



URCA

2015 Annual Report & 2016 Annual Plan



URCA

2015 Annual Report & 2016 Annual Plan



TABLE OF CONTENTS

<i>Message from the Chairman</i>	4
<i>About URCA</i>	6
<i>The Electronic Communications Sector in 2015</i>	10
<i>URCA's Year in Review</i>	14
<i>Summary of URCA's 2015 Workplan Outcomes</i>	28
<i>Audited Financial Statements</i>	36
<i>2016 Annual Plan</i>	54

CHAIRPERSON'S REMARKS

Chairman's Remarks for the Annual Report

I am pleased to present the Utilities Regulation and Competition Authority (URCA)'s Annual Report on its activities in 2015 and its Annual Plan for 2016. The year 2015 presented URCA with many opportunities to continue its work of encouraging competition in the Electronic Communications Sector (ECS) and regulating the providers in the sector to ensure a level playing field; ensuring that consumers are aware of their rights and obligations in relation to services provided in the ECS, and that operators provide services that are of a high quality; and assisting the Government of The Bahamas as it positions the country to attract investments in the ECS and the wider information and communications technologies (ICT) sector. I am grateful to my fellow members of the board, and to the management and staff of URCA who worked hard to make 2015 another remarkable year for the organization.

In its 2014 Annual Report URCA noted that the Government had launched the cellular mobile liberalization process by issuing a request for proposals to interested persons to apply to be selected as The Bahamas' second cellular mobile operator. In early 2015 the Government received applications from three interested parties, Cable Bahamas Limited (CBL), Digicel Bahamas Limited (DBL), and Virgin Mobile Bahamas Limited (VMBL). URCA was invited to manage the second phase of that process, which was an auction of the offered radio frequency spectrum amongst the remaining two applicants, CBL and VMBL. The Spectrum Auction was successfully completed on 16 October 2015, with CBL emerging as the successful bidder in the auction having made a financial bid of \$62,500,000. As at the end of 2015, the selection process was being finalized by the Government in negotiations with the successful bidder.

Another significant process conducted by URCA during the year was its review and eventual approval of CBL's applications to increase the cost of its 'RETV Prime' and 'RETV Business Prime' packages from \$30 to \$38 and from 50 to \$64 respectively, and to launch a new 'RETV' Local package comprising six channels for a price of \$10.

URCA's process entailed detailed review of the submission received from CBL, followed by widespread consultation in written form as well as by way of focus groups and town hall meetings in New Providence and several family islands. URCA approved the applications on 31 December 2015, bringing the year 2015 to a close.

During 2015 URCA also completed its investigation and regulatory process in respect of a countrywide outage on BTC's fixed and mobile networks which occurred on 22 March 2014. To that end, on 21 March 2015 URCA issued a Final Determination and Order finding that BTC had breached its licence obligations and imposed a fine in the amount of \$1,581,384.61 on BTC, as well as requiring BTC to undertake significant remedial actions to improve its network resiliency and maintenance procedures.

Following the devastation caused by Hurricane Joaquin in the islands of the Southern Bahamas in October 2015, including significant interruptions to electronic communications services within and to those islands, URCA ordered BTC to pay the remaining two thirds of that fine, or \$1,055,425.61 to URCA for further transmittal to the National Emergency Management Agency (NEMA) to assist in bolstering the communications infrastructure of those islands devastated by the storm.

Other regulatory activities focused on preparation for cellular mobile liberalization in the form of regulatory measures dealing with Infrastructure Sharing, updating of BTC's Reference Access and Interconnection Offer to address mobile competition, review of the Retail Pricing Rules, and work on issues such as National Roaming, and introduction of a domestic mobile termination rate.

In addition to an already active year as regards regulatory activities, URCA's team addressed significant internal challenges with the ending of URCA's lease of its premises at the UBS Annex Building on East Bay Street, and the outfitting and move to premises at Frederick House, on Frederick Street in the downtown area of New Providence. URCA also enhanced its, and The Bahamas's participation in the

international electronic communications and ICT community with the hosting, for the first time in The Bahamas, of two International Telecommunication Union (ITU) meetings, namely the meeting of the ITU Telecommunications Standardisation Sector's Study Group 3 meeting for Latin American and the Caribbean Regional (SG3LAC), and the global Green Standards Week (GSW) 2015. URCA, in partnership with licensees in the ECS also held a very successful celebration of the ITU's International Girls in ICT Day on 23 April 2015. These major activities presented unique opportunities to promote ICTs in The Bahamas.

In keeping with its priority to promote the development of young people in ICTs, URCA was happy to sponsor the participation of several students from the family islands in two Science, Technology Engineering and Math (STEM) related summer camps. These camps, "BETA Camp" and "HACKit" respectively catered to junior and senior high students exposing them to possibilities in the STEM fields.

The foregoing, as well as various other matters handled by URCA during 2015 are set out in greater detail throughout the Annual Report for 2015, and clearly illustrate the hard work being done by URCA's team, for which I commend them.

Finally, but certainly not least, with the passage of two major pieces of legislation on 30 December 2015, URCA became the regulator of the Electricity Sector (ES) in The Bahamas. The Electricity Act, 2015 (EA) and the URCA (Amendment) Act, 2015 came into effect on 28 January 2016, and during 2016 one of URCA's major focuses will be to take the necessary steps pursuant to the legislation, to establish itself as the regulator of the ES. This will involve significant organizational changes, as well as undertaking of specific regulatory activities.

URCA remains committed to encouraging growth and competition as appropriate in the ECS and ES, while ensuring that the needs of consumers remains the focal point of that growth and development in both sectors, resulting in the best possible quality of service at the most competitive prices achievable in The Bahamas. URCA will ensure that its organisational capacity is optimised and fully engaged towards meeting the demands of the new ES and an expanding ECS.



Randol Dorsett
Chairman



Randol Dorsett
Chairperson



J. Paul Morgan
Deputy Chairperson



Cherise Cox-Nottage
Non-Executive Member



Kathleen Riviere-Smith
Executive Member
Chief Executive Officer



Stephen Beraux
Executive Member
Director Policy & Regulation



C. Vincent Wallace Whitfield
General Counsel &
Secretary to the Board





ABOUT URCA

The Utilities Regulation and Competition Authority (URCA) is the regulatory authority with responsibility for the electronic communications sector (ECS) and the electricity sector (ES) in The Bahamas. The ECS comprises fixed and mobile telephone services, spectrum and numbering, broadcasting including pay television and Internet services. The ES comprises the sector of the economy related to the supply of electricity throughout The Bahamas.

Governance

The regulatory regime for electronic communications in The Bahamas was established with the passage in 2009 of three (3) core pieces of legislation. The Communications Act, 2009, The Utilities Regulation and Competition Authority (URCA) Act, 2009 and the Utilities Appeal Tribunal (UAT) Act, 2009. The legislation came into force on 1 September 2009 and URCA has, since then, sought to implement and manage a progressive and forward looking regulatory regime consistent with international best practices.

The new regulatory regime for the electricity sector in The Bahamas was established with the passage of three (3) core pieces of legislation on 30 December 2015; the Electricity Act 2015, the Utilities Regulation and Competition Authority (Amendment) Act, 2015 and the Electricity Rate Reduction Bond Act, 2015. The legislation overhauls the electricity sector in The Bahamas and establishes URCA as the regulator of the overhauled sector. The Acts were brought into force on 28 January 2016 and transition from the old regime to the new regime is ongoing during 2016. Regulation of the electricity sector is not reflected in URCA's activities for 2015 as the regime had not been in place during 2015, however it is reflected in URCA's final Annual Plan for 2016, contained in the second part of this Annual Report document.

URCA is an independent authority governed by a Board which during 2015 comprised five (5) members, three (3) non-executive members, including the Board's chairperson, and two (2) executive

members; the Chief Executive Officer (CEO) and Director of Policy and Regulation (DPR). Non-executive members are appointed by the Governor General, while the executive members are appointed by the non-executive members following a competitive selection process. During 2015, URCA's Board comprised:

Mr Randol Dorsett, Chairman

Mr J. Paul Morgan, Deputy Chairman

Mrs Cherise Cox-Nottage, Non-Executive Member

Mrs Kathleen Riviere Smith, Chief Executive Officer

Mr Stephen Bereaux, Director of Policy and Regulation

It is noteworthy that the URCA Amendment Act 2015 envisages an increase in the size of URCA's Board to comprise:

- Four (4) non-executive members, including the Board's chairperson;
- Three (3) executive members;
 - » the Chief Executive Officer (CEO);
 - » the Director of Electronic Communications – responsible for developing and implementing policy and regulation of the electronic communications sector; and,
 - » the Director of Utilities and Energy – responsible for developing and implementing policy and regulation of the regulated sectors, other than electronic communications.

These changes will be implemented during 2016 as part of the transition to regulation of the electricity sector.

URCA interacts with various Ministers of Government in relation to its mandate, as follows:

- in respect of its operations including its financial statements,

and legal oversight, URCA reports to the Minister with responsibility for relations with URCA, currently the Attorney General;

- URCA's Communications Act responsibilities are carried out in accordance with Government policy established by the Minister with responsibility for the ECS (the Minister), currently the Prime Minister. Pursuant to the Communications Act, the Minister is also responsible for certain specific activities relating to the allocation and pricing of spectrum, public service broadcasting, and universal service.
- URCA's Electricity Act responsibilities are carried out in accordance with Government policy established by the Minister with responsibility for the administration of the Electricity Act.
- URCA may be required from time to time to engage with the Ministers of Government with responsibility for licensee companies such as the Broadcasting Corporation of The Bahamas, the Bahamas Telecommunications Company and Bahamas Power and Light Ltd.

Established pursuant to the provisions of the Act, URCA's Audit Committee is also a key component of the organisation's governance structure. Its work includes:

- Review of the monthly financial reports prepared by management;
- Review, monitoring and implementation of recommendations made by the internal and external auditors;
- Review of the annual financial statements, including the assessment of the accounting policies.
- Assessment of Risks which may impact URCA's operations and its performance of its functions, and monitoring the implementation of strategies to mitigate any risks identified.

The Audit Committee also has oversight of the work of the internal auditor, whose activities during the year were concentrated mainly on the testing and reporting on the adequacy and effectiveness of internal controls and compliance with legal and regulatory requirements.

In accordance with statutory requirements URCA, prior to the end of its fiscal year, prepares and publishes for comment a plan of its activities for the ensuing year. This annual plan is finalised, after considering the responses to the plan, and is published along with the annual report, including the audited financial statements, within four months of the year end. In furtherance of the requirement for accountability, URCA is required to arrange at least one oral hearing during which the annual plan and annual report is presented and questions from interested parties answered. URCA also prepares

a quarterly report of its activities; this is provided to the Minister responsible for relations with URCA and published on the Authority's web site. The requirements imposed by the Act and by the policies and practices adopted by the Board and management ensure that the activities and affairs of URCA are conducted transparently and that its stakeholders are sufficiently informed.

Organisational Structure

During 2015 URCA was broadly structured into two areas, Policy & Regulation and Operations. The Chief Executive Officer, in addition to being responsible for the overall running of the organisation, oversees the Operations functions which comprises professionals in finance, human resources, communications and general administrative functional areas. Policy & Regulation, which is led by the Director of Policy and Regulation, comprises professionals in engineering, economics, legal and law, who undertake the policy and regulatory functions within URCA. During 2016 it is likely that adjustments to the structure will be made as part of the organisational transition to implement regulation of the electricity sector.



Strategic Outlook

Over the past two years, URCA's operations have been guided by URCA's Strategic Plan 2014 – 2019. The plan took effect from the beginning of 2014, following an intense process which reviewed the previous strategic plan as well as the draft revised Electronic Communications Sector Policy adopted in April 2014. The process was also guided by the objectives in the Communications Act 2009.

It should be noted that the Strategic Plan which guided URCA's operations through to 2015, and which is reflected in this section, will again undergo review during 2016, to take account of the new responsibilities for regulation of the electricity sector. Notwithstanding this, URCA is firmly of the view that the regulation of the electricity sector will represent a natural and organic development for URCA based around the same principles as regulation of the ECS, that is, the promotion of the needs of persons in The Bahamas in relation to regulated sectors. As such, it is expected that while the language used in the Plan may change, specific new areas of responsibility (such as renewable energy) will be added, and structural changes will be considered, the broad vision and mission of the organisation will remain as reflected below.

URCA's Strategic Plan is built upon the organisation's Vision and Mission. URCA's Vision seeks to ensure that URCA remains focussed on its mandate, which by virtue of section 4 of the Communications Act 2009 is centred on the interests of the public in The Bahamas, applying best practices in regulation to achieve those ends. A key success factor for URCA is to be a highly people centred organisation, having regard to the fact that its work is almost entirely human resource dependent. As such, in addition to its outward facing vision statement based on the mandate, URCA is also motivated by an internal facing vision statement which ensures that URCA maintains focus on its people.

Building on the Vision and Mission, URCA formulated strategic goals based on its assessment of the strengths and weaknesses of the organisation and the environmental factors which would affect URCA's achievement of its vision. Those strategic goals are described below.

Promoting the interests of the public

The electronic communications policy objectives set out in the Comms Act places URCA's roles and responsibilities in the context of furthering the interests of persons in The Bahamas and the country as a whole.

This mandate is consistently repeated in stakeholders' comments, and is a central tenet of regulators globally. The ECS Policy in particular provides a set of strategic aims which all speak to the ECS providing a level of service to persons in The Bahamas that would

URCA'S VISION

External Vision

"To be a globally renowned utilities regulator and competition authority which is recognised for championing the interests of persons in The Bahamas, and of the sectors we regulate. We do this by the development, adoption and application of best practices in policy and regulation."

Internal Vision

"We will develop a harmonious work environment characterised by honesty, trust and mutual respect. We will achieve this by developing the technical and soft skills of our people and transformational leadership across the organisation."

URCA'S MISSION

We are driven by a commitment to advancing public interests through achieving sustainable competition and effective regulation of utilities and broadcasting. We are guided by our core values and dedicated to the continuous development of our people

strengthen the social, economic and cultural framework of the country.

As such, the primary strategic goal for URCA in relation to its regulatory activities will be the promotion of the interests of the public. This goal will be achieved through a focus on several regulatory areas, including but not limited to:

- Protection of consumers of electronic communications services to ensure that they receive a level of service which is appropriate and consistent with best international practices and standards;
- Promoting sustainable competition to ensure that all participants in the market have a level playing field, and provide services which are of the highest standard at the best possible price;

- Effective and efficient regulation to promote fair play among participants, while being guided by high level principles of fairness, non-discrimination and transparency;
- Effectively managing state resources (spectrum and numbers) to ensure that they further the development of the sector and the general interests of the public.

Commitment to developing our people

Regulation is a highly human resource intensive activity, which requires professionals who are highly trained, skilled and experienced in specialised areas of law, economics and finance, and engineering. Significant challenges are faced by URCA in acquisition and retention of those resources, particularly in the Bahamian market, where most of these skills are not present due to a lack of similar organisations, and the relative novelty of utility regulation.

As such, the acquisition and development of the necessary skills by URCA is a key strategic goal, on which URCA must remain focussed. URCA will seek to combine recruitment of suitable candidates with rigorous training and up-skilling of team members in order to develop the required knowledge and expertise.

This goal is not only focussed on the need for skilled and experienced internal resources within URCA, but also the need for more skilled regulatory professionals throughout the ECS in The Bahamas, if URCA's work is to be successful.

Cultivating a work environment based on employee engagement, transformational leadership and effective management

The acquisition and development of skilled, experienced and knowledgeable employees would be inefficient and ineffective over the long term, if those persons are not also motivated and retained. URCA recognised certain internal challenges with the creation of a work environment which ensures that URCA's employees are appropriately motivated to best perform their roles and to stay and grow with the organisation over the long term. It is only by creating such an environment that URCA would be able to capitalise fully on its investment in acquisition and development of skilled, experienced and knowledgeable staff.

Commitment to public engagement

Despite URCA's public awareness efforts, its work remains mainly unknown to much of the residents of The Bahamas and therefore the potential benefits of a well regulated ECS are not fully experienced by many persons.

From an industry stakeholder perspective, URCA is committed to doing all it can to bring key stakeholders and licensees along in

the areas of regulatory knowledge, as well as understanding of motivations on both the regulator and regulated entity sides.

Finally, from a Government perspective, URCA must ensure that the Government is in a position to leverage the maximum benefit from the presence of an independently regulated ECS to achieve its broader national policy objectives.

Strategic Priorities for 2015

Based on the above Strategic Outlook, in its 2015 Annual Plan URCA indicated a focus on achieving the following broad strategic priorities:

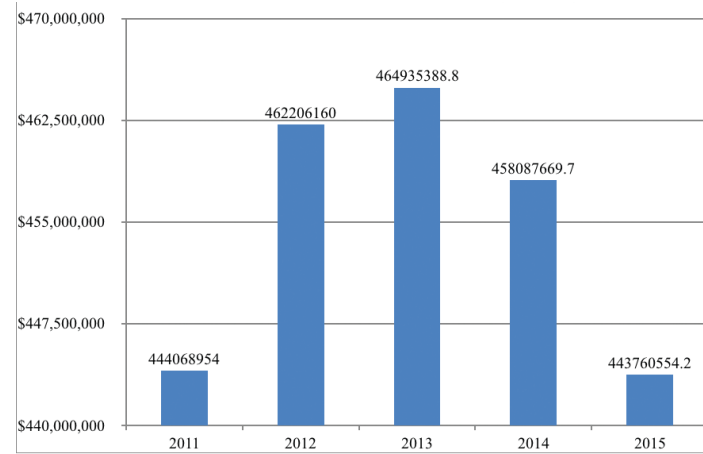
- Preparation for Mobile Liberalisation
- Protection of Consumers
- Encouraging Competition
- Promoting Affordable Access to Services throughout The Bahamas
- Promoting a Wide Range of High Quality Content Services
- Managing Radio Spectrum Effectively and Efficiently
- International Participation and Engagement
- Building Regulatory Capacity and Human Capital
- Educating our Stakeholders
- Raising Public Awareness of URCA
- Preparing to Regulate New Sectors of the Economy

THE ELECTRONIC COMMUNICATIONS SECTOR IN 2015

In 2015 there was contraction of operator revenues in the ECS in The Bahamas, likely due to disruptive technologies impacting subscriber revenues, and reductions in prices in certain key sectors. However, that contraction in revenues was accompanied by a marked increase in value for money, due to an improvement in the broadband offerings from key players, and more value included in retail packages.

To that end, total revenues earned in the electronic communications sector decreased by approximately 3.13% from \$458,087,670 in 2014 to \$443,760,554 during 2015. The progression of revenues in the ECS over the past five (5) years is shown in Figure 1 below.

Total ECS Revenue (BSD\$)



The year also saw the launch of new IPTV offerings from BTC and Bahamas WIMAX, albeit in limited geographical areas. We look at some of the key market segments in turn below. It should be noted that the figures are estimates based on information collected by URCA from licensees.

