

OUR

OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

ISO 9001:2015 CERTIFIED

National Certification Body of Jamaica

ANNUAL REPORT 2018-2019



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This, the 22nd report of the Office of Utilities Regulation (OUR), will inform Parliament and the country of the regulatory activities and financial operations of the OUR for the period 2018 April 1 to 2019 March 31.

INTRODUCTION

The OUR was established in 1995 by the OUR Act as a body corporate with its operations beginning in 1997 January. Under the Act, the OUR is charged with the responsibility of regulating the provision of utility services in the following areas:

- Electricity
- Telecommunications
- Water and Sewerage

THE OUR MISSION

OUR contributes to national development by effective regulation of utility services that enables consumer access to modern, reliable, affordable and quality utility services while ensuring that service providers have the opportunity to make a reasonable return on their investment.

VISION STATEMENT

The OUR is a trusted, purpose-driven and stakeholder-focused regulator, that has enabled Jamaica to be globally recognized as a leader in utility consumer protection and satisfaction, and sustainability of regulated entities.

OBJECTIVES

Objectives are to:

- Ensure that consumers of utility services enjoy an acceptable quality of service at a reasonable cost.
- Establish and maintain transparent, consistent and objective rules for the regulation of utility service providers.
- Promote the long-term, efficient provision of utility services for national development consistent with Government policy.
- Provide an avenue of appeal for consumers in their relationship with the utility providers.
- Work with other related agencies in the promotion of a sustainable environment.
- Act independently and impartially.

THE OFFICE



JOSEPH M. MATALON
Chairman

Mr. Matalon's service to Jamaica's financial and economic development has spanned his tenures on public and private sector boards, charitable organisations and government national appointed committees.

He was appointed Chair, RJRGLEANER Communications Group effective 2019 May 1. He was also Chair of the Development Bank of Jamaica (DBJ) and in that capacity, served on a number of Enterprise Teams overseeing privatisation as well as Public-Private Partnerships transactions; President of the Private Sector Organisation of Jamaica (PSOJ), and during his tenure initiating the formation of a Private Sector Working Group on Tax Reform (PSWG) and the Youth Upliftment Through Employment (YUTE) programme. He is Chairman of ICD Group Holdings Limited and Director of certain of ICD's subsidiary and associated companies. The charitable and other organisations he has served include: St. Patrick's Foundation which supports charitable activities in inner-city communities (Honorary Chairman); Hillel Academy K-12 international School (Chairman of the Board of Governors). He currently serves as Chairman of the Multicare Youth Foundation in Jamaica, and as Vice Chairman of the U.S. based International Youth Foundation.

In 2010 he was appointed to the Order of Distinction in the Rank of Commander (C.D.), for his contribution to the public and private sectors, and community service. In November 2018, he was named the 26th business leader to be inducted into the Private Sector Organisation of Jamaica's (PSOJ) Hall of Fame. He is a graduate of the London School of Economics and Political Science.



NOEL DACOSTA
Deputy Chairman

He has served on numerous boards in the private and public sectors, and has been at the helm of several local and international organisations including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Master Brewers Association of the Americas, the National Building Code Committee and the Caribbean Council of United Way Worldwide.

A consultant with over 15 years' experience in Corporate Relations, Mr. daCosta also has over three decades of technical and engineering leadership in the petroleum and beverage industries. He is a founding partner in the Jentech group of engineering companies.

He has postgraduate degrees in Engineering, Business Administration and Insurance, and is a Fellow of both the Jamaica Institution of Engineers, and the Institution of Chemical Engineers (UK).

In 2012 he was awarded the Jamaican National honour of Commander of the Order of Distinction for his contribution to engineering and manufacturing.



YASMIN CHONG

She is an experienced business development and utilities regulation practitioner. For over 15 years she has served on the Consumer Advisory Committee on Utilities (CACU) and as its Chairman since January 2004. Under her direction, the CACU has been positioned at the forefront of consumer advocacy activities in Jamaica and has become an integral part of the utilities regulation landscape. She is also a member of the Consumer Protection Tribunal of the Consumer Affairs Commission (CAC).

As Trade Commissioner with the Government of Canada, Miss Chong has successfully delivered several projects and contracts in the cleantech, transportation and education sectors and has developed specialization skills in the international business practice of Corporate Social Responsibility (CSR).

She is a graduate of Florida International University (FIU) and the University of Florida (UF) with Bachelor and Masters Degrees in International Relations (minor in Economics) and Public Administration respectively and other professional diploma and certificate courses.

She is a Rotarian, a practising Roman Catholic, and a proud alumna of the Immaculate Conception High School.



DAMIEN KING

He is the Executive Director of the Caribbean Policy Research Institute (CAPRI), the Caribbean's leading think-tank, which focuses on public policy issues affecting the Caribbean region. He is also a Senior Lecturer in the Department of Economics at the University of the West Indies (UWI), Mona where he has taught graduate and undergraduate courses in introductory economics, macroeconomic theory, and international trade and finance.

His research has been in the areas of debt, poverty and distribution, and international trade, and has been published in international economics journals and also in edited collections. He is the author and editor (with David Tennant) of ***Debt and Development in Small Island Developing States*** (Palgrave Macmillan, 2014).

In the corporate world, Damien has served on the boards of companies, including Desnoes & Geddes, the National Export-Import Bank of Jamaica, Dyoll Insurance Company, Mutual Life Assurance Company, and Bitt, Inc (Barbados).

He earned a B.A. from York University (Canada), a M.Sc. from UWI (Jamaica), and a Ph.D. from New York University (USA), all in economics.



NOVAR PATRICK MCDONALD

Novar Patrick McDonald is a partner at Hart Muirhead Fatta in their commercial law department. He practices mainly in the areas of company law, securities law, mergers and acquisitions, and capital market transactions.

Admitted to practice in Jamaica in 1993, he was educated at UWI and the Norman Manley Law School. He joined Myers, Fletcher & Gordon as an associate focusing on commercial litigation. He entered the public sector in 1999, joining FINSAC Limited, an agency under the Ministry of Finance & Planning set up to rescue and rehabilitate the local financial sector. On the substantial conclusion of FINSAC's activities, he joined Hart Muirhead Fatta in 2002.

He is a director of Independent Radio Company Limited and Portland JSX Limited and has also served as a director of several entities in the public and private sectors. He is currently a member of the Commercial Law Committee of the Jamaican Bar Association and an Associate Tutor at the Norman Manley Law School.

He is a former member of the Corporate Governance Committee of the PSOJ and conducts training in corporate governance from time to time. He has been consistently named as one of the leading commercial attorneys in Jamaica by Chambers Global.



SIMON ROBERTS

He is an engineering and business consultant. He has previously worked at GraceKennedy for over 20 years in various capacities, including Head of Special Projects, Group Chief Information Officer, General Manager of three food manufacturing plants and as CEO of H&L Ltd. He also led several new product and manufacturing process innovations, compensation design and implementation, major construction projects and community development activities while at GraceKennedy. He also has over 15 years' experience in the steel industry in general management, engineering, metallurgy, customer service, quality assurance, process improvement, product development and IT deployment.

He is Chairman of the Jamaica National Agency for Accreditation [2007-2012 and 2016 to present], and was Chairman of the National Quality Infrastructure Project from 2003 to 2007. He has been Director, Vice President and Deputy President of the Jamaica Manufacturers and Exporters Association and Trustee of the JMEA Pension Fund, a director of Grace & Staff Community Development Foundation, the Grace Cooperative Credit Union and Vice President of the deCarteret College Alumni Association. He holds a Bachelor of Applied Science (Metallurgical and Materials Sciences) from the University of Toronto and a Master of Applied Science (Management Sciences) from the University of Waterloo. He is a registered Professional Engineer in Ontario.



ANSORD E. HEWITT

Director General (*ex officio member*)

He is the Director General of the OUR, and an *ex officio* member of the Office, having been appointed by the Governor General, His Excellency the Most Honourable Sir Patrick Allen, from 2017 January 1.

He is a Regulatory Specialist, Economist and Attorney-at-Law and has over 25 years' experience at various levels in quasi-judicial organisations. His educational background covers law, management and economics with extensive specialised training in, among other areas: regulation, competition analysis, strategic planning, leadership, international negotiation and corporate planning.

He joined the OUR in February 2000 and before that worked at the Jamaica Bauxite Institute and the Fair Trading Commission as an Economist. He also lectured at the post graduate level on Regulation and Regulatory Reform in the Department of Government, University of the West Indies (UWI), Mona for over 10 years and served as a tutor in the UWI's Masters In Telecommunications Regulation and Policy Programme. He has a Master's degree in Regulation from the London School of Economics, obtained after being awarded a Chevening Scholarship in 1997, a Bachelor of Science (B.Sc.) in Economics & Management (UWI), and Bachelor of Law from the University of London. He also holds a Certificate in Legal Education from the Norman Manley Law School.

PROFILE OF OFFICE MEMBERS AND SKILL SET

Name	General Man.	Finance & Audit	Strategic Man.	Human Resources	Legal	Utilities Regulation	Governance	IT	Engineering
Joseph Matalon Chairman	X	X	X			X	X		
Noel daCosta Deputy Chairman	X		X			X	X		X
Yasmin Chong	X		X	X					
Damien King	X	X	X			X			
N. Patrick McDonald	X		X		X		X		
Simon Roberts	X		X					X	X
Ansord E. Hewitt	X		X		X	X			

CORPORATE GOVERNANCE REPORT

The Office met twelve times during the year under review. It considered and took decisions on a wide range of issues relating to all the sectors regulated by the OUR, and on organisational policy matters. These included determinations and decisions on tariffs, approvals for various projects and agreements, directives to utility providers, audits of aspects of utility companies' operations, recommendations to the portfolio Ministers for the issue of licences, and policy directives and decisions on administrative matters. More information on these activities can be found in the Departmental Reports which follow.

Much of the work of the Office is done through its five Committees which give initial consideration to matters before the Office, and make recommendations to the full Office for final decisions and determinations. The Committees, their main responsibilities, and their membership are set out below, together with a record of the attendance of the Members of the Office at Office and Committee meetings.

Table 1: Office Committees

Name of Committee	Main Responsibilities	Members
Audit	To ensure the OUR's financial integrity, and to provide oversight of the organisation's internal controls, risk management, and internal and external audit.	• Damien King, Chair • Noel daCosta, Deputy Chair • Simon Roberts • Donald Reynolds (co-opted member)
Finance and Budget	To monitor and review the effectiveness of the accounting, treasury, materials management, and payroll activities.	• Joseph Matalon, Chair • Damien King, Deputy Chair • Simon Roberts • Donald Reynolds (co-opted member)
Technical	To provide oversight of planning development, and the technical and operational functions of the OUR to ensure efficiency and effectiveness in the delivery of appropriate regulations for the sectors for which the OUR has responsibility.	• Noel daCosta, Chair • Yasmin Chong, Deputy Chair • Simon Roberts
Legal Affairs	To provide general legal oversight, advice to the Legal Department, to conduct legal reviews of matters and to make recommendations to the Office, to review policy recommendations, and to monitor the implementation of legislative revisions.	• Novar Patrick McDonald, Chair • Joseph Matalon, Deputy Chair
Human Resources & Compensation	To monitor and review the effectiveness of the Human Resource and Administration Department's activities and other related matters.	• Yasmin Chong, Chair • Noel daCosta, Deputy Chair

Table 2: Office Attendance Record

Office Attendance Record for Office and Committees Meetings 2018/19						
Office	**Full Office (N=12)**	**Audit (N=6)**	**Finance & Budget (N=4)**	**Human Resources & Compensation (N=12)**	**Technical (N=13)**	**Legal Affairs (N=0)**
Joseph Matalon	12	N/A	4	2*	10*	0
Noel daCosta	11	5	N/A - 1**	12	13	N/A
Damien King	12	5	4	N/A	N/A	N/A
Simon Roberts	12	6	4	N/A	12	N/A
N Patrick McDonald	9	N/A-1**	N/A	N/A	N/A - 1**	0
Yasmin Chong	9	N/A	N/A	12	13	N/A
Ansord Hewitt	11	N/A	3	6	10	0

KEY: N :- Total number of meetings; N/A :- Not applicable- that is, the person is not a member of that Committee.
*** - Attendance optional**
**** - Extraordinary Committee meetings**

Corporate governance continued to be an important focus for the Office. The preparatory activities for phases two and three of a Governance Framework Project, which is designed to strengthen the OUR's institutional capacity to perform its prescribed functions and to improve the quality and sustainability of its governance framework, and which is financed by a grant from the Inter-American Development Bank, took place during the year under review, and the project is expected to be completed during 2019/20.

The Office had undertaken, during 2017/18, a performance evaluation survey as part of its commitment to the highest standards of corporate governance, and in accordance with the requirements of the Government of Jamaica's Revised Corporate Governance Framework for Public Bodies (2012). The purpose of the survey was to gain an insight into how the Office Members perceive the Office to be performing in key areas, and for each Office Member to undertake an assessment of his/her performance. All Members of the Office participated in the survey, and their responses were reviewed and analysed by an independent consultant, who presented a report with recommendations as to how to address the identified gaps and weaknesses.

Her recommendations formed the basis for the development of an action plan, which contained the key actions, timeframes, and responsibilities for implementing the improvements agreed to by the Office. These included the development of succession plans for the Office and the Executive Management team, reviews of the management structure, the Governance Manual, internal control policies, the composition of Office Committees, and the Committees' work-plans and strategic targets; and the development of a comprehensive communications policy. This action plan was executed in full by the Office during 2018/19. The Office has agreed that this survey should

be done annually, and arrangements have been completed for a second survey which will be conducted during the course of 2019.

The Office was also fully involved in the development of the OUR's Corporate Business Plan and Budget 2019/20 – 2022/23: from providing policy direction in the initial strategic planning stage, through to approving the final draft Plan and Budget for submission to the Ministry of Finance and the Public Service, in accordance with the requirements of the Public Bodies Management and Accountability Act. There were no significant adjustments or amendments to either the Plan or the Budget during the year under review.

The Office continued to pay special attention to risk management, which has become a central element in the organisation's planning, projects, and activities. The Office also strengthened internal financial management, including controls and reporting, and mandated the preparation of a Finance Manual which was completed and approved in 2018. Other measures introduced by the Office include tighter monitoring, especially of projects, and swifter action to resolve issues identified by internal audits.

Members of the Office participated in conferences, workshops and training programmes, to enhance their understanding of the most recent developments affecting utilities and the role of regulators, and to better equip them to deal with regulatory and leadership challenges.

HUMAN RESOURCES & COMPENSATION

The Audit Committee had four regular quarterly meetings, one extraordinary meeting, and one joint meeting with the Finance and Budget Committee. The Committee gave considerable attention to the operational and process audits conducted by the Internal Auditor, and to the resolution of the findings of these audits. It also focussed on risk management, and provided guidance for the development of a risk register, and a business impact assessment for the organisation. The Committee reviewed a proposal to improve project management and delivery, including resource scheduling and monitoring. Other issues included the income and receivables audit; the fixed assets register; procurement practices; and policies on the organisation's credit card, and telephone usage by staff travelling overseas. The extraordinary meeting was to examine and make recommendations on a possible conflict of interest relating to a Member of the Office; and the joint meeting with the Finance and Budget Committee was to review and approve the report of the external auditors on the OUR's financial statements for 2017/18.

The Finance and Budget Committee had three meetings during 2018/19, and one joint meeting with the Audit Committee (See Table 2). The Committee's primary focus was on the proper management of the organisation's financial affairs, and on the strengthening of financial accountability, controls, and reporting. In this connection, it oversaw the preparation and approval of a new Finance Manual. The Committee also paid special attention to receivables, especially improvements to the collection of regulatory fees; and costs, deferred income, variances, and investments. The Committee played a crucial role in the development and approval of the organisation's annual budget.

The Technical Committee's mandate gives it responsibility for core issues in all the sectors regulated by the OUR. The Committee had a full agenda for 2018/19, which necessitated thirteen meetings. It provided policy guidance to the technical staff, reviewed their submissions, and made recommendations to the Office on determinations, decisions, and other actions. These included, in the electricity sector, the Jamaica Public Service Company Limited's (JPS's) 2018 annual tariff adjustment (including how to treat the rate case in the absence of an Integrated Resource Plan); the JPS's 2019 five-year rate review; JPS's right of first refusal to replace generation capacity; rules and procedures for the separation of JPS's accounts; the Electricity Disaster Fund; rules for the System Benefit Fund; smart street lights; the tariff impact of new generating plants; a Special System Loss Reduction Initiative; a Social Tariff for the Electricity Sector; and preliminary work on the introduction of electric vehicles into Jamaica.

In the water and sewerage sectors, the Committee began consideration of the National Water Commission's (NWC's) tariff application; it reviewed and provided comments on the Government's draft Water Policy; monitored the follow-up plan of action arising from the audit of the K-Factor programme; and investigated a major NWC system interruption. It also recommended an Addendum to a previously issued Sewerage Rates Determination (Landmark Developers Limited); an interim tariff (Tryall Golf and Beach Club); and a water supply and distribution licence (Dairy Spring Limited).

The Committee's work in telecommunications included recommendations for service provider licences (Innovo Solutions Limited, Logic One, Solar Internet Repairs SIR Tech Jamaica Limited, Caribbean Voice Limited, Digicel (Jamaica) Limited). It investigated a major disruption of FLOW's internet service. The Committee also reviewed and made recommendations on legislative and regulatory policy on emergency communications; and on strategies for the adoption of broadband in Jamaica, and the challenges thereto.

The Human Resources and Compensation Committee devoted much time to the revision of sections of the Personnel Policy and Procedural Manual, which was necessary to

resolve non-conformances revealed by internal audits. These included amendments to the leave policy, the policy on acting and secondment, the restriction of employees after separation, and the policy on per diems and subsidies. A revised Manual was approved by the Committee for submission to the Office by the end of the period under review. The Committee also finalised a motor vehicle policy, a retirement preparation programme, and a succession strategy is being considered. The Committee continued its work on an institutional review, aimed at strengthening the organisation.

CORPORATE SOCIAL RESPONSIBILITY

In the area of corporate social responsibility, the OUR is guided by the relevant principles in the Government of Jamaica's Corporate Governance Framework for Public Bodies, and in the PSOJ's Corporate Governance Code. The OUR's Mission Statement and Objectives also apply to the Office's philosophy towards corporate social responsibility. For the Office, it is a sine qua non that, as a public entity, everything that the OUR does must be in the public interest and for the public good.

The OUR's sole source of income is the fees it collects from the regulated entities, and the statutes under which it operates prohibit the OUR from using any part of these fees for non-regulatory purposes. This restriction therefore excludes the OUR from participating in philanthropic activities in the area of corporate social responsibility. Nevertheless, the OUR's approach has been to incorporate, where possible, elements that accord with these responsibilities, in various activities which it undertakes in the fulfilment of its regulatory mandate. The OUR also encourages voluntarism in charitable activities by its staff.

Among the OUR's activities in these areas are initiatives aimed at facilitating access to utility services by persons with disabilities; participation in national events; and the employment of university and other tertiary institution undergraduates as summer interns. The OUR has also transformed its library into an Information Centre (OURIC), and has opened it to the public. OURIC is a valuable resource for research, particularly for persons with an interest in regulation and the regulated entities. At a voluntary level, members of the OUR staff have regularly taken part in corporate fund-raising activities for charities.



St. Jago Hills Development Ltd. Public Consultation held 2019 January.



JOSEPH MATALON
Chairman

CHAIRMAN'S REPORT

During 2018/19 the Office's calendar was packed with a full slate of advisory, adjudicatory and regulatory activities, as the Office continued to play a pivotal role in ensuring that the OUR achieves its mission to be that trusted, purpose-driven and stakeholder-focused regulator, enabling Jamaica to be a leader in utility consumer protection and satisfaction, and ensuring the sustainability and resilience of the regulated entities.

As evinced by the organisation's summary of achievements and the reports which follow, notwithstanding emerging challenges, the regulated sectors saw a consistent buzz of vibrant improvements, driven by technological and other transformative developments. Despite the many challenges, I am pleased to report that the organisation at all times sought to efficiently deliver on its tasks and commitments in keeping with its legal mandate, national imperatives, Government policies, developments in the regulated sectors, and the best interests of its various stakeholders.

The Office workload was distributed among the multi-skilled Audit, Finance and Budget, Technical, Legal Affairs, and Human Resource and Compensation Committees, whose achievements are detailed in the Corporate Governance section of this Report. Keen attention was paid to good corporate governance and, in particular, risk management. There was a continued thrust to embed a strong risk management culture throughout the organisation, and the Office maintained its oversight and direction of the frameworks, policies and processes adopted to identify principal risks to the businesses and the mitigation measures which were implemented.

As part of our regulatory responsibilities, Office Members were again closely involved in the development of the Corporate Work Programme and Budget, and provided strategic guidance at critical stages. We are satisfied that the work programme is relevant and achievable, and that the proposed budget is realistic,

as we are intent on keeping the OUR nimble, on a forward looking path, delivering value and demonstrating a coherent vison.

"WE ARE SATISFIED THAT THE WORK PROGRAMME IS RELEVANT AND ACHIEVABLE."

During the year under review, the Office executed an action plan which emanated from a performance evaluation survey in which the Members had participated. The Plan, which identified weaknesses and gaps in key performing areas, included, inter alia, the development of succession plans for the Office and the Executive Management team; reviews of the management structure, the Governance Manual, internal control policies, the composition of Office Committees, and the Committees' work-plans and strategic targets; and the development of a comprehensive communications policy.

Throughout the year our considered approach was to adopt the least intrusive regulatory interventions possible, designed to ensure a perceptible balance in the relationships among all stakeholders. This was underpinned by the philosophy that the regulator has a duty always to operate in the public interest. In keeping with the OUR's modus operandi, we were guided by the input from wide and relevant consultations, as well as thorough assessments of the impact of any proposed actions on all stakeholders, before issuing regulatory decisions.

The telecommunications industry has seen far-reaching changes as a result of advancements in technology, with commensurate economic and social gains across all segments of society. During 2018/19 the OUR implemented critical interventions to promote sustainability, resilience, efficiency, competition and good customer service within this sector. One of the most significant developments was the successful introduction of an additional area code, making Jamaica the only Caribbean country with two area codes – '876' and '658'. The OUR is pleased with the seamless transition that marked Jamaicans adoption of mandatory ten digit dialling and the additional area code.

ONE OF THE MOST SIGNIFICANT DEVELOPMENTS WAS THE SUCCESSFUL INTRODUCTION OF AN ADDITIONAL AREA CODE.

As the telecommunications sector is the primary arena for disruptive technologies, the OUR's two primary levers designed to encourage and promote the flow of investments to this sector, are to ensure fairness in competition, and to reduce barriers to the entry of new service providers. Therefore, in this, and indeed in all the sectors we regulate, we will continue to be honest, diligent, judicious, independent, purposeful and decisive, to facilitate the growth and development of the utilities we regulate.

Over the past year, the operators have had to grapple with extended service outages as a result of the pernicious issue of stolen cables or major damage to their underground fibre network due to protracted localised roadwork. Flow has reported that they had service outages, which were as a result of vandalism, the effects of motor vehicle accidents, and fire damage and electrical burns.

Similar to the telecommunications sector, the water and sewerage sectors were impacted by supply disruptions. The National Water Commission (NWC), the main water and sewerage provider, was adversely affected by infrastructure road works being undertaken in Kingston and St. Andrew Metropolitan Region which resulted in damage to its water supply network and sewerage facilities. Service interruption issues with the private water providers were mainly as a result of power/ energy challenges. There were also consumer complaints about the quality of the potable water supplied.

In the previous review period, faced with high levels of Non-Revenue Water (NRW) and the need for sustainable initiatives for its reduction, we were disappointed with NWC's less than impressive response to economic incentives. We are now, however, cautiously optimistic about the results of their J$5 billion five-year NRW reduction co-management programme with Israeli company Miya International. This was made possible through OUR's Non-objection for some of the repayment to be backed by future K Factor collections. Reports have indicated a positive trend in the reduction of NRW. Under this programme, among other initiatives, over 40,000 state of the art customer meters have been installed and 121 km of pipeline network have been checked for leaks.

"WE INTEND TO DEVELOP A RESILIENT FRAMEWORK TO IDENTIFY SYSTEM THREATS, IMPACTS, VULNERABILITIES, ASSOCIATED RISKS..."

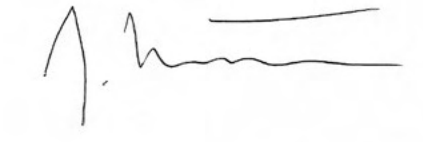
Some of the challenges we have faced in the electricity sector included, losses, both technical and non-technical, the high cost of fuel, aging, inefficient units, and serious financial constraints. There are, however, many transformative opportunities that lie ahead that will see, among other things, a diversification of the energy base. In 2020 natural gas will dominate the fuel mix and account for over 70% of generation, while generation from renewable energy projects will equal that

of liquid fuels, with both accounting for approximately 14%. We intend to develop a resilient framework to identify system threats, impacts, vulnerabilities, associated risks, adaptation strategies, and mitigation solutions, to encourage efficiency and modernisation in this sector. With respect to losses, we intend to continue to partner with key stakeholders to develop effective loss reduction programmes.

The advent of LNG supplies to the Jamaican energy market raises the expectation that its use will expand outside of the electricity sector to other commercial and industrial operations. It is anticipated that the OUR will be assigned responsibility for the development of an appropriate regulatory framework for the supply and distribution of this resource.

Finally, it is important for me to recognise the steadfast commitment and invaluable contribution of the management and staff of the OUR to the accomplishment of our tasks, especially as we look forward to another jam-packed year. I would also like to commend my Office colleagues for continuing to devote their time, talents and unflinching efforts in what was another very hectic year.

I wish to underscore, on behalf of all the Members, that we are deeply committed to working closely with all stakeholders to accomplish the organisation's planned activities as we strive towards our mutual goal of nation building.



JOSEPH M. MATALON
CHAIRMAN



Director General, Ansord Hewitt (left) and Chairman, Joseph M. Matalon (second left) speaks with university students at this year's DG's Stakeholder Engagement held 2019 March 28.



ANSORD E. HEWITT
Director General

DIRECTOR GENERAL'S REPORT

To paraphrase Alfred Lord Tennyson, time indeed does "driveth onward fast". The OUR has chalked up another year in which we have discovered that we do not have nearly enough time and resources to attend to the many and varied regulatory imperatives on our plate. Even so, we can take pride in concluding with evidence to corroborate, that the institution continues to deliver on its mandate and provide valuable public benefits. As we have asserted on previous occasions, the presentation of this report is not just about meeting our statutory obligations, rather it's giving an account of our stewardship for another year.

A major focus for the year under review has been seeking to ensure the sustainability and resilience of regulated entities, improving all-round efficiency, monitoring and encouraging better quality of customer service and equipping the organisation to meet the ongoing and emerging challenges in the regulatory environment.

While we continue to grapple with shortcomings in the policy and regulatory space, operating with less rather than the full suite of professional resources required, it is fair to say that we have continued to exert significant positive influence on the regulatory environment. Indeed, we have intensified our efforts to promote a regulatory environment that leads to expanded consumer surplus. I have highlighted here some of our more important interventions and initiatives beginning with consumer and public affairs related matters.

2018/19 REVIEW
CONSUMER AND PUBLIC AFFAIRS

Responding to consumer complaints about service disruptions and planned outages

During last year, utility consumers were severely impacted by the sporadic and sometimes sustained loss of their utility services (water, electricity and/or telecommunications) often the result of exogenous variables. Notable among the causes were theft/vandalism of the service providers' equipment and the adverse impact of the extensive infrastructural development roadwork which damaged pipe lines, cables and other network facilities. In the case of the NWC, a prolonged period of drought also led to water lock-offs and restriction.

In the face of these difficulties the OUR found it necessary to intervene. First, it engaged the National Works Agency (NWA) to underscore the extent to which its activities were imposing hardship and inconvenience on utility providers and consumers and sought to facilitate better coordination between the NWA and the utilities in respect of the scheduling of construction work and the identification of critical infrastructure. Although the complaints continued throughout the year, we are sure that our intervention helped to ameliorate what would otherwise have been a worse situation.

Notably the OUR took the view that notwithstanding the exogenous nature of some of the causes of disruption, the utilities were still falling short in their responsibility and obligation to provide their customers with notice of outages; to indicate expected restoration period and to advise on amelioration measures. In the circumstances, the Consumer and Public Affairs (CPA) department took immediate steps to call out utilities on this failure to provide consumers with appropriate notices as required by the established standards. The effect of this was an observed redoubling of efforts by the entities to reach out to their customers and provide notification of both planned and unscheduled outages. Significantly, in one instance a directive was issued to a telecommunications operator regarding service interruption that saw a 31% fall in their contacts to the OUR during 2018 for service interruption.

I am also pleased that, in addition to the substantial credits accruing to consumers for various breaches of the Guaranteed Standards and the return of significant sums to consumers through various interventions, our CPA department by its vigilance, was able to secure the reversal of some $1,159,661.05 charged to JPS's Pay-As-You Go (PAYG) customer accounts. This resulted from the application of unauthorised monthly charges by JPS.

It is not lost on the OUR that theft and vandalism remains at epidemic levels for the utilities and pose serious difficulties to their delivery of efficient services. Indeed, not only do such incidents result in higher costs to paying customers but they pose serious threats to the safety and sustainability of utility services. Mindful of this, we embarked during the year on a public education initiative to express and invite condemnation of such practices and to highlight the detrimental effect they have on the individual citizen and the country as a whole in respect of safety, security and economic impact. To this end, we launched a multi-media campaign and hosted a webinar with the major providers. We will continue to explore ways in which the regulator can play a role in addressing this problem that affects all of us. As it did with the introduction of number portability some years ago, the OUR has successfully overseen the transition to ten-digit dialling. The performance of the OUR's Public Affairs Unit in sensitizing Jamaicans to the new dialling format was absolutely pivotal in effecting this seamless transition. I submit that with this success, the OUR continues to display its mastery of the Information and Communication Technology (ICT) regulatory environment and its performance in this respect provides another clear rebuttal to the suggestion that there is need to separate ICT regulation from its remit.

Other commendable public education and consumer protection activities during the year include our significant presence in the mass media to educate, inform and empower consumers. Notably, radio continues to be the channel of choice, due to its comparatively lower cost and ubiquitousness. Additionally, we also continued our foray within the digital space, monitoring and posting across social media channels as well as meeting customers where they are on-line with our webinar series focussing on relevant and timely topics.



Director General, Ansord Hewitt, gives opening remarks at the OUR's Quality of Service Symposium held 2018 October 31 at the Jamaica Pegasus.

Our webinars in particular, a much welcome innovation, has evidently enjoyed a good reception among stakeholders.

TELECOMMUNICATIONS SECTOR

The Telecommunications/ICT sector remains dynamic and a primary arena for disruptive technologies. The OUR has long maintained the stance that intervention in respect of prices in this sector should be limited to what is minimally necessary to achieve increased competiveness. Actions aimed at ensuring fairness in competition, the reduction of entry barriers and greater transparency are therefore the main levers employed. Having regard to the importance of the sector to drive economic development and enhance the welfare of consumers, attention must constantly be given to policy enactments and regulatory actions that are conducive to such outcomes.

Broadband Access

Last year we reported that we had commissioned a survey, jointly funded by ourselves and the Universal Service Fund and undertaken by STATIN and the Mona School of Business, the purpose of which was to assess the barriers to broadband adoption and usage in Jamaica. The survey provided data that we would use to fulfil our International Telecommunications Union's information requirements, and provide us with information on penetration, usage, affordability, etc. within the ICT market. The data collected on ICT usage and adoption indicated the main barriers to be demand-side related. Indeed, the research showed that although the majority of the population subscribes to a broadband service of some type, 36.2 percent have yet to adopt broadband internet and that several factors influenced this slow uptake. Coming out of this the OUR has developed and published recommendations which we believe could expedite the adoption of broadband in Jamaica. While the recommended actions are not within the OUR's gift, we have indicated our willingness to collaborate with the appropriate stakeholders to implement them.

Enhanced Emergency Service Access

The OUR has long had a vision of the transformation of access to emergency services in Jamaica. A project to provide recommendations to this effect, long in gestation and development, was completed during the year and final recommendations submitted to the Prime Minister who at the time had responsibility for the telecommunications sector. Essentially the recommendations include the establishment of a centralized emergency point to handle all types of distress calls from citizens. Currently, calls to 119 are answered by the Police while calls to 110, 112, and 911 from all networks are being answered by FLOW's call centre. There are currently no legislative or regulatory provisions specific to emergency communications other than the provisions of sections 39(2) (c) and 48(1) (a) (i) of the Telecommunications Act ("the Act") and the Office of Utilities Regulation's Determination Notice "Adoption of Alternative Emergency Numbers".

In light of this, the OUR took the view that the creation of a centralized emergency call centre may be a more efficient mode of handling emergency calls and should be explored.

If the recommendations are accepted this should see:

- An end to FLOW 110 call handling service and the transfer of the function to a new consolidated Emergency Communications Centre (ECC);
- Consolidation of emergency call-taking and dispatching into two Jamaica Constabulary Force (JCF) communications centres to handle calls for JCF, Jamaica Fire Brigade (JFB) and Ministry of Health. This will be a temporary arrangement until the ECC is established as a stand-alone agency with its own legal status;
- Implementation of an emergency communications systems to supplement the existing JCF ECC systems;
- Bringing the emergency functions of the JCF and JFB officers in the ECCs to support dispatching processes and priorities for each agency;
- Designating a lead Agency/Ministry to manage the transition process and activities to consolidate and improve capabilities; and
- Establishing a Governance Agreement and structure based on new legislative mandate among all stakeholders.

