2020 – 2021

ANNUAL REPORT

National Certification Body of Jamaica

OUR

OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

INTRODUCTION

This, the 24th 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 2020 April 1 to 2021 March 31.

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 -

OFFICE OF UTILITIES REGULATION

TABLE OF CONTENTS

OFFICE OF UTILITIES REGULATION

ANAB ACCREDITED ISO/IEC 17021 MANAGEMENT SYSTEMS CERTIFICATION BODY

Accredited by Member of the International Accreditation Forum Multilateral Recognition Arrangement for Quality Management Systems

MISSION

The OUR contributes to national development by the 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-focussed regulator, that has enabled Jamaica to be globally recognized as a leader in utility consumer protection and satisfaction, and sustainability of regulated entities.

CORE VALUES

A.F.I.R.E.

- **A** Accountability
- **F** Fairness
- **I** Integrity
- **R** Respect
- **E** Excellence

OBJECTIVES

★ 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

DERRICK MCKOY

CHAIRMAN (APPOINTED EFFECTIVE 2020 MAY 11)

Dr. McKoy has an extensive and outstanding record of experience and achievement in the public and private sectors. His areas of specialization include: public law and management, law of the regulatory environment, alternative dispute resolution, construction law, international trade and development, and competition law. Dr. McKoy was a legal consultant to the OUR's Implementation Unit when the organization was being established in 1997.

Dr. McKoy serves on several public and private boards. He currently chairs the Jamaica Anti-Dumping and Subsidies Commission, the Duke of Edinburgh Awards Scheme in Jamaica and the National Compliance and Regulatory Authority. He sits on the boards of the Jamaica Stock Exchange, M/VL Stockbrokers Limited, the Jamaica Youth Business Trust, and the Munro College Board of Governors as a Trust Appointed Member.

He was a founding member of the Jamaica Chapter of Transparency International and, from 2006 to 2015 he was a member of the All-Island Electricity Appeals Tribunal, Jamaica. He is also a former member of the Integrity Commission of Jamaica and a former Dean of the Faculty of Law, The University of the West Indies, Mona.

A graduate of the Norman Manley Law School, he holds a doctorate in Law from the University of Leicester, a doctorate in Business Administration from Nova Southeastern University, a Masters of Law (LLM) in International and Comparative Law from University College London, the Masters of Business Administration (MBA) from Barry University, and a Bachelor of Laws (LLB) from The University of the West Indies.

He received the Order of Distinction (Commander Class) for his outstanding contribution to the legal profession and for public service in 2016.

NOEL DACOSTA

DEPUTY CHAIRMAN

Mr. Noel daCosta has served on numerous boards in the private and public sectors, as well as on charitable organizations and government appointed national committees. He has been at the helm of several local and international organizations, including the Jamaica Chamber of Commerce, the Jamaica Institution of Engineers, the Jamaica Debates Commission, the Caribbean Breweries Association, the Master Brewers Association of the Americas, United Way of Jamaica, the National Building Code committee, the Petroleum Trade Reform Committee and the Caribbean Council of United Way Worldwide.

A consultant with over fifteen years' experience in Corporate Relations, he also has over three decades of technical and engineering leadership in the Petroleum and Brewing Industries. He is a founding partner in the Jentech group of engineering companies.

A graduate of the University of the West Indies, he has postgraduate degrees in Engineering from the University of Waterloo, Business Administration from the University of Toronto, and Insurance from the Chartered Insurance Institute (UK), and is a Fellow of the Jamaica Institution of Engineers, as well as the Institution of Chemical Engineers (UK).

In 2012 he was appointed by the Government of Jamaica to the Order of Distinction in the Rank of Commander (CD) for his contribution to engineering and manufacturing, and in 2019 he was conferred with an Honorary Doctorate of Technology for his contribution to nation building by the University of Technology.

YASMIN CHONG

She is an experienced business development and utilities regulation practitioner.

For over 20 years she has served on the Consumer Advisory Committee on Utilities (CACU) and as its Chairman since 2004 January.

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 specialist 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 master's degrees in International Relations (minor in Economics) and Public Administration respectively. She has also completed 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), an M.Sc. from UWI (Jamaica), and a Ph.D. from New York University (USA), all in economics.

NOVAR PATRICK MCDONALD

(Did not seek re-appointment at the end of his tenure: 2016 January 11 to 2021 January 10).

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

Admitted to practise 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 has 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 served for a number of years as an associate tutor at the Norman Manley Law School. Since 2020, he has served as the Honorary Legal Counsel of the PSOJ.

He is a past member of the Corporate Governance Committee of the PSOJ and conducts training in public and private sector 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, focusing in the areas of manufacturing improvements, logistics, compensation design and project management. 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, Member of the OUR, Director of Recycling Partners of Jamaica, Chairman of Jamaica Stroke Alliance, Director of Grace Co-Op Credit Union and Vice President of the deCarteret College Alumni Association. He is Honorary Director, former Vice President and Deputy President of the Jamaica Manufacturers and Exporters Association and Trustee of the JMEA Pension Fund.

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 first appointed by the Governor General, His Excellency the Most Honourable Sir Patrick Allen, on 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 2000 February and before that worked at the Jamaica Bauxite Institute and the Fair Trading Commission as an Economist. He also lectured at the postgraduate 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 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 and 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.

OFFICE MEMBERS' SKILL SET

Name	General Management	Finance And/or Audit	Strategic Management	Human Resource	Legal	Utilities Regulation	Governance	IT	Engineering
Derrick McKoy *Chairman*	x	x	x		x	x	x	x	
Noel daCosta *Deputy Chairman*	x	x	x	x		x	x		x
Yasmin Chong	x		x	x		x			
Damien King	x	x	x			x	x		
N. Patrick McDonald	x		x		x		x		
Simon Roberts	x	x	x				x	x	x
Ansord E. Hewitt	x		x	x	x	x	x		

CORPORATE GOVERNANCE REPORT

ROLE OF THE OFFICE

The Office is the policy and regulatory decision-making arm of the organisation. It provides the strategic guidance for the OUR and support to the management team, thus ensuring that the sectors regulated by the OUR receive sound and effective decisions.

OFFICE MEMBERS

The Office consists of six non-executive Members and the Director- General, who is an ex-officio Member. The Members are highly competent in the areas of finance, engineering, law, economics, and human resources management; and they have a mix of private sector, public sector and academic experience in areas regulated by the OUR.

Attorney-at-Law, retired academic and former Contractor General of Jamaica, Dr. Derrick McKoy, CD, was appointed for five (5) years as the new Chairman by Governor General, His Excellency, the Most Hon. Sir Patrick Allen, effective 2020 May 11. Dr. McKoy succeeds the OUR's first Chairman, Mr. Joseph M. Matalon who demitted office on 2020 January 1. Dr. McKoy has an extensive and outstanding record of experience and achievement in the public and private sectors.

OFFICE COMMITTEES

The work of the Office is done through five Committees, which consider matters submitted by staff for analysis and decision. The Committees then make recommendations to the full Office for final decisions and determinations. Each Committee, which has a minimum of two Members of the Office, is guided by its own Terms of Reference, which outlines the roles and functions of the Committees. The Committees are supported by members of the Executive and other staff members as required. There are also two co-opted Members who provide expert advice to three Committees (Technical, Finance and Audit).

The Committees, their main responsibilities, and their membership are set out, together with a record of the attendance of the members at Office and Committee meetings.

TABLE 1: OFFICE COMMITTEES

Name of Committee	Main Responsibilities	Members
Audit and Conduct	To ensure the OUR's financial integrity, and to provide oversight of the organization'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.	★ Simon Roberts, Chair ★ Damien King, Deputy Chair ★ Donald Reynolds (co-opted member) ★ Ansord E. Hewitt
Technical	To provide oversight of planning activities, 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 ★ Joseph Matalon (co-opted member since 2020 January 17) ★ Ansord E. Hewitt
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 (Demitted Office in 2021 January) ★ Ansord E. Hewitt, Chair since 2021 April ★ Cheryl Lewis, Deputy Chair ★ Derrick McKoy
Human Resource and Compensation	To monitor and review the effectiveness of the Human Resources and Administration Department's activities and other related matters. The Committee also supports the development of modern-day policies, procedures and practices to ensure a forward-looking approach to human resource development, governance and management.	★ Yasmin Chong, Chair ★ Noel daCosta, Deputy Chair ★ Ansord E. Hewitt

TABLE 2: 2020/2021 OFFICE ATTENDANCE RECORD FOR OFFICE AND COMMITTEE MEETINGS

Office	Full Office (N=14)	Audit (N=5)	Finance & Budget (N=2)	Human Resources & Compensation (N=10)	Technical (N=17)	Legal Affairs (N=4)
Derrick McKoy	13	N/A	0	8**	16*	4
Noel daCosta	13	3 + 1**	N/A	10	17	N/A
Damien King	14	4+ 1**	1 + 1**	N/A	N/A	N/A
Simon Roberts	10	3	1+1**	N/A	13	N/A
N. Patrick McDonald (Demitted Office in 2021 January)	11	N/A	N/A	N/A	N/A	3
Yasmin Chong	14	N/A	N/A	10	16	N/A
Ansord E. Hewitt	14	N/A	1+1**	9	15	4

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

GOVERNANCE FRAMEWORK

Maintaining high governance standards is an important priority for the OUR. In this regard, the Government of Jamaica, through the Ministry of Finance and the Public Service (MOF&PS) signed a Letter of Agreement with the Inter-American Development Bank (IDB), for a non-reimbursable technical cooperation for the contracting of consultants to support the OUR in bringing its operations in line with the best practices of independent regulators.

The overall technical support provided by the IDB was implemented in three (3) phases. Phase 1 focussed on the organizational governance structure of the Office. This Phase was completed in 2016 August. Phases II and III were developed to support the OUR with strengthening its regulatory framework and institutional capacity. Both Phases II and III were completed in 2020 November with a final presentation to the OUR in 2020 December.

The recommendations from the Study have been reviewed and those which have been accepted (some with modifications) are at various stages of implementation.

The Office, in accordance with the requirements of the Government of Jamaica's Revised Corporate Governance Framework for Public Bodies (2012) commissioned in 2019, an independent consultant to conduct a performance evaluation survey.

The purpose of the survey was to gain insights into the Office Members' and co-opted Members' perception of the Office's performance in key areas, and for each Member to undertake an assessment of his/her performance. All Office Members and Co-opted Members participated in the survey, and their responses were reviewed and analysed by the consultant, who presented a report, which identified several opportunities/gaps. The recommendations made were for the most part implemented in 2020/2021. Another performance evaluation survey will be conducted in 2021/2022.

The Office, as in previous years, was fully involved in the development of the OUR's Corporate Business Plan and Budget 2021 – 2024. This spanned the spectrum, 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. The Office however, had to make some adjustments and amendments to the Plan and Budget arising from the COVID-19 Pandemic. Adjustments also had to be made to working arrangements for staff members to ensure their safety and well- being.

REPORTS OF THE COMMITTEES

The Audit Committee had four (4) regular quarterly meetings, 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 Audit Unit, and to the resolution of the findings of these audits. It also focused on risk management, and governance related matters such as the development of an Anti-Corruption Protocol for Members of the Office; a Code of Ethics; and a revised draft of the Terms of Reference for the Committee. Regarding the COVID-19 pandemic, the Committee also focused attention on the challenges in maintaining oversight of the controlled environment, and actions to mitigate any problems. 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 2019/2020.

The Finance and Budget Committee had two meetings during 2020/21, and one joint meeting with the Audit Committee (see above). The Committee's primary focus was on the proper management of the organisation's financial affairs. The Committee continued to monitor activities related to receivables; budget variances; operations reserve requirements; and investments. In light of the COVID-19 pandemic, the Committee reviewed and supported the organization's recommendation to waive a percentage of regulatory fees where it was determined that this could be done without any adverse effect on the operations of the OUR. The Committee also 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 2020/2021, which necessitated seventeen meetings, six of which were special meetings to review activities relating to the Jamaica Public Service Company Limited's 2019 – 2024 Tariff Review. This review saw a change from the previous "Price Cap Regime" to a "Revenue Cap Regime" established by the Electricity Licence, 2016.

The Committee provided policy guidance to the technical staff, reviewed their submissions, and made recommendations to the Office on determinations, decisions, and other actions. Electricity sector matters reviewed included wheeling rates; effect of smart meter installation on electricity bills; Electric Vehicle Regulatory Framework; JPS' Capacitor Bank proposal; System losses in relation to theft; and Power Purchase Agreements.

In the water and sewerage sectors, the Committee recommended Office approvals for water supply licences and sewerage service licences to private providers; and approved tariffs for water and sewerage service providers. These are further detailed in the section on Sector reviews.

The Committee's work in the telecommunications sector included recommendations for carrier and service provider licences; approvals of determinations on, Numbering Plans and Rules, Update of Cost Model for Fixed Termination Rates, Assessment of Fixed Infrastructure Sharing Costs, Mobile Long Run Incremental Cost Model Update, and Improving Information Transparency in Telecommunications Markets. Further details on these are provided in various parts of the report including the summaries provided by the Secretary to the Office (STTO) department and the Telecommunications Unit.

The Human Resources and Compensation Committee held ten meetings during 2020/2021 and devoted much time to the revision of the HR Policy, and in particular, the Grievance Policy and Procedures; Disciplinary Code and Procedures; OUR's Whistle Blower Policy and Procedures. The Committee also provided support to the OUR's efforts in COVID-19 Staff Work Arrangements and continued development of a Talent Management Policy Manual. A critical element of the latter was the Talent Management Review and the Development of a Talent Management Plan which is now being implemented as a matter of priority.

The Legal Affairs Committee had four meetings during the review period. The Committee reviewed and provided advice on:

- Matters that the OUR had pending in the Court of Appeal
- Regulatory Reforms
- Code of Ethics and Corruption Prevention Protocol for Office Members
- Revised Terms of Reference for the Committees of the Office
- Whistle Blower Policy

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 source of income is fees it collects from the regulated entities and for licences applications. This is provided for by statute which also operates to prohibit the OUR from using any part of these fees for non-regulatory purposes. The OUR is however, conscious of, and conscientiously discharges its corporate responsibilities.

Demonstrations of the OUR's commitment to social responsibility can be seen in 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 also has an Information Centre (OURIC), which is open to the public. OURIC is an increasingly 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.

CHAIRMAN'S REPORT

DERRICK MCKOY

The Office of Utilities Regulation saw an eventful 2020/2021 regulatory year. The COVID-19 global pandemic began affecting the operations of the Office in the early months of the reporting period and, at the date of this report, is still upending life as we know it. In the face of the unanticipated and unprecedented challenges of this continuing pandemic, the organization has demonstrated its mettle by pivoting to meet these challenges to good effect. It was particularly pleasing to see the extent to which the OUR was able to move to a remote work platform with relatively minimum disruption.

As stewards of the organization's mandate, the Office has the responsibility to ensure that it is provided with appropriate policy guidance and that its vision, mission, mandate and independence are achieved and maintained while delivering benefits to all its stakeholders. We are also conscious that a critical contributor to attaining and retaining the stated objective and result is the diffusion of strong, and appropriate corporate values and practices throughout the organization.

Having assumed the Chairmanship of the OUR just after the beginning of the review period, I have found that the responsibilities of the Office go well beyond those of the conventional board. We had a full agenda through the year formulating and approving policies, exercising oversight, setting strategic goals, reviewing and approving regulatory decisions, advising on business strategies and monitoring performance to ensure alignment and compliance with our stated objectives.

Maintaining high governance standards continues to be an important priority for the Office and we are pleased to report that we have continued the work implemented through the Government of Jamaica's, (the Ministry of Finance and the Public Service (MOF&PS) agreement with the Inter-American Development Bank (IDB), non-reimbursable technical cooperation for consultants to support the OUR in bringing its operations in line with the best practices of independent regulators. The overall technical support provided by the IDB was implemented in three phases. The first phase, which focused on the organizational governance structure of the Office was completed in 2016 August. Phases II and III, which were developed to support the OUR with strengthening its regulatory framework and institutional capacity, were completed in 2020 November with a final presentation to the OUR in 2020 December. The recommendations from the study were reviewed and those which have been accepted (some with modifications) are at various stages of implementation.

The Office's main role is to carry out the responsibilities assigned to it under the OUR Act and additional Legislation. These responsibilities are carried out by the Office as a whole and through its sub-committees. These committees are Audit, Finance and Budget, Technical, Legal Affairs, and Human Resource/Compensation. Details of the activities and meetings of these committees are provided in the Corporate Governance section of this report.

With regards to the regulated sector activities, as detailed in the Director-General's and other reports in this publication, the Office was called upon to make decisions on a range of issues across the different sectors during the review year. We note that the JPS 2020 tariff commanded a great deal of attention and consumed a lot of the Office's resources during the year. This underscored for us the disparate skills sets required tocarry out the work of the OUR and the imperative of ensuring that it is fully resourced. We are pleased to see the forward-looking approach concerning public discussions on electric vehicles and the leading role the OUR is playing.

The pandemic has placed the spotlight on the critical role of the telecommunications sector. Our decisions on such matters as improving information transparency and a revised numbering plan, as well as ongoing work on such matters as infrastructure sharing rules, review of termination charges for fixed and mobile operators and development of a system of redress for telecommunications customers, represent just a sample of the telecommunications issues that have been occupying the Office's attention over the period.

In the water and sewerage sector, only two such major decisions fell for approval during the fiscal year. These were the application of Richmond Environmental Services Ltd (RESL) which was approved and published on 2020 April 3, and the approval of a request by Tryall Golf and Beach Club Limited (TGBC), for a new Connection/Reconnection fee for water supply to residents of the Tryall Beach and Country Club in Hanover which became effective 2020 September 1. Even so, it bears little debate that many critical matters in the sector require focused and determined policy, legislative and regulatory attention. The Office is therefore happy to see them move to implement the new water policy and join with the staff, as expressed elsewhere in this report, in calling for critical umbrella sector legislation to guide the development of the sector and to define more clearly the responsibilities of different sector partners. At the same time, the seemingly intractable problem of high water losses and the need for massive capital injection to improve the country water infrastructure remain of concern to the Office and represent areas that continue to occupy its attention.

I take this opportunity to congratulate the management and the staff of the OUR for the stellar work achieved during the review period. The Members of the Office have had a front seat view of the challenges encountered, the quality of work produced and their commitment to national development. The Office members are also mindful of the importance of retaining and maintaining the vital links with our national and international stakeholders and take this opportunity to assure them of our commitment to continue to engage in a collegial, transparent and collaborative manner.

Finally, I would like to thank my colleague members of the Office for their steadfast support and guidance in this first year of my commission. I believe the challenges of 2020/21 have only served to reinforce the importance of the work we do and our commitment to this national service. We look forward to continuing to deliver at the highest level for the progress of the land we love – Jamaica.

DIRECTOR-GENERAL'S REPORT

Ansord E. Hewitt

What a year it has been. The unfolding pandemic, with still no end in sight, changed the way we interface and operate: disrupted life and livelihood forced us to live virtually; and demanded that we make adjustments at warp speed. The OUR, like other organizations, has been caught in that maelstrom and the Office, the Management and staff have had to figure out how to navigate these challenges.

This annual report, apart from providing the usual accounting of the organization's performance and fidelity to its mandate over the review period, seeks to present our stakeholders with a basis for assessing how well we have navigated these strange currents.

During the review period, the OUR's regulatory approach continued to emphasize: sustainability; resilience; improving efficiency, enhancing the quality of customer service and promoting as far as possible, diverse customer options. These are reflected, to varying degrees, in the focus, activities and achievements across the regulated sector over the period.

I have sought to provide summaries of the major planned and unplanned projects, activities, events and happenings under different sub-headings in this overview. Greater details are provided elsewhere in this report, under the sector and department reports.

CONSUMER AND PUBLIC AFFAIRS (CPA)

The OUR's approach in discharging its consumer and public affairs functions during the year, constitutes a mix of the individual and the global, the pre-emptive and the reactive. This was illustrated, on the one hand, by activities aimed at addressing issues detected as affecting a large segment of

our stakeholder grouping and on the other, by the provision of last resort appeal to the OUR after a provider has been given an opportunity to provide a redress but where the customer was still dissatisfied. The development of consumer policy recommendations, the prescription of a range of consumer-friendly compliance measures and the focus on public education to empower the public, are illustrative of the pre-emptive approach, whilst the use of our investigative tools to assess after the event and provide redress, is an example of our post-activity response.

The pandemic forced many of CPA's activities (fielding contacts, appeal handling, public education, conducting surveys, etc.) to the virtual platform at the start of the period and this has remained the mode. The regulated entities which were similarly affected also moved a great deal of their customer-facing operations online.

COMPLAINTS HANDLING AND RESOLUTION

The Government's Work from Home (WFH) order and the move online, adversely affected quality of service across all the sectors. Notably, over the review period, the CAU received six thousand, eight hundred and seventy (6,870) contacts in relation to the provision of utility services, representing a 68% increase over the previous period.

The OUR, in keeping with Government-stipulated mandate to decrease the number of frontline staff and exposure to the virus, encouraged telephone and on-line customer contact, resulting in a 37% fall in the number of walk-in visits whilst email contacts and social media saw the highest increase of 177% and 167% respectively, over the previous year. Telephone contacts increased by 54%, while letters also increased by 34%, over the previous reporting period.

In a similar shift, service providers moved their customer handling out of the retail space and ramped up COVID-19 protocols for customers who visited their stores. JPS moved to close seven offices in St. Catherine (Portmore), Clarendon, St. Elizabeth, Westmoreland, St. Mary, St. Thomas and Kingston (East Parade). JPS says the decision was informed by a 70% increase in customer contact via the telephone and digital/electronic channels, insisting that customers visited their parish offices to ask for bill balances and to pay bills, services which JPS says can be addressed through the digital/electronic channels.

The OUR has taken note of a strong pushback in the media from several quarters about the closure of the JPS parish offices, particularly in Portmore and Clarendon. We will therefore need to continue to monitor these developments to ensure that despite the office closures, customers' interests are still being protected. Flow and NWC also reduced their in-store customer handling services and encouraged customers to contact them on-line.

OUR'S INVESTIGATION INTO CUSTOMER COMPLAINTS OF HIGH BILLING BY JPS

The increasing number of contacts and public outcry on social and traditional media in the early months of the pandemic (2020 April-June) impelled the OUR to launch an investigation into customers' complaints about high billing by JPS. The number of contacts grew by 91% quarter on quarter for the 2020 April to June quarter compared to the January to March period, with the highest number of complaints relating to: Billing Matters (168%), Disconnection (125%), and Terms and Conditions of Service (113%).

The findings from the OUR's investigation largely confirmed the *prima facia* expectation that increases in average electricity bills and consumption were primarily attributed to residential (Rate 10) accounts. Small commercial (Rate 20) accounts, on average, by contrast, experienced a reduction in electricity bills and consumption. The investigation also revealed that some 250,000 accounts representing 39% of JPS' customer base, were billed in excess of 31 days for the 2020 April billing period. We also found however that the kind of shocks occasioned by customers could have been mitigated by better communication and billing practices on the part of the utility. In the wake of that investigation, JPS was issued directives reiterating previous instructions for the company to adhere to a maximum number of days in terms of its billing cycles and to flag significant increases in bills, and notify customers.

GUARANTEED STANDARDS SCHEME FOR MAIN TELECOMMUNICATIONS PROVIDERS

There was perhaps no surprise that coincident with the onset of the COVID-19 pandemic and the shift it created for consumer demand for broadband access to banking, shopping, delivery services for food and goods, tax payment and other services moved on-line, there was a sharp increase in telecommunications complaints. This reaction, the disaffection felt and manifested by the public, would no doubt have been exacerbated by recent memories of service disruptions and networks shortcomings. Admittedly, the shift in demand would have tested the best of networks, infrastructure and other customer service provider capacities. Even so, it is apparent that it will be necessary to take active measures to improve customer service delivery in this sector.

Notably, over the past five (5) years, the second highest reason for telecoms customers making contact with the OUR's Consumer Affairs Unit relates to the issue of service interruption (15%), with the highest incidence

being with the telecommunications providers.

Given its cognizance of public outcry in the media and on social media platforms regarding telecommunications customers' dissatisfaction with the quality of service received from their service providers, the OUR indicated its commitment, even prior to the pandemic, to examine the option of establishing quality of service guarantees for this sector. This, it should be noted, is consistent with practices elsewhere where utility regulators have recognized the need to establish quality of service (QOS) standards to ensure that a minimum service quality is delivered to consumers. Consequently, the OUR will be consulting with stakeholders towards the establishment a Guaranteed Standards (GS) Scheme for the main telecommunications providers, which will include a mechanism for customers to receive compensation for specific service quality breaches.

MYSTERY SHOPPING AND THE CODE OF PRACTICE

In 2017, the OUR organized the first Quality of Service Symposium based on the findings of the 2016 National Consumer Satisfaction Survey. Among the objectives of that Survey was the use of the findings to continually implement policies aimed at improving the quality of customer service delivered to utility consumers. The OUR has continued to conduct Mystery Shopping surveys for the last three years. These surveys have measured, *inter alia* the current levels of in-store customer service provided by the regulated utility providers; customer satisfaction in relation to the provision of prescribed utility services, such as: service quality, specifically customer experience; the levels of improvements in the provision of in-store customer service, customer service provided by the operators' call centres; and overall customer satisfaction rating for each service provider.

Following on these surveys and their findings, the OUR has been convening Annual Symposiums on Utilities Customer Service and Quality of Service (QoS) Improvement, the first of which was held in 2017. These events provide a forum for customer service representatives from the OUR, as well as major and small utility providers examined the findings of the Mystery Shopping as well as utilities customer service issues. They have also provided a consultative forum for the development of a Code of Practice for complaints handling and customer service. The Code of Practice (COP) was developed by the OUR in collaboration with key personnel from the utilities service providers, namely: JPS, NWC, Digicel and Cable and Wireless/Flow, as well as small private service providers, and builds on some of their existing customer service practices. The COP has been adapted by the service providers in the implementation of their various processes and is currently being reviewed internally by the OUR to improve on how it is monitored.

COMPREHENSIVE REVIEW OF GS FOR NWC AND JPS

As the Regulator, the OUR has established QOS standards for the electricity, water and sewerage sectors. These standards consist of the Guaranteed Standards (GS) Scheme and the Overall Standards (OS). The GS Scheme consists of a compensatory mechanism for breaches of the prescribed standards, while the OS sets prescribed service level targets to be attained, however, no compensatory payment is attached where the service providers do not attain the targets.

Over the years, the OUR has included reviews of the Quality of Service standards in its tariff process. The opportunity presented, however, holds limited latitude to undertake any in-depth assessment to sufficiently garner the public's views of the Scheme. Accordingly, the OUR is in the process of conducting a public consultation to focus on assessing the Guaranteed Standards for JPS and the NWC.

The OUR's review is intended to ascertain the:

a. Relevance of the existing GS Schemes for JPS and the NWC;

b. Changes, if any, that are needed to ensure that the GS Schemes are meeting the needs of customers; and

c. Level of satisfaction or dissatisfaction with the areas of focus under the existing GS Schemes.

The result of this consultation will play a critical role in any decision to amend the GS scheme.

SUM SECURED FOR UTILITY CONSUMERS

The sum secured for customers as a result of the OUR's investigation of appeals and complaints amounted to $1.6 million. In relation to the GS, JPS committed a total of 68,300 breaches that attracted potential compensation of approximately $149.3 million. JPS however, has applied to the Ministry of Science, Energy and Technology (MSET) for *force majeure* relief and that decision was still pending at the end of the period. The NWC for its part, committed a total of 2,442 breaches, however actual payments amounted to approximately $2.31 million, representing 26% of total potential sum, with the remaining sum not being paid as the required claim forms were not submitted.

PUBLIC EDUCATION

Forced to abandon the usual face-to-face engagement with the public, the OUR was challenged to focus more on other channels of communications. For JPS' 2019-2024 tariff application (considered in 2020) greater use was therefore made of emails, direct contacts with special interest groups, and use of our social media channels as the primary means of communication.

Similarly, community outreach was also conducted through online platforms. One immediate drawback to this was that it meant that many underserved utility customers could not always afford to purchase enough data to attend our virtual meetings. The OUR will continue to explore cost-effective and safe options to reach such members of the public. The continued willingness of the major utility providers to participate in these meetings, interact with their customers, hear customer experience and commit to quickly resolve complaints for which there might be quick fixes, is commendable.

The last National Customer Satisfaction Survey in 2019, revealed that only 56% of respondents knew something, most or everything about JPS' GS, whilst for the NWC's GS, the equivalent figure was 52%. Not satisfied with the level of awareness, the OUR developed and executed a GS Jingle competition to help bridge the knowledge and awareness gap. We are heartened by the quality of many of the submissions, and the number of persons who took the time to research the GS so they could include aspects in their lyrics. The winning entry will form a part of a GS campaign for 2021/22.

Webinars remain a key conduit through which to reach stakeholders as they are encouraged to log on, participate, and seek clarification on the topic of the moment. These continued apace, and stakeholders can always watch or re-watch these webinars at their convenience on our *YouTube* channel.

The OUR's Information Centre (OURIC) has been moving to digitize the OUR's content, as a way through which stakeholders can access materials generated by the regulatory agency, as well as other resource materials, online. Work will continue on this in the upcoming year. I am also pleased that through our Information Centre, we have been engaging our regional regulators with a view to establishing an information-sharing partnership. At the end of the review period we begun signing Memorandum of Understanding to cement that relationship.

The OUR's initiative of using social media as another complaints handling channel, has been a boon to consumers who throughout the onset of the pandemic, were able to submit their complaints via Direct Messaging to our Consumer Affairs Unit. Social media has also been used to good effect to ramp up our messages of consumer rights and responsibilities as well as promote our Guaranteed Standards Jingle Competition and the content of our webinars, which have been placed on *YouTube*.

In the upcoming year, focus will be placed on more video content as a move to create more options for persons to get information, comprehend and be educated about the work of the OUR. It is also intended to consider developing OUR TV, to broadcast a variety of audio-visual content.

TELECOMMUNICATIONS SECTOR

The pivotal role of the telecommunications sector was very much on display in 2020/21. In a relatively short period, providers were asked to ramp up access, increase capacity rapidly and improve network reliability to: sustain work from home, learn from home, school from home, shop from home, worship from home, and party from home. The sector was key to the country's ability to maintain social distancing even while being connected and allowing for some semblance of normality.

Even so, there were, and remains a great deal of complaints about such matters as:

- Inadequate bandwidth;
- Network congestion;
- Latency;
- Drop calls; and
- Rapid credit depletion
- And spotty broadband penetration

There were, however, a number of commendable developments during the year.

One mobile company reported that it experienced the equivalent of 12 months of traffic growth in a two and a half month period; increased its mobile core capacity by over 50% to meet demand during the year; and secured significant increase in international capacity in very short order. Another reported a 60% increase in international off-island internet capacity; backhaul capacity increase of over 25% to handle growth and increase in subscriber traffic; 17% expansion of its LTE network to facilitate increased demand for mobile data; and doubling of cache capacity to allow for faster access to content.

Of note, during the period, thirteen (13) new carriers and 12 new service provider licences were issued, the highest such number issued in any 12-month period since 2015/16. In terms of projects on its regulatory agenda, there were two notable completions.

IMPROVING MARKET TRANSPARENCY – In June 2020 the OUR published a determination notice aimed at improving billing transparency. Elements of that decision became due for implementation later in the year and are being enforced. It includes requiring providers to, among other things, furnish customers with accurate information on: service description, taxes, break-out of charges, appropriate user alerts and applicable caps.

REVISION OF THE JAMAICAN NATIONAL NUMBERING PLAN – Following on the successful implementation of Ten-Digit Dialling, the next task was to revise the National Plan and Numbering Rules which govern the assignment of numbers to networks and users. I am happy to report that this was completed in 2020 June.

There are also a number of ongoing matters at various stages of completion which will form a part of the work plan for the next period.

ENSURING EQUIVALENCE IN ACCESS AND CHOICE FOR DISABLED END-USERS

The OUR's role prescribed in the Telecommunications Act includes the promotion of "universal access to telecommunications services for all persons". This makes it imperative that initiatives that are developed and implemented provide a minimum level of accessibility to telecommunications services for all persons residing in Jamaica.

The OUR has taken the view that ensuring the provision of telecommunication services for Jamaican consumers with disabilities is an important step towards ensuring that all Jamaicans can benefit from new ICT services and fully participate in the fulfilment of Vision 2030. This project therefore aims to assess whether or not access and choice for end-users with disabilities are equivalent, and will also identify and implement measures to address issues, ensuring equivalent access and choice.

A Consultation Document, inviting comments on proposals to improve access and choice in the telecommunications sector for Persons with Disabilities (PWDs) was ready for issuance at the end of the review year.

It will identify measures proposed to improve PWDs' access to, and choice of, telecommunications services.

Aspects of the OUR's proposed measures to improve Equivalence of Access and Choice include:

- Provision of Accessible Devices;
- Provision of Bills and Contracts in an Accessible Format;
- Provision of General Information on Services in an Accessible Format;
- Full Information to Persons with Disabilities on the Products and Services Suitable for Them;
- Accessible Customer Support Services;
- Accessible Directory Assistance Services; and
- Accessible Emergency Services.

REGULATORY TREATMENT OF OTTS

The proliferation of IP-based telecommunications networks has facilitated the decoupling of application and network layers and enabled Over The Top providers ("OTTs") to deliver their content and applications directly to end-users. In some cases, these OTTs provide services that are similar to those provided by traditional telecommunications operators. However, most existing regulations were developed with more static industries in mind and therefore were not designed to deal with such players. The project will examine how best to level the playing field between legacy firms and OTTs. Some modifications will be required following the review. The OUR expects to consult on this early in the new fiscal year.

