



# SIXTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

## TRINIDAD AND TOBAGO ELECTRICITY COMMISSION (T&TEC)

**FIFTH SESSION, 10<sup>TH</sup>  
PARLIAMENT**

EXAMINATION OF THE  
AUDITED FINANCIAL  
STATEMENTS FOR THE YEARS  
ENDED SEPTEMBER 30 2008,  
2009 AND 2011

*ORDERED TO BE PRINTED BY THE  
HOUSE OF REPRESENTATIVES AND  
SENATE*



## Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

- “(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;*
- (b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and*
- (c) the report of the Auditor General on any such accounts.”*

## Publication

An electronic copy of this report can be found on the Parliament website using the following link:  
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Date Laid in the HOR: \_\_\_\_\_

Date Laid in the Senate: \_\_\_\_\_

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## Members of the Public Accounts Committee

TENTH PARLIAMENT,  
REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Colm Imbert  
**Chairman**



Mr. Collin Partap  
**Member**



Ms. Ramona Ramdial  
**Member**



Ms. Donna Cox  
**Member**



Mr. Anand Ramlogan S.C.  
**Member**



Mr. Vasant Bharath  
**Member**



Mrs. Diane Baldeo-  
Chadeesingh  
**Member**



Mrs. Raziah Ahmed  
**Member**



Dr. Dhanayshar Mahabir  
**Member**



Mr. Jairam Seemungal  
**Member**

## Executive Summary

The Public Accounts Committee (PAC) presents its Sixth Report of the Tenth Parliament which details its examination of the **Financial Statements of the *Trinidad and Tobago Electricity Commission (T&TEC)* for the years ended September 30, 2008, 2009 and 2011.**

The Report concludes with the following main recommendations to the T&TEC and its line Ministry, the Ministry of Public Utilities, for the improvement of its operations:

- ✓ The process for the completion of the Audited Financial needs to be reviewed.
- ✓ The performance standards for the Assistant General Manager tasked with the responsibility of preparing the Accounts must include the timely completion of Accounts.
- ✓ All claims made should have an attached monetary value.
- ✓ An independent body responsible for investigating and determining claims made by customers should be established as a matter of urgency.
- ✓ The sponsorship policies of T&TEC should be based on the company's objectives and not be solely influenced by directives from Chairmen of the Board.
- ✓ The implementation of a policy for sponsoring cultural and sporting organisations is necessary.
- ✓ There is need for the development of a policy governing the rules for borrowing.
- ✓ The execution of a robust advertising campaign is essential to educate the public inclusive of the use of social media.
- ✓ The necessity to amend the regulation for the inspection period should be determined via a review
- ✓ A special application form should be designed and made available to MPs and community groups to request a supply of electricity to recreation grounds.
- ✓ Strategies should be implemented toward providing incentives for early payments by customers.
- ✓ The appointment of a Commissioner qualified in Accountancy will serve to strengthen the Board.

<b>Introduction:</b>	Presents details of the establishment of the PAC in the Tenth Republican Parliament, revision of the Committee's Quorum, the particulars of the meeting held with the T&TEC., a list of the Support Staff of the Committee and the Company profile of the T&TEC.
<b>Inquiry:</b>	Explains the evidence, both oral and written given to the PAC.
<b>Issues &amp; Recommendations:</b>	Lists the main issues; each with specific recommendations presented by the Committee, for the consideration of the Parliament.
<b>Appendix:</b>	Presents the supporting Minutes of Meetings, Notes of evidence and Responses received from the T&TEC.

# INTRODUCTION

## The Committee

### Establishment, Election of Chairman and Revision of Quorum

The PAC of the Tenth Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday September 17, 2010 and Tuesday October 12, 2010 respectively.

2. At a meeting held on October 28, 2014, the Committee revised its quorum to four (4) Members with representation from each House.

### Change in Membership

3. By resolution of the House of Representatives made on November 7, 2014, Mr. Jairam Seemungal replaced Mr. Anil Roberts as a Member of the Committee.

### Committee Secretariat Support

4. The following members of staff serve the Committee through the provision of procedural, administrative and research support services:

- Ms Keiba Jacob - Secretary to the Committee
- Ms Khisha Peterkin - Assistant Secretary to the Committee
- Mrs Candice Williams-Garcia - Graduate Research Assistant
- Ms Hema Bhagaloo - Parliamentary Intern
- Mr Brian Lucio - Parliamentary Intern
- Mrs Michelle Galera-Bleasdel - Administrative Support

### **Meetings**

5. The Meetings of the Committee which were held in relation to the examination of the T&TEC were as follows:



Tuesday July 2, 2013	-	<i>in public</i>
Tuesday February 11, 2014	-	<i>in public</i>
Tuesday March 11, 2014	-	<i>in public</i>

6. At those Meetings, the Committee met with Officials of the T&TEC and the Ministry of Public Utilities. At the commencement of the Committee's inquiry, the Audited Financial Statements for the year September 30, 2012 were not yet laid in Parliament. The witnesses attending on behalf of T&TEC were:

Mrs. Sushilla Ramkissoon-Mark	-	Chairman
Mr. Jaishama Chadeesingh	-	Commissioner
Mr. Shaheed Mohammed	-	Commissioner
Mr. Victor Jones	-	Deputy Permanent Secretary
Mrs. Jacinta Bailey-Sobers	-	Permanent Secretary (Ag.)
Mr. Aaron Henry	-	Deputy Chairman
Mr. Kelvin Ramsook	-	General Manager
Ms. Colleen Licorish	-	Assistant General Manager, Finance
Mr. Courtenay Mark	-	Assistant General Manager, Engineering
Mr. Rene Austin	-	Assistant General Manager, Distribution
Mr. Neil Williams	-	Assistant General Manager, Administration
Mr. Ravi Shukla	-	Assistant General Manager, Transmission
Ms. Jacqueline Cheeseman	-	Assistant General Manager, Human Resources
Mrs. Grace Maharaj	-	Corporate Secretary
Ms. Lisa Mc Nicholls-Sargeant	-	Chief Account (Ag.)
Mr. Ainsley Stewart	-	Audit Manager
Ms. Annabelle Brasnell	-	Corporate Communication Manager
Ms. Mauricia Pegasus	-	Manager, Customer Services

Mrs. Lisa Mc Nicholls-Sargeant	-	Pension Plan Administrator
Mr. Gerard Emmanuel Rodrigues	-	Senior Manager, Regulatory Compliance
Mrs. Jacqueline Cheesman	-	Asst. General Manager, Human Resources
Mr. Irwin Thompson	-	Commercial Manager

## T&TEC Profile

7. The T&TEC was formed in 1946 and is incorporated under the Trinidad and Tobago Electricity Commission Act, Chapter 54:70. T&TEC Act is primarily responsible for the design, construction, operation and maintenance of the country's electrical transmission and distribution network. It is owned and regulated by the state and is by law the sole retailer of electric power in the twin island Republic. The Commission is subject to regulation by the Regulated Industries Commission (RIC). The Commission purchases electricity from the Commission's subsidiary, the Power Generation Company of Trinidad and Tobago Limited (PowerGen), from Trinity Power Limited and from Trinidad Generation Unlimited (with effect from August 2011).

8. T&TEC is governed by a Board of Commissioners whose members are appointed by the President of the Republic of Trinidad and Tobago and the Executive Management Team is headed by the General Manager responsible for the management of the Commission.

9. The services provided by the Commission range from electrical installations and meter reading to account administration, as well as the following services:

- i. Safe cutting of trees near power lines.
- ii. Erection of banners near power lines.
- iii. Installation of pennants or the rental of poles for the erection of pennants.
- iv. Isolation of supplies.
- v. Temporary supplies (for construction sites, etc.).
- vi. Line construction (wiring).
- vii. Decorative and festival light installations.
- viii. Hurricane recovery assistance.
- ix. Consultancy services in power systems analysis and design.
- x. Field engineering (installation and commissioning of high voltage equipment, etc.).

**T&TEC's Vision** is as follows:

*"Leadership in Energy Delivery, Excellence in Customer Service ... enhancing the quality of life for all."*

**T&TEC's Mission** is as follows:

*“To provide a safe, reliable, high quality electricity supply, in an environmentally responsible manner, utilizing best practices, through empowered employees committed to excellence and customer satisfaction.”*

**T&TEC’s Core Values** are as follows:

**Employees**

- T&TEC values the health, safety and wellness of employees
- T&TEC is committed to creating an environment conducive to the development of a highly empowered and motivated workforce
- T&TEC respects and appreciates the contribution of employees and their representative bargaining units in achieving T&TEC's objectives

**Customers**

- T&TEC is accessible and responsive to customers
- T&TEC serves customers with humility and values their comments
- T&TEC is dedicated to providing excellent service

**Leadership**

- T&TEC values effective leadership
- T&TEC encourages and fosters teamwork, creativity, innovation and excellence
- T&TEC encourages the continuous and holistic development of our employees

**Ethical Conduct**

- T&TEC values integrity, transparency, exemplary conduct, professionalism, accountability, honesty, respect, trustworthiness, equity, fairness and confidentiality

**Social & Environmental Consciousness**

- T&TEC is committed to nation building and the protection and preservation of the natural environment

**Communication**

- T&TEC encourages and fosters open, effective, respectful and responsible communication

### Administrative Office

10. The Commission's Administrative Head Office and Customer Service Centre is located at 63 Frederick Street, Port of Spain.

### T&TEC'S Structure and Functions

11. A Board of Commissioners appointed by the Government of Trinidad and Tobago and an Executive Management Team headed by the General Manager are responsible for the management of the Commission.

*The Board consists of the following Members:*

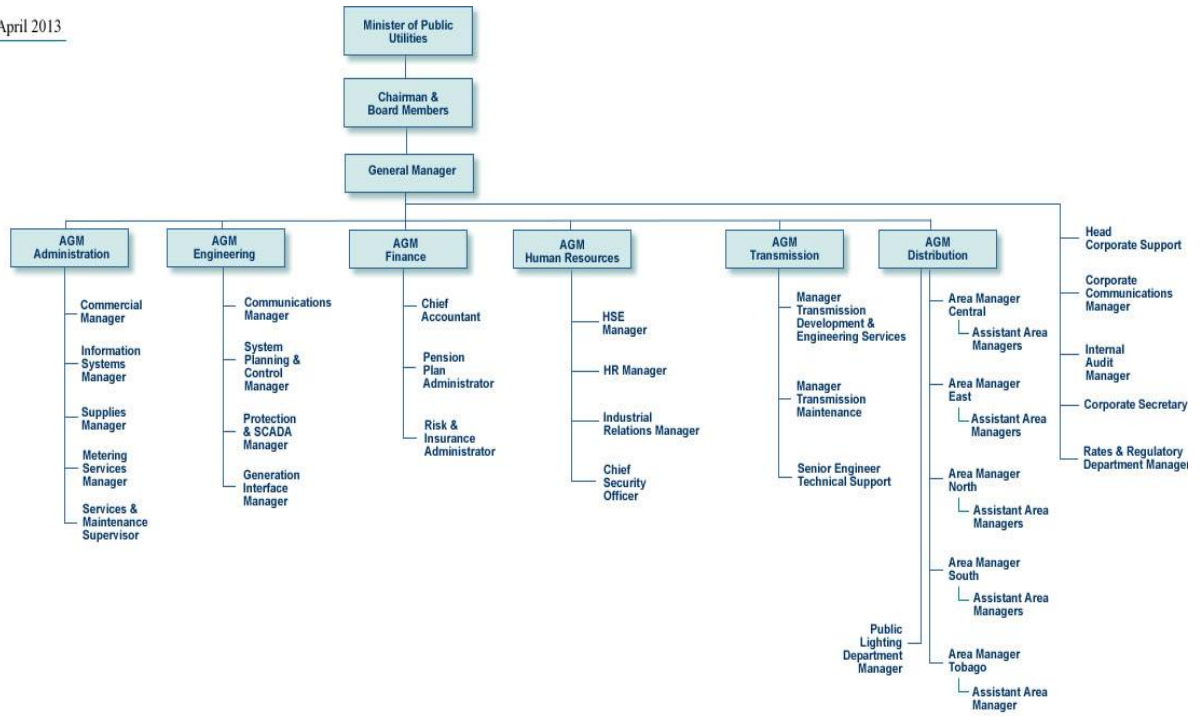
The Honourable Nizam Baksh	-	Line Minister
Ms. Susilla Ramkissoon-Mark	-	Chairman
Mr. Aaron Henry	-	Deputy Chairman
Mr. Jaishama Chadeesingh	-	Commissioner
Mr. Moriba Kwamina	-	Commissioner
Ms. Naveeta Ramdass	-	Commissioner
Ms. Princess Smart	-	Commissioner

*The Executives are:*

Mr. Kelvin Ramsook	-	General Manager
Mr. Ian Ramrattan	-	AGM—Administration (Ag.)
Mrs. Colleen Licorish	-	AGM—Finance
Mr. Courtenay Mark	-	AGM—Engineering
Mr. Ravi Shukla	-	AGM—Transmission
Mr. Rene Austin	-	AGM—Distribution
Mrs. Jacqueline Cheesman	-	AGM—Human Resources

# Organisational Structure

Thursday, 11th April 2013



As at 31<sup>st</sup> December 2013, the Commission employed 3,100 persons.

## EXAMINATION OF THE T&TEC

12. In the course of receiving evidence from T&TEC Officials, the following issues arose:

### The absence of T&TEC's 2010 accounts

Having noted that the financial statements for 2010 were not yet submitted to the Parliament, an explanation was sought.

The Committee was advised that the 2010 statements were audited by KPMG and submitted to the Ministry of Public Utilities on January 13, 2012.

The Permanent Secretary added that the financial statements were received by the Ministry and forwarded to Cabinet for consideration in March of 2012. However, the note was withdrawn without an explanation.<sup>1</sup>

### Audited Financial Statements signed with Academic Qualification

It was noted that accounts from the Company were signed by the Chairman, the General Manager and the Assistant General Manager of Finance with their qualifications listed. The Committee was informed that this was the practice since 1968. There was uncertainty as to why it was authorized, however, it became standard practice for the audit of T&TEC and it was the intention of T&TEC to continue with the practice.

### Audit of T&TEC Accounts

The Committee sought details on the audit process. T&TEC indicated that the accounts were audited by independent external auditors who were selected for three-year periods via the

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<sup>1</sup> It should be noted that the Audited Financial Statements of T&TEC for 2010 and 2012 were eventually laid in the House of Representatives on March 28, 2014 and April 25, 2014 and in the Senate on April 2, 2014 and May 6, 2014 respectively. The 2013 audited financial statements remain outstanding.

tendering process. The officials also indicated that they are guided by the T&TEC Act which at section 26 states the following:

- (1) All decisions, Orders, Rules and Regulations relating to the financial operations of the Commission and authorised by this Act shall be made by resolution of the Commission at a meeting thereof and shall be recorded in the minutes of the Commission.
- (2) The Commission shall keep proper accounts and other records in respect of its operations, and shall cause to be prepared a statement in respect of each financial year.
- (3) The accounts of the Commission shall be audited by auditors to be appointed annually by the Commission or under the supervision of the Auditor General in accordance with the Exchequer and Audit Act if so directed by resolution of Parliament.
- (4) After the end of each financial year of the Commission, the Commission shall, as soon as the accounts of the Commission have been audited, cause a copy of the statement of account to be transmitted to the President, together with a copy of any report made by the auditors on that statement or on the accounts of the Commission.
- (5) The President shall cause a copy of every such statement and report to be laid on the table of Parliament.

The Committee also questioned the mechanisms in place for ensuring that the audited financial statements were submitted in a timely manner. T&TEC indicated that every effort was made to ensure its financial statements were submitted in a timely manner. The 2012 Financial Statements were completed in July 2013, approved by the Board in November 2013 and submitted to the MPU on 16 January 2014. The T&TEC officials highlighted that the Act does not specify a timeframe for submission of audited financial statements.

T&TEC further indicated that it aimed to complete its audited financial statements within six (6) months of the end of the financial year. Once completed and before being submitted, the financial statements are approved by the Board of Commissioners. Following this, once the accounts are approved, they can be submitted within the next one to two months.

The Committee was also informed that that the timeline for submission of audited financial statements was determined by the Assistant General Manager – Finance, in collaboration with



the External Auditors. The Finance Division developed a timeline with the External Auditors to ensure the timely completion and submission of the Audited Financial Statements. The Assistant General Manager – Finance has ultimate responsibility for the preparation of the accounts to be audited. The General Manager would investigate the reason for delays and take appropriate action.

The Committee took note of section 40 of the Exchequer and Audit Act which states as follows:

- (1) Every statutory body shall, as soon as possible and in any case not later than six months after the termination of each financial year of the statutory body, submit an annual report to the appropriate Minister in such form as that Minister may from time to time prescribe.
- (2) The report shall include a balance sheet, such other statements of account as the Minister may from time to time require, and the annual report of the auditor of the statutory body and shall be laid by the appropriate Minister before Parliament within fourteen days of its receipt by him or, if Parliament is not then in session, within fourteen days after the commencement of its next sitting.

### Submission of reports to the Auditor General

The Committee questioned why accounts were not submitted to the Auditor General. Officials indicated that they were given the clearance for KPMG to audit their accounts, with the assumption that the reports would be submitted to the Auditor General. However, for the period 1999 to 2010, the reports were not submitted. As such, this practice had since been corrected with the 2011 report, which was sent to the Auditor General. The Committee further questioned whether any comments were received from the Auditor General on the 2011 reports. Officials stated that no comments were received, because the 2011 report was sent late to the Auditor General.

In accordance with Section 26(3) of the T&TEC Act and Section 31(1) of the Exchequer and Audit Act, T&TEC can appoint auditors to audit its accounts, following which the Commission shall cause a copy of the statement of account to be transmitted to the President, together with a copy of any report made by the auditors on that statement or on the accounts of the

Commission. If directed by resolution of Parliament in accordance with the Exchequer and Audit Act, an audit may be conducted under the supervision of the Auditor General.

By correspondence dated July 30, 2013, T&TEC concluded that it had no statutory obligation to submit its Audited Financial Statements to the Auditor General. However in the interest of accountability and transparency, T&TEC agreed to submit its Audited Financial Statements to the Auditor General on an annual basis. The 2011 and 2012 Audited Financial Statements have already been submitted to the Auditor General.

### T&TEC's relationship with the RIC

In response to the Committee's question about the relationship between T&TEC and the RIC, T&TEC indicated that the RIC was established by the Regulated Industries Commission Act (1998) as the Economic Regulator for the Electricity Transmission and Distribution Sector of Trinidad and Tobago. T&TEC further clarified that the RIC has always insisted that it is an independent body which adopts an approach to regulation that maintains an arm's length relationship with the Service Providers under its regulatory purview.

The RIC Act refers to the requirement for RIC to consult with "parties concerned" in matters relating to review of complaints – Section 53 (RIC Act). Furthermore, given that the RIC has been given the authority under its Act to conduct studies of efficiency, obtain information from the T&TEC, monitor rates, etc. it is expected that there would be a number of requests and interactions between the RIC and T&TEC, however all of these interactions are either of a consultative nature or are a straightforward matter of data gathering and provision, followed by clarifications, explanations etc. Therefore the nature of the relationship is more one of consultation rather than collaboration.

Note also that similar consultation occurs between the RIC and other stakeholders which is in keeping with the tenets of good regulation. As a regulator, in order to remain impartial to the competing needs and wants of customers, shareholders, service providers and other stakeholders, must always maintain their independence by adopting consultation as engendered in the RIC, rather than collaboration. T&TEC is of the view that its relationship with the RIC is a relatively

good one, which is largely representative of the manner in which a regulator and regulated entity should engage each other.

### Rates Charged by Determination of T&TEC

Officials informed Members that amendments to electricity rates were made on August 1, 2008 and September 1, 2009. T&TEC proposes rates to the RIC for its consideration, however, it is the RIC that sets the revenues that the Commission is allowed to earn from its regulated services, and accordingly provides the recommended rates to recover those determined revenues.

### Income and Expenditure

Members noted that T&TEC was unable to balance its income and expenditure and sought an explanation on why this persisted. They were informed that on a monthly basis there was a deficit of approximately \$136 million and an annual deficit of \$1 billion, given the existing level of rates. Members further inquired into the RIC's role in ensuring that on an annual basis the utility could cover its costs and earn a fair rate of return. T&TEC officials indicated that they have been making regular requests for a rate review but has not received any positive response since.

### Late Payment of Bills

Members questioned T&TEC's policy with regard to customers who are unable to make bill payments. T&TEC indicated that customers who are unable to pay their bills would not be disconnected until the accounts were two bills cycles in arrears. This was based on the code of operations and a directive from the RIC. If the customer was still unable to pay, the MPU has a Utilities Assistance Programme (UAP) for customers with a usage of no more than 400 kilowatt hours of electricity per bill to receive a subsidy. The MPU received Cabinet approval to increase the subsidy to 500 kilowatt hours to reduce the impact on customers.

## Billing of Senior Citizens and the Utility Assistance Programme

The Committee inquired into the billing process for senior citizens and was informed that senior citizens and pensioners were the target group of the UAP and other programmes which fall under the Ministry of the People and Social Development. T&TEC also informed the Committee that a list of beneficiaries was produced by the Ministry of the People and Social Development and forwarded to the MPU, which is then furthered to T&TEC to apply the appropriate reduction to the customer's bill, of approximately \$140.00. T&TEC also highlighted that if recipients go above the 500 kilowatts for two consecutive billing cycles they would be withdrawn from the programme.

Members sought clarification on the process for obtaining assistance from the UAP. T&TEC officials indicated that persons interested in applying for assistance from the UAP can do so by completing an application form which can be obtained from any of T&TEC's Offices, WASA Customer Service Centres, the offices of the MPU and the Ministry of the People and Social Development. Applications received by T&TEC are submitted to the MPU.

The MPU forwards all applications received from the various sources to the Ministry of the People and Social Development, who then verifies that the individual is a Trinidad and Tobago citizen and is in receipt of a Senior Citizens' Pension (formerly known as the Old Age Pension), a Disability Grant or any other public assistance from the Ministry. A list of all persons who meet these criteria is sent to the MPU who forwards the list of approved persons to T&TEC.

T&TEC then ascertains those persons who meet the UAP's further criteria of an average consumption over 3 billing periods (6 months) of 500kWh or less. The accounts of these persons are then "flagged" in T&TEC's computerised customer system to ensure that the customer receives the applicable discount on his/her next bill. The accounts of persons whose consumption does not meet the criterion of being equal to or less than 500kWh per period will not be flagged for discounting and the names and actual consumption values of these persons are forwarded to the Ministry of Public Utilities as accounts that did not satisfy the requirements.

At the end of each month, T&TEC sends an invoice to the MPU outlining the billing value of all the UAP recipients. The MPU then issues a cheque to T&TEC in settlement of these sums.

### Classification of Rates

The Committee sought clarification on T&TEC's billing of constituency offices, community centres and other NGOs as commercial properties. T&TEC indicated that there are two types of rates, Rate A for domestic customers and Rate B for commercial customers. T&TEC further highlighted that in the setting of rates, under the T&TEC Act Section 25(3), there are certain criteria to be considered, such as load factor, type of use, purpose of the use, as well as the cost to provide the service. In addition, the Commission has the ability, under section 53 of the Act, to be able to identify the tariffs for rates. With regard to rate design, T&TEC would classify customers based on their consumption and the nature of their operation.

T&TEC officials informed the Committee that in doing its rate design, an international comparative analysis was conducted in Australia, the UK and the United States, where there was a specific category for 'public buildings'. However, when the comparison was made to local rates there was no reduction on the average bill. The difference between the domestic and commercial customer bill was between ten to fifteen dollars.

T&TEC referred to section 25(3) of the Act which indicated that the Commission "shall not show undue preference as between consumers similarly situated". This would therefore mean that other rates will be increased in order to compensate for the reduction in commercial rates. Under section 53 of the Act, the Commission, in getting its funding, must receive moneys for its recurrent expenditure, for capital operations, as well as for long-term loans. T&TEC informed the Committee that electricity rates in Trinidad and Tobago are the cheapest in the Caribbean region and indicated that the initial designs for the rate classifications are prepared by the organisation but the final decision is made by the RIC.

In determining the Rate Class, the Commission will group customers in accordance with the cost of providing their service, consumption levels, load and load factors. The RIC approved the Character of Service Rules and the Commission classifies its customers on the basis of these rules.

Once the Character of Service Rules document is approved and in place, the Rate Classes to which customers belong are determined solely on the basis of those rules. Thus based on the characteristics of use for constituency offices, schools, community centres and NGOs, the Rate Class is determined.

Furthermore, in terms of reviewing rates for this group, since no specific rate category exists exclusively for them, the issuing of reviewing rates thereto does not arise. Should a new Rate Class be proposed for such a group, the Commission would have to determine the cost of service to said group and an appropriate definition for the Rate Class determined. This would have to be included in proposed Character of Service Rules which would have to be approved by the RIC. Further, any changes to the rate structure, including introduction/alteration/exclusion of Classes, would be best served within the context of a full scale Price Review Process.

The Committee inquired as to the average payment made to a commercial customer who lodged a complaint. A written response from T&TEC indicated that the average payment over the 3 year period, 2011-2013 is \$12,288.19. The following table shows the compensation paid to commercial customers in the years 2011, 2012 and 2013:

<b>Year</b>	<b>No. of Claims Settled</b>	<b>Total Payments</b>	<b>Average per customer</b>
2011	9	\$112,447.92	\$12,494.21
2012	11	\$163,742.21	\$14,885.66
2013	4	\$37,938.77	\$9,484.69

### Supplements for supplying electricity

The Committee questioned whether T&TEC was considering wind and solar energy as supplements for supplying electricity in Trinidad and Tobago. They were informed by a written response that while T&TEC fully supports the use of renewable and green energy, there is no immediate plans to utilize such energy for bulk power requirements. However, T&TEC encourages customers in remote areas to utilize solar energy (roof-top panels) in cases where a “traditional” supply is uneconomical to provide. Regarding wind energy, T&TEC has embarked

on feasibility studies, primarily in the data collection phase, to determine the most suitable locations and optimum power capacity of wind farms to support the demand in localized areas on the windward side of Tobago. The use of wind and solar energy to supplement the bulk power demand may not be realized until the year 2020.

### Cutting of Trees Near Power Lines

The Committee inquired into the difficulties associated with responding to tree cutting requests. The officials informed the Committee that T&TEC receives a significant number of requests. Each request is assessed to determine if there is a potential threat to the power lines. If there is any danger, the tree would be cut.

### Infrastructural Upgrade

The Committee sought details on upgrades to the network. Members were informed that upgrades are conducted on a continuous basis throughout Trinidad and Tobago. There were a number of on-going projects such as the recent increased power supply to the Port of Spain area, the upgrade of sub-stations, providing additional load to various locations and the underground electrical supply to housing developments. T&TEC also indicated that there is a Planning Department within the organization that was established to determine increased load growth on the system and to develop solutions to rectify any related problems.

### Customer Complaints

The Committee inquired into the process for dealing with customer complaints. T&TEC indicated that customer complaints were previously handled via a manual process. That process entailed long delays in finding customer information and tracking the outstanding complaints. Because of the complex and varied nature of complaints, complaints may now be received through various channels. Reports received via the Commission's website are routed by the person responsible for clearing the mail, to the responsible Department. Verbal and written reports coming to any Department are routed to the responsible Department for investigations. In all cases of written complaints, customers receive an acknowledgement letter.

To ensure that all customer complaints are recorded and handled in an efficient, effective manner in accordance with T&TEC's and the Regulatory Industries Commission's requirements, a Computerized Customer Contact System (CCS) was developed. The complaint registered on the CCS is redirected to the appropriate Distribution Area/Department for investigation and resolution. Customers are mainly contacted verbally and depending on the circumstances, written responses to customers may be prepared.

Trouble reports are directed to the Telecom Operators. A report is generated and used to monitor and control the reports. The Telecom Operators print the trouble reports from the online system and dispatch the Trouble Reports to the Emergency Crews based on priority. All trouble reports requiring further action is submitted to the Engineer (Emergency) for follow up action.

In 2013, an additional module was added to link with the existing Trouble Report System to keep a comprehensive record of all complaints, outages and dangerous situations. The CCS is able to process the complex and varied complaints from any medium, eg. external mail, phone calls, walk-in customers etc., and could be accessed by anyone authorized to do so across the Commission.

A significant improvement in response time was achieved by making the customer information immediately available and by sending reminders for follow up action if the complaint was not attended to.

### **T&TEC's Policy for Reimbursement**

Members inquired into T&TEC's policy for reimbursing customers who have lost equipment and appliances as a result of outages and power surges. T&TEC officials indicated that Section 49(3) of the T&TEC Act directs the Commission on its response to customers of damaged appliances. If the Commission is negligent, after its investigations the customer will be compensated within 15 days, as stipulated by the RIC. However, if after the investigation, it is determined that T&TEC is not accountable; the customer will have to accept liability.



The Committee requested clarification on how T&TEC interpreted the term “negligence” in relation to surges and outages. T&TEC officials stated that they are mandated to supply customers with a standard operating voltage of 115/230 volts plus or minus 6 per cent, and in the event that T&TEC fails to meet that requirement, it is considered negligence.

Officials further indicated that negligence was deemed as a failure to use such care as a reasonably prudent and careful person would use under similar circumstances or failure to do what a person of ordinary prudence would have done under similar circumstances.

Members inquired how T&TEC determined the claim to be paid to customers for damage to appliances in the event of power outages as well as the time frame for dealing with complaints. The Committee was informed that compensation is based on the depreciated value of the items damaged and the targeted time to deal with complaints is 30 days however, the more complicated claims may take longer. In the year 2013, \$1 million was paid in claims.

The Committee inquired into the conditions for compensation due to an outage or irregular supply of voltage. Officials stated that T&TEC would be liable where the cause is due to defects in the system as a result of poor maintenance and/or where the supply exceeds 6% above or below the declared voltage over an extended period. In such cases as poor internal wiring, vehicles colliding with poles, lightning etc., T&TEC would not be liable.

The average claim paid for damaged appliances is \$3,000.00 which represents either the cost of repairs to the item or a depreciated replacement cost.

A breakdown of the claims made for the period 2011 – 2013 is as follows<sup>2</sup>:

<b>Year</b>	<b>No. of claims made</b>
2011	1,438
2012	1,370
2013	1,489

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<sup>2</sup> T&TEC Written Response dated March 7, 2014.

No data is maintained on the value of a claim, once it is denied. In most cases the value of the claim is only provided by the customer after T&TEC completes its investigations and agrees to accept liability.

A breakdown of the claims settled and the associated value paid for the period 2011 – 2013 is as follows:

<b>Year</b>	<b>No. of claims settled</b>	<b>Cost paid</b>
2011	214	\$670,922.79
2012	150	\$721,375.01
2013	192	\$979,030.08

### Standards used to investigate T&TEC Liability

The Committee inquired into the standards used to investigate whether T&TEC is liable when consumers' appliances are damaged after a power outage or irregular supply of voltage. T&TEC officials indicated that when damage to an appliance claim is made, the Commission conducts an investigation with its technical team to determine the nature and possible cause of the damaged appliance.

The following parameters are used to determine the outcome in terms of compensation:-

- (i) The status of earthing at customer's premises
- (ii) The status of the customer's electrical infrastructure
- (iii) The status of T&TEC's infrastructure
  - Voltage prior to and at the time of complaint of damage appliance
  - Loading prior to and at the time of complaint of damage appliance
  - Condition of the Plant prior to and at the time of complaint of damage appliance
  - History of work done in the area prior to and at the time of complaint of damage appliance
  - Any other customer complaints

These are the general conditions used in the analysis to determine liability.

### Difference in Surplus from the year 2010 to 2011

Based on the Audited Financial Statements for 2011, the Committee requested the reason for the difference in surplus from 2010 to 2011. They were informed that the main contributors to the difference of \$156M in the surplus between 2010 and 2011 were dividends, liquidated damages, fuel costs, depreciation and pension cost. In 2010, T&TEC received dividends from the Power Generation Company of Trinidad and Tobago Limited (PowerGen) for one quarter only. In 2011, dividends were received for the other three quarters of 2010, as well as three quarters for 2011 – a difference between the two years of \$140M. In 2011, T&TEC earned liquidated damages totaling \$167M from TGU because of the delay in the commencement of its operations. In the same year, T&TEC also reached agreement with the National Gas Company of Trinidad and Tobago Limited (NGC) for the settlement of arrears owing to NGC. This resulted in decreased fuel costs resulting from the inclusion of royalty gas, but increased interest costs – a net positive effect of \$128M. Depreciation and pension costs resulting from compliance with International Accounting Standard 19 – Employee Benefits, resulted in increased costs totalling \$249M.

### Corporate social responsibility

Members questioned T&TEC's role in corporate social responsibility and was informed that externally, T&TEC conducts numerous outreach programmes annually. These programmes, which mainly target schools and communities, are geared towards improving public safety relating to the use and awareness of the dangers of electricity. Programmes regarding the efficient use of electricity (conservation), tariffs, and the rights and responsibilities of customers and the Commission are also carried out. These programmes are conducted by teams of employees and members of the Commission's sponsored women's group, the Electrical Association for Women. The Commission also has a programme to provide cash or service donations to community groups, schools, cultural organizations and sporting groups. Additionally, the Commission provides part-sponsorship, via an annual subvention, to six cultural groups, which are also involved in building their own communities through training and

education. The annual budget for donations is approximately \$0.25M and for subventions is approximately \$1.25M.

Officials indicated that the Commission is a member of the Caribbean Electric Utility Services Corporation, a professional organization committed to enhancing communication among regional utilities and advocating for change in the industry in the Caribbean. In addition, internally, T&TEC provides for social welfare of its staff through subvention sponsorship for sports and cultural clubs at all of its Distribution Areas, as well as through funding for major cultural commemorations and other activities. Financing for these programmes, which are largely managed by the staff is intended to provide opportunities for work-life balance and to promote healthy lifestyles. The annual budget for these programmes is approximately \$2.3M.

T&TEC officials also highlighted the Commission's engagement in a number of cultural activities and sponsorships programmes such as providing computers for schools throughout Trinidad and Tobago and supporting the T&TEC Power Stars Steel Orchestra, T&TEC Eastside (new dimension) Steel Orchestra and Electrical Association for Women<sup>3</sup>.

The following seven (7) groups received sponsorship from T&TEC from January 2008 to present:

- T&TEC Eastside (Tobago) (Contract started Jan 1993)
- Nada Sangama (contract started Dec 2005)
- T&TEC Gayatones (contract started Jan 1993)
- Luces Brillantes (contract started in 1996)
- Tropical Angel Harps (contract started Nov 2009)
- Electrical Association for Women (EAW);
- T&TEC Malick Tassa Group (contract started in 2004)

No new groups were sponsored by T&TEC from January 2010 to present.

Over the years directives were issued by various Board Chairmen to sponsor various groups. Efforts are being made to develop formal criteria to guide future requests for sponsorship. The

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<sup>3</sup> [http://www.T&TEC.co.tt/about\\_us/sponsorship/default.htm](http://www.T&TEC.co.tt/about_us/sponsorship/default.htm)

Commission has a General Sports and Cultural Club which co-ordinates all sporting activities at the Commission. Due to the Commission's financial constraints, the Commission is unable to continue sponsorship of major league football and cricket in the future.<sup>4</sup>

### **\$500 Million Fixed Rate Bond at 12.25% Interest**

The Committee noted that the Commission had approximately \$500 million outstanding on a 12.25 per cent fixed rate bond and questioned the possibility of an early redemption of this bond. They were informed that the bond agreement was signed on March 29, 2001 and there is no early redemption clause therefore the bond will be fully paid in the year 2021.

Members inquired into the reason for T&TEC signing an agreement without an early redemption clause. T&TEC officials explained that the yields on the Certificate of Interest will vary with each Investor as it is a function of the Investors' independent market-to-market policy. The Commission is not privy to these details. As advised by the RBC Merchant Bank (Caribbean) Limited, the Commission is not aware of any trading activity with the Certificate of Interest. To the best of T&TEC's knowledge, Investors have been holding these Certificates to maturity.

At the time of structuring the Bond, the Merchant Bank had to consider the following which led to the negotiation of the bond without an exit clause or an early redemption arrangement:-

- It was a competitive bidding situation and the primary criteria for T&TEC's selection of a preferred Arranger / Underwriter was on the basis of the lowest All-in-Cost, i.e. Bond Coupon and Arranging / Underwriting Fees;
- Given the long tenor of the Issue, i.e. 20 years and the relatively large Issue Amount, a Securitization Strategy had to be developed so as to ensure that we were able to address the needs of each constituent Investor, i.e. varied Investment horizons.

Callable Bonds, also known as Redeemable Bonds, is a type of Bond that gives the Issuer the option to retire the Bond before its scheduled maturity. For many Callable Bonds, however, the Issuers are required to pay a premium above the face value of the Bond, which is usually termed

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<sup>4</sup> Written response dated March 7, 2014.

as a Call Premium. Callable Bonds are generally offer higher yields than Non-Callable alternatives. The rationale is to compensate the Investors for the reinvestment risk.

From the Investors' perspective, Callable Bonds are not suitable for Investors interested in steady income and predictable returns. Pension Plans, where the depth of liquidity for long-term investment lies, tend to fall into this category of Investor. For this reason, the vast majority of the long-term Fixed Rate Bonds issued on the local market are Non-Callable and in the interest of syndicating this Issue, the Bank followed the customary structure in making this a Non-Callable Issue.

Members further questioned whether any attempt has been made by T&TEC to renegotiate the bond. Officials indicated that attempts have been made and explained that on March 19, 2001 (prior to the signing of the Trust Deed on 29<sup>th</sup> March 2001), the Commission wrote to RBC Merchant Bank (then Royal Merchant Bank and Finance Company Limited) requesting that they consider a reduction in the interest rate of 12.25%, given that there had been “a significant increase in liquidity leading to a reduction in interest rates”.

In their response dated March 20, 2001, RBC Merchant Bank advised that they had committed to underwrite the Bond at the fixed interest rate of 12.25%, and this meant that even if interest rates increased, they had committed to deliver at that rate, and as such they were in fact taking an interest rate risk until the transaction was closed. They therefore could not consider the Commission’s request for a reduction in the interest rate.

T&TEC met with RBC Merchant Bank again in 2007 and they confirmed that the Bond was a long-term, non-callable, Government-guaranteed Bond of which the main Bondholders were pension plans and pension plans do not usually invest in callable bonds. On April 23, 2013, T&TEC met with RBC Merchant Bank in yet another attempt to renegotiate the terms of the Bond. They indicated that the investors had been approached following the meeting with the Commission in 2007, but they were not interested in renegotiating the Bond, unless the terms were similar.

Following the meeting on April 23, 2013, RBC Merchant Bank submitted to T&TEC a number of possible refinancing options, which showed total interest charges over the balance of the term of the loan exceeding interest charges under the current arrangement. RBC Merchant Bank (Caribbean) Limited has advised that the current low interest rate environment, thus far, have not been able to secure the agreement from the Investors for the early redemption of the Certificates of Interest.

