



Hamdi Mramori Street, No 1
Prishtina 10000 – Kosovo
Tel: +381 (0) 38 247 615 ext. 103
Fax: +381 (0) 38 247 620
e-mail: info@ero-ks.org
www.ero-ks.org

REPORT

On Monitoring of Implementation by KEK of Rules and Decisions as adopted by the Board of ERO

I. BRIEF SUMMARY

The objective of the four day visit to the Divisions of Supply and Distribution was to evaluate:

- a) implementation of Secondary Rules adopted by the ERO
- b) implementation of Decisions issued by ERO
- c) positive Effects in the increase of billing and collection, respectively decrease of commercial losses, and
- d) improvement of customer relations.

Collected statistics by KEK should have been indicators of any positive movements during the implementation of the effective rules and special decisions.

Another important objective was to evaluate the knowledge of Secondary Rules and Decisions adopted by ERO and confrontation with the eventual problems during the implementation as well as provision of explanations by the needs.

ERO has evaluated enforcement of the Secondary Legislation and disposition of decisions from KEK, analyzed the results, and concluded with giving instructions for future actions in application of regulative framework as a need to increase the performance.

Monitoring Report does not pretend to assess implementation of regulatory framework as to losses of electricity, since the Rule on General Conditions for Energy Supply was adopted at the end of June 2006 and during the monitoring it has not been taken into consideration.

However the evaluated regulations and received statistics are directing us to the important findings that might be considered as common in this level of monitoring. A deeply review of other policies may bring another important findings that may extend the conclusions of the report; we hope will take place in the next monitoring cycle.

II. IMPORTANT FINDINGS

- II.1 There is need for immediate implementation of all secondary legislation in order to achieve satisfied results in the increasing the collection rate, improving the quality of service in power supply.
- II.2 An implementation of particular legislation requires the preparation of enterprise policy and an appropriate internal procedure that has to be followed by action plan.
- II.3 The partial implementation of any regulation or decision may compromise any of them whether is taken by entities mandated for that or any internal decision taken by utility.
- II.4 The extensive implementation of disconnection policy in the watched period without proper implementation of requirements of dispute policy, ABC policy and to discover the theft of electricity and tampering with the meter, haven't brought satisfied improvement of collection rate even number of disconnected customers were considerable.

- II.5 The taken actions in order to increase the collection rate didn't raise the customer's belief to KEK that is shown with increased number of good paying customers affected by disconnection.

III. CONCLUSION:

- III.1. Referring to the results from the monitoring report whose main purpose was to evaluate how and in what measure the regulatory legislation is implemented (regulatory framework which strives to create the conditions for achieving better results and would reflect increasing of revenue collection than it is currently), we can state **that there are some elementary initiatives and they show also initial results.**
- III.2. Now that the regulatory legislation is completed and based on the fact that this legislation closes all relation processes between the offer service and consumer, an imperative straining action should be taken for its implementation.
- III.3. Interviews with direct executives shows that **this regulation is an item of a good help for improving the relation with consumers and which would have decreasing of commercial losses and increasing of the revenue collection.** Implementation of the provisions of mentioned Rules would evidently decrease arbitrary behaviors in relation with consumers.

IV. INTRODUCTION

The Energy Regulatory Office, in order to meet the obligations which are set forth on Article 54 c) of the Law of the Energy Regulator, has visited several local departments of KEK in order to monitor the situation. Visits were paid to:

- District of Peja, on 29.06.06
- District of Ferizaj, on 30.06.06
- District of Prishtina, on 03.07.06

and working meetings with the Management of the Division of Supply and Network took place on 04.07.06

The agenda of these working/monitoring meetings was as follows:

- **Monitoring of Implementation of Rules issued by the ERO Board**
- **Monitoring of Implementation of the policy ABC**
- **Monitoring of Implementation of Individual Disconnection of Consumers**
- **Analysis of problems which these Districts are facing, as well as their requests for regulatory support.**

V. PARTICULAR FINDINGS OF MONITORED RULES

Monitoring of Implementation of Rules issued by ERO

1. Rule on Dispute Settlement Procedure in the Sector of Energy was adopted by the Board of ERO on 17.01.2006

1.1 This Rule determines the basic procedure, which is implemented for the complaints of customer and liabilities of energy enterprises related to complaints of customers. The intent of working/monitoring visit was to see how informed is the responsible staff across the Districts, with the Rule on Dispute Settlement and how this Rule is being applied in practice.

1.2. Results of Monitoring

1.2.1 From the coordinators for customer care across the District of the Divisions of Supply was said that from the central level they are informed with the Rule and this Rule is disseminated to the responsible coordinators for its implementation.

1.2.2 In order to see how the procedures which come from this Rule are being implemented, the staff of ERO has requested to see from the coordinators of customer care some of the complaints of customers. Complaints are of different kinds, as can be seen in Table 1.

1.2.3 In the answers that coordinators of customer care give to customers for their complaints has been noticed that procedures which are foreseen in this Rule are not considered properly:

- a) customers are not instructed regarding their rights so they can make an appeal to ERO;
- b) customers are not informed of the way the dispute settlement through negotiation and intermediation;
- c) telephone communication with the customers related to small complaints are not being registered; and
- d) department for customer care do not possess any registering book for these complaints etc.

