



Government of Bermuda
Ministry of Economic Development
OFFICE OF THE MINISTER

April 20, 2017

Dear Mr Copeland,

Please accept this letter as confirmation as per Section 43 (4) that the Regulatory Authorities budget for the fiscal year ending in 2018 is approved.

We note that any deficit will have to be recouped through your reserve fund, as per Section 40 (4).

Regards,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Dr the Hon. E. Grant Gibbons, JP, MP
Minister of Economic Development



Final Report to Minister of Economic Development and Minister of Finance

Regulatory Authority

Proposed Work Plan

2017-18 Financial Year

FINAL

Date: 08 March 2017

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1 EXECUTIVE SUMMARY

1. The purpose of this Preliminary Report is to comply with Section 43 (3) of the Regulatory Authority Act 2011 (“RAA”) which requires that the Regulatory Authority (“Authority”) submit to all Ministers responsible for the Authority’s regulated industry sectors, as well to the Minister of Finance, a preliminary report setting out the Authority’s proposed work plan for the 2017-18 financial year (which will run from 1 April 2017 to 31 March 2018), including the proposed budget. The Authority is required to make this Preliminary Report not later than 3 months before the commencement date of the next financial year. Furthermore, it must give due consideration to any comments received during the public consultation on the proposed work plan.
2. The Authority received comments to the consultation on the proposed work plan (initiated on 30 September 2016) from five parties; three ICOL holders, one electricity provider and the office of Consumer Affairs. The Authority has reviewed and considered the comments received and provided responses. These are summarized in Appendix F.
3. On 28 October 2016, the Authority assumed the regulation of the Electricity sector. Therefore, there is a variation to the version of the work plan public consultation in this preliminary report which is a minor adjustment in the context of specific aspects of the electricity regulation section (which includes commencement of developing sectoral licenses and a license procedure manual amongst other work areas).
4. For its electricity and electronic communications services sectoral regulatory responsibilities, the Authority has preliminarily concluded that it will adopt a work plan for the financial year 2017-18 which is aligned with the following strategic goals: (a) striving for organizational excellence; (b) promoting and facilitating sustainable competition; (c) promoting and protecting the interest of consumers; (d) facilitating innovation and investment; and (e) providing timely advice and information to the Government.
5. The Authority proposes that the Regulatory Authority fees derived from the electronic communications sector be maintained at the rate of 1.75% of relevant turnover of ICOL holders. This is a downward adjustment from the version of the work plan that was released for public consultation and is based on a revision of expected electronic communications sector revenues. The Authority also notes that it anticipates using its accumulated financial surplus (resulting from deferred projects over the 2014 -16 period), to offset a forecasted financial deficit for the 2017-18 financial year.
6. The Authority is financing electricity regulation via a \$3.4 million bank financing facility. This was at the request of Government and to commence the Authority’s regulation of electricity. The Government has co-signed the financing facility agreement and provided a signed ‘comfort letter’ to the bank. As part of its responsibilities, the Government shall seek to determine appropriate fees to be collected from electricity sector licensees (to fully cover the financing facility secured by the Authority) and obtain, as appropriate, Government and/or Parliamentary approval.
7. The Authority also recommends to the Minister of Economic Development that there be no increase in the current level of Government authorization fees imposed on the electronics communications industry under the Government Fees Act 1965.
8. The Authority hereby submits the Preliminary Report in support of its request that the Minister of Finance approve the Authority’s proposed budget of \$6,920,000 for the financial year 2017-18 and its request that the Minister of Economic Development make a regulation establishing that \$3,550,000 of the Regulatory Authority fees be paid by ICOL holders (providers of electronic communications services) and the remaining \$3,370,000 be paid by electricity sector license holders.

2 INTRODUCTION

2.1 Legislative Context

RAA Section 43(3) requires the Authority to submit to the Ministers responsible for its regulated industry sectors a proposed work plan taking into account any comments received during the public consultation on its work plan. The Authority issued a draft work plan on 30 September 2016, with the consultation closing on 28 October 2016.

2.2 Comments on Public Consultation

The Authority received comments from three ICOL holders, the office of Consumer Affairs and an electricity provider in response to the public consultation. After careful review, and for reasons highlighted at Appendix F, the Authority has determined that no changes need to be made to the proposed work plan as a result of those comments.

2.3 Scope of this Work Plan

This document is the Authority's plan for the period April 2017 to March 2018. It includes a report on work likely to be held over from last financial year, the Authority's strategic goals, priorities, the major activities it anticipates undertaking for the upcoming financial year, and its proposed budget for the period.

The work plan reflects the Authority's current mandate in the electronic communications services and electricity sectors.

3 STRATEGIC GOALS

The Authority has established the following strategic goals that will drive its priorities and activities for the ensuing year:

- i. **Striving for Organizational Excellence:** to be a highly efficient and effective organization that supports and enables its staff to achieve the Authority's objectives.
- ii. **Promoting and Facilitating Sustainable Competition:** dependent on the sectorial legislation, to apply effective and proportionate regulation to facilitate dynamic and sustainable competition within the sectors it regulates.
- iii. **Promoting and Protecting the Interests of Consumers:** to safeguard the interests of the consumers of electronic communications and electricity services by protecting and empowering them.
- iv. **Facilitating Innovation and Investment:** to provide regulatory certainty within the sectors under its responsibility. This will include the fair application of rules, market evaluation and enforcement of breaches of the rules and compliance. This, in turn, will support investment into the relevant sectors.
- v. **Providing Timely Advice and Information to the Government:** on policy and legislative changes which may be required to enhance the success of the electronic communications and electricity sectors or its regulatory framework, and to promptly respond to legally mandated directives from the Minister of Economic Development.

3.1 Combined Proposed Activities and Projects for Telecommunications and Electricity Sectors

The numbering sequence of the priorities listed below does not necessarily reflect their relevant importance.

3.1.1 Striving for Organizational Excellence – Activities and Projects

Priority 1 - The Authority will continue to strengthen the capacity, knowledge base and skills of its staff and will undertake the following activities and projects to address this priority:

- i. Provide targeted training to the Authority's members of staff to ensure they are well equipped to perform at the highest standard; and
- ii. Identify and fill resource gaps to ensure the Authority is able to meet its statutory mandates.

Priority 2 - The Authority will ensure the transparent preparation of its work plans (including budgets) and the timely reporting of its actual performance and will undertake the following activities to address this priority:

- i. Issue a public consultation on its proposed Work Plan and Budget for the 2018-19 financial year by September 30th, 2017;
- ii. Submit its proposed work plan and budget for the 2018-19 financial year to the Minister by December 31st, 2017

Priority 3 - The Authority will facilitate regular engagement of key stakeholders to keep up to date on their needs and issues and will arrange regular meetings with all license holders and relevant stakeholders to address this priority.

Priority 4 - The Authority will ensure that its internal governance and operations are continually improving and of a standard commensurate with its standing as a national regulatory body and will continually review its internal policies and procedures and that identified deficiencies are corrected to address this priority.

3.1.2 Promoting and Protecting the Interests of Consumers

Priority 1 - The Authority will ensure that providers of electronic communications and electricity services, treat their customers in a fair and transparent manner. The Authority will continue to develop the Consumer Protection Code of Practice which will aim to provide a single point of reference to protect consumers' interests, encourage best practices by licensee's and promote the provision of high quality services and products to telecommunications and electricity consumers.

