implement corporate communications strategy to support priorities for 2004 (2nd Quarter).• Issue paper on “Code of Practice on Consultation” for public comment (2nd Quarter).• Conduct public information meetings on a scheduled basis in support with Consumer Service Committees (2nd Quarter).• Continue public awareness programme regarding the RIC’s goals and functions (1st Quarter).• Launch Quarterly Newsletter of the RIC (2nd Quarter).• Develop Memorandum of Understanding with the Environmental Management Authority.• Establish closer contacts with Regional and International Regulators (2nd Quarter).

(b) *Building Corporate Knowledge and Credible Approach to Work*

The RIC is committed to maintaining a continuous focus on enhancing the quality of its work and the rigour of its processes by reviewing its operations and work practices. The objective is to improve access to relevant and reliable sources of information to enhance the efficiency and quality of decision-making. The RIC will be a central hub of regulatory information, and the collection and dissemination of information. It will do needs analysis assessment to provide staff with capacity building and development opportunities, such as attendance at conferences, workshops and training courses. In this regard, the RIC will:

- maintain an intellectually rigorous work environment, while continuously improving internal analytical capacity;
- make use of consultants, where necessary;
- encourage teamwork in an inclusive, respectful working environment, applying high standards of ethical and professional work practices;
- continue to investigate ways to obtain the views/submissions of average customers and all other stakeholders;
- Work with other regulatory bodies to share and establish best practice; and
- Expose our thinking at the earliest opportunity and welcome comments so that the best way forward can be identified.



Key Deliverables and Timing

Activities	Key Deliverables
Building Corporate Knowledge	<ul style="list-style-type: none"> • Implement an Electronic Complaints System (2nd Quarter). • Implement an Information and Knowledge and Document Management System (3rd Quarter). • Operate and maintain the RIC Website as one of the prime source of current information (2004). • Implement IT Infrastructure to connect to the Government Integrated Communication Backbone (3rd Quarter)

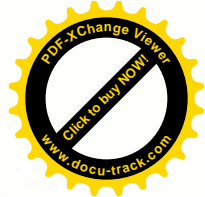
(c) Efficient and Effective Use of Resources

The RIC is committed to being efficient, economical and innovative. Therefore, promoting efficiency and effectiveness will be the continuing priority for the RIC. As a public body, the RIC has a duty to account for its actions and there is the on-going responsibility to control costs carefully and manage resources efficiently to ensure that services represent good value for money. The staff establishment is 35 and less than 23% is administrative and secretarial staff. The RIC will:

- continuously review the profile of the work force and match skill sets with organizational needs;
- provide systematic training and other skill-building opportunities for staff and become a preferred employer through development opportunities; and
- continually invest in the development of staff, systems and services.

Key Deliverables and Timing

Activities	Key Deliverables
Developing Staff and Efficient Utilization of Resources	<ul style="list-style-type: none"> • Complete staff recruitment and train staff (2004). • Continue “Retreats” for the Commissioners and staff (2004). • Develop and implement an appropriate performance management system (1st Quarter). • Develop HR policy manual (2nd Quarter). • Continually monitor internal standards of performance and publish results (2004).

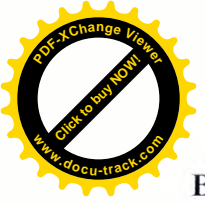


B3. Internal Standards of Performance

In fulfilling its mandate, the RIC will strive to achieve the highest standards of performance. The RIC has adopted the under-mentioned standards and measures for appraising its own performance in the areas of Complaints Handling, Human Resource, Office services, IT systems and Information services.

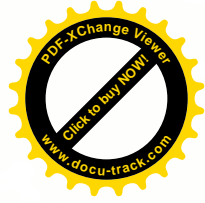
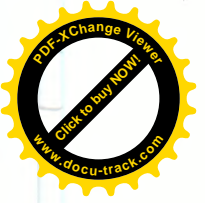
RIC's Standards of Performance	
Output Measure	Target
<u>Financial</u>	
<ul style="list-style-type: none"> • RIC's Expenditure per employee. • Regulation Expenditure per capita* • Compliance with Financial/Audit and Tender Procedures. • RIC's Expenditure within its Budget. • Accounts paid on time. • Internal accounting service quality rating (staff survey every year). 	<p>To be compared with other regulators</p> <p>To be compared with other regulators</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>> 95%</p>
<u>IT System</u>	
<ul style="list-style-type: none"> • IT System Availability. • IT System Security breaches. • Internal IT service quality rating (staff survey every year). 	<p>> 99%</p> <p>Nil</p> <p>> 95%</p>
<u>Human Resource</u>	
<ul style="list-style-type: none"> • Average sick leave days taken (all staff). • Employee satisfaction Index (staff survey every year): <ul style="list-style-type: none"> - Leadership - Remuneration - Working conditions - Support services 	<p>< 6</p> <p>> 90%</p> <p>> 90%</p> <p>> 90%</p> <p>> 90%</p>
<u>Complaints Handlings</u>	
<ul style="list-style-type: none"> • Substantial response to written, telephone and e-mail complaints to the RIC against service providers. • Responding to night messaging service and contact information • Keeping of appointments by the RIC's customer service staff. 	<p>Within ten (10) working days</p> <p>Within one (1) working day</p> <p>Within 10 minutes of appointed time.</p>

* Regulation expenditure is not necessarily equal to the RIC's operating expenditure.

