



REGULATED INDUSTRIES COMMISSION

RIC NEWS

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Standing L to R: Chris Seecharan – Executive Director (Ag.) (TATT), Mohan Chadee – Customer Service Manager (RIC), Michelle Grell – Sn. Manager, Policy Pricing & Research (TATT), Rawley Harvey – Consumer Affairs Representative (TATT) and Dennis McComie – Moderator (TATT) enjoy a light moment at TATT's ICT Open Forum.

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REGULATED
INDUSTRIES
COMMISSION 

Protecting YOUR Interests

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WASA'S RATE REVIEW

BACKGROUND TO THE RIC'S DRAFT DETERMINATION

The article below highlights some important background information to the Draft Determination. It also highlights some of the critical issues that needed to be addressed in the Draft Determination.

Economic Regulation under the RIC Act 1998

The Regulated Industries Commission (RIC) established by the RIC Act No. 26 of 1998, is the independent regulator for the water, wastewater and electricity sectors in Trinidad and Tobago. The Act has outlined the contours of a framework for the regulation of these sectors. It prescribes the setting up of a Board of Commissioners with a mandate, inter alia, to establish the principles and methodologies by which service providers determine rates for services, to promote efficiency, to prescribe and monitor standards for services, to facilitate competition, to ensure fair returns to service providers and to ensure transparency in the performance of its functions. Among the primary duties of the RIC is to ensure that the services rendered by the service providers are satisfactory and that the charges imposed in respect of those services are reasonable.

Consultation with stakeholders is an important part of the RIC's decision-making process. Engaging as many stakeholders as possible will be a key factor in ensuring that the RIC's approach to regulation is both practical and effective.

The rate review will set price limits for the Water and Sewerage Authority (WASA) for the 2010-2014 regulatory control period. This is the first time that WASA has had its pricing proposals subject to the RIC's independent scrutiny. It is also the first general rate review for WASA in seventeen (17) years. The RIC has collected and analyzed a significant amount of information from WASA and many other sources.

In this Draft Determination, the RIC's preliminary conclusions are presented. The stakeholders will have three months to comment. The RIC will also be holding regional consultations, panel discussions and focus group meetings. The Final Determination will be published at the end of the consultation period.

Draft Determination

An important element of the process for this rate review was the submission of a Business Plan by WASA. The RIC issued detailed guidance to WASA on the issues and scope of work to be covered, as well as information to be included in the Business Plan, as it represents an important opportunity for WASA to set out its views on the levels of service it will provide and the costs that it will incur. Although the Business Plan was formally submitted in December 2007 by WASA, there were many adjustments/clarifications thereafter.

The main milestones leading up to this Draft Determination were the:

- Releasing of two RIC's documents, "Information Requirements: Business Plan 2008-2012" and "Framework and Approach for the Price Review 2008-2012";
- Submission of WASA's Business Plan;
- Holding of eight public consultations to inform and stimulate discussion on the rate review process and key issues;
- Engaging independent external advice on WASA's investment plan; and
- Releasing of technical papers for public comments.

In preparing the Draft Determination, the RIC has, therefore, been transparent and accountable. The holding of public consultations and release of technical and other relevant papers have provided stakeholders with an opportunity to comment, as well as to hear their views. The Draft Determination is the culmination of nearly a year's work.

Critical Issues

There were a number of critical issues that needed to be addressed in this Determination. The RIC believes that customer interests will be best served by a financially viable and sustainable WASA, operating within an effective incentive framework and appropriate governance arrangements. The five (5) critical issues are as follows:

Improvement in Level of Service

In regulating WASA, the RIC is interested not only in the level of costs incurred by WASA but also in the level of service provided to customers. Consequently, the RIC has set levels of operating cost that reflect improvements in the level of service expected to be provided. Any shortfall in this level of service would lead to reduction in revenue that would be made available to WASA in the next regulatory control period. Meeting the needs of the rural and poor segment of the population were placed centre stage. The promotion of equal rights to access to water services and the focus on expanding connections to the network are key objectives.

Efficiency Improvements

The interests of customers would be promoted if WASA is encouraged to deliver an appropriate level of service at the lowest possible overall cost. The RIC has provided incentives for WASA to make efficiency gains and reduce the cost of provision. The Draft Determination has made clear the efficiency level that is expected from WASA, and has reduced upfront the revenue, that can be collected through tariffs. The RIC has also set milestones to monitor efficiency improvements.