1.2.4 If we refer to table 1. in the last row are presented a considered number of requests and complaints designated as others which reflects that customers during reception of service expressed also the problems of network nature. KEK officials have not been presented to us a clear procedure as to how such cases are dealt and left to “ad-hoc work on a cooperation basis between the supply and network. **This shows that internal policy application of Rule on Dispute Settlement was not developed yet as it is required with.**

1.2.5 The lack of clear policy formulation regarding the customers can be explained also with the case of raised dispute from the customer “BIRILIK” in the village of Mamushë metering of which was not in order and the followed procedure open the possibility to

raise disputes from the customers even though all facts directs to a very clear case of misuse of electricity. Below can be seen the chronology of actions:

- Record no 20/3 dated 20.05 2004 of installation control and meter in the state as is sealed (it is not clear what was sealed, meter or the cover where conductors of current or tension phases);
- Record no. 0001805 dated 24.05.2004 on ascertainment of illegal expense with the change of phases and of course ascertainment that the seal of cover is missing. The record ascertains putting of other seals and it can only be assumed that the meter was brought to a regular state to meter the expended energy;;
- Record no. 0001806 dated 07.06.2004 which ascertains again the irregular state of connection of meters and current transformers;
- Record no 17 dated 11.06.2004 ascertains regulation of connections for correct metering of expended energy;
- Undated notification, clearly informs the consumers of unauthorized use of energy which impacts the value of damage (supposed date 05.10.2004);
- Bill nr 294/1, dated 2004;
- Charging Order of the customers account nr. 2642, dated 05.10.2004;
- Answer of KEK dated. 16.05.2006 to the complaint raised by the customer on 31.01.2006;

1.2.6 In the described case in Article 1.2.5 it is seen that are missing: a) communication between KEK and the customer, b) complaint of customer and c) there is no notification whether the case has been preceded to the competent Court.

But even if the whole documentation was preceded, the followed procedures does not give clear facts so that such a case should be treated from the competent Court, in a proper way. Customer can be considered as debtor and now is being presented as a case to ERO. Therefore, instead of ascertainment of potential tampering of meter and theft of electricity and proceeding in Court, the followed procedure from the controller staff would make it possible to request from the customer to pay the debt for the consumed energy for a limited period of time only.

1.2.7. Referring to Table 1, it can be seen that there are many complaints that the consumers have during “over-limit”*, irregular reading of meters and change of category of used energy without meter (flat payment).

1.2.8. Obligations which, arise from the Rule on Dispute Settlement in the Energy Sector are as follow:

a) Supplier is responsible to make public its policy, in relation to complaints, publishing it in their official website and through the publications made in media, notifications, reports or any other form which is deemed appropriate.

Status: Not implemented

b) Supplier will present types of forms of complaints for adoption to ERO.

* “over limit”, means electricity consumption used above the 800 kwh for what is applied higher price

Status: Not implemented

- c) Within the deadline of ninety (90) days from the date of publication of this Rule in the official website of ERO, the supplier will issue policies for dispute settlement, pursuant to this Rule and will submit it to ERO for adoption. This policy should include the plan for the existing dispute settlement on the time of issuing of this Rule.

Status: Not implemented

- d) Every six (6) months the supplier should submit a report to ERO, on its procedure for complaints' settlement.

Status: Not implemented

From the manager of the customer care, were requested reasons for not performing the obligations which come from the Rule on Dispute Settlement in the Energy Sector and she said that policies are being worked out with regards to this Rule and very soon these will be sent to ERO for adoption, as well as steps should be undertaken to implement this Rule in practice.

Table 1 Number of complaints for the period January –May 2006

	January	February	March	April	May	Total
Unregistered payment	12	12	23	14	18	79
Initial Balance mistake	70	49	64	52	67	302
Not received bills	5	2	5	3	0	15
Over limit	693	854	869	972	755	4143
Change of flat payment	87	177	193	184	153	749
Incorrect reading	43	72	62	68	91	336
Irregular Reading	25	691	247	445	254	1662
Inaccurate electric meter	25	42	27	55	11	160
Request for debt payment	51	59	110	61	55	336
Charged with VAT	13	2	3	2	3	23
TV Tax	14	22	21	13	17	87
Others	909	1130	1305	1050	928	5322
Total	1947	2608	2929	2919	2352	12755

Table 2 Number of complaints positively settled for the period January- May 2006

	January	February	March	April	May	Total
Unregistered payment	10	10	19	13	15	69
Initial Balance mistake	56	49	58	46	58	267
Not received bills	5	0	4	7	0	16
Over limit	553	829	808	891	700	3781
Change of flat payment	80	164	180	165	147	736
Incorrect reading	51	57	54	81	83	326
Irregular Reading	22	169	226	390	232	1039
Inaccurate electric meter	15	31	23	45	11	125
Request for debt payment	45	56	101	50	49	301
Charged with VAT	13	2	3	3	3	24
TV tax	14	22	21	13	17	87
Others	781	1052	1107	892	812	4644
Total	1645	2443	2604	2596	2127	11415

From tables 1 and 2 it is seen that out of 12,755 complaints of customers 11,415 or 89.4% are positively settled in favor of customers.

