



URCA Draft Annual Plan 2018

URCA 7/2017

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1. Background

1.1 Introduction

The Utilities Regulation and Competition Authority (“URCA”) is pleased to publish its Draft Annual Plan for 2018. The remainder of this document outlines:

- A brief review of URCA’s achievements in 2017;
- URCA’s focus areas and key priorities for 2018;
- URCA’s key projects for 2018, including its planned consultation schedule for the year;
- A series of the key performance indicators which URCA shall use to measure its performance during the year; and
- URCA’s budget for the forthcoming financial year.

URCA hereby invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this Draft Annual Plan. Details on how to respond are provided in section 1.2 below.

1.2 Responding to this Draft Plan

The timetable for responses to this Draft Annual Plan is as follows:

- All submissions to this consultation should be submitted by 5pm on 9 February 2018;
- URCA shall endeavour to publish these responses by 5pm on 16 February 2018; and,
- URCA shall endeavour to publish the final version of its Annual Plan by 16 March 2018.

In addition, prior to publication of the Annual Plan and as part of the consultation on this draft Annual Plan, URCA will hold at least one stakeholder forum to present the draft Annual Plan and to allow key stakeholders (licensees, Government agencies, and civil society) an opportunity to provide input. URCA will communicate the date and venue, with advance notice, for this hearing in early 2018.

Persons may obtain copies of this document by downloading it from the URCA website at www.urbahamas.bs.

Persons may deliver their written submissions or comments on the public consultation document to the Chief Executive Officer, URCA either:

- by hand, to URCA's office at Frederick House, Frederick Street, Nassau;
- by mail, to P.O. Box N-4860, Nassau, Bahamas; or
- by fax, to 242 393 0237; or
- by email, to info@urcabahamas.bs

2. Review of URCA's Achievements in 2017

2.1 Overview

The final version of URCA's 2017 Annual Plan was published on 30 April 2017 together with URCA's Annual Report for 2016. In the Annual Plan URCA set out several projects which would be undertaken with proposed timelines.

During 2017 URCA continued its management of the changes introduced in 2016, concentrating its activities on capacity building in the Electricity Sector (ES) regulation and concurrently working to introduce key regulatory measures required for the ES regulatory framework. Key work streams included completing the licensing framework for the ES, working towards the further integration of renewables in the generation mix, and working on the implementation of consumer protection standards for Bahamas Power and Light Limited (BPL).

In the Electronic Communications Sector (ECS) URCA's focus was on cellular liberalisation, and significant milestones achieved in 2017 included the launch of Mobile Number Portability (MNP) and monitoring the roll out of competitive cellular mobile services.

URCA's representation of the Government of The Bahamas at international organisation was another key area of activity with The Bahamas hosting the International Telecommunication Union (ITU)'s Global Symposium for Regulators 2017 (GSR-17) at the Atlantis Paradise Island Resort, from 11 to 14 July 2017, under the theme *"Living in a World of Digital Opportunities"*. The event was a resounding success with almost four hundred delegates including government ministers, heads of regulatory agencies and C-level industry executives from more than 60 countries. This was followed by the hosting of the Caribbean Telecommunications Union (CTU)'s ICT Week, including the CTU's Council of Minister and Executive Council meetings, from 27 November to 1 December 2017.

With the change of Government in May 2017, URCA also sought to engage with the new Government to ensure that as the regulator of key sectors of the Bahamian economy, URCA remained fully seized of Government's policies in relation to the ES and ECS, and Government's plans for the regulation of additional sectors of the economy.

The work that was undertaken is set out briefly below in the context of each regulated sector, and URCA's identified priorities:

2.2 General Highlights

The majority of URCA's regulatory responsibilities are specifically attributable to either of the sectors regulated by URCA, however, URCA seeks as far as possible to achieve economies by adopting, where possible, regulatory and other measures which apply to both sectors, thereby reducing the regulatory burden and streamlining URCA's work.

During 2017, URCA issued revised guidelines for consultations, which will apply to both the ECS and the ES. The revised guidelines (ECS 04/2017, issued on 13 April 2017) ensure that URCA's approach is properly codified, and that it takes into account the learnings by URCA over the 8 years since URCA's formation.

Continuing the work commenced with the publication of URCA's Alternative Disputes Resolution (ADR) Schemes for disputes between licensees (ECS 20/2014), URCA completed its Consumer Complaint Handling Procedures during 2017, to ensure that there was a clear framework for the referral and handling of complaints submitted to URCA by consumers of services regulated by URCA. It should be noted that this document applies to services provided in both the ECS and the ES.

2.3 Electronic Communications Sector Highlights

URCA made progress on several of the initiatives outlined for its regulation and oversight of the ECS during 2017.

The most significant work-streams in the ECS during 2017 continued to be related to URCA's oversight of the liberalised cellular mobile market. Cellular liberalisation having been achieved on 31 October 2016 with the launch of services by the second cellular mobile services provider Be Aliv Limited (Aliv), during 2017 URCA continued its work to ensure that services are delivered seamlessly across The Bahamas to customers of both mobile networks (operated by the Bahamas Telecommunications Company Ltd. (BTC) and Aliv), and that competition between the licensees proceeded on a fair, non-discriminatory, level playing field. This involved regulatory intervention, as appropriate, in the following areas during 2017:

- Monitoring and assessing the roll-out of services by Aliv;

- Introduction of Mobile Number Portability, and management of the MNP process;
- Managing infrastructure sharing between the operators (towers, undersea inter-island capacity and on island backhaul links);
- Implementation of National Roaming; and,
- Investigation of complaints of possible anti-competitive behaviour.

Generally, URCA considers that the introduction of competition in the cellular mobile market has proceeded in a robust manner and has already begun to deliver benefits to the population in terms of better quality, prices and availability of services.

A key aspect of URCA's mandate is the protection of consumers, by ensuring a high quality of service by ECS licensees, where competitive pressures are inadequate to do so. During 2017 URCA continued to closely monitor the quality of service delivered by operators in the ECS, particularly those with significant market power (SMP) to ensure that those services met the standards established by URCA in its Consumer Protection Regulations – ECS 19/2013 and Quality of Service For Electronic Communications Networks and Services in The Bahamas Regulations – ECS 42/2016.

Also geared toward more effective and timely regulatory action, and the empowerment of consumers, during 2017 URCA completed a comprehensive revision of its processes and procedures for the collection of data from licensees in the ECS. The Statement of Results and Final Decision, published on 20 December 2017, paves the way for the collection of comprehensive sector information on a quarterly basis and the publication of relevant and timely reports.