Establishing Financial Sustainability

If customers are to benefit from a sustainable water industry, the RIC must ensure that necessary investment is undertaken on a continuous basis and that the present generation pays the full cost of service that it receives. The revenue limits proposed in this Draft Determination will ensure that the country now has a more sustainable water industry. The RIC's price limit setting mechanism is tied to changes in the regulatory asset base, and to the funding costs, thereby making the appropriate level of charges more transparent. In fact, the RIC has the general statutory function of protecting the interests of customers. One of the ways in which the RIC can do this, is by ensuring that WASA has sufficient funding to carry out its core functions in an efficient manner.

Delivery of Investment

The RIC has allowed significant capital expenditure to improve and maintain a reasonable level of service. However, customers should be able to check if and when the projects have been delivered. This will ensure that WASA is accountable for the delivery of agreed benefits to customers. The RIC will, therefore, publish the baseline investment programme that has been funded and rigorously monitor and publish the findings in order to improve transparency and accountability. This will ensure that customers receive the benefits for which they have paid.

Rigorous Monitoring

It is the RIC's duty to monitor WASA's progress against targets and to verify that service levels do not suffer as a result of management action or inaction. This Determination sets out the targets that the RIC will be monitoring. This detailed monitoring will ensure the fulfillment of the RIC's statutory duty: to have regard to the economy and efficiency with which WASA is using its resources.



Quarterly Complaints Report

APRIL - JUNE 2010

COMPLAINTS REPORT FOR 2ND QUARTER for 2010

STATUS	APRIL '10	MAY '10	JUNE '10	TOTAL
Number of complaints received	703	572	270	1,545
Number of complaints resolved	284	371	132	787
Number of complaints unresolved	419	201	138	758
Number of complaints withdrawn	0	0	0	0
RESOLUTION RATE FOR COMPLAINTS RECEIVED	40%	65%	49%	51%
No. of outstanding complaints resolved	309	238	590	1,137
Total number of complaints resolved	593	609	722	1,924

**REBATE/COMPENSATION AWARDED
TO CUSTOMERS BETWEEN APRIL 1st - JUNE 30th**

\$119,183.00

RIC / TATT - SHARING BEST PRACTICES

Every institution recognizes the importance of sharing best practices and this is particularly true in a regulatory environment. While no one definition is universally acceptable, it is widely accepted that a "best practice" should meet two important criteria: evidence of success, and transferability i.e. the ability to be replicated or adapted in other settings.

The RIC recently had the opportunity to demonstrate both aspects of sharing best practices when its Customer Services Manager, Mohan Chadee, participated in a panel discussion at the Telecommunications Authority of Trinidad & Tobago's (TATT) recently concluded ICT Open Forum. The forum, which focused on "Establishing Customer Service Standards for Telephone, Cable & Internet Services", was held at TATT's Barataria Office on Thursday 22nd July 2010 and facilitated discussion among various stakeholders with the goal of developing a Draft Consumer Rights and Obligations Policy.

Mr. Chadee presented on the "RIC's Experience in Developing Customer Service Policies and Standards" to an audience of NGOs and other stakeholders and detailed the RIC's approach in ensuring a fair deal for consumers, establishing Codes of Practice and Quality of Service Standards (QSS), the process used to develop and implement performance and monitoring initiatives among other things.



Chris Secharan – Executive Director (Ag.) (TATT), Mohan Chadee – Customer Service Manager (RIC), Michelle Grell – Sn. Manager, Policy Pricing & Research (TATT), Rawle Harvey – Consumer Affairs Representative (TATT) and Dennis McComie – Moderator (TATT) enjoy a light moment at TATT's ICT Open Forum.



Dennis McComie – Moderator (TATT), Mohan Chadee – Customer Service Manager (RIC), Michelle Grell – Sn. Manager, Policy Pricing & Research (TATT) and Rawle Harvey – Consumer Affairs Representative (TATT).

