

**Board of Directors Meeting of the  
Utility Regulation and Competition Office ("OfReg")  
held on Thursday, 18<sup>th</sup> January 2018,  
at its Offices, 3rd Floor Alissta Towers  
Meeting 1 of 2018**

**Minutes**

**Record of Members Present:**

Dr. the Hon. Linford Pierson	Chair
Mr. J Paul Morgan	CEO
Mr. Ronnie Dunn	Dep. Chair
Mr. Frank Balderamos	Non-executive Director
Ms. Melissa Lim	Non-executive Director
Mr. Rudy Ebanks	Non-executive Director
Mr. Duke Munroe	Chief Fuels Inspector/Dir Fuels Markets (CFI)
Mr. Gregg Anderson	Executive Director- Energy & Utilities (ED-EU)
Mr. Sonji Myles	Deputy Director-ICT, Acting Board Secretary DDICT)

**Other attendees:**

**Apologies:**

Mr. Alea Fa'amoe	Executive Director ICT, Dep. CEO (DCEO/ED-ICT)
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**Meeting Start Time: 10:27**

**1. General**

**1.1 Welcome, Prayer, Chair's Remarks**

Chair offered word of prayer.

Chair welcomed the members, wishing a happy new year to all.

Noting that the Office just celebrated its first anniversary on the 16<sup>TH</sup> January 2018, the Chair remarked on the achievements and lessons learnt over the last year. He commented on the importance of Board unity but also acknowledged the value in, and the encouragement of, individual thought

and constructive debate where necessary. Additionally, he reminded all; of the main objectives, duties and obligations of the Office and the level of integrity they must be executed in.

The Chair thanked M. Lim for chairing and the members for participating on the committee that oversaw the shortlisting process for the General Counsel role. The Board commented that the value of having the members participate to a limited extent in the process allowed for a robust consideration of applicants.

Chair commented that Dep. Chair and F. Balderamos have agreed to chair and co-chair respectively a committee to review the Executive's responses to the questions posed by the Board in relation to contracts and consultancies.

Chair and Dep. Chair, remarked that value for money is one of if not the most important obligation of the Office, as it is a steward of the government's funds. It was noted that where the Board does not agree with and does not approve a particular engagement, if staff still proceed with engagement, it is presumed that the staff member directing such engagement would incur the cost for such engagement.

Chair highlighted the conflicts between the PAL and URC laws and the importance of seeking some resolution that acknowledges the needed independence of the Office.

Chair stated that the management needs to ramp-up and finalise the Office move.

Chair remarked on the importance of having regular updates on the Judicial Review, to ensure that we are aware of progress and can account for cost/expense.

## 1.2 Approval of Agenda

Dep. Chair moved that agenda be approved, this was seconded by R. Ebanks. There were no objections.

## 2. Declaration of Interest

None

It was noted that all members had submitted their annual declarations of interest.

## 3. Minutes of Previous Meeting

### 3.1 Approval

F. Balderamos moved that minutes of the previous meeting be approved, this was seconded by R. Ebanks. There were no objections.

### 3.2 Matters Arising From Previous Minutes

#### 3.2.1 Actions Arising out of the Previous Minutes

**Agenda Item 3.3** - Good Governance Handbook from POCS. Legal to review to see how it can be adopted to be 'OfReg relevant'.

*Status: Completed*

**Agenda Item 6.1.1** - Contractor/Consultants report – CEO to seek clarification from Chair on outstanding concerns so that SMT can address them. CEO to prepare redrafted presentation for next Board meeting.

*Status: Response included in Board Papers for this meeting.*

*Further Action (taken at this meeting 18 January 2018): Board deferred addressing this at the meeting. Board agreed that a non-standing committee of non-executives will be formed to review the responses and report to the Board at the next meeting.*

**Agenda Item 7.1.1** - E&U Adjustment to Regulatory Fees - Cabinet Paper, advisory note (not seeking Cabinet decision). Draft to be sent to CEO.

**Agenda Item 7.2.1-** Fuel Fees Cabinet Paper – CFI to send to Cabinet Secretary.

*Status: Paper sent to Cabinet Secretary. CEO currently seeking decision update from Cabinet Secretary.*

*Further Action (taken at this meeting 18 January 2018): CEO will follow up again with Cabinet Secretary for a response.*

**Agenda Item 7.2.2** - SOL Investigation – CFI to send preliminary report to Board Members.

*Matter to be discussed at agenda Item: 4.2.1*

## 4. Regulatory

### 4.1 Energy and Utilities (E&U)

#### 4.1.1 CWC license negotiations update

EDEU gave a verbal update on the negotiations.

