CONSULTATION PAPER

Development of a Telecommunications Pricing Framework for Belize

September 29, 2026

Note: Comments received during this Public Consultation are meant to ***guide*** but not ***bind*** the Commission.

1. Introduction

1.1 Purpose of the Consultation

The Public Utilities Commission ("***PUC***") is considering the development of a comprehensive and permanent framework for the regulation of telecommunications pricing in Belize. The purpose of this consultation is to obtain the views of telecommunications licensees, consumers and other interested persons on the principles, methodologies and procedures that should inform that framework.

The consultation is principles-based. It is not a consultation on the text of a draft statutory instrument and should not be understood as indicating that the PUC has reached a final position on the detailed design of the future framework. The responses received will assist the PUC in determining how the statutory pricing regime should be implemented in a manner appropriate to the circumstances of the Belize telecommunications sector.

The Telecommunications Act, Chapter 229, Revised Edition 2020 ("***the Act***"), establishes the statutory basis for telecommunications pricing regulation. Section 3 of the Act sets out the objectives that are to guide the regulation of the telecommunications sector, including increased reliance on market forces, efficient and effective regulation where required, investment and innovation, fair pricing and cost-based pricing methods, sector stability, and the protection of telecommunications users, service providers and consumers. The future pricing framework must therefore operate within, and give practical effect to, that existing statutory balance.

1.2 Legislative and Regulatory Context

The Act establishes the statutory basis within which market forces and regulatory intervention perform complementary roles. Section 26 provides that telecommunications rates, except those regulated by the PUC in accordance with that section, are to be determined by the principles of supply and demand in the market. At the same time, section 26 requires the PUC to make regulations for the imposition, implementation, monitoring and enforcement of rates in specified circumstances, including where there is a sole service provider, where a provider holds a dominant position in the relevant market, where a sole or dominant provider cross-subsidises another telecommunications service, or where the PUC detects anti-competitive pricing or acts of unfair competition.

Section 26 also contemplates the use of price caps, maximum rate-of-return regulation and *such other methods* as the PUC considers appropriate for the regulation of rates of a dominant provider in a telecommunications service in which there is competition. The Act therefore does not prescribe a single method of price regulation. A principal purpose of the future pricing framework is to establish the principles and procedures by which an appropriate regulatory method may be selected and applied to the circumstances giving rise to regulation.

For the purposes of this Consultation Paper, references to “price regulation” are used as a general description of regulatory measures concerning rates and prices under the Act and are not intended to alter the terminology or legal effect of the Act.

The statutory context also includes the Public Utilities Commission Act, Chapter 223, Revised Edition 2020 (“***the PUC Act***”). The Act adopts the meaning of “rate” from section 2 of the PUC Act. The PUC Act further provides that rates charged by a public utility provider must be fair and reasonable and must conform with applicable rate-setting methodologies established under the relevant sector legislation or licence. It also contains complementary provisions concerning tariff filing, adherence to filed tariffs and discrimination in rates. These provisions form part of the wider statutory context within which the permanent telecommunications pricing framework must operate.

The Act further establishes a statutory tariff-filing and transparency regime. Prices, terms and conditions of service are required to be filed with the PUC and published by the service provider in the prescribed manner. Notice of tariff filings is to be published by the PUC for public information and consumer comment. Public telecommunication service providers must maintain accurate tariff records, and tariff filings are to be accompanied by such accounting and costing information as the PUC requires. The PUC may also prescribe reasonable accounting procedures in accordance with international accounting and costing standards pursuant to section 30 of the Act.

Section 56 of the Act expressly extends the PUC’s regulation-making power to matters concerning price regulation and the cost-accounting principles employed in setting prices. The permanent pricing framework is therefore intended to give practical and coherent effect to powers and obligations already contained in the statutory scheme, rather than to establish a pricing regime detached from it.

1.3 Scope of this Consultation

Within that scope, the consultation seeks views on the objectives and guiding principles of the permanent framework; tariff filing, publication and transparency; additional pricing requirements where market power exists; the selection and application of price-regulation methods; costing, cost modelling and regulatory accounting; procedural safeguards; monitoring and compliance; and the transition from the present transitional arrangements to the permanent framework.

Respondents are encouraged to support their views with reasons, evidence and practical examples. Where a respondent considers that an alternative approach would better achieve the statutory objectives, the respondent should identify that approach and explain its legal, economic, operational and consumer implications. The PUC is particularly interested in approaches that are proportionate, transparent, practicable and capable of consistent application in the Belize market.

For the avoidance of doubt, this consultation:

- does not address the regulation of interconnection charges;
- does not reopen or reconsider the PUC's existing relevant-market or market-dominance determinations; and
- is directed to the design and operation of a permanent telecommunications pricing framework under the current Act.

1.4 Structure of the Consultation

This Consultation Paper is structured to facilitate informed stakeholder consideration of the principal policy, methodological and procedural issues relevant to the development of a permanent telecommunications pricing framework for Belize.

Section 2 sets out the further regulatory context within which the framework is being developed, including the PUC’s existing market-dominance determinations, the Transitional Tariff Freezing Regulations, 2026, and the purpose of the permanent pricing framework.

Section 3 considers the objectives and principles that should guide the future pricing framework, including the balance between reliance on market forces and regulatory intervention, and the factors that should inform the form, scope, intensity and duration of price regulation.

Section 4 addresses the statutory tariff-filing and transparency regime, including filing procedures, publication, public comment, bundled services, discounts and effective pricing.

Section 5 considers additional pricing requirements that may be appropriate where market power exists, including enhanced information and accounting requirements, cross-subsidisation, differential pricing and non-discrimination.

Section 6 examines the principal methods that may be available for price regulation, including price caps, price ceilings, price floors, maximum rate-of-return regulation, cost-oriented pricing, retail-minus pricing and benchmarking, together with the principles that should guide the selection and combination of those methods.

Section 7 considers the costing, cost-modelling and regulatory-accounting arrangements required to support the pricing framework, while Section 8 addresses the procedures for establishing, implementing, reviewing, varying and terminating price-regulation measures, including the treatment of confidential information.

Section 9 considers monitoring, compliance and enforcement, and Section 10 addresses the transition from the present transitional tariff regime to the permanent pricing framework.

Section 11 provides stakeholders with an opportunity to identify any additional practical implementation matters that the PUC should take into account in finalising the framework.

The Consultation Paper includes **nineteen consultation questions** intended to focus stakeholder responses on the principal matters on which the PUC is seeking views. Respondents are encouraged to address the questions relevant to their interests and to support their responses with reasons, evidence and practical examples where available.

1.5 Responses to the Consultation

Interested parties, including telecommunications licensees, consumers, consumer representatives and other affected or interested persons, are invited to submit written comments and observations on the matters raised in this Consultation Paper. Submissions should be sent to info@puc.bz on or before 4:00 p.m., December 15, 2026.

To assist the Commission in reviewing the responses received, stakeholders are encouraged to organise their submissions by reference to the relevant consultation question numbers. Respondents are not required to address every question and may confine their submissions to those matters on which they wish to express a view. Responses should, where appropriate, explain the reasons for the position taken and be supported by relevant evidence, data, practical examples or alternative proposals.

Where a submission contains information that the respondent considers commercially sensitive or confidential, that information should be clearly identified and the basis for the confidentiality claim explained. Where practicable, confidential material should be provided separately from the non-confidential portion of the submission. The Commission will treat such information in accordance with the Act and applicable Commission practices concerning confidentiality, and may publish non-confidential submissions or non-confidential versions of submissions received during the consultation process.

Following the close of the consultation period, the Commission will consider the submissions received in determining the principles, methodologies and procedures to be incorporated into the permanent telecommunications pricing framework. The approaches identified in this Consultation Paper may therefore be refined, modified or replaced having regard to the consultation record, the requirements and objectives of the Act, and any other relevant considerations.

The consultation is intended to inform, but not predetermine, the Commission’s final approach. Accordingly, the matters and possible approaches discussed in this Consultation Paper should not be understood as final decisions of the Commission or as limiting its ability to adopt a different approach where this is justified by the evidence and views received or by the applicable statutory framework.

2. Regulatory Background to the Permanent Pricing Framework

2.1 Existing Market Dominance Determinations

Following a public consultation process, the PUC completed its assessment of market dominance in the telecommunications sector and issued its Final Determination on Market Dominance on 10 March 2026. Those determinations form part of the existing regulatory context within which the permanent pricing framework is being developed.

This consultation does not seek to repeat the market-analysis exercise or invite submissions on the definition of the relevant markets or the findings of dominance already made. Its focus is the regulatory framework that should govern telecommunications pricing within the existing statutory and regulatory context.