Fixed Telephone Services

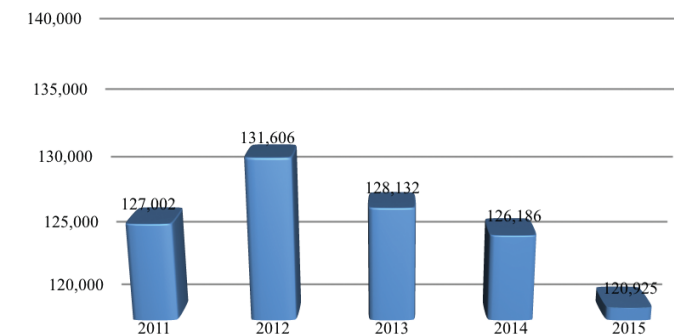
Fixed voice telephony services in The Bahamas are provided by both the Bahamas Telecommunications Company Limited (BTC) and Cable Bahamas Limited (CBL).

BTC is the incumbent fixed voice provider in The Bahamas and is designated by URCA as having significant market power (SMP) in this market. BTC provides local, domestic long distance (inter-island) and international calls using a PSTN/fibre optic network, submarine cable system and supporting Satellite communications facilities. These services and related infrastructure are provided nationwide.

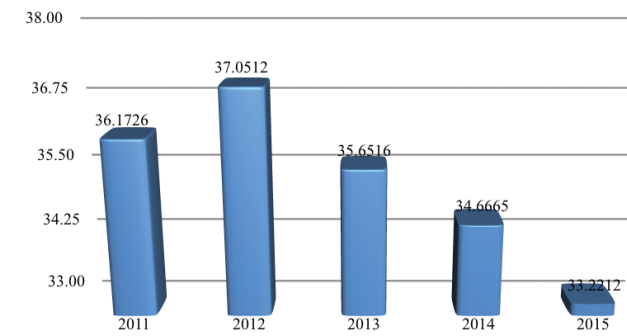
CBL (including its affiliates Systems Resource Group Limited (SRG) and Caribbean Crossings Limited (CCL)) provides local, domestic long distance (inter-island) and international calls to residents of New Providence, Grand Bahama, Eleuthera and Abaco by way of its fibre optic/coaxial cable network and a fibre optic submarine cable system. CBL commenced offering fixed voice services in 2012.

During the Year 2015, the number of fixed line subscribers decreased by approximately 4.17%, with the number of subscribers reducing from 126,186 in 2014 to 120,925, for a corresponding penetration of 33.22 subscribers per 100 population as shown in tables 2 and 3 below.

Total Fixed Line Subscribers



Fixed Line Penetration (Subscribers per 100 Population)



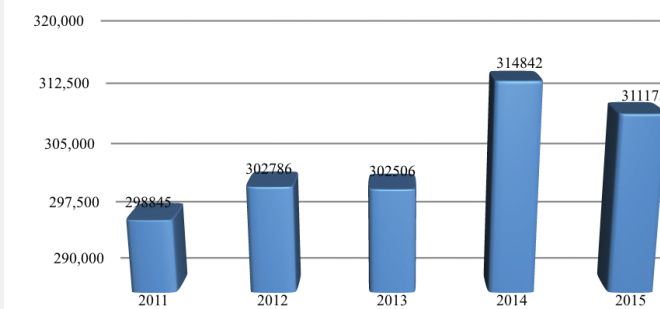
Notwithstanding the decreases in subscriber numbers, fixed line revenue increased during the year 2015 from \$51,882,000 in 2014 to \$60,896,882, an increase of approximately 17.38%.

Cellular Mobile Services

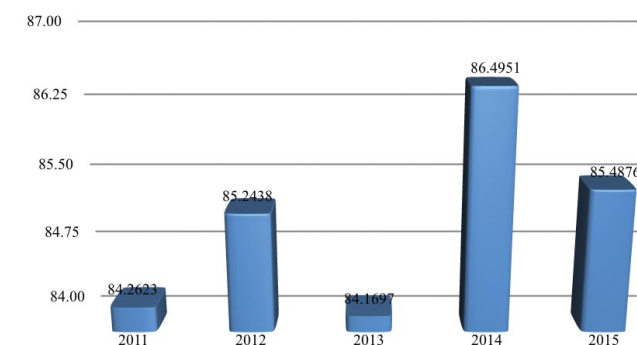
BTC is still the sole provider of mobile services to the Bahamian market.

The total number of mobile subscribers during the year 2015 decreased from 314,842 in 2014 to 311,175 in 2015, or by 1.16%. This corresponded to a decrease in mobile penetration rate (i.e. number of subscribers per 100 individuals) from 86.50 in 2014 to 85.49 in 2015. Figures 4 and 5 show the change in subscriber numbers and penetration from 2011 to 2015.

Total Mobile Voice Subscribers

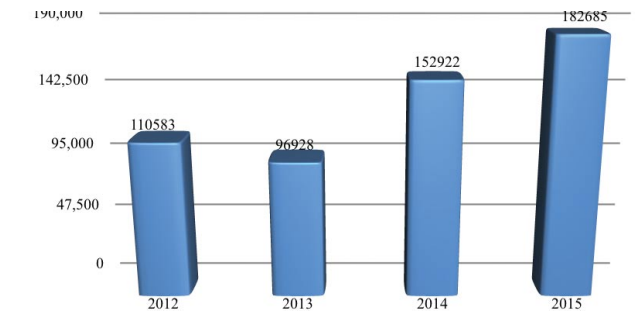


Mobile Voice Penetration (Subscribers per 100 Population)



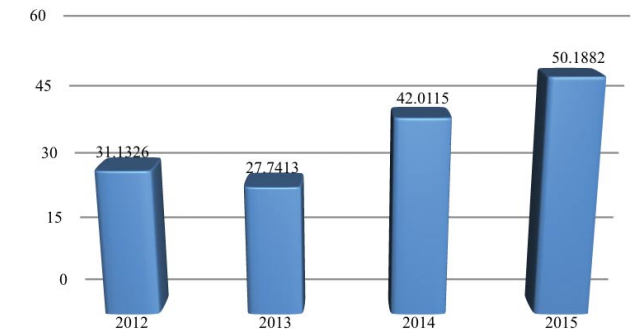
By contrast, while overall mobile subscriber numbers decreased, mobile broadband subscriber numbers experienced significant gains. The number of prepaid data subscribers increased by almost 7% from 132,600 at the end of 2014, to 141,730 at the end of 2015. Postpaid data subscriber numbers more than doubled from 20,322 to 40,955 at the end of 2015. The trend in total mobile data subscribers is shown in Figure 6.

Mobile Data Subscribers



Mobile data penetration in The Bahamas therefore stood at 50.19 subscribers per 100 population at the end of 2015 as shown in Figure 7 below.

Mobile Data Penetration (Subscribers per 100 Population)



Revenues from cellular mobile services decreased significantly during 2015 to \$175,965,000 from \$253,301,000 in 2014, or a reduction of about 30%. Operator feedback suggest that this decrease reflects not only reduced subscriber numbers but also an international user trend toward increased use of Over The Top (OTT) applications in lieu of traditional voice and messaging services. This shifts revenue from mobile voice and messaging services, to mobile data services, which earns comparatively less revenue.

BTC's legal exclusivity in the mobile market ended on 6 April 2014, and in 2014 the Government of The Bahamas commenced a process for the selection and licensing by URCA of a second cellular mobile network operator and service provider. That process culminated in an auction for cellular mobile spectrum in which CBL emerged as the successful bidder, with a financial bid of \$62,500,000. As at the end of 2015 the Government was in negotiation with CBL on the award of licences to the new provider. It is anticipated that this process will be

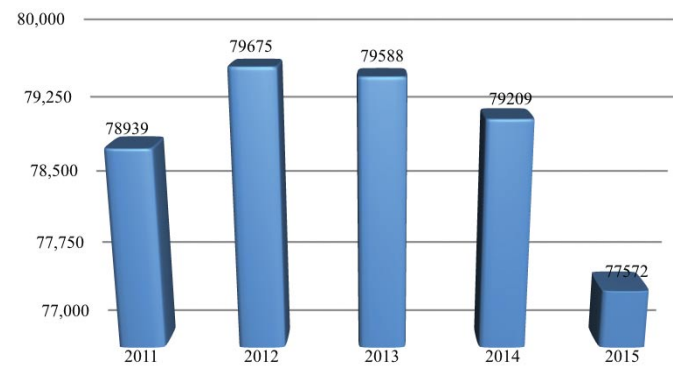
concluded in 2016, with services to be provided within six (6) months of the award of licences.

Pay TV Services

CBL maintains SMP provider status for Pay TV services in The Bahamas, and controls virtually all of the market served by URCA's licensees. The service is provided in New Providence, Grand Bahama, Eleuthera, Abaco and other Family islands, including business and residential customers, by way of a fibre optic/coaxial cable network.

During the year 2015 the number of Pay TV subscribers decreased from 79,209 in 2014 to 77,572 or approximately 2.07% as shown in Figure 8 below.

Total Pay TV Subscribers



There was a corresponding decrease of approximately 3.5% in Pay TV revenues during 2015, with total revenue ending the year at approximately \$50 million.

During 2015 BTC commenced trials of Pay TV services on Bimini, and is expected to widen roll out of those services during 2016.

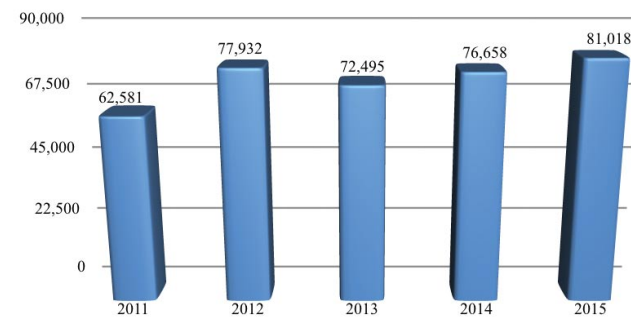
Fixed Broadband Services

Fixed internet services are provided primarily through broadband infrastructure by CBL and BTC, though a number of smaller providers also provide broadband in limited geographic areas, mostly using wireless networks. These include Last Mile Communications Limited (trading as Bahamas Wimax), Jazztel Bahamas Limited, IP Solutions International Limited and Out Island Internet Limited.

CBL has been designated by URCA as having SMP for the provision of high speed internet and connectivity services in New Providence, Grand Bahama, Eleuthera and Abaco. BTC retains SMP in areas where CBL does not provide broadband internet services.

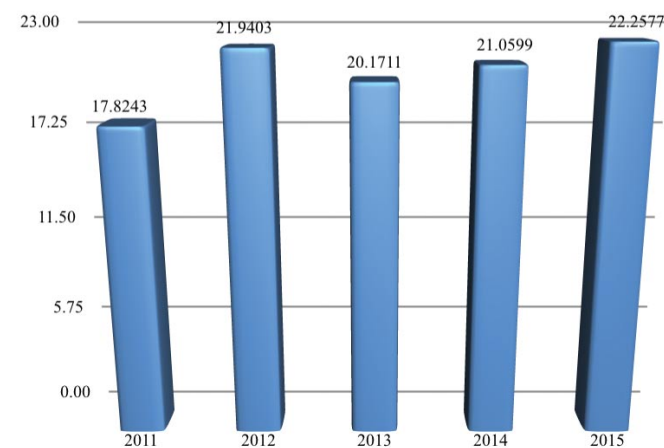
The number of fixed broadband subscribers increased during 2015 by approximately 5.69% from 76,658 to a peak of 81,018, continuing a slow upward trend over the past five years as shown in Figure 9.

Fixed Broadband Subscribers



This resulted in penetration at the end of 2015 of 22.26 fixed broadband subscribers per 100 population at the end of 2015 as shown in Figure 10.

Fixed Broadband Penetration



Fixed broadband revenue also increased during the year 2015 by approximately 0.83%, from total revenues of \$43,860,998 during 2014 to \$44,225,903 in 2015.

Free to Air Broadcasting

As shown in Table 1 below, there were 31 licensed operators in the Free to Air Broadcasting market in 2015 a decrease from the 35 that were licensed in 2014, including mostly radio stations. The decrease followed from URCA's revocation of licences from four (4) entities which were not actively utilizing their frequencies.

The state-owned Broadcasting Corporation of The Bahamas (BCB) is the only licensee that operates a radio with nationwide coverage. The BCB also provides free analogue television. All other entities in this market are niche operators broadcasting religious programming, music, sports, newscasts or talk shows. The coverage of each of these radio stations varies throughout The Bahamas with the majority broadcasting mainly to New Providence.

Licensee	Island	Frequency (MHz)
Associated Media Group Ltd.	New Providence	91.7 (FM)
Bahamas Free Press Ltd.	New Providence	101.9 (FM)
Bahamas National Library Service/MOE/ UNESCO	New Providence	90.1 (FM)
Bartlett-McWeeny Communications Limited	New Providence	105.9 (FM)
Cathedral of Olive	Andros	88.5 (FM)
Calvary Bible Church	New Providence	89.1 (FM)
Carter Broadcasting Bahamas Limited	New Providence	102.9 (FM)
Christopher J. Forsythe Trading As: Splash FM	Abaco Eleuthera Eleuthera	95.5 (FM) 89.9 (FM) 98.5 (FM)
Classical FM Bahamas Limited	New Providence	98.1 (FM)
DC Productions Limited	New Providence	107.1 (FM)
DKM Communications Limited	New Providence Abaco Andros	93.9 (FM)
Dovoro Limited – Cool FM	Grand Bahama New Providence	96.1 (FM)
Dwight Hart – Breeze FM	Exuma	98.3 (FM)
Frank Rutherford & Philip Smith/ Navette Broadcasting & Entertainment Company Limited	New Providence	103.5 (FM)
Genesis Academy Limited	New Providence	89.7
George O. Harris/ ADV O Enterprises	Inagua	106.1 (FM)
Global Communications Network	New Providence	99.5 (FM)
Guardian Radio Ltd.	New Providence	96.9 (FM)
Infinity Communications Ltd.	Grand Bahama	103.7 (FM)
Intercity Broadcasting Group Limited	Grand Bahama	102.1 (FM)

Licensee	Island	Frequency (MHz)
J.K. Communications Network Limited	New Providence	101.1 (FM)
Jones Communication Limited	New Providence	97.5 (FM)
LYFE Broadcasting Network Limited	New Providence	90.9 (FM)
More FM Company Limited	New Providence Grand Bahama	94.9 (FM)
New Wave Communications	New Providence Abaco	98.7 (FM)
Neverland Productions Ltd.	Andros	99.1 (FM)
Pure Gold Investment Limited	New Providence	106.5 (FM)
Radio Abaco	Abaco	93.5 (FM) 91.1 (FM)
Rum Cay Media Group Ltd.	New Providence	92.5 (FM)
South Bahamas Conference of Seventh-day Adventists	New Providence	88.3 (FM)
Tribune Radio Limited	New Providence Abaco Grand Bahama	100.3 (FM)
The McKinney Media Group Ltd.	New Providence	107.5 (FM)
The Broadcasting Corporation of The Bahamas	Bimini New Providence Grand Bahama New Providence	107.1 (FM) 107.9 (FM) 810 KHz (AM) 1240KHz (AM) 1540 KHz (AM) 104.5 (FM)
Turning Point Radio Bahamas Ltd.	New Providence	102.3 (FM)



URCA'S YEAR IN REVIEW

The final version of URCA's 2015 Annual Plan was published on 30 April 2015 together with URCA's Annual Report for 2014. While URCA's on-going work as the regulator of the Electronic Communications Sector (ECS) continued, URCA's focus was on projects and efforts toward the introduction of competition in the cellular mobile market.

To that end, during 2015 while URCA proposed and worked on a number of projects designed to further several broad priorities, extracted from the Strategic Goals set out in the Plan, the completion of tasks outside the cellular mobile liberalisation project was adversely affected by priority given to that work stream. The work that was undertaken is described briefly below in the context of each of the identified priorities:

Preparation for Mobile Liberalisation

The Government noted in the ECS Policy that cellular competition is a key objective for the ECS sector moving forward, and directed URCA to take all necessary steps to introduce competition in the cellular services market in The Bahamas as expeditiously as possible following the expiry of the Bahamas Telecommunications Company Limited's (BTC) exclusivity period. The Government further urged URCA to take steps to equip itself with the necessary regulatory tools which will be required to effectively regulate a competitive cellular market in the best interests of The Bahamas, after the expiry of BTC's exclusivity.

The exclusivity afforded to BTC in the provision of cellular services expired on 7 April 2014, and upon expiry of the exclusivity, the Prime Minister appointed the Cellular Liberalisation Task Force (the "Task Force") to consider and make recommendations on the process for selection of a new cellular provider.

Consequent to the Prime Minister's decision, upon receipt of the Task Force's recommendations, the "Request for Proposals to Operate

a Cellular Network and Provide Cellular Services in The Bahamas" (the "RFP") was issued by the Government of The Bahamas on 13 November 2014. The closing date for receipt of applications was 11 February 2015. The Selection Process, coordinated by the Task Force on behalf of the Government, comprised the following two stages:

- i. Phase 1 – an assessment and scoring of the technical and financial plans of applicants conducted by an Evaluation Committee appointed by the Prime Minister; and,
- ii. Phase 2 – the "Auction Phase" comprising an auction of Specific Blocks of Radiofrequency Spectrum amongst applicants qualified via Phase 1, conducted by URCA on behalf of the Prime Minister.

The successful applicant consequent to the Selection Process will own 49% of and have management control of a special purpose corporate vehicle currently referred to as "NewCo" which will be granted the licences by URCA enabling the provision of cellular mobile services in The Bahamas.

Phase 1 of the Selection Process ended in April 2015 with the presentation to the Prime Minister of the results of the Phase 1 evaluation, in which the Task Force confirmed that the two remaining applicants Cable Bahamas Limited (CBL) and Virgin Mobile Bahamas Limited (VMBL) had both achieved the required Phase 1 score to proceed to the Auction Phase. The Prime Minister accepted the results of Phase 1, and instructed URCA to proceed with the Auction Phase.

Delays occurred to the Selection Process at the outset of the Auction Phase, as a result of complaints submitted to URCA in respect of the construction of electronic communications towers by or on behalf of CBL. URCA conducted a thorough investigation between April and August 2015, and determined that while CBL had breached certain requirements of the RFP in failing to provide adequate information about its tower construction, that tower construction did not impact the fairness of the Selection Process. URCA imposed a fine in the amount of five hundred thousand dollars (\$500,000) upon CBL in

respect of its breaches of the RFP and/or the Auction Rules, and resumed the Auction Phase on 19 August 2015.

The design of the Auction was as follows:

- The Auction was conducted online using a software based auction platform owned, hosted and managed by NCI Inc., an experienced United States based provider of auction solutions, selected by URCA.
- The Auction was an ascending multi-round auction, with the highest bidder at the end of any round being the bidder whose highest financial bid combined with its Phase 1 Score (with a 50-50 weighting) resulted in the highest overall score.
- Bids made in the Auction were secured by Pre-Auction Payments made by each bidder to URCA in an amount determined by URCA, based on the financial bids in place at any given time.

The Auction commenced on 21 September 2015, with the hosting of mock auction and bidder training sessions for both bidders. The Live Auction commenced at 10:00 AM on 28 September 2015, and continued for 112 rounds, ending on 16 October 2015. At the end of the Auction, CBL emerged as the highest scoring bidder, committing to a financial bid of \$62,500,000. The Government commenced negotiation with CBL to agree upon the full terms for CBL's operation of the second cellular mobile operator in The Bahamas. Those negotiations continued as at the end of 2015, and URCA is prepared to issue the necessary licences once Government confirms the selected applicant to URCA.