With some effort, the Bank is of the opinion that they may be able to get buy-in from Investors, albeit subject to a Make Whole Premium, which from a Present Value perspective will provide no economic benefit to T&TEC.

### Agreement with Trinidad Generation Unlimited (TGU)

The Committee noted that it was anticipated that an output of 720 megawatts would be achieved by 2013 from TGU. The Committee inquired whether this has been achieved. Officials confirmed that the TGU was producing 750 megawatts. They explained that projection of 750 megawatts was in anticipation of the Alutrint plant and the Commission was currently using only 225 megawatts from TGU. The Committee was informed that T&TEC paid for the full 750 megawatts although only 225 megawatts were utilized. They further informed the Committee that by July 2014, the Commission would be able to utilize 400 megawatts from TGU.

The Committee questioned whether T&TEC had adequate infrastructure to supply the entire country from the TGU plant in the event of power outages. They were informed that seventy percent (70%) of the island could be supplied, however, by mid-2014; T&TEC will be able to supply the entire country from the TGU supply.

The PPA dated October 17, 2008 was signed on September 15, 2009 between TGU as the seller with T&TEC and Alutrint Ltd. as the joint buyers.

The “take or pay” provision is a standard practice in the electricity supply industry. The three prior PPAs which supply generation to T&TEC, two with PowerGen and one with Trinity

Power, all have this provision, dating back to 1994. This provision is required by the financial institutions that fund power station projects. Without it, such projects are not financeable.

Under the PPA, T&TEC and Alutrint, as the consolidated buyers, were each joint and severally liable for payment for the 720 MW of TGU capacity. As such, any monies not paid by T&TEC become the liability of Alutrint, and any monies not paid by Alutrint become the liability of T&TEC.

T&TEC is currently taking 225MW from the TGU PowerStation and paying for this amount on a monthly basis. Discussions are taking place at the level of the Ministry of Finance together with TGU to explore various options to negotiate more favourable contractual terms.

### T&TEC's Communications Plan

Members questioned who is responsible for conducting research for T&TEC and were informed that national surveys are conducted externally, with the most recent being conducted by Market Facts and Opinions.

The Committee requested details on T&TEC's communication plan. They were informed that the key focal areas of T&TEC's external communications strategy are public safety, energy conservation, rights and responsibilities and general customer service. (*See Appendix II*)

### Lighting of Recreation Grounds in Trinidad and Tobago

Members requested details on the lighting of recreation grounds in Trinidad and Tobago for the period January 2008 to February 2014. Officials indicated that there were two hundred and two (202) recreational grounds lit by T&TEC for the period January 2008 to February 2014. For the period March 2014 to February 2015, fifty-four (54) recreational grounds have been identified to be lit.

Members also questioned the process and criteria by which a recreation ground is selected for being supplied with electricity. T&TEC officials informed that the Member of Parliament (MP)



of a particular area makes a request to the line Minister who then directs T&TEC via the Chairman of the Board.

### Electrification of New Housing Developments

The Committee inquired into T&TEC's strategic plan for the electrification of new Housing Development Corporation Developments. The Committee was informed that there was a plan to light the developments using underground infrastructure. In instances where there were problems with the underground design an overhead supply would be provided.

### Trade and Other Receivables

The Committee noted that 80% of T&TEC's receivables are from the private sector and questioned the poor collection of these receivables. Officials informed the Committee that there was a private sector collection drive which reversed the trend of large sums in trade receivables from the private sector.

### Power Purchase Agreements

The Committee observed the expiration of the 1994 Power Purchase Agreement in 2009 and queried whether a new PPA had been negotiated. They informed the Committee that the PPA was renegotiated from 819 to 742 megawatts and that there would be a further reduction to 624 megawatts which would result in \$90 million in savings for T&TEC per year.

The Committee noted that it was anticipated that an output of 720 megawatts would be achieved by 2013 from TGU. The Committee inquired whether it had been achieved. Officials confirmed that the TGU was producing 750 megawatts. They explained that projection of 750 megawatts was in anticipation of the Alutrint plant and the Commission was currently using only 225 megawatts from TGU. The Committee was informed that T&TEC paid for the full 750 megawatts although only 225 megawatts were utilized. Officials further informed the Committee that by July 2014, the Commission would be able to utilize 400 megawatts from TGU.

The Committee questioned whether T&TEC had adequate infrastructure to supply the entire country from the TGU plant in the event of power outages. The Committee was informed that seventy percent (70%) of the island could be supplied, however, by mid-2014; T&TEC will be able to supply the entire country from the TGU supply.

### Debt to creditors

Members noted that in 2011, T&TEC settled arrears owing to NGC and questioned T&TEC's annual bill owed to NGC, the amount usually settled annually and the reason for the chronic deficit on T&TEC's accounts.

The Committee was informed that in the year 2011 the outstanding balance of \$2.1 billion was settled. This was done through a loan arrangement with the line Ministry and the Government. The Government sends money to T&TEC who in turn pays NGC. This loan arrangement is over a 7 year period at 3 per cent interest effective from 2011. In addition, T&TEC officials informed members that in 2011 and 2012, the NGC bills have been paid however, in 2013, there was a deficit of \$292 million which resulted from T&TEC's unfavourable cash flow situation resulting in withholding payment to NGC.

Members inquired into the total amount of debt owed by T&TEC to creditors and were informed that the company owes \$1.6 billion in debt; \$885 million to NGC and \$665 million to TGU. Subsequent to this, a written response was received indicating that as at April 30, 2014, the company owed \$2,515,082,892 in debt; \$611,578,746 in external loans, \$1,241,286,474 to NGC and \$662,217,672 to TGU. Members further inquired into the amount owed to TGU and were informed that dialogue is taking place with TGU, the Government of Trinidad and Tobago and T&TEC. They also indicated that arrangements have been made with the GORTT for the settlement of arrears to NGC totalling \$2.1 billion as at September 30, 2009.

### Collective agreement

Members inquired when the last collective agreement was negotiated as well as the increase in cost as a result of the collective bargaining process at T&TEC. T&TEC officials informed that

the last collective agreement concluded in 2012 and resulted in an increase in labour cost of approximately 15% or \$100 million in back pay and \$70 million moving forward.

### Maintenance of plant and equipment

Members inquired into the maintenance of T&TEC's plant and equipment and were informed that they are properly maintained with processes that look at maintenance throughout Trinidad and Tobago.

The Committee also questioned the impact that the obsolete or old equipment is having on T&TEC's ability to generate electricity and its plan to replace them with more efficient, newer plants. They were informed that a Cabinet appointed committee has been established to review the generation expansion plans for the country. Proposals have been received from T&TEC and are being considered towards the submission of a plan for the country.

### Relationship between the Government Electrical Inspectorate and T&TEC

Members inquired whether T&TEC has a procedure or unit for home-owners to test whether their homes are properly wired and were informed that internal wiring falls under the Government Electrical Inspectorate which falls under the purview of the Ministry of Public Utilities. T&TEC officials indicated that regulations governing the electrical inspectorate require that homes be re-inspected every five (5) years. Members questioned the age of the regulation governing the electrical inspectorate and were informed that the Government Electrical Inspectorate is governed by the Electricity (Inspection) Act Chap. 54:72 Act 44 of 1945 as amended (last amended by Act 136 of 1976).

### Asset register

Members inquired into the absence of a fixed asset register at T&TEC which has influenced T&TEC's inability to identify its real assets. T&TEC officials indicated that a computerized fixed asset register system has been implemented and is fully operational.

### Stock count

Members noted T&TEC's management letters which indicated that there were differences in valuations between what T&TEC was supposed to have and their book stock and therefore questioned T&TEC's ability to count stock properly. They were informed that that issue was an accounting issue which has been clarified.

### Employees' access to sensitive data

The Committee questioned the ability of employees, both past and present, to access sensitive data at T&TEC. T&TEC officials indicated that the commission has implemented a system whereby access is being changed every six (6) months. Additionally, with respect to back end, a provision has been made to limit the persons who have access and movements are logged.

### Qualifications of members of the Board of Commissioners

Members highlighted that the T&TEC Act states that 4 of the members of the commission must have special qualifications and experience in Engineering, Accountancy, Law, Economics or Business Management and inquired whether there is a qualified Accountant on the Board. T&TEC officials informed Members that there is no Accountant on the Board

### T&TEC's new services

The Committee requested clarification on the two (2) new services introduced by T&TEC and were informed that the Customer Web Access was launched in October 2012 and by March 2014, there were approximately 4,000 customers on the system. This system allows customers to view their bill details, bill history, payment history, consumption history and make requests for specific services for e.g. a check of their meter on T&TEC's website. Additionally, the ACCPF has been introduced and is an automated credit card bill payment and customer access which allows customers to pay bills and manage their accounts online.

## Cost cutting measures

The Committee questioned whether T&TEC implemented any cost cutting measures. The following is a list of on-going initiatives submitted by T&TEC:

- Conversion of diesel to natural gas for fuel at the Cove Power Station.
- Utilisation of some power from the most efficient generation plant at TGU and at the same time utilizing from PowerGen, the least efficient plant.
- Use of capacitive compensation on the 12 kV distribution system to improve the system power factor and hence reduce system losses.
- Strict control on overtime throughout T&TEC.
- Fiscal discipline throughout the organization, especially in capital and maintenance projects.
- Closer monitoring of contractors.
- Tighter control on inventory management.
- Greater scrutiny on safety awareness and practices in T&TEC and its contractors.
- Tighter controls on material and equipment procurement.
- Strict control on employee productivity, travelling costs, absenteeism and the filling of vacancies.
- Reduction in overseas travel for staff.
- Reduction in advertising.
- Cancellation of some T&TEC functions.
- Discontinuation of employee hampers.

The following is a list of upcoming cost-cutting measures:

- Vigorously and relentlessly pursuing the renewal of the 1994 PPA with PowerGen.
- Completion of the transmission infrastructure to enable utilization of all power from TGU.
- Replacement of old and obsolete infrastructure and vehicles.
- Acceleration of distribution automation, GIS mapping and outage management systems.
- Installation of capacitive compensation on the transmission system to improve system power factor and reduce system losses.

## ISSUES AND RECOMMENDATIONS

13. After the examination of T&TEC's financial statements, the following issues were identified and recommendations proposed:

**I. Issue:** Late Submission of Audited Financial Statements

**Recommendation:** A review of the process for completion of the Audited Financial Statements is necessary to ensure compliance with Section 40 of the Exchequer and Audit Act Chap 69:01 which provides that reports become due to the Minister not later than six (6) months after the termination of each financial year.

**II. Issue:** Late completion of Accounts

**Recommendation:** The timely completion of Accounts must be included as a performance standard for the Assistant General Manager tasked with the responsibility of preparing the Accounts.

**III. Issue:** No record of Claims made by customers

**Recommendation:** A monetary value should be attached to all claims made, even if they were denied and this should be kept on record.

Furthermore, there should be an independent body responsible for investigating and determining claims made by customers. T&TEC should determine the international best practice for electricity service providers and report to the PAC by January 31, 2015.

**IV. Issue:** No policy to govern Corporate social responsibility

**Recommendation:** Sponsorship by T&TEC should be based on the Commission's objectives and not be solely influenced by directives from Chairmen of the Board.

In addition, a policy should be developed and implemented for sponsoring cultural and sporting organisations by January 31, 2015.

- V. Issue:** The need for a policy for Borrowings  
**Recommendation:** Develop a policy governing the rules for borrowing to ensure that terms are in the best interest of the Commission.
- VI. Issue:** Lack of Public Education Programme  
**Recommendation:** A robust campaign should be executed to educate the public through social media and other measures.
- VII. Issue:** The need for a review of the policy for inspection of homes  
**Recommendation:** The Ministry of Public Utilities, along with the Government Electrical Inspectorate and T&TEC should focus on educating the citizens of Trinidad and Tobago about the need to have their homes inspected every five (5) years.
- In addition, given the development of technology and consideration of International best practice, a review should be conducted to determine whether it is necessary to amend the regulation for the inspection period.
- VIII. Issue:** Availability of forms for requesting lighting of recreation grounds  
**Recommendation:** An application form should be developed and made available to MPs and community groups to request a supply of electricity to recreation grounds. This form should be placed on the Commission's website.
- IX. Issue:** Incentives for early bill payments  
**Recommendation:** T&TEC should consider implementing strategies as incentives for early payments by customers. For example, a rebate for customers who make prepayments to their accounts.
- X. Issue:** Appointment of Commissioner  
**Recommendation:** The Minister of Public Utilities must ensure the appointment of a Commissioner qualified in accountancy in accordance with Section 4 of the Trinidad and Tobago Electricity Commission Act Chap. 54:70.





This Committee respectfully submits this Report for the consideration of the Parliament.

.....  
Mr. Colm Imbert  
**Chairman**

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Mr. Jairam Seemungal  
**Member**

.....  
Mr. Collin Partap  
**Member**

.....  
Ms. Ramona Ramdial  
**Member**

.....  
Ms. Donna Cox  
**Member**

.....  
Mr. Vasant Bharath  
**Member**

.....  
Mr. Anand Ramlogan, S.C.  
**Member**

.....  
Dr. Dhanayshar Mahabir  
**Member**

.....  
Mrs. Raziah Ahmed  
**Member**

.....  
Mrs. Diane Baldeo-Chadeesingh  
**Member**

# APPENDIX I

## Minutes of Meetings

**THE PUBLIC ACCOUNTS COMMITTEE**  
**THIRD SESSION, TENTH PARLIAMENT**

**MINUTES OF THE FOURTEEN MEETING HELD ON TUESDAY, JULY 02, 2013 at 10:45AM. IN THE ARNOLD THOMASOS ROOM (EAST), LEVEL 6, AND THE J. HAMILTON MAURICE ROOM, MEZZANINE LEVEL, OFFICE OF THE PARLIAMENT, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN.**

Present were:

Mr. Colm Imbert	Chairman
Mr. Jamal Mohammed	Member
Mrs. Corinne Baptiste-Mc Knight	Member
Miss Ramona Ramdial	Member
Miss Donna Cox	Member
Miss Keiba Jacob	Secretary
Miss Khisha Peterkin	Asst. Secretary
Mr. Ian Mural	Parliamentary Intern

Absent/Excused:

Mr. Vasant Bharath	Member (Excused)
Mr. Anand Ramlogan SC	Member (Excused)
Mr. Anil Roberts	Member (Excused)
Mr. Colin Partap	Member (Excused)
Mr. Terrence Deyalsingh	Member (Excused)

Also present were:

**OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mrs. Sushilla Ramkissoon-Mark	-	Chairman
Mr. Jaishama Chadeesingh	-	Commissioner
Mr. Shaheed Mohammed	-	Commissioner
Mr. Kelvin Ramsook	-	General Manager
Ms. Colleen Licorish	-	Assistant General Manager – Finance
Mr. Courtenay Mark	-	Assistant General Manager – Engineering
Mr. Rene Austin	-	Assistant General Manager – Distribution
Mr. Neil Williams	-	Assistant General Manager - Administration
Mr. Ravi Shukla	-	Assistant General Manager – Transmission
Ms. Jacqueline Cheeseman	-	Assistant General Manager – Human Resources
Mrs. Grace Maharaj	-	Corporate Secretary

Ms. Lisa Mc Nicholls-Sargeant - Chief Account (Ag.)  
Mr. Ainsley Stewart - Audit Manager

### **Commencement**

- 1.1 The Chairman called the meeting to order at 10:45 a.m. and apologized for the late start.
- 1.2 The Chairman informed Members that Mr. Vasant Bharath, Mr. Anand Ramlogan SC, Mr. Colin Partap, and Mr. Terrence Deyalsingh asked to be excused from the Meeting.

### **EXAMINATION OF MINUTES OF THE THIRTEEN MEETING**

- 2.1 The Committee examined the Minutes of the thirteen (13<sup>th</sup>) Meeting held on April 09, 2013.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Donna Cox and seconded by Ms. Ramona Ramdial.

### **MATTERS ARISING OUT OF THE MINUTES**

- 3.1 The Chairman inquired whether the Committee finished their examination of the National Insurance Board. The Chairman asked Members of the Committee for confirmation. After a short discussion, the committee agreed that the Report should be circulated to Members for consideration.
- 3.2 With regard to the responses received from the EMA, the Chairman asked Members whether they were satisfied with the EMA's responses, and if there were any outstanding issues to be dealt with. After discussion, the Committee agreed that a Report should be prepared with recommendations to the EMA's responses.
- 3.3 After a short deliberation on the inability of some Members receiving/accessing documents, the Chairman indicated that the process for dissemination of documents to members should be reviewed. The Chairman stated for easy of reference all relevant documents should be circulated via the Rotunda and Members' personal emails and hard copies be made available upon request.
- 3.4 The requested information from the RIC was received and circulated to Members. The Chairman asked Members whether they were satisfied with the responses received and if the Committee should meet with the R.I.C. again. After discussion, the Committee agreed that a Report should be prepared with recommendations to the R.I.C's responses.
- 3.5 The Committee agreed to review the following draft reports for presentation to Parliament, the Heritage and Stabalisation Fund; the National Insurance Board, the Betting Levy Board, the Environmental Management Authority and the Regulated IndustriesCommission.

## **PRE-HEARING DISCUSSION ON THE EXAMINATION OF TRINIDAD AND TOBAGO ELECTRICITY COMPAY (T&TEC)**

- 4.1 The Chairman asked the Secretary whether there was any matter with T&TEC that the Committee needed to know. The Secretary informed the Committee that only the Permanent Secretary from the Ministry of Public Utilities would be present to assist in the examination of T&TEC. Officials from the Auditor General and the Ministry of Finance and Economy will not be attending.
- 4.2 The Secretary also informed the Committee that T&TEC's financial statements for the year 2010 was never laid in Parliament. After some discussion it was determined that that attendance of the Permanent Secretary from the Ministry of Public Utilities at the meeting was deemed inappropriate because there was no independent audit was conducted on the financial statements.
- 4.3 The Chairman then invited Members to discuss any areas of concern regarding T&TEC. After certain areas of concern were identified, the Committee agreed on the general approach for the examination of T&TEC.
- 4.4 There being no further business for discussion in camera, the Chairman suspended the meeting at 11:22 a.m.

## **EXAMINATION OF THE OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

- 5.1 The Chairman called the meeting in public to order at 11:30 a.m
- 5.2 The Chairman invited the officials to introduce themselves. Following this, the Members of the Committee, as well as other officials present made similar introductions.
- 5.3 The following issues arose from the discussions held with T&TEC officials:

### **a) The absence of T&TEC's 2010 accounts**

The Committee asked the officials to explain the reason the organization failed to submit the financial statements for the year 2010 to the Parliament. T&TEC informed the Committee that the 2010 statements were audited by KPMG and submitted to the Ministry of Public Utilities. The Committee sought further clarification from the Permanent Secretary who indicated that the Audited Financial Statements for 2010 was submitted by T&TEC and a note was forwarded to Cabinet in March of 2012. However, the note was withdrawn without an explanation. The Committee was assured that the note will be resubmitted.

The officials also informed Members that the accounts were usually signed by the Chairman, the General Manager and the Assistant General Manager of Finance with their qualifications below. The Committee sought to find out when this practice commenced. The Assistant General Manager stated that it was the practice and it was

required for an audit. The Committee inquired under what authority were the requirements for T&TEC's audit determined, it was then agreed that T&TEC would provide a respond in writing.

#### **b) Submission of reports to the Auditor General**

The Committee asked why reports were not submitted to the Auditor General. The General Manager of T&TEC stated the Commission erred in this respect. T&TEC indicated that they were given the clearance for KPMG to audit their accounts, with the assumption that the reports would be submitted to the Auditor General. However, between the years 1999 and 2010, the reports were not submitted. As such, the General Manager indicated that this practice had since been corrected with the 2011 reports, which was sent to the Auditor General. The Committee questioned whether any comments were received from the Auditor General on the 2011 reports. The General Manager stated that no comments were received, because the 2011 report was sent late to the Auditor General. Due to time constraints, the Committee agreed to deal with this matter at a subsequent meeting.

#### **c) Rates Charged by T&TEC**

The Committee sought clarification on T&TEC's billing of constituency offices, community centres and other NGOs as commercial properties. T&TEC indicated that there are two types of rates, Rate A for domestic customers and Rate B for commercial customers. T&TEC further highlighted that in the setting of rates, under the T&TEC Act Section 25(3), there are certain criteria to be considered, such as load factor, type of use, purpose of the use, as well as the cost to provide the service. In addition, the Commission also has the ability, under section 53 of the Act, to be able to identify the tariffs for rates. With regard to rate design, T&TEC would classify customers based on their consumption and the nature of their operation.

T&TEC informed the Committee that in doing their rate design, an international comparative analysis was conducted in Australia, the UK and the United States, where there was a specific category for 'public buildings'. However, when the comparison was made to our rates there was no reduction on the average bill. The difference between the domestic and commercial customer bill was between ten to fifteen dollars.

T&TEC referred to section 25(3) of the Act which indicated that there must not be any undue preference in making decisions for rates. This would therefore mean that other rates will be increased in order to compensate for the reduction in commercial rates. Under section 53 of the Act, the Commission in getting its funding, must receive moneys for, its recurrent expenditure, for capital operations, as well as for long-term loans. T&TEC informed the Committee that electricity rates in Trinidad and Tobago are the cheapest in the Caribbean region.

**d) Late Payment of Bills**

T&TEC stated that customers who are unable to pay their bill would not be disconnected until the accounts were two bills cycles in arrears. This was based on the code of operations and a directive from the RIC. If the customer was still unable to pay, the Ministry of Public Utilities has a Utilities Assistance Programme where customers who with a usage of no more than 400 kilowatt hours of electricity per bill would receive a subsidy. The Ministry of Public Utilities received Cabinet approval to increase the subsidy to 500 kilowatt hours to reduce the impact on customers.

**e) Billing of Senior Citizens and the Utility Assistance Programme**

The Committee inquired into the billing process for senior citizens. The Permanent Secretary stated that senior citizens and pensioners were the target group of the Utilities Assistance Programme and other programmes which fall under the Ministry of the People and Social Development.

With respect to the billing, T&TEC informed the Committee that a list of beneficiaries is produced by the Ministry of the People and Social Development and forwarded to the Ministry of Public Utilities. The list is forwarded to T&TEC to apply the appropriate reduction to the customer's bill, of approximately \$140.00.

T&TEC also indicated if recipients go above the 500 kilowatts for two consecutive billing cycles they would be withdrawn from the programme. Due to time constraints, the Committee agreed to write T&TEC about this and to have another meeting.

**f) Domestic and Commercial Classifications**

T&TEC indicated that the initial designs for the rate classifications are prepared by the organisation but the final decision is made by Regulated Industries Commission.

**g) Cutting of Trees Near Power Lines**

The Committee inquired into the difficulties associated with responding to tree cutting requests. The officials informed the Committee that T&TEC received a significant number of requests. Each request was assessed to determine if there is a potential threat to the power lines, if there was any danger the tree would be cut.

**h) Infrastructural Upgrade**

The Committee asked the officials of T&TEC about upgrades to the network. Members were informed that upgrades are conducted on a continuous basis throughout Trinidad and Tobago. There were a number of on-going projects such as the recent increased power supply to the Port of Spain area, the upgrade of sub-stations, providing additional load to various locations and the underground electrical supply to housing developments. T&TEC also indicated that there is a Planning Department within the organization that was established to determine increased load growth on the system and to develop solutions to rectify any related problems.

**i) T&TEC's Policy for Reimbursement of Customers Due to Outages and Power Surges**

T&TEC indicated that Section 49(3) of the Act directs the Commission on its response to customers of damaged appliances. If the Commission is negligent, after its investigations the customer will be compensated within 15 days, as stipulated by the RIC. However, if after the investigation it is determined that T&TEC is not accountable the customer will have to accept liability. The Committee agreed to put this issue in writing for T&TEC to provide further clarity on the matter.

The Committee questioned T&TEC on the interpretation of the term "negligence" in relation to surge and outages. In reply, T&TEC stated that they are mandated to supply customers with a standard operating voltage of 115/230 volts plus or minus 6 percent, and in the event that T&TEC fails to meet that requirement it is considered negligence.

- 5.4 The Chairman informed the officials from T&TEC that the Committee will forward questions for written response within two weeks.

**ADJOURNMENT**

- 6.1 The Chairman then adjourned the Meeting at 12:33 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY



**THE PUBLIC ACCOUNTS COMMITTEE**  
**FOURTH SESSION, TENTH PARLIAMENT**

**MINUTES OF THE SIXTEENTH MEETING HELD ON TUESDAY, FEBRUARY 11, 2014  
at 10:34AM. IN THE LEVEL 2, MEETING ROOM (IN CAMERA) AND THE J.  
HAMILTON MAURICE ROOM, MEZZANINE LEVEL, OFFICE OF THE  
PARLIAMENT, TOWER D, INTERNATIONAL WATERFRONT CENTRE, 1A  
WRIGHTSON ROAD, PORT OF SPAIN.**

**Present:**

Mr. Colm Imbert	-	Chairman
Ms. Ramona Ramdial	-	Member
Mr. Anil Roberts	-	Member
Ms. Donna Cox	-	Member
Mr. Vasant Bharath	-	Member
Mrs. Diane Baldeo-Chadeesingh	-	Member
Mrs. Raziah Ahmed	-	Member
Dr. Dhanayshar Mahabir	-	Member
Mr. Anand Ramlogan, S.C.	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Ms. Candice Williams	-	Graduate Research Assistant

**Excused:**

Mr. Collin Partap	-	Member
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Also present were:

**OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mrs. Sushilla Ramkissoon-Mark	-	Chairman
Mr. Aaron Henry	-	Deputy Chairman
Mr. Jaishama Chadeesingh	-	Commissioner
Mr. Shaheed Mohammed	-	Commissioner
Mr. Kelvin Ramsook	-	General Manager
Ms. Colleen Licorish	-	Assistant General Manager – Finance
Mr. Courtenay Mark	-	Assistant General Manager – Engineering
Mr. Rene Austin	-	Assistant General Manager – Distribution
Mr. Neil Williams	-	Assistant General Manager - Administration

Mr. Ravi Shukla	-	Assistant General Manager – Transmission
Ms. Jacqueline Cheeseman	-	Assistant General Manager – Human Resources
Mrs. Grace Maharaj	-	Corporate Secretary
Ms. Lisa Mc Nicholls-Sargeant	-	Chief Account (Ag.)
Mr. Ainsley Stewart	-	Audit Manager

## **COMMENCEMENT**

- 1.1 The Chairman called the meeting to order at 10:37 a.m..
- 1.2 The Chairman informed Members that Mr. Collin Partap asked to be excused from the Meeting.

## **EXAMINATION OF MINUTES OF THE FIFTEENTH MEETING**

- 2.1 The Committee examined the Minutes of the Fifteenth (15<sup>th</sup>) Meeting held on January 21, 2014.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Dr. Dhanayshar Mahabir and seconded by Ms. Donna Cox.

## **MATTERS ARISING FROM THE MINUTES OF THE FIFTEENTH MEETING**

- 3.1 The Chairman asked Members if there were any specific matters arising from the Minutes. Members agreed that there were no matters arising.

## **REVIEW AND CONSIDERATION OF DRAFT RIC REPORT**

- 4.1 The Chairman reminded Members that on the last occasion the Committee agreed to defer consideration of the Committee's report on the RIC. The Chairman then invited Members to discuss the RIC report.
- 4.2 The Committee discussed in detail the amendments to the RIC Act which were proposed by the RIC. The Committee agreed not to accept the following amendments to the RIC Act:
  - a. Section 4 new subsections (2) and (3);
  - b. Section 6(1) new subparagraph (j);
  - c. Section 29;
  - d. New section 32A; and
  - e. Section 39(4).

- 4.3 The Committee also discussed in detail the consequential amendments to the Fair Trading Act Chap. 81:13. The Committee agreed not to accept any of the amendments proposed to the Fair Trading Act.

## **PRE-HEARING DISCUSSION ON THE EXAMINATION OF TRINIDAD AND TOBAGO ELECTRICITY COMPAY (T&TEC)**

- 5.1 The Chairman then invited Members to discuss any areas of concern regarding T&TEC. After certain areas of concern were identified, the Committee agreed on the general approach for the examination of T&TEC.
- 5.2 There being no further business for discussion in camera, the Chairman suspended the meeting at 11:11 a.m.

## **EXAMINATION OF THE OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

- 6.1 The Chairman called the meeting in public to order at 11:21 a.m..
- 6.2 The Chairman invited the officials to introduce themselves.
- 6.3 The following issues arose from the discussions held with T&TEC officials:

### **j) Trade and Other Receivables**

The Committee inquired into the amount of \$397 million in trade receivables for the private sector. The General Manager informed the Committee that there was a private sector collection drive which reversed the trend of large sums in trade receivables from the private sector.

### **k) Borrowings – 12.25% Fixed Rate Bonds**

The Committee noted the Commission had approximately \$400 million outstanding on a 12.25 per cent fixed rate bond which would end in 2021. The Committee questioned the possibility of an early redemption of this bond. The General Manager informed the Committee that the bond for \$500 million at an interest rate of 12.25 per cent was entered into in 2001 and will be fully paid in 2021. The Committee was further informed that attempts were made to renegotiate the bond. Members of the Committee expressed concern that there was no early redemption clause in the agreement for this bond. The Committee agreed to write to T&TEC to get further details on the agreement for this bond.

**l) Lack of Evidence to Support management Review of Fuel Report**

The Committee noted that in the 2011 management letter the auditors reported that there was no evidence that management reviewed the fuel report. T&TEC informed the Committee that the problem has since been rectified and there was now a system in place to have the reports signed by management once reviewed.

**m) Power Purchase Agreements**

The Committee observed the expiration of the 1994 Power Purchase Agreement in 2009. The Committee queried whether a new PPA had been negotiated. The General Manager informed the Committee that the PPA was renegotiated from 819 to 742 megawatts. The Committee was also informed that there would be a further reduction to 624 megawatts which would result in \$90 million in savings for T&TEC per year.

The Committee noted that it was anticipated that an output of 720 megawatts would be achieved by 2013 from Trinidad Generators Unlimited (TGU). The Committee inquired whether it had been achieved. The General Manager confirmed that the TGU was producing 750 megawatts. He explained that projection of 750 megawatts was in anticipation of the Alutrint plant and the Commission was currently using only 225 megawatts from TGU. The Committee was informed that T&TEC paid for the full 750 megawatts although only 225 megawatts were utilized. The General Manager further informed the Committee that by July 2014, the Commission would be able to utilize 400 megawatts from TGU. The Committee agreed to write to T&TEC to obtain further details on the payment agreement for the supply from TGU.

The Committee questioned whether T&TEC had adequate infrastructure to supply the entire country from the TGU plant in the event of power outages. The Committee was informed that seventy percent (70%) of the island could be supplied, however, by mid-2014, T&TEC will be able to supply the entire country from the TGU supply.

**n) Expenses for Generation of Electricity**

The Committee noted that there was an improvement in the expenses for the generation of electricity. The Committee inquired whether the reduction could be sustained. The Assistant General Manager – Finance explained that the reduction was specific to 2011 due to arrears owed to the National Gas Company.

**o) Electrification of New Housing Developments**

The Committee inquired into T&TEC's strategic plan for the electrification of new Housing Development Corporation Developments. The Committee was informed that there was a plan to light the developments using underground infrastructure. In instances where there were problems with the underground design an overhead supply would be provided.

**p) Recreational Grounds**

The Committee queried the number of recreational grounds that have been lit to date and the number of grounds that are earmarked to be lit. The Committee was informed that two hundred and ten (210) grounds have been lit to date and eighty (80) grounds have been identified to be lit. In the interest of time the Committee agreed to obtain additional details on the lighting of recreational grounds in writing from T&TEC.

**q) Classification of Customers**

The Committee noted that the Character of Service Rules needed to be amended for the establishment of a special classification for NGOs, Schools and Constituency Offices. This process was initiated by the Commission for the rate design to be amended and subsequently approved by the RIC. The Committee inquired when T&TEC would initiate the process to have a class of customers for NGOs, Schools and Constituency Offices. The General Manager indicated that based on Section 25 (3) the Commission must not show any undue preference to any customer in determining rate class. In this regard, the Commission was unable to initiate the introduction of a new class of customers for NGOs, Schools and Constituency Offices.

**r) T&TEC's Policy for Reimbursement of Customers Due to Outages and Power Surges**

The Committee noted that the average claim paid for damage to appliances was \$3000.00 and was based on the items damaged by the power fluctuation. The average timeframe for investigation of claims was thirty (30) days. Members of the Committee expressed concern that it was a conflict of interest to have T&TEC determining whether they were liable in a customer claim. The Committee was informed that for 2013 a total of one million dollars in claims was paid to customers.

**s) Utilities Assistance Programme**

The Committee inquired into the advertising of the Utilities Assistance Programme. The Permanent Secretary informed the Committee that the Ministry of Public Utilities was about to embark on a nationwide campaign for the UPA.

- 6.4 The Chairman informed the officials from T&TEC that the Committee would forward questions for written response within two weeks. The Chairman also informed the officials from T&TEC that the next meeting would be held on Tuesday March 11, 2014 at 10:30 a.m.

**ADJOURNMENT**

7.1 The Chairman thanked Members of the Committee for their attendance and adjourned the meeting to Tuesday March 11, 2014 at 10:30 a.m.

7.2 The adjournment was taken at 12:35 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

*February 14, 2014*

**THE PUBLIC ACCOUNTS COMMITTEE**  
**FOURTH SESSION, TENTH PARLIAMENT**

**MINUTES OF THE SEVENTEENTH MEETING HELD ON TUESDAY, MARCH 11, 2014  
at 10:41AM. IN THE ARNOLD THOMASOS (EAST) MEETING ROOM, LEVEL 2, (IN  
CAMERA) AND THE J. HAMILTON MAURICE ROOM, MEZZANINE LEVEL, OFFICE  
OF THE PARLIAMENT, TOWER D, INTERNATIONAL WATERFRONT CENTRE,  
1A WRIGHTSON ROAD, PORT OF SPAIN.**

**Present:**

Mr. Colm Imbert	-	Chairman
Ms. Ramona Ramdial	-	Member
Ms. Donna Cox	-	Member
Mr. Vasant Bharath	-	Member
Mrs. Diane Baldeo-Chadeesingh	-	Member
Mrs. Raziah Ahmed	-	Member
Dr. Dhanayshar Mahabir	-	Member
Mr. Anand Ramlogan, S.C.	-	Member
Mr. Collin Partap	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Ms. Candice Williams	-	Graduate Research Assistant

**Excused:**

Mr. Anil Roberts	-	Member
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Also present were:

**OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mr. Aaron Henry	-	Deputy Chairman
Mr. Jaishama Chadeesingh	-	Commissioner
Mr. Shaheed Mohammed	-	Commissioner
Mr. Kelvin Ramsook	-	General Manager
Ms. Colleen Licorish	-	Assistant General Manager – Finance
Mr. Courtenay Mark	-	Assistant General Manager – Engineering
Mr. Rene Austin	-	Assistant General Manager – Distribution
Mr. Neil Williams	-	Assistant General Manager - Administration
Mr. Ravi Shukla	-	Assistant General Manager – Transmission
Ms. Jacqueline Cheeseman	-	Assistant General Manager – Human Resources

Mrs. Grace Maharaj	-	Corporate Secretary
Ms. Lisa Mc Nicholls-Sargeant	-	Chief Account (Ag.)
Mr. Ainsley Stewart	-	Audit Manager

### **COMMENCEMENT**

- 1.3 The Chairman called the meeting to order *in camera* at 10:41 a.m.
- 1.4 The Chairman informed Members that Mr. Anil Roberts asked to be excused from the Meeting.

### **EXAMINATION OF MINUTES OF THE SIXTEENTH MEETING**

- 2.1 The Committee examined the Minutes of the Sixteenth (16<sup>th</sup>) Meeting held on February 11, 2014.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Ramona Ramdial and seconded by Mrs. Diane Baldeo-Chadeesingh.

### **MATTERS ARISING FROM THE MINUTES OF THE SIXTEENTH MEETING**

- 3.1 Relative to paragraph 4.2, the Chairman reminded Members that on the last occasion the Committee discussed in detail the amendments to the RIC Act which were proposed by the RIC. The Chairman informed members that based on the Committee's decisions the report was amended to reflect the Committee's position with regard to the proposed amendments. After reviewing the amended report the Committee agreed to sign the report for presentation to Parliament.
- 3.2 The Committee noted that there was some uncertainty about RIC's role with regard to the Water and Sewage Authority's customer rates. The Secretariat was instructed to review the verbatim notes of the meeting with RIC to determine exactly what was discussed with regard to this issue.

### **PRE-HEARING DISCUSSION ON THE EXAMINATION OF TRINIDAD AND TOBAGO ELECTRICITY COMPAY (TTEC)**

- 4.1 The Chairman then invited Members to discuss any areas of concern regarding TTEC. Members briefly discussed the responses received from TTEC and identified areas of concern which required further clarification. The Committee then agreed on the general approach for the examination of TTEC.
- 4.2 The Secretary informed the Committee that the Chairman of TTEC Mrs. Sushilla Ramkissoon-Mark was unable to attend the meeting due to health reasons and asked to be excused from the meeting. Additionally, Mr. Victor Jones reverted to his original post of Deputy Permanent Secretary in the Ministry of Public Utilities and Mrs. Jacinta Bailey-



Sobers assumed the post of acting Permanent Secretary on Thursday March 6, 2014. Both Mr. Jones and Mrs. Bailey-Sobers would be in attendance.

- 4.3 There being no further business for discussion in camera, the Chairman suspended the meeting at 11:19 a.m.

### **EXAMINATION OF THE OFFICIALS FROM THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

- 5.1 The Chairman called the meeting to order *in public* at 11:26 a.m.
- 5.2 The Chairman invited the officials from TTEC and Members of the Committee to introduce themselves.
- 5.3 The following issues arose from the discussions held with T&TEC officials:

#### **t) Debt – National Gas Company**

The Committee inquired into the annual amount owed to the National Gas Company (NGC) and how much of that figure was actually paid on an annual basis. The General Manager informed the Committee that in 2011 there was a settlement of an outstanding balance owed to NGC in the amount of \$2.1 billion dollars. This settlement was done via a loan from the government through the Ministry of Public Utilities over a seven year period at three per cent interest. The General Manager indicated that in 2012 the entire figure owed to NGC was paid, however for 2013 there was an outstanding balance of \$292 million. The General Manager admitted that whenever there was a cash flow problem TTEC held back its payments to NGC.

#### **u) Total Debt of TTEC**

The Committee questioned the overall stock of debt TTEC held for all creditors. The General Manager indicated that TTEC owed NGC \$885 million, Trinidad Generation Unlimited (TGU) \$665 million, there was a loan with HSBC in the amount of \$300 million and a \$400 million fixed rate bond. The Committee confirmed that TTEC's total debt was in excess of two billion dollars and not \$1.6 billion as previously stated by the General Manager. With regard to the \$665 million owed to TGU the Committee asked how TTEC was allowed to owe a private entity such a large sum of money. The Permanent Secretary informed the Committee that there was a Cabinet appointed committee mandated to consider all issues related to the outstanding debt to TGU. The Permanent Secretary further explained that there was a representative from TGU on the committee which made TGU cognizant of the issues facing TTEC with regards to payment.

