



STATEMENT OF RESULTS

URCA DRAFT ANNUAL PLAN for 2018

URCA 03/2018

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1. Introduction

On 21 December 2017, in compliance with Section 41(4) of the Utilities Regulation and Competition Authority Act (URCA Act), the Utilities Regulation and Competition Authority (URCA) published the URCA Draft Annual Plan 2018 (the “Annual Plan”). The Draft Annual Plan outlined, inter alia, the following:

- A Review of URCA’s Achievements in 2017;
- URCA’s Plan for 2018; and
- URCA’s Draft Budget for 2018.

URCA invited comments from its stakeholders, the general public, and interest parties. By the end of the deadline for submission of comments on 9 February 2017, URCA had received written comments from the following stakeholders:

- 1) The Bahamas Telecommunications Company Limited (BTC);
- 2) Cable Bahamas Ltd. (CBL);
- 3) Be Aliv Ltd (Aliv); and,
- 4) Mr. Vincent Wallace-Whitfield (Wallace-Whitfield), Counsel & Attorney-at-Law.

URCA thank, all respondents to this consultation for their contributions. All comments and recommendations received have been carefully considered by URCA as part of its process to finalise the Annual Plan.

This Statement of Results document provides a summary of written comments to the Draft Annual Plan. The final Annual Plan for 2018 has been published concurrently with this Statement of Results, as URCA 02/2018.

1.1 Structure of the Remainder of this Document

The remainder of this document is structured as follows:

- Section 2: sets out a summary of the comments received from stakeholders regarding URCA's Achievements in 2017;
- Section 3: sets out a summary of the comments received from stakeholders regarding URCA's Plan for 2018; and
- Section 4: presents URCA's conclusion and next steps.

2. Summary of Comments

2.1 General Comments

Aliv, BTC, CBL, and Wallace-Whitfield submitted written comments to the public consultation on URCA's Draft Annual Plan. It should be noted that almost all of the comments received related to URCA's activities in the Electronic Communication Sector. URCA's general overview of the comments is that the respondents agree that URCA work is essential to the development of the electronic communication sectors in The Bahamas. Notwithstanding expressions of the importance of URCA's work, the respondents explicitly expressed a desire for URCA to improve its organisational performance, exercise stricter fiscal prudence, and seek new approaches to stakeholder involvement in its decision-making process. URCA summarises the other salient comments of the respondents below.

CBL's Comments

CBL affirmed that URCA's work plays a vital role in shaping the electronic communications sector, and it impacts consumers, industry and the economic development of the nation. CBL opined that URCA needed to remain more focused on the critical current and emerging regulatory issues that impact the national agenda. CBL opined that stakeholders could provide substantive input to identifying the salient regulatory issues on which URCA should focus.

Aliv's Comments

Aliv commented that public consultation on URCA's Annual Plan is an important process, which ensures URCA's aligns its annual objectives with its statutory remit and addresses stakeholder concerns. Further, Aliv asserted that public consultation on URCA's Annual Plan enhances regulatory predictability and creates certainty for stakeholders in the Electronic Communications Sector (ECS). In relation to mobile communications services, Aliv urged URCA to place more focus on the mobile communications market and encouraged URCA to discharge enforcement measures for non-compliance expeditiously and consistently across the sector.

BTC's Comments

BTC welcomed the opportunity to comment on the draft Annual Plan. BTC suggested that URCA's has disproportionately aimed its focus on the cellular mobile liberalisation. BTC urged URCA to take a balanced approach to regulatory intervention in relation to all ECS issues.

Vincent Wallace Whitfield Comments

Wallace-Whitfield provided substantive comments regarding several critical regulatory issues, noting URCA's failure to complete several projects within the timelines set out in URCA's Annual Plan for 2017. In addition to previously mentioned issues, Wallace-Whitfield called for the reporting of information regarding the quality of service of service providers, and the review of national policies and other policy documents of public significance in accordance with the timelines specified in the Comms Act.

