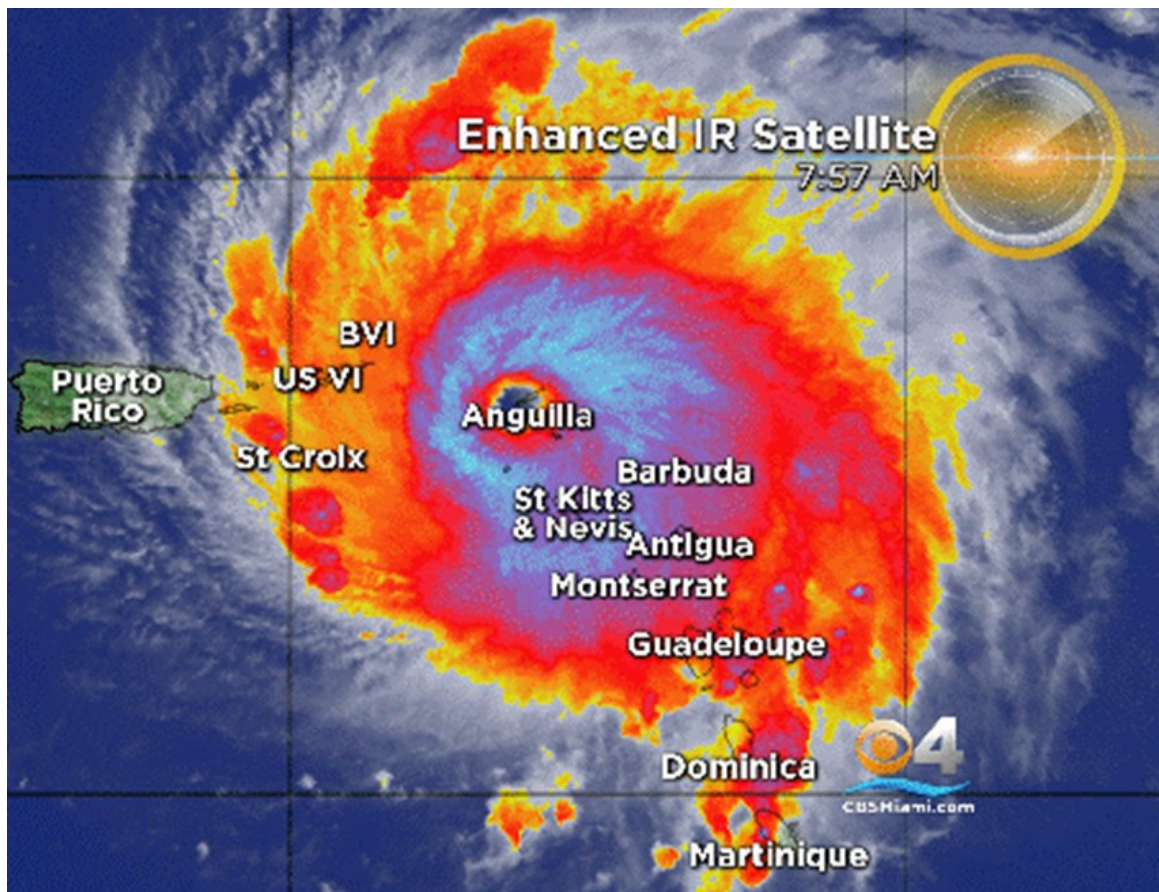


# Public Utilities Commission ANGUILLA



## Annual Report 2017





## **Vision and Mission Statement of PUC**

### **Vision**

To be the model independent regulatory body providing exemplary and timely decisions in an environment where there is a robust liberalised telecoms sector and where utility services respond effectively to the needs of the country.

### **Mission**

To build an independent regulatory body by: recruiting and developing professional staff capable of providing sound and unbiased decisions in a timely and transparent manner; facilitating expansion and free and fair competition in the liberalised telecoms sector; and working with operators, government and the general populace towards the creation of appropriate service standards in the various utility sectors.



# PUBLIC UTILITIES COMMISSION

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22 October 2018


## Re: Public Utilities Commission 2017 Annual Report

The Annual Report of the Commission for 2017 is hereby approved and submitted pursuant to Section 19 of the Public Utilities Commission Act (2003).




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Keesha C. Carty  
Executive Chairman




---

Jerome Richardson  
Deputy Chairman




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Idona Alord  
Commissioner



---

Kenn Banks  
Commissioner



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Christonie Fleming  
Commissioner

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## **Acknowledgements**

The Commission wishes to thank the management of Cable and Wireless and Digicel for providing the telecommunications sector data required for the preparation of this report as well as the hurricane damage reports at a time when they could have been more gainfully employed.

Contributions in the form of design, research, analysis and drafting were provided by Mr. Kevon Proctor, undergraduate student at the University of Trent currently pursuing a Bachelor's Degree in Business Administration – Finance, a summer intern at the Commission.

**Public Utilities Commission (Anguilla) Website:** <http://www.pucanguilla.com/>

## 1.0 Introduction

### 1.1 Constitution and Function of the Commission

The Public Utilities Commission is responsible for the administration of the Telecommunications Act R.S.A c.T6 (Telecom Act) which was enacted in 2003 and the Public Utilities Commission Act R.S.A. c.175 (PUC Act) which was initially enacted on 7 April 2004 and amended 23 May 2007 and 21 February 2014.

The affairs of the Commission are managed by a Board consisting of 5 Commissioners appointed to by the Governor-in-Council pursuant to Section 3 of the PUC Act. The following persons were members of the Commission during 2017:

Mrs Keesha Carty,	Executive Chairman;
Mr. Jerome Richardson,	Deputy Chairman;
Mrs. I dona Alord,	Commissioner;
Mr. Christonie Fleming,	Commissioner;
Mr. Kenn Banks,	Executive Director/Commissioner.

Mr. Jerome Richardson was first appointed on 25 November 2013 as Deputy Chairman. He was reappointed in November 2015 and again in November 2017, both times for two-year terms. In June 2015, Mr. Christonie Fleming was appointed to serve for a term of two years. He was reappointed in 2017 for another two-year term. . Mrs. I dona Alord was appointed as Commissioner with the PUC in December 2015 to replace Ms. Bernadine Jeffers whose term had expired. She was reappointed in December 2017. Mrs. Keesha Cartty was appointed on 20 March 2017 as Executive Chairman on a two-year term to replace Mr Colville Petty who had resigned in December 2016.

Mr. Kenn Banks, Executive Director of the PUC is by virtue of his position a Commissioner. He was appointed in March 2015.

The Board appoints the Executive Director who under its direction, is responsible for:—the day to day administration of the Commission; carrying out the duties specified under the Act or as directed by the Board; and providing technical advice and guidance to the Board on matters of policy.

The procedures of the board are set out in Schedule 1 of the PUC Act.

### 1.2 The Annual Report

The annual report of the Commission is prepared pursuant to Section 22 of the Public Utilities Act R.S.A. c.175 (PUC Act). Section 22 and reads as follows:

*“Annual report*

22. (1) *Within three months of the completion of the audit of the Commission's accounts, the Commission shall submit to the Governor-in-Council—*



- (a) *a copy of its audited accounts; and*
  - (b) *a written report of its operations and activities for that financial year (the annual report) together with a copy of the audited financial statements.*
- (2) *The annual report shall contain such matters as the Governor-in-Council may prescribe.”*

This report provides an overview of the Commission’s 2016 activities including the financial performance during 2016 and the financial position as of the year ending 31 December 2016 (see Appendix II).

Funding of the Commission’s activities consists of an Industry Levy established annually. The process of determining and assessing the Levy is described in Section 21 (as amended) of the Public Utilities Act R.S.A. c.175 (PUC Act).

### **1.3 Impact of Hurricane Irma 2017**

The singular event that impacted the performance of the telecommunications sector during the year under review was passage of Hurricane Irma on September 6, 2017. Anguilla experienced the full wrath of the hurricane, which was the most devastating to strike the island in living memory.

The telecommunications sector suffered considerable disruption. Fixed line networks providing telephone, internet and cable television were all extensively damaged and inoperable. The mobile networks were also seriously affected, with only five out of 42 cellular towers on the island remaining functional after passage of the storm. This was due to either total collapse, loss of power, damage to equipment, or misalignment of antennae. In spite of this the FLOW network was able to continue to provide limited service throughout and immediately after the passage of the storm. Digicel resumed limited service by the end of the week.

The Economic Commission for Latin America and the Caribbean (ECLAC)<sup>1</sup> report on the telecommunications sector in Anguilla indicated that *‘Damages to the telecommunications sector are estimated at XCD 25.2 million. Digicel accounts for 57 per cent of the total damage, and FLOW, 41 per cent. The rest of the damage (2 per cent) is to the island’s radio and television broadcasters. Losses are estimated at XCD 4.4 million; extended outages of broadband Internet, cable television, and landline services make up the bulk of that figure. Additional costs are estimated at XCD 1.8 million.’*

During the restoration period the Commission received requests from FLOW for 100 MHz of spectrum in the 2.3 GHz band, and from Digicel for 120 MHz of spectrum in the 3.5 GHz band to facilitate the restoration of services in the aftermath of Hurricane Irma.

In its request FLOW indicated that their use of this spectrum was temporary and they expected to surrender it once their services have been normalised.

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<sup>1</sup> ECLAC Magazine Focus Issue 1 Jan – March 2018 Irma and Maria By Numbers

Digicel requested the spectrum for the building of a new fixed broadband network to offer high speed Internet to replace the existing infrastructure as most sites were damaged beyond recovery.

In light of the urgent need for restoration the Commission expedited the process and the application were approved within two weeks.

As none of these bands have ever been assigned in Anguilla no fee structure is in place. Working in conjunction with the Ministries of Finance and Telecommunication the Commission researched the spectrum fees for services in these bands in other jurisdictions, especially the other Caribbean British Overseas Territories. The recommendations were approved by the Executive Council by ExMin 17/341 on 13 December 2017.

By the end of 2017, both mobile operators had substantially restored their services island wide. According to their reports to the Commission, they both took the opportunity to build more efficient and resilient networks to better withstand future hurricanes. However there was only limited progress on the restoration of the fixed line networks providing telephone, Internet and cable television. To overcome this both operators offered devices and discounted data packages to facilitate the use of the mobile networks for the delivery of Internet services to businesses and residential properties.

The Commission is especially pleased that some sharing of facilities have been included in the restored networks, which is one of the most neglected recommendations in Anguilla Telecommunication Policy of 2004.