REVIEW OF NUMBER PORTABILITY FRAMEWORK

The OUR continues to provide regulatory oversight of Number Portability which was implemented in Jamaica in 2015 July. During 2020/21 the OUR undertook a review of the current number portability framework with a view to address challenges as well as align the framework with international best practices. Additionally, the Number Portability Administrator's annual fee was fixed for five years, which means that the licensee can apply for a tariff review during 2020/21.

MAJOR WORK PLANS FOR THE ICT SECTOR

We have identified the following as the major work plans for the ICT sector: enhancing the level of competition; improving network quality and reliability; deployment and access to broadband; and providing a range of options for consumer redress.

Specific projects goals include:

- Maximizing access to, and the adoption of affordable fixed and mobile broadband and Wi-Fi;
- Promoting a competitive market for telecommunications services to foster innovation and investments and for consumers to have meaningful choices in affordable services;
- Specific initiatives aimed at providing consumers greater protection in respect of their empowerment and the availability of options to pursue redress;
- The adoption of an open and receptive regulatory approach to initiatives, actions, technology and investments which foster a dynamic and innovative market for ICTs, the adoption of new and emerging technologies and services, entrepreneurship, and expanded economic opportunities; and
- Promoting the availability of reliable, interoperable, redundant, rapidly restorable critical telecommunications infrastructures that are supportive of all required services.

Some of the projects in support of this include:

- Greater engagement with small providers to assess their influence and potential to enhance completion
- The establishment of outage protocol for telecommunications sector – given the level and scale of disruption that such outages can cause, it is considered an imperative to establishing notification processes in the event of service disruptions or failures; and consultation on:
  - Changes to Number Portability Rules – This is to recognize and take account of industry changes.
  - A Digital agenda for Jamaica – if 5G is inevitable how does the country (policy makers, regulator, and other stakeholders) chart a course for it and ensure that it is leveraged for development.
  - The use of IMSIs (IMSI) on Fixed Networks – the use of LTE technology to provide fixed services contingent on the employment of International Mobile Subscriber Identity (IMSI). IMSI is viewed as a potential completion enhancer.

ASSESSING THE POTENTIAL FOR JAMAICA'S DIGITAL TRANSFORMATION

Given the importance of broadband to Jamaica's development, it is necessary to conduct an assessment of the cost and benefits of 5G deployment in Jamaica as well as possible deployment strategies and barriers. It is expected that the output of this project will provide ICT policy makers and regulators with an understanding of how 5G deployment can impact the country's digital transformation objectives and whether any proactive and deliberate (direct and indirect) interventions on the part of the public sector will be required. This initiative will be closely coordinated with other stakeholders, including work being undertaken by MSET.

ELECTRICITY SECTOR

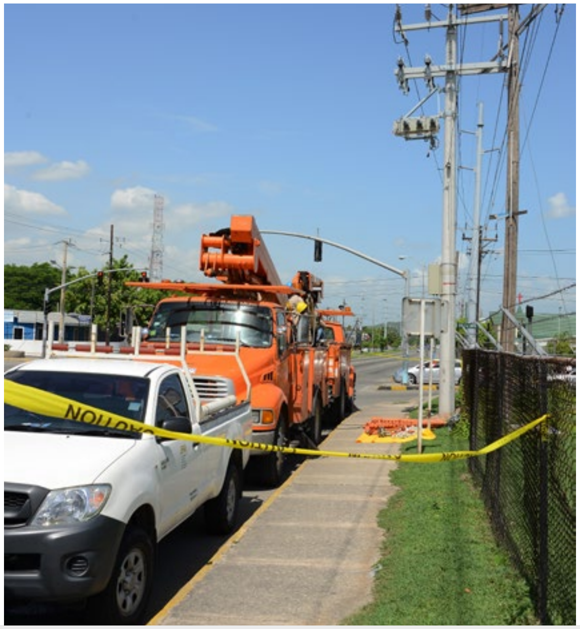
The following strategic goals have been developed from the sector and were the focus of projects and activities during the review period:

- ★ Improving accessibility to affordable electricity by ensuring economic and competitively priced electricity service to consumers.
- ★ Ensuring stable and reliable electricity supply service is provided to customers island-wide.
- ★ Facilitating initiatives to improve electricity grid resiliency to reduce the vulnerability of supply disruptions caused by events of natural disasters (e.g. hurricanes and earthquakes) and factors outside of the country's control.
- ★ Supporting measures to reducing in a sustainable manner, the high level of system losses impacting negatively on customers and the system operator.
- ★ Facilitating the Government's National Energy Policy imperative to create fuel diversity and reducing the dependency on imported fuel supplies by increasing economic renewable energy contribution to the country's energy mix.
- ★ Improving customer choices by facilitating more service options, including the ability to self-generate while mitigating the negative price impact on the grid.

A number of important Work Plan projects were completed and/or advanced for the sector over the review period.

DEVELOPMENT OF THE ELECTRICITY VEHICLE POLICY – The OUR considers itself a forward looking regulator whose role include constantly surveying the marketplace to spot emerging opportunities and needs, and configuring the regulatory environment to facilitate and adopt innovation and changes. There are strong indicators that Electric Vehicles (EV) will be the wave of the future and the next five years will see dramatic increases in the use and presence of such vehicles. The OUR is seeking to play a pivotal role in ensuring that the policy and regulatory environment are conducive to the kind of infrastructure, supply and consumption patterns and investment opportunities that are likely to emerge. The OUR has therefore begun to engage a consultation process that is envisaged to end with policy advice to government on *inter alia*, the legal and policy framework, the fiscal regime to be pursued, removal of potential impediment, and how to address environmental concerns.

REVIEW OF LOSSES FRAMEWORK – The matter of losses computation is a vexed issue and is of ongoing concern to the OUR. Some of the considerations surrounding losses, especially relating to its detection, are being addressed by the push to encourage greater use of smart technology such as the smart meter funding allowed the JPS in previous years. Additionally, the OUR has led a working group including JPS and the Jamaica Social Investment Fund, that have made specific proposals to the government on the conduct of pilot studies to manage electricity losses. The major loss management activities engaged during the year constituted the review and establishment of new losses targets as part of the JPS 2019/2024 tariff review application. It is clear however that this is an issue requiring further study, and the OUR has committed to include it in its work plan for the next period.



2019-2024 RATE REVIEW DETERMINATION NOTICE

JPS' 2020 Tariff Application proved to be a year-long exercise with the Determination Notice only published in 2020 December. The decision saw average marginal increase in tariff of just under 1%. It also made forward looking provisions for the inclusion of an Electric Vehicle tariff and the rates have been structured to encourage greater time-of-use pricing. Subsequent to the issuance of the decision, JPS filed an Appeal with the Electricity Tribunal challenging aspects of the Determination Notice. The appeal will be heard in 2021/22.

PUBLICATION OF POWER WHEELING TARIFF METHODOLOGY

Work was also completed on the development of a methodology for determining power wheeling tariff, and this was published as a Determination in 2020 June.

JPS Corporate Area Bulk Capacitor Bank & GT10 Hot Gas Path Inspection Project - The OUR also received and analysed a proposal from JPS for the OUR to approve investment totalling US$3.7 million on what it dubs a Bulk Capacitor and Hot Gas Inspection Project targeted to ensure that electricity supplied to the Corporate Area remains stable in the wake of retirement of some 68.5 MW of outmoded generation capacity at the Hunts Bay plant. JPS contends that this investment is necessary to avert grid security problems and operational constraints in that area of the network, ahead of the planned Old Harbour to Hunts Bay 138 kV transmission line set for commissioning at the end of 2023. Given the real risk of instability to the power system, the OUR has indicated that the proposal will be given favourable consideration. The decision, however, will be made in the next fiscal period.

ENERGY STORAGE OPTIONS AND DISTRIBUTED ENERGY RESOURCES

As part of its emphasis on promoting grid stability even while encouraging the foray into renewables, the OUR is disposed to the approval of storage facilities and distributed energy resources as part of the electricity delivery infrastructure, Last year we reported on the near completion of one such capacity, a 24.5 MW hybrid storage system based on Lithium Ion Battery and Flywheel storage technologies. We are pleased to report that the commissioning report for that facility was provided to the Office in 2020 May and the costs of the investment has been approved for recovery in the approved 2020 JPS tariff decision.

SYSTEM PERFORMANCE

The performance of the electricity sector in terms of such indicators as: growth in the number of customers/accounts, movement in net generation, magnitude of losses and reliability performance measures (SAIFI, SAIDI, and CAIDI) presented a mixed bag for the review year. For the period, net generation fell by just under five percent even while JPS grew its customer base by just under one percent. Systems losses of 28.3% representing a 1.98 percentage point change relative to 2019, were also headed in the wrong direction, representing a turnaround from incremental decreases in recent year.

WATER AND SEWERAGE SECTOR

We may be a long way from it, but our objective for this sector remains the attainment of modern, efficient, reliable and affordable service. Specific supporting goals include:

- NRW reduction;
- Achieving fuel efficiency;
- Service reliability;
- Service resilience;
- Enhanced infrastructure development;
- Increased private equity participation.

ANNUAL ADJUSTMENTS AND TARIFFS

2020/21 was not the most active of year in terms of the regulatory agenda for the water and sewerage sector. Issued tariff decisions, however, included verification of Annual Price Adjustment for both the National Water Commission (NWC) and Dynamic Environmental Management Limited (DEML) under their respective Annual Price Adjustment Mechanism (ANPAM) and approval of tariff for private water provider, Richmond Environmental Services Limited (RESL). A decision on tariff approval for Runaway Bay Water Company Limited (RBWC) was also close to publication at the end of the year.

ANPAM adjustments reflect increase essentially indexed to inflation and involves the OUR ensuring that these are accurately completed. With respect to tariff determination, the practice continues where, in the absence of robust costing rates applied for, are approved on a "non-objection" basis once they are below those approved for the NWC or a similar private provider. Notably, the practice to hold public consultation is also robustly applied in respect of applications by private providers.

OTHER REGULATORY ACTIVITIES AND INITIATIVES – ONGOING AND UPCOMING

As indicated earlier in this report, the NWC applied for, and the Office granted, on a select basis, exemptions from a number of the Guaranteed Standards in the first few months of the pandemic. A further application by NWC was denied but the Office allowed some easing in the deemed K- Factor requirements to account for the sharp fall off in collection in the wake of the pandemic. We were also pleased to note the sustained efforts by the NWC to reduce the levels of its receivables.

Notably, the rates approved by the OUR for NWC in 2019 were interim and so the Commission is to submit an application prior to 2021 October 31 for a review of its rates and service standards. An essential point of consideration for that upcoming review will be to get a credible valuation of NWC's asset base. The OUR has signalled this to NWC and provided comments on the terms of reference to undertake this during the period.

We continue to take the view that Public Private Partnership (PPP) structured water and sewerage projects provide a viable option for addressing the capital infrastructure gap in the water and sewerage sector. The OUR is therefore committed to helping to es-

tablish a framework conducive to the use of such instruments. In this regard, it is noted that at least one such project aimed at bringing water from the Rio Cobre into the Corporate Area, and which has already received the OUR's preliminary approval, is likely to become active in the next period.

Other water and sewerage matters that occupied resources during the period include monitoring the inflow and outflow of K Factor funds which exceeded J$5.85 and $3.86 billion respectively, during fiscal 2020/21. A major current use of the K Factor funds is to fund loss reduction for which MIYA Water Jamaica Limited has been engaged to work in partnership with the NWC. The OUR is constrained to note that while the reductions in losses for Kingston and St. Andrew are quite impressive, it is still a disappointment that this, so far, has not affected the bottom line in terms of overall losses.

GENERAL COMMENTS, OUTLOOK AND CONCLUSION

The matter discussed herein and in other parts of this report, evidence the scope, magnitude, quality and complexity of the mandate that the OUR is required to discharge. They should also serve to underscore the point that to do this effectively, requires the engagement, maintenance and retention of diverse skill sets, effective institutional arrangements, committed and motivated professionals and ready access to cutting edge technology and practices.

Even with full deference to modesty, it is fair to say that on the evidence, the OUR turned in another year of impressive outputs and did so in the face of unique challenges. Those posed by the pandemic are relatively obvious and have already been well stated, but I was particularly impressed with the ease with which the staff was able to move to work remotely even while maintaining the cohesion and synergy necessary to carry out their responsibilities. This was greatly assisted by the fact that the OUR has sought to ensure that it deploys a modern and reliable technology infrastructure which ensures that staff are equipped with the relevant portable device and security to access our network.

Last year we noted the government's expressed intention to confer responsibilities on the OUR for the regulation of liquid petroleum and natural gas. It is our understanding that while this has not apparently progressed beyond the announcement in the review period, it is still the intention and consequently, the OUR continues to view this as a contingency for which it must plan. Additionally, towards the end of the year, there was a persistent clamour from some public transport operators for the OUR to be given responsibilities for regulating their rates and charges, and there was also some indication of concurring sentiment within the government.

The OUR interprets these calls as indicators of the confidence that resides in its work and reputation as an independent regulator. Further, we stand ready to take on these additional responsibilities provided they come with the attendant authority and freedom to mobilize the required resources.

Now while we commend our performance, we are also conscious of shortcomings during the period. Notably, the JPS' five-year tariff review took much longer than the stipulated completion period and indeed proved a year-long exercise. We will need to redouble our efforts to secure greater expedition on matters of this nature. At the same time there is a sense that the time allocated for this exercise may not be sufficient and that it bears revisiting.

There are also a number of work plan items that have moved slower than projected, particularly in the telecommunications and water and sewerage sectors. In some instances this reflected the combined effect of the pandemic and shortage of resources in terms of critical skills set. It is also the case that the normal programme is often subject to frequent requests from ministries, other government agencies and international bodies to provide input, analysis and advice on a range of matters within our competencies.

In an attempt to improve our project management skills we have, over the course of the last two years, subjected our team members to training in project formulation, planning and management. I am hopeful that this will bear dividend in the near future in terms of reduction in the time lags between projected and actual completion dates for our activities and projects.

While the pandemic essentially shut down international travel for work, learning and training, this did not diminish our participation in such activities using the available virtual platforms. We therefore continued our involvement both in the region and far afield, participating in a range of such events and burnishing the OUR's reputation as a leading utilities regulator.

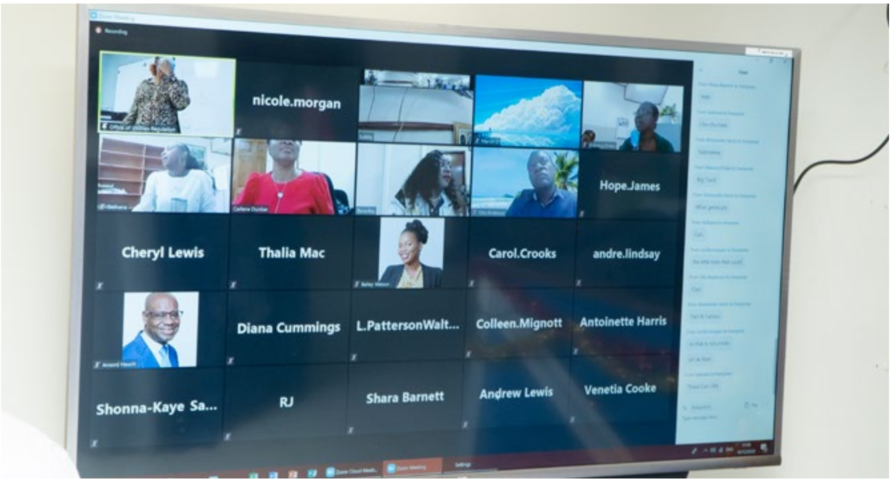
We also undertook a number of programmes and activities during the year, directed at improving the wellbeing and the physical and mental wellness of our employees. So there has been an enhanced focus on promoting health and wellness and equipping our employees for life within, outside of, and after the OUR.

Emphasis on training and development has always been a distinctive feature of the OUR, and this continues to be the case. As I have often said internally, the OUR's approach should be to "aim to recruit the best people, do the best by them and get the best out of them". In this regard, it is noted that two activities (an Institutional Review funded by the IDB and a Talent Management and Succession Planning Consultancy) completed during the review period, have highlighted an urgent need to address issues relating to closing skills gap, succession planning and institutional alignment.

Arising from these outcomes, a plan has been formulated to: seek the requisite approval to increase the organization's approved staff complement to address the skills and competency gap; realign a number of departments, positions and reporting relationships; develop and execute successions plans for all critical positions; and continue to seek approval for the OUR to pay market rates to attract and retain the highly specialised skills required in key core areas. I am hopeful that we will be able to convince the powers that be that attending to these matters are both urgent and vital to the very survival of the organization and to reduce the attendant risk from having an ineffective or hamstrung regulator in these most critical economic areas.

As I did last year, it is again my lot this year to note, this time, the passing of a current and a former employee. Ms. Camile Rowe who was undoubtedly among the OUR's brightest and best, passed after a rather sudden and brief illness. Camile's analytical skills, grace under pressure and generosity of spirt which knew no bounds, made her a loved and valued colleague. Her passing represented both the loss of a critical skill and someone who made us all perform better by her presence. The OUR's first employee and longstanding Director of Human Resource and Administration, who retired in 2017 December, Carolyn Young, also passed just after the close of the year. Carolyn was, among other things, celebrated for her love for and fierce protectiveness of the OUR, her tendency to mother everyone at the OUR and for some of the talented persons she was instrumental in engaging. We are thankful for the services of those who have passed and treasure the goodness they have bequeathed us.

The OUR continues to be served by an excellent staff, many of whom stay with the organization not because of the remuneration or indeed despite of, but more so, because of their sheer enjoyment of the nature of the work, the collegial relationship, the intellectual stimulation of engaging with likeminded professionals and the satisfaction engendered by the embedded national contribution. To you, I say a special thanks for your contribution through a particularly difficult year.



The appointed members of the Office continue to give far more than they signed up for. They spend long hours poring over our documents, engaging in discussions, providing advice and offering strategic guidance. It is my continued hope that the enjoyment of the work makes up for the extended efforts we extract from them. The OUR and by extension, Jamaica, is immensely fortunate to have the benefit of your services.

The OUR continues to view its functions as critical to national development. We are therefore committed to: ensuring that the organization remains fit for purpose by maintaining the optimum structure and attracting, developing and retaining the right personnel; continuing to operate fairly, impartially and consistently, and remaining transparent and accessible to all our stakeholders.

We invite you to continue to hold us accountable, engage with us, demand the best of us and yes, it also does not hurt for you to continue to offer the occasional word of commendation be it by traditional mail, e mail, or via traditional and social media.

SUMMARY OF PUBLICATIONS

TELECOMMUNICATIONS SECTOR		
Category	**FY April 2020 – March 2021**	**FY April 2019 – March 2020**
Determination Notices	★ Improving Information Transparency in Telecommunications Markets ★ The Jamaican National Numbering Plan and Dialing Plan & The telecommunications Numbering Rules ★ Update of Cost Model for Fixed Termination Rates - Principles and Methodology ★ Number Portability Administration Fees, 2020 ★ Assessment of Fixed Infrastructure Sharing Costs - Principles and Methodology	★ Number Portability Administration Fees, 2019 ★ Improving Information Transparency in Telecommunications Markets
Quarterly Sector Reports	★ Telecommunications Market Information Report January - March 2020 ★ Telecommunications Market Information Report April - June 2020	★ Telecommunications Market Information Report 2018 October – December ★ Telecommunications Market Information Report 2019 January – March ★ Telecommunications Market Information Report 2019 April – June ★ Telecommunications Market Information Report 2019 July – September ★ Telecommunications Market Information Report 2019 October - December
Directives	★ Directive to Cable & Wireless Jamaica Limited to comply with the Office of Utilities Regulation's Request for the submission of information in relation to the Telecommunications Market Information Requirements ★ Directive to Columbus Communications Jamaica Limited to comply with the Office of Utilities Regulation's Request for the submission of information in relation to the Telecommunications Market Information Requirements ★ Directive to DIGICEL (JAMAICA) Limited To Cease and Desist Activities in the Porting Process that are in Contravention of the Industry Number Portability Guidelines ★ Directive To Cable & Wireless Jamaica Limited to Cease and Desist Activities in the Porting Process that are in Contravention of the Industry Number Portability Guidelines	★ None.
Decisions	★ Jamaican National Numbering Plan and Dialing Plan - Final Decision	★ None.
Rules	★ Telecommunications Numbering Rules and Number Assignment Guidelines	★ None.
Guidelines	★ Technical Requirements for Telecommunications Licenses Application	★ None.

TELECOMMUNICATIONS SECTOR		
Category	**FY April 2020 – March 2021**	**FY April 2019 – March 2020**
Consultation Document	★ Update of the Mobile Cost Model in Jamaica ★ Estimate of the Weighted Average Cost of Capital for Telecommunications Carriers ★ Update of the Cost Model for Fixed Termination Rates – Public ★ Update of the Cost Model for Fixed Termination Rates – Confidential ★ Cost Model for the assessment of Fixed Infrastructure Sharing Rates - Draft Model ★ Ensuring Equivalence of Access and Choice for Persons with Disabilities in the Telecommunications Markets	★ Improving Information Transparency in the Telecommunications Markets ★ Review and Revision of the Jamaican National Numbering Plan & The Telecommunications Numbering Rules ★ Update of the Fixed Cost Model and Assessment of Fixed Infrastructure Sharing Cost - Principles and Methodology

ELECTRICITY SECTOR		
Category	**FY April 2020 – March 2021**	**FY April 2019 – March 2020**
Determination Notices	★ Electricity Wheeling Tariff Methodology ★ JPS 2019-2024 Tariff Review Determination Notice	★ JPSCo. Ltd. - Operational Treatment of GT8 Replacement Capacity
Responses	★ None.	★ Notice of Proposed Rule Making - Accounts Separation Guidelines for JPSCo. Limited - OUR's Comments on Responses to NPR ★ OUR's Comments on Responses to Electricity Wheeling Tariff Methodologies Consultation Document
Directives	★ Directive to JPSCo. Ltd .to Adhere to Existing Billing Quality Control Procedures	★ None.
Consultation Document	★ None.	★ Power Wheeling Tariff Methodology
Public Notice	★ Net Billing Energy Prices (February) 2020 ★ Net Billing Energy Prices (Mar) 2020 ★ Net Billing Energy Prices (April) 2020 ★ Net Billing Energy Prices (May) 2020 ★ Net Billing Energy Prices (Jun) 2020 ★ Net Billing Energy Prices (Jul) 2020 ★ Net Billing Energy Prices (Aug) 2020 ★ Net Billing Energy Prices (Sep) 2020	★ Net Billing Energy Prices (March) 2019 ★ Net Billing Energy Prices (April) 2019 ★ Net Billing Energy Prices (May) 2019 ★ Net Billing Energy Prices (June) 2019 ★ Net Billing Energy Prices (July) 2019 ★ Net Billing Energy Prices (August) 2019 ★ Net Billing Energy Prices (September) 2019 ★ Net Billing Energy Prices (October) 2019 ★ Net Billing Energy Prices (November) 2019 ★ Net Billing Energy Prices (December) 2019 ★ Net Billing Energy Prices (January) 2020
Addendum	★ Addendum to Jamaica Public Service Company Limited Rate Review 2019 – 2024: Determination Notice	★ Addendum to Final Criteria – Jamaica Public Service Company Limited: 2019 – 2024 Rate Review Process
Request for Proposal	★ None.	★ Expert Advice on JPSCo. Limited Productivity Study ★ Expert Advice on the Jamaica Public Service Company Limited's Updated Productivity Study ★ Consultancy for JPS' Consultations ★ Consultancy Services to Conduct Financial Evaluation of Jamaica Public Service Limited Investment Plan
Service Level Agreement	★ None.	★ JPS Service Level Agreement
Rules	★ None.	★ Accounts Separation Guidelines for the JPSCo. Limited - Rules and Procedures for Operation ★ Code Review Panel Rules of Procedure
Other Reports	★ OUR - Advanced Electricity Meters Investigation	★ None.

WATER AND SEWERAGE SECTOR		
Category	**FY April 2020 – March 2021**	**FY April 2019 – March 2020**
Determination Notices	★ National Water Commission Annual Price Adjustment Mechanism - 2020 Rate Adjustment ★ Tryall Golf & Beach Club Limited - Connection/Reconnection Fees ★ Enhancing Customer Satisfaction through Customer Contact Centre Standards for the Jamaica Public Service Company Limited and the National Water Commission ★ Dynamic Environment Management Limited Annual Price Adjustment Mechanism - 2020 Rate Adjustment ★ Runaway Bay Water Company Limited Water and Sewerage Rates ★ National Water Commission Annual Price Adjustment Mechanism - 2021 Rate adjustment	★ St. Jago Hills Development Company Limited - Interim Water Rates ★ NWC Interim Tariff Review - Determination Notice 2019 – 2021 ★ KEMTEK Development & Construction Ltd - Interim Water Rates ★ Tariff Determination Notice - Dairy Spring Limited ★ Richmond Environmental Services Ltd. - Interim Water and Sewerage Rates
Request for Proposal	★ None.	★ Expert Advice on the NWC's 'K' Factor Enhancement Study
Service Level Agreement	★ None.	★ NWC Service Level Agreement

GENERAL REGULATION		
Category	**FY April 2020 – March 2021**	**FY April 2019 – March 2020**
Quarterly Reports And Quarterly Performance Reports	★ Quarterly Performance Report - 2020 January – March ★ Quarterly Performance Report - 2020 April – June ★ Quarterly Performance Report - 2020 July – September ★ Quarterly Performance Report - 2020 October - December	★ CPA Quarterly Performance Report - 2019 January – March ★ CPA Quarterly Performance Report - 2019 April – June ★ CPA Quarterly Performance Report - 2019 July – September ★ CPA Quarterly Performance Report - 2019 October – December ★ Quarterly report to MOFP - 2019 January – March ★ Quarterly report to MOFP - 2019 April – June ★ Quarterly report to MOFP – 2019 July – September ★ Quarterly report to MOFP - 2019 October – December
Other Reports	★ OUR's Investigation Report into Customer Complaints of high billing by the Jamaica Public Service Company Limited	★ Annual report on sector activities to the Planning Institute of Jamaica (PIOJ) - 2019 January – December
Policy Document	★ None.	★ Due Diligence Policy - Application for the Grant and Renewal of Licences & Application for Approval of Assignment or Transfer of Licences or Transfer of Control of Operations
Recommendation	★ OUR's Analysis and Recommendation to MSET on the Request from JPS for Force Majeure Relief of Specified Quality of Service Standards	★ None.

THE EXECUTIVES

DIRECTOR-GENERAL
Ansord E. Hewitt

DEPUTY DIRECTOR-GENERAL
Maurice Charvis

DEPUTY DIRECTOR-GENERAL
Cheryl Lewis

DEPUTY DIRECTOR-GENERAL
Cedric Wilson

EXECUTIVE ASSISTANT
Shanique Hylton Nunes

DEPARTMENTAL REPORTS

OFFICE OF UTILITIES REGULATION

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 Office Chairman, sets the regulatory agenda and ensures that matters before the Office are dealt with expeditiously. The STTO is also responsible for Licence Application processing, the development of the Corporate Plan, and the OUR's external relations.

SECRETARY TO THE OFFICE
Ambassador Peter Black (Demitted Office 2020 April)

SECRETARY TO THE OFFICE
Diana Cummings (Appointed 2021 January)

LICENSING OFFICER
Carlene Dunbar

PROJECT/ RESEARCH OFFICER
Thalia McPherson

CORPORATE BUSINESS PLAN

In accordance with the requirements of the Public Bodies Management and Accountability Act, the OUR's 2021-2025 Corporate Business Plan and Budget were submitted to the Ministry of Finance and the Public Service by the statutory deadline of 2020 December 31. The OUR endeavours to complete activities within the timeframes outlined in the Plan, and the achievements are highlighted in the various sector reports.

ORGANIZATIONAL GOVERNANCE FRAMEWORK

The OUR received non-reimbursable technical assistance from the Inter-American Development Bank (IDB) to perform the following:

1. Develop an organizational governance framework with related protocols to support the decision-making process between the Office and the OUR's executive management.
2. Perform a comprehensive review of the policy, legal and regulatory framework governing the sectors regulated by the OUR.
3. Strengthen institutional structure, human and material resources and support systems.

The OUR engaged a consultant, and coordination of activities for the project was done through the STTO Department. Item 1 above was completed in 2016 August. Items 2 and 3 were completed within the review period. The OUR will now act on recommendations coming out of the Study and commence implementation as approved by the Office and in some instances, by the Ministry of Finance.

LICENCES

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

TELECOMMUNICATIONS SECTOR

There were several applications for Telecommunications licences during the review period. The OUR conducted the usual due diligence exercise, resulting in recommendations for grant of licences to the following entities:

TABLE 1 – TELECOMMUNICATIONS LICENCE APPLICATIONS PROCESSED IN 2020/2021

	Licences Application Received from	Licences Category	New (N)/ Re-newal (R)	Licences Issued
1	Woke Communications Limited	Carrier Service Provider	N N	★ International (Voice and Data) ★ Domestic Voice Services ★ Internet Service Provider ★ Carrier
2	Stars Cable Company Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Carrier
3	Vionet Enterprise Limited	Carrier Service Provider	N N	★ Internet Service Provider ★ Carrier

	Licences Application Received from	Licences Category	New (N)/ Re-newal (R)	Licences Issued
4	Network Cable Services Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Carrier
5	Apito Limited	Carrier Service Provider	N N	★ Internet Service Provider ★ Carrier
6	McKoy Cable Television Company Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Internet Service Provider ★ Carrier
7	Verge Communication Limited	Internet Service Provider	R	★ Internet Service Provider
8	JACS Cable Limited	Carrier Service Provider	N N	★ Internet Service Provider ★ Carrier
9	EZMZE Company Limited	Carrier Service Provider	N N	★ Internet Service Provider ★ Carrier
10	Radio Jamaica Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Internet Service Provider ★ Carrier
11	Tendo Telecom Limited	Carrier Service Provider	N N	★ International (Voice and Data) Services ★ Domestic Voice Services ★ Internet Service Provider ★ Carrier
12	Home Time Entertain-ment Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Internet Service Provider ★ Carrier

	Licences Application Received from	Licences Category	New (N)/ Re-newal (R)	Licences Issued
13	NYCMAR Communica-tion Limited	Carrier Service Provider	N N	★ Internet Service Provider ★ Carrier
14	CTL Limited	Carrier Service Provider	N N	★ Internet Service Provider for Subscriber Television Operators ★ Internet Service Provider ★ Carrier
15	Rock Mobile Limited	Carrier Service Provider	N N	★ International (Voice and Data) Services ★ Internet Service Provider ★ Domestic Voice Services ★ Carrier
16	Island Networks Limited	Domestic Voice Services International Ser-vice Provider Internet Service Provider Domestic Carrier	R R R R	★ Domestic Voice Services ★ International Service Provider ★ Internet Service Provider ★ Domestic Carrier

WATER AND SEWERAGE SECTOR

In 2020/21, there were two (2) new applications for Sewerage Service Provider licences. One for the Kemtek Development Limited (Kemtek) and the other for Drax Hall Utilities Limited. The recommendation for the grant of the licence to Kemtek is with the relevant Ministry. The application for Drax Hall Utilities Limited is still being processed.

Four Rivers Development Limited applied for renewal of its Water Supply Licence. The recommendation is with the relevant Ministry.

CONSUMER & PUBLIC AFFAIRS DEPARTMENT (CPA)

The Consumer & Public Affairs Department incorporates consumer affairs through the Consumer Affairs Unit (CAU) and public affairs, through the Public Affairs Unit (PAU) and the Information Centre (OURIC). It also supports the work of the Consumer Advisory Committee on Utilities (CACU), an independent advocacy group whose operations are facilitated by the OUR.

DIRECTOR - CONSUMER & PUBLIC AFFAIRS
Yvonne Nicholson

SPECIALIST – CONSUMER AFFAIRS (POLICY)
Collette Goode

PUBLIC EDUCATION SPECIALIST
Elizabeth Bennett-Marsh

COORDINATOR – CONSUMER AFFAIRS (OPERATIONS)
Naomi Watkins

COORDINATOR PUBLIC AFFAIRS
Gordon Brown

COORDINATOR – OURIC/INFORMATION OFFICER
Colleen Mignott

COORDINATOR PUBLIC AFFAIRS (SOCIAL MEDIA)
Ryan Riley

CONSUMER AFFAIRS OFFICER
Jodian Coultman

CONSUMER AFFAIRS OFFICER
Beverley Green

CONSUMER AFFAIRS OFFICER
Shara Barnett

CONSUMER AFFAIRS OFFICER
Jade-Anne James

ADMINISTRATIVE ASSISTANT
Liana Haffenden

CPA administers the consumer affairs regulatory functions of the OUR, monitors and evaluates the customer service performance of all regulated utilities. In these capacities, it conceptualises, analyses and provides policy advice and recommendations to improve customer welfare, develops and implements all approved public education activities; serves as the primary point of contact for the general public; develops strategies and procedures for complaint resolution; spearheads all mass public consultations and manages the public image of the OUR.

With the COVID-19 pandemic delivering body blows to the well-being of both consumers and service providers across all sectors, the OUR was challenged to keep true to its consumer protection mandate. Once again, the work of the CPA department came to the fore.