2.2 Transitional Tariff Regulation

Following the Final Determination on Market Dominance, the PUC promulgated the Belize Telecommunications (Transitional Tariff Freezing) Regulations, 2026, S.I. No. 36 of 2026. Those Regulations establish a transitional tariff-control regime for the telecommunications services and relevant markets to which the applicable dominance determination relates.

The Transitional Tariff Freezing Regulations were expressly framed as an interim measure. They define the transitional period as extending to 31 December 2028, or ending earlier where the Regulations are expressly replaced and repealed by rate-setting regulations promulgated by the PUC (regulation 2). In announcing the measure, the PUC stated that the tariff freeze was intended to maintain price stability while the Commission implemented the broader regulatory framework arising from the market-dominance determination.

The development of the permanent pricing framework is therefore the next stage in that regulatory process. The objective is not simply to continue the transitional freeze in another form, but to establish a durable framework capable of distinguishing between prices that may appropriately remain subject to market forces and circumstances in which a particular form of price regulation is required under the Act.

2.3 Purpose of the Permanent Framework

A permanent framework should provide sufficient regulatory certainty for service providers and users while preserving the flexibility required to address different services, market conditions and pricing concerns. It should also provide a transparent basis for the PUC to determine the method, scope and duration of any price-regulation measure; identify the information required to support regulatory decisions; and provide fair procedures for implementation, monitoring and review.

The sections that follow therefore seek stakeholder views on the design of that framework, beginning with the objectives and principles that should guide the PUC in deciding how price regulation is to operate within the statutory scheme.

3. Objectives and Principles of the Future Pricing Framework

3.1 Statutory Balance

The future telecommunications pricing framework must give practical effect to the balance already established by the Act. Section 3 identifies a number of objectives relevant to pricing regulation, including the promotion of reliable and affordable telecommunications services; increased reliance on market forces; efficient and effective regulation where regulation is required; investment and innovation; fair pricing and the use of cost-based pricing methods; stability of the telecommunications sector; and protection of the interests of telecommunications users, service providers and consumers.

Section 26 reinforces that balance. Rates for telecommunications services that are not regulated by the PUC under that section are to be determined by the principles of supply and demand in the market. At the same time, section 26 requires a regulatory framework for rates where the statutory circumstances for regulation arise and permits the PUC to apply such methods of price regulation as are appropriate to those circumstances.

The permanent framework should therefore not be approached as a system of uniform price control across the telecommunications sector. Its purpose is to provide a clear and workable basis for distinguishing between prices that remain subject to market forces and prices for which regulatory intervention is required under the Act, and for determining the form of regulation that should apply in the latter case.

The objectives of the Act may require competing considerations to be balanced in particular cases. Measures intended to protect consumers from unreasonable prices, for example, may also affect incentives for investment, service development and innovation. Detailed regulatory requirements may improve transparency and regulatory oversight but may also impose compliance and administrative costs. The framework should therefore be capable of addressing an identified pricing concern effectively while taking account of the wider statutory objectives and the characteristics of the service and market concerned.

3.2 Guiding Regulatory Principles

In developing the permanent framework, the PUC is considering the principles that should guide both the design of the regulatory regime and individual pricing decisions made under it. These may include proportionality, transparency, objectivity, predictability, consistency, efficient administration, appropriate cost recovery, protection of consumers, preservation of incentives for efficient investment and innovation, and the promotion of fair competition and efficient market conduct.

These principles need not operate identically in every case. The appropriate balance may depend on the nature of the service, the regulatory concern being addressed, the availability and reliability of information, the likely effect of intervention on consumers and providers, and the practical demands of implementing and monitoring the regulatory measure. A permanent framework should therefore provide sufficient certainty as to the principles governing regulatory action while retaining the flexibility necessary to address materially different circumstances.

An important consideration is whether the framework should expressly require regulatory measures to be proportionate to the concern identified. Such an approach could require the PUC, when selecting and designing a price-regulation measure, to consider whether the measure is suitably targeted, whether a less burdensome method would adequately address the concern, and whether the expected regulatory benefit is commensurate with the compliance and administrative requirements imposed.

Consultation Question 1

What objectives and principles should guide the operation of a permanent telecommunications pricing framework in Belize?

Respondents may address the appropriate balance between market forces, consumer protection, fair and cost-based pricing, competition, investment and innovation, regulatory certainty, proportionality and efficient administration.

3.3 Form, Scope and Intensity of Price Regulation

Section 26 identifies the circumstances in which the statutory rate-regulation regime applies, but it does not prescribe a single regulatory method or a uniform level of control for every circumstance. The permanent framework must therefore provide a principled basis for translating the statutory grounds for regulation into an appropriate regulatory measure.

Relevant considerations may include the nature and seriousness of the pricing concern; the characteristics of the service and affected consumers; the extent of market power; the availability and reliability of accounting, costing and market information; the likely effect of regulation on competition, investment and innovation; the risk of avoidance or circumvention; the cost and complexity of implementation; and the period for which regulation is likely to be required.

The appropriate response may differ according to the regulatory concern. A measure directed at excessive pricing may require a different approach from one directed at below-cost pricing, cross-subsidisation or a need to establish a reasonable return. Similarly, a methodology that is suitable where reliable cost information is available may not be the most appropriate where such information is incomplete or where a more readily verifiable regulatory method would adequately address the concern.

The framework may also need to address the duration and review of regulatory measures. A measure should remain effective for as long as the statutory circumstances and regulatory concern justify its application, while providing a means to review, vary or replace the measure where material changes occur. This should be balanced against the need for regulatory stability and sufficient certainty for consumers and service providers.

Consultation Question 2

Where a circumstance specified in section 26(1) of the Act exists, what factors should guide the PUC in determining the form, scope, intensity and duration of price regulation?

Respondents should identify how matters such as the nature and seriousness of the pricing concern, market conditions, information availability, regulatory burden and expected duration should influence the regulatory response.

4. Tariff Filing, Publication and Transparency

4.1 Statutory Basis for Tariff Filing and Transparency

The Act already establishes the principal obligations governing the filing and publication of tariffs. Section 26(4) requires the prices, terms and conditions of telecommunications services to be filed with the PUC and published by the service provider at such times and in such manner as the PUC prescribes. Once filed and published, and subject to the Act and the conditions of the applicable licence, those prices, terms and conditions constitute the lawful tariff for the service.

Section 27 supplements that requirement by providing for the manner of tariff filings and associated documentation, requiring the PUC to publish notice of a filing for public information and consumer comment, and requiring licensed public telecommunication service providers to make their tariffs available to the public. Section 28 further requires each public telecommunication service provider to maintain an accurate record of its tariffs and file that record with the PUC.

The future pricing framework is therefore not intended to reconsider whether tariffs should be filed or made publicly available. The relevant question is how the statutory regime should operate in practice so that the PUC, service providers and consumers have timely and reliable information concerning the prices, terms and conditions applicable to telecommunications services, while avoiding procedures that are unnecessarily burdensome or disproportionate to the nature of a particular filing.

4.2 Filing Procedures, Timeframes and Supporting Information

A tariff-filing system should provide the PUC with sufficient information and time to understand the proposed tariff and to discharge its statutory functions. At the same time, telecommunications markets may involve frequent product changes, new service configurations, amendments to terms and conditions and other changes that differ substantially in regulatory significance. A procedure suitable for a new service or a material price change may not necessarily be required for a correction or other amendment that does not materially affect the price or conditions faced by customers.

The permanent framework could therefore prescribe the basic form and content of tariff filings while allowing proportionate procedural treatment according to the nature of the filing. Matters that may require consideration include the period between filing and the proposed effective date; the information needed to identify and explain the tariff; the treatment of incomplete filings; the submission of supporting calculations in a form capable of examination by the PUC; and procedures for the amendment or withdrawal of a filing before it takes effect.

Section 29 of the Act provides that tariff filings are to be accompanied by such accounting and costing information as the PUC requires. The amount of information reasonably required may differ depending on the service, the nature of the proposed change and the regulatory circumstances. The future framework should therefore provide sufficient certainty as to the information ordinarily required while preserving the PUC's ability to seek additional information where it is reasonably necessary to assess a particular filing.

Consultation Question 3

What filing procedures, timeframes and supporting information requirements would enable the statutory tariff-filing regime to operate effectively and efficiently?

Respondents may distinguish between new services, material tariff changes, changes to terms and conditions, and minor amendments or corrections, including any implications for filing periods and supporting information.

4.3 Publication, Public Notice and Consumer Comment

Section 27(2) of the Act requires the PUC to publish notice of tariff filings for public information and to allow consumers to comment on the reasonableness of the tariffs. Section 27(3) separately requires licensed public telecommunication service providers to make their tariffs available to the public. These requirements establish an important transparency mechanism within the statutory tariff regime. Attorney General's Ministry of Belize

The manner in which those requirements are implemented should nevertheless remain consistent with the distinction drawn by section 26 between rates that are subject to price regulation and rates that are determined by market forces. Section 26(2) provides that rates not regulated by the PUC under that section are to be determined by the principles of supply and demand. The publication and consumer-comment requirements should therefore not, merely by reason of a tariff filing, operate as a general system of prior price approval for services whose rates are otherwise left to market forces.