URCA's Response

URCA believes that comments from stakeholders help the organisation to focus on critical stakeholder needs and concerns, and provide an assessment of organisational performance from the perspective of its stakeholders. URCA has reviewed the draft Annual Plan for 2018, in light of the comments received (both general and specific) and has sought to make appropriate changes to ensure that the plan reflects stakeholder needs and concerns. URCA reminds the stakeholders who have commented, however, that in formulating its work-plan URCA must consider the needs and interests of all stakeholders including the Government of The Bahamas, the Bahamian public including consumers, other Licensees, and the Bahamas' treaty obligations to the International Telecommunication Union (ITU) and other international bodies. Also, URCA must ensure its decisions take into account the Electronic Communications Policy Objectives and its mandate to promote the economic and social development of The Bahamas through the effective regulation of the sector.

URCA noted substantive comments by Aliv and Wallace Whitfield in relation to a number of URCA’s decisions. URCA does not consider the consultation on its Annual Plan to be an appropriate forum for discussions on substantive regulatory issues, each of which is subject to a separate and dedicated consultation process with interested parties.

URCA notes that Aliv has suggested that URCA’s decisions not to impose regulatory penalties on BTC for alleged failures to comply with regulatory measures relating to Aliv’s entry into the Cellular Mobile market, may be due to a lack of focus on the issue by URCA in 2017, or allocation of inadequate resources. This is not correct. During 2017, URCA gave the highest priority to cellular liberalisation, and significant resources were dedicated to this process. Any URCA decision to not penalise BTC in respect of any alleged breach was not due to a lack of resources or unwillingness to penalise BTC or any stakeholder. During 2017 URCA exhaustively reviewed each of Aliv’s complaints and BTC’s responses, and in each instance, URCA took the approach which URCA considered to be appropriate in all the circumstances. URCA reminds Aliv that its role and responsibility is to act in the best interests of the entire public in The Bahamas, not solely in Aliv’s best interests.

2.2 Review of URCA’s Achievements In 2017

In this section, URCA will provide a summary of the comments submitted by the respondents. However, URCA may not have reproduced all matters discussed. The lack of comments on any issue raised by a respondent does not signify URCA’s agreement in whole or in part with the comment nor should it be taken to mean that URCA has not considered the comment or that the comment was considered to be unimportant or without merit.

2.2.1 General Highlights

URCA set out General Highlights in Section 2.2 of the Annual Plan. Though other respondents referred to statements in this section of the Annual Plan, only BTC specifically responded to URCA’s statements in this section. However, URCA has juxtaposed BTC’s comments with Aliv’s

comments on a related issue to provide context. URCA has summarised the respondents' comments below:

BTC's Comments

As previously mentioned, BTC suggested that URCA's has disproportionately aimed its focus on the cellular mobile services. The Licensee urged URCA to take a balanced approach to the administration of its duty under the Comms Act. BTC argued that URCA's disproportionate approach to the regulation of the sector has resulted in the slippage of some of URCA's obligations under the Comms Act to the detriment of the Bahamian public.

Aliv's Comments

In respect to cellular mobile services, Aliv argued that though URCA has developed a regulatory framework including national roaming and mobile number portability, which lowers barriers to entry in the cellular mobile market, URCA has not done enough to require BTC to comply with the regulations.

URCA's Response

In recent years, there has been significant technological advancement and market development in the cellular mobile market. The diametrically opposing views of the market players regarding the extent to which URCA should have focussed its attention on the cellular mobile during 2017, highlights the challenges associated with regulating that market. URCA's strategic approach to regulating cellular mobile services seeks to further the Electronic Communications Sector Policy (ECSP) objectives in a manner that results in the socio-economic growth of The Bahamas while taking a balanced approach to regulatory intervention. URCA, while noting the contrasting views of the incumbent, BTC and the new entrant Aliv on this issue, considers that it has made best efforts to adopt a balanced approach to regulating this highly contentious market, and will continue to seek to strike the necessary balance moving forward.