Additional Area Code

During the course of the review year, Jamaica further distinguished itself among its Caribbean peers by becoming the first territory to add an additional area code and adopt mandatory 10-digit dialling. This means that the country now has two area codes '876' and '658'.

The planning process to establish a new area code included OUR/industry consultations, coordination with international industry bodies such as the North American Numbering Plan Administration (NANPA), and various public education outreach across Jamaica, in the mass media and on social media platforms, to promote public awareness of the purpose and impact of implementing an additional area code. The OUR assumed full responsibility for, and completed the development of the NPA Relief Implementation Plan, meeting the implementation deadline of 2018 May 31. The end date for permissive dialling was initially scheduled for 2018 October 31. However, the Office accepted the recommendation from the Relief Planning Committee (RPC) that the



permissive dialling period be extended by five (5) months. The new timeline was 2019 March. Among the factors that led to the extension was an indication that there were specific challenges relating to PBXs in both the private and public sectors.

Fixed/Mobile Cost Termination Charges

During the 2018/19 review period, the OUR completed the procurement of a consultant to update the cost model used to estimate the mobile termination rate to be charged by operators. The update process is consultative, with the stakeholders engaged at various stages. This project will see the Office reviewing the existing charges for fixed mobile termination to see the extent to which they remain cost oriented. It accords with the OUR's objective to ensure that the sector retains its competitive characteristics.

Improving Transparency in the Billing of Telecommunications Services

This year, we followed through on our commitment made last reporting period, to assess procedures being followed by service providers for metering and billing and the incidence of unexpectedly high/incorrect bills as well as how roaming calls are billed, to prevent 'bill shock'. The results of our Billing and Transparency Survey online to assess consumers' perspective on the issue indicated that forty-eight percent (48%) of respondents claimed to have received at least one unexpectedly high bill/charge during the period. A Consultation Document aimed at correcting some of the information asymmetry in the telecommunication markets as well as proposing remedies, such as requiring service providers to disclose to consumers, accurate, timely and easily accessible information was ready for publication at the end of the period and it is expected that this will result in regulatory action in the next period.

Improving Access to Persons with Disabilities

During the year we continued our initiative to assess whether access and choice for end-users with disabilities is equivalent, and to identify and implement measures to address issues with respect to ensuring equivalent access and choice. A consultation document was disseminated to stakeholders during the period and subsequently a focus group session was convened for Persons With Disabilities. Admittedly the project which is a most laudable initiative, is running behind schedule, so a concerted effort will need to be made to ensure that it results in positive regulatory actions in the next period.

Regrettably, I have to note that despite the commendable slew of achievements in the review period there are still some projects and initiatives that are lagging. Notably among these are:

- The development of a regime for the imposition of pecuniary penalties;
- The development of rules to address unfair contract terms;
- Assessment of the change from legacy to IP networks; and a
- Review of the current numbering plan.

ELECTRICITY

As with telecommunications, the electricity sector has become very susceptible to disruptive technology. The rapid adoption of renewables is not just an economic and strategic supply issue, but is increasingly making economic sense. For the last few years Jamaica has seen the most rapid evolution of the sector with the objectives of: attracting massive investments to achieve fuel diversification, changing out the generation set to more modern and efficient plants and adopting cleaner indigenous fuels, all coming together in a most serendipitous manner. A

more analytical look, however, will indicate that it has been the result of focused and strategic regulatory interventions mixed with Jamaica's hard-earned reputation for regulatory certainty and consistency.

Developments in the electricity sector over 2018/19, therefore, represented a continuation of the unfolding of this positive trend which has as its ultimate objectives, lower cost to rate payers, greater certainty of supplies and better quality of service. The ensuing highlights of activities in the sector during the year is illustrative of this.

Smart Meters and ALRIM

In its 2018 JPS Annual Rate Adjustment exercise, the OUR introduced the Accelerated Loss Reduction Mechanism (ALRIM) to incentivize JPS to reduce losses through an increased pace of installation of smart meters. The impact of revenue adjustment approved by the Office translated to a 0.4% increase in the overall tariff but is expected to facilitate investment directed at lower system losses. This programme will allow for the roll-out of up to 100,000 smart meter over two years with the aim of reducing losses by a minimum of 1.2%. Notably this reduction in losses translates to US$4.6M in savings, which will be mutually beneficial to JPS and its customers. We will be keen to see how this initiative and its attendant benefits evolve both in respect of loss reduction and grid modernization.

JPS Tariff Application

Much time and resources were dedicated to the preparation for the JPS 2019-2024 Tariff Review Application which is due in 2019-20. This will be the first such application since the amendment of the Electricity Act in 2015 and the Electricity Licence in 2016. Activities undertaken during the year included, consultation and determination of cost of capital, conduct of, and consultation on, productive study; and consultation and determination of Criteria for JPS's Business Plan. In addition, work also began during the period on tariff design and the establishment of principles and procedures for assessing projects submitted for approval as part of the Tariff Review.

A major source of concern and disappointment at the end of the year was the absence of the Integrated Resource Plan (IRP) which is stipulated as a critical document to guide the JPS's application. The IRP is to be undertaken by the Ministry of Science Energy and Technology (MSET) which also has responsibility for planning in the electricity sector. By statute, the IRP is required to be published some 15 months prior to the rate application. Its absence is therefore likely to pose a significant challenge to the 2019 Rate Review.

Renewable Energy

Eight Rivers Energy Company (EREC) which was selected as the highest ranked bidder, in the procurement of 37 MW (net) generation from renewable sources substantially completed its plant construction during the year and from all indications was on track to start supplying power to the grid in July of 2019. Once completed, the project will contribute 74,000 MWh to the system net generation accounting for 1.6% of total net generation and at a rate of US 8.535c/kWh. This will bring the total renewable energy contribution to the energy mix to 13.0% of net generation. In terms of environmental impact, the project will also displace about 107,000 bbls of fuel oil annually, and prevent over 48,000 tons of carbon dioxide from entering the atmosphere. The tariff impact is of course dependent on the relative prices of oil and natural gas but the OUR's computation shows that with the price of oil at $60/bbls and that of natural gas, at $3/MMBtu, the tariff impact is about 0.036 c/kWh.

Conversion to Liquefied Natural Gas (LNG)

The march to greater utilisation of LNG continued apace. The two Independent Power Producer (IPP) projects awarded through the



Generation Procurement Entity (GPE) were under construction during the year. The first, a 192 MW combined gas fired combined cycle plant by South Jamaica power Company (SJPC) located at Old Harbour Bay in St. Catherine is slated to come on line in June 2019. The second is a co-generation project located at Halse Hall in Clarendon. The net energy output to the JPS grid from this will be 94 MW. New Fortress Energy (NFE) is a co-sponsor for this project which will be supplied with LNG from its facilities. This plant is scheduled for commissioning in the first quarter of 2020.

With the commissioning of the new plants, the Old Harbour units 2, 3, 4 with a combined capacity of 190 MW and Hunts Bay unit B6 with capacity 68.5 MW, are to be retired.

Notably, NFE also begun work on the installation of its off shore facility at Old Harbour during the year and expects to have it ready to supply SJPC with gas at start-up.

In respect of the two mentioned LNG consuming facilities, the OUR's computation shows that that should oil price rise above $65/bbl and the price of natural gas, as projected by agencies such as the World Bank, remains stable at around $3/MMBTu, significant fuel savings will be achieved. Significant environmental benefits will also be realized as the operations of the new plants will reduce the carbon dioxide emitted to the atmosphere by over 400,000 tons. However, the real comparison to be made is between the cost of what would have been alternative replacement, that is coal fired plant/s versus LNG fired plant/s and we are satisfied that the chosen options are not only more environmentally friendly, but are more efficient and better aligned with the thrust to increase the share of renewables in the generation mix.

Other important Initiatives:

Attention to Resilience: The need to ensure that the power system is well insulated against various physical and environmental risks and can recover quickly from any disruption, is an imperative. Cyber risks and the variability and instability issues surrounding the introduction of renewables to the grid have attenuated that concern. So, the OUR has identified power system resilience as a critical area of focus in its work programme. Attendant to that and as a first step, we convened a one-day workshop that focussed on resilience planning for the sector. The initiative was well received with wholesale support from the utility/System Operator (JPS), IPPs, GPE, large commercial customers and academia. Representatives of other utilities, notably, the telecommunications and water sectors also attended and participated enthusiastically. We propose to continue to build on this momentum in the upcoming year, 2019/20.

Storage – As reported last year, we responded favourable to JPS's proposal to construct a 24MW battery storage facility. That project was substantially completed within the year and its commissioning is set to coincide with the coming on stream of the EREC capacity. In this regard, it should assist in addressing any latency and instability issues arising from this further addition of renewable capacity.

Losses – Electricity loss reduction remains a major concern and I have therefore given my full support to an initiative led by the OUR in consultation with other partners (initially) JPS and Jamaica Social Investment Fund (JSIF) to develop a proposal to conduct pilot studies in selected communities to address electricity losses. The recommendation is to be presented to the Government the next year. It is anticipated that if adopted, other partners notably, the security forces, the Ministry of Finance and the Ministry of Labour and Social Security will also be brought on board.

WATER AND SEWERAGE

Activities in this sector cut across a range of services: the provision of potable water, wastewater and sewerage treatment, and the supply of irrigation water to the agricultural sector. The absence of a comprehensive policy framework enshrined in a specific sector umbrella legislation continues to be a major shortcoming. Nevertheless, opportunities abound for investment, efficiency improvements, increased service accessibility and quality enhancements for the delivery of service to customers. We may be a long way from it, but our objective is to facilitate the development of a modern, efficient, reliable and affordable water services sector. Our efforts during the year, therefore continued to reflect this objective.

National Water Commission (NWC)

Seized with the urgency of reducing the high, unacceptable and unsustainable level of water losses (70%) the OUR has, through the K-Factor and other initiatives, sought to work with the NWC to stem losses and increase efficiency. Leveraging the K-Factor inflows, the NWC obtained a Ja$5B loan from the Inter-American Development Bank which it has used to enter into an arrangement with an Israeli firm, Miya Water Company, to establish a sustainable non-revenue water management capability programme to deliver long-term Non Revenue Water (NRW) targets for the NWC in Kingston and St. Andrew (KSA). The programme aims to: reduce NRW within KSA to 30% by the end of the five-year project through a comprehensive active leak detection programme; improve GIS data collection, hydraulic modelling etc.; maximise the income collected by the NWC; and prepare and implement strategies, which will ensure the improved performance and efficiency of the NWC.

The reports of the results of the programme so far gives reason for optimism that at long last we might be seeing some progress in the reduction of NRW.

NWC Tariff Review

The OUR received NWC's Tariff Application on 2018 October 1, proposing a twenty-three percent (23%) average increase in revenues for water charges and a thirty-eight percent (38%) average increase in revenues for sewerage charges. Unfortunately, the need to engage in an iterative process to secure the appropriate data to allow for a robust analysis of the application as well as some reconsideration by the NWC of investment priorities especially in the face of a prolonged drought and public disaffection, served to delay the issuance of a determination. That decision will now be issued in 2019/20.

Activities of small private water providers

The private water and sewerage sector is expanding and to a large extent these utilities have operated without providing periodic performance reports or bearing their fair share of the regulatory costs associated with their operation. In this regard, the OUR has begun to develop a framework for effectively monitoring the sector.

During the review period, tariff applications were received from Tryall Golf and Beach Club Limited (TGBC) and St. Jago Hills Development Company Ltd. Both privately owned companies provide potable water to their customers in the areas specified by their licences. In addition to deciding on the rates that they will charge, the OUR also established quality of service parameters within which they must operate.

K-Factor Fund

The K-Factor Fund has done much to bolster investor confidence in the sector and to afford the NWC to effect much-needed capital work. While I am still not completely happy with the management of the fund and the way in which the flows are leveraged, we continued to work with NWC to address specific governance issues. I remain convinced that it is a critical initiative which, if employed effectively, can see significant returns to rate payers. Notably the total inflow for the year from the K-Factor was J$3.77 billion representing a 6% increase over the corresponding previous period total of J$3.56 billion, while the reported total outflows was J$4.83 billion, an increase of 35% over the previous year's total of J$3.59 billion.

As indicated, the OUR is very mindful of the significant challenges posed by the roadworks in the Corporate Area the year and its impact on the water supply. Thousands of customers saw their water supply severely curtailed as a result of breached mains and other road work disruptions. We are heartened, however, at the prospect that some of the measures adopted to address these disruptions will, in the medium to long term, improve service and supply to customers.

GENERAL COMMENTS

The OUR's contribution to the development of renewables and the emergence of an LNG sector has earned us significant respect and a number of our professionals were asked to participate in trade missions and workshops, and make presentations at conferences to share our progress on that front. We also continue to provide leadership and representation in many regional and international fora notably, the National Association of Regulatory Utility Commissioners, the International Telecommunication Union,



the Commonwealth Telecommunications Organisation and the Organisation of Caribbean Utility Regulators, and others. Our input and advice are sought by other regulators and our professionals are accorded great respect. We also continue to receive requests to facilitate internships by visitors from other regulators

I am also pleased that at home the OUR has also won respect as an "honoured prophet" and so our advice and expertise is frequently tapped for various critical national matters that affect the interest of the rate-paying public. It is, we consider, indeed a measure of the continued confidence in the work and performance of the OUR that the Government has signalled its intention to confer responsibility for the regulation of the emerging LNG sector on us.

Notably, during the course of the year, two new Deputy Directors General (Ms. Cheryl Lewis and Mr. Cedric Wilson) were appointed to the OUR, making the full complement now three. I share a degree of personal satisfaction that these persons have emerged from within the rank of the organization to succeed to these positions.

We also had the distinction this year of our annual report being judged the first runner up in the Annual Report at the Public Sector Corporate Governance Awards. This was the first time we took part in these Awards. I use this medium to offer congratulations to all who contributed to this success.

In this vein as well, I wish to express my sincere gratitude to the staff for their professionalism, dedication to duty and critical thinking as reflected in the many initiatives and output of the OUR. The executive team certainly does not take your support for granted. I continue to assert without fear of contradiction, that the professionals at the OUR represent the finest in the public sector. They match any team the private sector can produce and they stand out among their international peers.

We are also fortunate to have in the composition of the Office, stellar visionary leadership which provides excellent policy guidance and oversight, asks the right questions and insists on accountability. The OUR and Jamaica is better for their contribution. I take this opportunity to thank them for another year of diligent service, good counsel and enlightened guidance.

CONCLUSION

So all told, we have had notable achievements and successes in and across all regulated sectors in 2018/19, as evidenced by the seamless introduction of the new dialling format, in the telecommunications sector; further progress towards renewables and LNG-fuelled capacity additions in the electricity sector and the appearance of green shoots with respect to NRW reduction in the water sector. As always, however, while we reflect on our accomplishments with satisfaction, we must continue to prepare to meet the challenges of the future. We anticipate that the dynamic winds of change and disruption will continue to test our mettle but we are well equipped. The OUR has institutional capacity and knowledge, gifted and multi-skilled professionals, a robust intellectual tradition, an analytical and thinking culture, and visionary and independent leadership. We can and will continue to deliver on our mandate.



ANSORD E. HEWITT
DIRECTOR GENERAL



NWC Public Consultation in Mandeville, Manchester.

SUMMARY OF ACHIEVEMENTS

TELECOMMUNICATIONS SECTOR		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Determination Notices	• Number Portability Administration Fees, 2018	• Cost Model for Fixed Termination Rates – The Decision on Rates • Jamaican Common Short Code Scheme • Number Portability Administration Fees, 2017
Directives	• None.	• Directive to Cable & Wireless Jamaica Limited (collectively trading as FLOW) to undertake remedial measures to mitigate Service Interruption issues, to comply with the Office of Utilities Regulation's (OUR) Requests for the Submission of Information and to respond to Recommendations • Directive to Columbus Communications Jamaica Limited to comply with the OUR's Request for Information to facilitate its Assessment of Competition in the Supply of Electronic Communication Services in Jamaica • Directive to Cable and Wireless Jamaica Limited to comply with the OUR's Request for Information to facilitate its Assessment of Competition in the Supply of Electronic Communication Services in Jamaica • Directive to Digicel (Jamaica) Limited to comply with the OUR's Request for Information to facilitate its Assessment of Competition in the Supply of Electronic Communication Services in Jamaica
Quarterly Sector Reports	• Telecommunications Market Information Report 2017 October – December • Telecommunications Market Information Report 2018 January – March • Telecommunications Market Information Report 2018 April – June • Telecommunications Market Information Report 2018 July - September	• Telecommunications Market Information Report 2015 October – December • Telecommunications Market Information Report 2016 January – March • Telecommunications Market Information Report 2016 April – June • Telecommunications Market Information Report 2016 July – September • Telecommunications Market Information Report 2016 October – December • Telecommunications Market Information Report 2017 January – March • Telecommunications Market Information Report 2017 April - June • Telecommunications Market Information Report 2017 July - September
Other Reports	• FLOW Outage Report • Strategies to Address Demand-Side Barriers to Broadband Adoption	• None.

TELECOMMUNICATIONS SECTOR		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Reconsiderations	• None.	• Reconsideration of the Office's Determination Notice: (2017/TEL/003/DET.001) "Cost Model for Fixed Termination Rates – The Decision on Rates – Public Version"
Responses	• None.	• Infrastructure Sharing: OUR's Comments on Responses to Notice of Proposed Rulemaking
Approval Document	• Extension of 10-Digit Permissive Dialling Period for NPA Relief	• RIO 6 Approval • Approval of RIO 6 Revised Tariff Schedule
Addendum	• None.	• Reconsideration of the Office's Decision: Determination Notice "Cost Model for Fixed Termination Rates – The Decision on Rates" – Final Decision - Addendum 1
Consultation Document	• Development of Policy Recommendations on Enhanced Access to Emergency Services in Jamaica	• None.



ELECTRICITY SECTOR		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Determination Notices	• JPSCo Limited Annual Review 2018 and Extraordinary Rate Review	• Jamaica Public Service Company Limited Annual Review 2017 • Jamaica Energy Partners Change in Law Claim • Jamaica Public Service Company Limited Metering and Customer Information Systems Audit • JPS's Grid-Scale Energy Storage Project: Business Case
Directives	• None.	• None.
Quarterly Sector Reports	• Electricity Sector Report - October - December 2017	• None.
Other Reports	• JPSCo Limited's Grid-Scale Energy Storage Project Business Case: Evaluation Report • Evaluation Report for JPS's Request for Right of First Refusal • Evaluation Report for JPS's Proposed Rate Base and Monitoring Mechanism - JPS's Request sfor Right of First Refusal Replacement of GT8 • Mitigation of the Loss of Critical Generation Capacity from Old Harbour #2 – EL-1822-0130	• To Investigate the Electricity System Total Shutdown on 2016 August 27 - Report of the Outage Review Team
Reconsideration	• Reconsideration of the Office's Decision: Determination Notice (2018/ELE/001/DET.001) – JPS Metering and Customer Information Systems Audit	• None.
Consultation Document	• Proposed Criteria Jamaica Public Service Company Limited 2019 -2024 Rate Review Process • Further Proposed Criteria Jamaica Public Service Company Limited 2019 -2024 Rate Review Process	• None.
Notice of Proposed Rule Making	• Accounts Separation Guidelines for the JPSCo Limited • The Rules and Procedure for Operation and Administration of the Electricity Sector System Benefit Fund (SBF)	• None.

ELECTRICITY SECTOR		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Public Notice	• Net Billing Energy Prices (March) 2018 • Net Billing Energy Prices (April) 2018 • Net Billing Energy Prices (May) 2018 • Net Billing Energy Prices (June) 2018 • Net Billing Energy Prices (July) 2018 • Net Billing Energy Prices (August) 2018 • Net Billing Energy Prices (September) 2018 • Net Billing Energy Prices (October) 2018 • Net Billing Energy Prices (November) 2018 • Net Billing Energy Prices (December) 2018 • Net Billing Energy Prices (January) 2019 • Net Billing Energy Prices (February) 2019	• Net Billing Energy Prices (July, August, September & November) • Net Billing Energy Prices (October & December) • Net Billing Energy Prices (January) 2018 • Net Billing Energy Prices (February) 2018
Technical Document	• None.	• Jamaica Electric Grid Book of Codes
Request for Proposal	• Consultancy Services to Provide Expert Advice on Tariff Design for JPSCo Limited • Consultancy Services for Electricity Sector Costing Study	• None.
Service Level Agreement	• JPS Service Level Agreement	• None.
Rules	• JPSCo Limited 2019 - 2024 Rate Review Process - Final Criteria	• None.



WATER AND SEWERAGE SECTOR		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Determination Notices	• Tryall Golf & Beach Club Limited Interim Water Rates • Dynamic Environmental Management Limited (DEML) Annual Price Adjustment Mechanism Reset	• National Water Commission Annual Price Adjustment Mechanism and X-Factor Application • Runaway Bay Water Company Limited (RBWC) - Bulk Water Rate to NWC • Landmark Developers Limited Review of Rates 2017 • Can-Cara Development Limited: Water and Sewerage Rates
Addendum	• Landmark Developers Limited Sewerage Rates Determination Notice - Addendum 1	• Directive to the National Water Commission to Cease the Application of the Late Payment Fee Aspect of the Payment Compliance Initiative and the Issuance of Multiple Bills in a Single Billing Cycle - Addendum
Consultation Document	• Customer Contact Centre Standards for the Jamaica Public Service Company Ltd. & the National Water Commission	• Proposal for Vulnerable Utility Customers to Opt-out of the Early Payment Incentive/Late Payment Fee programmes
Service Level Agreement	• NWC Service Level Agreement	• None.



GENERAL REGULATION		
Category	**Financial Year April 2018 – March 2019**	**Financial Year April 2017 – March 2018**
Quarterly Reports	• CPA Quarterly Performance Report - 2018 January – March • CPA Quarterly Performance Report - 2018 April – June • CPA Quarterly Performance Report - 2018 July – September • CPA Quarterly Performance Report - 2018 October – December • Quarterly report to MOFP 2018 January – March • Quarterly report to MOFP 2018 April – June • Quarterly report to MOFP 2018 July – September • Quarterly report to MOFP 2018 October – December	• CPA Quarterly Performance Report - 2017 January – March • CPA Quarterly Performance Report - 2017 April – June • CPA Quarterly Performance Report - 2017 October – December • Quarterly report to MOFP 2017 January – March • Quarterly report to MOFP 2017 April – June • Quarterly report to MOFP 2017 July – September • Quarterly report to MOFP 2017 October – December
Other Reports	• Annual report on sector activities to the Planning Institute of Jamaica (PIOJ) - 2018 January – December	• Annual report on sector activities to the Planning Institute of Jamaica (PIOJ) - 2017 January – December
Notice of Proposed Rule Making	• None.	• Guidelines on the Resolution of Regulatory Disputes Between Licensees in Regulated Sectors
Policy Document	• None.	• Due Diligence Policy - Application for the Grant and Renewal of Licences



Consumers register ahead of the NWC Public Consultation held in Portmore, St. Catherine on 2018 November 06



Consumers get familiar with the summary of NWC's Tariff Application at the NWC Public Consultation in May Pen, Clarendon on 2018 November 22.

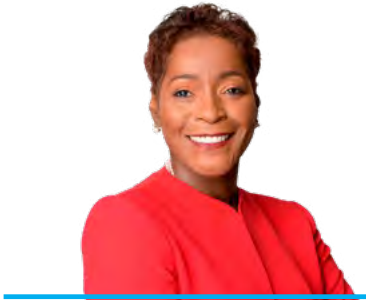
THE EXECUTIVES



ANSORD E. HEWITT
Director General



MAURICE CHARVIS
Deputy Director General



CHERYL LEWIS
Deputy Director General



CEDRIC WILSON
Deputy Director General



SHANIQUE NUNES
Executive Assistant

DEPARTMENTAL REPORTS



OUR's Gordon Brown assists a visually impaired utility consumer at one of several 10-digit dialling sensitisation sessions geared towards persons with disabilities.

SECRETARY TO THE OFFICE (STTO)

This Department is responsible for the effective and efficient functioning of the Office, including its decision-making processes and its compliance with internal and external procedures. The STTO in consultation with the Chairman, sets the regulatory agenda and ensures that matters before the Office are dealt with expeditiously. The STTO is also responsible for licence processing, the development of the Corporate Plan, and the OUR's external relations.

CORPORATE BUSINESS PLAN

In accordance with the requirements of the Public Bodies Management and Accountability Act, the OUR's 2018-2022 Corporate Business Plan and Budget were submitted to the Ministry of Finance and Public Service as scheduled. The OUR endeavoured to complete activities within the timeframes outlined in the Plan and the achievements are highlighted in the various sector reports.

LICENCES

There were applications for licences in both the Telecommunications and the Water & Sewerage sectors during the period under review.

TELECOMMUNICATIONS SECTOR

There were 28 applications for telecommunications licences, of which 12 were for new licences, and 16 for licences renewal. By the end of the year, six licences were granted, three were awaiting Ministerial decision, two had discontinued the process, one was placed on hold and 16 were still being processed. Table 1 shows the status of the applications as at 2019 March 31. A major concern is that incomplete or inaccurate information submitted by applicants very often resulted in delays in the processing of their applications.



AMBASSADOR PETER BLACK
Secretary to the Office



DIANA CUMMINGS
Manager - Licensing & Regulatory Affairs



CARLENE DUNBAR
Licensing Officer



THALIA MCPHERSON
Project & Reseach Officer

Table 1 – Telecommunications Licence Applications 2018/19

	Licence Applications Received	Licences Category	New (N)/ Renewal (R)	Status
1	**Caribbean Voice Limited**	-Carrier -Service Provider	N N	Awaiting Ministerial Decision
2	**Columbus Communications (Jamaica) Limited**	-International Service Provider -Internet Service Provider	R R	Application being processed
3	**Dekal Wireless Jamaica Limited**	-Internet Service Provider	R	Application being processed
4	**Digicel (Jamaica) Limited**	-Internet Service Provider -International Carrier	R R	Granted Application being processed
5	**Hospitality Communications Information Systems Limited**	-Internet Service Provider	R	Application being processed
6	**Innovo Solutions Limited**	-Carrier -Service Provider	N N	Application being processed Awaiting Ministerial Decision
7	**Island Networks Limited**	-International Service Provider -Internet Service Provider -Domestic Carrier -Data Service Provider	R R R R	Application being processed
8	**Jamaica Digiport Limited**	-Free Trade Zone Carrier -Free Trade Zone Service Provider	R R	Application being processed
9	**Kubi Wireless Jamaica Limited**	-Internet Service Provider	R	Application being processed
10	**Logic One Limited**	-Internet Service Provider	R	Granted
11	**NAVSAT Supplies**	-Internet Service Provider	R	Application being processed
12	**Phoenix Tower Jamaica Limited**	-Carrier	N	Granted
13	**PIXCOM**	-Internet Service Provider	R	Granted
14	**Solar Internet Repairs S.I.R. Tech Jamaica Limited**	-Internet Service Provider	N	Granted
15	**Stars Cable Company Limited**	-Carrier -Service Provider	N N	Application being processed
16	**Swiftnet Limited**	-Carrier -Service Provider	N N	Application Discontinued
17	**Television Jamaica Limited**	-Service Provider	N	Process on Hold
18	**Verge Communication Limited**	-Internet Service Provider	R	Granted

WATER AND SEWERAGE SECTOR

There were six applications for licences in the Water and Sewerage Sector of which four were for new licences, and two for licences renewal. By the end of the year, two licences had been granted, and four were still being processed. Table 2 shows the status of the applications as at 2019 March 31. Like the telecommunications sector, a major concern was that incomplete information submitted by applicants. This often resulted in delays in the processing of their applications.

Table 2 – Water and Sewerage Sector Licence Applications

	Licence Applications Received	Licences Category	New (N)/ Renewal (R)	Status
1	Dairy Spring Limited	Water Supply & Distribution	R	Granted
2	Drax Hall Utilities Limited	Sewerage Services Provider	N	Application being processed
3	Four Rivers Development Company Limited	Water Supply & Distribution	R	Application being processed
4	KEMTEK Development & Construction Ltd.	Water Supply & Distribution	N	Application being processed
5	Selective Homes (Winchester) Limited	Sewerage Services Provider	N	Application being processed
6	Tryall Golf and Beach Club	Water Supply and Distribution	N	Granted



Project & Research Officer, Thalia McPherson, listens keenly to the answer as she poses a question at the 45th PURC/World Bank International Training Program on Utility Regulation and Strategy held in Gainesville, Florida in 2019 January.

CONSUMER AND PUBLIC AFFAIRS (CPA)

The Consumer and Public Affairs Department has been aptly described as the 'face' of the OUR, as through its handling of the public education and other external activities, and its administration of the OUR's consumer affairs regulatory function, it interfaces with the public, manages the organization's reputation and image and is the first point of customer contact.

The Department comprises the Consumer Affairs Unit (CAU) which handles complaints and appeals, the Public Affairs Unit (PAU) which deals with the media and conducts outreach activities, and the Information Centre which is Jamaica's only specialised library of its kind.

During the period under review, April 2018 to March 31, 2019, the Department's management of communities' complaints about the performance of small rural private utility providers took centre stage, redounding to the consumers' benefit. The welfare of vulnerable customers and an improvement in the delivery of quality customer care to them were also issues with which the Department grappled.

Customers were dogged by frequent service disruptions and widespread outages because of cable theft and/or damage to equipment and pipelines as a result of extensive infrastructural road work.The Department identified that the major water and energy service providers were failing to meet standards for notifying their customers of planned or unscheduled service disruptions and prodded them into utilizing additional communication channels, such as WhatsApp and other social media platforms as well as text messaging.

Through the efforts of the CAU and the Guaranteed Standards' mechanism, consumers received $151 million in compensation from utility providers.

Public affairs issues primarily revolved around creating awareness and educating customers about the new ten digit dialing format, the additional area code '658', as well as the NWC Tariff consultations to get feedback on that provider's tariff application.



YVONNE NICHOLSON
Director, Consumer & Public Affairs



COLLETTE GOODE
Specialist, Consumer Affairs (Policy)



ELIZABETH BENNETT MARSH
Public Education Specialist



NAOMI WATKINS
Coordinator, Consumer Affairs (Operations)

CONSUMER AFFAIRS HIGHLIGHTS

Reversal of JPS's unauthorised PAYG charges

The Department was instrumental in the roll-back of unauthorised monthly charges to JPS's Pay-As-You Go (PAYG) customer accounts. The PAYG system gives customers the option to purchase the amount of electricity they want to use on a daily or monthly basis. CPA's action, based on a customer complaint on 2018 September 18, resulted in JPS's submission of details of the affected customers accounts and evidence of the refund of the unauthorised charges. Following the Department's intervention, 620 customer accounts showed inactivity or credit purchase/use of less than 2kWh in a month, resulting in the unpaid Customer Charge reflecting on their accounts. The total unpaid amount applied to PAYG customers' accounts of $1,159,661.05 was reversed.

C&WJ-Flow Service Interruption Directive

The CAU saw a decrease in the number of complaints of service interruptions by customers of C&WJ – Flow (C&WJ) during the reporting period, following action taken by the regulator.

The OUR began noticing a spike in the number of complaints from customers three years ago as a result of service interruption issues. Following its failure to respond to the request for information, the OUR issued a Directive on 2017 October 25 for the company to undertake remedial measures to mitigate service interruption issues; to comply with the request for submission of information and to respond to OUR's recommendations. The information requested included: the causes of the service interruptions; a detailed resolution plan, inclusive of resolution timelines for the various categories of faults identified; a detailed plan outlining how it intended to address the needs of the customers who experienced service interruption as a result of stolen cables and evidence that an automatic rebate was applied to bills of all customers who experienced service interruptions for a period of more than seventy-two (72) consecutive hours.

C&WJ completed its response to the Directive on 2018 March 20, and indicated that it would restore customers' service through a number of methods which include migrating affected customers onto other technology as well replacing cables, where feasible. The company also reported that it had paid out approximately Ja$75 million in rebates to customers whose service was interrupted for more than 72 consecutive hours.

The number of related contacts regarding service interruption issues decreased from 245 in 2015 to 168 in 2018, representing a 31% decline in service interruption contacts from C&WJ's customers. This suggests that the measures implemented by the company has reaped benefits.

Enhancing Customer Satisfaction through JPS and NWC Call Centres

Over the review period the Department embarked on a consultation intended to enhance customer satisfaction delivered through JPS and NWC Call Centres. This was in recognition of the need for the delivery of quality customer service to utility customers and to ensure that the service providers are able to deliver the quality customer service experience that customers expect through all channels, especially the Call Centres. The consultation was intended to: decide on the customer satisfaction-centric Call Centre KPIs to be measured; establish a level of uniformity with the customer centric standards that are measured by the Call Centre of the service providers and, determine a target for the percentage of complaints that are to be resolved at the first point of contact. Responses to the consultation document were received from JPS and NWC at the end of the year and are being reviewed for action in the upcoming year.



GORDON BROWN
Coordinator, Public Affairs



COLLEEN MIGNOTT
Coordinator, OURIC/Information Officer



JODIAN COULTMAN
Consumer Affairs Officer

Impacting notification about widespread outages and frequent service disruptions

The Department publishes a Quarterly Performance Report (QPR) which provides the public with reports and analysis about the contacts received from utility providers and their performance against agreed Quality of Service Standards. JPS and the NWC are required to submit reports to the OUR on their performance in notifying customers within a specified timeline about planned outages. One quarterly review revealed that the NWC compliance rating with the standard to provide at least 24 hours' advance notice prior to disruptions lasting more than 4 hours was 81%; while JPS reported a 47.7% compliance requiring it to notify customers at least 48 hours ahead of planned outages. Since the publication of this information, both providers have sought to improve notification mechanisms by implementing new communication methodologies to augment the usual mass media channels. These include text messaging as well as social media.