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Redacted PAL Sec 19 (4)

#### 4.1.2 Cayman Brac Power & Light (CBPL) license negotiations update

EDEU commented that CBPL are keen on moving forward. Negotiations remain ongoing.

#### 4.1.3 CUC's Fuel Hedging Plan

EDEU commented that this is what CUC has done for years to avoid or "hedge" against the increases in fuel prices and the related consequences.

OfReg has been in discussions with CUC regarding the continued development of the Plan. The preliminary observation / opinion of the EDEU is that he will recommend that the plan be approved as it appears to be a practical and good strategic approach, which could benefit consumers in the long run.

#### 4.1.4 CUC's Capital Investment Plan (CIP)- update

EDEU spoke generally, noting that this is a five year plan that allows for annual progress updates.

Within the plan there are various business cases that speak to the strategic aims of CUC.

EDEU commented that the Office should encourage regular production of such plans and noted that the model would be useful across all sectors.

DDICT noted that ICT licensees have as a condition to their licences, the requirement to submit Compliance Plans. Although these have not been regularly submitted or requested for several years. The ICT team have already been planning reinstituting compliance with this and other obligations.

#### 4.1.5 Integrated Resource Plan (IRP) update

EDEU gave an update on CUCs plan for IRP.

CUC submitted their plan which was reviewed by the Office. Discrepancies were found and resubmitted to CUC for rectification.

EDEU noted that he will make recommendations to make IRPs compulsory as they are not currently. He noted that these types of plans should be part of or used to complement the national energy plan.

#### 4.1.6 Unlicensed water producers - actions being taken

EDEU noted that there were several properties known to be currently producing water contrary to the water laws.

**Margarita Ville (MV)-** continues to produce water in absence of a licence. The Office is aware that MV has recently written to Cabinet for a licence waiver. The Office is not aware of any provisions that would allow for such a waiver in light of the laws which require licensing. The Office will await a determination by Cabinet.

**Morritts Tortuga-** Currently produces its own water and has done so for some time due to the fact that when the property was first built, there were not commercial facilities providing water in that area. Since the availability of regulated / commercial water there have been some negotiations to either become licence or subscribe to service by the Water Authority however, no resolution has been arrived at.

**Little Cayman Beach Resort (LCRR)-** is also producing water without licence. There are no regulated commercial water production facilities in Little Cayman. The particular approach with licensing and regulation for LCRR is particularly important because the water produced is for public consumption. EDEU commented that the Water Authority several years ago was instructed by government to grant LCRR a licence- this was never done.

**Farmers-** Approaches aimed regularising the water production are being considered. The Office is very mindful that due to the delicate commercial nature of farming locally, any approaches must fully appreciate the elements of that industry.

Board noted that in general, the Office needs to first establish a licensing framework to support any efforts to regularise the unlicensed entities. Without such, the actions could be seen to be arbitrary.

## 4.2 Fuels

### 4.2.1 SOL Incident update

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Redacted PAL Sec 19 (4)

#### 4.2.2 [Fuels Inspectorate annual report to the Minister](#)

The report was included in the Board Papers.

CFI gave a general overview of the contents of the report .

It was noted that the report was to be approved by the Board prior submission to the Minister. Board will review.

### 4.3 [ICT](#)

#### 4.3.1 [Cable and Wireless Cayman Islands \(CWCIL\) / Liberty Latin America Caribbean \(LILAC\) Transfer](#)

DDICT gave an overview of the current application from CWCIL to transfer beneficial interest in CWCIL from Liberty Global to Liberty Latin America Ltd.

A copy of the application, current and proposed structures were also provided to the Board.

The Board unanimously approved the transfer.

#### 4.3.2 [WestTel, WestStar Telecayman Merger Completion Application](#)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### 4.3.3 [REDACTED]





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Redacted PAL Sec 19 (4)

#### 4.3.4 Infinity Broadband (C3) Share Issuance

DDICT gave an overview of C3's application to issue additional shares of the licensee to several of its current shareholders.

The Board was provided with the share transfer application as well as a breakdown of the shares to be issued.

The Board unanimously approved the share issuance application.