3.2 Proposed Activities and Projects for the Electronic Communications Sector

The numbering sequence of the priorities listed below does not necessarily reflect their relevant importance.

3.2.1 Promoting and Facilitating Sustainable Competition – Activities and Projects

Priority 1 - The Authority will promote innovation in the electronic communications sector through infrastructure and service based competition and will undertake the following activities to address this priority:

- i. Undertake a full review of all relevant markets to determine the current state of the market and potential changes.
- ii. Conduct an investigation into liberalization of the electronic communications sector including the lifting of the moratorium on the issue of additional ICOLs.
- iii. Review licence terms and conditions for new entrants including regulatory remedies.
- iv. Establish licence application procedures.
- v. Conduct an investigation into the retail pricing for ICOL holders.

Priority 2 - The Authority will ensure compliance with and/or the effectiveness of any remedies, conditions and administrative determinations imposed by the Authority and will undertake the following activities to address this priority:

- i. Review all Significant Market Power (“SMP”) remedies for BTC and BCV/Logic to ensure they remain relevant and effective.
- ii. Review the SMP remedies and obligations placed on members of the KeyTech Group to ensure they remain relevant and effective.
- iii. Review the SMP remedies and obligations placed on Digicel/BTC to ensure they remain relevant and effective.
- iv. Investigate appropriate levels of financial penalties for breach of rules and develop an enforcement policy to enforce non-compliance matters.
- v. Assess whether there should be a requirement for new remedies.

3.2.2 Promoting and Protecting the Interests of Consumers

Priority 1 - The Authority will ensure that providers of electronic communications services treat their customers in a fair and transparent manner. To address this priority, the Authority will undertake the following activities:

- i. Conduct a quality of service investigation to establish enforceable standards for Broadband Quality of Service for Fixed & Mobile Broadband/ ISP Speeds. The Authority will implement measures to prevent significant disparities between consumers’ expectations of broadband performance and their actual experience.
- ii. Provide information on how end-users may pursue informed choices about the type of service they are likely to receive upon entering into a contract with broadband electronic communication service providers. This information will help ensure that end-users choose the package that is the most appropriate for them in light of their individual circumstances and needs.
- iii. Conduct a review of the billing practices of ICOL holders in furtherance of its goal of protecting and promoting the interests of consumers. This review will consider practices of ICOL holders which offer residential services. A consultation into the

billing practices may lead to the introduction of a minimum standard billing code for ICOL holders via a final Administrative Determination.

- iv. Engage in more Consumer outreach programmes to increase awareness. Consumer education is considered important to creating and improving the awareness of consumers to sectoral/market issues. As such, the Authority will facilitate consumer education through town hall meetings and the development of information packages on electronic communications services.
- v. Conduct an investigation into, and a review of, Net Neutrality. The output of this review will establish Net Neutrality rules and codes of practice for ICOL holders. This may include the following areas: blocking and filtering, network throttling, zero rated services, (internet content that is delivered at reduced or free of cost) and preferential network treatment to certain data streams. The outcome will focus on network management practices, policy and regulatory approaches.
- vi. Increase consumer awareness in a targeted manner via acting on data from consumer perception surveys (which will assess the perceived quality of electronic communications services).
- vii. Review the marketing practices of ICOL holders so as to protect the consumer against any unfair, deceptive and fraudulent marketing practices. The intent is to develop rules to maintain a fair market and to educate members of the public about their rights and responsibilities.

3.2.3 Providing Timely Advice and Information to the Government

Priority 1 – Ensure that the Minister of Economic Development is provided with adequate information to make key policy decisions for the electronic communications sector. In this context, the Authority will undertake the following activity to address this priority:

- i. Review and determine the public interest in liberalizing the electronic communications sector including the lifting of the moratorium on the issue of additional ICOLs.

3.2.4 Other Administrative and Operational Functions

Parallel to the projects and activities planned for the upcoming year, there are other administrative functions the Authority is obliged to undertake in the fulfilment of its responsibilities. These include, but are not limited to:

- i. Collection and verification of ICOL, Government Authorization and other Sector related fees;
- ii. The issuance of class radio licences and Type Approvals;
- iii. Handling and investigations of consumer and inter-carrier complaints;

- iv. Monitoring compliance of ICOL holders with licence conditions and other regulatory obligations and taking any appropriate action warranted; and
- v. Develop an enforcement policy to regulate non-compliance matters. The Authority will develop an enforcement policy with regard to non-compliance matters as directed by the RAA. The enforcement policy will explain the circumstances in which the Authority considers that formal enforcement action shall be taken. The enforcement policy will give details of the Authority's approach to providing information, guidance and advice, in addition to the Authority's approach to monitoring compliance and actions taken to dealing with non-compliance.

These activities have been taken into account in estimating the potential workload and budget expenditure for this work plan. However, unforeseen and particularly demanding tasks may impact on the Authority's ability to complete or even commence some of the projects as planned.

3.3 Proposed Activities and Projects for Electricity

The numbering sequence of the priorities listed below does not necessarily reflect their relevant importance.

3.3.1 Promoting and Facilitating Sustainable Competition – Activities and Projects

Priority 1 - The Authority will promote innovation in the electricity industry sector through establishing a framework for regulating electricity and will undertake the following activities:

- i. Developing appropriate licenses and a license procedure manual to explain license classifications, classification eligibility requirements for applications and conditions of the class license. The manual will detail the process for filing applications to obtain a Bulk Generation, Transmission, Distribution & Retail ("TD&R"), Self-Supply, or exemption license from the Authority.
- ii. Review power purchase agreements as part of the statutory obligation under the Electricity Act 2016 (EA). The Authority will review power purchase agreements (PPAs) to ensure they are consistent with the Integrated Resource Plan ("IRP") and fair to the utility, developer and end user. The Authority will also ensure technical and financial controls are in place for the duration of the contracted periods for the supplier and the TD&R Licensee (which may be a purchaser of electricity supplied through the PPA).
- iii. Develop a methodology to ensure fair market value to the exporters of electricity. The Authority will work with key stakeholders in the industry to establish export tariffs in accordance to methodologies set to establish fair market value to the TD&R Licensee and license exemption holders using the principles set forth in the RAA and EA.
- iv. Evaluate rate case submissions to ensure fair market value to the consumer with acceptable rates of returns to the utility as part of the statutory obligation under the EA. Existing and new retail tariff methodologies will be reviewed, and the appropriate model will be established, for Bermuda's market using the principles set forth in the RAA.

3.3.2 Promoting and Protecting the Interest of Consumers– Activities and Projects

Priority 1 - the Authority will ensure that providers of electricity services treat customers in a fair and transparent manner. To address this priority, the Authority will undertake the following activities:

- i. Facilitate consumer education through town hall meetings and the development of information packages on energy rights, the utility billing process, and energy conservation.
- ii. Undertake consumer perception surveys to study the perceived quality of electricity services including renewable energy services. The surveys will allow the Authority to focus on any weaknesses in the market.
- iii. Ensure consumer pricing is based on a fair and competitive rate which will be attributed to accurate accounting principles by the electric utility. As part of the statutory obligation under the EA, the Authority will ensure the electric utility has full accounting separation for its generation and TD&R license operations. This will facilitate fair and accurate pricing for the services provided via the licensee.