Outcome of consultation with vulnerable customers and the Early Payment Initiative/Late Payment Fee programme of the JPS and NWC

During the period under review, the Department consulted with stakeholders about the impact of the imposition of the Late Payment Fee (LPF) aspect of the Early Payment Incentive/Late Payment Fee programme on vulnerable customers, that is, persons with disabilities and pensioners. Among the complainants that prompted the consultations were pensioners who lamented that the due dates for the payment of their bills preceded the receipt of their monthly pension payments. Accordingly, where they were unable to make their payments on, or before these dates, they incurred LPFs, which in their view, were unreasonable additional charges.

Among the recommendations from the consultation was for future NWC tariff determinations to include the implementation of programmes to provide payment options to vulnerable customers. The tariff review was recommended as appropriate as it would provide an opportunity for any associated costs to be included in the determined rate. JPS already has programmes from which vulnerable customers can benefit, which include the Prepaid Metering Service and the Community Renewal/ PATH Beneficiary Rate. With the Prepaid Metering Service in particular, customers do not incur LPF and/or disconnection charges. It was recommended that JPS be encouraged to increase its public education/awareness activities regarding the available options from which vulnerable customers can benefit. This could be executed through the relevant agencies such as the Jamaica Council for Persons with Disabilities.

Rate Application and Service Disruption in St. Jago Hills, St. Catherine

The Department spearheaded the process to have the St. Jago Hills Development Company Ltd. (SJHDC) submit its tariff application. This was compelled by complaints from the St. Jago Hills Citizens Association querying the legality of the rates being charged by their water service provider as well as lengthy service disruptions. Following the Department's intervention, the application for the determination of rates and Quality of Service Standards was received in 2018 November.

Quality of Service Standards review for Tryall Golf and Beach Club

The OUR received an application from Tryall Golf and Beach Club (TGBC) for a tariff review. In keeping with its usual practice, the CAU conducted a review of the Quality of Service Standards for TGBC. This comprises the Overall and Guaranteed Standards. The review resulted in four (4) Overall Standards and eleven (11) Guaranteed Standards (GS) being determined for the licensed water service provider. Of the eleven GS, four attract automatic compensation.



BEVERLEY GREEN
Consumer Affairs Officer



SHARA BARNETT
Consumer Affairs Officer



JADE-ANNE JAMES
Consumer Affairs Officer



LIANA HAFFENDEN
Administrative Assistant

Rate Application for Residents of Liberty Estates, St. Mary

Over the review period, the Department provided support to the residents of Liberty Estates, St. Mary, who, served by Landmark Developers Ltd (LDL), raised concerns via the media about the state of the sewerage treatment plants in their community, as well as the rates approved by the OUR for connecting to the sewer system. Although the OUR had correctly determined sewerage rates for LDL as per the licence, there was an issue with the definition of "connection fee" which was subsequently clarified with an addendum. However, the OUR is yet to grant approval for Landmark's Customer Charter.

Tariff Review of NWC Guaranteed Standards and other Consumer Issues

As part of the NWC's tariff review process, the CAU conducted an assessment of the Commission's Guaranteed Standards (GS) Scheme as well as the issues raised by customers. This review was conducted to assess what changes, if any, needed to be made to the GS Scheme as well as to implement measures to address any significant consumer complaints.

The main concerns highlighted by NWC consumers included: frequent service interruption/irregular water supply, water quality, applicability of service charges without service for an extended period and the quality of customer service provided. In light of the concerns raised, recommendations were submitted to address the issues. Additionally, changes were also proposed for the GS Scheme. The recommendations put forward are awaiting the requisite approval.

Participation in the National Consumer Policy and Implementation Plan

The Department was invited to lend its expertise and experience in the execution of a project to establish a National Consumer Policy and Implementation Plan. This was spurred on by a regional assessment by the Caribbean Community (CARICOM) and Common Market that there is a "lack of a legal framework [in Jamaica] for ensuring collaboration between the National Consumer Protection Unit and the other agencies or institutions whose activity or scope of competencies relates [indirectly or directly] to promotion and protection of the interests and welfare of consumers."

The project, led by the Ministry of Industry, Commerce, Agriculture and Fisheries and the Consumer Affairs Commission, and includes other government entities, such as the OUR (represented by the CPA Department), the Fair Trading Commission, the Financial Services Commission, and the National Consumers League, is to establish this Policy.

All the agencies involved comprise the Steering Committee which is to provide oversight and direct the policy development process and any other functions as may be required. The Policy is expected to maximise consumer welfare through empowerment and protection delivered by a coordinated national consumer affairs strategy and strengthen consumer affairs at the member state level, in readiness for alignment to the Regional Consumer Strategy. The Department has so far lent its expertise and experience to develop Terms of Reference for procurement activities. The lifespan of the Policy Steering Committee ends on the finalisation of the National Consumer Affairs Policy and Implementation Plan.



OUR's first webinar on 2018 July 31 which dealt with how theft impacts utility service. Photo shows participants from all the four major utilities (l-r): Charles Buchanan (NWC), Kayon Mitchell (Flow), Anthony Barrows (Digicel), Rasheed Anderson (JPS) and moderator OUR's Elizabeth Bennett Marsh.



A customer expresses his concerns at the St. Jago Hills Development Ltd. Public Consultation held on 2019 January 20.

'Call the OUR' Segment on RJR's Hotline Programme

In an effort to increase our engagement with utility consumers, the OUR – through the CAU – commenced a discussion and call-in segment on the RJR talk show programme Hotline. The half-hour segment titled 'Call the OUR' has aired every Wednesday since 2018 April. Information is shared with utility consumers who are encouraged to call in and speak with an OUR representative on air. During the review period, the CAU assisted 68 utility consumers to address their complaints.

Consumer Appeals and Resolution

The Appeals Process, an OUR core function, is designed to handle appeals from consumers against the decisions of utility providers and resolve them in a timely manner. However, over the review period, while the number of consumer contacts increased by 34% over the last five reporting periods, the number of appeals decreased by over 70%.

Over the review period, CAU received three thousand seven hundred and sixty-eight (3,768) contacts (Table 1). Of these, 51 (or 1%) were accepted for investigation under the Appeals Process; 1,601 (or 43%) were handled in-house, while the remaining 2,116 (or 56%) were referred to their respective service providers for resolution. The contacts received represent a 3% decrease over the previous period.

Of the 51 new appeals, 26 related to services provided by JPS, 23 were for the NWC, and 1 each for small water providers, Can-Cara Environment Limited and Dynamic Environmental Management Ltd. (DEML). Twenty-one (21) appeals remained unresolved (Table 2) up to 2018 March 31 and these were carried forward to the new reporting period, bringing the total number of appeals to seventy-two (72).

Fifty one (51), representing 71%, of the 72 appeals that were investigated during the period were resolved. Of these, 18% were in favour of the customer and 73% were in the utilities' favour. The remaining appeals included: matters for which a compromise was reached, an appeal where insufficient information was provided by the customer and another that was mutually resolved. Further details on appeals resolution are in Figure 1, while details on appeals resolution 2014 – 2019 are in Table 2.

The OUR has established 65 working days to complete the investigation of customers' appeals. Of the 72 appeals reviewed, 40% were completed within the timeline and 31% were completed outside of this timeline. The remaining 29% percent were: 14 appeals which had not exceeded the closure timeline and seven (7) appeals which had exceeded the closure timeline.

For the 51 new appeals received, 36 were due to be closed by the end of the review period in keeping with the established appeals time line. Of the 36 new appeals, 58% were completed within the established timeline, 33% were completed outside of this, while 8% remained open at the end of the review period.

Table 1: Annual Contacts Managed by Consumer Affairs Officers (2014 – 2019)

Service Providers	2018 - 2019	2017 - 2018	2016 - 2017	2015-2016	2014-2015
JPS	1,559	1,364	1,285	927	991
NWC	955	965	1,074	852	698
C&WJ (Flow)	428	520	525	654	402
Columbus Communications (Flow)	474	485	439	225	-
Digicel	245	395	281	129	146
Others	107	147	314	121	100
Total	**3,768**	**3,876**	**3,918**	**2,908**	**2,477**



Consumer Affairs Officer, Shara Barnett (right), explains the NWC tariff application to a customer ready to give her views at the NWC Public Consultation held on 2019 October 30.

Main Customer Concerns

At 50% and 18% of total contacts respectively, billing matters and service interruption continued to be the main cause of customer contacts. The nature of the billing contacts included: customers' dispute of billed charges to their accounts, high consumption charges and concerns relating to estimated and retroactive billing. Alleged breaches of the Guaranteed Standards, poor service quality and disconnection, at 3% of total contacts each, accounted for the third highest reason for customer contact.

Credits & Compensation

April 2018 – March 2019 saw utility providers paying over $151 million to consumers, either because of actions taken by the OUR or for compensation as a result of breaches of the Guaranteed Standards (GS).

With regard to the GS, JPS reported that it committed 69,835 breaches that attracted compensation of approximately $145 million, which was all paid out through automatic compensation. The NWC said it committed 2,315 breaches which attracted potential compensation of approximately $7.7 million. Actual payments amounted to $4.1 million, representing 54% of potential pay-outs with the remaining 46% not being paid as the required claim forms were not submitted.

The sum secured as a result of our investigation of customers' appeals and complaints amounted to $2,387,704.17. Of this, JPS accounted for 76% ($1,824,876.98), NWC accounted for 15% ($296,898.16), Columbus Communications (Flow) 8% ($183,664.25) and the remaining 4% ($82,264.78) was shared among C&WJ, Digicel and Can-Cara Environmental Limited.

Upcoming Activities

For the upcoming year, we will engage in other activities to further strengthen our efforts to protect the interest of consumers, namely: the completion of consultations towards enhancing customer satisfaction through JPS and NWC Call Centres and a market research survey of small licensees.

PUBLIC AFFAIRS HIGHLIGHTS

The main areas of focus for the Public Affairs Unit was a concentrated public education campaign on 10-digit dialing ahead of mandatory 10-digit dialing on 2019 March 31, and consultations with NWC customers as part of the review of the NWC's 2018-23 tariff review application. Public awareness about the OUR was also consistently maintained through weekly radio programmes, and regular website and social media updates.

Area Code and 10-Digit Dialling

The OUR sustained its public education campaign on 10-digit dialing over the period, while it closely monitored and assessed the state of readiness of phone customers. On 2018 May 30, a new area code, '658'

Table 2: Appeals Resolution for 2014 - 2019

Description	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Appeals from previous periods	21	28	88	122	122
Appeals received during the reporting period	51	49	95	88	146
Total appeals for reporting period	72	77	183	210	268
Appeals resolved during reporting period	51	56	153	122	146
Appeals resolution rate for reporting period	**71%**	**73%**	**84%**	**58%**	**54%**

Figure 1: Appeals Resolution

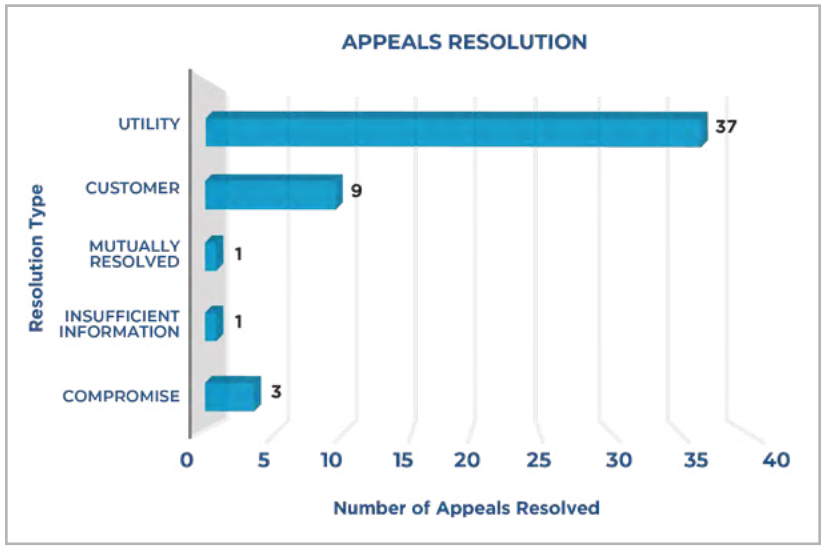
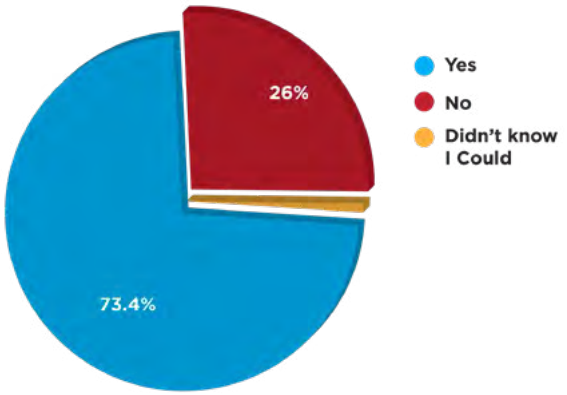


Figure 2: OUR Survey on NPA Relief

Have you added the '876' area code to numbers in your phone?



was implemented to augment the supply of numbers provided under area code '876'. The effect of this was that there was a need for 10-digit dialing for all local calls. There was a period of permissive dialing (between 2018 May 30 and 2018 October 30) to allow customers to get use to the new dialing format. Following requests for an extension from service providers and some of their large business customers to address challenges relating to systems employing machine-to-machine communications and PBX telephone systems, the original deadline for the introduction of mandatory 10-digit dialing was extended from 2018 October 30 to 2019 March 31.

The OUR conducted an informal survey in 2018 July to gauge customer feedback on knowledge of, and adaptability to 10-digit dialing. All of the one hundred and seventy-three (173) respondents were aware that 10-digit dialing had come into effect. The responses indicated a high level compliance to the addition of the area code to the existing numbers in their phones, with 73.4% of the respondents saying they had done so.

Following the implementation of mandatory 10-digit dialing on 2019 March 31, another survey will be conducted as the OUR continues to monitor receptiveness and compliance.

St. Jago Hills Hills Development Consultation

The OUR hosted a public consultation with residents of St. Jago Hills, St. Catherine on 2019 January 20. The meeting was held to consult with residents on the application submitted by St. Jago Hills Development Company Limited (SJHDCL) to the OUR for the approval of rates and charges for water supply in the community. Comments from the consultation will be incorporated into the determination on the tariff application.

NWC Tariff Review Consultations

Public consultations, requiring the input of stakeholders are a key component in the analysis of any tariff application. The OUR embarked on a series of consultations to get feedback on the NWC's Tariff application for 2018-23. The consultations took the form of six town hall meetings and three business meetings across eight parishes. Customers were also invited to send in written comments on NWC's application. Comments from NWC customers are included in the Consumer Chapter of the Determination Notice issued by the OUR.

Social Media

The OUR's social media platforms continue to be a main avenue through which utility customers air their grouses, or lodge complaints. The OUR has social media accounts on *Facebook, Twitter, LinkedIn* and *Instagram*.

During the period under review, the OUR received over 250 complaints, mainly through direct messages (DMs) on its *Facebook* and *Twitter* pages. This does not include comments on which the OUR was tagged. Most of the complaints pertained to supply disruption and billing issues.

Over the period, there was a 6.3% increase in followers on *Facebook*, 22.7% on the OUR's *Twitter* account, and 39.4% on the OUR's *LinkedIn* page.

Statistics obtained from the OUR's *Facebook* page for the 2018 April 1 – 2019 March 31 period revealed that:

- *Facebook* LIKES increased by 6.3%
- Reach over the period was 32,485

The OUR's *Twitter* page received over 93,000 impressions or views while the followers on this channel increased by 18.6 %. The number of Tweets increased by 12.2% at 2019 March 31.

Other pertinent *Twitter* data is indicated in the table below:

Table 4: Social Media Analytics (2018-19)

	Total
Impressions/Views	93.4K
Link Clicks	224
Re-Tweets	90
Likes	168
Replies	51

Online Consumer Report: The OUR continues to update stakeholders on its latest projects and decisions, through its quarterly electronic newsletter, the Online Consumer Report (OCR). The OCR is distributed via email to thousands of customers in the OUR's public education database.

Table 3: Complaints via Social Media

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	2018-19
Billing	9	12	8	12	7	7	8	8	7	3	7	2	**90**
Meter	2	1	0	1	0	0	1	0	0		1	2	**8**
Disruption	12	9	4	5	16	12	8	6	6	8	9	8	**103**
Other	2	9	6	0	5	0	7	2	0	1	1	2	**35**
Data	3	0	0	1	0	2	2	2	3	4	0		**17**
TOTAL	**28**	**31**	**18**	**19**	**28**	**21**	**26**	**18**	**16**	**16**	**18**	**14**	**253**

Mass Media

The OUR continues to have a regular presence in the media, as it updates stakeholders on its work. The main channel used during the period was radio.

The weekly five-minute feature Inside the OUR continues to be aired on RJR 94 FM and IRIE FM. This recorded feature updates stakeholders on the latest developments from the OUR. It also has a segment that addresses customer complaints on service quality by utility providers.

The OUR launched a media campaign ahead of the implementation of mandatory 10-digit dialing for local calls, which took effect 2019 March 31. The messages were aired on several radio stations, and published in the major daily newspapers, as well as being replicated on the OUR's website and social media pages.

OURIC

The OUR Information Centre (OURIC) manages an array of reading materials on the utility sectors in Jamaica and across the world. It houses written decisions by the OUR, and other seminal pieces of literature produced by the regulator. It is the only specialised library of its kind in the region, and is open to members of the public. In the upcoming year, OURIC will expand its Online Public Access Catalogue (OPAC) through which members of the public can view online, the catalogue of materials that are available in the OUR's Library. There will also be a renewed thrust to inform secondary and tertiary institutions about the OURIC catalogue and which can assist in research for projects and theses.

Outlook

The OUR will continue its public education campaign on mandatory 10-digit dialing in Jamaica and the new area code and embark on a public education campaign to inform customers about the Guaranteed Standards. The Public Affairs Unit will also complete the project to re-design the OUR's website. The OUR will be hosting several meetings across the island as part of its public consultation on the five-year Tariff Review application which is expected to be submitted by the Jamaica Public Service Company Limited for the 2019-2024 period.
Community and workplace outreach activities will also be key activities undertaken by the Public Affairs Unit during the 2019/20 financial year as the OUR continues its drive to educate customers about their rights and responsibilities and hear first-hand about the services provided by utility customers.

REGULATION, POLICY, MONITORING AND ENFORCEMENT (RPME)

The watchwords for the Regulation, Policy, Monitoring and Enforcement (RPME) Department's 2018/19 calendar were sustainability, resilience and transformation. The Department saw an active workload during the year as it pushed through on delivering regulatory approvals and actions to ensure a competitive environment as well as the positive transformation of the utilities sector amidst diverse and sometimes incalculable challenges.

Regulatory actions and approvals for the electricity sector over the review period included:

- The approval of over 300MW of new Independent Power Provider (IPP) generation plants to come online in 2019 and 2020.
- Facilitating the execution of Power Purchase Agreements and monitoring construction through to commissioning.
- Approving the retirement of Oil Fired Steam plants.
- Approving storage systems to mitigate variability of renewable plants, including the 24.5 MW storage facility at JPS Hunts Bay plant by mid-2019.

Regulatory actions and initiatives for the water/ sewerage sectors included:

- Interim Water Tariff Determination for Tryall Golf & Beach Club Limited and St. Jago Hills Development Company Limited.
- National Water Commission's (NWC) 2018 Tariff Review.
- Annual Price Adjustment Mechanism (ANPAM) and X-Factor Application.
- NWC and MIYA Non-Revenue Reduction Co-Management Programme.

Regulatory actions and initiatives for the telecommunications sector included:

- Improving information transparency.
- Implementation of mandatory 10-digit dialing.
- Policy recommendations on Enhanced Access to Emergency Services in Jamaica
- Consultation on equivalence in access and choice for Persons With Disabilities.
- Revision of the Jamaican National Numbering Plan, the National Dialing Plan, and the Telecommunications Numbering rules.
- Review of the ICT Policy.



CEDRIC WILSON
Deputy Director General



WINSTON ROBOTHAM
Manager - Regulation & Policy, Electricity, Water & Sewerage



COURTNEY FRANCIS
Manager - Engineering & Technical Analysis

ELECTRICITY

KEY ACTIVITIES FOR THE ELECTRICITY SECTOR

Within the electricity sector the Department shaped its programme of deliverables to include the introduction of a resilience framework. This is necessary since reliable, secure, and affordable electricity is essential to support economic growth and development in the context of natural, human and technological hazards or threats. RPME's activities also sought to encourage efficiency and modernization, through for example, digital meters. Digitization is one of three identified major trends impacting the electricity grid. It includes such technologies as smart meters, smart sensors, automation and other digital network technologies. This allows the utility to capture data to enhance the service to customers while enabling them to become more active participants in the electricity sector.

JPS's 24.5 MW Hybrid Energy Storage System (HESS)

There are 121.3 MW of variable renewable generating capacity on JPS's grid, comprising 101.3MW of wind power and 20 MW of solar, of which 80 MW were installed in 2016. Another 37 MW solar power is expected to be added by way of a solar farm at Paradise, Westmoreland in 2019 June. The increasing share of renewable capacity on the grid comes with the challenge to grid stability arising from increased level of variable renewable energy penetration. Against this background, the OUR gave its non-objection to the installation of a hybrid 24.5 MW of energy storage (HESS) facility at the Hunts Bay power station to boost grid stability.

The HESS is expected to reduce the extent of frequency excursions and incidents of unwanted tripping, provide a stable operating system and increase the ability of the grid to accommodate a higher level of renewables. The HESS is expected to provide crucial services to the system including, frequency regulation, spinning and non-spinning reserve capacity and low voltage ride-through support. It is also a solution for the integration of the additional 37 MW of variable renewable energy generation projected to be interconnected to the system in mid-2019.

JPS reported several implementation challenges such as negative variance in project expenditure over the approved costs and an adjustment to the original 2019 April commissioning date. The project is now targeted for completion in 2019 September.

Repowering of JPS's Bogue GT11 Unit

The Old Harbour Unit 2 (OH#2) turbine rotor commercial operations date for rehabilitation was achieved on 2018 August 31. Since commissioning, the Unit has been operating satisfactorily. In 2017, JPS was faced with an operational risk having discovered cracks on the Unit during a major overhaul the previous year. JPS recommended the repair and return to service of Bogue Gas Turbine 11 (GT#11) as the option that would be less expensive than effecting major repairs to the OH#2 Unit. According to JPS this strategy would effectively address the risk associated with a potential failure of the Unit.

The approved project cost was US$13.5M and planned completion date was 2018 March. However, the project cost overrun was approximately 12.4%, which according to JPS was mainly due to alterations to the initial project scope to include major equipment replacement and critical maintenance activities necessary to improve the plant's overall performance during operation. Notwithstanding this, all the relevant project costs will be fully evaluated during JPS's 2019-2024 Rate Review. The OUR continues to monitor the Unit's performance.



PETER JOHNSON
Manager - Monitoring & Enforcement



ANDREW LEWIS
Senior Regulatory Engineer



ANDRE LINDSAY
Regulatory Engineer

New Independent Power Plant (IPP) projects to modernize the electricity sector

Two IPP projects, to which the Office gave its non-objection, were awarded through the Generation Procurement Entity (GPE), formerly the Electricity Sector Enterprise Team, in 2015. The first project was the South Jamaica Power Company (SJPC) a 192 MW combined gas fired combined cycle plant, being constructed at Old Harbour Bay in St. Catherine. The Power Purchase Agreement was signed between JPS and SJPC, the project sponsors, and the planned commissioning is scheduled for 2019 August.

The second project was the JAMALCO co-generation project located at Halse Hall in Clarendon. The net energy output to the JPS grid will be 94 MW and, like the SJPC plant, the gas turbine units will burn natural gas. Construction of the plant commenced in 2018 December and the planned commission is scheduled for the first quarter of 2020.

The commissioning of the two plants will trigger the retirement of Old Harbour units 2, 3, 4 with a combined capacity of 190 MW and the 68.5 MW Hunts Bay B6 unit. These old plants have all been in operation for periods exceeding 40 years.

The introduction of the new natural gas plants is consistent with the strategy to reduce the electricity sector's dependence on liquid fuels, to replace the aged and inefficient base load steam units and develop a new fuel infrastructure. The impact of these projects includes improved supply reliability and more stable fuel prices. The extent of tariff reduction will depend on the relative changes in the price of fuel oil and natural gas. It is expected that should the oil price go above $65/bbl and natural gas, as projected by agencies such as the World Bank, remain stable at around $3/MMBTu, significant fuel savings will be achieved. Additionally, the environment will benefit considerably from reduced carbon dioxide emissions as a result of the use of the cleaner fuel in the generation process.

The 37 MW Renewable Energy Electricity Generation Project

In pursuit of an objective of the National Energy Policy (NEP) to increase participation of renewable energy sources (RES) in the energy supply mix by 2030, the OUR was asked by Cabinet to procure additional generation capacity of 37 MW from RES.

The procurement activity was completed and Eight Rivers Energy Company (EREC) was the successful bidder. Capacity is scheduled to be commissioned by 2019 June. EREC requested the deferral of the Required Commercial Operations Date (RCOD) to facilitate both the contract work for the interconnection as well as some delays it had experienced. The move of RCOD to 2019 June 30 was approved by the OUR. The project will contribute 74,000 MWh to the system net generation which will account for 1.6% of total net generation. This will bring the total renewable energy contribution to the energy mix to 13.0% of the net generation. In terms of environmental impact, the project will have displaced about 107,000 bbls of fuel oil annually and prevented over 48,000 tons of carbon dioxide from entering the atmosphere each year.

System Losses

System losses, particularly, non-technical losses (NTL), continue to be problematic for the sector. Based on JPS's 2018 energy loss spectrum (ELS), total system losses were estimated at 26.6% of net generation (TL – 8.21% and NTL – 18.36%). An integrated approach was adopted to address energy losses based on collaboration and consultation between the OUR and JPS through a specialized Losses Interface Team (LIT). This team was established in 2017 and has explored key regulatory positions and dimensions of system losses including:



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- Losses data and reporting requirements;
- Measurement, validation and calibration (e.g. strategic use of check meters);
- System modelling and simulation for technical losses (TL);
- Orientation of energy loss spectrum (ELS) and allocation of aspects of NTL;
- JPS's energy loss reduction plans;
- Large-scale deployment of smart meters;
- System losses targets; and
- Responsibility factor.

The team has worked towards establishing a set of system losses criteria to guide the 2019 Rate Review process.

ALRIM – Smart Meter Programme

For a long time the problem of system losses has undermined the efficiency of the sector and threatened network resiliency. In its 2018 Annual Rate Adjustment, the OUR accepted JPS's proposal to provide additional funding to accelerate the pace of installation of smart meters. JPS in its proposal had specifically linked the goal of improving JPS's ability to reduce system losses to the roll out of smart meters.

Against this background the OUR proposed the Accelerated Losses Reduction Incentive Mechanism (ALRIM) which provides an incentive to JPS to reduce system losses through an increased pace of installation of smart meters by 50,000 meters in 2018 and 2019. ALRIM initially excluded the meters acquired under the initiative from the utility's rate base. This means that JPS will not be allowed to earn returns on them. In 2020, the OUR will review the degree of system losses reduction over the preceding two (2) years and should the outcome satisfy the established target, then JPS would be given the opportunity to include the meters in its rate base.

The ALRIM initiative demonstrates the OUR's willingness to embrace emerging technologies that can advance the transformation of the sector.

The Meter Testing Administrative and Operational Protocol for the Electricity and Water Sectors

The Meter Testing Administrative and Operational Protocol for the Electricity and Water Sectors in Jamaica (MTAOP) provides guidance to the relevant utility providers regarding the requirements for testing and verification of utility revenue metering devices before they can be authorised for deployment in the applicable utility network.

Since its implementation in 2017 the activities

Table 1: Summary of Pattern Testing Activities 2018 April to 2019 March

SUMMARY OF PATTERN TESTING ACTIVITIES 2018 APRIL – 2019 MARCH					
Applicant	Sector	# of Applications	Approval Status		
			Granted	Pending	Denied
JPS	Electricity	4	3	1	0
NWC	Water	1	1	0	0

Table 2: Summary of Acceptance Testing Activities 2018 April to 2019 March

SUMMARY OF ACCEPTANCE TESTING ACTIVITIES 2018 APRIL – 2019 MARCH						
Applicant	Sector	# of Applications	Approval Status			# of Devices Approved
			Granted	Pending	Denied	
JPS	Electricity	19	19	0	0	102,999
NWC	Water	6	0	6	0	(Provisional Approval)



in this area mainly involved: pattern testing and approvals, acceptance testing and related approvals, and monitoring of the application process for accreditation of the NWC's meter testing facilities and services. Activities for testing electricity meters are ongoing and have largely proceeded efficiently. However, for water meter testing there were issues related to the availability and accreditation of testing facilities which slowed the rate of meter testing for this sector. Indications are that these issues should be resolved before the end of 2019. Meanwhile the OUR continues to work with the Bureau of Standards Jamaica, the relevant utilities and other stakeholders to ensure the efficient operation of the MTAOP. The summaries of the meter testing activities for 2018 April to 2019 March are shown in Tables 1 and 2.

JPS's Smart Streetlight Programme

The Smart LED Streetlight Programme (SSP) arose from an agreement between the Government of Jamaica and JPS, pursuant to the JPS Electricity Licence, 2016. The SSP roll-out targeted the replacement of 105,000 existing streetlights in three (3) phases from 2017 – 2021, estimated at US$38.9M. This programme is aimed at the replacement of the existing stock of primarily High Pressure Sodium and mercury vapour streetlights with more energy efficient Light Emitting Diode (LED) luminaires. The LED streetlights are based on a smart grid technology, designed in accordance with international best practices. The initiative is expected to contribute to the modernisation of the electricity grid and support the Government's objective of greater energy efficiency. In Phase 1, JPS replaced 36,440 existing streetlights with LED types at a US$12 M cost.

Phase Two of the SSP was completed in 2018 with the installation of 5,358 smart LED streetlights, costing US$2.19M. Consequently, the number of smart LED lights to be installed in the three-phase programme is 41,798.

Phase three of the programme is projected to be completed in 2021.

In the JPS 2018-2019 Annual Review & Extraordinary Rate Review Determination Notice, the Office stipulated that in keeping with good regulatory practice, the OUR would require JPS to undertake an independent audit of its SSP expenditure for 2017 and 2018. This requirement is to ensure the recovery of reasonable and prudent costs incurred by JPS for Phases 1 & 2 of the SSP and to eliminate the potential for any under- or over-recovery of costs in the programme's roll-out. The OUR continues to monitor the SSP to ensure its efficient and timely implementation.

The Operation and Administration of the Electricity Sector System Benefit Fund (SBF)

Arising out of the JPS 2017 Annual Review & Extraordinary Rate Review, the Office approved the establishment of the System Benefit Fund (SBF) in keeping with Section 50(1) of the Electricity Act. The SBF is intended to spur economic development. The SBF account was established and the draft rules published on 2018 April 27. The SBF was created to, among other things, address the financing of the SSP. Arising from the issues raised in the consultation process, a revised Notice of Proposed Rule-making was re-issued in the last quarter of 2019. The final rules governing the SBF was published in 2019 January.

Framework for Power Sector Resiliency Planning

The provision of reliable, secure, and affordable electricity is essential to support economic growth and development. The power system is increasingly becoming more vulnerable to risks from an array of natural, human and technological hazards. Recognizing such threats is critical for power sector stakeholders to safeguard the power system and improve

resilience in the sector. Resilience planning seeks to identify the threats, impacts, and vulnerabilities to the power system and to devise mitigation strategies.

Consistent with its oversight responsibilities for the electricity sector, the OUR hosted an introductory workshop on Power Sector Resilience Planning in 2019 March in order to engage stakeholders about the development of a resiliency framework. Based on the strategy, the OUR intends to stage other consultations to further the plan to realise the resiliency agenda. These activities will encompass more targeted and comprehensive assessments of power sector threats, impacts, vulnerabilities, risks, resilience solutions and adaptation strategies.



Manager – Engineering and Technical Analysis, Courtney Francis, explains the need for resilience in the utility sector at the OUR's Electricity Resiliency Framework Workshop held on 2019 March 12.

JPS 2018/19 ANNUAL REVIEW FILING

On 2018 May 02, JPS submitted an application for its annual rate review. Included in the submission was a request for an extraordinary rate review in relation to debt cost financing recovery.

The application included a request that the Annual Revenue Target be set at J$48.8 billion, of which J$679.9 million was associated with the extraordinary review of its rates. JPS rate adjustment request, if accepted, would have resulted in an average of 2.4% increase on the non-fuel portion of the tariff and a 1.1% increase in the overall tariff (fuel and non-fuel combined). In response to JPS's application the Office issued its decisions in a Determination Notice on 2018, October 1. These decisions included, among other things:

a) Approval of a refinancing incentive mechanism through the establishment of a fund called ALRIM. Under this mechanism JPS is required to achieve a minimum loss reduction target of 1.2 percentage point by the end of the 2019-2020 review period.

b) Acceptance of JPS's proposal for setting-off the cumulative capital expenditures incurred under its SSP capital expenditure to the end of 2018 against the residual sum in the Electricity Efficiency Improvement Fund.

c) Approval of J$633.6 million in relation to the return on investment for the current portion of long term debt (CPLTD), as it accorded with the principle that was approved in the 2017 Annual Review & Extraordinary Rate Review Determination Notice.

With the OUR approved adjustments the non-fuel tariff was increased by 2.8% and the overall average tariff was increased by 0.4%.
The average bill impact across all rate classes was:

- Typical Rate 10 customer = 0.2% (Increase)
- Typical Rate 20 customer = 0.4% (Increase)
- Typical Rate 40 customer = -0.4% (Decrease)
- Typical Rate 50 customer = -0.4% (Decrease)
- Typical Rate 70 customer = -0.5% (Decrease)

In addition to the adjustment to JPS's non-fuel tariff the Office determined that on the fuel side the heat rate target was to remain at 11,450 kJ/kWh for 2018-2019.