Government-imposed Work from Home (WFH) order had the effect of increasing consumers' electricity usage within the early months of the pandemic (2020 March and April). The economic retreat of business activities curtailed commercial demand for electricity, particularly by JPS's larger customers. Consequent on these developments, the OUR saw significant increased customer contact regarding electricity rates during the second quarter of the financial year. There was also public outcry in the media (traditional and social) about receipts of high electricity bills.

In response to these complaints, the OUR commenced an investigation subsequent to which, the then Minister of Science Energy and Technology (MSET), also requested an enquiry into what was termed JPS's billing concerns. CPA led the investigation, which focused on an examination of changes in the electricity bills across customer categories and of the various billing components, to assess, inter alia: the extent of the increase in customers' consumption since 2020, compared to the corresponding billing periods in 2019; the impact of each billing component on total consumption charges; and the compliance level of JPS's billing practices with existing quality control procedures. The findings from the investigations are detailed later in this report.

Both NWC and JPS requested a reprieve from their Guaranteed and Overall Standards as a result of the operational and financial impact of the pandemic: NWC from the OUR and JPS from the Ministry. In 2020 April, the NWC's initial request for suspension of four (4) Guaranteed Standards (GS) was accepted by the OUR as the service provider cited its inability to consistently meet the GS performance targets. The OUR's review of the NWC's request resulted in approval being granted for the suspension of the four (4) requested GS: WGS 1, WGS 7, WGS 8 and WGS 10(a) for the period 2020 April 1 – June 30. Upon a second application, for the suspension of five (5) of its GS, the OUR denied the application but gave approval instead for an adjustment to the timelines for each of the five (5) specified GS from 2020 November 1 – 2021 January 31 (See Table 1).

Approval was given for an adjustment to the timelines for each of the five (5) specified Guaranteed Standards from 2020 November 1 – 2021 January 31, as outlined in **Table 1.**

TABLE 1: SUSPENSION AND ADJUSTMENT OF SOME NWC GUARANTEED STANDARDS

CODE	DESCRIPTION	PERFORMANCE REQUIREMENT	AMENDED PERFORMANCE (2020 NOV. 1 – 2021 JANUARY 31)
WGS 1	Connection to Supply	Maximum time of ten (10) working days to connect supply and install meter after establishment of contract.	Maximum time of twenty (20) working days to connect supply and install meter after establishment of contract.
WGS 7	Meter Installation	Maximum of thirty (30) working days to install meter on customer's request.	Maximum of sixty (60) working days to install meter on customer's request.
WGS 8	Meter Installation	Maximum of twenty (20) working days to verify and repair or replace meter after defect is identified by or reported to the NWC.	Maximum of forty (40) working days to verify and repair or replace meter after defect is identified by or reported to the NWC.
WGS 10(a)	Meter Reading	Maximum of two (2) consecutive estimated bills (where company has access to the meter).	Maximum of three (3) consecutive estimated bills (where company has access to the meter).
WGS 11	Reconnection after payment of overdue amount	Maximum twenty four (24) hours to restore supply.	Maximum forty eight (48) hours to restore supply.

JPS for its part, twice requested consideration by the MSET for *force majeure* relief from the GS and Overall Standards (OS). The requests specified the period for relief as the time "from the period commencing March 13, 2020 until 30 days after the Government lifts its designation of Jamaica as a disaster area and the said pandemic has been resolved". Up to the end of the review period the matter was unresolved. The amount due to consumers, barring any grant of *force majeure* relief, is $149.3 million in payments for 68,300 breaches of the GS from 2020 April to 2021 March. Notably, the GS relating to Estimated bills, Reconnection and Connection to Supply, accounted for approximately 99% of breaches and compensatory payments, respectively.

In the telecommunications sector, the OUR issued six Directives to market players as set out in a 2020 July Determination Notice titled: **Improving Information Transparency in Telecommunications Markets.** The Directives stemmed from the OUR's concern to protect consumers from: bill shock, unexpectedly high call charges for post-paid subscribers; 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, in the case of prepaid customers; and, the exhaustion of data plan credit when mobile data is disabled on their devices. They were also informed by the results of the OUR's investigation following increasing complaints from FLOW and Digicel customers about unexpectedly high bills for post-paid subscribers and rapid credit depletion in the case of pre-paid subscribers. Among other things, the directives require Digicel and FLOW to provide clearer pricing and framing information in their advertisements about their products and services and to underscore any limitation that may apply in the use of the service. Details are provided further in this report.

CONSUMER AFFAIRS HIGHLIGHTS

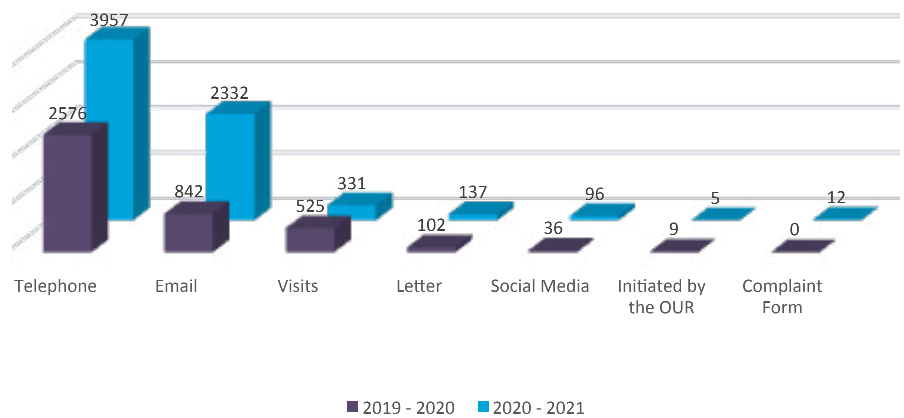
ACCEPTING CUSTOMER CONTACT BY PHONE, EMAIL AND SOCIAL MEDIA

A significant fall-out from the pandemic was the immediate withdrawal of face-to-face service for OUR's walk-in customers in 2020 March. This signalled a gradual move to a virtual complaints' handling environment. Although the Office remained open, the OUR activated its COVID-19 action plan which included a Work-from-Home (WFH) initiative, a limit on the number of staff and visitors, and a reduction of face-to-face engagement. Recognizing the risk to Jamaicans caused by the spread of COVID-19, but remaining committed to helping utility consumers, the Department stopped accepting walk-in customers and instead encouraged the use of other available means to contact the OUR/CAU namely, telephone, email or social media platforms. Customers who visited, notwithstanding, were asked to complete and leave, for action, a Customer Contact Form which was administered by the security personnel. Visitors were also provided with a leaflet containing the OUR's contact details.

This change in interface heralded a 37% fall in the number of walk-in visits from 525 in the preceding year (See Figure 1) to the 331 who visited and left Customer Contact forms. Email contacts saw the highest increase of 177%, up from 842 for the previous year to 2,332 in the reporting period. Social Media followed with a 167% increase, moving from 36 in the previous year to 96 in the reporting year. Telephone contacts increased by 54%, that is, from 2,576 in the previous year to 3,957 in the reporting period, while letters also increased by 34%, that is, from 102 in the previous year to 137 in the reporting period. Contacts initiated by the OUR decreased by 44%, that is, nine in the previous year to four in the reporting period.

FIGURE 1: METHODS OF CUSTOMER CONTACT (2019 – 2020/ 2020– 2021)

CONTACT MODE



*Social Media: These represent contacts entered into the Customer Information Database System (CIDS)

The service providers indicated that they took similar customer-handling measures, announcing office closures as well as implementing WFH arrangements. JPS advised that one impact of the pandemic was an overall 5% reduction in customer visits to their parish offices. This is one of the factors they said informed their decision to close seven offices located in: St. Catherine (Portmore), Clarendon, St. Elizabeth, Westmoreland, St. Mary, St. Thomas and Kingston (East Parade). Other factors they claimed informing the closures include: the significant number of customers, over 70%, who contacted them via the telephone and digital/electronic channels; and customers visiting the parish offices requesting bill balances, bill payments, etc., services which can be addressed through the digital/electronic channels. Flow and NWC too, reduced their in-store customer handling services and encouraged customers to contact them on-line.

DECISION ON JPS'S 2019-2024 TARIFF APPLICATION

NEW OVERALL STANDARD FOR CUSTOMER SERVICE

On 2021 January 29 the OUR issued its decision on JPS's 2019-2024 Tariff Application, which is the first five-year review to be undertaken under the revenue cap regulatory regime. Among the consumer service related aspects of the decisions, was the inclusion of a new standard **– EOS13.**

The OUR decided that in light of its survey findings, and the continued quality of customer service complaints directed to the OUR and via the media, it would establish an Overall Standard (EOS13 – Effectiveness of Customer Service) to monitor and measure the level of customer service delivered by the regulated entity. This customer service standard would: allow the regulator to verify performance claims made by JPS; establish minimum customer service quality levels to meet consumer needs and expectations, and is in alignment with industry trends and practices and provide information to the regulator and other interested parties as to the state of the delivery of said customer service standards.

OUR'S INVESTIGATION INTO CUSTOMER COMPLAINTS OF HIGH BILLING BY THE JPS

Toward the end of the first quarter of the calendar year, the department detected early signs on social media and through an increase in the number of contacts, of electricity customers' disaffection. The contacts ballooned to a 91% quarter on quarter increase for the 2020 April to June quarter compared to the January to March period, with the most significant upticks relating to: Billing Matters (168%), Disconnection (125%), and Terms and Conditions of Service (113%). Overall, the Department recorded a 51% increase in customer complaints in 2020 compared to 2019, with 6,345 contacts during the year, compared to 4,190 in 2019. Of these, matters pertaining to JPS received the highest number of complaints among the utility companies. There were 2,448 complaints about JPS in 2020, up from 1,571 in 2019, registering a 56% increase.

As indicated above, this led to the conduct of a detailed investigation by the OUR and submission of findings to the Minister responsible for the electricity sector. In the main, the investigation confirmed that increases in average electricity bills and consumption were primarily attributed to residential (Rate 10) accounts, while small commercial (Rate 20) accounts, on average, experienced a reduction in electricity bills and consumption. Based on the analysis, Rate 10 and Rate 20 customer accounts showed an increase in electricity bills of 21.87%, with a corresponding consumption increase of 14.43%. With the outliers removed, this translated to a typical bill increase of approximately J$1,038.20 and a consumption increase of 11.10 kWh.

The investigation also revealed compliance lapses by JPS in following a Memorandum previously issued by the Office regarding its billing practices. Following the investigation, the OUR therefore issued a Directive to JPS requiring them to start submitting quarterly Exceptions Reports on data on meter readings for residential customers that fall outside of +/- 30% of the average previous readings. The Reports are to also include the methods employed by JPS to notify customers of any significant variance in their consumption. The OUR also asked JPS to provide a report on the reasons for it failing to notify its customers between 2014 August to 2020 June, of the significant variance in consumption. This is provided for in the OUR's Decision: **Enquiry into Billing Systems of the Jamaica Public Service Limited dated 2005 February 22** (the Exceptions Criteria).

ENHANCING CUSTOMER SATISFACTION THROUGH CONTACT CENTRE STANDARDS FOR JPS AND NWC

The OUR is cognizant of the critical role played by Customer Contact Centres in the service delivered by utility providers, as they are the main channels through which customers interact with these providers. Because it is important for utility providers to assess their Call Centre performance, with specific focus on determining the level of satisfaction derived by customers from their Call Centre experience, the OUR embarked on a Consultation process, inviting feedback on the enhancement of customer satisfaction, with specific emphasis on Call Centre standards/ Key Performance Indicators (KPIs). This culminated in the issuance of a Determination Notice, Document No. 2020/WAS/005/DET.005, dated 2020 October 1. The decisions set out in that document are in Table 2.

TABLE 2: OUR'S DETERMINATIONS ON CONTACT CENTRE STANDARDS FOR JPS AND NWC

Standard	JPS shall:	NWC shall:
Average Talk Time (ATT)	Within 4 months of the date of this Determination Notice, measure and report on its performance on ATT in its quarterly Call Centre report submissions to the OUR	Continue to measure and report on its performance on ATT in its quarterly Call Centre report submissions to the OUR
Speed of Answer (SA)	Continue to measure and report on its performance on SA in its quarterly Call Centre report submissions to the OUR and shall continue to have a performance standard for SA of 20 seconds.	Continue to measure and report on its performance on SA in its quarterly Call Centre report submissions to the OUR, and within four (4) months of the date of this Determination Notice, its performance standard for SA shall be set at 20 seconds.
Call Handling Time (CHT)	Continue its measurement and reporting on its performance on CHT in its quarterly Call Centre report submissions to the OUR	Within 4 months of the date of this Determination Notice, begin to measure and report on its performance on CHT in its quarterly Call Centre report submissions to the OUR
Percentage Service Level (SL)	Continue to measure and report on its performance on SL in its quarterly Call Centre report submissions to the OUR	Continue to measure and report on its performance on SL in its quarterly Call Centre report submissions to the OUR and within four months of the date of this Determination Notice, the revised performance standard of 20 seconds for SA shall be used in the calculation and measurement of SL.
Call Abandonment Rate (CAR)	Continue to measure and report on its performance on CAR in its quarterly Call Centre report submissions to the OUR	Continue to measure and report on its performance on CAR in its quarterly Call Centre report submissions to the OUR
First Call Resolution Rate (FCR)	Within twelve (12) months of the date of this Determination Notice, measure and report on its performance of FCR, as defined by the OUR, after collaboration with JPS, and its assessment of a trial period. The performance target for FCR and EOS 11 shall be established by the OUR in consultation with JPS and after its assessment of the said trial period, and shall become effective within twelve (12) months of the date of this Determination Notice.	Within twelve (12) months of the date of this Determination Notice, measure and report on its performance of FCR, as defined by the OUR, after collaboration with NWC, and its assessment of a trial period. The performance target for FCR shall be established by the OUR in consultation with NWC and after its assessment of the said trial period, and shall become effective within twelve (12) months of the date of this Determination Notice.
Call Centre Reporting Requirement (Amended)	JPS shall, on a quarterly basis, submit a copy of the Call Centre reports from its operator in addition to its analysis of said reports. The amended reporting requirement shall commence the first reporting period following the date of this Determination Notice.	NWC shall, on a quarterly basis, submit a copy of the Call Centre reports from its operator in addition to its analysis of said reports. The amended reporting requirement shall commence the first reporting period following the date of this Determination Notice.

The essential objective of the above Determinations is to encourage improved customer satisfaction in interactions with the Call Centres operated by JPS and NWC by ensuring that, *inter alia*, the service providers are measuring the critical KPIs that focus on customer satisfaction, which includes First Call Resolution Rate.

OUR URGED PORTING VIGILANCE OF TELECOMS CUSTOMERS

In 2020 August, the OUR issued an alert urging telecommunications customers to be vigilant when porting their numbers to another service provider, by ensuring that operators follow the established protocols for the porting process. The existing rules provide that customers who wish to change their service provider must go to one of the points of sale (such as the head office, a retail store or authorized dealer) of the intended new service provider and fill out and sign a porting request form to start the porting process. The OUR warned customers that if they were approached by a service provider's representative to initiate the porting process outside of the stated points of sale, such action is a breach of the Industry Number Portability Guidelines (INPG) and the process should not be accommodated.

DIGICEL AND FLOW TO PROVIDE MORE DETAILED ADS

The OUR's Determination Notice titled: **Improving Information Transparency in Telecommunications Markets** specifies six (6) directives to be implemented by telecommunications providers Digicel and FLOW, in three (3) phases. Two (2) of the three (3) phases were executed in the current reporting period 2020 October 18 and the final phase, financial caps for roaming services, is to take effect next year, 2021 December 18. The OUR stipulated that the four (4) decisions were to be implemented by both telecoms providers as of 2020 December 18. CPA's role in this regard was to assist with the public education and promotion of the Determination, publishing and broadcasting advertisements to help customers understand the requirements and the obligations of the operators.

RATES SET FOR RICHMOND ENVIRONMENTAL SERVICES LIMITED (RESL) CUSTOMERS

The OUR on 2020 April 3 approved interim water and sewerage rates to be charged by Richmond Environmental Services Limited (RESL) for their eight hundred and sixteen (816) residential customers of Richmond Estates in Llandovery, St. Ann. The rates are effective for at least twenty-four (24) months. OUR's decision on the rates followed a review of RESL's water and sewerage tariff application submitted on 2019 October 31. In assessing the reasonableness of RESL's application, the OUR was guided by its "No Objection Policy". This policy is based on a principle that if the rates proposed by a small private water or sewerage services provider are below those being charged by the NWC for comparable services, the OUR would not, especially in the absence of financials, object to the implementation of the proposed rates.

CREDITS & COMPENSATION

The 2020 April – 2021 March period saw utility providers paying about $3.9 million (1%) of approximately $159.8 million owed to consumers, which resulted from actions taken by the OUR or compensation for breaches of the GS.

In relation to the GS, JPS committed a total of 68,300 breaches that attracted potential compensation of approximately $149.3 million. However, due to the aforementioned JPS's GS *force majeure* application and reconsideration request to MSET, payment of compensation has been delayed.

The NWC committed a total of 2,442 breaches which attracted potential compensation of approximately $8.9 million. Actual payments amounted to approximately $2.31 million, representing 26% of total potential amounts, with the remaining 74% not being paid as the required claim forms were not submitted.

The sum secured as a result of OUR's investigation of customers' appeals and complaints amounted to $1,585,580.64. Of the sum secured, NWC accounted for the greatest share at 87% ($1,377,784.53). Columbus Communications (Flow) accounted for 6% ($96,108.5), with C&WJ and JPS account for 4% ($56,200.92) and 3% ($55,486.64) respectively.

CUSTOMER SERVICE SCORES FOR MYSTERY SHOPPING

In keeping with the organization's efforts to continually implement policies aimed at improving the welfare of utility consumers, the OUR has been conducting annual Mystery Shopping surveys to measure: the current level of customer service provided by the regulated utility providers: in-store, in the call centres, on-line and on social media, that is, the platforms used by the providers, including, but not limited to Chatrooms/Helpdesks, ***Facebook***, ***Twitter*** and Blogs. The survey also measured Customer satisfaction in relation to the provision of prescribed utility services, such as: service quality, specifically, customer experience; the level of improvement in the provision of customer service: in-store, in the call centres, (for e.g. number of rings and calls to 100 numbers), on-line and on social media; the efficacy of COVID-19 precautions undertaken by the service providers; and overall customer satisfaction rating for each service provider surveyed. The Mystery Shopping involved the selection of a range of different persons across all demographic groups who visited, made calls to, and participated in online chats with the various stores, call centres and chat rooms of the different utility companies.

Each Shopper was given a specific scenario to "shop", including:

- Enquiring about obtaining a new meter
- Bill query and payment plans
- Enquiring about FLOW and Digicel Internet and number portability

In conducting this survey environmental factors impacted the stipulated timeframe, and the ability for some retail outlets to be visited would therefore have caused some variance in the planned methodology. Notably, the COVID-19 pandemic caused some utilities' providers to implement changes to their standard operating procedures which had implications for the study. Some of the challenges noted were: To limit traffic in store some utilities, particularly FLOW, did not allow customers inside the stores but diverted them to access services online or via telephone. Further, Security Officers were used at entrances to handle queries and to determine if customers should be allowed in stores. Some locations were forcibly closed due to sanitation protocols. In these instances, visits to store locations were either delayed or impossible.

Among the findings of the study were:

- The overall performance score across all service providers was 74% compared to 66% in 2019. Overall peak performance was equal to that of off-peak (73%).
- Improvements were noted in the overall performance of some utilities (Digicel & NWC) and declined in others (JPS & FLOW). NWC, however, achieved highest overall scores, attaining an average of 80% compared to JPS's 76%, FLOW's 70%, and Digicel's 68%.
- All companies, with the exception of FLOW, performed better or similarly in the area of facilities or physical space than they did in the previous period. Performance from FLOW in this area was slightly worse with an average of 59%, compared to 63% in 2019.
- JPS outperformed all other service providers in the telephone service, obtaining a score of 89%. FLOW's performance remained on par with the previous period (67%) while NWC improved by approximately 23% and Digicel reporting a lower score than previous (63% compared to 68%).

- Service delivery for the FLOW and Digicel Internet, in store and via telephone, was among the lowest.
- Employees of both service providers appear to be lacking in knowledge and information about these service offerings. The same was noted in 2019.
- COVID-19 measures were mostly in place, reporting an overall score of 72%. Sanitation of Customer Service areas was a problem area across all utility providers.
- Online Chat lines scored highest of all service areas, averaging 88%. NWC reported the highest scores (98%), followed by Digicel (91%), FLOW (85%) and JPS (77%). Overall peak performance in this regard was significantly higher than off-peak performance (97% compared to 80%).
- There was overall improvement in performance in the customer service and physical space across utilities. Greatest level of improvement in physical space was noted for NWC, with an 8% increase in this area.

The performance in customer service during a pandemic year is most commendable. This notwithstanding, the OUR in its comments on the findings urged utility service providers to pay closer attention to their service delivery in stores as this reflected the lowest scores amongst service categories, even though customer experiences of 2020 were rated slightly higher than 2019.

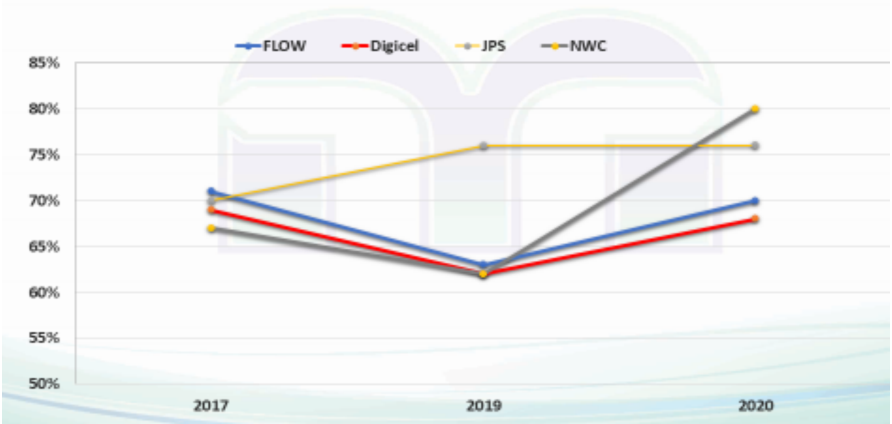
Concerning mobile service providers, greater attention ought to be given to performance in relaying information on internet services. Like the previous period, the survey found that staff members were not equipped to answer questions related to expectations of service availability and delivering exceptional service.

In the case of JPS and NWC, greater attention ought to be given to accessibility to Managers/supervisors, establishment of payment plans for bills as well as delivery of exceptional customer service.

Experiences in the Call Centres were rated very well, with stores obtaining higher scores than the previous period. They obtained an overall performance score of over 76% with JPS again delivering the best service experience of 89%.

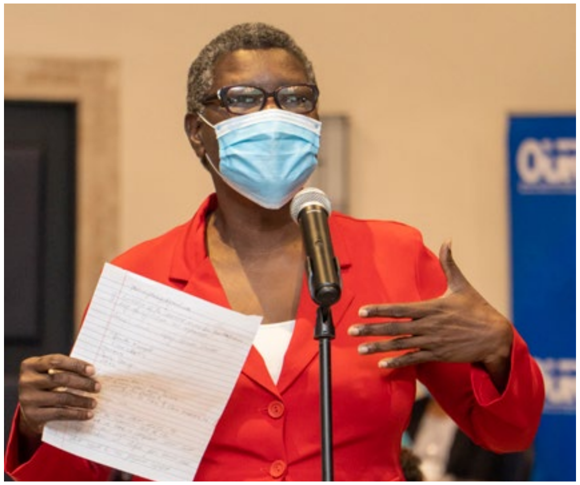
FIGURE 2: OVERALL MYSTERY SHOPPING SCORES: 2017-2020

OVERALL SCORE COMPARISON (2017, 2019. 2020)



OFFICE OF UTILITIES REGULATION

CONSUMER APPEALS AND RESOLUTION



The period under review 2020 April 1 – 2021 March 31 saw the CAU receiving six thousand, eight hundred and seventy (6,870) contacts in relation to the provision of utility services (See Table 3). Of these contacts, 67 (or 1%) were accepted for investigation under the Appeals Process, 2,808 (or 41%) were handled in-house while the remaining 4,062 (or 59%) were referred to their respective service providers for resolution. The contacts received represent a 68% increase over the period 2019 April 1 - 2020 March 31.

TABLE 3: ANNUAL CONTACTS MANAGED BY CONSUMER AFFAIRS OFFICERS (2016 – 2021)

Service Providers	Periods				
	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
JPS	2,794	1,433	1,559	1,364	1,285
NWC	1,380	924	955	965	1,074
C&WJ (Flow)	1,126	867	428	520	525
Columbus Communications (Flow)	970	499	474	485	439
Digicel	275	245	245	395	281
Others	325	128	107	147	314
Total	6,870	4,096	3,768	3,876	3,918

Sixty-seven (67) new appeals were received of which 27 related to services provided by the JPS, 39 were for the NWC, and 1 was for Can-Cara Environment Limited (Can-Cara). Sixteen (16) appeals were unresolved (Table 4) up to 2020 March 31. The total appeals under review for the period totalled eighty-three (83).

TABLE 4: APPEALS SUMMARY FOR 2020 APRIL 1 – 2021 MARCH 31

Description	No. of Appeals
Appeals from Previous Periods	16
Appeals Received during Reporting Period	67
Total Appeals for Reporting Period	83
Appeals Resolved during Reporting Period	59
Total Appeals at End of Reporting Period	24

Fifty-nine (59), representing 71%, of the 83 appeals that were investigated during the period were resolved. Of those resolved, 5% were in favour of the customer and 81% were resolved in the utilities' favour. The remaining appeals resolution included: 6 (six) matters for which a compromise was reached and another two that were withdrawn by the customer. Further details on appeals resolution are represented in Figure 3, while Table 5 provides data on appeals resolution for the period 2016 – 2021.

FIGURE 3: APPEALS RESOLUTION

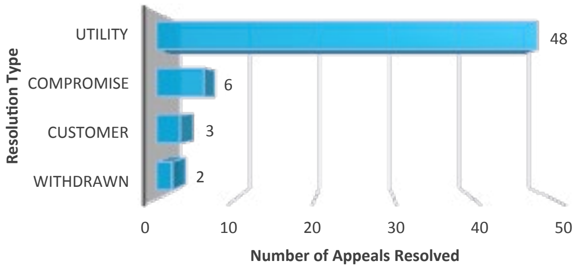


TABLE 5: APPEALS RESOLUTION FOR THE PERIOD 2016 - 2021

Description	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Appeals from previous periods	16	21	21	28	88
Appeals received during the reporting period	67	38	51	49	95
Total appeals for reporting period	83	59	72	77	183
Appeals resolved during reporting period	59	43	51	56	153
Appeals resolution rate for reporting period	71%	73%	71%	73%	84%

In relation to the established 65 working days to complete investigation of customers' appeals, of the 83 appeals reviewed during the reporting period, 46% were completed within the timeline and 25% were completed outside of the timeline. The remaining 29% unresolved, consisted of 16 appeals which had not exceeded the closure timeline and eight (8) appeals which had exceeded the closure timeline.

For the 67 new appeals received, 50 were due to be closed by the end of the review period and 17 were due to be closed in the next review period, in keeping with the established appeals time line. Of the 50 to be completed within the review period, 66% were completed within the established timeline, 26% were completed outside of the timeline, while the remaining 8% remains incomplete.

MAIN CUSTOMER CONCERNS

At 51% and 15% of total contacts respectively, billing matters and service interruptions continued to be the main cause of contacts to the OUR. The nature of the billing contacts included: customers' dispute of billed charges to their account, high consumption charges and concerns relating to estimated and retroactive billing. Disconnection, at 4%, accounted for the third highest number of total contacts, while all other contact categories each accounted for 3% or less of total contacts.

UPCOMING ACTIVITIES

For the upcoming year, the CPA Department will continue to engage in a number of critical activities to further strengthen the OUR's ability to protect the interest of consumers. Key among these will be:

1. COMPREHENSIVE REVIEW OF THE JPS AND NWC GS

The OUR has decided to conduct a comprehensive review of the GS Schemes for JPS and NWC, which is intended to examine, *inter alia*:

- Relevance of the existing GS Schemes for JPS and NWC
- What changes, if any, are needed to ensure that the GS Schemes for JPS and NWC meet the needs of the customers; and levels of satisfaction or dissatisfaction with the areas of focus under the existing GS Schemes for JPS and NWC.

2. CONSULTATION TO ESTABLISH AUTOMATIC COMPENSATION FOR QUALITY OF SERVICE STANDARDS IN THE TELECOMMUNICATIONS SECTOR;

The OUR has decided to conduct a consultation towards establishing a Guaranteed Standards (GS) Scheme for the telecommunications sector. This consultation is intended to ascertain, *inter alia*, the:

- Need for a GS Scheme within the telecommunications sector;
- Areas of focus for the GS Scheme for the telecommunications sector; and

- Compensation mechanism for a breach of the GS for the telecommunications sector

3. MARKET RESEARCH SURVEY OF SMALL LICENSEES

The OUR will, undertake a survey of small licensees in the telecommunications, water and sewerage sectors. This survey is intended to measure perceptions as well as to assess the needs and knowledge of these service providers as it relates to, *inter alia*, the role and functions of the OUR and the extent to which they believe the OUR is performing at a satisfactory level and executing its regulatory mandate efficiently.

This information will be used to, *inter alia*, develop appropriate communications strategies to respond to public education and other needs of these licensees and to benchmark and track their satisfaction index over time.

4. SMALL WATER AND/OR SEWERAGE PROVIDERS CONSULTATION

The OUR includes specific Quality of Service (QOS) requirements/deliverables in its Determination Notices for service providers. These requirements/deliverables include: Guaranteed and Overall Standards reporting, and the development of Customer Charters and Operations Manuals. Gaps have been identified in some areas of the QOS requirements for Small Water and/or Sewerage Service Providers. In its effort to address these gaps, the OUR will host a virtual Small Water and/or Sewerage Service Providers Workshop to be held in 2021 June. The Workshop is designed to, *inter alia*, discuss the Quality of Service (QOS) requirements of the service providers, particularly as it relates to Determination Notice deliverables.

PUBLIC AFFAIRS

The Public Affairs Unit (PAU) was challenged to find innovative ways to communicate and maintain its relationship with external stakeholders in the face of government restrictions that included physical distancing and limits on attendance for in-person events.

PAU abandoned its usual face-to-face mode of consulting with customers on the JPS 2019-2024 tariff application and placed more emphasis on emails, direct contacts with special interest groups, and using the OUR's social media channels as the primary means of communication. Given that the pandemic has remained a reality, our customer consultations through 2021-22 will be based on virtual engagement with utility customers. The OUR's online newsletter Online Consumer Report (OCR), continues to be the main platform through which thousands of stakeholders are kept abreast of decisions made by the OUR in their interest. During the period, the OCR was distributed via email every quarter to approximately 6,800 persons

Community outreach, which is a key activity of the OUR, was conducted through online meeting platforms. However, this was a challenge as many underserved utility customers remain unreachable because they do not have access to broadband internet service, or cannot always afford to purchase enough data to attend our virtual meetings. The OUR will continue to explore cost-effective and safe options to reach utility customers.

During the review period, the public was kept abreast of OUR's latest decisions and projects through media releases, social media and public notices in the major newspapers. The OUR continued to make itself accessible to the media whether to conduct interviews or to provide clarification as needed.

In 2020 November, the OUR launched its Guaranteed Standards (GS) Jingle Competition. This was opened to students (secondary and tertiary levels) and other Jamaicans. The rationale for this competition was to boost awareness about the Guaranteed Standards for JPS and NWC. This decision was based on the fact that findings from the last OUR-commissioned National Customer Satisfaction Survey – which was done in 2019 – revealed that only 56% of respondents knew some details about the JPS GS, and 52% for the NWC GS. As this level of awareness is insufficient, the GS Jingle Competition initiative was launched. Almost 100 entries were received and the OUR was heartened by the quality of many of the submissions. This was an indicator of the time spent researching the GS so they could include aspects in their lyrics, as required by the scoring rubric provided. The winner will be announced in early 2021-22.

Webinars have increasingly become key channels through which the OUR engages stakeholders. Utility providers are encouraged to participate, allowing for greater stakeholder engagement on the topical issue being discussed. Those forums continue apace, and stakeholders can always watch live or view the recordings at their convenience, on our ***YouTube*** page.

In the upcoming year, the OUR will be placing some focus on boosting our video content to create more options for persons to comprehend and be educated about utility consumer matters and utility sector concerns on which stakeholders are consulted for their feedback. To this end, it is proposed to develop OUR TV, which will be pushing out a variety of audio-visual content, varying in duration. The Director-General's annual Stakeholders' engagement will also continue.