2.2.2 Electronic Communication Highlights

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield commented that URCA had missed the statutory timeline to produce a draft Electronic Communication Sector Policy. Furthermore, Wallace Whitfield questioned why URCA did not inform the public regarding which stakeholders URCA consulted to provide input into the formulating its draft recommendation to the Government. Wallace-Whitfield questioned whether it is appropriate for URCA as the regulator to be tasked with producing recommendations to the Government on the ECS Policy. On another issue, Wallace-Whitfield implored URCA to provide consumers and other stakeholders with more information regarding the quality of service (QoS) provided by service providers in The Bahamas.

URCA's Response

URCA's review of the ECS Policy was delayed by the impact of various considerations during 2017 which made it inappropriate for URCA to commence its review of the ECS Policy during 2017. These matters included the introduction of competition in the cellular mobile sector (which was a key factor influencing the 2014 amendments to the policy) and the Government transition following the 2017 General election. URCA reminds stakeholders that URCA's recommendations on the ECS policy are formulated in close consultation with the Government and ECS sector stakeholders, and then, subject to Government agreement, consultation with the public. URCA has sought industry views as an input to its ECS Policy recommendations and will seek the Government's input prior to any wider public consultation.

As regards the comments about whether it is appropriate for URCA to recommend Government Policy, URCA notes that its role in the formulation of the ECS Policy is set out in the Communications Act, comments on which are outside the scope of this consultation.

2.2.3 International Participation and Engagement

CBL's Comments

CBL agreed to support the government's initiative to make the Bahamas the ICT Centre of Excellence. CBL agreed that there are benefits associated with international organisations such as CITELE and the ITU. However, CBL suggested that URCA's focus on international participation may adversely impact URCA's national effectiveness. [Aliv's Comments](#)

Aliv's comments largely mirrored CBL's on this issue.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield argued that URCA did not provide sufficient accounting details to allow interested parties to make an independent assessment of URCA's fiscal responsibility during its hosting of international conferences and activities such as GSR-17, CTU Week and other conferences.

URCA's Response

URCA notes comments regarding its efforts to highlight The Bahamas' ECS and ICT activities at international organisations where URCA represents The Bahamas. URCA considers that this work delivers real, if indirect, benefits for the ECS in The Bahamas, however, URCA continues to seek to ensure that the efforts provide value for money. URCA has also noted the request for more information regarding its fiscal results in hosting of international conferences, such as GSR-17 and CTU Week. URCA reminds stakeholders that accounting for URCA's finances is addressed in URCA's Annual Report process and that the full financial reports for 2017 will be released once audited, together with the 2017 Annual Report by 30 April 2018. URCA will seek to ensure that adequate granularity is included in its financial reporting to enable analysis by interested persons.

2.2.4 Building Regulatory Capacity and Human Capital

BTC's Comments

BTC noted that URCA increased the staff complement by fifty percent while staff cost did not reflect a proportionate increase. BTC requested clarification on the apportioning of staff cost.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield argued that URCA did not provide sufficient information about the organisational structure and its correlation with training, development, and expenditure of financial resources.

URCA's Response

URCA advises BTC that the lack of correlation is due to a number of factors:

- URCA's apportionment of its staff costs across the ECS and ES;
- The fact that previous year budgets have included funding for growth in staff numbers which URCA was not able to realise, and URCA's efforts to ensure that it does not overbudget and create unintended surpluses;
- Reduction in URCA's budget for staff bonuses in line with future expectations and cost-cutting measures taken by URCA.

URCA also notes Whitfield-Wallace's comments related to the organisational structure and the corresponding allocation of training, travel, and expenditure of financial resources across the organisational structure. URCA has provided the full organisational structure in the revised Annual Plan, and considers that the information provided and the proposed expenditure is amply justified by the work which URCA proposes to complete in 2018.