2019 RATE REVIEW PREPARATIONS

Consequent on the issue of the Electricity Licence, 2016 (Licence) to the JPS changes were introduced in the Five (5) Year Rate Review Process. The two most notable were: the introduction of a revenue cap approach which replaced the price cap mechanism and the substitution of a forward looking approach to the calculation of the tariff for the historic test-year approach.

As a result a critical requirement is for the rate-setting process to be based on JPS's Business Plan, which should be guided by an Integrated Resource Plan (IRP) produced by the Ministry responsible for energy and a Final Criteria which is to be published by the OUR. The

Final Criteria outlines the targets, principles and methodologies to be applied by the OUR concerning certain tariff components in the 2019 – 2024 Rate Review process.

In arriving at the Final Criteria, the Licence requires the Office to publish its Proposed Criteria and consult with stakeholders. The Proposed Criteria was published on 2018 May 01. Based on the comments received from stakeholders and a further review by the OUR, it became apparent that there were gaps in the Proposed Criteria which ought to be addressed. Specifically, these gaps related to: guidelines for the assessment of projects in JPS's Business Plan and the data requirement for the construction work in progress (CWIP).

The OUR took the position that it was necessary and prudent to rectify these deficiencies and issued the Further Proposed Criteria on 2018 November 09. Comments and inputs were received from stakeholders for both the Proposed and Further Criteria and these were taken into consideration by the OUR in arriving at the Final Criteria which was published on 2019 March 14, with an addendum on 2019 April 24.

ELECTRICITY SYSTEM PERFORMANCE INDICATORS

Customer Statistics

For 2018, JPS reported a total customer base of six hundred and fifty-seven thousand, nine hundred and ninety-nine (657,999) customers, representing an increase of 2.3% over the 2017 customer count (642,946). This includes: residential (Rate 10), small and medium commercial (Rate 20); large commercial and industrial (Rates 40, 50 & 70) and streetlight/ stoplight/interchange customers (Rate 60), shown in the breakdown in Table 3. As represented, 89.30% of the 2018 customer base were residential customers.

System Demand Indicators

Based on JPS's 2018 system performance reports, the highest peak demand registered on the system during 2018 was 654.5MW, down from the 666.7MW in 2017. The reported annual system net generation was 4,355.54 GWh, translating to an average annual system load factor of approximately 76%. This quantity of electrical energy was used to supply the annual electricity sales (billed energy) of 3,201.65 GWh, while system losses accounted for the remainder (1,1143.99 GWh). A summary of the 2018 energy balance is provided Table 4.

With respect to system losses, the estimated level at 2018 December was 26.27% of net generation, representing a marginal reduction relative to 2017 December. According to JPS's 2018 December Energy Loss Spectrum (ELS), the total system losses (26.27%) comprised of technical losses (TL) and non-technical losses (NTL) estimated at 8.24% and 18.03% of net generation, respectively.

As shown in Table 5, net generation for 2018 declined slightly relative to the 2017 level. Similarly, there was a relatively small decrease in the 2018 electricity sales compared to 2017. The decrease could be due to the effect of the implementation of the SSP, other energy efficiency (EE) developments and load defections being accelerated by increased self-generation and/or other distribution energy resources (DER) options.

System Reliability Performance

Over 2014 - 2018, there was a marked increase in the number of outages scheduled by JPS to facilitate planned maintenance activities. This signalled a more concentrated maintenance approach by the company to improve service quality and reliability. In contrast forced outages impacting the system, over the same period, has shown wide fluctuations, with the highest number, 76,042 outages, reported in 2017. These forced outages can be caused by factors such as: extreme weather conditions, inadequate vegetation management, or human-caused incidents. Notwithstanding, changes in the accuracy of outage information, through the deployment of advanced outage data collection systems (OMS, GIS, etc.), can initially result in more variations in the outage data. Whatever the cause, service interruptions resulting from these incidents directly impact the reliability indices, namely the system average interruption frequency index (SAIFI), system average interruption duration index (SAIDI), and customer average interruption

Table 3: JPS's 2017- 2018 Customer Base

YEAR	RATE 10	RATE 20	RATE 40	RATE 50	RATE 60	RATE 70	OTHER	TOTAL
2017	574,458	66,055	1,819	139	450	23	2	**642,946**
2018	587,592	67,905	1,847	144	486	22	3	**657,999**

Source: JPS' Monthly Fuel Reports

duration index (CAIDI), which are integral to the Q-Factor adjustment mechanism.

The OUR's review of JPS's 2017 outage data which was submitted in its 2018-2019 Annual Review filing was completed during the reporting period. However, the 2018 system outage data, submitted to the OUR in 2019 February, is still under review. Data analytics and statistical modelling are being finalized to generate results to inform the establishment of the Q-Factor baseline for the development of the adjustment mechanism for application at JPS's 2019-2014 Rate Review.

The system's annual reliability performance in terms of SAIFI, SAIDI, and CAIDI, for 2015 – 2017, is summarized in Table 6.

Fuel Price Dynamics

Given the country's high dependence on fossil fuels for primary energy requirements, the effects of price volatility in international oil markets tend to be reflected in system generation costs and resulting fuel rates. As shown in Table 7, fuel oil prices have exhibited significant fluctuations over 2014 to 2018. For Heavy Fuel Oil (HFO) supplied to JPS's power generation plants, its average prices over the period varied between US$42.72/barrel and US$93.65/barrel. Over the same period, the prices of Automotive Diesel Oil (ADO), also varied widely between a low of US$66.18/Barrel and a high of US$129.84/Barrel. In contrast, plant gate prices for natural gas (US$/MMBTU) since its introduction to the energy mix in 2016, have been fairly constant at approximately US$13/MMBTU. Based on the relationship between input fuel prices and fuel rates, the effects of fuel price variations are usually manifested in the monthly Fuel & IPP charges calculated by JPS for billing purposes.

The relative movement in fuel oil prices and the computed monthly Fuel & IPP charges over the reporting period, can be seen in Table 8 and Figure 1.

Based on JPS's fuel reports, the total fuel cost resulting from the use of HFO, Natural Gas (NG) and ADO, for grid electricity generation during the period 2018 April – 2019

JPS's 2017- 2018 Energy Balance

	2017 ENERGY BALANCE		2018 ENERGY BALANCE	
	Energy Distribution (MWh)	% of Net Generation	Energy Distribution (MWh)	% of Net Generation
Technical Losses	375,225	8.60%	358,764	8.24%
Non-Technical Losses	776,611	17.85%	785,229	18.03%
TOTAL SYSTEM LOSSES	**1,154,130**	**26.45%**	**1,143,993**	**26.27%**
BILLED ENERGY SALES	**3,208,949**	**73.55%**	**3,211,542**	**73.73%**
TOTAL (NET GENERATION)	**4,363,079**	**100.00%**	**4,355,535**	**100.00%**

Table 5: JPS's System Performance Data, 2014-2018

Year	No. of Customers	Net Gen (GWh)	Sales (GWh)	Peak Demand (MW)	System Losses (%)	Number of Planned Outages	Number of Forced Outages	Avg. Fuel & IPP Charge (US c/kWh)
2014	594,196	4,112.13	3,016.12	624.6	26.65	253	61,287	22.742
2015	599,530	4,209.32	3,071.35	640.0	27.03	342	57,976	12.262
2016	628,966	4,343.81	3,177.96	655.8	26.84	1,143	64,603	9.937
2017	642,946	4,360.57	3,205.45	666.7	26.45	2,752	76,042	14.284
2018	657,999	4,355.54	3,201.65	654.5	26.27	2,628	54,904	16.659

Table 6: System Reliability Indices [2015-2017]

System Reliability Indices [2015-2017]				
YEAR	SAIDI (Minutes/ Customer)	SAIFI (Interruptions/ Customer)	CAIDI (Minutes/ Customer)	MAIFI (Interruptions/ Customer)
2015	2,018.9	19.1	105.7	24.7
2016	1,830.9	15.8	116.0	24.9
2017	2,059.5	17.5	117.9	34.1

*2018 System Outage Data is still under review.

March, was approximately J$61.9 billion, with HFO, NG and ADO accounting for J$45.6 billion, J$13.1 billion and J$3.2 billion, respectively.

System Performance during Reporting Period

The system's key monthly performance metrics reported over the period 2018 April – 2019 March are in Table 9.

Other observations to be made from the performance indicators are the monthly variation in system net generation, electricity sales and peak demand. These metrics are illustrated in Figure 1.

As shown, monthly system net generation varied over 2018 April to 2019 March between a maximum of 393,082 MWh for 2018 July and a minimum of 323,952 MWh, for 2019 February. Over the same period, electricity sales showed a similar pattern, with a maximum of 289,001 MWh for 2018 July and a minimum of 239,379 MWh for 2019 February. This is consistent with previous years, where July usually records the highest level of electricity sales and net generation. This may be attributed to increased demand during summer months.

Figure 1 also shows the monthly peak demand profile for the system over the 2018 April – 2019 March period, with the system peak of 654.5 MW occurring in 2018 July, coincident with the highest monthly net generation and electricity sales performance. Monthly system losses reported for the 12-month period, are presented in Figure 2. Based on JPS's system losses data, the monthly energy losses seem to be trending slightly downward.

FUEL COST ADJUSTMENT MECHANISM (FCAM)

Based on the existing FCAM to derive the cost of fuel per kWh each month, the total cost of fuel consumed by JPS's thermal plants in the production of electricity each month, is subjected to efficiency adjustment using Heat Rate parameters (Heat Rate Target and Actual Heat Rate). This efficiency adjustment approach is an implicit incentive scheme designed to encourage JPS to improve its operational efficiency as well as to optimize its generation dispatch operations. The embedded incentive mechanism

Table 7: Average Price of Fuels used for Electricity Generation (2014-2018)

Average Price of Fuels used for Electricity Generation					
YEAR	HFO		ADO		NG
	(US$/BBL)	(US$/MMBTU)	(US$/BBL)	(US$/ MMBTU)	(US$/ MMBTU)
2014	93.65	14.90	129.84	22.29	-
2015	50.11	7.97	79.05	13.57	-
2016	42.72	6.79	66.18	11.36	13.26
2017	60.25	9.58	78.24	13.43	12.97
2018	75.56	12.02	100.95	17.33	13.11

Table 8: Variations in Average Fuel Prices and Fuel Rates (2018 April – 2019 March)

Variations in Fuel Prices and Fuel Rates [2018 April – 2019 March]							
Month/Year	Average HFO Prices		Average ADO Prices		Average NG Prices	Fuel & IPP Charge	Net Billing Rate
	US$/ BBL	US$/ MMBTU	US$/ BBL	US$/ MMBTU	US$/ MMBTU	US$/ kWh	US$/ kWh
2018 April	68.56	10.91	102.41	17.58	12.47	15.291	12.05
2018 May	79.19	12.60	107.78e	18.50	12.49	15.492	11.27
2018 June	78.78	12.53	104.66	17.97	12.61	17.195	12.65
2018 July	81.43	12.95	104.80	17.99	12.62	15.781	12.85
2018 August	77.85	12.38	106.45	18.27	12.78	18.342	14.08
2018 September	80.07	12.74	110.74	19.01	14.37	17.690	12.76
2018 October	85.00	13.52	115.05	19.75	13.82	17.689	14.10
2018 November	76.55	12.18	102.55	17.61	12.81	17.054	13.58
2018 December	66.22	10.53	87.23	14.98	15.88	17.066	13.00
2019 January	68.82	10.95	95.16	16.34	13.71	13.524	11.31
2019 February	76.66	12.19	97.68	16.77	16.44	15.978	11.83
2019 March	78.27	12.45	99.11	17.02	14.72	15.469	14.22

innately delivers financial benefits or penalties to the extent that there is any over- or under-achievement of the OUR's determined heat rate target.

Heat Rate Target

At JPS's 2017-2018 Annual Review, the OUR determined a heat rate target of 11,450 kJ/kWh for JPS's thermal plants. This target was applicable for 2018 April – September. At the subsequent Annual Review, in 2018, the target was reviewed and the Office determined that it should remain at the existing value of 11,450 kJ/kWh.

JPS's Monthly Heat Rate Performance

The reported monthly heat rate performance for JPS's thermal plants for 2018 April – 2019 March is shown in Table 10 and illustrated in Figure 3.

As shown, the target set by the OUR was achieved by JPS for nine (9) out of twelve (12) months, with resulting average monthly benefit to JPS of 160 kJ/kWh. It is important to note that the heat rate target represents an average annual performance goal applied on a monthly basis, therefore the reported heat rate performance by JPS is considered to be reasonable. Additionally, the average heat rate was 11,290 kJ/kWh, representing a marginal improvement (0.56%) over the for the previous period.

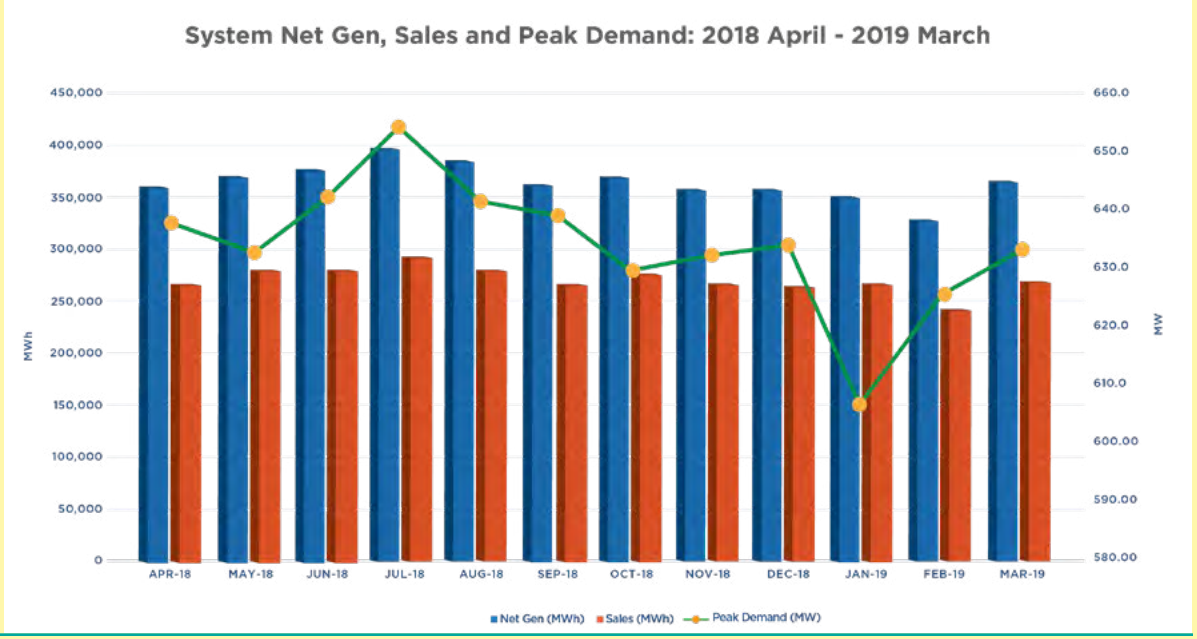
Fuel and IPP Charge

The monthly Fuel & IPP charges fluctuated, as shown in Figure 4. These fluctuations can be attributed to the changes in monthly fuel prices, electricity sales volumes and generation dispatch operations. The pure fuel component of this charge, in particular, is largely influenced by events in the international oil market, which dictate the movement of the world's oil prices. An average price of 16.38 US¢/kWh, was reported for the Fuel & IPP charges. This represents the highest average recorded since the 2015-2016 annual review.

Table 9: System Performance Metrics

System Performance Metrics [2018 April – 2019 March]						
Month/ Year	Net Gen (MWh)	Sales (MWh)	Peak Demand (MW)	JPS Thermal Heat Rate (kJ/kWh)	Fuel & IPP Charge (US$/kWh)	Short-Run Avoided Cost (US$/kWh)
Apr-18	359,654	263,962	637.2	11,425	15.291	10.48
May-18	369,108	271,075	633.1	11,261	15.492	9.80
Jun-18	370,058	271,748	641.7	11,349	17.195	11.00
Jul-18	393,082	289,001	654.5	11,551	15.781	11.17
Aug-18	386,614	284,714	641.8	11,249	18.342	12.25
Sep-18	363,325	267,468	638.6	11,075	17.690	11.09
Oct-18	368,323	270,492	629.5	11,107	17.689	12.26
Nov-18	358,661	263,813	632.1	10,980	17.054	11.80
Dec-18	357,445	263,561	633.2	10,850	17.066	11.30
Jan-19	351,232	259,666	607.0	11,137	13.524	9.83
Feb-19	323,952	233,259	626.8	11,579	15.978	10.29
Mar-19	363,780	262,893	633.0	11,914	15.469	12.36

Figure 1: Monthly System Net Generation, Sales and Peak Demand



Similar to the Fuel & IPP charge, the average Net Billing Rate used for determining the energy payments to Net Billing customers/Self-generators for excess energy supplied to the grid, under Standard Offer Contracts (SOC), also exhibited a similar trend over the same period. The movement in the monthly Net Billing Rate was also influenced by the same factors impacting fuel prices as well as the net energy output (NEO) from facilities participating in the Net Billing programme relative to total system net generation.

Energy Supply Mix

Based on the system's energy statistics the primary energy sources used for the production of electricity are: Heavy Fuel Oil (HFO); Natural Gas (NG) and Renewable Energy (RE) sources. A breakdown of system annual net generation by primary energy sources over the period 2014-2018, is in Table 11.

Currently, the electricity sector is still highly dependent on fossil fuel for power generation, accounting for approximately 87.85% of total system net generation in 2018 as shown in Figure 5.

Heavy Fuel Oil

JPS's generation data, indicates that HFO continues to be the primary fuel source for electricity production, accounting for 64.32% of system net generation in 2018. However, with the impending addition of relatively large blocks of new generation to the system in 2019 and 2020, this share is expected to considerably decrease.

Figure 2: JPS's Monthly System Losses (2018 April - 2019 March)

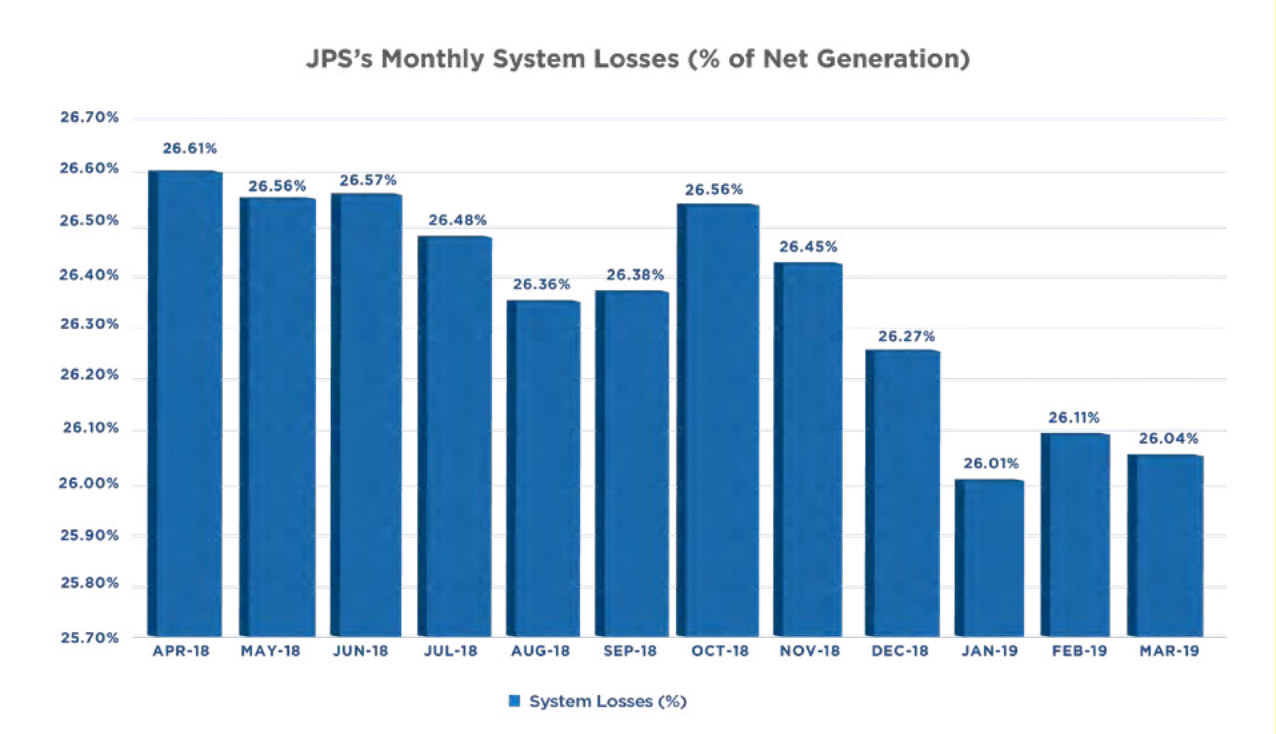


Table 10: JPS's Monthly Heat Rate Performance – April 2018 to March 2019

JPS's Monthly Actual Heat Rate versus Target [2018 April -2019 March]													
(kJ/kWh)	2018 APR	2018 MAY	2018 JUN	2018 JUL	2018 AUG	2018 SEP	2018 OCT	2018 NOV	2018 DEC	2019 JAN	2019 FEB	2019 MAR	AVE kJ/kWh
Heat Rate	11,425	11,261	11,349	11,551	11,249	11,075	11,107	10,980	10,850	11,137	11,579	11,914	11,290
Target	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450
Variance	-25	-189	-101	101	-201	-375	-343	-470	-600	-313	129	464	-160

Natural Gas

Since being added to the energy mix, NG has accounted for a significant portion of annual system net generation. Its utilization was further expanded following the recommissioning of JPS's Bogue GT 11 open cycle gas turbine (OCGT) unit in 2018 August, which now operates primarily on NG. According to JPS's generation reports, electricity generation from NG now at the end of 2018 accounted for approximately 21.73% of system net generation. As previously noted, the use NG for grid electricity generation is projected to increase markedly by 2020.

Automotive Diesel Oil

Since the introduction of NG to the energy mix in 2016, the use of ADO for electricity generation has significantly decreased. Given the system's load profile and generation capacity requirements, ADO is now predominantly used to fuel peak generation with relatively low utilization factors and only contributed 1.84% of system net generation in 2018.

Electricity Generation from Renewable Energy Sources

The annual net generation (GWh) from RE sources over 2014-2018, is shown in Table 12 and illustrated in Figure 6. As indicated, RE generation for 2017 increased by 146.53 GWh (43.01%) over the 2016 level, reflecting the increased generation from RE generation facilities which commenced commercial operations in mid-2016. For 2018 RE generation increased by 8.2% to 526.99 GWh reflecting higher utilization of the available RE generation facilities in the system. Of this, the largest contribution came from wind, followed by hydro, then utility-scale solar PV, with the remainder coming from the Net Billing RE generation facilities. The breakdown of the 2018 RE generation by type is shown in Figure 6.

The National Energy Policy, 2009-2030 (NEP), 2015 target for RE in the energy mix was 12.5% but as shown in Table 12, the achievement of this target was delayed, due to a number of constraints. However, the prospect of

Figure 3: JPS's Monthly Heat Rate Performance

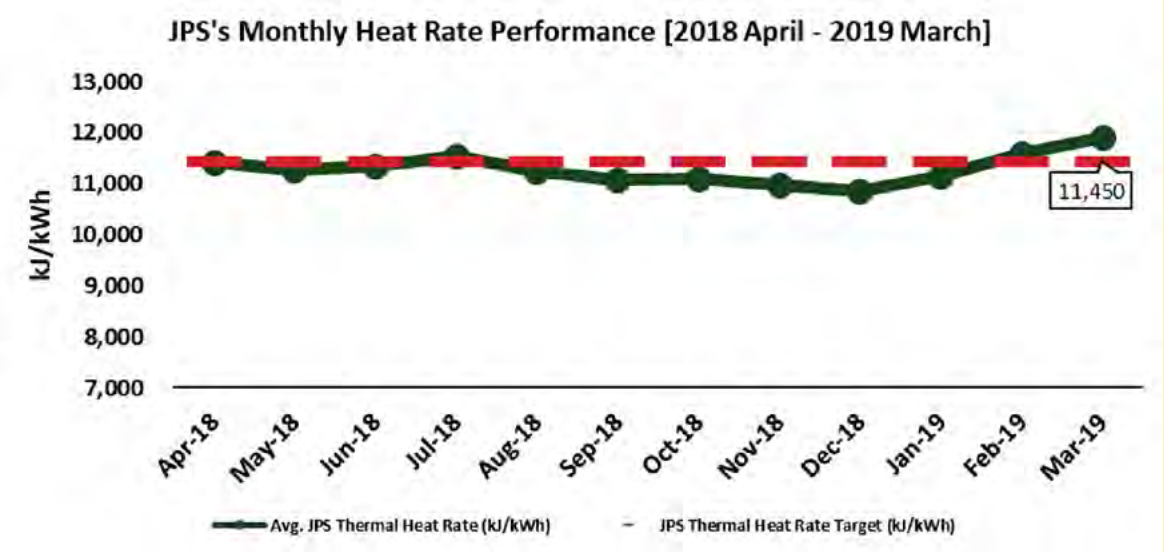
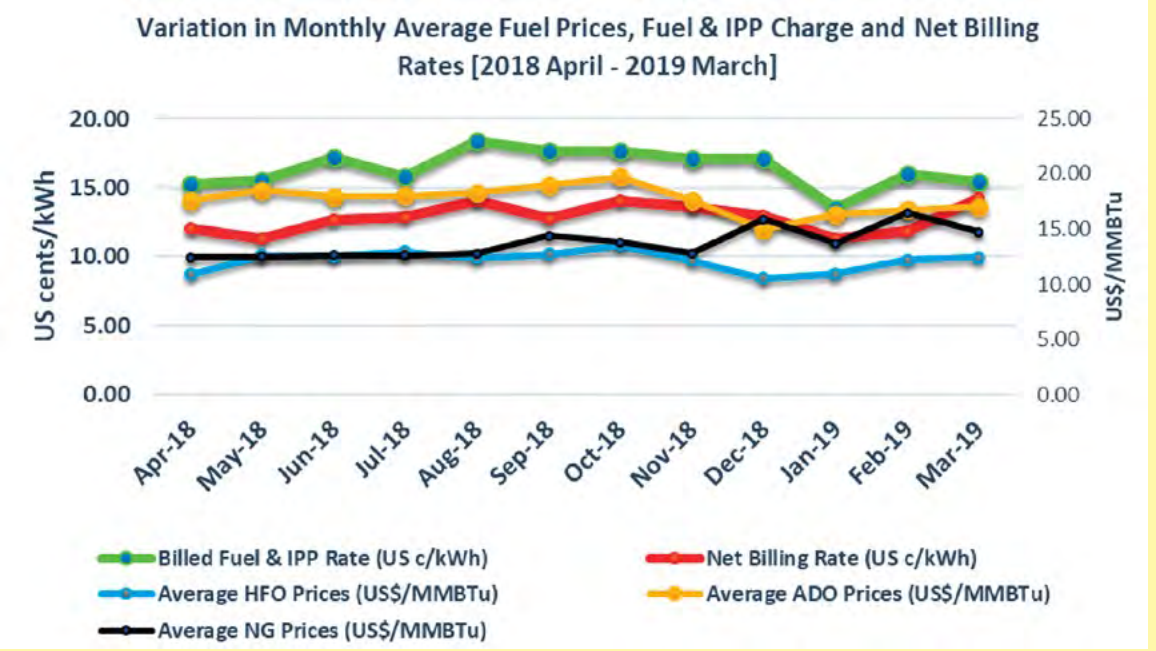


Figure 4: Variation in Monthly Average Fuel Prices, Fuel & IPP Charge and Net Billing Rates



reaching this milestone should increase with the addition of the Eight Rivers Energy Company (EREC), 37MW solar PV generation, projected for commissioning and commercial operations in mid-2019. As shown in Figure 7, electricity produced from wind and hydro technologies accounted for over 90% of the total RE generation supplied to the electricity system in 2018.

Figure 5: 2018 System Net Generation by Primary Energy Source

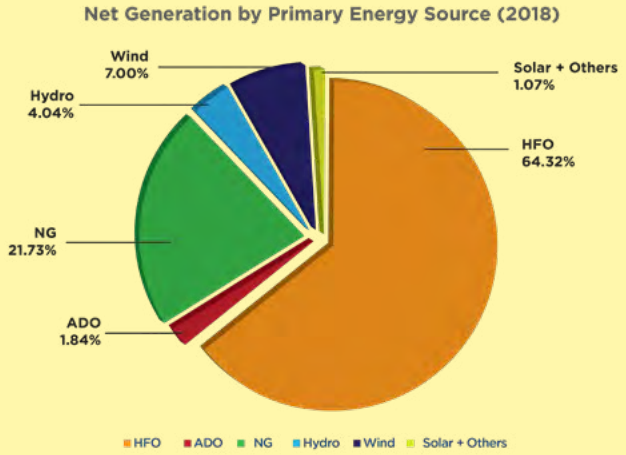


Figure 7: Breakdown of 2018 RE Generation by Type

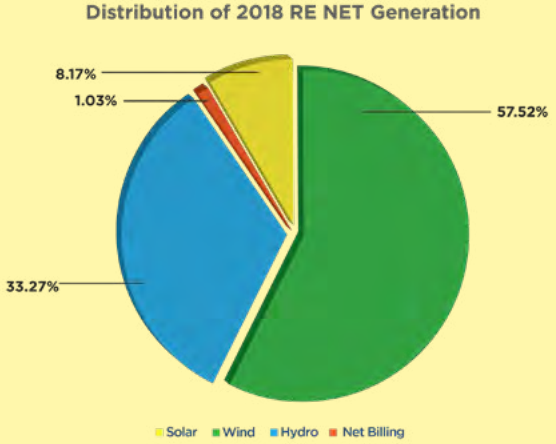


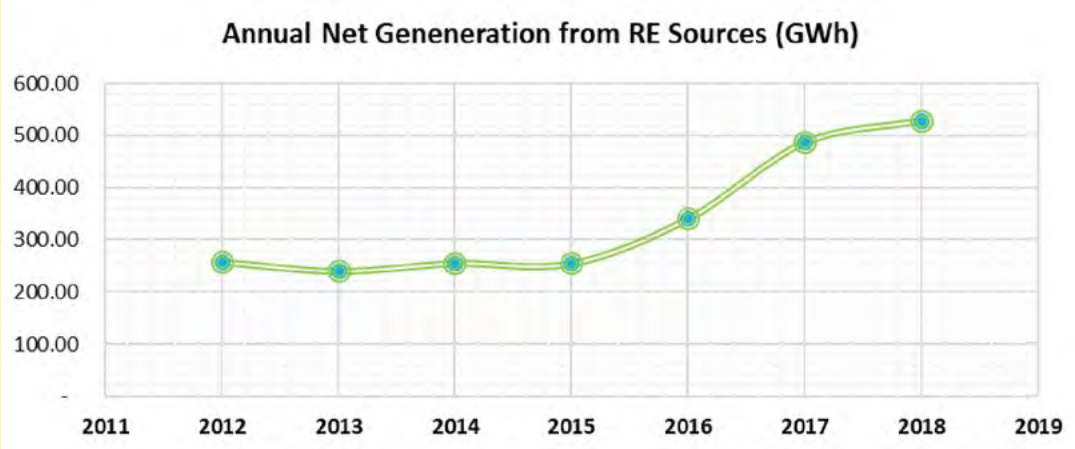
Table 11: Distribution of System Annual Net Generation by Primary Energy Source

NET GENERATION BY FUEL TYPE (GWH)							
YEAR	**HFO**	**ADO**	**NG**	**HYDRO**	**WIND**	**SOLAR + OTHER**	**TOTAL**
2014	3,001.69	854.12		133.30	121.57	1.44	4,112.13
2015	3,082.59	870.93		125.10	128.94	1.75	4,209.32
2016	3,232.49	639.83	131.19	114.93	211.14	14.66	4,343.81
2017	2,960.57	90.44	820.47	150.39	292.98	43.88	4,359.12
2018	2,801.51	80.15	946.50	176.12	304.98	45.89	4,355.54

Table 12: Annual Net Generation from RE Sources

ANNUAL RE GENERATION [2014 – 2018]					
Year	2014	2015	2016	2017	2018
RE Gen GWh)	255.39	255.04	340.72	487.25	526.99
Net Gen (GWh)	4,112.13	4,209.32	4,343.81	4,360.57	4,355.54
RE portion of Net Gen (%)	6.21%	6.06%	7.84%	11.18%	12.10%
NEP RE Target (%)	-	12.5%	-	-	-

Figure 6: Annual Net Generation to System from RE Sources



WATER AND SEWERAGE

KEY ACTIVITIES FOR THE WATER AND SEWERAGE SECTOR

Tryall Golf & Beach Club Limited Interim Water Tariff Determination Notice

Tryall Golf and Beach Club Limited (TGBC) a privately owned company was granted a Water Supply and Distribution Licence on 2018 August 27. The company is managed by a Property Board on behalf of the group of homeowners.

On 2018 October 16, TGBC submitted an application to the OUR seeking approval for an initial tariff for its water supply and distribution business. In its application, TGBC stated that the company is providing potable water to ninety-two (92) metered homeowners with villas and condominiums and one (1) commercial customer that is not billed for its water services. Additionally, TGBC stated that homeowners were sent a Revised Master Plan document, which was approved by the required 51% majority votes, inclusive of proxy votes from its membership. TGBC advised that the votes received exceeded the threshold necessary for the ratification of the tariff application to the OUR for the interim rate request of $144 per 1,000 litres for potable water supplied to homeowners.