## **2.0 APPLICATIONS**

### **2.1 Network Applications**

There were no licence applications for new networks or services submitted to the Commission during 2017 pursuant to Section 4 of the Telecommunication Act and the Telecommunications and Frequency Licensing Regulations (R.R.A. T6-2).

### **2.2 Frequency Authorization Applications**

#### **2.2.1 FLOW Request for Restoration of Service (100MHz in 2.3 MHz Band)**

FLOW presented an application dated 2 October 2017, following the passage of Hurricane Irma, requesting 100MHz of spectrum in the 2.3GHz Band for restoration of service under Emergency Conditions,

The Commission granted authorization for use of the 100 MHz of spectrum in the 2300MHz frequency band, 2300-2400MHz on an exclusive basis for the restoration of mobile voice and data services. The company indicated that they would make a decision later on whether they would continue to use these frequencies after restoration. This decision was recorded and communicated by way of letter dated 18 October 2017.

#### **2.2.2 Digicel Application for Updated Spectrum**

Digicel presented an application to the Commission dated 4 October 2017, requesting spectrum in the 3.5 GHz band to be allocated to them to facilitate their fixed network build to provide internet service. 3400 MHz to 3520 MHz

The Commission granted authorization to Digicel (Wireless Ventures Anguilla) to utilize 120MHz of spectrum in the 3500 MHz frequency band, 3400-3520MHz, on an exclusive basis to create a fixed broadband network. This decision was recorded and communicated by way of letter dated 18 October 2017.

#### **2.2.3 Government of Anguilla (RAPF) Spectrum Request**

On 6 October 2017The Director of the Department of information Technology wrote to the Commission on behalf of the Royal Anguilla Police Force, requesting the allocation of either Band 14 or Band 28 in the 700MHz band for the use of the Emergency services in Anguilla.

The Commission granted authorization to the RAPF for this spectrum usage in band 12, uplinks 698-703 downlink 728-733 and noted it for inclusion in the Anguilla Table of frequency Allocations. This decision was recorded and communicated by way of correspondence dated 13 October 2017.

## **2.3 Numbering Applications**

### **2.3.1 Assignment of Short Code 500**

FLOW, in an application dated 24 April 2017, applied for authorization to use Short Code 500 to access Flow's Loyalty Badge Program. This is a program that recognizes and rewards customers behaviours in the form of physical and digital prizes. No charges applied to customers.

The Commission granted authorization for use of the Special Code 500 in Anguilla. This decision was recorded and communicated by way of letter dated 26 April 2017.

## **2.4 Type Approval Applications**

### **2.4.1 Alpine Electronics Inc. Application for Automotive Infotainment System**

Alpine Electronics Inc. submitted an application, dated 20 December 2016, for the use of the MMXF online Automotive Infotainment System in Anguilla.

The application was approved and communicated by way of letter dated 11 January 2017.

### **2.4.2 Approve It! Application for Apple iPad models A1822 & A1823**

Approve It! filed an application, on behalf of Apple Inc. dated 22 March 2017, requesting approval to sell and use the following Apple products in Anguilla: iPad models A1822 & A1823.

The application was approved and communicated by way of letter dated 3 April 2017.

### **2.4.3 Oracle Corporation Application for Oracle Mobile Tablet**

Oracle Corporation submitted an application, dated 26 April 2017, for the use of the DT317BT Mobile Tablet in Anguilla.

The application was approved and communicated by way of letter dated 18 May 2017.

#### **2.4.4 Wireless Approval Consultants Application**

Wireless Approval Consultants submitted an application, dated 16 May 2017, for the use of the MY17 Ford PK CGEA 1.3 Uni Directional Fob in Anguilla.

The application was approved and communicated by way of letter dated 18 May 2017.

#### **2.4.5 Hella KGaA Hueck & Co. Application for RS4 Sensor**

Hella KGaA Hueck & Co. submitted an application, dated 23 May 2017, for the use of RS4 Short Range Radar Equipment for vehicles in Anguilla.

The application was approved and communicated by way of letter dated 26 May 2017.

#### **2.4.6 Schrader Electronics Ltd. Application for Tyre Pressure Monitoring Sensor**

Schrader Electronics Ltd. submitted an application, dated 8 June 2017, for the use of a short range device transmitter for monitoring tyre pressure in Anguilla.

The application was approved and communicated by way of letter dated 3 July 2017.

#### **2.4.7 Robert-Bosch Car Multimedia GmbH Application for Car Radio & Infotainment System**

Robert-Bosch Multimedia GmbH submitted an application, dated 12 June 2017, for the use of the Car Radio and Infotainment System in Anguilla.

The application was approved and communicated by way of letter dated 3 July 2017.

#### **2.4.8 Universal Electronics Inc. Application for Car Radio & Infotainment System**

Universal Electronics Inc. submitted an application, dated 14 June 2017, for the use of the Car Radio and Infotainment System in Anguilla.

The application was approved and communicated by way of letter dated 6 July 2017.

### **2.4.9 Approve It! Application for Apple Wireless Keyboard model A1843**

Approve It! filed an application, on behalf of Apple Inc. dated 26 June 2017, requesting approval to sell and use the following Apple product in Anguilla: Apple Wireless Keyboard model A1843.

The application was approved and communicated by way of letter dated 28 June 2017.

### **2.5.0 Approve It! Application for Apple Mobile Tablet models A1671, A1670, A1701 & A1709**

Approve It! filed an application, on behalf of Apple Inc. dated 26 June 2017, requesting approval to sell and use the following Apple products in Anguilla: Apple Mobile Tablet models A1671, A1670, A1701 and A1709 .

The application was approved and communicated by way of letter dated 28 June 2017.

### **2.5.1 Mitsubishi Electric (US) Inc. Application for Wireless Interface**

Mitsubishi Electric Inc. submitted an application, dated 14 August 2017, for the use of Wireless Interface in Anguilla.

The application was approved and communicated by way of letter dated 16 August 2017.

### **2.5.2 Approve It! Application for Apple Smart Phone & Wireless Headphones models A1901 & A1914**

Approve It! filed an application, on behalf of Apple Inc. dated 7 September 2017, requesting approval to sell and use the following Apple products in Anguilla: Apple Smartphone model A1901 and Apple Wireless Headphones model A1914.

The application was approved and communicated by way of letter dated 10 October 2017.

### **2.5.3 Delphi Short Range Radar Application**

Wireless Approval Consultants submitted an application, on behalf of Delphi Electronics, dated 13 September 2017, for the use of a Vehicle Short Range Radar in Anguilla.

The application was approved and communicated by way of letter dated 6 October 2017.

#### **2.5.4 Approve It! Application for Siri Remote Control model A1962**

Approve It! filed an application, on behalf of Apple Inc. dated 15 September 2017, requesting approval to sell and use the following Apple product in Anguilla: Siri Remote Control model A1962.

The application was approved and communicated by way of letter dated 6 October 2017.

#### **2.5.5 Approve It! Application for Apple Smart Phone/ Watch models A1858, A1859, A1891, A1889, A1897 & A1905**

Approve It! filed an application, on behalf of Apple Inc. dated 15 September 2017, requesting approval to sell and use the following Apple products in Anguilla: Apple Smartphone models A1897 and A1905, Apple Watch models A1858, A1859, A1891 and A1889.

The application was approved and communicated by way of letter dated 6 October 2017.

### **3.0 Other Technical Matters**

#### **3.1 Radio Frequency Exposure Study**

In 2017 the Commission became part of a multi institutional study aimed at gaining a comprehensive understanding of the current levels and forms of Radio Frequency (RF) exposure in Anguilla as a crucial first step in addressing a public health concern. The objectives of the study are:

- a. To map the types and distribution of the sources RF exposure in Anguilla
- b. To ascertain if the levels of RF exposure are within internationally accepted limits
- c. Identify constraints to effective telecommunication mainstreaming in Anguilla

The institutions involved in the study are the Ministry of Health and Social Development, The Ministry of Infrastructure Communication and Utilities, the Department of Health Protection, the Department of Environment, the Anguilla Cancer Society, the Social Security Board, and the Public Utility Commission. The study was deferred following the passage of Hurricane Irma.

## **3.2 Frequency Monitoring**

The PUC currently performs monitoring each month on the 698-972 MHz and 1800MHz-2000MHz frequency bands. This is done to collect information on spectrum used by the operators and monitor the power measurement of the various cell towers.

The PUC is working on increasing its toolset to also allow the monitoring of E and H fields that are usually emitted from the various radio and cell towers to ensure they are compliant with recommended limits.

There were no major cases of interference in 2017 reported by the operators.

## **3.3 Frequency Coordination with St. Maarten/St. Martin**

In accordance with the Frequency Coordination Agreement of 2016 between the administrations of St Martin FWI, Sint Maarten NA, and Anguilla, the operators in Anguilla were required to reallocate their frequencies in the 1900 MHz band to accommodate the French and Dutch operators.

Anguilla had been temporarily assigned 15 MHz of paired Spectrum in this band, that is Downlinks 1885-1910 MHz and Uplinks 1975-1990 MHz. This will eventually be further reduced to 10 MHz on the Downlinks side to 1980-1990 MHz. There was therefore a need to have the assignments of both FLOW and Digicel relocated to within this area of the band.

In February FLOW completed the retune its frequencies assignment in the band of 1900-05 paired with 1980-85 MHz, to 1905-1910 paired with 1985-90 MHz. After some delays, due to interference in the band, in May Digicel completed its retune to 1895-1905 paired with 1975 to 1985.

Further retuning in keeping with the agreement has been deferred.

## **4.0 Policy Framework**

### **4.1 Internet Governance**

The Internet and cable television sectors remain unregulated. Given the continued significance of the Internet as a critical component of the overall information infrastructure, the continued importance of the cable television sector and the increasing convergence of the two, there continues to be a need for a sound policy and governance framework for both of these sectors.

The current international debate on net-neutrality, and the concerns expressed by operators on the possible effects of the new technologies for voice calling on their sustainability, a new regulatory framework for this sector is becoming more and more relevant. Here the outputs from project on Internet Governance by DITES and PUC staff members could be instructive.



