



# **FAIR TRADING COMMISSION**

---

## **PRICE CAP PLAN 2025**

### **COMPLIANCE RULES AND PROCEDURES**

## **PART 1 - INTERPRETATION OF TERMS**

**Capped Services** - means services price-capped under the 2025 Price Cap Plan (“PCP”): Residential and Business standard standalone fixed telephony services including value-added services.

**C&W (or “the Company”)** - means Cable & Wireless (Barbados) Limited, the regulated provider of domestic and international telecommunications services, pursuant to Utilities Regulation Order S.I. 2014 No. 65 and the Barbados subsidiary of Cable and Wireless Communications Plc.

**Consultation** - the public consultation paper on the PCP 2021 review issued by the Commission on October 7, 2024 (FTCUR/CONSRVPCP/2024-03).

**End of Term Price Cap Review (“End of Term Review”)** - a review, initiated by the Commission, of the effectiveness and proportionality of the price cap plan as a continuing remedy. It may also include an assessment of the Company’s performance.

**Fair Trading Commission** - means the Fair Trading Commission (also known as the Commission, or FTC), the body responsible for consumer protection, fair competition and utilities regulation in Barbados.

**Inflation Factor (I Factor)** - means the percentage change in the retail price index (RPI) between two (2) periods.

**Price Cap Plan Compliance Rules and Procedures** - means the formal document setting out the official set of rules and procedures which the Company must follow in relation to the Price Cap Plans set by the Commission.

**Regulated Services** - means the utility services designated by the Minister pursuant to the Telecommunications (Regulated Services) Order S.I. 2006 No. 5.

**Service Baskets** - means a group of services subject to pricing constraints in the Price Cap Plan.

**Telecommunications Order** - Statutory Instrument (S.I.) No. 5 - Telecommunications (Regulated Services) Order 2006.

**Value-Added Services** - are fixed-line services which add value to the main landline service. Examples are call waiting, voicemail, caller ID, call forwarding, and automated assistance for customers.

## **PART 2 – THE PRICE CAP PLAN**

### **General**

1. These Compliance Rules and Procedures (“Rules”) apply to the implementation and operation of the Commission’s Decision on the Price Cap Plan 2025, document no. FTCUR/DECPCP/2025-01 (the “PCP 2025 Decision”). The Rules are applicable to the Company.
2. Where the Rules are silent on any matter of procedure in relation to Price Cap proceedings before the Commission, the procedure to be applied shall be determined by the Commission. The Commission may consult with the Company on such procedures to ensure that there are no conflicts with these Rules or the Utilities Regulation (Procedural) Rules, 2003 and the Utilities Regulation (Procedural) (Amendment) Rules, 2009.
3. By virtue of the PCP 2025 Decision, a price cap plan shall be applied to the Company by the Commission for an initial term of two (2) years and eleven (11) months in the regulation of retail telecommunications services provided by the Company, which are deemed to be regulated services, subject to the Telecommunications Order (the “Price Cap Plan”). PCP 2025 is set to apply to the Regulated Services of the Company from February 1, 2025 to December 31, 2027. The periods of the Price Cap Plan are:  
  
**Period 1: February, 2025 through to December 31, 2025**  
**Period 2: January 1, 2026 through to December 31, 2026**  
**Period 3: January 1, 2027 through to December 31, 2027**
4. The PCP 2025 may be extended, at the discretion of the Commission, for up to two additional years. Upon a decision to extend, the Commission will give advance notice to both the Company and the public. The Commission may extend PCP 2025 after careful consideration of the impact of PCP 2025 on the market.
5. If the Commission decides not to extend PCP 2025, the Commission may initiate an End of Term Review and a public consultation.

6. Going-in rates for the Price Cap Plan shall be the prices existing at the end of the Commission's Review of the Price Cap Plan 2021 ("PCP 2021"). The procedures for effecting and notifying price changes are set out in these Rules.