TGBC is in the early stages of setting up its utility operations and this being the initial tariff application the company had no historical financial record of its utility operational performance. So the company's tariff application could not be assessed on the basis of historical costing principles. In light of this, a decision was taken to employ the established 'no-objection' principle as the basis for approving the rates requested by TGBC. Under this principle, the requested rates are applicable provided they are below those in the NWC's rate schedules.

The approved interim tariff of $144 per 1,000 litres covers the period 2019 April 1 to 2020 September 30. Over the period TGBC will be held to the quality of service standards which are outlined in Schedule 2, paragraph 1 of its licence. TGBC is expected to submit an application for a review of its tariff base which will be premised on its actual cost and performance record at the end of the interim rate period.

St. Jago Hills Development Company Limited Interim Water Rates Determination Notice

St. Jago Hills Development Company Limited (SJHDC) is a privately owned company that provides potable water to its residential development of lots in the St. Jago Hills area in eastern St. Catherine. On 2018 November 16 SJHDC made a rate application to the OUR. The submission included a request for the adjustment of the existing tariff structure from a six-tier to a two-tier volumetric tariff for which the first 3000 gallons would be billed at $4,000.00 (a rate of $1333.33 per 1000 gallons) and every 1,000 gallon thereafter would be billed at $1,500.00/1000 gallons (or parts thereof). SJHDC also made a request to include a fixed

Table 13: OUR approved Water Tariff for St. Jago Hills Development Company

St. Jago Hills Development Company Limited Approved Rates	
Service Charge	$1,513.00
1st 3,000 gallons	$421.29
2nd 3,000 gallons	$742.88
4th 3,000 gallons	$802.11
8,000 gallons thereafter	$1,274.91
20,000 gallons thereafter	$1,641.14



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Project Coordinator/ Executive Assistant



charge of $5,842.42/month to cover its operational costs and stated that this charge would be applied to each homeowner in the development whether or not the homeowner is connected to the water supply network system.

In the review of the audited financials, operating costs and water supply data which were provided by SJHDC, the OUR found that the information was deficient and consequently, ruled that it could not rely on the data provided as the basis for establishing the tariff. In light of this the OUR determined that it would be prudent to establish an interim tariff for SJHDC using benchmarking principle.

The approved rates for SJHDC were derived from an analysis of NWC rates and comparable private water providers in the sector. The approved rates resulted in an average increase of 54% in customers' total bill amount versus the 341% average increase that was requested by SJHDC. The approved rates will become effective on 2019 July 01 and will remain in effect for 18 months when the company is expected to submit a complete submission. The submission should include audited financial statements and performance data on its operations.

The OUR also directed SJHDC to develop within six (6) months of the effective date of the Determination Notice an action plan to address measures to improve quality of service and reduce customer complaints.

NATIONAL WATER COMMISSION 2018 TARIFF REVIEW DETERMINATION NOTICE

On 2018 October 2 the NWC made a tariff application to the OUR requesting inter alia, an average increase of twenty-three percent (23%) in revenues for water charges and thirty-eight percent (38%) average increase in revenues on the charges for its sewerage service. Additionally, the company proposed the follow changes to its existing rate structure:

i. Consolidation of its residential tariff structure to three (3) blocks from the existing six (6) blocks.

ii. Implementation of a decreasing block tariff structure for commercial customers with consumption above 2 million IG/month (i.e. 9.1 million litres/month).

iii. An increase in its commercial (first block), condominiums and schools rate categories by 36% for water and 46% for sewerage.

iv. Introduction of a 'standby charge' for major commercial customers who retain NWC's service connection only as backup supply.

v. Introduction of a sewerage service charge to reflect NWC's fixed cost of providing customers with sewerage services.

In addition, NWC proposed a reduction in the price cap tariff period from five (5) to three (3) years (2018-2021).

The OUR's analysis of NWC's rate application revealed that it did not contain certain critical information required for setting cost reflective tariffs. Against this background, additional data was requested from them to facilitate a basic rate review and the decision was taken to grant them a twenty four (24) month interim tariff which would allow the company to conduct the necessary studies for a comprehensive rate review. Among other things, the inputs required for a comprehensive rate review were:

a) A cost of service study (based on criteria set by the OUR);
b) An asset revaluation study;
c) A proper 5 –year financial plan, and
d) A corporate governance plan.

NWC's interim tariff is scheduled to take effect in 2019 October.

NWC and MIYA Non-Revenue Water (NRW) Reduction Co-Management Programme

Fully funded by a J$5B loan from the Inter-American Development Bank, the NWC entered into a partnership with Miya in July 2015 for a sustainable non-revenue water management capability programme.

The project objectives are to:

- Reduce NRW within Kingston and St. Andrew (KSA) from the start date of the contract to 30% by the end of year five. This objective is to be achieved through a comprehensive active leak detection programme, improved GIS data collection, hydraulic modelling, etc.
- Maximise the income collected by the NWC, and
- Prepare and implement strategies which will ensure the improved performance and efficiency of the NWC.

Based on their report the following were achieved under the NWC-Miya partnership:

a) Installation of over 40,000 state of the art customer meters;
b) Installation of over 400 loggers to collect flow and pressure data from KSA System;
c) Identification of 170 leaks; (Average number of leaks identified)
d) 121km of pipeline network were checked for leaks (length of pipeline network in KSA 1,404km); and the
e) Installation of 17% of pressures reducing valves.

Table 14 shows the top five areas of NRW reduction successes.

Table 14: Top 5 Areas in NRW Reduction

Area	Liter per connection per day	% system output
Catherine	From 521 to 111 (-79%)	From 39% to 12%
Cherry Gardens East	From 1,045 to 299 (-61%)	From 49% to 20%
Cherry Gardens West	From 262 to 6 (-97%)	From 18% to 0.5%
Perkins Boulevard	From 387 to 28 (-93%)	From 41% to 5%
Queen Hill	From 1,399 to 474 (-66%)	From 46% to 34%

NWC's K-Factor Programme

The K-factor funding programme was approved to finance much needed capital intensive efficiency improvement projects. The aim of the programme was to reverse the effects of under and inadequate capital funding in critical areas of the NWC's operation and to put the company on the path of increased efficiency. The NWC has to get Office approval for all projects that qualifies for K-Factor funding prior to implementation of the projects.

The K-Factor in its original construct was linked to the efficiency improvements in NWC's operations captured in the X-factor. It is expected that the strategic use of the K-Factor Fund would lead to an improvement in overall operational efficiency. Currently, the K- and X-factors represent 16.00% and 5.50% of the company's billed revenues respectively. The K-Factor regime is scheduled to remain in place until 2032 December 31.

K-Factor Fund Operations (2018-2019)

For 2018-2019 the K-Factor programme saw outflows exceed inflows by J$1.057 billion. Table 15 shows the details of the monthly inflows and outflows to the account over the 2018/19 fiscal period. The total inflow for the period was J$3.77 billion representing a 6% increase over the corresponding previous period total of J$3.56 billion, while the reported total outflow was J$4.83 billion, an increase of 35% over the previous year total of J$3.59 billion.

Annual Price Adjustment Mechanism (ANPAM): NWC and DEML

The Price Adjustment Mechanism (PAM), is the indexation adjustment to the approved base tariff for a water/sewerage service utility. This PAM allows the revenues of the utility to adjust automatically for economic variables that it cannot control. These variables are inflation, exchange rate and the price of electricity. The PAM is shown as a separate line item on customers' bills and is intended to preserve the real revenue of the company. In addition to the PAM there is also the Annual Price Adjustment Mechanism (ANPAM). For the ANPAM the base tariffs are usually adjusted at the end of a 12-month period to roll in the ANPAM.

In light of the NWC's 2018 Tariff Review application there was no ANPAM adjustment request for the 2018/19 fiscal year. So the ANPAM adjustment rate for the year 2018/19 will be maintained at 6.27% up to the time of the implementation of the interim tariff.

Table 15: K-Factor Inflows and Outflows – April 2018 to March 2019

PERIOD	2018									2019			Total
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
INFLOWS (J$M)													
DEEMED K-FACTOR BILLING	291.46	284.12	355.14	308.17	327.66	269.73	331.12	315.35	301.41	324.18	329	334.4	3,771.73
OUTFLOWS (J$M)													
K-FACTOR OUTFLOWS	485.31	93.35	966.13	142.05	260.07	663.92	79.94	462.48	957.99	131.28	70.83	515.49	**4,828.82**

On 2018 June 18 Dynamic Environmental Management Limited (DEML) submitted an ANPAM rate adjustment application. The ANPAM adjustment rate approved by the OUR was 3.837% and became effective on 2018 August 1. There were no other ANPAM adjustment application from private water providers for the 2018/19 review period.

NWC's Potable Water Statistics

For the fiscal year 2018/19 water production and consumption declined marginally over the corresponding period 2017/18. NRW moved in the right direction, even though marginally, from 73.53% to 72.01%. Marginal increase was also seen in the number of customer connections year over year. Table 16 shows the details of the key potable water statistics for the NWC for the years 2017/18 and 2018/19.

As a part of its 2013 tariff approval, the OUR established that one key operational performance target that the NWC should address is the level of deterioration of its NRW. The NWC has taken the initiative to improve its NRW levels and entered into a Public Private Partnership with Miya International. The NRW reduction programme is ongoing and the OUR remains optimistic that the desired level of NRW will be achieved in the long run.

Private Water Providers' Potable Water Statistics

Private sector involvement in the water sector continues to grow. Table 17 shows 2018 production and consumption data for six (6) of the current licenced private water providers.

Table 16: Production and Consumption for NWC– 2017/18 and 2018/19

Year	Production (MG)	Consumption (MG)	Non-Revenue Water	No. of Connections
2017/18	71,522.16	20,477.39	73.35%	493,470
2018/19	71,066.86	18,862.16	72.01%	503,206

Note: MG is Million Gallons. NRW is reported as at March 31 of each year.

Table 17: Production and Consumption for Private Water Providers – 2017 & 2018

Private Waters Providers	2017		2018	
	Production (m^3)	Consumption (m^3)	Production (m^3)	Consumption (m^3)
Can-Cara Development Limited	Unavailable	Unavailable	242,684	186,678
Dairy Spring	Unavailable	Unavailable	189,122	181,711
Dynamic Environmental Management Limited	694,607	412,205	696,488	429,519
Four Rivers Development Company Limited**	Unavailable	Unavailable	15,912	11,873
Rose Hall Development Limited	Unavailable	Unavailable	1,392,647	1,109,856
Runaway Bay Water Company Limited	2,358,795	2,208,843	2,419,619	2,230,588

**Figures reported by Four Rivers are estimates.

TELECOMMUNICATIONS

KEY ACTIVITIES FOR THE TELECOMMUNICATIONS SECTOR

The changes in technology, industry structures, markets, and consumer preferences in the telecommunication sector have been rapid and profound. While these changes have the potential to deliver great benefits for the country, they also create challenges, as new technologies and platforms test the boundaries of the existing telecommunications legislative and regulatory frameworks. The RPME's work programme within the sector sought to: foster a competitive, dynamic and innovative market for telecommunications services through activities which facilitate: the deployment of broadband infrastructure; universal availability and accessibility of broadband services; and the protection of consumers and public safety. Efforts were also made to address the new challenges being faced by the sector through policy recommendations.

COST MODELS FOR TERMINATION RATES

The call termination rate is the tariff charged by a telecommunications operator for accepting calls from another telecommunications operator. As call termination is a monopoly service, if left alone there is the potential for operators to charge a termination rate that is significantly above the true cost of providing the service. Pursuant to the Telecommunications Act, the OUR has a responsibility to ensure that the rates for wholesale termination services are calculated on the basis of forward looking long run incremental cost (LRIC), whereby the relevant increment is the wholesale termination service and which includes only avoidable costs.

Update of the Mobile Cost Model

The current model was completed in 2013 and had resulted in the setting of a mobile termination rate of J$1.10. During the 2018/19 review period, the OUR completed procurement of a consultant to update the cost model used to estimate the mobile termination rate to be charged by operators. The update process is consultative with the stakeholders engaged at various stages of the consultancy. The project kick-off meeting was held in 2018 October and was followed by the stakeholders' engagement phase of the project which ended in April 2019. During this phase, date collection tools were developed and administered to the mobile operators. The Consultant also met with the operators during this phase. The next phase of the project will see the update and population of the draft model after which stakeholders will be given an opportunity to provide feedback on the draft model.

Update of the Fixed Cost Model

In its 2017 Decision on Fixed Termination Rates the OUR had indicated that due to the network changes that were occurring during the development of the Fixed Cost Model, the fixed interconnection rates would be revised in 2021 instead of on the five-year anniversary. During the last quarter of the 2018/19 review period the OUR began the procurement process to select a Consultant to update the cost model.

DEVELOPMENT OF UNFAIR CONTRACT TERMS GUIDELINES AND A PECUNIARY PENALTY REGIME UNDER THE TELECOMMUNICATIONS ACT

There have been concerns that some contract terms for telecommunications facilities and services may be skewed in favour of carriers and service providers, and that they create barriers that unfairly prevent consumers from terminating services and switching operators, such as in the case of excessive early termination charges for



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retail contracts. The OUR therefore believes that it is timely to review customer contracts for telecommunications services and facilities to ensure that they remain reasonable and fair to both operators and consumers. Such review is in keeping with the OUR's powers under the Telecommunications Act to examine customer contracts and direct their modification where terms are deemed to be unfair or unreasonable.
The OUR is also committed to taking actions to encourage and enforce compliance with provisions of the Telecommunications Act, in order to, among other things:

- Maintain and promote competition and remedy market failure, and
- Protect the interests and safety of consumers

The Telecommunications Act provides the OUR with several enforcement mechanisms. One such mechanism is a fixed penalty process by which the OUR may offer a person, who it believes has committed an offence under the Act, the opportunity to discharge its liability through the payment of a pecuniary penalty (fine). Currently, the regime is not fully established as the fixed penalty offences and their associated fines have not yet been prescribed. The OUR therefore intends to consult on and submit recommendations to the Ministry with responsibility for telecommunications in this regard.

The Pecuniary Penalty Regime project was combined with the Unfair Contract Guidelines project, and a Consultant was selected during the 2016/17 period to undertake both assignments. The Consultant was engaged to, inter alia, 1) undertake a comprehensive assessment of contracts used by telecommunications Licensees in the supply of facilities and specified services to determine whether there are any unfair or unreasonable contract terms, 2) develop guidelines that will assist the industry in formulating service and facilities contracts that are deemed fair and reasonable; 3) conduct a general assessment and determination of what terms and conditions are reasonable for inclusion in customer contracts and 4) identify and recommend offences under the Telecommunications Act that should be the subject of the fixed penalty regime and their associated fines.

During the review period there were delays in the consultation phase of the projects. The project will therefore extend into the 2019/20 fiscal year.

DEVELOPMENT OF INFRASTRUCTURE-SHARING RULES

Section 29A of the Telecommunications Act provides the Office with the authority to promulgate rules mandating infrastructure sharing following consultation with the responsible Minister. The reasoning for such rules is that duplication of investment is a waste of resources. It is the OUR's view that the optimum utilization of resources can reduce the cost of investment which will redound to the consumers of telecommunications services. In April 2018, following a consultation process, drafting instructions for the development of Infrastructure Sharing Rules were submitted to MSET for transmittal to the Chief Parliamentary Counsel. During the 2018/19 review period, the OUR received and commented on a first draft of the Rules.

EQUIVALENCE IN ACCESS AND CHOICE FOR PERSONS WITH DISABILITIES

One of the objectives of the Telecommunications Act is the promotion of "the interests of customers, purchasers and other users (including, in particular, persons who are disabled or the elderly) in respect of the quality and variety of telecommunications services and equipment supplied." Other jurisdictions have implemented initiatives to ensure that disabled consumers have equivalent access to and choice of services that are available to the majority of consumers. The OUR is of the view that ensuring the provision of services for Jamaican consumers with disabilities is



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becoming increasingly important to ensure that all Jamaicans can benefit from new ICT services and fully participate in the fulfilment of Vision 2030. Improved access to telecommunications services will allow persons with disabilities to participate fully in community life and feel the effects of social cohesion. The project will assess identify and implement measures to address issues identified with respect to ensuring equivalent access and choice.

During the review period the OUR held two Stakeholder Engagement Sessions as well as a Focus Group for Persons with Disabilities (PWD). During these sessions, the mission and relevant objectives of the OUR were highlighted as well as the potential contribution of increased ICT use to national development. Feedback was requested from the audience about the impact of disabilities on their usage of telecommunication services/devices and on interventions required to ensure equivalence of access to telecommunications services and devices. The feedback from the PWD will be taken into account as the OUR continues to consult on the issue during the 2019/20 fiscal year.

IMPROVING INFORMATION TRANSPARENCY IN TELECOMMUNICATIONS MARKETS

Informed consumers play a crucial role in the functioning of markets. For this role to be realized they must have access to the right information to make informed choices about products and services. Consumers are, however, oftentimes constrained in their ability to make decisions about products and services from a fully informed position given information asymmetry in the markets. Where information transparency issues exist, consumers are not equipped to make the best choices. Since 2017, there was a noted increase in concerns expressed by consumers regarding unexpectedly high bills in the case of post-paid subscribers; and the rapid depletion of credit in the case of prepaid subscribers. Specifically, most consumers complained about:

- High call charges;
- Non-receipt of notification when data credit is nearly exhausted, or has been exhausted;
- Incidents of rapid credit depletion when credit is applied for data use;
- Exhaustion of data plan/credit when 'mobile data' was disabled on their devices.

During the review period the OUR designed and administered a Billing and Transparency Survey online to assess consumers' perspective on the issue. The results of the survey indicated that forty-eight percent (48%) of respondents claimed to have received at least one unexpectedly high bill/charge during the period being investigated. The most common reason reported for the unexpectedly high bill/charge was "out of bundle usage" at 22%, followed by exceeding the allocated minutes/text allowance and making calls while abroad and on an international roaming plan, both at 14%. The OUR also developed a Consultation Document with a view to correct some of the information asymmetry in telecommunication markets. The document discussed the transparency issues in regard to telecommunication services and the impact of information asymmetry on consumers, such as unexpectedly high billing/bill shock or rapid credit depletion. The document also proposed remedies requiring service providers to disclose to consumers, information on telecommunication services that is accurate, timely and easily accessible. A Determination Notice will be issued in the 2019/20 fiscal year.

STRATEGIES TO ADDRESS DEMAND-SIDE BARRIERS TO BROADBAND ADOPTION

Over the past few decades the telecommunications industry has seen far-reaching changes as a result of advancements in technology, with commensurate economic and social gains across all segments of society. Broadband has become essential to participation in modern society, offering access to jobs, education, health care, and government services. In the 2016/17 fiscal year the OUR commissioned a survey to assess the barriers to broadband adoption and usage in Jamaica.

The results of the survey revealed that the majority of the population subscribes to a broadband service of some type. However, 36.2 percent have yet to adopt broadband internet. The data also showed that the factors influencing the slow uptake of broadband in Jamaica are mostly demand related. During the 2018/19 fiscal year the OUR published a report which sought to identify strategies which could address these barriers. Given the focus on the demand-side barriers to broadband adoption, most of the strategies to address these barriers fall outside of the OUR's remit. Where appropriate, however, the OUR will collaborate with the relevant ministries and agencies tasked with the responsibility of implementing these strategies.

POLICY RECOMMENDATIONS ON ENHANCED ACCESS TO EMERGENCY SERVICES IN JAMAICA

In late 2017/18 the OUR embarked on a project to make policy recommendations to the responsible Minister regarding enhanced access to emergency services in Jamaica (and with the use of relevant state-of-the-arts communications technologies). An emergency is defined as a situation that poses an immediate risk to life, individual or public health or safety, to private or public property, or the environment - or has already caused loss of life, safety and health detriments, and property or environmental damage. An emergency service therefore provides immediate and speedy assistance in situations where there is direct risk to life, safety, health, property or the environment, though not necessarily limited



Consultant Curtis Robinson (left) speaks about NPA Relief at the media sensitisation session held 2018 April 25.

to these situations. The efficiency, reliability and availability of emergency service access (or emergency communications) are of paramount importance to public safety and wellbeing, and consistent with this, improvements in technology and government policy in developed countries and increasingly in the developing world, have improved the capabilities of health, safety and security agencies to deliver vital services to citizens during emergencies.

The Consultancy was conducted in three phases. Phase 1 reviewed the existing state of emergency communications in Jamaica and the capabilities of local emergency communications providers. It also examined current and likely changes in technology for opportunities to improve service access and proposed requisite changes to call handling arrangements. Phase 2 looked at requirements in relation to legislation, enforcement regulations and governance, and proposed a number of policy positions for a subsequent Written Proposal and Comments stakeholder consultation. Phase 3 which ended in January 2019 developed the final policy recommendations for presentation to the Minister with responsibility for telecommunications. On 2019 January 29, the Prime Minister, who was then the Minister of Science and Technology, was presented with the Policy Recommendations document by the OUR's Director General.

NUMBERING ADMINISTRATION

Numbers provide unique identification of services, enable communications and make services available to a whole community of subscribers. Numbers are thus a key enabler of competition in a liberalised telecommunications market and must therefore be fairly and effectively administered for the overall national good. Correspondingly, the design, adoption and management of the National Numbering Scheme affects the national interest.

During the period, the OUR continued its efforts to ensure the availability of adequate and appropriate numbering resources for telecommunications carriers and service providers, and the efficient assignment of those resources. In keeping with these obligations, the OUR also pursued the following activities:

1. Number Portability Oversight
2. Area Code Relief Planning and Implementation
3. Revision of the Jamaican National Numbering Plan (JNNP), the National Dialling Plan, and the Telecoms Numbering rules.

Number Portability

Number portability, as defined in the telecommunications Act, is a facility that allows subscribers to keep the same telephone numbers when they change service providers. The ability to switch service providers and retain numbers is expected to enhance the competitive process as it eliminates the inconvenience and costs associated with number changes and increases consumer choice. Service providers are also incentivised to innovate and improve service offerings.

The OUR continues to provide regulatory oversight of number portability. During the review period a total of 13,913 regular telephone numbers were ported. During fiscal year 2019/20 the OUR will consult on changes to the porting regime to accommodate the porting of common short codes.

Area Code Relief Planning And Implementation

Area Code Relief refers to an activity that must be performed when the central office (or exchange) codes within an area code are near exhaustion. Providing relief to such an area code normally involves the introduction of an additional area code in the area served by the exhausting code. The numbering capacity of the '876' area code which currently serves Jamaica is approaching exhaustion and the OUR has developed a plan to introduce the additional area code, '658', in the very near future. Jamaica will therefore be served by two area codes and this has necessitated a move from 7-digit to 10-digit local dialling.

During fiscal year 2017/18, the OUR had established 2018 May 31, as the date for the implementation of NPA Relief in Jamaica. On 2018 May 31, 10-digit dialling went into effect. The OUR also established a Permissive Dialling Period, which would run from 2018 May 31 to 2018 October 30, during which time customers would reach numbers in the current area code by dialling ten digits or, if in error or unknowingly they dialled seven digits, and at the end of which all local calls would require ten-digit dialling to be completed. However, as 2019 October 30 approached, it became apparent that several institutions were facing challenges configuring their equipment in preparation for the introduction of mandatory ten digit dialling. Taking those challenges into consideration, the OUR took the decision to postpone the implementation of the introduction of mandatory dialling until 2019 March 31. On 2019 March 31, the operators and key stakeholders having indicated their readiness, mandatory 10-digit dialling went into effect.

Revision Of The Jamaican National Numbering Plan (JNNP), The National Dialling Plan, And The Telecommunications Numbering Rules.

During the latter part of fiscal year 2018/19 work commenced on the revision of the National Numbering Plan, the Dialling Plan and the Numbering Rules. Section 8 of the Telecoms Act requires the Office to develop a plan (initially and subsequently) for the numbering of telecommunications services and to make rules pursuant to that plan regarding the assignment and use of numbers by carriers and service

Table 18: Fixed Line Subscription ('000) & Penetration Rates (2009-2018/19)

YEAR	SUBSCRIPTIONS			PENETRATION RATE
	TOTAL	RESIDENTIAL	BUSINESS	
2009	302.50	214.70	87.80	11.20%
2010	284.30	203.30	81.00	10.50%
2011	267.60	189.10	78.50	9.90%
2012	253.14	175.92	77.23	9.52%
2013	250.34	174.86	75.48	9.23%
2014	253.50	180.10	73.40	9.31%
2015	252.84	181.04	71.80	9.28%
2016	310.21	234.99	75.22	11.39%
2017/18	347.67	274.99	72.68	12.74%
2018/19	368.49	297.83	70.66	13.50%

Table 19: Mobile Subscriptions ('000) & Penetration Rates (2009-2018/19)

YEAR	SUBSCRIPTIONS			PENETRATION RATE
	TOTAL	PREPAID	POST-PAID	
2009	2,956.10	2,858.10	98	109.50%
2010	3,181.90	3,049.00	133	117.80%
2011	2,945.40	2,825.70	119.7	108.60%
2012	2,714.94	2,563.63	151.3	100.11%
2013	2,846.20	2,696.41	149.79	104.95%
2014	3,005.49	2,851.09	154.4	110.36%
2015	3,137.21	2,970.78	166.42	115.20%
2016	3,267.34	3,085.09	182.26	119.98%
2017/18	3,107.12	2,910.54	196.58	113.86%
2018/19	2,988.74	2,783.87	204.87	109.52%

providers. The revision will ensure that the National Numbering Plan remains adaptable to an environment in which there is increasing flexibility in technology, expanding innovation in service creation and changing customer needs.

OTHER INITIATIVES

Review Of The ICT Policy

Communications networks are critical enabling platforms which are used for personal communications, e-commerce and entrepreneurship, information and entertainment, education, healthcare, scientific research, and emergency services. The rapid emergence and expansion of digital technologies present new opportunities for Jamaicans, but also result in disruptive change. For instance, Over the Top services and Internet of Things applications require different regulatory approaches from those used for legacy telecommunications services. The policy and legislations governing the ICT sector in Jamaica have not kept pace with these changes. During 2018/19 the OUR participated in a review of the ICT Policy. The review examined the existing Policy in the context of the digital age and the changes which may be required to ensure that it can support rather than impede the developments in the ICT sector. The objective is to create a policy/legislative framework which can adapt to new opportunities and challenges offered by emerging communications paradigms, while remaining flexible to future developments.

External Industry Participation And Support

The OUR continued to represent Jamaica at a number of local and international telecommunications fora and to offer assistance, where requested, to colleague regulators.

UPDATE ON IMPORTANT TELECOMMUNICATIONS SECTOR INDICATORS

Fixed Line Service

Fixed line subscriptions stood at 368,486 at the end of the review period, representing a 6% increase compared to the previous period. The OUR has been receiving fixed services data from an existing licensee since the fourth quarter of the 2017/18 fiscal year, which continues to account for the marginal increase recorded for these subscriptions.

Mobile Service

Mobile service subscriptions totalled 2,988,735 at the end of the review period. This is a decline of 3.8% in mobile subscriptions compared to the previous period, when subscriptions stood at approximately 3.1 million. Prepaid subscriptions recorded a further decline for the period, having moved from 2,910,541 in the previous period to 2,783,870. This translates to a 4.4% reduction in prepaid subscriptions when the periods are compared. Pricing changes in the market continue to be a factor in the decline of prepaid subscriptions. The reduction of cross network charges and the introduction of unlimited calling to all networks reduce the need for an individual subscriber to have accounts with both operators. In contrast, post-paid subscriptions increased marginally by 4.2% over the previous period, as more consumers have taken an interest in the post- paid offerings by service providers.

Internet Service

Fixed broadband subscriptions stood at 293,218 at the end of the review period, representing a 11% increase over the previous period when it stood at 263,244. As at the end of the review period, mobile broadband subscriptions totalled 1,435,829 and had a share of 83% of overall internet subscriptions, which stood at 1,729,047.

Table 20: Distribution of Internet Subscription ('000) & Penetration Rates (2009-2018/19)

YEAR	SUBSCRIPTIONS				PENETRATION RATE
	TOTAL	FIXED NARROWBAND	FIXED BROADBAND	MOBILE BROADBAND	
2009	114.60	2.22	112.30		4.26%
2010	118.21	1.42	116.77		4.39%
2011	118.27	0	118.27		4.37%
2012	124.17	1.12	123.05		4.58%
2013	998.10	0.98	140.82	856.31	36.80%
2014	1,384.61	0.97	156.04	1,227.60	50.84%
2015	1,670.28	0.96	163.96	1,505.36	61.33%
2016	1,781.40	---	192.07	1,589.33	65.41%
2017/18	2,000.17	---	263.24	1,736.93	73.30%
2018/19	1,729.05	---	293.22	1,435.83	63.36%

LEGAL

The Department advised on a number of regulatory and administrative matters, ensuring that the OUR observed due process, complied with all legal requirements in discharging its regulatory functions, and maintained an orderly and efficient regulatory environment.

LEGISLATIVE AND REGULATORY REFORM

In relation to its advisory functions, the OUR provided advice and recommendations to the Ministry of Science, Energy and Technology (MSET), the Ministry of Economic Growth and Job Creation (MEGJC), the Cabinet Office and the Office of the Prime Minister (OPM) on various sector specific policy and legislative matters. Notably, the OUR provided comments to MSET on the final draft of the Electricity (Fixed Penalty) Order, 2018 and provided comments and recommendations to MSET in relation to its information and communications technology (ICT) policy review. Recommendations on the framework and implementation of enhanced access to emergency services were provided to MSET and OPM. Comments on a draft National Water Sector Policy and Implementation Plan were submitted to the MEGJC. Further recommendations for revisions to the Office of Utilities Regulation Act were provided to the Cabinet Office, and suggested modifications to the monetary penalties for breaches under that Act were submitted to the OPM.

LITIGATION MATTERS

From 2018 April to 2019 March, our legal officers managed ten litigation matters, eight of which were carried over from previous periods. The matters are comprised as follows: one matter before the Telecommunications Appeal Tribunal which is in abeyance; three matters before the Electricity Appeal Tribunal, one of which is in abeyance; four matters before the Supreme Court, two of which transitioned to the Court of Appeal – of the two that have transitioned, one is awaiting a date for Case Management and the other has been determined by the Court; and two matters in which the collection of costs awarded is being pursued. Some of the matters are highlighted as follows:

TELECOMMUNICATIONS SECTOR

Supreme Court and Court of Appeal

As a result of the findings of an investigation into the operations of Symbiote Investments Limited (Symbiote) initiated in 2016 December, the OUR submitted a recommendation for the revocation of Symbiote's



CHENÉE RILEY
General Counsel (Acting)



WAYNE MCGREGOR
Senior Legal Counsel



NICOLE MORGAN
Legal Counsel



FRANCINE BROWN-THOMAS
Administrative Assistant

telecommunications licences to the Minister of Science, Energy and Technology (Minister) in 2017 October. In 2018 April the Minister revoked the company's telecommunications licences, which decision was confirmed by the Minister after reconsideration on the request of Symbiote, in 2018 June.

Symbiote sought leave of the Supreme Court to seek judicial review of the Minister's decision to revoke its licences in 2018 June. The OUR successfully applied to be joined in the suit as an Interested Party. In 2018 December, the Supreme Court dismissed Symbiote's application. Symbiote subsequently unsuccessfully appealed the Supreme Court decision at the Court of Appeal which delivered its decision orally in 2019 March.

Supreme Court

George Neil was a principal of companies that previously held several telecommunications licences. His failure to pass the licensee fit and proper requirements have resulted in a refusal to grant telecommunications licences to a company with which he was associated.

Mr. Neil has now brought an action in the Supreme Court against the Attorney-General, the OUR and the Spectrum Management Authority seeking relief for breach of various constitutional rights. The matter is scheduled for hearing in 2020 May to June.

ELECTRICITY SECTOR

Electricity Appeal Tribunal

An appeal against OUR's Determination Notice dated 2015 January 7, "Jamaica Public Service Company Limited Tariff Review for the Period 2014-2019: Determination Notice", Document No. 2014/ELE/008/DET 004 (Appeal No. 1) and an appeal against the OUR's Directive dated 2015 February 13, "Directive to Jamaica Public Service Company Limited for the Repayment of Foreign Exchange Adjustment Charges on Fuel supplied by PetroJam Limited during the period March 2013 to December 2013", Document No. 2015/ELE/002/DIR.001 (Appeal No. 2). JPS appealed a number of the OUR's determinations regarding the tariff to be charged by JPS during the 2014 – 2019 rate period, and the directive to JPS to repay to customers certain foreign exchange adjustment charges taken during the period 2013 March to 2013 December. Pursuant to directions of the Tribunal, Appeals No 1 and 2 were to be heard together.

The hearing, which was set for 2016 October 3-14, was further adjourned for a date to be agreed in 2017 September. After discussion of the parties regarding the matters in dispute, and related issues, in 2018 October JPS withdrew the appeals, with no admission of wrongdoing.

Supreme Court

The OUR, on 2014 June 17, filed an application for leave to apply for judicial review and declarations of the court in relation to the Contractor General's Report entitled "Report of Special Investigation – Right to Supply 360 Megawatts of Power to the National Grid- Office of Utilities Regulation, Ministry of Science, Technology, Energy and Mining" in which, certain statements and conclusions criticising the procurement process undertaken by the OUR and the inclusion of certain bidders in the process were made. Following the hearing in 2014 November and December and the ruling of Mr. Justice Fraser on 2016 February 26 dismissing the OUR's application for leave to apply for judicial review, the OUR filed a Fixed Date Claim seeking various declarations of the Court regarding the Contractor General's Report.