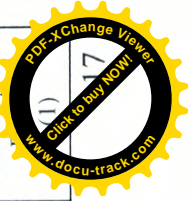


B4 Details of the Work Programme for 2004

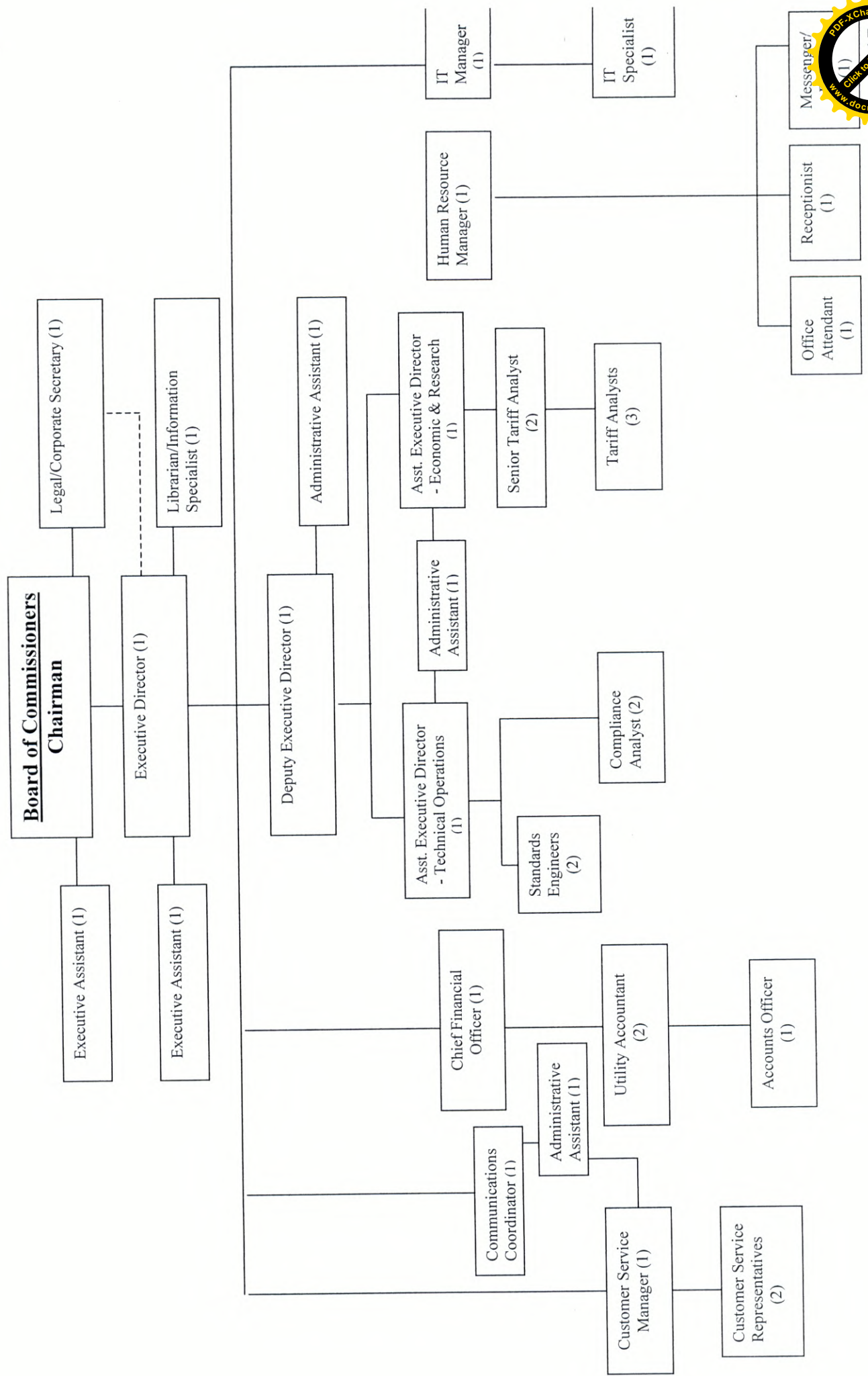
- Publication for Consultation of the following documents:
 - Setting Price Controls: Framework and Approach
 - Performance Indicators: Comparative Analysis for both T&TEC and WASA
 - Information Requirements for Price Review: Business Plan 2004-2008 for both T&EC and WASA
 - Review of the Current state of T&TEC and WASA
 - Quality of Service and Willingness to Pay Survey Results.
- Consultation process as part of rate review process would include issues, consultation and information documents, including:
 - Publication of a background document setting out recent experience in terms of operating and capital costs, prices and outputs
 - Dialogue with service providers and customers about the Business plan and projections
 - Public Conference on the Draft Determination.
- Leakage Performance and Leakage Targets for WASA.
- Develop Reporting Requirements for Regulatory Accounts.
- Development of Licences.
- Implementation of Event Notification and Response Management Plan.
- Gazette and implement standards of service for Electricity Transmission and Distribution and Water and Wastewater.
- Convene a forum on the provision of service for customers with special needs and low-income groups.
- Develop Rating Structures which address issues of lower income and disadvantaged groups.
- Develop, with Government, targeted subsidy schemes for lower income and disadvantaged groups.
- Publication for Consultation of the following documents:
 - Procedures for dealing with customers in default
 - Debt Recovery and Disconnection Procedures and Policies
 - Retroactive Billing Policies
 - Range and Accessibility of payment methods
 - Procedures for Handling of Complaints.
- Finalise and consult on priority services for vulnerable groups.

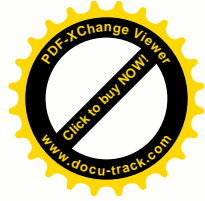
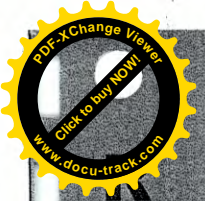


- ❑ Publish for consultation the RIC’s Code on Public Consultation –“ Conducting Public Consultation”.
- ❑ Implement a Corporate Communication Strategy.
- ❑ Conduct public information meetings.
- ❑ Continue public awareness programmes regarding the RIC’s goals and functions.
- ❑ Launch a Quarterly Newsletter of the RIC.
- ❑ Develop Memorandum of Understanding with the Environment Management Authority.
- ❑ Establish closer contacts with regional and international Regulators.
- ❑ Implement an Electronic Complaints System.
- ❑ Implement an Information and Knowledge and Document Management System.
- ❑ Maintain the RIC website.
- ❑ Implement Information Technology (IT) Infrastructure to connect to the Government. Integrated Communication backbone.
- ❑ Complete Staff Recruitment and train staff.
- ❑ Continue “Retreats” for the Board and staff.
- ❑ Develop and implement a Performance Management System.
- ❑ Continually monitor Internal standards of performance in the areas of: Human Resource, Office Service, IT Services, and Complaints Handling.



REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE





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**REGULATED
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COMMISSION R**

**BUDGET AND PLANNED ACTIVITIES
FOR YEAR ENDING DECEMBER 31, 2005**

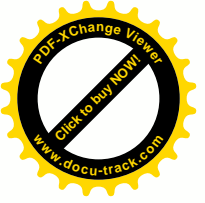
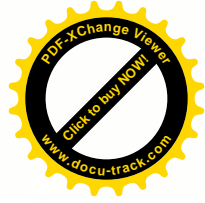
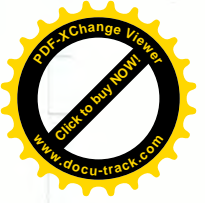


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INTRODUCTION

The Regulated Industries Commission (RIC) is required by Act, No. 26 of 1998, Section 28 to submit to the Minister:

- (a) a budget showing planned expenses and revenues of the Commission; and
- (b) a statement outlining the objectives and planned activities of the Commission for the coming financial year.

This document serves that purpose. It establishes the priorities, objectives and outputs the RIC aims to achieve in 2005. Briefly, the document sets out:

- the main outputs to be delivered during the financial year January – December 2005;
- the financial resources required to deliver those outputs; and
- a summary of the routine work of the Commission.

Key events during the year 2005 will include:

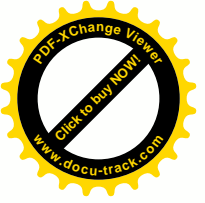
- the implementation of the principles and methodologies for determining rates and delivery of the required outputs by the service providers;
- enforcing and monitoring standards of service;
- carrying out studies of efficiency of operations and the performance of service providers;
- the implementation of the Social Action Plan; and
- consulting stakeholders on all major regulatory policy issues.

The remainder of this document is structured as follows:

Part A – Statement of Planned Expenses and Revenues for the year 2005.

Part B – Objectives and Planned Activities:

- B1 - outlines the RIC's role, mission and guiding principles;
- B2 - sets out the RIC's strategic direction including key objectives and strategies;
- B3 - discusses how the RIC will monitor and measure its performance; and
- B4 - details the RIC's work programme for 2005.



PART A – BUDGET 2005

STATEMENT OF PLANNED EXPENSES AND REVENUES

The RIC is committed to ensuring that costs are carefully controlled, resources efficiently managed and value for money is delivered. The expenditure of the RIC has been and will continue to be the subject of close scrutiny by the RIC. In fact, the RIC's expenditure is now based on a formula which was approved by Cabinet at its meeting on May 01, 2003:

$$\text{Exp. Year}_1 = \text{Exp. Year}_0 [1 + \Delta\text{RPI}] + \text{K-S}$$

Where:

Exp = Best Base year (2003) expenditure of the RIC (approved by Cabinet);

ΔRPI = Percentage change in Retail Price Index or Rate of Inflation;

K = Extraordinary expenditure to be approved by the line Ministry; and

S = Surplus of revenue over expenditure of the previous year.