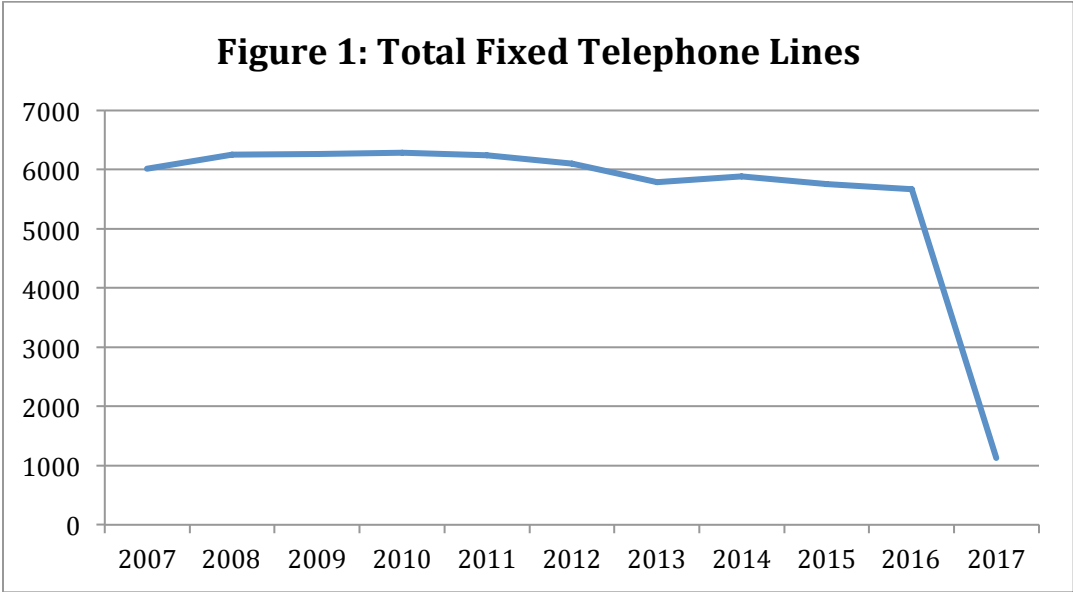
A new Broadcast policy for the sector was compiled in 2013. To date the policy has not been implemented or translated into enforceable legislation. Prior to this there will need to be a further review to ensure new technological advances in the sector are addressed.

## 5.0 Telecoms Sector Development & Retail Prices

### 5.1 Sector Development

The main telecommunication indicators are presented in Table 1 which contains actual population data from the Anguilla Statistics Department from 2006 to 2017. The estimates for 2009, 2010, 2011, 2012 and 2014 were based on employing a 2.8 percent average annual growth rate established by the Anguilla Statistical Department study entitled ‘Anguilla’s Demographic trends over the Last Decade’<sup>2</sup>.

Figure 1, presents an overall graph of the total number of fixed lines for the period 2006 to 2017.



As evidenced, the number of in-service fixed lines in Anguilla increased during the 2006-2008 period and remained constant until 2011 with a decrease in 2012 and 2013. A significant reason for such may have been the replacement of fixed service with mobile service. In several of the larger industrialized economies, for instance, the United States of America, the number of fixed lines in service also declined.

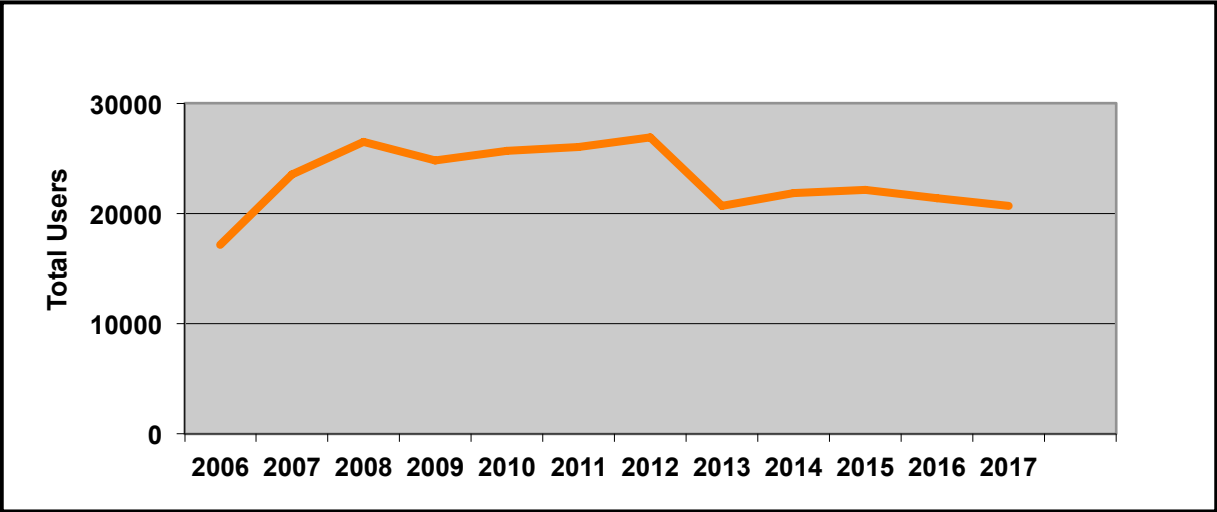
Over the last three years, the number of fixed lines in operation fluctuated slightly; in 2017 however, there was a significant decline, dropping from 5,669 in 2016 to 1129 in 2017. This large decline is the result of the extensive damage caused by Hurricane Irma I September 2017. At the end of the year

<sup>2</sup> Anguilla Statistics Department) ‘Anguilla’s Demographic Trends over the last Decade.’ Anguilla Statistics Department, <<http://www.gov.ai/statistics/images/Demographic Trends.pdf>> Accessed 25 September 2017

these services had only been minimally restored. It remains to be seen if this service will ‘bounce back’ for 2018 or if there will be an increase in the rate of conversion of customers from fixed line telephones to cellular mobile telephones.

As illustrated in Figure 2, the number of mobile telephones in use had fluctuated over the four year period 2014 to 2017. Based on data shown in Figure 2, the mobile segment matured between 2009-2012, declined vastly in 2013 and recovered slightly in 2014 and 2015. During the 2015-2017 period there was a slight decrease in the number of mobile telephones in use. This varied from 22,143 in 2015 to 21,368 in 2016 and 20,700 in 2017.

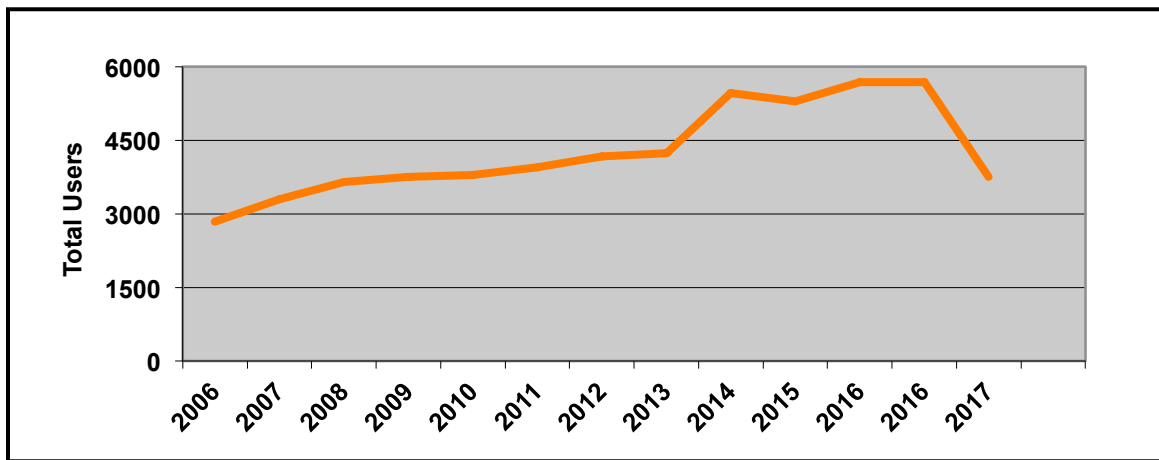
**Figure 2 Total Mobile Telephones**



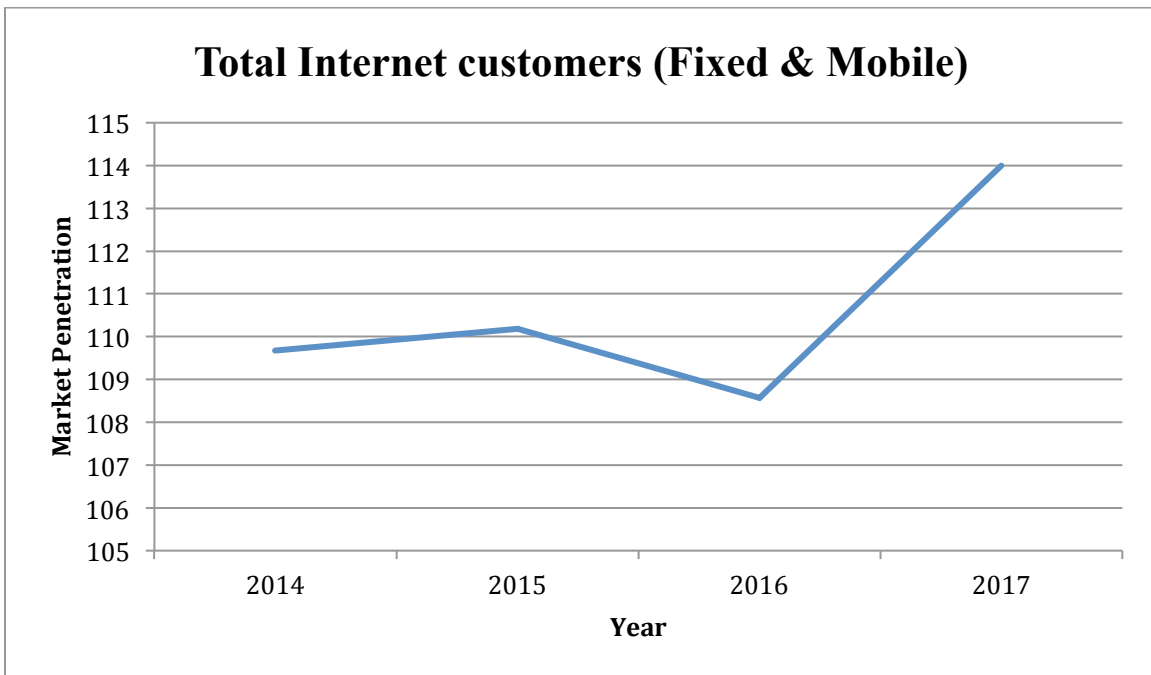
Based on the information in Figure 3, which illustrates the number of broadband-internet users, it is evident that the number of broadband users had increased progressively over the 2005-2013 period from 2,839 to 4,239. In 2014 there was an increase of 29% bringing the number to 5,465 users, a penetration of 38.43 per 100. This growth appears to be primarily the result of increased interest in the internet, as the base price of acquiring the service had been significantly not reduced.