Table 3 Type of Calls January – May

Month	Llojet e Thirrjeve / Type of Calls				nr. i thirrjeve/n o.of calls
	Informative Informative	Ankesë Compliant	Raport Prishje Network failure	Denoncim Denouncement	
January	909	373	100	2	1388
February	1081	325	214	9	1629
March	1838	220	194	3	2255
April	1588	153	90	3	1834
May	693	58	84	4	839
Total 2006	6109	1129	682	21	7945

2. Rule on Disconnection and Reconnection of Customers in the Energy Sector adopted by the Board of ERO on 24.02.2006

- 2.1 This Rule determines criteria, terms and conditions through which, energy enterprises can disconnect and reconnect the customers in the Sector of Energy in Kosovo, and determines the standards, principles and applicable procedures.
- 2.2 Our intent of monitoring the Rule on Disconnection and Reconnection was to see closely the way this Rule was being implemented from the responsible persons of the Division of Network and Supply; difficulties which they are facing during the implementation of this Rule and how informed they are with regards to the criteria and conditions of this Rule.
- 2.3 ERO has noticed that responsible persons of KEK across the Districts do not fully apply the procedures which are set forth with this Rule;
- a) Policies are not developed, related to Disconnection and Reconnection in the Energy Sector in a term of 30 days as it is foreseen with the Rule;
 - b) Failure of warning notification for disconnection according to Article 15.2;
 - c) Certification of responsible persons for disconnection has not been made;
 - d) Names of authorized persons for disconnection are not made publicly, according to the Article 4.8 of the Rule etc.
- 2.4. From the responsible people for the implementation of this Rule was said that as a criteria for disconnection are considered three last bills and in the cases when the debt is being disputed from the customer, it is requested from customer to pay the debt which is not being disputed.
- 2.5. The responsible people informed as with the problems which disconnection teams have during execution of disconnections. One of the problems is linked with the customers who are supposed to be disconnected, who thinking of avoiding the additional payment for disconnection and reconnection request from the disconnection teams not to be disconnected with the aim to make an immediate payment of debt or reprogramming. Afterwards the same customers complain due to billing of administrative charge for disconnection. **Rule provides that the act of disconnection be executed and it is not within the competences of disconnection teams to change the decision issued. Therefore expenses of disconnection cannot be annulled.**
- 2.6. During our discussions with the responsible officials across the Districts we have noticed that **during the registering of new customers, the last position of meters is taken, regardless of previous consumption, which means that the previous spent energy (kW/h) is given (for free) to the customer.** The responsible persons stated that this procedure is being applied as a result of a directive issued by the Director of Supply of KEK.
- 2.7 Number of disconnection warnings issued by KEK**

Table 4. Data are presented for the number of warnings issued by KEK (January – June 2006)

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot.
24.122	17.129	15.827	13.785	12.134	11.945	5.472	100.414

Disconnection warnings are distributed to customers through responsible KEK staff for meter reading, with the instruction that each customer will sign that has received the disconnection warning.

Due to difficulties in direct submission of warnings sometimes responsible staff for meter reading leaves the warnings in the customers' properties.

2.7.1. Total debt for warned customers to be disconnected was 134,459,823€

2.7.2 Expenses (administrative and delivery) billed from the number of disconnection warnings

Table 5. Billed expenses (administrative and delivery) for the number of delivered warnings for disconnection for the period January- June 2006 pursuant to Annex 1 point A of the Rule on Disconnection and Reconnection)

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot.
277.403€	196.984€	182.011€	158.528€	139.541€	137.368€	62.928€	1.154.763€

From Tab.5 is seen that KEK has billed **1.154.763€** from the number of disconnection warnings issued.

2.7.3 Number of disconnection teams

Table 6. Number of disconnection teams* by the Districts

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot.
19	11	11	8	9	9	3	70

2.7.4. Number of disconnected customers (executed disconnections)

Table 7. Number of executed disconnection for the period of January- June 2006

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot
9,835	4,424	5,923	4,208	4,237	4,455	1,452	34,534

KEK has disconnected **34.39%** of the number of warned customers for disconnection (from table 4).

* Each disconnection team comprises by two staff members

2.7.5. Billed Services and Tariffs for Disconnection and Reconnection

Table 8. Services and billed tariffs from disconnection executed for the period January-June 2006 pursuant to Annex 1 point B and C of the Rule on Disconnection and Reconnection

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot
679.246€	305.552€	352.820€	145.189€	132.423€	697.820€	50.715€	2.010.945€

2.7.6. Number of customers illegally connected and then disconnected

Table 9. Customers illegally connected, then disconnected from disconnection teams for the period January- June 2006

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot
3,150	1,140	1,751	1,685	283	1,194	93	9,296

2.7.7. Billed Fines and Tariffs

Table 10. Fines and billed tariffs from the customers illegally connected for the period of January - June 2006 pursuant to Annex 1 point B, C and E of the Rule on Disconnection and Reconnection

Prishtina	Prizreni	Ferizaj	Gjilani	Peja	Mitrovica	Gjakova	Tot
425.270€	144.325€	1.534.385€	197.110€	31.360€	161.115€	2.415€	2.495.980€

The amount of services and fines from Tab.5, 8 and 10 totally is **5,661.688 €**.

2.7.8. Revenue Collection from the Disconnection

Table 11. Collection from billed customer who has received notification and have been disconnected for the period January-June 2006

Prishtina	Prizren	Ferizaj	Gjilan	Peja	Mitrovica	Gjakova	Tot
4.081.920€	1.918.609€	1.428.629€	1.086.468€	1.049.969€	507.606€	482.160€	10.555.361€

2.7.9. Number of the consumers who have signed the contract for reprogramming of the debt

Table 12. Number of consumers who have signed the contract for reprogramming of the debt for period January - June 2006

Prishtina	Prizren	Ferizaj	Gjilan	Peja	Mitrovica	Gjakova	Tot
7,603	5,319	3,537	3,801	4,623	2,367	1,586	28,836

Table 13. The amount of reprogrammed debt for period January - June 2006

Prishtina	Prizren	Ferizaj	Gjilan	Peja	Mitrovica	Gjakova	Tot
6.584.697€	5.297.380€	8.481.651€	3.109.836€	4.602.608€	2.029.803€	1.129.753€	31.234.728€