Planned Expenditure

The RIC's expenditure for 2005 is projected to be \$10,838,921. Personnel expenditure represents 61% of the total expenses. It includes 20% gratuity, since all of the employees are on contract, traveling allowances, health insurance coverage and remuneration to Board members. Rental accommodation represents another 13%. **Table 1** details the total planned expenditure.

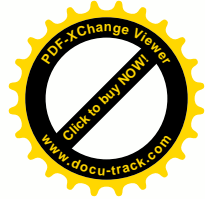
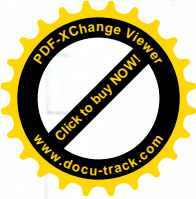
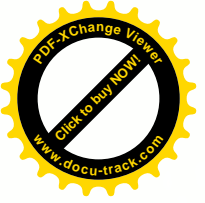


Table 1 – Planned Expenditure for 2005

	Budget 2004 (S)	Budget 2005 S	% Change
<u>Recurrent Expenditure</u>			
Personnel Expenditure:	<u>6,432,086</u>	<u>6,663,641</u>	
Remuneration to Board	352,800	352,800	
Staff Salaries	4,413,240	4,572,117	
Contract Gratuities	882,648	914,423	
Travelling Allowance (Staff)	507,600	507,600	
Employee Benefits	187,215	202,733	
Contribution to NIS	88,583	113,968	
Goods and Services:	<u>3,775,193</u>	<u>3,911,100</u>	
Accommodation	1,252,350	1,376,358	
Office Supplies	160,000	100,000	
Upkeep of Vehicle	40,000	40,000	
Telecommunication Services	257,338	250,000	
Advertisement and Publicity	525,000	457,242	
Training	500,000	400,000	
Insurance	27,500	27,500	
Information Centre Resources	93,500	50,000	
Consultancies and Legal Fees	748,685	1,050,000	
Security Service	110,820	100,000	
Janitorial Services	60,000	60,000	
<u>Capital Expenditure:</u>	<u>255,000</u>	<u>264,180</u>	
Office Equipment	155,000	100,000	
Office Furnishing	100,000	164,180	
TOTAL EXPENDITURE	10,462,279	10,838,921	3.6

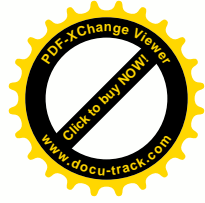


Planned Revenue

Table 2 below outlines the planned revenues to be collected through cess.

Table 2 - Planned Revenues for 2005

Service Provider	Annual Gross Revenue (\$)	Cess (\$)
T&TEC	1,439,484,829	5,479,772
WASA	415,081,321	1,580,115
POWERGEN	575,975,522	2,192,600
INNOGEN	121,701,500	463,288



PART B – OBJECTIVES AND PLANNED ACTIVITIES

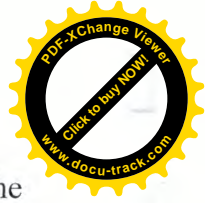
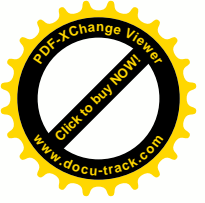
B1. Functions

The Regulated Industries Commission Act No. 26 of 1998, established the RIC as a statutory body. Currently, the RIC oversees regulation in the electricity and the water and wastewater sectors. The specific powers and functions of the RIC are defined in Section 6 of the Act and are summarized below:

- to advise the Minister on matters relating to the operation of the Act including the granting and administering of licences;
- to carry out studies of efficiency and economy of operation and of performance of service providers and publish results thereof;
- to ensure, as far as is reasonably practicable, service providers are able to finance their operations with sufficient return on investment;
- to prescribe and publish standards of service being provided by service providers and impose sanctions for non-compliance;
- to establish economic principles and methodologies for the setting of rates for services;
- to perform periodic reviews of the rating regimes; and
- to investigate consumer complaints and facilitate redress in respect of rates, billing and unsatisfactory service.

Additionally, Section 6(3) of the RIC Act places direct functional responsibility upon the Commission 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 to service and fair treatment of consumers and service providers who are similarly placed;
- by ensuring non-discrimination in terms of service access, pricing and quality; and
- by ensuring that current national environmental policies are adhered to.



The RIC's objectives will have a significant impact on its various stakeholders and the country at large. This goes beyond the immediate revenue impact of the RIC's decisions on the service providers and their customers. It also includes investment decisions by the service providers and by the users of regulated services, particularly industrial customers, as the country's relative competitiveness could be affected. Additionally, there are transaction costs involved and these include annual costs of the RIC, the costs to stakeholders of participating in the RIC's review and decision-making process and the costs to the service providers of complying with the RIC's regulatory decisions. All these costs are ultimately borne by the country.

Vision

The RIC's vision is:

To be a World Class Regulator.

Mission

In recognition of its functions and its appreciation of the economic value it impacts, the RIC's mission is:

To be a dynamic and responsible regulator, protecting consumer interests and promoting the sustainability of the regulated industries.

Operating Principles

In pursuing its mission and vision, the RIC will:

- adhere to the highest professional standards and seek a reputation for independence and impartiality;
- adopt a pro-active posture by exercising oversight of, and when appropriate, providing direction to service providers;
- consult widely and effectively with consumers, interest groups and service providers and be accessible and accountable;
- ensure the entire regulatory process is transparent, predictable and consistent;



- seek fair and equitable outcomes by balancing the interest of the service providers, customers and other stakeholders;
- ensure that regulation is not unduly burdensome and that RIC's costs are controlled carefully and resources efficiently managed;
- emphasize constructive working relationships with all interested parties and maintain regulatory effectiveness through a combination of influence, incentives and intervention;
- use incentive-based regulation to encourage improved services, innovation and efficiency; and
- ensure fair and rapid response to consumer complaints.

B2. Strategic Direction for the Year 2005

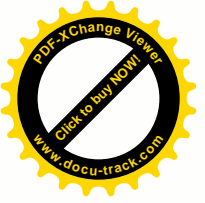
This section sets out the RIC's priorities for the year 2005, and the results which the RIC plans to achieve, against a timetable. Performance will be measured based upon the degree of achievement of these key areas. The RIC will concentrate on the following key activities:

- promoting financial sustainability of the service providers;
- encouraging the efficient delivery of reliable and high quality services;
- protecting the interests of consumers, including socially disadvantaged groups; and
- facilitating sector restructuring, where necessary, to add value for the customers.

B.2.1. Setting Prices and Development of a Price Cap Regime

One of the primary duties of the RIC is to ensure that service providers are able to carry out and finance their operations [Section 6(1)(c)]. Therefore, the priority work for the year 2005 will include review of the structure of electricity and water and wastewater charges, as well as implementing and monitoring of quality of service standards. The key objectives of this work are to protect the interests of customers, to promote efficient use of the services and to ensure that service providers have the opportunity to earn a fair return so as to undertake proper maintenance and expansion of their networks.