In this report for the last four years we have included information on customers who access the internet using mobile data services. This is particularly relevant as both operators have deployed 4G services providing improved internet access. As a result many young customers now use mobile handheld devices as their primary access point to the internet. The data shows that there were 5,465 fixed line internet customers in 2014, 5,293 in 2015, 5,679 in 2016 and 3756 in 2017. The reduction in 2017 can also be attributed to the slow recovery of the fixed network following Hurricane Irma. The increase in mobile data customers from 10,700 to 13,400 indicate that, at least during the interim, several customers have decided to access the internet using mobile data. The figure for 2018 will indicate if this becomes a permanent solution. When combined with mobile data customers, the market penetration was 109.68 per 100 in 2014, 110.19 per 100 in 2015, 108.57 per 100 in 2016 and 114 per 100 in 2017. So that while the number of fixed line Internet customers have during 2017 there was an overall uptake on Internet services when combining mobile and fixed customers.

**Figure 3 Total Fixed Line Internet Customers**



**Figure 4 Total Internet Customers (Fixed & Mobile)**



	<b>Table 1: Anguilla Telecommunications Indicators 2010 to 2017<sup>3</sup></b>							
	<b>Year Ending 31 December 2016</b>							
	<b>2010</b>	<b>2011<sup>4</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Population<sup>5</sup></b>	16,373	13,572	13,952	14,342	14,221	14,723	15,084	15,053
<b>Fixed telephone lines in operation.<sup>6</sup></b>	6,282	6,243	6,101	5,790	5,889	5,761	5,669	1,129
<b>Fixed telephone lines per 100 inhabitants.</b>	38.37	45.90	43.72	40.37	41.41	39.13	37.58	7.5
<b>Cellular mobile telephone customers.<sup>7</sup></b>	25,695	26,019	26,872	20,681	21,840	Prepaid 14,046	Prepaid 12,910	Prepaid 13,022
						Postpaid 8,097	Postpaid 8,458	Postpaid 7,649
						Total Mobile 22,143	Total Mobile 21,368	Total Mobile 20,700
<b>Cellular customers per 100 inhabitants.</b>	156.94	191.71	192.60	144.20	153.58	150.40	141.66	137.51
<b>Internet customers per 100 inhabitants Fixed</b>	23.14	29.08	29.08	29.85	29.60	38.43	37.65	24.95
<b>Mobile Data Customers</b>						10,132	10,697	13,405
<b>Internet customers per 100 inhabitants including mobile data</b>						109.68	108.57	114.00

<sup>3</sup> Sources of data are identified below.

<sup>4</sup> 2011–2014 Preliminary Census finding #5- press release November 2014- Accessed 25 November 2014.

<sup>5</sup> 2010, 2012 and 2013 (Estimates using 2.8 average annual growth rate as determined by the Anguilla Statistics Department) Accessed 2 May 2013

<sup>6</sup> 2010- 2017 Data submitted by Companies; 2017 data submitted by companies (CCC: submitted 7 September 2018) (FLOW: submitted 31 May 2018)

<sup>7</sup> 2010-2017 Data submitted by Companies. 2017 data submitted by companies (Digicel: submitted 7 September 2018) (FLOW: submitted 31 May 2018)

### 5.1.1 Total Outgoing and Incoming Minutes

<b>Table 2: Total International Minutes - Outgoing and Incoming Minutes (2017)</b> <b>(Millions of Minutes)</b>				
<b>Companies</b>	<b>Service</b>	<b>Outgoing Minutes</b>	<b>Incoming Minutes</b>	<b>Total</b>
<b>FLOW<sup>8</sup> Caribbean Cable Communications<sup>9</sup> and Digicel<sup>10</sup></b>	Fixed International outgoing and Incoming	N/A	1,262,313.56	1,262,313.56
	Mobile Outgoing and Incoming	3,827,840.13	1,705,847.15	5,533,687.28
	Total	3,827,840.13	2,968,160.71	6,796,000.84

Table 2 presents the total outgoing and incoming international minutes for 2017 as reported by three of the licensed telecommunication service providers

### 5.1.2 Roaming Revenues

<b>Table 3: Total Roaming Revenues 2017 (EC\$)</b>			
	<b>FLOW<sup>11</sup></b>	<b>DIGICEL<sup>12</sup></b>	<b>Total</b>
From Domestic Customers (outgoing and incoming when in Anguilla)	NA	NA	NA
International Customers (in Anguilla)	675,295.99	237,000.00	912,295.99
<b>Total</b>	675,295.99	237,000.00	912,295.99

Table 3 presents the total roaming revenues of Flow and Digicel Domestic and International Customers.

<sup>8</sup> 2017 data submitted 31 May 2018

<sup>9</sup> 2017 data submitted 7 September 2018

<sup>10</sup> 2017 data submitted 7 September 2018

<sup>11</sup> 2017 data submitted 31 May 2018

<sup>12</sup> 2017 data submitted 7 September 2018

**Figure 5: Total International Minutes – Outgoing and Incoming**

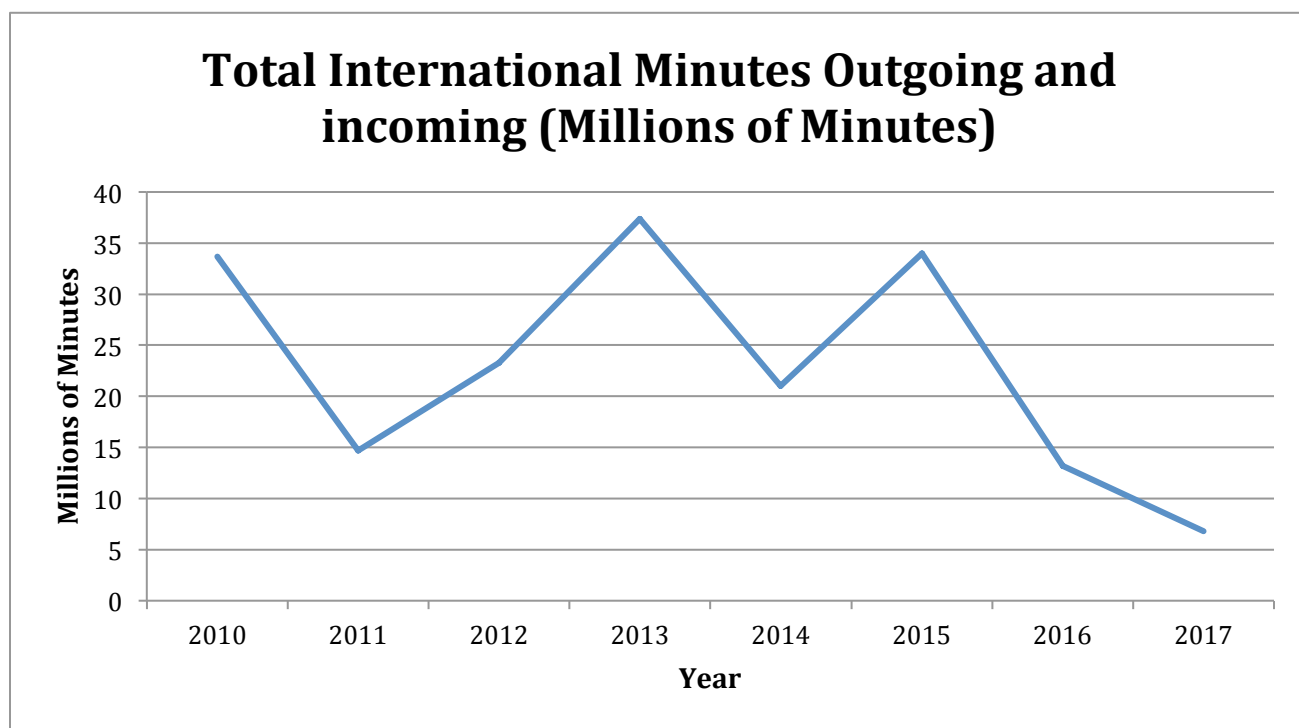


Figure 4, presents an overall graph of the total international outgoing and incoming minutes for the period 2010 to 2017. The continued decrease in calling minutes since 2015 is evidentially due to the increasing popularity in the use of over the top services (OTT) for data calling such as WhatsApp, Viber, Facetime and IMO. In spite of this the large variation in results appears to be caused by some differences in the way the figures are reported year by year. The Commission will attempt to standardise reporting between the operators.

## **5.2 Retail Prices**

Cable and Wireless (Anguilla) Limited (FLOW), Caribbean Cable Communications (Anguilla) Limited (CCC) and Wireless Ventures (Anguilla) Limited (Digicel) are the three telecommunication providers in Anguilla. FLOW offers fixed telephone, mobile, and internet access services; Digicel offers mobile services; and CCC, supplies fixed telephone, cable television and internet access services.

## 5.2.1 Fixed Access, Mobile and Domestic Calling Prices

Table 4: Domestic Monthly Fixed Line Prices										
Company	Service	Package	Price (EC\$/month)							
			2010	2011	2012	2013	2014	2015	2016	2017
<b>CCC<sup>13</sup></b>	Residential	Regular	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
	Business	Regular	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
<b>FLOW<sup>14</sup></b>	Residential	Regular	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
	Business	Regular	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
	Fixed Line Rental	Landline						35.00	35.00	35.00
	Business Line	Landline						70.00	70.00	70.00

Tables 4 to 9 show the prices for monthly fixed line rentals, domestic calling, international calling, roaming prices and high speed internet access that were provided by the three main telecommunication providers.

As indicated in the previous annual report the price of residential service and the business service provided by CCC and FLOW has remained the same from 2010 to 2017 as shown in Table 3 above.