3.3.3 Facilitating Innovation and Investment

Priority 1 - the Authority will promote Bermuda as an attractive place to set up and operate electricity businesses and will undertake the following activities to address this priority:

- i. Ensure a fair bidding and evaluation process on electricity infrastructure projects which will be transparent to the consumer and investors. As part of the statutory obligations under the EA, the Authority will define the generation procurement procedure and Code of Practice for the industry. This will ensure openness to all compliant offers, non-discriminatory award procedures, transparency, and fairness in dealing with suppliers.
- ii. Evaluate the proposed scenarios of the IRP to identify least cost, high quality options for Bermuda working with key stakeholders in the industry. As part of the statutory obligations under the EA, the Authority will request the development of the IRP by the TD&R Licensee.

3.3.4 Providing Timely Advice and Information to the Government

Priority 1 – The Authority will ensure that the Minister of Economic Development is provided with adequate information to make key policy decisions for the Electricity sector and the Authority will undertake the following activity to address this priority:

- i. Conduct a review of the Electricity sector to assess the structure of the market and any market anomalies. Further to such a review, the Authority will provide recommendations on policies to the Minister of Economic Development and will solicit input from industry stakeholders and consumers on the Authority's transition into the electricity market.

3.3.5 Other Administrative and Operational Functions

Parallel to key electricity projects and activities planned for the upcoming year, there are other administrative functions the Authority is obliged to undertake in the fulfilment of its responsibilities on an as needed basis. These include, but are not limited to:

- i. Monitoring compliance of license holders with license conditions and other regulatory obligations and taking any appropriate action warranted.
- ii. Review of the fuel adjustment rate (FAR) and make appropriate administrative determinations.
- iii. Review of residential and Commercial Renewable System Excess Energy Rate (CSEER) and make appropriate administrative determinations.

These activities have been taken into account when estimating the potential workload and budget expenditure for this work plan. However, unforeseen and particularly demanding tasks may impact on the Authority's ability to complete or even commence some the projects as planned.

3.4 Carry Over of Activities from 2016-2017 Work Plan

This section identifies the work streams that are included in the Authority's 2016-17 work plan and are likely to be carried over into the 2017-18 year. The following activities were removed or reduced from the previous work plan due to unplanned and unforeseen activities that required the Authority's immediate attention and resources.

3.4.1 Net Neutrality

The Authority planned to seek the views of Bermuda's consumers and carriers on the treatment of data on the internet on a non-discriminatory basis. This review would consider how, and to what extent, ICOL holders would be allowed to give priority to certain types of data on their network over other kinds of data. The issue of internet neutrality is both relevant and vital to the progression of internet based services in the future. Net neutrality is included in the conditions in relation to the award of HDS-1 spectrum.

The Authority planned to consult on, and issue, guidelines to be used for the establishment of the amount of any financial penalty levied against an ICOL holder under the RAA (in the context of net neutrality). This activity will be included in the Authority's work plan for the upcoming financial year.

3.4.2 Market Review

The Authority commenced the first phase of a market review during the 2016-17 financial year. The market review will assist the Authority in addressing issues such as the efficiency of SMP remedies currently in place, market strengths and weaknesses, retail pricing and making any recommendation deemed appropriate to the Minister, including with regard to the moratorium on issuance of new ICOLs. This review is an important activity that the Authority intends to continue to undertake during the 2017-18 work plan year.

3.4.3 Billing Practices

During the 2016-17 work plan year, the Authority intended to conduct a review of the billing practices of ICOL holders in furtherance of its goal of protecting and promoting the interest of consumers. This review has been delayed for budget reasons. This review is an activity the Authority will endeavour to undertake during the 2017-18 work plan year.

3.4.4 Broadband Quality of Service

The Authority proposes to establish an enforceable standard of practice for broadband services and administrative determinations. The Authority will implement measures to prevent significant disparities between consumers' expectations of broadband performance and their actual experience.

3.5 Contextual Overview of Projects and Activities for 2017-18

A summary of the key projects and activities that will contribute to the achievement of the identified strategic goals during 2017-18 are shown in Appendix B.

The Authority will endeavor to ensure that these key activities are adequately resourced to enable delivery of its planned objectives. However, in the event of unexpected developments, during the course of the year, priorities of these key activities may change.

The activities and outputs listed in Appendix B represent the Authority's current best view of the work that the Authority will be undertaking during 2017-18. However, there are a number of factors that may affect the scheduled work program, namely:

- ii. External dependencies that may affect timing;
- iii. Interdependencies between streams of work, that may entail knock-on effects in the event of delays; and
- iv. External events that are difficult to predict to which the Authority will be required to respond.

The Authority intends to retain flexibility within the 2017-18 work program, in order to allow it to respond to changes and new issues as they arise.

4 PROPOSED BUDGET AND PROJECTED REVENUES

This section sets out the Authority's proposed expenditure budget and proposed Regulatory Authority Fees and the projected revenue for the work plan period 2017-18.

4.1 Proposed Expenditure Budget for 2017-18

Subject to the approval of the Minister of Finance, the Authority proposes to adopt an expenditure budget of \$6,920,000 for financial year 2017-18. The proposed budget is shown below.

The Authority's proposed total expenditure budget for financial year 2017-18 consists of the electronic communications and electricity sectors. Common costs have been allocated

between the two sectors except for sector specific designated expenses. Shared common costs are forecasted to amount to approximately \$3.4 million.

The Authority's current headcount is nine (9) employees and three (3) Commissioners. With the increased responsibilities of the Electricity sector and the additional workload of the electronic communications sector, it is expected that the headcount will increase to between thirteen (13) and sixteen (16) employees. As per the Electricity Act 2016, the Authority will be assigned an additional two (2) Commissioners.

The Authority staff has a range of responsibilities including collection of Government and Authority fees, strategic analysis, project delivery, compliance, consumer affairs and enforcement.

TABLE 1

	Telecom	Electricity	Total
REVENUES	3,440,000	2,980,000	6,420,000
Employees	1,422,500	1,516,000	2,938,500
Office Space	130,000	130,000	260,000
Office Services	107,500	107,500	215,000
Consulting Services	903,000	1,120,000	2,023,000
Operating Costs	742,000	481,500	1,223,500
TOTAL OPERATING EXPENSES	3,305,000	3,355,000	6,660,000
TOTAL CAPITAL EXPENDITURE	245,000	15,000	260,000
TOTAL EXPENDITURE	3,550,000	3,370,000	6,920,000
ANTICIPATED TOTAL (DEFICIT)	(110,000)	(390,000)	(500,000)

The Authority's proposed electronic communications services sector expenditure budget for financial year 2017-18 has been split out below in Table 2, in order to provide prior year comparison.

The Authority's proposed total electronic communications services sector expenditure budget for financial year 2017-18 is more than its approved expenditure budget for the financial year 2016-17 by approximately \$174,500 (5%). Common costs have been allocated between the electronic communications and electricity sectors except for sector specific designated expenses. The majority of changes in the proposed budget for financial year 2017-18 when compared to the approved budget for 2016-17 are as follows:

- i. A decrease in costs in relation to staffing, office space and office services costs are due to common costs being shared between the two sectors;
- ii. A total increase of \$682,500 in consulting services and operating costs include increased expenditure on consumer affairs, consultancy and external legal support; and
- iii. An increase in capital expenditure includes the acquisition of radio spectrum monitoring equipment of \$230,000.