In 2017, URCA completed work it commenced in 2015 on the review and revision of its Licensing Framework, having regard to the knowledge gained by URCA in the years since the framework was first introduced in 2009. As an output, URCA published its Revised Licensing Guidelines – ECS 19/2017 on 15 December 2017. The Guidelines will be effective from 15 January 2018.

Review of Electronic Communications Sector Policy (ECSP)

The current ECSP was published on 23 April 2014 and section 6 of the Communications Act (Comms Act) provides for the review of the ECSP every three years through a consultative process between URCA and the Minister of Government with responsibility for the Electronic Communications Sector (ECS). During

2017, URCA prepared a draft ECSP document and began the consultative process by canvassing key stakeholders on sector related issues. URCA has reviewed all of the responses from the stakeholders and began to formulate its recommendations to the Government.

2.4 Electricity Sector

With its assumption of responsibility for regulation of the ES, URCA formed its Utilities and Energy Department in 2016, headed by the Director of Utilities and Energy. While it is envisioned that the Department will eventually regulate other utilities (e.g., water), as presently constituted the department is responsible for URCA's role in regulating the Electricity Sector (ES) in accordance with the Electricity Act 2015 (EA) and the National Energy Plan 2013-2030. During 2017 URCA continued its capacity building in the UE department, while seeking to introduce necessary regulatory measures for the ES.

URCA completed a significant volume of work in the ES during 2017, focussing not only on creating but also ensuring compliance by sector stakeholders with newly issued regulatory requirements such as licensing, consumer protection plans, and renewable energy integration. Concurrently, URCA conducted a significant public awareness programme to heighten stakeholder awareness and appreciation for a regulatory regime in a previously self-regulated industry.

During 2017, URCA completed the licensing framework for licensed entities in the ES, completed the consultation phase of the development of a Consumer Protection Plan for the country's largest Public Electricity Supplier (BPL), and successfully facilitated the integration of small-scale Renewable Energy self-generation facilities into BPL's electricity grid.

In addition, during 2017 work was commenced on the following projects which will be further developed in 2018:

- **Utility Scale Renewable Generation:-** The framework for the integration of utility scale generation is currently under development, and once rolled out should allow for the production of cleaner, cheaper, sustainable power to local grids by both utilities and Independent Power Producers (IPP). This program has the potential to benefit all stakeholders via access to private capital, reduced consumption of conventional fuels, and the inherent bolstering of foreign cash reserves.

- Efficiency Study of BPL: During 2017 URCA commenced work on an efficiency study, which will comprise a constructive review of all aspects of the BPL's business with a view to optimizing the same within the capacity of existing resources in the short term, and seeking regulatory means to incentivize their enhancement going forward.

URCA considers that the need for regulatory involvement in the ES is self-evident, and URCA is determined to ensure that the appropriate approaches are taken to engender the development of an ES which is properly regulated within a transparent, fair and effective framework. To that end, the full implementation of an effective regulatory framework for the ES, and action to guide the development of the ES consistent with the National Energy Policy, will be URCA's highest priority for 2018.

2.5 International Participation and Engagement

During 2017 URCA 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.

As noted above, highlights of 2017 were the hosting of GSR-17, and CTU Week in The Bahamas. During 2017 URCA also, on behalf of the Government, played a significant role at the World Telecommunications Development Conference. At that critical global conference, The Bahamas helped to coordinate the Inter-American Telecommunications Commission (CITEL) to promote regional positions on matters relevant to ICT development in The Bahamas, including Cybersecurity, Disaster Preparedness and Management, and Broadband deployment.

URCA's representation of The Bahamas at the ITU was elevated during 2017 based on The Bahamas' decision to seek election to a seat on the ITU's Council. This will be the focus of activities in 2018.

URCA also continued its participation in the Organisation of Caribbean Utilities Regulators (OOCUR), of which URCA is a founding member. URCA was elected as a member of the Executive Council of OOCUR at its General Assembly held in Tobago in October 2017.

URCA also participated in conferences, fora and other activities conducted by several other relevant international organisations during 2017.

2.6 Building Regulatory Capacity and Human Capital

Over the last few years, URCA has seen a number of major changes, most recently the addition of the ES to URCA's regulatory responsibility. URCA is committed to talent (people) development and in 2017 focused on initiatives geared towards capacity building. The implementation of a new Strategic plan, vision, mission and core values at the beginning of 2017 helped direct efforts in the areas of recruitment, learning and development, employee engagement and records management. During 2017 URCA's staff complement saw a rise of approximately fifty percent over the previous year. The increase was partly attributed to the need to staff URCA's new Utilities and Energy department which is responsible for the regulation of the Energy Sector, and to fill a number of positions that became vacant in 2016.

In 2017 new and existing staff members were provided with learning and development opportunities focused on upskilling in the areas of energy regulation, electronic communication regulation and leadership. An improved Records Management System having been identified as a key strategic initiative, URCA hired a Records Management Officer to oversee the implementation of a robust, secure and effective Records Management function. Improvements to URCA's Records Management function began during 2017, and should be fully implemented by the second trimester of 2018.

In 2018, URCA will focus on managing employee engagement levels and talent development. URCA's investment in its people is a driving force to achieving organizational goals. Projects will be designed around retaining employees, succession planning and creating a continuous learning environment.

2.7 Educating and Supporting our Stakeholders

During 2017, URCA started a public awareness programme directed at heightening public knowledge and identification of the organisation, its mandate, vision and mission. This exercise was started with the adoption and roll out of URCA's new mission "*Improving lives through Effective Utilities Regulation*" and the launch of the organization's redesigned website in October 2017.

Highlights of URCA's Public Awareness activities in 2017 included:

- *Celebration of International Girls in ICT Day 2017*

More than 100 female high school and college students came together for the 3rd observation of this ITU initiative to promote careers in the ICT sector. As with 2016, participants came from several family island schools including Grand Bahama, San Salvador and Bimini. This year a pre-event was also included, which took the form of a screening of the movie Hidden Figures which was well received by both students and parents.

- *URCA’s Inaugural ICT Competition*

In September URCA launched its first ICT Competition at the RM Bailey Senior High School campus. There was enormous show of support for this project from both the public and private schools and the public in general. By close of competition deadline on November 15, URCA had received more than 160 entries. URCA looks forward to sharing with the public, the innovative ideas presented by the participants during the first half of 2018.