<sup>13</sup> 2010-2017 Data submitted by CCC; 7 September 2018

<sup>14</sup> 2010- 2017 Data submitted by FLOW; 31 May 2018

**Table 5a: Domestic Calling Prices (2016-2017)<sup>15</sup>**

Company	Service	Calls from	Calls To	Various Plans	ECS/min. 2016		ECS/min. 2017					
CCC <sup>16</sup>	Fixed Lines	From CCC Fixed Lines	To CCC Fixed		Free		Free					
			To other Fixed		0.08		0.08					
			To Mobile Phones		0.54		0.54					
FLOW <sup>17</sup>	Fixed Lines	From Fixed Lines	To FLOW Fixed	Day		0.09		0.09				
				Evening		0.07		0.07				
				Weekend		0.07		0.07				
			To other Fixed		0.09		0.09					
			To Other Mobile		0.60		0.60					
			To FLOW Mobile		0.60		0.60					
	Postpaid	From FLOW Mobile	To FLOW Mobile	B 100	Monthly	\$40	Per min.	.40	Monthly	\$40	Per min.	.40
				B 200	\$50	.25	\$50	.25				
				B 425	\$99	.23	\$99	.23				
				B 675	\$149	.22	\$149	.22				
				B 950	\$199	.21	\$199	.21				
				bBiz 1250	\$249	.20	\$249	.20				
				bBiz 2500	\$449	.18	\$449	.18				
				bBiz 5000	\$849	.17	\$849	.17				
				bBiz 10000	\$1599	.16	\$1599	.16				
				To FLOW fixed			.45		.45			
				To Other mobile			.55		.55			
To other Fixed			.45		.45							

<sup>15</sup> Table 5a: Domestic Calling Prices as of 31 December 2017

<sup>16</sup> 2017 data submitted 7 September 2018

<sup>17</sup> 2017 data submitted 31 May 2018



**Table 5b: Domestic Calling Price (2017)<sup>18</sup>**

Company	Service	Calls From	Calls To	Various Plans	EC\$/min. 2017			
					Day	Evening	Late Night	Weekend
FLOW <sup>19</sup>	Prepaid	From FLOW Mobile	To FLOW Mobile	bFree	.68	.68	.68	.68
				bFree one				
				bFree Anytime				
			To FLOW Fixed	bFree One				
				bFree	.68	.68	.68	.68
			bFree Anytime					
			To Other Fixed	bFree/ pay as you go/ anytime	.94			
			To Other Mobile	bFree/ pay as you go/ anytime	.65			
			mms/picture/video	bFree/anytime/ bFree one	.25			
			SMS to on net	bFree/anytime/ bFree one	.25			
SMS to off net local	bFree/anytime/ bFree one	.25						
SMS to any international network	bFree/anytime/ bFree one	.25						
Digicel <sup>20</sup>	Postpaid	From Digicel	Digicel Mobiles		Peak	Off-Peak	Weekend	
				0.55	0.55	0.55		
			Fixed Lines		0.55	0.55	0.55	
	Other Mobiles		0.55	0.55	0.55			
	Prepaid	From Digicel	Digicel Mobiles	Digicel Flex	0.65	0.65	0.65	
			Fixed Lines	Digicel Flex	0.65	0.65	0.65	
Other Mobiles			Digicel Flex	0.90	0.90	0.90		

<sup>18</sup> Table 4b Domestic Calling Prices as of December 2017

<sup>19</sup> 2017 data submitted 31 May 2018

<sup>20</sup> 2017 data submitted 7 September 2018

## 5.2.2 International Calling Prices

**Table 6: Prices for International Direct Dialed calls from Anguilla (2016-2017)**

Company	Destination	Time Band <sup>21</sup>	Price per Min (ECS) 2016	Price per Min (ECS) 2017		
<i>CCC</i> <sup>22</sup>	St. Martin, Guadeloupe, Martinique, St. Barths	Fixed line Anytime	0.27	0.27		
	USA, Canada, UK and the Caribbean (excluding Cuba, French Guiana and Haiti)	Fixed line Anytime	0.27	0.27		
	All Western & Eastern Europe, Australia, New Zealand, Japan, Hong Kong, China, Malaysia, Singapore, South Africa, Taiwan, and many more.	Fixed line Anytime	0.27	0.27		
	Rest of Caribbean	Anytime	0.40	0.40		
	Rest of the World	Anytime	0.90	0.90		
	Cuba	Anytime	3.23	3.23		
	Saba, St. Eustatius, St. Maarten, Netherland	Anytime	0.40	0.40		
<i>FLOW</i> <sup>23</sup>	Saba, St. Eustace, St. Martin, St. Maarten, St. Kitts & Nevis, Antigua & Barbuda, BVI, Montserrat & Guadeloupe	Day Evening Weekend	0.99 0.99 0.99	.99		
	USA, Canada, UK, Ireland and the rest of the Caribbean	Day Evening Weekend	1.05 1.05 1.05	1.05		
	Rest of the World and other countries (Cuba, Soloman Islands, Guinea)	Day Evening Weekend	1.38 1.38 1.38	1.38		
<i>Digicel</i> <sup>24</sup>	Cuba	Day Evening Weekend	Prepaid& Postpaid		Prepaid& Postpaid	
			3.30	3.30	3.00	3.00
			3.00	3.00	3.00	3.00
	Rest of the World	Day Evening Weekend	1.30	1.30	1.30	1.30
			1.30	1.30	1.30	1.30
			1.30	1.30	1.30	1.30
	UK, USA & Canada	Day Evening Weekend	0.70	3.30	0.70	0.70
			0.70	3.00	0.70	0.70
			0.70	3.00	0.70	0.70
	Rest of the Caribbean	Day Evening Weekend	Prepaid		Postpaid	
0.85			0.75	1.25	0.75	
0.85			0.75	0.74	0.75	
Dominica, St. Lucia, Antigua & Barbuda, Grenada, St. Kitts & Nevis, St. Vincent & the Grenadines, Montserrat, St. Martin, St. Maarten	Day Evening Weekend	0.70	0.60	0.85	0.60	
		0.60	0.60	0.85	0.60	
		0.50	0.50	0.75	0.50	

<sup>21</sup> Time Bands: **Day** Mon to Fri, 8am to 6pm; **Evening** Mon to Fri, 6pm to 8am; **Weekend** All day Saturday and Sunday.

<sup>22</sup> 2016 data submitted 23 May 2017. 2017 data submitted 7 September 2018

<sup>23</sup> 2016 data submitted 18 May 2017. 2017 data submitted 31 May 2018

<sup>24</sup> 2016 data submitted 2 June 2017. 2017 data submitted 7 September 2018

### 5.2.3 Flat Rate Calling Prices

<b>Table 7: Flat Rate Calling Plans (2016-2017)<sup>25</sup></b>			
<b>Company</b>	<b>Service Name</b>	<b>Price (EC\$)</b>	
		<b>2016</b>	<b>2017</b>
<b>CCC<sup>26</sup></b>	North American & UK	\$134.00	\$134.00
	US/ International DID Numbers	\$26.88	\$26.88
	800 DID Numbers North America	\$40.32	\$40.32
<b>FLOW<sup>27</sup></b>	Basic NetSpeak	\$99.00	\$99.00
	NetSpeak - Plan A: Unlimited Calling to US and Canada	\$69.00	\$69.00
	NetSpeak - Plan B: unlimited Calling to UK and Western Europe Fixed numbers	\$69.00	\$69.00
	NetSpeak - Plan C: Unlimited Calling to C&W Caribbean	\$99.00	\$99.00
	NetSpeak – Overseas Number	\$10.00	\$10.00
	Netspeak - Toll-Free Number	\$39.95	\$39.95
	AllTalk- 6000 minutes per month; Lime mobile, Lime fixed and Lime Caribbean	N/A	NA
	B 150 anywhere: 150 minutes per month; 50 SMS	N/A	NA
	B 350 anywhere: 350 minutes per month; 75 SMS	N/A	NA
	B 500 anywhere: 500 minutes per month; 100 SMS	N/A	NA
	B 1000 anywhere: 1000 minutes per month; 200 SMS	N/A	NA
	B 2000 anywhere: 3750 minutes per month; 300 SMS	N/A	NA
	B 3750 anywhere; 3750 minutes per month; 400 SMS	N/A	NA
	B 7500 anywhere: 7500 minutes per month; 500 SMS <sup>28</sup>	N/A	NA
	Talk, Text Data 50	N/A	NA
	Talk, Text Data 350	N/A	NA
	Talk, Text Data 1000	N/A	NA
	Iphone 200	N/A	NA
Iphone 400	N/A	NA	

<sup>25</sup> Digicel flat rate calling packages were discontinued on 1 June 2013

<sup>26</sup> 2016 data submitted 23 May 2017. 2017 data submitted 7 September 2018

<sup>27</sup> 2016 data submitted 18 May 2017. 2017 data submitted 31 May 2018

<sup>28</sup> Additional usage charged at a per-minute rate for the country.

## 5.2.4 Mobile Roaming Prices

<b>TABLE 8: FLOW ROAMING SERVICE PRICES EC\$ 2017<sup>29</sup></b>				
<b>1. Postpaid Plans (EC\$ per minute) First minute/ additional minutes</b>				
	<b>Mobile Calls</b>			
<b>Roaming Destination</b>	<b>Local</b>	<b>Back to bmobile</b>	<b>Other</b>	<b>Incoming Calls</b>
FLOW	.57	.57	8.37	.57
Caribbean Preferred	2.30	3.65	8.37	2.30
USA	2.67	3.38	5.37	2.30
UK	2.97	4.32	11.07	2.97
Rest of World	3.65	7.02	11.07	3.65
<b>2. Prepaid Plans (EC\$ per minute) First minute/ additional minutes</b>				
<b>Roaming Destination</b>	<b>Local</b>	<b>Back to bmobile</b>	<b>Other</b>	<b>Incoming Calls</b>
FLOW	1.05	1.05	8.91	1.05
Caribbean Preferred	2.84	4.19	8.91	2.84
USA	2.84	4.19	8.91	2.84
UK	3.51	4.86	11.61	3.51
Rest of World	4.19	7.56	11.61	4.19
My Roaming base	67.5			
My Roaming Data 500MB	270.00			
My Roaming Data 1GB	405.00			

<b>TABLE 9: DIGICEL ROAMING SERVICE PRICES EC\$ (2017)<sup>30</sup></b>			
<b>1. Postpaid Plans (EC \$ per minute)</b>			
<b>Country</b>	<b>Calls Home</b>	<b>Calls within the country</b>	<b>Receive Calls</b>
Digicel Countries	3.50	3.50	2.14
USA (Cingular)	2.14	3.50	2.14
Other Countries	3.50	3.50	2.14
<b>2. Prepaid Plans (EC \$ per minute)</b>			
<b>Country</b>	<b>Receive Calls</b>	<b>Calls within the country</b>	<b>Calls Home</b>
Digicel countries	2.68	6.76	6.76
USA (Cingular)	3.39	3.39	3.39
Other Countries	6.76	6.76	6.76