The RIC will complete the price control regime during 2005, based on a system of incentive based regulation (i.e. RPI-X price control regime). The RIC Act gives clear support to the use of not only incentive regulation but to the application of a price cap method (often referred to as the "RPI-X" methodology) in shaping its approach to future



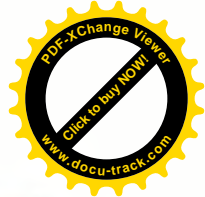
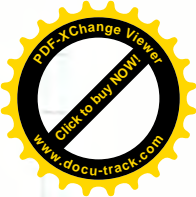
rate reviews rather than Rate of Return methodology. Under the price cap regime, tariffs can be adjusted annually in accordance with a formula which fixes the rate of increase in tariffs at a level below that of inflation. The price cap regime can provide the right incentives and stability to enable the utilities to finance their operations and to deliver improvements for customers. The price cap regime, when fully in place, will comprise:

- a set of rules governing the entire operation of the price cap regime;
- a set of parameters to be included in the cap;
- a formula for calculating “X” and other adjustment factors; and
- a model for monitoring purposes.

The RIC will adopt totally transparent processes in conducting the price control review and will consult widely on the proposed approach and methodology. The RIC will take account of requirements to deliver environmental benefits and improved water quality. Accordingly, the Commission will work with the EMA and other quality regulators to deliver the best value to customers. In short, the RIC’s regulatory framework will include a number of inter-related activities which collectively will deliver a number of objectives, among them being:

- the implementation of a price regulation that is simple, easy to understand and that reduces the regulatory costs;
- the provision of reliable and affordable services of high quality, accessible to both urban, rural and vulnerable customers; and
- the provision of incentives to service providers to encourage increased efficiency and innovation, and the opportunity to earn a fair return.

The main outputs are summarized below:

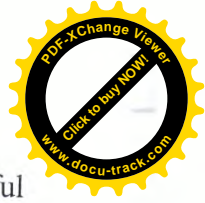
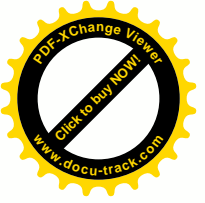


Key Deliverables and Timing

Key Deliverables	Target 2005
<u>Price Setting</u>	
• Finalize Price Control Principles and Methodology	1 st Quarter
• Public Education and Awareness Project on Tariff Review	1 st Quarter
• Consult on 5-Year Investment Needs	1 st Quarter
• Consult on Initial Value of Assets of the Service Providers	1 st Quarter
• Consult on Cost of Capital	1 st Quarter
• Consult on Approach to Depreciation	1 st Quarter
• Consult on “X” and other Adjustment Factors	1 st Quarter
• Consult on Cost Passthrough	1 st Quarter
• Consult on Efficiency and Carryover Mechanism	1 st Quarter
• Consult on Rate Structures	2 nd Quarter
• Consult on Affordability/Subsidization Issues	2 nd Quarter
• Consult on Demand Forecasting and Productivity Calculations	1 st Quarter
• Consult on Leakage Reduction Plan for WASA	2 nd Quarter
• Consult on Universal Metering Strategy and Way Forward	2 nd Quarter
• Consult on Draft Determination of Price Limits	2 nd Quarter
• Publish Final Determination of Price Limits	2 nd Quarter

B.2.2 Regulating Service Provider’s Performance

Section 6 (1) (d) of the RIC Act specifically requires the RIC to conduct studies of efficiency and economy of operation and of performance of service providers and publish the results thereof. In carrying out this responsibility, the RIC intends to be pro-active in monitoring and assessing service provider’s performance in various areas. The RIC will establish reporting activities for the service providers, collect a range of detailed information as well as undertake a number of investigations/studies to enable the RIC to monitor and compare their performance with best practice and to set challenging goals for them to achieve. The RIC’s role is to make sure that service providers deliver all that is expected of them and that their performance is of acceptable standards. The comparative tools will range from simple comparative measures (of compliance with quality requirements, of service, and of average bills) through consolidated indicators (such as overall performance index) to statistical models.

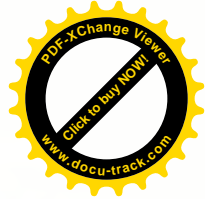
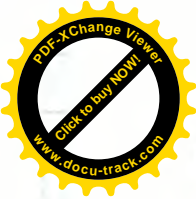


The monitoring and reporting tools can be a significant performance driver and a useful mechanism for:

- informing customers and other interest groups about the level of service they are receiving;
- providing information and data for developing regulatory standards and on-going assessment of compliance with such standards;
- informing the decision-making processes of regulators; and
- identifying baseline performance of service providers as well as comparing relative performance with other utilities.

Key Deliverables and Timing

Key Deliverables	Target 2005
<u>Regulating Service Providers' Performance</u>	
• Consult on and Implement Performance Monitoring and Reporting Framework	1 st Quarter
• Preparation of Regulatory Accounting Guidelines for Service Providers	3 rd Quarter
• Billing Efficiency Studies	2 nd Quarter
• Quarterly Monitoring and Reporting on Quality of Service Standards	On-going
• Develop and Implement Standards of Performance for Generation Sector	1 st Quarter
• Finalization of Licences with Codes of Practice and other Licence Conditions	3 rd Quarter
• Annual Publication of Levels of Service (Performance Indicators)	On-going
• Publish Financial Performance, Unit Costs and Other Expenditure of Service Providers	On-going
• Annual Publication of Performance Indicators with best practice	Ongoing
• Specific area audits and 3 Yearly Comprehensive Audits	On-going



B.2.3 Facilitating Competition

Section 6 (1) (k) of the RIC Act mandates the RIC to facilitate competition between services providers where competition is possible and desirable. Pursuant to this responsibility, the RIC will conduct research on options for reform of the sectors, investigate areas/activities for outsourcing and contribute to government thinking on developing competition in the sectors and identifying potential anti-competitive behaviour.

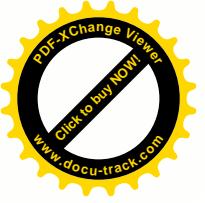
Key Deliverables and Timing

Key Deliverables	Target 2005
<u>Facilitating Competition</u>	
<ul style="list-style-type: none"> • Publish research on options for reform of Electricity Sector 	4 th Quarter
<ul style="list-style-type: none"> • Publish research on options for reform of Water and Sewerage Sector 	4 th Quarter
<ul style="list-style-type: none"> • Investigate and Issue position paper on outsourcing (e.g. billing, metering, mains laying). 	4 th Quarter

B.2.4 Protecting Customers

Apart from its principal objective of protecting consumers' interests, the RIC has an important social responsibility to ensure that regulation provides fair and equitable treatment of all consumers, especially those in a low-income bracket or with special needs. In that regard, the RIC completed two major projects during 2004:

- Implementation and enforcement of service standards for both WASA and T&TEC. The standards were divided into two categories. **Overall Standards** constitute standards that service providers are expected to meet on an industry wide basis, while **Guaranteed Standards** are those specific to each customer. Failure to comply with Guaranteed Standards would result in direct compensation to the affected customers. The T&TEC standards are currently being monitored, while the monitoring of WASA standards will commence in 2005.
- Development and implementation of the Social Action Plan. The Plan highlights areas of priority action by the RIC, including the development of Priority Service Register, specific consideration for visually, speech and hearing-impaired customers and the development of codes of practice to be used when dealing with specific consumer issues. These codes improve the way services are provided to customers.

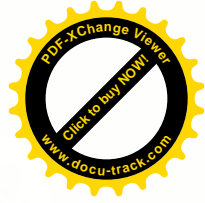


The RIC will continue to build on the social dimensions of its work during 2005 and has identified several programmes of activities which are considered vital to the attainment of its mandate, including:

- reducing cost barriers in accessing the services of the RIC;
- measuring the level of customer satisfaction of the RIC;
- initiation of ISO 9001:2000 Certification which will enhance the RIC's effectiveness and efficiency in achieving its customer services function mandate; and
- introducing measures to monitor service providers' compliance with the Codes of Practice.

