



URCA Draft Annual Plan 2019

URCA 08/2018

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1. Introduction

1.1 Structure of the Plan

The Utilities Regulation and Competition Authority (“URCA”) is pleased to publish its draft Annual Plan for 2019. The remainder of this document outlines:

- A brief review of URCA’s achievements in 2018;
- URCA’s focus areas and key priorities for 2019;
- URCA’s key projects for 2019, 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.

Details on how to respond are provided in section 1.2 below.

1.2 Responding to this Draft Plan

URCA 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.

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

- All submissions to this consultation should be submitted by 5pm on 22 February 2019;
- URCA shall endeavour to publish these responses by 5pm on 1 March 2019; and,
- URCA shall endeavour to publish the final version of its Annual Plan by 29 March 2019.

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 has tentatively scheduled this forum for 15 February 2019.

Written submissions or comments on the draft Annual Plan should be submitted 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 2018

2.1 Overview

The final version of URCA's 2018 Annual Plan was published on 30 April 2018 together with URCA's Annual Report for 2017. In the Annual Plan URCA set out several projects which would be undertaken with proposed timelines.

During 2018 URCA's primary goals as regulator of the Electricity Sector (ES) have been to engender a nationwide understanding and appreciation for the need to regulate the sector, and to deploy the critical framework to facilitate the regularization of pre-enactment service providers. Unfortunately URCA's work with regard to the latter has progressed slower than the statutory timelines stipulated in the Electricity Act 2015, due to a lack of preparedness and, in some cases, willingness of those service providers to be regulated. During 2018, URCA has been required to revise its expectations regarding the assumption of regulation in the ES to take account of legacy system challenges experienced by key stakeholders which impact their ability to respond to regulatory mandates, and legal challenges to URCA's regulatory jurisdiction Grand Bahama. Having regard to those difficulties, URCA now recognises that its approach in relation to grid stability and generation issues, particularly of BPL, will need to be approached incrementally.

In the Electronic Communications Sector (ECS) URCA's focus remained on cellular liberalisation, and significant milestones achieved in 2018 included the completion of work related to the monitoring of roll out of competitive cellular mobile services across The Bahamas. URCA also completed key recruitment activities in 2018 by filling the post of Director of Electronic Communications (DEC), a post that has been vacant since March 2017. URCA takes this opportunity to recognise the members of its ECS team who have enabled the organisation to continue its work in the ECS during the vacancy of this important role, particularly Donavon Dorsett and Waldon Russell, both of whom acted as DEC, and to welcome Mr. Carlton Smith, who joined as URCA's DEC on 3 December 2018. Mr. Smith, a veteran journalist and broadcaster, brings valuable leadership experience to URCA, particularly in the broadcasting sector, for which the DEC is responsible within URCA's regulatory mandate.

Representation of the Government of The Bahamas at international organisations was another key area of activity for URCA, culminating in The Bahamas' election to the Council of the International Telecommunication Union (ITU) for the period from 2018 to 2022. The elections were held at the ITU's Plenipotentiary Conference 2018, in Dubai, United Arab Emirates. This followed The Bahamas' election to the Executive Council of the Inter-American Telecommunications Commission (CITEL) in March 2018. The Bahamas' increasing role in leadership on telecommunications and ICT matters internationally speaks to the Government's commitment to ICT development in The Bahamas, and The Bahamas' leadership as a center of excellence in ICT regionally and globally.

2.2 Performance Against URCA's 2018 Annual Plan

Beginning in the 2018 Annual Plan, URCA prioritised projects into three tiers (Tier I, Tier II and Tier III). The rationale for placement of projects in a specific tier was as follows:

- Tier I projects are of significant importance and urgency to the regulated sectors, in respect of which URCA therefore sought to ensure that it directs all available resources to achieve completion in accordance with scheduled dates during the current year, which may adversely impact completion of lower tiered projects. Generally, for Tier I projects URCA sought to set forth and commit to a specific trimester for completion, within the year.

- Tier II projects are also of significant importance to the organisation or the regulated sectors directly, and URCA endeavoured to complete these projects in the shortest possible timeframe though with lower priority than the Tier I projects. URCA did not commit to completion of Tier II projects during a specific period for one or more of the following reasons:
 - There is heavy dependence on external stakeholder input or approval; and/or
 - the availability of adequate resources to complete the project in a specific timeline is uncertain; and/or
 - URCA has limited control over the completion date (for example approval is external to URCA).

- Tier III projects address emerging regulatory or management issues which URCA is desirous of addressing and will complete as soon as resource availability dictates, but which are of lower

priority than Tier I or Tier II Projects. URCA did not commit to any specific timeframe for completion of Tier III projects.

2.2.1 General Projects

While most of URCA's regulatory work relates to a specific regulated sector, URCA is continuously seeking ways to achieve economies that can be realised through harmonised approaches between regulated sectors, reflected in regulatory measures which have "General" applicability to multiple regulated sectors. URCA's organisational initiatives, including its Annual Report and Annual Plan also fall into this "General" Category.

During 2018, URCA worked on the following General projects:

Tier II Projects

Review of Consumer Protection Regulations

On 30 December 2013, URCA published its Consumer Protection Regulations (CPR) which are applicable to the ECS only. In 2018 URCA began a project to review the existing CPR, to incorporate necessary provisions for the ES, and to review the provisions for the ECS where appropriate. URCA remains on track to complete the work during 2019 as a Tier I project.