- *Consultation on the BPL Consumer Protection Plan*

URCA initiated public consultation on BPL’s draft Consumer Protection Plan, CPP, in New Providence, Grand Bahama, Abaco, Eleuthera and Exuma. The consultation closed on 30th November. Following an analysis of the feedback, URCA will forward its determination on the CPP to BPL in anticipation that a final document will be ready for circulation during the first trimester of 2018.

- *Mobile Number (MNP) Public Awareness Campaign*

URCA executed a very comprehensive MNP campaign during the first half of 2017. The campaign included the use of multiple media which allowed URCA to get information out to the general public in a strategically coordinated manner.

2.8 Summary of URCA’s 2017 Outcomes

Table 1 below presents a summary status of URCA’s projects proposed for 2017.

Project	Start Date	2017 Anticipated End Date	End Date	Revised End Date
ADR Schemes for Disputes between Consumers and Licensees	Commenced in 2014	T1, 2017	T3, 2017	N/A

Project	Start Date	2017 Anticipated End Date	End Date	Revised End Date
Monitoring and Managing the Introduction of Cellular Mobile Competition	Commenced in T2, 2015	Ongoing	Ongoing	N/A
Revised Licensing Guidelines	T2, 2015	T1, 2017	T3, 2017	N/A
Review of 2014 Accounting Separation Results of SMP Operators (BTC)	Commenced in T2, 2015	T2, 2017	T2, 2017	N/A
Annual Plan 2017	Commenced in T3, 2016	T1, 2017	T1, 2017	N/A
Mobile Number Portability	Commenced in T1, 2016	T1, 2017	T1, 2017	N/A
Review of Consultation Procedures	Commenced in T1, 2016	T1, 2017	T1, 2017	N/A
Net Neutrality and OTT Services	Commenced in T1, 2016	T2, 2017	Delayed to 2018	T1, 2018
Review of URCA Website	Commenced in T1, 2016	T1, 2017	T3, 2017	N/A
Review of BPL Renewable Energy Plan	Commenced in T2, 2016	T1, 2017	Delayed to 2018	T2, 2018
Review of BPL Consumer Protection Plan	Commenced in T2, 2016	T2, 2017	Delayed to 2018	T1, 2018
Licensing Guidelines for the ES	Commenced in T2, 2016	T2, 2017	Delayed to 2018	T1, 2018
URCA Annual Report 2016	T1, 2017	T1, 2017	T1, 2017	N/A
Review of ECS Policy	T1, 2017	T1, 2017	Delayed to 2018	T3, 2018

Project	Start Date	2017 Anticipated End Date	End Date	Revised End Date
Market Surveys (ECS and ES)	T1, 2017	T3, 2017	Delayed to 2018	T1, 2019
Review of CBL 2015 Accounting Separation Results	T1, 2017	T3, 2017	T2, 2017	N/A
ICTs for Disaster Preparedness and Management	T1, 2017	T3, 2017	Delayed to 2018	T3, 2018
Digital Switchover – Identification of Available Spectrum	T1, 2017	T3, 2017	Delayed to 2018	T2, 2018
Review of BTC 2015 Accounting Separation Results	T1, 2017	T3, 2017	Delayed to 2018 due to change in BTC year-end.	T2, 2018
Review of CBL 2016 Accounting Separation Results	T3, 2017	2018	Delayed to 2018 due to change in CBL year-end.	T2, 2018
BPL Efficiency Assessment	T2, 2017	T1, 2018	T1, 2018	T3, 2018

Table 1 - URCA's Achievements in 2017

3. URCA's Plan for 2018

3.1 Strategic Outlook

URCA's projects for 2018 have been selected to achieve the following objectives:

- build out URCA's regulatory framework for the ES;
- to complete regulatory work in the ECS already commenced in previous years, or to conduct reviews of existing policy and regulatory measures; and,
- to fully implement URCA's new strategic plan, in particular initiatives for measurement of new and innovative performance indicators for URCA and the sectors it regulates.

3.2 URCA's Key Regulatory Projects for 2018

This section identifies the specific projects URCA proposes to work on during 2018. It must be noted that the proposed projects do not represent all the work that will be undertaken by URCA. More specifically, the myriad of secondary issues, complementary competition investigations and research activities that lend support to the achievement of URCA's overall goals are not included below, and the identified proposed projects are those which have major significant public impact.

3.2.1 2017 Projects Carried over into 2018

This following projects will be carried over from 2017 in relation to each regulated sector:

Electronic Communications Sector

- FM Broadcasting Technical Standards
- Market Review – Implementation of Price Caps
- Review of URCA Position on Net Neutrality and Regulation of OTT Services
- Review of ECS Policy
- ICTs for Disaster Preparedness
- Identification of Spectrum for Digital Switchover
- Review of Wholesale Internet Access
- Monitoring the roll out of cellular services by Aliv

Electricity Sector

- Licensing Guidelines for the ES and Licensing of Public Electricity Suppliers
- Review of BPL Consumer Protection Plan
- Review of BPL Renewable Energy Plan
- BPL Efficiency Assessment

Each of these projects was described in detail in the Annual Plan 2017.

3.2.2 Projects for 2018, by Trimester

Trimester 1 – 1 January to 30 April 2018

During the first four months of 2018, URCA expects to commence or continue work on the following projects:

Annual Report 2017 and Final Annual Plan 2018

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. This document commences the consultation on URCA's 2018 Annual Plan, which will be continued and completed during the first three months of 2018 with the publication of the final Annual Plan 2018.

During the first trimester of 2018, URCA will also complete and publish its Annual Report for 2017, including its audited financial statements.

Licensing Guidelines for the ES and Licensing of Public Electricity Suppliers

In 2017 URCA had intended to finalise the suite of licences for providers in the ES through the Licensing Guidelines, and to issue revised licences to the Public Electricity Suppliers. This was not completed due to a delay in responses from key entities with a significant interest in the process. URCA has made further enquiries and attempts to engage the identified significant stakeholders in the process, and subsequent to those effort received a response from one of those entities.

This submission, received on 20 November 2017, is now being considered in the final determination process, which is anticipated to be completed in T1, 2018. This will be finalised along with the full licensing package so that the guidelines and licences can be issued.

ICTs for Disaster Preparedness and Management

Electronic communications services are vital to the dissemination of early warnings, emergency response and disaster relief efforts in The Bahamas. In 2017 URCA commenced work to develop a multi-stakeholder initiative to ensure that critical communications remain operational when disaster strikes and are fully restored in the aftermath of a disaster. To this end, URCA has drafted its “ICTs for Disaster Preparedness and Management Regulations for the Electronic Communications Sector in The Bahamas” document for public consultation. This work will continue in 2018 and is scheduled to be completed in the third trimester.