- 2.7.10. Target of bringing a total debt from the Article 2.7.1 of **134.459.823 €** as a cash or as a reprogrammed with engaged capacities of disconnection teams, seem to be unreal. Looking in the matter of achieved results during the period January – June 2006 (31.555.361 € from reprogramming and 10.555.361 from cash) KEK needs twelve months time in order to achieve a full effect to bring additional fresh money from the actual debt in the amount of 20 m€, attacking the consumers with an averaged debt of between about 1350 € and 900 €.
- 2.7.11. If we refer to the expenditure and executed fines pursuant to Article 2.7.7, in a value of total **5,661.688 €**, there is not a clear figure which are the disconnection expenditures, which are the fines and how much has been collected in the name of these categories, **since separated accounts for the categories mentioned above are not kept.**
- 2.7.12. There is no report on information about theft and disconnections taken place caused by their identification and effects to the collection rate from these activities. High-level commercial losses indicate in fact that regarding this issue there is not enough activity toward increasing the collection. If we continue to charge customers who are debtors but who don't theft electricity we might be facing with contra productive effects in relation with KEK.
- 2.7.13. Referring to **Tab.16** which shows the relation of increasing of collection with process of disconnections, is a clear indicator that relation KEK – customer is still in a critical phase and further only by taking restriction measures we can expect an increase of collection. **If these restriction measures are going to be intensive and increasing, the number of consumers who pay regularly will decrease since there are no pronounced positive movements in decreasing of commercial losses.** The difference that extends increase of collection for period January – June 2006 (around 5.000.000 €) can be said that is a result of the realized disconnection action.
- 2.7.14. **While statistics shows an increase of collection for over 5% for 2006, data on billing shows a decrease for about 5% for period January - June 2006 comparing with the same period of year 2005.**
The assumption for abovementioned results is:
- **Incorrect meter reading in 2005 or 2006**
 - **Increased theft.**

3. Monitoring of implementation of ABC Policy

- 3.1. In the session held on 29th November 2005, the Board of ERO has approved the request of KEK regarding the implementation of ABC Policy. The decision for adoption of policy contains also the conditions, which KEK should fulfill with regards to its implementation.
- 3.2. ERO has been informed by KEK that they **have no knowledge regarding the conditions and obligations arising from the Article 3.1. of the above mentioned Decision**
- 3.3. The schedule of load shedding (curtailment) for ABC categorization is taken from dispatching center and it gets implemented by operators located in substations.
- 3.4. From Peja District we got information about disciplinary measures taken for those operators who have not respected the load shedding schedule during their operation.
- 3.5. The initiative cases of KEK in cooperation with Municipality or with groups, city and village associations in arising awareness to citizens to pay for the electricity have been very few. Far more of these were customers' initiatives.
- 3.6. The ABC categorization list gets elaborated every month. Almost in all feeders 10 kV, meters have been placed.
- 3.7. We are also informed that in winter period difficulties were present during executing of this policy because of overloaded transformer, feeders, burning of cables, fuses and other technical problems and it was pointed also the technical impossibility to separate good paying customers that are in category C.
- 3.8. About the question on the result and success of ABC Policy the managers in Districts of Peja, Ferizaj and Prishtina emphasized the need for a detailed analysis of results in the field which this analysis was neglected by the staff responsible in KEK. However, in the same time emphasizing positive principles set in this policy.
- 3.9. About our question regarding the implementation of this ABC policy based on expanded criteria as a condition set out in ERO Decision, it was ascertained that those do not apply. The purpose of ABC supply regime apart from, establishing the right supply for the good paying customers has a goal to take effective actions that may gradually eliminate load shedding, and this has not been achieved. **Therefore determined conditions in Decision D_08_2005 are not implemented. Further more, during the discussion on finished monitoring, our interlocutors have left us the impression that they are not familiarized at all with conditions set by ERO.**
- 3.10. If we refer to the point 1 of the Decision **D_08_2005** we have an evaluation as below:
 - a) KEK shall provide to ERO clear information about the number of good (class A) and low or nonpaying Customers (classes B & C) in each feeder.

Status: Not implemented

- b) KEK shall submit to each Municipality affected by C schedule, the list of non-paying customers or low-paying customers and by each feeder. Municipality in cooperation with KEK shall accordingly inform such customers about the policy and consequences of non-payment or unlawful use of energy.

Status: Not implemented. The case of specific initiatives reported has proved the effectiveness of this request (Peja);

- c) KEK shall take all possible measures to provide dedicated feeders requested by the good-paying customer who found themselves in category C in tariff group 6 and above, should those customers require them. KEK will submit to ERO proposal about the re-connection charges with possibility to share participation in such charges between KEK and Customer.

Status: There has not been any request from KEK regarding establishment of any tariff for such cases.

- d) As soon as possible, but not later than by the end of January 2006, KEK shall submit to ERO for approval its proposal for compensation of the good paying Customers within the areas classified as B or C;

Status: Not implemented

- e) During the implementation of the ABC policy KEK will treat all customers in Kosovo in equal, non-discriminatory and consistent way;

Status: Not implemented in accuracy (a reported case in Peja where the feeder from category C is supplied without any interruption, continuously)

- f) During the implementation of this policy, KEK shall undertake all necessary measures including the disciplinary measures to the staff responsible for switching operations in order to implement ABC policy, so to avoid risk of failure and achieve proper results;

Status: Disciplinary measures reported, only verbally during the monitoring.