Market and Consumer Satisfaction 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 carried out initial work on the commissioning of surveys to assess the markets in both the ES and ECS. This work will be furthered in 2019 as a Tier II project, with completion anticipated in 2020.

URCA Performance Indexes

One of the key outcomes of URCA's recent Strategic Planning process has been the recognition that URCA needs more relevant and meaningful methods of measuring its performance. To that end, URCA is developing a series of Key Performance Indicators (KPI) in the form of Indices, which can be used to track URCA's performance, combining considerations such as market growth and performance, fiscal responsibility, consumer satisfaction and licensee performance. URCA commenced the process for the formulation of these indices during 2018 and expects to complete the work as a Tier I project in 2019.

2.2.2 Electronic Communications Sector (ECS) Projects

In 2018 URCA made significant progress in its identified ECS priorities, advancing both Tier I and Tier II projects identified in the Annual Plan.

Tier I Projects

As previously mentioned, the 2018 Tier I Projects are of significant importance and urgency to the regulated sectors, and hence URCA therefore sought to ensure that it directed the necessary resources to achieve completion in 2018. A brief discussion of URCA's achievements against the 2018 Tier I Projects is set out below:

Review of Retail Broadband Access

On 31 July 2018, URCA published *the Final Determination on the Review of the Resale Broadband Obligation imposed on BTC and CBL under Section 116 and Schedule 4 of the Communications Act, 2009* (ECS 09/2018). In the document, URCA reconfirmed the SMP designations of BTC and CBL in wholesale fixed broadband services and approved the price and non-price terms and conditions of BTC's, and CBL's resale offers.

Monitoring the Rollout of Competitive Cellular Mobile Services

On 17 July 2018, Aliv reported to URCA that it had completed all coverage and service requirements of Aliv's Individual Spectrum Licence. URCA has reviewed the Coverage Report and issued Aliv with a Certificate of Completion on 30 November 2018, certifying that Aliv had completed all of its roll out requirements by 17 July 2018, seventeen days past the deadline required by its licences. It should be noted that in respect of Phase 1b roll-out URCA levied a penalty of \$735,000 as a result of Aliv's failure to delayed roll out of Phase 1b (in particular, completion of roll out on Exuma, Andros and Bimini), but that URCA decided that delays by Aliv in meeting certain other deadlines were not wholly within Aliv's control due to challenges in obtaining sharing on facilities owned by BTC.

Position on Net Neutrality and Regulation of OTT Services

On 13 April 2018 URCA issued a consultation document which set out URCA's preliminary Position on Net Neutrality and Regulation of Over-The-Top Services in The Bahamas. On 26 November 2018 URCA

concluded its work with the publication of the Statement of Results and Final Position as ECS /2018, which set out URCA's rationale for refraining from issuing ex ante regulations at this time.

FM Broadcasting Technical Standards

On 13 July 2018, URCA published a "Second Consultation on *Technical Standards Framework for FM Radio Broadcasting in The Bahamas – ECS 08/2018*" ("the Second Consultation"). The Second Consultation closed on 13 August 2018 and URCA concluded its work on this project with the publication of the Statement of Results and Final Determination on 14 December 2018 as ECS XX/2018.

ICTs for Disaster Preparedness and Management

URCA has drafted a public consultation document for "ICTs for Disaster Preparedness and Management Regulations for the Electronic Communications Sector in The Bahamas." URCA will now seek to engage The National Emergency Management Agency (NEMA), The Royal Bahamas Police Force and Royal Bahamas Defence Force, as well as the Department of Meteorology, among others, which URCA considers can significantly increase the effectiveness of the final regulatory measure. URCA will consult with the mentioned agencies before engaging the wider public. This enhanced consultation initiative necessitated carrying the project over into 2019.

Review of the Electronic Communications Sector Policy (ECSP)

As stated in the Annual Plan for 2018, URCA commenced work on the Electronic Communications Sector Policy (ECSP) in the first trimester of 2018 and is on schedule to complete the draft for submission to the Government in 2019.

Market Implementation of Price Caps

In 2017, URCA resumed work on this project, but in 2018 no substantive progress was made on the project as there are questions from stakeholders on the appropriateness of the proposed remedies having regard to the fast pace of change in the sector, and the underlying assumptions regarding market dominance were brought into question. URCA intends to review the need for this project through further consultation and engagement with various stakeholders, in early 2019.

Review of the National Spectrum Plan

Under section 31 of the Comms Act, 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. URCA has completed its work on the Revised National Spectrum Plan, and it was submitted to the Minister for review and approval on 12 December 2018.

Tier II Projects

URCA has also made significant progress against the objectives for Tier II Projects. Having commenced work on these projects in 2018, URCA has re-classified some of its 2018 Tier II Projects as 2019 Tier I Projects, indicating increased priority for completion in 2019. A brief discussion of URCA's achievements against the 2018 ECS Tier II Projects is set out below:

Identification of Spectrum for Digital Switchover

URCA considers that the implementation of a framework for Digital Switchover will further the objectives of the Electronic Communications Policy by preparing The Bahamas for the adoption of new digital services. URCA published a draft Framework for Digital Switchover for consultation on 26 May 2018 as ECS 10/2018, but there were no comments and indications in the daily newspapers suggested that there were some misconceptions among stakeholders as to the effect of the document. As such, URCA will publish the consultation document again for public consideration, and will publish its Final Decision in early 2019.