The permanent framework should accordingly address how notice and consumer comment are to operate for different categories of tariff filing. Relevant considerations include the information to be contained in a notice, the manner and timing of publication, whether any period for comment should affect the effective date of a filing, and the circumstances in which comments received should warrant further regulatory consideration. A distinction may be appropriate between tariffs subject to an existing price-regulation measure and tariffs whose rates remain market-determined.

Publication obligations should also provide consumers with clear and accessible information once a tariff is in effect. Tariff information should identify the applicable price, material terms and conditions and effective date, and should be kept current. Where historical tariff information is relevant to regulatory oversight or consumer queries, the framework may also need to address its retention and accessibility.

Consultation Question 4

How should the statutory requirements for publication of tariff filings and consumer comment be implemented while preserving the distinction between market-determined rates and rates subject to price regulation?

Respondents should address the content, manner and timing of publication; whether a period for consumer comment should affect the effective date of a tariff; whether different procedures should apply to market-determined tariffs and tariffs subject to an existing price-regulation measure; the circumstances in which comments received should warrant further consideration or action by the PUC; and the accessibility and retention of current and historical tariff information.

4.4 Bundled Services, Discounts and Effective prices

Telecommunications services are increasingly offered through bundles, discounts, rebates, credits and other pricing arrangements under which the amount effectively paid for a particular service may differ from its standalone or the tariff otherwise applicable to that service. These arrangements may offer genuine benefits to consumers and permit service providers to respond flexibly to demand. They may, however, make it more difficult to identify the economic price of an individual service and to assess compliance with an applicable pricing obligation.

A permanent pricing framework therefore needs to determine how bundled and discounted offerings should be reflected in tariff filings and public information. Relevant considerations may include identification of the services or products included in a bundle, the combined price and applicable conditions, the relationship between bundled and standalone tariffs, and the treatment of credits, rebates or other concessions that materially affect the amount paid by the customer.

Where a regulatory assessment depends on the price of an individual service, it may also be necessary to determine an effective price or to attribute a reasonable portion of a bundled price to that service. The appropriate approach may depend on the regulatory purpose and should avoid unnecessarily constraining legitimate bundling, discounting or product innovation. The consultation therefore seeks views both on transparency to consumers and on the information required for effective regulatory assessment.

Consultation Question 5

How should the pricing framework treat bundled services, discounts, rebates, credits and other pricing arrangements that may cause the amount actually paid by a customer to differ from the tariff otherwise applicable to the service?

Respondents should address presentation in tariff filings and to consumers, identification of effective prices, attribution of value within bundles, and safeguards for legitimate pricing flexibility and innovation.

5. Additional Pricing Requirements Where Market Power Exists

5.1 Existing Market and Dominance Determinations

The Act recognises that additional regulatory measures may be required where market power exists. Section 26(1)(a) identifies the existence of a sole service provider or a provider having a dominant position in the relevant market as a circumstance in which the PUC is required to make regulations for the imposition, implementation, monitoring and enforcement of rates. Section 42 separately imposes obligations on dominant operators in relation to the exercise of market power, discrimination and differential treatment.

These provisions establish the statutory basis for considering whether additional tariff, costing, accounting, information or reporting requirements should apply in circumstances where competitive constraints may be limited. The purpose of such requirements would be to provide the PUC with the information and regulatory tools necessary to assess pricing conduct and administer any applicable price-regulation measure effectively.

Any additional requirement should nevertheless remain connected to its regulatory purpose and proportionate to the service, market and concern being addressed. The existence of market power does not necessarily require identical obligations to apply in every case, and the permanent pricing framework should retain sufficient flexibility to calibrate requirements according to the circumstances in which they are needed.

5.2 Additional Tariff, Costing, Accounting and Reporting Requirements

The Act already provides for accounting, costing and reporting requirements that may apply generally to public telecommunication service providers. The issue considered in this section is whether, and to what extent, additional requirements should apply where the provider is the sole service provider or has been determined to be dominant in a relevant market.

Where competitive constraints are limited, the PUC may require greater visibility of the relationship between prices, costs, revenues and the manner in which services are supplied. Additional information may assist the PUC in assessing whether a tariff or pricing practice is consistent with the Act, whether a particular regulatory response is required, and whether an existing price-regulation measure remains appropriate.

Such requirements could include additional supporting information with tariff filings, service- or market-specific cost and revenue information, separated or regulatory accounts, information concerning bundled offerings, and periodic reporting. The extent of any additional obligation need not be identical for every sole service provider, dominant operator, service or market. A permanent framework may instead allow requirements to be calibrated according to their regulatory purpose and the information reasonably necessary to achieve that purpose.

In designing these requirements, the PUC must also consider their practical cost and administrative burden. Requirements that are disproportionate to the regulatory issue may impose unnecessary cost without materially improving regulatory oversight. Conversely, inadequate information may prevent the PUC from identifying or addressing pricing concerns in a timely and reliable manner.

Consultation Question 6

What additional tariff, costing, accounting, information or reporting requirements, if any, should apply to a sole service provider or to an operator that has been determined to be dominant in a relevant market?

Respondents should identify the regulatory purpose and circumstances for any additional requirement proposed and how proportionality and practicability should be maintained.

5.3 Cross-subsidisation

Section 26(1)(b) of the Act expressly identifies cross-subsidisation by a sole or dominant service provider as one of the circumstances in which the PUC is required to make regulations for the imposition, implementation, monitoring and enforcement of rates. The permanent framework must therefore provide a workable basis for identifying cross-subsidisation and for determining the appropriate regulatory response where it is established. The consultation does not proceed on the basis that the statutory trigger is limited only to cross-subsidisation that has separately been characterised as anti-competitive.

Cross-subsidisation can be difficult to assess where a provider supplies multiple services over shared network infrastructure or where the same assets, personnel and support functions contribute to more than one service. The assessment may therefore depend upon the manner in which revenues and costs are attributed between services and markets, including the treatment of shared, common and joint costs, internal transfers and activities undertaken by related entities.

A future framework could address these issues through information requirements, accounting separation, prescribed or approved cost-allocation methodologies, reconciliation with audited financial information, or other measures that enable the PUC to test the relationship between the revenues and costs of different services. The appropriate regulatory response where cross-subsidisation is identified may also depend on its nature, extent and effect and on the pricing concern that the PUC is required to address.

Consultation Question 7

What principles, information and methodologies should the PUC use to identify cross-subsidisation for the purposes of section 26(1)(b) of the Act?

Respondents should address the attribution of revenues and costs, shared, common and joint costs, internal transfers, regulatory accounts and the evidential standard, together with appropriate regulatory responses where cross-subsidisation is established.

5.4 Differential Pricing and Non-Discrimination

Section 42(2)(a) of the Act prohibits a dominant operator from discriminating between persons who acquire or use a telecommunications service in the market in which the operator is dominant in relation to fees or charges, performance characteristics, or other terms and conditions. Section 42(2)(b), however, permits a reasonable allowance for differences in the cost of providing a service, subject to PUC approval, in the circumstances specified by the Act.

Those circumstances include differences arising from quantities supplied, transmission capacity, the places from or to which a service is provided, the period for which it is provided, performance characteristics, and action taken in good faith to meet a price or benefit offered by a competitor. The future pricing framework should not alter those statutory conditions, but it may establish the procedure and supporting information through which a dominant operator demonstrates that proposed differential treatment falls within them.

Relevant questions include what information should accompany an application for approval, how the operator should demonstrate the relationship between the proposed difference and the underlying cost or statutory justification, what conditions, if any, may appropriately accompany an approval, and what records should be retained to permit subsequent verification. These procedures should permit legitimate differentiation where the Act allows it while maintaining the effectiveness of the statutory non-discrimination safeguard.

Consultation Question 8

What procedures and evidential requirements should apply where a dominant operator proposes different fees, charges or other terms between customers or classes of customers in circumstances permitted by section 42(2) of the Act?

Respondents should address the evidence required to establish a permitted cost difference or other statutory justification, the approval process, any appropriate conditions and records required for subsequent verification.

6. Selection of Price-Regulation Methods

6.1 Statutory and Regulatory Context

Section 26 of the Act establishes the statutory basis for price regulation. In the circumstances specified in section 26(1), the PUC is required to make regulations for the imposition, implementation, monitoring and enforcement of rates by such methods as it considers appropriate. The Act therefore does not prescribe a single regulatory methodology for all services or pricing concerns.