TABLE 2

	2016-17	2017-18	Increase/ (decrease)
REVENUES	3,342,500	3,440,000	97,500
Employees	1,970,000	1,422,500	(547,500)
Office Space	220,000	130,000	(90,000)
Office Services	216,000	107,500	(108,500)
Consulting Services	553,000	903,000	350,000
Operating Costs	409,500	742,000	332,500
TOTAL OPERATING EXPENSES	3,368,500	3,305,000	(63,500)
TOTAL CAPITAL EXPENDITURE	7,000	245,000	238,000
TOTAL EXPENDITURE	3,375,500	3,550,000	174,500
ANTICIPATED TOTAL (DEFICIT)	(33,000)	(110,000)	(77,000)

4.2 Proposed Fees and Projected Revenue

4.2.1 Electronic Communications Services sector

Based on the most recent actual relevant turnover from ICOL holders during the first two quarters of the financial year 2016-17, the Authority proposes that the Regulatory Authority fee be maintained at the rate of 1.75% during the financial year 2017-18. This would generate revenues of approximately \$3,440,000 for the Authority based on the anticipated annual relevant turnover and results in a deficit of approximately \$110,000.

The Authority will therefore recommend that the Minister of Economic Development makes a regulation providing for the Regulatory Authority Fee to be paid by ICOL Holders during financial year 2017-18 to remain at 1.75% of relevant turnover.

The Authority also intends to recommend to the Minister of Economic Development that there be no increase in the current level of Government authorization fees of 2.50% imposed on the electronics communications industry under the Government Fees Act 1965. The projected revenues for 2017-18 for the Authority and Government are approximately:

TABLE 3

	Regulatory Authority	Government
Electronic Communications	3,440,000	4,920,000
Spectrum Fees	-	2,480,400
Radio Communication Licenses	-	395,000
Handset Fees	-	6,955,000
TOTAL	\$ 3,440,000	\$ 14,750,400

4.2.2 Electricity sector

The Authority's proposed Electricity expenditure budget amounts to \$3,370,000. The Authority expects to receive approximately \$2,980,000 in revenues during the 2017-18 financial year, which is based on the total estimated kilowatt hours sold by the TD&R licence holder and the planned installed power capacity during 2017-18.

4.3 Description of Budget Categories

4.3.1 Operational Expenses

The following categories consist of recurring costs that the Authority is expected to incur each year (although the amount budgeted in any category is likely to vary from year-to-year):

- i. **Employees:** This category includes the salaries and benefits for the staff and the honoraria paid to Commissioners.
- ii. **Office Space:** This category includes the rent, taxes, utilities, and insurance associated with leasing a 4,145 square foot office on the 1st Floor, Craig Appin House, 8 Wesley Street, Hamilton. Also included are the associated internet, mobile communications, repairs and maintenance, security and telephone expenses.
- iii. **Office Services:** This category includes certain bank charges, cleaning, copier maintenance, financial audit, general office supplies, IT service support, kitchen supplies, payroll and accounts preparation, postage and delivery and stationery expenses.
- iv. **Operating Costs:** This category includes the following sub-categories:
 - a. **Training:** This sub-category includes the costs of training and workshops for the Authority Commissioners and members of staff.
 - b. **Consulting and Support Services:** This sub-category includes the costs of the legal, regulatory, and technical support the Authority will require in connection with the tasks to be carried out in its 2017-18 work plan.
 - c. **Meetings and Conferences:** This sub-category includes the costs the Authority will incur to conduct and/or participate in off-site meetings and conferences with the industry and public.
 - d. **Subscriptions:** This sub-category includes the cost of books, periodicals, and subscriptions the Authority will require to remain abreast of industry events and trends.
 - e. **Consumer Affairs:** This sub-category includes general consumer affairs, consumer related consultations, costs to further develop and maintain the Authority's website, education and awareness, placement of notices in local publications and press releases in relation to regulatory matters.
 - f. **Provision for Mediation & Litigation:** This sub-category makes provision for litigation as well as the cost of any proceedings conducted by the Authority under its governing acts.
 - g. **Finance Costs:** This sub-category includes finance costs in relation to overdraft facilities.

4.3.2 Capital Expenditures

The following categories consist of one-time expenses required to enable the Authority to facilitate its operations:

- i. **Furniture and Fittings:** This category includes the costs of furniture and fittings for the Authority's offices.
- ii. **Office Equipment:** This category includes office equipment, such as a copier, projector and miscellaneous office equipment.
- iii. **IT Equipment:** This category includes the cost of the internal computer network for the Authority's offices and radio spectrum equipment.

**APPENDIX A – REQUEST TO APPROVE THE REGULATORY AUTHORITY’S BUDGET
FOR FINANCIAL YEAR 2017-18**

APPENDIX A

REQUEST TO APPROVE THE REGULATORY AUTHORITY'S BUDGET FOR FINANCIAL YEAR 2017-18

Pursuant to sections 43(3) and 43(4) of the Regulatory Authority Act 2011, the Regulatory Authority hereby requests that the Minister of Finance, after making “any modifications” to the budget proposed by the Regulatory Authority that he “deems necessary and proper” issue a decision approving the Regulatory Authority’s proposed expenditure budget totalling \$6,920,000.00 for financial year 2017-18 as set out in Table 1 (Page 11).

**APPENDIX B – KEY COMBINED PROJECTS AND ACTIVITIES PLANNED FOR FINANCIAL
YEAR 2017-18**

STRATEGIC GOAL	ACTIVITY	OUTPUT
Striving for Organizational Excellence	Continuing/Ongoing Matters	
	Continue the provision of targeted training to the Authority's members of staff to ensure they are equipped to perform at the highest standard	Improved skills and knowledge of Authority staff and management in specialized areas and measurable outputs of skill levels Staff developed in line with Regulatory Authority's Mission and Goals Personal Development of staff and team building
	Participation in relevant industry and regulatory forums and training	Attendance at industry and regulatory forums to gain insight of other jurisdictions
	Identify and fill resourcing gaps ensuring that the Authority is able to meet its statutory mandates	Required resources and the appropriate sector training of staff
	Arrange regular meetings between licence holders and the Authority as well as between Board and stakeholders	Relations established and maintained between ICOL & Stakeholders with the Authority and Board
	Commission an independent annual review of Authority internal controls	Complete an independent review of internal controls and address any deficiencies
	Undertake a work plan consultation and submit a work plan and budget	Approve work plan 2018–2019
Promoting and Protecting the Interest of Consumers	New Matters	
	Develop guidance on best practices to encourage governance which protects consumers and enhances consumer and	Consumer Protection Code of Practice Handbook

	<p>investor confidence in the regulatory environment.</p> <p>Evaluate consumer standards in comparable jurisdictions and adopt best practices for consumer standards relevant to Bermuda's market.</p>	
	<p>Consult on consumer protection, information confidentiality and the privacy practices of Licensees</p>	<p>Establish a policy on customer information, confidentiality and privacy</p>
	<p>Develop an enforcement policy to enforce non-compliance matters</p>	<p>Enforceable processes for contraventions of Authority legislation</p>