TABLE 6: WEBINARS

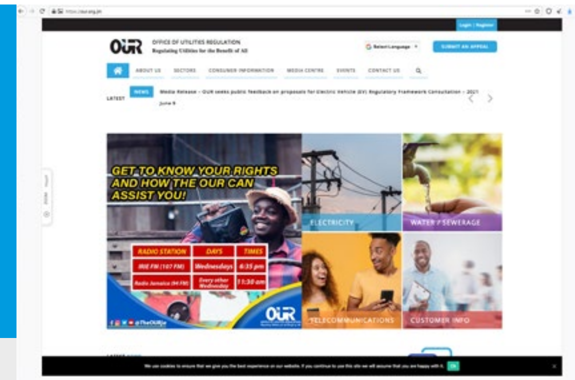
WEBINAR TOPIC	DATE	PANELISTS
Making Telecoms Information Clearer for You	2020 Dec 11	★ Public Affairs Coordinator, OUR Gordon Brown; Specialist, Public Education, OUR, Elizabeth Bennett Marsh; Digicel representative and FLOW representative.
OURIC Untapped: Unlocking the Resources of the OUR Information Center	2020 October 28	★ OURIC Coordinator, Colleen Mignott Public Education, OUR, Elizabeth Bennett Marsh; Legal Officer, OUR, Nicole Morgan; and Consumer Affairs Coordinator, OUR, Naomi Watkins.
JPS & NWC Call Centre Quality of Service Improvements	2021 Feb 24	★ Consumer Affairs Policy Specialist, Collette Goode, OUR; Specialist, Public Education, OUR Elizabeth Bennett Marsh.
OUR's Major Decisions on the JPS 2019-2024 Tariff Application	2021 February 4	★ Director-General, OUR, Ansord Hewitt; Deputy Director-General with responsibility for the electricity water and sewerage sectors, Cedric Wilson, OUR; and Specialist, Public Education, OUR, Elizabeth Bennett Marsh.

Our Information Centre (OURIC) team has been moving to digitize its materials, to make them accessible online. In addition, through its Information Centre, the OUR has established an information sharing partnership with regional regulators. Three Memoranda of Understanding (MOUs) were signed in 2020-21 with regional regulators, with others indicating a willingness to sign in the upcoming year. Three local university libraries have also given positive feedback and it is hoped that they also will sign MOUs to share resources during 2021-22.

On 2020 October 26, the OUR's Information Centre held a virtual symposium geared towards exposing the work of the OUR and how information and resources could be accessed through the Information Centre.

In the coming year, the OUR will launch its completely re-designed website – which will have features beneficial to persons with disabilities – and continue with the process of digitizing its Library materials, to make them accessible remotely to external stakeholders.

Next year, the OUR celebrates a significant milestone: Our 25th Anniversary. A week of activities is being planned for the last week in 2022 January, to highlight the Regulator's many achievements, and indicate the way forward.



SOCIAL MEDIA

The OUR's social media platforms continue to be an avenue through which utility customers air their grouses, or lodge complaints. The OUR has social media accounts on *Youtube*, *Facebook*, *Twitter*, *LinkedIn* and *Instagram*. Social media is effective as a stand–alone communications tool, and also complements other communication outputs such as media releases, web posts, seminars, emails, etc. Communicating via social media helps the OUR reach its target audience where traditional methods may not be as effective and its value was brought to the fore as a result of the pandemic which increased social media conversations as well as complaint handling. The channels were also used to promote and ramp up support for the OUR's GS Jingle competition. Phase Two of the competition included online voting and the top entries from each category were uploaded on the OUR's social media and website pages. An online and mass media campaign encouraged persons to vote for their top picks using an established portal monitored by the OUR. On-line votes constituted 40% of the total votes, with an expert judging panel contributing to 60% of total votes. The competition and the webinars were streamed and recorded on the OUR's *Youtube* channel so that persons could access the sessions at their own convenience.

During the review period social media channels were used as complaints handling tools, and as such during the period under review, the OUR received over 400 contacts 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. (See Table 7).

From 2020 March to 2021 April, there was an 18.7% increase in Followers on the OUR's *Facebook*Page, 32.7% on the OUR's *Twitter* account (Table 8), 100% on the OUR's LinkedIn page. *Facebook* statistics indicate that the average reach per month was 47,454 during the review period, and that *Facebook 'Likes'* increased by 14.4%.

The flyer calling musicians to enter the OUR's GS Jingle Competition

TABLE 7: SOCIAL MEDIA CUSTOMER CONTACTS

	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar
BILLING	36	57	55	29	11	11	12	8	4	3	4	6
METER	0	0	0	0	0	0	0	1	0	0	0	0
DISRUPTION	23	21	16	6	2	2	3	7	3	3	3	1
OTHER	2	1	3	1	3	3	2	3	2	4	2	6
DATA	5	8	6	25	0	0	0	0	3	0	0	0
TOTAL	**66**	**87**	**80**	**61**	**16**	**17**	**17**	**19**	**9**	**10**	**9**	**13**

TABLE 8: *TWITTER* DATA

Twitter	2020-21	2019–20	2018–19
Views	261,903	203.6K	93.4K
Link Clicks	576	652	224
Re-Tweets	462	209	90
Likes	636	225	168
Replies	393	68	51

FIGURE: 4 - SOCIAL MEDIA GROWTH ACROSS CHANNELS: 2020-2021

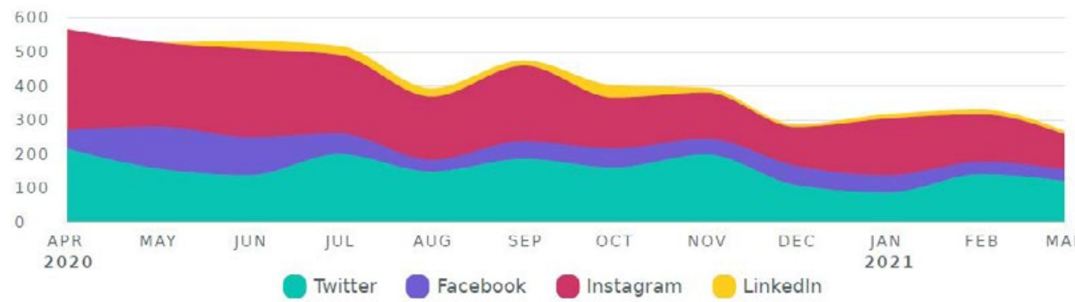


TABLE: 9 - SOCIAL MEDIA AUDIENCE GROWTH ACROSS CHANNELS: 2020-2021

Audience Metrics	Totals	% Change
Total Audience	**15,043**	**↗45.3%**
Total Net Audience Growth	**4,554**	**↗205%**
Twitter Followers Gained	1,841	↗492%
Facebook Page Likes	716	↗16.2%
Instagram Followers Gained	2,254	↗223.9%
LinkedIn Followers Gained	187	↗750%

Information Transparency Advertisements

REGULATION, POLICY, MONITORING & ENFORCEMENT (RPME)

The technical, financial and economic analyses and the monitoring of utilities performance is the domain of Regulation, Policy, Monitoring and Enforcement (RPME) Department. It is in this respect that its primary function is to advise the Office on regulatory policy and determinations.

MANAGER – ENGINEERING & TECHNICAL ANALYSIS
Courtney Francis

SENIOR REGULATORY ENGINEER
Andrew Lewis

REGULATORY ENGINEER
Andre Lindsay

POWER SYSTEMS SPECIALIST
Valentine Fagan

MANAGER – REGULATION & POLICY; ELECTRICITY, WATER & SEWERAGE
Winston Robotham

SENIOR REGULATORY ANALYST
Sashana Miller

SENIOR UTILITIES ANALYST
Garfield Bryan

REGULATORY ANALYST
Shonna-Kaye Sappleton

CONSULTANT REGULATORY ECONOMIST
Camile Rowe

REGULATORY ANALYST
Antoinette Harris

MANAGER PROJECT MANAGEMENT
Peter Johnson

PROJECT COORDINATOR/EXECUTIVE ASSISTANT
Nadine Johnson-Dunkley

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

- **JPS 2020 TARIFF APPLICATION** – This was a year-long exercise with the Determination Notice being published in 2020 December. The decision saw average marginal increase in tariff of just under 1%. It also made forward looking provisions for the inclusion of an Electric Vehicle tariff and the rates have been structured to encourage greater time of use pricing.
- **PUBLICATION OF POWER WHEELING TARIFF METHODOLOGY** – Work was also completed on the development of a methodology for determining power wheeling tariff and this was published as a determination in 2020 June.
- **DEVELOPMENT OF ELECTRIC VEHICLE (EV) POLICY FRAMEWORK** – The implementation of Phase 1 of the project aimed to identify and assess the issues to be considered in order to support the development and facilitation of a viable EV policy for Jamaica.

Regulatory activities, actions, and approvals for the water and sewerage sectors over the review period included:

- Tryall Golf and Beach Club Limited (TGBC) **Connection/Reconnection Determination Notice**;
- Runaway Bay Water Company Limited (RBWC) **Determination Notice**; and
- **Annual Price Adjustment Mechanism** (ANPAM) for DEML and NWC.

Regulatory activities, actions, and approvals for the telecommunications sector over the review period included:

- Publication of six Determinations on **Improving Information Transparency in Telecommunications Markets** published against the backdrop of increased enquiries and complaints primarily about mobile credit/plan depletion in general, as well as overcharges related to data usage. The project will explore regulatory initiatives which allow users to better understand the implications of roaming and data usage on their bills. These initiatives are intended to assist consumers to manage their usage of mobile services and reduce bill shock.
- **Revision of the Jamaican National Numbering Plan** – Following the successful implementation of Ten Digit Dialling, the National Plan and Numbering Rules which govern assignment of numbers to networks and users was completed in 2020 June.
- Review of the **Number Portability Framework** to, among other things, examine the Telecommunications (Number Portability) Rules, 2014 and the Industry Number Portability Guidelines to ensure suitability and practicability.

ELECTRICITY

Innovation, disruption and changing expectations were the watchwords for the electricity sector for the review period. Even as technological innovation continues to be a major source of disruption and transformation in the energy industry, it was upstaged by the advent of the Covid-19 pandemic that disrupted energy demand patterns and investment plans.

Technological innovations have impacted the Jamaican electricity sector in recent times. We have seen it in the introduction of natural gas, the spread of solar photovoltaic technology, the utilization of energy storage technology on the grid, and the anticipation of the potential impact of electric vehicles. All of which have initiated changes, a rethinking of regulatory policies and the reshaping of the rules governing the various sectors.

The COVID-19 disruption induced a spike in residential consumption and sharp fall-off in commercial and industrial consumption which translated to a reduction in energy consumption relative to the same period in the previous year.

KEY ACTIVITIES

JPS CORPORATE AREA CAPACITOR BANK

The JPS HB-B6 (68.5 MW) generating unit at the Hunts Bay plant in the Corporate Area was retired on 2020 December 31, after over 44 years of commercial operation. JPS has indicated that the retirement of the unit will cause grid security problems and operational constraints in parts of the network. Further, it is anticipated that this would continue until the planned Old Harbour to Hunts Bay 138 kV transmission line is commissioned at the end of 2023. In this context, JPS proposed a short to medium term fix by way of a document entitled, "Corporate Area Bulk Capacitor Bank & Hunts Bay GT10 Hot Gas Path Inspection 2021" dated 2020 December 22. This would require the OUR's approval for the related capital investments. RPME reviewed the proposal and gave its no-objection to the project.

2019–2024 RATE REVIEW

As reported last year, consistent with the Electricity Licence, 2016, JPS submitted an application for its Five Year Rate Review on 2019 July 31. Based on its preliminary review of the application, the OUR determined that the application was lacking information that would allow for rigorous decision making. The application was therefore not accepted

by the OUR. JPS resubmitted a revised application on 2019 December 30, which was accepted.

The Application was the first under the new Revenue Cap regulatory regime established by the Electricity Licence, 2016 (the Licence). The revenue cap regulatory regime allowed for, among other things, the funding of initiatives, which were proposed in JPS' forward -looking Five (5) Year Business Plan. The OUR, in keeping with its regulatory mandate sought to balance the company's return on investments against rates fair to customers.

In its application, JPS proposed an average rate increase of 17.52% over its existing base tariff. The proposed total Revenue Requirement, including IPP non-fuel cost was J$62,812.3M. The company proposed a 5-year capital investment programme of US$468.6M. A significant component of their Revenue Requirement proposal involved the recovery of US$81.3 million of decommissioning costs over two phases across the Rate Review period. Phase I of the decommissioning plan involved the Old Harbour #2, #3 and #4 plants along with the Hunts Bay B6 plant. The phase II component would see the decommissioning of the Hunts Bay GT5 and GT10, the Rockfort plant as well as the Bogue plant.

Integral to the Rate Review process was the determination of the 2019-2024 demand forecast. Originally, the OUR forecasted that energy sales would grow at a compound annual growth rate of 1.2%. However, in light of COVID-19 the forecast was revised downwards to 0.6%.

The OUR's decisions in relation to the rates, resulted in an average overall increase of approximately 0.8%. With this marginal overall increase, customers saw significant variation in actual rate changes within and across customer classes, depending on such factors as their consumption pattern and demand profile. The OUR rates shown in the Table 1, reflect the revenue requirement approved in 2020 December 28 and reflected in bills payable in 2021 February.

AMONG THE OUR'S DECISIONS WERE:

- Time of Use (TOU): – new option for Residential and small business customers. JPS had proposed to introduce a Time of Use (TOU) rate for residential customers (RT10) which the OUR viewed as a positive step toward greater cost reflectivity. However, the OUR reasoned that the creation of a TOU category should not be restricted to residential customers, but should also be extended to small commercial (RT 20) customers as well. Under a TOU rate, customers pay different prices per kilowatt- hour (kWh) of electricity that they use, depending on when they use it. The OUR concluded that RT10 TOU and RT20 TOU classes should be established and that these categories should not include a demand charge, but instead, revenue recovery shall be based on the customer and energy charges. JPS shall engage customers in an education programme concerning TOU rates.
- Independent Power Producer (IPP) cost: In its review of the current IPP Cost Recovery Mechanism, the Office determined that an embedded IPP rate should no longer be concealed in JPS' non-fuel tariff. Instead, full transparent recovery of the derived monthly total IPP cost should be achieved by way of the monthly billed kVA demand and kWh demand

and kWh energy sales and shown as separate line(s) on customers' bills. KVA billing, however, would only be applicable to the large commercial and industrial classes.

- Public Electric Vehicle charging rates. The OUR granted approval for the establishment of Public Electric Vehicle charging rates. These rates shall be based on the TOU rate format and shall be set at a level that is 5% more than the RT10 TOU charges.
- Separation of the RT60 class into a streetlight category (RT60S) and a traffic light category (RT60T). The OUR approved the separation of the RT60 class into a streetlight category (RT60S) and a traffic light category (RT60T). This is consistent with the objective of cost reflectivity, as both services exhibit different load profiles.
- New Overall Standard for Customer Service: The OUR decided that in light of its survey findings and continued quality of customer service complaints to the OUR and via the media, it would establish an Overall Standard (EOS13 – Effectiveness of Customer Service) to monitor and measure the level of customer service delivered by the regulated entity. OUR

took the view that establishing this customer service standard was important to:

- Allow the regulator to verify performance claims made by JPS;
- Establish minimum customer service quality levels to meet consumer needs and expectations, and are in alignment with industry trends and practices; and
- Provide information to the regulator and other interested parties as to the state of the delivery of said customer service standards.

THE OUR DID NOT APPROVE:

Some requests by JPS were not approved. These included:

- Modification to the lifeline block for residential customers (RT10). JPS proposed a reduction of the upper limit of the first consumption block for residential customers from 100kWh to 50 kWh. The OUR took the view that given the effects of the Covid-19 pandemic, a larger percentage of households would fall in the vulnerable income category. In this regard, the timing of the modification to the lifeline block might be ill-advised and therefore the existing structure of the lifeline block should be retained.
- Proposal for a third RT10 block. JPS proposed the introduction of a third block of residential customers to encompass all consumption in excess of 500kWh. The OUR refused this request as it would lead to greater distortion in the price signaling capacity of residential rates.
- A request for a second block for small commercial customers (RT20). JPS had asked for a second block from 150 kWh and above for small commercial (RT20) customers. The OUR determined that this proposed design was not reflective of costs imposed on JPS' system by those customers with higher consumption, and

would only be useful if the objective is to favour those with lower consumption. Further, there is no obvious economic justification for the introduction of a second block. Therefore, the OUR determined that JPS should retain a single kWh charge for RT20 customers.

- Amendment to the Guaranteed Standards. The JPS had proposed several changes to the Guaranteed Standards (GS) scheme; The OUR decided to defer any changes until it conducts a comprehensive review and analysis of the GS scheme for JPS and other utilities. Accordingly, the existing standards were retained.

TABLE 1: THE OUR APPROVED AVERAGE RATES BY CUSTOMER CATEGORIES: (ADJUSTED FOR INFLATION AND EXCHANGE RATE MOVEMENTS)

	Current Non-Fuel With IPP @J$145	JPS Proposed Non-Fuel @J$145		OUR Approved Non-Fuel -2020 Oct		OUR's Fuel Rate @J$145					Overall Rate @J$145			Bill Impact @J$145	
		Rate	Increase	Avg. Rate	Increase	Current	JPS Proposal	OUR Approved	Proposed Increase	Approved Increase	Current	JPS Proposal	OUR Approved	JPS Proposal	OUR Approved
	J$	J$/kWh	%	J$/kWh	J$/kWh	J$/kWh	J$/kWh	J$/kWh	%	%	J$/kWh	J$/kWh	J$/kWh	%	%
RT 10 -Residential	24.88	33.87	36.1%	26.99	8.5%	23.00	22.33	22.15	-2.9%	-3.7%	47.88	56.20	49.14	17.4%	2.6%
RT 20 -Sm. Commercial	26.29	27.25	3.7%	27.43	4.3%	23.00	22.33	22.15	-2.9%	-3.7%	49.29	49.58	49.58	0.6%	0.6%
RT 40 -Lg. Commercial (STD)	17.43	17.41	-0.1%	18.86	8.2%	22.08	21.44	21.27	-2.9%	-3.7%	39.51	38.84	40.12	-1.7%	1.6%
RT 40 -Lg Commercial (TOU)	16.25	16.90	4.0%	17.66	8.6%	22.52	21.86	21.69	-2.9%	-3.7%	38.77	38.76	39.34	0.0%	1.5%
RT 50 -Lg. Industrial (STD)	16.06	17.06	6.2%	17.72	10.3%	22.08	21.44	21.27	-2.9%	-3.7%	38.15	38.50	38.98	0.9%	2.2%
RT 50 -Lg. Industrial (TOU)	14.66	15.58	6.3%	13.50	-7.9%	21.90	21.26	21.09	-2.9%	-3.7%	36.56	36.84	34.59	0.8%	-5.4%
RT 60 -Street lighting	31.34	28.57	-8.8%	29.18	-6.9%	23.00	21.44	22.15	-6.8%	-3.7%	54.35	50.01	51.34	-8.0%	-5.5%
RT 70 -MV Power Serv.(STD)	17.58	11.69	-33.5%	19.36	10.1%	22.08	21.44	21.27	-2.9%	-3.7%	39.67	33.13	40.63	-16.5%	2.4%
RT 70 -MV Power Serv. (TOU)	15.39	11.26	-26.8%	16.02	4.1%	21.99	21.35	21.18	-2.9%	-3.7%	37.38	32.61	37.20	-12.8%	-0.5%
Average	**21.75**	**23.89**	**9.8%**	**22.92**	**5.4%**	**22.60**	**21.65**	**21.76**	**-4.2%**	**-3.7%**	**44.35**	**45.55**	**44.69**	**2.7%**	**0.8%**

POWER WHEELING TARIFF METHODOLOGY

The Electricity Act has mandated that the OUR implement wheeling tariffs. The finalisation of a tariff methodology is, however, contingent on the regulatory framework for power wheeling and the completion of a Cost of Service Study. The OUR had requested that JPS complete a cost of service study inclusive of consideration for power wheeling as part of its submission for the 2019 Rate Review. A joint working group including the MSET, OUR and JPS was set up to work towards a framework that is optimal for the sector. A public consultation was also completed and the Electricity Wheeling Methodology Determination Notice was published on 2020 July 31.

DEVELOPMENT OF THE ELECTRIC VEHICLE POLICY

Consistent with the OUR's strategic regulatory outlook, it ensured that an EV proposal was built-in to the 2019-2024 Tariff Review Application submitted by JPS. Included in the Application was a proposal for 10 charging stations for EVs around the island along with the associated capital costs. It is noteworthy that the Inter-American Development Bank is working with other stakeholders and the government to accelerate the EV roll out in Jamaica. The OUR itself is also working on a framework to remove regulatory barriers associated with EV uptake. To this end, the OUR developed an EV regulatory framework document which informed consultation activities slated for the 2021/2022 fiscal year.

ENERGY STORAGE OPTIONS AND DISTRIBUTED ENERGY RESOURCES

In order to address the growth of renewable generation and its potentially disruptive effect on grid stability, JPS has proposed a 24.5 MW hybrid storage system. The system is based on Lithium Ion Battery and Flywheel storage technologies. JPS posits that the energy storage system will be able to address intermittent renewable ramp rates, and mitigate under-frequency load shedding caused by any sudden loss of generation up to 38 MW. The Energy Storage facility was commissioned in 2019 December and JPS submitted the Commissioning Report to the OUR on 2020 May 14. The report, including an explanation for costs, variation was addressed, in the 2019-2024 Rate Review.

ELECTRICITY SYSTEM PERFORMANCE INDICATORS

CUSTOMER STATISTICS

For 2020, JPS reported a total customer base of six hundred and seventy-seven thousand, five hundred and twenty-six (677,526) customers, representing a growth of approximately 0.8% on the 2019 customer count (672,425). The breakout of JPS customer classes comprises residential (Rate 10), small and medium commercial (Rate 20), large commercial and industrial (Rates 40, 50 & 70) and streetlight/stoplight/interchange customers (Rate 60). See Table 2. Notably, 89.5% of the 2020 customer base was residential customers.

TABLE 2: JPS 2018-2020 CUSTOMER BASE

YEAR	RATE 10	RATE 20	RATE 40	RATE 50	RATE 60	RATE 70	OTHER	TOTAL
2018	587,592	67,905	1,847	144	486	22	3	657,999
2019	600,857	69,059	1,862	147	475	23	2	672,425
2020	606,095	68,882	1,879	149	497	24	-	677,526

Source: JPS's Monthly Fuel Report for December of each year.

SYSTEM DEMAND INDICATORS

Based on JPS's 2020 system performance reports, the highest peak demand registered on the system during 2020 was 638.0MW, representing a 22.9MW decrease relative to the 2019 figure (660.9) and 28.7MW below that which was recorded in 2018. The reported annual system net generation was 4,227.4GWh, translating to an average annual system load factor of approximately 76%. This quantity of electrical energy was used to supply annual electricity sales (billed energy) of 3,042.64GWh. System losses of 1,184.8GWh accounted for the rest. A summary of the 2020 energy balance is provided Table 3.

TABLE 3: JPS'S 2019-2020 ENERGY BALANCE

	2019 ENERGY BALANCE		2020 ENERGY BALANCE	
	Energy Distribution (MWh)	% of Net Generation	Energy Distribution (MWh)	% of Net Generation
Technical Losses	350,688	7.92%	334,307	7.91%
Non-Technical Losses	803,211	18.13%	850,	20.12%
TOTAL SYSTEM LOSSES	1,153,899	26.05%	1,184,787	28.03%
BILLED ENERGY SALES	3,275,932	73.95%	3,042,641	71.97%
TOTAL (NET GENERATION)	4,429,831	100.00%	4,227,429	100.00%

Estimated system losses expressed in relation to net generation was 28.03% for 2020. This represented an increase in system losses of 1.98 percentage points relative to 2019. JPS's 2020 December Energy Loss Spectrum (ELS), indicated the estimated shares of total system losses as, 7.91 % technical losses (TL) and 20.12% non-technical losses (NTL).

TABLE 4: JPS'S SYSTEM PERFORMANCE DATA, 2014-2020

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
2019	672,425	4,429.83	3,273.33	660.9	26.05	1,893	44,389	15.096
2020	677,526	4,227.43	3,042.64	638.0	28.03	2,453	60,764	17.095

As shown in Table 3, net generation moved from 4,429.83 in 2019 to 4,227.43GWh in 2020, a decrease of approximately 4.6%. Electricity sales similarly registered a decrease in 2020, of approximately 7%. The decrease in electricity sales was consistent with expectations due to the impacts of the COVID-19 pandemic.

SYSTEM RELIABILITY PERFORMANCE

The system's annual reliability performance in terms of SAIFI, SAIDI, and CAIDI, for 2016 – 2020, is summarized in Table 5. As shown, there was an increase in all metrics, besides SAIFI in 2020, relative to 2019. These increases were reportedly due to the effects of a number of tropical storms impacting the island during 2020, as well as operational issues experienced by JPS due to the COVID-19 pandemic.

TABLE 5: JPS'S SYSTEM RELIABILITY PERFORMANCE METRICS

System Reliability Indices [2016-2020]				
YEAR	SAIDI (Minutes/Customer)	SAIFI (Interruptions/Customer)	CAIDI (Minutes/Interruption)	MAIFI (Interruptions/Customer)
2016	1,830.9	15.8	116.0	24.9
2017	2,059.5	17.5	117.9	34.1
2018	1,719.6	14.1	121.6	21.7
2019	1,448.6	13.5	107.2	9.2
2020	1,486.8	8.6	173.2	13.8

FUEL PRICE DYNAMICS

Given the country's high dependence on fossil fuels for primary energy requirements, the effects of price volatility in international markets tend to be reflected in the system generation costs and fuel rates. As shown in Table 6, fuel oil prices have exhibited significant fluctuations over 2015 to 2020. 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$66.73/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$100.95/Barrel. In contrast, plant gate prices for natural gas (US$/MMBTU) since its introduction to the energy mix in 2016, have only fluctuated slightly between a low of approximately US$11.76/MMBTU and a high of US$13.04/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.

TABLE 6: AVERAGE PRICE OF FUELS USED FOR ELECTRICITY GENERATION (2015-2020)

Average Price of Fuels used for Electricity Generation					
YEAR	HFO		ADO		NG
	(US$/BBL)	(US$/MMBTU)	(US$/BBL)	(US$/MMBTU)	(US$/MMBTU)*
2015	50.11	7.97	79.05	13.57	-
2016	42.72	6.79	66.18	11.36	13.02
2017	60.25	9.58	78.24	13.43	12.90
2018	75.56	12.02	100.95	17.33	13.04
2019	66.73	10.61	96.31	16.53	12.34
2020	48.00	7.63	65.16	11.19	11.76

**Adjusted to include infrastructure and Government charges.*

The relative movement in fuel oil prices and the computed monthly Fuel & IPP charges over the reporting period, can be seen in Table 7.

TABLE 7: VARIATIONS IN AVERAGE FUEL PRICES AND FUEL RATES (2020 APRIL – 2021 MARCH)

Year-Mth	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
2020 Apr	29.63	4.71	45.77	7.86	10.98	16.912	10.49
2020 May	34.53	5.49	46.25	7.94	11.02	16.308	9.96
2020 Jun	45.68	7.27	59.56	10.22	11.00	16.246	9.83
2020 Jul	49.40	7.86	62.85	10.79	11.45	15.252	10.68
2020 Aug	51.94	8.26	63.06	10.83	11.59	15.649	10.16
2020 Sep	48.48	7.71	59.56	10.23	12.27	17.761	11.48
2020 Oct	49.90	7.94	61.57	10.57	11.83	18.770	11.89
2020 Nov	51.60	8.21	64.49	11.07	12.95	20.099	12.04
2020 Dec	56.34	8.96	78.79	13.53	13.76	19.494	12.91
2021 Jan	61.23	9.74	77.68	13.34	12.94	14.900*	11.32
2021 Feb	66.12	10.52	85.28	14.64	12.60	17.015*	12.56
2021 Mar	68.45	10.89	89.25	15.32	12.81	13.366*	11.85

**Upon the effective date of the JPS 2019 – 2024 JPS Tariff Review Determination, the IPP component was disaggregated from the Fuel & IPP Charge. Therefore, as of 2021 January, this rate represents only the Fuel Charge.*

Based on JPS's fuel reports, the total fuel cost resulting from the use of HFO, Natural Gas (NG) and ADO, for electricity generation from 2020 April – 2021 March, was approximately J$59 billion, with HFO, NG and ADO accounting for J$13.3 billion, J$44.6 billion and J$1.1 billion, respectively. This represents an overall reduction of approximately (0.74 %) when compare to the previous period.

SYSTEM PERFORMANCE METRICS

The system's key monthly performance metrics reported over the period 2020 April – 2021 March are in Table 8.

TABLE 8: SYSTEM PERFORMANCE METRICS

System Performance Metrics [2020 April – 2021 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-20	332,951	245,801	587.9	10,587	16.912	9.12
May-20	345,989	254,185	573.1	10,515	16.308	8.66
Jun-20	353,994	259,561	614.1	10,508	16.246	8.55
Jul-20	375,795	274,624	616.0	10,561	15.252	9.29
Aug-20	375,389	273,671	638.0	10,569	15.649	8.84
Sep-20	353,750	257,039	589.5	9,902	17.761	9.98
Oct-20	351,593	254,629	586.8	9,592	18.770	10.34
Nov-20	332,309	240,025	578.9	9,828	20.099	10.47
Dec-20	344,753	248,132	575.8	9,430	19.494	11.23
Jan-21	342,524	245,587	574.5	9,846	14.900*	9.85
Feb-21	312,632	223,908	585.4	9,516	17.015*	10.92
Mar-21	351,859	251,841	574.6	9,403	13.366*	10.30

**Upon the effective date of the JPS 2019 – 2024 JPS Tariff Review Determination, the IPP component was disaggregated from the Fuel & IPP Charge. Therefore, as of 2021 January, this rate represents only the Fuel Charge.*

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.

FIGURE 1: MONTHLY SYSTEM NET GENERATION, SALES AND PEAK DEMAND

SYSTEM NET GEN, SALES AND MONTHLY PEAK DEMAND: 2020 APR - 2021 MAR

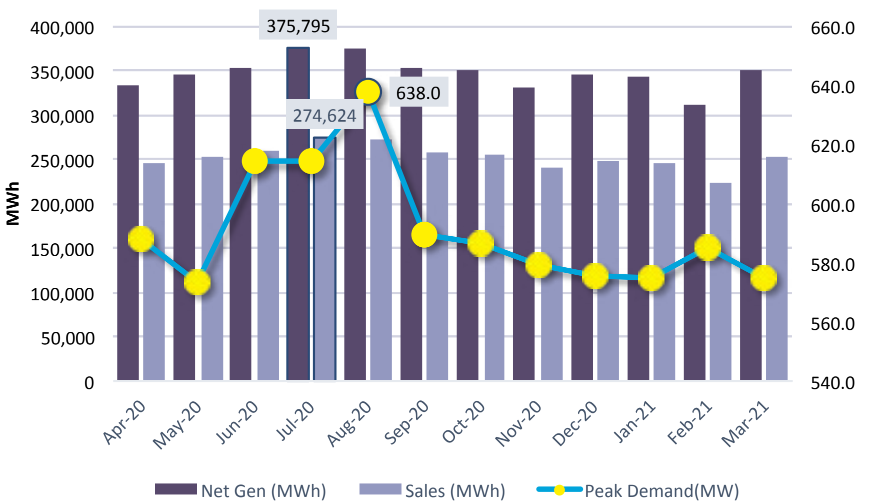
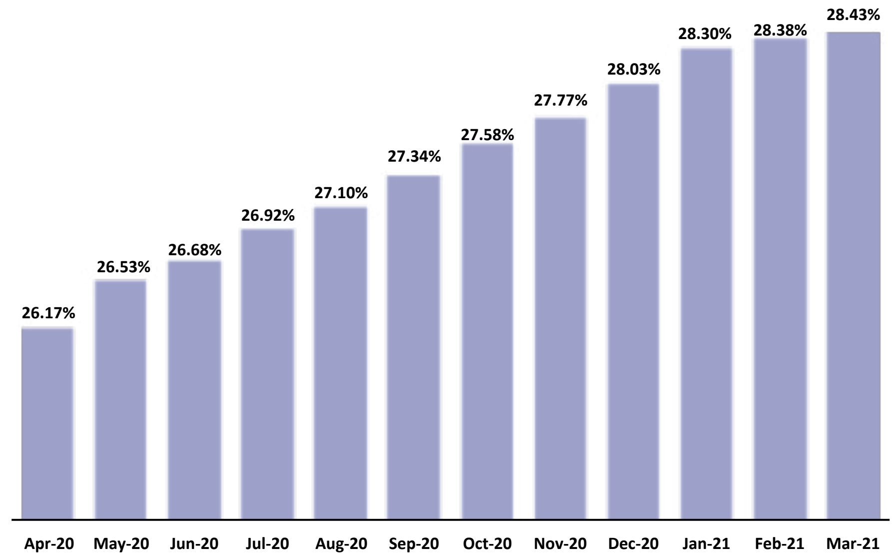


FIGURE 2: JPS'S MONTHLY SYSTEM LOSSES (2020 APRIL - 2021 MARCH)

JPS'S MONTHLY SYSTEM LOSSES (% NET GENERATION)



As shown in Figure 1, monthly system net generation varied over 2020 April to 2021 March between a maximum of 375,795MWh for 2020 July and a minimum of 312,632MWh for 2021 February. Over the same period, electricity sales showed a similar pattern, with a maximum of 274,624MWh for 2020 July and a minimum of 223,908MWh for 2021 February. This is consistent with previous years, where July usually records the highest level of electricity sales and net generation and may be attributed to increased demand during the summer months.

Figure 1 also shows the monthly peak demand profile for the system over the 2020 April – 2021 March period, with the system peak of 638.0MW occurring in 2020 August. Monthly system losses reported for the 12-month period are presented in Figure 2. Notably, the monthly energy losses during the period increased in every month compared to the previous.

FUEL COST ADJUSTMENT MECHANISM (FCAM)

Based on the existing Fuel Cost Adjustment Mechanism (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 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, which remained unchanged up to 2020 December. Based on the JPS 2019 – 2024 Tariff Review Determination, however, the target was changed to 9,675 kJ/kWh, effective 2021 January.