Following discussions between the OUR and the Contractor-General, it was agreed that the OUR would discontinue the court action. A joint statement explaining this development was issued on 2018 April 24 and a Notice of Discontinuance signed on behalf of both parties was filed in the Supreme Court on 2018 April 25, thus ending the suit.

TRANSPORTATION SECTOR

Supreme Court

The OUR had initiated an action in the Supreme Court to recover outstanding regulatory fees plus interest from the Jamaica Urban Transit Company Limited (JUTC). On 2015 November 12, judgment was entered in favour of the OUR. JUTC, pursuant to a payment agreement, continues to make payments to settle the outstanding balance.



General Counsel (Acting) Chenée Riley (centre) exchanges words with Chairman Joseph M. Matalon and Internal Auditor, Hope James at the DG Annual Stakeholders' Engagement on 2019 March 29.

INFORMATION TECHNOLOGY & RISK (ITD)

Information and communication technology (ICT) is critical to the efficient and effective operation of organisations in the 21st-century. The Information Technology Department (ITD) has continued to ensure that the OUR uses the most cost-effective technology to deliver on its regulatory mandate.

For the year under review 2018/19, the department replaced obsolete equipment that had reached their end of life acquired software to improve the ICT infrastructure and expanded the communication and analytical capabilities of the organisation. Since it is crucial to analyse and report on the performance of the regulated sectors, the reliability of the ICT infrastructure is essential to the decisions made by the organisation.

The highlights of the ITD for the fiscal year are:

a. As with the previous year and for the immediate future, the major concern remains the high incidence of cybersecurity attacks on both public and private information systems infrastructure. We have continued our vigilance and proactive actions of the OUR's ICT network, which has seen minimally impacted with no recorded downtime of our services arising from any such event.

b. The ITD has continued its enhancement of the internally developed applications with upgrades to the user interface and the type of information being collected. The upgrading of in-house developed License Application System, Customer Information System, Regulatory Decision Management System and Electronic Document and Records Management System (EDRMS) continued throughout the year with improved integration to Microsoft SharePoint.



LEIGHTON HAMILTON
Director, Information Technology & Risk



OTIS ANDERSON
Manager - Information Technology & Risk



JUDENE CHANNER
Graphic Officer / Help Desk Coordinator



MARVIN DOMVILLE
Solution Developer

c. The ITD, in conjunction with the Administration and Human Resources Department, facilitated company-wide training to support more effective management of the execution of the corporate plan and the measurement of the performance of the organisation's activities.

For the fiscal year 2019/20, the Information Technology Department will seek to improve the information technology system security of the OUR by working towards ISO[1] 27001:2013 certification. This is to ensure that the organisation is adhering to international best practice standards for information technology security and the protection of the OUR and its stakeholders' data.

We will also continue with the planned upgrading of the hardware and software of our systems, as well as the implementation of new technologies and systems to improve the information provided to all OUR stakeholders.

QUALITY MANAGEMENT SYSTEM (QMS)

As part of the process to maintain certification against the ISO[1] 9001:2008 standard, the OUR had to undergo a re-certification audit instead of the standard surveillance audit. The organisation used this occasion to transition to the new ISO 9001:2015 standard. The organisation was recertified and achieved ISO 9001:2015 Quality Management System certification in July 2018. With the maintenance of this international certification, the OUR organisation continues to demonstrate to all our stakeholders our emphasis on delivering measurable quality service to them and to the Jamaican consumer.

[1] International Organisation of Standards

The activities that were undertaken during the 2018/19 fiscal year facilitated our success and included:

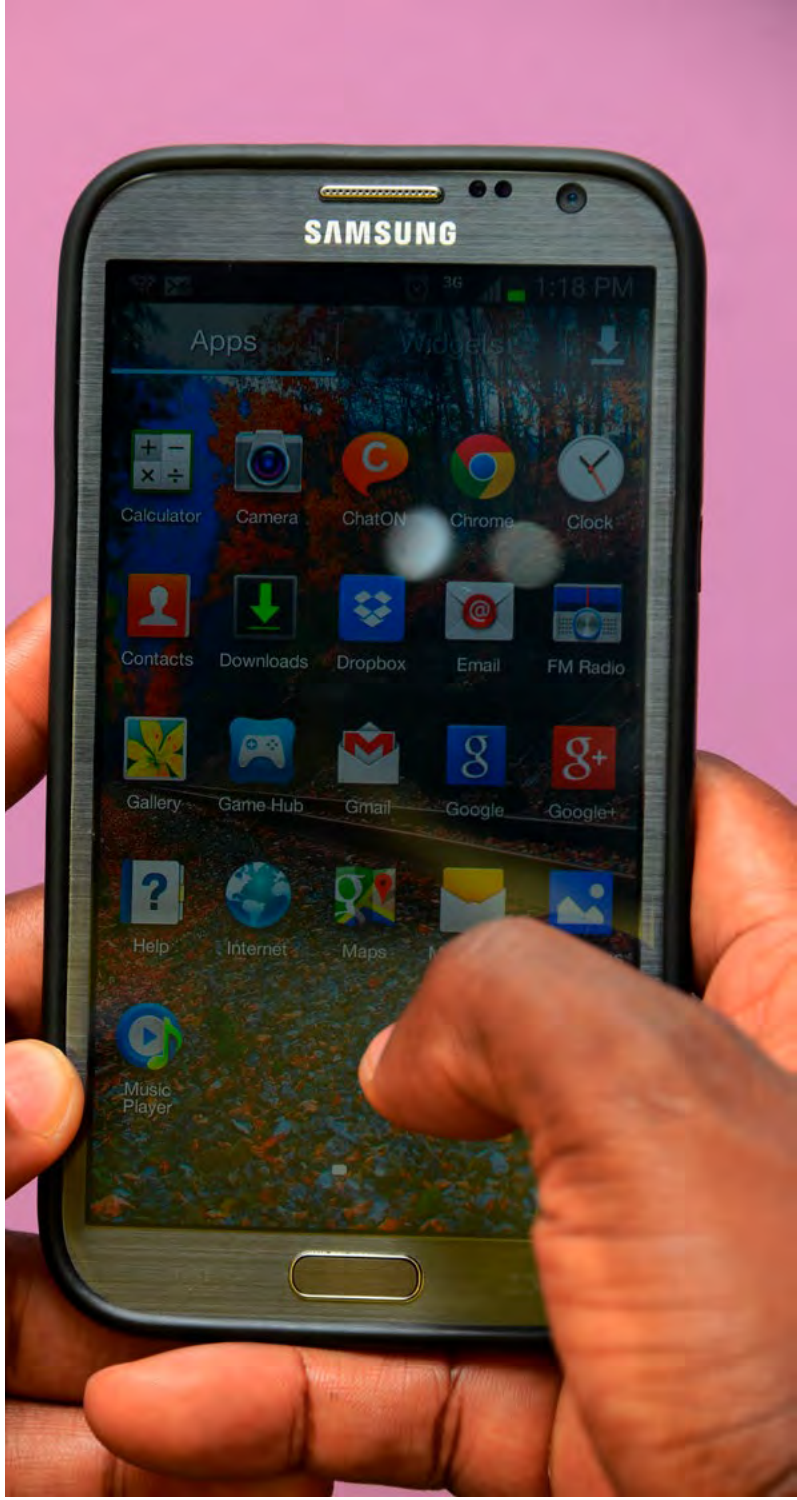
1. A process audit to determine measures to improve the efficiency of the OUR and stakeholder experience with the OUR.

2. The execution of the QMS Management Review with approval given for all the core processes of the organisation.

In the fiscal year 2019/20 the OUR will look to maintain its certification against ISO 9001:2015 Quality Management System standard.

ENTERPRISE RISK MANAGEMENT (ERM)

The Enterprise Risk Management System (ERM) continued to evolve with the production of a quarterly enterprise risk report to complement and enhance the quality management system. The ERM has also been formally incorporated into the overall governance framework of the organisation with reports being tabled to the Audit Committee of the Office.



ADMINISTRATION AND HUMAN RESOURCE

Over the 2018/19 year, the Administration and Human Resource (HR) Department remained focused on providing human resource, general administration, procurement, and records and information management support services.

PROMOTIONS, APPOINTMENTS, AND RESIGNATIONS

During the year, there were promotions, appointments, and resignations. The officers who held the positions of Director Regulation, Policy, Monitoring, and Enforcement (RPME) and General Counsel, up to 2019 January 31, were appointed Deputy Directors General, effective 2019 February 1. Consequent on the appointment of the General Counsel, the Deputy General Counsel was appointed to act as General Counsel, effective 2019 February 1.

The acting Director Administration and HR was confirmed in the post on 2018 June 1. The acting Manager Records and Information Management was also confirmed in the post, effective 2018 October 1. Permanent appointments were offered to the Coordinator OURIC/ Information Officer, in the Consumer and Public Affairs Department and the Project Coordinator in the RPME Department, on 2018 October 1 and 2018 December 1, respectively. The Information System Security Officer, in the Information Technology and Risk Department, and the Clerical Assistant, in the Administration and HR Department, tendered resignations that became effective on 2018 December 31 and 2019 February 1, respectively.

LEARNING AND DEVELOPMENT

The OUR continues to acknowledge the importance of ongoing learning and development to the achievement of its goals and objectives and so staff members were exposed to various levels of training. These include:



ROHAN MCCALLA
Director, Administration and Human Resource



INGRID BROWN CRIPPS
Administration/Personnel Officer



NOVA BARNETT
Senior Procurement / Purchasing Officer



LYNDON ADLAM
Manager- Records & Information Management

Data Protection Legislation	Leadership, Management and Negotiations in Development	Distributed Generation and Renewable Energy	Next Generation Mobile Broadband
Utility Regulation and Strategy	Finance Modelling for Budgeting and Forecasting in Excel	Credit Risk Abatement Facility	Effective Technical Writing
Sign Language	Business Research & Report Writing	Power Sector Resilience Planning	Public Procurement
Taxation	Jamaican Labour Laws	IFRS's Financial Reporting Standards	Policies and Procedures Writing
Internet Governance	Records and Information Management	Telecoms Regulation	Administrative Management
Emerging Technologies, Eco-Systems and Regulatory Aspects	Business Communication	Renewable Energy and Smart Grid	Sexual Harassment Legislation
Retirement Planning	Employee Engagement	Quality Management Systems	Ecosystems Services

PERFORMANCE MANAGEMENT

The Department sought to improve aspects of the performance management system by working on a Job Competency Framework. Information from this framework supported a Job Description and Specification review initiative. To ensure more measurable outcomes, increased focus was placed on the writing of performance targets and key performance indicators. To this end, a performance management sensitisation was organised for staff with supervisory responsibilities. The Department also encouraged a greater level of compliance from other Departments with respect to the timely preparation and submission of targets and final performance appraisals.

QUALITY MANAGEMENT SYSTEM (QMS)

Within the Department, there was a strong commitment to ensuring continual improvement of processes. One of the Department's QMS improvement initiatives was the revision of aspects of the Human Resource Policy and Procedural Manual. Revisions were made to documented information that supports the procurement function. Collaboration between the Finance and Administration and HR Departments resulted in an initiative to continually improve the Fixed Asset Management system.

STAFF ENGAGEMENT AND SUPPORT

In 2018 July, the OUR received support from its insurance broker, Billy Craig Insurance Brokers, to host a one-day Health Fair for staff. Some of the tests offered to staff were: eye, HIV, urine, hearing, blood pressure, blood cholesterol, and ECG. Presentations were also made by the Heart Foundation of Jamaica on cardiopulmonary resuscitation and cardiovascular diseases.

The Administration and HR Department improved its focus on retirement planning by developing content and implementing initiatives relevant to the retirement process. The organisation holds the view that retirement concerns all and as such, representatives of the Jamaica Stock Exchange visited and provided staff with information on its operations as well as on how to invest in the stock market. The Administrator General's Department also visited and provided information on its functions and on the process of making a Will.



MELISSA BEADLE
Administrative Assistant



VENETIA COOKE
Records & Information Managerment Officer



KADINE WILLIAMS
Records & Information Managerment Officer



ROLANDO JOHNSON
Records Clerk

CORPORATE SOCIAL RESPONSIBILITY

The OUR remained cognizant of the importance of its corporate social responsibility. On Labour Day 2018, staff from the OUR visited the Belfield Basic School in St. Mary and used the opportunity to donate a new double-faced school sign. OUR's staff, parents of pupils attending the school, and residents planted the new sign. The OUR team also carried out maintenance work on the school grounds, including grass cutting and trimming of overgrowth from the perimeter fencing. We also participated in the school's annual graduation and prize-giving ceremony. Later in the financial year, an OUR contingent participated in Sagicor's 2019 Sigma 5K Corporate Walk/Run.

PROCUREMENT OF GOODS, GENERAL, AND CONSULTANCY SERVICES

The Procurement Unit ensured that all procurements were conducted in accordance with prescribed guidelines/procedures, and that timely Quarterly Contract Awards (QCA) Reports were submitted to the Integrity Commission. For the 2018/19 period, twelve (12) contracts, valued at over $500,000 and five (5) below $500,000 were awarded.

GENERAL ADMINISTRATION

The Department also ensured that the required physical amenities were available for staff to carry out their various functions. Safety remained an important issue and as such, staff were keen on participating in emergency drills.

RECORDS AND INFORMATION MANAGEMENT (RIM)

The RIM Unit managed active, semi-active, and inactive documents and records that are held by the OUR. An important part of the Unit's work also involved the control of documented information such as forms, templates, policies, procedures, guidelines, and manuals, under the OUR's QMS. In an effort to better manage the OUR's records and information content, the RIM Unit embarked on a project to improve the Electronic Document and Records Management System (EDRMS) using an add-in to Microsoft SharePoint.



Staff members of the OUR and their friends and family participated in the Sagicor Foundation Sigma Run in 2019 February.



LORRAINE BAKER
Telephone Operator / Receptionist



JOAN BAILEY-BANTON
Office Attendant



GRANVILLE MCKOY
Security Officer / Driver



SHIRLEY STEWART
Driver / Messenger

FINANCE

The OUR, during the financial year under review, continued to properly execute with fiscal discipline, its mandate of providing regulatory oversight to the utility sectors within the constraints of an approved budget.

Tighter controls on spending were enforced via a new accounting policies and procedures manual, revamped forms, and other measures in accordance with relevant government circulars and regulations.

The organisation's financial statements as shown, reflects a net surplus representing in part, under-expenditure due to projects planned but were not carried out, as well as favourable payroll variances due primarily to vacant posts which were not filled during the year.

For the financial year, the organisation's aforementioned net surplus was $64.5M (2017/18 - $35.9M) contributing positively to total reserves of $430.1M (2017/18 - $400.3M).

INCOME

Total income growth was 6.0% year over year, moving to $797.6 million from last year's $752.8 million, comprising operating income of $784.9 million (2017/18 - $721.6 million) an 8.8% growth year over year net of deferred income of $14.3 million (2017/18 - $18.8 million).

For the current financial year, regulatory fees, the major component of total income was $798.6 million, an increase of 7.9% compared to the prior year's $740.3 million. The contributions from the various sectors to regulatory fees for the current financial year is as follows, Telecommunications - 42% (2017/18 - 40%); Electricity - 40% (2017/18 - 42%); Water - 18% (2017/18 - 18%)

Interest income represents earnings from investments at various financial institutions. The reduction in average annual returns on investments reflects the downward trend of interest rates over the years.



DUHANEY SMITH
Financial Controller



DESLYN NWUDE
Budget Officer



LAVERNE SMALL
Accountant



RENAE GAYLE
Senior Accounting Clerk

Table 1

Ten Year Statistical Highlights	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUE, EXPENSES, AND NET SURPLUS - $'000										
Gross Revenue	811,904	771,608	764,976	704,098	588,526	627,648	532,316	538,336	456,498	418,395
Regulatory Fees	798,614	740,302	738,366	669,205	559,082	558,692	514,100	503,219	431,079	400,113
Deferred Income	(14,315)	(18,786)	(23,600)	-	-	-	-	-	-	-
Administration and Other Expenses	(733,109)	(716,913)	(746,021)	(594,605)	(560,297)	(486,404)	(522,963)	(463,007)	(366,028)	(330,556)
Staff Costs	(530,579)	(495,459)	(482,219)	(418,948)	(370,290)	(337,595)	(338,181)	(312,114)	(246,041)	(211,854)
Net Surplus	64,480	35,909	18,955	109,493	28,229	141,244	9,353	75,329	90,470	87,839
BALANCE SHEET EXTRACTS - $'000										
Total Assets	730,253	772,863	757,705	790,633	639,646	612,008	510,833	466,829	377,533	286,379
Receivables	70,412	153,081	91,989	127,437	120,802	118,943	101,713	100,381	56,466	66,684
Trade Receivables Before Credit Loss Provision	77,294	124,118	72,334	120,997	153,797	145,688	128,725	120,177	61,876	66,370
Short Term Investments, Cash and Cash Equivalents	577,701	487,412	488,738	523,969	376,100	368,470	295,160	259,498	228,996	130,839
Reserves	430,069	400,260	570,314	554,156	458,615	433,051	318,751	309,398	234,069	143,599
Payables	129,633	152,000	123,024	172,110	116,664	114,590	127,715	92,868	78,704	77,824
FINANCIAL RATIOS										
Year End Trade Receivables/Regulatory Fees	9.68%	16.77%	9.80%	18.08%	27.51%	26.08%	25.04%	23.88%	14.35%	16.59%
Administration and Other Expenses/Regulatory Fees	91.80%	96.84%	101.04%	88.85%	100.22%	87.06%	101.72%	92.01%	84.91%	82.62%
Staff Costs/Administration Costs	72.37%	69.11%	64.64%	70.46%	66.09%	69.41%	64.67%	67.41%	67.22%	64.09%
Staff Costs/Regulatory Fees	66.44%	66.93%	65.31%	62.60%	66.23%	60.43%	65.78%	62.02%	57.08%	52.95%
OTHER DATA										
Financial Year-end Exchange Rate US$1.00 = J$	126.47	125.98	128.67	122.04	115.04	109.57	98.89	87.30	85.75	89.51
Inflation Rate Year Over Year	3.39%	3.94%	4.09%	2.96%	3.96%	8.34%	9.13%	7.26%	7.85%	13.32%
Number Of Staff	69	72	72	72	69	65	59	59	56	49
MAJOR CONTRIBUTORS TO REVENUE (SECTORS)										
Telecommunications	42%	40%	43%	42%	44%	46%	42%	41%	41%	43%
Electricity	40%	42%	41%	42%	40%	40%	38%	40%	40%	40%
Water	18%	18%	16%	16%	16%	14%	19%	18%	18%	16%
Transportation	-	-	-	-	-	-	1%	1%	1%	1%

Figure 1



Table 2

Total Income		
	2019	**2018**
	$'000	**$'000**
Regulatory fees	798,614	740,302
Processing fees	585	120
	799,199	740,422
Deferred income	(14,315)	(18,786)
	784,884	**721,636**
Interest Income	12,279	19,486
	797,163	741,122
Other operating income	426	11,700
	797,589	**752,822**

Figure 2

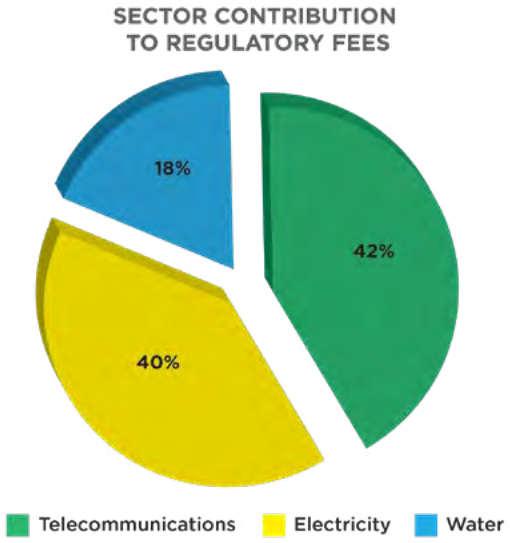
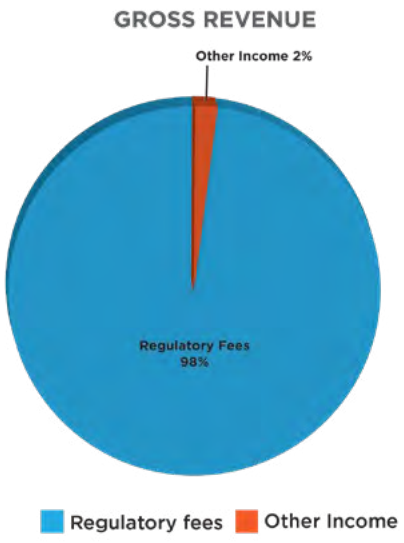


Figure 3





SHENNEL-ANN REYNOLDS
Accounting Clerk



SHAVOUY DRAKE-THOMAS
Accounting Clerk



BEVERLEY ROBINSON
Administrative Assistant

ADMINISTRATION AND OTHER EXPENSES

During the financial year various cost management measures were exercised, including expenditure justification and budgetary controls, in order to keep costs under control.

Total expenses for the year of $733.1 million reflects an increase of 2.3% over the previous financial year's $716.9 million. Staff costs represents 72.4% of total expenses, and at $530.6 million, shows an increase of 7.1% over the previous financial year's $495.5 million.

STAFF COSTS

The primary reasons for the increase in staff costs were increased salaries, an increase in pension costs arising from the IAS 19 valuation, more staff training, and the payment of a retroactive increase in traveling allowances.

Table 3

Administrative and Other Expenses		
	2019	**2018**
	$'000	**$'000**
Staff Costs	530,579	495,459
Administrative Expenses	202,530	221,454
	733,109	**716,913**

Figure 3

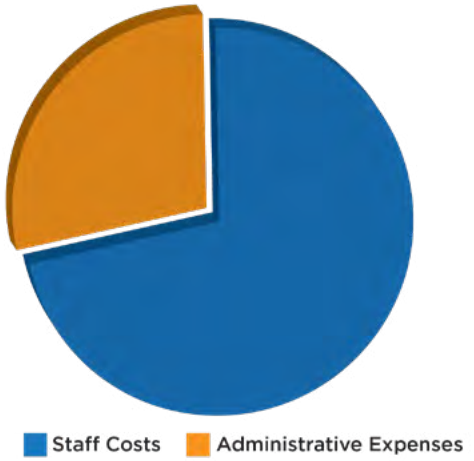
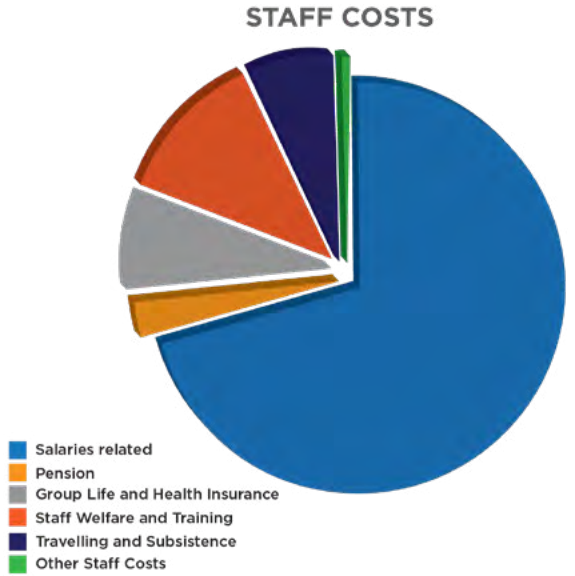


Table 4

STAFF COSTS		
	2019	**2018**
	$'000	**$'000**
Salaries Related	386,806	379,754
Pension	14,514	853
Group Life and Health Insurance	27,255	26,006
Staff Welfare and Training	65,515	58,974
Travelling and Subsistence	35,106	28,166
Other staff costs	1,383	1,706
	530,579	495,459

Figure 4



ADMINISTRATIVE AND OTHER EXPENSES (EXCLUDING STAFF COSTS)

Administration and other expenses excluding staff costs of $202.5 million reflects a net reduction of 8.6% compared to the prior financial year's $221.5 million.

The fall in administrative expenses arose as a result of cost savings measures that were implemented by management. Some of these involved new arrangements in regards to telephone services and restrictions on foreign travel. In addition, the Parish Connections Programme, one of the OUR's community outreach programmes came to an end in 2017/18.

Some of the cost savings were offset by increases in non-executive remunerations, a direct result of more meetings being held, and generally increased costs for various goods and services. As it relates to bad debts/provision for credit losses, the increase arose as a result of IFRS 9 provisions made during the current year. Higher depreciation charge is due to higher level of fixed assets, as additions, primarily computer and accessories and a motor vehicle, totalled $34.1 million during the year.

ASSETS

The organisation's total assets fell from $772.9 million in the prior financial year to $730.3 million due mainly to a 54.0% reduction in receivables, achieved via the Finance Department's successful efforts to collect outstanding regulatory fees; and a 62.3% fall in post employment benefit assets (from $30.6 million to $11.6 million) that also arose upon the valuation of the pension fund. Notwithstanding the fall in total assets, short term investments and cash and cash equivalents increased by $90.3 million or 18.5% to stand at $577.7 million at the year end.

RESERVES AND LIABILITIES

Reserves at $430.1 million, shows an increase of 7.4% as a result of the year's net surplus which was partially offset by pension fund valuation related adjustments.

During the financial year, the organisation paid the final portion, $12.6 million, of the advances from the government of Jamaica, which had totalled $64.4 million prior to the commencement of set-offs and repayments by the OUR.

Table 5

Admin. Expenses Showing Notable Reductions Over Prior Year

	2019	2018
	$'000	$'000
Telephone	11,871	15,010
Foreign Travel	2,999	15,691
Legal and Professional Fees	42,194	58,790
Public Relations	8,257	14,659
Customer Expenses	1,918	4,671
Advertising and Promotions	2,537	7,382
	69,776	**116,203**

Table 6

Admin. Expenses Showing Notable Increases Over Prior Year

	2019	2018
	$'000	$'000
Office Members' Renumeration	10,890	9,350
Motor Vehicle Expenses	4,790	3,816
Bad Debt/Provision for Credit Losses	17,714	3,783
Repairs and Maintenance	8,777	6,469
Office and General Expenses	10,510	9,177
Projects	5,688	-
Depreciation	22,794	20,401
	81,163	**52,996**

INTERNAL AUDIT

The Internal Audit Unit is responsible for providing an independent and objective appraisal of the OUR's operations. The Unit's aim is to foster improved effective internal controls and corporate governance using a systematic, disciplined approach and best practices. Our independence is maintained by reporting functionally to the Office's Audit Committee.

Internal Audit remained committed to helping the organisation to achieve its overall goals and continued to support it by providing value-added solutions through audits and advisory services.

The Director General and Members of the Office's Audit Committee reviewed all audit findings.

The highlight of Internal Audit for the 2018/19 financial year, was its oversight of OUR's successful re-certification to the Quality Management System ISO 9001:2015. The Unit has continually supported the organisation in conforming to this standard, assisting the OUR in maintaining its distinction of being one of the few regulatory bodies worldwide which has attained this international accreditation. This accreditation signifies OUR's ability to consistently provide services that meet stakeholder and regulatory requirements.

Process audits are a requirement under the quality management system. As such, the Unit has the responsibility to schedule, plan and execute these audits according to the 9001 Standard. Operational audits were planned and executed with input from the Director General and the Office's Audit Committee.

During the review period, there was one (1) externally conducted recertification audit under the quality management system.



HOPE JAMES
Chief Internal Auditor



K. ANTONIO MULLINGS
Internal Auditor

With a complement of two (2) auditors, the Internal Audit Unit completed audit assignments as follows:

Table 1

Types of Assignments	Planned 2018/19	Achieved 2018/19
Operational	22	14
Process	1	1
Special Activities	0	8
Total	**23**	**23**

Figure 1

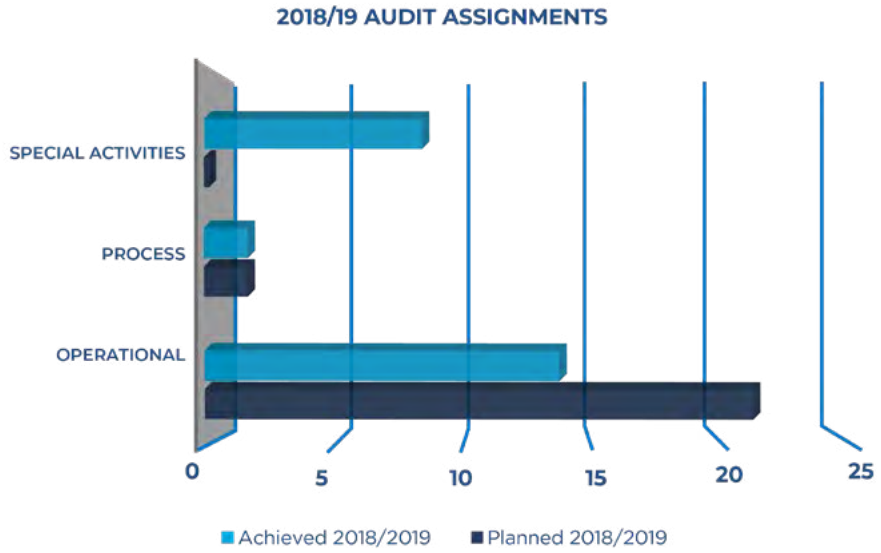


Table 2

	Process Audits	Percentage Implemented	Operational Audits	Percentage Implemented
Total Findings 2018/19	47	34%	47	36%
Implemented during 2018/19	16		17	
Total Findings from Previous Years brought forward into 2018/19	50	86%	51	78%
Previous years Findings implemented during 2018/19	43		40	

The number of corrective actions implemented from findings identified in the 2018/19 year for Process activities reduced by 19%, while for Operational activities there was a 6% increase.

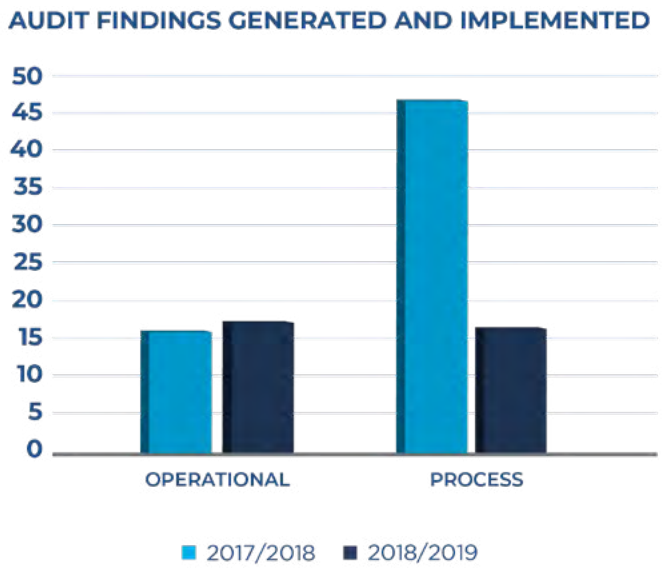
Findings from previous years brought forward and implemented in 2018/19 increased by 17% for Process and 45% for Operational activities. This represented an improvement in implementation of corrective actions, which arose from audit findings.

Total corrective actions implemented increased by 7% over the previous financial year.

Table 3

Findings Generated & Implemented	2017/18	2018/19	Percentage Increase/Decrease
Operational	16	17	6%
Process	46	16	-65%
Total	**62**	**33**	**-47%**

Figure 2



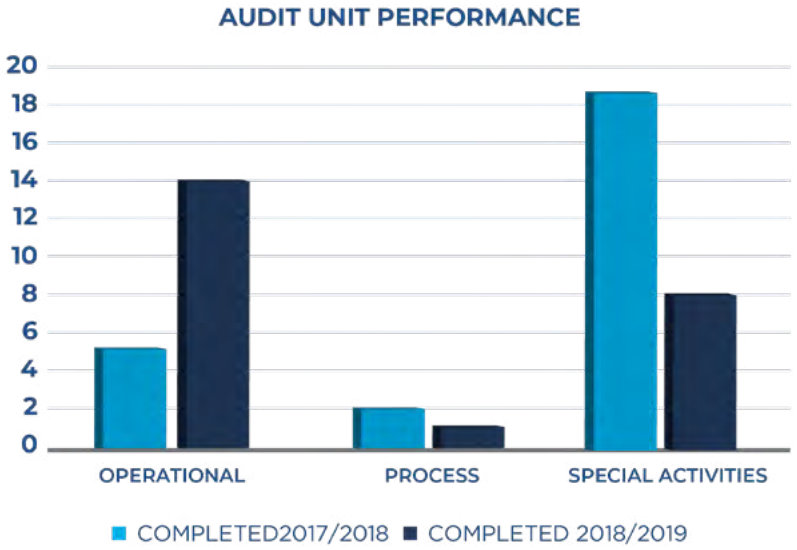
PRODUCTIVITY OF INTERNAL AUDIT UNIT

Table below shows variances in the number of assignments completed by Internal Audit for the 2018/19 reporting period when compared with 2017/18

Table 4

Types of Assignments	Completed 2017/18	Completed 2018/19	Percentage Change
Operational	5	14	180%
Process	2	1	-50%
Special Activities	19	8	-58%
Total	**26**	**23**	**-12%**

Figure 3



AUDIT COVERAGE

Ninety one percent (91%) of the audit universe scheduled for 2018/19 were completed as below.

