
Office of Utilities Regulation

NOTICE OF PROPOSED RULE- MAKING

Proposed Changes to the Regime for the Assessment of Regulatory Fees



OFFICE OF UTILITIES REGULATION

November 30, 2007

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PROPOSED CHANGES TO THE REGIME FOR THE ASSESSMENT OF REGULATORY FEES

INTRODUCTION

Over the years, when preparing its annual budget, the Office has allocated regulatory fees to sectors and providers of specified services based on an analysis of the level of effort required to regulate each of the sector. The Office is aware that concerns have been expressed from time to time by licensees/providers of specified services about the level of fees and the fact that often they are not given sufficient time to do their own planning with respect to budgetary allocation for regulatory service fees.

In an effort to remedy this situation, the Office issued a consultative document, (“Notice of Proposed Rule Making – Proposed Changes to the Regime for the Assessment of Regulatory Fees”; Doc No. Gen 2007/01), on January 25, 2007, with an amended version published on February 14, 2007, proposing changes to the regime for the assessment of regulatory fees. In that consultation document, the Office outlined the proposed changes pursuant to Sections 6 (a) and 4 (5) (g) of the Office of Utilities Regulation Act. Furthermore, the document sought comments on a methodology which the Office considered would provide a greater degree of certainty and consistency to the process without compromising the principles set out in legislation for the allocation of regulatory costs.

Comments were received from only three providers of specified services, all of which were from the telecommunications sector.

The Office has reconsidered the proposals based on the comments received and has in this document made a number of changes which seek to respond to some of the more fundamental concerns that were raised by respondents.

Comments are invited from the providers of specified services and stake holders generally by December 28, 2007. Responses are to be sent to:

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To facilitate the process for clear and unambiguous and constructive participation, the Office will be amenable to engage in face to face meetings, if necessary.

The Office anticipates that the responses will be sufficient so as to enable it to issue a Decision during January, consistent with its timetable for the budget process imposed by statute.

BACKGROUND

Current Regime

Over the years, the Office has taken advantage of the benefits of the multi-sector scope of its operations to minimize costs overall; e.g. the OUR needs only one IT department, one HR department and so on, whereas, if there were a regulator for each sector, each regulator would need such departments. In its budget, the OUR allocates its total costs across all sectors based on an assessment of the time and resources expended in work related to each sector.

The process therefore for the determination of applicable regulatory fees for each licensee starts with the budget, where the OUR budget is built up based on a regulatory work plan delineated by sector and other overhead and administrative costs.

In the case of the Electricity and Water sectors respectively, the fee paying regime takes account of the fact that with the exception of the two major providers, the Jamaica Public Service Company Limited (JPS) and the National Water Commission (NWC), the formulas for calculating regulatory fees are defined in the applicable licensing instruments. In this regard, the fees to be paid by the JPS and NWC are computed on a residual basis; e.g. in the Water sector, the fee payable by NWC is the fee for the sector less that payable by the independent water companies.

The situation with regard to the telecommunications sector is somewhat different as none of the licensing instruments prescribe the approach to calculating regulatory fees. Additionally, the sector specific legislation, the Telecommunications Act 2000, requires the Office to allocate regulatory costs on the basis of reasonable estimates of the cost of regulating the specified services to which the licences relate. Furthermore, it requires the Office to apportion fees reasonably and equitably among licensees. The Office has considered a number of strategies to satisfy these statutory requirements.

As the telecommunications markets have become liberalized and increasingly competitive, it has become something of a challenge to find a formula that satisfies the statutory requirements. A major problem has been the paucity of information regarding the operations of all licensees, except Cable and Wireless (C&WJ) who by virtue of its “special regulatory status under the Telecommunications Act 2000” had been filing reports on its operations with the Office on a regular basis.

Cost Allocations

The approach adopted hitherto by the Office in allocating its costs across sectors is summarized below:

1. Identify salaries on an individual basis and where possible, allocate directly to a particular sector. For example, some members of the Research & Policy Division work exclusively on telecommunications issue; others are dedicated to the electricity sector and so on.

In the Consumer Affairs Department, there are statistics showing the number of 'contacts' received and the utility to which the complaint is related. The percentage of contacts for each utility sector is used to allocate the salaries in that Department.

Where salaries cannot be allocated directly (e.g. Sr. Director Regulation & Policy) a reasonable estimate is used.