JPS'S MONTHLY HEAT RATE PERFORMANCE

The reported monthly heat rate performance for JPS's thermal plants for 2020 April – 2021 March is shown in Table 9 and illustrated in Figure 3.

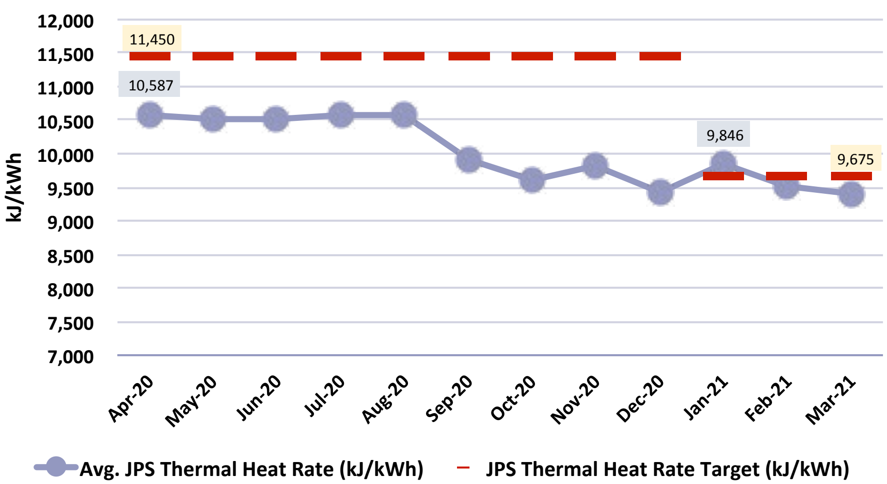
TABLE 9: JPS'S MONTHLY HEAT RATE PERFORMANCE – APRIL 2020 TO MARCH 2021

JPS' Monthly Actual Heat Rate versus Target [2020 April -2021 March]													
(kJ/kWh)	2020 APR	2020 MAY	2020 JUN	2020 JUL	2020 AUG	2020 SEP	2020 OCT	2020 NOV	2020 DEC	2021 JAN	2021 FEB	2021 MAR	AVE kJ/kWh
Heat Rate	10,587	10,515	10,508	10,561	10,569	9,902	9,592	9,828	9,430	9,846	9,516	9,403	10,021
Target	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	11,450	9,675	9,675	9,675	
Variance	-863	-935	-942	-889	-881	-1,548	-1,858	-1,622	-2,020	171	-159	-272	-985

The target set by the OUR was achieved by JPS for eleven of the twelve months with the resulting average monthly benefit to JPS of 985 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 10,021 kJ/kWh, representing an improvement of approximately 9.12% over the previous period.

FIGURE 3: JPS'S MONTHLY HEAT RATE PERFORMANCE

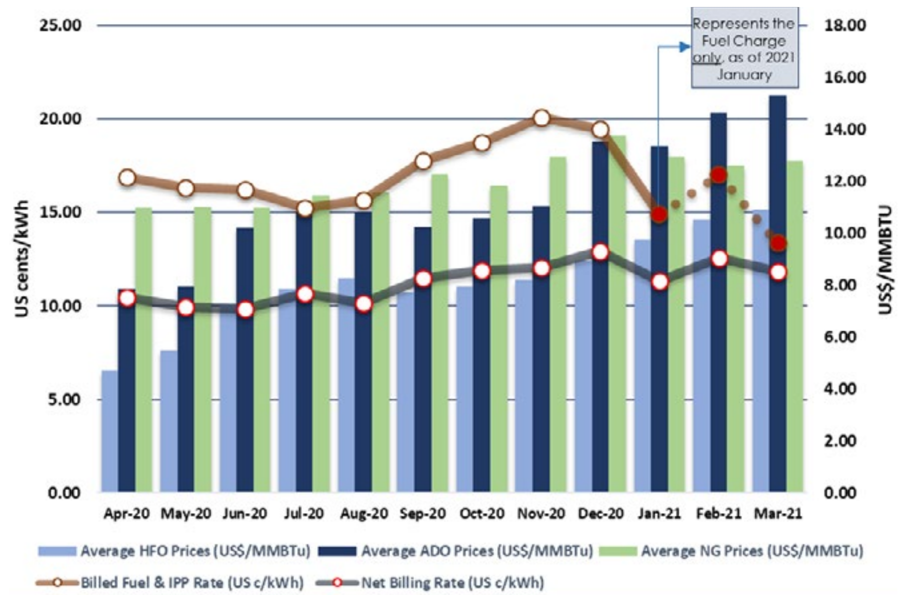
HEAT RATE PERFORMANCE: 2020 APRIL - 2021 MARCH



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 17.39 US₵/kWh, was reported for the Fuel & IPP charges during the period 2020 April to December. Upon the effective date of the JPS 2019 – 2024 JPS Tariff Review Determination, the IPP component was disaggregated from the Fuel & IPP Charge. Therefore, as of 2021 January, this rate represents only the Fuel Charge. An average price of 15.09 US₵/kWh, was thus reported for the Fuel charges during the period 2021 January to March.

FIGURE 4: VARIATION IN MONTHLY AVERAGE FUEL PRICES, FUEL & IPP CHARGE AND NET BILLING RATES



Similar to the Fuel & IPP charge, the average Net Billing Rate used to determine the energy payments to Net Billing customers or 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 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

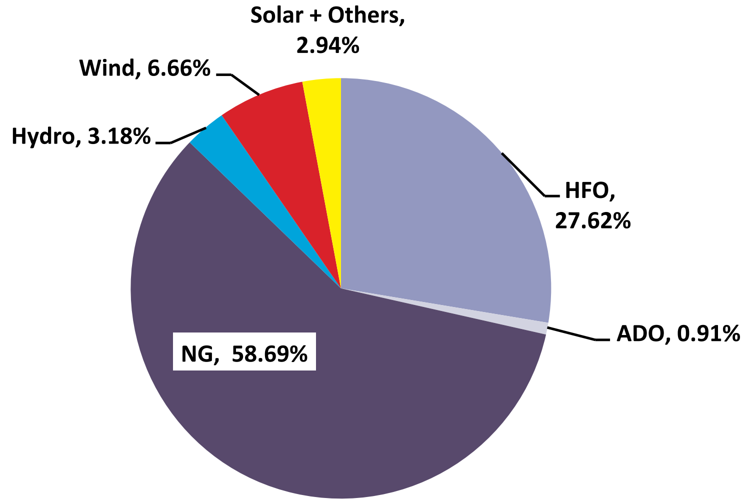
Based on the system's energy statistics the primary energy sources used for the production of electricity are: Heavy Fuel Oil (HFO); Natural Gas (NG) and Renewable Energy (RE) sources. A breakdown of system annual net generation by primary energy sources over the period 2015-2020, is provided in Table 10.

TABLE 10: 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
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
2019	2,647.27	103.04	1,162.36	152.71	274.51	89.94	4,429.83
2020	1,167.55	38.31	2,481.19	134.48	281.42	124.48	4,227.43

Currently, the electricity sector is still highly dependent on liquid fuels (HFO, ADO & NG) for power generation, accounting for approximately 87.22% of total system net generation in 2020 as can be deduced from Figure 5.

FIGURE 5: 2020 SYSTEM NET GENERATION BY PRIMARY ENERGY SOURCE



HEAVY FUEL OIL (HFO)

JPS's generation data, indicates that HFO is no longer the primary fuel source for electricity production, accounting for 27.62 % of system net generation in 2020, down from 59.76% in 2019. This reduction attributable to the addition of relatively large blocks of NG based new generation to the system in the latter part of 2019 and in the first quarter of 2020.

NATURAL GAS (NG)

Since being added to the energy mix, NG has accounted for a significant and increasing portion of annual system net generation, with it now being the dominant energy source. According to JPS's generation reports, electricity generation from NG now at the end of 2020 accounted for approximately 58.69% of system net generation.

AUTOMOTIVE DIESEL OIL (ADO)

The use of ADO for electricity generation has significantly decreased following the introduction of NG to the energy mix in 2016. 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 0.91% of system net generation in 2020.

TABLE 11: ANNUAL NET GENERATION FROM RE SOURCES

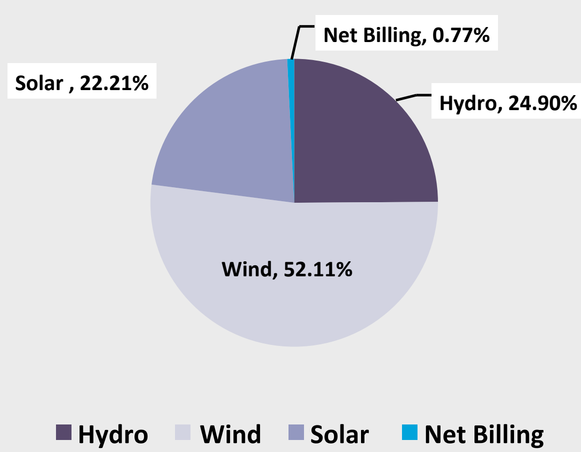
ANNUAL RE GENERATION [2015 – 2020]						
Year	2015	2016	2017	2018	2019	2020
RE Gen GWh)	255.04	340.72	487.25	526.99	516.82	540.01
Net Gen (GWh)	4,209.32	4,343.81	4,360.57	4,355.54	4,429.83	4,227.43
RE portion of Net Gen (%)	6.06%	7.84%	11.18%	12.10%	11.67%	12.77%
NEP RE Target (%)	12.50%	-	-	-	-	15.00%

Energy supplied by wind facilities continues to contribute the largest share of RE supplied to the grid. This is followed by hydro and utility-scale solar PV, with the remainder coming from the Net Billing RE generation facilities. The share of the 2020 RE generation by type is shown in Figure 7.

ELECTRICITY GENERATION FROM RENEWABLE ENERGY SOURCES

The annual net generation (GWh) from Renewable Energy (RE) sources over 2015-2020, is shown in Table 11. As indicated, RE generation for 2020 increased by approximately 23GWh (4.5%) over the 2019 level to 540.01 GWh, the largest annual net generation from RE sources to date. A closer examination of the 2020 performance revealed that this increase was largely attributable to the increases in net generation from Solar PV facilities. This would be mainly due to the commissioning of the 37MW Solar PV facility, which has now recorded its first full year performance since interconnecting to the grid in mid-2019.

FIGURE 7: THE SHARE OF RENEWABLE ENERGY GENERATION BY TYPE (2020)



MANAGER – REGULATION & POLICY - ICT
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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 a forward-looking long run incremental cost (LRIC), whereby the relevant increment is the wholesale termination service and which includes only avoidable costs.

1. UPDATE OF THE MOBILE COST MODEL

During the 2020/21 fiscal year, consultation was conducted on the updated draft mobile cost model and accompanying Consultation Document. The model has been updated in order to reflect changes in market conditions and/or accepted international practices in estimating forward-looking long run costs of an efficient generic operator. In doing the update, the relevance of several factors were reviewed and analysed. These include: Changes in the demand forecast for voice and data; technological changes implemented by Jamaican operators; and changes in the share of the different technologies employed in the network of the generic operator.

The OUR will issue a Determination Notice outlining the mandated mobile termination rate during the 2021/22 fiscal year.

2. UPDATE OF THE FIXED COST MODEL

During the previous review period, the OUR procured a consultant to update the cost model. The update process has been consultative with the stakeholders engaged at various stages of the consultancy. Following the consultation on the proposed changes to the methodology used to develop the existing model, the OUR on 2020 June 30, issued its Determination Notice outlining the Office's decision on the changes to the methodological framework to be used in the update of the model. The Determination Notice indicated the period to be modelled and the period for which the OUR will set the fixed interconnection rates. The document also indicated that the reference operator to be modelled will be based on the combination of Cable & Wireless Jamaica Limited (C&WJ) and Columbus Communications Jamaica Limited. The reference operator in the previous model was based on C&WJ.

Consultation on the updated draft Model began in the 2020 December and ended in 2021 February. The final version of the model will be issued during the 2021/22 fiscal year.

ASSESSMENT OF FIXED INFRASTRUCTURE SHARING COSTS

Infrastructure sharing has been identified as a means by which developing countries and other emerging economies can extend and improve the quality of Internet access services, especially for those marginalized communities that still remain excluded from pervasive and affordable broadband. Globally, operators are also embracing the principle of sharing, as the traditional ownership model where individual network operators owned and/or operated all of the infrastructure required to provide services to their customers, has been increasingly challenged.

In order to have a reliable means by which to determine infrastructure sharing charges in a timely manner, the OUR has decided that it will develop a set of tools to evaluate the costs of infrastructure sharing services. The first tool to be developed is a stand-alone fixed infrastructure sharing cost model.

Following a consultation early in the first quarter of 2020, the OUR published its Determination Notice outlining the Office's decision on the methodological framework which will be used to develop the fixed infrastructure sharing model in 2020 December. The decisions in the Determination Notice included the period of time to be modelled, the definition of the reference operator, the cost standards and cost elements to be considered and the services to be included in the model. Consultation on the draft Fixed Infrastructure Sharing Model and the accompanying Consultation Document began in 2021 January and continued into the first quarter of fiscal year 2021/22. It is anticipated that the final version of the model will be issued during the 2021/22 fiscal year.

ESTIMATE OF THE WEIGHTED AVERAGE COST OF CAPITAL FOR TELECOMMUNICATIONS CARRIERS

The existing Determination on the Weighted Average Cost of Capital (WACC) to be used in the telecommunications sector was issued in 2016 and is due to be updated. It is important that an appropriate cost of capital be estimated for the telecommunications sector as it serves as a measure of the return on capital which companies in the sector are allowed to earn. The estimate of the WACC therefore serves as a critical input into any pricing model to be developed or approved by the Office of Utilities Regulation (OUR). In order to take account of the differences in the risk and capital structure of fixed carriers and that of mobile carriers, separate WACCs will be calculated for the fixed and the mobile sector.

In 2020 June, the OUR published a Consultation Document outlining the approach that the OUR will take to update the parameters used in the estimation of the WACCs for fixed and mobile telecommunications carriers in the Jamaican telecommunications sector. A Determination Notice was drafted in the last quarter of 2020/21 and will be published in the 2021/22 fiscal year.

IMPROVING INFORMATION TRANSPARENCY IN TELECOMMUNICATIONS MARKETS

Informed consumers play a crucial role in the functioning of telecommunications 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.

The OUR conducted a consultation in 2019/20 and in 2020 June issued its Determination Notice which outlined remedies requiring service providers to disclose to consumers, information on telecommunication services that is accurate, timely and easily accessible. The telecommunications providers are required to implement the remedies in three phases. The first two phases were executed during the 2020/21 fiscal year. The final phase will take effect on 2021 December 18. The implementation date for each remedy is outlined overleaf.

INFORMATION TRANSPARENCY DETERMINATION

Determination #	Subject	Implementation Date
Determination 1	General Provision of Information on a Service – Bundled/Unbundled	2020 December 18
Determination 2	Provision of Information Pertaining to Roaming	2020 December 18
Determination 3	Method of Publication of Information on Services	2020 December 18
Determination 4	Clearer Pricing and Framing Information in Advertisements	2020 December 18
Determination 5	The Establishment of Financial Caps	October 18 (for non-roaming services); and 2021 December 18 (for roaming services)
Determination 6	Automatic Usage Notification Alerts	2020 October 18

NUMBERING ADMINISTRATION

Numbering remains an essential issue for discussion and decision among telecommunications stakeholders—end-users, network operators, service providers, regulators and policymakers—as apart from being a technical matter, it also addresses important social, commercial, economic and political considerations. 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. This included the processing of applications for Central Office Codes (NXXs) and Local Toll-Free Numbers.

The OUR also pursued the following numbering administration projects:

1. Review of the Existing Number Portability Framework
2. Development of a Porting Framework for Common Short Codes.

1. REVIEW OF THE NUMBER PORTABILITY FRAMEWORK

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. During the review period, a total of 524,985 regular telephone numbers were ported; 522,135 mobile number and 2,850 fixed numbers.

In the third quarter of 2020/21, the OUR commenced a review of the Number Portability Framework (“the Framework”). A Working Group was established to, among other things, examine the Telecommunications (Number Portability) Rules, 2014 and the Industry Number Portability Guidelines to ensure suitability and practicability going forward. The Group was chaired by the OUR and comprised of representatives of the Ministry of Science, Energy and Technology (MSET), as well as service providers who have been assigned numbers. The kick-off meeting was held in 2020 December. Members of the Working Group were invited to submit proposals for amendments to the Framework which were discussed at subsequent meetings.

The Working Group segment of the consultation process ended in 2021 February and drafting of a Consultation Document began thereafter. During the 2021/22 fiscal year, stakeholders will be given an opportunity to provide feedback on the Consultation Document.

2. DEVELOPMENT OF A PORTING FRAMEWORK FOR COMMON SHORT CODES

Numbering resources that are non-standard in length and with fewer digits than a typical phone number are referred to as “Short Codes”. These codes typically have lengths of between 4 and 6 digits and provide a useful balance between ease of recall for the mobile subscribers and the ability to convey meaningful information. Whenever a short code can be used to access the same service across different mobile networks, it is referred to as a Common Short Code.

The Telecommunications (Number Portability) Rules, 2014 provide for the porting of short codes where these codes can be reached from outside the network and are exclusively assigned to a customer. During 2020/21 work commenced on the development of a porting framework for Common Short Codes. A Consultation Document which examines the issues related to the porting of common short codes and proposes a porting framework for these codes will be issued in fiscal year 2021/22.

OTHER INITIATIVES

1. DIGITAL FINANCIAL SERVICES

The OUR is cognizant that digital financial services such as mobile money, have become a contributing factor in the socio-economic development of many developing countries. The ability of persons who are excluded from the formal banking system to utilise mobile-based financial services, offers opportunities to enhance growth and development. The mobile-based financial services also provide benefits to the telecommunications/ICT industry by making the underlying telecommunications infrastructure indispensable to the provision of future financial services for everyone.

Notwithstanding the benefits of digital financial services, there are also challenges such as security, interoperability, prevention of counterfeiting and consumer protection/acceptance for digital fiat currency. The OUR currently participates in Working Groups aimed at addressing these challenges including the International Telecommunications Union’s ITU-T Focus Group on Digital Currency including Digital Fiat Currency. During the review period, the OUR also participated in stakeholder meetings with the Bank of Jamaica regarding the development of a Central Bank Digital Currency (CBDC) to be issued by the BOJ.

2. 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 Service

Fixed subscriptions stood at 436,249 as at 2020 December 31, representing a 10% increase compared to the similar period in 2019. There has been a steady increase in the uptake of fixed services subscriptions, specifically the residential category, notwithstanding a downward trend in business services subscriptions. The onset of the global Covid-19 pandemic contributed to this increase as more customers subscribed to fixed broadband service to facilitate 'work from home' and/or online classes, with service providers including a telephone subscription as a part of the broadband package.

TABLE 5: FIXED LINE SUBSCRIPTION ('000) & PENETRATION RATES (2011-2020)

YEAR	SUBSCRIPTIONS			PENETRATION RATE
	TOTAL	RESIDENTIAL	BUSINESS	
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%
2019/20	398.31	329.33	68.98	14.57%
2020*	436.25	370.03	66.22	15.96%

*Data provided as at 2020 December 31

Mobile Service

Mobile service subscriptions totalled 2,873,259 as at 2020 December 31, representing a decline of 5% when compared with the similar period in 2019 which recorded 3,023,873 subscriptions. Unlike the positive effect with fixed subscriptions, the global pandemic contributed to the decline in mobile subscriptions. The ongoing pandemic resulted in the loss of jobs and the closure of small enterprises, eventually resulting in some of these mobile customers, falling off the post-paid and/or prepaid platforms. The ability to port numbers and unlimited calling bundles with little or no additional charges for cross network calling have also impacted the need to have subscriptions from more than one operator.

TABLE 6: MOBILE SUBSCRIPTIONS ('000) & PENETRATION RATES (2011-2020)

YEAR	SUBSCRIPTIONS			PENETRATION RATE
	TOTAL	PREPAID	POST-PAID	
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%
2019/20	2,966.88	2,746.53	220.35	108.51%
2020*	2,873.26	2,653.34	219.92	105.09%

*Data provided as at 2020 December 31

Internet Service

Fixed broadband subscriptions stood at 385,603 as at 2020 December 31, representing a 21% increase over the previous period when it stood at 317,907. The increase in fixed broadband subscriptions is attributed primarily to the demand for data services due to business professionals working from home as well as students engaging in online classes. Regarding mobile broadband, these subscriptions reflected a 7% increase as at 2020 December 31 when compared to the similar period in 2019. Despite the reported marginal decline in

WATER AND SEWERAGE SECTOR

The water and sewerage sector regulatory activities over the period included tariff approvals both for NWC and private providers, reviews and recommendations of applications for licences, continued surveillance of the NWC K Factor regime, day-to-day monitoring and enforcement of consumer protection policies, and resolution of appeals.

mobile subscriptions in general, the increase in mobile broadband can be attributed to some mobile customers upgrading/extending the duration of their broadband plans.

TABLE 7: DISTRIBUTION OF INTERNET SUBSCRIPTION ('000) & PENETRATION RATES (2011-2020)

YEAR	SUBSCRIPTIONS				PENETRATION RATE
	TOTAL	FIXED NARROWBAND	FIXED BROADBAND	MOBILE BROADBAND	
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%
2019/20	2,001.16	---	331.98	1,669.18	73.19%
2020*	2,127.58		385.60	1,741.98	77.82%

*Data provided as at 2020 December 31

KEY ACTIVITIES

- The suspension of four (4) Guaranteed Standards as requested by NWC
- Extension of the Deemed K-Factor Relief to the NWC
- Tryall Golf and Beach Club Limited (TGBC) Connection/ Reconnection Determination Notice
- Runaway Bay Water Company Limited (RBWC) Determination Notice
- Annual Price Adjustment Mechanism (ANPAM): DEML and NWC

THE SUSPENSION OF GUARANTEED STANDARDS AS REQUESTED BY NATIONAL WATER COMMISSION

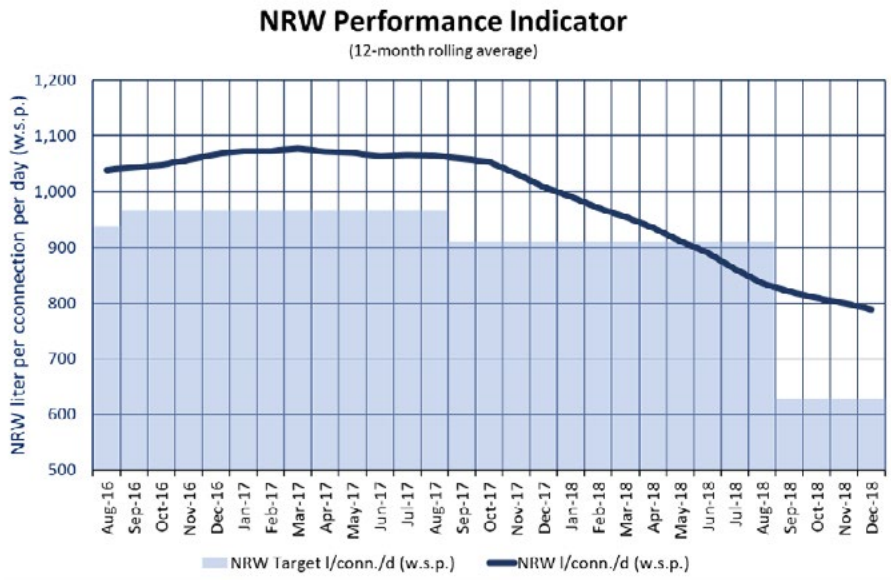
In 2020 April, the NWC wrote to the OUR requesting a three (3) month suspension of four (4) of its seventeen (17) Guaranteed Standards because of the impact of the COVID-19 pandemic on its resources. The NWC cited the constraints caused by the measures implemented by the Government to curtail the spread of COVID-19, and its own precautionary island wide measures to address staff and public health and safety concerns. It said these factors have impaired its ability to meet these four Guaranteed Standards.

The OUR reviewed the request and accepted that it was reasonable in the prevailing circumstances, and as such granted a three-month suspension from 2020 April 1 to 2020 June 30. The suspension of Guaranteed Standards was not new and was previously considered where the utility indicates circumstances that are outside of its control that may reasonably impair its ability to achieve the standards. The NWC subsequently made a further application to the OUR for the suspension of five (5) of its Guaranteed Standards. While the OUR remained cognizant of the ongoing adverse impact of the COVID-19 pandemic On NWC's operations, it also took into consideration the adverse effects of further suspension on NWC's customers. As such, NWC's second request was denied, and instead, approval was given for an adjustment to the timelines for each of the five (5) specified Guaranteed Standards from 2020 November 1 – 2021 January 31.

Extension of the Deemed K-Factor Relief to the NWC

The NWC in response to COVID-19 wrote to the OUR on 2020 March 19th and 26th requesting, among other things, a temporary reset of the deemed K-Factor rate from ninety percent (90%) to seventy five percent (75%). The OUR conditionally approved the relief for a three (3) month period, with an understanding that the relief could be extended subject to a satisfactory quarterly performance review. In response to a further application, the OUR extended the relief to 2020 September, conditional on the NWC providing a statement of reconciliation for the earlier relief that was granted.

FIGURE 1: NON-REVENUE WATER PERFORMANCE INDICATOR



Source of data: NWC Report

TRYALL GOLF AND BEACH CLUB LIMITED (TGBC) CONNECTION/RECONNECTION DETERMINATION NOTICE

The Tryall Golf and Beach Club (TGBC) is a privately owned company that is managed by the Proprietary Board, which is a group of homeowners elected by their peers to take care of the affairs of the property. The company provides water to the residents on the premises, which is situated between the towns of Sandy Bay and Orchard Community in the parish of Hanover. TGBC is the holder of a Water Supply and Distribution Licence dated 2018 August 27.

On 2020 May 12, TGBC submitted an application to the OUR for approval of a Connection/ Reconnection fee in relation to its water supply and distribution services. This application was intended to close the gap in service charges from the previously approved interim volumetric rate of J$144/1,000 litres which had been in effect since 2019 April 01.

Given that the company indicated that it had challenges providing critical data for a cost-based assessment, the OUR opted to conduct a bench-marking analysis of comparable fees across the industry. This procedure is the approach employed on the “No-Objection” Policy. In keeping with the OUR’s current “No-objection” policy for small private water and sewerage providers and given that the rate for the NWC, the OUR approved TGBC’s request to charge a Connection/ Reconnection fee of $5,040.

RUNAWAY BAY WATER COMPANY LIMITED (RBWC) DETERMINATION NOTICE

Runaway Bay Water Company Limited (RBWC) was incorporated on 1968 January, 17 and is a wholly owned subsidiary of the Urban Development Corporation (UDC). The company is involved in the wholesale water market and the retail water and sewerage market. With respect to the wholesale market, the RBWC supplies the NWC with bulk water based on a 2008 Water Purchase Contract between the parties. The bulk water supplied to NWC is produced at its Mount Edgecombe water treatment plant in St. Ann.

At the retail side of the business, RBWC currently supplies potable water service in the Cardiff Hall area of Runaway Bay, St Ann and potable water and sewerage services to Caymanas Country Club Estate, in St. Catherine. RBWC submitted its tariff application on 2020 July 01, seeking an increase in its retail water and sewerage rates and its wholesale water rate. In its Application the company argued that the proposed increase was necessary to finance maintenance works and upgrade existing facilities.

Based on RBWC’s water and sewerage Licences the computation of the company’s tariffs should be based on a rate of return (or “cost plus”) methodology. However, in the context of limited availability of cost and operational data, the OUR has, over the years, applied what has been referred to as the “No Object Policy” to the approval of rates for private water and sewerage service providers. In applying the “No Objection Policy” methodology, RBWC’s proposed retail rates were benchmarked to comparable rates for the NWC and Can-Cara Development Limited (CDL), a private water and sewerage provider in our jurisdiction.

For consumption levels up to 27,000 liters per month, RBWC’s proposed rate was 23% less than the rate charged by the NWC and 4% less than the rate charged by CDL for potable water service to residential customers. For sewerage services to residential customers, RBWC’s proposed rate is 23% less than NWC’s rate and 18% greater than the rate charged by CDL for the use of up to 27,000 liters per month. RBWC’s request for an increase in its wholesale rate was denied.

ANNUAL PRICE ADJUSTMENT MECHANISM (ANPAM): DEML

The Price Adjustment Mechanism (PAM), is an approved indexation adjustment to base rates for water and sewerage service providers. The PAM captures the effects of movements in indices, which are associated with the service provider’s major input costs, over which it has no control. The three indices that are being utilized in the PAM are: (1) the Consumer Price Index (CPI), (2) the Jamaican dollar exchange rate relative to the United States Dollar (FE), and (3) Electricity Prices (KWh).

The PAM adjustment rate is applied on a monthly basis and is reflected as a separate line item on customers’ bills. The mechanism further allows for an adjustment of base rates by the rolling in of the cumulative monthly PAM rate into the base rates annually. This annual reset is referred to as the Annual Price Adjustment Mechanism (ANPAM).

During the 2020/21 period, the OUR reviewed ANPAM applications from DEML and NWC.

DEML submitted its ANPAM rate adjustment application of 8.392% on 2020 September 18. The application was reviewed and approved by the OUR and the new base rate became effective on 2020 October 1.

On 2021 March 18, NWC submitted its ANPAM rate adjustment of 6.05% to be applied to base rates. The OUR reviewed and approved the new base rate to be in effect until 2022 April or the implementation of new water and sewerage tariffs. However, the 6.05% adjustment was not applied to the reconnection fees charged by the NWC. The NWC is expected to submit an application for a review of its rates in 2021.

NWC'S POTABLE WATER STATISTICS

As shown in Table 1, for the fiscal year 2020/21 water produced by the NWC increased by 4.35%, while consumption slightly decreased by 2.73% from the 2019/20 period. NRW saw an increase this reporting period moving from 71.49% to 75.44%. The NWC reported a 1.68% growth in customer connections for the 2020/21 period over the 2019/20 period. This movement is a positive signal and the OUR continues to support the Commission's policies and programmes, which are geared towards achieving its mandate to deliver high-quality potable water and sewerage services to residents and businesses throughout the island.

TABLE 1: NWC WATER PRODUCTION AND CONSUMPTION – 2019/20 AND 2020/21

PERIOD	PRODUCTION (MG)	CONSUMPTION (MG)	NON-REVENUE WATER	NO. OF CONNECTIONS
2019/20	70,738.05	18,838.15	71.49%	511,799
2020/21	73,957.56	18,337.32	75.44%	520,537

Note: MG represents Million Gallons

PRIVATE WATER PROVIDERS' POTABLE WATER STATISTICS

The private sector continues to play an important role in the water and sewerage sector. As shown in Table 2 , for the period of 2020/21 the production data collected from six of the private providers indicate that collectively they saw a decline in production by approximately 9.41% when compared to the 2019/20 period. Overall consumption, registered a 16.67% decline over the same period. This downward trend still holds true although data was unavailable from one provider. Given the 2019 volumes of FRDCL, if we assume that those numbers are constant for 2020 we will still have a downward trend in consumption and production.

TABLE 2: PRODUCTION AND CONSUMPTION OF PRIVATE WATER PROVIDERS FOR 2019 AND 2020

Private Water Providers	2019		2020	
	Production (m3)	Consumption (m3)	Production (m3)	Consumption (m3)
Can-Cara Development Limited*	323,059	285,416	206,351	206,351
Dairy Spring Limited	188,213	189,318	150,157	150,855
Dynamic Environmental Management Limited	671,588	418,233	700,297	432,715
Total	**4,980,539**	**4,131,490**	**4,552,366**	**3,541,333**

Private Water Providers	2019		2020	
	Production (m3)	Consump-tion (m3)	Production (m3)	Consump-tion (m3)
Four Rivers Development Company Limited	43,983	27,685	Unavailable	Unavailable
Rose Hall Development Limited	1,249,156	1,000,289	977,742	745,647
Runaway Bay Water Company Limited	2,504,540	2,210,549	2,517,819	2,005,765
Total	**4,980,539**	**4,131,490**	**4,552,366**	**3,541,333**

** Reported estimates. Production not metered, service same as consumption*

NWC'S K-FACTOR PROGRAMME

The K-factor funding programme was approved to finance capital intensive efficiency improvement projects. The aim of the programme is 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 is required to obtain approval from the OUR for all projects that qualify for K-Factor funding, prior to implementation.

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.

The NWC, in response to COVID-19, wrote to the OUR on 2020 March 19th and 26th requesting, among other things, a temporary reset of the deemed K-Factor rate from ninety percent (90%) to seventy five percent (75%). The OUR conditionally approved the relief for a three (3) month period, with an understanding that the relief could be extended subject to a satisfactory quarterly performance review. In response to a further application, the OUR extended the relief until the end of 2020 September and required NWC to provide a statement of reconciliation for the K-factor collection relief that was allowed for the three-month period 2020 March – May.

K-Factor Fund Operations 2020/21

For fiscal year 2020/21, K-Factor programme inflows exceeded outflows by J$5.85 billion. Table 3 shows the details of the monthly inflows and outflows to the account over the 2020–2021 fiscal period. The total inflow was J$4.54 billion representing a 14.91% increase over the corresponding period of J$3.86 billion, while the reported total outflow was J$3.95 billion, a decrease of 31.18% over the previous year's total of J$5.18 billion.