#### **v) Cash Flow**

The Committee inquired into the underlying factors that caused the cash flow problems in 2013. The General Manager informed the Committee that the

Commission's expenditure on generation, labour and other areas increased while there was no change to the income. The General Manager further explained that there was a transfer of funds from 2010 to 2011 and 2011 to 2012 which also contributed to the cash flow problem experienced in 2013. The Committee confirmed that TTEC could not balance its expenditure and income.

The Assistant General Manager Finance (AGM Finance) informed the Committee that there was a deficit of approximately \$136 million dollars per month. The Committee confirmed that this totaled approximately \$1.5 billion per annum. The AGM Finance also informed the Committee that TTEC made several attempts to have a rate review, however there has been no positive feedback from the Regulated Industries Commission (RIC).

**w) Collective Bargaining Agreement**

The Committee asked when was the last collective agreement negotiated and what was the increase in cost as a result. The General Manager indicated that the last collective agreement concluded in 2012 for the period 2009 to 2011. This represented an increase in labour cost of fifteen per cent in the amount of \$100 million in arrears of salary and approximately \$60 million per annum thereafter.

**x) Cost Efficiency of Electricity Generation**

The Committee questioned whether old or obsolete equipment contributed to the Commission's ability to generate electricity more cost effectively. The General Manager informed the Committee that the full use of the TGU plant would save TTEC one million dollars in gas per day. The Assistant General Manager Engineering (AGM Engineering) explained that the cost of generation at the Port of Spain plant was 26 cents per kilowatt hour, while the cost at the PowerGen plant was 19 cents per kilowatt hour, the Trinity Plant was 19 cents and the TGU plant was 18.25 cents. The AGM Engineering further explained that in order to make generation more cost efficient TTEC would reduce its dependency on the older plants as generation represented sixty per cent of TTEC's expenditure. The AGM Engineering also indicated that TTEC was currently in negotiations with PowerGen to reduce its take from that plant.

**y) 12.25% Fixed Rate Bond**

The Committee noted in the Commission's response to question No. 1(d) with regard to the \$400 million at a 12.25 per cent fixed rate bond would end in 2021. The Committee questioned the rationale for the decision to proceed with a non-redeemable bond. The AGM Finance explained that usually that type of bond was non-callable. The Committee expressed dissatisfaction in the response provided by TTEC on this matter.

**z) Claims**

The Committee noted that TTEC did not keep a record of the value of claims denied. The General Manager assured the Committee that the Commission acknowledged this deficiency and subsequently put things in place to ensure that the records are kept. The Committee questioned the rationale for the average payment of \$3000.00 on a claim. The Assistant General Manager, Distribution indicated that the cost was based most often on repairs to the item rather than a replacement. The Committee agreed to write to TTEC to obtain the average claim paid to commercial customers.

**aa) Relationship between the Government Electrical Inspectorate and T&TEC**

Members inquired whether TTEC had a procedure or unit for homeowners to test the electrical wiring in their homes. The Committee was informed that internal wiring falls under the Government Electrical Inspectorate which falls under the purview of the Ministry of Public Utilities. TTEC officials indicated that regulations governing the electrical inspectorate require that homes be re-inspected every five (5) years.

**bb) Communications plan**

Members inquired into who is responsible for doing research for TTEC and were informed that national surveys are done externally, the most recent being in October 2013 conducted by Market, Facts and Opinions. The results showed that TTEC received a 95% electrical safety rating.

**cc) T&TEC's new services**

The Committee requested clarification on the two new services introduced by TTEC and were informed that the Customer Web Access was launched in October 2012 and to date there are approximately 4,000 customers on the system. This system allows customers to view their bill details, bill history, payment history, consumption history and make requests for specific services for e.g. the ability to get a reading of the meter on TTEC's website.

Additionally, the ACCPF has been introduced and is an automated credit card bill payment and customer access which allows customers to pay bills and manage their accounts online.

**dd) Asset register**

Members inquired into there being no fixed asset register at TTEC which has influenced TTEC's inability to identify what their real assets are. TTEC officials indicated that a computerized fixed asset register system was implemented in 2011 and is fully operational.

**ee) Stock Count**

Members noted the management letters indicated that there were differences in valuations between what TTEC was supposed to have and the book stock and

therefore questioned TTEC's ability to count stock properly. They were informed that that issue was an accounting issue which has since been clarified.

**ff) Employees' access to sensitive data**

The Committee questioned the ability of employees both past and present to access sensitive data at TTEC. TTEC officials indicated that the commission has implemented a system whereby access is being changed every six (6) months. Additionally, with respect to back end, a provision has been made to limit the persons who have access and movements which are now logged.

**gg) Qualifications of members of the commission**

Members highlighted that the TTEC Act states that 4 of the members of the commission must have special qualifications and experience in engineering, accountancy, law, economics or business management and inquired into whether there is a qualified accountant on the board.

TTEC officials informed that there is no accountant on the board

- 5.4 The Chairman thanked the officials from TTEC for their cooperation during the inquiry and indicated that the Committee would forward questions for written response within two weeks. The Chairman also informed the officials from TTEC that the Committee would present its report to Parliament within one month following which the report would be forwarded to TTEC for a response.

**ADJOURNMENT**

- 6.1 The Chairman thanked Members of the Committee for their attendance and adjourned the meeting to Tuesday April 8, 2014 at 10:30 a.m.
- 6.2 The adjournment was taken at 12:49 p.m.

**We certify that these Minutes are true and correct.**

CHAIRMAN

SECRETARY

***March 27, 2014***

# APPENDIX II

## Notes of Evidence

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM (MEZZANINE FLOOR), TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON TUESDAY, JULY 02, 2013, AT 10.45 A.M.**

**PRESENT**

Mr. Colm Imbert	Chairman
Mr. Jamal Mohammed	Member
Mrs. Corinne Baptiste-Mc Knight	Member
Miss Ramona Ramdial	Member
Miss Donna Cox	Member
Miss Keiba Jacob	Secretary
Miss Khisha Peterkin	Asst. Secretary
Mr. Ian Mural	Parliamentary Intern

**ABSENT**

Mr. Vasant Bharath	Member (Excused)
Mr. Anand Ramlogan SC	Member (Excused)
Mr. Anil Roberts	Member (Excused)
Mr. Colin Partap	Member (Excused)
Mr. Terrence Deyalsingh	Member (Excused)

**OFFICIALS OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mrs. Susilla Ramkissoon-Mark	Chairman
Mr. Jaishama Chadeesingh	Board Member
Mr. Shaheed Mohammed	Board Member
Mr. Kelvin Ramsook	General Manager
Ms. Colleen Licorish	Asst. General Manager - Finance
Mr. Ainsley Stewart	Audit Manager
Ms. Lisa Mc Nicholls-Sargeant	Ag. Chief Accountant

Mr. Courtenay Mark	Asst. General Manager - Engineering
Mr. Rene Austin	Asst. General Manager - Distribution
Mr. Neil Williams	Asst. General Manager - Administration
Mr. Ravi Shukla	Asst. General Manager - Transmission
Ms. Jacqueline Cheesman	Asst. General Manager – Human Resources
Mrs. Grace Maharaj	Corporate Secretary

**OFFICIALS OF THE MINISTRY OF PUBLIC UTILITIES**

Mr. Victor Jones	Permanent Secretary Ag.
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**Mr. Chairman:** Good morning everyone and sorry to keeping you waiting. I would like to welcome the officials from the T&TEC, members of the media, any members of the public who may be here. I would start by telling you the purpose of this meeting is to examine your audited financials for the years 2008, 2009 and 2011. We will deal with 2010 during the course of the meeting. I would ask that the officials from T&TEC introduce themselves and please be aware that this meeting is being held in public. It is being broadcast live on Channel 11 on television and 105.5 F.M on radio. So, could you please introduce yourselves?

**Mrs. Ramkissoo-Mark:** Good morning, Susilla Ramkissoo-Mark, Chairman of T&TEC.

**Mr. Ramsook:** Good morning all members, Kelvin Ramsook, General Manager of T&TEC.

**Ms. Maharaj:** Good morning, I am Grace Maharaj, Corporate Secretary, T&TEC.

**Mr. Chadeesingh:** Good morning, Jaishama Chadeesingh, Member.

**Mr. Mohammed:** Good morning, Shaheed Mohammed, Member.

**Mr. Jones:** Good morning, I am Victor Jones, the Acting Permanent Secretary, Ministry of Public Utilities with responsibility for T&TEC.

**Mr. Mark:** Good morning, I am Courtenay Mark, Assistant General Manager, Engineering Division, T&TEC.

**Ms. Licorish:** Good morning, I am Colleen Licorish, Assistant General Manager, Finance, T&TEC.

**Ms. Mc Nicholls-Sargeant:** Morning, Lisa Sargeant, Acting Chief Accountant, T&TEC.

**Mr. Stewart:** Good morning, Ainsley Stewart, Internal Audit Manager, T&TEC.

**Mr. Williams:** Good morning, Neil Williams, Assistant General Manager, Administration.

**Ms. Cheesman:** Good morning, I am Jacqueline Cheesman, Assistant General Manager, Human Resources.

**Mr. Austin:** Good morning, I am Rene Austin, Assistant General Manager, Distribution.

**Mr. Shukla:** Morning, Ravi Shukla, Assistant General Manager, Transmission.

**Mr. Chairman:** Okay and I will now ask the members of our Committee to introduce themselves. Sen. Baptiste-Mc Knight, you could start.

**Mrs. Baptiste McKnight:** Corinne Baptiste-Mc Knight, Member.

**Ms. Cox:** Donna Cox, Member of Parliament, Laventille East/Morvant.

**Mr. Chairman:** I am Colm Imbert, the Chairman.

**Mr. Mohammed:** Jamal Mohammed, Minister of Communications.



**Ms. Ramdial:** Ramona Ramdial, Member of Parliament, Couva North.

**Mr. Chairman:** Thank you. Absent—we have some absent members who are unavoidably absent but we are going to proceed with the members that we have.

What I would do is, we have some general questions which I will introduce the topic and then ask members to contribute. We have noticed that the 2010 accounts are not with us although 2008, 2009 and 2011 are being submitted. Could we get an explanation from T&TEC please for the absence of the 2010 accounts?

**Mr. Ramsook:** Right, morning again, Sir. All right, the 2010 account was completed by T&TEC. It was audited by KPMG and was duly submitted to the Ministry of Public Utilities by T&TEC.

**Mr. Chairman:** Okay, could we—I am glad the Permanent Secretary is here. Could the Permanent Secretary in public utilities tell us what is going on?

**Mr. Jones:** Mr. Chairman, the Audited Financial Statements were submitted as stated by T&TEC. A note prepared and was sent to Cabinet in March of 2012. The note, however, was withdrawn. I do not have an explanation for the withdrawal but we at the Ministry are taking steps now at this point in time to resubmit that note to Cabinet.

**Ms. Cox:** I would just like to know who withdrew the note.

**Mr. Jones:** The note would have been taken by—sorry. The note was taken by our former Minister, Minister Emmanuel George, and I just have a note from the Sec to Cab indicating that in fact the note was withdrawn.

**Mr. Chairman:** Do you have a timeframe for us to receive these accounts?

**Mr. Jones:** Well, I did indicate to our Minister, Minister Nizam Baksh, I spoke with him just this week, and he has indicated that we should, in fact, prepare for re-submission to Cabinet.

**Mr. Chairman:** Would these be the same accounts or new accounts?

**Mr. Jones:** The same accounts, Mr. Chair.

**Mr. Chairman:** Okay. Any of the members on this side have any questions? Okay, I have a question. It has been drawn to my attention that for some reason on the first page of the accounts that is headed Balance Sheet, at the bottom, the accounts are signed usually by three people—the Chairman, the General Manager and the Assistant General Manager of Finance—and they put their qualifications. Could you tell us when this practice began? I think T&TEC has to answer that.

**Ms. Mc Nicholls-Sargeant:** This, as far as I know, has always been the practice to have the—

**Mr. Chairman:** Since the inception of T&TEC?

**Ms. Mc Nicholls-Sargeant:** Since I have been signing the accounts. I am the Assistant General Manager—

**Mr. Chairman:** How long is that?

**Ms. Mc Nicholls-Sargeant:** Since 2002.

**Mr. Chairman:** So for the last 10, 11 years, the qualifications of the persons who sign the accounts are put on the accounts.

**Ms. Mc Nicholls-Sargeant:** Yes.

**Mr. Chairman:** Why?

**Ms. Mc Nicholls-Sargeant:** I think it is a requirement of the audit.

**Mr. Chairman:** I beg your pardon?

**Ms. Mc Nicholls-Sargeant:** I believe it is a requirement of the audit.

**Mr. Chairman:** I am glad you said that. Who determines the requirements of your audit? Which entity, organization, authority, person, determines how T&TEC accounts should be audited?

**Ms. Mc Nicholls-Sargeant:** I believe it is set out in the T&TEC Act.

**Mr. Chairman:** Or could you tell me please?

**Mr. Ramsook:** Sir, there is a little issue and I could get to that one time. In the year 1999 was almost the last year we submitted our report to the Auditor General. We have recognized that we have erred, and beyond 1999 to 2011, in the year 2011, we did submit it back to the Auditor General. So beyond that period, the procedure was that KPMG—initially, there was a time when the Auditor General would audit our reports. That has since changed, and of course, we were given the clearance for KPMG to audit the report but the report was expected to go to the Auditor General from my research. As I said, the last year is 1999. The reports, however, between that time to 2010, did not go to the Auditor General. In 2011, the report was sent to the Auditor General.

**Mr. Chairman:** You had a question, Minister Mohammed?

**Mr. Mohammed:** I just wanted to know why no reports were sent to the Auditor General.

**Mr. Ramsook:** Sorry, Sir?

**Mr. Mohammed:** Why were no reports sent to the Auditor General?

**Mr. Ramsook:** I would say when we analyzed it, the commission erred. That is the best answer to that matter.

**Mr. Mohammed:** And this has since been corrected?

**Mr. Ramsook:** It has since been corrected in the year 2011, that report was sent to Auditor General.

**Mr. Mohammed:** To the Auditor General. Okay.

**Mr. Ramsook:** Yes, Sir.

**Mr. Chairman:** So did you get any comments from the Auditor General on the 2011 reports?

**Mr. Ramsook:** No, Sir, not as yet.

**Mr. Chairman:** Sorry, 2011 accounts. But my information tells me we have the 2011 accounts.

**Mr. Ramsook:** Right. So the 2011 would have been sent late to the Auditor General. I personally signed the letter—oh, sorry, through the AGM and it went to the Auditor General.

**Mr. Chairman:** So we got this before it went to the—

**Mr. Ramsook:** Yes, Sir.

**Mr. Chairman:** Aah! That explains it. So you have now established that you should be sending your accounts to the Auditor General.

**Mr. Ramsook:** That is very correct, Sir.

**Mr. Chairman:** Well, okay, but I think we will deal with that in another meeting because this is quite a surprise to me.

Okay, but let us go back to my original question. Which is the authority or person who determines that the qualifications of the Chairman and Manager and so on should be on the report? Nobody knows? You can answer, “yuh know”.

**Mr. Ramsook:** Sir, based on my preliminary—I do not have the answer for that so I will have to get back to the Committee. But as the Assistant General Manager of Finance identified, we [*Inaudible*]

**Mr. Chairman:** We will write you and you will just tell us how this practice—

**Mr. Ramsook:** Certainly, we will take a note of it.

**Mr. Chairman:**—you know, first occurred, why, whose idea it was, was it an instruction or why, you know, because I believe that has some bearing on the 2010 accounts, I think so from what I am told.

Okay. Let us go now to more specific questions. You want to start, Ms. Ramdial? You want to start with your list of questions?

**Ms. Ramdial:** Thanks, Chair. What we wanted to know, because we discussed earlier, was some of the rates that are charged, the commercial rates that are charged to constituency offices, to community centres and to other NGOs. Could you explain that for us?

**Mr. Ramsook:** Sure, I will deal with that. What we have, of course, is Rate A which is the domestic customers and Rate B which is commercial which is other than domestic, and then you go to the Rate B ones and above. When we did the analysis of a raise, remember the Act—the Commission Act, section 25(3), allows the Commission, of course, in the setting of rates, there are certain criteria—load factor, type of use, as well as the purpose of the use as well as the cost to provide the service. The Commission also has the ability under section 53 of the Act to be able to identify for rates in terms of the tariffs for rates. What is happening there is that when we looked at the—in terms of rate design, we would classify customers basically in terms of their consumption, and in terms of the nature of their operation.

Now, first of all, you have—in T&TEC, we have the Rate As which is 0.26 cents per kilowatt hour—I will just give you a quick overview—0.26 cents per kilowatt hour, that is TT—0.26, 0.32 and 37 cents; 0 to 400, 400 to 1000, over 1,000 kilowatt hours. Beyond that, you go on to what you call the B rate which is TT 41.5 cents per kilowatt hour.

In doing the rate designs, we also did a little analysis of what takes place internationally. If you look at internationally and you look at Australia, the UK as well as the United States, there is a category called public buildings. The point, though, is that when you identify that category and when we did the analysis, public buildings, the initial rate, the commercial rate in those jurisdictions, take for example, the US was US 13.8 cents per kilowatt hour. The public building rate was a cent less which was 12, roughly 0.12.5 cents—a little more than 12.5 cents per kilowatt hour in US.

In Trinidad, our rates are US 0.4.18 cents, if you convert to US to US 0.5.6 cents on the domestic, and of course, it goes a little above in terms of the Rate B. Now, the reason I am saying that is to head to the issue of classification of customers. If you are going to look at public buildings or use that classification, take for example for community centres as well as MP offices and so on, generally it will lie between the commercial and the domestic, so you really probably looking at the region of TT 0.39 cents per kilowatt hour. When we did the analysis, the increase in your bill—sorry, the reduction in your bill, if you are a Rate B customer would roughly be \$20.

Now, remember, it is very important, section 25(3) of the Act makes it abundantly clear in identifying rates, there must not be any undue preference in making decisions for rates. So that in doing the design, you want—if you decide you are going to introduce a rate for community centres/MPs offices and so on, it therefore means some other rate will either have to go up because that means that rate is going to be coming down. Therefore some other rate will have

to go up because the overall—the Commission, section 53 of the Act clearly identifies the Commission in getting its funding, must receive moneys for, one, for its recurrent expenditure, for capital operations, as well as for long-term loans.

So, in identifying how you spec your rates, it clearly identifies where you are going to get your revenue to be able to achieve the operations of the Commission. So therefore, when we did the analysis, we felt that in the grouping of the rates, it appears that Rate B because the difference really was not significant in the rate design, in the rate classification, so the grouping ended up in the Rate B category.

Now, to attempt to do to anything now, when you already have your rates applied, and of course, it was applied against the revenue that the Commission will need to get to operate, will not be in the best interest of the Commission at this time. However, in a next review period, it could be looked at, but the point I want to raise very clearly is that electricity in Trinidad and Tobago is practically one of the cheapest in the Caribbean and in this region. Say, for example, Venezuela—and they are having some very serious problems with their hydro right now. So basically when you looked at the overall issue of rates and classification, it is not going to create a major impact if you decide to go to that separate account called public buildings, as I said, which is what applies in other jurisdictions.

So we really, as I said, in the grouping of the customers because we know our customers, we are very intimate with our customers, we know the classification, we know the cost to provide the service, and what is also of equal importance, in paying for the service, we go to the generation company. When you go to the generation company, you pay for what you call conversion and kilowatt hour. It does not identify—and that is a fixed charge: conversion and kilowatt hours—it does not identify classifications so you pay a charge. So, if you supply any particular classification, at the end of the day, at a lower rate, the whole intent is the cost to provide the service. What is the cost to provide that service?

You know, just to reiterate, the rates, as I said, when you really look at it in the region, it is really practically the lowest in the region. All right? If we decide to go with the intermediate rate between Rate A as well as Rate B, you are talking 0.39 cents, because, as I have indicated, it is 0.37 cents over 1,000 kilowatt hours, and when we did the mathematics, it would work out about \$20 roughly. Remember your bill is at a two-month period so the impact on the customers would not be as significant.

**Mr. Chairman:** But, if you charge community centres and other buildings used and occupied by

NGOs the residential rate, what would be the reduction in the rate?

**Mr. Ramsook:** If you were to go to the residential rate, say for example, you go to the TT 0.37 cents per kilowatt hour, you would probably end with a reduction of about \$30 or \$35.

**Mr. Chairman:** That is in what kind of bill are you talking about?

**Mr. Ramsook:** Remember, in two months, you get a bill, all right, so within two months.

**Mr. Chairman:** No, you are saying a reduction of \$30, a bill of what? \$100? \$1,000? What are you talking about?

**Mr. Ramsook:** The average bill—okay, so we would end up with a bill of roughly in the region of about \$450 so you will get a reduction of \$30, so you could end up with about 420, let us say, in that region or so, and that is over 1,000 kilowatt hours.

**Mr. Chairman:** So you are saying that if these buildings that are used by not for profit organizations—

**Mr. Ramsook:** Yes.

**Mr. Chairman:**—were charged the residential rate, you might get 8 or 9 per cent reduction in the bill. That is what you are saying?

**Mr. Ramsook:** You will get about 8 per cent reduction in the Bill.

**Mr. Chairman:** That is all?

**Mr. Ramsook:** Yes, Sir, because the rates, as I said, are extremely low when you look at the overall rates.

**Mr. Chairman:** Ms. Ramdial?

**Mr. Ramsook:** This is the issue.

**Mr. Chairman:** I am surprised. Okay.

**Mr. Ramsook:** Yeah.

**Mr. Chairman:** Well, I think we need to write you on this and get further clarification.

**Mr. Ramsook:** No, we have the details, Sir, and we could give it by all means.

**Mr. Chairman:** No problem.

**Ms. Ramdial:** Just one question again, further to that then, how do you deal with those customers who are unable to make those payments? Is there any sort of concessionary time that you give them so that they can pay?

**Mr. Ramsook:** Well, for customers who are unable to pay the bill, of course, we do not disconnect until two bills, right, and that gives them the second period. That is based on the code of operations with regard to the RIC and directives from the RIC. At the end of the day,

though, bills have to be paid once there is the consumption.

You see, the intent here at T&TEC, as I quite indicated, the Act is very clear in terms of the Commission, in terms of the revenues generated by the consumers to be able to achieve certain requirements. If for any reason, there is the issue of, which of course, you know, the Ministry of Public Utilities has for certain categories of customers, and they have to satisfy a means test, right. For 0 to 400 kilowatt hours, I know that they have made some adjustments. Right? For 0 to 400 kilowatt hours, you do, in fact, both in collaboration with the Ministry of Public Utilities as well as the Ministry of social services, there is a forum where you can get some reduction.

**Ms. Ramdial:** So can you give us some examples or one example of where you have done such previously?

**Mr. Ramsook:** We have not managed that, the Ministry of Public Utilities, the PS is here.

**Mr. Jones:** Just to respond, the Ministry has an Utilities Assistance Programme where customers who would have used up to 400 kilowatt hours of electricity per bill would receive a subsidy as it were. We have only just recently increased—got Cabinet approval to increase to 500 kilowatt hours as a means of further reducing the impact on customers.

**Ms. Ramdial:** Thank you for that, but to your knowledge, can you give us a specific example of the beneficiaries of such accommodation?

**Mr. Jones:** I do not have that type of information with me but I can provide it. Yes.

**Ms. Cox:** I would just like to know what measures are in place for the billing of senior citizens. What are the measures in place?

**Mr. Jones:** If I could take that question also? The Utilities Assistance Programme really targets these recipients of senior citizens, pension and the other such programmes under the Ministry of the People and Social Development, so that they are, in fact, the target group that the UAP programme seeks to address.

**Ms. Cox:** I know that there is supposed to be a limit dependent on how much electricity is used, what is the limit and why was that limit placed?

**Mr. Jones:** I know that what we looked at was identifying, as it were, a basket. We would have looked at the usage level, we would have identified some of the key appliances that a customer of that nature would use. For example, just one fridge, a stove, a television set, one fan, et cetera—a basket, and we agreed on the 400 kilowatt hours usage.

**Ms. Cox:** I have one last question on that. Why is this service not advertised? Why I am saying that because as a Member of Parliament, sometimes a lot of persons would come, senior citizens

who cannot afford—recently, I had to tell one about the programme and I was not really sure about the details of the programme. But I think that even as Members of Parliament, this is information that we need so that when senior citizens or persons who receiving pensions have problems, we can direct them to T&TEC.

**Mr. Jones:** Yes, the Ministry is currently taking steps. We have recently started a caravan where we actually visit communities to advise them. We have printed thousands of leaflets that we will be handing out. There has been some press—information out on the press as well, but we are seeking to push for further communication to customers.

**Mr. Chairman:** What is the role of T&TEC in this? Is it that the person will still be billed by T&TEC and then they come to you for relief? How does it work?

**Mr. Ramsook:** Right. T&TEC applies the reduction and we notify the Ministry. Once the person is billed, we apply the reduction because we have a list that identifies the beneficiaries, we apply the reduction appropriately, and we notify the Ministry of Public Utilities, and in turn, they notify the Ministry of social services.

**Mr. Chairman:** How did you get this list?

**Mr. Ramsook:** We get the list from the Ministry of Public Utilities. It goes from social services to public utilities to us.

**Mr. Chairman:** Social services sends it to public utilities and sends it to you?

**Mr. Ramsook:** To the Trinidad and Tobago Electricity Commission.

**Mr. Chairman:** And then you apply a reduction?

**Mr. Ramsook:** We apply the reduction based on the directives, yes.

**Mr. Chairman:** What is the amount of the reduction?

**Mr. Ramsook:** The reduction is 0 to 400 kilowatt hours which work out to about \$112 roughly.

**Mr. Chairman:** In percentage terms, what does that mean?

**Mr. Ramsook:** In percentage, well, it targets—well, as I said, they have made changes to 500 kilowatt hours, but it targets consumers, they look at the average consumption of the consumers and they target consumers in the 0 to—

**Mr. Chairman:** Let me ask the question a different way.

**Mr. Ramsook:** Sure.

**Mr. Chairman:** I am trying to get it into simple language.

**Mr. Ramsook:** Yes.

**Mr. Chairman:** What kind of bill will be generated with a 400—whether it is kilowatt or



megawatt, I am not sure how many watts it is. What kind of billing you are talking about?

**Mr. Ramsook:** All right, I will let Mr. Williams take it who is my admin agent, he is well versed in it.

**Mr. Chairman:** Okay.

**Mr. Williams:** Prior to it being increased to 400 kilowatts hours, they used to be paying \$57 which covers around 50 per cent of the bill, and the customer used to have to pay some charges like the bill charge plus the VAT. Subsequent to that, the Prime Minister made a pronouncement that the customer should pay zero bill. So what happens is that based on 400 kilowatt hours, generally speaking, the \$114 covers the entire bill.

So what we do is the purpose of going to the Ministry of the People and Social Development is to do the means test—those who are on public assistance, the pensioners and stuff. It then goes to the Ministry of Public Utilities who then sanctions the name; they then send the name to us. When we get the Bill on a monthly basis, we send it to the Ministry—well bi-monthly—because the Bill is bi-monthly—we send it to the Ministry of Public Utilities who then in turn issues a cheque to us for the bill. So effectively the customers pay zero bill.

There is a continuing process whereby if for some reason the customer should exceed the 400, it is not on the basis of one bill because consumption fluctuates, but if over some period of time, they exceed it, then we communicate with the Ministry again, they would then advise us whether they would discontinue or not. Fortunately, we have not had any discontinuations.

**Mr. Chairman:** So you are saying that someone who was consuming 400 kilowatt hours, their bill would normally be about \$112?

**Mr. Williams:** Right, 112, 114.

**Mr. Chairman:** And with this programme, it is reduced to zero.

**Mr. Williams:** Zero.

**Mr. Chairman:** With the increase to 500 kilowatt hours, what sort of bill would not generate? Can you estimate?

**Mr. Williams:** Well, not—according to the General Manager, you are talking about 500 times [*Crosstalk*] yeah, well, about 0.32 cents, 0.26 cents.

**Mr. Chairman:** What we are talking about? One hundred and twenty dollars? One hundred and fifty dollars? What are we talking about?

**Mr. Williams:** Yeah, about 140.

**Mr. Chairman:** One hundred and forty dollars, fine.

**Mr. Williams:** Now my understanding is that the way this 500 evolved and Mr. Jones could confirm, I think they also looked at what is happening at WASA. Apparently, the numbers at WASA in terms of number of customers is a lot larger than what is happening at T&TEC, so they are trying to see how much more they could bring on board at T&TEC. So we did some comparisons in terms of those that are being subsidized at WASA.

**Mr. Chairman:** That is okay. What we are trying to get is a sense of what the bill would have been.

**Mr. Williams:** Yeah, around 140.

**Mr. Chairman:** So we get an idea of the target group that you are dealing with. So the 500 kilowatt hours would take you to a bill of approximately \$140, and this is now going to be reduced to zero with this subsidy programme. What happens when they go above 500 kilowatt hours? Do they fall out of the programme?

**Mr. Williams:** If they happen to continue at that basis, yes.

**Mr. Chairman:** If they consume 600 kilowatt hours, what happens?

**Mr. Williams:** If they consume 600 on a continuous basis, then we ask the advice of the Ministry of Public Utilities whether to continue with them or not.

**Mr. Chairman:** PS, could you tell us what happens then?

**Mr. Jones:** Yeah, certainly once they would have exceeded the 500 kilowatt hours for two consecutive billing cycles, they fall off.

**Mr. Chairman:** All right, so they must be at or below the 500?

**Mr. Jones:** Yes, consistently for two billing cycles.

**Mr. Chairman:** Well I think all of this need to be probably explained to people, and I think it needs to be much better advertised than it is at present.

**Mr. Jones:** Okay.

**Mr. Chairman:** Ms. Cox.

**Ms. Cox:** Okay, I just want to say two things. One is that I had an experience with an elderly person, and that is how I got involved from this programme, because when she attempted to access it, she was told that her bill is too high. Okay. Now, this person lives in Morvant and where she lives, she has to keep on her light, of course, because I think she has to climb must be about one hundred stairs to get to her home, okay, so therefore she is above. She was told—she is really in need of it—well, her light bill is too high, and that was it basically. So I do not know if it is something that we need to look at whether persons get a discounted price instead of just

saying that they are out of the programme. I am not too sure if that would be fair.

The second thing is, I am hearing that someone has to be referred from social development. Well, as you said that, then I realize that this sounds very roundabout to me, because if you have to go to social development then public utilities in T&TEC, then how could this be fair to the elderly?

**Mr. Jones:** If I could respond? It is not that we actually or the person has to actually go to social development. What we use, the Ministry of Public Utilities will utilize the listing of—that list of persons who are recipients of these—whether it is the old age pension or disabilities, we would use that listing. All right?

**12.00 noon.**

**Mr. Jones:** Confirm that in fact the person is still receiving that facility or that benefit and then apply it.

**Mr. Chairman:** We will write T&TEC about this. I just want to let T&TEC know that we would definitely have to have another meeting, because there are lots of issues that we would like to discuss with you. This meeting will run to, at least 12.30 or a bit later, but we will need to bring you back so we are just letting you. We are just asking you the easy questions now, by the way. Members on my left.

**Mr. Mohammed:** Chairman, I just want to go back to the issue of rates you charge for schools, offices of NGOs and community centres. I recognize the statement made by the general manager that we enjoy some of the cheapest electricity rates in this part of the world and we accept that but I want you, for a moment, to put yourselves in the shoes of people who have to run schools, who have to run offices of NGOs and who have to run community centres. The cost for electricity for some of these institutions is really, really very high and I would like to suggest that T&TEC really take a good and close look to separate our schools, our offices of NGOs and our community centres in a different category of ratepayers. We know we have to pay but put us in a different category.

We are not residential customers because no one lives there. We are not commercial customers because we do not make so much money for anything at all. Really, on behalf of the schools of the country and on behalf of the offices of the NGOs of the country, and on behalf of the community centres throughout the country, maybe T&TEC would like to do some kind of study to see how much money they receive from these institutions and how best they can facilitate these institutions so that they have to pay a lesser rate because in some instances, it is very, very difficult for NGOs and for community centres.

I know the schools receive a grant from the Ministry of Education, but certainly some kind of consideration should be put in place where these types of buildings are not considered as either residential or commercial and they have their own separate category.

**Miss Cox:** Mr. Chair, if I can just add. I would like to add even with constituency offices, because most of the constituency offices may be opened from 8.00 a.m. to 4.00 p.m., sometimes not on a weekend, but yet the constituency offices have to pay those rates and people do not cook, wash, most constituency offices, they do not use electricity to that extent, except the lights and probably air condition during the day. So that is something we need to look.

**Mr. Ramsook:** It is noted but, as, I said, in doing the analysis, and, of course, looking at all the jurisdictions, the position it will normally end up, if the commission has to go in that direction, is between the domestic as well as the commercial, which is; generally what is done in other jurisdictions and the impact really would not be as significant as—I just want to make that clear because of the value of the rates.

**Mr. Mohammed:** Who determines T&TEC's rates?

**Mr. Ramsook:** Sorry?

**Mr. Mohammed:** Who determines your rates?

**Mr. Ramsook:** We do in fact, our rates go to the RIC, the Regulatory Industries Commission, and they look at the rates. We do the proposal.

**Mr. Mohammed:** And the categorization of institutions into domestic—

**Mr. Ramsook:** We do the initial designs. We are very intimate with our customers. We look at that category. Of course, the final say would be with the RIC. We have done it before. We have created additional groups, so we have done it before, so it is within the purview of the Trinidad & Tobago Electricity Commission.

**Miss Cox:** I would just like to ask about the status of the cutting of trees near power lines. Why is it so difficult to get this done, when requests are made to T&TEC?

**Mr. Ramsook:** All right, I would let Mr. Austin, the Assistant General Manager of Distribution—

**Mr. Austin:** Right, we normally manage the requests for cutting up trees from customers. Normally, we try to respond the same day or within 24 hours to these requests. But, normally we have lots of requests where the trees are not endangering the power lines and T&TEC often do not respond to those requests where the tree is not of danger to the power line. We do an assessment and if it is that it is endangering the power lines then and only then we will do the

trimming of those trees.

**Miss Ramdial:** Does T&TEC have any intentions of upgrading its infrastructure nationwide in light of increased domestic fires due to faulty wiring from poles to homes?

**Mr. Chairman:** Miss Ramdial, I thought we were asking the easy questions first?

**Mr. Ramsook:** All right, we continue to upgrade our infrastructure throughout the country, both Trinidad and Tobago. There are a number of projects that exist in terms of upgrades of our infrastructure. We recently bought the 133 KB/132 volts into the City of Port of Spain for the first time, which is our gateway project. We have a number of projects that are ongoing, a number of substations upgrades and, of course, we look at the various locations that you have load growth and we cater for that load growth.

There is a planning section in each of the distribution environment. There is a planning section at the Mount Hope facility. So we look at all those, in terms of what are the requirements, where are the load growths and we do in fact factor whatever development that has to take place to in fact deal with that. Of course, you know, as to touch base on the whole issue, we also have the underground and the overhead configurations and as much as possible in the housing developments we are recommending underground. We can force the customers but we recommend underground in those. That also assists with reliability.

**Miss Ramdial:** Thank you.

**Mrs. Baptiste-Mc Knight:** Thank you, Mr. Chairman. I have two burning questions. The first is: What is your policy with respect to reimbursing people who, regularly lose equipment and appliances as a result of outages and power surges when reconnection takes place?

**Mr. Ramsook:** I would start part of the answer and I would ask the AGM Distribution to deal with it also. Section 49(3) of the Act directs the commission, in terms of dealing with damaged appliances. Clearly in there, it identifies that in dealing with damaged appliance, once it is negligence on behalf of the commission in terms of its workmanship, the commission must compensate the customer.

A group was formed by the RIC, including the Trinidad and Tobago Electricity Commission, and that group identified that whenever there is a complaint of damaged appliance we have one month to respond. Within one month we must respond and after we have responded, if we make a decision to compensate, within 15 days we must compensate the customer. We have a system where we do our investigations and whenever there is any issues of failures, damages and so on and we have in fact been compensating our customers when they are liable. We do a thorough

investigation and the information goes to what you call our risk and insurance department and they in fact put mechanics in place to contact the customer and make the appropriate compensation, and so on.

I can tell you—that is really where we are, basically, with the damaged appliance.

**Mr. Chairman:** Just let me come in here Mrs. Baptiste-Mc Knight.

**Mr. Ramsook:** Sure.

**Miss Cox:** I am looking at the section in the Act, 49(3), and you are saying that the law, this law, states that you are only liable if there is negligence—

**Mr. Ramsook:** And poor workmanship on behalf of—that is right.

**Mr. Chairman:** The only word I am seeing here is “negligence” on the part of persons employed by the commission—

**Mr. Ramsook:** Faulty construction of the installation, if you look at the body, faulty construction of the installation.

**Mr. Chairman:** What does that mean?

**Mr. Ramsook:** If we do our constructions, in terms of or installations and we do not follow standards, we install it poorly, we install the infrastructure incorrectly or poorly and there is damage—

**Mr. Chairman:** I understand that part, but what does “negligence” mean?

**Mr. Ramsook:** “Negligence” means if our officers, in terms of our workmanship, in terms of our standards, they do not do it properly and, as a result, there is damage to the customer, we would have to compensate. That is negligence on behalf of T&TEC.

**Mr. Chairman:** I would let Sen. Baptiste-Mc Knight come back in a little while.

**Mr. Ramsook:** Sure.

**Mr. Chairman:** I just—the problem I face as a Member of Parliament is that when there is an outage and the power is restored, there is either a surge, the voltage is not what it is supposed to be and it burns all the equipment out. Is that negligence?

**Mr. Ramsook:** Well, we—I would let Mr. Austin because he is—

**Mr. Austin:** Okay, let me start first by quantifying the damage appliances claims that we have had and the number that is denied. Now, we have denied approximately 84 per cent of the damage appliance claims.

**Mr. Chairman:** Sir, we have limited time. We were going to write you and ask you those questions. What I would like is definition of when the power is restored and there is a surge or

the voltage is not what it is supposed to be and appliances are damaged, is that negligence? Is that the commission's interpretation of negligence?

**Mr. Austin:** No, that is not negligence.

**Mr. Chairman:** It is not it?

**Mr. Austin:** No.

**Mr. Chairman:** So what is it?

**Mr. Austin:** We are mandated to supply customers with a voltage of 115/230 volts plus or minus 6 per cent. Where we do not meet that requirement it is considered negligence. We are supposed to supply those customers at that voltage and once we not meet that, that is negligence. If we do not—

**Mr. Chairman:** Just let me interrupt you there.

**Mr. Austin:**—maintain the system.

**Mr. Chairman:** Sir, that is a little confusing, because I asked you if there was a surge or the voltage is not what it is supposed to be whether that is negligence and you said no.