The Act therefore does not prescribe a single regulatory methodology for all services or all pricing concerns. Different methods may serve different purposes and may require different information, assumptions and implementation arrangements. A permanent pricing framework should accordingly provide sufficient regulatory tools to address the circumstances identified by the Act while ensuring that the method selected is suited to the particular service, market conditions and regulatory concern.

The selection of a price-regulation method may affect prices, investment incentives, operational efficiency, innovation and the administrative burden placed on both the regulated provider and the PUC. The choice of method should therefore not be treated as a purely technical exercise. It should be informed by the regulatory objective being pursued, the quality of available information, the expected duration of the intervention and the practical circumstances of the Belize telecommunications sector.

6.2 Principles Governing Selection of a Regulatory Method

A regulatory method should be capable of addressing the pricing concern that gave rise to intervention without imposing controls that are broader or more complex than reasonably necessary. In some cases, a relatively simple constraint on a particular price may be sufficient. In others, the PUC may require a methodology that examines costs, revenues, investment and efficiency over a regulatory period.

Relevant considerations may include the nature and persistence of the regulatory concern; the characteristics of the telecommunications service; the degree of market power; the availability and reliability of accounting, costing and demand information; the ability to establish objective parameters; the administrative complexity of the method; the effect on consumers; and the need to preserve appropriate incentives for efficiency, investment and innovation.

The permanent framework may also need to permit more than one method to be used where a single approach does not adequately address the regulatory concern. A method may, for example, establish the principal control on a price while another method is used to test, inform or verify the resulting level. Any combined approach should remain transparent as to the purpose served by each component and the manner in which they operate together.

Consultation Question 9

What principles and criteria should guide the PUC in selecting a method, or combination of methods, of price regulation for a particular telecommunications service or pricing concern?

Respondents should address the regulatory objective, market characteristics, information quality, administrative complexity, consumer effects, expected duration and incentives for efficiency, investment and innovation, including the circumstances in which two or more methods may appropriately be used in combination.

6.3 Price Caps, Price Ceilings and Price Floors

A price cap generally constrains the movement of prices over a defined regulatory period rather than determining each tariff directly by reference to its underlying costs. It may apply to an individual service or to a basket of services and can provide a regulated provider with a degree of flexibility in setting individual prices while maintaining an overall constraint on price movements.

The effectiveness of a price cap depends substantially on its design. Among the principal matters to be determined are the starting price or index, the duration of the control period, the frequency with which the cap may be adjusted, whether individual services or baskets of services should be used, and the treatment of changes in the composition or characteristics of regulated services during the control period.

A commonly used approach is to adjust the permitted price level by reference to inflation, reduced by an efficiency or productivity factor. Such an approach may also provide for adjustments reflecting material cost changes outside the reasonable control of the provider and, where appropriate, performance against specified quality-of-service standards. The permanent pricing framework would need to determine whether this general approach is suitable for the Belize telecommunications sector and, if so, how each component should be established and applied.

In relation to inflation, relevant considerations include the index or other measure that should be used, whether that measure reasonably reflects changes in the costs of providing telecommunications services, the appropriate reference period and the treatment of circumstances in which general consumer-price inflation differs materially from changes in telecommunications-sector costs.

An efficiency or productivity factor raises different considerations. Its purpose is generally to ensure that consumers share in efficiency improvements that a reasonably efficient provider could be expected to achieve over the control period. The framework would need to address whether such a factor should be based principally on the regulated provider's historical performance, comparative productivity information, technological and scale developments, external benchmarks or a combination of these considerations. It may also be necessary to determine whether the factor should remain fixed for the entire control period or may vary between adjustment periods.

The treatment of exceptional or exogenous cost changes also requires careful definition. An adjustment mechanism may be appropriate for material cost changes that are outside the reasonable control of the provider and are not already reflected in the inflation or efficiency components of the cap. Any such mechanism should distinguish genuinely exogenous changes from ordinary commercial risks and should operate symmetrically where qualifying events either increase or reduce the efficient cost of providing the regulated service.

The framework may also need to consider whether price regulation should incorporate a quality-of-service adjustment. Linking permitted prices to service quality could strengthen incentives to maintain or improve performance, but would require objectively defined service standards, reliable measurement and a transparent methodology for determining the financial consequence of performance above or below the applicable standard.

Where a price cap applies to a basket of services, further questions arise concerning the composition of the basket, the weighting given to individual services and the need for sub-baskets or other safeguards to prevent excessive rebalancing between services. The framework should also address whether unused permitted price adjustments may be carried forward between adjustment periods and, if so, what limitations are necessary to prevent an accumulated adjustment from producing an unreasonable subsequent price increase.

A price ceiling is a more direct form of control. It establishes the maximum price, or maximum component of a price, that may be charged for a service. A ceiling may be appropriate where the regulatory concern relates principally to the level of a particular charge and a broader price-cap mechanism would be unnecessary. The basis for establishing a ceiling may include efficient costs, existing and historical tariffs, comparable prices or costs, competitive conditions and other relevant information.

A price floor establishes a minimum price below which a service may not be offered. Its purpose is materially different from either a price cap or price ceiling. A floor may be appropriate where pricing below an appropriate cost benchmark would amount to anti-competitive pricing or unfair competition. Because low prices may also reflect legitimate and beneficial competition, any price floor should be no higher than reasonably necessary to address the identified concern and should be supported by an appropriate cost standard.

Consultation Question 10

What design principles should govern the use of price caps, price ceilings and price floors under the permanent telecommunications pricing framework?

Respondents should distinguish between the regulatory purposes served by these methods and identify the principal considerations relevant to establishing and reviewing the applicable control. In relation to price caps, respondents are particularly invited to address:

(a) whether permitted price movements should ordinarily be determined by reference to inflation less an efficiency or productivity factor, together with appropriate adjustments for exogenous costs and, where established, quality of service;

(b) the appropriate basis for selecting an inflation measure and determining an efficiency or productivity factor;

(c) the circumstances in which an exogenous cost adjustment should be permitted, including appropriate materiality and causation requirements and whether adjustments should operate symmetrically for cost increases and decreases;

(d) whether and in what circumstances quality-of-service performance should affect the permitted price adjustment;

(e) the appropriate duration and frequency of adjustment of a price cap;

(f) when services should be regulated individually or within baskets or sub-baskets, and the appropriate basis for weighting services within a basket; and

(g) whether unused allowable price adjustments should be capable of being carried forward and what safeguards should apply.

In relation to price ceilings and price floors, respondents should address the appropriate basis for determining the applicable maximum or minimum price, the circumstances in which each method should be used, and the safeguards necessary to ensure that the control remains proportionate to the pricing concern being addressed.

6.4 Maximum Rate-of-return and Cost-oriented Pricing

Maximum rate-of-return regulation links the revenues or prices permitted for a regulated service to the costs reasonably required to provide that service together with an allowed return on the capital employed. It may provide an appropriate regulatory method where the principal concern is whether a provider is recovering more than a reasonable return from a regulated service, but its effectiveness depends substantially on the manner in which the underlying costs, assets, capital and revenues are determined.

Application of this method generally requires the establishment of a regulatory period and a representative period of financial and operational information on which the determination is based. The relevant information may be historical, forecast or a combination of both. Historical information may provide greater certainty and auditability but may not adequately reflect expected changes in demand, expenditure or investment, while forecast information may better reflect future conditions but introduces greater dependence on assumptions. The framework should therefore address the appropriate basis for selecting and, where necessary, normalising the information used for a rate-of-return determination.

A further consideration is the regulatory asset base on which the permitted return is calculated. The framework would need to determine which assets should be recognised as being used and reasonably necessary for the regulated service, how shared assets should be allocated, whether an allowance for working capital should be included, and how assets entering or leaving service during the regulatory period should be treated. The valuation of those assets and their associated depreciation or annualisation must also be consistent with the wider costing methodology so that investment is neither omitted nor recovered more than once.

The permitted rate of return should provide a reasonably efficient provider with an opportunity to recover the cost of capital associated with the regulated activity without guaranteeing a particular level of profit. One approach is to determine the return by reference to the weighted average cost of capital, taking account of the cost of equity, the cost of debt and an appropriate capital structure. This raises further questions concerning whether actual or notional gearing should be used, how the cost of equity should be estimated, whether the provider's actual debt costs or the costs available to an efficiently financed provider should be considered, and whether the determination should be expressed on a nominal or real and pre-tax or post-tax basis.

Risk also requires careful treatment. Risks particular to the regulated activity may affect the appropriate cost of capital, but the framework should avoid compensating for the same risk more than once through the cost of equity, cost of debt, capital structure or a separate adjustment. Any additional risk allowance should therefore be capable of objective justification and transparent identification.

The resulting revenue requirement would ordinarily comprise prudently and efficiently incurred operating expenditure, depreciation or other capital-recovery treatment, attributable taxes or statutory charges and the permitted return on the regulatory asset base. The framework should also address the treatment of common and joint costs, revenues attributable to the regulated service from sources other than the regulated tariff, and safeguards against duplicate recovery of costs, investment, taxes or risk allowances.