TABLE 3: K-FACTOR INFLOWS AND OUTFLOWS 2020 APRIL–2021 MARCH

K-FACTOR INFLOWS AND OUTFLOWS – APRIL 2020 TO MARCH 2021

PERIOD		2020									2021			TOTAL	
	2019/20	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	2020/21	Annual change
INFLOWS (J$M)															
DEEMED K-FACTOR BILLING	3,864.24	465.86	321.26	307.08	379.81	378.23	431.15	383.95	415.57	354.47	374.47	429.46	300	4,541.31	17.52%
OUTFLOWS (J$M)															
K-FACTOR OUTFLOWS	5,189.74	0.01	154.73	895.61	358.91	74.23	723.51	139.97	137.48	777.85	96.49	184.88	412.53	3,956.20	-23.77%
Breakdown of Outflows (J$M)															
Debt Service	2,842.44	0	0	895.61	319.14	0.99	531.1	0.99	74.23	692.33	0	146.48	313.67	2,974.540	4.65%
Direct Finance	2,347.28	0.01	154.73	0	39.77	73.24	192.41	138.98	63.25	85.53	96.49	38.4	98.86	981.67	-58.18%
Total	**5,189.72**	**0.01**	**154.73**	**895.61**	**358.91**	**74.23**	**723.51**	**139.97**	**137.48**	**777.86**	**96.49**	**184.88**	**412.53**	**3956.21**	**-23.77%**

Approximately, 75% of K-Factor outflows (J$2.97B) were in relation to debt service, while the remaining 25% (J$9.81M) was used as direct financing of existing projects. Notably, compared to the previous fiscal year, debt service increased by 4.44% from J$2.84 billion while direct financing decreased by 58.2% to J$981 million.

The K-Factor fund is currently being used to service the NWC's US$133M loan programme, with the Inter-American Development Bank (IDB), to fund its Kingston Metropolitan Area (KMA) Water Supply Improvement Programme. The contract is being executed by MIYA Water Jamaica Limited), as part of a consortium working in a co-management arrangement with the NWC.

LEGAL DEPARTMENT

OVERVIEW

The Department advised on a number of regulatory and administrative matters, ensuring that the Office of Utilities Regulation (OUR) observed due process, and complied with all legal requirements in discharging its regulatory functions. The Department also provided legal inputs in several of the organization's regulatory and administrative processes, and managed the litigation and tribunal matters in which the OUR was involved.

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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) on various sector-specific policy and legislative matters. In particular, officers in the Department participated on working teams established by MSET to address matters in the electricity sector such as, the Joint Energy Working Group and the Total Electricity Access Working Group. The OUR also provided recommendations to MSET to guide the policy on the development of an electric vehicle market in Jamaica, comments on draft rules to govern quality of service in the telecommunications sector, and on the implementation of enhanced access to emergency services.

LITIGATION MATTERS

From 2020 April to 2021 March, our legal officers managed eleven litigation matters, ten of which were carried over from previous periods. During the year, two matters, one brought before the Electricity Appeal Tribunal and one before the Telecommunications Appeal Tribunal, were removed from the listing, as they have not been pursued by the litigants for an extended period. The remaining active matters are comprised as follows: two matters before the Electricity Appeal Tribunal, one of which is in abeyance; one matter before the Supreme Court; and six matters for which the judgment debt or costs awarded by the various courts, including the Privy Council, Court of Appeal, Supreme Court and Parish Court, are outstanding and/or being pursued. Some of the matters are highlighted as follows:

ELECTRICITY SECTOR

ELECTRICITY APPEAL TRIBUNAL

- In 2021 January and February, the Jamaica Public Service Company Limited (JPS) filed a Notice of Appeal and Amended Notice of Appeal respectively, with the Electricity Appeal Tribunal (Tribunal). By these Notices, JPS appealed against various decisions of the OUR with respect to the company's 2019 – 2024 Tariff Application as set out in the OUR's *Jamaica Public Service Company Limited Rate Review 2019 – 2024: Determination Notice* (Document No. 2020/ELE/016/DET.003) dated 2020 December 24, and an Addendum to that Determination Notice (Document No. 2021/ELE/001/ADM.001) dated 2021 January 29 (together referred to as the Tariff Determination Notice). The Tariff Determination Notice sets out the

OUR's decisions regarding, *inter alia*, the tariffs that JPS may charge over the five-year period – 2019 to 2024 - and is the first such rate review under the revenue cap regime established by the Electricity Licence 2016. The matter is scheduled for hearing in 2021 July.

- In 2019 June, JPS filed an appeal with the Tribunal against several of the OUR's decisions set out in the documents *Final Criteria – Jamaica Public Service Company Limited: 2019-2024 Rate Review Process* (Document No. 2019/ELE/003/RUL.001) dated 2019 March 14, and *Addendum to Final Criteria – Jamaica Public Service Company Limited: 2019 – 2024 Rate Review Process* (Document No. 2019/ELE/007/ADM.001) dated 2019 April 24 – together referred to as the Final Criteria. The Final Criteria was published by the OUR, after a consultative process, pursuant to requirements in Schedule 3 of JPS' Electricity Licence 2016, and contains various criteria which informed and guided JPS in the preparation of its business plan and five-year rate review submission that was due in 2019. At a hearing before the Tribunal in 2019 August, JPS requested that the hearing of the appeal be delayed until after the issue of the OUR's Determination on JPS' five-year rate review application, that is, the OUR's Tariff Determination Notice. After the filing of the appeal against the Tariff Determination Notice in 2021, JPS applied to the Tribunal to have its appeal against the Final Criteria heard with the 2021 appeal. The Tribunal however, ruled against the joinder and ordered that JPS may pursue the appeal against the Final Criteria if it wished, after the disposal of the appeal against the Tariff Determination Notice.

TELECOMMUNICATIONS SECTOR

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.

  In 2019 January, Mr. Neil 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 and other rights. The matter has proceeded through the case management and disclosure stages. Trial is scheduled for 2022 June to July.

THE INFORMATION TECHNOLOGY AND RISK DEPARTMENT (ITRD)

The last financial year tested the relevance and ingenuity of the Information Technology and Risk Department (ITRD) in its support of the organization to deliver its mandate during the COVID-19 pandemic. The ITRD continues to make certain that the organization uses the most suitable technology for the specific needs and requirements of the activities and projects.

DIRECTOR – INFORMATION TECHNOLOGY & RISK
Leighton Hamilton

MANAGER – SOLUTION DEVELOPMENT & RISK
Otis Anderson

SYSTEM ANALYST/WEBMASTER
Marvin Domville

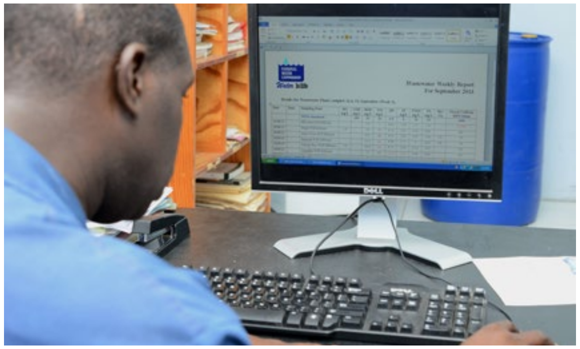
GRAPHIC OFFICER/HELP DESK COORDINATOR
Judene Channer

The ITRD ensured that all staff members worked remotely for most of the year due to the pandemic, with the deployment of hardware and the use of a secure connection to access on-premises information systems.

HIGHLIGHTS

a. There was no recorded downtime of the information technology services due to the continued review and actions taken to mitigate cyber-attacks on the OUR's information technology infrastructure.

b. There was also continued review and enhancement of the in-house developed applications, including the upgrading of : the License Application System (LINKS); Customer Information Database System (CIDS); Regulatory Decision Management System (INKS); Project Monitoring System and Electronic Document and Records Management System (EDRMS).



c. The ITRD, in collaboration 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 organization's activities.

For the next fiscal year, the Department will replace obsolete equipment as well as continue to improve the information technology system security through the implementation of ISO 27001 – Information Security Management. This is to ensure that the organization is adhering to international best practice standards for information technology security and for the protection of the OUR's 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)

The organization maintained its certification against the ISO[1] 9001:2015 standard after undergoing a surveillance audit conducted by the National Certification Body of Jamaica (NCBJ). With the maintenance of this international certification, the organization continues to demonstrate to all our stakeholders our emphasis on delivering measurable quality service to them.

[1] International Organization of Standards

The activities that were undertaken during the 2020-2021 fiscal year facilitated our success and included *inter alia*:

1. A process audit to determine measures to improve the efficiency of the OUR and stakeholders experience with the OUR.
2. The execution of the QMS Management Review and approval was performed for all core processes of the organization.

In fiscal year 2021-2022, 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 (ERMS) has been improved with its integration with the employee performance monitoring system. The ERMS produced quarterly enterprise risk reports for risks associated with regulatory projects and support activities, and was used to complement and enhance the quality management system. It should be noted that the COVID-19 pandemic impacted the 2020-2021 projects and activities of the organization, but mitigation action was implemented to ensure the successful execution of the organization's mandate.

HUMAN RESOURCE AND ADMINISTRATION DEPARTMENT

The Human Resource and Administration Department is responsible for providing human resource, general administration, procurement, records and information management, and Access to Information Act support services. During the reporting period, the Department carried out a number of human resource and administration-related activities in support of the organization's strategic focus.

DIRECTOR – HUMAN RESOURCE AND ADMINISTRATION
Rohan McCalla

SENIOR PROCUREMENT OFFICER
Nova Barnett

MANAGER, RECORDS AND INFORMATION MANAGEMENT
Lyndon Adlam

PERSONNEL/ADMIN. OFFICER
Ingrid Brown Cripps

CLERICAL ASSISTANT
Rahsaan Thomas

TELEPHONE OPERATOR/ RECEPTIONIST
Lorraine Baker

DRIVER/ BEARER
Granville McKoy

DRIVER/MESSENGER
Shirley Stewart

OFFICE ATTENDANT
Joan Bailey-Banton

ADMINISTRATIVE ASSISTANT
Patricia Watson

SENIOR RECORDS AND INFORMATION MANAGEMENT OFFICER
Roxan Jackson

RECORDS AND INFORMATION MANAGEMENT OFFICER
Venetia Cooke

RECORDS AND INFORMATION MANAGEMENT OFFICER
Kadine Williams

RECORDS CLERK
Rolando Johnson

PROMOTIONS, APPOINTMENTS, AND SEPARATIONS

There was one new hire and three promotions over the 2020/2021 period. The following posts were filled: (a) Driver/Bearer, the position became vacant due to retirement of the previous holder (b) Manager, Public Procurement, (c) Secretary to the Office, and (d) Senior Procurement Officer. The Administrative Assistant for the Consumer and Public Affairs Unit, one Senior Utilities Analyst in the Regulation, Policy, Monitoring and Enforcement (RPME) Department and the Secretary to the Office left the organization. The OUR's Consultant, Economic Regulation, passed away in 2020 December.

CAPACITY DEVELOPMENT INITIATIVES

Capacity development remained important to the organization's success and as such, staff members participated in initiatives, among them:

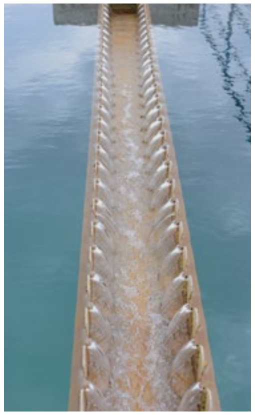
Industrial Relations	Performance Management	Appreciative Inquiry	Public Sector Procurement
Advanced Broadband Network Quality of Service (QoS) and Applications	International Public Procurement and Country Procurement Systems	Procurement, Storekeeping, and Inventory Management	Coaching and Mentoring Skills
Annual IFRS 2020 Update Seminar	Electrical Vehicles and the Grid	Energy Storage	Virtual Leadership Skills & Managing A Digital Workforce
Effective Public Policy	Jamaica Taxation	HR Leaders Virtual Summit	-
Competition Law 7 Regulation in the Telecoms & Media Sectors	People Analytics: Taking Data Driven Action	Real World – Programming in HTML5 with Java Script R and CSS3	EUCI – Rate Design and the Potential Impacts of COVID-19
Employee Engagement	Chartered Secretary	Communications Management Programme Series	Effective Report Writing
Strategies to Develop Critical Thinking Skills	Managing Physical Records	Real World Technologies – Developing ASP.NET Core MVC Web Applications	Real World – Programming in HTML5 with Java Script R and CSS3
The Management of the Risk Management System	John Maxwell Co and Steve Harvey – Elevate Your Communication	The Management of the Risk Management System	Effective Technical Writing

PERFORMANCE MANAGEMENT AND INDUSTRIAL RELATIONS

The Department continued to improve the performance management programme by exposing People Managers to cutting-edge information in Performance Management. Staff in the department began planning for strategic improvements in areas such as performance incentive, employee rewards and recognition, job description and specification writing and performance planning and appraisal. People Managers also shared in conversations during capacity development interventions relevant to Jamaica's industrial relations environment and legal framework.

HUMAN RESOURCE INFORMATION SYSTEM

The Government of Jamaica's integrated human resource and payroll solution, MyHR+, was implemented during this period. The aim of this system is to, *inter alia* promote employee self-services and strategic actions.



SUCCESSION AND TALENT MANAGEMENT

The organization concluded its inaugural Talent Management System Implementation. The process assessed of the existing bench-strength and provided recommendation on the implementation of strategies to fill and develop capacity, where required. Out of this process, there was a renewed effort to create and/ or revise a Development Plan for each employee. The Department also started working on an Employer Branding Strategy, which is to be rolled out in 2021/2022.

QUALITY MANAGEMENT SYSTEM (QMS)

We continued to ensure improvement by creating or revising policies and procedures. Revisions were made to the Grievance Policy and Grievance Procedures, Disciplinary Policy and Disciplinary Procedures, and the Whistle Blower Policy and its attendant Procedures. There was also collaboration between the Finance and HR and Administration Departments for continual improvement of the Fixed Asset and Operations Management system. Revisions were effected to the Records and Information Management Policy and Procedures.

EMPLOYEE ENGAGEMENT, SATISFACTION, AND WELL-BEING

The OUR continued to enjoy the support of Billy Craig Insurance Brokers Ltd., its group health insurance broker, for the staging of the third annual one-day Health Fair (virtually) for members of staff. The day's activities included presentations from medical doctors on health matters. Staff had the chance to learn (from a live online presentation) about effective and efficient juicing and blending of fruits and vegetables. There was also a demonstration about work-station exercises for better health maintenance- and personal/home-based spa care tips were also offered to the staff.

The OUR also marked Heart Day Celebrations on 2021 February 25. The activities included a health food bar, a virtual exercise/workout session, and a presentation on cardiovascular diseases by the Heart Foundation of Jamaica. In keeping with the Employee Well-being focus, the OUR's Wellness Team hosted a stimulating presentation on financial investment, led by BPM Financial.

The Human Resource Department organized a day of gratitude and giveback to all staff. Staff were issued handmade cards bearing messages of gratitude. The cards carried a personalized message from the Director of Human Resource and Administration. Each staff was also given a personalized keepsake.

The organization, cognizant of its responsibility to staff, in the face of the COVID-19 outbreak, responded by setting up a COVID-19 Task Force.

Some of the measures implemented were the installation of sanitization stations throughout the office; temperature checks; the dissemination of educational information, through different channels; and the purchase of personal protective supplies such as masks, gloves, and hand sanitizers. Distancing protocol was also implemented and a policy to significantly reduce visits from members of the public.

There was an increase in sanitization of workspaces, throughout the day. A Work-From-Home (WFH) Protocol and the attendant WFH Agreement were issued. An internal social distancing protocol was adopted, which saw persons having more internal and external video conferencing meetings, from their workstations and offices. The Human Resource department did check-ins with staff about their emotions and experiences and this was facilitated by sessions with a trained medical doctor and a psychologist.

CORPORATE SOCIAL RESPONSIBILITY

A group of staff members started mentoring young women, who are residents at Wortley Home For Girls. The wider staff contributed to the donation of items to the Home, during the year.

PROCUREMENT OF GOODS, GENERAL, AND CONSULTANCY SERVICES

The Procurement Unit in the Department continued to ensure that all procurement activities were conducted in accordance with prescribed guidelines/procedures and that timely Quarterly Contract Awards (QCA) Reports and requests for information were submitted to the Integrity Commission and the Ministry of Finance and the Public Service. For the 2020/2021 period, fifteen (15) contracts, valuing over $500,000 and five (5) below $500,000 were awarded.

RECORDS AND INFORMATION MANAGEMENT (RIM)

The RIM Unit continued to manage active, semi-active, and inactive documents and records that are held by the OUR. An essential 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 Quality Management System (QMS). The Unit conducted sensitization activities concerning RIM-related practices over the period.

OUTLOOK

The Department continues to develop and enhance its processes and services to ensure continual improvement towards increased customer awareness, satisfaction, and engagement. To this end, it will continue to focus on and improve initiatives relating to promotions and appointments; capacity development; performance management; human resources information system; succession management; quality management system; employee engagement, satisfaction, and well-being; corporate social responsibility; procurement of goods, services, work, and consultancy services; general administration; and records and information management. In the upcoming period, the department will implement a Learning Management System, revise the performance management framework, conduct research on, and strengthen the organizational culture, review and revise job descriptions and specifications, review and revise the Human Resource Manual, and explore a Flexi-Work arrangement.

FINANCE

Ten Year Statistical Highlights	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUE, EXPENSES, AND NET SURPLUS - $'000										
Gross Revenue	876,291	850,967	811,904	771,608	764,976	704,098	588,526	627,648	532,316	538,336
Regulatory Fees	799,800	829,202	798,614	740,302	738,366	669,205	559,082	558,692	514,100	503,219
Deferred Income	(15,370)	(39,693)	(14,315)	(18,786)	(23,600)	-	-	-	-	-
Discount Allowed	(60,634)	-	-	-	-	-	-	-	-	-
Administration and Other Expenses	(814,746)	(843,464)	(733,109)	(716,913)	(746,021)	(594,605)	(560,297)	(486,404)	(522,963)	(463,007)
Staff Costs	(594,418)	(613,362)	(530,579)	(495,459)	(482,219)	(418,948)	(370,290)	(337,595)	(338,181)	(312,114)
Net (Deficit)/Surplus	(14,459)	(32,190)	64,480	35,909	18,955	109,493	28,229	141,244	9,353	75,329
BALANCE SHEET EXTRACTS - $'000										
Total Assets	929,902	868,670	730,253	772,863	757,705	790,633	639,646	612,008	510,833	466,829
Receivables	131,415	100,543	70,412	153,081	91,989	127,437	120,802	118,943	101,713	100,381
Trade Receivables Before Credit Loss Provision	137,171	113,921	77,294	124,118	72,334	120,997	153,797	145,688	128,725	120,177
Short Term Investments, Cash and Cash Equivalents	662,850	617,222	577,701	487,412	488,738	523,969	376,100	368,470	295,160	259,498
Reserves	421,997	365,190	430,069	400,260	570,314	554,156	458,615	433,051	318,751	309,398
Payables	215,050	171,762	129,633	152,000	123,024	172,110	116,664	114,590	127,715	92,868
FINANCIAL RATIOS										
Year End Trade Receivables/Regulatory Fees	17.15%	13.74%	9.68%	16.77%	9.80%	18.08%	27.51%	26.08%	25.04%	23.88%
Administration and Other Expenses/Regulatory Fees	101.87%	101.72%	91.80%	96.84%	101.04%	88.85%	100.22%	87.06%	101.72%	92.01%
Staff Costs/Administration Costs	72.96%	72.72%	72.37%	69.11%	64.64%	70.46%	66.09%	69.41%	64.67%	67.41%
Staff Costs/Regulatory Fees	74.32%	73.97%	66.44%	66.93%	65.31%	62.60%	66.23%	60.43%	65.78%	62.02%
OTHER DATA										
Financial Year-end Exchange Rate US$1.00 = J$	146.58	135.39	126.47	125.98	128.67	122.04	115.04	109.57	98.89	87.30
Inflation Rate Year Over Year	5.18%	4.81%	3.39%	3.94%	4.09%	2.96%	3.96%	8.34%	9.13%	7.26%
Number Of Staff	70	72	69	72	72	72	69	65	59	59
MAJOR CONTRIBUTORS TO REVENUE (SECTORS)										
Telecommunications	41%	42%	42%	40%	43%	42%	44%	46%	42%	41%
Electricity	37%	35%	40%	42%	41%	42%	40%	40%	38%	40%
Water	22%	23%	18%	18%	16%	16%	16%	14%	19%	18%
Transportation	-	-	-	-	-	-	-	-	1%	1%

The financial year ended 2021 March 31 was a challenging one due to the effects of the COVID-19 global pandemic that affected nearly all areas of operation of the OUR, resulting in some activities being curtailed, and some unplanned activities taking place. The financial effect of those occurrences saw reductions in areas of expenditure, but there were increases as well in transportation and traveling expenses. In addition, the OUR provided discounts on regulatory fees to the major utilities, totalling $60.6 million for the financial year.

FINANCIAL CONTROLLER
Duhaney Smith

ACCOUNTANT
Laverne Small

BUDGET OFFICER
Deslyn Nwude

SENIOR ACCOUNTING CLERK
Renae Palmer-Gayle

ACCOUNTING/DATA ENTRY CLERK
Shennel-Ann Reynolds

ACCOUNTING CLERK
Shavouy Drake-Thomas

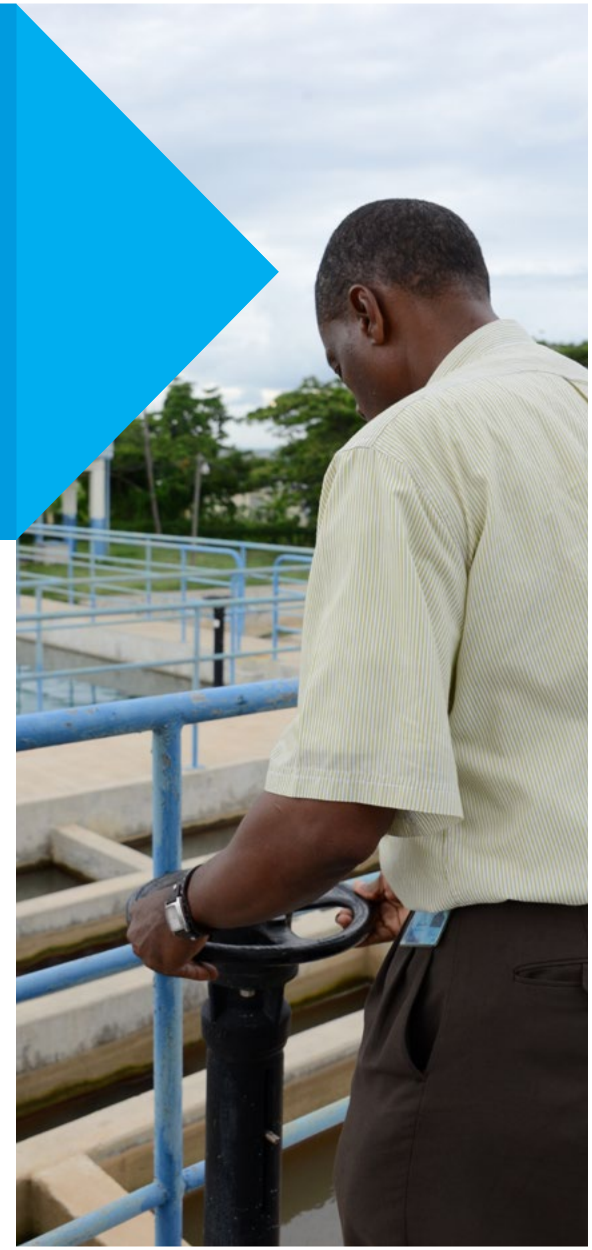
CONSULTANT, FINANCE
Carol Crooks

ADMINISTRATIVE ASSISTANT
Beverley Robinson

Notwithstanding these challenges, the OUR continued to properly execute with fiscal discipline, its mandate of providing regulatory oversight to the utility sectors within the constraints of the approved budget, and in accordance with relevant government guidelines and regulations.

The organization's financial statements reflect a net deficit of $14.5 million (2019/2020 - $32.2 million) due primarily to the aforementioned discounts of $60.6 million (2019/2020 – NIL) due to the pandemic, and net regulatory fees deferred of $15.4 million (2019/2020 - $39.7 million), representing in part net under-expenditure due to projects planned for, but were not carried out during the financial year, as well as those projects brought forward from prior years for which activities took place during the year. Administration and other expenses were also lower than in the prior year due to the effects of the pandemic.

The organization's aforementioned net deficit of $14.5 million was primarily offset by remeasurement gains of the pension fund defined benefit obligation, a part of Total Comprehensive Income, of $71.3 million (2019/2020 – loss of $46.9 million) resulting in the organization's reserves at the year-end increasing to $422.0M (2019/2020 - $365.2 million).



INCOME

INCOME AND EXPENDITURE SUMMARY

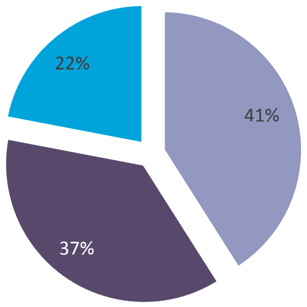
	2021	2020
	$'000	$'000
Net regulatory fees	784,430	789,509
Processing fees	1,990	1,453
Other operating income	1,159	7,093
Interest income	12,708	13,219
	800,287	811,274
Staff Costs	(594,418)	(613,362)
Other administrative and other expenses	(220,328)	(230,102)
	(814,746)	(843,464)
NET DEFICIT	**(14,459)**	**(32,190)**

TOTAL INCOME

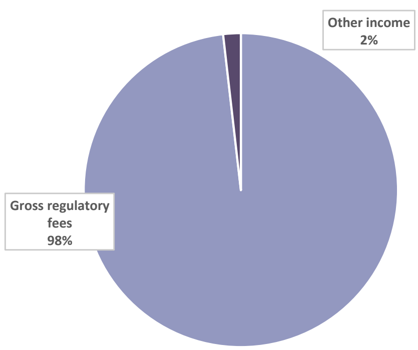
	2021	2020
	$'000	$'000
Regulatory fees	860,434	829,202
Processing fees	1,990	1,453
	862,424	830,655
Deferred income	(15,370)	(39,693)
Discounts allowed	(60,634)	-
Operating Income	**786,420**	**790,962**
Interest income	12,708	13,219
	799,128	804,181
Other operating income	1,159	7,093
	800,287	**811,274**

Total income fell by 1.4% year-over-year, moving down to $800.3 million, from last financial year's $811.3 million, and is comprised of operating income of $786.4 million (2019/2020 - $791.0 million) a 0.6% reduction year-over-year, net of discount allowed and deferred income of $60.6 million (2019/2020 – NIL) and $15.4 million (2019/2020 - $39.7 million), respectively.

SECTOR CONTRIBUTION TO REGULATORY FEES

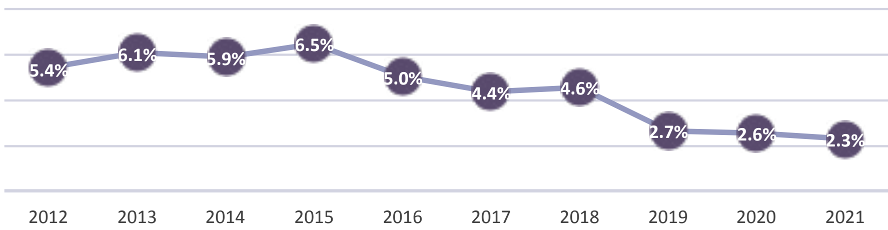


GROSS REVENUE



Regulatory fees, the major component of total income, was $784.4 million (net) after discount allowed and deferred income, a reduction of 0.6% compared to the prior year's $789.5 million. The contributions from the various sectors to regulatory fees for the financial year are as follows: Telecommunications - 41% (2019/2020 - 42%); Electricity - 37% (2019/2020 - 35%); Water - 22% (2019/2020 - 23%)

AVERAGE ANNUAL RETURN ON INVESTMENTS



Interest income of $12.7 million (2019/2020 – $13.2 million) represents earnings from investments at various financial institutions. The reduction in average annual returns on investments, from a high of 6.5% in 2014/2015 to the current 2.3%, reflects the downward trend of interest rates over the past six financial years.

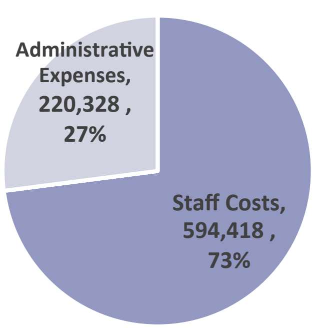
ADMINISTRATION AND OTHER EXPENSES (INCLUDING STAFF COSTS)

During the financial year, as was the case in earlier years, various cost management measures were exercised, including expenditure justification and tight budgetary oversight, in order to keep costs under control. These efforts, together with the reduced level of operational activities due to the pandemic, resulted in lower administration and other expenses compared to the previous year.

ADMINISTRATION AND OTHER EXPENSES

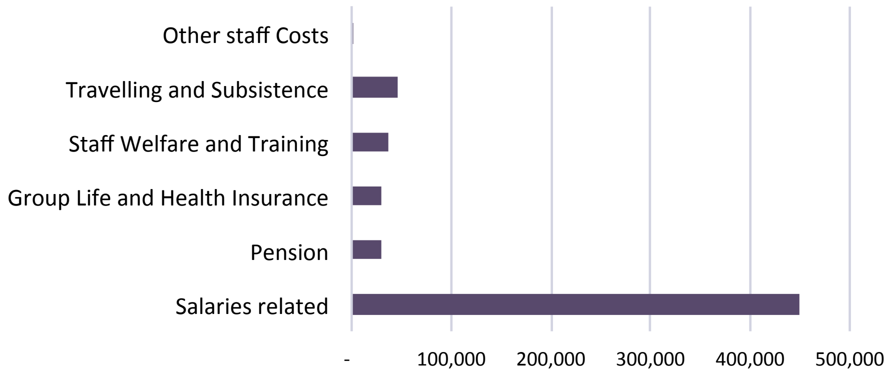
	2021	2020
	$'000	$'000
Staff Costs	594,418	613,362
Administrative Expenses	220,328	230,102
	814,746	843,464

ADMINISTATIVE AND OTHER EXPENSES ($'000)



Total expenses for the financial year of $814.7 million reflect a decrease of 3.4% over the previous financial year's $843.5 million. Staff costs represent 73.0% (2019/2020 - 72.7%) of total expenses, and at $594.4 million (2019/2020 - $613.4 million), shows a decrease of 3.1% over the previous financial year.

STAFF COSTS ($'000)



STAFF COSTS

	2021	2020
	$'000	$'000
Salaries related	449,402	449,990
Pension	29,326	21,485
Group Life and Health Insurance	30,945	28,715
Staff Welfare and Training	35,939	71,976
Travelling and Subsistence	46,833	40,043
Other staff Costs	1,973	1,153
	594,418	613,362

The primary reasons for the decrease in staff costs were a reduction in staff welfare and training by 50.1%, partially offset by increases in pension costs (36.5%) arising from the IAS 19 valuation, group life and health premiums (7.8%), and travelling and subsistence expenses (17.0%), due primarily to higher travel costs as a result of reimbursements of travel costs to staff due to the pandemic.

ADMINISTRATIVE AND OTHER EXPENSES (EXCLUDING STAFF COSTS)

Administration and Other Expenses excluding Staff Costs is 27.0% (2019/2020 – 27.3%) of total expenses, and at $220.3 million reflects a net decrease of 4.2% compared to the prior financial year's $230.1 million.

ADMINISTRATIVE EXPENSES SHOWING NOTABLE INCREASES OVER PRIOR YEAR

	2021	2020
	$'000	$'000
Office members' remuneration	12,880	8,850
Audit Fee	1,300	1,300
Customer expenses	6,613	6,147
Subscriptions	30,575	24,387
Public relations	6,706	6,563
Office rental	12,255	451
Repairs and Maintenance	9,837	4,933
Projects	53,953	39,519
Amortization of intangible asset	5,054	2,087
Loss on disposal of fixed asset	1,624	-
	140,797	94,237

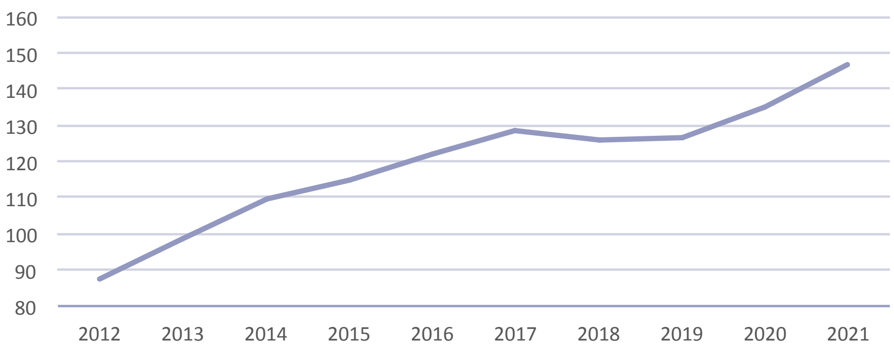
ADMINISTRATIVE EXPENSES SHOWING NOTABLE REDUCTIONS OVER PRIOR YEAR

	2021	2020
	$'000	$'000
Foreign Travel	-	4,381
Motor vehicle expenses	2,238	4,779
Legal and professional fee	7,334	42,640
Bad debts (recovered)/written off	(990)	7,145
Stationery, printing, and postage	813	1,555
Advertising and promotion	3,427	4,600
	12,822	65,100

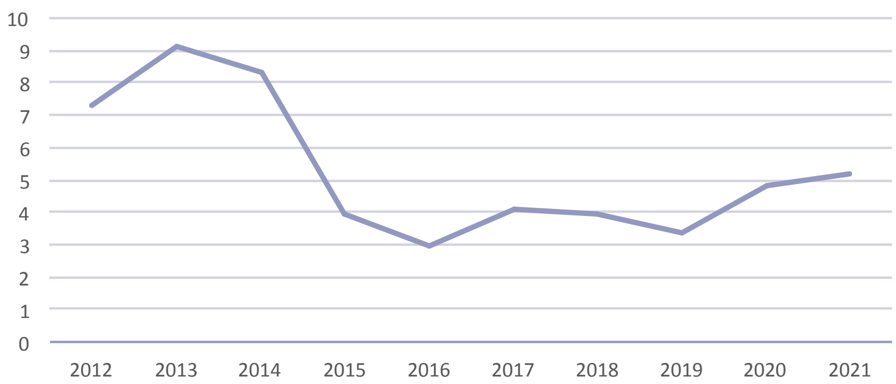
The increases in costs were due mainly to higher remuneration costs for Office members as a result of an increase in the number of meetings held, increased subscription rates, compounded by depreciation of the Jamaican dollar versus the United States dollar, Office rental which represents accruals for rental increases going back a number of years prior to IFRS 16, repairs, and project expenditure. The increases were offset by reductions in foreign travel expenses, legal and professional fees and advertising and promotion charges.