In parallel with its work on the Selection Process, and in order to ensure robust regulation of the competitive cellular service market, during 2015 URCA developed several other regulatory measures to facilitate cellular liberalisation, including:

Infrastructure Sharing

On September 3, 2015, URCA published Infrastructure Sharing Regulations (ECS 04/2015) applicable to all URCA licensees issued Individual Operating Licences and Individual Spectrum Licences. Work towards the Regulations commenced in 2013 with a view to reduce the need to duplicate existing towers throughout The Bahamas in an effort to mitigate any harm or the perception of harm resulting from tower construction. URCA also considered that the sharing of facilities would have the effect of reducing barriers to entry into the electronic communications sector. URCA issued a public consultation document on the Infrastructure Sharing Regulations on December 8, 2014 and in addition to publishing the Final Regulations on September 3, 2015, it also published the Statement of Results (ECS 05/2015) which took into account responses and comments received during the consultation period.

Revision of the Access and Interconnection Framework

On May 6, 2015, URCA published its Preliminary Determination on Proposed Revisions to the Access and Interconnection Framework. The decision to issue the Preliminary Determination followed a comprehensive review of the existing Access and Interconnection regulatory framework inclusive of the Access and Interconnection Guidelines. Moreover, URCA in conducting the review, considered its historical experience and noted the significant delays that occurred not only during the negotiation process of interconnection, but also significant delays in establishing interconnection once negotiation was completed.

Comments to the Preliminary Determination were received from the Bahamas Telecommunication Company Limited (BTC) and Cable Bahamas Limited (CBL) and the Final Determination on Revisions to the Interconnection and Access Framework (ECS 08/2015) was published on December 30 2015.

The revised framework introduces clear timelines for the negotiation of interconnection agreements between licensees, timelines for implementation of those agreements; timelines for negotiation and implementation of changes to existing interconnection; and restrictions on the right of a licensee to interrupt or impair interconnection once implemented. This supplements the previously existing framework which contains clear guidelines for the matters which must be included in an interconnection agreement, and requirements for publication of Reference Access and Interconnection Offers (RAIOs) by certain licensees.

URCA is of the view that the revised framework, when taken together with the other elements that make up the Access and Interconnection framework, will be sufficiently robust to address interconnection in the context of a liberalised cellular mobile market and will lead to a higher level of competition in the ECS market.

SMP Assessment for New Mobile Operators

URCA prepared preliminary work in relation to matters such as significant market power (SMP) assessment for mobile operators. Once a licence is granted to a new cellular services provider, URCA will commence the process for implementation of any reforms in this regard.

Mobile Number Portability

URCA has prepared itself to implement mobile number portability, to coincide with the introduction of competition in the cellular services market. The process for implementation will commence once the relevant licence is granted to the new cellular services provider.

Review of BTC's SMP Obligations

URCA has conducted its review of the SMP obligations placed on BTC to ensure that all necessary obligations which may be reasonably sought by the new cellular services provider are in place. To that end, during 2015 URCA worked on several issues related to BTC's SMP obligations in the mobile market and expects to issue a consultation document in early 2016 addressing the following issues, in order to implement any necessary regulatory measures in time for the introduction of competition in the cellular services market:

- **National Roaming** – National roaming refers to an agreement between cellular mobile operators to use each other's network to provide retail mobile services in geographic areas where their respective networks are inaccessible. Several countries are using (or have used) national roaming to support the development of the cellular market (e.g., UK, Spain, Denmark, Turkey and Canada).

From URCA's perspective, national roaming would allow the new entrant to the Bahamian market to provide mobile services nationwide during network build out. It would also ensure that the benefits of competition accrue to residents and visitors in all geographical areas of The Bahamas simultaneously. This is supported by URCA's analysis of the relevant market for national roaming services in The Bahamas. Indeed, the analysis demonstrates that BTC has SMP in the relevant wholesale market for national roaming and therefore is in a

position to behave to an appreciable extent independently of its competitors, consumers and subscribers. In view of this and the need for an expedited roaming agreement between BTC and the new entrant, URCA is inclined to take regulatory action to ensure that request for national roaming is met. In the consultation paper, URCA sets forth the SMP obligations it proposes to impose on BTC to ensure that all reasonable demand for national roaming is met on appropriate and proportionate terms during such interim period.

- **Points of Interconnection** – Currently, all interconnection to BTC's network is via points of interconnection on BTC's fixed network. This means that a call from other networks to BTC's cellular mobile network must pass via BTC's fixed network, incurring a transit charge in addition to any applicable termination charge. URCA proposes with the introduction of cellular competition, to require that BTC introduce the option of direct connectivity to its cellular mobile network, with corresponding amendments to its RAIO.
- **Interconnection of Short Message Services (SMS)** – The introduction of competition in the cellular mobile market will, for the first time, necessitate the inclusion of SMS as an interconnection service in the BTC RAIO, to ensure that provisions are in place for SMS messages to pass between competing cellular mobile networks. URCA's work on revisions to the BTC RAIO will include proposals for the introduction of SMS interconnection.

“A KEY ASPECT OF PROTECTION OF CONSUMERS IS ENSURING A HIGH QUALITY OF SERVICE, WHERE COMPETITIVE PRESSURES ARE INADEQUATE TO DO SO.”

- **Introduction of a Domestic Mobile Termination Rate** – Currently, domestic calls to cellular mobile networks in The Bahamas are not charged to the calling party, but to the mobile party (i.e. the receiving party). As a result it has not been necessary to include a regulated cellular mobile termination rate for domestic calls in the BTC RAIO (an international rate is included). It is anticipated that with cellular mobile competition calls between mobile numbers on separate networks will be charged to the party initiating the call (i.e. “calling party pays” or “CPP”) and therefore the costs of mobile termination will be charged to the originating operator. In such circumstances, a cellular mobile termination rate will be needed.

with the provisions of the Communications Act and the Consumer Protection Regulations.

Improving Quality of Service

A key aspect of protection of consumers is ensuring a high quality of service, where competitive pressures are inadequate to do so. To that end, URCA commenced work in 2014 on Network Quality of Service Regulations, which URCA had anticipated consulting on in 2014. This was not achieved largely due to the focus on activities related to cellular liberalisation and human resource constraints. However, URCA commenced consultation on the Draft Quality of Service Regulation and Network Performance Metrics (ECS 06/2015) on 22 December 2015, and will complete the project in 2016.

Enforcement of Licence Obligations

URCA also investigated outages and other service failures by operators, particularly those with SMP. On 24 March 2014 URCA commenced an investigation into a widespread network outage experienced by BTC on 22 March 2014 (the March 2014 Network Outage). Following a detailed and in-depth investigation, on 8 December 2014, URCA issued a Preliminary Determination and Draft Order to BTC, followed by a Final Determination and Order on 21 March 2015 in which URCA found that BTC had breached Condition 27.1.1(a) of its individual operating licence, by failing to take all reasonably practicable steps to maintain, to the greatest extent possible, the proper and effective functioning of its public telephone network. URCA imposed a fine in the amount of \$1,581,384.64 as well as other behavioural remedies. The fine was to be paid in the manner directed by URCA. URCA directed BTC to pay the amount of \$527,128.21 to URCA, being one third of the fine, and to make proposals for the remainder of the fine to be satisfied by way of customer compensation.

With the passing of Hurricane Joaquin through the islands of The Bahamas in October 2015, and the devastation caused particularly

Review of Retail Pricing Rules – Mobile Services

URCA's research indicates that competition in the cellular mobile market will be more agile than competition for fixed services. URCA's retail pricing rules were designed within the context of a monopoly in cellular services, and as such, URCA is seeking to review and revise the framework to be more suitable for cellular competition. The consultation document on these changes has been a key project in 2015 and is expected to be published early in 2016.

Protection of Consumers

On 30 December 2013, URCA published its Consumer Protection Regulations, which provided for various rights and obligations of consumers in relation to the electronic communications services provided in The Bahamas. The most significant obligations under the Regulations fall upon BTC and CBL as providers with SMP and URCA has been seeking to ensure compliance with the Regulations by both operators. URCA continued throughout 2015 to experience challenges with implementation by BTC and will, in early 2016, seek full compliance. In the event that the current challenges continue, URCA will move to address BTC's non-compliance in accordance



in the Southern and Central Bahamas, URCA considered that this urgent issue was a more appropriate way to achieve the objectives for using the fine to assist users of electronic communications in The Bahamas. URCA therefore directed BTC to pay the remainder of the fine, in the amount of \$1,054,256.43, to URCA, which URCA paid onward to assist the Hurricane Relief effort coordinated by the National Emergency Management Agency (NEMA).

Encouraging Competition

URCA continues to work toward reducing barriers to entry for new entrants and introducing properly designed regulatory measures, particularly in respect of dominant operators in specific markets, in an effort to stimulate and maintain competition. During 2015, while focussing its attention on introduction of competition in the cellular mobile market, URCA also introduced improvements and measures in its regulatory framework to encourage competition.

Implementation of Remedies in Retail Markets

URCA's economic regulation of competition in the ECS is centred around its processes for regulation of licensees with Significant Market Power (SMP) which processes were based on the transitional provisions contained in the Comms Act. During 2014 URCA completed the process to review key retail markets. The purpose of this market review was to determine which, if any, Licensees have SMP in the identified services markets.

During 2015 URCA commenced a project to introduce of the remedies that were recommended based on the 2014 market review, in particular, price caps on key retail services which would enable increased flexibility for operators while preserving regulatory certainty. This project is expected to continue in 2016, with completion anticipated in the second trimester.

Addressing Anti-Competitive Behaviour

During 2014, URCA also completed its consideration of an on-going investigation into a complaint of anti-competitive behaviour submitted by BTC against CBL in relation to the refusal by CBL Media Limited (a subsidiary of CBL) to carry advertisements of BTC's broadband products. URCA's Final Adjudication is expected to be issued in early 2016

Regulating Retail Prices

URCA's retail price regulation framework requires applications and or notifications to be made to URCA in respect of price changes for regulated services as well as promotions. During 2015 URCA received 17 applications and 4 notifications in respect of changes in pricing (either temporary or permanent).

In 2015 URCA also completed its consideration of CBL's applications, submitted on 7 October 2014, for approval to permanently increase the current monthly price for its 'SuperBasic' services (marketed as 'RETVV Prime'), and to introduce a "New Basic Television Service" (to be marketed as 'Prime Local' or 'RETVV Prime Local'). URCA's decision, published on 30 December 2015 approved CBL's applications with specific conditions. It is expected that the changes will be implemented by CBL in 2016, provided that CBL can demonstrate that it has satisfied URCA's pre-conditions.

Review of Accounting Separation Results of SMP Operators

The Separated Accounts of SMP operators are submitted to URCA annually for review, to ensure their consistency with URCA's established Guidelines, to identify any regulatory impact and to ensure they remain fit for purpose moving forward. Reviews begin upon submission of the accounts according to SMP Operators' respective annual due dates which for CBL is 30 June whereas BTC's due date is 30 September of each year. URCA completed the review of BTC's separated accounts for 2013 in May 2015, and completed the review of CBL's 2014 accounts in August 2015. The review for BTC's 2014 accounts is continuing as at the end of 2015, and is expected to be completed during the first Trimester of 2016.

Resolving Disputes in the ECS

Having completed its Alternative Disputes Resolution (ADR) Schemes for disputes between licensees (ECS 20/2014), URCA had expected to publish its ADR Schemes for disputes between consumers and licensees during 2015. However, this work was delayed and unable to be completed in 2015 due to human resource constraints. The document has been scheduled for publication in 2016.

Licensing Operators of Network; Providers of Services and Users of Spectrum

In 2014 URCA intended to review and revise its Licensing Framework, having regard to the knowledge gained by URCA in the five (5) years since the framework was introduced in 2009. It was not possible to complete this work in 2014, or 2015. The consultation document is now scheduled to be published in the second Trimester of 2016.

Promoting Affordable Access to Services throughout The Bahamas

Since 2012, URCA has worked assiduously on the Universal Service Obligations (USO) as contemplated by the Comms Act. In 2013, URCA published its Statement of Results and Final Decision (ECS 01/2013) on the "Framework for the Clarification and Implementation of Existing Universal Service Obligations under section 119 and Schedule 5 of

the Comms Act". More recently, on 19 August 2014, URCA commenced consultation on the "Guidelines for the Calculation of Net Avoidable Costs of the Universal Services" for BTC (ECS 15/2014) and CBL (ECS 16/2014). The consultation period is now closed and the Statements of Results and final Net Avoidable Cost Guidelines, which have been delayed due to human resource constraints, were finally published on 30 December 2015.

The development of the following documents is on-going:

- Affordability Guidelines for Universal Services;
- Implementation plans for the roll out of universal services by Universal Service Providers;
- Quality of Service Indicators for Universal Services;
- Consumer Awareness of consumers' rights under the Universal Service Framework; and
- Obligations in relation to the disconnection of Universal Services.

Promoting a Wide Range of High Quality Content Services

On 2 March 2012, URCA issued the "Code of Practice for Content Regulation" ECS 06/2012 (the Code) which, in accordance with Part IX (and sections 52 and 53 in particular) of the Comms Act established a framework for URCA to regulate content broadcast on radio, television and pay TV in The Bahamas.

In 2014 the Content Regulation Industry Group (CRIG), a joint regulator/industry working group envisaged by the Code met regularly with a view to reviewing the Code. This work continued throughout 2015 and it is expected that a draft revised Code will be published for consultation in 2016. Although a comprehensive review was undertaken, the scope of the proposed changes to the Code are expected to be minor.

Managing Radio Spectrum Effectively and Efficiently

URCA will continue with initiatives to not only manage the spectrum effectively, but also to ensure that it is used optimally so as to promote the availability of the highest possible quality and variety of services to all persons in The Bahamas.

In 2014 URCA continued work on technical standards for FM Broadcasting in The Bahamas including the hosting of an information session for broadcasters in the first trimester. URCA published its consultation document on Technical Standards for FM Broadcasting in The Bahamas (ECS 07/2015) on 22 December 2015, with consultation expected to close on 12 February 2016.

In keeping with its objectives as set out in section 32 of the Comms Act pertaining to radio spectrum management, URCA in 2015 continued with the daily spectrum monitoring on the island of New Providence. Additionally, a spectrum occupancy compliance survey was conducted on the island of Eleuthera in an effort to ensure compliance across a wider cross section of the Bahamas. On the island of New Providence, a spectrum utilization survey of the cellular mobile band was undertaken to ensure compliance by incumbent licensees with their licences. The analysis of the results of the survey is ongoing and any consequential regulatory action may be taken in 2016.





Licensing and Type Approvals

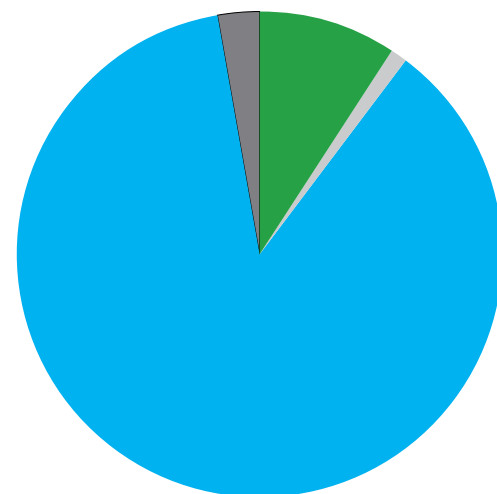
Licensing

In 2015 URCA issued (152) licences which included 132 Class Spectrum Licences Requiring Registration, 14 Individual Spectrum Licences, 2 Individual Operating Licences and 4 Class Operating Licences Requiring Registration. This compared with 143 new licences in 2014, which included 124 Class Spectrum Licences Requiring Registration, 14 Individual Spectrum Licences and 5 Individual Operating Licences. Class spectrum licences authorize users of designated segments of spectrum to operate on a shared basis, under a common set of conditions. URCA's processing of licence applications was completed within a timeframe, which for another consecutive year, remained well within the statutory requirements.

Processing of individual spectrum and individual operating licence applications were completed within 6 and 7 day averages compared to the 30 day requirement for all individual licence applications; class spectrum licence applications requiring registration, on average, took 20 days to be completed well within the mandated maximum 45 day requirement for all class licence applications. 2015 saw a reduction in the number of licences which were voluntarily surrendered. URCA saw fit to revoke 4 individual spectrum licences that were assigned FM radio broadcasting frequencies as the relevant radio spectrum was not in significant use and there was demonstrable demand from other persons for making efficient use of all or part of such radio spectrum.

Licence Type	Statutory Timeframe	Average Processing Timeframe	Total Licences Issued
Individual Spectrum Licence	30 days	6 days	14
Individual Operating Licence	30 days	7 days	2
Class Spectrum Licence Requiring Registration	45 days	19 days	132
Class Operating Licence Requiring Registration	45 days	8 days	4

Total Number of Licences Issued in 2015



Individual Spectrum Licence	14
Individual Operating Licence	2
Class Spectrum Licence Requiring Registration	132
Class Operating Licence Requiring Registration	4

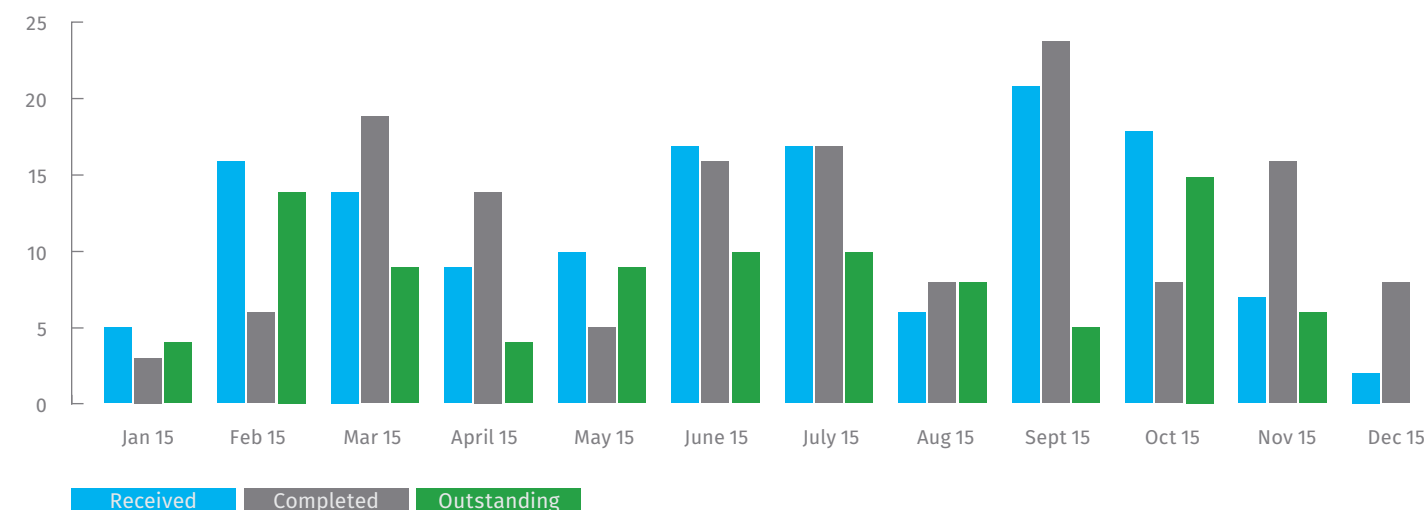
In comparison to 2014, there was no significant fluctuation in the amount of applications that were submitted for the various types of electronic communications services.