APPENDIX C – KEY TELECOMMUNICATIONS PROJECTS AND ACTIVITIES PLANNED FOR FINANCIAL YEAR 2017-18

STRATEGIC GOAL	ACTIVITY	OUTPUT
Promoting and Facilitating Sustainable Competition	New Matters	
	Review the telecommunications market to include a review of retail pricing, license terms and conditions, moratorium of licenses and license application procedures	Market Review Report to aid further ministerial policies Establish new remedies Regulatory Authority position and recommendation to the Minister Establish criteria and application form for New Entrants
	Conduct an investigation into retail pricing by ICOL Holders	Administrative Determination for Retail Price Control
	Review of SMP remedies to ensure they remain relevant and effective Assess and determine new remedies and implement	Revised Remedies of Significant Market Power (SMP) for BTC and BCV/Logic
	Review the obligations placed on members of the KeyTech Group to ensure they remain relevant and effective Review the obligations placed on members of Digicel/BTC Group Review market to determine if obligations should be imposed on other sectors	Revised/New KeyTech Remedies Revised/New BTC/Digicel Remedies Potentially implement remedies for new sectors

	Investigate appropriate levels of financial penalties for breach of rules.	Develop Enforcement Policy and Procedures for Non-Compliance and Administrative Determination
STRATEGIC GOAL	ACTIVITY	OUTPUT
Promoting and Protecting the Interest of Consumers	Matters Held Over	
	Review of Broadband Quality of Service: Fixed & Mobile Broadband/ ISP Speeds	Establish an enforceable standard of practice for broadband services and administrative determinations
	New Matters	
	Consult on the billing practices of electronic communications service providers	Establishment of an enforceable standard of service for the speed of billing practices
	Conduct an investigation into Net Neutrality	Establish Authority position and rules on Net Neutrality based on international industry standards Collect substantive & qualitative Data for all broadband carriers Administrative Determination for carriers and Policies & Procedures based on industry standards
	Review of current carrier marketing practices to propose standards and obligations when describing services Conduct a consultation on carrier marketing practices	Establish standards and procedures for marketing to consumers
	Engage in consumer outreach to educate and increase Regulatory Authority awareness and other telecommunication matters	Increased consumer awareness of Regulatory Authority

	<p>Conduct Consumer Perception Surveys to study quality of mobile and broadband services</p>	<p>Provide a report on Consumer Perception for mobile and broadband services for carriers to determine where they rank with consumers.</p> <p>Enable consumers to determine which carrier has the better quality of service so that they can make informed decisions</p>
<p>Providing Timely Advice/ Information to Government</p>	<p>New Matters</p>	
	<p>Review and determine the public interest in liberalizing the electronic communications sector including the lifting of the moratorium on the issue of additional ICOLs</p>	<p>Provide a report of the Authority position and make a recommendation to Minister</p> <p>Establish application form and requirements for new entrants</p>

APPENDIX D – KEY ELECTRICITY PROJECTS AND ACTIVITIES PLANNED FOR FINANCIAL YEAR 2017-18

STRATEGIC GOAL	ACTIVITY		OUTPUT
Promoting and Facilitating Sustainable Competition	New Matters		
	Development of Licence Procedure Manual to explain licence classifications, eligibility, applications requirements, and conditions of the class license Issuance of bulk generation and transmission, distribution, and retail licences in accordance with the manual	Produce a Licence Procedure manual and establish a licence register	
	Review power purchase agreements to ensure they are consistent with the IRP, fair to the utility, developer, end user and ensuring technical and financial controls are in place	Monitor status of power purchase arrangements	
	Establish methodology to determine fair market value to the exporters of electricity and the electricity utility working with key stakeholders in the industry	Produce Export Tariff Schedule	
	Evaluate rate case submissions to ensure fair market value to the consumer with acceptable rates of returns to the electric utility	Produce Retail Tariff Schedule	
Promoting and Protecting the Interest of Consumers	New Matters		
	Conduct consumer education through town hall meetings and development of information packages on energy rights/billing process/energy conservation	Implementation of Consumer Education Program Increased consumer awareness	
	Conduct consumer Perception Surveys to study quality of electricity services including renewable energy services	Report on consumer perception for electricity services	
	Review consumer pricing based on a fair and competitive rates which will be attributed to accurate accounting principles by the electric utility. Finalize accounting separation of the electric utility.	Produce a baseline schedule	

Facilitating Innovation and Investment	New Matters	
	Ensure a fair bidding and evaluation process on energy infrastructure projects which will be transparent to the consumer and investors	Establish Energy Tendering Procedures
	Evaluate the utilities proposed energy mix scenarios to identify least cost, high quality option for Bermuda working with key stakeholders in the industry	Agree final Integrated Resource Plan document with the TD&R

STRATEGIC GOAL	ACTIVITY	OUTPUT
Providing Timely Advice/ Information to Government	New Matters	
	Review of the energy sector to consider recommendations on policies which remove barriers to competition and market anomalies	Provide recommendations for policies which remove barriers to competition and market anomalies
Other Administrative and Operational Functions	New Matters	
	Monitoring compliance of licence holders with licence conditions and other regulatory obligations and taking any appropriate action warranted	Enforcement of policy and licence conditions
	Review fuel adjustment rate (FAR) applications	Determine FAR rates, as appropriate
	Review residential and commercial Renewable System Excess Energy Rate (CSEER) applications	Determine CSEER rates, as appropriate

APPENDIX E - SUMMARY OF RESPONSES TO WORK PLAN PLANNING CONSULTATION

Appendix - E

SUMMARY OF RESPONSES TO WORK PLAN PLANNING CONSULTATION

Introduction

1. The Regulatory Authority Act 2011 (RAA) section 43(2) requires the Regulatory Authority (the 'Authority') initiate a public consultation regarding its work plan for the upcoming financial year to not later than six months before the commencement of each financial year. Pursuant to this obligation Planning Consultation WP-1718-2016 ('the Work Plan Consultation') was published by the Authority on 30 September 2016. Interested third parties were invited to respond to the Consultation by 28 October 2016 (the 'Consultation Period').
2. During the Consultation Period the Authority received written non-confidential comments on the Work Plan Consultation from:
 - Telecommunications Bermuda & West Indies Limited (Digicel);
 - Electronic Communications Limited (Electronic Communications);
 - KeyTech Limited (KeyTech);
 - The office of Consumer Affairs Bermuda (Consumer Affairs); and
 - Bermuda Electric Light Company Limited (BELCO).
3. The Authority's Work Plan Consultation sets out a report on the activities carried over from the 2016-17 Work Plan, the Authority's Strategic Goals and its Proposed Budget and Revenues for the upcoming financial year.
4. A full text of the submissions made in response to the Work Plan Consultation can be found on the Authority's website at www.rab.bm.
5. The Authority is grateful for the responses received to this consultation. All comments have been carefully considered by the Authority as a part of its process to refine its Work Plan for 2017-18. The following table entitled "Summary of Responses" summarizes the key comments made by the respondents and provides the Authority's responses to those comments.
6. For the avoidance of doubt, a failure to address, directly, or indirectly, any matter raised by a respondent to the Work Plan Consultation in this document is not an indication of the Authority's failure to take that matter into account or an acceptance or rejection of the position.