**Mr. Austin:** No.

**Mr. Chairman:** You are now saying that once it is more than 6 per cent beyond the stipulated range, it is negligence. What is it? Could you be clear?

**Mr. Austin:** Sir, that is under steady state conditions. We supply—have to meet a requirement of plus or minus 6 per cent. And we close a circuit when there is an outage and when the current comes back you have some you call transient that occurs on the system before it gets to a steady state.

**Mr. Chairman:** I think I understand where you are going. I would let Mrs. Baptiste-Mc Knight come in before you come back.

**Mr. Ramsook:** Sir, could I intervene? In normal operations of T&TEC, there is a standard. You will have outages. Our system in Trinidad and Tobago is predominantly an overhead line system and you will have outages, like in strikes, you could have issues with animals making contact with the infrastructure, and so on, and you have outages, so supply will go and supply will come back and any normal installation should be designed to cater for that switching operation. It is like switching off your supply at your house and switching it—

**Mr. Chairman:** Thank you, thank you. Mrs. Baptiste-Mc Knight, could you continue please?

**Mrs. Baptiste Mc-Knight:** I am having a little difficulty understanding exactly what the response is, because I am dealing with appliances that are normal, 120, and I imagine they could

probably accept a little more than 120. But when the power goes and it comes back, you can hear when your air conditioning unit goes. And, am I to understand that this is what you call collateral damage, that T&TEC is not responsible, because, well it is normal for there to be a surge when you take current and it comes back?

You have a rough idea what the cost of an air condition unit is. So when two or three air condition units go on you, in the space of a couple months, you think it is right to tell the listening public that they must absorb this, because this is collateral damage and it should happen whenever, when you have an outage at least once a month? Come on!

**Mr. Ramsook:** Ma'am can I respond? I want to make it abundantly clear. The commission's operation, there would be normal switching operation as well as outages. It is a standard item when you are dealing with utilities all over the world, both Trinidad and all over the world. Supply will go at times when you have faults on the system and will in fact return. So you will have those situations. But the point I want to raise is that standard operating equipment should not be damaged when that happens.

Generally, when we do our analysis, we pick up a number of items in there that contribute towards damaged appliances. Some of the items would be customers—I am not saying that is happening in your case, of course. We identify customers with extension cords from one building to another. We identify the earthing facility at the customers not being intact. There are a number of issues that we even identify at the customers' premises, in terms of wiring, overloading, overloading of particular circuits, and so on. But in any electrical system it is inherent that you will get outages. This is point we want to make clear. Because you have—in Trinidad and Tobago, we are predominantly an overhead line system and it is subjected to a number of conditions, be it lighting issues, be it, as I have said, animal contact, a number of issues that create faults on the system. So, as a result of that you will have—it is inherent in any utility.

**Mrs. Baptiste Mc-Knight:** Okay, my last follow-up on that particular question. When you investigate a complaint and it is not going to be accepted for reimbursement do you, as a matter of custom, routine, inform the customer exactly what the problem was at their end that would have been contributory to the damage in the particular case?

**Mr. Ramsook:** The answer to that is yes. That is our procedure that we should inform and must inform the customer as to what contributed. So when our investigator goes out, they look at the entire installation, if they pick up any issues at the customers' premises, it is logged and it should be indicated to the customer to correct because you do not want to have a repeat of the



situation.

**Mrs. Baptiste Mc-Knight:** Now, I am hearing you say it should be, what I asking is, as a matter of routine, do you always inform the customer of the problem at their end?

**Mr. Ramsook:** Ma'am, the reason why I have said yes it is our procedure, in terms of the areas have been directed in their responses but to say that they do it all the time, to be honest with you, I would not be able to confirm that but our procedure is our directives to the area.

**Mrs. Baptiste Mc-Knight:** Very well, that leads me/segues very neatly into my next area of concern.

**Mr. Chairman:** No, let us go back to this, because I think it needs clarification, if you do not mind, Senator. What I am picking up from T&TEC is that it is normal that when you restore electricity, there would be a fluctuation in the voltage and appliances are expected to be able to withstand that fluctuation. Is that what you are saying?

**Mr. Ramsook:** Well you would have, for a very, very short period, situations of that and appliances are able to withstand those arrangements.

**Mr. Chairman:** And, therefore, when people's fridges and televisions and everyday household appliances are damaged, when power is restored and there is a surge or there is a voltage that is more than 6 per cent than the expected, you are saying that T&TEC it not liable?

**Mr. Ramsook:** Right. The issue of the plus or minus 6 per cent is our normal operating voltage. When you restore supply you have a transient situation where, for that short space in time, supply is restored to customers the standard, as I said, within the utilities. Supply is restored. You may, as well as you may not, but as I indicated, it depends on the customer's installation, it depends on—we do a thorough investigation and quite often we discover everything more or less is intact with the commission's installation.

**Mr. Chairman:** Let me see if I could break it down into layman's language. What is your standard operating voltage?

**Mr. Ramsook:** We go 115/230 plus or minus 6 per cent at the customers' installation.

**Mr. Chairman:** Fine. So, if it crosses 125 volts, there is a problem?

**Mr. Ramsook:** If, under normal operating condition, the voltage crosses 121, yes.

**Mr. Chairman:** One twenty-one, fine. But what you are saying is that, if, for a short period of time, the voltage is more than 121, and this causes damage to the appliances, you are not liable?

**Mr. Ramsook:** Well, Sir, no. The answer to that is no. As I have said, there is a transient, very, very, short—

**Mr. Chairman:** That is the problem, everybody in Trinidad and Tobago believes that if there is an outage and current is restored and their appliances burn out on the restoration of electricity, that is T&TEC's fault and you are saying that that is not so. You are saying that appliances are expected to absorb these, what you call, transient. I think this needs a further examination because I find it quite unbelievable, because everyone who comes to me, as a Member of Parliament, to complain that T&TEC burnt out all their appliances expects that they are going to get some sort of compensation because it is your fault and you are saying it is not your fault. Essentially, is that not what you are saying?

**Mr. Ramsook:** I am saying that the electrical system is designed and equipment are designed for those transient arrangements when supply in switching operations outages are normal operations throughout the world with all utilities and the system is designed and equipment and appliances are designed to withstand those arrangements.

**Mr. Chairman:** So, what would account for all of these reports of damaged air conditioning units, refrigerators, et cetera, when you have an outage and a restoration of supply? Are you saying that is a fault of the equipment or a fault of the customers' installation and not a fault of the T&TEC?

**Mr. Ramsook:** We do the investigation when that happens and, as I have indicated, sometimes there a number of things do show up. We find arrangements where the circuits are either overloaded in some cases where the customers earthing arrangements are not intact. In some cases and, of course, if there are issues on the T&TEC side where we notice any issues of workmanship, of course, on the T&TEC side, we deal with that. But, generally, once we do our investigation and recognize that there are no issues on the commission side, certainly we will not accept liability.

**Mr. Chairman:** So, what are the circumstances that would be required to justify compensation by T&TEC to a consumer for damaged appliances arising from restoration of supply after an outage or irregular supply during normal period?

**Mr. Ramsook:** If we detect, which has happened from time to time, there is any errors in switching by any of our personnel, any issues in terms of poor workmanship on the commission's installation that contributed to either a neutral in our system burning out, and so on, we do in fact, in our investigation in a thorough investigation, we will compensate the customer. Once it is negligence on the part of the commission and the commission's operations, we will compensate the customer.

**Mr. Chairman:** Could you give an example of how long the voltage would have to be above the threshold for you to compensate someone? Would it be a second, a minute, how long?

**Mr. Ramsook:** Well, Sir, the whole issue is, as I said, in transient it is unlikely you are going to be able to measure that voltage for any length of time because it is a transient arrangement. So, generally under normal circumstances, the equipment operating under normal circumstances, once the voltage exceeds those values and it is continuous we, of course, will compensate the customer if there is any issues of damages.

Of course, the commission's responsibility is to make sure if that happens, we do whatever work we need to do on the system to ensure that the voltage is within the standard requirements of the commission.

**Mr. Chairman:** So, essentially, what you just said is that you cannot measure it, it is so short, the period of time for this transient increase in voltage is so short, you cannot measure it?

**Mr. Ramsook:** It is difficult to measure, yes.

**Mr. Chairman:** So, someone experiences, high voltage for 10 seconds or even a minute after power is restored, then you are negligent? That is what you are saying?

**Mr. Ramsook:** Right, as I indicated, under normal switching operations, the commission will not be held negligent, we do not hold ourselves negligent. However, if there are issues where we supply the voltage, normal supply to the customer, beyond the statutory requirement, we will in fact, as I said, as primary, of course, make changes to that voltage to ensure that the customers are within the standard supply voltage of the commission. If in that process the customer suffers damage to their equipment, certainly, we would compensate.

**Mr. Chairman:** So if you had low voltage in an area like St. James, for a week, and people report all their equipment is damaged, what would you do?

**Mr. Ramsook:** We will compensate.

**Mr. Chairman:** All right, I think we will have to write you on this and get further clarity. We will ask you specific questions and we would want answers to the parameters and the criteria that you use in order to determine whether you are responsible for damaging equipment, appliances, and so on.

**Mr. Ramsook:** Sure.

**Mr. Chairman:** Because I do not think anybody in Trinidad and Tobago knows, outside of T&TEC, what the criteria are. I certainly do not know. I assumed if power is restored and my air condition unit just blows up with a bang, that you are responsible. But from what you are

telling me, no, that other conditions have to be present in order for T&TEC to be found negligent. So we will write you on this.

**Mrs. Baptiste Mc-Knight:** I am going back on my word and asking one last question. Whenever there is a restoration of supply, is T&TEC in a position to say exactly what percentage above the normal the surge would be, because you have mentioned that you have a tolerance of 6 per cent. So, on each occasion, does T&TEC keep a record of the value of the surge to know whether it is within that 6 per cent band?

**Mr. Ramsook:** No, whenever supply is restored, of course, and the situation normalizes, we will pick up records at our substations, in terms of our voltages. But at the customers' premises, unless it necessitates, or unless some specific complaints arise out of it, we will not identify the particular voltages at any of the customers' installation.

**Mrs. Baptiste Mc-Knight:** No, but you know, for instance on June 05, there was an outage at X point, when power was restored at 10.15 p.m. the initial voltage was, let us say 126, as opposed to 120, or it was 122, as opposed to 120. Would you have that kind of information?

**Mr. Ramsook:** We will have—if we need to know that information—it without having to go to the customers' premises. When the situation is normalized, we have what you call AMI metres and we would pick up that particular information at the customers' premises.

So, it is possible, once supply is normalized. If it necessitates that we check voltages at the individual customers it is within our capabilities to do that.

**Mrs. Baptiste Mc-Knight:** And all of these investigations are done solely by your own employees or people employed by you, not by independent?

**Mr. Ramsook:** The initial investigation is done by T&TEC. We do all our investigation of damages. We, of course, would eventually write the customer, depending on the outcome of the investigation. The RIC and both section 67, as well as section 53 of the RIC Act allows them, if there are complaints, as an independent body, to take those types of complaints if the customers are not satisfied with the outcome of our investigation, as well as our response, and customers have gone to the RIC and have, of course, raised issues if they are not satisfied. We have had cases of customers going across to the RIC and raising complaints.

**Mr. Chairman:** Well you should now we examine the RIC and they had a slightly different view that they are really mediators and they have no coercive powers and they cannot order you to compensate the customer.

So, we will come back to that at the next meeting but I am just saying when we interview them,

they said that all they do is try to mediate between T&TEC and the person making the complaint and they really cannot do more than that. They could just try to persuade you to compensate the customer but that is it. That is another issue.

**Mr. Ramsook:** Sir, if you permit me. They have done analysis. They have investigated. In fact, they have provided a paper as to the percentage of investigations. They normally provide us with a paper of the percentage of investigations they would have done, how many they would have compensated, how many they would accepted the utility's final decision on or ask that the utility reverse their decision. So, of course, they have done their investigation. They do in fact consult with the utility.

**Mr. Chairman:** But if the RIC comes to a different conclusion than T&TEC what does T&TEC do?

**Mr. Ramsook:** Once it is discussed with us, and based on the information they provide us, we will act. If it means reversing the decision we will act.

**Mr. Chairman:** You are answering a different question. If a complaint is made, the person is not satisfied with T&TEC's response, they go to the RIC and ask the RIC to intervene, the RIC does its investigation and concludes that T&TEC is liable and then informs you that it is their opinion that you are liable to pay compensation, what do you do? Do you go and look at what the RIC is saying and come to your independent conclusion or you accept what they tell you?

**Mr. Ramsook:** We would—once the RIC informs us, they would give us the reasons, once we analyze the reasons and we are convinced that in fact what they are saying is so, we do in fact—

**Mr. Chairman:** You have answered the question. So you would look at what they say but you are not bound by it?

**Mr. Ramsook:** Yes.

**Mr. Chairman:** Right, Miss Ramdial.

**Miss Ramdial:** My last question, Chair: what is T&TEC's extent of corporate social responsibility and what is your average annual expenditure on such?

**Mr. Ramsook:** Right, our average annual expenditure is in the region of \$4.4 billion. That is the commission's expenditure.

**Miss Ramdial:** I ask about corporate social responsibility; giving back to the communities.

**Mr. Chairman:** Miss Ramdial.

**Mr. Ramsook:** Right, on donations, sorry, sorry.

**Mr. Chairman:** Excuse me, Sir. We are getting close to the time—

**Mr. Ramsook:** Sure. Sure.

**Mr. Chairman:** And I know members are busy. I would like you to think about that question.

**Mr. Ramsook:** I have the answer. I would give you the answer. I would give the answer.

**Mr. Chairman:** I do not think you would me an answer that I would be satisfied with. I was not satisfied with your answer on your infrastructure, by the way and I want to signal to you that at the next meeting I would ask you detailed questions about each one of your installations in every part of Trinidad.

**Mr. Ramsook:** Sure.

**Mr. Chairman:** And the condition, whether they have reached the end of their useful life, what plans T&TEC has to upgrade its system et cetera, et cetera, et cetera.

Similarly, I would like you to give Miss Ramdial a detailed answer, not an off-the-cuff answer and some examples of the kind of, would it be donations or contributions that you make to communities, and so on. So we could get a sense of T&TEC's social conscience, but in detail, not just a verbal short answer.

We would also be going into your accounts. Because since you said that electricity is very cheap in Trinidad and Tobago, compared to other countries in the world, I am looking in your accounts and I am seeing a surplus being generated from time to time, but then why then are you not upgrading your infrastructure, since you have all this money that is in your accounts? There is something—there is a disconnect there. So we need to go into the amount of money that is required to be spent on upgrading your infrastructure, why are you not spending it, like why are you not building a new power plant to service north Trinidad? I specifically want an answer to that question, so I am giving you a warning because I do know that a new power plant was supposed to be built on the Beetham Highway because the plant at Wrightson Road reached the end of its useful life about 10 years ago.

These are the kind of questions we would be putting to you at the next meeting. We want an understanding of our accounts, since you are showing such a healthy fiscal position, where you have a surplus. That does not gel with the reality of T&TEC not upgrading its infrastructure. Obviously, you need money and we need to know where this money is coming from. Like if you had to build a power plant, where would the money come from? Would it come from the Treasury? Would you have to make a request to the Government to provide this money, and so on? So these are the kind of questions that we would ask you on the next occasion.

I would like to thank you very much for coming. I think we can adjourn now. I am happy with

you responses, some of them, not all of them. We would write you and ask for clarification on the issues that we discussed today and, perhaps we could also give you a list of topics that we would want to—but we want details. We want hard information. We do not want simple answers to our questions.

So thank you very much for coming and we would let you when next we would want you to come but it would be very soon. We would continue the examination of T&TEC before we go on to any other entity. Thank you very much for coming.

**12.33 p.m.** *Meeting adjourned.*

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE  
ARNOLD THOMASOS ROOM (EAST), LEVEL 6, TOWER D, THE PORT OF SPAIN  
INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF  
SPAIN, ON TUESDAY, FEBRUARY 11, 2014, AT 10.37 A.M.**

**PRESENT**

Mr. Colm Imbert	Chairman
Mr. Anand Ramlogan SC	Member
Mrs. Raziah Ahmed	Member
Dr. Dhanayshar Mahabir	Member
Miss Ramona Ramdial	Member
Mr. Anil Roberts	Member
Mrs. Diane Baldeo-Chadeesingh	Member
Miss Donna Cox	Member
Miss Keiba Jacob	Secretary
Miss Candice Williams	Graduate Research Asst

**ABSENT**

Mr. Colin Partap	Member
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**OFFICIALS OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mrs. Susilla Ramkissoon-Mark	Chairman
Mr. Aaron Henry	Deputy Chairman
Mr. Kelvin Ramsook	General Manager
Mr. Courtenay Mark	Asst. General Manager - Engineering
Mr. Rene Austin	Asst. General Manager - Distribution
Mrs. Colleen Licorish	Asst. General Manager - Finance
Mrs. Jacqueline Cheesman	Asst. General Manager - Human Resources
Mr. Ian Ramrattan	Asst. General Manager - Administration (Ag.)



Mr. Ravi Shukla	Asst. General Manager
Mr. Ainsley Stewart	Audit Manager
Mrs. Grace Maharaj	Corporate Secretary
Mrs. Lisa Mc Nicholls-Sargeant	Pension Plan Administrator
Mr. Gerard Emmanuel Rodriguez	Senior Manager – Regulatory Compliance & Consumer Statistics
Mr. Jaishama Chadeesingh	Board Member

### **OFFICIALS OF THE MINISTRY OF PUBLIC UTILITIES**

Mr. Victor Jones	Permanent Secretary Ag.
Ms. Beverly Quamina	Senior Economist

**Mr. Chairman:** Okay, I think we will begin. I would like to welcome all the representatives from T&TEC to this meeting. I should let you know that this meeting is being broadcast live on the Parliament Channel and on Radio 105.5 F.M. Could I ask the officials from T&TEC to introduce themselves, please, starting with the front row.

**Mrs. Maharaj:** Good morning, I am Grace Maharaj, Corporate Secretary, T&TEC.

**Mr. Ramsook:** Good morning, I am Kelvin Ramsook, the General Manager of T&TEC.

**Mrs. Ramkissoon-Mark:** Good morning, I am Susilla Ramkissoon-Mark, Chairman of T&TEC.

**Mr. Henry:** Good morning, I am Aaron Henry, Deputy Chairman, T&TEC.

**Mr. Jones:** Good morning, I am Victor Jones, the Acting Permanent Secretary, Ministry of Public Utilities.

**Ms. Licorish:** Good morning, I am Colleen Licorish, Assistant General Manager, Finance, T&TEC.

**Mr. Mark:** Good morning, I am Courtenay Mark, Assistant General Manager, Engineering Division, T&TEC.

**Mr. Austin:** Good morning, I am Rene Austin, Assistant General Manager, Distribution, T&TEC.

**Mr. Rodriquez:** Good morning, I am Gerard Emmanuel Rodriguez, Senior Manager - Regulatory Compliance, T&TEC.

**Ms. Mc Nicholls-Sargeant:** Morning, Lisa Sargeant, Pension Plan Administrator, T&TEC

**Mr. Stewart:** Good morning, Ainsley Stewart, Internal Audit Manager, T&TEC.

**Mr. Shukla:** Morning, Ravi Shukla, Assistant General Manager.

**Ms. Quamina:** Good morning, Beverly Quamina, Ministry of Public Utilities, Senior Economist.

**Ms. Cheesman:** Good morning, I am Jacqueline Cheesman, Assistant General Manager, Human Resources at T&TEC.

**Mr. Ramrattan:** Good morning, Ian Ramrattan, Ag. Assistant General Manager, Administration, T&TEC.

**Mr. Chadeesingh:** Good morning, Jaishama Chadeesingh, Member.

**Mr. Chairman:** Thank you very much. I am not sure the Permanent Secretary should be on that side of the table. We will look at this for the future. All right, the Attorney General has some other pressing engagement, AG am I correct?

**Mr. Ramlogan SC:** Yes.

**Mr. Chairman:** So can we go straight into the examination. I will give way to the Attorney General to ask his questions.

**Mr. Ramlogan SC:** Thank you very much, Mr. Chairman. I noticed that in your trade and receivables, which is on your note five on page 25 of the 2011 report, that nearly 80 per cent of the trade receivables appear to come from the private sector. It is approximately, probably \$400 million—more like \$397 million thereabout, \$397 million out of the \$545 million in your receivables is from the private sector. Only a quarter which is about roughly \$150 million comes from the Ministries and the public sector. I mean, am I correct in saying that there would be a problem with the collection from the private sector? Why is it so poor? Because 80 per cent of your trade receivables are listed as coming from the private sector, and that is a very disproportionately high percentage I found. I was wondering why is that so.

**Mr. Ramsook:** Well, morning, morning. So I will start off and then I probably will ask my AGM, Finance to take it from there.

**Mr. Ramlogan SC:** Sure.

**Mr. Ramsook:** Right. We received funding of course—when I say income via our tariffs, our tariff structure which takes care of both private as well as the public sector. We do in fact, in the case of the public sector, we do in fact have a number of outstanding accounts, outstanding sums owed in the case of the public sector.

As you have indicated, in terms of the private sector, we have in fact, in terms of the quantum you have indicated, that is the quantum that we actually received from the private

sector. We have—as I said in the case of the public sector, we have been trying to achieve the majority of our collections. Our major outstanding balance in the private sector is \$72 million.

In the private sector—at this point in time I am just giving you the up-to-date figure—*[Interruption]* the outstanding companies would be like: UDeCOTT, where we have some outstanding amounts due to T&TEC; you have Ministry of National Security; Ministry of Education as well—

**Mr. Ramlogan SC:** But you see, those are from the state-owned agencies, my question was confined specifically to the 80 per cent that is owed by the private sector. I mean, we all know that in Trinidad and Tobago there is a perennial historic problem where the public sector does not pay on time because of the bureaucracy and the accounting methods used and so on. But why is collection so poor in the private sector? I mean, it is 80 per cent of your receivables.

**Mr. Ramsook:** I will let my AGM find out, but at this point in time in the private sector, our receivables are practically up to date, all right. I would dare say, in the case of the private sector, we are the lowest in terms of the debtors balance, in terms of our collections in the private sector. So at this point in time I would say, I will venture to say—Mr. Ramrattan, you could probably state the outstanding balance in the private sector.

**Mr. Ramrattan:** Morning again. The private sector—in fact, the total debt right now owed to T&TEC is of the order of \$300 million of which Mr. Ramsook identified. For the public sector it is about \$72 million. The thing is, we have been in the administration division, which of course, is responsible for the commercial department that liaises closely with our distribution division in terms of collecting—it is an ongoing process. We have a number of customers who will appear on our disconnection listings every month, and of course, our distribution division will have its crews and its staff geared at collecting those outstanding amounts. Of course, there is room for improvement, and of course, that would give rise to what you would see as accounts receivables on the balance sheet.

**Mr. Ramlogan SC:** Okay, I really wanted to know if there was any big ticket item in that, that was lumped there that we could have assisted with or at least know about.

**Mr. Ramsook:** No Sir, I could assure you in the case of the private sector, given our predicament in terms of our finances, we have kept that particular item, I would say very tight within the commission in terms of receiving our outstanding moneys from the private sector.

**Mr. Ramlogan SC:** No problem. The second concern I had—*[Interruption]*

**Mr. Chairman:** AG, before you continue—

**Mr. Ramlogan SC:** Yes, Chair.

**Mr. Chairman:**—when I look at the accounts for 2009, 2011, 2010 is still missing. I am seeing the trade receivables from the private sector for those years, from 2008, 2009, 2010, 2011 are in the several hundred million dollar range. I mean 2008, \$400 million; 2009, \$300 million; 2010, \$395 million; 2011, \$397 million. So are you saying that this trend has been reversed?

**Mr. Ramsook:** In terms of our collection from the private sector, the answer to that is yes.

**Mr. Chairman:** It has?

**Mr. Ramsook:** Yes. I could assure you of that given our financial situation, totally reversed, Sir.

**Mrs. Ramkissoo-Mark:** And that is because we have embarked on a aggressive collection drive.

**Mr. Ramlogan SC:** I would like to commend you all on the fact that you all have more or less improved the situation in terms of current terms. The next question I have however, it relates to your borrowings. Your borrowings on—if you look at page 26 of the 2011 report, you will see that your borrowings—I think in note ten in particular, I am on, you will see that nearly \$400 million of the fixed rate bonds are outstanding and due in 2021.

Now, my concern is that these bonds were negotiated at a time, when the interest rate was quite high. In fact, it is roughly 12.25 per cent, which is considered at today's prevailing market rates to be, I would think quite exorbitant. The first question I have is whether there was an early redemption clause in that bond issue so that they can have an early redemption if needs be, because one of the options that would be open to you all would be to exercise the right of redemption, call it in and refinance that loan. And if you do so, I would have thought that you should be able to get something now at prevailing market rates. You could probably get something between 5 and 7 per cent. If you got something between 5 and 7 per cent, you save yourself, you slash your interest rate by half, and your savings are not roughly—a 6 per cent saving should be roughly, in order of a \$20 million per annum. That is something you can save by simply doing a refinance. So has this been considered? It is a \$500 million bond issue—  
[*Interruption*]

**Mr. Ramsook:** Yes, Sir, we did—let me just give you a little update. The present balance on that, that started in 2001 and it is going to mature itself, when I say mature, it is going to be fully paid based on the \$500 million bond in 2021. We did in fact approach the bank. The interest is 12.5 per cent interest. We did in fact approach the bank to see if we could renegotiate because

you know in these times—in fact, we pay roughly, if my memory serves me right, about \$70 million to \$80 million per year and we did in fact approach the bank for a renegotiation of the bond.

Unfortunately, because of the terms and conditions, it is not as easy to get out the bond. It is still being looked at. In fact, when we reapproach, given presents rates, the value would have halved itself. It would have been one half of the total yearly annual payment for that bond. It would really be—and that is at present interest in terms of borrowing.

Unfortunately, because of the terms and conditions of the bond which was taken in 2001, we could—at this point in time it is a bit difficult to get out of it. So it is being looked at, we are in discussion with the bank in terms of this particular issue.

**Mr. Ramlogan SC:** Am I to understand you that there is no early redemption provision in that bond agreement?

**Mr. Ramsook:** From my memory, the answer to that is, no. Ms. Licorish—

**Mr. Ramlogan SC:** Perhaps the general manager of finance could answer that. Is there an early redemption option in that agreement?

**Ms. Licorish:** No, there is not.

**Mr. Ramlogan SC:** There is not?

**Ms. Licorish:** No.

**Mr. Ramlogan SC:** Chairman, I would just like to place on record my concern with respect to that.

**Mr. Chairman:** I too.

**Mr. Ramlogan SC:** I think that is a matter and it is fairly standard in negotiating these agreements that you would have an early redemption clause to cater for precisely this kind of situation. I think the finance department ought properly to have, in fact, insisted in entering in a half a billion dollar bond and loan that there is in fact such an early redemption option because you have locked in T&TEC at some extremely high interest rates—a little over 12 per cent.

**Mr. Ramsook:** Twelve point five.

**Mr. Ramlogan SC:** Twelve point five per cent. And if there was in fact an early redemption option, then you could have called it in and refinanced and you could have saved quiet a lot of money. My recommendation would be that in going forward in the future that they would consider it as part of standard practice to insist on such a clause being inserted into such agreements. But I hope that those negotiations continue, because the bank will be laughing all

the way to the bank whilst we are paying some very high interest rates.

**Mr. Chairman:** AG, before you continue, I think this is sufficiently important for T&TEC to send us something in writing on this bond. What I would like to know is what is the current yield of this bond? What price it is trading at, if it is trading at all? And if it is not trading, why is it not trading? And exactly what are these terms and conditions that preclude you from refinancing this bond, because if you look at this bond over the next seven years you could save in excess of \$200 million in interest payments. I think it is worth it. So could you provide this committee with all of the information that I have requested on this bond issue and any other information that you think is pertinent so that the committee will understand and may even be able to assist you in getting yourself out of this bond.

**Mr. Ramsook:** Certainly Sir, and I will send you also the latest up-to-date information we received from the bank when we started the process of trying to renegotiate the bond.

**Mr. Ramlogan SC:** Thank you, Chairman. The other point I had is in the management letter, if you look at page 9, there is a statement there that had me a little—*[Interruption]*

**Mr. Ramsook:** What year Sir?

**Mr. Ramlogan SC:** The 2011 management letter, there is a statement there that had me a little concerned. It said on page 9 that there was a lack of evidence to support management review of the fuel report.

**11.35 a.m.**

I do not know what the auditor meant by that, but if there is no evidence to satisfy an external review then it means, perhaps, that your record-keeping and internal control mechanisms might require some strengthening, and it is my hope, really, that since 2011 when that statement was made in the management report, that measures would have been put in place to, hopefully, address that, and if you can speak a little to that I will certainly appreciate it. It is on page 9 of the 2011 Management Report.

**Mr. Ramsook:** Right. Sir, I will let Mrs. Licorish, the AGM, Finance deal with it.

**Mrs. Licorish:** What the auditors were saying at that time was that they saw the reports but they were not actually physically signed off by someone. So in their view, it meant that it was not reviewed and we have since put a system in place where those reports are actually signed every month and that is being done up to this date.

**Mr. Ramlogan SC:** All right. Fair enough. Your purchase commitments, the Power Purchase Agreement of 1994 expired in 2009. I mean, it forms one of the critical pillars of the business of

T&TEC, and since it expired in 2009 I was wondering if a new PPA has been negotiated to replace that.

**Mr. Ramsook:** Yes we have, prior to the 1994 PPA expiring, and that 1994 PPA, the terms referred to 819 megawatts from the Power Generation Company (PowerGen). That PPA, in fact, prior to expiring, we did, in fact, start the process at T&TEC to renegotiate the final terms of that PPA. The intention, Sir, is to go from 819 to 742 megawatts and down to 624 megawatts. That process has been in train for the last three years and we are waiting for the final outcome and the final approval of that process so that we could go down to, as I said from 819 to 742, to 624, which will redound to about a \$90 million savings to T&TEC per year.

**Mr. Ramlogan SC:** Inasmuch as you mentioned what your targets are, on Note 23, if you look at page 43 of the 2011 report, you will see that the joint venture agreement with Trinidad Generators Limited (TGU)—the TGU agreement—it had envisaged that output would reach 720 by 2013. I just wanted to know where we are in the scheme of things in terms of achieving that measure.

**Mr. Ramsook:** Right. In the case of the TGU, it was the expectation with the Alutrint plant coming on board it would have, in fact, utilized the full capacity of the 720 megawatts. With that not happening, the Commission at this point in time is utilizing 225 megawatts from the TGU plant. Every effort is being made to be able to—because we had an issue with the infrastructure, to put infrastructure now, to bring the full capacity of TGU onto the Commission's grid. Every effort is being placed to complete that process by June/July of this year so that we could achieve, putting the entire TGU capacity onto the grid.

However, when we looked at even doing that, our usage then will be—our projected usage we expect in the middle of June, let us say by July to be 400 to 450 megawatts, and by 2016, we would then be able to utilize—the end of 2016 into 2017—the full 720 megawatts, based on our projections.

**Mr. Ramlogan SC:** So there would be a significant increase in capacity.

**Mr. Ramsook:** That is right. That is quite correct. But the main issue, Sir, is that the capacity will be on the grid, and if you recall the issues of March 29 last year, the TGU plant was, in fact, available to bring capacity on to the grid when we had a total shutdown of Trinidad and Tobago, and therefore it is going to improve the reliability in a significant way once we get that full capacity on to the grid.

**Mr. Ramlogan SC:** Fair enough.

**Mr. Chairman:** AG, before you move on, am I to understand that you are telling us that TGU is producing 720 megawatts and you are only purchasing 225?

**Mr. Ramsook:** That is correct, Sir.

**Mr. Chairman:** Sorry, you are only using 225.

**Mr. Ramsook:** Two-twenty five.

**Mr. Chairman:** What is happening to the other 500 megawatts?

**Mr. Ramsook:** We are simply not taking it from the plant. The plant has the capacity for 720 megawatts. At this point in time we are utilizing 225 and that is being fed on to the grid to T&TEC.

**Mr. Chairman:** But is the plant operating and generating 720 megawatts?

**Mr. Ramsook:** At this point in time what the plant will do is give you what your available capacity is, but what they have been doing is cycling the machines so that all the machines themselves will be exercised and available when you need it to actually bring the additional capacity on to the grid.

**Mr. Chairman:** They are producing somewhere in the vicinity of 225 megawatts—

**Mr. Ramsook:** Right. They are making it available for T&TEC.

**Mr. Chairman:**—by not utilizing their full capacity.

**Mr. Ramsook:** Yes.

**Mr. Chairman:** So some of the machines are down, some are on, some are off, that kind of thing.

**Mr. Ramsook:** That is correct, Sir.

**Mr. Chairman:** But T&TEC has to pay for the whole 720 megawatts as if they were receiving it.

**Mr. Ramsook:** That is correct, Sir.

**Mr. Chairman:** Even though they are not incurring any operating expenses?

**Mr. Ramsook:** It is a take-or-pay contract. That is correct, Sir.

**Mr. Chairman:** No, I just want to get this clear. So the machines are not working, so there is no wear and tear and that kind of thing; there is no fuel and so on, but you have to pay for the electricity as if they were working?

**Mr. Ramsook:** That is correct, Sir.

**Mr. Chairman:** That is the terms of this thing?

**Mr. Ramsook:** Well, one little issue, though, just to mention, really even in the generation business, though, it is better when the machines do, in fact, operate, to be honest with you. But



the point is quite accurate. Some of the machines are not operating. However, we have a take-or-pay contract that requires that the Commission pays for the full 720 megawatt capacity, which is \$68 million per month.

**Mr. Roberts:** Can you give the Committee a little bit more detail on that take-or-pay contract; when it was signed; who was in charge? Was Mr. Ken Julien involved in that? Please give the country a little bit more information—

**Mr. Chairman:** Mr. Roberts—

**Mr. Roberts:**—about why we have to pay that bill.

**Mr. Chairman:** Mr. Roberts, we will get to your question. I have some further questions before I will allow them to answer your question. You will be given free rein, do not worry.

My difficulty with this issue, the reason why you are not taking it is twofold, I am gathering from what you are saying. There are two reasons: one, the demand is not there. That is one. And you have just told the Attorney General that in the next three or four years the demand will reach, in your estimation, you are projecting that by 2017 or thereabouts, the demand will reach the 700 megawatts. So one reason why you are not using electricity is because the demand is not there. The second reason, my understanding is, is that your transmission and distribution infrastructure is not in place to allow you to use it. Before you get to Mr. Roberts' question, could you elaborate on this issue? Do you have the necessary infrastructure in place to use this capacity?

**Mr. Ramsook:** Okay. So at this point in time we had an issue at our Brechin Castle substation. We have dealt with that issue. There is a new transformer that has been installed at that substation. The Commission is able to take 400 megawatts from TGU with its existing infrastructure. That is the first issue.

**Mr. Chairman:** And having taken it, can you distribute that throughout the whole island?

**Mr. Ramsook:** Right. We expect, as I indicated, by mid this year to be able to utilize 400 megawatts or thereabout. There is something happening right now with—well, we have two items. One with Mittal, which—I do not want to go into it in too much detail unless you ask; and the other one with a small plant that is coming up. We have the Petrotrin issue. They are coming up with some additional loads and we have Mitsubishi Consortium. They are coming up with some additional loads. But at this point in time we are saying that about the mid-2014 we could be up to about 400 megawatts. Nothing is going to happen beyond that until—

**Mr. Chairman:** Let me ask the question in a different way.

**Mr. Ramsook:** Sure.

**Mr. Chairman:** We have had situations where Port of Spain has gone down and Diego Martin and so on, has no electricity. One would hope that in such a situation, TGU could kick in and Diego Martin could be fed with electricity, similarly Toco, Sangre Grande and so on. Is the Commission in a position now that if all of the supply for Diego Martin went out—Port of Spain/Diego Martin—that you could supply from TGU, or do you still have more infrastructure to put in?

**Mr. Ramsook:** Right. The issue with outages in Diego Martin and the environs of Maraval really sometimes emanate from the transmission infrastructure, from the B power station, which is not as reliable. So when you do not have capacity, the B power station, at best, will give you 120 megawatts at this point in time. When you do not have capacity emanating from the B power station, you have to bring that capacity from the other power stations within the country.

So in terms of the available capacity, yes, you have it, but the issue really is the transmission grid to bring the capacity from the other locations. We have the gateway project that has been completed partially. Phase 1 has been completed, and that has helped us significantly with the reliability of supply in the Port of Spain, Diego Martin, Maraval, Westmoorings areas and so on. So if you look at the records you will see less outages this year than last year compared to when you had—you know, in terms of the outages last year. We are in the final stage of completing the gateway project which we expect to complete by October/November of 2014. When that happens, and with the additional capacity from TGU, we will be in a better position in terms of the reliability.

But the point I want to raise to you, Sir, is the issue of your PPAs. You have PPAs and you have adequate capacity without taking the additional capacity from TGU. So your total PPAs that you have from PowerGen, Trinity, as well as TGU—and let us say I include Cove Power Station—your total generation capacity is adequate at this point in time. It is the transmission infrastructure that we are dealing with in the case of Port of Spain, and whenever you lose generation—you have outages in any of the machines—you have that comfort that you have TGU to be able to come on the grid to take up, what you will consider, to take up the slack or to take up the difference.

**Mr. Chairman:** Mr. Ramsook, you are not really answering my question. Let us assume Point Lisas goes down, Penal goes down, Port of Spain goes down—

**Mr. Ramsook:** Right.

**Mr. Chairman:**—everything goes down except TGU and you turn on TGU, can you supply power to the whole of Trinidad?

**Mr. Ramsook:** Seventy-five per cent of the island. The total peak load is 1348 megawatts. TGU uses 720.

**Mr. Chairman:** Right. Fine. When would you be in a position to be able to supply the whole of Trinidad from TGU?

**Mr. Ramsook:** Well, to supply the entire Trinidad, well, just to put it in perspective in terms of how you are asking, the total capacity of Trinidad and Tobago right now is 1348 megawatts. TGU is 720 megawatts. So at this point in time to get the full capacity on the grid we are looking at the middle of this year—the middle of 2014.

**Mr. Chairman:** This year.

**Mr. Ramsook:** That is right.

**Mr. Chairman:** Okay, that is the answer to my question.

**Mr. Ramsook:** Sorry about that, Sir.

**Mr. Chairman:** So sometime this year, middle, towards the end of this year, if we have a big failure of power generation somewhere, you will be able to supply north Trinidad from TGU.