- g) KEK will continue to apply individual disconnection to the non-paying and / or illegally connected Customers (ERO Decision D_02_2005) and closely monitor the performance of disconnection teams and implement strict disciplinary rules in the case of non-implementation or implementation against the ABC policy, Decision on Disconnection and other applicable legislation;

Status: It is implemented. Evaluation of implementation can be seen in Chapter 2 of this Report.

- h) Immediately upon the approval of this policy KEK shall establish customer information service to deal with customers complaints and to inform customers about their rights and responsibilities;

Status: It is implemented.

- i) KEK will inform ERO on two-monthly basis on achievement of the ABC policy including information about the number of Customers complaints by categories of the Customers and number of resolved / unresolved complaints;

Status: Not implemented

- j) KEK will continue the public relations campaign in different levels, including public awareness in community and local level; before any notification, otherwise it will be exposed toward dangerous reputation in case a policy declared in public is not implemented (executed).

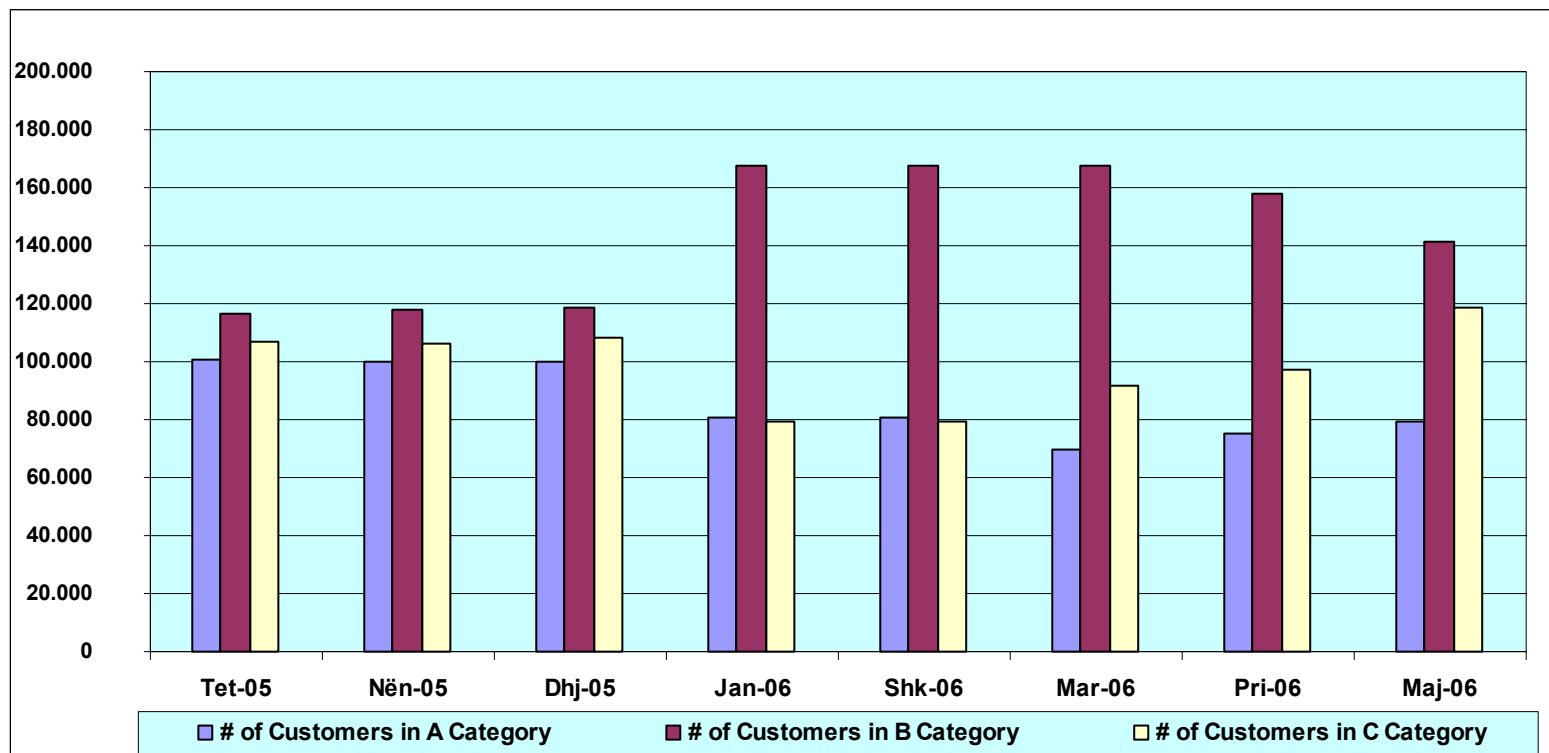
Status: There has been the implementation in central level, but in community and local level has not been implemented.

3.11. Statistics of ABC policy

Table 14. Summary of collected data on categorization by ABC Policy for all Districts

Summary for all seven districts							
Month	Total # of Customers	# of Customers in A Category	% of Customers in A Category	# of Customers in B Category	% of Customers in B Category	# of Customers in C Category	% of Customers in C Category
Oct-05	324.317	100.623	31%	116.489	36%	107.205	33%
Nov-05	324.420	99.716	31%	118.221	36%	106.483	33%
Dec-05	326.239	99.891	31%	118.347	36%	108.001	33%
Jan-06	327.018	80.619	25%	167.323	51%	79.076	24%
Feb-06	327.018	80.619	25%	167.323	51%	79.076	24%
Mar-06	329.247	69.699	21%	167.824	51%	91.724	28%
Apr-06	329.900	75.167	23%	157.649	48%	97.084	29%
May-06	339.325	79.653	23%	141.244	42%	118.428	35%
Summary	2.288.159	606.334	26%	1.013.176	44%	668.649	29%

Table 15. Diagram with data about categorization by ABC Policy for all Districts



Statistics of changes in number of consumers during the months that the regime of ABC supply has been realized shows that movements have been done mainly as a cause of required the highest percentage of collection rate and much less as a response by customers as a fact that if they increase level of payment there will be a better quality of supply. Seems that during months of January – February customers of group C had the tendency to improve their position but following this situation becomes worse.