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). URCA at that time did not review the competitive dynamics in the relevant wholesale markets. Hence, URCA commenced a review of the wholesale markets in 2018, which URCA intends to conclude in 2019.

2.2.3 Electricity Sector (ES) Projects

As for the ECS, URCA's work schedule for the ES for 2018 was separated into Tier I, Tier II and Tier III projects. A brief summary of URCA's progress on its Tier I and Tier II ES projects is set out below.

Tier I

Review of BPL Consumer Protection Plan

BPL's Consumer Protection Plan (CPP) was developed by BPL to comply with section 40 of the EA. The BPL CPP was submitted to URCA on 5 May 2017 which, following review and revision, was published as a Consultation Document on 29 May 2017. In addition to written submissions, URCA received comments from the general public during town meetings held in New Providence, Abaco and Eleuthera, which were considered in the production of the Statement of Results and Final Decision published on 22 August 2018 as ES 06/2018.

Licensing Guidelines for the ES, and Licensing of Public Electricity Suppliers

The ES Licensing Guidelines provide guidance to licence applicants on the information required from applicants, and URCA's approach to assessing applications in relation to issuing a prescribed licence for regulated activities in the ES. The Licensing Guidelines for Service Providers in The Bahamas' Electricity Supply Regime was published on 31 May 2018, as ES 03/2018.

Review of BPL Renewable Energy Plan

BPL's obligation to furnish a Renewable Energy Plan to URCA stems from s. 25 of the EA. It is noted that the EA states that the REP was to be provided within six months of the coming into operation of the Act; however, BPL has advised URCA that it lacked the internal capacity/resources to develop the Utility Scale portion of the plan and requested an extension to 31 August 2019. Provided that BPL meets the revised timeline, URCA has re-scheduled the completion of this project to be completed by T3 of 2019.

Tier II

BPL Efficiency Assessment

In response to ongoing concerns and its general regulatory mandate, URCA deems it necessary to perform a comprehensive management and operational audit of BPL to determine the entities overall efficiency in relation to its mandate to provide a safe, reliable, and affordable supply of electricity. The proposed audit would examine, inter alia, the management of human, financial, and technical resources with a view to providing objective assessments to remedy any deficiencies discovered. It is envisioned that the Efficiency Assessment will provide a comprehensive and global view of the operation, thereby, enabling it to align itself with the industry's best practices.

2.3 International Participation and Engagement

During 2018 URCA continued its work to cement The Bahamas as an integral part of the international discussion on Information and Communications Technologies (ICT) and to do its part toward establishing The Bahamas as the regional centre of excellence for ICT.

As noted above, highlights of 2018 culminated in The Bahamas' election to the Council of the International Telecommunication Union (ITU) for the period from 2018 to 2022 in elections held on 5 November 2018 at the ITU's Plenipotentiary Conference 2018, held in Dubai, United Arab Emirates. The Bahamas was elected as one of nine (9) member states representing the Americas region, on the ITU's 48 member council.

During 2018, The Bahamas was also elected to the Executive Committee of the Inter-American Telecommunications Commission (CITEL) at the CITEL Assembly, held in Buenos Aires, Argentina in March 2018. CITEL is the telecommunications arm of the Organisation of American States (OAS) and The Bahamas is one of thirteen (13) member states on the Executive Committee.

The Bahamas' increasing role in leadership on telecommunications and ICT matters internationally speaks to the Government's commitment to ICT development in The Bahamas, and The Bahamas' leadership as a center of excellence in ICT regionally and globally.

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 2018.

2.4 Building Regulatory Capacity and Human Capital

In 2018 URCA completed its third year as a multisector regulator, balancing its regulatory responsibility between the Electronic Communications and Utilities and Energy sectors. URCA's mission statement "improving lives through effective utilities regulation" is also indicative of the organization's commitment to continuous development of its people and investing in building its regulatory capacity. The

organization's Strategic Plan continued to drive efforts especially in the area of learning and development, employee engagement and records management.

URCA's staff complement saw a few significant changes in 2018. A new Director of Electronic Communications was introduced and the Human Resources and Administration department was restructured to accommodate the organisation growing needs. Also a new position was created within the Corporate and Consumer Relations department for a Consumer Relations Assistant. The purpose of this role is to provide first point of contact assistance to consumers.

Learning and development opportunities focused on upskilling in the areas of energy regulation, electronic communication regulation and leadership are ongoing, as well as the Records Management implementation project.

2.5 Educating and Supporting our Stakeholders

URCA continued its efforts to ensure that all stakeholders are educated and informed concerning the matters within its remit. A significant accomplishment for 2018, was the establishment of the URCA Consumer Help Desk during the latter part of 2018.

Efforts to be more innovative and creative in reaching consumers resulted in the introduction of new initiatives such as URCA Unplugged, an informal 'pop' up desk in a public space providing information and material about URCA while at the same time receiving complaints from members of the public. Four unplugged events were held two in New Providence at the General Post Office and the Mall at Marathon and two in Grand Bahama.

URCA being mindful of the universal goal to ensure access to information and communication technology for all, with emphasis on women, girls, and differently abled individuals, hosted the 2018 observation of '*Girls in ICT Day 2018*' in Freeport Grand Bahama. As a result of the change of venue, there was a significant increase in the number of participants from the northern Bahamas. Almost 200 students from six islands including New Providence, attended the 4th observation of this ITU initiative to promote the ICT sector as a career option for women. URCA was supported by the generous sponsorship of industry partners and students.