**Mr. Ramsook:** That is correct.

**Mr. Chairman:** Okay. Now, Mr. Roberts, repeat your question.

**Mr. Roberts:** Well, I will pose it in a different way. I never like to repeat myself. Let me, first of all, commend T&TEC for assisting and utilizing capacity that was never envisaged before, and making some use of value for money for taxpayers' dollars in this unprecedented situation. As I understand it—and please interrupt me and correct me if I go wrong—the previous government intended to bring an Aluminum smelter in La Brea to the tune of 125,000 tons. This was the Alutrint Smelter Plant, and there were many issues, including environmental, Town and Country Planning. There were critical issues of whether this plant would go ahead, some of them ending in the court. And while this process was going on, it was never decided or determined whether a Certificate of Environmental Clearance, which had been questioned in the way that it had been divided up with the smelter, meaning you separated the port, the smelter and the power plant as three different entities, rather than one cumulative impact assessment, which the court ruled was null and void and, therefore voided the Certificate of Environmental Clearance and, therefore, the court, the Judiciary, stopped the possibility of a smelter plant. The previous administration, even though that decision had been thwarted, continued to proceed with this TGU plant to create

and generate 720 megawatts, or whatever it is—excuse me, I am not—they continued with that and also did the unthinkable thing of paying—

**Mr. Chairman:** Mr. Roberts.

**Mr. Roberts:** “Ah know they could stop meh” if I am wrong—

**Mr. Chairman:** Mr. Roberts.

**Mr. Roberts:** Of signing a take—

**Miss Cox:** Mr. Chairman, what is the question, please?

**Mr. Chairman:** Mr. Roberts, just ask the question.

**Mr. Roberts:** The question is, they signed a take-or-pay arrangement for the general man in the street. That means, no matter what—whether smelter came or whether electricity was used, that the taxpayers had to pay the bill. Is that what the previous government signed and burdened T&TEC with?

**Mr. Ramsook:** The particular PPA was signed in 2009.

**Mr. Roberts:** Thank you.

**Mr. Chairman:** That is your question? You got your answer?

**Mr. Roberts:** “Ah got de answer and ah want tuh know who will be held responsible for dat.”

**Mr. Chairman:** Okay. AG, back to you. Oh, by the way, it was remiss of me, I am sorry—you would know the older Members of this Committee, and by that I do not mean chronological age, but we have two new Members who I would like to introduce themselves, starting with the lady on my right. Could you introduce yourself?

**Mrs. Ahamed:** Good morning. I am Razia Ahamed, a Member of the Senate.

**Mr. Chairman:** And on my left.

**Ms. Baldeo-Chadeesingh:** Good morning. I am Diane Baldeo-Chadeesingh, Opposition Senator.

**Mr. Chairman:** Okay. AG?

**Mr. Ramlogan SC:** Thank you very much. Your expenses for the generation of electricity, when I looked at the accounts, it showed a dramatic improvement in the expenses position. I mean, this is really for Ms. Licorish. In 2011, your expenses dropped to \$816.8 million. That is in 2011. Now, when you compare that with your expenses associated with the generation of electricity for 2010, in 2010 it was \$1.296.3, that is roughly \$1.3 billion, and the year before that, in 2009, it was \$1.28 thereabouts. So by my calculation—I mean, correct me if I am wrong, but, essentially, you have a reduction in the expenses of about \$300 million, and that is in 2011.

So my question to you is whether that was—is that a financial aberration, the \$300 million reduction, or is that a sustained reduction that will inure to the benefit of the consumer, ultimately?

**Mrs. Licorish:** No, that was specific to 2011. In 2011 we had arrears owing to NGC and there was a settlement of those arrears which resulted in us doing some adjustments in 2011 relating to previous years, including reductions for royalty gas and that, basically, was the main reason for that reduction between 2010 and 2011.

**Mr. Ramlogan SC:** So it was a one-off payment, basically, and you have cleared off some backlog.

**Mrs. Licorish:** Yes.

**Mr. Ramlogan SC:** Fair enough.

**Mr. Roberts:** Mr. Chairman—AG, just on that point, could you also—in Finance; good morning—let us know from 2009 with that take-or-pay arrangement where we were not getting any electricity or any value to the country, give the country a little idea of how much money was spent on a monthly basis since 2009, the take-or-pay for TGU. How much money was spent per month on that contract—take-or-pay—and we were not getting value? I see T&TEC is now trying to get some value and I commend you all for that. But how much a month—give us a general figure, please, because that would have impacted on your revenue position and cost.

**Mr. Ramsook:** All right. Sir, I will take that question. So I will start from August; I will give you what happened from August 2011 when the billing started, to December 2013. Is that all right, Sir?

**Mr. Roberts:** Thank you.

**Mr. Ramsook:** Right. So on August 20—and I am giving you the figures in US dollars and I will give you the outstanding balance in US dollars because the take-or-pay contract has to be paid in US dollars.

The initial figure, the invoice was \$3.3 million, and that was August 2011. Because the plants did not come in in the specified time, we had what you call a liquidated clause that allowed us about \$28 million for a short period. So we utilized that moneys in terms of offsetting the bills to TGU.

So September 2011, \$3.1 million; October 2011, \$3.4 million; November 2011, \$3.1 million; December 2011, \$4.3 million and it ended in January 2012, \$6.9 million. Beyond that, we made every effort to pay the bill up to September 2012 at the tune of \$6.5, \$5.8—March was \$5.8, April was \$6.8, May was \$7.0. All this is millions in US dollars. June, \$5.5; July \$6.0; August, \$6.4;

September, \$7.1 and that is where it ended.

We then wrote via a Cabinet note—

**Mr. Roberts:** Could you give me a total of that for that period, please, roughly?

**Mr. Ramsook:** Well, the total payments up to 2013, \$220 million.

**Mr. Roberts:** US?

**Mr. Ramsook:** US.

**Mr. Roberts:** Multiplied by \$6.35.

**Mr. Ramsook:** Right. And the payments we made at T&TEC, \$128 million. The outstanding bill to TGU, which is not paid, \$92 million or TT \$600 million.

**Mr. Roberts:** So am I to assume that approximately \$1.3 billion was paid because of this take-or-pay contract before the country got any benefit whatsoever from TGU?

**Mr. Ramsook:** Well, if you want to put it in perspective in terms of what was not paid, bear in mind that we were, in fact, paying TT \$21 million for 225 megawatts, and the difference would have been TT \$47 million for the difference in what we did not take at all. But the point is that there is an outstanding balance to TGU right now, as we speak, of US \$92 million or TT \$600 million, based on this arrangement.

**Mr. Roberts:** I humbly apologize on behalf of this Government for the previous Government.

**Mr. Chairman:** What was your specific question, AG, before we were disrupted by Mr. Roberts' theatrics?

**Mr. Roberts:** Disrupted?

**Mr. Chairman:** What was your question, AG?

**Mr. Ramlogan SC:** I think Ms. Licorish answered the question. It had to do with a \$300 million drop in the cost of doing business, and she explained that that was, in fact, not a sustainable expenditure but rather an aberration which had to do with a negotiated payment that was made to NGC, in particular, so that therefore that would be a blip on the radar as opposed to something sustainable in terms of the drop in the expenses.

**Mr. Chairman:** Okay.

**Mr. Ramlogan SC:** I just want to return to—it troubles me a bit in terms of the borrowings. When the \$400 million fixed rate bond—when was that agreement signed? What year?

**Mrs. Licorish:** 2001.

**Mr. Ramlogan SC:** You know, Chair, I just want to say, it is particularly bothersome that an early redemption clause is not put into an agreement like that because you are locking yourself

in—

**Mr. Chairman:** I agree, and this is why we want details.

**Mr. Ramlogan SC:** On that particular issue I think we really ought to get some further information.

**Mr. Chairman:** I totally agree.

**Mr. Ramlogan SC:** The last question I had posed, really, had to do with your balance sheets. We know that historically you have had this problem with NGC being in a state of backlog. I wanted to know whether or not your trade and other payables which are reflected as \$1.2 billion, whether or not that figure of \$1.2 billion for trade and receivables includes anything pertaining to the NGC issue. Ms. Licorish?

**Mrs. Licorish:** It will have a balance. It will have a balance—

**Mr. Ramlogan SC:** Whilst you are looking for that, let me just fire one other one that came to mind. You have a figure for \$166.9 million for liquidated damages. Now, that is a very significant figure and it is a non-recurrent expenditure item, and I wanted to know what really does that figure represent?

**Mr. Ramsook:** Well, that is the TGU issue.

**Mr. Ramlogan SC:** Oh, the TGU issue. I thought as much. Okay, fine.

**Mrs. Licorish:** Yes. 2011 was the year in which we sorted out the NGC, so the debt to NGC would have moved from trade to borrowings. The \$1.2 billion that you are seeing there, a small portion of it—I do not have the figure offhand, but a small portion of it would relate still to NGC because there was a small balance that we were owing that was not accounted for in the debt that was settled, but not very significant. But most of it would have been other trade payables and bearing in mind that this is a figure as at December, so we would have had like moneys owing to the power producers, the power generators, which we would have paid in early January. So it is really just a figure as at December 31.

**Mr. Ramlogan SC:** Fair enough. And I do not know if Mr. Mark, perhaps, is the person to answer this, but it had to do really with the electrification of new HDC developments. Oh, Mr. Austin? We have had a number of new HDC developments that have been populated and I just wondered whether or not T&TEC has a strategic plan to light those developments, in particular, for example, in the current settlement, Egypt and others. What is happening with that?

**Mr. Austin:** Good morning, everybody. Yes, we do have a plan to light these developments. A lot of them had underground infrastructure. Where the infrastructure is incapable of taking the

electricity supply—because they had some problems with the underground design—we will be going overhead, and while that is going on, any individual customers that need supply, we would give them overhead supply.

**Mr. Ramlogan SC:** All right. And in terms of the electrification, I mean, I want to really compliment T&TEC on the electrification of the recreation ground across the length and breadth of Trinidad and Tobago. I mean, that has been a marvelous achievement and one that has contributed in no small measure, in particular in the rural communities, to young men and women having that option for recreation in the late afternoon and evening period after they come home from work and so on. And I see particularly in areas that I frequent that, you know, a lot of elderly people, even, you see them coming out in the night and walking and so on, and the impact of that is very good.

**Mr. Chairman:** AG, in the interest of time, are you asking a question?

**Mr. Ramlogan SC:** Yeah, I am coming to that.

**Mr. Roberts:** How many more grounds are they going to do?

**Mr. Ramlogan SC:** I wanted to know—well, no, I firstly wanted to know, do you have an idea, Mr. Austin, of how many grounds have you all lit up, and what is the plan going forward? Is it a programme that is one that has an impact on the nation's health, which is its wealth and the wellness of the nation as well?

**Miss Cox:** I just want to add to that question. I would like to know where these grounds are located, please.

**Mr. Austin:** These grounds are located throughout Trinidad. It is almost every single village within Trinidad and Tobago we have been lighting these recreation grounds. Our plans are to do some 80 additional grounds.

**Mr. Chairman:** In the interest of time, I think every Member here is interested in the answer to this question. Could you send that answer in writing, please?

**Mr. Ramsook:** Sir, I have the information and I can give you now.

**Mr. Ramlogan SC:** Sure. Let us get it.

**Mr. Chairman:** Would it take long?

**Mr. Ramsook:** It is quite a—

**Mr. Chairman:** Oh, you have it in writing.

**Mr. Ramsook:** Yes. It is quite a number, but if you want it, I can give you the exact locations of the grounds that are still to be lit.



**Mr. Chairman:** And you have that here in writing.

**Mr. Ramsook:** I have that here. If you want me to say it, I could give you that information.

**Mr. Ramlogan SC:** But could you at least tell us, Mr. Ramsook, how many have, in fact, been lit?

**Mr. Ramsook:** We have lit 210 recreation grounds to date, and we have an additional 50 outstanding to just energize, to actually go and commission. And I have a list of all the others so far that have made the list, to be done. So if you want, Sir, I can give you that information. I could send it in writing.

**Mr. Chairman:** Okay, sure. And there is a question I am hearing from a Member here. I will articulate it on her behalf. What is the process, or what are the criteria by which a ground is selected for lighting up by T&TEC?

**Mr. Ramsook:** Right. The MP of the particular area, I would imagine counselors make requests; the residents make requests. The MP makes a request to the line Minister and the line Minister then directs Trinidad and Tobago Electricity Commission, via the chairman of the board, for the particular grounds. So the correspondence goes to the line Minister and who directs the chairman of the board.

**Miss Cox:** So are you saying that the MP cannot make the request to T&TEC directly?

**Mr. Ramsook:** Well, the reason, Ma'am, is that the Minister would coordinate with everybody because, you see, there are a number of grounds that are to be lit. So the Minister—and I have spoken to him on a number of occasions. He has said he wants to be fair and he has looked at all the grounds; he has looked at the numbers, so that everybody would be equally given grounds so that nobody would benefit more than the other one and so on.

**Miss Cox:** Well, I am not comfortable with that because I have sent numerous requests to Ministers and they would choose and then send to a state enterprise.

**Mr. Roberts:** Is that a question, Chairman?

**Miss Cox:** I would like to deal directly with the company. Okay? Because you mentioned, Mr. Ramsook, that the requests come from the line Minister. All right?

**Mr. Ramsook:** Yes.

**Miss Cox:** Okay. Because all Members of Parliament may send, whether it be Opposition or Government. So I prefer to deal directly with T&TEC.

**Mr. Ramlogan SC:** I would just ask Mr. Ramsook on this issue, before you respond. The process whereby the requests would go via the line Minister, was this the process and the procedure that

obtained under the previous administration as well?

**Mr. Ramsook:** That is quite correct.

**Mr. Ramlogan SC:** Thank you very much.

**Mr. Ramsook:** And just for the benefit, it is a Ministry project. The PS is here. The Ministry is the one—it is coordinated by the Ministry and the funding for the project comes from the line Ministry to the Trinidad and Tobago Electricity Company, and therefore the Ministry gives the necessary directives and so on.

**Mr. Chairman:** AG, you want to go?

**Mr. Ramlogan SC:** Yes. Chair, I want to thank you very much for accommodating me. I want to thank the executive management of T&TEC for responding to the questions I had. Thank you very much.

**Mr. Chairman:** You are excused.

*[Attorney General departs meeting]*

**Miss Cox:** Mr. Chairman, I just want to be clear that I would like to get the information as to the grounds that were lit and those that are down to be lit, in writing.

**Mr. Chairman:** Let me just confirm. T&TEC, you have given us an undertaking, you will give us the list of every single ground that has been lit up, the dates, approximate, and your projections going forward, I would say, over the next 12 months; what are the grounds you plan to light up and so on.

**Mr. Roberts:** And we commend you for your efficient work.

**Mr. Ramsook:** Sir, just to indicate, I have that information which I could have given the committee but I will provide it to you in writing in time—

**Mr. Chairman:** No, no, we have some other issues to discuss—

**Mr. Ramsook:** Certainly, Sir.

**Mr. Chairman:**—and I will turn the microphone over now to Sen. Chadeesingh, dealing with customer/consumer community issues that she had a number of questions she wanted to pose to you.

**Ms. Baldeo-Chadeesingh:** Thank you very much, Chair. Before I go specifically into a question regarding customer service, I want to pose a question to the relevant person regarding the RIC's role in the classification of community centres, constituency office, schools, NGOs and that sort of thing.

**12.05 p.m.**

The RIC, from my understanding, approves the character of service rules. Can you tell me what year was this character service rules introduced by whom, and has it since been revised?

**Mr. Ramsook:** I will just let one of my officers give you a feedback on the RIC role and when it was revised, and then I will take the issue of the classification of customers and get into the Act and so on.

**Mrs. Baldeo-Chadeesingh:** But specifically to the character of service rules, I am asking this in the context that for a particular group of persons, constituencies offices, schools, community centres and NGOs, there is no specific rate category that exist exclusively for this category of persons, and the issuing of reviewing rates, therefore, does not exist. So, this would have to be included in the proposed character of service rules and would have to be approved by the RIC. Am I correct?

**Mr. Ramsook:** That is quite correct. The Commission would initiate the request for rates, do the rate design and actually identify the classification of customers, and there is a process for the classification of customers. I can go into that if you want.

**Mrs. Baldeo-Chadeesingh:** Excellent. But what is the time frame to classify the NGOs and schools? What is that time frame; when will this be done?

**Mr. Ramsook:** Well, Ma'am, the point is, there are certain classification of customers. The community centres, NGOs and so on, at this point in time they appear into what you call the rate B class. So that classification was in fact dealt with before with regards to our rates and our application for rates. We have at this point in time no change in our position at the Trinidad and Tobago Electricity Commission. Just to point out the two sections in the Act: section 53 in the case of T&TEC and 67 in the case of the RIC, Chap. 57:72. In the case of the RIC, the Act allows us to initiate the process, of course, in collaboration with the RIC in terms of the classification of customers. Customers are classified based on the load, load factor, the nature of the operation and the cost to provide the service.

At this point in time, based on the rates within T&TEC and within the country, the classification for NGOs as well as public institutions and so on are not included in terms of a separate rate class. And the reason for that is because if you look at our rates at present, just to put it in perspective, T&TEC practically charges the lowest rate in the world. I will put in in US to benchmark—*[Interruption]*

**Mr. Chairman:** Mr. Ramsook. Mr. Ramsook.

**Mr. Ramsook:** Yes. So I am getting to the point of the rate A—*[Interruption]*

**Mr. Chairman:** If I allow you to continue we will be here for an hour. The specific question let me see if I could crystalize it. What the Senator is saying is that the decision to put community centres, constituency offices, et cetera, seems to have been arbitrary—correct me if I am wrong—  
[*Interruption*]

**Mrs. Baldeo-Chadeesingh:** Yes. Sure.

**Mr. Chairman:**—and there is no specific requirement for these categories of customers to be put into that class. Is this so?

**Mr. Ramsook:** That is quite correct because the cost to provide the service puts them in the rate B class.

**Mr. Chairman:** So who made the decision to put them in rate B?

**Mr. Ramsook:** The decision was based on the analysis in terms of the cost to provide the service.

**Mr. Chairman:** Mr. Ramsook, I did not ask why. Who? Who made the decision to put community centres and so on into rate B?

**Mr. Ramsook:** Right! T&TEC, based on its analysis in terms of the cost to provide the service—  
[*Interruption*]

**Mr. Chairman:** So T&TEC did that?

**Mr. Ramsook:** We recommended in terms of—we did the recommendation—[*Interruption*]

**Mr. Chairman:** You initiated the process?

**Mr. Ramsook:** We initiated the process.

**Mr. Chairman:** You could have easily gone into a different direction.

**Mr. Ramsook:** If the information suggest otherwise, if the study suggested otherwise based on the cost to provide the service, based on the rates at this point in time.

**Mr. Roberts:** I think what the Chairman and the hon. Senator are asking: in this character of service rules, based on the consumption levels, the load, the load factors and so on, if in the wisdom of T&TEC or the members who make up the decision-making committee, that especially after the last Public Accounts Committee where it was clear that there was some misnomer in the classification process, that it was probably too forensic, too economic and did not take into consideration human factors, ability to pay, public good, you know a battered woman's home, they are not generating money, but they are providing a great service for women who are being beaten and escaped and safety, children, a constituency officer.

We get strict money. No increase from the Parliament and, therefore, while we may use a lot of electricity because we allow free use of computers, we leave the office open for people who need

assistance, that we are suggesting here that one, the Commission, T&TEC can change their character of service rules to include a character that has more humanity in it in order to remove community centres, schools, constituency offices and so on from the commercial class B. Is that possible and, if it is, when does T&TEC propose to become a bit more humane?

**Mr. Ramsook:** Sir, section 25(3) of the Act makes it abundantly clear that the Commission must not show any undue preference to any customer in determining the rate class and it is the cost to provide the service, and that is really the role of the Commission at this point in time.

**Mr. Roberts:** Clearly I know, Sir, that you are a General Manager but you are not a lawyer and that is your interpretation in order to continue the paradigm of charging people exorbitant fees. It can also be determined that this is not preferential in any way, form or fashion, and the Commission can state clearly cases such as community centres providing service. It is within your remit to interpret and to not jeopardize or prejudice anybody else. That is within your remit to change the character of service rules and make a recommendation to the RIC. Yes or no?

**Mr. Ramsook:** Well, it is within our remit to look at the entire process as I have indicated. But we are guided by the rules that we operate by, and the rules are very clear and, of course, the Act. Based on that and based on our assessment of the situation, that particular item did not come up—*[Interruption]*

**Mr. Roberts:** Would you agree that in South Africa, pre-Mandela and pre-1990, that they were guided by a certain sector of rules and laws which may not have been too humane, and they were changed by people who wanted to change them. So I did not accept the answer that your analysis or your interpretation of section 53, as astringent as it is, is hard and fast. You must go behind the law. The law makers who were in the Parliament were human beings and obviously there was the intent of the law, and the intent was not to prejudice anyone, but to provide fair, equitable service especially since, as you have stated, Trinidad and Tobago has the lowest rates in the Caribbean and possibly in the world. But you must also add an addendum to that, that the citizens of Trinidad and Tobago deserved that because the oil and gas that is in the soil and ground and the earth belong to each and every one of them. So, therefore, I ask you here and this Committee asks too: is it possible for you to change your character of service rules? Will you all undertake here today so to do to bring it in line with human spirit and ability to pay and public good?

**Mr. Ramsook:** Sir, the Commission as I—*[Interruption]*

**Mr. Chairman:** Mr. Ramsook, I do not want to hear another speech from Mr. Roberts on this

topic. [Laughter] And in the interest of not initiating another speech from Mr. Roberts on this topic, could you just answer the question yes or no?

**Mr. Ramsook:** I humbly have to answer no.

**Mr. Chairman:** Mrs. Chadeesingh. We will come to you in a little while.

**Mrs. Baldeo-Chadeesingh:** Thank you very much. I just want to go because my mind is going around in circles. T&TEC proposes rates to the RIC. Right! The RIC sets the revenues that the Commission is to earn. Correct? Right!

**Mr. Ramsook:** That is correct, Ma'am.

**Mrs. Baldeo-Chadeesingh:** Then the RIC provides the recommended rates, so is it not the RIC?

**Mr. Ramsook:** Well, as I indicated, both the Acts allow both collaboration with T&E/TEC, 53, and in the case of RIC to be able to look at what is presented to them and verify whether in fact the rules were followed and so on, in actually providing the final details for the classification and, of course, the final outcome which you are well clear on, Ma'am, is the revenue expected for T&TEC to operate by.

**Mrs. Baldeo-Chadeesingh:** Okay, another question. The average claim paid for damage to appliances is \$3,000. This is in the case of residential rate A charges. For commercial rate B charges, how do you determine the average claim to be paid?

**Mr. Ramsook:** Well, in the case of damaged appliances, can I put on Mr. Austin?

**Mrs. Baldeo-Chadeesingh:** For commercial rates, yes. Sure.

**Mr. Austin:** Okay. The amount paid is actually due to compensation on the items that is damaged. So it is not really related to the rates but actually related to the items damages.

**Mrs. Baldeo-Chadeesingh:** So it does not have a different criterion for residential A as opposed to commercial because in the terms of residential \$3,000, that is the average. So I am saying, for instance, if there is a company that is doing business and their equipment goes, how do you estimate that in terms to pay that, because what I have in my house is different from what a small business or a large business would have in their operation. How do you determine that?

**Mr. Austin:** Right. It would be based on either the depreciated value or the cost of the loss.

**Mrs. Baldeo-Chadeesingh:** Okay.

**Mr. Chairman:** Could I intervene here? If T&TEC decides that it is liable, do you pay the full book rate or market value or depreciated value of the item?

**Mr. Austin:** We would pay the depreciated value of the item.

**Mr. Chairman:** You do?

**Mr. Austin:** Yes.

**Mr. Chairman:** So the only argument would then be over the depreciated value?

**Mr. Austin:** Correct.

**Mr. Chairman:** But you—this is your practice that once you concluded that you are liable, you pay the depreciated value of the item no matter whether it is \$100,000 claim or \$1,000 claim, it does not matter?

**Mr. Austin:** It does not matter. We pay the depreciated cost.

**Mr. Roberts:** Mr. Chairman, your question worries me and nobody flinched when he said that. The Chairman said, “When T&TEC determines whether they are right or wrong what would you do”? Does anybody here find that there is a conflict of interest in any form or fashion with the provider determining, investigating, determining whether they are culpable or not?

If I am a police officer and I am vexed with my neighbour and I get up and take a stone, run over in neighbour yard and bust the car window and then my Inspector puts me in charge of the investigation to see if I was wrong and, therefore, if I determine that I was wrong then we would go forward to see if we go to the DPP to charge. Would that be acceptable? This system seems totally in conflict with every law of natural justice known to man. Does anybody up there agree with me; and if so, what are we doing to change it?

**Mr. Ramsook:** Sir, what is happening as we have indicated, T&TEC would investigate the claims. However, if there are queries and it happens quite often at times—also the RIC would get involved as an independent body and they will review the matters—*[Interruption]*

**Mr. Chairman:** Mr. Ramsook, just talk about T&TEC because we have asked the RIC this question and they said, no, they do not get involved. You!

**Mr. Ramsook:** But they too, Sir. I am very sure about that.

**Mr. Chairman:** No, no, no. They could only use moral suasion. They have no coercive powers.

**Mr. Ramsook:** That is true.

**Mr. Chairman:** They have no authority to tell you what to do.

**Mr. Ramsook:** That is true.

**Mr. Chairman:** So do not bring RIC into this.

**Mr. Ramsook:** Fair enough, Sir.

**Mr. Roberts:** Do you find it is correct or is there a conflict or what is the suggestion?

**Mr. Ramsook:** So the technical capability lies within T&TEC and really in terms of the investigation we following again set rules that we follow in terms of our investigations and our

response. And in terms of the nature of the business, as I have said, internal with T&TEC, the technical capability resides with us.

**Mr. Roberts:** You have also stated earlier that in the Maraval, Westmoorings and Diego Martin areas with substation B, that it is substandard and not working as efficiently as you would like, which means that there is an innate responsibility on the part of T&TEC that their plant is not up to scratch. How many and what quantity of claims over the last two years have been made and paid in Maraval, Westmoorings, Diego Martin, Port of Spain, please?

**Mr. Ramsook:** Mr. Austin.

**Ms. Cox:** I want to add to that before. I just want to know what is the time frame for dealing with complaints.

**Mr. Austin:** Okay, I will answer the second question first. Normally, we target 30 days. The more complicated claims it would last slightly longer, but our targeted time for settling claims is 30 days. I do not have the value for the claims in Diego Martin and those areas. What I could tell you though, for 2013 we would have paid approximately \$1 million in 2013 in claims.

**Mr. Roberts:** What? Excuse me! In the whole of Trinidad and Tobago you paid compensation claims of \$1 million in 2013?

**Mr. Austin:** Yes, \$1 million.

**Mr. Roberts:** The average cost of a good fridge is \$25,000, a TV is \$15,000/\$20,000, plasma and so on, and in the whole of Trinidad and Tobago when we know and we have admitted that our infrastructure is old, when right here on testimony here that plant B in one of the areas that has the most expensive appliances across the entire country, that T&TEC has only compensated citizens to \$1 million out of 1.35 million people? I think clearly that shows something is wrong with the system and I put it to you that the system of managing and investigating and charging yourself does not work and does not protect the customer.

**Mr. Chairman:** In an attempt to allow us to move to some other items—I am afraid we will have to bring you back by the way, eh—could we get details of going back for the last three years, how many claims were made, what is the total value of the claims made and what is the total value of the claims paid and how many claims were paid. Could you give us that in writing, please, so we will be able to put this issue into perspective if you paid a million dollars, would the claims \$10 million or \$20 million as the case maybe. We would like to get that in writing as soon as possible.

Chadeesingh, you had any other questions?



**Mrs. Baldeo-Chadeesingh:** Why? I am glad you asked because I do, Chair.

**Mr. Chairman:** Go ahead. And then I think Ms. Cox wanted to ask a question, and then I think Miss Ramdial had her hand up before Ms. Cox.

**Mrs. Baldeo-Chadeesingh:** Let me get started then. Apart from applications from the Ministry of Public Utilities—because the Ministry of Public Utilities forward all applications received from various sources including the Ministry of the People and Social Development, and these are then flagged. From my understanding, at the end of each month T&TEC then sends an invoice to the MPU outlining the value of all the UAP recipients. My question is: apart from the applications received and identified from the Ministry of Public Utilities and being vetted by the Ministry of the People and Social Development, persons that might fit this demographic to receive the utility assistance programme, how else is this programme advertised because unless you know it then you will know that you have to go to a particular Ministry. How is it advertised?

**Mr. Jones:** Good afternoon. Let me just indicate the Ministry's position on the UAP. I must admit at this current time we are in fact engaging a massive advertising campaign as it relate to the UAP. However, we have over the period that the UAP has been in place to deal directly with the MPs, for example, the MP's office. All the MP offices are sent application forms because the Ministry is of the view that the MPs are the persons on the ground and to the extent that that exist, we depend on the MPs to assist us in terms of applications.

**Mrs. Baldeo-Chadeesingh:** So if I get you right—Mr. Jones is it?

**Mr. Jones:** Yes, it is.

**Mrs. Baldeo-Chadeesingh:** But yet again you are still depending on a sector of the population to provide you with this information, like MP offices, you know. Is there going to be or is it the intention of the Commission to have a national advertising campaign where this could reach out. Because unless you know you have a problem, you do not know where to go to. So unless someone tells me that I have to go to an MP's office, I would not know that and I would not know that this programme exists.

**Mr. Jones:** I did indicate that we are in fact embarking on a massive campaign, and certainly we will be—in fact, we are to piggyback on the Ministry of the People and Social Development. We have already started to go out to communities. It is the Ministry itself.

**Mrs. Baldeo-Chadeesingh:** Mr. Jones, could you tell me a time frame or when you are to start this campaign?

**Mr. Jones:** We have started in small measure. Just last week we were able to devise a schedule and we will in fact actually be going out.

**Mrs. Baldeo-Chadeesingh:** All right. And I have one last question. Yes, if the Chair will permit me? Are there instances when customers are wrongly disconnected? For instance, I was reading in this document that after two billing cycles—you have increased it now from one to two billing cycles—you expect to be disconnected. But if a person was wrongly disconnected, what compensation might be given to that person who was wrongly disconnected, have paid and they can show you their receipts that they have paid? What is the redress that they can seek from the Commission?

**Mr. Ramsook:** Well, Ma'am, if a customer is wrongly disconnected, once they show us their losses, we will compensate in full.

**Mrs. Baldeo-Chadeesingh:** All right.

**Mr. Chairman:** Let me just interrupt this process. We are definitely going to have to bring you back and I think we are going to decide to bring you back right away. But before we break up for today, I would just like to hear Ms. Cox and Miss Ramdial tell you the nature of the questions we are going to be posing to you on the next occasion. So, Ms. Cox, over to you.

**Ms. Cox:** Give it to Miss Ramdial. We have not heard anything from her yet.

**Miss Ramdial:** Okay. Good afternoon everyone. First of all, apart from the good work that you have been doing with the recreational grounds, I would like to get an update with respect to the rural electrification process with respect to residential homes that you have embarked on and how successful that has been since you have embarked on it.

**Mr. Chairman:** Well need some time to get into that.

**Miss Ramdial:** Sure.

**Mr. Chairman:** Ms. Cox.

**Ms. Cox:** I wanted to know a little bit about the communications strategy. There have been some issues. Even in Morvant there have been some regular power outages and it was felt that the residents were not properly informed as to why and so on, because I got a lot of complaints. You know, regularly power outages and they were not informed. But I am concerned about your communication strategy as a company. I just want to know a little bit more about it.

**Mr. Chairman:** You see, let me tell you why we need to go into this in some depth. On the last occasion, the Committee had complaints of this nature. Permanent Secretary is telling us that with respect to a particular programme they had begun a process of public education. Well, I am

a member of the public and I am not aware of that. So what we really need is a better answer. So we would like you to go into some detail in terms of your communications portfolio, your communications projects, your programmes, your strategies, some details in exactly how T&TEC has been communicating with the wider public, with the communities, with respect to your programmes, with respect to problems, with respect to complaints, with respect to claims, et cetera, et cetera. Give us some meat that we could chew on, rather than simply telling us, "Look, we working on that". I do not mean to say that that is what you are doing, but this is the impression I am getting. So on the next occasion I will want us to go into some detail, bearing in mind that this is the second time Ms. Cox is bringing this up. Miss Ramdial is now bringing it up; a new member is now bringing it up.

In terms of your communication with the public, we need to have a presentation, I would say, from the communications department to this Committee on the next occasion on the strategies that you have and how successful you believe your communication programmes have been. Just a minute, Mr. Roberts. Mr. Roberts, you have a question?

**Mr. Roberts:** And on the next occasion, I would like to get a little more information on when we can expect the return of the fantastic sponsorship of T&TEC of cricket and football. The T&TEC team was second in the TT pro-league. I understand that you had a cost with TGU, but I would like you all to revisit that position because it is very important. You create jobs, you provide community service, and it assist in the fight against crime.

So a little information on T&TEC sponsorship of major teams, as well as I should finally say, I must commend T&TEC during the fire in the substation in Diego Martin where I live, in two hours and eight minutes electricity was returned. I understand through some rerouting, very technical, interesting, well done rerouting of electricity, so I commend you for that and I hope that you use that sort of humanity and human service to change your rates for communities and schools and so on.

**Mr. Chairman:** Mr. Roberts, that was not a question. So, Ms. Cox, you could ask your question, please.

**Ms. Cox:** Okay. I now found what I wanted to ask. Concerning complaints, do you all record when persons call the company? If you have a complaints department and so, are these calls recorded? I see it happening internationally.

**Mr. Ramsook:** Right. Yes. We have a system where once you call in a trouble report, there are recorders. Not in the majority of our locations. We had before and some of those recorders have

failed, but we are dealing with that situation right now. But we do in fact take the report, so we have evidence. We have clear details of the report and so on. But I think the point you are raising is whether it is recorded. No, not in all the locations.

**Mr. Chairman:** Mr. Bharath.

**Mr. Bharath:** Thank you, Chairman. There are some long standing deep-seated issues that relate and will affect both the financial position of T&TEC as well as security issues. From a perspective the reconciliation of BAT accounts would have been long outstanding. The issues with regard to the fixed assets register which again will affect book value of assets, or even the existence of the very existence of assets will again affect the valuation of the company, and then there are issues with regard to discretionary disconnections.

I think one of your management reports way back in 2008 or 2009 talked about the fact that disconnections were at the discretion of the crew and it actually went on to state that the many instances as a direct result of that, family and friends of crew members were not disconnected, resulting in loss of income as far as the Commission was concerned. And then there is another very troubling issue but I am not sure if it has been corrected yet and, that is, access to a number of the IT systems at T&TEC by employees who are no longer on the employee roll and they still have access to many of your very sensitive information at T&TEC. So next time we come back, if we could address those issues.

**Mr. Chairman:** Okay. We will be bringing you back on March 11, just after Carnival so you should be well rested. I think we are going to close off this session now, but please come with comprehensive information on your communications strategy, and also the questions that Minister Bharath has just posed to you. And just for the record, what is the date that bond was entered into?

**Mr. Roberts:** 2001.

**Mr. Chairman:** When in 2001?

**Mr. Ramsook:** 2001 the asset BAT bond was created—I do not have the exact date, but it is 2001.

**Mr. Chairman:** Would it have been before the general election of that year?

**Mr. Roberts:** No.

**Mr. Ramsook:** Sir, I will have to verify the details. I just have it recorded here.

**Mr. Chairman:** Well, the general election was in December, you know.

**Mr. Ramsook:** I just have it as 2001.

**Mr. Chairman:** So that bond—*[Interruption]*

**Mr. Ramsook:** I just have it as 2001.

**Mr. Chairman:** All right. Mr. Ramsook, I am surprised that your memory has failed you. Would that \$500 million—I am not going to behave like Mr. Roberts—bond that is costing T&TEC \$75 million a year has been entered into under the former UNC administration? Please say yes or no.

**Mr. Ramsook:** Sir, I will have to get details as to the exact time, but—*[Interruption]*

**Mr. Chairman:** Oh, come on.

**Mr. Ramsook:** Yes, I will have to get the details.

**Mr. Chairman:** Okay. Can the Permanent Secretary tell us? *[Crosstalk]* Hold on! Can the Permanent Secretary tell us?

**Mr. Jones:** I am sorry, Mr. Chair, but I do not have that information.

**Mr. Chairman:** Can Mrs. Lircorish tell us?

**Mr. Chairman:** Nobody knows when this bond was entered into, \$500 million bond? Are you serious?

**Mr. Roberts:** But we know when TGU was—*[Interruption]*

**Mr. Ramsook:** I indicated the date. But in terms of the exact day and the month, I will have to get that detail for you.

**Mr. Chairman:** Was it before the middle of December 2001?

**Mr. Ramsook:** My apologies, Sir, there is no way I could recall that information. I will have to get back to you.

**Mr. Chairman:** I am certain it was entered into under the former UNC administration.

**Mr. Roberts:** You cannot answer, and was that board changed by the UNC or was it a new board? That is a question. Do not worry with that.

**Mr. Chairman:** So you will bring that information for us, Mr. Ramsook. Mr. Ramsook, the meeting is not over yet. This is not a joke. You will tell us in writing when that bond was entered into, was it done under the former administration and what were the circumstances that led to the negotiation of that bond without an exit clause and without an early redemption arrangement.

**Mr. Roberts:** Mr. Chairman, can we have that same instruction for TGU, please, Mr. Chairman, in writing, please? Thank you.

**Mr. Chairman:** Sure. Meeting is adjourned.

**12.35 p.m.:** *Meeting adjourned.*

**VERBATIM NOTES OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE  
ARNOLD THOMASOS ROOM (EAST), LEVEL 6, (IN CAMERA) AND THE JOHN  
HAMILTON MAURICE ROOM , MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE  
PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON  
ROAD, PORT OF SPAIN, ON TUESDAY, MARCH 11, 2014, AT 10.37 A.M.**

**PRESENT**

Mr. Colm Imbert	Chairman
Mr. Anand Ramlogan SC	Member
Miss Ramona Ramdial	Member
Mr. Colin Partap	Member
Mrs. Raziah Ahmed	Member
Dr. Dhanayshar Mahabir	Member
Miss Donna Cox	Member
Mrs. Diane Baldeo-Chadeesingh	Member
Miss Keiba Jacob	Secretary
Miss Khisha Peterkin	Asst. Secretary
Miss Candice Williams	Graduate Research Assistant

**ABSENT**

Mr. Anil Roberts	Member
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**OFFICIALS OF THE TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**

Mrs. Grace Maharaj	-	Corporate Secretary
Mr. Kelvin Ramsook	-	General Manager
Mr. Aaron Henry	-	Deputy Chairman
Mr. Victor Jones	-	Deputy Permanent Secretary
Mrs. Jacinta Bailey-Sobers	-	Permanent Secretary (Ag.)
Mr. Courtenay Mark	-	Asst. General Manager – Engineering
Mr. Rene Austin	-	Asst. General Manager - Distribution
Mrs. Colleen Licorish	-	Asst. General Manager - Finance
Ms. Annabelle Brasnell	-	Corporate Communication Manager

Ms. Mauricia Pegus	-	Manager, Customer Services
Mr. Jaishama Chadeesingh	-	Board Member
Mrs. Lisa Mc Nicholls-Sargeant	-	Pension Plan Administrator
Mr. Gerard Emmanuel Rodrigues	-	Senior Manager - Regulatory Compliance
Mrs. Jacqueline Cheesman	-	Asst. General Manager - Human Resources
Mr. Thomas Inkim	-	Asst. General Manager Administration (Ag.)
Mr. Irwin Thompson	-	Commercial Manager
Mr. Ravi Shukla	-	Asst. General Manager
Mr. Ainsley Stewart	-	Internal Audit Manager

**Mr. Chairman:** Good morning, thank you for coming. We kept you waiting for a little while because we had to go through your responses to our questions and it took a little while. I think I would ask the officials from T&TEC, even though we have met you before, just for the benefit of the listening public, could you introduce yourselves again, please.