The reductions in administrative and other expenses are primarily attributable to reduced operational activities as a result of the negative effects of the COVID-19 pandemic on the organization.

FINANCIAL YEARS FOREX MOVEMENTS (J$ VS. US$)



FINANCIAL YEARS INFLATION RATES



ASSETS

The organization's total assets at $929.9 million reflects a 7% growth over the previous financial year's $868.7 million, due mainly to a 30.7% increase in receivables from $100.5 million to $131.4 million as at year-end, due to slower collection of outstanding regulatory fees, and growth in short term investments of 61.6%, which stood at $265.7 million at the end of the financial year, compared to the previous year-end's $164.5 million. These increases were partially offset by an 11.4% reduction in non-current assets which fell from the previous year-end's $144.5 million to $128.0 million at the current year end, and a 12.3% reduction in cash and cash equivalents which was $397.1 million at the year-end, having fallen from the prior year's $452.7 million.

RESERVES AND LIABILITIES

Reserves at $422.0 million (2019/2020 - $365.2 million), show an increase of 15.6% as a result of the positive pension fund valuation related adjustments totalling $71.3M (2019/2020 – negative $46.9 million) partially offset by the financial year's net deficit of $14.5 million (2019/2020 – deficit of $32,190).

The organization's total liabilities increased by 0.9% to $507.9 million, from the $503.5 million which existed at the prior year end. Payables at $215.1 million (2019/2020 - $171.8 million) represent 42.3% (2019/2020 – 34.1%) of total liabilities, and deferred income at $225.6 million (2019/2020 - $210.2 million) 44.4% (2019/2020 – 41.8%). The change in deferred income reflects a net increase in the value of projects deferred to the following year for completion.

Reductions in post-employment benefits and lease liability saw total non-current liabilities falling from $99.1 million to $42.6 million, a 57.0% reduction. The changes are due to IAS19 pension fund valuation and IFRS 16 adjustments.

INTERNAL AUDIT

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

CHIEF INTERNAL AUDITOR
Hope James

INTERNAL AUDITOR
K. Antonio Mullings

Throughout the year the Unit was impacted by COVID 19 in several ways:

1. Reduced available man hours to conduct scheduled activities; due to lock downs, curfews, early and full day office closures.
2. Ability to obtain timely and adequate responses to requested information.
3. As a result of most persons working remotely, turn-around time for auditees to provide Internal Audit with evidence only available in physical formats was affected.
4. The execution, flow of audits and audit activities.

Internal Audit remained committed to helping the organisation achieve its overall goals and continued to support it by providing value-added solutions through audits and advisory services. 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 Quality Management System (QMS) ISO 9001:2015 Standard. These audits are categorised as Process Audits. With the oversight of the Unit, the OUR maintained its certification to the ISO 9001:2015 Standard. During the 2020/2021 period, there were two (2) externally conducted Process audits under the QMS. The OUR continues to have the distinction of being one of the few regulatory bodies world-wide which has attained this international accreditation.

Operational audits were planned with input from the Director-General and the Office's Audit Committee. Special Activities are unknown at the planning and scheduling stages of the financial year, and are executed as requested by, or through the Director-General and/or the Audit Committee.

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

Although two (2) or 17% less than scheduled Operational audits were completed during the year, seven (7) Special Activities were accomplished as requested. Fifty per cent (50%) of the scheduled Process audits were finalised, resulting in an overall achievement of (4) assignments or 29% more than the revised schedule.

TABLE 1A: CATEGORIES OF ASSIGNMENTS

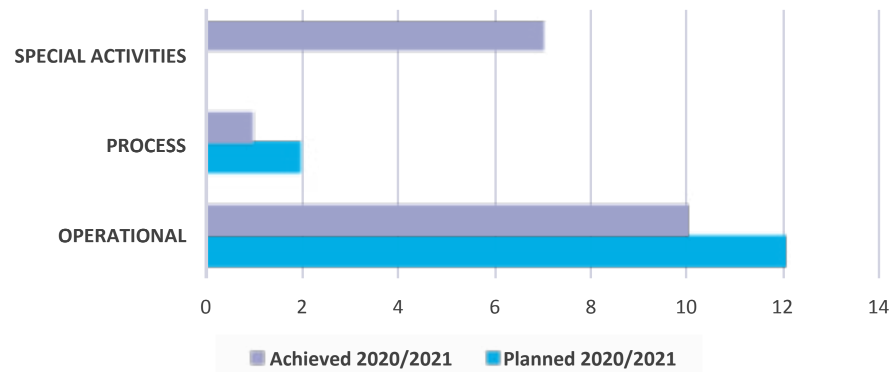
Assigned Categories	Revised Schedule 2020/2021	Achieved 2020/2021	Percentage Completed/ Comments
Operational	12	10	83%
Process	2	1	50%
Special Activities	-	7	
Total	**14**	**18**	

TABLE 1B: STATUS OF ASSIGNMENTS NOT COMPLETED

Assigned Categories	Assignments Not Completed 2020/2021	Status at 2021 March 31
Operational	2	70% complete
Process	1	65% complete
Special Activities	-	
Total	**3**	

FIGURE 1: AUDIT ASSIGNMENTS

2020/2021 AUDIT ASSIGNMENTS



Twenty four (24) Corrective actions from Operational Audit findings identified in 2020/2021 were implemented, when compared with fifteen (15) in 2019/2020, a 60% increase.

For Process Audits, 4 of 7 or 57% of Corrective actions were implemented, an increase over 2019/2020 period, when there was a 22% implementation.

A total of eighty three (83) Corrective actions brought forward to 2020/2021 had implementation rates of 44% for Operational, 42% for Process and 41% for External activities. (See Table 2)

TABLE 2: IMPLEMENTATION OF AUDIT RECOMMENDATIONS 2020/2021

	Process Audits	Percentage Implemented	Operational Audits	Percentage Implemented	External Audits	Percentage Implemented
Total Findings 2020/2021	7	57%	89	27%	3	33%
Implemented during 2020/2021	4		24		1	
Total Findings from Previous Year brought forward into 2020/2021	50	42%	16	44%	17	41%
Previous year's Findings implemented during 2020/2021	21		7		7	

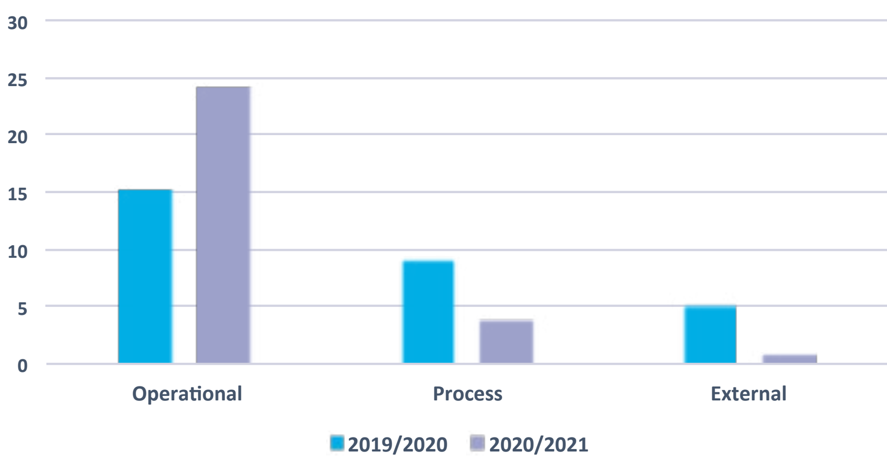
Twenty-nine (29) recommendations raised in 2020/2021 were implemented, as was done in 2019/2020.

TABLE 3: FINDINGS GENERATED AND IMPLEMENTED IN THE YEARS 2019/2020 AND 2020/2021

Findings Generated and Implemented	2019/2020	2020/2021	Percentage Increase/ Decrease
Operational	15	24	60%
Process	9	4	-56%
External	5	1	-80%
Total	**29**	**29**	**-0%**

FIGURE 2: AUDIT FINDINGS GENERATED

AUDIT FINDINGS GENERATED AND IMPLEMENTED



The Director-General and members of the Office's Audit Committee reviewed audit findings through monthly and quarterly audit reports. The implementation of Internal Audit's recommendations have improved policies, procedures and processes.

PRODUCTIVITY OF INTERNAL AUDIT UNIT

Table 4 shows assignments completed by Internal Audit for the 2020/2021 reporting period when compared with 2019/2020.

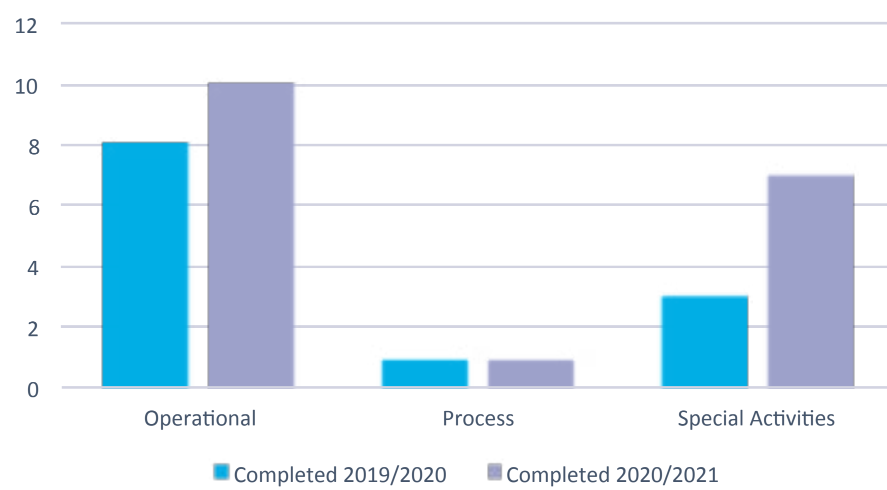
There was a 50% increase in the number of assignments fuelled by a significant spike in Special Activities and a slight increase in Operational Audits.

TABLE 4: INTERNAL AUDIT'S PERFORMANCE BY CATEGORIES

Categories of Assignments	Completed 2019/2020	Completed 2020/2021	Percentage Change
Operational	8	10	25%
Process	1	1	0%
Special Activities	3	7	133%
Total	**12**	**18**	**50%**

FIGURE 3: UNIT PERFORMANCE

AUDIT UNIT PERFORMANCE



Seventy nine percent (79%) of the scheduled Audit Universe for 2020/2021 was covered as shown in Table 5.

TABLE 5: AUDIT COVERAGE FOR 2020/2021

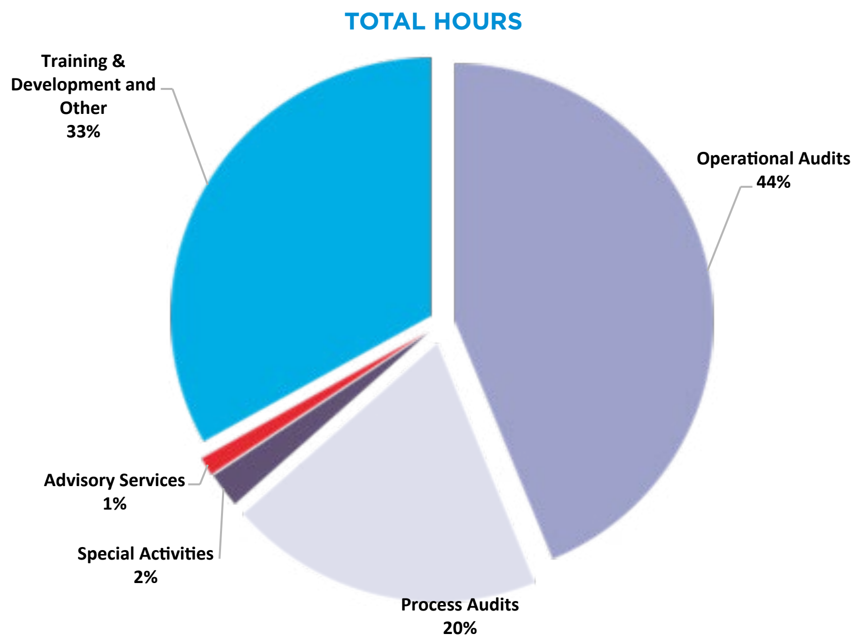
	2020/2021		
	Scheduled	Completed	Percentage of Schedule Completed
Process Audits	5	4	80%
Operational Audits	9	7	78%
Total	**14**	**11**	**79%**

Twenty six percent (26%) of the Audit Universe, as per the thirty-six (36) month Audit Plan was completed in 2020/2021.

TABLE 6: AUDIT COVERAGE COMPLETED VS THE AUDIT UNIVERSE

	Audit Universe 36-Month Plan	Completed 2020/2021	Percentage Covered
Process	5	4	80%
Operational & other non-Process activities	38	7	18%
Total	**43**	**11**	**26%**

FIGURE 4: TOTAL HOURS SPENT



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

Internal Audit Unit plans for the 2021/2022 year includes:

- Operational Audits 7
- Process Audits 1
- Verifications 9
- Special Activities Not scheduled, as they are unknown activities

CONSUMER ADVISORY COMMITTEE ON UTILITIES (CACU)

RESPONDING TO URGENCY OF OPPORTUNITIES ARISING FROM COVID-19

Never in our wildest dreams, would we have imagined that our global community would be reeling from the impact of the COVID-19 pandemic. Out of nowhere, this virus appeared and in a split second, consumers began to feel the negative effects of a crippling contagion, which would infect millions and take the lives of millions as well. Like the rest of the world, Jamaica has experienced a disruptive impact generally but more specifically in those segments of our economy which are highly labour-intensive. As utility consumers, how have we fared regarding our services providers? ***How have we responded to the urgency of the opportunities emanating from the COVID-19 pandemic?***

The 2020-21 regulatory year was an interesting one for the Consumer Advisory Committee on Utilities (CACU), given the restrictions on movement and gatherings, two important ingredients of consumer advocacy. However, the committed and diligent members of the CACU rose to the occasion in fulfilling our core mandate of "ensuring consumer engagement in timely policy and regulatory development and decision-making", which became even more critical throughout the business year.

Our work plan therefore sought to achieve four goals: **a)** strengthen the technical capacity of the Group by recruiting new members, **b)** leverage local and international opportunities for technical and advocacy training, **c)** undertake a deep-dive assessment of the current state of the utilities' infrastructure and associated services, and **d)** recognize customer service successes across the regulated sectors – electricity-water/sewerage-telecommunications. Early in the planning process, the applied approach identified the emerging opportunities for the Committee to achieve greater efficiency and effectiveness in deploying the work programme.

CACU CHAIRMAN
Yasmin Chong

During the regulatory year, the Committee utilized online platforms to hold its regular monthly meetings as well as to invite guests from the regulated entities. In ***responding to the urgency of the opportunities***, the CACU: **1)** recruited one new member, **2)** commenced the design of a multi-phase review of the impact of non-technical losses on the mobile/landline, water and electricity markets, **3)** initiated a consumer satisfaction score-card initiative on Jamaica's energy, telecommunications and water and sewerage infrastructure, and **4)** launched a customer service excellence award programme for regulated utilities. Additionally, the CACU provided active support/engagement with consumer education programmes, consultations/notices of proposed rule-making, advocacy for the introduction of service standards for the telecoms sector and contributed to the early stages of a review of the existing guaranteed standards regime for the 2021-22 regulatory year. Members also participated in monthly online training webinars and courses, offered by the US National Association of State Utility Consumer Advocates (NASUCA), of which the CACU is an Affiliate Member.

Over the past year, the regulated utilities continued to experience their fair share of utility issues, from long and extended rate review periods, continued service disruptions due to lengthy delays in completing large infrastructure projects, increased customer dissatisfaction with quality of service standards and heightened concerns regarding the financial health of the regulated utility sector.

The sector continues to be plagued by high costs of service and the ever-increasing incidence of theft and associated costs of replacing infrastructure across all regulated entities. These problems continue to threaten the further development, growth and delivery of a modern, reliable and affordable utility services market in Jamaica. A sustained and combined national effort is urgently required to correct these illegal practices.

As we enter another regulatory term during the ongoing COVID-19 pandemic, we are mindful of the importance of empowering consumers through continued public education initiatives and programmes. The time is ripe to seize the opportunity before us, to create a more enabling environment where we invest in and support independent and informed consumer advocacy. In that regard, and over the coming months, the CACU is being spawned to undertake transformative efforts in becoming that dynamic, essential and influential voice that advances the interests of consumers, to achieve safe, reliable and reasonably-priced utility services. Further, the revamped CACU will ensure that those interests remain foremost in the national dialogue on utilities issues.

The CACU will continue its efforts and engagement on behalf of all utilities consumers across Jamaica during what is expected to be another interesting year, what with the ongoing/global COIVID-19 pandemic. The current environment calls for a renewal of the partnership between all stakeholders, to

support the full advocacy effort. We remain resolute and committed to our promise of contributing 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 to achieve the Vision 2030 goal of making Jamaica the preferred place to live, work, raise families and conduct business.

REMEMBERING CAMILE

The OUR hosted a blood drive in honour of our colleague Camile Rowe in 2020 December 8. Camile sadly passed away in 2020 December.

CORPORATE HIGHLIGHTS

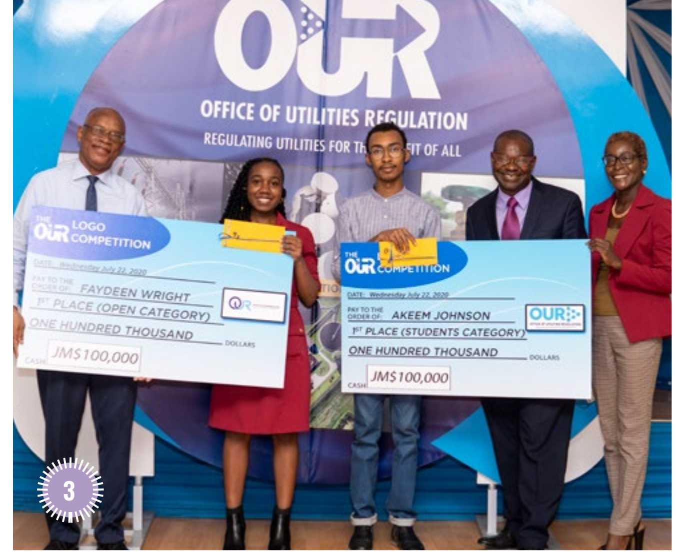
1. ‘Virtual Heart 2 Heart’: Licensing Officer, Carlene Dunbar (left), assists Consumer Affairs Officer, Shara Barnett, to check her heart rate and blood pressure as OUR marked ‘Virtual Heart 2 Heart’ day on 2020 February 24.

2. OUR staff members (l-r) partake in the “Wellness Bar” and partner exercises on Heart Day.

3. OUR Logo Competition: The first place winners of the OUR’s Logo Redesign Competition, Faydeen Wright (second left) and Akeem Johnson (centre) pose alongside Deputy Director-General, Maurice Charvis (left), Director-General, Ansord E Hewitt (second right) and Deputy Director-General, Cheryl Lewis on 2020 July 22. The competition consisted of an Open category for participants 18 years and over and a Students’ category. Faydeen Wright was the winner of the Open category and Akeem Johnson was the winner for the Students’ category.

4. Shanique Nunes-Hylton, OUR’s Executive Assistant, presents a gift to graphic artist and owner of Adlib Studios, William Watson, as a token of appreciation for being a judge in the OUR’s Logo Competition.

5. Duhaney Smith, OUR’s Financial Controller, (left) presents the 3rd prize in the Open Category to Je Yeon Kim at the Awards Ceremony for the OUR Logo Competition.



6. OUR Guaranteed Standards Jingle Competition: The OUR launched its Guaranteed Standards Jingle Competition on 2020 November 19.

The competition, which was opened to Jamaicans who meet the criteria, was to help bring awareness of the Guaranteed Standards which were developed for utility customers. The competition focussed on those developed for the Jamaica Public Service Company Limited (JPS) and the National Water Commission (NWC).

In photos 6, Judges of the OUR's Guaranteed Standards Jingle Competition which ran from 2020 November to 2021 March, were Conroy Wilson, (top photo) Nigel Staff (centre) and Wayne McGregor.

7. Director, Consumer and Public Affairs, Yvonne Nicholson, presents a token to Mathew Silpot, Music Education Officer, Ministry of Education, Youth and Information, at the launch of the OUR's Jingle Competition on 2020 November 19.

8. Seretse Small of Avant Music Academy playfully accepts a gift from Elizabeth Bennett Marsh, Public Education Specialist at the launch of the OUR's Jingle competition.

9. Quality of Service (QoS) Symposium: NWC's Marlene Graham-Hall (left) and Natasha Nesbeth discuss points to pertinent sections of the Code of Practice for Complaints Handling for Utility Providers on 2022 November 25 at the fourth Annual Quality of Service (QoS) Symposium on 2020 November 25. The focus was on the review and update of the Code of Practice (COP) on Complaints Handling for Utilities' Service Providers, customer service delivery, and wellness of customer service delivery professionals. The event was held at the Jamaica Pegasus Hotel.

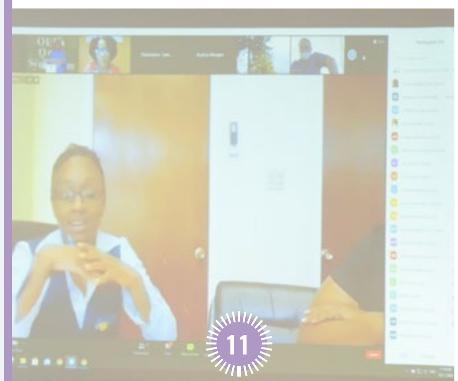
10. (L-R) Deputy Director-General, Cheryl Lewis, Director-General Ansord E. Hewitt, Director – Consumer and Public Affairs, Yvonne Nicholson and member of the Office, Yasmin Chong all gave “COVID” smiles at the Quality of Service Symposium on 2020 November 25.

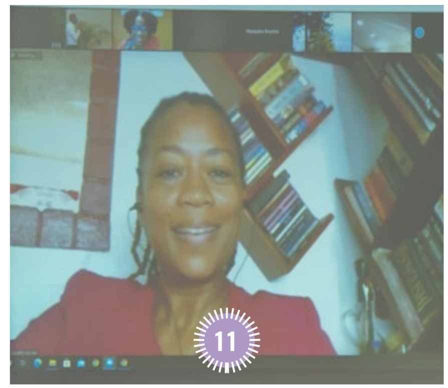
11. Online participants: Tanisha Shuttleworth (left) from Dynamic Environmental Management Limited (DEML) and Collette Goode, OUR’s Specialist – Consumer Affairs (Policy).

12. NWC’s Debbia Brown-Rose receives a token for her participation from Public Education Specialist, Elizabeth Bennett Marsh.

13. OUR’s Virtual Health Fair: OUR’s virtual Health Fair held on 2020 November 27 saw staff members participating in virtual gym sessions.

14. Finance Consultant, Carol Crooks, enjoying her coconut water at the OUR’s Virtual Health Fair on 2020 November 25.





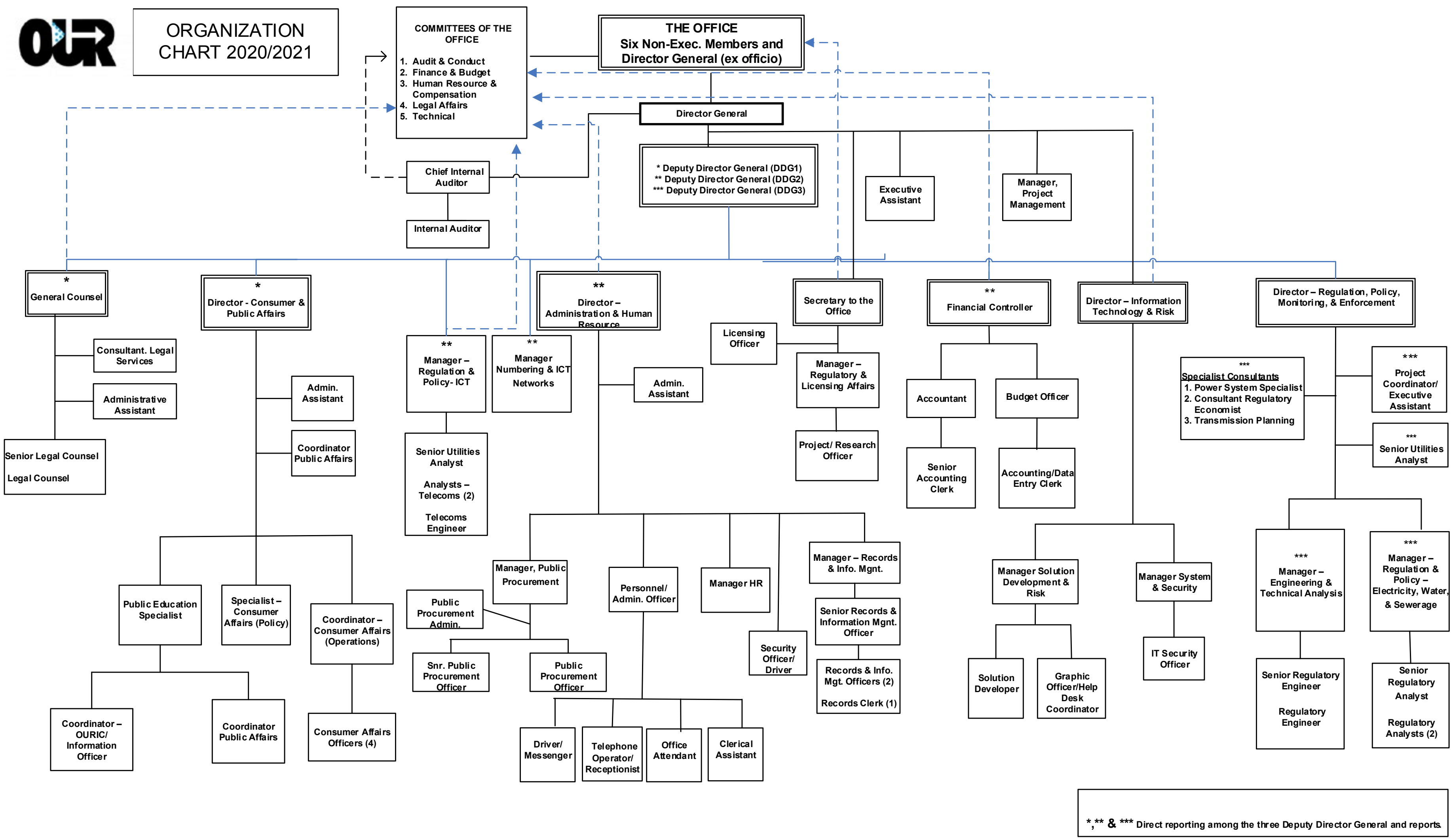
OFFICE OF UTILITIES REGULATION

15. Corporate Social Responsibility: OUR gave back to the Wortley Home for Girls on 2020 December 18 as a part of a “Back to School” Charity Drive. Other items, inclusive of toiletries were donated as well. Pictured l-r are: Wortley Home’s Deloris Bailey, OUR’s Administrative Assistant Patricia Watson, and OUR’s Regulatory Analysts Fay Samuels and Antoinette Harris.

16. End of Year Celebrations: OUR ladies (l-r): Antoinette Harris, Beverley Green and Carlene Dunbar, showed their creativity in the “Wacky Eyewear Competition” as a part of the End of Year Celebrations in 2020 December.

17. MOU Signing: OUR entered into a Resource Sharing partnership with other regional regulators, to increase the use and access to collections of regulatory materials across the region. On Thursday, 2021 March 25, OUR’s Director-General, Ansord E. Hewitt, (top left) participated in a virtual symbolic signing to cement the agreement with three of the regional regulators (clockwise): Mr. Donald Cole, Executive Director, US Virgin Islands Public Services Commission; Mr. Craig Nesty, Executive Director, National Telecommunications Regulatory Commission, Dominica and Dr. George Matthew, Acting CEO Public Utilities Regulatory Commission. The OUR’s Information Centre, which spearheaded this effort, is the only specialised Library of its kind in the English-speaking Caribbean, and is accessible to the public.

ORGANIZATIONAL CHART



SENIOR MANAGEMENT COMPENSATION

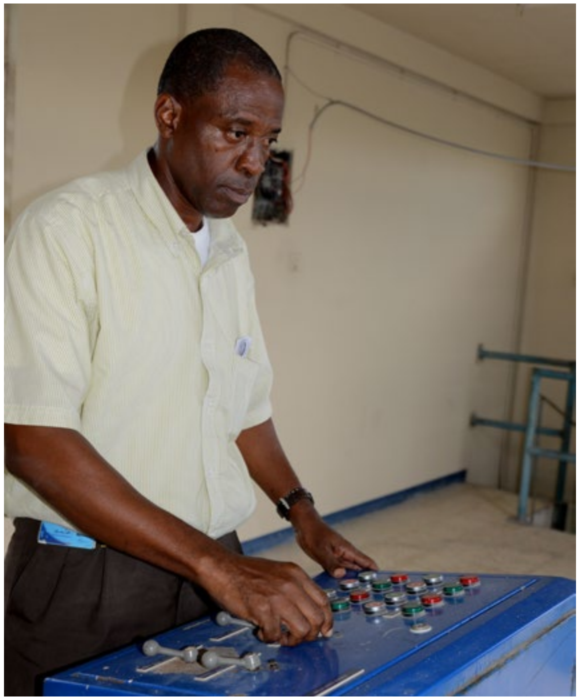
Name and Position of Senior Executive	Year	Basic Salary $	Gratuity $	Travelling Allowance or Deemed Motor Vehicle Allowance $	Pension benefits $	Other Allowances[1] $	Non-cash benefits $	Total $
Ansord Hewitt - Director-General	2020/2021	14,710,718	3,677,680	1,697,148	None	90,000	482,630	20,658,176
Maurice Charvis - Deputy Director-General (Telecommunications)	2020/2021	13,512,229	3,378,057	1,697,148	None	90,000	416,682	19,094,117
Cedric Wilson - Deputy Director-General (Electricity & Water)	2020/2021	11,963,952	2,990,988	140,000	None	90,000	482,630	15,667,571
Cheryl Lewis - Deputy Director-General (Legal and Consumer& Public Affairs)	2020/2021	11,521,889	2,880,472	1,697,148	None	140,000	368,734	16,608,243
Chenée Riley - General Counsel	2020/2021	9,249,442	None	1,697,148	731,146	140,000	368,734	12,186,470
Rohan McCalla - Director of Administration and HR	2020/2021	7,078,000	None	1,697,148	534,055	90,000	450,795	9,849,998
Yvonne Nicholson - Director of Consumer and Public Affairs	2020/2021	7,962,561	None	1,697,148	635,780	90,000	581,097	10,966,586
Leighton Hamilton - Director of Information Technology	2020/2021	9,614,036	2,403,509	1,697,148	None	90,000	617,986	14,422,679
Peter Black - Secretary to the Office (Demit-ted office 2020 April)	April 2020	822,173	205,543	141,429	None	90,000	None	1,259,145
Diana Cummings - Secretary to the Office (Appointed 2021 January)	May 2020 to March 2021	8,511,929	None	1,697,148	614,163	90,000	462,997	11,376,237
Hope James - Chief Internal Auditor	2020/2021	7,399,553	None	1,697,148	559,486	90,000	571,367	10,317,554
Duhaney Smith - Financial Controller	2020/2021	9,711,914	2,427,978	1,697,148	None	90,000	598,330	14,525,370

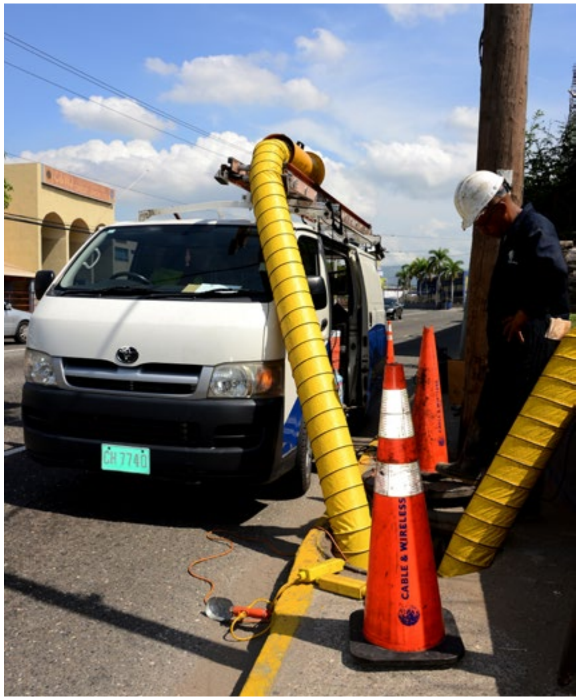
[1]Clothing/robing allowance

[2]Health and group life insurance benefits.