Internally URCA’s new mission “*Improving lives through Effective Utilities Regulation*” became more visible within the office with the placement of plaques and presentation of personalized mugs to all team members.

While URCA appreciates that a critical component of our work is the fostering of good relationships with all stakeholders, this is especially so with the media. Efforts to continue to build that relationship continued with the hosting of the second Media Breakfast. Internally, the first in a series of Media Coaching workshops was held to better prepare team members for engaging with the media.

In 2018, URCA travelled to the Southern Bahamas to share with residents what they should know about their rights and obligations in the regulated sectors. School visits, walkabouts and Town Hall meetings were held in Crooked Island, Acklins, Long Cay and Inagua. More than close to 200 residents including students received valuable information on how to file complaints and how URCA’s role as regulator impacts their everyday use of the essential services.

2.6 Summary of 2018 Outcomes

URCA performance in respect of the Tier I and Tier II projects in the 2018 Annual Plan is set out in Table 1 and Table 2 below.

Table 1 - Performance, 2018 Tier I Projects

Project	Start Period	End Period	Status
URCA Annual Plan 2018	T3, 2017	T1,2018	Completed 30 April 2018
Review of Retail Broadband Access	T2, 2017	T2, 2018	Completed 31 July 2018
Monitoring the Roll-Out of Competitive Cellular Mobile Services	T3, 2016	T2, 2018	Completed 30 November 2018

Project	Start Period	End Period	Status
Position on Net Neutrality and Regulation of OTT Services	T1, 2016	T3, 2018	Completed 23 November 2018
Review of BPL Consumer Protection Plan	T2, 2016	T2, 2018	Completed 22 August 2018
FM Broadcasting Technical Standards	T2, 2014	T3, 2018	Completed Publication delayed to January 2019
Licensing Guidelines for the ES, and Licensing of Public Electricity Suppliers	T2, 2016	T3, 2018	Completed 31 May 2018
ICTs for Disaster Preparedness and Management	T1, 2017	T3, 2019	Carried-over to 2019
Draft Annual Plan 2019	T3, 2018	T1, 2019	Completed 20 December 2018
Campaign for ITU Council	T3, 2017	T3, 2018	Completed 5 November 2018
Review of ECS Policy	T1, 2017	T3, 2019	On-Schedule Completion scheduled for T2 2019
Market Review – Implementation of Price Caps	T1, 2015	T3, 2019	Project Review
Review of BPL Renewable Energy Plan	T2, 2016	T3, 2018	Delayed to T3 2019
Review of National Spectrum Plan	T1, 2018	T3, 2018	Completed 12 December 2018

Table 2 - Performance, 2018 Tier II Projects

Project	Start Period	End Period (2018 Annual Plan)	Status as at 31 December 2018
Market and Consumer Satisfaction Surveys	T1, 2018	TBC	Scheduled for T3 2019 as Tier I
ICTs for Persons with Disabilities	T1, 2018	TBC	Scheduled for 2019 as Tier II
Identification of Spectrum for Digital Switchover	T1, 2017	2019	Commenced in 2018 Scheduled for T2 2019 as Tier I
Review of Wholesale Internet Access	T1, 2018	2019	Commenced in 2018 Scheduled for T3 2019 as Tier I
Review of Consumer Protection Regulations	T2, 2018	2019	Commenced in 2018 Scheduled for T3 2019 as Tier I
URCA Performance Indices	T2, 2018	2019	Commenced in 2018 Scheduled for T3 2019 as Tier I
BPL Efficiency Assessment	T2, 2017	2019	Scheduled for 2019 as Tier II

3. URCA's Plan for 2019

3.1 Strategic Outlook

URCA's projects for 2019 have been selected to achieve the following objectives:

- complete the build out of URCA's regulatory framework for the ES;
- more fully engage as the regulator of the ES, particularly in the areas of renewable energy, consumer protection and licensee performance and efficiency monitoring;
- to complete regulatory work in the ECS already commenced in previous years, conduct reviews of existing policy and regulatory measures, and ensure full implementation of existing regulations; 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 Key Projects for 2019

This section identifies the Tier I, Tier II and Tier III projects URCA proposes to work on during 2019 and 2020 and includes projects brought over from 2018. Descriptions of the Tier classifications are set out in section 2.2 above.

3.2.1 2018 Projects Carried Over

The following Tier I projects, scheduled for completion in 2018, have been delayed beyond the anticipated completion date and carried over from 2018:

Electronic Communications Sector

- Review of ECS Policy
- Market Review – Implementation of Price Caps
- ICTs for Disaster Preparedness and Management

Electricity Sector

- Review of BPL Renewable Energy Plan
- BPL Efficiency Assessment

Each of these projects was described in detail in the Annual Plan 2018.