The salaries and their allocations are summed to give the percentages allocated to each sector. These percentages are referred to as 'salary splits' and are used for the Departments and for the OUR as a whole.

2. Review expenses and wherever possible, allocate directly to a particular sector. For example, a training course in "Interconnection" would be allocated to the Telecommunications sector, whereas a course in "Fundamentals of Regulation" would be allocated based on the split used to allocate the attendee's salary. Similarly, expenses relating to a department would be allocated using the department's "salary split" mentioned above unless there is good reason for using another method,

With regard to allocations within sectors as previously indicated, the major challenge relates to the Telecommunications sector. The model adopted for the 2006-07 Budget was that all licensees, in the telecommunications sector, who had agreements with the owners of local infrastructure for interconnection services would be required to pay annual regulatory fees as follows:

Holders of international carrier licenses - \$100,000.00

Holders of service provider licenses - \$ 15,000.00

Once the total of these fees is deducted from the budget allocation to the sector the balance is distributed over the major carriers. The basis for computing the allocation across these carriers was on the number of subscribers serviced by each carrier as evidenced by the reports on Telecommunications Numbers usage. The Office has been

of the view that, in the absence of any other credible information, customer base would be the best indicator of the benefits of regulation and by the same token would serve as a reasonable ‘allocator’ of such costs.

The initiative for change of methodology

Whilst this model, as described above proved convenient for the early years, the Office has recognized that, as the telecommunications environment becomes more diverse and competitive, the computation of the regulatory fees for that sector would have to be revisited. Indeed, at least one licensee, in commenting on the annual budget, has expressed concerns that the methodology of using numbers was not necessarily equitable. The Office however had no other access to credible information that it could use in developing a formula of assessment. With the coming into effect of the Office’s Determination on Information Requirements (Tel 2006/01), the first reasonable opportunity for the regime to be revisited presented itself due to the potential for credible information being available.

The Office’s first consultative document (Gen 2007/01) was an attempt to secure agreement on a new approach. Unfortunately, the nature of the responses and the statutory timetable that the Office was required to meet in terms of its budget approval process rendered it impossible to adopt a new regime for fiscal year 2007/08. The Office is, however, committed to securing a new approach for fiscal year 2008/09 and beyond and is therefore seeking a second round of inputs from all stakeholders.

As indicated in the first consultative document, the Office recognized that its budget process has been such that the industry was being advised far too late of the applicable regulatory fees and as a consequence the providers of specified services (and who are liable for regulatory fees) have not had sufficient time to make adequate provisions in their own financial planning. The Office notes that it had itself encountered difficulties in its own budget approval processes which contributed to delays but, by and large, it is satisfied that these have now been resolved.

In that document the Office expressed the view that it seemed necessary and desirable that in revisiting its position on regulatory service fees attempts should be made to achieve the following objectives:

- Timeliness of advice to industry
- Some level of certainty and predictability
- Imposing prudence on the expense side by constraining the OUR’s ability to grow revenues
- A more transparent allocation mechanism
- Improved accountability.

Proposed Assessment Regime

The OUR's experience thus far and a review of international practices suggest that an assessment on the revenues of the providers of specified services is the best practice for apportioning regulatory costs. With the issuance of its determination on Information Requirements for the Telecommunications Sector, the Office is now in a position to have knowledge of the revenue of each of the licensees in that sector and it is felt that the information base is now available to enable a revenue-based assessment of regulatory costs, starting with the budget for fiscal year 2008- 09.

The following information was provided in the first consultative document and is reproduced hereunder.

“Table 1 below provides a summary of regulatory fees as a percentage of revenues¹ over the period 2002 – 2006.

Table 1 - Regulatory Fees as a Percentage of Revenues

Sector/Company	Year ending March 31				
	2002	2003	2004	2005	2006
Water – NWC	0.44	0.41	0.32	0.32	0.31
Electricity – JPS	0.31	0.28	0.28	0.33	0.35
Telecom – CWJ	0.22	0.22	0.26	0.21	0.21
Telecom – Digicel				0.22	0.22
Telecom – ODJ				0.49	0.49

It should be noted that the Office took a decision not to apply the approved fees for 2004 due to the late approval of its budget. Revenue information is not available for Digicel and Oceanic Digital Jamaica Ltd (ODJ) prior to 2004.