#### 4.3.5 FM Broadcasting Relicensing Determination

DDICT provided a copy and gave an overview of the final Determination arising out of a previous related consultation. It was noted that the consultation included the draft determinations and that no responses were received at consultation.

The Board was therefore being asked to finalise the determination for publishing and to begin the FM broadcasting relicensing process.

The Board requested more time to review the Determination.

#### 4.3.6 Digicel Spectrum allocation (14.641 to 14.788 GHz and 15.061 to 15.208 GHz) (14.781 to 14.929 GHz and 15.201 to 15.349 GHz)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

#### 4.3.7 ISP Re-seller category license fees and framework.

DDICT spoke generally to the framework and licensing regime being designed to support the new Internet Service Provider (ISP) Reseller licensing types and resulting classes.

He spoke to the need of the framework to differentiate the new types from the larger ISPs and the compliance measures to be considered so to protect consumers.

The ICT team was hoping to present the framework to the Board but did not complete it in time. Once finalised it will be circulated to the Board for review and approval.

#### 4.3.8 Non-compliance fines for failure to respond to SMP RFI

[REDACTED]

[REDACTED]

[REDACTED]

Redacted PAL Sec 19 (4)

## 5. Board Matters

### 5.1 Board Administration – **Deferred**

### 5.2 Update strategic/annual plans – **Deferred**

### 5.3 Risk and Audit Committee – **Deferred**

### 5.4 Legal Updates – **Deferred**

#### 5.4.1 Datalink Judicial Review Update – **Deferred**



## 6. Chief Executive's Report

### 6.1 CEO Report - Deferred in part

**General Counsel-** CEO highlighted that the shortlisting process for the appointment of General Counsel had been concluded. The recommendations were unanimous and as such the CEO has decided to appoint Mr. John Epp to the post of General Counsel.

**Office Move-** The CEO spoke to the points raised in his report relating to the Office move. Generally, the management team has been able to advance the negotiations with the prospective landlord and have now placed the Office in a better position to absorb fit out costs.

The Board will be regularly updated on the progress.

### 6.2 Statutory Obligations – Update – **Deferred**

### 6.3 Finance – **Deferred**

#### 6.3.1 Management Accounts – **Deferred**

### 6.4 HR / Operations – **Deferred**

#### 6.4.1 Office move update – **Deferred**

## 7. Consumer Affairs

Nil

## 8. Any Other Business

Nil

## 9. Date of next meeting

8<sup>th</sup> February 2018

Meeting adjourned at 4:38pm

**Agenda Items marked “deferred” were deferred in the interest of time. The Board agreed to consider those matters at the next meeting.**

**Actions Arising out of the Meeting**

**Item 1.1** Deputy Chair R. Dunn and F. Balderamos to establish committee to review responses to Contractor/Consultant questions. Due- 8/2/18

Legal to prepare regular updates on the JR process.

**Item 4.1.1-** EDEU to seek from Cabinet- an extension to CWCs operating licence for additional 6 months.

**Item 4.1.4-** EDEU to finalise recommendations for approval (from Board) of Fuel Hedging Plan.

**Item 4.1.5-** EDEU to consider recommendations for presentation to Board to be involved in IRP.

**Item 4.2.1-** SOL Incident-CFI to provide report to Board week beginning 22 Jan.

**Item 4.2.2 -** Board to review Fuel Inspectorate annual report for approval.

**Item 4.3.7 -** DDICT to circulate restructured wifi reseller framework/standard and fees for approval by round robin.

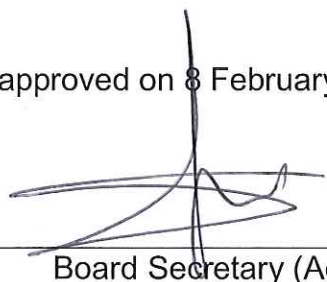
**Item 4.3.8 -** Failure to respond to RFIs" Enforcement action- DDICT to redraft determinations with reduced fine (\$10,000.00) and circulate "draft determination" for approval.

**Item 6.1 -** Office Move- Executive to expedite the office move as set out in the CEO's report.

The below signatures certify that these minutes were approved on 8 February 2018.

A handwritten signature in black ink, appearing to be "R. Dunn", written over a horizontal line.

Chair, Board of Directors, OfReg

A handwritten signature in black ink, appearing to be "F. Balderamos", written over a horizontal line.

Board Secretary (Acting)

Redactions done in accordance with the Public Authorities Law 2020 Revision