Type Approvals

Type Approvals, a regulatory function, allows Low Power Devices to be certified by URCA A Type Approval Certificate is issued upon successful approval which specifies the make and model of the type approved equipment. All persons wishing to import into The Bahamas Low Power Devices, must comply with the guidelines below prior to

importing their product:

- the type approved device is not protected from interference and may not cause harmful interference to any licensed service;
- the device must not cause harm or pose a threat to consumers or any telecommunications network; and
- ensure that the operating frequency of the radio device complies with The Bahamas National Spectrum Plan.



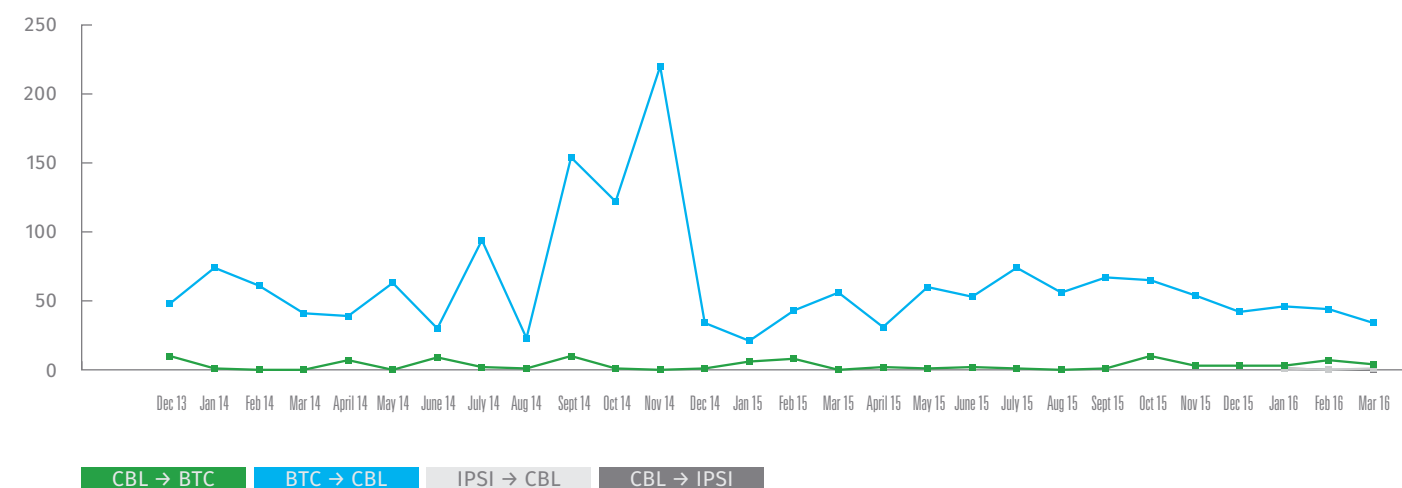
Numbering

Fixed Number Portability

URCA, being guided by Section 80 of the Communications Act (Comms Act), 2009 determined that fixed number portability (FNP) will give subscribers in The Bahamas where there is more than one service provider, the ability to switch from one telecommunication

service provider to another (called porting) and keep their original number. FNP was implemented on fixed (land line) networks in The Bahamas on islands with more than one fixed telephone operator, namely BTC and CBL. These islands currently are New Providence, Grand Bahama, Eleuthera and Abaco.

The diagram below shows porting activities in The Bahamas for fixed number portability for the period ending December 2015.



International Participation and Engagement

The nature of electronic communications is that in order to implement and encourage development within The Bahamas, it is necessary to be part of the international community of regulators and governments seeking to develop information and communications technologies (ICT) on a global level. Thus URCA has during 2015 continued its work to cement The Bahamas as an integral part of the international discussion on ICT, and to do its part toward establishing The Bahamas as the regional centre of excellence for ICT.

International Telecommunication Union (ITU)

The ITU is the United Nations specialized agency for ICTs. The ITU allocates global radio spectrum and satellite orbits, develops the technical standards that ensure networks and technologies seamlessly interconnect, and strive to improve access to ICTs to underserved and unserved communities worldwide. The Bahamas is a member country of the ITU by virtue of being a signatory of the ITU Convention, and URCA, by virtue of a delegation by the Minister under section 7(c) of the Comms Act, represents the Government of The Bahamas at the ITU.

During 2015, URCA hosted the Regional Economic and Financial Forum of Telecommunications/ICTs for Latin America and the Caribbean, organized by the Telecommunications Development Bureau (BDT) of the ITU, and the Meeting of the ITU Telecommunications Sector's (ITU-T) Study Group 3 Regional Group for Latin America, at the British Colonial Hilton in Nassau, Bahamas.

The Forum, which took place from 21-22 April 2015, provided a platform for dialogue and an exchange in knowledge between national regulators, policy-makers and other Telecommunication/ICT stakeholders on economic and financial issues for Latin America and the Caribbean. Topics discussed included network neutrality, over-the-top applications (OTTs), and the regulation of broadband. In addition to these topics, members of URCA's policy and regulation team made presentations on significant market power and consumer protection.

URCA represented The Bahamas at the World Radiocommunications Conference (WRC 2015), which was held at the ITU's headquarters in Geneva, Switzerland from 2 to 27 November. The Conference revised the Radio Regulations, the international treaty governing, inter alia, the use of the radio-frequency spectrum. The conference's work was been focused on issues of global interest, such as climate change monitoring, public protection and disaster relief communications, mobile broadband services, safety and distress communication systems for maritime and aeronautical service and global flight-tracking for civil aviation, following international concern due to the disappearance of Malaysia Airlines flight MH 370 in 2014.

In 2015, URCA also hosted the 5th Annual ITU Green Standards Week (GSW 2015) at the Atlantis Hotel and Conference Centre. The Green Standards Week Conference is organised by the ITU together with the Basel Convention Regional Centre for the Caribbean Region (BCRC-Caribbean), the Basel Convention Regional Centre for the South American Region (CRBAS), the Economic Commission for Latin America and the Caribbean (ECLAC), the Regional Bureau for Sciences in Latin America and the Caribbean of the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Human Settlements Programme (UN-Habitat), the United Nations Industrial Development Organization (UNIDO) and the United Nations University (UNU). Green Standards Week acts as global platform for discussion and knowledge-sharing in order to raise awareness of the importance and opportunities of using ICTs to expedite the transition to smart sustainable cities and ensuring a sustainable urban future. The Conference brought together leading specialists in the field, from top policy-makers to engineers, designers, smart city planners, government officials, regulators, standards experts, academia and others.

Moving forward URCA will continue its participation at the ITU, both as a sector regulator as well as on behalf of the Government of The Bahamas.

Inter-American Telecommunications Commission (CITEL)

CITEL is the organ of the Organisation of American States (OAS) which is primarily responsible for the coordination of regional (The Americas, which includes North America, Latin America and the Caribbean) preparations for the work of the ITU, as well as for the development of ICT in the Americas region. During 2014 URCA established a significant working relationship with CITEL, which URCA considers critical to enabling URCA and The Bahamas to participate in the global discussion on the development of ICT and the regulation of electronic communications.

To that end, URCA attended several CITEL meetings during 2015, during which URCA was deeply involved in preparations for WRC-15.

Organisation of Caribbean Utilities Regulators (OOCUR)

URCA continues its membership in the OOCUR and participation at the Executive Council level. During the 13th Annual OOCUR Conference held in the Turks and Caicos Islands from 28 – 30 October 2015, URCA was elected to the post of Deputy Chairperson of OOCUR. URCA continues to support the work of OOCUR and anticipates even more engagement and involvement as OOCUR poises itself to play an even more meaningful role with respect to policy issues in the Caribbean.

Caribbean Telecommunications Union (CTU)

URCA continues involvement in the CTU's activities in the region although attendance at events was limited due to focus on other events, and cellular liberalisation activities in The Bahamas.

Building Regulatory Capacity and Human Capital

Our People

2015 marked the second year of URCA's five-year Strategic Plan. The organization's strategic priorities were simplified into four core objectives, which allowed URCA to effectively target its efforts on those that focus directly on its people. URCA strived to continuously demonstrate the value it placed on its people and its continued efforts to build its institutional capacity.

Recruitment and Staffing

In 2015, URCA deferred its recruitment activities due to limited physical capacity at its East Bay Street location. After successfully relocating over the summer, URCA once again resumed its recruitment initiatives in the last quarter of the year.

Joining the team in the second half of the year was a new Corporate and Consumer Relations Officer. This position was created to address the growing demands of the Corporate and Consumer Relations department and the organization overall.

URCA's summer internship programme also focused on the Corporate and Consumer Relations department in 2015. This was another opportunity to expose young Bahamian students to one of the various career opportunities at URCA. Showcasing these career options, allows the organization to increase its capacity by identifying high potential candidates for entry level positions.

URCA's staff complement at the close of 2015 was twenty-six, which comprised thirteen staff members in the Policy and Regulation department and thirteen within the various operational departments.

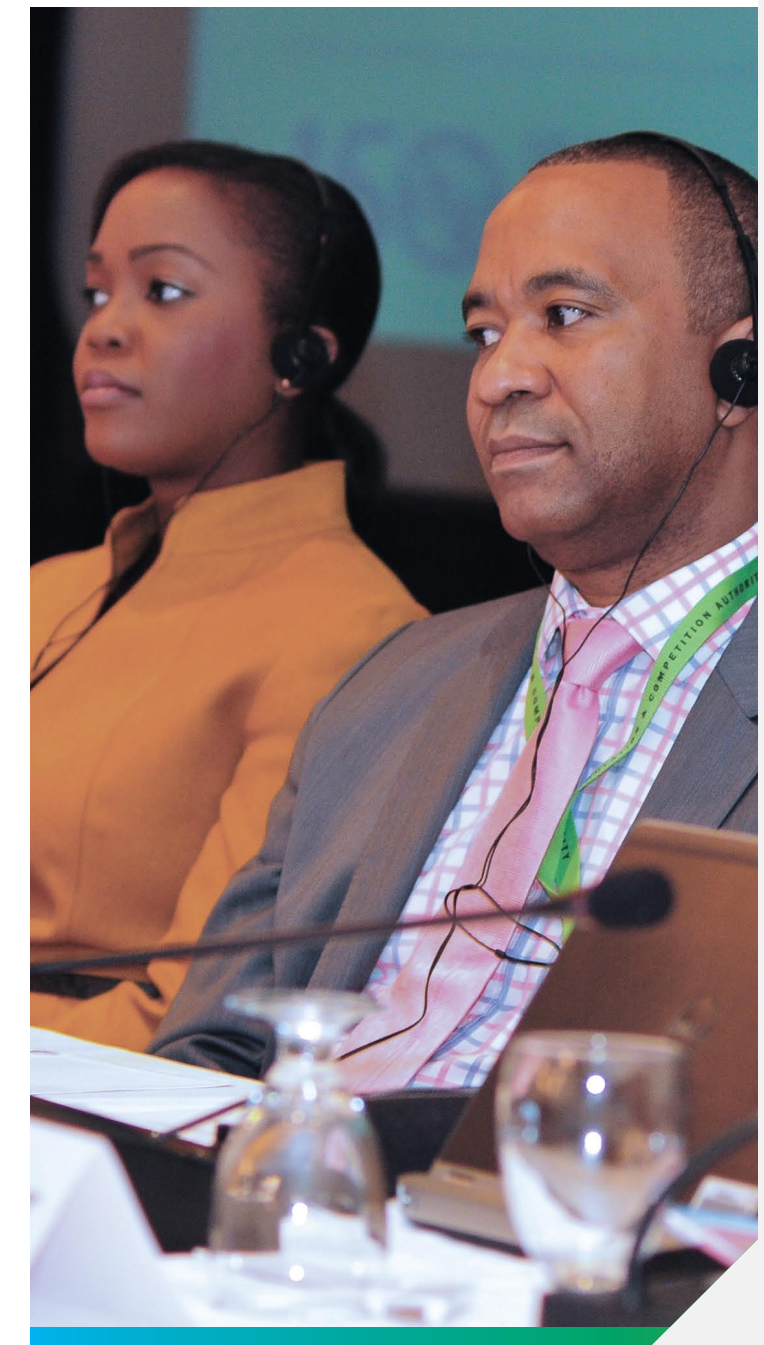
Office Relocation

In 2015, URCA set out to relocate its office from the UBS Annex, East Bay Street to Frederick House, Frederick Street in the heart of downtown Nassau. The main reason for the move was that URCA had out grown its current space. After months of renovations URCA officially moved into its new location in the middle of summer. The additional office space has now prepared URCA to continue its efforts towards building institutional capacity, through sourcing top talent to meet its future demands.

Performance Management, Training and Development and Records Management

URCA continued its commitment to providing a performance management system that encourages the alignment of organizational and employee objectives. 2015 was the third year for the Performance Management Framework which provides a holistic approach to performance management and includes career paths, development plans, coaching and more.

URCA continued to emphasize the importance of learning and development of its people through targeted training and development opportunities for staff in 2015. The majority being from URCA's Policy and Regulation department, as the organization continues to



“URCA PLACES GREAT EMPHASIS AND IMPORTANCE ON EDUCATING STAKEHOLDERS IN GENERAL AND CONSUMER EDUCATION IN PARTICULAR.”

strengthen its skill set in this area. A highlight of the year was URCA's attendance to the 2015 World Radiocommunication Conference held in Geneva, Switzerland. URCA also partnered with The Government of The Bahamas to host the 2015 ITU Green Standards week conference at the Atlantis Resort on Paradise Island. The Conference was held from December 14-18, 2015 and saw both local and international participants from Europe, Latin America, Africa, and America.

A major initiative that was completed in 2015 was a review of URCA's Records Management function. The review included URCA's electronic and hard copy filing systems. The objective was to identify recommendations as to how to improve the current system and ensure that it would be able to meet future demands.

Educating our Stakeholders

Both the Electronic Communications Sector Policy and the Communications Act, 2009 speaks to the important role URCA is expected to play in ensuring the residents of The Bahamas are able to fully participate and benefit from a growing and innovative sector. As such, URCA places great emphasis and importance on educating stakeholders in general and consumer education in particular.

The goal of educating stakeholders is an ongoing one accomplished through a myriad of different activities. At the beginning of the year several focus group exercises and town meetings were held both in New Providence and the Family Islands namely, Abaco, Eleuthera, Freeport and Grand Bahama. The purpose of these meetings was to engage the public in a consultative exercise on Cable Bahamas Ltd.'s proposed price increase application. During the meetings, the moderators provided insight into URCA's role and operation. The Consumer Protection Regulation Booklets were also distributed.

The Corporate and Consumer Relations Department in conjunction with the Policy and Regulation Department held its first licensee forum in February where participants were able to hear more about

URCA's 2015 plan and make contributions to the same. Understanding that our stakeholders can be consumers, policy makers, licensees and students, the Department coordinated a presentation on the Content Code for Broadcasters at the College of The Bahamas.

The Corporate and Consumer Relations Department was strengthened in 2015 with the addition of one permanent staff, a Corporate and Consumer Relations Officer, and two summer interns. The Department head was also able to participate in one training activity on Consumer Advocacy organized by the Commonwealth Telecommunications Organization. Other international exposure included participation in the International Institute of Communications Regulators Forum and Conference in Washington, D.C. The ongoing development of the staff will enable the Department to better meet the demands of an expanding and liberalized sector and the demands of the enlightened consumer.

Additional educational opportunities came through the continuation of the Consumer Protection Regulations Awareness Campaign. The public service announcements (PSAs) produced in 2014 and aired on television, were this year aired on radio stations throughout New Providence and several Family Islands including Inagua, Grand Bahama, Exuma and Eleuthera.

A major plank in URCA's education plan for 2015 was "The Six Island Family Island Education Tour" scheduled for the third trimester of 2015, but which had to be postponed to the first trimester in 2016 due to the passage of Hurricane Joaquin. The islands that were previously scheduled for visits by URCA's team, were Crooked Island, Acklins, Exuma, Eleuthera, Andros and Abaco.

Raising Public Awareness of URCA

URCA increased its appearances on talk shows such as Guardian Talk Radio, Morning Blend, Jeffrey, The Revolution, Reality Check and The Conversation. Appearances were also made on Love 97FM; More FM;

Island FM and ZNS's Darold Miller Live throughout the year. URCA's social media activities increased, A twitter account was added in the third trimester and URCA's Facebook page was updated more frequently. During the summer, with the help of two summer interns, URCA was able to increase the number of persons liking the page by more than 200 percent. Facebook serves as another medium through which consumers can voice their concerns and complaints about the services they receive in the ECS. On average, these are responded to within two business days.

URCA hosted two major events in 2015, the Annual Oral Hearing and Girls in ICT Day. For the first time, URCA in conjunction with several licensees, led in the observance of "International Girls in ICT Day", an ITU initiative observed globally on the fourth Thursday in April as a day to promote the ICT sector to girls and young women so as to inspire them to pursue careers in the sector. The event took the form of a day forum for high school female students in grades 10 to 12. The forum which was opened by the Attorney General, the Hon. Allyson Gibson, exposed the young ladies to opportunities in the sector and to those who are regarded as pioneers in the sector locally. Approximately 70 students participated in the event which ended with the awarding of 8 internships with various licensees and URCA. The event was very successful with several schools committing to participate again in 2016.

The Annual Oral Hearing in 2015 also commemorated the 150th Anniversary of the ITU and included presentations from persons external to URCA. An Information Technology teacher who teaches

coding to her students in Cat Island and Gerard Russell, one of two students sponsored by URCA to attend an ITU Regional Youth ICT Innovations training workshop in Antigua in 2014, engaged the audience (which had increased more than 300 percent over the previous year) in two dynamic presentations about what they were doing to promote the use of ICTs.

In November 2015, URCA also set up a booth at the Annual Data Protection Seminar where materials were distributed and representatives fielded questions from those in attendance.

URCA continues to build its relationship with stakeholders and with other consumer related agencies. These include the Consumer Welfare Division of the Ministry of Labour and the Bahamas Bureau of Standards and Quality.

URCA's Corporate Outreach Activities

URCA continues its public awareness campaign through its social corporate responsibility. The authority strategically targets those organizations whose objectives and purpose aligns with that of the authority. Support continued for organizations that promote healthy lifestyles in general and women's health in particular. URCA's staff participated in the Annual Susan G. Komen Race for the Cure and the Atlantic Medical Annual Fun Run Walk. In the last trimester, URCA again supported the Annual Red Ribbon Ball and made a contribution to the Bahamas Cancer Society Hospice Building Project.

In 2015, URCA was happy to sponsor students from the Family Islands to attend both the BETA and HACKIt summer camps. Both camps exposed students to the exciting careers in engineering and information communication technology. The BETA camp catered to junior high students and the HACKIt camp catered to students in senior high school.

At the primary school level, URCA continued its sponsorship of two educational software programmes for the benefit of students at the Uriah McPhee Primary School.