Key Deliverables and Timing

Key Deliverables	Target 2005
<u>Protecting Customers</u>	
<ul style="list-style-type: none">• Finalize and Implement Codes of Practice:<ul style="list-style-type: none">- Procedure for Dealing with Customers in Default- Debt Recovery and Disconnection Procedures and Policies- Range and Accessibility of Payment Methods- Handling of Complaints	2 nd Quarter 2 nd Quarter 2 nd Quarter 2 nd Quarter
<ul style="list-style-type: none">• Development of Other Codes of Practice:<ul style="list-style-type: none">- Property Disaggregation for rating purposes- Capital Contribution	3 rd Quarter 3 rd Quarter
<ul style="list-style-type: none">• Implement RIC's Mobile Office Project to visit remote Areas	1 st Quarter
<ul style="list-style-type: none">• Customer Satisfaction Survey (of those using RIC services)	4 th Quarter
<ul style="list-style-type: none">• Initial assessment into Certifying the RIC to ISO 9001:2000 Quality Management System	1 st Quarter
<ul style="list-style-type: none">• Implementation of quality of service standards for the water and wastewater sector.	1 st Quarter



B.2.5 Work to Develop the RIC as an Efficient Regulator

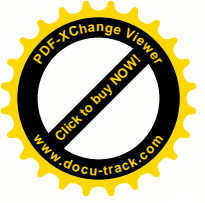
The RIC will continue to manage its resources prudently, working to deliver increasing outputs effectively. The focus will continue to be on investment in the training and development of staff and systems which will enable the RIC to meet its objectives efficiently and effectively. The RIC's focus will be on three areas:

- (a) Communicating and demonstrating a fair and open process;
- (b) Building corporate knowledge and credibility of its work; and
- (c) Efficient and effective use of resources.

(a) *Communicating and Demonstrating a Fair and Open Process*

The RIC will continue to ensure that its processes are fair and open, and that they are perceived as such by all stakeholders. To do this, the RIC will consult widely and effectively, encourage debate and ensure that stakeholders understand the regulatory process. The RIC's transparency and impartiality in decision-making can be jeopardized if its employees/commissioners are influenced by gifts, financial and personal interests. The RIC has recently instituted guidelines for commissioners/senior management in four main areas: disclosure of activities, avoidance of activities, divestment or resignation from positions that pose conflicts and recusal from an area of the regulator's work. The RIC also plans to undertake regional visits, public meetings and discussions with key stakeholders so that it can better understand local needs. A communications strategy will communicate the corporate image appropriate to the work of the RIC, its services and its policies while demonstrating a win/win situation for consumers, service providers and the general public. The RIC will:

- introduce a regular meeting programme with key stakeholders and educate the public on their role in ensuring safe, reliable and efficient services;
- continue to explain its decisions or positions through public reports and consultation and issues papers; and
- encourage stakeholders involvement and provide forums for addressing their concerns by:
 - adopting processes that make it easier to participate;
 - continuing to publish timetables for reviews, releasing discussion papers and allowing adequate time for stakeholders to respond; and
 - holding stakeholder seminars and public forums.



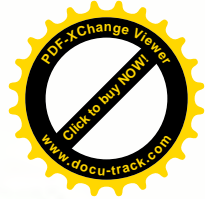
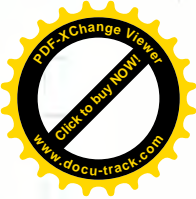
Key Deliverables and Timing

Key Deliverables	Timeframe
<ul style="list-style-type: none">Educate the public of their role in ensuring that they receive an adequate, safe, reliable and cost-effective service.	On-going
<ul style="list-style-type: none">Continue to build a positive perception of RIC and encourage the public to take a proactive role in the regulatory decision-making process.	On-going
<ul style="list-style-type: none">Develop and maintain communication links with utility regulators, service providers, consumer groups and the media.	On-going

(b) *Building Corporate Knowledge and Credibility of its Work*

The RIC is committed to continuous quality enhancement of its work and its information, knowledge and research processes as well as its decision-making practices. The RIC will be a central hub for the collection, management and dissemination of regulatory information products and services. To that effect, global resources, new computing and communications technologies will continue to be tools used in the production, delivery and interpretation of new corporate knowledge. It will do needs analysis assessment to provide staff with capacity building and development opportunities, such as attendance at conferences, workshops and training courses. In this regard, the RIC will continuously improve internal analytical capacity by:

- making use of consultants, where necessary;
- encouraging teamwork in an inclusive, respectful working environment;
- continuing to investigate ways to obtain the views/submissions of average customers and all other stakeholders;
- working with other regulatory bodies to share and establish best practice; and
- exposing our thinking at the earliest opportunity and welcome comments so that the best way forward can be identified.



Key Deliverables and Timing

Key Deliverables	Target 2005
<ul style="list-style-type: none"> Implement an Electronic Document and Knowledge Management System 	3 rd Quarter
<ul style="list-style-type: none"> Maintaining the RIC Website as one of the prime source of current information 	On-going
<ul style="list-style-type: none"> Implement IT infrastructure to connect to the Government Integrated Communication Backbone. 	1 st Quarter

(c) *Efficient and Effective Use of Resources*

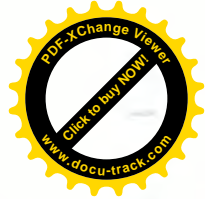
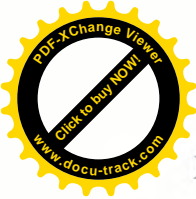
The RIC is committed to being efficient, economical and innovative. Therefore, promoting efficiency and effectiveness will be the continuing priority for the RIC. As a public body, the RIC has a duty to account for its actions and there is the on-going responsibility to control costs carefully and manage resources efficiently to ensure that services represent good value for money. The RIC will:

- continuously review the profile of the work force and match skill sets with organizational needs;
- provide systematic training and other skill-building opportunities for staff and become a preferred employer through development opportunities; and
- continually invest in the development of staff, systems and services.

The current costs of rental accommodation reflects rental of two (2) floors at its present location. However, the RIC is in the process of purchasing its own building through lease arrangement to reduce rental cost. This arrangement will reduce accommodation costs by approximately \$2,800.00 per month initially. These savings are expected to increase annually thereafter.

Key Deliverables and Timing

Key Deliverables	Target 2005
<ul style="list-style-type: none"> Complete staff recruitment and train staff 	On-going
<ul style="list-style-type: none"> Continue “Retreats” for the Commissioners and staff 	On-going
<ul style="list-style-type: none"> Implement an appropriate performance management system 	4 th Quarter
<ul style="list-style-type: none"> Develop HR Policy and Procedures 	4 th Quarter
<ul style="list-style-type: none"> Continually monitor internal standards of performance and publish results 	On-going
<ul style="list-style-type: none"> Complete move into own building to reduce costs 	3 rd Quarter
<ul style="list-style-type: none"> Review Contract Employment and a Salary Scale System 	2 nd Quarter

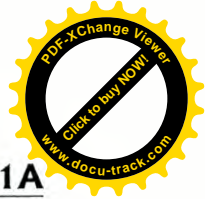
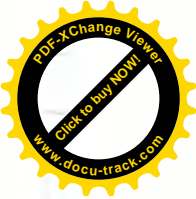


B3. Internal Standards of Performance for the RIC

In fulfilling its mandate, the RIC will strive to achieve the highest standards of performance. In 2004, the RIC adopted the under-mentioned standards and measures for appraising its own performance in the areas of Complaints Handling, Human Resource, Office services, IT systems and Information services. The RIC will continue to appraise its performance against these standards.