2.2.5 Educating and Supporting Our Stakeholders

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield addressed three distinct issues. Firstly, Wallace-Whitfield stated that the redesigning URCA's website is not user-friendly and suggested that the appellation ECS and ES compound user confusion with a document location. Secondly, Wallace-Whitfield submitted that the draft Annual Plan did not propose a town meeting scheduled for discussion of the BPL's Consumer Protection Plan.

URCA's Response

While URCA has completed the bulk of the website redesign, and URCA intends to continue its efforts to improve the usability and utility of its website until the website consistently delivers a satisfactory user experience. URCA would welcome specific feedback from stakeholders on ways that URCA could seek to improve the user experience.

URCA advises that it conducted Town Meetings and other similar forums on the BPL Consumer Protection Plan in several islands before the impact of Hurricane Matthew last year, and based on the comments received it was not felt that the further delay and cost of rescheduling those that had to be postponed was proportionate to the likelihood that additional comments (not already vented) would be received. This was particularly so in the context of an environment in which key licensees were heavily engaged in post-hurricane restoration works.

3. URCA's Plans For 2018

3.1 URCA's Key Regulatory Issues

3.1.1 Market review of pay-tv market

CBL's Comments

Though not included in URCA's proposed 2018 projects, CBL contended that the advent of fixed and mobile broadband has led to significant competitive forces in the pay-tv market, which CBL argued has impacted its revenue streams. Hence, CBL requested that URCA add a market review of pay-tv to its work stream.

URCA's Response

URCA believes that there is merit in CBL's argument that fixed and mobile broadband internet services are changing the dynamics of the pay-tv market, however high-level reviews do not suggest that CBL's market share has been impacted to the extent of changing its market standing, particularly relative to other local players. URCA also notes the significant volume of projects already scheduled and is mindful of stakeholder comments regarding the extent to which URCA was unable to complete its 2017 projects in a timely manner due to limited resources. Therefore, URCA does not consider it prudent to add this project to its plan for 2018 but is open to addressing the issue in a subsequent Annual Plan, subject indications of relevance from prevailing market information.

3.1.2 Market Review – Implementation of Price Caps

CBL's Comments

CBL suggested the URCA should conduct a reviewing of the retail pricing rules in tandem with the price cap regulations to ensure coordination and efficiency. CBL suggested that a review of the pay-tv market should precede the implementation of price cap regulations.

BTC's Comments

BTC agreed with the URCA's proposal to conduct market surveys, which in BTC's view are a useful tool for assessing the temperature and behaviours of stakeholder. BTC recommended that URCA also establish focus groups to provide input into URCA's decision-making process. Also, BTC stated the mobile liberalisation has impacted the subscriber base and change the competitive environment of operators. The operator expressed optimism that the review would result in price flexibility, which BTC argued, would result in advantages for the consumer in the ECS.

URCA's Response

In response to CBL's comment, URCA advises that the development of revised Pricing Rules are a necessary part of the Price Cap implementation process, and are therefore already included in that project. URCA notes BTC's suggestions which URCA considers potentially beneficial and will consider in the implementation of the relevant projects.

3.1.3 Review of Wholesale Internet Access

CBL's Comments

CBL urged URCA to assess the demand for wholesale internet access before imposing regulations on Licensees. CBL warned that if there is insufficient demand for wholesale internet access, CBL would be forced to pass the regulatory cost on to consumers.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield stated that it is unfortunate that URCA had not taken a more proactive approach to the Review of Wholesale Broadband Access. Wallace-Whitfield suggested that the delay hurt non-SMP operators and consumers.