URCA's most significant contribution this year went to Hurricane Joaquin relief efforts. Donations made by staff and matched by URCA, were donated to the Bahamas Red Cross Society and the Rotary Clubs of Nassau for their hurricane relief efforts. Through the payment of a penalty levied on BTC earlier in 2015, URCA was also able to make a significant contribution to NEMA.





SUMMARY OF URCA'S 2015 WORKPLAN OUTCOMES

Table 1 below presents a summary of URCA's completion of work proposed for 2015. As noted above, several projects were delayed in 2015 due to the focus on activities related to the cellular mobile liberalisation, including the investigation triggered by that process.

Project	Start Date	2015 Anticipated End Date	End Date	Revised End Date
Consultation on Guidelines for Calculation of Net Avoidable Costs	Commenced in 2014	T2, 2015		T1, 2016
URCA Annual Plan 2015	Commenced in 2014	T1, 2015	T1, 2015	
ADR Schemes for Disputes between Consumers and Licensees	Commenced in 2014	T2, 2015		T2, 2016
Infrastructure Sharing Regulations	Commenced in 2014	T1, 2015	T3, 2015	
URCA Annual Report 2014	T1, 2015	T1, 2015	T1, 2015	
Revision of Interconnection Regime	Commenced in 2014	T2, 2015	T2, 2015	
Establish Auction Rules and Conduct Cellular Mobile Spectrum Auction	Commenced in 2014	T2, 2015	T3, 2015	
Review of BTC RAIO Charges	T1, 2015	T2, 2015		T1, 2016
Licensing of New Cellular Mobile Operator	T2, 2015	T2, 2015		T1, 2016
SMP in Call Termination for New Mobile Operator	T2, 2015	T2, 2015		T1, 2016
Network Quality of Service Regulations	Commenced in 2014	T2, 2015		T1, 2016
Review of BTC 2013 Accounting Separation	Commenced in 2014	T2, 2015	T2, 2015	
Universal Service Affordability Guidelines	Commenced in 2014	T2, 2015		T1, 2016

Project	Start Date	2015 Anticipated End Date	End Date	Revised End Date
Review of Licensing Guidelines	Commenced in 2014	T3, 2015		T2, 2016
Monitoring and Managing the Introduction of Cellular Mobile Competition	T2, 2015	T3, 2015		T1, 2016
Review of Content Codes	Commenced in 2014	T3, 2015		T1, 2016
FM Broadcasting Technical Standards	T1, 2015	T3, 2015		T1, 2016
Market Review – Implementation of Ex-Ante Remedies	T1, 2015	T3, 2015		T1, 2016
Mobile Number Portability	T2, 2015	T3, 2015		T2, 2016
Review of 2014 Accounting Separation Results of SMP Operators (BTC and CBL)	T2, 2015	T1, 2016	T2, 2015 (CBL)	T1, 2016 (BTC)
Annual Plan 2016	T3, 2015	T1, 2016		

Key Performance Indicators (KPIs)

Tables 3 – 14 highlight URCA's performance in core functional areas, based on specified performance measurement indicators. KPIs are distinguished according to URCA's operational and policy and regulatory functions.

Operational Key Performance Indicators

- Financial
 - » Table 3: Performance against Budget
 - » Table 4: Other Finance KPIs
 - » Notes to Financial KPIs: Table 3
 - » Table 5: Human Resource KPIs
 - » Table 6: Information Technology KPIs

Policy and Regulation Key Performance Indicators

- Table 7 to Table 10: Licensing Statistics
- Table 11: Annual Plan and Annual Reports
- Table 12: Completion of Final Decisions and Determinations
- Table 13: Public Consultations Commencement Start Dates as Planned
- Table 14: Project Completion as Planned

Table 3: Performance against Budget

	Actual FY-2015	Budget FY-2015	Variance
Revenue	6,571,393	6,305,896	265,497
Other Income	1,645,816	-	1,645,816
Total Income	8,217,209	6,305,896	1,911,313
Expenses:			
Non- Executive Honoraria & expenses	168,251	203,040	34,789
Executive Members Compensation	322,423	341,883	19,460
Staff Costs	1,734,438	1,909,174	174,736
Conference, Training and Travel	305,980	410,996	105,016
Professional Services	1,253,304	1,413,000	159,696
Consumer Education and Public Relations	86,810	319,000	232,190
Rent and Utilities	630,923	553,844	(77,079)
Information Technology	85,769	80,600	(5,169)
Donations	1,070,842	6,000	(1,064,842)
Conference Hosting	318,417	165,000	(153,417)
Office Services	207,855	226,000	18,145
General and Administrative Services	218,781	246,751	27,970
Depreciation	259,398	357,608	98,210
Provision for Doubtful Accounts	42,146	73,000	30,854
Total Operating Expenses	6,705,337	6,305,896	(399,441)
Re-measurement of pension asset	(85,546)	-	(85,546)
Loss on disposal of assets	(19,080)	-	(19,080)
Comprehensive Income	1,407,246	-	1,407,246

Table 4: Other Finance KPIs

Key Performance Indicators (KPIs)	FY - 2015	FY - 2014
Cost of Finance Function (as % of Opex)	4.20%	4.76%
Period-end cycle time (working days)	9	9
Year-end cycle time (working days)	36 days	17 days
Budgeting accuracy (as % of Opex)	-6.3%	11.7%
Cost of licensing invoice	\$141	\$119
Debtor days	17	29
Number of billing adjustments	7	3
Value of adjustments	\$11,694	\$237
Long outstanding debt (>90 days) as % of total debt	99.81%	99.89%

Notes to Financial KPIs: Table 3

During fiscal year 2015, URCA billed \$6,437,275 in URCA Fees and \$1,715,503 in other fees (including \$1,581,385 in fines), while earning \$62,923 in interest income and \$1,508 in Other Income. Budgeted revenues exceeded actual revenues for the year by 30.3%.

By comparison, actual expenses for the year exceeded budgeted allocation by 6%. Variances in major line items are explained below:

- Staff costs were below budget as a result of the full complement of new hires not occurring as anticipated and granting of pay for performance payments were not to the level budgeted;
- Non-Executive Honoraria & expenses were less than budgeted due to vacancy on the Board of a non-executive member which was vacant from August 2014 to July 2015.
- Conferences, travel and training costs were less than budgeted notwithstanding continued training of Regulatory staff during the year. Planned training for Executive members and Operations staff which had been deferred until 2015 for the most part did not materialize;
- Professional Services expenditure was below budget due to engagement of consultants and legal experts not occurring as planned. Additionally, regulatory projects which had been scheduled to be completed during the year are now scheduled to be completed in 2016;
- Donations significantly exceeded budgeted allocation due to URCA's decision to assist the National Emergency Management Agency in its efforts to assist the affected areas in the Southern Bahamas recover from the effects of Hurricane Joaquin in 2015;
- Rent significantly exceeded budget due to utility payments that accompany the tenancy of Frederick House that were excluded in the budgeted cost compilation exercise;
- Consumer Education and Public Relations costs were less than budgeted as many of the consumer education initiatives planned for the year did not materialize;
- Depreciation expense was less than budgeted due to the depreciation projections for building improvements not being as high as anticipated;
- Provision for Doubtful Accounts (Bad debt) was less than budgeted due to inclusion of major licensee's unpaid balances in calculation, these balances were determined not to meet the requirement for inclusion as revenue as they had not met the criteria per IAS 18;
- Conference Hosting expenditure was more than budget due to unexpected costs that were incurred in The Bahamas hosting of the ITU Green Standards Week.

Table 5: Human Resource KPIs

#	KPI	Description	2015
1	Cost of HR function (as a % of total operating expenses)	Total percentage of operational cost spent by URCA on compensation, training, recruitment, benefits.	4.9%
2	Cost of HR function per employee	How much is the company spending on HR?	\$12,588.45
3	Ratio of employee to HR staff	The number of employees per HR Staff member.	8.66 : 1
4	Annual average training days per employee	The average number of days that an employee spends training.	4.4
5	Turnover rate	The percentage of employees who left the organization during the year. This includes voluntary and involuntary terminations.	0%
6	Annual average sick days per employee	The average number of days that an employee was absent due to illness.	6.8
7	Investment in learning and development as a % of total payroll	Total amount spent by URCA on employee learning and development as a percentage of overall payroll.	5.6%
8	Cost of advisors as a % of total payroll	Total amount spent by URCA on HR related advisors as a percentage of the annual payroll.	8.5%
9	% of roles held by Bahamians	Number of Bahamians versus Non-Bahamians that are employed by URCA.	96.2%
10	Average length of vacancy	The average number of days from a position becomes vacant to the start date of new incumbent.	119
11	Average cost of recruitment per vacancy	The average costs associated with recruitment activities to fill vacant positions that were advertised for.	1490.4325
12	% of new employees still in their post after 12 months of service	Percentage of employees hired with 1 year of service or less who are still with the organization.	100%
13	% of eligible employees receiving an annual performance appraisal	Percentage of full time employees who completed the Performance Management cycle (completion of Performance Appraisal process).	100%

Table 6: Information Technology KPIs

#	KPI	Description	2015
1	Cost of ICT Function	Percentage of overall organizational cost spent on Information and Communication Technology support annually.	0.5%
2	ICT investment	Percentage of overall organizational cost invested in Information and Communication Technology annually (upgrades, new equipment etc.)	0.8%
3	Investment of ICT per user	The average dollar amount Invested in Information Communication and Technology per employee/user annually.	\$2,163.75
4	Percentage of users with remote access	Percentage of employees with the ability to access URCA's network remotely when out of the office.	100%

Table 7: Individual Spectrum Licence

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Thirty (30) Days	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	3									3			
Jan-15	1	1	0	3	0	0	6	2	100%	0	0	0	4
Feb-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Mar-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Apr-15	1	1	0	0	0	0	1	1	100%	0	0	0	1
May-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jun-15	2	1	0	0	0	0	9	9	100%	1	0	0	1
Jul-15	2	0	0	0	0	0	0	0	0%	2	0	0	0
Aug-15	0	0	0	2	0	0	27	14	100%	0	0	0	2
Sep-15	1	1	0	0	0	0	8	8	100%	0	0	0	1
Oct-15	1	0	0	0	0	3	0	3	0%	1	0	1	0
Nov-15	3	1	0	1	0	0	14	7	100%	2	0	0	2
Dec-15	2	1	0	2	0	0	18	6	100%	1	0	0	3
TOTAL	13	6	0	8	0	3	83	6	100%	1	0	1	14

Table 8: Class Spectrum Licence Requiring Registration

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five (45) days	Total Number of Application Forms Processed outside of Forty Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty Five (45) Days)	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	6									6			
Jan-15	8	3	0	6	0	0	194	22	100%	5	0	0	9
Feb-15	17	6	0	5	0	0	212	19	100%	11	0	0	11
Mar-15	12	4	0	11	0	0	301	20	100%	8	0	0	15
Apr-15	13	6	0	8	0	0	274	20	100%	6	0	0	14
May-15	5	3	0	6	0	0	203	23	100%	2	0	0	9
Jun-15	19	12	0	2	0	0	293	21	100%	7	0	0	14
Jul-15	2	0	0	7	0	1	69	9	100%	2	0	1	7
Aug-15	10	1	0	2	0	0	47	16	100%	9	0	0	3
Sep-15	9	1	0	9	0	0	246	25	100%	8	0	0	10
Oct-15	17	4	0	8	0	0	257	21	100%	13	0	0	12
Nov-15	11	4	0	13	0	0	311	18	100%	7	0	0	17
Dec-15	28	4	0	7	0	0	128	12	100%	24	0	0	11
TOTAL	151	48	0	84	0	1	2535	19	100%	24	0	1	132

Table 9: Individual Operating Licence

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Thirty (30) Days)	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	0												
Jan-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Feb-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Mar-15	1	0	0	0	0	0	0	0	0%	1	0	0	0
Apr-15	0	0	0	1	0	0	1	1	100%	0	0	0	1
May-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jun-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jul-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Aug-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Sep-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Oct-15	1	0	0	0	0	0	0	0	0%	1	0	0	0
Nov-15	0	0	0	1	0	0	13	13	100%	0	0	0	1
Dec-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
TOTAL	2	0	0	2	0	0	14	7	100%	0	0	0	2

Table 10: Class Operating Licence Requiring Registration

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five (45) days	Total Number of Application Forms Processed outside of Forty Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty Five (45) Days)	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	1												
Jan-15	1	0	0	1	0	0	4	4	100%	1	0	0	1
Feb-15	0	0	0	1	0	0	7	7	100%	0	0	0	1
Mar-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Apr-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
May-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jun-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jul-15	1	0	0	0	0	0	0	0	0%	1	0	0	0
Aug-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Sep-15	1	0	0	1	0	0	19	19	100%	2	0	0	1
Oct-15	1	1	0	0	0	0	0	0	0%	0	0	0	1
Nov-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
Dec-15	0	0	0	0	0	0	0	0	0%	0	0	0	0
TOTAL	4	1	0	3	0	0	30	8	-	1	0	0	4

Table 11: Annual Plan and Annual Reports

Draft Annual plan and strategy published before end of financial year		Date Published	Yes/No
Publish Draft Annual Plan 2016 by 31 December 2015	2016 Annual Plan Published on	31-Dec-15	Yes
Annual Report and Final Annual plan published within 4 months of year end			
Publish final Annual Plan within 4 months of end of preceding year	2015 Annual Plan published on	30-Apr-15	Yes
Publish Annual Report within 4 months of end of reporting year	2014 Annual Report published on	30-Apr-15	Yes
Number of URCA Regulatory measures successfully appealed or litigated	None		

Table 12: Completion of Final Decisions and Determinations

Description	Publication of Final Decision
Publication Within 30 Days of Final Comments	
Adjudication - Change in Control of New Wave Communication	29-Jul-15
Ajudication - Change in Control of Columbus Communications Limited	29-Jul-15
Adjudication - Change in Control of Jazztel Bahamas Limited	29-Jul-15
Publication Within 60 Days of Final Comments But More than 30 Days	
Determination - BTC Breach of Individual Operating Licence re Outage on 22 March 2014	20-Mar-15
Ajudication - Change in Control of Columbus Communications Limited	29-Jul-15
Determination - CBL Breach of Individual Operating Licence re Provision of information to URCA	29-Jul-15
Publication Exceeding 60 Days of Final Comments	
Preliminary Determination - CBL Breach of Interim Order	25-Sep-15
Infrastructure Sharing Regulations	3-Sep-15
Revision of Access and Interconnection Framework	31-Dec-15

Table 13: Public Consultations Commencement Start Dates as Planned

Description	Annual Plan Consultation Publication Period	Actual Consultation Publication Date	Was KPI Date Met?	Annual Plan Consultation Closing Period	Actual Consultation Closing Date	Was KPI Date Met?
URCA Annual Plan 2015	2014	2014	N/A	T1, 2015	30-Apr-15	Yes
ADR Schemes for Disputes between Licensees and Consumers	2014	N/A	No	N/A	N/A	N/A
Infrastructure Sharing Regulations	2014	2014	N/A	T1, 2015	11-Mar-15	Yes
Consultation on CBL Applications for REV TV Price Increase and Introduction of REV TV Prime Local	2014	2014	N/A	T1, 2015	13-Feb-15	Yes
Interconnection Regulations	T1, 2015	6-May-15	No	T2, 2015	7-Jun-15	Yes
Review of Licensing Guidelines	T2, 2015	Delayed to 2016 - Revised Consultation date is T1, 2016	No	T2, 2016	Delayed to 2016	No
Consultation on Network Quality of Service Standards	T2, 2015	22-Dec-16	No	T3, 2016	Delayed to 2016	No
Consultation on FM Radio Technical Standards	T2, 2015	Stakeholder Consultation Commenced 23 June 2015	Yes	T2, 2016	Stakeholder Consultation closed on 6 July 2015. Public Consultation Commenced on 22 December 2015	Yes
Universal Service Affordability Guidelines	T2, 2015	Not Yet Published - Drafted and approved. Awaiting CBL Price Increase Decision	No	T3, 2015	Delayed to 2016	No
Review of Content Codes	T2, 2015	Stakeholder Consultation Completed November 2015. No Public Consultation Conducted	Yes	T3, 2015	Nov-15	Yes
Market Reviews – Implementation of Ex Ante Remedies	T2, 2015	Delayed to 2016 - Revised Target Consultation date is T1, 2016	No	T3, 2015	Delayed to 2016	No
Annual Plan 2016	T3, 2015	31-Dec-15	Yes			

Table 14: Project Completion as Planned

Description	Annual Plan Completion Period	Actual Completion Date	Was KPI Date Met?
USO Net Avoidable Cost Guidelines	T2, 2015	31-Dec-15	No
URCA Annual Plan 2015	T1, 2015	30-Apr-14	Yes
ADR Schemes for Disputes between Licensees and Consumers	T2, 2015	Delayed to 2016 - New Target Date for Completion is T2, 2016	No
Infrastructure Sharing Regulations	T2, 2015	3-Sep-15	No
URCA Annual Report 2014	T1, 2015	30-Apr-15	Yes
Interconnection Regulations	T2, 2015	30-Dec-15	No
Establish Auction Rules and Conduct Spectrum Auction	T2, 2015	16-Oct-15	No
Review of BTC RAIO Charges	T2, 2015	Delayed to 2016 - New Target Date for Completion is T2, 2016	No
Licensing of New Cellular Provider	T2, 2015	Delayed - New Target Date for Completion is T2, 2016	No
SMP in Call Termination for New Mobile Operator	T2, 2015	Delayed to 2016 - New Target Date for Completion is T2, 2016	No
Network QOS Regulations	T2, 2015	Consultation Published 12/22/2015 - New Target Completion Date is T2, 2016	No
Review of BTC 2013 A/S Results	T2, 2015	8-May-15	Yes
Universal Service Affordability Guidelines	T2, 2015	Delayed to 2016 - New Target Date for Completion is T2, 2016	No
Review of Licensing Guidelines	T3, 2015	Delayed to 2016 - New Target Date for Completion is T2, 2016	No
Review of Content Codes	T3, 2015	Review Completed in November 2015 and reported to Board at December 2015 Board meeting. No amendments needed.	Yes
FM Broadcasting Technical Standards	T3, 2015	Public Consultation Published 12/22/2015 - New Target Completion Date is T2, 2016	No
Market Review - Implementation of Ex-Ante Remedies	T3, 2015	Delayed - Collection of Information - Anticipate T2, 2016	
Mobile Number Portability	T3, 2015	Delayed - Awaiting Selection of Cellular Provider - Anticipate T1, 2016	
Review of 2014 A/S Results for CBL	T1, 2016	1-Aug-15	Yes
Review of 2014 A/S Results for BTC	T1, 2016	TBC	TBC

INDEPENDENT AUDITORS' REPORT

To the Board

The Utilities Regulation And Competition Authority:

We have audited the financial statements of The Utilities Regulation And Competition Authority (the "Authority") which comprise the statement of financial position as at December 31, 2015, and the related statements of income and expenditure and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

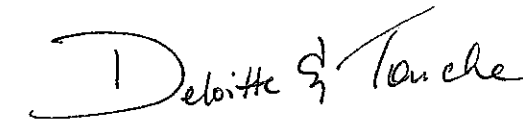
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Utilities Regulation And Competition Authority as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



April 28, 2016

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

STATEMENT OF FINANCIAL POSITION

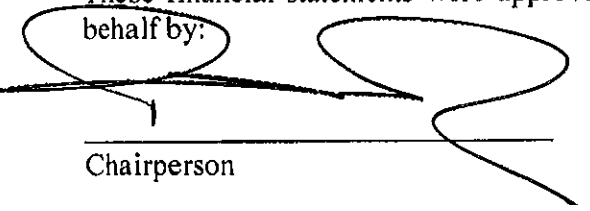
AS AT DECEMBER 31, 2015

(Expressed in Bahamian dollars)

	Notes	2015	2014
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	7	\$ 1,092,616	\$ 309,534
Pension asset	6	-	79,145
Total non-current assets		<u>1,092,616</u>	<u>388,679</u>
CURRENT ASSETS:			
Cash on hand and at banks	10	2,573,271	2,668,638
Accounts receivable	4,10	298,934	254,084
Prepaid expenses and other assets		<u>311,617</u>	<u>434,380</u>
Total current assets		<u>3,183,822</u>	<u>3,357,102</u>
Total assets		<u>4,276,438</u>	<u>3,745,781</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	10	874,502	457,901
Pension liability	6	28,798	-
Deferred revenue	9	<u>3,000</u>	<u>-</u>
Total current liabilities		<u>906,300</u>	<u>457,901</u>
Net assets		<u>\$ 3,370,138</u>	<u>\$ 3,287,880</u>
NET ASSETS REPRESENTED BY:			
Contributed capital	8	\$ 1,537,891	\$ 1,537,891
Electronic Communication Fund			
- Not immediately required	8	173,247	1,324,989
- Immediately required	8	<u>1,659,000</u>	<u>425,000</u>
Total equity		<u>\$ 3,370,138</u>	<u>\$ 3,287,880</u>

See notes to financial statements.