It is also instructive to note that the Office has, over the years, been the beneficiary of grant funding through multilateral and bilateral arrangements which have funded various aspects of its regulatory programme and contributed to containing regulation costs.

With specific reference to the Telecommunications sector, the proposed fee regime takes into consideration the following:

¹ “Revenues” mean revenues from the licensed business, net of out payments in the case of telecommunications companies and net of fuel in the case of JPS.

- a) *The regulation costs do not include that which would be attributed to the Spectrum Management Authority.*
- b) *The sector has multiple operators over which to spread the basic overhead attributed to the sector*

It is also felt that as all licensees and providers of prescribed service impose a cost on the OUR, for equity, all are expected to pay a minimum regulatory fee. Such a regime would apply generally unless the fee basis calculation is precisely defined in licenses or enabling instruments.

The Office has proposed the following approach:

Unless the exact formula for computing regulatory fees is prescribed in licenses or other enabling instruments, the regulatory fees to be charged by the Office in each of the fiscal years ending March 31 are:

JA\$150,000.00 or as provided at Table 2 (below) whichever is greater.

Table 2: Percentage Factors for Deriving Regulatory Fees from Revenues in Current & Previous Years.

Sector/Company	Applicable to 2005/06 using current year revenues	Applicable to 2006/07 using revenues for year shown
<i>Water – NWC</i>	<i>0.31</i>	<i>0.56 (2006)</i>
<i>Electricity – JPS</i>	<i>0.35</i>	<i>0.59 (2005)</i>
<i>Telecom – CWJ</i>	<i>0.21</i>	<i>0.32 (2006)</i>
<i>Telecom – Digicel</i>	<i>0.22</i>	<i>0.41 (2005)</i>
<i>Telecom ODJ</i>	<i>0.49</i>	<i>0.99 (2005)</i>

Regulatory fees become due and payable in advance on April 1 each year.

Additionally, the OUR made the following proposal:

- 1) During the fourth year (ending March 2011) the Office will review its audited results for the previous three years and will take account of any surpluses generated when fixing the rates for the ensuing four years.*
- 2) There is always a possibility that an extraneous item/event may occur which may cause a higher than expected expense in a particular sector or in a particular company. In those circumstances the Office will reserve the right to impose a levy directly on the licensee that causes such an expense to be incurred.”*

The major issues from the three respondents to the proposals are summarised in Table 3 below:

MAJOR ISSUES FROM RESPONSES TO CONSULTATION

Table 3 Major Issues

Concerns	Cable & Wireless Jamaica Limited	Digicel	Reliant
<p>Legal Basis (Section 16 of Telecoms Act)</p> <p>16 (2) “A reasonable estimate of the costs which will be incurred by the Office....”</p>	<p>The four-year period suggested by the OUR before an evaluation is done is unacceptable given that the OUR is not a profit-making organization and as such the budget should be prepared based on an annual review of its operations whereby it would have determined if it can be more efficient and if such efficiencies can be passed on to the industry through lower regulatory fees.</p>	<p>Regulatory fees ought properly to be levied to recover the direct costs occasioned by regulation. There is the concern that the output of the OUR in its capacity as telecommunications regulator does not in any way justify the regulatory fees charged.</p> <p>Digicel requires an objective assessment of the OUR’s regulatory output and the suitability of the methodology proposed.</p> <p>Digicel disagrees with the proposed fourth year review. A review after the first two years will facilitate a rebalance in case of any surplus in the third year. This will minimize the regulatory surpluses and regulatory fees in general and help in reducing operators’ costs which will ultimately</p>	<p>Some Licenses have specific charges. e.g. International Carrier License. Will the current fee associated with this license and other types of licenses change under the new regime?</p> <p>There is no consideration between large and small companies in terms of the impact of the fee on the profitability of the company.</p> <p>Small Private firms may not be audited and as such there is no assurance that the firm is paying the required fees.</p> <p>Will companies who provide VoIP and other such services be required to contribute to the regime? And will the OUR be publishing a list of the Providers who are required to</p>