### **Services Subject to Price Regulation under the Price Cap Plan**

7. The services to be regulated under the Price Cap Plan will include only those retail services specified as being subject to regulation in the Telecommunications Order namely:
  - a. International telecommunications services;
  - b. Domestic voice telecommunications services; and
  - c. Leased circuits.
8. Subject to revision of the above referenced Telecommunications Order, the following categories of services will be regulated under the Price Cap Plan:
  - a. Residential fixed line access rental service;
  - b. Non-residential fixed line access rental service;
  - c. Non-residential and residential fixed line installation;
  - d. Domestic payphone service;
  - e. Value Added Services;
  - f. Residential and Business International Telephone Service;
  - g. International cards;
  - h. International toll-free;
  - i. International Private Leased Circuits;
  - j. Domestic Private Leased Circuits;
  - k. Call centre international calls;
  - l. Operator assistance;
  - m. Voicemail;
  - n. Business voice network service e.g., Centrex; and
  - o. Emergency.
9. The Minister responsible for telecommunications (the "Minister") may conduct market reviews and determine that a particular service should no longer be regulated.

10. The list of categories of services set out above shall be revised by the Commission on publication of a revised Telecommunications Order by the Minister. Where the Minister makes a determination that a telecommunications service included in the Price Cap Plan is an unregulated service, the Commission shall remove that telecommunications service from the Price Cap Plan.

## PART 3 – BASKET STRUCTURE AND PRICING CONSTRAINTS

### Basket Structure

11. The Price Cap Plan shall be based on two service baskets which represent ‘competitive’ and ‘non-competitive’ services, as follows:
  - a. Any regulated services where prices are assumed to be constrained to a reasonable level by competition (i.e. competitive services) are placed in a separate basket (Basket 1) and uncapped.
  - b. The remaining Regulated Services then form a separate Basket (Basket 2). Prices across services in Basket 2 are not made subject to an overall price cap. Rather, only standard standalone fixed telephony services and associated value-added services are made subject to a price cap, with the prices of other services in Basket 2 uncapped. These services subject to a price cap are referred to as Capped Services.
  
12. The price control will continue to cover all Regulated Services. However, the focus of the Price Cap Plan will be on Capped Services. This approach also allows scope for the Commission to re-introduce price regulation for other services considered to be non-competitive if this becomes necessary. The basket structure plays an important role in meeting this objective.
  
13. The table below details the basket structure for the PCP 2025.

**Table 1.** Basket Structure for the PCP 2025

BASKET	SERVICES	CAPS
<b>Basket 1: ‘Competitive’ services</b>	Fixed international outgoing calls, International calling cards, International calls from payphones, Domestic and International operator assistance.	Uncapped
<b>Basket 2: ‘Non-competitive services’</b>	Residential and Business standard standalone fixed telephony services including value-added services (Capped Services).	‘RPI-RPI’
	All remaining Regulated Services (e.g. private leased circuits, direct exchange lines).	Uncapped

14. Where a new retail service not previously supplied to the public by the Company is introduced during the price cap term, that service shall not be included in the Price Cap Plan unless deemed by the Minister responsible for telecommunications to be a regulated service in accordance with the Telecommunications (Regulated Services) Order. Where the new service is deemed to be regulated, it shall be included in Basket 1.

### **Price controls applied**

15. The Company will be subject to a price cap at RPI-RPI for Residential and Business standard standalone fixed telephony services including value-added services, i.e. the Capped Services in the PCP 2025, for the next price control period.

16. Capped Services under the PCP 2025 comprise:

- a. Residential standard standalone fixed telephony services including:

- i. Fixed line access<sup>1</sup> (monthly recurring charges and any one-off set-up/installation charges)
- ii. Unlimited Local Calling
- iii. Call Waiting
- iv. Voicemail
- v. Caller ID
- vi. Call Forwarding
- vii. Any and all other value-added services currently available, or may be made available in the future, under a residential home phone plan.

- b. Business standard standalone fixed telephony services including:

- i. Fixed line access<sup>2</sup> (monthly recurring charges and any one-off set-up/installation charges)

---

<sup>1</sup> Including all fixed line access services offered to residential customers, including subgroups thereof (e.g. residence exchange line, residence stepping line, Direct Exchange Line, Smart Ring Line Only, staff/pensioner exchange line).

<sup>2</sup> Including all fixed line access services offered to non-residential customers, including subgroups thereof (e.g. business exchange line, business exchange stepping line, Direct Exchange Line, PBX/Key Systems Line, Business Automatic Universal Line, 112 Emergency Lines, Smart Ring Line Only, 800 Service Lines, Charity Exchange Line, Directory Number Hunt Exchange Line, Direct Inward Dialling Channel via T1, Voice Channel Stepping via T1, Facsimile Lines).