**save
money**
on your next
electricity
bill



FOR RESIDENTIAL CUSTOMERS, CONSERVING ELECTRICITY HAS BECOME ALL THE MORE IMPORTANT. TO CONSERVE ENERGY, A CUSTOMER CAN SEEK OUT WAYS TO USE ELECTRICITY MORE EFFICIENTLY. HERE ARE SOME WAYS TO REDUCE YOUR ELECTRICITY CONSUMPTION AND LOWER YOUR BILL WITHOUT SPENDING A LOT OF MONEY:

FREEZERS: Defrosting of chest type freezers should be done once or twice a year. For upright models, defrosting should be done two to three times a year.

LIGHTING: Replace incandescent lamps, (i.e. regular light bulbs) with compact fluorescent lights, which are more economical. Fluorescent lamps give five times the light and last up to 10 times as long as ordinary bulbs.

CLOTHES DRYERS (TUMBLE): Clothes should never be placed in the tumble dryer dripping with water. They should have as much moisture removed beforehand and they should never be folded before being placed in the dryer.

IRONS: By removing clothing promptly from the dryer and folding them carefully, many items will require no ironing, or just a quick press.

AIR CONDITION: Unless absolutely necessary, use a fan rather than an air conditioner or lower the settings on the air conditioner from high to medium or low and set the temperature a bit higher.

POWER TOOLS: By and Large, portable tools are very efficient users of electricity because they are driven by electric motors, which are very efficient.

800-4RIC (4742)

Annual Public Lecture Series

“Restructuring & Reforming the Water Sector to Improve Performance: Charting a Way Forward”

As part of the Corporate Strategy and Work Programme (2010-2014) the RIC identified the strategic direction it will adopt and the key activities to be pursued over the next 5 years, as it strives to fulfill its mandate and its statutory duties.

A key activity to be undertaken is the hosting of a flagship event, the **Annual Public Lecture Series (APLS)**. The APLS programme would feature academics, professional regulators and subject-matter experts discussing regulatory topics and would include plenary and keynote sessions, subject-matter experts, as well as facilitate the active involvement of participants.

The benefits of hosting an event of this magnitude are many and are directly linked to the RIC’s core function. By spearheading this initiative, the RIC is in a position to shape the overarching event theme and include specific topics geared towards issues facing the sector. The theme of this year’s lecture



‘Restructuring & Reforming the Water Sector to Improve Performance: Charting a Way Forward’ appropriately underscores the clear focus of the event as we exchange best practices and ideas.

Additionally, it provides the opportunity to invite respected and reputable keynote speakers and interact with key thinkers and leading specialists in the field of regulation. Moreover, as the coordinator, the RIC can shape the event programme with topics that

complement its immediate objectives, namely to develop a more efficient water and wastewater sector.

The professional development and networking opportunities that such an event would afford employees are also key benefits. All in all, the APLS promises a line-up of excellent speakers, content rich presentations and discussions which would promote learning and common understanding of a broad range of issues facing regulatory professionals.

WATT U NEED TO KNOW

*‘Knowledge is Power’ and as informed consumers, you should be aware of the average wattage and the approximate number of kilowatt-hours (kWh) consumed in **two months** by some common appliances. Remember, these are just averages but this useful guide can assist in adjusting your consumption and usage accordingly.*



T&TEC

Consumption and Usage
information courtesy T&TEC.

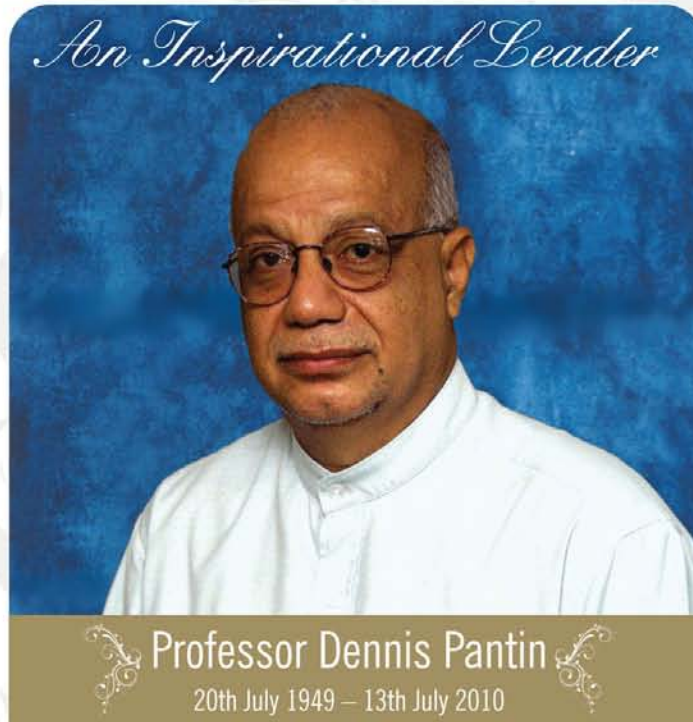
APPLIANCE	Average Wattage	Estimated Hours Used	Est. kWh Consumed	Bi-Monthly Cost
▪ Cake Mixer	275	16.0	4.40	\$1.32
▪ Clothes Dryer	6,600	33.0	217.80	\$65.34
▪ Fan (Circulating – 16")	60	400.0	28.80	\$8.64
▪ Stereo	100	164.0	16.40	\$4.92
▪ Rice Cooker	650	30.0	19.50	\$5.85