Although ABC supply regime mainly had the mission to offer a better quality of supply for consumers who pay, except in the crises situations, opportunity that was given by such supply regime has not effectively used to increase collection rate. Finally, as consequence of poor results is that all provisions of the ERO's decision didn't apply, particularly close interface with customers.

4. STATISTICS ON BILLING AND COLLECTION FOR YEARS 2005 AND 2006

Table 16. Informations about billing and collection for the period 2005 - 2006

Months	2005	2005	2005	2006	2006	2006	Difference in collection 2005-2006	Difference 2005-2006	Reporti of billing 2005-2006
	Billing in €	Collection	%	Billing in €	Collection	%	€	%	%
	January	13.394.073,00	5.627.086,00	42,01%	12.792.015,41	7.694.520,12	60,15%	2.067.434,12	18,14%
February	13.484.630,00	6.551.613,00	48,59%	11.669.942,05	8.152.610,22	69,86%	1.600.997,22	21,27%	-13,5%
March	12.750.478,15	7.957.162,00	62,41%	13.588.048,03	8.046.212,25	59,22%	89.050,25	-3,19%	6,6%
April	9.515.853,00	8.421.209,00	88,50%	9.492.246,17	8.412.676,53	88,63%	- 8.532,47	0,13%	-0,2%
May	8.993.825,00	7.522.378,00	83,64%	9.612.341,31	8.284.294,99	86,18%	761.916,99	2,54%	6,9%
June	8.504.630,00	5.829.000,00	68,54%	8.954.221,40	7.043.621,25	78,66%	1.214.621,25	10,12%	5,3%
July	8.134.249,12	6.016.809,00	73,97%	-	-	#DIV/0!		#DIV/0!	
August	7.901.564,00	5.883.884,00	74,46%	-	-	#DIV/0!		#DIV/0!	
September	8.277.932,00	6.743.988,00	81,47%	-	-	#DIV/0!		#DIV/0!	
October	10.560.525,09	5.762.878,00	54,57%	-	-	#DIV/0!		#DIV/0!	
November	11.419.098,33	7.060.000,00	61,83%	-	-	#DIV/0!		#DIV/0!	
December	11.957.715,00	9.763.739,00	81,65%	-	-	#DIV/0!		#DIV/0!	
Total.	124.894.572,69	83.139.746,00	66,57%	66.108.814,37	47.633.935,36	72,05%	5.725.487,36	5,49%	-5,1%