Rate-of-return regulation should not automatically permit inefficient expenditure to be passed through to consumers. The PUC may therefore need to assess whether expenditure and investment were prudently and efficiently incurred, reasonably necessary for the regulated service and properly attributed to it. At the same time, the criteria for making such adjustments should be sufficiently clear to provide the regulated provider with reasonable predictability as to the basis on which its costs and investment will be assessed.

Once the revenue requirement is determined, it must be translated into regulated prices. This may require assumptions concerning demand and usage, allocation of the revenue requirement between regulated services, and the structure of existing tariffs. The permanent framework should therefore address not only the permitted overall return but also the principles governing the conversion of the revenue requirement into individual prices.

Monitoring during the regulatory period raises a further policy question. Actual revenues, costs, demand and investment may differ from the assumptions used when the regulated prices were established. The framework must therefore determine the extent to which forecast and actual outcomes should be reconciled and whether material differences should trigger a review, give rise to an adjustment in a subsequent period, or merely inform future determinations. In particular, the establishment of a maximum permitted return need not imply a guarantee that the provider will actually earn that return.

Cost-oriented pricing is related but conceptually distinct. Rather than regulating the provider’s overall return on capital, it determines or assesses a particular price by reference to an appropriate measure of the cost of providing the service. The applicable cost standard and modelling methodology may differ according to the regulatory purpose. Those matters are considered more fully in Section 7.

Consultation Question 11

What design principles should govern the use of maximum rate-of-return regulation under the permanent telecommunications pricing framework?

Respondents are particularly invited to address:

(a) the circumstances in which maximum rate-of-return regulation would be an appropriate method of price regulation;

(b) the appropriate duration of the regulatory period and whether the determination should rely on historical, forecast or a combination of historical and forecast information;

(c) the principles that should govern the identification and valuation of the regulatory asset base, including the treatment of shared assets, working capital and assets entering or leaving service;

(d) whether the maximum permitted return should ordinarily be determined by reference to the weighted average cost of capital and, if so, the appropriate approaches to determining the cost of equity, cost of debt and capital structure;

(e) whether an actual, comparable or notional capital structure should ordinarily be used and how the treatment of taxation and inflation should be reflected in the determination;

(f) how risks associated with the regulated activity should be recognised without duplicating compensation already reflected elsewhere in the cost of capital or revenue requirement;

(g) the costs and revenues that should form part of the revenue requirement and the principles that should govern prudence, efficiency, attribution and the prevention of double recovery;

(h) the principles that should govern the translation of the revenue requirement into regulated prices, including the treatment of forecast demand and the allocation of revenues between regulated services; and

(i) how differences between forecast and actual revenues, costs, demand, investment and achieved returns should be treated during or after the regulatory period, including whether such differences should trigger review, adjustment or any form of carry-forward.

6.5 Retail-minus Pricing

Retail-minus pricing derives a wholesale price from the price of a corresponding retail service by deducting the downstream costs that would be avoided where the service is supplied on a wholesale rather than retail basis. The resulting margin is intended to provide an efficient downstream provider with a reasonable opportunity to compete in supplying the corresponding retail service. The method may therefore be appropriate where there is a sufficiently clear relationship between a wholesale input and the retail service in which that input is used.

The effectiveness of the methodology depends substantially on the retail price selected as the reference point. The relevant price may need to reflect the effective amount paid by customers rather than merely the published tariff, particularly where discounts, rebates, promotions or bundled services are present. Where several corresponding retail tariffs exist, consideration must also be given to whether a particular tariff, a weighted average or another representative price provides the most appropriate reference.

The amount deducted from the retail price should reflect costs associated with downstream retail activities that are avoided when the service is supplied at wholesale level, while taking account of any additional costs attributable to wholesale supply. The framework must also determine the appropriate efficiency standard for assessing those costs, including whether reliance should be placed on the regulated provider’s efficiently incurred costs, the costs of a reasonably efficient downstream provider, relevant benchmarks or a combination of these approaches. Appropriate treatment of incremental or avoidable costs and contributions to common costs will also be necessary.

The methodology should ultimately produce a wholesale-retail margin that permits efficient downstream competition. This requires consideration not only of the costs deducted but also of whether the retail price itself provides an appropriate reference. The framework should therefore address circumstances in which another retail reference or another regulatory method may be preferable, as well as how the retail-minus price should respond to material changes in the retail price, downstream costs or other relevant conditions. Consistently with the scope of this consultation, retail-minus pricing does not extend to charges governed by the separate statutory regime for interconnection.

Consultation Question 12

What design principles should govern the use of retail-minus pricing under the permanent telecommunications pricing framework?

Respondents are particularly invited to address:

(a) the circumstances in which retail-minus pricing would provide an appropriate basis for determining a wholesale price;

(b) the principles for identifying the corresponding retail service and the appropriate retail reference price, including where multiple tariffs, discounts, promotions or bundled offerings exist;

(c) the downstream costs that should be deducted from the retail price and the treatment of any additional costs associated with wholesale supply;

(d) the appropriate efficiency and cost standards for determining the retail-minus amount, including the treatment of incremental or avoidable costs and contributions to common costs;

(e) how the PUC should assess whether the resulting wholesale-retail margin provides an efficient downstream provider with a reasonable opportunity to compete;

(f) the circumstances in which the retail price may be unsuitable as a reference and another retail price, another methodology or a combination of methods should instead be used; and

(g) how the retail-minus price should respond to material changes in the relevant retail price, downstream costs or other circumstances affecting the methodology.

6.6 Benchmarking

Benchmarking uses information concerning comparable prices, costs, regulatory determinations or other relevant measures to inform a price-regulation decision. It may be used as the principal basis for determining a regulated price, as an input into another regulatory method, or as a cross-check on a result derived through another methodology.

Benchmarking can be particularly useful where reliable provider-specific information is limited or where comparison with similar services or jurisdictions can assist the PUC in assessing the reasonableness of a proposed or regulated price. Its usefulness, however, depends on the quality and comparability of the underlying information. A benchmark should not be treated as directly transferable to Belize merely because it is available from another jurisdiction.

Relevant differences may include market size, geography, population distribution, income and purchasing power, technology, network coverage, service characteristics, scale, demand, competitive conditions and the regulatory environment. Differences in currency, taxation, contractual terms, service quality and the treatment of bundled or promotional prices may also affect comparability. Where material differences can be reasonably quantified, adjustments may improve comparability; where they cannot, they may instead affect the weight given to a particular comparator.

In a small market such as Belize, the available set of close comparators may be limited. The permanent framework therefore needs to consider how benchmarking should be used where information is incomplete or where no comparator is identical to local circumstances, while preserving transparency as to the sources, limitations, adjustments and weight given to the benchmark evidence.

Consultation Question 13

What role should benchmarking play in telecommunications price regulation in Belize?

Respondents should address when benchmarking should be used as the principal methodology, an input or a cross-check, and how comparator selection, data reliability, normalisation and material differences should be treated.

6.7 Flexibility and Combination of Methods

The methods discussed above need not be mutually exclusive. A permanent framework may permit one method to establish the principal regulatory constraint while another provides an input, verification mechanism or safeguard. Benchmarking may, for example, be used to test a cost-based result, while a cost analysis may inform the establishment or review of a price ceiling or floor.

Regulatory flexibility must nevertheless be accompanied by transparency and predictability. Where more than one method is used, the PUC should be able to identify the purpose served by each method, the relationship between them and the information on which the determination is based. The principles governing the selection of a method or combination of methods are addressed in Consultation Question 9. The following section considers the costing and regulatory-accounting arrangements that may be required to support those methods in practice.

7. Costing, Cost Models and Regulatory Accounting

7.1 Statutory and Regulatory Context

Sections 6(2)(g), 29 and 30 of the Act establish an express statutory basis for the development and use of accounting and costing requirements in telecommunications regulation. Section 6(2)(g) empowers the PUC to develop and, where appropriate, revise accounting requirements and costing methodologies for use by public operators in accordance with internationally established and accepted accounting and costing principles and standards of practice. Tariff filings are to be accompanied by such accounting and costing information as the PUC requires, and the PUC may prescribe reasonable accounting procedures in accordance with international accounting and costing standards. The permanent pricing framework must therefore provide a practical means by which those statutory powers can be exercised consistently and transparently.

Cost information may serve different regulatory purposes. It may be used to assess whether a proposed or regulated price bears a reasonable relationship to the cost of providing a service; to determine a price or revenue requirement; to examine cross-subsidisation; to establish or test a price floor; to support a retail-minus calculation; or to verify a result obtained through another regulatory method. The type of cost information that is appropriate may therefore vary according to the issue being examined.