Concerns	Cable & Wireless Jamaica Limited	Digicel	Reliant
		impact on operator's consumers.	pay the fees?
Budget Process	<p>C&WJ stated that over the last five years it has had reason to question the extent of the OUR's training budget, consultancy fees and staffing. The OUR has not responded to some of the Company's letters regarding its budgets.</p> <p>As the competitiveness of the industry increases, regulatory intervention should decrease and the cost of regulation should fall. This is in contrast to the proposed regime whereby regulatory fees will only decrease if revenues fall.</p> <p>The proposal assumes that the historic mix of revenue for regulated and unregulated services will remain constant and hence the use of revenue "factors" is an appropriate predictor of cost.</p>	<p>Given that regulatory fees have a direct impact on the profitability of operators and their position in the market, the OUR needs to show the direct link to the regulatory output and the efficiency of the OUR's operations. An open and transparent cost minimization policy is necessary to ensure that the OUR is taking reasonable and responsible steps to limit its operational costs and expenditure.</p> <p>Digicel recommends that a Budget or Expenditure Committee be established that includes representatives from fee paying operators. This Committee should then be authorized to scrutinize the annual budget and actual expenditure of the OUR before the budget is submitted to Parliament for approval.</p>	

Concerns	Cable & Wireless Jamaica Limited	Digicel	Reliant
	<p>Because of the competitiveness of the market, some product offerings may increase revenues but may not contribute to the firm's profitability. With this scenario, the proposed regime will increase the firm's as it tries to grow revenues.</p>	<p>Digicel would like to see a list of the services that are regulated and on which regulatory fees will be spent.</p>	
<p>Accountability Framework</p>	<p>The Company is expecting that the OUR will undertake to improve its level of accountability and transparency with the current budgetary process as in the past, the budget was presented after submission to Cabinet. C&WJ is also not aware of any changes made to the budget reflecting any comments or concerns from the industry. The Office seems to consider that because it has the authority under the Telecommunications Act to</p>		

Concerns	Cable & Wireless Jamaica Limited	Digicel	Reliant
	levy regulatory fees, it is therefore not obliged to give an account to the industry for either the budget or the expenditure.		
New Telecommunications Policy	The current draft policy speaks to a converged regulator. Which could mean that the structure of the OUR could change.	An objective assessment is of the OUR's regulatory output and the suitability of the methodology for charging regulatory fees is critical as the Government formulates changes in its telecommunications policy.	
Other		Digicel requires an explanation for how impact that litigation has on the OUR's budget and who should pay.	

OFFICE RESPONSES

The Office has taken note of the concerns raised in the responses especially relating to the budget. Generally, the Office wishes to express a certain level of disquiet about some representations made as they seem to suggest that the Office has been less than transparent in its budget process. Every year, since inception, the Office has shared its budget proposals with the industry and has had regard to the comments received. In most instances, if not all – the Office has responded directly to each licensee that has opted to offer comment. Furthermore, the approved budget has each year been provided to each company, thus providing the licensee with the opportunity to make the comparison of the approved budget with the draft and identify where opinions expressed may have been taken into consideration. As the number of licensees has increased, it has become impractical to direct mail documents to each licensee and the Office has adopted the practice of placing all relevant documents on its website. Finally, to complete the requirements for transparency and accountability, the audited financial statements are, pursuant to the OUR Act, tabled in Parliament along with its Annual Report each year.

Indeed the Office has been at pains to ensure that it applies to its own operations the prudence and diligence that it expects from the regulated entities. Notably, the Office's budget is reviewed at both the Ministry of Finance & Planning and the Office of the 'Responsible Minister'. The Office is also subject to the provisions of the Public Bodies Management and Accountability Act 2001 and is not exempt from the requirements imposed on other public entities.

In this regard, the Office considers some of the comments regarding its budget and operating process to be not only misplaced but disingenuous. More specific responses are provided below.

The Budget

Cable & Wireless noted that the OUR has not responded to all their letters on some of the items budgeted. Cable and Wireless has consistently raised questions about the OUR's training budget and has asked for full disclosure on a number of occasions. While the Office has diligently responded to issues raised by Cable and Wireless on a timely basis the matter of training details has not been addressed to the level of detail, it seems, that has satisfied the company. This complaint has since been addressed in that the Office responded fulsomely to C&WJ (vide letters dated November 29, 2006 and February 22, 2007).