RESPONSES TO PROPOSED WORK PLAN 2017-18 FISCAL YEAR

SUMMARY OF COMMENTS	AUTHORITY RESPONSE
<p align="center">For full detail please refer to respondents submissions on the RA web site</p> <p>Consultation Question 1: Do you agree with proposed strategic goals?</p>	
RESPONDENT - BELCO	
<p>Belco noted the need for specific timings of deliverables under the initial phase of electricity regulation.</p>	<p>The Regulatory Authority (the "Authority") has a detailed and specific work plan for the delivery of its electricity regulation duties and responsibilities. Further to the assignment of electricity regulation to the Authority on 28 October 2016, the Authority has brought forward the first phase of this work.</p> <p>Via its work plan the Authority believes that its electricity functions are being addressed properly and adequately, consistent with the Electricity Act 2016 ("EA 2016").</p> <p>The Authority notes that there are legislative timelines that must be adhered to, in order to develop its regulatory framework to achieve the functions of the Authority outlined in the EA 2016. The Authority notes that the legislation allows for transition facilities and associated time period in the area of electricity sector licenses, specifically relating to the continuance of existing licenses prior to the consultation and issue of new electricity sector licenses by the Authority.</p> <p>The Authority also notes that part of the initial phase of electricity regulation includes implementing a statutory instrument relating to the treatment of regulatory fees by licensees.</p>
3(1) Striving for Organizational Excellence	
RESPONDENT - CONSUMER AFFAIRS (CA)	
<p>CA noted the need for audited accounts and the issuing of the same.</p>	<p>The Authority is audited by the Office of the Auditor General ("OAG"). The Authority has issued the draft financial statements for the period 2015-2016 to the OAG in accordance with section 46 of the Regulatory Authority Act 2011 (the "RAA"). The time between such a submission, and the audit by the OAG is not within the</p>

SUMMARY OF COMMENTS For full detail please refer to respondents submissions on the RA web site	AUTHORITY RESPONSE
	<p>powers of the Authority to dictate or control. This has direct relevance to the timing of the issue of annual reports. The annual report for the period ending March 31, 2014 has been published on the Authority's website and the Authority is in the process of finalizing the annual report for the period ending March 31, 2015.</p> <p>The Authority's management of its budget and the delivery of projects is carried out with appropriate due diligence.</p> <p>The Authority would note that the several important projects dating back over three years, which were not initiated and/or completed by the Authority, have been included within the work plan and budget for 2017-18. It is the intention of the Authority to deliver these on time and to budget. The projects are vital to delivering an improvement in the quality and price of both fixed and mobile telecommunications services in Bermuda.</p> <p>With regard to the level of fees, even though delayed projects for telecoms have been added into the 2017-18 work plan, the Authority notes that the budget for the 2017-18 period has only increased by 5% from 2016-17. In the context of sector revenues (for telecommunications), the Authority proposes that the Regulatory Authority fee be maintained at the rate of 1.75% during the financial year 2017-18.</p>
RESPONDENT - ELECTRONIC COMMUNICATIONS LIMITED (ECL)	
ECL noted the need for organisation efficiency focused on facilitating competition to deliver consumer benefit as a primary objectives.	The Authority is pursuing organization change to ensure it meets its responsibilities and duties across expanding sectoral regulation.
3(2) Promoting and Facilitating Sustainable Competition	
RESPONDENT - CONSUMER AFFAIRS	
CA seeks clarity as to the powers available to the RA, under the various forms of legislation.	The Authority has utilized legislation on a transparent and explanatory basis and will continues to do so.

<p style="text-align: center;">SUMMARY OF COMMENTS</p> <p style="text-align: center;">For full detail please refer to respondents submissions on the RA web site</p>	<p style="text-align: center;">AUTHORITY RESPONSE</p>
	<p>The Authority is currently strengthening its enforcement resources and processes, as part of an organizational review.</p> <p>In addition, as part of the market review and review of current remedies planned for 2017-18, the Authority will consider what specific additional regulatory obligations which may be need to be implemented to ensure consumers are protected from any unfair practices or abuse of market power by sector participants.</p>
<p>RESPONDENT – ELECTRONIC COMMUNICATIONS LIMITED</p>	
<p>ECL notes the need for the Authority to be cautious in market intervention, given that this may create artificial results and dynamics.</p>	<p>The Authority is cognizant of its duties under the RAA, the Electronic Communications Act (the “ECA”) and the EA 2016.</p> <p>It has key responsibilities in ensuring there is sustainable and viable supply of telecommunications and electricity services, as well as consumer benefit via, where appropriate, competition, or where competition may not exist or be viable, via regulation as a proxy, including in the area of prices.</p>
<p>3(3) Promoting and Protecting the Interests of Consumers</p>	
<p>RESPONDENT – CONSUMER AFFAIRS</p>	
<p>CA noted the need to assess specific areas where consumers may be experiencing unsatisfactory levels of customer service and market delivery and to report on the same.</p>	<p>The Authority is highly focused on delivering enhanced and necessary consumer benefit from the telecommunications sectors. To this end, the following projects will be carried out in 2017-18:</p> <ul style="list-style-type: none"> • Implementation of technology and monitoring facilities by the Authority to enable assessment of quality of service provision by fixed and mobile networks; • Planned implementation of rules and protocols for the marketing of services e.g. claimed speeds for broadband services; • Pending the result of a market review, potential regulation of the pricing of telecommunications services;

SUMMARY OF COMMENTS For full detail please refer to respondents submissions on the RA web site	AUTHORITY RESPONSE
	<ul style="list-style-type: none"> • Consultation on, and implementation of, net neutrality rules <p>All of the above will facilitate data which the Authority may act on and make transparent.</p>
3(4) Facilitating Innovation and Investment	
RESPONDENT – CONSUMER AFFAIRS	
CA noted the need for the actions of the Authority to facilitate investment.	<p>The Authority has recently awarded 4G/HDS 1 spectrum to two ICOL holders with the intent to foster innovation and new products on the island. Obligations have been imposed on the two ICOLs that were awarded spectrum which included:</p> <ol style="list-style-type: none"> 1. Geographic coverage obligations for the whole of Bermuda, with set time/period deliverables. 2. Broadband speed obligations. 3. Net neutrality obligations. <p>These obligations are a regulatory method of delivering enhanced mobile services and products to the residents and businesses of Bermuda.</p> <p>In addition, in April 2016, the Authority approved a concentration/investment in KeyTech which has led to increased investment and network upgrade.</p>
RESPONDENT – DIGICEL	
Digicel notes that various Authority work projects from 2014 have been delayed.	HDS1 was originally scheduled for completion by the Authority prior to 31 March 2016. The new management of the Authority successfully carried out the HDS1 application and award process in 2016 with award of appropriate HDS1 licenses in November 2016.