The consultation does not proceed on the assumption that one costing methodology should apply to every service or every regulatory purpose. The principal policy question is how the permanent framework should permit the PUC to select and apply an appropriate methodology while ensuring that the resulting analysis is objective, reasonably verifiable and proportionate to the regulatory purpose.

7.2 Cost Standards and Regulatory Purpose

Different cost standards answer different questions. A fully allocated or fully distributed cost approach seeks to attribute the total costs of an undertaking or activity across the services that give rise to, or benefit from, those costs. Such an approach may assist where the regulatory purpose concerns overall cost recovery or the allocation of shared expenditure, but its result can depend materially on the rules used to allocate costs that are not directly attributable to a single service.

Incremental-cost approaches instead examine the costs caused by providing an additional service, increment of output or group of services. Depending on the regulatory purpose, the relevant measure may include long-run incremental or average incremental costs, a contribution to common costs, or a narrower avoidable-cost measure. These approaches may be particularly relevant where the concern is the economic cost caused by a service or whether a price falls below an appropriate cost benchmark.

The choice of cost standard should therefore be linked to the regulatory question being asked. A methodology suitable for assessing overall cost recovery may not be appropriate for examining below-cost pricing, while a methodology designed to identify incremental costs may not, without adjustment, provide for recovery of efficiently incurred common costs. The framework should also guard against the automatic pass-through of inefficient, unnecessary or improperly attributed expenditure merely because that expenditure appears in a provider's accounting records.

7.3 Cost-modelling Approaches

A hybrid approach may combine the strengths of both methods, for example by using accounting information to calibrate or reconcile an engineering model, or engineering information to assess the efficiency of accounting costs. The appropriate approach may therefore depend on the regulatory purpose, the quality of available data, the complexity of Cost models developed for regulatory purposes by the PUC may be constructed using information derived principally from the regulated provider, from engineering assumptions concerning an efficiently designed network or service, or from a combination of those approaches. These are commonly described as top-down, bottom-up and hybrid modelling approaches.

A top-down model can provide a close connection to the provider's actual accounting and operational records and may facilitate reconciliation with audited or regulatory accounts. Its usefulness may nevertheless depend on the quality of the underlying accounting information, the appropriateness of existing cost allocations and the extent to which actual expenditure reflects efficient provision of the regulated service.

A bottom-up model can provide a forward-looking assessment of the costs of an efficiently designed and operated network or service. It may permit the PUC to test technology, utilisation, demand and efficiency assumptions independently of the provider's historical cost structure. At the same time, such models can be data-intensive and sensitive to engineering and demand assumptions, particularly in a small market where scale and geography may materially influence network costs.

A hybrid approach may combine the strengths of both methods, for example by using accounting information to calibrate or reconcile an engineering model, or engineering information to assess the efficiency of accounting costs. Whichever approach is used, the PUC would determine the regulatory methodology and principal modelling assumptions, while providers would be required to furnish the information reasonably necessary to develop, populate and verify the model. The appropriate approach may therefore depend on the regulatory purpose, the quality of available data, the complexity of the service and the resources reasonably required to develop and maintain the model.

7.4 Regulatory Accounting, Asset Values and Cost Allocation

Reliable cost analysis may require accounting information to be prepared in a manner that permits costs, revenues and assets to be associated with the services or activities under examination. Regulatory accounting may therefore include requirements for service or activity separation, consistent allocation rules, reconciliation with audited financial statements and identification of adjustments made for regulatory purposes.

The treatment of assets and capital-related costs can materially affect a cost determination. Depending on the regulatory purpose, assets may be considered using historical accounting values, current or replacement values, or another appropriate valuation basis. The selected approach must be applied consistently with the treatment of depreciation or annualisation, inflation, taxation and the cost of capital so that the same cost is not recovered more than once.

Shared, common and joint costs also require particular attention. Costs that can reasonably be attributed directly to a service should ordinarily be identified before residual costs are allocated. Where direct attribution is not possible, the framework may need to provide for allocation using causal cost drivers, measures of relative use or another objective basis. The appropriate treatment may differ according to the applicable cost standard and regulatory purpose.

These matters involve a balance between methodological rigour and practical implementation. Requirements that are too general may produce inconsistent results, while requirements that are excessively prescriptive may become difficult to adapt to technological change or to different regulatory questions. The consultation therefore seeks views on both the methodologies that should be available and the degree of prescription appropriate for the Belize framework.

Consultation Question 14

What costing standards, cost-modelling approaches and regulatory-accounting requirements are appropriate and practicable for telecommunications price regulation in Belize?

Respondents should distinguish between cost standards, cost-modelling approaches and regulatory-accounting requirements suited to different regulatory purposes and identify any material practical limitations in the Belize context.

7.5 Information, Documentation and Verification

The effectiveness of a regulatory cost model depends substantially on the quality, completeness and reliability of the information on which it is based. Where the PUC develops or maintains a cost model, providers may therefore be required to furnish accounting, financial, operational, engineering, network, demand, traffic, asset and other information reasonably necessary to construct, populate, calibrate or update the model.

The information required will depend on the modelling approach adopted. A top-down model may rely heavily on the provider’s accounting and operational records, while a bottom-up model may require detailed information concerning network architecture, coverage, traffic, capacity, technology and demand. A hybrid model may require both categories of information so that engineering assumptions can be calibrated or reconciled against actual provider data.

Information furnished by a provider should be capable of verification. Where information is derived from accounting records, the framework may require reconciliation with audited financial statements, regulatory accounts or other reliable records. The PUC may also need supporting documentation sufficient to understand the basis on which data has been prepared, including relevant allocation rules, cost drivers, asset information and material assumptions.

Where information is maintained electronically, it should be furnished in a usable form that permits reasonable examination, analysis and verification. The framework should also provide for the PUC to require clarification, correction or additional information where submitted data is incomplete, inconsistent or insufficient for the regulatory purpose.

Verification may include testing provider-supplied information against audited records, engineering information, alternative assumptions, benchmarks or other independent evidence. Appropriate confidentiality safeguards should apply to commercially sensitive information, but confidentiality should not prevent the PUC from obtaining and examining information reasonably required to perform its regulatory functions.

7.6 Review and Updating of Costing Information

Telecommunications networks, demand, technology, asset prices and operating costs can change materially over time. A cost model or accounting separation arrangement that is appropriate when first established may therefore require periodic review or updating. At the same time, frequent rebuilding of complex models can impose significant cost on both providers and the PUC and may reduce regulatory predictability.

The permanent framework may therefore need to distinguish between routine updates to data and parameters and more fundamental changes to methodology. Material changes in demand, network architecture, technology, asset values, operating costs or the regulatory purpose may justify review, while methodological continuity may be preferable where existing approaches remain suitable and changes would not materially improve the reliability of the result.

The consultation seeks practical input on the information that providers can reasonably maintain and produce, the format in which models should be supplied, the degree of reconciliation and verification that should be required, and the circumstances in which existing costing arrangements should be reviewed or updated.

Consultation Question 15

What information, documentation and data-submission requirements should apply where the PUC develops or maintains a cost model for telecommunications price regulation?

Respondents should address the accounting, financial, operational, engineering, network, demand, traffic and asset information that may reasonably be required; the format in which information should be furnished; reconciliation with audited or regulatory accounts; supporting documentation and verification; procedures for correcting or supplementing information; confidentiality; and any material practical or technical constraints.

7.7 Relationship with the Wider Pricing Framework

Costing and regulatory accounting are supporting tools rather than ends in themselves. Their design should remain connected to the regulatory purpose for which the information is required and should not impose a level of complexity disproportionate to that purpose. The following section considers the procedural safeguards that should apply when the PUC uses these and other regulatory tools to establish, vary, review or terminate a price-regulation measure.

8. Procedure for Price-Regulation Decisions

8.1 Procedural Approach

The permanent pricing framework should establish a clear and proportionate procedure for decisions by which the PUC establishes, materially varies or terminates a price-regulation measure. The procedure should enable the PUC to make informed decisions while giving a provider directly affected by a proposed measure a reasonable opportunity to address the matters on which the decision is to be based.

The procedure appropriate to a particular decision may vary according to the nature and significance of the measure, the complexity of the methodology involved and the information required. A substantial cost-based determination may require a more extensive process than a limited adjustment to an existing control. The framework should therefore provide sufficient procedural certainty without requiring the same process to be followed in every case.

This procedure should be distinguished from the statutory tariff-filing, publication and consumer-comment requirements considered in Section 4. A tariff filing does not, merely by reason of being filed, require the same procedure as a decision to impose or materially alter price regulation.

8.2 Establishment of a Price-Regulation Measure

Where the PUC proposes to establish a price-regulation measure, the framework should provide for the affected provider to be informed of the proposed measure and given a reasonable opportunity to make representations before a final decision is taken. The information provided should be sufficient to identify the service concerned, the statutory basis and regulatory concern giving rise to the proposed intervention, the proposed regulatory method and the principal information or assumptions material to the proposal.