Table 5

	2018/19		
	Scheduled	Completed	Percentage of Schedule Completed
Process Audits	19	18	95%
Operational Audits	15	13	87%
Total	**34**	**31**	**91%**

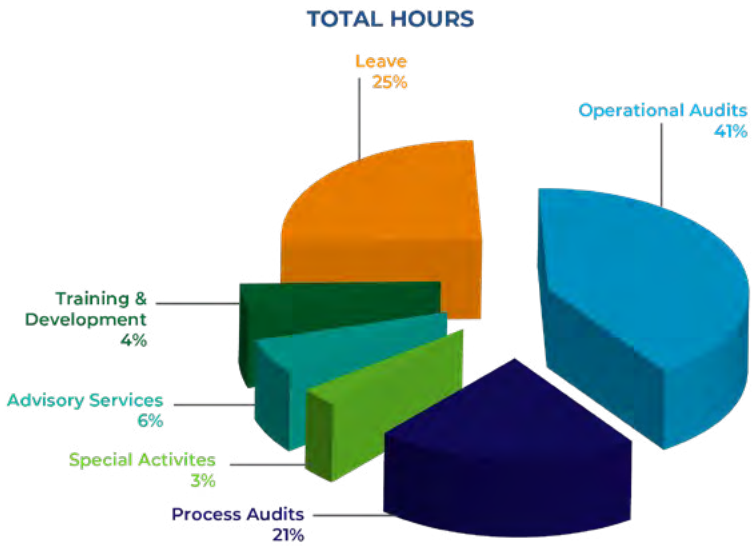
Fifty nine percent (59%) of the audit universe, as per the thirty-six (36) month audit plan was completed in the 2018/19 financial year.

Table 6

	Audit Universe	Completed	Percentage Completed
Process	20	18	90%
Operational & other non-Process activities	38	16	42%
Total	**58**	**34**	**59%**

Total hours spent as follows:

Figure 4



Internal auditors continued their professional development through relevant internal and external sources.

Plans for the 2019/20 year include:

- Operational Audits 19
- Process Audits 2
- Special Activities Executed as requested by the Director General and the Audit Committee

CONSUMER ADVISORY COMMITTEE ON UTILITIES (CACU)



YASMIN CHONG
CACU Chairman

To say that 2018/19 has been busy is the understatement of the year!

This dedicated group of Jamaican citizens, volunteer members of the Consumer Advisory Committee on Utilities were kept engaged, responding to and participating in many aspects of the regulatory landscape. Their unwavering commitment to ensuring that the Committee remains dedicated to its mandate of safeguarding utility consumers' rights in the regulatory process, continues to make certain that our views, opinions and challenges are made known throughout the policy and regulatory space.

> **"WE ARE ALL STAKEHOLDERS ALIKE...THERE IS NOTHING "KEY" ABOUT ANY ONE GROUP OF US."**
> YASMIN CHONG, CACU CHAIRMAN

The current state of our utility sector is cause for concern especially when we take into account the several developmental activities which continue to wreak persistent havoc on the regulated entities' ability to undertake improvements to their respective networks while at the same time deliver the promised and expected service to their rate payers, the consumers. And not to mention the cost of the frequent service disruptions and restoration works. Safe, reliable and affordable utility services are pivotal to economic growth and development, so it is therefore imperative that for the foreseeable future, all stakeholders should work together to realize a smart, efficient and intelligent utility infrastructure with a strong regulatory presence thereby ensuring sustained economic growth and development.

Already, 2019 is proving to be an extraordinarily active year for the electricity sector as we await the completion and commissioning of the JPS's 190 MW gas-fired plant in Old Harbour, its new 25MW storage facility,



From left, the members of the CACU are Carolyn Ferguson, Wayne Grant, Kadian Birch, Stephen Wedderburn, Yasmin Chong (chairperson) and Erwin Burton. Missing: Paul Goldson.

as well as the delivery of the Eight Rivers 37 MW solar farm in Westmoreland. These projects spell good news for Jamaica's energy sector as collectively they demonstrate that the country is on a positive trajectory to achieving some of the goals set out in Vision 2030. In 2019, the JPS is expected to submit its request for a five-year tariff review and the CACU looks forward to participating in the consultation and response processes.

Water and sewerage continue to have their fair share of challenges with recurrent technical and delivery issues, in addition to delays in submitting a complete tariff request. The review of small providers' rates and regulatory rules, the delays with upgrade and improvement projects, and the customer service issues and billing complaints all contribute to rising dissatisfaction among consumers.

Disruptions continue to plague the telecommunications sector due to an aggressive schedule for the national programme of road works. Other activities in the sector included consultations on policy recommendations for the provision of enhanced emergency service access and the CACU's successful lobbying efforts to realize the full implementation of 10-digit dialing on 2019 March 31, alongside the introduction of a new area code for Jamaica.

The CACU continued its active engagement with local media by attending several community engagements with all stakeholders and partners. Support for the Press Association of Jamaica's annual forum, a series of television interviews and participation in the OUR's webinar series and annual Customer Service Workshop, were the highlights of the Committee's public affairs activities.

During the upcoming 2019/20 year, public education will be the focus of CACU's activities. Our social media presence is to be revamped, and training, development and sensitization will remain as priorities, in order to grow a cadre of smart, knowledgeable and results-driven consumer advocates. The Committee continues to recruit interested volunteers and in that regard, two new members will join the CACU to strengthen the technical and administrative capacity needed for the work programme.

For the 2019/20 regulatory year, preparations are being finalized for a CACU-led study on the impact of non-technical losses on the mobile/ landline, water and electricity markets, as well as a score-card initiative on Jamaica's energy, telecommunications and water and sewerage infrastructure. The Committee will continue to support the OUR and the Consumer Affairs Commission's (CAC) consumer education and empowerment programmes, be responsive to regulatory consultations and notices of proposed rule-making, make representation for the introduction of service standards for the telecommunications sector, and provide input to the consultative process for the upcoming tariff review for the JPS.

We are committed to continuing the efforts and engagement on behalf of all utilities stakeholders across Jamaica. The hectic year ahead of us calls for a renewed and dedicated partnership among all stakeholders, to support the full advocacy effort, especially on those issues which affect us all. We are resolute and determined to make good on our promise to contribute to the development of a modern, efficient, affordable and sustainable utility sector, as we work towards making Jamaica the best in class utility infrastructure market globally and the preferred place to live, work, raise families and conduct business.



A consumer voices his opinions as others line up to do the same at the NWC Public Consultation in Port Antonio, Portland on 2018 November 20.

CORPORATE HIGHLIGHTS

1. The OUR hosted four webinars during 2018 and 2019. The webinars focussed on: 'How theft impacts utility service'; 'NWC's new rate structure for 2018-2023'; 'How OUR helps resolve utility consumers' issues' and 'Assessing JPS's 2019-24 Tariff Application: Why will it be different?'

   Photo shows the panellists from the third webinar: "How OUR helps resolve utility consumers' issues" (l-r) Collette Goode – Specialist, Consumer Affairs, Policy, Naomi Watkins – Coordinator, Consumer Affairs (Operations), Yvonne Nicholson – Director, Consumer and Public Affairs and Elizabeth Bennett Marsh – Specialist, Public Affairs.

2. Utility executives, Ceila Morgan (left), from Flow and Elon Parkinson (right) from Digicel discuss the effects of mandatory 10-digit dialling on the country with Director General Ansord Hewitt (second left) and former advisor to the Minister, Trevor Forrest at the Media Sensitisation Session held 2018 April 25.

3. Director General Ansord Hewitt (right), and Deputy Director General Cedric Wilson, attending the University of Technology Teens Tech launch on November 15, 2018 co-sponsored by the OUR. Teens Tech Launch marked the presentation of research findings of a study called 'Young Jamaicans in a Hyper-Connected World: Life Online', by principal investigator, Professor Paul Golding.

4. OUR's Consumer and Public Affairs Department team members show their fun side after completing a day well spent at the Quality of Service Symposium on Utility Customer Service held on 2018 October 31 at the Jamaica Pegasus Hotel.

5. Jodian Coultman, Consumer Affairs Officer, explains her group's points at the QoS Symposium.



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6. Dr. Nsombi Jaja explains that excellent service is a deliberate act at the QoS Symposium geared to customer service representatives from the OUR and utility companies.

7. The OUR was awarded first runner up for its 2017/18 Annual Report at the Public Sector Corporate Governance Awards. Photo at left shows Director General Ansord Hewitt (left) accepting the Certificate of Participation from Cabinet Secretary, Ambassador Douglas Saunders, while OUR's Director of Consumer and Public Affairs Yvonne Nicholson (left) accepts the trophy from Managing Director of the Jamaica Stock Exchange, Marlene Street Forrest on December 12, 2018.

8. OUR had a public education outreach with the Nurses' Association of Jamaica and were guests at their Annual General Meeting held 2018 October 11-13. Desmond Campbell Jr. (right), 2018 LASCO/NAJ Student Nurse of the Year and Nurse Denese Dacres-Reeves 2019 LASCO/NAJ Nurse of the Year were all smiles after receiving a token from OUR's Gordon Brown.

9. OUR hosted several public consultations across the island after the submission of the National Water Commission's Tariff Application. Consultations were held in St. Thomas, Portland, Hanover, Clarendon, Kingston & St. Andrew, St. Catherine, St. James and Manchester.

   Specialist – Consumer Affairs (Policy), Collette Goode (right), listens intently as a consumer explains her utility problem at the NWC Public Consultation in Portmore, St. Catherine on 2018 November 6.

10. Consumer Affairs Officer, Jade-Anne James (right), assists with a consumer's concerns at the consultation in Portland on 2018 November 20.

11. Liana Haffenden (right), Administrative Assistant, (right) handles registration at the public consultation in Clarendon on 2018 November 22.

12. Deputy Director General, Cheryl Lewis, discusses the NWC Tariff Application with an attendee at the breakfast consultation in Kingston on 2018 October 30.


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13. Coordinator - OURIC/ Information Officer, Colleen Mignott, assists a visually impaired utility consumer at one of several 10-digit dialling sensitisation sessions geared towards persons with disabilities.

14. Member of the OUR's Office and Chairperson of the Consumer Advisory Committee on Utilities (CACU), Yasmin Chong, hands over a cheque to the President of the Press Association of Jamaica (PAJ) George Davis on November 19, 2018 for sponsorship of the PAJ's forum.

15. A student from Camperdown High School came to have his concerns and issues noted at the Public Consultation held in St. Andrew in Kingston on 2018 October 30.

16. Collette Goode (centre), Specialist – Consumer Affairs (Policy) and Naomi Watkins, Coordinator – Consumer Affairs (Operations) chat with Dr. Orville Taylor for 'Call the OUR'; a segment on RJR's Hotline on Wednesdays.

17. Deputy Director General, Cedric Wilson speaking at the Mona School of Business and Jamaica Public Service Company Ltd. public forum on "Crime and Productivity – The Impact of Electricity Theft on 2018 December 5. Mr. Wilson was a panellist and offered the OUR's perspective on the issue.

18. Director General Ansord Hewitt (right), has a quick word with President of the Rotary Club of St. Andrew, Kemmehi Lozer and Past President, Gem Davis ahead of an address to Rotarians at the Four Seasons Hotel on 2019 January 29.









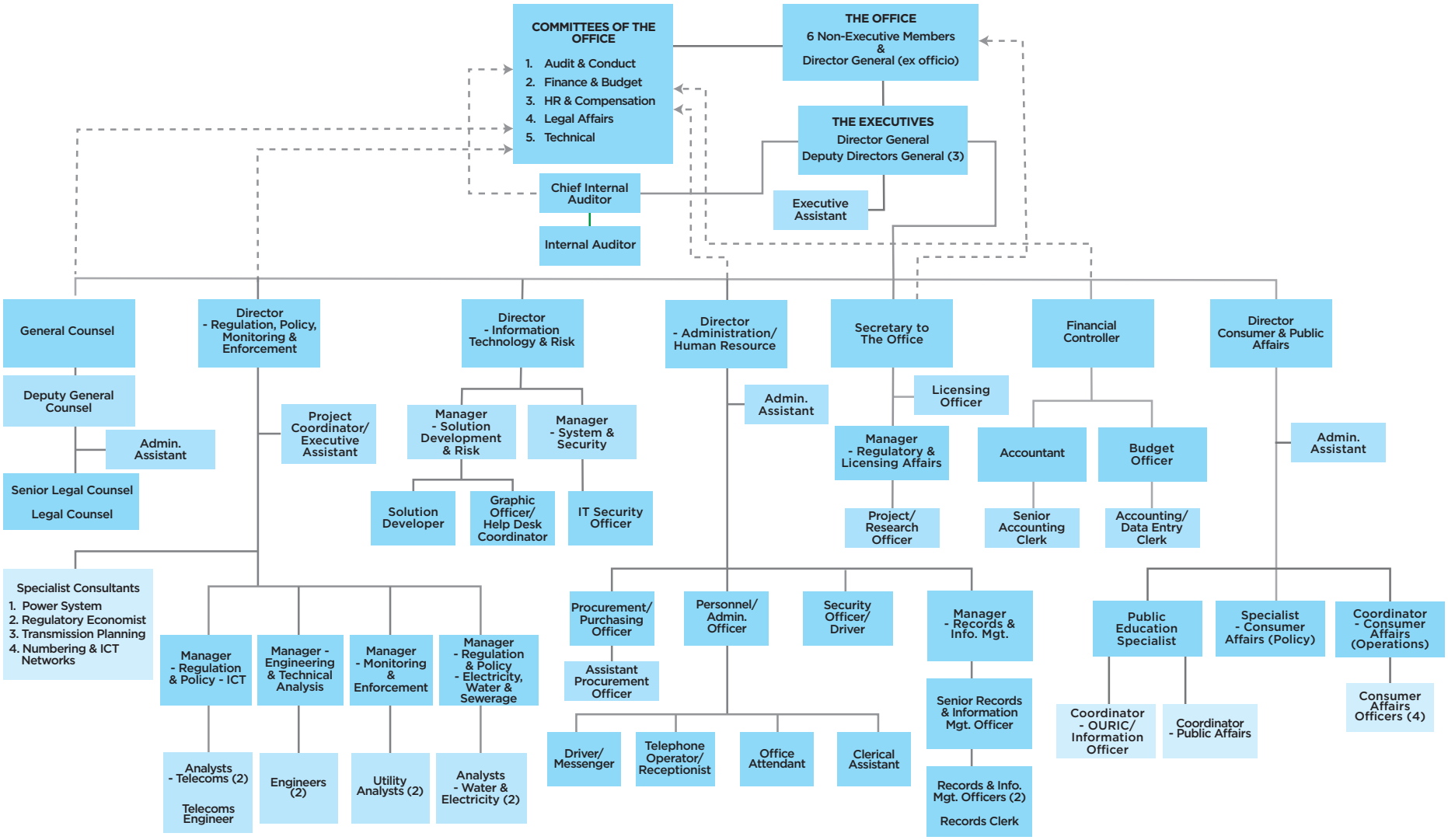
19. Director General Ansord Hewitt (left), presented an OUR policy recommendation document on Enhanced Emergency Services Access in Jamaica to Prime Minister, the Most Honourable Andrew Holness at the Office of the Prime Minister on 2019 January 29. Also in photo (from second left): Andrew Reece, President of Winbourne Consulting; Ms Wahkeen Murray, Acting Permanent Secretary, Ministry of Science and Technology; and Jeff Winbourne, CEO, Winbourne Consulting.

20. OUR Office member Noel daCosta (right), greets Dr. Ruth Potopsingh, Associate Vice President – Sustainable Energy at the University of Technology, on 2019 March 12 at the Power Resilience Planning Workshop ahead of her presentation. Looking on is Director General Ansord Hewitt.

21. Director General Ansord Hewitt (second left) and OUR Chairman, Joseph M. Matalon (right) pose with the utility heads and the Hon. Fayval Williams - Minister of Science, Energy and Technology (centre) at the DG's Stakeholder's Engagement held at the Jamaica Pegasus on 2018 March 28. Pictured with them are (l-r): Kieran Meskell – Head of Regulatory Affairs, Digicel; Emanuel DaRosa – CEO & President, JPSCo; Stephen Price – Head, Flow and Mark Barnett – President, NWC.

22. Manager - Engineering & Technical Analysis at the OUR, Courtney Francis (right), makes a point to Senior Engineer, Andrew Lewis and Consultant Camile Rowe at the Power Resilience Planning Workshop held 2019 March 12.

ORGANISATIONAL CHART



SENIOR MANAGEMENT COMPENSATION

Name and Position of Senior Executive	Year	Basic Salary $	Gratuity $	Travelling Allowance or Deemed Motor Vehicle Allowance $	Pension benefits $	Other Allowances[1] $	Non-cash benefits[2] $	Total $	Notes
Ansord E. Hewitt - Director General	2018/19	12,916,657	3,229,164	140,000	-	90,000	458,063	16,833,884	
Maurice Charvis - Deputy Director General (Telecommunications)	2018/19	12,962,210	3,240,553	958,337	-	90,000	382,698	17,633,798	
Hopeton Heron - Deputy Director General (Electricity & Water)	2018/19	2,778,384	694,596	35,000	-	90,000	123,534	3,721,514	Tenure April 2018 to June 2018
Cedric Wilson - Deputy Director General (Electricity & Water)	2018/19	1,747,231	436,808	140,239	-	-	73,791	2,398,069	Tenure February 2019 to March 2019
Cedric Wilson - Director of Regulation, Policy, Monitoring & Enforcement	2018/19	7,152,601	1,788,150	1,285,720	-	90,000	348,954	10,665,426	Tenure April 2018 to Jan 2019
Cheryl Lewis - Deputy Director General (Legal and Consumer & Public Affairs)	2018/19	1,747,231	436,808	257,144	-	-	56,231	2,497,414	Tenure February 2019 to March 2019
Cheryl Lewis - General Counsel	2018/19	7,999,619	-	1,285,720	663,968	120,000	266,903	10,336,211	Tenure April 2018 to Jan 2019
Chenée Riley - General Counsel (Acting)	2018/19	1,411,698	-	257,144	101,888	-	49,828	1,820,557	Tenure February 2019 to March 2019
Rohan McCalla - Director of Administration and HR	2018/19	5,757,270	-	1,542,864	407,551	90,000	373,836	8,171,521	
Yvonne Nicholson - Director of Consumer & Public Affairs	2018/19	6,993,710	-	1,465,016	556,025	90,000	520,810	9,625,562	
Leighton Hamilton - Director of Information Technology & Risk	2018/19	9,034,682	2,258,671	1,408,704	-	90,000	550,050	13,342,107	
Peter Black - Secretary to the Office	2018/19	9,034,866	2,258,716	1,542,864	-	90,000	-	12,926,446	
Hope James - Internal Auditor	2018/19	6,186,917	-	1,542,864	513,514	90,000	501,765	8,835,060	
Duhaney Smith - Financial Controller	2018/19	8,470,185	2,117,546	1,542,864	-	90,000	517,287	12,737,882	
Total		**94,193,261**	**16,461,012**	**13,404,480**	**2,242,946**	**1,020,000**	**4,223,751**	**131,545,450**	

Notes:
[1] Clothing/ robing allowance
[2] Health and group life insurance benefits

OFFICE MEMBER EMOLUMENTS

Name and Position of Office Member	Board Fees $	Motor Vehicle Upkeep/Travelling or Value of assignment of Motor Vehicle $	Honoraria $	All Other Compensation including Non-Cash Benefits as applicable $	Total $
Joseph M. Matalon - Chairman	2,240,000	-	-	-	2,240,000
Noel daCosta - Deputy Chairman	2,700,000	-	-	-	2,700,000
Damien King - Non-Executive Office Member	1,150,000	-	-	-	1,150,000
Simon Roberts - Non-Executive Office Member	1,750,000	-	-	-	1,750,000
Novar Patrick McDonald - Non-Executive Office Member	750,000	-	-	-	750,000
Yasmin Chong - Non-Executive Office Member	1,900,000	-	-	-	1,900,000
Ansord E. Hewitt - Executive Office Member	-	140,000	-	16,693,884	16,833,884
Total	**10,490,000**	**140,000**	**-**	**16,693,884**	**27,323,884**

FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Members of the Office
Office of Utilities Regulation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Office of Utilities Regulation (the organization) set out on pages 4 to 48, which comprise the statement of financial position as at 31 March 2019, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the organization as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Partners: D.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Grant-Gibbert, D. Robson
Offices in Montego Bay, Mandeville and Ocho Rios.
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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of the Office
Office of Utilities Regulation

Responsibilities of Management and the Office for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The Office is responsible for overseeing the organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of the Office
Office of Utilities Regulation

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Office regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on additional matters as required by the Office of Utilities Regulation Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Office of Utilities Regulation Act, in the manner required.

BDO

Chartered Accountants

22 July 2019

OFFICE OF UTILITIES REGULATION

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
REVENUE	6	784,884	721,636
Other operating income	7	426	11,700
		785,310	733,336
Administrative and other expenses	8	(733,109)	(716,913)
		52,201	16,423
Interest income		12,279	19,486
NET SURPLUS		64,480	35,909
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to statement of income -			
Remeasurement loss of the defined benefit obligation		(19,169)	(51,514)
Remeasurement loss of the pension plan assets		(2,190)	(16,999)
		(21,359)	(68,513)
TOTAL COMPREHENSIVE INCOME		43,121	(32,604)

OFFICE OF UTILITIES REGULATION

STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	Note	2019 $'000	2018 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	65,870	57,414
Post employment benefit assets	11	11,619	30,796
Long term receivable	12	1,480	4,909
		78,969	93,119
CURRENT ASSETS:			
Receivables	13	70,412	153,081
Taxation recoverable	14	3,171	39,251
Short term investments	15	214,061	106,736
Cash and cash equivalents	16	363,640	380,676
		651,284	679,744
		730,253	772,863
RESERVES AND LIABILITIES			
RESERVES:			
Retirement benefit reserve		11,619	30,796
Retained earnings		418,450	369,464
		430,069	400,260
NON-CURRENT LIABILITY:			
Advances from the Government of Jamaica	17	-	12,557
CURRENT LIABILITIES:			
Payables	18	129,633	152,000
Deferred income	19	170,551	156,236
Advances from the Government of Jamaica - current portion	17	-	51,810
		300,184	360,046
		730,253	772,863

Approved for issue by the Office on 22 July 2019 and signed on its behalf by:

Joseph M. Matalon - Chairman

Damien King - Member

OFFICE OF UTILITIES REGULATION

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 MARCH 2019

	Note	Retirement Benefit Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2017		84,224	348,640	432,864
TOTAL COMPREHENSIVE INCOME				
Net surplus		-	35,909	35,909
Other comprehensive income		(68,513)	-	(68,513)
		(68,513)	35,909	(32,604)
TRANSFER BETWEEN RESERVES				
Transfer to retirement benefit reserve		15,085	(15,085)	-
		(53,428)	20,824	(32,604)
BALANCE AT 31 MARCH 2018				
as originally presented		30,796	369,464	400,260
Effect of adopting new standards	22	-	(13,312)	(13,312)
Restated balance at 1 April 2018		30,796	356,152	386,948
TOTAL COMPREHENSIVE INCOME				
Net surplus		-	64,480	64,480
Other comprehensive income		(21,359)	-	(21,359)
		(21,359)	64,480	43,121
TRANSFER BETWEEN RESERVES				
Transfer to retirement benefit reserve		2,182	(2,182)	-
		(19,177)	62,298	43,121
BALANCE AT 31 MARCH 2019		11,619	418,450	430,069

OFFICE OF UTILITIES REGULATION

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net surplus		64,480	35,909
Items not affecting cash resources:			
Depreciation		22,794	20,401
Retirement benefit expense		14,514	853
Interest income		(12,279)	(19,486)
Exchange loss on foreign balances		571	2,239
Deferred income		14,315	18,786
Movement in expected credit losses provision		28,032	(13,997)
Gain on disposal of property, plant and equipment		(426)	(118)
		132,001	44,587
Changes in operating assets and liabilities:			
Receivables		44,268	(43,292)
Payables		(22,367)	28,976
Taxation recoverable		36,080	(4,714)
Retirement benefit contributions paid		(16,696)	(15,938)
Cash provided by operating activities		173,286	9,619
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		12,765	18,945
Proceeds from disposal of property, plant and equipment		3,258	118
Purchase of property, plant and equipment		(34,082)	(27,769)
Short term investments		(107,576)	(41,960)
Cash used in investing activities		(125,635)	(50,666)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of non-current liability		(64,367)	-
Cash used in financing activities		(64,367)	-
DECREASE IN CASH AND CASH EQUIVALENTS		(16,716)	(41,047)
Exchange loss on foreign cash balances		(320)	(1,398)
Cash and cash equivalents at beginning of year		380,676	423,121
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	363,640	380,676

1. **IDENTIFICATION AND PRINCIPAL ACTIVITY:**

(a) The Office of Utilities Regulation (OUR) was established by the Office of Utilities Regulation Act 1995, which has since been amended by the Office of Utilities Regulation (Amendment) Act, 2000 and 2015. The registered office of the organization is 36 Trafalgar Road, Kingston 10.

(b) The main activity of the organization is regulating the provision of utility services throughout Jamaica in the following sectors:

- Electricity
- Telecommunications
- Water and sewage

This includes receiving and processing all applications for licenses to provide utility services as defined under the Act, set rates where applicable and to monitor the operations of such utilities, ensuring that consumers are provided with adequate levels of service, that the needs of the community are met and that the environment is protected.

(c) The OUR is exempt from income tax pursuant to section 12 (b) of the Income Tax Act. The organization is designated a tax withholding entity under the General Consumption Tax Act.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the organization are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the organization's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention. They are also prepared in accordance with the requirements of the Office of Utilities Regulation Act.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organization's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The organization has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, amendments and interpretations are immediately relevant to its operations:

In these financial statements, the organization adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers with a transitional date of 1 April 2018. These standards were applied on a retrospective basis, with certain exceptions. As permitted, the organization did not restate its prior period comparative financial statements.

The nature and the impact of the new standards and amendments is described below:

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018). IFRS 9 replaces IAS 39 as at 1 January 2018. The organization has not restated the 2018 comparative information for financial instruments in the scope of IFRS 9. Therefore, the 2018 comparative information is reported under IAS 39 and is not comparable to the information presented for 2019. Changes arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 April 2018 and are disclosed in note 22.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available-for-sale (AFS), held-to-maturity (HTM) and loans and receivables at amortised cost) have been replaced by:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018) (cont'd)

Changes to classification and measurement (cont'd)

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

The organization's classification of its financial assets and liabilities is explained in note 3(e) and the quantitative impact of applying IFRS 9 as at 1 April 2018 is disclosed in note 22.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the organization's accounting for doubtful debt provision by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the organization to record an allowance for ECLs for trade receivables. The allowance is based on the ECLs associated probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination.

IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations.

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different performance obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year (cont'd)

IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018) (cont'd)

IFRS 15 also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management has assessed the impact on the financial statements and noted that the impact is not material. Management has utilised the modified retrospective transitional approach. The organization applied IFRS 15 on 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, the comparative information provided continues to be accounted for in accordance with the organization's previous accounting policy.

Amendments to IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRIC 22, 'Foreign Currency Transactions and Advance Consideration', (effective for accounting periods beginning on or after 1 January 2018). The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. Management has assessed the impact on the financial statements and noted that the impact is not material.

New standards, amendments and interpretations not yet effective and not early adopted

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Basis of preparation (cont'd)**

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019) (cont'd)

The organization expects to adopt the standard using a modified retrospective approach where the cumulative effect of initially applying it is recognized as an adjustment to the opening balance of retained earnings and comparatives are not restated. The organization is still assessing the impact of the adoption of this standard, however it is not expected to be significant.

IFRIC 23, 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over tax treatments. The adoption of this standard will not to have an impact on the organization as it is exempt from taxation (note 1(c)).

Annual improvements 2015-2017, (effective for accounting periods beginning on or after 1 January 2019). These amendments include minor changes to:

- **IFRS 11, 'Joint Arrangements',** an organization does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- **IAS 12, 'Income Taxes',** an organization accounts for all income tax consequences of dividend payments in the same way.
- **IAS 23, 'Borrowing Costs',** an organization treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Foreign currency translation (cont'd)**

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the statement of comprehensive income.

(c) **Property, plant and equipment**

Items of property, plant and equipment are recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Annual rates of property, plant and equipment are as follows:

Leasehold improvements	10%
Furniture and fixtures	10%
Office machinery and equipment	10%
Motor vehicles	20%
Computer equipment	33 1/3%

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

(d) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which, there are separately identified cash flows. Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Policy applicable after 1 April 2018

Financial assets

(i) **Recognition and derecognition**

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the organization. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The organization derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the organization is recognised as a separate asset or liability.

(ii) **Classification**

The organization classifies all its of financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The organization classifies its financial assets as those measured at amortised cost and fair value through profit or loss (FVPL).

(iii) **Measurement category**

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The organization's financial assets measured at amortised cost comprise receivables and cash and cash equivalents in the statement of financial position.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Policy applicable after 1 April 2018 (cont'd)

Financial assets (cont'd)

(iii) **Measurement category (cont'd)**

Amortised cost (cont'd)

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss (FVPL). A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of comprehensive income and presented within other operating income in the period in which it arises.

At the reporting date the organization classified its short term investments as financial assets measured at FVPL.

(iv) **Impairment**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Policy applicable after 1 April 2018 (cont'd)

Financial liabilities

The organization's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the organization classified payables as financial liabilities.

The organization derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

Policy applicable before 1 April 2018

Financial assets

(i) **Classification**

The organization classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

The organization's loans and receivables comprise trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Policy applicable before 1 April 2018 (cont'd)

Financial assets (cont'd)

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the organization commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the organization has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value, with fair value gains or losses being recorded in other comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial asset, or where appropriate, a shorter period.

The organization assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables impairment provisions are recognized when there is objective evidence that the organization will not collect all of the amounts due under the terms receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized in the statement of comprehensive income. On confirmation that the trade receivable is uncollectible, it is written off against the associated allowance. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Financial liabilities

The organization's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: non-current liability and payables.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Borrowings**

Borrowings are recognized initially at the value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings.

(g) **Employee benefits**

Defined benefits plans

The organization operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plan is generally funded through payments to a trustee-administered fund, determined by periodic actuarial calculations.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from Experience Adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

A provision is made for the estimated liability for untaken vacation leave as a result of services rendered by employees up to the end of the reporting period.

(h) **Provisions**

Provisions are recognized when the organization has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

OFFICE OF UTILITIES REGULATION

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

(j) **Revenue recognition**

Regulatory fees are recognized in the statement of comprehensive income on an accrual basis. Regulatory fees are measured at the fair value of the consideration receivable.

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis unless collectability is doubtful.

Deferred income

Deferred income is recognized in the statement of comprehensive income as income earmarked, based on the organization's approved budget, for specified projects that have either not commenced or have been delayed after commencement and which, after management's review, will not be completed within the financial year for which completion was projected.

There were no significant changes in recognition of revenue under IFRS 15 at 1 April 2018 compared to that under IAS 18 in the previous year.

(k) **Grants**

The organization receives the following types of grants:

(i) Revenue grants

Revenue grant which covers operating expenses is recognized as income in the statement of comprehensive income over the period necessary to match it with the related cost for which it is intended to compensate. Any unspent portion will be written back to income.

(ii) Capital grants

Capital grant is received for the exclusive purpose to aid in the acquisition of property, plant and equipment. Capital grant is recognized as deferred income initially and upon acquisition of property, plant and equipment is written off to the statement of comprehensive income as income on a systematic basis which coincides with the estimated useful lives of the related assets and which is consistent with the depreciation policy. Any unspent portion will be written back to income.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying the organization's accounting policies**

In the process of applying the organization's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) **Key sources of estimation uncertainty**

The organization makes certain estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Retirement benefit obligations**

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The organization determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations.

In determining the appropriate discount rate, the organization considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.

(ii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The organization applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of comprehensive income through impairment or adjusted depreciation provisions.

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iii) **Allowance for impairment losses on trade receivables**

Allowances for doubtful accounts were established until 31 March 2018 based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover loans receivable. Effective 1 April 2018, such allowances are determined upon origination of the loans receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the organization segments its loans receivable in a matrix by days past due and determined for each bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

5. **FINANCIAL RISK MANAGEMENT:**

The organization is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

The organization is exposed to risks that arise from its use of financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the organization's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the organization, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Short term investments
- Long term receivable
- Payables
- Non-current liability

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Financial instruments by category**

Financial assets

	Amortised cost 2019 $'000	Loans and receivables 2018 $'000	Fair value through profit or loss 2019 $'000	Available-for-sale 2018 $'000
Short term investments	-	-	214,061	106,736
Cash and cash equivalents	363,640	380,676	-	-
Receivables (excluding non-financial assets of $22,997,000 (2018-$23,288,000)	47,415	129,793	-	-
Long term receivable	1,480	4,909	-	-
Total financial assets	412,535	515,378	214,061	106,736

Financial liabilities

	Amortised cost 2019 $'000	2018 $'000
Payables (excluding non-financial payables of $77,152,000 (2018 - $94,218,000)	52,481	57,782
Non-current liability	-	64,367
Total financial liabilities	52,481	122,149

(c) **Financial risk factors**

The Office has overall responsibility for the determination of the organization's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the organization's finance function. The Office receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The organization's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The Office has established committees/departments for managing and monitoring risks, as follows:

- Finance Department

  The Finance Department is responsible for managing the organization's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the cash flow and liquidity risks of the organization. The department ensures compliance with statutory requirements and in particular, the provisions of the Public Bodies Management and Accountability Act (PBMA), the Financial Administration and Audit Act (FAA), Income Tax Act, and the Government's Procurement guidelines.