NOTE: 1. The bi-monthly cost excludes VAT and customer charge.

2. the bi-monthly cost is calculated based on the new prices at the lowest tier of 30 cents per kWh (kilowatt-hour)

800-4RIC (4742)

TRIBUTE TO PROFESSOR DENNIS PANTIN



The Management and Staff of the Regulated Industries Commission (RIC) recently mourned the passing of its former Chairman, Professor Dennis Pantin, an inspirational leader whose distinguished service was nothing short of exemplary and whose kindness touched the hearts of all of us.

Professor Pantin enjoyed a long and illustrious career serving in the Department of Economics at the University of the West Indies, St. Augustine, as Coordinator of the Sustainable Economic Development Unit (SEDU) but most notably as the Chairman of the Regulated Industries Commission (18th June 2002 – 21st June 2008) for two consecutive terms and the Chairman of the Organization of Caribbean Utility Regulators (OOCUR).

As a well-respected economist, advocate and public figure, Professor Pantin has made many significant contributions to the regulatory climate in Trinidad and Tobago. A man of great capability and integrity, he embodied the very tenets upon which the RIC is founded – Independence, Fairness and Equality. Professor Pantin's work in all spheres reflected that of a very outspoken man whose life exemplified purpose and responsibility. He was like no other, a visionary possessing a great measure of humanity and humility.

Though we are saddened by his loss, he will be fondly remembered for the tremendous legacy he leaves behind for integrity and impartiality. The region has lost a stalwart in economics, a truly indomitable spirit. In recognition of his contribution to economic development in the sphere of national development in Trinidad and Tobago and the Caribbean, Professor Pantin was posthumously awarded the **Humming Bird Medal (Gold)** at the Independence Day National Awards held on Tuesday 31st August 2010.

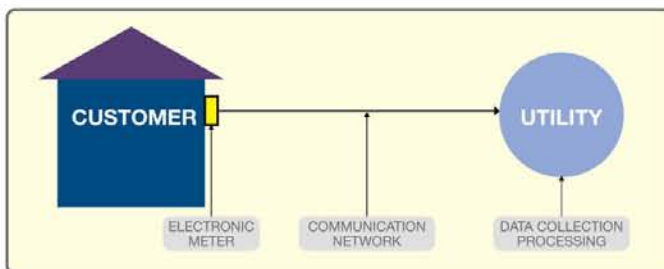
As we bid farewell to a dynamic and emblematic figure who helped shape the face of independent regulation in Trinidad and Tobago we join with the rest of the national community in extending our heartfelt condolences and sympathies to his family, friends and colleagues.

800-4RIC (4742)

NEW ELECTRICITY METERS: DELIVERING ON ITS PROMISE

It was back in September 2007 that the Trinidad and Tobago Electricity Commission (T&TEC) signed a contract with ITRON, Inc of the USA for the supply and installation of an Advanced Metering Infrastructure (AMI) for residential and commercial customers.

AMI is a metering system that records customer consumption in intervals of an hour or less and communicates that information at least daily over a communication network back to a central collection point for monitoring and billing purposes. Smart Meters are the devices which enable communication between the customer and the central collection point.



The AMI project started in November 2007 with a projected duration of twenty (20) months, to conclude in July 2009 and at a cost of 240M TTD. The initial objectives were to replace approximately 380,000 conventional meters with smart meters and install communication networks to support the AMI.