3.2.2 Tier I Projects

During 2019, URCA expects to work on and complete the projects listed in Table 3:

Table 3 – 2019 Tier I Projects

Project	Start Period	End Period
General Projects		
Review of Consumer Protection Regulations	T2, 2018	T3, 2019
URCA Organisational Performance Indexes	T2, 2018	T3, 2019
Draft Annual Plan 2020	T3, 2019	T3, 2019
Electronic Communications Sector Projects		
ICTs for Disaster Preparedness and Management	T1, 2017	T2, 2019
Review of ECS Policy	T1, 2017	T2, 2019
Identification of Spectrum for Digital Switchover	T1, 2017	T2, 2019
Review of Wholesale Internet Access	T1, 2018	T2, 2019
Review of Broadcasting Content Code	T2, 2018	T3, 2019
Market Review – Mobile Services	T1, 2019	T3, 2019
Review of Interconnection Rates	T3, 2019	2020

Project	Start Period	End Period
Electricity Sector Projects		
SSRG Advancement Program	T1, 2018	Ongoing
Promotion of Energy Efficiency and Conservation	T2, 2019	Ongoing
Framework for the Procurement of Power Generation Resources	T1, 2019	T3, 2019
Establishment of ADR Scheme(s) for the ES	T1, 2019	T2, 2019

Description for the Tier I projects that URCA will commence in 2019 are set out below. Where a project was commenced in 2018 or earlier, the descriptions are available in section 2.2 above.

General Projects

Draft Annual Plan 2020

During October through November 2019, URCA will commence work on its draft Annual Plan for 2020, to ensure publication for consultation before the end of 2019 as required by the URCA Act.

Electronic Communications Sector Projects

Review of Wholesale Internet Access

In 2014, URCA conducted a full market review of the critical 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. In 2018, based on the feedback regarding the Broadband Resale Obligation that the existing remedies are inadequate, URCA commenced work on the possible expansion of the scope of the *ex-ante* remedies imposed on SMP operators providing wholesale broadband access. This work will continue in 2019.

Review of Broadcasting Content Code

The Content Regulation & Industry Group (CRIG) met during 2017 and completed a review of the Code of Practice for Content Regulation (the Code). Based on the CRIG's input and changes to the country's overall legal framework since the code was published, URCA has been reviewing the Code to further develop the complaints handling processes and to align the Code with environmental changes. URCA has now scheduled this work as a Tier I project for completion in T3, 2019.

Market Review – Mobile Services

Since there are now two mobile operators in the market, URCA will conduct a market review on the mobile phone market for the first time. Given the overlap between retail and wholesale markets, URCA will examine the wholesale market for call and SMS origination on mobile networks. The review will determine whether any operator has significant market power and if so, which appropriate remedies should be applied.

Review of Interconnection Rates

URCA will conduct a review of the interconnection rates to determine if the rates should be adjusted and whether they are in line with current costs and relevant benchmarks. The review will cover the URCA-approved interconnection rates for BTC, CBL/SRG and Aliv.

Electricity Sector Projects

SSRG Advancement

Part V of the EA addresses Renewable Energy and Liberalisation of the Electricity Sector. In this vein, to date URCA has approved and operationalized the Small Scale Renewable Generation (SSRG) of BPL's Renewable Energy Plan. While this plan has made access to 100kW or less systems available to residential and small commercial subscribers, the uptake is lagging behind National Energy Plan (NEP) goals and targets does not reflect the anticipated demand based on the benefits of the plan. In this regard, URCA intends to enhance its efforts to promote the SSRG program by taking the RE message to the end user. URCA will seek to stimulate stakeholder participation by providing access to subject matter experts via pop-ups, social media and apps, and also to consider other more tangible measures for increasing participation in this programme and generally increasing the small scale use of renewable energy in The Bahamas.

Framework for the Procurement of Power Generation Resources

As per the EA s.38(1)(c), the intention is to establish rules and approve competitive processes for procurement of power generation resources conducted by Public Electricity Suppliers, and ensure such rules are fair, consistent and compatible with the objectives and principles of the EA, electricity sector and national energy policies. The framework will be designed to provide the certainty, accountability, and transparency necessary to ensure stakeholder confidence in the process and the deployment of the best practices in the procurement of goods and services.

Establish Alternative Dispute Resolution Scheme(s) for the Electricity Sector

As per the EA s.40(10), the intention is to establish one or more Alternative Dispute Resolution (ADR) schemes for disputes between licensees and consumers and between licensees and independent power producers or approve a scheme or schemes proposed by licensees. The rules will be established via a consultative process with all stakeholders, and will provide guidelines for the resolution of disputes between stakeholders in contentious situations. The intention is to provide a mechanism where all stakeholders are held accountable; and, the rules are clear, fair, and publicized.

Promotion of Energy Efficiency and Conservation

In accordance with URCA's responsibility under section 39 of the EA, URCA will continue to promote the establishment of energy efficiency programs by PESLs and consumers throughout the country. It is an industry accepted viewpoint that conservation, a consumption tool, plays just as important a role as eco-friendly production measures in the sector's sustainability model. It is noted that conservation measures can be implemented at little to no cost to the end user; and, as it seeks to modify behaviours, it presents the greatest potential in terms of longevity, participation, and enhancement of the consumer's energy experience. In this regard, URCA intends to ramp up its energy efficiency campaign, which promotes all aspects of responsible consumption inclusive of equipment selection, usage patterns, and the inherent socio-economic benefits associated with such measures. URCA views this as a multi-sector promotion

opportunity, since many conservation and energy management devices leverage the ICT infrastructure that falls within its Electronic Communications Sector remit.

3.2.3 Tier II Projects

The projects set out in this section are those which URCA intends to work on during 2019. URCA considers these projects to be of significant importance to the organisation or the regulated sectors directly. Hence, URCA will endeavour to complete these projects in the shortest possible timeframe.