Review of the ECS Policy

Section 6 of the Communications Act mandates URCA to present to the Minister with responsibility for the ECS its recommendations for a revised Electronic Communications Sector Policy (ECSP) within three years of each publication of each ECSP. Having sought input and recommendations from key sector stakeholders, URCA is compiling its recommendations and will seek the Government’s initial input early in 2018. Upon authorization by the Government, URCA will publish the draft ECSP document to the wider public for consultation. Thereafter, URCA will collate the responses from the public and provide its views and final recommendations to the Government for its consideration, prior to the publication of the final ECSP. The ECSP is a Government document and URCA will work toward putting the Government in a position to publish the final document during 2018.

Digital Switchover – Identification of Available Spectrum

The transition from analogue to digital broadcasting involves the conversion of analogue to digital terrestrial television to free up scarce spectrum for other uses such as wireless broadband communications. Digital Switchover will also result in the free-up of valuable spectrum for emerging mobile telecommunications systems. URCA considers that the implementation of a framework for Digital Switchover will also further the objectives of the Electronic Communications Policy by preparing The

Bahamas for the adoption of new high definition digital over-the-air television network and services. URCA has prepared a draft Framework for Digital Switchover consultation document that will be published during the first term of 2018.

BPL Consumer Protection Plan

On 5 May 2017 BPL produced its proposed Consumer Protection Plan for URCA's consideration as required by section 40 of the Electricity Act. On 29 May 2017 URCA published the plan for consultation and commenced a comprehensive widespread consultation throughout The Bahamas. The consultation included town meetings and other initiatives in the following islands (in addition to New Providence):

- Abaco
- Acklins
- Bimini
- Crooked Island
- Eleuthera
- Exuma
- Grand Bahama
- Inagua

The consultation having completed on 30 November 2017, the deadline for comments, URCA commenced the process of reviewing the comments and producing its final decision.

During 2018 URCA will finalise its decision, which is expected to be completed and issued before the end of the first trimester. URCA's decision will direct BPL to make final revisions to the CPP so that it can be published and implemented by BPL before the end of T2 2018.

Review of BPL Renewable Energy Plan

During the third trimester in 2017, URCA provided feedback to BPL on its utility-scale portion of the Renewable Energy Plan (REP). BPL's response was due on 23 November 2018, however BPL requested an extension to engage necessary assistance to formulate their proposals, which extension URCA was considering as at the time of publication of this document. URCA considers this output to be critical and

intends to push for the publication of the final REP before the end of T1 2018, and for BPL to begin implementing utility-scale projects immediately upon publishing the REP.

BPL Efficiency Assessment

The reliability and cost of the electricity supply in The Bahamas is a source of considerable concern for residents and businesses which operate in The Bahamas. The NEP identifies that Government's key objective is the creation of a "modern, diversified and efficient energy sector, providing Bahamians with affordable energy supplies and long term energy security towards enhancing international competitiveness and sustainable prosperity".

The reliability and cost of electricity provided by BPL, in particular, is subject to significant challenges which may be due to inefficiencies in BPL's systems, and URCA therefore intends in 2017 to commence a study of the efficiency of the BPL system which will assist URCA to determine any efficiency improvement measures that can reasonably be undertaken in the current environment. URCA intended to commence this work in the second trimester of 2017, and to complete the project in late 2017 however organisational changes at BPL delayed URCA's commencement of the project. URCA is engaging with BPL to restart the project, and has scheduled the project to start in T1 2018 and be completed by T3, 2018.

Market Review – Implementation of Price Caps

Implementation of price cap regulation was an outcome of URCA's 2014 market review. The framework is complete. However, URCA delayed the public consultation process in 2016 due to mobile liberalisation. In 2017, URCA resumed the project and is updating its analysis to take into account the relevant operators' 2015 and 2016 accounting results and other information. URCA anticipates completing this project in 2018.

Review of URCA Position on Net Neutrality and Regulation of OTT Services

URCA is aware that Net Neutrality and Over-the-Top (OTT) Services are topical issues globally. Net Neutrality is the principle that all electronic communications passing through a network should be treated equally regardless of content, application, service, user device, sender address or receiver address. OTT services are short message, video, audio, and other media services that are delivered over the internet without the service provider being involved in the control or distribution of the content. Some of the more

popular examples of these products include Skype, WhatsApp, Netflix, Facebook, Lime, and Viber. In fulfillment of its 2016 Annual Plan commitment to review the regulatory framework for Net Neutrality and OTT services in The Bahamas, URCA has now been able to consider the very complex issues associated with Net Neutrality and OTT services and complete its draft Position on Net Neutrality and OTT Services in The Bahamas consultation document. This consultation document will be published early in 2018.

Review of Wholesale Internet Access

In 2014, URCA conducted a full market review of the key retail communications services in The Bahamas, including retail broadband services (ECS 14/2014) which confirmed, amongst others, BTC's and CBL's SMP designations in retail broadband services. Given the focus on retail services, URCA at that time did not review the competitive dynamics in the relevant wholesale markets and consequently only imposed resale broadband obligations. There has been no take-up of the resale broadband services to date. URCA has therefore reviewed the fixed broadband resale SMP obligations in order to reconfirm the SMP designations of BTC and CBL in wholesale fixed broadband services and review the price and non-price terms and conditions of BTC's and CBL's resale offers. To this end, on 31 October 2017 URCA issued its "Review of the Resale Broadband Obligation imposed on BTC and CBL under Section 116 and Schedule 4 of the Communications Act, 2009" consultation document. Completion of this work stream will extend into 2018.

URCA considers that in 2018 there will also be a need to consider expanding the scope of the *ex ante* remedies imposed on SMP operators providing wholesale broadband access into more high level services, to provide more versatile solutions which will encourage and facilitate take-up of these services by other operators and thereby open the market to further competition. To this end, a separate project has been included for work in 2018,

Review of National Spectrum Plan

Under section 31 of the Comms Act, within three years of each publication of a National Spectrum Plan, URCA is required to publish a new spectrum plan which is consistent with any applicable international treaties, commitments or standards including those of the International Telecommunications Union, and must also take into account relevant international recommendations. URCA is reviewing the existing National Spectrum Plan (published on 10 April 2014) and will draft another three-year plan aimed at

facilitating new and emerging technologies. The new National Spectrum Plan will maintain the principal objective of fostering optimal use of spectrum as a state asset. URCA will publish the new National Spectrum Plan in 2018.