OFFICE OF UTILITIES REGULATION

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

The Office has established committees/departments for managing and monitoring risks, as follows (cont'd):

- Enterprise Risk Management Team

  The Audit Committee of the Office provides oversight to the operations of the Enterprise Risk Management Team which provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

- Audit Committee

  The Audit Committee oversees how management monitors compliance with the organization's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the organization. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The overall objective of the Office is to set policies that seek to reduce risk as far as possible without unduly affecting the organization's flexibility. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the organization's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar short term investments, cash and cash equivalents, other receivables and payables. The organization manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The organization further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Concentration of currency risk

The organization is exposed to foreign currency risk in respect of US dollars as follows:

	2019 J$'000	2019 US$'000	2018 J$'000	2018 US$'000
Short term investments	47,224	382	46,900	376
Cash and cash equivalents	47,372	383	45,736	367
Other receivables	579	5	-	-
Payables	-	-	(12,482)	(101)
	95,175	770	80,154	642

Foreign currency sensitivity

The following table indicates the sensitivity of net surplus to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated short term investments, cash and cash equivalents, other receivables and payables balances and adjusts their translation at the year-end for 6% (2018 – 4%) depreciation and a 4% (2018 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of reserves.

	% Change in Currency Rate 2019	Effect on Net surplus 31 March 2019 $'000	% Change in Currency Rate 2018	Effect on Net surplus 31 March 2018 $'000
Currency:				
USD	-6	5,711	-4	3,206
USD	+4	(3,807)	+2	(1,603)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the organization does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results.

OFFICE OF UTILITIES REGULATION

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the organization to cash flow interest rate risk, whereas fixed rate instruments expose the organization to fair value interest rate risk.

Short term investments and cash and cash equivalents are the only interest bearing assets within the organization. The organization's short term investments and cash and cash equivalents are due to mature within 12 months and 3 months of the reporting date respectively.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term investments. A 1% increase /1% decrease (2018 – 1% increase/1% decrease) in interest rates on short term investments would result in a $2,141,000 increase/decrease (2018 - $1,067,000 increase/decrease) in net surplus for the organization.

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from short term investments, trade and other receivables and cash and cash equivalents.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of short term investments, cash and cash equivalents and trade receivables in the statement of financial position.

Short term investments and cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The organization has policies that limit the amount of credit exposure to any one financial institution.

Trade receivables

The organization is a regulatory body and its customer base consists of entities falling within the utility sectors. The organization has policies in place to ensure that these entities are legitimate and have a strong financial base.

The organization manages its credit risk by screening its licensees and putting in place procedures geared towards recovery of amounts owed.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables impairment provision

The impairment requirements of IFRS 9 are based on an Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities.

The 2018 trade receivables were analyzed in compliance with IFRS 9 which resulted in an impairment amount of $13,312,000. As such, an adjustment was made to the retained earnings in accordance with the transition provision of IFRS 9.

The organization estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience as well as the credit risk and expected developments for each group of customers. The following table provides information about the ECL's for trade receivables as at 31 March 2019.

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Current (not past due)	12,057	71.56	8,628
1 - 30 days	22,459	33.03	7,418
31 – 60 days	23,340	-	-
61 – 90 days	2,617	-	-
91 days and over	16,821	98.80	16,619
Total	77,294		32,665

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses on trade receivables

Movements on the provision for expected credit losses on trade receivables are as follows:

	2019 $'000	2018 $'000
At 1 April	4,633	18,630
Additional provision – IFRS 9	13,312	-
Provision for expected credit losses	14,720	3,783
Bad debts recovered, previously provided for	-	(300)
Receivables written off during the year as uncollectible	-	(17,480)
At 31 March	32,665	4,633

The creation and release of provision for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Expected credit losses estimates have been adjusted based on actual collection patterns.

Concentration of risk - trade receivables

The following table summarizes the organization's credit exposure for trade receivables at their carrying amounts, as categorized by the utility sector:

	2019 $'000	2018 $'000
Telecommunications	23,838	24,914
Electricity	2,144	28,157
Water	47,681	64,399
Other	3,631	6,648
	77,294	124,118
Less: Provision for expected credit losses	(32,665)	(4,633)
	44,629	119,485

(iii) **Liquidity risk**

Liquidity risk is the risk that the organization will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The organization's liquidity risk management process, as carried out within the organization and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimizing cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the organization's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year $'000	1 to 2 Years $'000	Total $'000
31 March 2019			
Payables	52,481	-	52,481
Total financial liabilities (contractual maturity dates)	52,481	-	52,481
31 March 2018			
Payables	57,782	-	57,782
Long term liability	51,810	12,557	64,367
Total financial liabilities (contractual maturity dates)	109,592	12,557	122,149

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6. **REVENUE:**

	2019 $'000	2018 $'000
Regulatory fees	798,614	740,302
Processing fees	585	120
	799,199	740,422
Less: deferred income	(14,315)	(18,786)
	784,884	721,636

The following are the major contributors to revenue:

	2019 %	2018 %
Telecommunications sector	42	40
Electricity sector	40	42
Water sector	18	18

7. **OTHER OPERATING INCOME:**

	2019 $'000	2018 $'000
Gain on disposal of property, plant and equipment	426	118
Other income	-	11,582
	426	11,700

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8. **EXPENSES BY NATURE:**

Total administrative and other expenses:

	2019 $'000	2018 $'000
Staff costs (note 9)	530,579	495,459
Office members' remuneration	10,890	9,350
Telephone	11,871	15,010
Foreign travel	2,999	15,691
Audit fee	1,020	1,020
Motor vehicle expenses	4,790	3,816
Legal and professional fees	42,194	58,790
Bad debts written off/provision for credit losses	17,714	3,783
Public relations	8,257	14,659
Customer expenses	1,918	4,671
Subscriptions	22,854	22,807
Office rental	25,196	25,146
Repairs and maintenance	8,777	6,469
Advertising and promotion	2,537	7,382
Stationery, printing and postage	1,383	1,973
Office and general expenses	10,510	9,177
OOCUR conference	(77)	(500)
Gas conference	-	97
Projects	5,688	-
Foreign exchange loss	1,215	1,712
Depreciation	22,794	20,401
	733,109	716,913

9. **STAFF COSTS:**

	2019 $'000	2018 $'000
Salaries, wages and statutory contributions	386,806	379,754
Pension (note 11)	14,514	853
Group life insurance	3,746	3,542
Health insurance	23,509	22,464
Staff training	41,629	36,194
Staff welfare	23,886	22,780
Travelling and subsistence	35,106	28,166
Other staff costs	1,383	1,706
	530,579	495,459

The number of persons employed by the organization at the end of the year was 69 (2018 – 72).

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NOTES TO THE FINANCIAL STATEMENTS

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10. **PROPERTY, PLANT AND EQUIPMENT:**

	Leasehold Improvements $'000	Furniture & Fixtures $'000	Office Equipment $'000	Computer & Accessories $'000	Motor Vehicles $'000	Total $'000
At cost -						
1 April 2017	13,519	15,522	17,120	70,960	38,574	155,695
Additions	-	259	1,099	26,411	-	27,769
Disposal	-	-	-	(288)	-	(288)
31 March 2018	13,519	15,781	18,219	97,083	38,574	183,176
Additions	-	323	1,250	24,459	8,050	34,082
Disposal	-	-	-	-	(7,723)	(7,723)
31 March 2019	13,519	16,104	19,469	121,542	38,901	209,535
Depreciation -						
1 April 2017	11,039	10,461	9,141	65,333	9,675	105,649
Charge for the year	964	843	1,412	10,504	6,678	20,401
Eliminated on disposal	-	-	-	(288)	-	(288)
31 March 2018	12,003	11,304	10,553	75,549	16,353	125,762
Charge for the year	945	793	1,504	12,165	7,387	22,794
Eliminated on disposal	-	-	-	-	(4,891)	(4,891)
31 March 2019	12,948	12,097	12,057	87,714	18,849	143,665
Net Book Value -						
31 March 2019	571	4,007	7,412	33,828	20,052	65,870
31 March 2018	1,516	4,477	7,666	21,534	22,221	57,414

11. **POST EMPLOYMENT BENEFIT ASSETS:**

	2019 $'000	2018 $'000
The amounts recognized in the statement of financial position are determined as follows:		
Present value of funded obligations	(307,235)	(250,593)
Fair value of plan assets	318,854	281,389
Assets in the statement of financial position	11,619	30,796

The organization operates in a defined benefit plan, which is open to all permanent employees and administered for the Office of Utilities Regulation by Guardian Life Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contributions.

The plan is valued annually by independent actuaries, Eckler Consultants + Actuaries, using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 March 2019.

The movement in the present value of funded obligations over the year is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	250,593	206,441
Current service cost	14,507	8,105
Interest cost	19,059	20,238
	284,159	234,784
Remeasurements –		
Loss from change in financial assumptions	29,535	59,108
Experience gains	(10,366)	(7,594)
	303,328	286,298
Members' contributions	14,331	13,510
Benefits paid	(10,424)	(49,215)
Balance at the end of the year	307,235	250,593

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11. **POST EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The movement in the fair value of the plan assets during the year is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	281,389	290,665
Interest income	21,905	28,809
Remeasurements –		
Return on plan assets, excluding amounts included in interest income	(2,190)	(16,999)
Members' contributions	14,331	13,510
Employer's contributions	16,696	15,938
Benefits paid	(10,424)	(49,215)
Administrative fees	(2,853)	(1,319)
Balance at end of year	318,854	281,389

The amounts recognized in the statement of comprehensive income are as follows:

	2019 $'000	2018 $'000
Current service cost	14,507	8,105
Interest cost on obligations	19,059	20,238
Interest income on plan assets	(21,905)	(28,809)
Administrative fees	2,853	1,319
Total included in staff costs	14,514	853

The distribution of the plan assets was as follows:

	2019 %	2018 %
Deposit Administration Fund -		
Equities	-	13.11
JA$ bonds	80.69	66.09
US$ bonds	-	7.73
Short-term deposits	0.33	4.31
Cash and cash equivalents	9.77	4.99
Real estate	3.79	3.77
Tax recoverable	5.42	-
	100	100

11. **POST EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the post employment plan for the year ending 31 March 2020 is $16,630,000 (2019 actual - $16,696,000). The actual return on the plan assets was positive $16,862,000 (2018 – negative $10,491,000).

The principal actuarial assumptions used were as follows:

	2019 % p.a.	2018 % p.a.
Discount rate	7.0	7.5
Future salary increases	5.5	5.5

Post-employment mortality for active members as well as mortality for pensioners and deferred pensioners is based on the 1994 Group Annuity Mortality Tables (GAM 94), projected to the measurement date, using Society of Actuaries Scale AA.

The in-service specimen rates (number of occurrences per 1,000 members) are as follows:

	Males			Females		
Age	Withdrawals from service	Ill-health retirements	Deaths in service	Withdrawals from service	Ill-health retirements	Deaths in service
20	-	-	0.314	-	-	0.190
25	-	-	0.514	-	-	0.205
30	-	-	0.707	-	-	0.273
35	-	-	0.751	-	-	0.363
40	-	-	0.877	-	-	0.486
45	-	-	1.138	-	-	0.650
50	-	-	1.638	-	-	0.930
55	-	-	2.739	-	-	1.877
60	-	-	5.329	-	-	3.916

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11. **POST EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan and the five-year experience adjustments for plan assets and liabilities is as follows:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Fair value of plan assets	318,854	281,389	290,665	264,047	240,824
Defined benefit obligation	(307,235)	(250,593)	(206,441)	(189,735)	(166,514)
Surplus	11,619	30,796	84,224	74,312	74,310
Experience adjustments:					
Gain/(loss) -					
Arising on plan assets	(2,190)	(16,999)	(9,780)	(9,788)	(6,099)
Arising on plan liabilities	10,366	7,594	8,994	1,897	3,434

12. **LONG TERM RECEIVABLE:**

This represents outstanding regulatory fees for the period 2007 – 2010 from the Jamaica Urban Transit Company Limited (JUTC).

On 29 September 2015 the organization was awarded a successful judgement by the Supreme Court in the amount of $16,000,000.

As at 31 March 2019, JUTC owed $4,909,000 (2018 - $8,699,000). An agreement between the organization and JUTC was signed on 7 June 2017 where the amount due is repayable over thirty-six (36) months and attracts interest at 5% per annum.

The current portion of $3,429,000 (2018 - $3,790,000) is included in receivables.

13. **RECEIVABLES:**

	2019 $'000	2018 $'000
Trade receivables	77,294	124,118
Provision for expected credit losses	(32,665)	(4,633)
	44,629	119,485
Due from employees	1,904	1,600
Deposits	9,128	13,560
Prepayments	12,511	12,519
Other	2,240	5,917
	70,412	153,081

14. **TAXATION RECOVERABLE:**

This balance represents withholding tax arising on short term investments and cash and cash equivalents.

15. **SHORT TERM INVESTMENTS:**

This represents securities purchased under resale agreements with original maturities greater than 90 days but less than one (1) year.

The weighted average interest rate on short term investments denominated in Jamaican dollars and United States dollars was 3.32% and 2.00%, respectively (2018 - 5.16% and 2.10%, respectively). These investments mature within twelve months (2018 – twelve months).

16. **CASH AND CASH EQUIVALENTS:**

For the purpose of the cash flow statement, cash and cash equivalents comprise short term deposits, cash at bank and cash in hand as follows:

	2019 $'000	2018 $'000
Short term deposits	267,729	327,511
Cash at bank	95,906	52,995
Cash in hand	5	170
	363,640	380,676

The weighted average interest rate on short term deposits denominated in Jamaican dollars and United States dollars was 2.45% and 1.35%, respectively (2018 – 3.53% and 1.35%, respectively) and these deposits mature within three months (2018 – three months).

There are no non-cash transactions included in the statement of cash flows.

17. **ADVANCES FROM THE GOVERNMENT OF JAMAICA:**

	2019 $'000	2018 $'000
At 31 March	-	64,367
Less current portion	-	(51,810)
	-	12,557

The amounts represent advances from the Government of Jamaica. The advances were to fund the start-up costs of the Office of Utilities Regulation. There is an agreement between the organization and the Government of Jamaica dated 28 April 2018 outlining the repayment of the advances. The amount was repaid during the year via cash payments totalling $25,113,000 and an offset of withholding tax recoverable of $39,254,000.

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18. **PAYABLES:**

	2019 $'000	2018 $'000
Refundable bonds	-	408
Accrued vacation pay	39,459	35,141
Gratuity payable	28,520	29,085
Accounts payable	22,372	29,117
Other accruals	39,282	58,249
	129,633	152,000

19. **DEFERRED INCOME:**

	2019 $'000	2018 $'000
At 1 April	156,236	137,450
Project income deferred	44,633	34,374
Transferred to revenue	(30,318)	(15,588)
At 31 March	170,551	156,236

20. **RELATED PARTY TRANSACTIONS AND BALANCES:**

(a) **Transactions between the organization and its related parties**

Regulatory fees -

During the year, the organization billed regulatory fees of $140,040,032 and $314,396,825 (2018 - $127,397,000 and $312,217,000) to the National Water Commission and the Jamaican Public Service Company Limited, respectively.

(b) **Key management compensation**

	2019 $'000	2018 $'000
Salaries and other short term employee benefits	129,302	121,960
Payroll taxes – Employer's portion	5,399	6,099
Pension	2,243	1,311
	136,944	129,370
Office members' emoluments -		
Fees	10,890	9,350
Management remuneration (included above)	43,085	22,395
	53,975	31,745

20. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Year-end balances arising from transactions with related parties**

	2019 $'000	2018 $'000
Due from -		
National Water Commission	37,627	53,226
Jamaica Public Service Company Limited	-	26,018
Jamaica Urban Transit Company Limited - Long term	1,480	4,909
- Short term	3,725	3,790
	42,832	87,943

21. **LEASE COMMITMENTS:**

Future lease payments under operating leases at 31 March 2019 were as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
No later than one year	24,122	24,122	20,102	20,102
Later than one year	6,031	30,153	4,802	20,753
	30,153	54,275	24,904	40,855

22. **CHANGES IN ACCOUNTING POLICIES:**

The organization has adopted IFRS 9 and IFRS 15 for the financial year ended 31 March 2019 which resulted in a change in the organization's accounting policies. As explained in note 3, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 March 2018.

The effect of initially applying these standards is mainly attributed to the following:

- an increase in impairment losses recognised on financial assets;
- additional disclosures related to IFRS 9;
- additional disclosures related to IFRS 15.

Except for the changes below, the organization has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements.

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22. **CHANGES IN ACCOUNTING POLICIES (CONT'D):**

(a) **IFRS 9 - Financial Instruments**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings significant changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The key changes to the organization's accounting policies and the full impact resulting from its adoption of IFRS 9 are summarized below.

The impact of transition to IFRS 9 on the opening retained earnings is as follows:

	$'000
Closing balance under IAS 39 (31 March 2018)	369,464
Recognition of expected credit losses under IFRS 9:	
Trade receivables	(13,312)
Opening balance under IFRS 9 (1 April 2018)	356,152

IFRS 9 contains three principal classification categories for financial assets:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The new accounting policies are set out in note 3. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the organization's financial assets as at 1 April 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

22. **CHANGES IN ACCOUNTING POLICIES (CONT'D):**

(a) **IFRS 9 - Financial Instruments (cont'd)**

	Original Classification	New classification under IFRS 9	IAS 39 carrying amount at 31 March 2018	Re-measurement	IFRS 9 carrying amount at 1 April 2018
			$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	380,676	-	380,676
Receivables	Loans and receivables	Amortised cost	129,793	(13,312)	116,481
Long term receivable	Loans and receivables	Amortised cost	4,909	-	4,909
Short term investments	Available for sale	FVPL	106,736	-	106,736
			622,114	(13,312)	608,802

Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $13,312,000 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 April 2018, on transition to IFRS 9.

Short term investments classified as available-for-sale financial assets under IAS 39 have been classified as being at fair value through profit or loss (FVPL) under IFRS 9.

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The impact on the financial statements at 1 April 2018 was an increase in the impairment provision of $13,312,000.

(b) **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 replaces the provisions of IAS 18 that relate to revenue recognition. IFRS 15 introduces the principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price.

The adoption of IFRS 15, Revenue from Contracts with Customers from 1 April 2018 resulted in changes in accounting policies. The accounting policies under IAS 18 and IFRS 15 are set out in note 3. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated.

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23. **LITIGATIONS:**

The following is the legal report from the organization's attorneys.

(a) **Appeal of Decision on RIO-5 and RIO 5A**

Cable & Wireless Jamaica Limited appealed to the Telecommunications Appeal Tribunal against the decision of the OUR dated 19 March 2007 in respect of the Reconsideration Decision on Assessment of RIO 5 and Tariff Schedule RIO-5A ("Indirect Access"). The appeal which was listed for hearing on 27 May 2013 was adjourned to facilitate the parties trying to resolve the matter on their own.

Status after 31 March 2019:

No change in status. He OUR intends to ascertain from Cable and Wireless Jamaica Limited whether it will withdraw the appeal or seek to have it relisted for hearing.

(b) **Claim No. 2011 HCV 01117**

The Office of Utilities Regulation v Jamaica Urban Transit Company Limited

The OUR filed suit against the Jamaica Urban Transit Company Limited (JUTC) to recover the sum of Twenty-Two Million, Four Hundred and Sixty-Nine Thousand One Hundred and Thirty Dollars ($22,469,130) being monies due and owing for outstanding regulatory fees. On 29 September 2015, judgment was entered in the Supreme Court in favour of the OUR in the sum of Sixteen Million Dollars ($16,000,000) inclusive of interest and costs. JUTC made payments towards settling the judgment debt in the sum of Six Million Dollars ($6,000,000).

On 15 June 2017, an agreement was reached between the OUR and JUTC for the repayment of the outstanding balance of the judgment debt of $10M, by way of thirty-six (36) monthly instalments at an interest rate of five percent (5%) amortized over the said period. Payments in the monthly amount of $299,709 commenced in September 2017. As at March 2019, the OUR had received sixteen (16) of the required nineteen (19) instalments on the payment of the judgment debt. JUTC was behind on payments of instalments for January, February and March 2019.

Status after 31 March 2019:

Due to payments received in May and June 2019, JUTC is currently up to date with its payments.

23. **LITIGATIONS (CONT'D):**

(c) **Supreme Court Civil Appeal No. 122 of 2012 & Claim No. 2011 HCV 05613**

Dennis Meadows, Betty Ann Blaine & Cyrus Rousseau v the Attorney General of Jamaica, Jamaica Public Service Company Limited & Office of Utilities Regulation

The claimants filed suit against the Attorney General of Jamaica (AG), Jamaica Public Service Company Limited (JPS) and the OUR challenging the legality of the JPS, All-Island Electric Licence, 2001 (Licence). The claimants argued that the exclusivity of the Licence granted to JPS is void, as it is outside the scope of section 3 of the Electric Lighting Act and/or it is an unlawful fetter of the Minister's discretion. The claimants also contended that the OUR acted unlawfully in making a recommendation for the grant of the licence. In the Supreme Court, judgment was granted in part, in favour of the claimants declaring that the Licence was valid but the condition upon which it was granted, that is exclusively, was not. Judgment was also granted in favour of the OUR and costs awarded. The Supreme Court judgment was appealed by JPS and counter-appealed by the claimants. The Court of Appeal, reversed the Supreme Court ruling against JPS and the AG, upheld the ruling relative to the OUR and refused to overturn the award of costs to the OUR. On the hearing of an application for leave to appeal to the Privy Council filed by the claimants, the Court of Appeal with respect to the OUR refused leave and in relation to JPS and the AG, granted leave to appeal accordingly.

The OUR has pursued the recovery of its costs awarded in the Supreme Court and Court of Appeal and has respectively received awards of costs in the amounts of $3,838,162.95 and $5,032,800.00. To date, attempts by the bailiff to locate the claimants and/or assets upon which to levy execution have been unsuccessful.

Status after 31 March 2019:

The OUR's attorneys continue to follow up with the bailiff regarding the recovery of the costs awarded to it.

(d) **Claim No. 2014 HCV 02345**

OUR v Computers & More Limited

The OUR filed a claim against Computers & More Limited (Defendant) for the recovery of the sum of One Million Six Hundred and Fourteen Thousand Dollars ($1,614,000.00) together with interest, for breach of contract; whereby the Defendant failed to supply twenty (20) Microsoft Surface Pro Tablets and twenty (20) Targus USB 2.0 Docking Stations with Video to the OUR pursuant to their contract.

On 17 May 2017, the Supreme Court struck out the Defendant's defence and entered judgment in favour of the OUR in the sum of $1,614,000.00 together with interest at 10% per annum from 15 May 2014 to 17 May 2017. Also, summary judgment was entered in favour of the OUR in respect of the Defendant's counterclaim and costs on the Claim and Counterclaim. The Defendant, on 26 May 2017, filed an appeal against the judge's decision with the Court of Appeal. We are however yet to be notified of a date for case management in the matter.

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23. **LITIGATIONS (CONT'D):**

(d) **Claim No. 2014 HCV 02345 (cont'd)**

OUR v Computers & More Limited (cont'd)

The OUR has since pursued recovery of the Supreme Court judgement debt, and has been advised by its attorneys that the bailiff has recovered and paid into the Accountant General the sum of $230,000.00 in this regard. We are now awaiting a perfected order from the Supreme Court to authorise the Accountant General to pay out the proceeds received in favour of the OUR.

Status after 31 March 2019:

We await a date from the Court of Appeal for case Management Conference and await the outcome of continued efforts by our attorneys to recover the judgement awarded by the Supreme Court.

(e) **Claim No. 2014 HCV 02915**

Office of Utilities Regulation v The Contractor General

The OUR on 17 June 2014 applied to the Supreme Court for leave to apply for Judicial Review of the decision of the Contractor General contained in its "Report of Special Investigation - Right to Supply 360 Megawatts of Power to the National Grid Office of Utilities Regulation, Ministry of Science, Technology, Energy and Mining", laid in Parliament on 16 September 2013, which the OUR deemed invalid, unlawful and without legal effect. The matter was heard and the Judge refused to grant the OUR leave to apply for judicial review in respect of the relief of certiorari and indicated that no leave was required in respect of the application for the declarations. The OUR, on 4 May 2016, filed a Fixed Date Claim Form applying for the declarations.

Following discussions between the Director-General and the Contractor-General, it was agreed that the OUR would discontinue the court action. A joint statement explaining this development was issued on or about 24 April 2018 and a Notice of Discontinuance signed on behalf of both parties was filed in the Supreme Court on 25 April 2018 thus ending the suit. Both parties bore their own costs.

Status after 31 March 2019:

The matter is now closed.

23. **LITIGATIONS (CONT'D):**

(f) **Privy Council Appeal No. 0002 of 2016**

Jamaica Public Service Company Limited v The All-Island Electricity Appeal Tribunal, Paul Harrison, Derrick McKoy, Derek Jones and the Office of Utilities Regulation

As part of its 2009 Rate Review, JPS submitted a claim to the OUR to recover $3.5 billion dollars paid in retroactive salaries and statutory payments to its workers in a reclassification exercise, plus opportunity cost of $722 million, under the Z-Factor provision of the All-Island Electric Licence, 2001. The OUR denied the claim and JPS appealed the decision to the All-Island Electricity Appeal Tribunal (EAT).

The EAT dismissed JPS's appeal and confirmed the decision of the OUR. JPS sought and was granted leave to apply for judicial review of the EAT's decision in the Supreme Court. The OUR sought and was granted permission to be added as an interested party in the matter. In March 2013, the Supreme Court dismissed JPS's application indicating that there was no evidence presented by JPS that the EAT had acted irrationally, illegally or incorrectly in coming to its decision.

JPS appealed the decision of the Supreme Court to the Court of Appeal. In March 2015, the Court of Appeal dismissed JPS's appeal. In November 2015, JPS was granted leave to appeal to the Judicial Committee of the Privy Council and filed its appeal therewith on 6 January 2016.

The matter was heard at the Privy Council on 7 June 2017 and judgment delivered on 6 July 2017. The Privy Council dismissed JPS's appeal and awarded the OUR and the EAT the costs of litigating the matter in the Privy Council and Court of Appeal. JPS agreed the OUR's Privy Council costs in the amount of £52,105.00 and payment was received by the OUR on or about 9 March 2018. On or about April 2019 the OUR and JPS agreed a settlement of the OUR's Court of Appeal costs in the amount of $2,500,000.

Status after 31 March 2019:

We await payment of the agreed costs in the amount of $2,500,000 from JPS.

(g) **All-Island Electricity Appeal Tribunal: Appeal No.1 of 2015**

Appeal against Jamaica Public Service Company Limited Tariff Review for the Period 2014 - 2019 Determination Notice Jamaica Public Service Company Limited v Office of Utilities Regulation

The Jamaica Public Service Company Limited (JPS) appealed to the All-Island Electricity Appeal Tribunal regarding certain determinations of the OUR set out in the "Jamaica Public Service Company Limited Tariff Review for Period 2014-2019 Determination Notice" dated 7 January 2015.

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23. **LITIGATIONS (CONT'D):**

(g) **All-Island Electricity Appeal Tribunal: Appeal No.1 of 2015 (cont'd)**

Appeal against Jamaica Public Service Company Limited Tariff Review for the Period 2014 - 2019 Determination Notice Jamaica Public Service Company Limited v Office of Utilities Regulation (cont'd)

The matter was scheduled for hearing on 14 March 2016, but based on the provisions of the Electricity Licence, 2016 effective 27 January 2016, which fundamentally changed the tariff regime, as well as the amendments to the Office of Utilities Regulation Act, the hearing of the matter was adjourned to 3-14 October 2016. The matter was further adjourned for hearing for a date to be agreed in September 2017.

After discussion of the parties regarding the matters in dispute, and related issues, on or about October 2018 JPS withdrew the appeal, with no admission of wrongdoing.

Status after 31 March 2019:

The matter is now closed.

(h) **All-Island Electricity Appeal Tribunal: Appeal No.2 of 2015**

Appeal against Directive to Jamaica Public Service Company Limited for the repayment of foreign exchange adjustment charges on fuel supplied by Petrojam Limited during the period March to December 2013, dated 13 February 2015

In a Directive issued to the Jamaica Public Service Company Limited (JPS), the OUR directed JPS to refund its customers approximately J$973 Million that it unilaterally imposed as foreign exchange adjustments on fuel supplied by Petrojam Limited to JPS between March and December 2013. The OUR stated that JPS's action was in contravention of Exhibit 2, Schedule 3 of the Amended and Restated All-Island Electric Licence, 2011, and the customers were to be fully refunded within six (6) months of the effective date of the Directive. JPS appealed the provisions of the Directive to the All-Island Electricity Appeal Tribunal.

The appeal was to have been heard at the same time as Appeal No. 1 of 2015 mentioned immediately above. However, for the reasons outlined above, the hearing of the Appeals did not take place. After discussion of the parties regarding the matters in dispute, and related issues, on or about October 2018 JPS withdrew the appeal, with no admission of wrongdoing.

Status after 31 March 2019:

The matter is now closed.

23. **LITIGATIONS (CONT'D):**

(i) **Supreme Court Claim No. 2018 HCV 2304 and Court of Appeal Application Nos 276 and 277 of 2018**

Symbiote Investments Limited v MSET and OUR as Interested Party

The OUR issued a Notice of Investigation and Request for Information in December 2016 to Symbiote Investments Limited (Symbiote) advising of its intention to conduct investigations into: (i) allegations that the company may be linked to matters amounting to a threat to national security, (ii) concerns that the principals of the Symbiote may not be fit and proper to hold the respective licences issued under the Telecommunications Act and (iii) allegations that there may be participation in the operation of the licensed business by a person with an ongoing adverse trace.

During its investigation, the OUR received information from the Contractor-General of Jamaica, which resulted in the submission of a recommendation for the revocation of Symbiote's telecommunications licences to the Minister of Science, Energy and Technology (Minister) in October 2017. In April 2018 the Minister revoked the company's telecommunications licences, which decision was confirmed by the Minister after reconsideration on the request of Symbiote, in June 2018.

Symbiote sought leave of the Supreme Court to seek judicial review of the Minister's decision to revoke its licences in June 2018. The OUR successfully applied to be joined in the suit as an Interested Party. In December 2018 the Supreme Court dismissed Symbiote's application. Symbiote subsequently unsuccessfully appealed the Supreme Court decision at the Court of Appeal which delivered its decision orally in March 2019 and in writing April 2019.

Status after 31 March 2019:

Symbiote has since applied for leave to appeal to the Privy Council. The hearing of the application is scheduled for September 2019.

(j) **Access to Information Tribunal – AT/OUR/2017/1**

Nadine Newell v Office of Utilities Regulation

On 4 August 2017, Nadine Newell requested a copy *"…of the OUR's Investigation Report, inclusive of any and all side letters or supplemental documents relating to Cable & Wireless Jamaica Limited's/Flow's publication of the names, telephone numbers, and addresses of private unlisted customers in the residential 2017 directory*". While there was no investigation report, the OUR shared all official documents in its possession related to the matter, which included letter correspondences between the OUR and Cable & Wireless Jamaica Limited (C&WJ).

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23. **LITIGATIONS (CONT'D):**

(j) **Access to Information Tribunal – AT/OUR/2017/1(cont'd)**

Nadine Newell v Office of Utilities Regulation (cont'd)

Portions of one of the letters from C&WJ dated 27 January 2017, which comprised information submitted in confidence by the company, was redacted from the copy shared with Mrs. Newell.

In October 2017, Mrs. Newell sought an internal review of the OUR's decision to redact portions of the information. The Director-General in his response modified the original decision by allowing some but not all of the redacted information to be shared with Mrs. Newell.

On 28 December 2017, the OUR was served with a Notice of Appeal indicating that Mrs. Newell had appealed to the Access to Information Appeal Tribunal (ATI Tribunal) regarding the OUR's decision to refuse disclosure of portions of the letter dated 27 January 2017 from C&WJ to the OUR.

The ATI Tribunal heard the matter on 29 March 2019. On 3 May 2019 the Tribunal delivered its decision allowing the appeal against the OUR. The letter, the subject of the appeal, including the redacted information, was sent to the Appellant's attorneys by the OUR's external counsel, in compliance with the Tribunal's decision.

Status after 31 March 2019:

The matter is now closed.

(k) **Supreme Court Claim No. 2018 HCV 05030**

George Neil v Attorney-General, Office of Utilities Regulation and Spectrum Management Authority

George Neil, a principal of Index Communications Network Limited (Index) and a previous holder of several telecommunications licences, was also previously identified as a principal of Symbiote Investments Limited (Symbiote). Due to a finding of an adverse trace on him by the Jamaica Constabulary Force in 2014 as part of the due diligence normally done for licence applications, the grant of licences applied for by Symbiote were refused.

Subsequent telecommunications licences issued to Symbiote (i.e. in 2015) have also been revoked due to the failure of the company's principals to disclose Mr. Neil's involvement in the company at the time of their application for licences; which information would have influenced the OUR's decisions to recommend the grant of licences.

23. **LITIGATIONS (CONT'D):**

(k) **Supreme Court Claim No. 2018 HCV 05030 (cont'd)**

George Neil v Attorney-General, Office of Utilities Regulation and Spectrum Management Authority (cont'd)

Mr. Neil has now brought an action in the Supreme Court against the Attorney-General, the OUR and the Spectrum Management Authority seeking relief for breach of various constitutional rights. The matter is scheduled for hearing in May to June 2020.

Status after 31 March 2019:

The parties to the matter are obliged to comply with various orders of the court leading up to the substantive hearing in the matter scheduled for 2020.

(l) **All-Island Electricity Appeal Tribunal – Appeal No. 1 of 2019**

JPS Appeal against the Final Criteria – JPS 2019-2024: Rate Review Process dated 14 March 2019 and Addendum dated 14 April 2019

On 6 June 2019 the OUR was served with an "Amended Notice of Appeal" filed by JPS with the All-Island Electricity Appeal Tribunal. By way of the Notice, JPS is appealing against several of the decisions of the OUR set out in its Final Criteria Document and Addendum to Final Criteria to be used to inform the preparation of JPS's Business Plan and Five Year Rate Review Submission. The parties and the Tribunal are in discussions regarding the scheduling of the first hearing date.

Status after 31 March 2019:

This claim was initiated after the period under audit review.

NOTES

OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

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