Table 4 – 2019 Tier II Projects

Project	Start Period	End Period
General Projects		
Market Surveys	T3, 2018	T3, 2019
Electronic Communications Sector Projects		
Framework for Internet Exchange Points (IXP) for The Bahamas	T1, 2018	T3, 2019
ICTs for Persons with Disabilities	T2, 2018	T3, 2019
Review of Project – Market Reviews Implementation of Price Caps	T1, 2019	T3, 2019
Framework for Public Service Broadcasting	T1, 2019	2020
Market Review – Fixed Services (Incl. Pay TV)	T3, 2019	2020
Electricity Sector Proposals		
ES Licensee Data Reporting and Performance Monitoring	T2, 2019	T3, 2019
Framework for Public Electricity Supplier Inspection	T2, 2019	T3, 2019

General Projects

Market and Consumer Protection 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. 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 regulate these sectors in the interests of the public more effectively. It should be noted that the survey results will also be used as an input to URCA's Performance Indices.

Electronic Communications Sector Projects

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. Therefore, URCA has commenced a project to establish a fair, non-discriminatory regulatory framework for the establishment of IXPs in The Bahamas.

ICTs for Persons with Disabilities

In 2018 URCA commenced work on an initiative to identify policies and regulatory measures within URCA's mandate which would optimise the use of ICTs in The Bahamas by and for persons with disabilities. URCA intends to complete this project during 2019 as a Tier II project.

Review of Project - Market Reviews Implementation of Price Caps

Implementation of price cap regulation was an outcome of URCA's 2014 market review. The framework has been completed. However, URCA delayed the public consultation process in 2016 due to mobile liberalisation. In 2017, URCA resumed the project, but in 2018 no substantive progress was made on the project. Based on the feedback from stakeholders there are questions regarding the appropriateness of

this project in the current market environment and URCA has decided to review the underlying basis for this project during 2019 before conducting further work.

Framework of Public Service Broadcasting

Section 60 of the Communications Act requires URCA to prepare and submit for approval by the Minister a framework for Public Service Broadcasting in The Bahamas. This project has been delayed previously pending clear guidance from the Government regarding the policy framework within which public service broadcasting should occur in The Bahamas. URCA will resume work on this initiative in 2019, as a Tier II project.

Market Review – Fixed Services

Fixed Services (incl. Pay TV): Given that four years has passed since the last market review, URCA will conduct a review of the retail markets for fixed voice telephony and Pay TV services to determine whether operators possess significant market power and if so, which appropriate remedies should be applied.

Electricity Sector Projects

Licensee Data Reporting and Performance Monitoring

Consistent with EA s.38, URCA intends to construct a reporting framework for its licensees, which will be used to enable effective monitoring of licensees. This framework will ensure the timely reporting of standardized data to monitor the operations of the licensee in an effort to ensure compliance with various regulations and conditions, which support the overarching goal of efficient operations within the sector. The empirical data gathered will enable the development of metrics for use by both local and international bodies in terms of key performance indicators, which will also be utilized to facilitate decision making at both the operational and regulatory levels.

Framework for Public Electricity Suppliers Inspection

The intention is to develop the framework for executing the requirements outlined in the EA s.32 for the inspection of Public Electricity Suppliers in the Family Islands. These inspections include, among other things: the use of goods granted special treatment by Bahamas Customs; safe working practices; accounting practices; and overall compliance with the license conditions. The established inspection

procedures will support the EA's goals of ensuring a safe, reliable, and affordable supply of electricity, while providing the service providers with a checklist from which to chart their operations.

3.2.4 Tier III Projects

URCA Green Project

URCA has launched an organization wide Green Initiative with the overarching goal of reducing the organization's impact on the environment, demonstrating first-hand its commitment to the goals of the EA, ES Policy and the NEP, sustainability principles and practices via the development of in-house energy efficiency, recycling, and water management programs. Having conducted an energy audit of URCA's office at Frederick House during 2018, URCA now proposes to commence concrete activities to implement changes which will reduce URCA's energy use consistent with the initiatives being carried out by URCA as regulator of the ES. Proposed 2019 activities will include:

- *Office Energy Conservation* - URCA intends to reduce its consumption of electricity by both minimizing demand and improving efficiency in keeping with recognized international best practices.
- *URCA Solar Generation Initiative* - URCA intends to incorporate solar generation facilities in its own operations consistent with the SSRG programme. At this stage, URCA is considering solar generation of approximately 55 kW.

URCA Northern Bahamas Office

URCA will continue plans to establish a Northern Bahamas office, on a pop-up basis during 2019.

3.2.5 Public Awareness Activities

Throughout the year, a key initiative of URCA will be to enhance the impact of URCA's work by ensuring that the public and stakeholders are aware of URCA, its role, mandate, vision and mission.

Much of URCA's Public Awareness activities will be focused on the ES in support of projects identified above, including public awareness campaigns aimed at providing consumers with the tools they need to better conserve and manage their energy consumption, and to encourage participation in the SSRG

programme. URCA will also conduct intensive consultation with the public on the revised Consumer Protection Plan, and Code of Practice for Content Regulation in Broadcasting.

URCA will seek to enhance and increase the use of electronic media particularly social media channels, to support its public awareness initiatives.

In late 2019 URCA will hold its second ICT Competition, building on the success of its inaugural competition in 2017. This event serves to create a deeper awareness in young people of the important role ICTs play and can play in the provision of essential services and the improvement of their quality of life and also the wider community see ICTs and its role in the fulfilment of the UN's sustainable development goals.