Representations should be capable of addressing the basis for intervention, the proposed methodology, the information and assumptions relied upon, the likely effect of the measure and any alternative approach that the provider considers would address the regulatory concern. The period and manner for making representations should be proportionate to the complexity and significance of the proposed measure.

Wider consultation should not be an automatic requirement for every price-regulation decision. It may, however, be appropriate where the proposed measure is likely to have a material effect on consumers, competing providers or the wider market.

8.3 Decision and Implementation

A decision establishing a price-regulation measure should identify the service to which it applies, the regulatory method adopted, the principal parameters or controls, the effective date and, where applicable, the duration of the measure. The decision should also provide sufficient reasons to explain the material basis on which the PUC reached its determination.

Implementation arrangements should reflect the nature of the measure concerned. Where reasonably necessary, the framework may permit phased or transitional implementation to allow appropriate operational, billing, accounting or reporting changes, provided that such arrangements do not undermine the effectiveness of the regulatory measure.

8.4 Review, Variation and Termination

A price-regulation measure should be capable of review where there has been a material change in the circumstances on which it was based, or at the end of any regulatory period specified in the original determination. The framework should distinguish between routine adjustments already contemplated by the applicable methodology and a substantive review that may result in the measure being materially varied or terminated.

Where the PUC proposes materially to vary or terminate an existing price-regulation measure, the affected provider should ordinarily have a reasonable opportunity to make representations. The extent of that procedure should reflect the nature and significance of the proposed change and need not reproduce the entire process followed when the measure was originally established.

8.5 Confidentiality and Transparency

Price-regulation proceedings may require financial, costing, technical or commercially sensitive information. Sections 31(5) and 32 of the Act provide for the protection of confidential information and restrictions on public access where appropriate. The permanent framework should operate consistently with those protections while preserving sufficient transparency for effective regulatory decision-making.

A person claiming confidentiality should identify the information concerned and the basis for the claim. Where publication or consultation is otherwise appropriate, the framework may provide for a non-confidential version or summary where this can reasonably be prepared without disclosing protected information.

Consultation Question 16

What procedural arrangements should apply when the PUC establishes, materially varies or terminates a price-regulation measure?

Respondents should address the notice and opportunity to make representations that should precede a decision, the circumstances in which wider consultation should be undertaken, the manner in which decisions should be explained and implemented, and the treatment of review, variation and confidential information.

9. Monitoring, Compliance and Enforcement

9.1 Regulatory Context

A permanent pricing framework will require arrangements by which the PUC can monitor whether regulated prices, tariff requirements, reporting obligations and other applicable pricing controls are being observed in practice. Monitoring should provide the information necessary to identify material non-compliance and to assess the continued effectiveness of a regulatory measure, without requiring information that is unrelated or disproportionate to the regulatory purpose.

The Act already contains reporting and enforcement provisions relevant to the design of this framework. Section 31 establishes reporting requirements for public telecommunication service providers and provides a specific offence for failure to file a document required under that section. Section 54 separately provides a general penalty for contravention of the Act or regulations made under it where a penalty is not otherwise specifically provided. The design of mandatory obligations in the future pricing framework must therefore take account of the legal consequences that may attach to non-compliance.

This consultation does not reopen the penalties established by the Act. The issue for the future pricing framework is how monitoring, reporting, remediation and enforcement procedures should operate so that obligations are clear, compliance can be assessed effectively and formal enforcement is used in an appropriate and proportionate manner.

9.2 Monitoring and Reporting

Monitoring requirements may differ according to the nature of the pricing obligation concerned. A provider subject to a price cap may need to furnish information concerning prices, revenues, quantities or other data necessary to demonstrate compliance with the control. Cost-oriented or rate-of-return regulation may require periodic financial, accounting or cost information. Other obligations may be monitored through tariff filings, supporting documentation or reports submitted at specified intervals.

The frequency and detail of reporting should be proportionate to the purpose for which the information is required. Routine reporting may be appropriate where compliance depends on information that changes regularly, while event-based reporting may be more suitable where notification is required only following a material change in a tariff, cost input, service characteristic or other relevant circumstance.

Standardised forms, electronic submission and consistent data definitions may improve the efficiency of monitoring for both the PUC and providers. The framework should nevertheless retain sufficient flexibility to require additional information where a particular pricing issue cannot reasonably be assessed from standard reports alone.

9.3 Records, Verification and Supporting Information

Effective monitoring may require providers to retain records sufficient to substantiate tariff filings, pricing calculations, regulatory accounts, cost allocations, discounts, bundled prices and other information relevant to compliance. The retention period and level of detail should reflect the nature of the obligation and the period for which the information may reasonably be required for regulatory verification.

Where information is furnished to demonstrate compliance with a pricing measure, the PUC should be able to understand and verify the basis on which it has been prepared. This may require access to supporting calculations, assumptions, source data and, where relevant, electronic models in a form that permits examination of the underlying formulas and inputs.

Verification requirements should also recognise legitimate confidentiality concerns. The treatment of confidential information should remain consistent with the principles discussed in Section 8, while ensuring that confidentiality does not prevent the PUC from obtaining information reasonably necessary to perform its regulatory functions.

9.4 Correctable Deficiencies and Remediation

Not every failure arising under a pricing framework will necessarily have the same character or consequence. An incomplete filing, an inadvertent reporting error or a minor delay may present different regulatory concerns from the deliberate application of a prohibited price, circumvention of a price control, repeated non-compliance or the provision of materially false information.

The framework may therefore need to distinguish, where the Act permits, between deficiencies that can appropriately be corrected through clarification, supplementation or resubmission and matters that warrant immediate consideration of formal enforcement. An opportunity to remedy a procedural or administrative deficiency may promote prompt compliance and reduce unnecessary enforcement activity, but should not operate as an automatic entitlement where the nature, seriousness or persistence of the contravention makes such an approach inappropriate.

Section 55 of the Act provides, in relation to contraventions of licence conditions, a statutory compliance mechanism involving notice, an opportunity to remedy and consideration of representations before a compliance order takes effect. Although that provision is directed specifically to licence conditions, it illustrates the distinction between securing compliance and imposing a penalty. The consultation invites views on whether analogous compliance-oriented steps should, where lawful and appropriate, form part of the administration of pricing obligations.

9.5 Formal Enforcement and the General Penalty

Section 54 of the Act provides that a person who contravenes or fails to comply with the Act or regulations made under it commits an offence, except where a penalty is specifically provided. The future pricing framework must therefore be drafted with particular care: a mandatory regulatory requirement may carry consequences beyond an administrative obligation.

This makes clarity and proportionality important in the formulation of duties. Requirements should identify with sufficient precision what a provider is required to do, the applicable timeframe and, where relevant, the information or standard by which compliance will be assessed. The framework should avoid imposing unnecessary mandatory obligations where the same regulatory objective can be achieved through a less burdensome mechanism.

Where formal enforcement is considered, relevant circumstances may include the nature and seriousness of the contravention, its duration and effect, whether it was repeated or continuing, steps taken by the provider to prevent or remedy the matter, the reliability of information furnished to the PUC and any previous compliance history relevant to the same obligation. These considerations should not displace the enforcement powers or penalties established by the Act, but may assist in ensuring consistent and proportionate administration of the pricing framework.

9.6 Compliance Arrangements and Regulatory Burden

Monitoring and compliance arrangements should be sufficiently robust to make price regulation effective, but the regulatory burden imposed should remain connected to the purpose of the measure. Reporting or record-keeping requirements that generate substantial cost without materially improving regulatory oversight may ultimately reduce the efficiency of the framework.

The PUC is therefore interested in practical approaches that can support timely compliance while minimising unnecessary duplication. These may include standard reporting templates, coordinated reporting cycles, electronic filing, materiality thresholds for particular notifications and clear procedures for correcting deficient submissions, provided that any such approach remains consistent with the Act and does not weaken substantive pricing obligations.

9.7 Transitional Implementation of Compliance Requirements

New monitoring, accounting or reporting requirements may require systems, processes or data that providers do not presently maintain in the form contemplated by the permanent framework. The timing and sequencing of those requirements may therefore be relevant to implementation. Transitional arrangements for new compliance obligations are addressed further in Section 10.

Consultation Question 17

What monitoring, reporting and compliance arrangements are necessary to ensure the effectiveness of the future pricing framework while avoiding unnecessary regulatory burden?

Respondents should address reporting frequency, record-keeping, verification, correction of deficient submissions and escalation to enforcement, distinguishing administrative deficiencies from substantive pricing contraventions. Any proposed compliance obligation should also be considered having regard to the applicable enforcement and penalty provisions of the Act.