<sup>29</sup> Information provided by FLOW, 31 May 2018

<sup>30</sup> Information provided and submitted by DIGICEL, 7 September 2018

## 5.2.5 Domestic and Regional Internet Prices

**Table 10: Monthly Charges for Internet Access 2013-2017**

Company	Service Name	Speed (Mbps)		Price (EC\$)				
		Down	Up	2013	2014	2015	2016	2017
CCC	<b>Residential</b>							
	Silver	2.048	1.544	107.00				
	Gold	3.072	1.544	144.00				
	Platinum	6.144	1.544	239.00				
	Extreme	6.000	1.500		99.00			
	Turbo	16.000	1.500		199.00			
	Turbo Plus	32.000	2.000		299.00			
	Blazing	50.000	2.000		399.00			
	Play 10	10.000	2.000			99	120	120
	Play 25	25.000	5.000			199	229	229
	Play 50	50.000	10.000			349	349	359
	<b>Commercial</b>							
	SelectNet I (Business)	3.072	1.544	359.00		N/A		
	SelectNet II (Business)	6.144	1.544	476.00		N/A		
	SelectNet III (Business)	8.192	1.544	595.00		N/A		
	Extreme	6.000	1.500		200.00	N/A		
	Turbo	16.000	1.500		320.00	N/A		
	Turbo Plus	32.000	2.000		640.00	N/A		
Blazing	50.000	2.000		1100.00	1100.00			

**Table 11: FLOW Monthly Charges for Internet Access 2013- 2017<sup>31</sup>**

Company	Service Name	Speed (Mbps)		Price(EGS)				
		Down	Up	2013	2014	2015	2016	2017
FLOW	<b><u>Residential ADSL</u></b>							
	<b><u>Mega</u></b>	1.000	0.512					
	Monthly			115.00	115.00	90.00	90.00	90.00
	Annually			-	-	115.00	115.00	115.00
	No Contract			-	-	139.00	139.00	139.00
	<b><u>Mega Plus</u></b>	2.000	0.512					
	Monthly			159.00	159.00	134.00	134.00	134.00
	Annually			-	-	159.00	159.00	159.00
	No Contract			-	-	181.00	181.00	181.00
	<b><u>Mega Max</u></b>	3.000	0.512					
Monthly			209.00	209.00	184.00	184.00	184.00	
Annually			-	-	209.00	209.00	209.00	
No Contract			-	-	232.00	232.00	232.00	
<b><u>Mega Extreme</u></b>	8.000	0.512						
Monthly					349.00	349.00	349.00	
Annually					375.00	375.00	375.00	
No Contact					400.00	400.00	400.00	
<b><u>Residential VDSL</u></b>								
<b><u>SuperFast 60</u></b>	6.000	0.512						
Monthly					124.99	124.99	124.99	
Annually					124.99	124.99	124.99	
No Contract					151.68	151.68	151.68	

<sup>31</sup> Data submitted by companies (CCC –August 2018, FLOW – 31 May 2018)

**Table 11 Cont'd: FLOW Monthly Charges for Internet Access 2013- 2017**

FLOW	Service Name	Speed (Mbps)	Price(EC\$)					
		Down	Up	2013	2014	2015	2016	2017
	<b><u>SuperFast 120</u></b>	12.000	0.512					
	Monthly					179.99	179.99	179.99
	Annually					179.99	179.99	179.99
	No Contract					206.68	206.68	206.68
	<b><u>SuperFast 240</u></b>	24.000	0.512					
	Monthly					249.99	249.99	249.99
	Annually					249.99	249.99	249.99
	No Contract					276.98	276.98	276.98
	<b><u>SuperFast 480</u></b>	48.000	0.512					
	Monthly					349.00	349.00	349.00
	Annually					349.00	349.00	349.00
	No Contract					400.00	400.00	400.00
	<b>Commercial</b>							
	<b><u>Premier</u></b>	4.000	0.512					
	Monthly			359.00	359.00	334.00	334.00	334.00
	Annually			-	-	359.00	359.00	359.00
	No Contract			-	-			
	<b><u>Premier Plus</u></b>	5.000	1.000					
	Monthly			459.00	459.00	434.00	434.00	434.00
	Annually			-	-	459.00	459.00	459.00
	No Contract			-	-			
	<b><u>Premier Max</u></b>	6.000	1.000					
	Monthly			659.00	659.00	634.00	634.00	634.00
	Annually			-	-	659.00	659.00	659.00
	No Contract			-	-			

## 5.2.6 Digicel And Flow Prepaid And Postpaid Mobile Data Plan Pricing

	Minutes	Data(MB)	Text	Price (XCD)	Validity
<b>Data</b>		75		\$4.00	1day
		300		\$12.99	3days
		500		\$23.99	3days
		1000		\$31.99	7day
		500		\$27.99	14day
		1000		\$37.99	14day
		1000		\$46.99	30day
		3000		\$103.99	30 day
		5000		NA	NA
<b>Pay as you go</b>		1		0.04	Per kb

Plan Name				
	Price (LC)	Bundle (MB)	Price /MB (LC cts)	Price/Day (LC)
1 Day 100MB (WFIT)	2.99	100	3	2.99
3 Day 250MB (WFIT)	10	250	4	3.33
7 Day 300MB (WFIT)	15	300	5	2.14
7 Day 750MB (WFIT)	25	750	3	3.57
14 Day 1GB Data	35	1024	3	2.50
30 Day 1Gb (WFIT)	30	1024	3	1.00
30 Day 1.5Gb (WFIT)	35	1536	2	1.17
30 Day 3Gb (WFIT)	50	3,072	2	1.67
30 Day 5Gb	75	5,120	1	2.50
Overage (Per MB)	0.41	N/A	N/A	N/A
PAYGO (per MB)	0.41	N/A	N/A	N/A



<b>Table 14: Flow Residential Postpaid Mobile Data Plans</b>				
<b>Name</b>	<b>Product</b>			<b>Price (XCD)</b>
<b>RESIDENTIAL</b>				
	<b>Minutes</b>	<b>Data</b>	<b>Text</b>	
<b>Base Plan</b>	100	250MB	100	\$ 52.44
<b>My Talk</b>	100	-	-	
	200	-	-	
	300	-	-	
	500	-	-	
	1000	-	-	
	2000	-	-	
	4000	-	-	
<b>My Text</b>			1000	\$ 9.45
<b>My Data</b>	-	500MB	-	\$25.20
	-	1 GB	-	\$42.00
	-	2 GB	-	\$51.45
	-	3 GB	-	\$61.95
	-	5GB	-	\$72.45
<b>My Data LTE</b>	-	1 GB	-	\$42.00
	-	2 GB	-	\$73.50
	-	3 GB	-	\$94.50
	-	5 GB	-	\$147.00
<b>My Roaming</b>	30	30 MB	30	\$56.44
	-	500MB	-	\$283.50
	-	1GB	-	\$425.25
<b>My Share Plan</b>				

<b>Table 15: Flow Corporate Postpaid Mobile Data Plans</b>				
<b>Product</b>				<b>Price (XCD)</b>
<b>CORPORATE</b>				
	<b>Minutes</b>	<b>Data(MB)</b>	<b>Text</b>	
<b>SME Packages</b>	500	5	100	\$ 150.00
	800	5	150	\$ 210.00
	1000	5	200	\$ 300.00
<b>Corporate</b>	2000	5	300	\$ 540.00
	3,000	5	500	\$ 810.00
	5,000	5	750	\$ 1,350.00
	7,000	5	1000	\$ 1,750.00
	10,000	5	1250	\$ 2,500.00
	15,000	10	1500	\$ 3,750.00
	20,000	10	1750	\$ 4,600.00
	30,000	10	2500	\$ 6,900.00
	40000	20	3000	\$ 8,800.00
	50000	20	3500	\$ 11,000.00
60000	20	4000	\$ 13,200.00	
<b>Overage per Extra MB</b>				
<b>Data Plans</b>		5 MB		N/A
		15 MB		N/A
		100 MB		N/A
		7GB		N/A
		Unlimited		N/A

## **6.0 Finances**

### **6.1 Annual Levy - 2017**

The annual levy is calculated to cover the annual cost of regulation, pursuant to Section 48 of the Telecommunications Act R.S.A c.T6 and Section 24 of the Public Utilities Act R.S.A. c.175. It is comprised of a surplus or deficit as identified in the last available audited statements from a preceding fiscal year as expressed in Section 24 (2).

By the Public Utilities Act, the Assessment of Industry Levy on the regulated industries is determined by the addition or subtraction of the deficit or surplus to or from the last audited year. The deficit or surplus however is not determined based on the budget of the Commission for the year, but on the levy collected. As the PUC has never exceeded its approved budget the need for the supplement is only an artificial one created by the is mechanism used This has produced cycles of two years of deficits then two years of surplus. However, due to large budget surpluses in some years, there have been large fluctuations ranging between a deficit of - \$342,000 to a surplus of + \$570,000. While some fluctuations can be expected, the existing magnitude causes some concern to the operators who can see their Levy decrease by as much as 65% in one year and increase by 150% two years later.

The Commission in its meeting of 16th March 2017 decided to propose to Government changes to the PUC Act which would give the Commission more discretion in the application of the previous year's deficits to the annual assessment levy. These changes would allow the Commission the discretion to abstain from applying all or some of the deficit from the previous years to the levy assessed on the licensees. It would also give the Commission the discretion of allowing payment by installments of the assessment over the year.

The proposal by the Commission was approved by the Executive Council and recorded by ExMin 17/240 on 6<sup>th</sup> June 2017. While the Public Utilities Commission Act has not yet been amended to reflect the change, the Commission made the decision to implement the change in the assessment levy for 2017.

The annual industry levy applicable based on the existing formula was EC\$1,189,253.00 when including the deficit from 2015 of EC\$341,853. The actual levy applied by the Commission for the year 2017 was EC\$847,000.00. In spite of this our audit shows a small surplus of about EC\$13,000 at the end of the financial year.

### **6.2 Financial Report - 2017**

This annual report was prepared in compliance with the requirements in Section 22 of the Public Utilities Act (Annual Report) that the Commission submits such a report to the Governor-in-Council. Section 22 reads as follows:

***‘Annual report***

**22.** (1) *Within three months of the completion of the audit of the Commission's accounts, the Commission shall submit to the Governor-in-Council—*

*(a) A copy of its audited accounts; and*

*(b) A written report of its operations and activities for that financial year (the annual report) together with a copy of the audited financial statements.*

*(2) The annual report shall contain such matters as the Governor-in-Council may prescribe’.*

On 16<sup>th</sup> March 2017 the Commission decided that, in keeping with standard financial good practice, after a duration of seven years it would terminate the arrangement for external auditing services with firm Grant Thornton – Antigua. A new tender for external audit services was let in February 2018 and the firm BDO LLC was appointed in in June 2018.

The audited financial results for the year 2017 as prepared by BDO LLC are presented in Appendix II of this report.

## **7.0 Future Challenges and Opportunities**

### **7.1 Participation in International Organisations**

The Commission maintains members in several regional organisations. In this ways it is kept aware with regulatory and policy trends in the industry.