C&WJ is concerned about the training budget, consultancy fees and staffing of the OUR. The OUR, as the regulator, has to be fully aware of all the issues and dynamics in the various sectors. The staff of the OUR cannot produce robust assessments and provide the Office with well reasoned advice if they lack the requisite knowledge and technical skills. It is perhaps instructive in this regard that in the last telecommunications survey commissioned by the OUR, there were Providers who expressed the view that the staff were not as competent as their counterparts in the Industry and that the perceived lack of

competence affected the decisions made and ultimately their businesses. While the Office considers the basis of this criticism to be dubious, it nonetheless underscores the need to ensure that its staff is at all times able to operate at the cutting edge and to bring to its decision-making a level of expertise that matches that of the best of its counterparts in the industry and elsewhere. In this regard, the Office considers that its emphasis on ensuring that staff members are trained in the various technologies and the regulations of these new and evolving technologies is consistent with best practice. The OUR cannot compromise on quality training for its staff and would opine that the industry should be comforted by the resolve of its regulator to be informed, trained and competent to deal with issues facing the industry.

It is also the case that the Office is frequently required to seek the opinion of experts in the various regulated areas; again this is not at all different from the practice adopted by either the regulated entities or indeed regulators throughout the world. Significantly, the OUR has continually tried to balance the need for increases in staff and the associated costs with the cost of third party services with a view to achieving the most economic and efficient mix.

It should also be noted that the Office has consistently sought to reduce the cost of regulation to consumers by aggressively pursuing multi-lateral funding to assist with training and third party costs.

Budget Process

It is incorrect to say that the OUR does not take the comments from the industry seriously enough and that there is no accountability for the budget or the expenditure. The OUR conscientiously takes the views of the industry into account when finalizing its budget and in doing so makes appropriate adjustments to reflect the impact of these views, where these are reasonable and constructive.

The current process is based on the requirements of the Public Bodies Management and Accountability Act (PBMA) which requires the following.

- The OUR draft budget must be presented to the Ministry of Finance on January 1
- The final budget as approved by the Office must be presented on February 1.
- The budget approval process, including the due diligence, is completed by the Ministry of Finance which eventually includes the OUR Budget in the national budget submissions to Parliament which are usually approved in early April.

This process allows only one month of consultation with stake holders. As such, the OUR must rely on the responsiveness of the industry once the draft budget is issued.

As noted above, with regard to transparency, the OUR has consistently, each year since inception, issued its draft budget and work plan to industry and requested comments. The final approved budget and work plan has also, every year, been provided to the industry. In the recent years, with the proliferation of licencees in the telecommunications sector, the work plan and budget (both in draft and final) have been placed on the OUR's website.

Proposed Time Period for Evaluations

Initially, the Office suggested a four-year period to fully evaluate the proposed scheme for the following reasons:

- Timeliness of advice to the industry
- Some level of certainty and predictability.

The Office notes the comments made by Digicel and Cable & Wireless and is now proposing a three-year period proceeding on the following path, using 2008/2009 as the starting point:

- The Budget Year 2008/2009 will be treated as the base year and so the budget will be relatively fixed for the next two budget years with adjustments for inflation in each year.
- If during the three year period, there is an extraordinary event specific to a sector or a particular licensee which imposes costs that are higher than expected and which are unavoidable, the Office will reserve the right to impose a one off levy directly on the sector or licensee that causes such an expense to be incurred.
- As is currently the case, an evaluation will be done annually and any deemed surpluses attributed to excess in fees will be returned to the industry annually.

New Telecommunications Policy

Should the Single Regulator be established within the period of this proposed regime, then the Office will conduct the evaluations at that time and would propose that any cash held on behalf of the telecommunications sector be transferred to the new regulator. This exercise however would of necessity be part of a wider evaluation and analysis as the functions become separated. The critical requirement would be that the issue is addressed in the plans for the establishment of the new regulator.

Regulatory Output

Digicel has (i) raised concerns about the regulatory output of the OUR and (ii) made the suggestion that a Budgetary Committee be established.

With regard to the matter of regulatory output the Office considers that the ultimate test of its output must be reflected in the benefits that consumers and service providers are deriving from the regulated environment. In this regard the success of licensees can hardly be divorced from the Office's regulatory efforts and in fact Digicel's own success must be reflective of the robustness of the regulatory environment in Jamaica.

The proposal for a budgetary committee is fraught with all sorts of possibilities for compromising the independence of the regulator and the opportunities for regulatory capture by the industry. The Office is prepared however to consider any suggestions that will make the consultative process on the budget more rigorous which will not at the same time endanger the Office's ability to be compliant with the timetable established by statute.

In any event the Office is itself conscious of the need to develop indices by which it is able to measure its own performance and in this regard it should be noted that a concerted effort is being made to include such indices in the development and execution of its management plan.