<p style="text-align: center;">SUMMARY OF COMMENTS</p> <p style="text-align: center;">For full detail please refer to respondents submissions on the RA web site</p>	<p style="text-align: center;">AUTHORITY RESPONSE</p>
	<p>HDS2 will be considered by the Authority subject to assessment of the operational delivery of HDS1 and any demand there may, or may not be, for HDS2.</p> <p>The market review was originally scheduled for 2015. The Authority is planning to carry out the market review, review of remedies and review of the ICOL regime in 2017-18. The delay is due to key changes in the market as well as prioritization of 2016-17 budget on HDS1, which in itself was a project delayed from 2015-16.</p>
<p>RESPONDENT – ELECTRONIC COMMUNICATIONS LIMITED</p>	
<p>ECL asserted that price regulation could lead to less investment and innovation.</p>	<p>Levels of investment and innovation in telecoms services in Bermuda have, prior to 2016, been too low. As a direct result of projects undertaken by the Authority in 2016, there has, and will be, a significant increase in investment and innovation e.g. the successful delivery of the HDS1 application and award process, as well as the assessment and conditional approval of the ATN/KeyTech acquisition which has led to significant network upgrade of the broadband network of this entity.</p>

SUMMARY OF COMMENTS	AUTHORITY RESPONSE
<p>For full detail please refer to respondents submissions on the RA web site 3(5) Providing timely Advice and Information to the Government</p>	
<p align="center">RESPONDENT – CONSUMER AFFAIRS</p>	
<p>CA noted the need for a policy on broadband infrastructure for Bermuda.</p>	<p>The Authority recognizes, and agrees, that there needs to be a visionary and strategic aspect to its approach to regulation of mobile/wireless and fixed communications networks in Bermuda. This will be included within the planned market review, associated review of remedies, as well as assessment of future spectrum needs. As per the context in which it operates, the Authority will work with Government on this area.</p>

COMMENT	AUTHORITY'S RESPONSE
<p>Consultation Question 2: Go you agree that the Authority's proposed combined priorities and related activities will allow the Authority to achieve the stated strategic goals?</p>	
<p align="center">RESPONDENT – DIGICEL</p>	
<p>Digicel noted the need for project prioritization, as well as mapping against capacity and resource availability.</p>	<p>The Authority has defined a work plan for 2017-18 that is deliverable and focused on a limited number of high importance projects. The Authority is aware that actual 'delivery' is far more important than the 'intent' to deliver which may have characterized prior years' work plans.</p>

COMMENT	AUTHORITY'S RESPONSE
3.1.1 Striving for Organizational Excellence – Activities and Projects	
RESPONDENT – CONSUMER AFFAIRS	
<p>CA notes the need for the retention of external experts.</p>	<p>The Authority has already explained how key projects for 2017-18 will enhance service delivery and consumer benefit in the telecommunications sector.</p> <p>The Authority's approach to the electricity sectors, and the projects therein, will also deliver similar benefits.</p> <p>The Authority instigated and completed an organizational re-structuring in 2016, as well as an office move. The re-structuring has focused on building a team of predominantly Bermudian staff, from which deliver a strong base for the delivery of future senior management. In addition, the Authority team will be sourcing external expertise for key deliverables. A key element to the rationale of/for sourcing of such expertise is for the internal Authority staff to gain knowledge and expertise that can be developed and grown internally. In addition, expert external resource is used and retained as required.</p>
RESPONDENT – DIGICEL	
<p>Digicel notes the deferred Authority projects and the extent to which this is relevant to the financing and budgets of the Authority.</p>	<p>The Authority previously explained that several important projects dating back over three years, which were not initiated and/or completed by the Authority, have been included within the work plan and budget for 2017-18. It is the intention of the Authority to deliver these on time and to budget. The projects are vital to delivering an improvement in the quality and price of both fixed and mobile telecommunications services in Bermuda.</p>

COMMENT	AUTHORITY'S RESPONSE
	<p>The Authority proposes that the Regulatory Authority fee be maintained at the rate of 1.75% during financial year 2017-18.</p> <p>The Authority would like to advise that the approved budgeted surplus for the 2015-16 financial year was decreased from a proposed surplus of \$100,500 to a deficit of \$17,500. This was due to the approved Regulatory Authority fees amounting to 1.50% as per the Electronic Communications (Regulatory Authority Fees) Regulations 2015, dated March 31, 2015, as opposed to the proposed fees of 1.55% per the 2015-16 work plan. All ICOL Holders were duly notified of the authorized Regulatory Authority fee of 1.50% during the quarterly fee submission process.</p> <p>In accordance with the RAA, in any year in which the Authority realizes a net surplus, the Authority shall transfer 50% to the Consolidated Fund, 25% to paid-up capital of the Authority and 25% to the Reserve Fund. The Reserve Fund will be used to recoup future losses within the Authority. The proposed budget is based on the estimated costs to be incurred to undertake and complete the proposed activities and projects as set out in the proposed work plan for 2017-18. However, due to the inherent difficulty associated with estimating future relevant turnover within the telecommunications industry and the occurrence of significant unplanned regulatory events, the Authority considers it reasonable and responsible to maintain reserves, if considered necessary, to address these unexpected trends and events when occurred.</p> <p>While the Authority does engage in meetings with stakeholders and licensees, these have to be efficient and productive. The Authority's approach is that meetings with licensees should normally follow substantive submissions by licensees as to specific and clear issues.</p>

COMMENT	AUTHORITY'S RESPONSE
3.1.2 Promoting and Protecting the Interests of Consumers	
RESPONDENT – CONSUMER AFFAIRS	
<p>CA notes the need to make consumers aware of their rights and interests, as well as to ensure their continued protection.</p>	<p>The Authority reacted swiftly and decisively on unfair implementation of data usage caps and is pursuing on-going enforcement in this area. In addition, it intends to implement net neutrality obligations in Bermuda.</p> <p>The Authority continues to work with the office of Consumer Affairs to ensure the protection of consumers.</p> <p>The Authority considers the proposed work plan budget sufficient to enable the Authority to raise the necessary awareness of the Authority's services and encourage consumers, residents and businesses to make more informed decisions.</p> <p>In this Work Plan the Authority will enter consultation to establish an enforcement policy.</p>

COMMENT	AUTHORITY'S RESPONSE
<p>Consultation Question 3: Do you agree that the proposed telecommunications priorities and related activities will allow the Authority to achieve the stated strategic goals.</p>	
<p>3.2.1 Promoting and Facilitating Sustainable Competition – Activities and Projects</p>	
<p style="text-align: center;">RESPONDENT – CONSUMER AFFAIRS</p>	
<p>The CA notes the need to monitor the effects of the current licensing regime and how any changes to the same may need to occur with the context of broadband infrastructure policy.</p>	<p>The work plan makes clear that, for the first time, the Authority will implement technology that assesses the performance of telecommunications networks in Bermuda. This information will be published to enable consumers to make informed choices on services and service providers. It will also enable the Authority to ascertain the performance of Bermuda's telecommunications networks compared to other countries.</p> <p>The comments provided by the respondent are noted by the Authority. The regulation of entities with Significant Market Power is evolving (as are the markets within which it may reside), as are associated remedies and the focus on consumer needs and benefits. The Authority's approach is progressive in this area and mapping international best practice.</p> <p>The Authority notes that cyber security is a key issue which currently resides with Government.</p>
<p style="text-align: center;">RESPONDENT – DIGICEL</p>	
<p>Digicel notes the need for a market review and questions why there should be enforcement actions/policy/rules by the Authority.</p>	<p>The Authority has commenced the drafting of the market review and is in the process of drafting an appropriate consultation and analyzing the data that it has collected from carriers. The information collected will be included in the market review consultation.</p> <p>Section 41 of the ECA, which Digicel referenced in their response refers to measures to ensure efficient use of spectrum. However, to address the point that further remedies in the form of price controls cannot be imposed by the Authority, we refer Digicel to section 24(1)(g) of the ECA through which the Authority has the power to</p>