Monitoring the roll out of cellular services by Aliv

The monitoring of the full roll-out of cellular mobile services by NewCo2015 (subsequently renamed Be Aliv Limited (Aliv)) continued to place heavy demands on URCA's resources during 2017. In January 2017, URCA confirmed that Aliv had complied with its roll-out requirements in the first milestone for Phase 1a for New Providence of 99% coverage and Grand Bahama of 80% coverage, as required by 1 October 2016. URCA issued Aliv a Certificate of Completion certifying that Aliv achieved its Milestone coverage for Phase 1a to URCA's satisfaction.

Due to network disruptions caused by the destruction in the wake of Hurricane Matthew, in the period since the passage of the Hurricane URCA has been engaged in addressing matters related to timelines for Aliv's compliance with its remaining roll out obligations. URCA expects to provide a comprehensive update to the public in early 2018, and to continue to closely monitor the roll-out of Aliv's cellular mobile services. URCA does not, however, anticipate having to expend an inordinate amount of resources as it did in 2017, in this regard.

Campaign for ITU Council

Consistent with its mandate to establish The Bahamas as a regional centre of excellence and leader in ICT development, in March 2016 the Government of The Bahamas decided to explore the possibility of The Bahamas seeking election to the Council of the ITU. In 2017, The Government confirmed its commitment to this initiative.

The ITU Council acts as the ITU's governing body in the interval between the Plenipotentiary Conferences (which are held every four years). The Council's role is to consider broad telecommunication policy issues to ensure that the Union's activities, policies and strategies fully respond to today's dynamic, rapidly changing telecommunications environment. The ITU Council also prepares a report on the policy and strategic planning of the ITU and it is responsible for ensuring the smooth day-to-day running of the Union, coordinating work programmes, approving budgets and controlling finances and expenditure.

The Bahamas obtaining a seat on the ITU Council would significantly enhance the country's international profile in relation to ICTs, and would present numerous further opportunities for development of ICTs in The Bahamas. Further, the English speaking Caribbean has not been represented on ITU Council since the 1998-2002 period when Trinidad was a member of Council. The years since have seen significant challenges in ensuring that matters of importance to The Bahamas and the region are given due prominence at the ITU, which can be addressed by The Bahamas as a member of Council.

As the Government's delegated representative to the ITU, URCA has assumed the administrative and financial responsibility for the candidacy. URCA considers that the initiative is consistent with URCA's role in promoting the development of the ECS in The Bahamas as set out in section 4 of the Communications Act. In particular, the activities of The Bahamas at the ITU as led by URCA have already increased the profile of The Bahamas in the ICT world, and has attracted the interest of several multinational ICT companies, and the support of several regional and international member states of the ITU. During 2018 URCA will continue its work in this respect geared toward a successful election at the ITU's Plenipotentiary Conference which will be held in October 2018. If elected, The Bahamas will serve a four year term on the ITU Council.

Consideration of Aliv Mobile Termination Rates

Further to work done in 2016 regarding the setting of mobile termination rates which apply for calls terminated on Aliv's network, URCA will review those rates in the light of changes in the market share of the competing mobile operators to ensure that these rates are set at an appropriate level. URCA anticipates starting this work in the first trimester and completing in T2.

Review of Content Code

The Content Regulation & Industry Group (CRIG) met during 2017 and has completed its review of the Code of Practice for Content Regulation (the Code). New terms of reference will be issued to the CRIG in 2018 as it will be required to focus on two major areas of the Code: Political Advertisements and Broadcasts (part 6) and Complaints Handling (part 10). In 2018, the CRIG will also take part in closed information sessions/workshops for broadcasters to assist in further development of the complaints handling processes.

Trimester 2 - May to August 2018

Internet Exchange Point for The Bahamas

Internet exchange points, or IXPs, are pieces of critical infrastructure that provide points of physical interconnection between the networks that make up the global internet. By connecting these networks locally, an IXP can significantly reduce the volume of internet traffic that is routed through international networks. Through the establishment of a local IXP there is the potential for a more enabling internet environment that should not only reduce internet costs, but also improve transmission efficiencies and foster the development of the local internet eco-system and economy. In 2018, URCA plans to develop a fair, non-discriminatory regulatory framework for the establishment of IXPs in The Bahamas.

Market Surveys

URCA has identified that a significant hindrance to its regulatory effectiveness is a lack of adequate information about stakeholder sentiments and behaviours within the regulated sectors. During 2018 URCA intends to address this issue by commissioning one or more surveys to assess the markets in both the ES and ECS (including the broadcasting sector). URCA is confident that this will significantly enhance URCA's ability to effectively regulate these sectors in the interests of the public.

Review of Consumer Protection Regulations

On 30 December 2013 URCA published its Consumer Protection Regulations (ECS 19/2013) which established standards for consumer protection applicable to all holders of Individual Operating Licences (IOL) and Class Operating Licences Requiring Registration (COLRR) in the ECS. During the years since publication of the CPR, URCA has noted areas where review is necessary as the existing standards either do not address existing issues, or are not being applied in the manner which was intended.

In addition, URCA notes that there is the need to implement similar standards for the ES.

Accordingly, in 2018 URCA will commence a project to review the existing CPR as it applies to the ECS, and also to apply similar standards to the ES. It is anticipated that the outcome of the review exercise will be a single document applying standards to both the ES and ECS. The review is anticipated to be completed by T1, 2019.

URCA Green Project

The Green Project initiative is based on URCA's desire to lead by example. Therefore, within the first Trimester of 2018 an energy audit will be done on URCA's Frederick House facility with a view to reducing its energy consumption via the use of energy efficient technologies where applicable and practical. Possible enhancements may include HVAC enhancing cooling and insulation measures, supplemental solar power integration, and possibly the acquisition and use of electric vehicles powered by an URCA solar EV charging station. It is noted that these initiatives will not only demonstrate the Authority's commitment to Green Energy, but will save money and serve as live test and training environments as URCA strives to build capacity in emerging technologies related to URCA's regulatory remit.

URCA Northern Bahamas Office

URCA has recognised the growing need for developing a greater presence throughout the Bahamas, and to that end, during 2018 URCA will expand through the opening of a second office, in Grand Bahama, focussed on serving the needs of stakeholders in the Northern Bahamas. The purpose is to enhance the accessibility of URCA and its services to all of its stakeholders, which includes consumers, licensees and the general public. This location will be designed as a local point of first contact providing information, applications and forms. It is also envisioned that the office will allow for increased interactions with URCA and the local stakeholders.