URCA's Response

URCA notes the comments submitted by CBL and Wallace-Whitfield. URCA points particularly to the diametrically opposing position of the two respondents as an indication of the difficulty URCA experiences in balancing interests between stakeholders, and the pressures which this places on URCA’s work priorities. That said, URCA’s assessments of the market suggest that the existing remedies fall short of providing appropriate and effective avenues for smaller entities to enter the market and that the market would benefit from more effective ex-ante remedies. URCA has already received representations from existing market players which advocates strenuously for URCA’s conduct of this project. URCA assures CBL that the Review of Wholesale Internet Access will give careful consideration to the concerns regarding demand during the project’s formulation and implementation.

3.1.4 Campaign for ITU Council

CBL’s Comments

CBL argued that the campaign for a seat on the ITU Council is a political initiative that does not directly benefit the electronic communications sector. Therefore, CBL suggested the cost of the campaign should not be passed on to CBL and other Licensees. CBL also suggested that an international focus at a time of enterprise rebuilding will likely distract URCA from its national objectives.

Aliv’s Comments

Aliv’s comments mirrored those submitted by CBL.

BTC’s Comments

BTC agreed the international involvement and recognition is important and can provide unsurmountable opportunities for The Bahamas, but specified the cost should be proportionate to the benefits, and borne by the Government. Further, BTC expressed the view that URCA’s focus should be on the national ECS agenda. BTC argued that addressing universal service

obligations, broadband accessibility and transition of The Bahamas to a Smart City should be amongst URCA's key objectives.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield raised the question of whether the Government or URCA would represent The Bahamas on the ITU Council if the country was successful. He questioned the financial obligation associated with the role and questioned if the representative is a URCA employee, that individual's ability to discharge his/her URCA related duties.

URCA's Response

URCA notes the comments. One of URCA's five (5) specific statutory functions (see s. 7(c) of the Communications Act) is to represent the Government of The Bahamas in regional and international organisations and obligations, when such tasks are officially delegated to URCA. URCA has, since its inception, been delegated responsibility for representing the Government at the International Telecommunication Union (ITU) and the decision to seek election to ITU Council was a Government decision expressly assigned to URCA. Accordingly, URCA considers this to be a core function. URCA does not consider that the cost should be borne by the Government directly. Apart from the statutory responsibility, URCA notes that the ECS is the primary beneficiary of the obligations and benefits derived from The Bahamas as a signatory to the ITU convention and the ITU's work in the promotion of ICTs. The payment of the responsibility by the Government would simply broaden the burden to all of the country, while the benefit accrues primarily to the ECS licensees.

Further, URCA believes that the role on the ITU Council will allow URCA to consider broader telecommunication policy issues and ensure that ITU recommendations which The Bahamas adopts and supports adequately respond to the dynamic and rapidly changing telecommunications environment in The Bahamas. In URCA's view, being a part of the formulation of this body of knowledge improves regulatory efficiency and effectiveness in The Bahamas, which can equate to economic benefits for all stakeholders. URCA does however,

accept that there is a need to ensure that the work done at international forums does not detract URCA's focus and attention from important regulatory matters facing the ECS in The Bahamas, and recognizes the need to effectively manage its resources between its responsibilities. URCA will redouble efforts in 2018 to ensure that its international work does not adversely impact its regulatory responsibilities.

3.1.5 URCA Northern Bahamas Office

CBL's Comments

CBL disagreed with URCA proposal for a Northern Bahamas Office. CBL reasoned that the additional offices would have an undesirable financial impact on Licensees and suggested that a more beneficial approach would be to focus on the revitalisation of the Nassau office. However, CBL remarked that a trial office in Grand Bahama could allow URCA to assess the need for a large office.

Aliv's Comments

Aliv stated that the decision to establish an office in Grand Bahama should follow a public consultation with relevant stakeholders to discuss the costs and benefits of such an office. Aliv suggested that URCA consider conducting business in Grand Bahama using roadshows and town hall meetings in the interim.