Current Status

When introduced, the AMI was touted as benefiting the customer and T&TEC in a number of significant ways. At 99% completion for Residential and Commercial customers, an analysis of the proposed benefits and the current status is shown below.

PROPOSED BENEFIT	STATUS
CUSTOMER BENEFITS	
Elimination of Estimated Bills	The majority of customers' bills are currently based on actual meter readings. Only in instances where communication issues on the fixed network prevent the transmission of data at the time of billing are readings estimated.
Elimination of visits by Meter Readers to customers' premises	Meter Readers have been replaced by a smaller number of Meter Inspectors who perform a wider range of functions. The number of manual readings has been significantly reduced.
Early detection of defective meters	Meters that do not report data in accordance with set criteria are investigated. This measure assists in identifying defective meters.
'On-demand' reads to facilitate faster resolution of enquiries and Transfer accounts	On demand reads and stored daily meter reads are available for all AMI meters to facilitate faster resolution of enquiries and transfer of accounts.
Outage Detection capability that would allow for faster restoration times	The Outage Management module of the AMI project is still to be deployed.
BENEFITS TO T&TEC	
COST SAVINGS FROM: <ul style="list-style-type: none"> Significant reduction of manual field meter readings Reduced vehicular usage and field reading staff Revenue recovery and financial improvement Fuel & vehicle maintenance savings 	<p>The number of manual field meter readings has been significantly reduced.</p> <p>Both the vehicular usage due to manual meter reading and the amount of field staff have been reduced.</p> <p>Revenue recovery has improved.</p> <p>Fuel & vehicle maintenance savings have been realized.</p>
IMPROVED CUSTOMER SERVICE: <ul style="list-style-type: none"> Instantaneous meter reading Improved detection of power outages 	<p>Instantaneous meter readings are available.</p> <p>Improved outage detection is not available until the Outage Management module of the AMI project is deployed.</p>
ENVIRONMENTAL BENEFITS: <ul style="list-style-type: none"> Reduced environmental pollution from vehicular usage 	<p>Vehicular usage due to manual meter reading has been significantly reduced.</p>

MEET PLUGGIE



Our Home Safety Expert

- During an electrical storm, if possible go indoors and stay away from windows and doors.
- If outdoors, go to a low point and stay away from trees. Lightning hits the tallest object, so get down if you are in an exposed area.

Training & Development

At the RIC, Training and Development are critical aids in successful organizational development since it enables employees to engage in more effective problem-solving and helps in developing leadership skills, and is an excellent motivator. Moreover, providing opportunities for employees to grow and develop demonstrates a commitment to keeping employees on the cutting edge of knowledge and practice. To this end, the following staff members recently received training in a number of areas.

- **"Governance, Regulation and Financial Crime Prevention"**: 09th -13th August 2010.
The Internal Governance and Risk Institute (GOVRISK)
Kazim Khan - Chief Financial Officer
- **"Regulating Quality of Service Planning, Compliance Monitoring and Enforcement"**
19th - 31st July 2010
Institute for Private-Public Partnership (IP3) Training
Jenelle Crosby - Compliance Analyst
- **PURC 28th International Training Program on Utility Regulation and Strategy**
7th to 18th June, 2010.
Sugrim Mungal - Utility Accountant
- **Research Methodology - Lok Jack Graduate School of Business**
July 21st, 23rd, 26th, 28th, & 30th 2010.
Daramdeo Maharaj and Karleen Mangru - Customer Service Representatives

CAN YOU SPOT THE ELECTRICAL AND OTHER HAZARDS IN THIS ROOM?

REGULATED
INDUSTRIES
COMMISSION **R** The Kitchen



HOME
SAFETY INITIATIVE

ANSWERS:

- THE KITCHEN HAS 6 HAZARDS:**
1. Poison / household chemicals on the floor
 2. Water on the floor
 3. Hair dryer cord in water
 4. Metal pot in the microwave
 5. Aerosol can on top of the stove
 6. Blow-drying hair near water

COMPLAINTS CORNER

WHEN MAKING A COMPLAINT:

- Make copies of any document you send to your service provider. DO NOT send originals;
- Take meter readings, particularly if your complaint concerns your billing or supply, make a note of the date the readings were taken;
- Make notes of who you have spoken to, or written to, and when, so that you can refer to them; and
- Keep copies of correspondence sent to you by your Service Provider so that you can refer to them.



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