

QUESTIONS	ANSWERS
<p>1. Paul Arditti(States Member)</p> <p>Directors are reported as saying that the overcharging would not have been disclosed unless it was the States of Guernsey. Why?</p>	<p>Mike Richards:  <i>"I would not normally make public information with regard to commercial or domestic customers unless by agreement. Given the scale of the overcharge and the identity of the customer in this instance it was accepted by the States of Guernsey that a press release should be issued.</i></p> <p><i>The issue was identified when reviewing the new style April management accounts and the variations against the previous year and budget.</i></p> <p><i>Norson Harris, non-executive director was asked to conduct an independent investigation.</i></p> <p><i>Norson carried out a very detailed investigation, comparing the readings taken for the monthly and the quarterly bills. These were obviously in sequence and confirmed the double billing."</i></p> <p>Mike Richards, Chairman stressed the fact that it was simple clerical error, the meter being recorded in both the quarterly and monthly meters reading books. This led to the meter being read on both the monthly and quarterly cycles &amp; billed on both cycles.</p> <p>Norson Harris emphasised that the Meter Readers were definitely <b>not</b> responsible for the error.</p> <p>Once the meter had been recorded in the second meter reading book the error continued over a sustained period of 6 years which is why the number became substantial.</p>
<p>2. Mr Woodruff(Consumer)</p> <p>Why didn't the auditors pick it up?</p>	<p>Mike Richards stated that whilst he could not answer for the auditors it would have been virtually impossible to pick up under normal audit procedures</p> <p>The error will feature in the accounts next reporting period.</p>

<p>3. Nicky Spice (Consumer)</p> <p>How can you be sure that this has not happened to others?</p>	<p>Norson Harris responded that the review at the airport cannot be finally completed until the autumn as it requires the power to be turned off. There is an ongoing review of all other meters and our engineers are looking closely to ensure all records are accurate.</p>
<p>4. Rees Bryant (consumer)</p> <p>How can the reading be recorded twice?</p>	<p>Norson Harris responded that the meter was recorded in both the quarterly and monthly books and as a result was read on both cycles. It was not a case of recording the same reading twice.</p>
<p>5. Mike Harrisson (ex-nonexecutive Director AEL)</p> <p>The concession law states that the declared pressure of supply shall be 240 volts and yet people experience much higher levels. We are paying an extra 5% for the increased levels.</p> <p>Mr Harrisson said that he had tested the voltage and it was high.</p> <p>Mr Harrisson said that Mr Allen had been to his house and used a 'mega' tester and found the voltage to be at 240 volts? He said that he had been told by other qualified persons on the island that his 'test' equipment was suitable but did not know if it had been calibrated.</p>	<p>Alan Graca replied that it is impossible to generate at a constant voltage. There will always be fluctuations depending on how many people are using the 'grid' at any one time. AEL normal voltage is always within the acceptable parameters.</p> <p>Alan Graca asked if the test machine was calibrated.</p> <p>Alan Graca reminded the audience that they should contact the AEL office immediately if they thought there was a problem and our engineers would come out and investigate. They should not wait to raise it at this type of meeting.</p>
<p>6. Sue Roff (consumer)</p> <p>Asked if AEL's supply voltage was higher isn't that reflected as a higher bill?</p>	<p>Alan Graca said voltage is only part of the power equation so long as it's within recognised limits it would not affect bills.</p>

7. Graham McKinley (consumer)

I understand that the AGM has to be held by the end of June and that the board threatened to resign if the States did not agree the resolutions as set out in the notice.

Mike Richards said that having given proper notice he felt it would have been improper to postpone the meeting.

So far as he was concerned the notice of the AGM had included an absolutely standard set of resolutions and there were no contentious issues.

He had been told that the Policy committee were refusing to support a number of resolutions including somewhat bizarrely the appointment of their own nominated representative and the payment of the dividends which the company has been obliged to pay since around 1963. [Clarification. The preference shares were actually issued in 1968]

He had also been told to deal with the historical issues.

He had had a meeting which included Louis Jean to establish what historical issues needed to be addressed. He was advised that the two issues were the Memorandum and Articles of Association and Directors remuneration. Mike Richards said that those two items had both been agreed at the previous AGM and were not in his gift to overturn.