[*Introductions*]

**Mr. Chairman:** Before we start I just want to make a point. At the last meeting Minister Roberts in his usual exuberant way carried on a little bit. Now he is entitled to do that because he is a politician, but I got the distinct impression that some members of the commission followed his lead in answer to a specific question from me with respect to the date on which the bond was issued, because the notes will show that everybody had amnesia when I asked the question, but it is in your financial statement. It was a rhetorical question. I knew it was March 2001. I knew it was under the Panday administration.

So I would just ask, the politicians are entitled to be politicians, but could the board members and the officials, when you are asked a question by whoever, whether it is a Member of the Government, Member of the Opposition, an Independent Senator, could you just give us a straight answer and do not engage in politics, please. So I hope I could get that undertaking from all of you.

All right, let us go straight into the meeting. What I suggest that we do is look at the responses to the questions raised by this committee on the last occasion, the responses by T&TEC to these questions, and I will open the floor. Who would like to go first? Yes, Dr. Mahabir.



**Dr. Mahabir:** Thank you very much, Mr. Chairman. In one of the prior submissions it is stated that in 2011 T&TEC reached agreement with the NGC of Trinidad and Tobago for the settlement of arrears owing to NGC.

**Mr. Chairman:** Which page?

**Dr. Mahabir:** This is page 20 of the former document.

**Mr. Chairman:** Okay.

**Dr. Mahabir:** This was a relatively unfinished business, and I would like to know from the members, on an annual basis what is the bill in general that is owed to the NGC, and how much of that bill is normally settled on an annual basis, and why is there this deficit which seems to be a chronic deficit on the accounts of T&TEC? Thank you.

**Mr. Ramsook:** Morning everyone. Okay, in the case of the National Gas Company, as you have indicated, in 2011 there was a settlement of an outstanding balance of \$2.1 billion. We had an arrangement with our line Ministry, as well as the Government, and there was a loan arrangement with the settlement of the \$2.1 billion where the National Gas Company would pay the Government. The Government sends the money to us and then we in turn pay NGC. That loan arrangement is over a seven-year period at 3 per cent interest, effective from 2011.

In the case of prior to when we made the agreement, there was an outstanding amount of \$520 million still that we have had started to have dialogue—all that is happening in 2009, '10 into 2011. So we started to have dialogue with the Ministry and that dialogue took place in the Ministry. We still have some follow-up dialogue to deal with the outstanding balance of the National Gas Company.

In 2011 we paid our entire NGC bill. In 2012 we paid our entire NGC bill. In 2013 we have a deficit of \$292 million. In 2013, as we have now gone into 2014, the main reason for that is given our cash flow situation, whenever we fall short we hold back in paying NGC.

**Dr. Mahabir:** Can I follow-up, Mr. Chair? The follow-up question is this: Since you have settled your outstanding arrears to the NGC, could you give an indication to this committee what is the overall stock of debt now that T&TEC holds to all creditors who do business with the company?

**Mr. Ramsook:** So just to add the two main outstanding debts to T&TEC would be NGC, \$885 million, and \$600 million to the Trinidad Generation Unlimited.

**Dr. Mahabir:** So, basically, your total indebtedness you could say is about \$1.6 billion.

**Mr. Ramsook:** That is quite correct, Sir.

**Dr. Mahabir:** Okay, and one last follow-up, Mr. Chair. Given this level of indebtedness, could you indicate to the committee what provisions you make on annual basis, since you already indicated that when there is a cash flow problem you would withhold payment to NGC? Do you do the same thing with respect to maintenance of plant and equipment? Do you really suppress the maintenance of your equipment whenever you experience a cash flow? And if so, what is the deficit on your maintenance expenditure?

**Mr. Ramsook:** Right. Let me make it very clear, our maintenance and our work is not affected by this arrangement, hence the reason why that takes first priority. Reliability takes urgent and critical priority at T&TEC, and therefore we do not compromise on maintenance at all, as well as any major construction job that has to be done. So that takes urgent priority, and hence the reason why sometimes when we are unable to follow through, in terms of paying NGC, that money is diverted in terms of using it for the maintenance/any major construction jobs.

**Dr. Mahabir:** Okay. So you can assure the national community and this committee that all the plants and equipment of T&TEC is properly maintained, and you are not operating with any depreciated outmoded equipment?

**Mr. Ramsook:** I can assure the population that we have processes that look at maintenance throughout Trinidad and Tobago at T&TEC for all our plants.

**Mr. Chairman:** Before you go in, Minister Bharath, was I right to hear you say that you owe Trinidad Generation Unlimited \$665 million?

**Mr. Ramsook:** That is correct, Sir. We owe TGU over \$600 million, outstanding.

**Mr. Chairman:** Now NGC is a State corporation, so the Minister of Finance and the Economy could always give an instruction to NGC to hold its hand and not try to recover the debt, but Trinidad Generation is not a State corporation, so how are they allowing you to owe them \$665 million?

**Mr. Ramsook:** In November 2012 I wrote my line Ministry. I asked that they invoke what you call the Government guarantee, and that I was only able to pay for 225 megawatts, \$21 million.

**Mr. Chairman:** So the Government stepped in to guarantee that debt then?

**Mr. Ramsook:** Well I know that has not happened as yet, and I know dialogue is taking place. Even up to recently dialogue is taking place on that matter with TGU and the various Ministries with regards to that particular matter, but I per se at T&TEC have not paid anything more than the \$21/\$22 million for 225 megawatts.

**Mr. Chairman:** All right. So you owe them this very large sum and it is only because of goodwill or luck that they have not decided to stop supplying you with electricity; is that what is going on?

**Mr. Ramsook:** Well, in the dialogue, I could say, that has been taking place with TGU, the Government and T&TEC, I have received no indication at this point in time of any intent to hold back on actually any generation—*[Interruption]*

**Mr. Chairman:** Could I hear from the Ministry of Public Utilities on this? What is going on? Do you just expect TGU to let the bill go up to a billion and, you know, just supply electricity as usual?

**Mr. Jones:** Mr. Chair, in this regard, discussions are in fact taking place with a committee, a Cabinet appointed committee. That is one of the issues that we are in fact looking at in terms of dealing with the outstanding monies to TGU, and how we treat with it.

**Mr. Chairman:** I mean if I was a private investor and I have \$600 million in receivables and no indication as to when I am going to get it, I would stop supplying the product. What is going on?

**Mr. Jones:** Well, Mr. Chair, one good thing about it is that TGU is represented on this committee, and they are in fact cognizant of the issues facing T&TEC at this point in time.

**Mr. Chairman:** I do not like that answer, but what can I say.

**Dr. Mahabir:** I do not want to hog the show, but could I ask one last follow-up on this?

**Mr. Chairman:** Let Minister Bharath come in first.

**Dr. Mahabir:** Okay.

**Mr. Chairman:** And then we will come to you.

**Mr. Bharath:** Thank you, Chairman. I just really wanted to follow up on a question that Sen. Mahabir has asked where the answer was that in 2013 there was an issue with cash flow, and that is the reason why certain bills had not been paid to NGC. What were the underlying factors that caused the cash flow problem in 2013 that did not occur in '11 and '12?

**Mr. Ramsook:** Well in all three years we continued to have the issue of cash flow but we have been managing our accounts very, very carefully, and hence the reason why we were able to manage and do 2011 and 2012 fairly okay in terms of our payments. We have all intents. We are looking at, as we are in 2014, to also payout for 2013, but you know when you look at your cash you want to make sure that you have adequate cash just in case, you know, based on other activities that are happening, our maintenance and as well as our capital jobs. So as I said, in '11

we paid, '12 we paid; we are hoping that we could reach the stage where we would payout '13 also.

But in terms of the response, you know, our situation in terms of income and revenue, it is really a situation where we are managing very, very tightly given our values of income versus our expenditures. And our expenditures over the years would have gone up for many different reasons, our generation cost, labour cost, a number of things would have, you know, in the course of doing business would have created the increase in the expenditure aspect of things and, of course, our income aspect there was no major change over the last couple of years in terms of our income.

So in terms of '11, '12, '13, there was no change in income, but as I said, internal to T&TEC we have kept things tight and we are managing your accounts accordingly to try to meet all our commitments.

**Mr. Chairman:** I do not think you have answered the question Minister Bharath asked you know. He asked what was different in 2013 where you could not pay but you were able to pay in 2011 and 2012, and you have just said your income remained the same, so what was different that prevented you from paying.

**Mr. Ramsook:** Right. So in 2010 going into '11, I had a transfer over of funds, so I had monies moving from 2010 into '11, so that allowed me to manage '11, right, and of course managing '11 in terms of whatever capital jobs we did, whatever recurrent expenditure we did we kept it very tight. We moved across in 2012 also in terms of our cash flow amounts, and in 2013 when we looked at our overall figure—because as I said, cost has risen every year that you do business: '11, '12, '13, right—in 2012 we would have had, when we did our negotiations and we concluded it in 2012, to pay more salaries and wages, and so on. So the cost of doing business in 2012 did in fact go up, and of course we have fought in the end, we were able to meet our commitments in 2012, but as I said, in 2013 we ran into an issue trying to get to pay the entire NGC bill in 2013.

**Mr. Chairman:** AG?

**Mr. Ramlogan SC:** In terms of the cost of doing business you mentioned the rising labour cost, I was just wondering when was the last collective agreement negotiated and what would have been the increase in costs as a result of the collective bargaining process at T&TEC?

**Mr. Ramsook:** The last collective agreement concluded in 2012, and it was '9, '10 and '11, and concluded in 2012, and that represented an increase in labour cost of about 15 per cent. Yeah, about 15 per cent.

**Mr. Chairman:** How much money is that?

**Mr. Ramsook:** Well we had—I know we had the back pay that would have been in the region of about \$100 million, in that vicinity, and going forward would have been about \$60 to \$70 million, going forward recurrent per year.

**Mr. Ramlogan SC:** The reason I asked that is because from my recollection of what I read in the newspapers at the time, to clear that three-year arrears in terms of the collective bargaining process and the back pay, that would have been a significant item on your balance sheet and cash flow in terms of the 2013, so I thought that might have been a significant part of the explanation, apart from the increase in running costs.

**Mr. Ramsook:** It did and it affected in 2012, together with other costs, as I said, other expenditures that actually came in—and I mean, and as I said, in 2013, ran into this issue now in trying to pay out the total NGC costs.

**Mr. Ramlogan SC:** But do you have a total figure in terms of what did the last negotiated agreement for workers at T&TEC cost T&TEC? What was the final figure? Your Finance Manager—*[Interruption]*

**Mrs. Licorish:** It was in the vicinity of a \$100 million.

**Mr. Ramlogan SC:** \$100 million?

**Mrs. Licorish:** Yeah.

**Mr. Ramlogan SC:** Okay.

**Mr. Ramsook:** Plus *[Inaudible]* in back pay.

**Mr. Ramlogan SC:** Well, yes, so your \$100 million plus \$60 million, ongoing annually. So it is a one-off of \$100 million to clear the back pay and an increase in your annual wages and salaries bill of \$60 million every year. Okay.

**Mr. Chairman:** Okay, before Dr. Mahabir comes back in, based on what you are saying therefore you cannot balance your income and expenditure at this point in time?

**Mr. Ramsook:** Well, that is correct. That is correct, because we are dealing with two issues—*[Interruption]*

**Mr. Chairman:** All right, I just wanted to know. Dr. Mahabir.

**Dr. Mahabir:** Thank you, Chair, and we are coming in right at this particular point, because the RIC, the rate-making body in Trinidad and Tobago is supposed to work with the utility to determine the rates for your product, various rates, various categories, so that on an annual basis the utility will be able to cover its costs and also earn a fair rate of return on capital employed to

ensure that you cover depreciation and you can make provisions for the expansion of future demands. What I would like to know is that this procedure seems to have somehow not been functioning, or been malfunctioning. On an annual basis, say over the last three years, from 2010 to now, what is the gap of T&TEC between the revenue it receives and the expenses incurred in supplying the country with electricity? Thank you.

**Dr. Mahabir:** Mrs. Licorish, you could take that. AGM, Finance.

**Mrs. Licorish:** On a monthly basis there is a deficit of about \$136 million; monthly.

**Mr. Ramsook:** Okay. You are saying on a monthly basis you have a deficit of \$136 million?

**Mrs. Licorish:** I am using December 2013 as an example. Yes.

**Dr. Mahabir:** So, basically, if we were to calculate, T&TEC is running a deficit of some \$1.3 billion per annum? Is that correct?

**Mrs. Licorish:** Yes.

**Dr. Mahabir:** Or close to \$1.5 billion?

**11.45 p.m.**

**Mrs. Licorish:** The figure I quoted was for the month of December. For the actual January to December, it was at \$928 million I would say.

**Dr. Mahabir:** So with the existing level of rates you are experiencing a deficit annually of \$1 billion?

**Mrs. Licorish:** Roughly yes.

**Dr. Mahabir:** And what is T&TEC doing about this?

**Mr. Ramsook:** Well, Sir, we did apply for a rate review, and we have been making that request regularly in writing, but we have received no positive response on that request.

**Mr. Bharath:** Thank you, Chairman.

How much of this deficit that is being generated is as a result of either obsolete or old equipment, and therefore not be able to generate electricity at an acceptable rate that the RIC may consider to be acceptable? In other words, if you were to replace the equipment that T&TEC has today, would you be in a position to generate electricity more efficiently and more cost effectively?

**Mr. Ramsook:** I would like to answer that question in terms of really—a large part of our cost is generation, and we have various IPPs and various PPAs that are set up. In terms of those PPAs is a fixed cost. In terms of efficiencies, the Trinidad Generation, the TGU plant, when fully operational is going to save us \$1 million a day in gas. So these are the kinds of things that we are looking to do to try to get the TGU plant fully on the grid. Other than that, I may venture

to say there are very few other things in terms of where we are in terms of our total cost of doing business.

You have salary and wages—anything to do with the human resources, that is close to \$1 billion. Your generation is \$1.7, \$1.6, \$1.7 billion, so that is related to your generation. In terms of your capital cost, in terms of your stores and so on, you are talking about three quarter billion dollars. So you really do not have much control in terms of any other item, in terms of looking at improving cost at this point in time.

Of course, internal to our operation is efficiency, which we have been looking at very closely, in terms of the whole aspect of efficiency and making sure that we get the service delivered at the highest level of efficiency, that is in terms of human resources. We are also fairly decent with regards to that.

**Mr. Bharath:** If I can just ask very quickly. The only reason I asked that question is, by and large, the population of Trinidad and Tobago, the citizens, are very cynical, and sometimes rightly so, whenever utilities' charges are increased, whether it is the post office, whether it is T&TEC, whether it is WASA. The population is very cynical that these charges are being increased to continue to fund a bloated organization.

It is not now you are hearing that, but that has been almost a consensus of opinion going back a long time. That is the reason I am asking the question: Have we really looked deeply enough into our ability to supply the product at a price that the population would accept, as opposed to just being forced upon them.

**Mr. Ramsook:** Sure—I will let Mr. Mark, who is the AGM Engineering—

**Mr. Ramlogan SC:** If I may, just before him. That is why I asked the question about the collective bargaining process, you know, because your revenue stream remains fairly constant. I mean, this is not a product that you can unilaterally raise the price of it, but your revenue stream remains constant, the price is fixed and inflation affects the cost of doing business, and then you have your collective bargaining process which impacts in a major way, without any fundamental corresponding proportionate increase in your revenues. That is why I had asked the question, and I think it dovetails into what Mr. Bharath is raising.

**Mr. Chairman:** Before you answer, Minister Bharath, did I hear you right when you said you would save \$1 million a day with the Trinidad Generation Plant?

**Mr. Ramsook:** Yes. If we run with the TGU plant fully operational, we are going to save significantly on gas.

**Mr. Chairman:** Over \$300 million a year?

**Mr. Ramsook:** That is \$30 million, yes; in that vicinity.

**Mr. Chairman:** So why is that? Is it that that plant is very efficient?

**Mr. Ramsook:** Well it has a combined cycle and, of course, in the combined cycle mode you use the waste heat to generate steam to run the combined—

**Mr. Chairman:** So it uses less gas to produce the same amount of electricity?

**Mr. Ramsook:** That is quite correct.

**Mr. Chairman:** So, therefore, Minister Bharath is right; the rest of your equipment is not efficient like that.

**Mr. Ramsook:** Well, I mean, at this point in time, we also have combined cycle in Penal, as well as the plant in Port of Spain which is our older plant, is being phased out in a matter of time.

**Mr. Chairman:** But the point he is making is that if your equipment was modern equipment you would have a much lower cost of operation and you might be able to balance your budget. That is what he is saying. That the question he put to you, and you have not answered it really.

**Mr. Ramsook:** Yes. All right, let me just let Mr. Mark who is in engineering—

**Mr. Mark:** Okay, Chairman; I think the best way is to just give you some figures. The cost of production of electricity from the older plant, what you know as the old power station in Port of Spain and the older plant, together with fuel is 26 cents. The other newer PowerGen plant is 19cents; the Trinity plant is 22 cents, and the TGU plant has the potential to produce at 18.25 cents.

**Mr. Chairman:** Per kilowatt hour or something?

**Mr. Ramsook:** Yes. So, to answer Mr. Bharath's question, what you have to do from a business standpoint, is reduce the dependency on the older vintage plant and take that capacity from the more efficient newer plant. Generation represents 60 per cent of the pie, the expenditure pie in T&TEC. The 40 per cent is admin, salaries and wages. So the light that T&TEC is seeing, somewhat pretty close, is a ramp down of the take from PowerGen. So a new or revised power purchase agreement is not too far off, where the amount of contracted capacity we take from PowerGen is intended to go from 819 megawatts to 742 megawatts, which would represent significant savings, could be then directed to take power from TGU. That is the first point, Chairman.

Chairman, the second point, if we were to look at just the fuel cost, the fuel cost for TGU per kilowatt hour is 6.5 cents. The General Manager's reference to the combined cycle efficiency is



what causes that, and by comparison the other cost from the other three power plants, our power purchase agreements, are 9.9 cents, 10.2 cents, and in the case of the older plant at PowerGen, it is 11.2 cents.

So the savings you get for every unit of electricity generated out of TGU is as much as five cents. I think bringing figures to represent the way we have to move forward, would suggest how we have to go, Chairman.

**Mr. Chairman:** Do you have a plan to put this into effect as soon as possible? Is there a plan?

**Mr. Mark:** Yes; the agreement between T&TEC and PowerGen is at a very, very, very advanced stage. I think the Attorney General is involved at this stage, Sir, and once we get certain green lights to proceed, I think the two entities can sign the document.

**Mr. Chairman:** That is to reduce the amount you are taking from them. But what about the infrastructure to take advantage of the full capacity of TGU, that is at an advanced stage too?

**Mr. Mark:** That is at an advanced stage. The infrastructure can immediately take in excess of 400 megawatts, and before the end of this year T&TEC has already started construction to eventually take the full capacity. So there is some hope later on in the year to come.

**Dr. Mahabir:** Just to follow up on this same vein, Mr. Chair, the issue is that you have a combination of plants, efficient and relatively inefficient plants. The question then is: what is the expected lifespan of some of those more expensive plants and how soon can we expect T&TEC to phase them out and phase in the more efficient plants and what plans are you making to finance these newer plants?

**Mr. Mark:** I think I can answer that as well. There is a Cabinet appointed committee reviewing the generation expansion plans for the country, well into the next 15 years or so, and it is a combination of the expansion of gas infrastructure and the positioning of new plant to meet the demographics of the country and how we are growing and expanding and so on.

Certainly on the horizon, the power station in Port of Spain is the oldest power plant in the country, so it stands to reason that plans would be to either refurbish or remove it entirely and replace it with a new, more modern, efficient plant. But the location of plant and the infrastructure, for example, gas lines and interconnection to the grid, these things come together to make the best decision on where you position plants and what technologies you apply. So that committee has already received proposals from T&TEC, and those are being considered towards the submission of a plan for the country going forward. So we T&TEC have proposed the

phasing out of older plants, the incorporation of new plants and the appropriate technologies for Trinidad and Tobago, to meet the medium and long-term requirements of the country.

Of course, all of this comes against the backdrop of a load forecast, where we use econometric models to project growth and demand in different sectors and what would be the—because there is a five-year sort of planning horizon for these kinds of capital intensive investments. Also in terms of rates, because you have to finance these things, you have to project in your future rates and your cost of business to the RIC how you expect to fund these things. And I think what would have happened, is when the last review was submitted TGU was not even in consideration at the time. So those proposals which would have gone in up to 2011 which the General Manager said are still under consideration, would now, if implemented, have to see how do you incorporal TGU, and every five years you then project going forward.

**12 noon**

**Dr. Mahabir:** And are you considering at all wind and solar energy as supplements for our needs of Trinidad and Tobago?

**Mr. Mark:** You know, it is very—that one will take us down a certain road—

**Mr. Chairman:** Mr. Mark, we will have to write you on that.

**Mr. Mark:** Yes. Engineer a few starters.

**Mr. Chairman:** That would take us a couple hours for you to respond to.

**Mr. Mark:** That will be a protracted discussion.

**Mr. Chairman:** All right. What I would like to do—because I want to go to 12.45. There is a meeting of the Senate today and I think the Senators would not be happy with me going to 12.45, but I think I want too; so we will try. I would like to go straight now to the questions, and let me just ask my question. When I looked at the answers that T&TEC gave to the questions we asked about the bond—and by the way, I did not hear the bond mentioned in your debt.

**Mr. Ramsook:** That is correct. It is an item in our debt.

**Mr. Chairman:** So the debt is really \$2 billion then?

**Mr. Ramsook:** And we also have one other loan; an HSBC loan.

**Mr. Chairman:** Of how much?

**Mr. Ramsook:** The value is in the vicinity of \$300 million at this point in time.

**Mr. Chairman:** Your debt is in excess of \$2 billion; could be as much as \$2.5.

**Mr. Ramsook:** That is correct.

**Mr. Chairman:** Okay. I saw in your response to the bond that you said that you went with a structure where the bond was not redeemable because you would have to pay a premium if you had gone in the other direction. Now I found that a bit confusing, but is it that T&TEC did not have an investment grade rating? Why did you negotiate this bond like this where you seemed to have had very little leverage in terms of negotiating the bond?

**Mr. Ramsook:** Mrs. Licorish, go ahead.

**Mrs. Licorish:** All right. When the bond was being negotiated there were certain—well it was a competitive bidding situation, so we had to demonstrate that it was the lowest all in cost and that the underwriting fees were the lowest it could be. That type of bond also is usually a non-callable bond because the main investors in those types of bonds are pension plans, and pension plans do not normally invest in callable bonds.

**Mr. Chairman:** Just let me interrupt you. I saw all that, you know, but I had some experience in bonds and I am aware that quite a few bonds have early redemption, say after five years and so on. So I was just wondering what prompted this decision to go with a non-redeemable bond. You cannot just tell us that that is the practice because I would not agree with that.

**Dr. Mahabir:** And also, Mr. Chairman, the question is, have you been rated by a rating agency like CariCRIS?

**Mrs. Licorish:** Not that I am aware of.

**Mr. Chairman:** From what I am being told, T&TEC just decided to go with a non-redeemable bond and we really want to know why? Not because that is what everybody else did, because I do not agree. So what was the reason?

**Mrs. Licorish:** As I said, when we were negotiating the bond with the bank, they had indicated to us that pension plans were the most interested investors at that point and that pension plans—it was customary for pension plans—

**Mr. Chairman:** All right.

**Mrs. Licorish:**—to deal with non—

**Mr. Chairman:** Was this bond or is this bond guaranteed by the corporation sole, by the Government?

**Mrs. Licorish:** Yes it is.

**Mr. Chairman:** So it is backed up by a sovereign guarantee.

**Mrs. Licorish:** Yes, it is.

**Mr. Chairman:** And that is what the bank told you?

**Mrs. Licorish:** Yes, they did.

**Mr. Chairman:** Well I cannot accept that. I am sorry.

**Dr. Mahabir:** Okay. Are you able to indicate what other borrowing entities in Trinidad and Tobago paid for their underwriting fees and so on for their bonds? What rates they were able to give. Other agencies which borrow in Trinidad and Tobago? I am just trying to see whether in fact you got a fair rate or an unfair rate.

**Mrs. Licorish:** I do not have that information.

**Dr. Mahabir:** You do not have that information.

**Mr. Chairman:** I think that what we will need to do with this bond, I mean, I am not satisfied with the answers. So, I think we will have to write again and ask some more specific questions. Moving on now to your response to claims; I saw a statement here in question number five, and no data is maintained on the value of a claim once it is denied. That cannot be true. So you discard and throw away all the information with respect to claims? Because that is what you are implying.

**Mr. Ramsook:** Right. So I will let Mr. Austin notify. Let them deal with this item five. When we checked our records, we have the claims, we have the details, but unfortunately, in those that we denied we never really went to the extent where we actually got the values. So we recognized that that really was not the best in researching this response, and we have since directed the particular department to keep records also of the total values, even though you may have a claim, sometimes when you are about to settle the claim you get the final value because you are in the process of investigating the claims. But really we should have gotten the actual values so we could compare what were the actual values of the claim, and keep that record. Unfortunately, the information—we do not have that record—

**Mr. Chairman:** Mr. Ramsook, I am extremely confused. When someone makes a claim is there not a monetary value attached to the claim?

**Mr. Ramsook:** What tends to happen is that they will identify the appliances that were damaged and then we get into the research and so on.

**Mr. Chairman:** So they do not make a money claim?

**Mr. Ramsook:** Not in all occasions. No. Not in all occasions.

**Mr. Chairman:** You were saying in no occasion.

**Mr. Ramsook:** There are times when they do, but unfortunately, we did not keep those records, only when we settle claims. We would have the files and if we have to go back into the files we

will have to go into all the files to research that information. So it was not a case where the information was actually being taken out and assigned.

**Mr. Chairman:** So you are changing that practice I hope.

**Mr. Ramsook:** Certainly we are changing that practice; quite correctly and we are making the changes.

**Mr. Chairman:** All right. I also noticed that the average payment is about \$3,000.

**Mr. Ramsook:** Yes. Mr. Austin.

**Mr. Austin:** Yes, \$3,000.

**Mr. Chairman:** But that would not buy you anything, if we are to go by what Minister Roberts said on the last occasion. So why are you are paying only \$3,000? What is that for?

**Mr. Austin:** Right. That cost will also include the cost of repairs because sometimes when claims are made, is either settled by paying the repair cost—the cost of repair—because it may be a circuit board or some small item in the TV does damaged. So it is cheap to actually repair it and not replace. Right. And if it is replacement, then it is a depreciate replacement cost, depending on the age of the item and the market value.

**Mr. Chairman:** Okay. Any other members have questions on these issues.

**Mr. Ramlogan SC:** Yes, please. Thanks. These claims, do they include legal claims in the court? The figures given here.

**Mr. Austin:** No. They would not include court cases.

**Mr. Ramlogan SC:** Okay.

**Mr. Austin:** These are just damaged appliances, household appliances, office appliances, things of that nature.

**Mr. Ramlogan SC:** Yeah. Because, to assist Mr. Ramsook in that answer I would suspect that what happens sometimes is that, if you make a claim to T&TEC and they deny the claim, you may not keep the record in part because when the claim is denied then they may file a court proceedings and you will pick it up your accounts for the pending litigation, and that is how that, perhaps, is accounted for, I rather suspect. But be that as it may, I wanted to get some details, Chair, through you, on the litigation side of things. And if we can perhaps, ask for that in writing on the next occasion. And I raise it because of one reason. When I was in private practice I represented quite a few people against T&TEC, but it was mostly people whose homes were burnt down.

I want to make a plea because often times—not that I am on the other side of the fence—I am able to see the cost of defending some of these claims, not just with T&TEC, but with WASA and every other state agency; medical negligence cases even. And, you know, Chair, often times the cost of defending the claim exceeded the value of the claim itself. And when you are on the other side of the fence and you are dealing with poor people who have lost everything because their house burnt down and so on, I really wonder whether we need to take such a hard-nosed approach to the value of the claim or whether we could not perhaps mediated a settlement to these matters because the candle costing more than the funeral literally, whilst the poor person is suffering, in particular in cases where the house has really burnt down. The issue there is invariably that the people would say that they see spark from the T&TEC pole and they see it run down the wire and it “ketch” up on the bash board, and then it spreads throughout the house and the house burns down to the ground.

Now this is the eye witness account and invariably T&TEC’s defense, based on legal advice, understandably so, is that well you responsible for that or you caused it because when last you rewired your house. When last you had it inspected.

Now the truth of the matter is, in Trinidad and Tobago nobody “doh” rewire their house and get it inspected every two years, and three years and four years, and we all know that, but the reality is, you know, to beat the eye witness account of the mother or the child who see “de ting” spark and run down, and then T&TEC does not make full and frank disclosure of the internal report sometime, that investigated this thing to see what transpired.

So I just want to make a plea, the litigation side, instead of the candle costing more than the funeral, maybe you can make a commercial, global decision sometimes to look at these matters with a little compassionate eye sometimes, with a social conscience because some of the people left out in the streets, and they have no money to finance their litigation, T&TEC hires big, top law firms to come to court and defend their case against them. And I am not saying in every case you have to do it, but I am saying that in some cases where it is a small wooden house and so on. If we could take a look at it, I would really appreciate it. Thanks.

**Mr. Chairman:** Okay. Senator.

**Mrs. Baldeo-Chadeesingh:** Thank you very much. I think the \$3,000 was the base rate to be claimed for residential properties. In the case of appliances, in the case of the commercial, in cases of businesses, what is their base rate to claim? Certainly it cannot be \$3,000?

**Mr. Chairman:** The question is really what is the average payment to a commercial customer who makes a complaint?

**Mr. Austin:** I cannot respond to that. I will have to do some research—

**Mr. Chairman:** You do not know?

**Mr. Austin:**—and separate it. Because right now—

**Mrs. Licorish:** For residential.

**Mr. Austin:**—and commercial—

**Mr. Chairman:** It is all in one.

**Mr. Austin:** Residential and commercial are included in this rate here. So I will have to separate it out and submit that at a later date.

**Mr. Ramsook:** Just to clarify. It is really—the claims are really on the appliances, so it would not matter if it is a commercial customer or residential or industrial, it is the equipment that comes forward and the cost of the equipment. So that is the cost that we will focus on in terms of the claims.

**Dr. Mahabir:** Just for the public record, does T&TEC have a unit or a procedure where if the owner of a home wishes to have his internal wiring tested for fidelity and for proper wiring, that you all have a unit that a customer can pay and you send a trained electrician to exam the internal wiring?

**Mr. Ramsook:** The internal wiring falls under the Government Electrical Inspectorate. So the Ministry, the PS—I do not know if the PS would want to respond.

**Dr. Mahabir:** Yes. Is there a relationship between T&TEC then and the Government Electrical Inspectorate and if not, should there not be one? No response?

**Mr. Jones:** If I may answer, let me say that the electrical inspectorate falls under the purview of the Ministry as well. We know for a fact that this is from the electrical inspectorate's end homes are required to be re-inspected, inspected every five years, conditioned inspections—

**Mr. Chairman:** Could I just stop you.

**Mr. Jones:** Yes.

**Mr. Chairman:** Is that in law somewhere?

**Mr. Jones:** It is in the regulations governing the electrical inspectorate.

**Mr. Chairman:** So all these hundreds of thousands of houses in Trinidad—

**Mr. Jones:** Yes.

**Mr. Chairman:**—are operating illegally? That is what you are saying?

**Mr. Jones:** Not in those words, Mr. Chair, but I mean—*[Laughter]*

**Mr. Chairman:** If it is in a regulation that every five years everybody is supposed to have their premises—

**Mr. Ramlogan SC:** Yeah. I know.

**Mr. Jones:** There is a requirement.

**Mr. Ramlogan SC:** He is correct. I am familiar with the regulation, but the fact of the matter is—

**Mr. Chairman:** What?

**Mr. Ramlogan SC:**—it is observed more breach than in natural practice. I do not know—am I in breach? I do not know if anybody who rewires their house and have it inspected every five years. I do not know an any. And the thing is, you know, T&TEC enforces that against some of the poor people who house burnt down. I really find it really unconscionable to be honest.

**Mr. Bharath:** Mr. Chairman, does that mean that if you are outside of that five-year timeframe you invalidate any claims automatically?

**Mr. Ramlogan SC:** Not. But it gives them a defense in court which they use.

**Mr. Bharath:** No. But then the claim should be invalidated automatically if the regulations state that you must have your house rewired after every five years. You should not even go to court.

**Mr. Chairman:** Ask them. Is that so? As soon as you have a complaint and it becomes a little intense, and you look and see that the person has not complied with this five-year rule, do you automatically be denied the claim? Is that what you do?

**Mr. Ramsook:** No, Sir. We do not.

**Mr. Bharath:** Why not?

**Mr. Chairman:** You do not.

**Mr. Ramsook:** No. We do not deny the claim. We look at all the factors. We would advise the customers in cases where if we observe that the homes have exceed the five years, they need to re-look at a re-inspection, but we do not use it as an item in denying the claim.

**Mr. Bharath:** So do you ask for some sort of certification when a claim is made that shows that their house has been rewired within the last five years?

**Mr. Ramsook:** As part of our investigation we look at all those things. We look at the inspection and so on, but as I have said, it is not a factor we use in denying the claims.

**Mr. Ramlogan SC:** This is one of those unique and peculiar Trinidadian, Trinbagonians type features in our culture. What happens is that, if you are in situation like that and you go to your



attorney he advises you, as Mr. Jones indicated, about the regulation; that gives them a defense in court. So what the people end up doing in the face of that, is that they end up trying to get people now to say that they came and they in fact rewired that house or that they it was inspected and so on. So you have a fabrication now because they really have nowhere to live. So they try to fabricate some evidence now to bring the claim and straddle it on to the existing framework of the legislation, and that is what happens.

**12.15 p.m.**

**Mr. Ramlogan SC:** It really is a nightmarish experience, when, really, in the country no one really does it.

**Mr. Bharath:** And just very quickly, just a follow on from, how many people—*[Interruption]*

**Mr. Chairman:** Gentlemen, Miss Cox has been trying for a while.

**Mr. Bharath:** Sorry, Chairman, I promise you—in Trinidad and Tobago would be aware of these regulations?

**Mr. Jones:** If I may, there is the intent to educate the population as it relates to the need to have this condition inspection done.

**Miss Cox:** You see, Mr. Chairman, that was my question.

**Mr. Ramlogan SC:** Aaah, there you go. *[Laughter]*

**Miss Cox:** I wanted to know if the onus is not on the Ministry to educate the population about this.

**Mr. Jones:** It may very well be it, but the onus is also on the resident to ensure that their property is, in fact, re-inspected.

**Miss Cox:** I just want to say, the fact that they do not know, they may not know, so therefore they must be educated. Because, for example, I do not know anything about rewiring every five years or being inspected—my premises should be, so I am in breach and I think most of us here.

**Mr. Ramlogan SC:** All of us.

**Miss Cox:** So, I feel that this is something that should be taken into consideration.

**Mr. Ramlogan SC:** Mr. Jones, we amusingly remarked to ourselves that, maybe, some of the people who are sitting at your head table may very well be in breach as well. *[Laughter]* But, we joke about the issue but it is either we take a hard look at that regulation and amend it. I do not know if five years, given the development of technology and so on, is really a realistic thing given the date of that. But how old is that regulation?

**Mr. Jones:** I will have to check.

**Mr. Ramlogan SC:** Yes, but it is pretty old.

**Mr. Jones:** But I want to indicate that on receipt of your inspection certificate, when you do get your inspection certificate, it is there down at the bottom indicating that you should.

**Mr. Ramlogan SC:** And most people normally would enlarge that, laminate it and put it up right next to their altar so they would read it every day. Nobody knows about that.

**Mr. Jones:** I would like to indicate that the Ministry would be pursuing such education in the very near future.

**Miss Cox:** Could I continue, please?

**Mr. Chairman:** Oh, sorry, I got distracted.

**Miss Cox:** Thanks, because I see Dr. Mahabir is getting ready there.

**Dr. Mahabir:** No, I am not.

**Miss Cox:** Okay, it brings me to, I noted some of your responses and I just want to make a comment about the social media. I think that T&TEC, the fact that where we are today I see T&TEC is currently investigating the use of a social media channel. I feel that you all should have been on board already and moving forward with information to the public, because a lot of young people—and I noticed that you target schools and so on into the social media and that is an area that should—

I have another comment, Mr. Chairman. What is the criteria for receiving sponsorship from T&TEC, I mean, the response tells me that directives were issued by various board chairmen to sponsor various bans. Coming from a PR background I am concerned about this comment, because if you have an objective as a company—I know that there is no fault here to blame the PR persons, but I feel that you should be given more leeway because your programmes, your strategies and so on, must be in keeping with the objectives of the company and not what a chairman of a board wants you to sponsor or to carry on with. So, this is something I think you need to look at and correct if that is the case.

**Mr. Ramlogan SC:** I just want to say, it is not usual, because I presume that this practice is one that has been with T&TEC for a while whereby the board would guide sponsorship. But I take the point that it is something that you can look at as part of an overall strategy.

I want to support my colleague, Miss Cox on the issue of the use of social media, I too was quite frankly, and I think most of my colleagues were rather surprised to see that this is now a budding thing in some nebulous form in its embryonic stage. T&TEC is a major state corporation in this country. I mean, you have done a good job, you have a good corporate image in many respects

for things that you have done. But in many state enterprises you all have a communications department and I see your communications manager here.

You know, whenever anything happens with these state enterprises, no one sees the face of the communications department. I do not know if we have people in the communications department whose job is to hide away, but the media invariably—you do not see them in the media, you do not see them talking, but I would prefer, and I share the view of Miss Cox, that you have a robust campaign out there as a good corporate citizen on the social media and elsewhere so that we can take advantage of these things.

The corporate communications department is not just to put out advertisements here and there, you know. What do they do? I would like to see what is the communications plan for T&TEC? Because the average man on the street, if you ask them, well, what is the communications department about in most of our state enterprises—and this is not unique to T&TEC alone—they really do not know. How many people are in your communications department and what do they do, Mr. Ramsook? You follow?

**Miss Cox:** I just want to add to that, because the fact that we talk about communications but the communications person must also be allowed particular leeway to perform, because many times persons feel that they know about communication and so on, and they issue directives and it really is not in keeping with the objectives of the company and so on, so it goes both ways, I agree.