Current Licenses Fees

In response to Reliant's question on licence fees, the revised proposal for allocating regulatory fees should satisfy Reliant's concern in going forward.

Large Companies V Small Companies

Small providers will now be required to pay regulatory fees. There is now a licensing regime for Mobile Virtual Network Operators (MVNO's) and these licensees will also have to pay based on the provisions of their licenses or as set out in these proposals.

Litigation

The Office understands from Digicel's argument with regard to litigation that a licensee that leads a successful claim against the OUR ought not to be required to help to defray the Office's regulatory costs in respect of such a suit. If this is taken to its logical conclusion, Digicel's argument would suggest that a party that is successful against the government in a lawsuit should be granted exemption from paying that part of its taxes that would represent a contribution to the funding of the suit. Moreover, it should not escape notice that courts' decisions, be they in favour or against the Office, serve to establish a precedent that is beneficial to the regulated sector as a whole and so it is

certainly not unreasonable to expect the sector to bear the costs of such proceedings. The fact is that the Office's only significant source of revenues, as provided for in legislation is regulatory fees. The Office has no alternative but to treat the costs of litigation (whether their outcomes are favourable or adverse) as legitimate regulatory expenses to be funded by the regulated sector.

REVISED PROPOSAL FOR REGULATORY FEES ALLOCATION

The Office will firstly establish the sector allocations as has been done in the past.

The allocations across the Sectors of Electricity and Water will also be done as has been done in the past. That is, in the case of the Electricity and Water sectors, the respective costs attributed to Jamaica Public Service Company Limited (JPS) and National Water Commission (NWC) for regulatory work are determined after the impact of fees payable by the other licensees in the electricity and water sectors respectively, as prescribed in licenses, are taken into account.

In the Transport Sector, there is currently legislation that is being drafted which will among other things determine the fees payable to the OUR. It is anticipated that the OUR will apply the same revenue cap as is being done with the electricity and water sectors.

For Telecommunications, regulatory fees will be apportioned on the basis of revenues². However the fees to be derived from carriers will be determined after the impact of the service providers has been taken into account. The revenue information will be taken from the previous year's Audited Financial Report of each Company. For example, the Budget for 2008/2009 will be informed from the financial statements as at December 31, 2006 for companies using the calendar year. For those companies whose fiscal year is other than the calendar year, March 31 will be used as the cut off for the applicable year. In other words for a company whose fiscal year ends between January and March 2007, the financial statements used would be the 2007 statements to assess the fees for 2008/09. In circumstances where the company's financial statements have not been audited or are not available to the OUR, then the Office will make its best estimate of revenues for the current year. Adjustments will then be made in the subsequent year.

Generally, the computation of the fee applicable to a company in the telecommunications sector will be calculated as follows:

$$RF_A = R_A/R_T * TB$$

where RF_A = Annual Regulatory fee for company "A"

R_A = Applicable revenues for company A

R_T = Total applicable revenues of all relevant companies

TB = Total applicable budget

² For the avoidance of doubt, "Revenues" mean revenues net of local interconnection payments in the case of the telecommunications companies and net of fuel in the case of JPS.

Evaluation Period

Using 2008/2009 as the starting point:

- The Budget Year 2008/2009 will be treated as the base year and the budget will be relatively fixed for the ensuing two budget years with adjustments for inflation in each year.
- If during the three year period, there is an extraordinary event specific to a sector or a particular licensee, which imposes costs that are higher than expected and which are unavoidable, the Office will reserve the right to impose a one time levy directly on the sector or licensee that causes such an expense to be incurred, in the year that the expense occurs.
- An analysis will be done annually and any deemed surpluses attributable to excess in fees will be returned to the industry annually after the audited financial statements have been prepared.

Regulatory Fee Limits

In order to provide a measure of restraint on the Office, the following will be the boundaries for regulatory fees by sectors, **unless otherwise specified in licenses or other enabling instruments**. For the avoidance of doubt, even as the annual regulatory fee is based on the actual budget of the OUR, the fees to each company will be a minimum of \$150,000 and will not exceed the percentage of the revenues of each licensee as indicated in Table 4.

Table 4: Percentage for Capping Regulatory Fees from Applicable Revenues

Sector/Company	Percentage
Water	0.60
Electricity	0.70
Transport - JUTC	0.20
Telecommunications	0.30
Minimum Fee	\$150,000