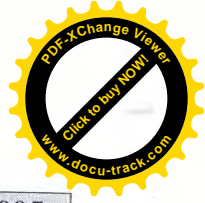
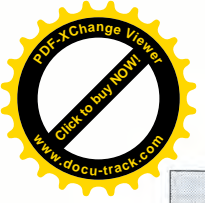
RIC's Standards of Performance

Output Measure	Target	2004 Achievement
Financial		
<ul style="list-style-type: none"> • RIC's Expenditure per capita • Compliance with Financial/Audit and Tender Procedures. • RIC's Expenditure within its Budget. • Accounts paid on time. • Internal accounting service quality rating (staff survey every year). 	<p>-</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>> 95%</p>	<p>\$7.62</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>94.5%</p>
IT System		
<ul style="list-style-type: none"> • IT System Availability. • IT System Security breaches. • Internal IT service quality rating (staff survey every year). 	<p>> 99%</p> <p>Nil</p> <p>> 95%</p>	<p>99.4%</p> <p>Nil</p> <p>81.6%</p>
Human Resource		
<ul style="list-style-type: none"> • Average sick leave days taken (per annum). • Employee satisfaction Index (staff survey every year): <ul style="list-style-type: none"> - Remuneration - Working conditions - Support services • Library & Information Services Library and Information Services quality rating (staff survey each year). 	<p>< 6</p> <p>> 90%</p> <p>> 90%</p> <p>> 90%</p> <p>> 90%</p>	<p>2.8 days</p> <p>66.7%</p> <p>68.5%</p> <p>82.0%</p> <p>88.4%</p>
Complaints Handlings		
<ul style="list-style-type: none"> • Substantial response to written complaints. • Response to Telephone and E-mail complaints. • Responding to night messaging service and contact information. • Keeping of appointments by the RIC's customer service staff. 	<p>95% within ten (10) working days.</p> <p>95% within ten (10) working days.</p> <p>100% within one (1) working day.</p> <p>100% within 10 minutes of appointed time.</p>	<p>95.10%</p> <p>97.88%</p> <p>100%</p> <p>98.64%</p>

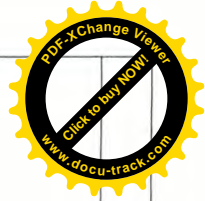
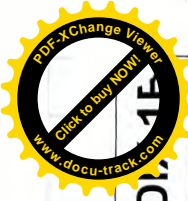


RIC'S DETAILED WORK PROGRAMME FOR 2005

Key Deliverables	Target 2005
<p><u>Price Setting:</u></p> <ul style="list-style-type: none">Finalize Price Control Principles and MethodologyPublic Education and Awareness Project on Tariff ReviewConsult on 5-Year Investment NeedsConsult on Initial Value of Assets of the Service ProvidersConsult on Cost CapitalConsult on Approach to DepreciationConsult on "X" and other Adjustment FactorsConsult on Cost PassthroughConsult on Efficiency and Carryover MechanismConsult on Rate StructuresConsult on Affordability/Subsidization IssuesConsult on Demand Forecasting and Productivity CalculationsConsult on Leakage Reduction Plan for WASAConsult on Universal Metering Strategy and Way ForwardConsult on Draft Determination of Price LimitsPublish Final Determination of Price Limits	<p>1st Quarter 1st Quarter 1st Quarter 1st Quarter 1st Quarter 1st Quarter 1st Quarter 1st Quarter 1st Quarter 2nd Quarter 2nd Quarter 1st Quarter 2nd Quarter 2nd Quarter 2nd Quarter 2nd Quarter</p>
<p><u>Regulating Service Provider's Performance:</u></p> <ul style="list-style-type: none">Consult on and Implement Performance Monitoring and Reporting FrameworkPreparation of Regulatory Accounting Guidelines for Service ProvidersBilling Efficiency StudiesQuarterly Monitoring and Reporting on Quality of Service StandardsDevelop and Implement Standards of Performance for Generation SectorFinalization of Licences with Codes of Practice and other Licence ConditionsAnnual Publication of Levels of Service (Performance Indicators)Publish Financial Performance, Unit Costs and Other Expenditure of Service ProvidersAnnual Publication of Performance Indicators with best practiceSpecific area audits and 3 Yearly Comprehensive Audit	<p>1st Quarter 3rd Quarter 2nd Quarter On-going 1st Quarter 3rd Quarter On-going On-going Ongoing On-going</p>



Key Deliverables	Target 2005
<p><u>Facilitating Competition:</u></p> <ul style="list-style-type: none"> • Publish research on options for reform of Electricity Sector • Publish research on options for reform of Water and Sewerage Sector • Investigate and Issue position paper on outsourcing (e.g. billing, metering, main laying etc. 	<p>4th Quarter 4th Quarter 4th Quarter</p>
<p><u>Protecting Consumers:</u></p> <ul style="list-style-type: none"> • Finalize and Implement Codes of Practice: <ul style="list-style-type: none"> - Procedure for Dealing with Customers in Default - Debt Recovery and Disconnection Procedures and Policies - Range and Accessibility of Payment Methods - Handling of Complaints • Development of Other Codes of Practice: <ul style="list-style-type: none"> - Property Disaggregation for rating purposes - Capital Contributions • Implement Mobile Office Project to visit remote Areas • Customer Satisfaction Survey (of those using RIC services) • Initial assessment into Certifying the RIC to ISO 9001:2000 Quality Management System • Implement standards of service for WASA 	<p>2nd Quarter 2nd Quarter 2nd Quarter 2nd Quarter 3rd Quarter 3rd Quarter 1st Quarter 4th Quarter 1st Quarter 1st Quarter</p>
<p><u>Effective Use of Resources:</u></p> <ul style="list-style-type: none"> • Develop Proposals for Amendments to the RIC Act • Preparation of Accounts and Financial Statements for External Auditors • Implementation of Accounting Internal Controls and System • Develop Scorecards for Monitoring Server Services and Network Performance • Implement improved IT and Office Security (including Disaster Recovery Plan) • Implement Electronic Document and Knowledge Management System • Improve and Maintain the RIC website • Improve and Implement RIC Intranet and Extranet • Production of the RIC's Annual Report • Continue Retreats for the Board and Staff • Implement Performance Management System • Finalize Policy and Procedures Handbook • Review Contract Employment and a Salary Scale System • Continually monitor Internal Standards of Performance and Publish Results • Complete move into own Building • Continue to build a positive perception of the RIC • Develop and maintain communication links with utility Regulators. 	<p>On-going 2nd Quarter 1st Quarter 1st Quarter 2nd Quarter 2nd Quarter On-going On-going 2nd Quarter On-going 4th Quarter 4th Quarter 2nd Quarter On-going 3rd Quarter On-going On-going</p>