- ii. Unlimited Local Calling
- iii. Voicemail
- iv. Automated Assistance for Customers
- v. Call Forwarding, Call Rejection, Call transfer, and Call Waiting
- vi. Calling Number Delivery
- vii. Calling Name Delivery
- viii. Three Way Calling, Group Call Pickup, Multi Line Hunt Group
- ix. Last Number Redial, Direct Inward Dialing, Automatic Recall
- x. Caller ID Delivery Blocking
- xi. Easy Attendant, Music on Hold, Call Hold, Business Call Manager, CWB Communicator (softphone access)
- xii. Any and all other value-added services currently available, or may be made available in the future, under a business fixed voice plan.

17. If, upon an application by the Company, the Commission is satisfied that there has been such a fundamental change in circumstances as to warrant a review of the PCP 2025 the Commission may conduct such a review under Section 15 of the Utilities Regulation Act CAP 282 of the Laws of Barbados (“URA”).
18. The price control for fixed telephony services in Basket 2 under the Price Cap Plan can be summarised as follows:
- a. No overall price cap on the services in Basket 2.
  - b. For Capped Services, prices are capped for each of the relevant residential and business tariff plans, at the end of the Price Cap Plan 2021 (“PCP 2021”), i.e. RPI-RPI.
  - c. The Company may apply for permission to increase the prices of each Capped Service on the basis of a fundamental change in circumstances. Such an application would be subject to review by the Commission.

## PART 4 - THE PRICE CAP FORMULA

### The Price Cap Formula

19. The price cap formula specifies that the API (Actual Price Index), which represents changes in prices charged by the Company for a given Capped Service in a particular period (t), must be less than or equal to the PCI (Price Cap Index). Formally:

$$API_t^i \leq PCI_t$$

20. The API for a given Capped Service in current period t,  $API_t^i$ , is calculated as follows:

$$API_t^i = API_{t-1}^i \alpha$$

and alpha ( $\alpha$ ) is defined as follows:

$$\alpha = \frac{p_t^i}{p_{t-1}^i}$$

Where:

$API_{t-1}^i$  is the Actual Price Index for Capped Service i during time period t-1;

$p_t^i$  is the average price for Capped Service i during the current period t (i.e., the average of the prices as of the first day of each month during the current period); and

$p_{t-1}^i$  is the average price for Capped Service i during time period t-1 (i.e., the average of the prices in each month during that period).

For the avoidance of doubt, the API calculation will be conducted for each Capped Service individually.

21. The PCI for a given Capped Service is calculated as follows:

$$PCI_t = PCI_{t-1} (1 + I_t - X_t), \text{ where}$$

I is the inflation factor (i.e. RPI); and

X is the productivity factor.

22. For the PCP 2025, the productivity factor X has been set to equal RPI, consequently, the following applies for all price cap plan periods:

$$PCI_t = PCI_{t-1}$$

## **PART 5 - REPORTING REQUIREMENTS**

### **Notification**

23. Rate Decreases: The Company is not required to seek prior approval from the Commission for any proposed decrease in prices for any Regulated Services. However, the Company is required to notify the Commission in writing of any proposed rate decreases for Regulated Services no later than three (3) business days before the rate decrease takes effect. The Company is also required to notify customers via their billing statements.
24. Rate Increases: With the exception of Capped Services, the Company is not required to seek prior approval from the Commission for any proposed increase in prices for any Regulated Services, where this is allowed under the PCP 2025. However, the Company is required to notify the Commission of any proposed increase in rate for any Regulated Service no later than twenty-five (25) business days before such rate increase takes effect. For every rate increase, the Company is required to advise the public by way of insert attached to the prior month's bill; advertisements in two (2) daily publications in at least two (2) editions; and on all of its social media platforms no later than twenty (20) business days before the date of the expected price increase.
25. Changes in the prices for a regulated telecommunications retail service subject to the Price Cap Plan will be deemed to be approved where the proposed change complies with the Price Cap Plan.

### **Regulatory Reporting**

26. Under the PCP 2025, the following information is required from the Company on an annual basis:
  - a. Audited Statutory Financial Statements for the Company's entire operations in Barbados;
  - b. Information on the total subscribers/connections and traffic volumes for fixed telephony, fixed broadband, and business connectivity services - reported separately for residential and non-residential customer segments.