With regard to directors remuneration Mike Richards said that he was paid £10kpa, Norson Harris was paid £7.5k, Bob McDowall £100. He also said that director's remuneration had been the subject of a paper put to the then Policy and Finance Committee by the previous Chairman, Gavin St Pier and approved. If the States wanted them changed they would need to discuss the matter and make a proposal.

Neither of the historical issues were a reason to delay the properly called AGM.

Mike Richards stated that it was customary for any Chairman or board that did not have the support of the shareholders to offer their resignation.

Norson Harris contributed by saying that he had also supported Mike Richards's position and too had offered to resign if the Board did not have the support or the confidence of its majority shareholder. This was customary in these circumstances and the appropriate response to allow a new board to be appointed if that was

<p>Mr Arditti interjected that the issue was not about confidence in the board the question was why there couldn't have been a month's delay.</p>	<p>what was required.</p> <p>Mike Richards stated again that as he felt the resolutions that the shareholders were being asked to vote on were standard he did not see the need for a delay and mindful of the problems at the last AGM wanted to hold the meeting in order that the board could get on with running the company.</p> <p>He repeated that it would have been improper to defer the meeting purely because of the way one shareholder intended to vote minded that there were other shareholders to consider.</p>
<p>8. Peter Raphael.(Consumer)</p> <p>The States were being asked to 'rubber stamp' the resolutions.</p> <p>Paul Arditti interrupting Referred to a statement that Bob McDowall had allegedly made at the time and said that if the board resigned 'the lights would go off'.</p>	<p>Mike Richards repeated his comments earlier about the resolutions being standard and wanting to get the AGM over and done with in order that AEL could get on with running the Company.</p> <p>MRR said that the notice had been issued to all shareholders using the statutory time limit.</p> <p>Bob McDowall stated that he had not said that but did state that the banks with which the company has financial facilities may be concerned and have reduced confidence in the Company.</p> <p>Mike Richards also said that the notice had included for the first time the minutes of the 2012 AGM for shareholders to consider. He said he was seeking to improve shareholder relations and certainly not interested in having a fight with the major shareholder and reiterated that he felt there was no need to adjourn the AGM.</p>

<p>9. Paul Arditti</p> <p>Mr Arditti stated that MRR had reported in the papers there discussions had become heated. He wanted people to know that he did not feel that he himself had become heated.</p>	
<p>10. Graham McKinley (consumer)</p> <p>Asked why the AGM had not been delayed to include the double billing</p>	<p>MRR assured the meeting that the double billing had been discovered on 10 May 2013 which was after the AGM on the 2 May 2013. If it had been discovered prior to the AGM the AGM would have been delayed to allow for provision to be made in the accounts.</p> <p>Norson Harris gave his personal assurance to Mr McKinley and the other consumers at the meeting that the meter error had not been brought to the attention of the Management and subsequently the Board until after the AGM.</p>
<p>11. Jeff Roff (consumer)</p> <p>Asked how it was proposed to get the cost of electricity down.</p>	<p>Mike Richards said that it was unlikely to be able to get the prices down materially but AEL would try and control the costs. He went on to say that the costs were already quite well controlled but there were expensive fixed overheads.</p> <p>Mike Richards said that at his meeting with the Policy Committee he had set out the objectives and talked about upgrading the infrastructure. The customer would need to pay for any upgrade in the infrastructure and he had, to try and reduce the burden on the customer asked for grant and not a loan as had been reported. A detailed paper had yet to go to Policy Committee. This type of grant would help reduce tariffs but currently the only money to support AEL comes from the consumers.</p> <p>Mike Richards said that AEL was aware that persons may be in fuel poverty and there were various payment methods in place to try and address that. There was no/little negotiating power on fuel costs as Alderney only took a thimble full of fuel in oil industry terms. Mike Richards repeated what Alan Graca had said earlier about the amount of fuel in our tanks being the daily stock of an average motorway service station.</p>