BTC's Comments

BTC disagree with the need for a Northern Bahamas office based on the cost implications. The Licensee urged URCA to consider more cost-effective ways to expand its reach throughout The Bahamas, such as a pop-up office or technology-based approaches. BTC also drew attention to URCA initiative to secure a tenant for the additional office space at Frederick House. BTC urged URCA to intensify its efforts in that regard.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield questioned the need for a Northern Bahamas URCA Office and cited that the Annual Plan did not specify the purpose, scope and annual cost of the new office.

URCA’s Response

URCA believes that its intentions are consistent with the majority of the respondent comments. URCA intention was to establish a small satellite office in Freeport with only one permanent staff member supported by robust IT facilities to enable remote management and presence, bolstered by a “pop-up” approach across the Northern Bahamas in which members of URCA’s Nassau team would periodically work from Freeport to reach islands in the Northern Bahamas, which comprises over 20% of the population of The Bahamas and, by extension, the ECS. URCA believes its strategy for launching this initiative is aligned with the suggestion of the respondent in that less than 0.6% of its annual budget has been allocated for an initiative that could potentially benefit more than 20% of its stakeholders. Specifically, Northern Bahamas Office will permit URCA to maintain a sustainable focus on salient ECS and ES issues while satisfying the objective to educate and support our stakeholders in the Northern Bahamas.

Notwithstanding URCA’s view that its representation within the Northern Bahamas should benefit from a permanent presence, based on comments from stakeholders, URCA has decided to trial the Northern Bahamas Office concept without opening a physical office, by operating on a “pop-up” basis only. The pop-up office will be active in appropriate Northern Bahamas islands based on a published schedule which is being formulated by URCA. URCA will re-assess its decision after the pop-up office has been in operation for a period of no less than one (1) year.

3.1.6 Monitoring the Rollout of Cellular Services by Aliv

Aliv’s Comments

As previously stated, Aliv stated that though URCA has developed a regulatory framework to lower barriers to entry in the mobile communications market, URCA has not required certain Licensees to comply with the regulations, which Aliv suggested has impacted their roll-out

schedule. Aliv made detailed allegations that BTC has breaches certain regulatory obligations, and argues that URCA should apply enforcement action against BTC for those alleged breaches.

BTC's Comments

BTC expressed its concern that URCA has not provided any substantive update on the roll-out of Aliv's cellular mobile service since 4 October 2016 but suggested that a twelve-month delay is unsatisfactory and inexcusable. BTC expressed anticipation that a report will be forthcoming.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield expressed concern that URCA has not informed the public about the revised rollout schedule for Be Aliv Limited. Wallace-Whitfield requested that URCA provide the public with frequent updates.

URCA's Response

URCA agrees to provide the public and other stakeholders with a progress update on Aliv's rollout of cellular services. URCA advised that there have been significant issues pertaining to Aliv's rollout which have, as BTC is aware, been mired in allegations of delay and regulatory breaches by BTC. URCA seeks to ensure that its consideration of those matters is not prejudiced by public discussions surrounding Aliv's rollout. URCA, therefore, intends to ensure that there is a clear pathway to completion of Aliv's roll-out, with the relevant infrastructure and facilities sharing matters resolved, before making premature public pronouncements on the issue.

In this regards, URCA repeats its comments made in section 2.1 above regarding its decision to refrain from penalising BTC for the breaches alleged by Aliv.

3.1.7 Review of Consumer Protection Regulations

BTC's Comments

BTC expressed the view that the current consumer protection regulations and the reporting requirements are adequate. BTC expressed concern that additional change would result in additional cost for service providers.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield suggested the URCA failed to meet requirements regarding the timeframe for review and publication of a revised Content Code.

URCA's Response

URCA has committed to conducting a Review of Consumer Protection Regulations, however, although the ECS related provisions will be reviewed, the main purpose of the review is to incorporate Consumer Protections for the ES. URCA advises BTC that URCA will not impose additional regulations in respect of the ECS except where the review indicates that revised regulatory measures are needed.