OFFICE REMUNERATION

Name and Position of Office Member	Board Fees ($)	Motor Vehicle Upkeep/ Travelling or Value of assignment of Motor Vehicle ($)	Honoraria ($)	All Other Compen-sation including Non-Cash Benefits as applicable ($)	Total ($)
DerricK Mckoy - Chairman	3,220,000	NIL	NIL	NIL	3,220,000
Noel daCosta - Deputy Chaiman	2,860,000	NIL	NIL	NIL	2,860,000
Damien King - Non-Executive Office Member	1,150,000	NIL	NIL	NIL	1,150,000
Simon Roberts - Non-Executive Office Member	1,500,000	NIL	NIL	NIL	1,500,000
Novar Patrick McDonald - Non-Executive Office Member	800,000	NIL	NIL	NIL	800,000
Yasmin Chong - Non-Executive Office Member	2,150,000	NIL	NIL	NIL	2,150,000
Ansord Hewitt - Executive Office Member	NIL	1,697,148	NIL	18,961,028	20,658,176
Total	**11,680,000**	**1,697,148**	**NIL**	**18,961,028**	**32,338,176**





FINANCIAL STATEMENTS

2021 MARCH 31

CONTENTS

OFFICE OF UTILITIES REGULATION

BDO

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Chartered Accountants
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Kingston 5, Jamaica

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 42, which comprise the statement of financial position as at 31 March 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

BDO

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 of financial statements that give a true and fair view 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.

- 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.

BDO

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)

- 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 presents a true and fair view.

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.

Chartered Accountants

8 July 2021

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
REVENUE	6	786,420	790,962
Other operating income	7	1,159	7,093
		787,579	798,055
Administrative and other expenses	8	(814,746)	(843,464)
		(27,167)	(45,409)
Interest income		12,708	13,219
NET DEFICIT		(14,459)	(32,190)
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to statement of income -			
Remeasurement gain/(loss) of the defined benefit obligation	13	66,387	(10,152)
Remeasurement gain/(loss) of the pension plan assets	13	4,959	(36,785)
Revaluation of property, plant and equipment	10	(80)	14,248
		71,266	(32,689)
TOTAL COMPREHENSIVE INCOME		56,807	(64,879)

STATEMENT OF FINANCIAL POSITION

31 MARCH 2021

	Note	2021 $'000	2020 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	37,744	56,128
Intangible asset	11	10,097	10,683
Right-of-use asset	12(a)	58,268	77,690
Post-employment benefit	13	21,899	-
		128,008	144,501
CURRENT ASSETS:			
Receivables	14	131,415	100,543
Taxation recoverable	15	7,629	6,404
Short term investments	16	265,709	164,457
Cash and cash equivalents	17	397,141	452,765
		801,894	724,169
		929,902	868,670
RESERVES AND LIABILITIES			
RESERVES:			
Retirement benefit reserve	13	21,899	(39,322)
Revaluation reserve		11,676	14,248
Retained earnings		388,422	390,264
		421,997	365,190
NON-CURRENT LIABILITIES:			
Post-employment benefit	13	-	39,322
Lease liability	12(b)	42,620	59,769
		42,620	99,091
CURRENT LIABILITIES:			
Payables	18	215,050	171,762
Deferred income	19	225,613	210,243
Lease liability - current portion	12(b)	24,622	22,384
		465,285	404,389
		929,902	868,670

Approved for issue by the Office on 8 July 2021 and signed on its behalf by:

Derrick McKoy - Chairman

Damien King - Member

STATEMENT OF CHANGES IN RESERVES

YEAR ENDED 31 MARCH 2021

	Retirement Benefit Reserve $'000	Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 APRIL 2019	11,619	-	418,450	430,069
TOTAL COMPREHENSIVE INCOME				
Net deficit	-	-	(32,190)	(32,190)
Other comprehensive income	(46,937)	14,248	-	(32,689)
	(46,937)	14,248	(32,190)	(64,879)
TRANSFER BETWEEN RESERVES				
Transfer from retirement benefit reserve	(4,004)	-	4,004	-
	(50,941)	14,248	(28,186)	(64,879)
BALANCE AT 31 MARCH 2020	(39,322)	14,248	390,264	365,190
TOTAL COMPREHENSIVE INCOME				
Net deficit	-	-	(14,459)	(14,459)
Other comprehensive income	71,346	(80)	-	71,266
	71,346	(80)	(14,459)	56,807
TRANSFER BETWEEN RESERVES				
Transfer from retirement benefit reserve	(10,125)	-	10,125	-
Transfer to retained earnings	-	(2,492)	2,492	-
	(10,125)	(2,492)	12,617	-
	61,221	(2,572)	(1,842)	56,807
BALANCE AT 31 MARCH 2021	21,899	11,676	388,422	421,997

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2021

	Note	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net deficit		(14,459)	(32,190)
Items not affecting cash resources:			
Amortization of intangible asset	11	5,054	2,087
Depreciation	10	22,857	25,269
Depreciation - right-of-use asset	12(a)	19,422	19,423
Retirement benefit expense	13	29,326	21,485
Interest income		(12,708)	(13,219)
Interest expense - right-of-use asset	12(b)	9,711	9,712
Exchange gain on foreign balances		(10,503)	(6,590)
Deferred income	19	15,370	39,692
Movement in expected credit losses provision	14	(990)	7,145
Loss/(gain) on disposal of property, plant and equipment		1,624	(188)
		64,704	72,626
Changes in operating assets and liabilities:			
Receivables		(29,944)	(35,602)
Payables		43,288	42,129
Taxation recoverable		(1,225)	(3,233)
Retirement benefit contributions paid		(19,201)	(17,481)
Cash provided by operating activities		57,622	58,439
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		12,770	13,025
Proceeds from disposal of property, plant and equipment		4,965	188
Purchase of intangible asset	11	(4,468)	(10,209)
Purchase of property, plant and equipment	10	(11,142)	(3,840)
Short term investments		(96,350)	53,005
Cash (used in)/provided by investing activities		(94,225)	52,169
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments	12(b)	(24,622)	(24,672)
Cash used in financing activities		(24,622)	(24,672)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(61,225)	85,936
Exchange gain on foreign cash balances		5,601	3,189
Cash and cash equivalents at beginning of year		452,765	363,640
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	397,141	452,765

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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 sewerage

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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 amendments are relevant to its operations:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. There was no impact on the organization's financial statements from the adoption of this amendment.

Revised Conceptual Framework for Reporting, (effective for accounting periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no change will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies, will need to consider whether their accounting policies are still applicable under the revised Framework. There was no impact on the organization's financial statements from the adoption of this amendment.

Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures', (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. There was no impact on the organization's financial statements from the adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

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

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective and which the organization has not early adopted.

The amendments which management considered may be relevant to the organization are as follows:

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exists at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the organization.

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the organization.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the organization.

Amendment to IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. This amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. It is not anticipated that the amendment will have a significant impact on the organization's financial statements as the organization has not received rent concessions.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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)

Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The organization will apply this amendment to future business combinations.

Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Accounting Improvements to IFRSs 2018-2020 cycle amending a number of standards, of which the following are relevant to the organisation: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. The organisation will apply these improvements to future financial statements.

(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.

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.

All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(c) **Property, plant and equipment (cont'd)**

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) **Intangible assets**

Computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(e) **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.

(f) **Right-of-use asset**

Right-of-use assets are initially measured at an amount equal to the initial value of the lease obligation which is subsequently adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the organization;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the orgainization has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(f) **Right-of-use asset (cont'd)**

The right-of-use asset will be depreciated using the straight-line method from the date of commencement to the lease to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

(g) **Leases**

Leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less.

The lease obligation is measured at the present value of the contractual obligation, discounted using the interest rate implicit in the lease term, unless that rate is not readily determinable, in which case the organization will use its incremental borrowing rate.

The lease term determined by the organization comprises:

i) The non-cancellable period of lease contracts, including a rent-free period if applicable;

ii) Periods covered by an option to extend the lease if the organization is reasonably certain to exercise that option;

iii) Periods covered by an option to terminate the lease if the organization is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the organization. Lease payments included in the measurement of the lease obligation are comprised of the following:

i) Fixed lease payments, including in-substance fixed payments;

ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

iii) Amounts expected to be payable under a residual value guarantee;

iv) The exercise price of purchase options that the organization is reasonably certain to exercise;

v) Lease payments in an option renewal period if the organization is reasonably certain to exercise the extension option;

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(g) **Leases (cont'd)**

vi) Penalties for early termination of the lease unless the organization is reasonably certain not to terminate early; and

vii) Less any incentive receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. Having elected to do so, the organisation accounts for any lease and associated non-lease components as a single arrangement, which is permitted under IFRS 16.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is re-measured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease. The revised carrying amount is amortised over the remaining lease term.

(h) **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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

Financial assets (cont'd)

(ii) **Classification**

The organization classifies all of its 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.

(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, cash and cash equivalents and short term instruments in the statement of financial position.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

Financial assets (cont'd)

(iv) **Impairment (cont'd)**

Impairment provisions for receivables from 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.

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 lease liability and payables as financial liabilities.

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

(i) **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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(i) **Employee benefits (cont'd)**

Defined benefits plans

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.

(j) **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.

(k) **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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(l) **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 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:

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

(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.

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

Allowances for doubtful accounts are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

(iii) **Allowance for impairment losses on trade receivables (cont'd)**

Under this ECL model, the organisation segments its trade receivables in a matrix by days past due and determined for each age 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
- Lease liability

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

(b) **Financial instruments by category**

Financial assets

	Amortised cost 2021 $'000	Amortised cost 2020 $'000
Short term investments	265,709	164,457
Cash and cash equivalents	397,141	452,765
Receivables (excluding non-financial assets of $30,148,000 (2020 - $23,454,000)	101,267	77,089
Total financial assets	764,117	694,311

Financial liabilities

	Amortised cost 2021 $'000	Amortised cost 2020 $'000
Payables (excluding non-financial payables of $145,849,000 (2020 - $112,719,000)	69,201	59,043
Lease liability	67,242	82,153
Total financial liabilities	136,443	141,196

(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:

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

- 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

- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

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

Currency risk (cont'd)

Concentration of currency risk

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

	2021 J$'000	2021 US$'000	2020 J$'000	2020 US$'000
Short term investments	56,645	395	52,516	388
Cash and cash equivalents	102,805	718	60,121	452
	159,450	1,113	112,637	840

Foreign currency sensitivity

The following table indicates the sensitivity of net deficit 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 and cash and cash equivalents and adjusts their translation at the year-end for 6% (2020 – 6%) depreciation and a 2% (2020 – 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 2021	Effect on Net deficit 31 March 2021 $'000	% Change in Currency Rate 2020	Effect on Net deficit 31 March 2020 $'000
Currency:				
USD	-6	(9,567)	-6	(6,758)
USD	+2	3,189	+2	2,253

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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 (2020 – 1% increase/1% decrease) in interest rates on short term investments would result in a $2,657,000 decrease/increase (2020 - $1,645,000 increase/decrease) in net deficit 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

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

Trade receivables (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 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 tables provide information about the ECL's for trade receivables as at 31 March 2021 and 31 March 2020.

2021

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Current (not past due)	23,246	1.28	297
1 - 30 days	6,485	-	-
31 - 60 days	46,340	1.85	859
61 - 90 days	14,248	-	-
91 days and over	46,852	80.39	37,664
Total	137,171		38,820

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

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

Trade receivables (cont'd)

Trade receivables impairment provision (cont'd)

2020

Aging	Gross Carrying Amount $'000	Default Rate %	Lifetime ECL Allowance $'000
Current (not past due)	40,440	10.23	4,138
1 - 30 days	19,633	-	-
31 - 60 days	14,716	2.32	341
61 - 90 days	-	-	-
91 days and over	39,132	90.29	35,331
Total	113,921		39,810

Expected credit losses on trade receivables

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

	2021 $'000	2020 $'000
At 1 April	39,810	32,665
Provision for expected credit losses	(990)	7,145
At 31 March	38,820	39,810

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

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

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

Trade receivables (cont'd)

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:

	2021 $'000	2020 $'000
Telecommunications	50,229	27,532
Electricity	2,768	31,469
Water	83,572	53,009
Other	602	1,911
	137,171	113,921
Less: Provision for expected credit losses	(38,820)	(39,810)
	98,351	74,111

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

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

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	2 to 5 Years $'000	Total $'000
31 March 2021				
Payables	69,201	-	-	69,201
Lease liability	24,622	49,244	6,155	80,021
Total financial liabilities (contractual maturity dates)	93,823	49,244	6,155	149,222
31 March 2020				
Payables	59,043	-	-	59,043
Lease liability	32,358	30,590	61,372	124,320
Total financial liabilities (contractual maturity dates)	91,401	30,590	61,372	183,363

6. **REVENUE:**

	2021 $'000	2020 $'000
Regulatory fees	860,434	829,202
Processing fees	1,990	1,453
	862,424	830,655
Less: deferred income	(15,370)	(39,693)
discounts allowed	(60,634)	-
	786,420	790,962

The following are the major contributors to revenue:

	2021 %	2020 %
Telecommunications sector	41	42
Electricity sector	37	35
Water sector	22	23

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

7. **OTHER OPERATING INCOME:**

	2021 $'000	2020 $'000
Gain on disposal of property, plant and equipment	-	188
Other income	1,159	6,905
	1,159	7,093

8. **EXPENSES BY NATURE:**

Total administrative and other expenses:

	2021 $'000	2020 $'000
Staff costs (note 9)	594,418	613,362
Office members' remuneration	12,880	8,850
Telephone	12,377	12,921
Foreign travel	-	4,381
Audit fee	1,300	1,300
Motor vehicle expenses	2,238	4,779
Legal and professional fees	7,334	42,640
Bad debts (recovered)/written off	(990)	7,145
Public relations	6,706	6,563
Customer expenses	6,613	6,147
Subscriptions	30,575	24,387
Office rental	12,255	451
Repairs and maintenance	9,837	4,933
Advertising and promotion	3,427	4,600
Stationery, printing and postage	813	1,555
Office and general expenses	9,702	10,395
Gas conference	-	(301)
Projects	53,953	39,519
Foreign exchange gain	(7,360)	(6,654)
Interest expense -right-of-use asset	9,711	9,712
Amortization of intangible asset	5,054	2,087
Depreciation	42,279	44,692
Loss on the disposal of fixed asset	1,624	-
	814,746	843,464

9. **STAFF COSTS:**

	2021 $'000	2020 $'000
Salaries, wages and statutory contributions	449,402	449,990
Pension (note 13)	29,326	21,485
Group life insurance	6,282	5,218
Health insurance	24,663	23,497
Staff training	14,752	50,423
Staff welfare	21,187	21,553
Travelling and subsistence	46,833	40,043
Other staff costs	1,973	1,153
	594,418	613,362

The number of persons employed by the organization at the end of the year was 70 (2020 - 72).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

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

	Leasehold Improvements $'000	Furniture & Fixtures $'000	Office Equipment $'000	Computer & Accessories $'000	Motor Vehicles $'000	Total $'000
At cost/deemed cost -						
1 April 2019	13,519	16,104	19,549	121,542	38,901	209,615
Revaluation of assets	-	(5,469)	(13,531)	(75,992)	(6,716)	(101,708)
Reallocation	359	(359)	-	(12,200)	-	(12,200)
Additions	-	625	2,575	640	-	3,840
Disposal	-	-	-	-	(5,185)	(5,185)
31 March 2020	13,878	10,901	8,593	33,990	27,000	94,362
Additions	383	1,444	3,615	5,700	-	11,142
Disposal	-	(137)	(36)	-	(8,800)	(8,973)
Revaluation adjustment	-	-	(80)	-	-	(80)
31 March 2021	14,261	12,208	12,092	39,690	18,200	96,451
Depreciation -						
1 April 2019	12,948	12,097	12,147	87,714	18,839	143,745
Reallocation	2	(2)	-	(9,639)	-	(9,639)
Elimination on revaluation	-	(12,093)	(12,134)	(78,075)	(13,654)	(115,956)
Charge for the year	618	1,544	962	14,945	7,200	25,269
Eliminated on disposal	-	-	-	-	(5,185)	(5,185)
31 March 2020	13,568	1,546	975	14,945	7,200	38,234
Charge for the year	79	1,643	1,106	15,176	4,853	22,857
Eliminated on disposal	-	(32)	(5)	-	(2,347)	(2,384)
31 March 2021	13,647	3,157	2,076	30,121	9,706	58,707
Net Book Value -						
31 March 2021	614	9,051	10,016	9,569	8,494	37,744
31 March 2020	310	9,355	7,618	19,045	19,800	56,128

All categories of property, plant and equipment, except for leasehold improvements, were revalued in the previous year by Delano Reid & Associates Limited, an independent appraiser, whose report was dated 22 August 2019. The revaluation exercise was effective 1 April 2019 and was to assist in the preparation of a comprehensive fixed assets register. It is not deemed by management to be a change in accounting policy. The revaluation exercise resulted in a gain of $14,248,000 in 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

11. INTANGIBLE ASSET:

	Computer Software $'000
At cost -	
Reallocation	12,200
Additions	10,209
At 31 March 2020	22,409
Additions	4,468
At 31 March 2021	26,877
Depreciation -	
Reallocation	9,639
Charge for the year	2,087
31 March 2020	11,726
Charge for the year	5,054
31 March 2021	16,780
Carrying value -	
31 March 2021	10,097
31 March 2020	10,683

12. LEASES:

(a) **Right-of-use asset**

	Land and building	
	2021 $'000	2020 $'000
1 April	77,690	-
Adoption of IFRS 16	-	97,113
Depreciation charge for the year	(19,422)	(19,423)
31 March	58,268	77,690

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

12. LEASES (CONT'D):

(b) **Lease liability**

	Land and building	
	2021 $'000	2020 $'000
1 April	82,153	-
Adoption of IFRS 16	-	97,113
Interest expense	9,711	9,712
Lease payments	(24,622)	(24,672)
31 March	67,242	82,153
Less: current portion	(24,622)	(22,384)
	42,620	59,769
Amounts recognized in statement of profit or loss		
Depreciation - right-of-use assets	19,422	19,423
Interest on lease liability	9,711	9,712
	29,133	29,135
Contractual undiscounted cash flows maturity analysis		
Not later than over year	24,622	24,622
One to two years	49,244	49,244
Later than two years but less than 5 years	6,155	49,244
More than 5 years	-	6,155
Total undiscounted lease liabilities 31 March	80,021	129,265

The organization leases the property from which it operates.

13. POST-EMPLOYMENT BENEFIT:

	2021 $'000	2020 $'000
The amounts recognized in the statement of financial position are determined as follows:		
Present value of funded obligations	(359,429)	(362,164)
Fair value of plan assets	381,328	322,842
Assets/(liabilities) in the statement of financial position	21,899	(39,322)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

13. **POST-EMPLOYMENT BENEFIT (CONT'D):**

The organization operates 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 2021.

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

	2021 $'000	2020 $'000
Balance at beginning of year	362,164	307,235
Current service cost	23,958	19,158
Interest cost	23,429	22,004
	409,551	348,397
Remeasurements -		
(Gain)/loss from change in financial assumptions	(70,008)	16,161
Current service cost	-	(6,268)
Experience loss	3,621	259
	(66,387)	10,152
	343,164	358,549
Members' contributions	16,829	15,295
Benefits paid	(564)	(11,680)
Balance at the end of the year	359,429	362,164

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

	2021 $'000	2020 $'000
Balance at beginning of year	322,842	318,854
Interest income	21,875	23,295
Remeasurements -		
Return on plan assets, excluding amounts included in interest income	4,959	(36,785)
Members' contributions	16,829	15,295
Employer's contributions	19,201	17,481
Benefits paid	(564)	(11,680)
Administrative fees	(3,814)	(3,618)
Balance at end of year	381,328	322,842

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

13. **POST-EMPLOYMENT BENEFIT (CONT'D):**

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

	2021 $'000	2020 $'000
Current service cost	23,958	19,158
Interest cost on obligations	23,429	22,004
Interest income on plan assets	(21,875)	(23,295)
Administrative fees	3,814	3,618
Total included in staff costs (note 9)	29,326	21,485

The distribution of the plan assets in Pooled Funds was as follows:

	2021 %	2020 %
Equities	20.47	22.85
JA$ bonds	32.59	36.16
Foreign assets	25.42	25.77
Cash and short-term deposits	19.10	6.03
Real estate	2.42	9.19
	100	100

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 2022 is $18,790,000 (2021 actual - $19,201,000). The actual return on the plan assets was positive $23,020,000 (2020 – negative $17,108,000).

The principal actuarial assumptions used were as follows:

	2021 % p.a.	2020 % p.a.
Discount rate	8.5	6.5
Future salary increases	7.0	5.0
Inflation rate at year end	5.5	3.0

Post-employment mortality for active members as well as mortality for pensioners and deferred pensioners is based on the RP-2014 Employee and Healthy Annuitant Mortality Rates projected to the measurement dates, using Society of Actuaries' Scale MP-2014.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

13. **POST-EMPLOYMENT BENEFIT (CONT'D):**

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	-	-	0.347	-	-	0.139
25	-	-	0.427	-	-	0.155
30	-	-	0.405	-	-	0.204
35	-	-	0.477	-	-	0.271
40	-	-	0.561	-	-	0.362
45	-	-	0.856	-	-	0.588
50	-	-	3.561	-	-	2.520
55	-	-	5.191	-	-	3.395
60	-	-	7.215	-	-	4.811
65	-	-	10.200	-	-	7.255
70	-	-	15.241	-	-	11.382

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:

	2021 $'000	2020 $'000	2018 $'000	2017 $'000	2016 $'000
Fair value of plan assets	381,328	322,842	318,854	281,389	290,665
Defined benefit obligation	(359,429)	(362,164)	(307,235)	(250,593)	(206,441)
Surplus/(deficit)	21,899	(39,322)	11,619	30,796	84,224
Experience adjustments:					
Gain/(loss) -					
Arising on plan assets	4,959	(36,785)	(2,190)	(16,999)	(9,780)
Arising on plan liabilities	(3,621)	(259)	10,366	7,594	8,994

14. **RECEIVABLES:**

	2021 $'000	2020 $'000
Trade receivables	137,171	113,921
Provision for expected credit losses	(38,820)	(39,810)
	98,351	74,111
Due from employees	1,647	2,614
Deposits	5,146	3,095
Prepayments	23,197	17,903
Other	3,074	2,820
	131,415	100,543

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

15. **TAXATION RECOVERABLE:**

This balance represents withholding tax arising on short term investments and short term deposit included in cash and cash equivalents. The organization received an exemption from Tax Administration Jamaica, from the deduction of withholding tax at source from its investments for the three-year-period ended 31 January 2023.

16. **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 1.95% and 2.20%, respectively (2020 – 3.47% and 2.00%, respectively). These investments mature within twelve months (2020 – twelve months).

17. **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:

	2021 $'000	2020 $'000
Short term deposits	296,328	381,885
Cash at bank	100,808	70,875
Cash in hand	5	5
	397,141	452,765

The weighted average interest rate on short term deposits denominated in Jamaican dollars and United States dollars was 2.04% and 1.35%, respectively (2020 – 2.18% and 1.35%, respectively) and these deposits mature within three months (2020 – three months).

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

18. **PAYABLES:**

	2021 $'000	2020 $'000
Accrued vacation pay	51,512	37,894
Gratuity payable	45,534	40,022
Accounts payable	21,910	17,164
Other accruals	96,094	76,682
	215,050	171,762

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

19. **DEFERRED INCOME:**

	2021 $'000	2020 $'000
At 1 April	210,243	170,551
Project income deferred	78,350	97,878
Transferred to revenue	(62,980)	(58,186)
At 31 March	225,613	210,243

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 $184,831,000 and $318,259,000 (2020 - $176,588,000 and $299,202,000) to the National Water Commission and the Jamaican Public Service Company Limited, respectively.

(b) **Key management compensation**

	2021 $'000	2020 $'000
Salaries and other short term employee benefits	161,986	171,913
Payroll taxes - Employer's portion	9,230	7,049
Pension	3,075	2,460
	174,291	181,422
Office members' emoluments -		
Fees	12,880	8,850
Management remuneration (included above)	60,350	57,246
	73,230	66,096

(c) **Year-end balances arising from transactions with related parties**

	2021 $'000	2020 $'000
Due from -		
National Water Commission	71,188	44,147
Jamaica Public Service Company Limited	300	24,924
Jamaica Urban Transit Company Limited	764	2,073
	72,252	71,144

These amounts are included in receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

21. **LITIGATIONS:**

(a) **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 24 April 2019.

On 6 June 2019, the OUR was served with an "Amended Notice of Appeal" filed by the Jamaica Public Service Company Limited (JPS) with the All-Island Electricity Appeal Tribunal (the Tribunal). By way of the Notice, JPS appealed 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' Business Plan and Five Year Rate Review Submission. At a hearing of the Tribunal in August 2019, JPS requested that the matter be adjourned until after the OUR issued its tariff determination on JPS' 2019-2024 Rate Review Submission. The OUR issued its tariff determination in December 2020. In January 2021, JPS filed an appeal with the Tribunal against the tariff determination, and subsequently applied to the Tribunal to have the appeal against the Final Criteria heard along with that appeal. The Tribunal did not allow the application, and ordered that JPS may pursue its appeal against the Final Criteria if it wished, after the disposal of its appeal against the tariff determination.

Status of Payment of Legal Fees: No legal fees outstanding.
Status after 31 March 2021: The matter is in abeyance pending further action by JPS.

(b) **All-Island Electricity Appeal Tribunal - Appeal No. 1 of 2021**

JPS Appeal against the JPS Rate Review 2019 - 2024 Rate Determination Notice dated 24 December 2020 and Addendum dated 29 January 2021.

The OUR issued its decisions on JPS' 2019 - 2024 Rate Review Submission in a Determination Notice issued on 24 December 2020, and an Addendum issued on 29 January 2021 (together referred to as the Tariff Determination Notice). The Tariff Determination Notice sets out the OUR's decisions regarding, *inter alia*, the tariffs that JPS may charge its customers over the five year period 2019 to 2024. By Notice of Appeal dated 22 January 2021 and Amended Notice of Appeal dated 12 February 2021 filed with the Tribunal, JPS appealed against several of the decisions in the Tariff Determination Notice.

Status of Payment of Legal Fees: No legal fees outstanding.
Status after 31 March 2021: The matter is scheduled for hearing by the Tribunal in July 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

21. **LITIGATIONS (CONT'D):**

(c) **St. Elizabeth Parish Court - Claim No. ST 2019 CV00885**

John Ledgister & Sunnycrest Enterprises Ltd v OUR

In December 2019, the claimants filed an application in the Parish Court seeking various declarations from the court and compensation in relation to a disagreement with the OUR's handling of complaints lodged with the OUR by Mr. Ledgister. The complaints related to disputed billing and service interruption/disconnection issues with Cable and Wireless Jamaica Limited (FLOW), as well as FLOW's installation of its equipment on several Jamaica Public Service Company Limited (JPS) poles located on property occupied by the claimants.

The Court issued its decision on 29 January 2020, striking out the claims and awarding costs to the OUR in the amount of $30,000.

Status of Payment of Legal Fees: No legal fees outstanding.
Status after 31 March 2021: The awarded costs remain outstanding.

(d) **Supreme Court - 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 $22,469,130.00 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 $16,000,000.00 inclusive of interest and costs. JUTC made payments towards settling the judgment debt in the sum of $6,000,000.00.

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 $10,000,000, by way of 36 monthly instalments at an interest rate 5% amortized over the said period. Payments in the monthly amount of $299,709.00 commenced in September 2017. As at 31 March 2021, the OUR had received 33.6 of the 36 instalments.

Status of Payment of Legal Fees: No outstanding legal fees at the end of the Audit period.
Status after 31 March 2021: The final 2.4 instalments remain outstanding.

(e) **Supreme Court - 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 $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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

21. **LITIGATIONS (CONT'D):**

(e) **Supreme Court - Claim No. 2014 HCV 02345 (cont'd)**

OUR v Computers & More Limited (cont'd)

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 totalling $2,670,351.50. 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.

The OUR has since pursued recovery of the Supreme Court judgement debt. To date the sum of $1,535,000.00 has been recovered by the bailiff and paid over to the OUR less commission and taxes.

Status of Payment of Legal Fees: No outstanding legal fees at the end of the Audit period.
Status after 31 March 2021: We await further updates from the bailiff regarding the recovery of the judgement debt.

(f) **Supreme Court - Claim No. 2018 HCV 05030**

George Neil v Attorney-General, Office of Utilities Regulation and Spectrum Management Authority

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.

In January 2019, Mr. Neil 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 and other rights. The matter has proceeded through the case management and disclosure stages.

Status of Payment of Legal Fees: No legal fees outstanding at the end the Audit period.
Status after 31 March 2021: The trial is scheduled for June to July 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

21. **LITIGATIONS (CONT'D):**

(g) **Court of Appeal - 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), JPS and the OUR challenging the legality of JPS's All-Island Electric Licence, 2001 (Licence). The claimants argued that the exclusivity of the Licence granted to JPS was void, as it was outside the scope of section 3 of the Electric Lighting Act and/or it was 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 an exclusive licence. In the Supreme Court, it was held, inter alia, that there was no evidence that the OUR had recommended the grant of an exclusive licence nor had acted ultra vires its powers. On appeal, the Court of Appeal confirmed the decision of the Supreme Court regarding the OUR's exercise of powers, and awarded costs to the OUR for both the Court of Appeal and Supreme Court actions.

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 against the claimants. To date, the judgement debt remains unpaid, and attempts by the bailiff to locate the claimants and/or assets upon which to levy execution have been unsuccessful.

Status of Payment of Legal Fees: No outstanding legal fees at the end of the Audit period.
Status after 31 March 2021: The OUR's attorneys continue to follow up with the bailiff regarding the recovery of the costs awarded to it.

(h) **Supreme Court Claim No. 2018 HCV 2304**

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 various allegations that the company was operating in breach of the requirements of the Telecommunications Act. During its investigation, the OUR received information 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 in June 2018 by the Minister after reconsideration on the request of Symbiote.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

21. **LITIGATIONS (CONT'D):**

(h) **Supreme Court Claim No. 2018 HCV 2304 (cont'd)**

Court of Appeal Application Nos 276 and 277 of 2018; Symbiote Investments Limited v MSET and OUR as Interested Party

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 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 March 2019, and in writing in April 2019. The Court of Appeal also refused Symbiote's application to appeal its decision to the Judicial Committee of the Privy Council (JCPC). In November 2019, Symbiote filed an application with the JCPC seeking special leave to appeal the decisions of the Court of Appeal. The JCPC refused the application on 21 July 2020, awarding costs to the Minister and the OUR.

Status of Payment of Legal Fees: No legal fees outstanding at the end the Audit period.
Status after 31 March 2021: Our attorneys continue to follow up with our United Kingdom Solicitors regarding the pursuit of the awarded costs.

22. **IMPACT OF COVID-19:**

Subsequent to the year end, the World Health Organisation (WHO) declared the novel Coronavirus (COVID-19) a public health emergency of international concern.

COVID-19 may have an adverse impact on the organisation which may include declines in the revenue earned by the organisation as a result of a disruption in revenues earned by the OUR's regulated entities, due to government-mandated temporary restrictions of business which could lead to a downturn in economic activities.

The OUR having reviewed and considered the impact that the COVID-19 pandemic would have on its planned operations for the financial year, provided discounts totalling $60.6M on regulatory fees charged to large regulated entities.

GLOSSARY OF TERMS

ALRIM	Accelerated Loss Reduction Mechanism
ANPAM	Annual Price Adjustment Mechanism
ADO	Automotive Diesel Oil
CTO	Commonwealth Telecommunication Organisation
CACU	Consumer Advisory Committee on Utilities
CPA	Consumer And Public Affairs Department
EREC	Eight Rivers Energy Company Limited
EV	Electric Vehicles
EEIF	Energy Efficiency Improvement Fund
ERMS	Enterprise Risk Management System
HFO	Heavy Fuel Oil
HESS	Hybrid Energy Storage System
IRP	Integrated Resource Plan
IADB	Inter-American Development Bank
ITU	International Telecommunications Union
JNNP	Jamaican National Numbering Plan
JPS	Jamaica Public Service Company Limited
LED	Light Emitting Diodes
MSET	Ministry of Science, Energy and Technology
NWC	National Water Commission
NRW	Non-Revenue Water
NTL	Non-Technical Losses
OUR	Office of Utilities Regulation
OURIC	Office of Utilities Regulation Information Centre
OOCUR	Organization of Caribbean Utility Regulators
PPA	Power Purchase Agreement
RAMI	Residential Automated Metering Infrastructure
RPME	Regulation, Policy, Monitoring and Enforcement Department
STTO	Secretary To The Office
SSP	Smart Streetlight Programme
SOC	Standard Offer Contract
TL	Technical Losses

NOTES

NOTES

OFFICE OF UTILITIES REGULATION

Regulating Utilities for the Benefit of All

ISO 9001:2015 CERTIFIED

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