Diagram about billing and collection for the period 2005 – 2006 from Table 16

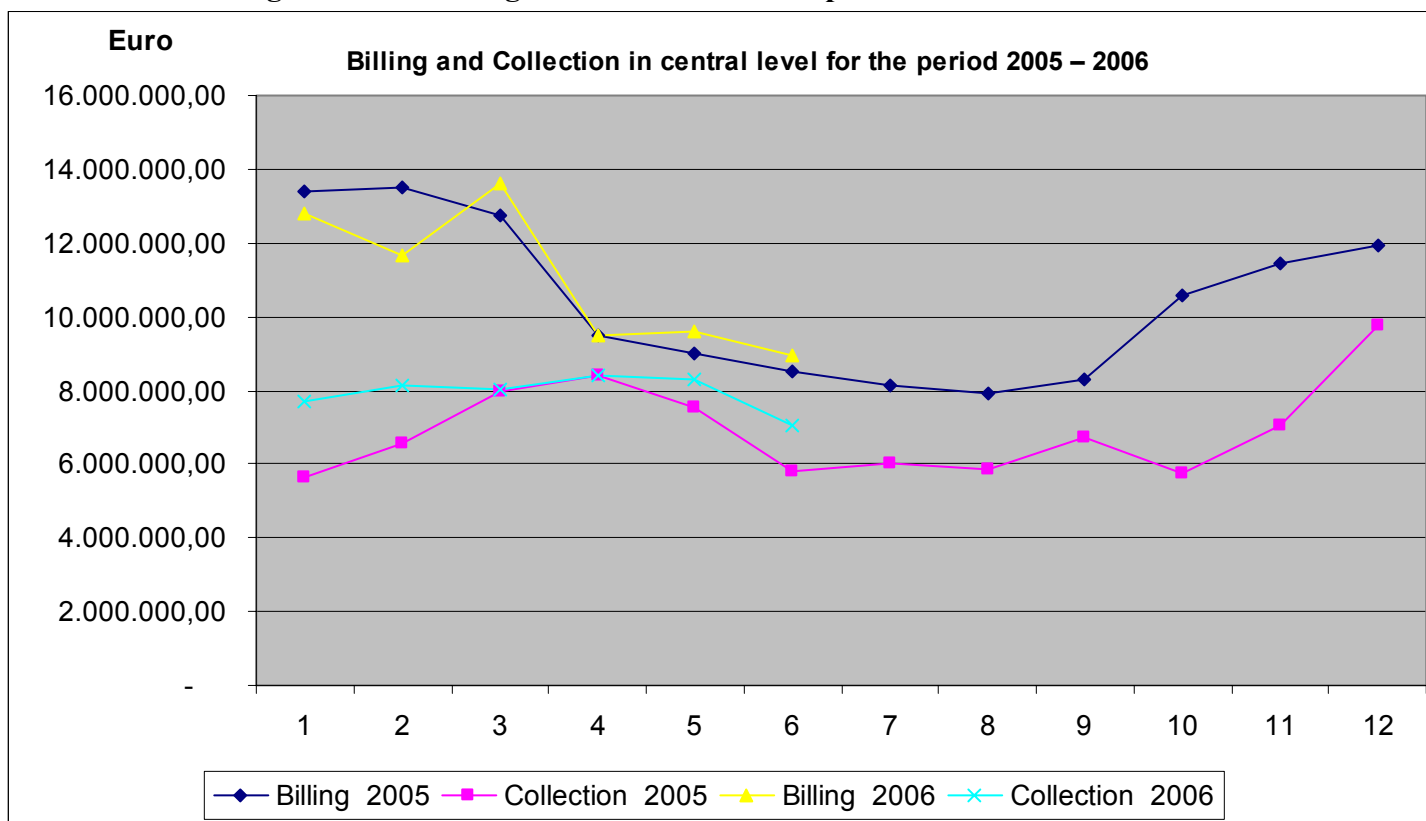


Table 17. Data and Diagram related to Billed Energy in kWh for the period 2005 – 2006

Months				
	2005	2006	2005-2006	2005-2006
	Billing in kWh	Billing in kWh	Difference kWh	Report
January	188.103.566,00	184.277.562,86	- 3.826.003,14	0,98
February	189.437.907,00	166.142.274,80	- 23.295.632,20	0,88
March	178.341.470,00	193.745.399,35	15.403.929,35	1,09
April	165.356.258,00	167.847.329,75	2.491.071,75	1,02
May	156.668.343,00	172.960.450,83	16.292.107,83	1,10
June	146.979.990,00	165.461.775,00	18.481.785,00	1,13
July	143.035.405,00	-	-	
August	135.483.016,00	-	-	
September	142.358.561,00	-	-	
October	149.707.655,00	-	-	
November	163.496.532,98	-	-	
December	170.967.805,00	-	-	
Total	1.929.936.508,98	884.973.017,59	-	

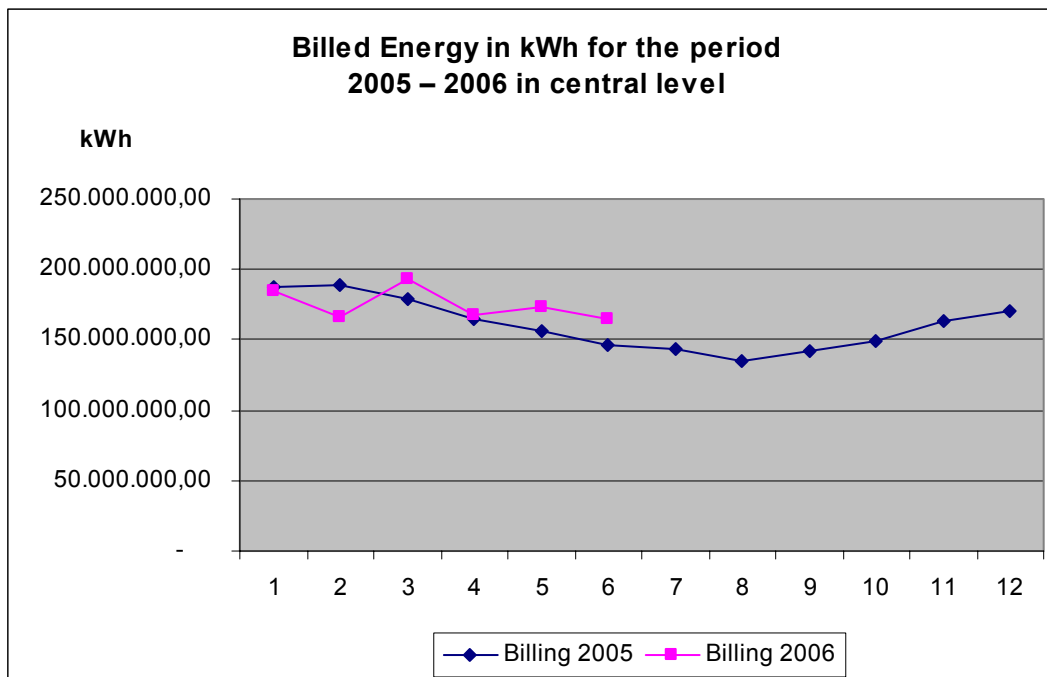
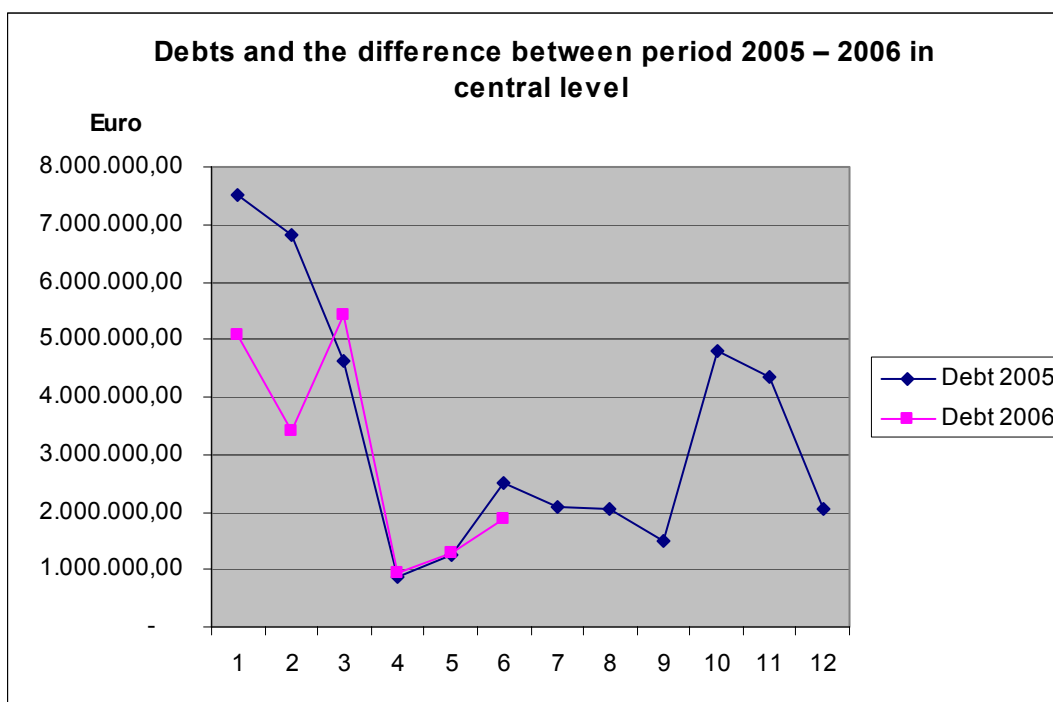