In relation to URCA's review of the Content Code, URCA advises that a review was conducted in 2016 spearheaded by the Content Regulation Industry Group. However, the recommendation to URCA was for no changes to be made. URCA has triggered a further review based on specific concerns which have arisen during 2017.

3.1.8 Review of Accounting Separation results of SMP Operators

BTC's Comments

BTC highlighted the importance of the review of accounting separation results of SMP operators. BTC urged URCA to complete its review and specifically address the issue of the appropriateness of accounting separation given the current competitive environment.

URCA's Response

The timeliness of the Accounting Separation reviews are primarily is dependent on the timely submission of the required information from the SMP Licensees. URCA notes that the delays in

the reviews have generally been driven by the delays in receiving relevant information from SMP operators in a timely manner. URCA will continue to work with providers to ensure that the AS reviews are completed as efficiently as possible.

3.1.9 URCA's 2018 Public Awareness Activities

BTC's Comments

BTC drew attention to URCA's 2018 commitment to conduct public awareness activities. BTC requested access to any empirical data URCA would have collected using public surveys or other means.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield requested that URCA publish a monthly schedule of its planned activities on its website that specified the time date and location of its public awareness activities. Wallace-Whitfield argued that there is a lack of information on regulatory measures imposed by URCA for breaches of the regulations. Wallace-Whitfield argued that as a statutory body, URCA must inform the public and other stakeholders of its regulatory discussions.

URCA's Response

Regarding BTC request, URCA advises BTC that URCA has not collected empirical data from consumers. However, URCA has collected empirical data from service providers, which URCA will publish in due course. Also, URCA notes the request from Wallace-Whitfield to publish notifications about stakeholder meeting on its website. URCA notes that such information has been published using URCA's social media presence and the public media, however, URCA agrees to publish notifications about public meetings on its website to complement the current notification methods including social media outreach, newspaper ads, and radio announcements. URCA does not agree that its "regulatory discussions" should be published as publication of such may prejudice ongoing regulatory processes. However, URCA will continue to publish its final decisions on its website.

3.1.10 Licensing Guidelines for the Electricity Sector and Licensing of Public Electricity Suppliers

Vincent Wallace-Whitfield's Comments

The delaying of the Licensing Guidelines for the Electricity Sector and Licensing of Public Electricity Suppliers due to the lack of comments from “key entities with a significant interest in the Process” is inconsistent with the approach URCA has taken in the past.

URCA's Response

URCA notes comments by Wallace Whitfield but also notes that the ES is quoted different from the ECS, in that it is a natural monopoly, and that the enabling legislation specifically requires the licensing of the key players. Those key players have already been licensed on an interim basis, and URCA does not consider it appropriate to rush to adopt licensing frameworks without input from those entities. Hence, URCA considered a delay to be in the best interest of the public and ES.

3.2 Evaluation of Effectiveness

CBL's Comments

CBL argued that URCA failed to achieve over half of its 2017 performance objectives within the timelines set out in the 2017 Annual Plan but recognised that in 2016 and 2017, URCA had experienced 30% professional staff turnover, which CBL recognised as a relevant factor. CBL suggested that an overhaul of URCA's compensation package could incentivise employees to improve URCA's organisational performance. Further, CBL argued that URCA KPI's do not effectively measure the organisation's performance. CBL suggest that URCA conducts a review of its KPI's and implement more consumer-centric metrics to measure organisational performance.

Aliv's Comments

Aliv stated that it supported URCA's approach to provide clarity about its activities and performance-based management. However, Aliv suggested that URCA defined its performance objectives by SMART (Specific, Measurable, Achievable, Relevant and Timely) principles and expressed the view that URCA's current performance objectives do not satisfy these principles. Further, Aliv suggested that URCA reduce the number of KPIs and include a budget KPI. Aliv recommended that URCA staff be incentivised to improve the organisation's performance against the KPIs through a targeted bonus scheme.