But one other point I have is, the question was asked about the communications strategies of T&TEC and how successful are they? I am not sure if we received information as to the success of these campaigns, because I have not seen where there is any evaluation. How do you evaluate if you have achieved the objectives of communication and so on?

**Mr. Chairman:** What I would ask, that is a detailed question. You were asked that question; you did not answer it, because the question was, “What is T&TEC’s communication strategy?” And you said “Public and energy conservation, rights and responsibilities and customer service.” You give us five words. That cannot be it. So, we are going to write you for a detailed communications plan, action plan, strategic plan and also what have occurred in terms of that plan?

**Mr. Ramlogan SC:** I want to say the Chair cheekily made a comment in camera but this afternoon I will raise here, I mean, it is noteworthy that at question 10 that T&TEC has not sponsored a single group, cultural, sporting or otherwise since this Government has come into

power. All your sponsorships predate this Government and I do not know if your board or your communications department—since we have come into power—did not see it fit to find any group deserving of any sponsorship.

But I want to make a suggestion to you. I want to commend you all on the lighting of the recreation grounds. I have looked at the listing, the distribution is fine, and that has been a major success story of T&TEC, and if you can capitalize on that by introducing a small goal competition and a wind-ball cricket competition to maximize the benefit of having the well-light recreation grounds that we have, it may not cost as much as you think and it might actually give the youths something to do in the villages and so on, and it would really raise the profile of T&TEC, and these things may not cost as much as you think. So, I just wanted to put it out there, Ms. Brasnell. Maybe you can think about it and it will dovetail nicely into the fact that you all have done this fantastic job with lighting all these recreation grounds.

**Ms. Brasnell:** Certainly we would consider it. If I could also just give some of the information that Miss Cox is asking about regarding the assessment of the communications strategy. We do, in fact, carry out surveys on customer satisfaction to see test how things were going. We have been running surveys since 2008. We have done two national surveys, one in 2013 and one in 2010, and 2008, '09, '11 and '12 we ran surveys in our southern distribution area, and from the results in south we would have extrapolated the data to reflect what happens nationally.

Generally, we have gotten a score of very good, which is about 75 per cent on the provision of information regarding electrical safety and general public relations and communications. In the 2013 survey which was completed in October—we got back that report in November—we did actually see some request from the public in terms of giving them some more information regarding electrical safety and outages. That is planned and unplanned outages. But I must say as well that we do have a campaign that runs all the time. We do public safety; we advertise on conservation rights and responsibilities and public safety, particularly, we break it up, segmented, depending on the time of year. So, for instance Easter one of the major concerns for us in Easter is kite flying and kite flying on lines, we are going to start that campaign soon, but we break it up during the year around Carnival, Eid—*[Interruption]*

**Mr. Chairman:** Miss Brasnell, it would have been so nice, because we asked you that question, and I will repeat the question we asked. What is T&TEC's communications strategy? How often is the strategy reviewed?

**Ms. Brasnell:** Annually.

**Mr. Chairman:** How is the success of the communications strategy determined? How successful have these communication strategy been? We did not get an answer. So, it would have been nice if you had put that all in the written answer to us, because we simply do not have the time to go through this at this point in time.

**Miss Cox:** Before you move off that point, I just wanted to comment on the AG's—I think he asked about small goal and so on, just make sure it is not only rural places, eh. Laventille needs some.

**Mr. Chairman:** I was going to intervene on that point. Does anybody have—we will allow Miss Ramdial to speak next, because quite often she is not allowed to speak. [*Laughter*] Not deliberately, just run out of time so we are going to give her the floor shortly. But does anybody else have any more questions on T&TEC's sponsorship, because I have a question.

**Miss Cox:** Just about the—go ahead, there is a mistake here in the Appendix “Recreation Ground”.

**Mr. Chairman:** All right, but make sure your mic is on when you are talking. Okay, let me just ask my question. I saw the response to the criteria being “Chairmen issue directives”. You could not be serious! So chairmen have told you to sponsor T&TEC New East Side Dimension Steel Orchestra, Nada Sangama Steel Orchestra, T&TEC Gayatones, Lucas Brillantes, Tropical Angel Harps—electrical association? Chairmen told you to do that? That is what you are saying?

**Mr. Ramsook:** The information we have indicated here appears to be accurate, Sir.

**Mr. Chairman:** So you are saying from 1993 to 2009, this sponsorship here was based on directives from chairmen of the board of T&TEC?

**Mr. Ramsook:** Yes, Sir.

**Mr. Chairman:** You are telling me that?

**Mr. Ramsook:** Yes.

**Mr. Chairman:** All right, we will have to investigate that. But I see a kind of obtuse comment in your response to question 10, “Due to the commission's financial constraints, the commission is unable to continue sponsorship of major league football and cricket in the future.” But I did not see any cricket and football groups in the present. This implies you are doing it now and you intend to stop, am I correct?

**Mr. Ramsook:** It was a question that was raised before by Mr. Roberts. We were, in fact, into the leagues sometime in the period of 2010 and into 2011, but given our financial predicament

we could not have continued the sponsorship of any teams including our internal teams and so on.

**Mr. Chairman:** I accept that, but our specific question to you was, T&TEC's sponsorship of cultural and sporting groups—*[Interruption]*

**Mr. Ramsook:** Sure.

**Mr. Chairman:**—all you have told us is cultural groups; I see no sporting groups here. So, are you saying that you have sponsored sporting groups and it is not here on this list?

**Mr. Ramsook:** No, this is all the groups that we would have sponsored basically in terms of—the cricket and football would have been our internal employees that we would normally—our internal employees who would get into the leagues and so on, we give them a little assistance and you may have like one or two external people that would be grouped with them, especially when you are in the leagues.

**Mr. Chairman:** These are individuals?

**Mr. Ramsook:** Individuals.

**Mr. Chairman:** Individual players?

**Mr. Ramsook:** Yes, that is correct.

**Mr. Chairman:** But you have never supported a team or a competition?

**Mr. Ramsook:** No, not to our record, Sir.

**Mr. Chairman:** Not in the last 10 years?

**Mr. Ramsook:** From the information I have the answer to that is, no.

**Mr. Chairman:** And why is that?

**Miss Cox:** Communications manager, is that correct, because to me that is not what I know?

**Ms. Brasnell:** What Mr. Ramsook is saying, the team that we did when we went to the national level, it was made up of internal people. I think that is what he is saying when he says employees.

**Mr. Chairman:** What does it mean, you are saying here today in public, live on TV that over the last 10 years T&TEC has not sponsored a single football or cricket team or competition, is that true?

**12.30 p.m.**

**Mr. Ramsook:** Well, based on our records, the answer to that is so—yes.

**Mr. Ramlogan SC:** I think the answer is no, they have not, and that is why I raised—*[Laughter]* because I checked, I did a little thing. That is why I raised it and I said maybe you all can consider

it; a little wind ball cricket competition, a little small goal competition and you kind of dovetail it with the fact that you have lit up these grounds so nicely now—a night time activity.

**Mr. Chairman:** No, but AG we got that, we got that point. My problem is—no, I am sticking on this point based on the answers you have given us. You have sponsored certain cultural groups, allegedly, based on directions from chairmen, and you have sponsored no football, no cricket, no sporting of any kind, no netball, nothing. It appears to me this thing is entirely arbitrary. There is no policy in T&TEC in terms of sponsoring cultural and sporting organization. Is that true, is my impression that it is arbitrary, correct?

**Mr. Ramsook:** Well, our response indicates that we are putting a system in place to have a proper means test in terms of future sponsorship.

**Mr. Chairman:** Right, what I am saying is your sponsorship of these groups arbitrary?

**Mr. Ramsook:** It would appear so on the surface.

**Mr. Chairman:** All right, thank you.

**Miss Ramdial:** Chair—

**Mr. Chairman:** Yes.

**Miss Ramdial:** Just one question I have, question No. 8 for which you provided answers on rural electrification programme. Am I to assume that from 2010 to now this programme has been discontinued due to the data given to us here?

**Mr. Austin:** Yes, this programme has concluded. This was a programme that was sponsored under the European Commission and is now completed.

**Miss Ramdial:** But we are well aware that there are other rural areas across Trinidad and Tobago which need lighting up. Is there any plan to move ahead or to go forward with this rural electrification programme?

**Mr. Austin:** The EC funded programme, no. However, there are other rural electrification programmes that are available.

**Miss Ramdial:** Okay, so that is a work in progress, that is under T&TEC, I assume, right?

**Mr. Austin:** Correct.

**Miss Ramdial:** Okay, thanks.

**Mr. Chairman:** That is it Miss Ramdial, all your questions?

**Miss Cox:** [*Inaudible*]

**Mr. Chairman:** Sure.

**Miss Cox:** Appendix 2, No 24. I think it is just a mistake. Princes Town, constituency, there is Laventille West. That is a mistake.

**Mr. Ramsook:** Yes, that is correct.

**Miss Cox:** But it is not Laventille West.

**Mr. Chairman:** The Attorney General is asking for an excuse because he has Senate, so, I am allowing him to go. Sen. Baldeo, you had a question?

**Mrs. Baldeo-Chadeesingh:** Yes, I do. With regards to the communications plan, I would just like to go back to the communications manager in terms of choosing the specific media for advertising, the document here states that you do independent media surveys. Is this internally commissioned or is it Market Facts and Opinions that does this research for you?

**Ms. Brasnell:** The national surveys were external. The most recent one was conducted by Market Facts and Opinions.

**Mrs. Baldeo-Chadeesingh:** Right, because I am seeing that you advertise—you do your radio advertisements on 12 stations. I mean the demographic of 12 stations is really wide, they are broad. How do you know specifically that you are reaching—for instance, I know you have not done this, but it came up in this morning's discussion where your property is supposed to be inspected every five years and that sort of thing. We did not even know that. Would you not say that maybe the target or demographic of these stations seeing that these surveys are externally commissioned may not represent the demographic that you might be after?

**Ms. Brasnell:** Oh, actually the survey that is used to determine the stations is actually the MFO's media survey that they do—*[Interruption]*

**Mrs. Baldeo-Chadeesingh:** Right.

**Ms. Brasnell:**—and so what we look at is the audience share.

**Mrs. Baldeo-Chadeesingh:** Right.

**Ms. Brasnell:** And we believe that given that everybody in the country is in fact our customer. Once we go in terms of, as we explained here, the niche stations, and then we spread it out around the country. We believe that we are hitting, if not, close to all of our demographic.

**Mrs. Baldeo-Chadeesingh:** But the demographic of each particular station is totally different.  
*[Interruption]*

**Ms. Brasnell:** Correct.

**Mrs. Baldeo-Chadeesingh:** There are stations that deal with or focus on—their niche specifically, might be persons under the age of 24 that might not have the purchasing power that



might not be open to the information, because a message that you might play on one station you have to change that message for another station.

So I just wanted to know that the 12 stations are not just the 12 stations with the highest number, that may not fit the demographic for a specific message that the Commission would like to get out.

**Ms. Brasnell:** Oh, no, so when we talk about niche as well we look at the other parts of the demographic. So for instance, we would have in the past considered maybe the urban stations depending on the listenership. We do consider that.

**Mrs. Baldeo-Chadeesingh:** All right, good. My second question is: what role does the Electrical Association for Women play in collaboration with the commission to share safety information?

**Ms. Brasnell:** The EAW assists us in our direct communication so that they go out with teams to do a—like exhibitions, outreach sessions to schools, those sorts of programmes.

**Mrs. Baldeo-Chadeesingh:** All right, and my final question is: I know that you have been using a lot of bill inserts from 2013 when bills are posted out, there are a lot of inserts about new services. So far two new services were introduced. What was the nature of these two new services?

**Ms. Brasnell:** Customer Web Access and the ACCPF which is automated credit card bill payment and customer access which allows you to do several things in addition to paying your bill online to also manage your account online.

**Mrs. Baldeo-Chadeesingh:** What has since been the result of that?

**Ms. Brasnell:** Our commercial manager would be able to give you some exact figures on that, I think.

**Mr. Thompson:** In terms of the Customer Web Access which is a facility that is accessible through our corporate website, and it allows customers to view their bill details, they can view bill history, payment history, consumption history and they can make requests for some services rather than to have to come into T&TEC to apply for instance—let us say for instance—for a check of their meter or a change of their point of entrance. They can do that through the website and we facilitate that. Now, to date, we started this programme—we launched in October 2012 and to date we have approximately 4,000 customers on the system.

**Mrs. Baldeo-Chadeesingh:** I am thinking perhaps with bill inserts, a lot of times people get their bill inserts and they just toss it aside. Perhaps you could use one of the 12 radio stations that you are using to also buffer the fact that you know, look out for your bill inserts and pay

particular attention to them, because a lot of people get them and they toss them out. It is a very good service that is being offered and I think a lot more persons need to be cognizant that it does exist and take advantage of it.

**Mr. Chairman:** Now, Dr. Mahabir has a question, however, Minister Bharath has indicated to me he wanted to make an intervention. Minister Bharath, you go ahead.

**Mr. Bharath:** Thank you, Chairman. Just three basic fundamental questions that I signalled last week I wanted to have an answer—week before, I am sorry. They relate to some deep-rooted problems that have come forward for many years relating to the issue of fixed assets, where there has been no register and therefore T&TEC has been unable to identify or to be in a position to determine what their real assets are.

The second relates to the ability to count stock properly which again is a major flaw for any organization and its future operations. The third one relates to the access or the ability for various levels of employees to access very sensitive data including employees who may have left the employ of the organization to access sensitive data, to be able to position, to actually change rates per kilowatt per hour, to do all sort of things that one would not expect for an authorized personnel to be able to do and all of these areas pose significant risks to any organization for the future. What has been done with regards to these areas?

**Mr. Ramsook:** All right, Mrs. Licorish you will deal with the asset register, we have something with regards to that and of course what we have done with the IT. Mr. Inkim will answer that one.

**Mrs. Licorish:** Well, we have in fact implemented a fixed asset system, that was in 2010—2011 and it is fully operational now. So we do have a computerized fixed assets system at this point in time.

**Mr. Bharath:** Which you never had before?

**Mrs. Licorish:** We used to use an excel spreadsheet but we have converted that to a fully computerized system.

**Mr. Bharath:** Which is fully operational now?

**Mrs. Licorish:** It is fully operational.

**Mr. Ramsook:** So we have collected—*[Interruption]*

**Mr. Bharath:** At the end of 2013 you would be in a position to—*[Interruption]*

**Mrs. Licorish:**—2012 we were able to give our auditors a fix asset register coming off of that system.

**Mr. Bharath:** Thank you.

**Mr. Ramsook:** Mr. Inkim.

**Mr. Inkim:** Hi, morning. Concerning the stock count, it is an ongoing process. We have various warehouses in the commission and they continually check their quantity of stock comparing to what is online, on the system. When there is a difference there is a procedure to go through to investigate why there is a difference and that normally will take some time. I think we are looking to have a system in place so that within two to three months we could have that finalized.

**Mr. Bharath:** But you would appreciate the—I suspect that T&TEC would have vast amounts of stock in terms of value and some of these would be easily pilferable and usable by others. So therefore, it surprises me that we have not actually reached the stage where we can account for these stocks at this point in time or certainly be in a position to verify your book stock by comparison to your warehouse stock.

**Mr. Ramsook:** We are up-to-date with that. Mr. Stewart is our internal audit manager so I would like him to deal with that.

**Mr. Stewart:** Yeah, Good morning. In terms of stock, basically what has happened is that we operate in a continuous stock count. So it is a cycle, continuous stock count, so that at any given time the value of the stock are well known. Now, in terms of the pilferable stock, the pilferable stock is secured in separate enclosures so that basically—in addition what is called an ABC analysis is used in terms of the high value stocks which represent a small number in quantity. They are specially monitored as opposed to—you have small values, the see values which are low in value and high in numbers are treated separately. So that, at any one point in time the stock—the values are always known.

**Mr. Bharath:** Sorry, I do not want to belabor the point, but the management letters have consistently talked about the differences in valuations between what you were supposed to actually physically have in your warehouse and your book stock. And that is a major problem.

**Mr. Stewart:** Prior, we had a problem in terms of accounting wise between the sub ledger which is basically and the general ledger which is between the two, but it really was an accounting issue in terms of the accounting system but that has since been clarified.

**Mr. Bharath:** And the last one which is the access.

**Mr. Stewart:** What has happened is that the issue of access, the commission has implemented a system whereby the access now is being changed every six months. So they have implemented a system whereby the security asset as opposed to being added for the item left indefinitely is

being updated and the codes are confined to industry standards, in terms of password codes as such. Now in terms of the back end the issue with that they had in terms the back end entry that the auditor spoke about. What has happened is that they have made provision to limit the persons who have access to that and also log such movements. So any back end entries are limited and logged.

**Mr. Bharath:** And that is all in train now?

**Mr. Stewart:** Yes.

**Mr. Bharath:** Thank you, Chairman.

**Mr. Chairman:** Dr. Mahabir has a question but I will not allow him to ask it now. I will allow it to be the last question because I have a question.

**12.45 p.m.**

When you look at the Act governing T&TEC, section 5, it says that four of the members of the commission must have special qualifications and experience in engineering, accountancy, law, economics or business management, which means you need to have a qualified engineer, a qualified accountant, a qualified lawyer, et cetera. Do you have a qualified accountant on the board? That is an easy question and I know the answer.

**Mr. Ramsook:** I will let the corporate secretary who deals with board matters—*[Interruption]*

**Mr. Chairman:** Please do not try and bramble me. I have the answer.

**Mrs. Maharaj:** Well, at this time there is no accountant on the board.

**Mr. Chairman:** So therefore the board is not properly constituted? Well, could somebody from the Ministry answer this since T&TEC seem to be having a problem?

**Mr. Jones:** I am unable to answer at this time, Mr. Chair.

**Mr. Chairman:** So you decided to bramble me. Okay. From my reading of the Act, the board is not properly constituted. You do not have a chartered accountant, a qualified accountant and you have been operating ultra vires for some time, and we are going write you on this. Yes, Mr. Mahabir.

**Dr. Mahabir:** Yes, thank you, Mr. Chair. My comments, of course, are much easier and simpler. They really are in the domain of the public interest. The first is: I understand T&TEC does in fact levy a penalty if a customer pays later than the due date for which the bill is to be paid. Is T&TEC considering, as I know occurs in other jurisdictions, giving a rebate to a customer who has paid well in advanced of the due date so that you would be able in fact obtain a better cash flow from a potentially delinquent customers? It is an incentive for early payment. The second

is: with respect to what arose in my discussions earlier with respect to constituency offices, NGOs, community centres, experiencing an electricity rate that is higher than say the residential rate, is T&TEC at all—and I will recommend that T&TEC give consideration to time of day pricing.

So that if a community centre or a constituency office is costing the same as a household to supply, you can, of course, levy an electricity charge based upon the use of electricity between the hours of eight to four so that it is no different from a residence in the area, and any electricity consumed after may be four to eight or during the peak hours, would be charged a different rate. I think if you do that, you would have generated much more equitable system of billing and there will be much more customer goodwill in the republic. Thank you.

**Mr. Chairman:** Are you in agreement with that proposal or not?

**Mr. Ramsook:** Well, I will you take note of it. The idea for customers who are not in default, who pays regularly and so on, whether we could offer an incentive. I like the idea and certainly we will look at it and have discussions.

**Mr. Chairman:** Okay. Fine! Now, we have not dealt with every point that we wanted to, but we have run out of time. What we are going to do is submit a report to the Parliament based on our deliberation so far and we will then send that report to T&TEC with our findings or recommendations and so on, and request that you respond within two months.

We will probably laying that report within the next month or so. But many of the issues that have been left hanging, we will be putting into that report to the Parliament and then calling upon you to deal with it, rather than making you come back because we have to deal with WASA. We cannot spend our whole life dealing with T&TEC.

So thank you very much. Your answers have been generally acceptable. Some have been completely unacceptable, but hopefully that will improve as time goes by and you will see our report and you will see the issues that concern us.

Thank you very much.

**12.49 p.m.:** *Meeting adjourned.*

# APPENDIX III

## Written Evidence

# TRINIDAD AND TOBAGO ELECTRICITY COMMISSION



## RESPONSES TO QUESTIONS RAISED BY THE PUBLIC ACCOUNTS COMMITTEE ON LETTER DATED 23<sup>RD</sup> JANUARY 2014

1. *A status update on the outstanding audited financial statements for the years 2010 and 2012.*

Audited financial statements for the years 2010 and 2012 were submitted to the Ministry of Public Utilities on 13<sup>th</sup> January, 2012 and 16<sup>th</sup> January, 2014 respectively.

2. *What mechanisms have been implemented to ensure that audited financial statements are submitted in a timely manner?*

T&TEC makes every effort to ensure its financial statements are submitted in a timely manner. The 2012 Financial Statements were completed in July 2013, approved by the Board in November 2013 and submitted to the Ministry of Public Utilities on 16<sup>th</sup> January 2014.

3. *Who determines how T&TEC's accounts are audited?*

T&TEC's accounts are audited by independent external auditors who are selected for three-year periods via the tendering process.

- 4. *When did the practice of signing the audited financial statements with academic qualifications of the Chairman, the General Manager and the Assistant General Manager of Finance first commence; and under whose authority has this practice been authorized.***

From as far back as 1968, the practice of signing the audited financial statements with academic qualifications of the Chairman, General Manager and Financial Comptroller were noted. We are uncertain under whose authority this practice was authorized.

- 5. *Why were no financial reports submitted by T&TEC to the Auditor General's Office between the years 1999-2010?***

T&TEC was able to confirm with the Auditor General that there is no legal or statutory requirement for T&TEC to submit its financial statements to the Auditor General's Office.

However, T&TEC has since submitted its 2011 and 2012 financial statements to the Auditor's General Office and has taken a decision to continue to submit its annual audited financial statements to this Office.

- 6. *What is T&TEC's relationship with the Regulated Industries Commission (RIC)?***

The Regulated Industries Commission (RIC) was established by the Regulated Industries Commission Act (1998) as the Economic Regulator for the Electricity Transmission and Distribution Sector of Trinidad and Tobago.

- 7. *On what basis or by whose authority does T&TEC classify community centres, constituency office, schools or other buildings used for non-profit, charitable work or community service as being a commercial facility? Provide a detailed justification for the application of commercial rates to these entities.***



In accordance with the T&TEC Act, the Commission “shall not show undue preference as between consumers similarly situated”.

Therefore, in determining the Rate Class, the Commission groups customers in accordance with the cost of providing their service, consumption levels, load and load factors.

***8. Does the RIC have a role in the classification of community centres, constituency office schools or other buildings used for non-profit, charitable work or community service being commercial facilities?***

The RIC approved the Character of Service Rules and the Commission classifies its customers on the basis of these rules.

***9. What initiatives are being taken by T&TEC to review the rates and categories for constituency offices, schools, community centres and other NGO’s?***

Once the Character of Service Rules document is approved and in place, the Rate Classes to which customers belong are determined solely on the basis of those rules. Thus based on the characteristics of use for constituency offices, schools, community centres and NGOs, the Rate Class is determined. In terms of reviewing rates for this group, since no specific rate category exists exclusively for them, the issuing of reviewing rates thereto does not arise. Should a new Rate Class be proposed for such a group, the Commission would have to determine the cost of service to said group and an appropriate definition for the Rate Class determined. This would have to be included in proposed Character of Service Rules and would have to be approved by the RIC. Further, any changes to the rate structure, including introduction/alteration/exclusion of Classes, would be best served within the context of a full scale Price Review Process.

***10. Has there been any amendment to the electricity rates since the increase in May 2008?***

Amendments to the electricity rates were made on 1<sup>st</sup> August, 2008 and 1<sup>st</sup> September, 2009 .

***11. Who is responsible for determining electricity rates? Is it the RIC or T&TEC?***

T&TEC proposes rates to the RIC for its consideration, however, it is the RIC that sets the revenues that the Commission is allowed to earn from its regulated services, and accordingly provides the recommended rates to recover those determined revenues.

***12. On what basis was the decision made to have three (3) types of customer categories? Is it by law or internal procedures?***

The categories for customer classification are not determined in or by law.

***13. What measures are in place for rating or billing senior citizens or disabled citizens; and how does T&TEC promote such measures to the target customers?***

As indicated in questions 7 & 8 above, the Commission does not show “undue preference” and would classify customers based on the criteria outlined by the Character of Service Rules as approved by the RIC.

However senior citizens, disabled citizens or other eligible citizens may benefit from the Utilities Assistance Programme as detailed in the answer to question 25 below.

***14. What conditions would require T&TEC to provide compensation to a customer for damaged appliances arising from restoration of supply after an outage or irregular supply of voltage and what is the typical level of compensation in such cases?***

T&TEC would be liable where the cause is due to defects in the system due to poor maintenance and/or where the supply exceeds 6% above or below the declared voltage over an extended period. In such cases as poor internal wiring, vehicles colliding with poles, lightning etc, T&TEC would not be liable.

The average claim paid for damaged appliances is \$3,000.00

***15. What standards are used to investigate whether T&TEC is liable when consumers' appliances are damaged after a power outage or irregular supply of voltage?***

When a damage to appliance claim is made, the Commission conducts an investigation with its technical team to determine the nature and possible cause of the damage appliance.

The following parameters are used to determine the outcome in terms of compensation:-

- (iv) The status of earthing at customer's premises
- (v) The status of the customer's electrical infrastructure
- (vi) The status of T&TEC's infrastructure
  - Voltage prior to and at the time of complaint of damage appliance
  - Loading prior to and at the time of complaint of damage appliance
  - Condition of the Plant prior to and at the time of complaint of damage appliance
  - History of work done in the Area prior to and at the time of complaint of damage appliance
  - Any other customer complaints

These are the general conditions used in the analysis to determine liability.

***16. With respect to Section 49(3) of the Regulated Industries Commission (RIC) Act, what is the Commission's interpretation of the term 'negligence'? Provide in detail, the practices undertaken by T&TEC's that constitutes the term 'negligence'.***

Negligence is interpreted by T&TEC as a failure to use such care as a reasonably prudent and careful person would use under similar circumstances or failure to do what a person of ordinary prudence would have done under similar circumstances.

( It was noted that the term negligence was used in Section 49(3) of the T&TEC Act and not the RIC Act)

***17. List the major lease agreements that T&TEC has entered into for the furtherance of its operations.***

The lease agreements are detailed in Appendix 1.

***18. Explain the liquidation damage of \$166,960 experienced in the 2011.***

In 2011, T&TEC earned liquidated damages from Trinidad Generation Unlimited because of the delay in the commencement of its operations, as provided for in the agreement.

***19. What accounted for the huge surplus from 2010 to 2011?***

The main contributors to the difference of \$156M in the surplus between 2010 and 2011 were dividends, liquidated damages, fuel costs, depreciation and pension cost.

In 2010, T&TEC received dividends from the Power Generation Company of Trinidad and Tobago Limited (PowerGen) for one quarter only. In 2011, dividends were received for the other three quarters of 2010, as well as three quarters for 2011 – a difference between the two years of \$140M.

In 2011, T&TEC earned liquidated damages totaling \$167M from Trinidad Generation Unlimited because of the delay in the commencement of its operations.

In 2011 T&TEC reached agreement with the National Gas Company of Trinidad and Tobago Limited (NGC) for the settlement of arrears owing to NGC. This resulted in decreased fuel costs resulting from the inclusion of royalty gas, but increased interest costs – a net positive effect of \$128M.

Depreciation and pension costs resulting from compliance with International Accounting Standard 19 – Employee Benefits, resulted in increased costs totaling \$249M.

***20. How many employees are employed at T&TEC?***

As at 31<sup>st</sup> December 2013, the Commission employed 3,100 persons

***21. How are customer complaints dealt with?***

Because of the complex and varied nature of Complaints, Complaints can be received through various channels. Reports coming via the Commission's website are routed by the person responsible for clearing the mail, to the responsible Department. Verbal and written reports coming to any Department are routed to the responsible Department for investigations. In all cases of written complaints, customers receive an acknowledgement letter.

To ensure that all customer complaints are recorded and handled in an efficient, effective manner in accordance with T&TEC's and the Regulatory Industries Commission's requirements, a Computerized Customer Contact system(CCS) was developed. The complaint registered on the CCS is redirected to the appropriate Distribution Area/Department for investigation and resolution. Customers are contacted verbally and depending on the circumstances, written responses to customers are prepared.

Trouble reports are directed to the Telecom Operators. A report is generated and used to monitor and control the reports. The Telecom Operators print the trouble reports from the online system and dispatch the Trouble Reports to the Emergency Crews based on priority. All trouble reports requiring further action is submitted to the Engineer (Emergency) for their follow up action.

***22. How does the Commission ensure that adjustments to its inventory are updated in a timely manner?***

Thorough investigations are done before items requiring adjustments are recommended for adjustment on the Adjustment form. This form is submitted to the respective

authorized signatory for approval. As soon the approved form is received by the Stock Control Section, it is immediately effected on the inventory system.

***23. What is the status of the strategy for user education that is being developed to facilitate the implementation of the password and lockout policies to reduce risk of unauthorized access to the Commission's systems and applications?***

A new password policy came into effect on 30<sup>th</sup> September 2013 to all users of T&TEC's IT systems.

Passwords are changed every 90 days. To facilitate this, employees are prompted at least 5 days in advance that a password change is imminent - this time period ensures that the employee is allowed enough time to formulate a new password which must adhere to stringent criteria.

Since the introduction of the new password policy, 2 password changes have been effected.

***24. Is there a policy to ensure that all employees adhere to the stipulated accrued vacation ceiling?***

The Commission's policy document, General Instruction HR45/1208 governs accrued vacation leave.

Line Managers of the Commission have the responsibility for monitoring adherence to the accrued vacation ceiling.

***25. Provide details of the role and function of the Ministry of the People and Social Development, the Ministry of Public Utilities, and T&TEC in the 'Utilities Assistance Programme'.***

Persons interested in applying for assistance from the Utilities Assistant Programme ( UAP) can do so by completing an application form which can be obtained from any of T&TEC or WASA's Customer Service Centre, the Ministry of Public Utilities (MPU) or the Ministry of the People and Social Development.

Applications received by T&TEC are submitted to the MPU.

The MPU forwards all applications received from the various sources to the Ministry of the People and Social Development. The Ministry of the People and Social Development verifies that the individual is a Trinidad and Tobago citizen and is in receipt of a Senior Citizens' Pension (formerly known as the Old Age Pension), a Disability Grant or any other public assistance from the Ministry of the People and Social Development.

A list of all persons who meet these criteria and therefore can access the UAP is sent to the MPU.

The MPU forwards the list of persons so approved to T&TEC. T&TEC ascertains those persons who meet the UAP's further criteria of an average consumption over 3 billing periods (6 months) of 500kWh or less. The accounts of these persons are then "flagged" in T&TEC's computerised customer system to ensure that the customer receives the applicable discount on his/her next bill. The accounts of persons whose consumption does not meet the criterion of being equal to or less than 500kWh per period will not be flagged for discounting and the names and actual consumption values of these persons are forwarded to the Ministry of Public Utilities as accounts that did not satisfy the requirements.

At the end of each month, T&TEC sends an invoice to the MPU outlining the billing value of all the UAP recipients. The MPU then issues a cheque to T&TEC in settlement of these sums.

26. ***How does T&TEC fulfil its role with respect to corporate social responsibility and what is its average annual expenditure on such responsibility?***

**External:**

T&TEC conducts numerous outreach programmes annually. These programmes, which mainly targets schools and communities, are geared to improving public safety relating to the use of and awareness of the dangers of electricity. Programmes regarding the efficient use of electricity (conservation), tariffs, and the rights and responsibilities of customers and the Commission are also carried out.

These programmes are conducted by teams of employees and members of the Commission's sponsored women's group, the Electrical Association for Women.

The Commission also has a programme to provide cash or service donations to community groups, schools, cultural organizations and sporting groups. Additionally the Commission provides part sponsorship, via an annual subvention, to six cultural groups, which also are involved in building their own communities through training and education.

The Commission is a member of the Caribbean Electric Utility Services Corporation, a professional organization committed to enhancing communication among regional utilities and advocating for change in the industry in the Caribbean.

The annual budget for donations is approximately \$0.25M and for subventions is approximately \$1.25M.

**Internal:**

T&TEC provides for the social welfare of its staff through subvention sponsorship for sports and cultural clubs at all of its Distribution Areas, as well as through funding for major cultural commemorations and other activities. Financing for these programmes, which are largely managed by the staff is intended to provide opportunities for work life balance and to promote healthy lifestyles. The annual budget for these programme is approximately \$2.3M.



# TRINIDAD AND TOBAGO ELECTRICITY COMMISSION



**RESPONSES TO QUESTIONS RAISED BY THE**  
**PUBLIC ACCOUNTS COMMITTEE ON LETTER DATED**  
**25<sup>TH</sup> FEBRUARY 2014**

1. **With respect to the \$500 million fixed rate bond which is presently outstanding and due in the year 2021:**

- a. **What date was the bond entered into?**

The bond agreement was signed on 29<sup>th</sup> March 2001.

- b. **What is the current yield?**

The yields on the Certificate of Interest will vary with each Investor as it is a function of the Investors' independent market-to-market policy. The Commission is not privy to these details.

- c. **Is it trading? If yes, at what price? If no, why is it not trading?**

As advised by RBC Merchant Bank (Caribbean) Limited, the Commission is not aware of any trading activity with the Certificate of Interest. To the best of our knowledge, Investors have been holding these Certificates to maturity.

**d. What were the circumstances that led to the negotiation of the bond without and exit clause or an early redemption arrangement?**

At the time of structuring this Bond, the Merchant Bank had to consider the following:-

- It was a competitive bidding situation and the primary criteria for T&TEC's selection of a preferred Arranger / Underwriter was on the basis of the lowest All-in-Cost, i.e. Bond Coupon and Arranging / Underwriting Fees;
- Given the long tenor of the Issue, i.e. 20 years and the relatively large Issue Amount, a Securitization Strategy had to be developed so as to ensure that we were able to address the needs of each constituent Investor, i.e. varied Investment horizons.

Callable Bonds, also known as Redeemable Bonds, is a type of Bond that gives the Issuer the option to retire the Bond before its scheduled maturity. For many Callable Bonds, however, the Issuers are required to pay a premium above the face value of the Bond, which is usually termed as a Call Premium. Callable Bonds are generally offer higher yields than Non-Callable alternatives. The rationale is to compensate the Investors for the reinvestment risk.

From the Investors' perspective, Callable Bonds are not suitable for Investors interested in steady income and predictable returns. Pension Plans, where the depth of liquidity for long-term investment lie, tend to fall into this category of Investor. For this reason, the vast majority of the long-term Fixed Rate Bonds issued on the local market are Non-Callable and in the interest of syndicating this Issue, the Bank followed the customary structure in making this a Non-Callable Issue.

**e. What are the terms and conditions that preclude T&TEC from refinancing the bond;**

Given the current low interest rate environment, RBC Merchant Bank (Caribbean) Limited has advised that thus far, they have not been able to secure the agreement from the Investors for the early redemption of the Certificates of Interest. With some effort, the Bank is of the opinion that they may be able to get buy-in from Investors,

albeit subject to a Make Whole Premium, which from a Present Value perspective will provide no economic benefit to T&TEC.

**f. What attempts have been made to renegotiate the terms of this bond?**

On 19<sup>th</sup> March 2001 (prior to the signing of the Trust Deed on 29<sup>th</sup> March 2001), the Commission wrote to RBC Merchant Bank (then Royal Merchant Bank and Finance Company Limited) requesting that they consider a reduction in the interest rate of 12.25%, given that there had been “a significant increase in liquidity leading to a reduction in interest rates”. In their response dated 20<sup>th</sup> March 2001, RBC Merchant Bank advised that they had committed to underwrite the Bond at the fixed interest rate of 12.25%, and this meant that even if interest rates increased, they had committed to deliver at that rate, and as such they were in fact taking an interest rate risk until the transaction was closed. They therefore could not consider the Commission’s request for a reduction in the interest rate.

T&TEC met with RBC Merchant Bank again in 2007 and they confirmed that the Bond was a long-term, non-callable, Government-guaranteed Bond of which the main Bondholders were pension plans and pension plans do not usually invest in callable bonds.

On 23<sup>rd</sup> April 2013, T&TEC met with RBC Merchant Bank in yet another attempt to renegotiate the terms of the Bond. They indicated that the investors had been approached following the meeting with the Commission in 2007, but they were not interested in renegotiating the Bond, unless the terms were similar.

Following the meeting on 23<sup>rd</sup> April 2013, RBC Merchant Bank submitted to T&TEC a number of possible refinancing options, which showed total interest charges over the balance of the term of the loan exceeding interest charges under the current arrangement.

**2. For the period January 2008 to February 2014, provide the following details on the recreation grounds in Trinidad and Tobago:**

**a. The number of grounds that have been lit by T&TEC;**

- b. **The location of the grounds; and**
- c. **The date the grounds were lit.**

Details are attached in **Appendix 1.**

- 3. **For the period March 2014 to February 2015, provide the following details on the recreation grounds in Trinidad and Tobago:**

- a. **The number of grounds to be lit by T&TEC;**
- b. **The location of the grounds; and**
- c. **The estimated date the grounds would be lit;**

Details are attached in **Appendix 2.**

- 4. **What year was the Character of Service Rules introduced?**

Since its operations began, the Commission has operated under Character of Service Rules which classifies its various customers so approved by the Public Utilities Commission. The current Character of Service Rules were submitted to and approved by the RIC in 2006.

- 5. **Provide a detailed breakdown of the total number and value of claims made by customers for the period January 2011 to December 2013.**

A breakdown of the claims made for the period 2011 – 2013 is as follows:

<b>Year</b>	<b>No. of claims made</b>
2011	1,438
2012	1,370
2013	1,489

No data is maintained on the value of a claim, once it is denied. In most cases the value of the claim is only provided by the customer after T&TEC completes its investigations and agrees to accept liability.

**6. Provide a detailed breakdown of the total number and value of claims paid to customers for the period January 2011 to December 2013.**

A breakdown of the claims settled and the associated value paid for the period 2011 – 2013 is as follows:

<b>Year</b>	<b>No. of claims settled</b>	<b>Cost paid</b>
2011	214	\$670,922.79
2012	150	\$721,375.01
2013	192	\$979,030.08

**7. Have there been reviews of the customer complaints process? Have these reviews improved the process?**

Customer complaints used to be handled via a manual process. This entailed long delays in finding customer information and tracking the outstanding complaints. A review of the process was done and a computerized Customer Complaints System (CCS) was designed to improve the process. This has been completed and the system was implemented. Last year, an additional module was added to link with the existing Trouble Report System to keep a comprehensive record of all complaints, outages and dangerous situations.

The CCS is able to process the complex and varied complaints from any medium, eg. external mail, phone calls, walk-in customers etc., and could be accessed by anyone authorized to do so across the Commission. A significant improvement in response time

was achieved by making the customer information immediately available and by sending reminders for follow up action if the complaint was not attended to.