Table 18. Information's and diagram about debts and the difference between in period 2005 – 2006

Months	2005	2006	2005-2006	2005-2006
	Debt €	Debt €	Difference €	Report
	January	7.513.536,32	5.062.164,54	- 2.451.371,78
February	6.819.306,15	3.411.733,04	- 3.407.573,11	0,50
March	4.627.817,19	5.442.981,72	815.164,53	1,18
April	858.123,78	948.012,88	89.889,10	1,10
May	1.262.981,54	1.273.736,37	10.754,83	1,01
June	2.516.112,41	1.873.981,51	- 642.130,91	0,74
July	2.078.828,57	-	-	0,00
August	2.060.638,31	-	-	0,00
September	1.496.417,58	-	-	0,00
October	4.785.076,45	-	-	0,00
November	4.333.897,15	-	-	0,00
December	2.056.815,56	-	-	0,00
Total	40.409.551,02	18.012.610,07	- 22.396.940,95	0,45



VI. INSTRUCTIONS:

1. KEK is instructed within thirty days (30) from the date of publication of this Report to **compile its policies for implementation of the Rule on General Conditions of Energy Supply and Rule on Disconnection and Reconnection of consumers in Energy Sector pursuant to point a) and b) as above and send it to ERO for adoption.** Proposal should focus on the mentioned priorities as below:
 - a) Organizational measures that clearly determine responsibilities of functions of supply and distribution divisions;
 - b) Compiling of requested procedures, which are related to the decreasing of commercial losses (consumer connections, theft and corruption with meters, control mechanism and procedures for collection of facts for cases that are subject to the criminal law) and the action plan for their implementation.
 - c) Compiling of documents with priority needed for implementation in later phases of definition of relations between Distribution Network with Supplier and Transmission System Operator etc., contracts with consumers (**to be send pursuant to deadlines given in the Rule on General Conditions of Energy Supply**)
2. KEK is instructed within a short period of time thirty (30) days from the day of publication of this Report, **to compile policies, procedures and action plan of implementation of the Rule on Dispute Settlement with customer and submit it to ERO for approval.** Policies and procedures with priority shall contain:
 - Standard Methodology of reading that assures an acceptable accuracy of billing which will avoid the number of customer complaints;
 - Establishing a communication mechanism between Distribution network and Supply about consumers complaints related to the problem with service quality.
3. As far as ABC supply regime is concerned, KEK is instructed within twenty (20) **days from the day of publication of this Report to notify ERO about measures taken in implementing of provisions from ERO's Decision, which until now have not been applied and for this to make a respective report.** In case of tenting to implement the criteria of commercial losses in categorization of consumers by ABC supply regime, KEK has to apply again for consent before implementing for eventual modification of prior decision.
4. KEK **immediately** has to take **necessity measures and actions in order that expenses and fines taken by the consumer to register them separately and categories of fines to allocate in Consolidated Budget of Kosovo,** according to the effective law. **The attained incomes from disconnection and reconnection expenses** also must be registered and reported separately from income of sale of electricity.

5. KEK, based on the Rule on Administrative Measures and Fines in a very short period of time not longer than thirty (30) days from the day of publication of this Report, should submit to **ERO the list of their official people who are responsible for implementation of particular provisions of regulatory legislation e.g.**
 - **Responsible for billing and collection of payment from consumers ;**
 - **Responsible to compile offers, contracts, bills, statements and notifications addressed to the consumers;**
 - **Responsible for dealing with complaints of its customers pursuant to disposition of the Rule on Procedure for Dispute Settlement in the Energy Sector**
 - **Responsible for new connection submitted from the users of system or eligible consumers**
 - **Responsible for accurate reading of meters;**
 - **Responsible for Disconnection and Reconnection of customers in the Energy Sector;**
 - **Responsible for unauthorized consumption of energy, theft of electricity and corruption of meter etc.**
6. In case it is not acted according to the Instruction given above, ERO will act pursuant to the respective dispositions of Secondary Legislation and Law on the Energy Regulator.
7. This Report will be sent to KEK; it will be published on the ERO website, daily newspaper and will be considered as a public document which does not contradict principles of the Rule on Confidentiality of Information.
8. ERO plans its next monitoring in November 2006.