URCA intends to open the Northern Bahamas office before the end of the Third Trimester.

ICTs for Persons With Disabilities

The ECS policy objectives contemplate that the ECS will ensure that ICTs are available to and accessible by all persons in The Bahamas, including those with disabilities. In addition, recently innovative uses of ICTs have enhanced the potential of ICTs to significantly enhance the quality of life for persons with disabilities.

URCA has conducted a significant amount of research in conjunction with the National Disabilities Commission during 2017, and will in 2018 commence work on a set of policies and regulatory measures intended to optimise the use of ICTs in The Bahamas by and for persons with disabilities. It is intended to complete this project during 2019, before the end of the first trimester.

Trimester 3 – September to December 2018

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 the 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 CBL's accounts with year-end 31 December 2015 in June 2017. URCA was informed that CBL changed its accounting year-end from 31st December to 30 June therefore CBL's 2016 accounts are due 31 December 2017. The review for BTC's accounts with year-end 31 March 2015 was completed in 2017. BTC changed its accounting year-end to 31 December therefore its submission is now due 30 June 2018. In 2018 URCA will commence its review of the SMP operators' Separated Accounts which is expected to continue for approximately six to nine months in each instance. It should be noted that due to the recurring nature of this project and the dependency on operators' responses and the prevalence changes in financial year end of operators, URCA has decided to cease tracking the annual activity as a discrete project in its Annual Plans.

Draft Annual Plan 2019

During October through November 2018, URCA will commence work on its draft Annual Plan for 2019, to ensure publication for consultation before the end of 2018 as required by the URCA Act.

URCA's 2018 Public Awareness Activities

Throughout the year, a key initiative of URCA is to ensure that URCA's work has the desired impact on the public by ensuring that the public and stakeholders are aware of URCA, its role, mandate, vision and mission.

During 2017, URCA started a public awareness programme directed at heightening public knowledge and identification of the organisation, its mandate, vision and mission. This exercise was started with the adoption and roll out of URCA's new mission "*Improving lives through Effective Utilities Regulation*" and the launch of the organization's redesigned website in October 2017.

In 2018 URCA's external public awareness activities will seek to ensure that URCA's activities and messages are congruent with its mission. URCA's public relations activities will focus on those which support URCA's national role as an independent multisector regulator, and its international role as representative of The Government at the ITU and other international and regional organisations.

During the first half of 2018, an aggressive campaign will be launched to acquaint first internal stakeholders and then external stakeholders with the new consumer complaint handling process. This exercise will overlap with the countrywide promotion of the Bahamas Power and Light Consumer Protection Plan.

URCA will embark on initiatives to ensure that its educational campaign reaches as many members of the population as possible. Some planned new initiatives will include informal '*lunch and learn*', '*snack and chat*', and '*meet and greet*' sessions in public meeting places, and an '*URCA unplugged*' segment. As in the past two years, URCA will again take its 'road show' to as many family islands as possible. The target this year will be the south-eastern islands, which were dropped from the 2017 schedule due to the passage of hurricanes Irma and Maria. URCA's family island activities will be enhanced by the planned implementation of the URCA Northern Bahamas office in 2018.

URCA will continue to channel its social outreach towards those activities which promote the use and awareness of ICT's, renewable energy and effective utilities management, with particular emphasis on young people and women.

Other On-going Activities

In addition to the projects and initiatives that URCA has outlined above, there are additional activities which URCA is obliged to undertake in the fulfilment of its responsibilities under the URCA Act, the Comms Act and the Electricity Act. 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 regulated services as they arise; and

These activities have been considered as far as practicable in estimating the above timeframes. However, the nature of URCA’s duties is such that unforeseen work may impact on URCA’s ability to complete or even commence the projects.

3.2.3 URCA Project Timelines for 2018

Based on the foregoing, the schedule of projects which URCA proposes to focus on in 2018 are set out in Table 2 below. It should be noted that the table provides URCA’s total work period on the project, and therefore reflects time taken on internal development policy and regulatory positions, the external engagement on any initiative and the publication of a final regulatory measure (where relevant).

Project	Start Date	End Date
FM Broadcasting Technical Standards	T2, 2014	T1, 2018
Market Review – Implementation of Price Caps	T1, 2015	T2, 2018
Formulation of Position on Net Neutrality and Regulation of OTT Services	T1, 2016	T2, 2018
Licensing Guidelines for the ES, and Licensing of Public Electricity Suppliers	T2, 2016	T1, 2018
Review of BPL Consumer Protection Plan	T2, 2016	T2, 2018
Review of BPL Renewable Energy Plan	T2, 2016	T2, 2018

Monitoring the Roll-Out of Competitive Cellular Mobile Services	T3, 2016	T1, 2018
Identification of Spectrum for Digital Switchover	T1, 2017	T2, 2018
Review of ECS Policy	T1, 2017	T3, 2018
ICTs for Disaster Preparedness and Management	T1, 2017	T3, 2018
Review of Retail Broadband Access	T2, 2017	T1, 2018
BPL Efficiency Assessment	T2, 2017	T3, 2018
URCA Annual Plan 2018	T3, 2017	T1, 2018
Campaign for ITU Council	T3, 2017	T3, 2018
Consideration of Aliv Mobile Termination Rate	T1, 2018	T2, 2018
Public Awareness Campaign	T1, 2018	T3, 2018
Review of Wholesale Internet Access	T1, 2018	T3, 2018
Review of National Spectrum Plan	T1, 2018	T3, 2018
Review of Broadcasting Content Code	T1, 2018	T3, 2018
ICTs for Persons with Disabilities	T1, 2018	T1, 2019
URCA Northern Bahamas Office	T2, 2018	T3, 2018
Market and Consumer Satisfaction Surveys	T2, 2018	T1, 2019
Review of Consumer Protection Regulations	T2, 2018	T1, 2019
Framework for Internet Exchange Points (IXP) for The Bahamas	T2, 2018	T2, 2019
URCA Green Project	T2, 2018	Ongoing

Review of Accounting Separation Results of SMP Operators	Ongoing	Ongoing
Draft Annual Plan 2019	T3, 2018	T3, 2018

Table 2 - 2018 Project Schedule

Planned Consultation Schedule for 2018

While URCA will carry out several activities during 2018, not all of these will involve public engagement and consultation throughout the process. Table 3 below outlines the major public consultations proposed for 2018, including anticipated publication dates.