These financial statements were approved by the Board on April 28, 2016, and are signed on its behalf by:


Chairperson


Chief Executive Officer

- 3 -

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

STATEMENT OF INCOME OVER EXPENDITURE AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

(Expressed in Bahamian dollars)

	Notes	2015	2014
REVENUE:			
Electronic communications operating licence fees	10,11	\$ 6,437,275	\$ 6,004,795
Telecommunications, radio communications and other fees	10	<u>134,118</u>	<u>61,157</u>
		<u>6,571,393</u>	<u>6,065,952</u>
EXPENSES:			
Salaries and benefits	6, 10	2,183,861	2,022,937
Legal, professional and consultancy fees		1,253,304	1,175,378
Rent and occupancy costs	10, 11	582,343	416,310
Office services		207,855	171,646
Conference hosting	13	318,417	-
Depreciation	7	259,398	715,300
Travel		184,693	264,518
Professional membership		169,972	207,874
Training		162,538	172,740
Advertising and public relations		86,810	153,286
Provision for doubtful accounts	4	42,146	23,423
Information technology		85,769	65,569
Communications	10	48,580	40,763
Premises repairs and maintenance		30,382	12,101
Automotive maintenance		<u>18,427</u>	<u>13,665</u>
Total expenses		<u>5,634,495</u>	<u>5,455,510</u>
OPERATING (LOSS)/INCOME		936,898	610,442
OTHER INCOME AND EXPENSES			
Fines	12	1,581,385	243,441
Donations	10, 12	(1,070,842)	(12,540)
Interest income		62,923	65,514
Loss on disposal of assets		(19,080)	-
Other income		<u>1,508</u>	<u>4,075</u>
Other income and expenses		<u>555,894</u>	<u>300,490</u>
EXCESS OF INCOME OVER EXPENDITURE		1,492,792	910,932
EXPENDITURE OVER INCOME			
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of pension asset		<u>(85,546)</u>	<u>(94,232)</u>
TOTAL COMPREHENSIVE INCOME		<u>\$ 1,407,246</u>	<u>\$ 816,700</u>

See notes to financial statements.

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

STATEMENT OF CHANGES IN EQUITY YEAR ENDED DECEMBER 31, 2015 (Expressed in Bahamian dollars)

	Notes	Electronic Communications Fund			Total
		Contributed Capital	(Not immediately required)	(Immediately required)	
Balance at January 1, 2014		\$ 1,533,275	\$ 1,936,022	\$ -	\$ 3,469,297
Excess income over expenditure		4,616	906,316	-	910,932
Funds required for immediate use	8	-	(425,000)	425,000	-
Other comprehensive loss		-	(94,232)	-	(94,232)
Distribution to Consolidated Fund	8	-	(998,117)	-	(998,117)
Balance as of December 31, 2014		1,537,891	1,324,989	425,000	3,287,880
Excess income over expenditure		-	1,492,792	-	1,492,792
Funds required for immediate use	8	-	(1,234,000)	1,234,000	-
Other comprehensive loss		-	(85,546)	-	(85,546)
Distribution to Consolidated Fund	8	-	(1,324,988)	-	(1,324,988)
Balance at December 31, 2015		<u>\$ 1,537,891</u>	<u>\$ 173,247</u>	<u>\$ 1,659,000</u>	<u>\$ 3,370,138</u>

See notes to financial statements.

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2015 (Expressed in Bahamian dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess income over expenditure		\$ 1,492,792	\$ 910,932
Adjustments for:			
Depreciation	7	259,398	715,300
Provision for doubtful accounts	4	42,146	23,423
Interest income		(62,923)	(65,514)
Recovery of bad debts previously written off	4	-	6,244
Loss (gain) on disposal of property, plant and equipment		19,080	(4,075)
(Increase) decrease in operating assets:			
Accounts receivable		(86,996)	(14,570)
Prepaid expenses and other assets		122,763	(251,311)
Pension asset		79,145	24,581
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses		416,601	207,454
Pension liability		(56,748)	-
Deferred revenue		3,000	(4,616)
Interest received		62,923	65,514
Net cash from operating activities		<u>2,291,181</u>	<u>1,613,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	(1,067,928)	(78,358)
Proceeds from sale of property, plant and equipment		6,368	4,075
Net cash used in investing activities		<u>(1,061,560)</u>	<u>(74,283)</u>
CASH FLOWS FROM FINANCING ACTIVITY:			
Payment to consolidated fund		<u>(1,324,988)</u>	<u>(998,117)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(95,367)	540,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>2,668,638</u>	<u>2,127,676</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>\$ 2,573,271</u>	<u>\$ 2,668,638</u>

See notes to financial statements.

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

1. GENERAL

The Utilities Regulation and Competition Authority (the "Authority") was established on 1 August 2009, as a corporate body, under the Utilities Regulation and Competition Authority Act, 2009 (the "Act"). The offices of the Authority are located at Frederick House, Frederick Street, New Providence, Bahamas.

The functions of the Authority are to: i) regulate the electronic communications sector to further the interests of consumers by promoting competition; ii) apply competition rules in exercising its regulatory powers; iii) represent the Government of the Commonwealth of The Bahamas (the "Government") in regional and international organisations; iv) charge licence fees in accordance with relevant legislation; v) act on behalf of the Government in billing and collecting communications licence fees; and vi) perform any other duties or functions assigned to it under relevant legislation.

Currently, the Authority only regulates electronic communications. It will commence regulating the other regulated sectors on dates to be determined by the Government, and following the necessary amendments to the legislation governing those sectors. Accordingly, the Electronic Communication Fund has been established and the financial performance of the Authority related to regulation of this sector is allocated to this fund. The electronic communications sector is regulated in accordance with the Communications Act, 2009 (the "Communications Act") and the Electronic Communications Sector Policy. Prior to the coming into force of the Communications Act and the Electronic Communications Sector Policy, the Authority regulated radio communications and telecommunications (including internet) in accordance with the Telecommunications Act, 1999 and the Telecommunications Sector Policy.

In addition to establishing the Authority, the Act dissolved the Public Utilities Commission (the "PUC") and the Television Regulatory Authority (together, the predecessor regulators); repealed the Public Utilities Commission Act; and, made provisions for the property and contracts, together with all functions and powers of the predecessor regulators, to be transferred to the Authority to ensure the effectiveness and continuity of regulation. The Utilities Regulation and Competition Authority (Amendment) Act, 2013 (the "Amendment Act"), assented to on 1 July 2013, repealed and replaced section 37 and repealed section 40 of the principal Act; see Note 8.

Further, the Utilities Appeal Tribunal Act, 2009 provides for the Tribunal that will adjudicate all matters relating to a sector regulated by the Authority.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after January 1, 2015.

a. Standards and Interpretations effective but not affecting the reported results or financial position

Effective date annual periods beginning on or after January 1, 2014

IFRS 7	<i>(Amended 2011) Financial Instruments: Disclosures – Offsetting Assets and Liabilities</i>
IFRS 13	<i>Fair Value Measurement</i>
IAS 16	<i>Property, Plant Equipment</i>
IAS 19	<i>Employee Benefits</i>
IAS 24	<i>(Revised) Related Party Disclosures</i>
IAS 32	<i>(Amended 2011) Financial Instruments: Presentation – Offsetting Assets and Liabilities</i>
IAS 36	<i>Impairment of Assets</i>
IAS 39	<i>Financial Instruments: Recognition and Measurement (Amendments)</i>
IFRIC 21	<i>Levies</i>

The above standards have not led to changes in the financial position of the Authority during the current year.

b. Standards and Interpretations in issue but not yet effective

IAS 16	<i>(Amendments) Property, Plant and Equipment</i>
IAS 19	<i>Employee Benefits (Amendments)</i>
IFRS 9	<i>Financial Instruments: Disclosures (Amendments)</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>

Management does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Authority.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements
31 December 2015
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The preparation of financial statements in accordance with IFRS requires management to exercise its judgment in the process of applying its accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 3(d), 3(e), 3(g) and 3(h).

(b) Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Authority's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognised in the statement of income over expenditure and other comprehensive income.

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, call accounts at banks and term deposits with original contractual maturities of three months or less.

(d) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements
31 December 2015
(Continued)

The amount of provision is the difference between the financial asset's carrying amount and the present value of future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of income over expenditure and comprehensive income.

If in a subsequent period, the amount of the provision decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision account. When an account receivable is uncollectible, it is written off against the provision for doubtful accounts. Subsequent recoveries of amounts previously written off are credited to the statement of income over expenditure and other comprehensive income.

Provisions are made against accounts receivable from the Government, or entities which it controls, only to discount expected future cash flows; no credit losses are expected. Provisions are made against accounts receivable from non-related licences, by amortising the receivable balance deemed collectible using the effective interest method.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Lesser of lease term and 10 years
Information systems	3 - 5 years
Vehicles	5 years
Furniture and office equipment	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when an event has occurred that indicates a need to re-evaluate useful lives. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of profit or loss.

(f) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Income and expense recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Authority.

Revenue from licensing activities is recognised over the period of the applicable licence, with amounts billed in relation to future periods being deferred in the statement of financial position. Certain licence fees are fixed and others are based on the revenues of the licensees.

For licence fees based on licensee revenue, the Authority makes an estimate of the fee based on the latest available financial information of the licensee and recognises any increase or decrease in that estimate upon receipt of the final revenue amounts of the licensee for the applicable licence period. The applicable revenues for fee purposes are those earned in the licensee's fiscal year ending within the licence period.

Interest income is recognised using the effective interest method. All other income and expenses are recognised on the accrual basis of accounting.

(h) Pension benefits

The Authority operates a defined benefit pension plan, which requires contributions, determined by periodic actuarial calculations, to be made to a separately administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset/liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, with adjustments for unrecognised actuarial gains or losses and past service costs.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

Payments to the plan are recognized as an expense when employees have rendered service entitling them to the contributions. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

Charges to the plan are recognized as an expense when employees have rendered service entitling them to the contributions. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past-service costs are recognised immediately in salaries and benefits expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Salaries and benefits are recognised on the accrual basis of accounting.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating lease are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

(j) Taxation

The Authority is established under the laws of the Commonwealth of The Bahamas and therefore is not subject to income, capital gains or other corporate taxes.

(k) Fiduciary activities

The Authority collects certain fees from licensees on behalf of the Government. The assets associated with these activities are excluded from these financial statements, as they do not belong to the Authority.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

(l) Corresponding figures

Where necessary, the corresponding figures are adjusted to conform with changes in presentation in the current year.

4. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable	\$ 585,384	\$ 498,388
Provision for doubtful accounts	<u>(286,450)</u>	<u>(244,304)</u>
	<u>\$ 298,934</u>	<u>\$ 254,084</u>

Movements in provision for doubtful accounts are as follows:

	2015	2014
Opening balance	\$ 244,304	\$ 214,637
Provision for doubtful accounts	42,146	23,423
Recoveries	<u>-</u>	<u>6,244</u>
	<u>\$ 286,450</u>	<u>\$ 244,304</u>

5. AGENCY AGREEMENT

Under the Communications Act, the Authority is responsible for the granting of class spectrum licences requiring registration; enforcing conditions attached to such licences; billing and collecting fees consequential thereto and remitting all spectrum licence fees to the Consolidated Fund. The Authority and the Bahamas Maritime Authority (BMA) signed a memorandum of agreement effective 30 August 2010 in which there was a delegation of authority from the Authority to BMA to issue spectrum licences to maritime vessels registered under the Bahamian flag on behalf of the Authority.

Under the terms of the memorandum, BMA will bill, collect and remit spectrum fees on behalf of the Authority for the Government. Additionally, under the terms of this memorandum neither party will be compensated for the services performed regarding the billing, collection and remittance of spectrum fees on behalf of the Government.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

6. PENSION BENEFITS

The Authority's pension plan (the Plan) is a non-contributory defined benefit pension plan established for the provision of pension benefits to the members of the Plan. As of December 31, 2015, there are 19 (2014: 17) members participating in the Plan. All assets of the Plan are invested in a fund managed and administered by an independent investment manager. The Plan is subject to an actuarial valuation at least every 3 years, and the latest actuarial valuation was performed by an independent actuary as of December 31, 2015.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
Discount rate	5.00%	5.00%
Future salary increases	4.00%	4.00%

Mortality rates have been taken from the 1994 Group Annuity Mortality Table.

The following tables summarise the components of net pension benefit expense and the funded status and amounts recognised in the statement of financial position for the Plan as determined as of the date of the last actuarial review.

Pension benefit expense comprises:

	2015	2014
Current service cost	\$ 129,561	\$ 111,658
Administrative costs	21,237	41,395
Net interest income	<u>(154)</u>	<u>(7,227)</u>
Total, included in salaries and benefits	<u>\$ 150,644</u>	<u>\$ 145,826</u>

The pension plan liability (asset) is analysed as follows:

	2015	2014
Present value of benefit obligations	\$ 2,195,321	\$ 1,917,090
Fair value of plan assets	<u>(2,166,523)</u>	<u>(1,996,235)</u>
Liability/ (asset) in the statement of financial position	<u>\$ 28,798</u>	<u>\$ (79,145)</u>

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

Movements in the liability/(asset) in the statement of financial position comprise:

	2015	2014
Asset as of beginning of year	\$ (79,145)	\$ (197,958)
Pension benefit expense	150,644	141,065
Amount recognized in other comprehensive income	85,546	94,232
Contributions	<u>(128,247)</u>	<u>(116,484)</u>
Liability/(asset) as of end of year	<u>\$ 28,798</u>	<u>\$ (79,145)</u>

Movements in the present value of the benefit obligations comprise:

	2015	2014
Present value of benefit obligations as of beginning of year	\$ 1,917,090	\$ 1,656,140
Current service cost	101,915	111,658
Interest cost	129,561	87,972
Benefits paid	(16,731)	(16,731)
Actuarial gain/(loss) on benefit obligations	<u>63,486</u>	<u>78,051</u>
Present value of benefit obligations as of end of year	<u>\$ 2,195,321</u>	<u>\$ 1,917,090</u>

Movements in the fair value of plan assets comprise:

	2015	2014
Fair value of plan assets as of beginning of year	\$ 1,996,235	\$ 1,854,098
Expected return on plan assets	102,069	95,199
Contributions	128,247	116,484
Benefits paid	(16,731)	(16,731)
Administrative costs	(21,237)	(36,634)
Actuarial loss on plan assets	<u>(22,060)</u>	<u>(16,181)</u>
Fair value of plan assets as of end of year	<u>\$ 2,166,523</u>	<u>\$ 1,996,235</u>

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Benefit obligations as at December 31, 2015 due to 1% change in the discount rate and future salary increases are shown below:

	1% p.a. Increase	1% p.a. Decrease
Discount rate	\$ (383,410)	\$ 497,172
Future salary increases	\$ 293,770	\$(251,944)

- \$817,233 of the benefit obligation is due to salary increases.
- If all members lived one year longer, the benefit obligation would be \$2,245,511 (2014: \$1,960,003).
- The duration of the benefit obligation is 20 years.

The Plan is responsible for making full pension payments to public officers transferred to the Authority for their period of employment in the Public Service and the PUC (that is, the pension will be based on combined employment with the Public Service, the PUC and the Authority). The Plan has the right to claim reimbursement from the Government for pension payments made to these persons in relation to the period of employment in the Public Service. Currently, no pension payments are being made to these persons.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Information Systems	Vehicles	Furniture and Office Equipment	Total
COST:					
Balance at December 31, 2013	\$ 728,123	\$ 2,514,514	\$ 158,090	\$ 288,479	\$ 3,689,206
Additions	-	77,160	-	1,198	78,358
Disposal	-	(10,381)	(27,000)	(2,250)	(39,631)
Balance at December 31, 2014	728,123	2,581,293	131,090	287,427	3,727,933
Additions	649,247	2,457	77,995	338,229	1,067,928
Disposal	(728,123)	(299,602)	(26,200)	(248,745)	(1,302,670)
Balance at December 31, 2015	\$ 649,247	\$ 2,284,148	\$ 182,885	\$ 376,911	\$ 3,493,191
ACCUMULATED					
DEPRECIATION:					
Balance at December 31, 2013	\$ 479,013	\$ 2,026,402	\$ 70,437	\$ 166,878	\$ 2,742,730
Depreciation expense	150,659	489,584	20,978	54,079	715,300
Disposal	-	(10,381)	(27,000)	(2,250)	(39,631)
Balance at December 31, 2014	629,672	2,505,605	64,415	218,707	3,418,399
Depreciation expense	128,609	50,768	26,544	53,477	259,398
Disposal	(716,231)	(299,470)	(26,200)	(235,321)	(1,277,222)
Balance at December 31, 2015	\$ 42,050	\$ 2,256,903	\$ 64,759	\$ 36,863	\$ 2,400,575
CARRYING VALUE:					
As at December 31, 2015	\$ 607,197	\$ 27,245	\$ 118,126	\$ 340,048	\$ 1,092,616
As at December 31, 2014	\$ 98,451	\$ 75,688	\$ 66,675	\$ 68,720	\$ 309,534

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

8. FUND BALANCES

Contributed capital

The net assets transferred to the Authority were designated as contributed capital based on legislation enacted at the time; and revenue earned from transferred deferred revenue relating to regulatory activities no longer performed or from which fees are no longer earned by the Authority, net of any expenses associated with the net assets transferred from the PUC, are allocated to contributed capital.