3.2.6 Building Capacity

In 2018 URCA completed its third year as a multisector regulator, balancing its regulatory responsibility between the Electronic Communications and Utilities and Energy sectors. URCA's mission statement *"improving lives through effective utilities regulation"* is also indicative of the organization's commitment to continuous development of its people and investing in building its regulatory capacity. The organization's Strategic Plan continued to drive efforts especially in the area of learning and development and employee engagement.

URCA will continue recruitment efforts to bring on board additional talent, focussing on entry and mid-level staff with key basic skills and education in URCA's core work areas, who can be trained to engage on the specialist work which URCA undertakes. To complement this approach, learning and development opportunities focused on upskilling in the areas of energy regulation, electronic communication regulation and leadership will continue, with URCA working in 2019 on a major initiative to redesign the organisation's learning and growth function.

URCA will also continue to improve its records and information management function, with the completion of its Records Management implementation project.

3.2.7 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; and,
- Handling consumer complaints regarding regulated services as they arise.

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. Consequently work objectives are kept under review to anticipate impact, and to address any need to reschedule projects to accommodate unforeseen work.

3.2.8 2019 Consultation Timelines

While URCA will carry out several activities during 2019 as noted in the previous section, not all of these will involve public engagement and consultation throughout the process. Table 5 below outlines the major public consultations proposed for 2019, including anticipated publication dates.

Table 5 - 2019 Consultation Schedule

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
Identification of Spectrum for Digital Switchover	T1, 2019	T1, 2019
Review of Consumer Protection Regulations	T2, 2019	T2, 2019
URCA Organisational Performance Indexes	T2, 2019	T2, 2019

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
Review of Wholesale Internet Access	T2, 2019	T2, 2019
Review of ECS Policy	T2, 2019	T3, 2019
ICTs for Persons with Disabilities	T3, 2019	T3, 2019
Review of Broadcasting Content Code	T3, 2019	T3, 2019
Framework for the Procurement of Power Generation Resources	T3, 2019	T3, 2019
Establishment of ADR Scheme(s) for the Electricity Sector	T3, 2019	T3, 2019
Market Reviews – Mobile Services	T2, 2019	T2, 2019
URCA Draft Annual Plan 2020	T3, 2019	T1, 2020

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 2018 will be tabulated and included in URCA's 2018 Annual Report, which will be published by the end of April 2019. URCA provides below in Table 6 the indicators which will be adopted for 2019.

Table 6 - 2019 Performance Indicators

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	Ratio 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:	Debtor Days	Cost of learning and development activity as percentage of total payroll	

45-60 days 60-90 days >90 days			
<u>Consumer Complaints</u> Number of complaints received Percentage of total complaints resolved Average time taken to resolve complaints	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	
Licenses issued within: 30 days - individual licences 45 days - class licences Volume of licences processed in the year	Long outstanding debt (>90 days) as a percentage of total debt	Percentage of roles filled by permanent and contract staff	
		Average lapse time (working days) from vacancy/advertisement occurring to the acceptance of an offer for the same post	
		Percentage of people in role after 12 months of service	
		The percentage of employees who left the organization during the year	

5. URCA's Draft Budget 2019

5.1 Overview

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 2019 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 7 below.

Table 7 - URCA draft Budget 2019

Category	2017	2018	2019
Staff Costs	2,513,293	2,405,714	2,162,015
Non-Executive Compensation	225,184	229,000	226,400
Executive Compensation	494,970	478,652	517,848
Professional Services	1,140,360	1,536,000	1,077,000
Conferences, Training, and Travel	1,138,452	553,400	524,950
Premises Costs and Utilities	598,373	304,900	483,840
Consumer Education and Public Relations	443,000	202,000	214,600
Office Services	309,131	322,600	308,590
Information Technology	111,81	103,300	155,500
General and Administrative Expenses	483,879	370,830	427,805
Total Operations Expenditure (OPEX)	7,458,460	6,506,396	6,098,548
Depreciation	740,884	472,342	544,317
Total Operating Budget Recovered through URCA fees	8,199,344	6,978,738	6,642,866
Capital Expenditure	5,210,000	491,300	758,000

Overall, URCA's proposes to decrease its operating budget (excluding depreciation) for 2019 by approximately 6.3% compared to 2018. Some of the key changes are explained in the following:

- URCA's Staff Costs will reduce by almost 10% reflecting continued efforts to more accurately forecast staff changes and compensation.
- Forecast for Executive Compensation has increased based on URCA entering 2018 with all executive positions filled, compared to previous years during which URCA had vacancies in executive positions.
- Spending on Professional Services will decrease significantly in 2019, based on URCA's review of likely expenses having regard to anticipated litigation which has not materialised and review of other consulting expenditure.
- Spending on Conferences, Training and Travel will decrease marginally based on reduction in the international travel anticipated, offset by the proposed hosting of small workshops on Internet Governance and other matters during 2019.
- URCA's expenditure on Premises costs will increase significantly due to higher than anticipated maintenance costs of Frederick House, though the overall cost remains lower than URCA's costs as a tenant.
- Information technology expenditure is expected to increase due to enhanced reliance on and upgrade of technology including LAN maintenance, cloud backup monitoring and a gradual shift to software/cloud based productivity software.
- General and administrative expenses are expected to increase moderately to cover the recurring costs of staff and professional memberships, communications and automobile costs, as well as an allocation for a special project to celebrate the 10th anniversary of regulatory oversight by URCA.
- URCA's Capital Expenditure budget is proposed to increase by approximately \$266,700 to \$758,000. Major capital projects in 2019 will include URCA's Green Project (solar installations and other energy efficiency measures at URCA's offices), development of an URCA App, installation of a fire suppression system at Frederick House. Other noteworthy capital projects include the commencement of rehabilitation for URCA's spectrum monitoring sites, and acquisition of power quality monitoring equipment.