In 2017 the Commission for the first time established direct membership of the Caribbean Telecommunications Union (CTU) in the category of Associate Member. Previously our involvement was only possible through our association with Government of Anguilla which is a full member. During the year members of the Commission and staff attended CTU training workshops in Barbados and the Bahamas.

In the year under review the Commission was also represented at the annual general meeting of The Organisation of Carribbean Utility Regulators (OOCUR) in Tobago.

The Commission was also represented the Annual Conference of the Caribbean Association of National Telecommunications Operators (CANTO) in the Dominican Republic.

The Commission maintains relationships with international bodies, including the International Telecommunications Union (ITU) through the OFCOM in the UK.

## 7.2 Human Resource Development

The Commission continued to rely on the periodic recruitment of external consultants to acquire certain technical expertise when needed. Mr. Kenn Banks continued to serve as the Executive Director of the Public Utilities Commission. The six-month post-retirement contract of Mrs. Vernice Proctor, Executive Secretary/Assistant to the Executive Director, ended on 28 February 2017. Mrs. Proctor had been an employee of the Commission since its inception in 2004. The Commission thanks Mrs. Proctor for her years of dedicated services and wishes her all the best in the future.

On 1<sup>st</sup> March 2017 Ms. Kishena Webster, Regulatory Assistant was promoted the post of Executive Secretary/Assistant to the Executive Director. In the filling the vacant post of post of Regulatory Analyst the Commission decided to recruit a candidate with background in Electrical and/ICT. Mr. Ardin Richardson was recruited to the post on 24<sup>th</sup> April 2017. Due to his training in Computer Science, and Business Administration the Commission agreed that his particular skill sets warranted his appointment to the senior post of Regulatory Assistant II.

As the first step in his regulatory development Mr. Richardson attended the two-week course at Public Utility Research Center (PURC) at the University of Florida in November. PURC is one of the leading organisation for continued development and training of regulators in the USA.

Efforts to find suitable training to MSc in Utility Regulation by an Online or Sandwich courses have been unsuccessful as the ITU sponsored programme offered by the UWI has been discontinued.

Mr. Kevon Proctor, who is on a part scholarship from the Commission, successfully completed his second year of studies in finance and accounting at Trent University in Canada. He was again employed as a Business Intern at the Commission during the summer break.

Due to the passage of Hurricane Irma, the planned sale of Government stake in ANGLEC, and the regulatory transfer to the PUC was postponed, while the arrangements for the sale and now being reviewed and revised. The regulatory arrangements are also being revised, these include renewable energy development and grid integration but we are not aware of the timetable for these changes.

If the PUC is to become the regulator in this new arrangement then there would be the need for support from Government to begin the process of acquiring the skill sets required in this area, as the industry assessment levy on the telecommunications sector cannot be used to fund any of the costs associated with the energy sector.

## 7.3 Regulatory Framework

The main function of the Commission is the administration of the Telecommunications Act (R.S.A c.T6). Section 7 of the PUC Act provides for a broader mandate, in particular sub-section 7(3) (a) which reads as follows:

*(3) Subject to subsection (1), the Commission has the following general functions—*

*(a) to secure, as far as it is economical to meet them, that all reasonable demands in Anguilla for electricity, telecommunications and piped water are met;'*

There was no new legislation enacted during 2017 to expand the Commission's mandate to other sectors however there has been some discussion on expanding roles for the PUC as mentioned in section 5 of the report.

**Appendix I**

**Report from the Auditor**

**On the**

**Accounts of**

**The Public Utilities Commission**

**Of**

**Anguilla**

**2017**



BDO LLC  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of Public Utilities Commission

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the Public Utilities Commission (the "Commission"), which comprise:

- the statement of financial position as at December 31, 2017;
- the statement of revenue and expenses, statement of changes in surplus, and statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2017, and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Commission for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Anguilla, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Without qualifying our opinion, we also draw attention to the fact that the financial statements of the Commission as at and for the year ended December 31, 2016 were audited by other auditors who expressed an unqualified opinion on these statements on August 1, 2017.





## INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Members of Public Utilities Commission *(continued)*

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

### Auditor's 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 auditor's 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 judgment and maintain professional skepticism 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 Commission's internal control.



## INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Members of Public Utilities Commission

### Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: *(continued)*

- 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 Commission's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

*BDO LLC*  
Chartered Accountants  
The Valley, Anguilla  
18 OCTOBER 2018

**Appendix II**

**(2017 Audited Financial Statements)**

**PUBLIC UTILITIES COMMISSION**

**ANGUILLA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING**

**31 DECEMBER 2017**



# **PUBLIC UTILITIES COMMISSION**

Financial Statements

December 31, 2017

(Expressed in Eastern Caribbean Dollars)

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Pages 7	Statement of Changes in Surplus
Pages 8	Statement of Cash Flows
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# AGENCY INFORMATION

1

## **PHYSICAL ADDRESS**

Fairplay Complex  
The Valley  
Anguilla  
British West Indies

## **DIRECTORS**

Keesha Carty, Executive Chairperson  
Jerome Richardson, Deputy Chairman  
Christonie Fleming, Commissioner  
Idona Alord, Commissioner  
Kenn Banks, Executive Director

## **SECRETARY**

Kishena Webster (Executive Assistant to Executive Director)

## **BANKERS**

National Commercial Bank of Anguilla Limited

## **SOLICITOR**

Attorney General's Chambers  
P.O. Box 60  
Commercial Complex  
The Valley, Anguilla

## **AUDITORS**

BDO LLC  
Chartered Accountants  
17 Fairplay Complex  
Cosley Drive  
The Valley  
Anguilla

**PUBLIC UTILITIES COMMISSION**  
**Statement of Financial Position**  
**As at December 31, 2017**

[Expressed in Eastern Caribbean Dollars (EC\$)]

	<i>Notes</i>	2017	2016
<b>Assets</b>			
Cash and cash equivalents		211,899	78,155
Investments	7	423,589	517,291
Receivable		3,083	-
Prepayment	8	4,422	4,422
Property and equipment - net		99,537	117,909
<b>Total Assets</b>		<b>742,530</b>	<b>717,777</b>
<b>Liabilities and Surplus</b>			
<b>Liabilities</b>			
Trade and other payables		63,736	44,523
<b>Total liabilities</b>		<b>63,736</b>	<b>44,523</b>
<b>Surplus</b>	<i>10</i>	<b>678,794</b>	<b>673,254</b>
<b>Total Liabilities and Surplus</b>		<b>742,530</b>	<b>717,777</b>

The financial statements on pages 5 to 21 were approved and authorized for issue by the Board on 18 October 2018 and were signed on its behalf by:

  
 \_\_\_\_\_  
 Keesha Carty  
 Executive Chairperson

  
 \_\_\_\_\_  
 Kenn Banks  
 Executive Director

*The accompanying notes on pages 9 to 21 are an integral part of these financial statements.*

**PUBLIC UTILITIES COMMISSION**  
**Statement of Revenue and Expenses**  
**For the Year Ended December 31, 2017**

[Expressed in Eastern Caribbean Dollars (EC\$)]

	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>	<i>9</i>	<b>847,425</b>	<b>491,667</b>
<b>General and administrative expenses</b>	<i>10</i>	<b>(854,633)</b>	<b>(690,537)</b>
<b>Operating loss</b>		<b>(7,208)</b>	<b>(198,870)</b>
<b>Interest income</b>		<b>12,748</b>	<b>16,321</b>
<b>Surplus/(deficit)</b>	<i>9</i>	<b>5,540</b>	<b>(182,549)</b>

*The accompanying notes on pages 9 to 21 are an integral part of these financial statements.*



**PUBLIC UTILITIES COMMISSION**  
**Statement of Changes in Surplus**  
**For the Year Ended December 31, 2017**

[Expressed in Eastern Caribbean Dollars (EC\$)]

	2017	2016
<b>Surplus</b>		
Balance at beginning of year	673,254	855,803
Net surplus/(deficit)	5,540	(182,549)
<b>Balance at end of year</b>	<b>678,794</b>	<b>673,254</b>

*The accompanying notes on pages 9 to 21 are an integral part of these financial statements.*

**PUBLIC UTILITIES COMMISSION**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

[Expressed in Eastern Caribbean Dollars (EC\$)]

	<i>Notes</i>	2017	2016
<b>Cash flows from operating activities</b>			
Net income		5,540	(198,870)
Adjustments for:			
Interest income		(12,748)	(16,321)
Depreciation	8	28,389	7,204
		<b>33,929</b>	<b>(207,987)</b>
Changes in working capital			
Receivable		-	81,712
Trade and other payable		19,213	2,071
<b>Net cash provided by/(used in) operating activities</b>		<b>53,142</b>	<b>(124,204)</b>
<b>Cash flows from investing activities</b>			
Withdrawal/(acquisition) of investment		80,954	(13,385)
Interest received		9,665	34,173
Acquisition of property and equipment	8	(10,017)	(101,115)
<b>Net cash provided by/(used in) investing activities</b>		<b>80,602</b>	<b>(80,327)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>133,744</b>	<b>(204,531)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>78,155</b>	<b>282,686</b>
<b>Cash and cash equivalents at end of year</b>		<b>211,899</b>	<b>78,155</b>

*The accompanying notes on pages 9 to 21 are an integral part of these financial statements.*

**PUBLIC UTILITIES COMMISSION**  
**Notes to the Financial Statements**  
**December 31, 2017**

[Expressed in Eastern Caribbean Dollars (EC\$)]

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**1. Reporting entity**

The Public Utilities Commission (the “Commission”) is a statutory body corporate established by the Public Utilities Commission of 2003. The primary function of the Commission is the administration of the Telecommunications Act R.S.A c.T6. Section 3 of Telecom Act, which describes the main functions of the Commission with respect to the regulation of the telecommunications sector.

The Commission commenced operations on April 7<sup>th</sup>, 2004. The registered office and principal place of business of the Commission is located at Fairplay Complex, The Valley, Anguilla, British West Indies.

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements of the Commission have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRICs as issued by the International Accounting Standards Board (IASB).

**(b) Basis of measurement**

The financial statements of the Commission have been prepared on the historical cost basis.

**(c) Functional and presentation currency**

These financial statements are presented in Eastern Caribbean Dollars (EC Dollars), which is the Commission’s functional and presentation currency. Except as otherwise indicated, all financial information presented in EC Dollars have been rounded to the nearest dollar.