Vincent Wallace-Whitfield's Comments

Wallace-Whitfield questioned whether the current KPI effectively measure organisational performance. Additionally, the respondent called for great transparent in the metrics such as compensation of executives and non-executives.

URCA's Response

URCA thanks the respondents for candid comments about its performance. URCA is determined to meet the expectations of its stakeholders in 2018 by improving the percentage of planned projects completed in 2018 and well as some other KPIs in the long-term. Already, one of the URCA's key initiatives for 2018 is the development of an URCA Organizational Performance Index (the "URCA OPI"). The URCA OPI will include appropriate metrics for measuring URCA's performance against pre-determined external and internal key performance indicators. URCA believes this is a step towards consistently meeting and exceeding the expectations of our internal and external stakeholders.

URCA also considers, however, that a significant part of the challenge is that URCA plans aggressively based on stakeholder priorities, and does not adequately account for *ad hoc* matters presented to URCA during the year which represent the majority of URCA's efforts on a time basis. URCA has restructured its 2018 Annual Plan to identify those projects which URCA intends to do as a priority, separately from those which will be completed only subject to

available resources. In this manner, URCA considers that its Annual Plan will be more realistic and more capable of completion, consistent with SMART planning.

3.3 Budgets for 2018

3.3.1 Electronic Communications Sector Budget

CBL’s Comments

CBL commended URCA for a \$1.429m reduction in URCA’s budget. However, CBL questioned the decrease in projected staff costs.

Aliv’s Comments

Aliv stated its satisfaction with the reduction in URCA’s budget. Aliv also questioned the decrease in projected staff costs and suggested that a benchmarking exercise was needed to determine whether URCA budget was comparable to the budget of similar regulators in the region. Aliv added that any property income should be used to offset regulatory fees collected from Licensees.

BTC’s Comments

BTC expressed appreciation of the reduction in URCA’s budget. The Licensee encouraged that URCA considers other cost reduction initiatives. Additional, BTC requested a breakdown of URCA’s capital expenditure.

URCA’s Response

URCA notes respondents’ comments regarding a desire for increased transparency in its accounting. In light of the request, URCA has revised Table 6 (Electronic Communications Sector Budget 2018) and Table 7 (Electricity Sector Budget 2018), to display more details where possible.

In relation to the decrease in staff expense for the ECS, URCA advises as follows:

- Upon taking responsibility for regulation of the ES, URCA distributed the staff costs proportionately across the ECS and ES based on the dedicated staff numbers in each sector. Consequently, as the size of URCA's ES team grows at a faster rate than the ECS team, the costs of operations and administrative staff attributed to the ECS decrease with a corresponding increase in the ES portion of those costs since both sectors share those resources.
- URCA's budget for 2017 reflected an intention to increase staff numbers in 2017 as against 2016, which did not materialise due to the need to replace staff attrition which occurred in 2016.
- URCA has also adjusted its budgeted staff costs to decrease the provision for bonus payments to staff consistent with URCA's drive to reduce its expenditure in line with economic conditions in The Bahamas.

These combined factors, result in a decrease in overall staff expenses for the ECS, notwithstanding an expected increase in number of staff in 2018.

Finally, URCA assures licensees that any rental income from URCA's property will be applied to URCA's overall budget and will be reflected in the URCA fee.

3.3.2 Electricity Sector Budget

The respondents did not submit commits on the budget for the Electricity Sector.

4. Conclusion and Next Steps

The publication of this Statement of Results document formally concludes the public consultation on URCA's Draft Annual Plan for 2018. URCA thank those who provided feedback on the Draft Annual Plan. URCA has made corresponding changes to the Annual Plan, based on comments received.

The Final Annual Plan for 2018 was published on URCA's website concurrently with this Statement of Results, as URCA 02/2018. A public oral hearing will be scheduled at a later date to present and discuss the 2018 Annual Plan and the 2017 Annual Report. URCA will publish further details for the public oral hearing on its website and in the local media.