	<p>make requirements relating to pricing of wholesale and retail electronic services of sectoral providers within the context of significant market power.</p> <p>Further, Digicel would be reminded that the SMP remedies currently in force impose price regulation on certain sectoral providers.</p> <p>In order to properly regulate the industry, the Authority needs to have a policy established to easily enforce breaches by sectoral providers. Failure to have an established enforcement policy would be contrary to statutory legislation. The Authority will be posting all enforcement outcomes on its website.</p>
RESPONDENT – ELECTRONIC COMMUNICATIONS LIMITED	
<p>ECL notes the need for the Authority to ensure that the market review is consistent with the need to promote investment and innovation.</p>	<p>Where the Authority reviews any market the intent is to ascertain any need for changes to improve market functionality and innovation in technology.</p>
3.2.2 Promoting and Protecting the Interests of Consumers	
RESPONDENT – CONSUMER AFFAIRS	
<p>The CA notes the significant level of issues with broadband network speeds and the need for consumers to be aware of the same and make informed choices.</p>	<p>The Authority has already explained how it intends to act on QOS issues for various broadband/telecommunications networks.</p> <p>The Authority notes Consumer Affairs' comments on the planned consultations by the Authority and will take into consideration suggestions made.</p> <p>The Authority considers the proposed work plan budget sufficient to enable the Authority to raise the necessary awareness of the Authority's services which encourages consumers, residents and businesses to make more informed decisions.</p>

RESPONDENT - DIGICEL	
<p>Digicel questions the need for the Authority to intervene in the areas of billing, consumer awareness and net neutrality.</p>	<p>Consumer awareness and education continues to be an ongoing priority and duty of the Authority. The Authority is mandated to protect the interests of consumers including in the area of billing and net neutrality.</p> <p>The Authority notes Digicel's position which has not changed from previous responses to the Authority's work plans. However, the billing consultation has not been addressed in the 2016-17 fiscal year because of the significant work associated unforeseen matters arising during previous periods.</p> <p>Prior to consultation, the Authority has no further comment on net neutrality.</p> <p>The review of the marketing practices is industry wide and not specific to Digicel. The Authority reserves the right to investigate any matter pertaining to consumers which it deems necessary and in the best interest of the consumer.</p>
3.2.3 Providing Timely Advice and Information to the Government	
RESPONDENT – CONSUMER AFFAIRS	
<p>CA again notes issues with regard to the QOS on telecommunications networks.</p>	<p>The Authority work plan will deliver to the Authority a technical capability to measure and monitor fixed and mobile quality of services. The planned implementation of a universal broadband service obligation for Bermuda will enable the Island to be assessed against peer group jurisdictions, on what the Authority believes, will be a positive basis.</p>
RESPONDENT – DIGICEL	
<p>Digicel proposes a review of the ICOL moratorium.</p>	<p>This issue is being considered by the Authority.</p>

4 Budget

RESPONDENT – CONSUMER AFFAIRS

CA notes the need for fees to be consistent with the ability of the relevant sector licensees to pay.

The comments on the audited accounts of the Authority are noted. As previously mentioned, in accordance with the RAA, the accounts of the Authority are audited by the OAG.

Included within the Annual Report, the Authority reports on the operations during the period, including a discussion on the major activities undertaken, significant deviations from the work plan adopted by the Authority, results achieved and the annual financial statements as certified by the Auditor. The annual report for the period ending March 31, 2014 has been published on the Authority's website and the Authority is in the process of finalizing the annual report for the period ending March 31, 2015.

The comments on the proposed work plan budget disclosure are noted. The Authority is of the view that the proposed work plan for the 2017-18 adequately lays out the proposed activities and projects for the telecommunications sector and associated budget, including categories, required to complete this. In addition, the Authority has provided detail on the majority of changes in the proposed budget for financial year 2017-18 when compared to the approved budget for 2016-17.

The Authority advises that the proposed operating expenses for the 2017-18 financial year has decreased by \$63,500 (2%) when compared to the 2016-17 budget. The proposed employee budget and composition will enable the Authority to complete the proposed activities and projects for the telecommunications sector as set out in the proposed work plan for 2017-18.

The proposed budget of \$3.55 million is based on the expected costs to be incurred to undertake and complete the proposed activities and projects for the telecommunications sector as set out in the proposed work plan for 2017-18.

RESPONDENT – DIGICEL	
Digicel questions elements of the Authority's expenditure on the basis that less projects should be pursued. It also notes the timing issue relating to the publishing of the Authority's audited accounts.	These responses have previously been addressed.
RESPONDENT – ELECTRONIC COMMUNICATIONS LIMITED	
ECL queries the basis of setting Government and Authority fees and notes that extent to which these are a cost to a licensee.	These responses have previously been addressed.
RESPONDENT – KEYTECH	
KeyTech notes the need for timely publishing of annual accounts as well as the level of Authority fees.	These responses have previously been addressed.

COMMENT	SUGGESTED RESPONSE
Consultation Question 4: Do you agree that the proposed electricity priorities and related activities will allow the Authority to achieve the stated strategic goals?	
RESPONDENT – BELCO	
Belco queries the level of Authority budget for electricity regulation and notes that it presumes associated fees may be passed on to consumers.	<p>The items listed in the work plan are mandated and are driven by directives in the EA 2016 and are critical to perform regulatory duties.</p> <p>The first phase of electricity regulation has been initiated prior to commencement of this work plan. In this context, the Authority will provide appropriate and required financial reporting.</p> <p>The Authority will, via appropriate statutory actions, decide on Authority fees that Belco should exclusively pay (versus the consumer).</p>

**APPENDIX F – REQUEST AND RECOMMENDATION TO MAKE A REGULATION
REGARDING REGULATORY AUTHORITY FEES FOR FINANCIAL YEAR 2017-18**

APPENDIX F

REQUEST AND RECOMMENDATION TO MAKE A REGULATION REGARDING REGULATORY AUTHORITY FEES FOR FINANCIAL YEAR 2017-18

1. Pursuant to Section 44(1) of the Regulatory Authority Act, the Regulatory Authority hereby recommends that the Minister make a regulation ensuring that the Regulatory Authority fees to be paid by Integrated Communications Operating Licence (ICOL) holders during financial year 2017-18 remain at 1.75 per cent of Annual Relevant Turnover.

**APPENDIX G - RECOMMENDATION REGARDING GOVERNMENT AUTHORIZATION FEES
FOR FINANCIAL YEAR 2017-18**

APPENDIX G

RECOMMENDATION REGARDING GOVERNMENT AUTHORIZATION FEES FOR FINANCIAL YEAR 2017-18

Pursuant to Section 52(2) of the Regulatory Authority Act 2011, the Regulatory Authority hereby submits this recommendation to the Minister regarding the Government authorization fees to be adopted for financial year 2017-18. The Regulatory Authority recommends that there be no change to the Government Authorization fees related to the electronic communications sector for the 2017-18 year.