



QUARTERLY REPORT OF THE BOARD

COVERING THE PERIOD 1 JULY – 30 SEPTEMBER 2010

ECS 28/2010

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UTILITIES REGULATION & COMPETITION AUTHORITY

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1. Introduction

As part of URCA's continuing commitment to accountability and transparency, the Board is pleased to publish its fourth Quarterly Report, covering the period 1 June – 30 September 2010.

2. Summary of Key Actions – Audit Committee

- External Auditors – A Request for Proposal (RFP) was completed and sent to seven (7) firms. A total of four (4) responses were received. The Audit Committee evaluated the responses and approved the selection of PricewaterhouseCoopers (PWC) for a period of three (3) years, conditional on the approval of the Attorney General, the Minister responsible for relations with URCA. This approval from the Attorney General was duly received. URCA's Chairperson, as a former Partner at PWC, did not participate in the selection.
- Internal Audit function – To further test and strengthen internal controls, the Audit Committee has worked on developing a Request for Proposal (RFP) for internal audit, with a view to actioning this in early 2011.
- Risk Management – the Audit Committee is continuing its work in developing a risk assessment matrix aimed at recognising, prioritising and mitigating risks, internal and external to the organisation.
- Value for Money Indicators – The Audit Committee reviewed and approved Key Performance Indicators (KPIs) proposed by management. These KPIs will be used as inputs into the Value for Money Audits that are to be carried out by the Audit Committee after the end of each financial year.
- Management Accounts - The Audit Committee reviews URCA's management accounts and financial performance and provides the Board with its comments on a monthly basis.

3. Summary of Key Actions – Operations

- CEO Recruitment – Due to the retirement of Michael Symonette (CEO), the role was advertised locally and internationally to facilitate a competitive selection process. Following a screening process, followed by two rounds of interviews, the Board selected Usman Saadat, the current Director of Policy and Regulation (DPR), to take over as CEO. The Board appreciated and recognised the contributions made by Mr. Symonette to URCA, as well as the communications sector over the years.
- The Board approved the selection of Mr. Donavon Dorsett, on the recommendation of Mr. Saadat, to take up the role of DPR in an acting capacity until the role is filled through a competitive selection process.
- Relocation to New Premises – Board members were regularly updated on the progress of the project work and the relocation of URCA's offices from Fourth Terrace off Collins Avenue to the

UBS Annex Building, East Bay Street, which was scheduled for the end of August. The Board held its first Board meeting in the new premises in September.

- Budget for Relocation – The Board was updated on progress against budget. The Board approved a request for an additional \$214,440.13 to cover unbudgeted costs associated with cabling and other fit-out requirements, as well as audio-visual and communications equipment. The Board noted that there were savings associated with the acquisition of spectrum equipment that approximated the additional relocation costs, therefore enabling the organisation to stay within the total capital budget for 2010.
- Human Resources – The Board was updated on the successful recruitment of experienced Senior Case Officers (SCOs) in order to bolster the regulatory skill set within URCA. Additionally, the Board was briefed on the training plans for colleagues, including general development, leadership development, regulatory training, as well as formal regulatory education.
- Industrial Relations – the Board was updated on meetings with the BCPOU and the pending audit of personnel at URCA, to ascertain eligibility within the Bargaining Unit, by the Ministry of Labour.
- The Board has been kept updated and abreast of significant management decisions as they arise during each month.

Summary of Key Actions – Regulatory

- The Board was made aware of various newspaper articles and comments that arose in the press from URCA decisions and/or consultations during the period and, where necessary, press releases were issued to clarify URCA's position on these issues.
- The Board was made aware of the completion of an agency agreement with The Bahamas Maritime Authority (BMA) to collect spectrum fees for the Government. URCA continues to work on improving the daily updates of the ships' register from BMA. Additionally, the Board noted the efforts of management to improve information exchange and accountability with BMA, and directed management to assess alternative database systems that would assist with these efforts.
- The Board was briefed on the progress and on-going deliberations of the Industry Working Group on Content Codes.
- Spectrum Monitoring – The Board was briefed that URCA had secured appropriate sites from the Defence Force and Police Force to install URCA's Spectrum monitoring equipment.
- The Board was briefed on URCA's ongoing enquiries with BTC on various outages that affected BTC's network in the Family Islands as well as a major national outage in early August.

- SMP obligations – The Board was updated on how both BTC and CBL were progressing with compliance to their respective SMP obligations. In particular, it was noted that:
 - URCA had commenced a public consultation on BTC’s Draft Reference and Access Interconnection Offer (RAIO).
 - BTC and CBL had both submitted Separated Accounts in line with deadlines set by URCA. URCA was in the process of reviewing the package of documents submitted (methodology, documentation, and results), including holding several meetings with each operator to clarify a number of queries. This review process would result in preparation of Preliminary Decisions to be shared with each operator, giving them an opportunity to respond, and then proceed with issuing a Final Decision.
 - Having reviewed CBL’s untying proposals, URCA was in discussions with CBL on defining and measuring compliance, as well as recommending improved methods of customer notification to alleviate concerns during the trials in eastern New Providence.
 - URCA was reviewing the Broadband Resale Offers (“BRO”) published by both operators on their websites. Each review would be limited to a review for completeness.
- The Board was briefed on two merger control matters:
 - A formal merger notification by CBL and SRG to merge their business, and the legal and competition issues that are likely to arise.
 - Progress update to URCA from the Privatisation Committee relating to strategic investor(s) in BTC and the likely timing of when URCA might be required to formally review any acquisition
- In light of the studies being carried out by the Government, with advisory assistance from the Inter-American Development Bank (IDB), to reform the energy and water sectors, and as part of URCA’s preparation for the possible regulation of those sectors, the Board approved a Memorandum of Understanding (MOU) with the Nova Scotia Utility Review Board. This MOU is a regulatory co-operation agreement whereby URCA will benefit from the Canadian experience to regulation of these sectors, and obtain assistance with training and knowledge transfer, for example, through short-term placements of URCA colleagues in Halifax, Canada.
- During the Quarter under review, the Board approved regulatory and other measures, including those that resulted in the following documents being published:
 - ECS22/2010 Obligations on Operations with Significant Market Power (SMP) - Consultation Document on BTC’s Draft Reference and Access Interconnection Offer (RAIO).