**(d) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 6.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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2. Basis of preparation *(continued)*

(e) Changes in accounting policies and disclosures

(i) New standards, interpretations and amendments effective from 1 January 2017

The accounting policies adopted are consistent with those of the previous financial year except that the Commission has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of January 1, 2017:

- *Amendments to IFRS 7 Statement of Cash Flows: Disclosure initiative*  
The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.
- *Amendments to IFRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*  
The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences. The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments apply retrospectively, with certain transition relief.
- *Amendments to IFRS 2 Disclosures of Interests in Other Entities: Improvements to FRSS (December 2016)*  
The amendments clarify the scope of IFRS 2 by specifying that disclosure requirements in the Standard, except for those in paragraphs B10-B16 (on summarised financial information), apply to any interests that are classified as held for sale, held for distribution to owners or discounted operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendments apply retrospectively.

None of the amendments to Standards and interpretations that are effective from that date had a significant effect on the Commission's financial statements.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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**2. Basis of preparation (continued)**

**e. Changes in accounting policies and disclosures (continued)**

**(ii) New standards, amendments to standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations that have been issued but are not yet effective as at December 31, 2017 or not relevant to the Commission's operations. These are as follows:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers (with clarifications issued)
- IFRS 16 Leases
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Amendments to IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Improvements to IFRSs (December 2016)

The adoption of these amendments to standards and interpretations will not have any significant impact on the Commission's financial statements except for IFRS 9 and IFRS 15, which management believes may impact the Commission's financial statements as at and for the year ending December 31, 2018.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently by the Commission to all periods presented in these financial statements.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the Development Commission's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the Development Commission's functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the Development Commission's functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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3. Significant accounting policies (continued)

(b) Financial instruments

i. *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash and cash equivalents, investments in certificates of deposit, trade and other receivables and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments that are not fair value through statement of revenue and expenses, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in banks and other highly liquid financial assets with maturities of less than three months that are purposed to meet short-term cash commitments and are not subject to significant risk of change in value.

*Investment in certificates of deposit*

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Commission has the positive intent and ability to hold to maturity, and which are not designated at fair value through statement of revenue and expenses or available-for-sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the Commission from classifying securities as held-to-maturity for the current and the following two financial years.

*Trade and other receivables*

Trade and other receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivable. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of allowance is recognized in statement of revenue and expenses.

*Trade and other payables*

Trade and other payables are stated at their cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Commission.

*Other*

Other non-derivative financial instruments are measured at cost less any impairment losses.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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3. Significant accounting policies (continued)

(c) Property and equipment

*i. Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal within the carrying amount of property and equipment and are recognized net in statement of revenue and expenses.

*ii. Subsequent costs*

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in statement of revenue and expenses as incurred.

*iii. Depreciation*

Depreciation is recognized in statement of revenue and expenses on the straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative years are as follows:

Office Equipment	4 - 5 years
Equipment	6.67 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Leases

Payments made under operating leases are recognized in the statement of revenue and expenses on a straight-line basis over the term of the lease unless otherwise a systematic basis is more representative of the time pattern of the Commission's benefits. Associated costs such as maintenance and insurance, are expensed as incurred.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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**3. Significant accounting policies (continued)**

**(e) Impairment**

**i. Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of revenue and expenses.

**ii. Non-financial assets**

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of revenue and expenses. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(f) Provision**

A provision is recognized if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.



[Expressed in Eastern Caribbean Dollars (EC\$)]

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**3. Significant accounting policies (continued)**

**(g) Employee benefits**

**i. Retirement benefits**

The Commission's retirement benefit is sponsored by the Government of Anguilla under its Pension Scheme for Public Officers. The scheme is a defined contributory state plan which operates under the simple pay-as-you-go basis. Obligations for contributions to the defined contribution state plan are recognized as a pension expense in the statement of revenue and expenses when they are due.

**ii. Short-term benefits**

Short-term employee benefit obligations, including gratuity and holiday entitlement, are measured on an undiscounted basis and are expensed as the related service is provided.

**(h) Revenue**

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Commission's activities. The Commission recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Commission's activities, as described below.

**Levy income**

The levy income is recognised on an accrual basis in accordance with the annual industry levy set, in accordance with Section 21 of the Public Utilities Commission (PUC) Act on public utilities, telecommunication suppliers and holders of frequency authorizations. The levy income set for each financial year is also determined by the financial results used to meet the requirements under Section 21 (2) of the PUC Act as amended by the PUC Amendment Act (2007).

**Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method.

**(i) Operating expenses**

Operating expenses are recognised in the statement of revenue and expenses upon utilisation of the service or as incurred.

**(j) Related party transactions**

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

[Expressed in Eastern Caribbean Dollars (EC\$)]

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**3. Significant accounting policies *(continued)***

**(k) Subsequent events**

Post year-end events that provide additional information about the Commission's financial position at reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

**4. Determination of fair values**

A number of the Commission's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

**(a) Held-to-maturity investment securities**

The fair value of held-to-maturity investment securities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**(b) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**(c) Cash and cash equivalents**

The fair value of cash and cash equivalents approximates carrying value due to its short-term nature.

**(d) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Current liabilities are not discounted, since the present value of future cash flows is equal to its carrying amount.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Management believes that the effect of discounting those short-term financial assets and liabilities at market rate is immaterial as at year-end.

**5. Financial risk management**

**(a) Introduction and overview**

The Commission has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

[Expressed in Eastern Caribbean Dollars (EC\$)]

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**5. Financial risk management (continued)**

**(a) Introduction and overview (continued)**

The Commission is exposed to various risks in relation financial instruments. The Commission's financial assets and liabilities by category are summarized in Note 3 (b). The Commission's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance. There are no formal risk management policies and procedures in place. Management identifies and evaluates financial risk when these arise.

The Commission does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Commission is exposed are described below.

**(b) Credit risk**

Credit risk arises from the possibility that counterparties may default on their obligations to the Commission. The Commission has made adequate provision for any potential credit losses and the amount of the Commission's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

*Investment securities*

The Commission limits its exposure to credit risk by only investing in fixed deposits with local banks. Management does not expect the related counterparty to fail to meet its obligations.

*Trade and other receivables*

The Commission's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Commission's customer base, including the default risk of the industry and country in which customers operate, has less influence on credit risk. The Commission establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investment securities. The main components of this allowance are collective losses based on number of days in receivable.

**(c) Liquidity risk**

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission's reputation.

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[Expressed in Eastern Caribbean Dollars (EC\$)]

**5. Financial risk management (continued)**

**(d) Market risk**

*Currency risk*

The Commission's exposure to currency risk is minimal as the exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00.

*Interest rate risk*

Differences in contractual re-pricing or maturity dates and changes in interest rates may expose the Commission to interest rate risk.

	2017	2016
	%	%
<b>Financial assets</b>		
Cash and cash equivalents	1.00 - 2.00	1.00-2.00
Investments	2.125	2.175

**6. Critical accounting estimates and judgments**

The Commission makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experiences and other facts, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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:

**a. Impairment of assets**

Financial and non-financial assets are evaluated for impairment on a basis described in note 3 (e) to the financial statements.

**b. Estimated useful lives of property and equipment**

The Commission estimates useful lives of equipment on the period over which the individual assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items equipment. As at December 31, 2017 and 2016, the carrying value of equipment is presented in note 9.

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**7. Investments**

Details of the Commission's investments are as follows:

	<i>Interest rates</i>	<b>2017</b>	<b>2016</b>
Fixed deposits - National Commercial Bank Anguilla (NCBA) Ltd	2.125 - 2.175%	<b>423,589</b>	517,291

This deposit has a maturity date of six months ending February 28<sup>th</sup>, 2018.

**8. Property and equipment - net**

	<b>Furniture and Fixture</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
December 31, 2015	-	65,662	65,662
Acquisitions	101,115	-	101,115
December 31, 2016	101,115	65,662	166,777
Acquisitions	-	10,017	10,017
<b>December 31, 2017</b>	<b>101,115</b>	<b>75,679</b>	<b>176,794</b>
<b>Accumulated depreciation</b>			
December 31, 2015	-	41,664	41,664
Depreciation	-	7,204	7,204
December 31, 2016	-	48,868	48,868
Depreciation	20,223	8,166	28,389
<b>December 31, 2017</b>	<b>20,223</b>	<b>57,034</b>	<b>77,257</b>
<b>Carrying amount</b>			
December 31, 2016	101,115	16,792	117,907
<b>December 31, 2017</b>	<b>80,892</b>	<b>18,643</b>	<b>99,537</b>

**9. Surplus**

In accordance with the PUC Act Section 24(2), the industry levy for a financial year shall equal the net estimated expenditure of the Commission for that financial year, as set out in the estimates approved by the Governor in Council, adjusted by -

- the addition of the deficit, if any, shown in the audited accounts for the last available financial year; or
- the subtraction of the surplus, if any, shown in the audited accounts for the last available financial year.

The surplus reflected as at December 31, 2017 represents the accumulated excess of industry levy and other income over actual expenditures since the Commission's inception.

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**10. General and administrative expenses**

	<i>Note</i>	2017	2016
Salaries and employee benefits	11	478,375	417,375
Training costs		98,624	27,789
Professional fees		68,500	87,779
Rent	12	53,064	53,064
Meeting allowance		51,225	37,250
Office expenses		30,600	15,282
Depreciation	8	28,389	7,204
Utilities		23,609	27,568
Travel expenses		14,125	10,806
Other expense		8,122	6,420
		<b>854,634</b>	<b>690,537</b>

**11. Employee benefits expense**

	2017	2016
Salaries	404,912	373,853
Bonus	30,689	-
Social security and levy	13,448	12,218
Travel allowance	12,000	11,839
Other costs	17,326	19,465
	<b>478,375</b>	<b>417,375</b>

**12. Operating lease**

The Commission incurred rent expense of EC\$53,064 during the year ended December 31, 2017 (2016: EC\$53,064). The Commission occupies an office building and has an operating lease for a term of five years beginning October 1, 2015 and is renewable at the end of the lease period.

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**13. Related party transactions**

***Identification of related party***

A party is related to the Commission if:

- (i) Directly or indirectly the party:
  - Controls, is controlled by, or is under common control with the Commission;
  - Has interest in the Commission that gives it significant influence over the Commission; or;
  - Has joint control over the Commission.
- (ii) The party is a member of the key management personnel of the Commission. These include the Executive Director, the Accountant and the Corporate Secretary.
- (iii) The party is a close member of the family of any individual referred to in (i) or (ii)
- (iv) The party is a postemployment benefit plan for the benefit of employees of the Commission or any entity that is a related party of the Commission.

Remuneration to directors and executive staff follows:

	2017	2016
Directors' allowances	51,225	37,250
Executive staff salaries and gratuity	202,045	145,800
	<b>253,270</b>	<b>183,050</b>