RIC DETAILED WORK PROGRAMME FOR 2005

APPENDIX 1E

ID	Task Name	Target Date	Resource Names	2005				
				Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
1	Finalize Price Control Principles and Methodology	1st Quarter	Economics and Research		■			
2	Public Education and Awareness Project on Tariff Review	1st Quarter	Corporate Communications		■	■		
3	Consult on 5-Year Investment Needs	1st Quarter	Economics and Research		■	■		
4	Consult on Initial Value of Assets of the Service Providers	1st Quarter	Economics and Research		■	■		
5	Consult on Cost Capital	1st Quarter	Finance		■			
6	Consult on Approach to Depreciation	1st Quarter	Finance		■			
7	Consult on "X" and other Adjustment Factors	1st Quarter	Economics and Research		■			
8	Consult on Cost Passthrough	2nd Quarter	Economics and Research		■	■		
9	Consult on Efficiency and Carryover Mechanism	1st Quarter	Economics and Research		■			
10	Consult on Rate Structures	2nd Quarter	Economics and Research		■	■		
11	Consult on Affordability/Subsidization Issues	2nd Quarter	Economics and Research		■	■		
12	Consult on Demand Forecasting and Productivity Calculations	1st Quarter	Economics and Research		■			
13	Consult on Leakage Reduction Plan for WASA	2nd Quarter	Technical Operations		■	■		
14	Consult on Universal Metering Strategy and Way Forward	2nd Quarter	Technical Operations		■	■		
15	Consult on Draft Determination of Price Limits	2nd Quarter	Economics and Research		■	■		
16	Publish Final Determination of Price Limits	2nd Quarter	Economics and Research		■	■		
17	Consult on and Implement Performance Monitoring and Reporting Framework	1st Quarter	Econ & Res/Tech Ops		■			
18	Preparation of Regulatory Accounting Guidelines for Service Providers	3rd Quarter	Finance			■		
19	Billing Efficiency Studies	2nd Quarter	Finance			■		
20	Quarterly Monitoring and Reporting on Quality of Service Standards	On going	Technical Operations					■

Task:

Progress:

Milestone:

Summary:

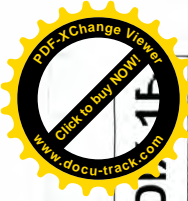
External Tasks:

Project Summary:

Group By Summary:

Deadline:

Project: Project1
Date: Tue 11/30/04



RIC DETAILED WORK PROGRAMME FOR 2005

APPENDIX 1F

ID	Task Name	Target Date	Resource Names	2005				
				Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
21	Develop and Implement Standards of Performance for Generation Sector	1st Quarter	Technical Operations					
22	Finalization of Licences with Codes of Practice and other Licence Conditions	3rd Quarter	Econ & Res/Cust Sers					
23	Annual Publication of Levels of Service (Performance Indicators)	On going	Technical Operations					
24	Publish Financial Performance, Unit Costs and Other Expenditure of Service Providers	On going	Finance					
25	Annual Publication of Performance Indicators with best practice	On going	Technical Operations					
26	Specific area audits and 3 Yearly Comprehensive Audits	On going	Tech Ops/Econ & Res/Fin					
27	Publish research on options for reform of Electricity Sector	4th quarter	Economics and Research					
28	Publish research on options for reform of Water and Sewerage Sector	4th quarter	Economics and Research					
29	Investigate and Issue position paper on outsourcing (e.g. billing, metering, main laying etc.)	4th quarter	Tech Ops/Econ & Res/Fin					
30	Finalize and Implement Codes of Practice:	2nd Quarter	Customer Service					
31	Procedure for Dealing with Customers in Default	2nd Quarter	Customer Service					
32	Debt Recovery and Disconnection Procedures and Policies	2nd Quarter	Customer Service					
33	Range and Accessibility of Payment Methods	2nd Quarter	Customer Service					
34	Handling of Complaints	2nd Quarter	Customer Service					
35	Development of Other Codes of Practice:	3rd Quarter	Customer Service					
36	Disaggregation of accounts for billing purposes	3rd Quarter	Customer Service					
37	Capital Contribution	3rd Quarter	Customer Service					
38	Implement RIC's Mobile Office Project	1st Quarter	Customer Service					
39	Customer Satisfaction Survey (of those using RIC services)	4th quarter	Customer Service					
40	Initial assessment into Certifying the RIC to ISO 9001:2000 Quality Management System	1st Quarter	Cust Sers/Tech Ops					

Task:

Progress:

Milestone:

Summary:

External Tasks:

Project Summary:

Group By Summary:

Deadline:

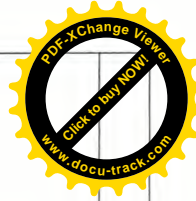
Rolled Up Task:

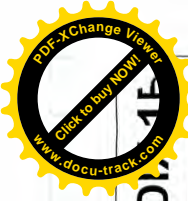
Rolled Up Milestone:

Rolled Up Progress:

Split:

Project: Project1
Date: Tue 11/30/04





RIC DETAILED WORK PROGRAMME FOR 2005

APPENDIX 1E

ID	Task Name	Target Date	Resource Names	2005			
				Qtr 1	Qtr 2	Qtr 3	Qtr 4
41	Implement standards of service for WASA	1st Quarter	Technical Operations	█			
42	Develop Proposals for Amendments to the RIC Act	On going	Legal/Corporate Secretary	█	█	█	█
43	Preparation of Accounts and Financial Statements for External Auditors	2nd Quarter	Finance		█		
44	Implementation of Accounting Internal Controls and System	1st Quarter	Finance	█			
45	Develop Scorecards for Monitoring Server Services and Network Performance	1st Quarter	Information Technology	█			
46	Implement improved IT and Office Security (including Disaster Recovery Plan)	2nd Quarter	Information Technology		█		
47	Implement Electronic Document and Knowledge Management System	3rd Quarter	Info Tech/Info Cen		█		
48	Improve and Maintain the RIC Website	On going	Information Technology	█	█	█	█
49	Improve and Implement RIC Intranet and Extranet	On going	Information Technology	█	█	█	█
50	Production of the RIC's Annual Report	2nd Quarter	All		█		
51	Continue Retreats for the Board and Staff	On going	Human Resources	█	█	█	█
52	Implement Performance Management System	4th Quarter	Human Resources			█	
53	Finalise Policy and Procedure Handbook	4th Quarter	Human Resources		█		
54	Review Contract Employment and a Salary Scale System	2nd Quarter	Human Resources	█	█	█	█
55	Continually monitor internal Standards of Performance and publish results	On going	Human Resources	█	█	█	█
56	Complete move into own Building	3rd Quarter	Technical Operations		█		
57	To Continue to build a positive perception of RIC	On going	Corporate Communications	█	█	█	█
58	To Develop and Maintain communication links with utility regulators, service providers, consumer groups, consumer	On going	Corporate Communications	█	█	█	█
59	To Educate the Public of their Role in ensuring that they receive an adequate, safe, reliable and cost effective service	On going	Corporate Communications	█	█	█	█

Task:

Progress:

Milestone:

Summary:

External Tasks:

Project Summary:

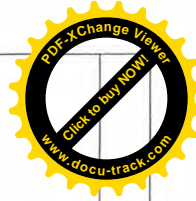
Group By Summary:

Deadline:

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Split

Project: Project1
Date: Tue 11/30/04

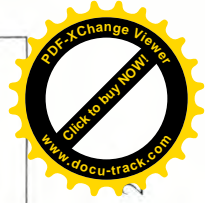




APPENDIX 11

RELATIONSHIP OF REGULATORY RESPONSIBILITIES TO WORK PROGRAMME

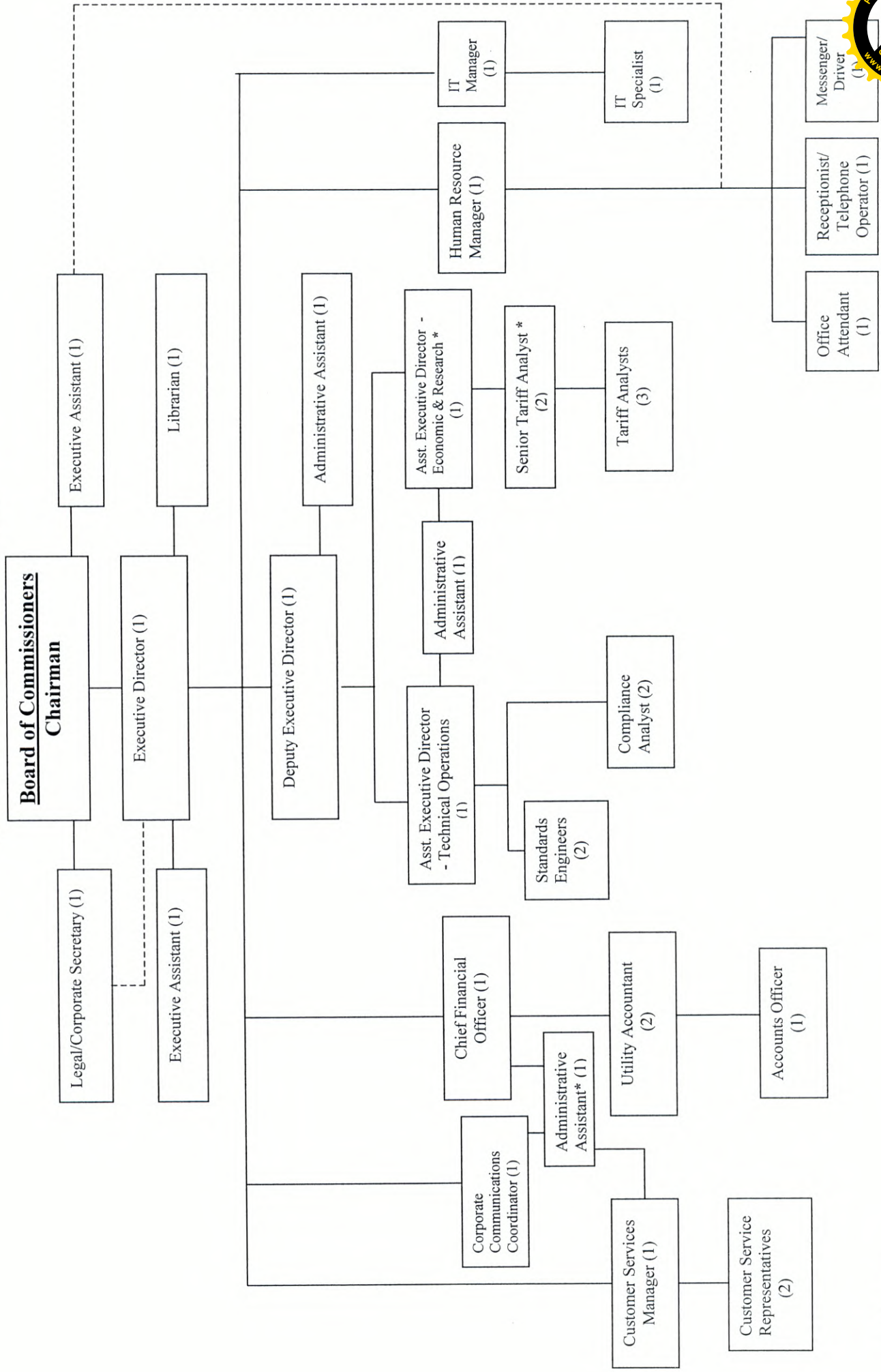
Powers & Functions of RIC	Relationship to other Sections of RIC Act	Activities related to powers & duties	Output related to activity
Advise Minister on granting of Licences. Section 6.1. (a).	Administer matters consequent upon granting of Licences. Section 61 (b) (m).	Establish Codes of Practice; Terms and Conditions; Quality standards; Technical standards and Penalties.	<ul style="list-style-type: none">• Draft Licence developed and finalized for T&TEC.• Draft Licence developed for WASA.• Codes of Practice developed.• Quality standards developed• Undertake licence audits and monitor compliance.
Ensure service providers earn sufficient return to finance necessary investment, operating under prudent and efficient management. Section 6.1. (c).	Section 67.3. (a) (b) (e) (g) (h) (i)	<ul style="list-style-type: none">• Detailed information on operating and capital expenditure.• Request Business Plans.• Independent evaluation of above information.• Cost of service studies.	<ul style="list-style-type: none">• Cost of service studies.• Publish for comments Receivables and Collection Policy.• Publish for information comparative data on main drivers of costs.• Publish for comments 5-Year Investment plans and outputs• Set/Review Price Controls and conduct periodic pricing reviews.
Studies of Efficiency and Economy of operation and performance and publishing results. Section 6.1. (d)	Section 6.3.	<ul style="list-style-type: none">• To protect public interest and ensure lowest possible cost of service.• Establish performance indicators.• Establish Performance Monitoring and Reporting Framework.	<ul style="list-style-type: none">• Annual Publication of Performance Indicators.• Annual Publication of Performance Monitoring and Reporting Framework.• Leakage/System Losses Performance.• Specific area Audits (crew size, metering, billing efficiency).• 3 Yearly Comprehensive Audits.



Powers & Functions of RIC	Relationship to other Sections of RIC Act	Activities related to powers & duties	Output related to activity
Establish and Monitor standards of service and impose sanctions. Section 6.1. (e) (f) (g)	Section 6.3. (b) (c) (d)	<ul style="list-style-type: none"> • Detail procedures for periodic review. 	<ul style="list-style-type: none"> • Gazette Standards. • Publish Reports.
Establish principles and methodologies for determination of rates for service and carry out periodic reviews of rating regimes. Section 6.1. (h) (i) (j)	Section 47 – 48	<ul style="list-style-type: none"> • Detail methodology. • Establish principles. • Detail procedures for periodic review. 	<ul style="list-style-type: none"> • Publish for comments Setting Price Controls: Framework and Approach. • Determine Method of Regulation. • Establish Pricing Formula. • Establish Tariff Structure. • Establish Targeted Subsidy Schemes.
Investigate complaints and facilitate relief. Section 6.1. (b)		<ul style="list-style-type: none"> • Establish procedures for handling complaints. 	<ul style="list-style-type: none"> • Publish Complaint Procedures and Codes.
Facilitate Competition. Section 6.1. (k)		<ul style="list-style-type: none"> • Periodic review of international experience with competition facilitation. 	<ul style="list-style-type: none"> • Publish research on options for reform of sector. • Investigate areas/ activities for outsourcing (e.g. metering, billing).
Consult with consumers, service providers and other stakeholders. Section 6.2.	Section 6.1. (e) (g) (h) (j) Section 24, 25.	<ul style="list-style-type: none"> • Establish procedures for Consultation in conjunction with consumers, service providers, other interested parties. 	<ul style="list-style-type: none"> • Publish “Conducting Public Consultation”. • Establish Code for Public Consultation. • Event Notification and Response Management Plan. • Appoint Consumer Service Committee(s). • Consultation on Social Action Plan • Consultation on Price Determinations.



REGULATED INDUSTRIES COMMISSION ORGANIZATIONAL STRUCTURE



* Vacant