27. The Commission reserves the right to impose alternative or additional regulatory reporting requirements in future, including within the timeframe of the Price Cap Plan, should it consider them necessary.
28. Filing of statements - the Commission will require that the Company file Audited Statutory Financial Statements for the period January 1 - December 31 each year, by April 15 of the following year.

### **Proceedings conducted during the Price Cap Plan**

29. The conduct of any review, whether on application from the Company or upon initiation by the Commission, shall be by consultation. The Commission shall notify the public of receipt of an application or initiation of a review. It shall issue a public notice inviting the public to comment.
30. Information submitted by the Company or any other interested party with a claim for confidentiality, and which the Commission rules to be confidential information, will not be made available to the public or to other parties.
31. Persons participating in the consultation shall submit comments in respect of the consultation, in writing, to the Commission.
32. The Company may be provided with copies of the comments submitted by interested persons and the Company may be permitted to reply to the comments, subject to claims for confidentiality.
33. The Commission shall consider the application, responses to the consultation paper and replies to such responses. The Commission may convene a conference of the parties to clarify the application, or any comments submitted by the parties.
34. The Commission may convene a conference in the absence of the public or other interested parties to hear the Company on any commercially sensitive matter related to the application or consultation. Where the Company requests that any information submitted in the application or consultation should be treated as confidential, the Commission shall not disclose it. Claims for confidentiality should be made in

accordance with the Utilities Regulation (Procedural) Rules 2003.

35. The Commission shall publish its Decision in writing, giving reasons for the decision.

## **PART 6 – END OF TERM PRICE CAP REVIEW**

36. If the Commission decides not to extend the PCP 2025, the Commission may initiate an End of Term Review. This review may include, amongst other things:
  - a. an assessment of the Company’s operational and financial Performance under the PCP 2025; and
  - b. a public consultation.
37. The Commission, in its review, will take into consideration the perceived level of competition in the industry and will determine whether there is a need to:
  - a. modify the principles, indices or rules of the price cap regime; or
  - b. consider alternative forms of incentive regulation.
38. The Commission will be guided by any revision of policy issued by the Ministry responsible for Telecommunications, with respect to the services to be regulated.
39. To inform its decision to review or extend the PCP 2025, the Commission may request from the Company to file a report outlining the extent to which specific competition-related, general economic and social developments in the industry have had an impact on its performance during the price cap period and are likely to continue to do so. The report shall include quantifiable data, disaggregated into separate services and, where applicable, compare measures of the above factors for the PCP 2025 to the equivalent figures for the PCP 2021.

### **Public Consultation**

40. Following a decision by the Commission not to extend the PCP 2025, if the Commission is of the view that the price cap regime should continue as the appropriate form of incentive-based, price-setting mechanism, the Commission will issue a public consultation document inviting persons to submit comments on any proposed revisions to the structure and operation of the PCP 2025 regime, in accordance with Section 4 of the Fair Trading Commission Act, CAP.326B of the Laws of Barbados (“FTCA”).
41. Where the Commission is of the view that a price cap regime is not the appropriate

form of regulation, the Commission shall consult with the Company and other interested parties regarding the appropriate form of regulation that should be used for subsequent price adjustments. The Commission shall thereafter determine the type of incentive-based, price-setting mechanism that should be applied and give notice of such. The current PCP 2025 shall continue until a new form of incentive regulation is established and implemented.

42. The Commission shall conduct a further consultation with the Company and interested persons on the structure and operation of the chosen form of incentive regulation.

### **Filing of Documents**

43. All documents must be submitted to the Commission in electronic and editable format.

### **Issuance of Rules**

44. These Compliance Rules and Procedures are issued under the provisions of Section 39(1) of the URA and are supplemental to the PCP 2025 Decision issued on January 31, 2025.

Dated this 31<sup>st</sup> day of January 2025

*Original signed by*

.....

Donley Carrington  
Deputy Chairman

*Original signed by*

.....

Antonio Elcock  
Commissioner

*Original signed by*

.....

Ankie Scott-Joseph  
Commissioner

*Original signed by*

.....

Shelly-Ann Seecharan  
Commissioner