**8. Provide details on the Rural Electrification Programme as follows:**

- a. When did this exercise commence;**
- b. What is the status of this exercise; and**
- c. How successful has this exercise been?**

Physical works on the first set of approved projects under the Rural Electrification Programme began in 1994 and was completed in 2002. A total of 69 communities and 1675 households benefitted from this programme.

In 2007, approval was received for the illumination of a total of 65 communities benefitting 7,614 households. By December 2009, 63 of these jobs, benefitting 3978 households were completed.

Details are attached in **Appendix 3**.

**9. Provide details on T&TEC's Communication plan as follows:**

- a. What is T&TEC's communication strategy;**
- b. How often is the communications strategy reviewed;**
- c. How is the success of the communications strategy determined;**
- d. How successful have these communication strategies been;**
- e. What is the annual communication budget?**

The key focal areas of T&TEC's external communications strategy are public safety, energy conservation, rights and responsibilities and general customer service.

## **PUBLIC SAFETY**

T&TEC communicates various safety messages to the public throughout the year. Messages are transmitted via T&TEC's website, radio, television, electronic bill boards and the press. Messages are designed for different seasons, based on different high risk periods for electrical accidents. These are Carnival, Easter, Divali, Eid, Christmas and the Hurricane Season. Radio advertisements are broadcast on 12 stations, selected based on their performance in independent media surveys, as well as their niche markets. T&TEC maintains contracts with these stations to air advertisements, typically at news time and morning and evening drive time. Due to the cost prohibitive nature of television advertising this medium is used occasionally and is generally used for hurricane season advertisements (Disaster preparedness) and end of year festivals (Divali/Eid/Christmas).

For Carnival 2014, the Commission expanded its Carnival safety advertising to improve visibility of its message. By utilising its own infrastructure on official parade route across the country, the Commission was able to issue reminders to masqueraders about the dangers of touching or coming close to electrical lines.

## **ENERGY CONSERVATION**

Public education on energy conservation is applied mainly through direct outreach. This is done via lectures and exhibitions at schools- from primary to secondary- and community groups. The Commission also maintains information on energy conservation on its website.

## **RIGHTS AND RESPONSIBILITIES**

As mandated by the Regulated Industries Commission, T&TEC has been conducting a customer outreach and education programme on T&TEC's rights and responsibilities as well as customers rights and responsibilities in relation to the supply of electricity. This outreach programme has taken the form of public seminars held in various communities throughout Trinidad. In 2013 the communities targeted included Belmont, Sangre Grande, Chaguanas, Mayaro, Maloney Gardens, San Fernando and Cumana.

These sessions were well attended and were not only focused on rights and responsibilities but covered areas of Guaranteed and Overall Electricity Standards,

electricity safety practices around the home, conservation of electricity and understanding your electricity bill. Presenters were T&TEC personnel supported by the Electrical Association for Women.

In 2014 this programme of continuous customer education will be extended to include additional communities in Trinidad as well as Tobago. A structured approach will be adopted to ensure sessions are held throughout the forty-one (41) parliamentary electoral districts in Trinidad and twelve (12) electoral districts in Tobago.



## **GENERAL CUSTOMER SERVICE**

Outage notification: T&TEC customers are apprised of planned outages through various means, depending on the size and nature of the outage. Media include newspapers, community loud speakers, hand bills (flyers) and radio. All planned outages are advertised at least three (3) days in advance. In instances where the planned outage is an emergency, radio advertisements may be supplemented with media releases and community loud speakers. Community loudspeakers have been identified as the preferred medium for receiving outage notifications (MFO survey 2013, commissioned by T&TEC) and announcements are generally made during hours when customers are most likely to be at home.

New services: Occasionally the Commission introduces new services to improve the customer experience and these services are promoted through a high rotation of press and radio advertisements, flyers, bill inserts and competitions if necessary. It should be noted that, as of mid 2013, T&TEC can now fully exploit the opportunities for direct advertising via its bills and, having successfully promoted two new services using bill inserts in 2013, will continue to fully utilise this option going forward.

## **PROJECTS IN PROGRESS**

### **Social Media**

T&TEC is currently investigating the use of the social media channel.

## **WEBSITE**

In 2011 T&TEC upgraded its website to make it simpler for users to access popular services like tenders sales and interruption notices. The upgrade is continuing, with additional planned changes to content management and the user interface.

The annual advertising actual expenditure for 2011 to 2014 and budget for 2014 are as follows:

<b>Year</b>	<b>Actual</b>	<b>Budget</b>
2011	\$ 2,928,376	
2012	\$ 3,511,698	
2013	\$ 3,679,726	
2014	\$ 402,698 (as at February)	\$ 3,500,000

**10. With respect to T&TEC's sponsorship of cultural and sporting groups:**

**a. For the period January 2008 to February 2014, provide a list of the groups and organizations that received sponsorship from T&TEC?**

The following seven (7) groups receive sponsorship from T&TEC from January 2008 to present:

- T&TEC Eastside (Tobago) (Contract started Jan 1993)
- Nada Sangama (contract started Dec 2005)
- T&TEC Gayatones (contract started Jan 1993)
- Luces Brillantes (contract started in 1996)
- Tropical Angel Harps (contract started Nov 2009)
- Electrical Association for Women (EAW);
- T&TEC Malick Tassa Group (contract started in 2004)

**No new groups were sponsored by T&TEC from January 2010 to present.**

**b. What are the criteria for receiving sponsorship from T&TEC?**

Over the years directives were issued by various Board Chairmen to sponsor various bands. Efforts are being made to develop formal criteria to guide future requests for sponsorship.

**c. What is T&TEC's projection for sponsorship in the sports of cricket and football?**

The Commission has a General Sports and Cultural Club which co-ordinates all sporting activities in the Commission.

Due to the Commission's financial constraints, the Commission is unable to continue sponsorship of major league football and cricket in the future.

**11. With respect to the contract with Trinidad Generation Unlimited (TGU):**

**a. What date was the agreement signed?**

The PPA dated October 17, 2008 was signed on September 15, 2009 between TGU as the seller with T&TEC and Alutrinc Lt. as the joint buyers.

**b. What were the circumstances that led to the negotiation of the contract being “take or pay”?**

The “take or pay” provision is a standard practice in the electricity supply industry. The three prior PPAs which supply generation to T&TEC, two with PowerGen and one with Trinity Power, all have this provision, dating back to 1994. This provision is required by the financial institutions that fund power station projects. Without it, such projects are not financeable.

**c. What are the terms and conditions of the contract that mandate that T&TEC pay for 720 megawatts?**

Under the PPA, T&TEC and Alutrinc as the consolidated buyers were each joint and severally liable for payment for the 720 MW of TGU capacity. As such, any monies not paid by T&TEC become the liability of Alutrinc, and any monies not paid by Alutrinc become the liability of T&TEC.

**d. Has any attempt been made to renegotiate the terms of the contract?**

T&TEC is currently taking 225MW from the TGU PowerStation and paying for this amount on a monthly basis. Discussions are taking place at the level of the Ministry of Finance together with TGU to explore various options to negotiate more favorable contractual terms.

**12. Were the 2010 Audited Financial Statements submitted to the Auditor General? If no, Why?**

No financial statements were submitted by T&TEC to the Auditor General's Office for 2010. The Commission has been able to confirm with the Auditor General that there is no legal or statutory requirement for T&TEC to submit its financial statements to the Auditor General's Office. However, T&TEC has taken a decision to submit its annual audited financial statements to the Auditor General's Office. The 2011 and 2012 Financial Statements were submitted to the Office of the Auditor General and the Commission will continue to submit future financial statements to this Office.

**13. Does T&TEC intend to continue the practice of have the signatories of the audited financial statements list their qualifications? If yes, Why?**

This practice predates 1968 and the Commission will continue to do so unless advised otherwise.

**14. What is the timelines for submission of audited financial statements by T&TEC?**

Section 26 (4) of the T&TEC Act states as follows:

“After the end of each financial year of the Commission, the Commission shall, as soon as the accounts of the Commission have been audited, cause a copy of the statement of account to be transmitted to the President, together with a copy of any report made by the auditors on that statement or on the accounts of the Commission.”

Notwithstanding this, the Commission aims to complete its audited financial statements within six (6) months of the end of the financial year. Once completed and before being submitted, the financial statements are approved by the Board of Commissioners

**15. Who determines the timeline for submission of T&TEC's audited financial statements?**

The Assistant General Manager – Finance, in collaboration with the External Auditors determine the timeline for completion of the financial statements

**16. What specific efforts are being made to ensure the timely submission of audited financial statements?**

The Finance Division has developed a timeline with the External Auditors to ensure the timely completion and submission of the audited financial statements.

**17. Who at T&TEC is responsible for the preparation of the accounts to be audited?**

The Assistant General Manager – Finance has ultimate responsibility for the preparation of the accounts to be audited.

**18. What timelines have been given to this Officer for the completion of accounts?**

The aim is to have the audit of the financial statements completed within six (6) months of the end of the financial year. Following this, once the accounts are approved, they can be submitted within the next one to two months.

**19. What are the consequences for this officer if the accounts are not completed on time?**

The General Manager would investigate the cause of the delay and take appropriate action accordingly.

**20. What is the process for implementing the recommendations made by the auditor in the annual audit report?**

The audit report is disseminated to the various departments with responsibility for the implementing the particular recommendation. They are requested to respond to the Auditor's recommendation and once there is agreement, the recommendation is implemented. There is also follow-up to ensure actual implementation.

**21. Provide details for the collaboration that takes place between the RIC and T&TEC.**

The RIC was established as a body corporate to discharge the functions and duties bestowed on it by the RIC Act Chap 54:73 of the Laws of Trinidad and Tobago, those being essentially to regulate the services listed on the Second Schedule of the Act, provided by the Service Providers listed in the First Schedule (of the Act). As such, the RIC has always insisted that it is an independent body that adopts an approach to regulation that maintains an arm's length relationship with the Service Providers under its regulatory purview. At the same time, the RIC Act mandates the RIC to "consult with service providers" in the performance of its functions with regard to Subsections 6(1) (e), (g), (h) and (j), namely in order to:

- (e) Prescribe and publish in the Gazette and in at least one daily newspaper circulating in Trinidad and Tobago, standards for services;
- (g) Impose such sanctions as it may prescribe for non-compliance with the standards referred to in paragraph (e) and any conditions attaching to a licence;
- (h) Establish the principles and methodologies by which service providers determine rates for services;
- (j) Carry out periodic reviews of the rating regimes of service providers.

The Act also refers to the requirement for RIC to consult with "parties concerned" in matters relating to review of complaints – Section 53 (RIC Act). Further, given that the RIC has been given the authority under its Act to conduct studies of efficiency, obtain information from the T&TEC, monitor rates, etc. it is expected that there would be a

number of requests and interactions between the RIC and T&TEC, however all of these interactions are either of a consultative nature or are a straightforward matter of data gathering and provision, followed by clarifications, explanations etc. Therefore the nature of the relationship is more one of consultation rather than collaboration. Note also that similar consultation occurs between the RIC and other stakeholders. This is in keeping with the tenets of good regulation, as a regulator, in order to remain impartial to the competing needs and wants of customers, shareholders, service providers and other stakeholders, must always maintain its independence, adopting consultation as engendered in the RIC, rather than collaboration.

**22. Does T&TEC believe there is need for improvement with respect to the working relationship between RIC and T&TEC? If yes, in what way and what means?**

The Trinidad and Tobago Electricity Commission is of the view that its relationship with the RIC is a relatively good working one, which is largely representative of the manner in which a regulator and regulated entity should engage each other.

TRINIDAD AND TOBAGO ELECTRICITY COMMISSION



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63 FREDERICK STREET  
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TRINIDAD

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Reply: P.O. Box 121  
Website: [www.ttec.co.tt](http://www.ttec.co.tt)

Your Ref PARL: 5/2/14

Our Ref A&A/210/rs

PLEASE QUOTE OUR REFERENCE ON YOUR REPLY

May 23, 2014

Ms. Keiba Jacob  
Secretary  
Public Accounts Committee  
Parliament  
Republic of Trinidad and Tobago  
Level G-7, Tower D  
The Port-of-Spain International Waterfront Centre  
1A Wrightson Road  
**PORT-OF-SPAIN**

Dear Madam

**Re: Request for additional information Re: Meeting of the Public Accounts Committee**

Your letter Ref. PARL: 5/2/14 of May 9, 2014 on the subject at caption refers.

Please find below the required responses to the requests raised in the above-mentioned letter.

1. *What is the total debt of T&TEC? Provide a detailed breakdown.*

**RESPONSE**

As at April 30, 2014 T&TEC's debt was as stated hereunder:

	<u>\$TT</u>
External Loans	611,578,746
Amount owing to NGC	1,241,286,474
Amount owing to TGU	<u>662,217,672</u>
	<u>2,515,082,892</u>

Please note that arrangements have been made with GORTT for the settlement of arrears to NGC totalling \$2.1B as at September 30, 2009.

A detailed breakdown is enclosed.



2. *With regard to the \$500 Million fixed rate bond, please:*
- a. *state whether there have been any attempts to contact the initial holders of the bonds to renegotiate the terms and agreements of the bond;*
  - b. *if yes, provide copies of the correspondence between T&TEC and the initial holders of the bond; and*
  - c. *advise whether T&TEC has sought legal advice with respect to renegotiating the terms of the bond.*

RESPONSE

- a. The \$500M Bond was negotiated through the then Royal Merchant Bank and Finance Company Limited (now RBC Merchant bank) as Trustee. Negotiations took place between the Merchant Bank and the Bondholders, and as such T&TEC had no direct contact with the Bondholders. T&TEC again met with the Merchant Bank in 2007 to determine whether any renegotiation of the terms of the Bond was possible. The Merchant Bank confirmed that the Bond was a long-term, non-callable, Government-guaranteed Bond of which the main Bondholders were pension plans and pension plans do not usually invest in callable bonds. On April 23, 2013, T&TEC met with the Merchant Bank in yet another attempt to renegotiate the terms of the Bond. They indicated that the investors had been approached following the meeting with T&TEC in 2007, but they were not interested in renegotiating the Bond, unless the terms were similar. T&TEC has not attempted to contact the initial Bondholders to renegotiate the terms and agreements of the Bond.
  - b. There is therefore no correspondence between T&TEC and the initial Bondholders.
  - c. T&TEC has not sought legal advice with respect to renegotiating the terms of the Bond.
3. *Has T&TEC implemented cost cutting measure? If yes, please provide:*
- a. *details of these cost cutting initiatives; and*
  - b. *details of upcoming cost cutting measures.*

RESPONSE

Over the years T&TEC has implemented several cost-cutting measures. The following is a list of on-going and upcoming initiatives:

- Conversion of diesel to natural gas for fuel at the Cove Power Station. The four (4) generating machines were operating on natural gas from November 2013. This resulted in a savings of approximately TT\$ 84Mn annually in fuel cost.
- The utilisation of some power from the most-efficient generation plant at Trinidad Generation Unlimited (TGU) and at the same time utilising less power from PowerGen (1994 PPA), especially the least efficient plant. In so doing, a reduction in fuel cost of approximately TT\$ 72Mn was realised in 2013.

- The use of capacitive compensation on the 12 kV distribution system to improve the system power factor and hence reduce system losses. The expected savings in energy purchased by T&TEC savings is approximately TT\$ 2Mn to TT\$ 3Mn annually.
- Strict control on overtime throughout T&TEC.
- Fiscal discipline throughout the organisation, especially in capital and maintenance projects, including tighter measures to keep project costs within budget.
- Closer monitoring of contractors in respect of safety, quality, cost variations and timeliness.
- Tighter control on inventory management, especially the prompt return of used materials and equipment issued to crews and contractors on completion of jobs.
- Greater scrutiny on safety awareness and practices in T&TEC and its contractors to minimise incidents and the associated costs.
- Tighter controls on material and equipment procurement to ensure quality items that are cost-effective, thus avoiding unnecessary wastage as a result of sub-standard goods.
- Strict control on employee productivity, travelling costs, absenteeism and the filling of vacancies to avoid unnecessary overtime as a result of staff shortages.
- Reduction in overseas travel for staff.
- Reduction in advertising, especially the use of external agencies. Advertising limited to tenders, safety and outages.
- Cancellation of some T&TEC functions to reduce costs.
- Discontinuation of employee hampers.

The following are upcoming cost-cutting measures:

- Vigorously and relentlessly pursuing the renewal of the 1994 PPA with PowerGen to reduce the capacity from 819 MW to 742 MW and then to 624 MW. This measure would reduce capacity payments to PowerGen by TT\$ 79.3Mn in 2015 (742 MW) and then a further \$ 121.65Mn in 2016 (624 MW).
- Completion of the transmission infrastructure to enable T&TEC to utilise all the power from TGU, which is currently the most efficient and reliable plant on the system. When the infrastructure is fully established, the expected savings in fuel cost would be approximately TT\$ 175Mn annually.

- Replacement of old and obsolete infrastructure and vehicles thereby reducing maintenance costs and downtime.
- Acceleration of distribution automation, GIS mapping and outage management systems to promote greater operational efficiency and cost reduction.
- The installation of capacitive compensation on the transmission system to further improve system power factor and reduce system losses.

The following are measures to enhance the revenues of T&TEC:

- Promote greater use of Hotline work to reduce outages and the associated loss of revenue.
- Increase revenue collection drive and deal with defaulting customers, both private and public, in a timely manner.
- Greater vigilance and action on current stealing activities.
- Ensuring customers are in the correct rate categories and monitoring same.
- Ensure all pole rental contracts are up-to-date and are in force and that all users' payments are timely.
- Improved collection due to reduced customer downtime by enhanced inspection and maintenance practices as well as quicker response to outages.
- Investigate alternative revenue streams by leveraging T&TEC's strong fibre-optic network to provide communication channels for external users, and, in-house expertise for major contracting jobs.

4. *Is T&TEC considering wind and solar energy as supplements for supplying electricity in Trinidad and Tobago?*

#### RESPONSE

Whilst T&TEC fully supports the use of renewable and green energy, there are no immediate plans to utilise such energy for bulk power requirements. However, T&TEC encourages customers in remote areas to utilise solar energy (roof-top panels) in cases where a "traditional" supply is uneconomical to provide. T&TEC further supports the Government's initiative to grant tax relief and incentives to citizens for the use of renewable energy. Regarding wind energy, T&TEC has embarked on feasibility studies, primarily in the data collection phase, to determine the most suitable locations and optimum power capacity of wind farms to support the demand in localised areas on the windward side of Tobago. The use of wind and solar energy to supplement the bulk power demand may not be realised until 2020. It should be noted that with the current relatively cheap electricity, citizens are not that motivated to utilise renewable energy in spite of the existing incentives.

However, T&TEC has completed the following renewable energy projects in the recent past:

- Grid-connected 2.2 kW photo-voltaic system at UTT Campus O'Meara in 2012.
- Grid-connected 2.2 kW photo-voltaic system at T&TEC Mt. Hope in 2012.
- Grid-connected hybrid renewable project – vis-à-vis 2.0 kW photo-voltaic and 2.5 kW wind turbine, at the Islamic Home for Children, Gasparillo in 2012.

The following are some upcoming renewable energy initiatives:

- Two locations have been identified in Tobago for possible wind turbine projects. Initially, data will be gathered to determine the feasibility of same.
- T&TEC is considering the hiring of a suitable consultant to undertake a tidal energy feasibility study in the Speyside area of Tobago.

5. *What is the average payment to a commercial customer who makes a complaint?*

**RESPONSE**

The below table shows the compensation paid to commercial customers in 2011, 2012 and 2013.

<b>Year</b>	<b>No. of Claims Settled</b>	<b>Total Payments</b>	<b>Average per customer</b>
2011	9	\$ 112,447.92	\$12,494.21
2012	11	\$163,742.21	\$14,885.66
2013	4	\$37,938.77	\$9,484.69

The three-year average payment to a commercial customer is \$12,288.19.

6. How old is the regulation governing the electrical inspectorate?

RESPONSE

The Government Electrical Inspectorate is governed by the following regulatory framework:  
Electricity (Inspection) Act Chap. 54:72 Act 44 of 1945 as amended (Last amended by Act 136 of 1976)

Subsidiary Legislation:

- a. Electricity (Inspection) Rules (GN 308/1947) (Last amended by 6 of 1989)- **Section 3 mandates** the Electricity Inspectorate Division to comply with the **regulations** of the Institution of Electrical Engineers (IEE) of the UK. **Section 4** continues that in the event that compliance with **Section 3** of the Rules is impracticable, the Chief Inspector may exercise his **discretion** to comply with the standards of the National Electrical Code (American Standard).
- b. Electricity (Inspection) (Overhead Lines) Rules (GN 68/1950)
- c. Electricity (Inspection) (Supply) Rules (GN 217/1951)


The inspection regime for domestic customers in Trinidad is also governed by Trinidad and Tobago Bureau of Standards' **Voluntary National Standards**

- a. TTS 171:Part 1: **2002, Trinidad and Tobago Electrical Wiring Code – Part 1: Low voltage installations (including Amendment 1 (2007))**

I trust the above and enclosed information satisfy the requirements of the Public Accounts Committee.

Yours respectfully

**TRINIDAD AND TOBAGO ELECTRICITY COMMISSION**



Kelvin Ramsook  
**GENERAL MANAGER**

Encls:

TRINIDAD AND TOBAGO ELECTRICITY COMMISSION

INDEBTEDNESS OF T&TEC AS AT 30TH APRIL 2014

External Loans

	<u>\$TT</u>
\$500M Bond 2021	294120,532
HSBC Loan for Cove Power Station	317458,214
	<u>611578,746</u>

Arrangements have been made with GORTT for the settlement of arrears to NGC totalling \$2.1B as at 30th September 2009.

Amount owing to NGC for fuel purchased - February 2010 to April 2014

	<u>\$US</u>	<u>ROE</u>	<u>\$TT</u>
<u>Fuel purchased for PowerGen and Trinity Power</u>			
Outstanding invoices February to June 2010	48311,619	6.4665	312407,084
Outstanding invoices July 2013 to April 2014	95084,262		614862,380
Outstanding due to price differences 2009 to 2012	28386,621		183562,085
Outstanding due to price differences 2013 to 2014	12562,249		81233,783
	<u>184344,751</u>		<u>1192065,332</u>
<u>Fuel purchased for TGU</u>			
Outstanding invoices July 2013 to April 2014	15994,785	6.4665	103430,277
Outstanding due to price differences 2011 to 2012	1269,486		8209,131
Outstanding due to price differences 2013 to 2014	2107,826		13630,257
	<u>19372,097</u>		<u>125269,665</u>
<u>Fuel purchased for Cove Power Station</u>			
Outstanding invoices September 2013 to April 2014	1995,251	6.4665	12902,291
Outstanding due to price differences 2013 to 2014	185,039		1196,555
	<u>2180,290</u>		<u>14098,845</u>
Total owing for fuel purchased	205897,138		1331433,843
Transportation Tariff	18981,210		122741,994
Royalty Gas	(32921,884)		(212889,363)
	<u>191956,464</u>		<u>1241286,474</u>
<u>Amount owing to TGU</u>			
Balance outstanding on invoices Oct 2013 to Mar 2014	<u>102676,765</u>		<u>662217,672</u>
			<u>2515082,892</u>

**TRINIDAD AND TOBAGO ELECTRICITY COMMISSION  
BALANCES DUE TO NGC AS AT 2014-04-30**

**GAS PURCHASED FOR POWERGEN & TRINITY POWER**

**Outstanding Invoices Feb to June 2010:**

<b>INVOICE No.</b>	<b>BILLING PERIOD</b>	<b>DATE INV. REC'D</b>	<b>TTEC AMOUNT USD</b>
70006987	Feb-10	05-Mar-10	8594,206.69
70007129	Mar-10	Apr-10	9775,504.01
70007278	Apr-10	May-10	9795,353.56
70007408	May-10	Jun-10	10270,323.10
70007573	Jun-10	Jul-10	9876,231.74
			<b>48311,619.10</b>

**Outstanding Invoices July 2013 to April 2014:**

<b>INVOICE No.</b>	<b>BILLING PERIOD</b>	<b>DATE INV. REC'D</b>	<b>TTEC AMOUNT USD</b>
70012757	Jul-13	Aug-13	10019,754.21
70012898	Aug-13	Sep-13	9879,267.74
70013038	Sep-13	Oct-13	9419,905.63
70013193	Oct-13	Nov-13	10199,489.45
70013333	Nov-13	Dec-13	9437,620.80
70013478	Dec-13	Jan-14	9865,106.23
70013639	Jan-14	Feb-14	9394,559.56
70013771	Feb-14	Mar-14	8687,586.71
70013915	Mar-14	Apr-14	9090,485.96
Estimate	Apr-14		9090,485.96
			<b><u>95084,262.24</u></b>

Outstanding amounts due to price differences 2009 to 2012:

INVOICE NO.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD	ORIGINAL AMT. USD	ROYALTY TO TTEC USD	DIFFERENCE IN PRICE ADJUST. USD
70006987	Feb-10	05-Mar-10	8594,206.69	9287,927.62	828,143.41	693,720.93
70007129	Mar-10	Apr-10	9775,504.01	10564,578.79	917,080.16	789,074.78
70007278	Apr-10	May-10	9795,353.56	10586,030.58	887,866.75	790,677.02
70007408	May-10	Jun-10	10270,323.10	11099,339.48	916,885.43	829,016.38
70007573	Jun-10	Jul-10	9876,231.74	10993,435.69	913,926.83	1117,203.95
			<b>48311,619.10</b>	<b>52531,312.16</b>	<b>4463,902.58</b>	<b>4219,693.06</b>
70005428	Mar-09	Apr-09	8870,055.96	9356,177.43	892,405.00	486,121.47
70005554	Apr-09	May-09	8636,837.48	8953,929.80	1726,820.00	317,092.32
70006415	Oct-09	06-Nov-09	9172,750.77	10309,348.84	3671,664.33	1136,598.07
70006563	Nov-09	07-Dec-09	8957,187.73	10067,075.33	3553,112.91	1109,887.60
70006720	Dec-09	06-Jan-10	8926,631.18	10032,732.50	3668,791.37	1106,101.32
<b>Total for Difference in Price for 2009</b>			<b>44563,463.12</b>	<b>48719,263.90</b>	<b>13512,793.61</b>	<b>4155,800.78</b>
70006860	Jan-10	Feb-10	9187,042.98	9928,617.43	916,764.38	741,574.45
70007723	Jul-10	Aug-10	10026,094.94	11160,251.48	1889,951.72	1134,156.54
70007875	Aug-10	Sep-10	9782,164.05	10888,727.02	1888,163.71	1106,562.97
70008023	Sep-10	Oct-10	9756,817.03	10860,512.73	1831,491.52	1103,695.70
70008146	Oct-10	Nov-10	10045,846.81	11182,237.89	2840,467.21	1136,390.88
70008299	Nov-10	Dec-10	9959,222.70	11085,814.63	2743,391.20	1126,591.93
70008427	Dec-10	Jan-11	10102,511.85	11245,312.72	2834,957.70	1142,800.87
<b>Total for Difference in Price for 2010</b>			<b>68859,700.36</b>	<b>76351,473.70</b>	<b>14945,187.44</b>	<b>7491,773.34</b>



Outstanding amounts due to price differences 2013 to 2014:

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD	ORIGINAL AMT. USD	ROYALTY TO TTEC USD	DIFFERENCE IN PRICE ADJUST. USD
70011909	Jan-13	Feb-13	9390,470.53	9962,575.69	0.00	572,105.16
70012035	Feb-13	Mar-13	8600,074.42	9124,025.47	0.00	523,951.05
70012191	Mar-13	Apr-13	9232,689.59	9795,182.10	0.00	562,492.51
70012324	Apr-13	May-13	9608,164.00	10193,531.92	0.00	585,367.92
70012464	May-13	Jun-13	9865,588.40	10466,639.65	0.00	601,051.25
70012602	Jun-13	Jul-13	9695,813.38	10595,002.03	0.00	899,188.65
<b>Total for Difference in Price for 2013</b>			<b>56392,800.32</b>	<b>60136,956.86</b>	<b>0.00</b>	<b>3744,156.54</b>
70012757	Jul-13	Aug-13	10019,754.21	10948,985.10	0.00	929,230.89
70012898	Aug-13	Sep-13	9879,267.74	10795,469.92	0.00	916,202.18
70013038	Sep-13	Oct-13	9419,905.63	10293,506.62	0.00	873,600.99
70013193	Oct-13	Nov-13	10199,489.45	11145,388.96	0.00	945,899.51
70013333	Nov-13	Dec-13	9437,620.80	10312,864.70	0.00	875,243.90
70013478	Dec-13	Jan-14	9865,106.23	10779,995.08	0.00	914,888.85
70013639	Jan-14	Feb-14	9394,559.56	10265,798.34	0.00	871,238.78
70013771	Feb-14	Mar-14	8687,586.71	9493,272.53	0.00	805,685.82
70013915	Mar-14	Apr-14	9090,485.96	9933,536.62	0.00	843,050.66
<b>Total for July to Mar 2014</b>			<b>85993,776.28</b>	<b>93968,817.87</b>	<b>0.00</b>	<b>7975,041.59</b>
Estimate	Apr-14		9090,485.96	9933,536.62	0.00	843,050.66
<b>Total for July to Apr 2014</b>			<b>95084,262.24</b>	<b>103902,354.49</b>	<b>0.00</b>	<b>8818,092.25</b>

12562,248.79

TOTAL FOR GAS PURCHASED FOR POWERGEN & TRINITY POWER

184344,751.39

**GAS PURCHASED FOR TGU**

**Outstanding Invoices July 2013 to April 2014:**

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD
70012762	Jul-13	Aug-13	1561,485.16
70012903	Aug-13	Sep-13	1555,998.06
70013043	Sep-13	Oct-13	1554,458.18
70013198	Oct-13	Nov-13	1556,412.87
70013339	Nov-13	Dec-13	1536,493.63
70013484	Dec-13	Jan-14	1573,309.07
70013644	Jan-14	Feb-14	1510,333.31
70013777	Feb-14	Mar-14	1409,253.96
70013922	Mar-14	Apr-14	1868,520.34
Estimate	Apr-14		1868,520.34
			<b>15994,784.92</b>

**Outstanding amounts due to price differences 2011 to 2012:**

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD	ORIGINAL AMT. USD	DIFFERENCE IN PRICE ADJUST.
70009796	May-11	Nov-11	37,400.36	40,028.75	2,628.39
70009797	Jun-11	Nov-11	36,809.61	40,579.91	3,770.30
70009798	Jul-11	Nov-11	289,567.62	319,227.19	29,659.57
70009920	Oct-11	Jan-12	1872,723.20	2064,540.80	191,817.60
70010079	Nov-11	Jan-12	1741,860.04	1920,273.71	178,413.67
70010219	Dec-11	Jan-12	1905,144.72	2100,283.16	195,138.44
70009799	Aug-11	Jan-12	1648,672.19	1817,540.89	168,868.70
70009800	Sep-11	Jan-12	983,906.24	1084,684.90	100,778.66
70010348	Jan-12	Feb-12	1732,537.11	1836,483.30	103,946.19
70010496	Feb-12	Mar-12	1611,856.52	1708,350.30	96,693.78
70010629	Mar-12	Apr-12	1766,333.37	1872,307.22	105,973.85
70010782	Apr-12	Jun-12	1530,038.58	1621,835.57	91,796.99
70010931	May-12	Jun-12	2262,560.21	2262,560.21	0.00
70011062	Jun-12	Jul-12	2399,761.92	2399,761.92	0.00
70011204	Jul-12	Sep-12	2188,583.13	2188,583.13	0.00
70011326	Aug-12	Sep-12	1908,215.89	1908,215.89	0.00
70011352	Sep-12	Oct-12	1708,993.34	1708,993.34	0.00
70011616	Oct-12	Nov-12	1947,621.58	1947,621.58	0.00
70011635	Nov-12	Dec-12	1956,297.87	1956,297.87	0.00
70011765	Dec-12	Jan-13	1624,983.73	1624,983.73	
<b>Total for Diff. in Price May to Dec 2011, Jan to Apr 2012</b>			<b>29528,683.50</b>	<b>30798,169.64</b>	<b>1269,486.14</b>

Outstanding amounts due to price differences 2013 to 2014:

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD	ORIGINAL AMT. USD	DIFFERENCE IN PRICE ADJUST.
70011914	Jan-13	Feb-13	1501,095.18	1592,547.92	91,452.74
70012040	Feb-13	Mar-13	1464,598.83	1553,828.07	89,229.24
70012196	Mar-13	Apr-13	1603,532.42	1701,226.05	97,693.63
70012329	Apr-13	May-13	1627,361.05	1726,506.42	99,145.37
70012451	May-13	Jun-13	1567,037.26	1662,507.46	95,470.20
70012607	Jun-13	Jul-13	1633,390.60	1784,871.06	151,480.46
<b>Total for Difference in Price for 2013</b>			<b>9397,015.34</b>	<b>10021,486.98</b>	<b>624,471.64</b>
70012762	Jul-13	Aug-13	1561,485.16	1706,297.12	144,811.96
70012903	Aug-13	Sep-13	1555,998.06	1700,301.15	144,303.09
70013043	Sep-13	Oct-13	1554,458.18	1698,618.45	144,160.27
70013198	Oct-13	Nov-13	1556,412.87	1700,754.43	144,341.56
70013339	Nov-13	Dec-13	1536,493.63	1678,987.88	142,494.25
70013484	Dec-13	Jan-14	1573,309.07	1719,217.57	145,908.50
70013644	Jan-14	Feb-14	1510,333.31	1650,401.45	140,068.14
70013777	Feb-14	Mar-14	1409,253.96	1539,948.01	130,694.05
70013922		Apr-14	1888,520.34	2041,806.71	173,286.37
<b>Total for TGU July-Mar 2014</b>			<b>14126,264.58</b>	<b>15436,332.77</b>	<b>1310,068.19</b>
Estimate	Apr-14		1868,520.34	2041,806.71	173,286.37
<b>Total for TGU July-Apr 2014</b>			<b>15994,784.93</b>	<b>17478,139.48</b>	<b>1483,354.55</b>

2107,826.19

TOTAL FOR GAS PURCHASED FOR TGU

19372,097.26

**GAS PURCHASED FOR COVE POWER STATION**

**Outstanding Invoices September 2013 to April 2014:**

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD
70013319	Sep-13	Nov-13	96,874.79
70013316	Oct-13	Nov-13	226,369.06
70013338	Nov-13	Dec-13	192,220.95
70013483	Dec-13	Jan-14	311,305.03
70013643	Jan-14	Feb-14	298,770.86
70013776	Feb-14	Mar-14	269,877.03
70013921	Mar-14	Apr-14	300,016.48
Estimate	Apr-14		300,016.48
			<b>1995,250.67</b>

**Outstanding amounts due to price differences 2013 to 2014:**

INVOICE No.	BILLING PERIOD	DATE INV. REC'D	TTEC AMOUNT USD	ORIGINAL AMT. USD	DIFFERENCE IN PRICE ADJUST.
70013319	Sep-13	Nov-13	96,874.79	105,640.39	8,965.60
70013316	Oct-13	Nov-13	226,369.06	247,362.50	20,993.44
70013338	Nov-13	Dec-13	192,220.95	210,047.50	17,826.55
70013483	Dec-13	Jan-14	311,305.03	340,175.42	28,870.39
70013643	Jan-14	Feb-14	298,770.86	326,478.83	27,707.97
70013776	Feb-14	Mar-14	269,877.03	294,905.40	25,028.37
70013921	Mar-14	Apr-14	300,016.48	327,839.97	27,823.49
<b>Total for COVE Sep-Mar 2014</b>			<b>1695,234.19</b>	<b>1852,450.01</b>	<b>157,215.82</b>
Estimate	Apr-14		300,016.48	327,839.97	27,823.49
<b>Total for COVE Sep-Apr 2014</b>			<b>1995,250.67</b>	<b>2180,289.98</b>	<b>185,039.31</b>

**GAS PURCHASED FOR COVE POWER STATION**

**2180,289.98**

TOTAL OWING TO NGC

205897,138.63

PLUS: Transportation Tariff

18981,210.00

LESS: Royalty Gas

(32921,883.63)

**NET AMOUNT DUE TO NGC**

**191956,465.00**

TRINIDAD AND TOBAGO ELECTRICITY COMMISSION  
 TRINIDAD GENERATION UNLIMITED - PAYMENTS OUTSTANDING  
 FOR THE PERIOD OCTOBER 2012 TO APRIL 2014

Date of invoice	Consumption period	Due date	MW	Exclusive of Value Added Tax			
				Total Billed \$US	Total paid \$US	Balance Outstanding \$US	Balance Outstanding \$TT
11/02/2012	Oct-12	2012/12/03	450	6135,001.14	3099,008.75	3035,992.39	19561,506.17
12/03/2012	Nov-12	2013/01/02	450	5861,754.79	2999,960.54	2861,794.25	18407,919.15
01/03/2013	Dec-12	2013/02/04	450	6624,838.67	2591,866.99	4032,971.68	25979,193.67
02/02/2013	Jan-13	2013/03/04	720	8839,005.96	3091,831.43	5747,174.53	37025,597.19
03/01/2013	Feb-13	2013/04/02	720	6583,265.57	2949,165.46	3634,100.11	23409,055.86
04/02/2013	Mar-13	2013/05/02	720	7823,771.43	3103,787.04	4719,984.39	30413,219.42
05/01/2013	Apr-13	2013/06/03	720	8621,243.32	3006,362.25	5614,881.07	36259,217.49
06/03/2013	May-13	2013/07/03	744	9343,266.55	3105,778.48	6237,488.07	40188,135.64
07/01/2013	Jun-13	2013/07/31	720	8692,150.66	3007,495.43	5684,655.23	36626,802.11
08/07/2013	Jul-13	2013/09/02	744	9891,887.63	3110,132.18	6781,755.45	43698,241.24
09/02/2013	Aug-13	2013/10/02	744	9840,538.01	3110,209.94	6730,328.07	43312,353.26
10/01/2013	Sep-13	2013/10/31	744	8804,240.51	3011,024.40	5793,216.11	37304,835.82
11/01/2013	Oct-13	2013/12/02	718	9904,111.66	3112,656.95	6791,454.71	43781,112.79
12/02/2013	Nov-13	2014/01/02	720	9438,501.34	3009,997.57	6428,503.77	41569,919.63
01/02/2014	Dec-13	2014/02/03	744	9836,357.83	3108,656.14	6727,701.69	43347,927.53
02/03/2014	Jan-14	2014/03/05	744	9497,766.78	3107,853.81	6389,912.97	41328,679.11
03/05/2014	Feb-14	2014/04/04	701	8730,224.10	2810,544.66	5919,679.44	38267,175.77
04/01/2014	Mar-14	2014/05/01	571	7887,864.72	3114,279.34	4773,585.38	30868,389.86
Estimate	Apr-14			7887,864.72	3114,279.34	4773,585.38	30868,389.86
	<b>TOTAL</b>			<b>160243,655.39</b>	<b>57564,890.70</b>	<b>102678,764.69</b>	<b>662217,671.56</b>