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;
- Indirect costs and expenses that relate to both the ECS and the EC, 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 2019

Table 8 contains a summary of URCA’s draft 2019 budget for its regulatory activities in the ECS.

Table 8 - ECS draft Budget 2019

Category	2017	2018	2019
Staff Costs	1,797,072	1,495,484	1,385,087
Non-Executive Compensation	146,129	141,855	181,120
Executive Compensation	287,378	230,800	232,105
Professional Services	687,588	1,256,000	688,250
Conferences, Training, and Travel	879,242	400,350	429,725
Premises Costs and Utilities	424,716	204,134	372,065
Consumer Education and Public Relations	287,950	148,470	189,680
Office Services	228,460	209,111	221,643
Information Technology	83,863	82,640	124,400
General and Administrative Expenses	408,409	343,194	360,422
Total Operations Expenditure (OPEX)	5,230,807	4,512,038	4,184,496
Depreciation	530,363	367,566	448,928
Total Operating Budget Recovered through URCA fees	5,761,170	4,879,604	4,633,425
Capital Expenditure	3,619,000	393,040	487,200

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

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to decrease in 2019 by just over 7% when compared to the previous year. This reflects the overall expenditure containment efforts and reduction in URCA's overall budget, adjusted for reallocation of some indirect expenses between the Electronic Communication and Electricity sectors, explained in more detail under the relevant categories.
- Overall staff costs for the ECS have decreased by 7% due to an increase in the percentage allocation of shared staff compensation to the Electricity Sector, following the increased volume of work expected in the ES during 2019.
- Non-Executive Compensation has increased significantly for the ECS due to a reduction in the percentage allocation of shared non-executive compensation to the Electricity Sector following the increased capacity in URCA's ES team.
- Professional services expenditure is anticipated to decrease significantly by 45% due to work performed on regulatory projects extending into 2019 and the continuing litigation that has not concluded.
- Conferences, training and travel costs are budgeted to increase by 7% due to continued commitment to develop and upskill our staff through structured training and providing opportunities to participate in regional regulatory workshops and conferences.
- Premises costs and utilities increased compared to 2018 by 82% due to anticipated repairs/maintenance requirements of Frederick House and increases in insurances premiums and taxes.
- Consumer Education and Public Relations is anticipated to increase by 28% due to renewed emphasis on educating and informing consumers on the regulatory regime in the ECS, continued hosting of public relations initiatives (Girls in ICT Day) and increased public consultations on sector issues, community outreach, and the utilizing of other advertising media.
- Information technology expenditure is expected to increase by 50% due to enhanced reliance on and upgrade of technology including LAN maintenance, cloud backup monitoring and a gradual shift to software/cloud based productivity software.
- General and administrative expenses which are expected to increase moderately by 5% to ensure that budgeted costs have been allocated to cover the recurring costs of staff and professional

membership, communications and automobile costs. In addition, there is an allocation for a special project to celebrate the 10th anniversary of regulatory oversight by URCA.

5.3 Electricity Sector Budget 2019

Table 9 contains a summary of URCA’s 2019 draft budget for its regulatory activities in the ES.

Table 9 - ES draft Budget 2019

Category	2017	2018	2019
Staff Costs	751,351	910,230	776,928
Non-Executive Compensation	79,055	87,145	45,280
Executive Compensation	207,592	247,852	285,743
Professional Services	452,772	280,000	388,750
Conferences, Training, and Travel	224,080	153,050	95,225
Premises Costs and Utilities	173,657	100,766	111,775
Consumer Education and Public Relations	155,050	53,530	24,920
Office Services	80,671	113,489	86,948
Information Technology	27,954	20,660	31,100
General and Administrative Expenses	75,471	27,636	67,383
Total Operations Expenditure (OPEX)	2,227,653	1,994,358	1,914,052
Depreciation	210,521	104,776	90,056
Total Operating Budget Recovered through URCA fees	2,438,174	2,099,134	2,004,108
Capital Expenditure	1,591,000	98,260	270,800

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

- Total operating expenditure (OPEX) exclusive of depreciation is anticipated to decrease in 2019 by 4% when compared to the prior year. This reflects the general decrease in URCA’s expenditure, as adjusted due to the recalculation of the allocated percentage of indirect expenses between the Electronic Communication and Electricity sectors based on trends experienced over the previous years, and work anticipated in 2019.

- Professional services expenditure is anticipated to increase significantly by 39% due to the enhancing of the regulatory oversight of the sector and scheduling of significant regulatory projects during the year when compared to 2018.
- Conferences, training and travel costs are budgeted to decreased by 38% notwithstanding continued commitment to develop and upskill our staff through structured training and providing opportunities to participate in regional regulatory workshops and conferences.
- Premises costs and utilities increased compared to 2018 by 11% due to increased repairs/maintenance requirements of Frederick House and increases in insurances and taxes.
- Information technology expenditure is expected to increase by 50% due to ongoing enhancements in the use of technology by URCA.
- General and administrative expenses are expected to increase by 144% as a result of the inclusion of anticipated bad debt in URCA's budget for the first time, and an increase in the share of professional memberships, communications and the other administrative costs attributed to the ES.