10. Transition to the Permanent Pricing Framework

10.1 Transitional Context

The Belize Telecommunications (Transitional Tariff Freezing) Regulations, 2026 were introduced as an interim measure following the PUC’s market dominance determination. The Regulations define a transitional period ending on 31 December 2028, or earlier where they are expressly replaced and repealed by rate-setting regulations promulgated by the PUC. The present consultation is directed to the permanent pricing framework that is intended to succeed those transitional arrangements.

During the transitional period, the existing framework preserves prevailing tariffs for the dominant operator within the relevant markets and subjects specified tariff changes, new tariffs and bundled services to prior PUC approval. The permanent framework is intended to replace that temporary approach with a broader and more structured system for tariff administration and, where required, price regulation.

Transition therefore requires more than the formal commencement of new regulations. The existing and future regimes must be coordinated so that there is no regulatory gap, unnecessary duplication or uncertainty as to the tariff, approval, reporting or pricing obligations applicable at the point of change.

10.2 Continuity of Existing Lawful Tariffs and Pricing Measures

Existing tariffs should not become uncertain merely because the permanent framework comes into force. Transitional provisions may therefore need to specify the status of tariffs that are lawfully in force immediately before commencement, including whether they continue as lawful tariffs until varied, replaced or withdrawn under the new framework.

Similar consideration is required for any approval, condition, direction or other pricing requirement operating under the transitional regime at the date of commencement. The framework should make clear whether such measures continue temporarily, are treated as measures under the new regime, or must be reviewed or replaced within a specified period.

Continuity should nevertheless avoid preserving transitional restrictions for longer than is necessary. Where the permanent framework establishes a different regulatory mechanism for a service or tariff, the transition should identify when the new mechanism takes effect and when any corresponding transitional restriction ceases to apply.

10.3 Pending Applications and Regulatory Proceedings

An application to change a prevailing tariff, introduce a new tariff or obtain another approval may be pending when the permanent framework commences. Without a transitional rule, uncertainty could arise as to whether the application should continue under the procedure in force when it was submitted or be resubmitted and determined under the new framework.

The same issue may arise where the PUC has begun a tariff review, requested additional information, published an initial decision or otherwise commenced a regulatory process that has not been completed by the commencement date. Transitional arrangements should provide a clear and administratively workable treatment for such matters while preserving procedural fairness to affected parties.

Respondents may therefore wish to consider whether pending matters should generally continue under the existing procedure, migrate to the new framework at an identified stage, or be treated differently according to the nature and extent of the process already completed.

10.4 Phased Implementation of New Obligations

Some elements of the permanent framework may be capable of immediate implementation, particularly new procedures or supporting requirements relating to tariff filing and publication. Other obligations may require providers to establish new systems, reorganise accounting information, develop cost-allocation procedures or prepare regulatory reports that cannot reasonably be introduced on the same timetable.

The transition may therefore need to distinguish between obligations that apply from commencement and obligations for which a defined implementation period is appropriate. Any phased approach should be based on the practical steps genuinely required for compliance and should not postpone substantive consumer or competition protections without adequate justification.

Where an implementation period is allowed, the framework should identify the obligation concerned, the date by which compliance is required and any interim information or reporting that the PUC may require during the implementation period. This would provide greater certainty than relying on informal extensions after the permanent framework has taken effect.

10.5 Regulatory Accounting, Cost Models and Data Readiness

The costing and regulatory-accounting requirements discussed in Section 7 may present particular transitional issues. A provider may need time to map general ledger information to regulated services, establish cost centres or allocation rules, assemble asset and network data, modify internal reporting systems or develop a cost model in the form required for a particular regulatory purpose.

A phased introduction of these requirements may be appropriate where necessary to produce reliable information. The period allowed should, however, reflect the complexity of the requirement and the information already maintained by the provider. The PUC may also need the ability to require existing accounting, financial, engineering or operational information during the transition so that regulatory oversight is not suspended while new systems are being developed.

Respondents are particularly invited to identify any data, systems or modelling requirements that would require material implementation time, the steps needed to achieve compliance and a reasonable timetable for doing so. General assertions of administrative burden will be of limited assistance unless supported by an explanation of the specific implementation issue.

10.6 Commencement, Sequencing and Regulatory certainty

The commencement of the permanent framework and the replacement and repeal of the Transitional Tariff Freezing Regulations should be coordinated. The transition should provide a clear point at which the permanent rules govern the relevant tariff or pricing matter and should avoid simultaneous obligations that are inconsistent or duplicative.

The PUC may also need to sequence implementation within the permanent framework. For example, general filing and transparency requirements may become operational before a provider-specific cost model or particular price-control methodology is established. A staged sequence may be appropriate where different elements depend on information, processes or regulatory determinations that cannot all be completed at the same time.

The principal objective should be an orderly movement from the transitional regime to the permanent framework while maintaining continuity of lawful tariffs, effective regulatory oversight and reasonable certainty for providers and consumers.

Consultation Question 18

What transitional arrangements should accompany the implementation of the permanent telecommunications pricing framework?

Respondents should address continuity of existing tariffs and pricing measures, pending applications, and any sequencing or implementation period required for new or enhanced tariff-filing, reporting, regulatory-accounting, costing or cost-model requirements.

11. Other Implementation Matters

11.1 Purpose of this Section

The preceding sections identify the principal policy, methodological and procedural issues that the PUC presently considers relevant to the development of a permanent telecommunications pricing framework. The PUC nevertheless recognises that implementation may raise practical matters that are not fully captured by those issues, particularly where existing commercial systems, billing arrangements, accounting practices, product structures or internal approval processes interact with new regulatory requirements.

This section therefore provides respondents with an opportunity to identify additional implementation matters that should be considered before the framework is finalised. The purpose is not to reopen matters that fall outside the scope of this consultation, including interconnection pricing or the PUC's existing relevant-market and dominance determinations. Rather, respondents are invited to identify practical issues that could materially affect the design, sequencing, administration or enforceability of the future pricing framework.

11.2 Practical Implementation Considerations

Useful submissions may include matters relating to data availability, internal systems, billing or tariff configuration, product migration, customer communications, regulatory reporting, staff capability, implementation sequencing or the interaction between different obligations within the future framework. Respondents may also identify areas in which additional regulatory guidance, standard forms, filing templates or implementation protocols could assist consistent compliance.

Respondents should distinguish between a genuine implementation constraint and a general preference for a less demanding regulatory requirement. Where a practical constraint is identified, the PUC would be assisted by information describing the nature of the constraint, the part of the proposed framework affected, the operational or financial significance of the issue and any feasible alternative approach.

Where possible, respondents should support implementation concerns with evidence or practical examples and should propose a solution rather than merely identifying a difficulty. This will assist the PUC in determining whether the matter should be addressed through the regulations themselves, through transitional arrangements, through subsequent regulatory guidance or through another administrative mechanism.

Consultation Question 19

Are there any other material implementation issues that the PUC should take into account in designing and introducing the permanent telecommunications pricing framework?

Respondents should identify the issue, its practical significance, the part of the framework affected and, where possible, a practical approach to addressing it.

12. Conclusion

This Consultation Paper forms part of the PUC’s ongoing work to develop a comprehensive and permanent framework for the regulation of telecommunications pricing in Belize. The framework is intended to give practical effect to the pricing provisions of the Act while providing sufficient flexibility to address different telecommunications services, market circumstances and regulatory concerns.

The consultation has identified a range of issues on which stakeholder input will assist the PUC in determining the design of that framework. These include the objectives and principles that should guide price regulation; the operation of the statutory tariff-filing and transparency regime; additional requirements where market power exists; the selection and application of different price-regulation methods; costing, cost modelling and regulatory accounting; procedural safeguards; monitoring and compliance; and the transition from the present transitional tariff regime to the permanent framework.

The approaches discussed in this Consultation Paper are presented for the purpose of obtaining informed stakeholder views. They do not represent final decisions of the Commission and should not be understood as committing the PUC to any particular regulatory methodology, procedural arrangement or implementation approach. The consultation is intended to test the suitability, proportionality and practical implications of the matters identified before the permanent framework is finalised.

The Commission therefore invites telecommunications licensees, consumers, consumer representatives and other interested persons to provide reasoned submissions on the consultation questions and any other matters falling within the scope of this exercise. Respondents are encouraged, where possible, to support their views with evidence, data, practical examples and alternative approaches that they consider would better give effect to the objectives of the Act.

Following the close of the consultation period, the Commission will consider the submissions received in developing the permanent telecommunications pricing framework. The views and evidence provided will guide, but will not bind, the Commission in determining the principles, methodologies, procedures and transitional arrangements that should ultimately be incorporated into the framework.

The objective is to establish a pricing regime that is transparent, proportionate, practicable and capable of consistent application, while preserving appropriate reliance on market forces and providing effective regulatory tools where intervention is required under the Act.