	<p>Tidal power was still an alternative to fuel oil and ARE already contributing to reducing the costs with their subsidy. There was consideration with regard to a cable to France but there still had to be a back up. New business to the island would be the biggest help as the increase in load would allow fixed costs to be spread over greater volumes but there was a limit to what AEL could do. There was no magic wand.</p>
<p>12. Paul Clark (consumer)</p> <p>Said that MRR had talked about safety, affordability and reliability. He said that AEL was excellent at providing the service and wondered if like Guernsey and Jersey AEL could produce charts to show the customer down time.</p>	<p>Mike Richards said that AEL had recorded the down time would produce charts for future meetings</p>
<p>13. Victor Levine (consumer)</p> <p>Asked whether we could buy fuel jointly with Guernsey</p>	<p>Mike Richards said it was a good suggestion but we had an existing contract which runs out in the next year or two. We would try to buy jointly thereafter but thought it a possibility not a probability.</p>
<p>14. Louis Jean</p> <p>Asked what is the remuneration paid to you?</p> <p>Mr Jean asked why not let the public know the cost of salaries by publishing the combined total of directors' fees and salaries. The public need to know what they are paying for.</p> <p>Mr Jean was concerned that at the AGM Mike Richards said that you wanted two years' salary</p>	<p>Mike Richards repeated that his remuneration is £10k per annum; Norson Harris confirmed his remuneration at £7.5k per annum and Bob McDowall's at £100 per annum. Mike Richards said he would not be publishing the executive salaries.</p> <p>Norson Harris replied that the contracts of employment off all staff are confidential. Mike Richards assured the meeting that the salaries for the Executive roles did not exceed market rates.</p> <p>Mike Richards said that with regard to Non-Exec Directors fees he had asked for these to be agreed for 2012 and 2013 also. This was because the non-execs were now paid monthly (the figure would not change) and their remuneration would continue until the AGM in 2014. He stressed that he had not asked for two years worth of remuneration only that two successive years' rates were approved.</p>

	<p>Norson Harris tried to assist Mr Jean by explaining that this was purely a matter of timing as the next AGM would be held after the calendar year end and thus merely allowed the Directors to be paid up to the next AGM when the fees no doubt would be examined again.</p> <p>As Mr. Jean stated that his recollection was different MRR said we would make sure a copy of the resolutions was placed in the library.</p>
<p>15. Martin Hunt (consumer)</p> <p>Stated that he was a very low user but he could install solar panels and the capital cost of the system would be cheaper than his bill</p> <p>He suggested there should be grants available</p> <p>Mr Hunt indicated that alternative sources were hugely cheaper he felt the ARE was paying 10% more than the current fuel price!</p>	<p>Norson Harris said that there was no opposition to customers installing panels which Mike Richards confirmed but said that AEL would not be able to take any surplus into the system.</p> <p>Mike Richards suggested that discussions about grants would need to be had with the States of Alderney.</p> <p>Mike Richards said that the current FCC, which was 16.38p was discounted by a 3p subsidy from ARE. Without the subsidy it would be 19.38. He said that with tidal power the reported fixed cost of 20p would appear to be very reasonable. Mike Richards then asked the rhetorical question as to whether the consumers felt that fuel costs would go up in the next 20 years and asked them to consider whether the 20p would seem reasonable in future.</p>
<p>16. David Thornburrow (consumer)</p> <p>Referring to Louis Jean's interpretation of the AGM and the resolution with regard to directors' remuneration said that he had known Louis for a long time and Louis had a brilliant memory and didn't get things wrong!</p> <p>He read out the last advert for non-executive post. He said that the advert offered remuneration at £7.5k per year for a minimum 20 days – by his calculation that was £375 per day which was the equivalent of £300,000 a year, and he had been told that previous non execs did not receive any more than £350 per year</p>	<p>Mike Richards commented that the calculations seem to have gone a bit wrong there</p>

17. Louis Jean (States Representative & shareholder)

He repeated his concerns over Directors remuneration, the AGM and said that he felt the board should go.

Mike Richards said that he felt he could not adjourn the meeting because of a dispute between individuals.

He had dealt with the historical issues which were matters that could not be dealt with at the AGM. He said that he felt that the company was in better shape than the one he had come in to and could leave the company in that knowledge should the shareholders wish it.