Electronic communications fund

Under the Communications Act, charges and fees levied by the Authority are to be determined in order to: cover the annual budgeted costs of its functions under the Communications Act; recover any deficit from previous years; and take into account any surpluses. As disclosed in Note 1, the Amendment Act (2013) repealed and replaced section 37 of the principal Act with the following conditions relative to the Electronic Communications Fund (the Fund): monies paid into the Fund that are not immediately required by the Authority are to be considered surplus funds; the Minister of Finance at the end of the financial year may authorize the Authority to reserve from the surplus funds such sums as the Minister may determine; subject to the aforementioned, at the end of each financial year the Authority shall pay into the Consolidated Fund all surplus funds standing to the credit of the Authority.

The Amendment Act (2013) also repealed section 40 of the principal Act, which provided for the Authority to impose sufficient fees and charges to carry out its duties including anticipated costs for the forthcoming financial year and allowed it to retain surplus funds to be applied for subsequent years.

The Authority will determine, at the end of each financial year, whether any fund balances include amounts that are required in respect of existing contracts, planned projects and other commitments which are anticipated to arise and become payable during the first quarter of the following year. Such amounts will be designated as funds immediately required by the Authority. As at December 31, 2015, \$1,659,000 (2014: \$425,000) has been designated as funds immediately required. Additionally under section 40, the Authority was to retain any excess sums collected for application to the following financial year(s). In previous years, 2009-2012 (prior to the repeal of section 40), the Authority utilized surpluses in the fund to amend charges and fees in subsequent years levied on the licensees by the Authority.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements
31 December 2015
(Continued)

9. DEFERRED REVENUE

Telecommunications, radio communications and other fees totals are current.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise: i) Government ministries and departments; ii) Government corporations and agencies; iii) entities controlled by the Government; iv) entities in which the Government has a significant ownership interest; and v) key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements, are as follows:

	2015	2014
<i>Assets</i>		
Cash at banks	\$ 2,268,611	\$ 1,817,835
Accounts receivable	19,779	2,341
	<u>\$ 2,288,390</u>	<u>\$ 1,820,176</u>
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 518,482	\$ 15,950
<i>Revenue</i>		
Electronic communications operating licence fees	\$ 4,718,761	\$ 4,434,370
Telecommunications, radio communications and other fees	569,111	243,643
	<u>\$ 5,287,872</u>	<u>\$ 4,678,013</u>
<i>Expenses</i>		
Salaries and benefits	\$ 44,719	\$ 41,573
Communications	46,704	34,617
Rent and occupancy costs	42,500	-
	<u>\$ 133,923</u>	<u>\$ 76,190</u>
<i>Other income</i>		
Fines	\$ 1,054,256	\$ -
<i>Other expenses</i>		
Donations	\$ 1,070,842	\$ -

The Utilities Regulation and Competition Authority

Notes to the Financial Statements
31 December 2015
(Continued)

Related party balances and transactions – (Continued)

Key Management Compensation

Key management personnel comprise the members of the Board, the chairman of the Audit Committee and members of the Executive Committee. The executive members of the Board and three other members of the Authority's management constitute the Executive Committee. Compensation of key management personnel for the year for salaries and other short term benefits amounted to \$887,651 (2014: \$865,395). In prior year compensation of \$180,191 for members of the Strategic Committee, (outside of the Executive Committee) was disclosed. In the current year, members of the strategic committee are no longer deemed key management, and consequently their compensation are not disclosed.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority signed a five-year lease for office space, which commenced 1 May 2015. Future minimum rental payments required under the operating lease are as follows:

2016	\$ 524,112
2017	\$ 524,112
2018	\$ 524,112
2019	\$ 524,112
2020	\$ 262,056

Contingencies

The Authority is party to several legal cases involving its major licensees in the electronic communications sector, including a related party. In most instances, the cases involve breaches of the Telecommunications Act and Telecommunications Sector Policy, or challenges against the rulings by the Authority brought by licensees. Costs associated with these legal cases are uncertain, and will depend on whether or not the Authority is successful; which is not possible to predict. Accordingly, no provisions have been made in these financial statements relative to the legal proceedings.

12. DONATIONS AND FINES

During 2015, the Authority levied a fine of \$1,581,384 to a major licensee determined to be in breach of its licence and its failure to comply with the Authority's Final Determination and Order issued on March 7, 2013. Subsequent to the payment of the fine, the Authority in November 2015 donated to the National Emergency Management Agency (NEMA) a significant portion of the fine (\$1,054,256)

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

to assist NEMA in providing aid and reconstruction throughout the parts of the Bahamas adversely affected by Hurricane Joaquin.

13. CONFERENCE HOSTING

During the year, the Authority on behalf of the Bahamas Government hosted the ITU Study Group 3 and Green Standards Week. The cost associated with the hosting of these activities amounted to \$318,417 (2014: nil).

14. FINANCIAL RISK MANAGEMENT

The Authority engages in transactions that expose it to credit risk, liquidity risk and interest rate risk in the normal course of business. The Authority's financial performance is affected by its capacity to understand and effectively manage these risks.

(a) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Authority's exposure to credit risk is concentrated in its cash at banks and accounts receivable. The Authority mitigates the risk associated with cash at banks by placing its deposits with financial institutions in good standing with the Central Bank of The Bahamas. The monitoring of payment history before continuing to extend credit to licensees mitigates the risks associated with accounts receivable from non-related parties. Accounts receivable from related parties are considered to have minimal credit risk, as this risk is with the Government.

The Authority in its effort to minimise credit risk exposure monitors the accounts receivable balances ensuring that all efforts are expended in order to reduce accounts with long overdue balances. The aged analysis of gross accounts receivable comprises:

	2015	2014
<i>Days Outstanding</i>		
0 - 90 days	\$ 22,121	\$ 5,905
91 - 180 days	60,522	844
181 - 365 days	18,858	19,190
More than 365 days	<u>483,883</u>	<u>472,449</u>
	<u>\$ 585,384</u>	<u>\$ 498,388</u>

Based on its experience, the Authority considers balances less than 180 days to have acceptable credit quality.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements 31 December 2015 (Continued)

Accounts receivable include balances due from a major licensee that are currently being disputed by the licensee. The Authority is of the opinion that it has sufficient legal bases to support its claims and has several courses of action to pursue payment, some of which have been initiated.

(b) Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of the Authority's financial commitments as they become due. The Authority maintains a level of liquid assets that mature in the short term or could be redeemed immediately to meet cash requirements for normal operating purposes. The Authority has the ability, under the Act, to charge supplemental fees to licensees in order to cover operating expenses.

As of December 31, 2015, all of the Authority's liabilities are due within one year.

(c) Interest rate risk

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to cash flow interest rate risk is concentrated in its term deposits, and the Authority has elected not to hedge this risk as it is not considered significant. The Authority does not have any significant fair value interest rate risk.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments utilised by the Authority include the recorded financial assets and liabilities, and their estimated fair values approximate their carrying value due to the relatively short term nature of these instruments.

16. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to: i) safeguard its ability to continue as a going concern; and ii) maintain a capital base sufficient to support the expected expansion of its regulatory powers and associated operations.

The Utilities Regulation and Competition Authority

Notes to the Financial Statements

31 December 2015

(Continued)

17. CORRESPONDING FIGURES

Certain corresponding figures for 2014 have been reclassified to conform with the presentation adopted for 2015.

	2014	
	Revised	Old
Donation	\$ 12,540	\$ -
Office services	<u>171,646</u>	<u>184,186</u>
	<u>\$ 184,186</u>	<u>\$ 184,186</u>

* * * * *

--

The background of the cover is a solid blue color with a faint, abstract pattern of white and light blue lines and dots, resembling a circuit board or a network diagram. The lines are thin and radiate from the right side towards the left, creating a sense of depth and movement. The dots are scattered throughout, some appearing as bright white spots and others as softer, blurred circles. The overall effect is a clean, modern, and technological aesthetic.

URCA

2016 Annual Plan

Overview

The URCA Act requires that URCA publish a draft of its Annual Plan for each year for consultation with interested persons by 31 December of the preceding year. Consistent with this requirement, URCA published its draft Annual Plan for 2016 (ECS 13/2015) on 31 December 2015. In addition to publication of the draft plan for comment, URCA also hosted a stakeholder consultation to which key stakeholders in the ECS were invited and afforded the opportunity for face to face consultation. This face to face consultation was held on XX March 2016.

The legislation establishing URCA as the regulator of the electricity sector was passed on 30 December 2015, just prior to publication of URCA's draft Annual Plan 2016, and came into effect late January 2016. The timeframe did not afford URCA the opportunity to make plans for regulation of the electricity sector or for consultation with stakeholders in that sector prior to finalising URCA's 2016 Annual Plan.

URCA's planning for the regulation of the electricity sector in 2016 will be primarily driven by URCA's ability to

- Internally:
 - » implement necessary structural changes and new processes to regulate the electricity sector;
 - » recruit necessary additional human resources and reassign or re-task existing resources to meet the demands of the new regulatory responsibilities; and,
 - » ensure that adequate controls and processes are in place to optimise use of resources while ensuring necessary separation of responsibilities and accountability.
- Externally:
 - » to meet the specific milestones mandated by the Electricity Act for completion during 2016, including licensing of providers;
 - » implement appropriate public awareness programmes to ensure that the public is kept aware of the regulatory regime as it develops and comes into force;
 - » implement necessary consumer protection safeguards to ensure that key protections are in place for consumers from "day 1".

URCA has organised its plan in the following sections to address the addition of the electricity sector to its remit in 2016.

- ECS Focus Areas and Key Projects
- ES Focus Areas and Key Projects
- Operational and Administrative Plans

ECS Focus Areas and Key Projects for 2016

This section outlines URCA's broad priorities for regulation of the ECS in 2016.

Mobile Liberalisation

In 2014, URCA began preparatory work for the liberalisation of the ECS. In 2014, the Government directed URCA to commence steps to introduce mobile competition in The Bahamas as expeditiously as possible after the expiry of BTC's exclusivity on 7 April 2014. Throughout 2014 and also in 2015, mobile liberalisation represented a top priority for URCA. As per the Government's mandate, URCA sought to ensure that regulatory measures necessary for cellular mobile liberalisation were met and fulfilled in accordance with the timetable set up for such liberalisation. To that end and in line with URCA's exclusive right to manage, allocate and assign radio spectrum frequencies in The Bahamas, URCA served as administrator of the Phase 2 spectrum auction in the Government's selection process for a new cellular mobile provider in The Bahamas. On 18 October 2015, the public was advised that CBL was determined as the successful bidder in the spectrum auction having achieved a higher score than Virgin Mobile (Bahamas) Limited. Subject to the outcome of the Government's negotiations with CBL, URCA will be required to issue the relevant licences to CBL upon notification by the Government.

URCA is also committed in 2016 to intervene where appropriate in key areas inclusive of interconnection for the new cellular mobile provider to connect existing customers on existing BTC and CBL networks, mobile termination, tower construction and infrastructure sharing, national roaming, number administration and standard spectrum allocation. In an effort to ensure that roll out of services by the new cellular mobile provider is not hampered, URCA intends to devote significant time and resources in 2016 to address all regulatory matters as expeditiously as possible. The intent is to ensure that there are no barriers which will impede the achievement by the new provider of the roll out targets contained in the RFP, which call for the launch of services throughout The Bahamas within a period of 3 years.

These matters include the following:

- **Licensing of New Cellular Mobile Operator** – Under the Government's selection process for a new cellular mobile operator in The Bahamas, the Government will notify URCA in writing that it should commence the process for the issuance of an Individual Operating Licence and an Individual Spectrum Licence to NewCo (a subsidiary of Holding Co, a 100% Bahamian owned company). Following payment of the requisite fees and provided that all required Government approvals have been obtained, all statutory and other conditions have been met, URCA will grant the requisite

licences to NewCo for a period of fifteen (15) years.

- **Review of BTC RAI0** – Currently in The Bahamas, BTC is the only cellular mobile operator. As discussed under section 1.2.1 above, URCA commenced work in 2015 on consideration of changes to BTC's RAI0 to address various issues necessary for cellular mobile competition. This work will continue and be completed in 2016.
- **SMP in Call Termination for New Mobile Operator** – In 2015, URCA commenced an analysis of proposed measures to be imposed on the new mobile operator upon entry to the market. This analysis involved an SMP assessment in call termination in voice and SMS services and the terms that would govern these services at the wholesale level. URCA expects that a Preliminary Determination will be issued in early 2016 to address this issue, once the relevant licences are issued.
- **Monitoring and Managing the Introduction of Cellular Mobile Competition** – URCA has been directed by the Government in the ECS Policy to take all necessary steps to introduce competition in the cellular services market in The Bahamas as expeditiously as possible. To that end, a significant focus for URCA in 2016 will be to ensure seamless introduction of cellular competition.
- **Mobile Number Portability** – On 2 December 2013, number portability was launched in The Bahamas for fixed networks. Subsequently, URCA made determinations and ensured the implementation of a system which will accommodate mobile number portability with minimal adjustment and coincident with the introduction of competition. It is URCA's goal to ensure that the implementation of mobile number portability occurs concurrently with the build out of any new mobile networks, so as to ensure that mobile numbers are able to be ported from day one of mobile competition in The Bahamas. Therefore, following the licensing of the new mobile operator, URCA will reconstitute the Number Portability Working Group in 2016 to include all previous participants and the new provider.
- **Review of Pricing Rules** – Mobile Competition – URCA commenced work on a review of pricing rules relating to mobile services in 2015. These rules will relate to price regulated services that are not subject to price caps, mainly BTC's mobile voice and data services. In 2016, URCA will continue this review and examine the rules in the context of mobile liberalisation.

Protection of Consumers

During 2016, URCA will continue to promote the Consumer Protection

Regulations which were issued by URCA in December 2013. Building on the work done in 2013 and the full implementation of the Regulations in 2014, in 2015 URCA begun the groundwork for the formation of a Consumer Advisory Committee, a multi-stakeholder committee which will review and advise URCA on issues relating to consumer protection in the ECS. Part 10.3 of the Regulations require URCA to review the Regulations at least every three years. However, as URCA anticipates the introduction of mobile competition in 2016, URCA will delay the review of the Regulations to 2017 to assess the impact of mobile competition on the Regulations. URCA will engage the Consumer Advisory Committee and the public in this review in 2017.

Another key aspect of the protection of consumers is ensuring a high quality of service, where competitive pressures are inadequate to do so. To address this, URCA intends to publish the Network Quality of Service Regulations in the first trimester of 2016 which will provide clear standards for the performance, reliability and robustness of electronic communications networks in The Bahamas. URCA considers that the Regulations will work together with the consumer protection framework to ensure that The Bahamas benefits from the highest possible quality of electronic communications services.

In 2016, URCA will also consider various consumer issues relating to mobile services, particularly international roaming and unexpected charges to customers' bills as a result. URCA will consider and review the need for regulatory treatment on this issue to promote consumer awareness on roaming charges for mobile voice and data services.

It is also worth noting that URCA considers that Consumer Protection is one of the areas where its mandate in the ECS will closely align with its mandate within the electricity sector. URCA will be seeking to leverage its Consumer Protection responsibilities across both regulated sectors to enhance efficiency and effectiveness.

Encouraging Competition

A key responsibility of URCA in its regulation of the ECS is to decrease barriers to entry for new market entrants in an effort to promote sustainable competition. URCA seeks to foster innovative competition in the sector that delivers choice of high quality products and services at competitive prices. In promoting competition in the market, URCA is tasked with issuing new licences, driving forward market-based approaches to spectrum licensing, making spectrum available for cross-platform services and removing barriers to switching electronic communications service providers for consumers. URCA will continue work commenced in 2015 to implement identified remedies in URCA's latest SMP assessment.

In 2016, URCA intends to develop and introduce other measures to promote competition in the ECS. Moreover, URCA's investigation of on-going competition related matters will continue in 2016 and URCA

will also continue to exercise its ex post powers as appropriate from time to time.

Moreover, URCA notes that broadband services have not developed as anticipated due to the re-sale of broadband under the wholesale internet access regime. URCA considers that the availability of wholesale internet access is an avenue to stimulate investment and competition in the market by affording small operators the ability to enter the market and compete. URCA will consider this issue in 2016 and decide whether appropriate regulatory measures should be introduced for competition in this market.

Promoting Affordable Access to Services Throughout The Bahamas

The Communications Act, 2009 establishes a framework for the provision of key basic electronic communications services at affordable rates to residents of populated areas in The Bahamas. This universal service framework places universal service obligations on certain service providers to ensure that these basic electronic communications services are in fact provided and accessible. In 2016, URCA will continue work on the universal service framework inclusive of the implementation of the Universal Service Fund Rules and Affordability Guidelines as well as the continuation of work on other remaining projects within the universal framework for The Bahamas.

Promoting a Wide Range of High Quality Content Services

In 2015 URCA continued work on the review of the Code of Practice for Content Regulation (the Code) commenced in 2014. URCA received assistance in reviewing the Code from the Content Regulation Industry Group (CRIG), a joint regulator/industry working group which was formed to advise URCA on the administration of the Code and to assist with compliance monitoring and enforcement of the Code. It was noted that minor changes should be made to the Code and these issues will be addressed in early 2016 when a revised Code will be published. In 2016 URCA will also continue its work to educate the public and the sector as to the existence, importance and effect of the Code.

Managing Radio Spectrum Effectively and Efficiently

URCA is responsible for managing radio spectrum in accordance with the Communications Act. In 2016 URCA will continue with initiatives to effectively manage the spectrum and to ensure that it is used optimally in order to promote the availability of the highest possible quality and variety of services to all persons in The Bahamas. URCA's regular spectrum monitoring and enforcement activities will also continue in 2016.

In 2015, URCA commenced work to introduce new FM Broadcasting

Technical Standards that are designed to ensure that FM broadcasting is carried out in accordance with best practices and to ensure that the use of the band is optimised. URCA will continue the consultation and will publish the standards in 2016.

International Participation and Engagement

Throughout 2016 URCA intends to ensure that The Bahamas remains abreast of international developments in electronic communications and participates in key decisions and developments consistent with the best interests of The Bahamas. To that end, URCA will participate in various meetings, conferences and events hosted by the Inter-American Telecommunication Commission (CITEL), the International Telecommunication Union (ITU), the Caribbean Telecommunications Union (CTU) and the Organisation of Caribbean Utility Regulators (OOCUR). URCA will also continue to further relations with the Commonwealth Telecommunications Organisation (CTO) and continue to participate in training and development opportunities offered by the organisation in 2016.

URCA has expressed its interest in The Bahamas hosting the ITU's Global Symposium for Regulators (GSR) in 2017. Should The Bahamas/URCA be successful in negotiations with the ITU, URCA will begin preparations for hosting this important ITU event in mid to late 2016.

UES Focus Areas and Key Projects

This section outlines URCA's broad priorities for regulation of the UES in 2016.

The Bahamas National Energy Policy

The Government of the Bahamas, in National Energy Policy 2013-2033, sets forth the following strategic goals, among other things, for the Electricity Sector:

- i. to foster dynamic and appropriate governance, institutional, legal and regulatory framework advancing future developments in the energy sector underpinned by high levels of consultation, citizen participation, and public-private sector partnership.
- ii. to build a modern energy infrastructure that enhances generation capacity and safely, reliably and affordably distributes electricity to consumers on a sustainable basis;
- iii. to promote the availability of sustainable energy opportunities. The Government's aim for renewable energy is that it should make an increasing contribution to the Bahamas' energy supplies in the years to 2016 and beyond; and

Those goals are explicitly restated in Part II of the Electricity Act (the

Act) and reflected in various sections of the Act.