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
URCA Annual Plan 2018	Published on 20 December 2017	T1, 2018 ¹
FM Broadcasting Technical Standards	T1, 2018	T1, 2018
Market Review – Implementation of Price Caps	T1, 2018	T1, 2018
Net Neutrality and OTT Services	T1, 2018	T1, 2018
Digital Switchover – Identification of Available Spectrum	T1, 2018	T2, 2018
Consideration of Aliv Mobile Termination Rates	T1, 2018	T2, 2018
ICTs for Disaster Preparedness and Management	T2, 2018	T2, 2018

¹ URCA is statutorily required to complete its Annual Plan by 30 April 2018.

Review of Wholesale Connectivity Remedies	T2, 2018	T2, 2018
Review of National Spectrum Plan	T2, 2018	T2, 2018
IXP Framework	T2, 2018	T3, 2018
ICTs for Persons with Disabilities	T2, 2018	T3, 2018
Review of Consumer Protection Regulations	T3, 2018	T1, 2019
Draft Annual Plan 2019	T3, 2018	T1, 2019

Table 3 - URCA Planned 2018 Consultation Schedule

4. Evaluating Our Effectiveness

In line with good corporate practice, and to ensure accountability to relevant stakeholders, URCA proposes to evaluate its effectiveness through:

- Identification and adoption of appropriate key performance indicators (KPIs), based on statutory requirements and regulatory and management best practices;
- Measurement and monitoring of those KPIs; and,
- Publication of an Annual Report on its operations and performance.

KPIs for URCA's work completed in 2017 will be tabulated and included in URCA's 2017 Annual Report, which will be published by the end of April 2018. URCA provides below in Table 4 the indicators which will be adopted for 2018.

Statutory/Regulatory	Finance	HR	IT
Draft Annual Plan & Strategy published before end of financial year	Cost of Finance function as a percentage of total operating expenditure	Cost of HR function as a percentage of expenditure	Cost of IT function as a percentage of total expenditure
Annual Report and final Annual Plan published within 4 months of year end	Period-end cycle time (working days to close) Year-end cycle time (working days to close)	Cost of HR function per employee	Organizational ICT spend (investment in ICT infrastructure & hardware across the organization)
Final Determinations to be published within one month from closing date for comments on Preliminary Determination	Forecasting accuracy	Ration of employees (full time equivalent) to HR staff	Percentage who are able to access the network and system remotely
Percentage of public consultations started within period stated in Annual Plan	Cost of Licensee invoicing	Average days for full time employee per year invested in learning and development	
Time to publish results, decisions, and other regulatory measures after close of consultation: 45-60 days 60-90 days >90 days	Debtor Days	Cost of learning and development activity as percentage of total payroll	

	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	
<u>Consumer Complaints</u>	Long outstanding debt (>90 days) as a percentage of total debt	Percentage of roles filled by permanent and contract staff	
Number of complaints received;			
Percentage of total complaints resolved;			
Average time taken to resolve complaints			
Licenses issued within:		Average lapse time (working days) from vacancy/advertisement occurring to the acceptance of an offer for the same post	
30 days - individual licences			
45 days - class licences			
Volume of licences processed in the year			
		Average lapse time (working days) from when there is a decision to fill a vacancy to submission of advertisement	
		Average lapse time (working days) from a vacancy announcement to selection of a candidate or reposting of the vacancy advertisement	
		Average lapse time (working days) from selection of candidate to the acceptance of an offer for the post	
		Percentage of people in role after 12 months of service	
		Percentage of staff who received face to face performance appraisal	

Table 4 - URCA Performance Indicators 2018

5. URCA's Draft Budget 2018

5.1 Overview

URCA's overall budget during 2018 will decrease compared to the 2017 budget as a reflection of URCA's commitment to reducing the burden of regulation on the sector, and the impact of economies achieved between the two currently regulated sectors. URCA's full-time staff complement during 2018 is anticipated to grow to thirty-six (36), up from twenty-eight (28) persons at the end of 2017. The proposed new hires represent URCA's continuous efforts to improve its effectiveness and to secure the desired levels of knowledge transfer.

It should be noted that included in the 2017 budget was an allocation increasing the Capital Expenditure and Depreciation expense to account for the acquisition of Frederick House. Prior to committing to the purchase of Frederick House, URCA took steps to manage its medium to long term space requirements and to that end identified in Frederick House an opportunity to manage its medium to long term property costs by acquiring premises in lieu of rental. Frederick House provides ample space for URCA's immediate needs, adequate space for anticipated expansion, and additional space which can generate rental income. URCA has calculated that the acquisition will result in significant cost savings due to rental income opportunities in the short to medium term. These cost savings would lead to reductions in URCA fees once realised.

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.

URCA's draft 2018 Budget is separated into discrete budgets for each of the ECS and the ES, in accordance with section 39 of the URCA Act. These budgets have anticipated the level of expenditure necessary to provide regulatory supervision of both sectors and as such, the budgets seek to recover same through the imposition of fees on licensees in the ECS and the ES respectively, in accordance with section 92 of the Communications Act 2009 and section 54 of the Electricity Act 2015.

The combined draft budget for URCA's activities (including both ECS and ES regulation) is set out in Table 5 below.

	2017	2018
Staff Costs	2,513,293	2,402,114
Non-Executive Compensation	225,184	229,000
Executive Compensation	494,970	478,652
Professional Services	1,140,360	1,036,000
Conferences, Training, and Travel	1,138,452	553,400
Premises Costs and Utilities	598,373	254,900
Consumer Education and Public Relations	443,000	202,000
Office Services	309,131	322,600
Information Technology	111,818	103,300
General and Administrative Expenses	483,879	362,750
Total Operations Expenditure (OPEX)	7,458,460	5,944,716
Depreciation	740,884	470,508
Total Operating Budget Recovered through URCA fees	8,199,344	6,415,224
Capital Expenditure	5,210,000	491,300

Table 5 - URCA Draft Budget 2018

Based on the relevant provisions of the empowering legislation, URCA is required to allocate its expenses between the ECS and the ES, in accordance with the following principles:

- Directly incurred costs and expenses that relate to one sector only are allocated to the regulated sector to which they relate in their entirety;

- 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.

Sections 5.2 and 5.3 below set out URCA’s budgets for the ECS and the EC, respectively, together with notes on changes in specific items from the previous year.

5.2 Electronic Communications Sector Budget 2018

Table 6 contains a summary of URCA’s draft 2018 budget for its regulatory activities in the ECS.