He reiterated that the double billing had been regrettable.

Norson Harris said that the new board had already made significant changes to the company, but if the shareholders wished the board to resign, then this was within their power.

Norson Harris said that there had clearly been a breakdown in communication, whether that was between the Company and its customers or the States and the electorate, this was regrettable. However, the company should not be used as a political football as this was severely damaging to AEL and its customers.

There was some discussion about the 'gagging order'

Norson Harris said that the term gagging order should not be used as it really referred to legal injunctions and to the restriction of the UK press by the issuing of government 'D' notices. He said it was common practice to have confidentiality clauses and every so often the staff needed to be reminded of their obligations. He discussed commercial obligations with regard to confidentiality and about the data protection requirements. He explained that AEL staff had access to bank details, account details (debtors etc) addresses etc of all customers and that was confidential.

Norson Harris read out a letter sent to staff in January 2013 which had been discussed with the staff union representative before issue which merely reminded the staff of the Company that

	they held a duty of confidentiality to the customers of the Company to and to keep commercially sensitive information confidential.
18. Mr Barnes (consumer)  Asked about the company's preference shares dividends and could we stop paying them.	Mike Richards reiterated that AEL was obliged to pay dividends on preference shares since 1964 [Note actually 1968] and that they only totalled around £2,000 per annum. We would record the actual amount in the notes of the meeting[ Actual:£1,400 per annum]
19. Sue Roff (Consumer)  Said that people had been coming in to her shop saying that they were having to choose between 'heating or eating' and asked what could be done	Mike Richards said that the company was acutely aware of these problems and the Board was most concerned to hear that consumers were having to make a choice between "heating or eating". There could not be a special tariff for poor people without bills increasing for the remaining consumers but that arrangements could be put in place to help people pay their bills.  Mike Richards asked Louis jean if the States had a facility for helping people and he said that those in hardship could approach the States Treasurer.
20. Paul Clark (consumer)  He asked what could be done to control tariffs and assist the poorer members of the community who were often on pre-payment meters and paid the highest price per unit.	Mike Richards detailed why pre- payment tariffs were traditionally higher in the industry and said that he had inherited a set of tariffs that AEL could not currently do anything about. It would be very bold to reduce one set of tariffs at the cost to the others but it was a laudable suggestion

<p>21. Robin Whicker (consumer)</p> <p>Said there were concerns about high cost and the board but he wanted to know about safety. He heard about the burying of cables and would like to know if the improvement plan could be made public.</p>	<p>Mike Richards said there was 10 year programme and that AEL would take every opportunity to bury cables but there were some areas where the cable could not be buried, for example there was a section where the overhead cable crossed solid granite. MRR said that although there was the 10 year programme of works in the event that there was a problem, priorities may change and the programme altered.</p>
<p>22. Martyn Brown (Shareholder and ex-employee)</p> <p>Said that Solar Power in terms of a resource was huge and AEL should be looking at developing it.</p>	<p>Norson Harris said that his company was currently looking at a programme for the installation of 40,000 homes belonging to Local Borough Councils and Housing Associations thus lifting many thousands of households out of fuel poverty. The programme was costing tens of millions of pounds a significant part of that sum came from Feed-in Tariffs, a subsidy from the UK Government.</p> <p>AEL had no reserves nor the ability to fund such a programme and would have to come from the States of Alderney</p>
<p>23. Mike O’Gorman (consumer)</p> <p>Said he appreciated that it was inherited problem and that the company is small and the salaries should not be large. He said that by not publishing salaries AEL was in danger as creating an area of mistrust.</p> <p>He said that after the power surge he had been to the office and been told to call an electrician. He felt that AEL did not deal with problems efficiently. He said that all standard appliance should be running on 240V</p>	<p>Mike Richards said he encouraged customers to report problems at the office as soon as there was an issue</p>
<p>24. Rees Bryant</p> <p>Asked about the PPA and the fact that the contract was to buy electricity @20ppu for 25 years</p>	<p>Mike Richards repeated that he thought that with the current FCC at 16.38p (19.38 before the ARE subsidy) that the terms were a good deal as oil prices would only be likely to rise.</p>

The meeting closed at 20.00hrs