In 2016, those overarching objective will inform URCA's activities in the Electricity Sector and as the newly designated regulatory authority for the sector, URCA aims to further those objects by undertaking the following key projects:

- i. develop the framework for the ES Licensing Regime;
- ii. monitor the implementation of the Renewal Energy Supply Obligation;
- iii. amalgamate the Public Consultation Guidelines for the ECS and ES; and
- iv. oversee the development and implementation of the Consumer Protection Policy

Licensing

The Electricity Act, 2015 made it unlawful for a person to engage in the generation, transmission, distribution, retail, import, export or wholesale trading of electricity in The Bahamas, without a licence granted by URCA. In 2016, as a priority, URCA will develop the framework for the Licensing Regime for the Electricity Sector. In particular, URCA will, as stipulated in the Act:

- i. create a process for licence application and renewal;
- ii. create the various types of licences to be granted to particular categories of persons;
- iii. grant a Public Electricity Supplier Licence to BPL to perform generation, transmission, distribution and supply (GTDS) function in The Bahamas;
- iv. grant a Public Electricity Supplier Licence to GBPC to perform GTDS functions in the Port Area of Grand Bahama; and
- v. conduct a public consultation on the formulation of all forms of licences necessary under the Electricity Act 2015 for suppliers other than BPL and GBPC.

Renewable Energy

The National Energy Policy and Electricity Sector Policy make it a priority to create sustainable energy opportunities and enhance the energy security of The Bahamas. In URCA's view, furthering that objective will play a critical role in the Government's climate change strategy because sourcing a percentage of electricity from renewable energy sources will assist The Bahamas with meeting both national and international carbon emissions and greenhouse gases reduction targets. Part V of the Electricity Act requires Public Electricity Suppliers (PES) to develop and submit to URCA a plan for the introduction of sustainable energy technologies into the electricity

supply system. In 2016, URCA will review the plans submitted by the PES to ensure that they promote the renewable energy objectives of the Government and satisfy the obligation of the PES to source an increasing proportion of its generation capacity from renewables.

Consultation

In the second quarter of 2016, URCA will publish consolidated consultation procedures for the Electricity Sector and the Electronic Communications Sector and by the 31 December 2016, URCA contemplates consultation on the formulation of all forms of licences necessary under the Electricity Act 2015. This would effectively further one of the strategic goals envisioned in the Bahamas National Energy Plan, and reflected in the provisions of Part VIII of the Electricity Act 2015, which is to promote high levels of consultation, citizen participation, and public-private sector partnership. That practice currently maintains in the ECS in respect of Consultation and Publication of Documents by URCA and URCA has noted the correlation between the Consultation provisions within the Electricity Act and the related provisions of the Communications Act, in respect of which URCA has already established Procedures for Consultation, which URCA is currently reviewing.

Consumer Protection

As previously stated, URCA is of the view that the protection of consumers is of prime importance. In 2016, as prescribed by section 40 of the Electricity Act 2015, URCA will require both BPL and GBPC to submit proposed standards for the protection of its electricity consumers to URCA for its review and consideration. URCA will also consider how it can revise and amend the existing Quality of Service Framework to address pertinent consumers issues in the Electricity Sector. URCA believes that this action will further another of the principle objectives of the Electricity Sector Policy, which is to create a regime for the supply of safe, least-cost, reliable and environmentally sustainable electricity through the Bahamas.

Operational and Administrative Focus Areas and Key Projects

Building Regulatory Capacity and Human Capital

In 2016 URCA will focus again on recruitment and human capacity building to address new needs arising out of its regulation of the UES. This will comprise as a first priority the engagement of a Director of Utilities and Energy through a competitive process overseen by URCA's Board, and engagement of key team members to support the Director

URCA will continue to develop its human resources and leadership capacity through specialised training, strong performance

management and employee engagement. URCA will also continue efforts to source highly trained and experienced professionals across several key disciplines.

Educating Our Stakeholders

In 2016 URCA will continue its efforts to ensure that stakeholders are enlightened about new and existing regulations in particular and developments in the sector generally. The first series of forums and town hall meetings will take place in the Northern and Central Bahamas. Topics such as Interconnection, the Content Code, the Consumer Protection Regulations and Number Portability are some of the key areas on which URCA will focus its public awareness campaigns. URCA will also seek input from stakeholders as to those topics about which they need more information. Targeted audiences include primary and high school students, civic groups, ICT teachers, and the business community in general.

Special attention will need to be given to efforts to educate all stakeholders on the addition of the ES to URCA's regulated sectors. Consumers, as well as new and existing licensees will be engaged about the impact of the new regulatory regime, to ensure that all stakeholders are aware of their rights and responsibilities, as well as key milestones which are planned for 2016 in respect of the new sector.

With the pending introduction of a second cellular mobile licensee, URCA will begin preparing consumers for a liberalized mobile sector through the production of educational material and presentations at schools, civic organizations and other similar forums.

Efforts to build relationships with licensees, the working media and other stakeholders will continue. URCA's support for sector related educational programmes will also continue in 2016.

It is also anticipated that URCA will complete the preparatory work for the launching of the Consumer Advisory Council.

The strengthening of URCA's Corporate and Consumer Relations Department will allow URCA to be more proactive in the production of smaller handouts with easy to read information for the elderly, the less engaged technology user and the youth. A pamphlet on Frequently Asked Questions (FAQs) is amongst material scheduled for production in 2016.

Raising Public Awareness of URCA

A key policy objective in the ECS is to further the interests of consumers by promoting competition in that sector. To that end, URCA is committed to increasing public awareness of the role and mandate of URCA with regards to the ECS. Consumers across the entire Bahamas must be made aware of URCA's assumption

of responsibility for the ES, and of key information such as how to make complaints, and expected changes which will occur in the UES. Therefore, in 2016 URCA will ensure that consumers and other stakeholders are aware of and become actively involved in URCA's work.

URCA will sponsor or co-sponsor three major events in 2016. These include an ICT competition, the 2016 observance of the ITU global initiative 'Girls In ICT Day', and URCA's Annual Oral Hearing.

URCA's outreach activities in 2016 will emphasize support for initiatives that promote the access to and use of information communication technologies to advance the quality of life for young people, persons with disabilities and women. Each intervention will be used as an opportunity to educate and build awareness of URCA and its role as the Regulator in the ECS sector and other utility sectors.

Organisational Structure Review to Transition to Regulation of the UES

URCA will actively review its operational and organisational arrangements to effectively and efficiently incorporate its responsibility for regulation of the UES, work to be carried out will include, inter alia:

- a comprehensive review and revision of URCA's budget and incorporation of new funding sources, to accommodate regulation of a new sector with different licensees. The preliminary result of this work is included in the final Annual Budget contained in section [];
- the review and revision of URCA's organisational structure to account for requirements of the new/revised legislation, and the increases in staff necessary to regulate the energy sector. This will include engagement of a new executive member of the Board, the Director of Utilities and Energy;
- securing of any necessary and appropriate training and up-skilling of existing staff to prepare for additional responsibilities.
- realigning processes which were hitherto exclusive to the ECS to reflect the widened scope of URCA's remit.

URCA's Key Projects for 2016

This section identifies the projects to be undertaken by URCA through each trimester of 2016. It must be noted that the below projects do not represent all of the work undertaken by URCA. More specifically, the myriad of secondary issues, investigations and research activities that lend support to the achievement of URCA's overall goals, and unforeseen issues which arise during the year, are not included below. The identified projects are those which have major significant public impact.

Projects Continued from 2015

The following projects commenced in 2015 or earlier are currently on-going and will be continued during 2016.

- Alternative Dispute Resolution (ADR) Schemes for Disputes between Consumers and Licensees
- Review of BTC RAIO
- SMP in Call Termination for New Mobile Operator
- Network Quality of Service Regulations
- Universal Service Affordability Guidelines
- Review of Licensing Guidelines
- Monitoring and Managing the Introduction of Cellular Mobile Competition
- Review of Content Codes
- FM Broadcasting Technical Standards
- Market Review – Implementation of Price Caps
- Mobile Number Portability
- Review of 2014 Accounting Separation Results of SMP Operators (BTC)
- Review of Pricing Rules – Mobile Competition

New Projects 2016

January to April 2016

In addition to the projects carried over from 2015, during the first four months of 2016, URCA expects to commence or continue work on the following projects:

Annual Report 2015

Section 41 of the URCA Act, 2009 requires that URCA, no later than four months after the end of each year, prepare and publish a plan of its proposed objectives for the forthcoming year; and a report of the

carrying out of its functions during that financial year. As such, URCA will during the first trimester of 2015, seek to complete its annual report for 2015, as well as to publish the final version of this Annual Plan for 2016.

Consultation Procedure Guidelines

In August 2009 as the newly formed regulator for the electronic communications sector, URCA issued a consultation document on Consultation Procedure Guidelines that it wished to adopt in its engagement with the public, licensees and other stakeholders in consultation exercises. The goal of the Consultation Procedure Guidelines is to standardise the process by which consultations are conducted by URCA. Therefore, in the first trimester of 2016, URCA will re-issue the Guidelines, with amendments to reflect URCA's experience over the past six (6) years, for public consultation prior to their formal adoption for the sector. It should be noted that while the original document applied only to the ECS, with the advent of URCA's regulation of the UES, the proposed Guidelines will be adapted to apply to consultations which occur in relation to consultation in the UES as well as the ECS. This enables URCA to streamline its processes and to adopt a consistent approach to engagement with all stakeholders.

ICTs for Disaster Preparedness and Management

In October 2015, Hurricane Joaquin made landfall in The Bahamas and had a devastating impact on the southeastern islands of The Bahamas, particularly Crooked Island, Acklins, Long Island and San Salvador. Along with physical damage to infrastructure and personal property, the breakdown of essential communications in some parts of these islands occurred as a result of this Hurricane. Communications services are vital to the dissemination of early warnings, emergency response and disaster relief efforts and in 2016 URCA will work closely with its stakeholders and other agencies to develop a multi-stakeholder initiative to ensure that critical communications remain operational when disaster strikes.

Digital Switchover – Identification of Available Spectrum

The transition from analogue to digital broadcasting involves the conversion of analogue to digital terrestrial television in order to free up scarce spectrum for other uses such as wireless broadband communications. Spectrum efficiency gained by digital switchover will result in consumer and industry benefits such as more choices in television services as well as new revenue streams. Many countries have already completed the switch off of analogue terrestrial television services such as the USA, Germany, Sweden, Switzerland and The Netherlands. In 2016, URCA will commence the digital switchover process by identifying available spectrum in line with Guidelines introduced by the ITU for the transition from analogue to digital broadcasting.

Licensing Guidelines, Documents and Processes for the ES

URCA is required by the EA to issue licences to providers of Generation, Transmission, Distribution and Supply of Electricity. To that end, during 2016 URCA will establish a Licensing Framework which will include Guidelines for persons desirous of obtaining such licences, the relevant Application Forms, and the Forms of the various Licence types for use in the ES.

May to August 2016

Regulation of Consumer Protection in the ES

The ES provides a detailed process for the establishment of Consumer Safeguards in respect of all public electricity suppliers. URCA will be developing and establishing a regulatory framework for protection of consumers in the ES based on those provisions as a matter of priority in 2016.

Universal Service Implementation Plan

The provision of basic electronic communications to persons throughout The Bahamas at prices they can afford is the overall goal of the universal service framework. To further the work commenced on universal service, URCA will establish a Universal Service Plan which will outline the universal service initiatives to be implemented in the near future as well as long term initiatives. These initiatives will focus on the underserved and unserved population in The Bahamas that require access to affordable electronic communications services. URCA will seek and consider public and stakeholder input prior to the development of the Universal Service Plan in the second trimester of 2016.

Net Neutrality and Over-the-Top (OTT) Services

Over-the top or OTT services refers to the delivery of audio or video content or services over a network that is not under the administrative control of a service provider. OTT applications and services exist “over the top” of a network and cannot exist without a network. Examples of OTTs include WhatsApp and Skype and these “apps” have become increasingly popular and are more widely used compared to traditional telephone calling and SMS messaging due to their affordability and accessibility on many smart devices. URCA is aware that OTT services may adversely impact licensed service providers’ revenues derived from voice and SMS messaging and in 2016 URCA intends to assess the current regulatory environment and framework for OTT services in The Bahamas and will seek public input on the recommended regulatory treatment of such services.

In seeking to address this problem, URCA will also carefully consider the extent to which regional cooperation and alignment may enhance the effectiveness of any Bahamas based remedies.

Framework for Renewable Energy

The ES provides for the inclusion of renewable energy in the electricity grid through a consultative process between the public electricity suppliers and URCA. URCA will be establishing a framework for promoting and regulating renewable energy use in accordance with those provisions, and the timelines set out in the EA.

September to December 2016

Review of Accounting Separation Results of SMP Operators

The Separated Accounts of SMP operators are submitted to URCA annually and are reviewed by URCA to ensure that they have been prepared consistently with URCA’s Accounting Separation Guidelines, and to identify any regulatory impact. The review will commence on submission of the accounts (due for CBL on 30 June and for BTC on 30 September) and is expected to continue for approximately six months in each instance.

On-going Activities

In addition to the list of projects that URCA has outlined above, there are additional activities which URCA is obliged to undertake in the fulfilment of its responsibilities under the URCA and Comms Acts. These activities are particularly related to administrative functions and the handling of ad hoc regulatory matters. These include, but are not limited to the following:

- Statutory duties such as satisfying URCA’s accountability to its stakeholders by publishing its work plans and annual reports within the statutory periods;
- Monitoring compliance by licensees with licence conditions and regulatory measures and taking enforcement action where appropriate;
- Investigations and enforcement in respect of complaints of anti-competitive behaviour;
- Spectrum monitoring activities;
- Reviewing and investigating complaints under the Content Code;
- Handling consumer complaints regarding electronic communications services as they arise; and
- Various consumer awareness and publicity initiatives undertaken by URCA to ensure that members of the public are aware of key issues and URCA’s role in the regulation of the electronic communications sector.

URCA’s 2016 Budget

URCA’s full-time staff complement is anticipated to be thirty-six (36) including proposed new hires in 2016. In an effort to continuously improve URCA’s effectiveness and to secure the desired levels of knowledge transfer, there are plans to augment staff complement with emphasis being placed on new hires with economics and technical expertise. Over the long run, it is anticipated that this should result in a decreased reliance on external professional service providers.

URCA will ensure that it has sufficient finances to meet its regulatory mandate and will make sure that it delivers the best possible service to its stakeholders. In so doing, URCA will also ensure that it provides full accounting of its activities as required by Section 41(1)(b) of the URCA Act.

As noted above, on 28 January 2016 URCA assumed responsibility for regulation of the ES. URCA’s draft 2016 Budget, which was published on 31 December 2015, together with the 2016 Annual Plan anticipated the expenses related to URCA regulating the ES by reducing the overall draft budget by \$346,501. URCA has now built that amount into the ES budget which is included in this document.

The final Budget for 2016 now includes budgetary allocations for both the ECS and the ES, separated in accordance with section 39 of the URCA Act. Those expenses shall be recovered through the imposition of fees on the licensees in the ECS and the ES, in accordance with section 92 of the Communications Act 2009, and section 54 of the Electricity Act 2015, respectively.

URCA ECS Budget 2016

	2015	2016
Non-Executive Members Honoraria and Expenses	203,040	171,000
Executive Members Compensation	341,883	350,754
Staff Costs	1,909,174	1,926,750
Professional Services	1,413,000	1,265,444
Conferences, Training and Travel	575,996	902,800
Rent and Utilities	553,844	614,429
Consumer Education and Public Relations	325,000	250,000
Office Services	226,000	242,500
Information Technology	80,600	81,300
General and Administrative Expenses	319,751	324,629
Total Operating Expenditure (OPEX)	5,948,288	6,129,606
Depreciation	357,608	269,717
Total Operating Budget Recovered through URCA fees	6,305,896	6,399,323
Capital Expenditure	690,500	385,000

URCA ES Budget 2016

	2016
Staff Costs	582,341
Professional Services	240,000
Conferences, Training and Travel	35,000
Rent and Utilities	32,752
Consumer Education and Public Relations	32,500
Office Services	35,072
Information Technology	4,114
General and Administrative Expenses	15,281
Total Operating Expenditure (OPEX)	977,060
Depreciation	16,190
Total Operating Budget Recovered through URCA fees	993,250
Capital Expenditure	68,700

Allocation of expenses between the ECS and the ES has been carried out as follows:

- Directly incurred costs and expenses that relate to one sector only are allocated to the regulated sector to which they relate; and,
- Directly incurred costs and expenses that relate to both the ECS and the EC, and indirectly incurred costs and expenses, have been allocated proportionately based on the estimated burden from each of the ECS and the ES.
- This will be further refined in future as URCA gains more experience on the levels of effort attributed to the shared resources and overheads across the sectors

Further explanation of each expense category is as follows:

- The budgeted operating expenditure inclusive of depreciation is factored into the calculation of the URCA fee; in 2016 the depreciation is anticipated to decrease by approximately \$80,000.
- “Staff Costs” for the ES Budget have not been itemised, but includes estimated remuneration for Non-Executive members, Executive member and all other Staff, allocated to the ES in accordance with the above note.
- Non-executive members’ compensation includes honoraria of \$14,000 per month (for all 4 non-executive members of the Board) and business related travel expenses for the non-executive member who is resident overseas. This expenditure increased 32% compared to 2015 budget due to additional non-executive board member and increased expatriate non-executive travel;
- Executive members’ compensation includes salaries and other benefits for executive members and represents approximately 6% (2015: 5%) of the operating expenditure for the period;
- Staff costs which increased to 34% of the total operating budget (2015: 30%) and is anticipated to increase approximately 27% due to increased staff levels to accommodate regulating new sector (7 new hires and summer interns) and increases in line with the performance management system;
- Professional services expenditure is anticipated to increase by 7% due to significant expenditure on transition to regulation of the ES, offset to some extent by progress being made in prior year to major regulatory projects;
- Conferences, Training and Travel is anticipated to increase 63% over the previous year; it is anticipated that there will be travel for Executives and other staff related to

training and engagement with international organizations, through attendance at meetings, conferences, seminars and workshops. Significant funds have been allocated in the budget for preparatory work relative to hosting of ITU’s GSR conference scheduled for 2017;

- Rent and utilities increased due to movement of operations from UBS Annex to larger premises at Frederick House in July 2015. Included in the budgeted expenses are the costs associated with the potential purchase of Frederick House which although increases the expenditure in the short term, there is expected to be cost savings in the future;
- Consumer Education and Public Relations is anticipated to decrease by 13% in order to fund initiatives to educate the public on URCA’s new role as regulator of the ES, as well as continued initiatives aimed at educating and informing consumers on the regulatory regime in the ECS. This will include public consultations on sector issues, community outreach, and utilizing other advertising media;
- Office services are budgeted to increase by 23% over prior year due to inclusion of security of Frederick House. Also included is anticipated expenditure for office supplies, printing, general insurance and miscellaneous items;
- Information technology expenditure includes LAN maintenance, cloud backup monitoring and numerous software renewals;
- General and administrative expenses are budgeted to moderately increase by 6%, which is anticipated to cover the funding of regulatory contributions, professional memberships and subscriptions.