	2017	2018
Staff Costs	1,797,072	1,491,884
Non-Executive Compensation	146,129	141,855
Executive Compensation	287,378	230,800
Professional Services	687,588	756,000
Conferences, Training, and Travel	879,242	400,350
Premises Costs and Utilities	424,716	167,384
Consumer Education and Public Relations	287,950	148,470
Office Services	228,460	209,111
Information Technology	83,863	82,640
General and Administrative Expenses	408,409	336,730
Total Operating Expenditure (OPEX)	5,230,807	3,965,224
Depreciation	530,363	366,099
Total Operating Budget Recovered through URCA fees	5,761,170	4,331,324
Capital Expenditure	3,619,000	393,040

Table 6 – Draft ECS Budget 2018

Further explanation of each expense category in the ECS budget is set out below:

- The budgeted operating expenditure inclusive of depreciation is included in the budget for 2018, and is therefore factored into the calculation of the URCA fee. In 2018 the depreciation expense is anticipated to decrease by approximately 31% due to acquisition cost of Frederick House being less than anticipated and therefore resulting in less budgeted depreciation of URCA's permanent accommodation. It should be noted that the size of the building exceeds URCA's current requirements by approximately 12,000 sq. ft. It is anticipated that once tenants have been secured for the space in the building in excess of URCA's own needs, the resulting rental income will assist in defraying the expenditure for URCA premises, which is currently recovered through the URCA fee. Having regard to the purchase price, even if no tenants were secured, the building would have ample room for future growth, at an operating cost (inclusive of depreciation) which is only marginally higher than the rental paid by URCA in previous years.
- Non-executive members' compensation includes honoraria for 4 non-executive members of the Board, and business related travel expenses for one non-executive member who is resident overseas. When compared to 2017 budget, this expenditure decreased 2.9% notwithstanding continuing Board involvement in regulatory oversight of sector and the increase of the number of non-executive members and the allocation of a portion of non-executive expenses to the ES.
- Executive members' compensation includes salaries and other benefits for executive members and represents approximately 6% (2017: 5%) of the operating expenditure for the period.
- Staff costs increased to 38% of the total operating budget (2017: 31%) due to increase in staff complement and concurrent significant reductions in other operating budget categories; however the ECS staff costs are anticipated to decrease by approximately 17% compared to 2017, due to revised allocation to ES of a portion of the staff costs as indirect staff costs.
- Professional services expenditure is anticipated to increase by 10% due to new regulatory projects during 2018 and continuation in 2018 of projects that were initiated in 2017 but not concluded during the year.

- Conferences, Training and Travel is anticipated to significantly decrease by 55% compared to 2017 as significant funds had been allocated in the 2016 and 2017 budgets to the hosting of the ITU's GSR 2017 conference. It is anticipated that there will be travel expenditure related to professional development and engagement with international organizations, through attendance at meetings, conferences, seminars and workshops.
- Premises costs and utilities decreased compared to 2017 due to inclusion in the 2017 budget of the cost of financing the acquisition of Frederick House, which was eventually purchased by URCA primarily using funds at its disposal, with only 28% of the acquisition cost being financed. Included in the budgeted expenses for the first time in 2018 are costs associated with the ownership of Frederick House (property insurance and real property taxes) which although resulting in expenditure increases in the short term.
- Consumer Education and Public Relations is anticipated to decrease by 48% due to efficiencies and economies achieved in the cost of educating and informing consumers on the regulatory regime in the ECS, and the absence of any significant one-off projects in 2018 (as compared to 2017 when cellular liberalisation and the launch of MNP resulted in additional expenditure). These initiatives will continue to include public consultations on sector issues, community outreach, and utilizing other advertising media.
- Office services are budgeted to decrease by 9% over prior year due to allocation of cost associated with the security of Frederick House, office supplies, printing, general insurance and miscellaneous items to both ECS and ES.
- Information technology expenditure includes LAN maintenance, cloud backup monitoring and numerous software renewals.
- General and administrative expenses are budgeted to decrease notwithstanding allocations to cover the anticipated costs associated with the Bahamas' candidacy for an ITU Council seat. Other budgeted costs are allocated to cover the funding of contributions and participation at international regulatory bodies, professional memberships and subscriptions.

5.3 Electricity Sector Budget 2018

Table 7 contains a summary of URCA's 2017 draft budget for its regulatory activities in the ES.

	2017	2018
Staff Costs	751,351	910,230
Non-Executive Compensation	79,055	87,145
Executive Compensation	207,592	247,852
Professional Services	452,772	280,000
Conferences, Training, and Travel	224,080	153,050
Premises Costs and Utilities	173,657	87,516
Consumer Education and Public Relations	155,050	53,530
Office Services	80,671	113,489
Information Technology	27,954	20,660
General and Administrative Expenses	75,471	26,020
Total Operating Expenditure (OPEX)	2,227,653	1,979,491
Depreciation	210,521	104,409
Total Operating Budget Recovered through URCA fees	2,438,174	2,083,900
Capital Expenditure	1,591,000	98,260

Table 7 - Draft ES Budget 2018

Explanations of changes in the major expense categories are as follows:

- The depreciation category has been reduced by 50% due mainly to purchase price of Frederick House.

- Staff costs have been increased (by 21%) due to continued hiring in 2018 of new dedicated ES staff, as well as the allocation of a proportion of expenses for other staff to the ES.
- Professional services expenditure is anticipated to decrease by 38% due to carryover to 2018 of projects such as efficiency/operational audits and litigation concerning URCA's jurisdiction from 2017; additionally, it is anticipated that in future years, there will be a reduced reliance on external consultants as URCA engages new experienced staff in the ES department.
- Conferences, Training and Travel allocation is anticipated to decrease by 32% over the previous year notwithstanding continuing efforts in learning and development of newly hired staff in ES, and cross training of ECS team members, in addition allocation has been made for engagement with international organizations through attendance at meetings, conferences, seminars and workshops.
- Premises costs and utilities decreased due to the exclusion of financing cost that had been anticipated in the acquisition of Frederick House, but not realised due to the purchase being achieved primarily using cash flow. Included in the budgeted expenses are the costs associated with the ownership of Frederick House (property insurance and real property taxes).
- Consumer Education and Public Relations is anticipated to decrease by 66% as significant initiatives to educate the public on URCA's role as regulator of the ES occurred in 2017, which will wind down in 2018. However, Consumer Education and outreach will continue to be a major focus through 2018.