KOSOVO ENERGY CORPORATION J.S.C.

TARIFF APPLICATION FOR 2009

ADDRESSED TO ENERGY REGULATORY OFFICE (ERO)

February 2009

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1 Introduction

Based on the Guidelines of Energy Regulatory Office of Republic of Kosovo for Tariff Application approved on 27 April 2006, in compliance with the format contained in Appendix A.1, KEK J.S.C files to the ERO the following Application for approving the reviewed prices for regulated electricity tariffs for 2009.

This Tariff Application is prepared in electronic format and in hardcopy in compliance with the timetable contained in Rule on Prices, leaving room for additional information by the ERO until the appropriate format for regulated tariffs is obtained.
Application is prepared for:

Charges for Produced and imported Electricity,
Charges for Distribution of Electricity and
Supply Charges, and
Retail Tariffs for regulated customers' connected to different voltage levels.

Based on ERO guidelines for Tariff Application, the application contains five sections with reporting tables in Excel MS spread sheet.
Sections:

1. Tariff Strategy,
2. Allowed Revenues,
3. Existing Tariffs Updates,
4. Proposed Amendments, and
5. Consultation

Reporting Tables:

1. Reporting Table 1: Existing Tariffs,
2. Reporting Table 2: Changed Tariffs

In the Appendix of the Application KEK submits the calculation of allowed revenues based on KEK's Tariff Model that includes:

- Energy Balance,
- Cost of Purchase Power,
- Mining Costs,
- Generation Costs,
- Distribution Costs,
- Supply Costs, and
- Headquarters Costs.

We also submit data requested by ERO for its tariff model

Key points of this application include:

- Allowed Revenues in the amount of 163,015,582 Euros are needed. Much of the increase relates to operation, maintenance, and capital expenditures for the mine to ensure the needed coal supply.

- Imported power of 521.5 GWH at a cost of €65.2 million, offset by an estimated subsidy of €42 million is included
- Exports with a value of €6.2 million
- Estimated KOSTT fee of €15 million
- Estimated sales to non eligible customers of 2,741.3 GWH
- Following discussions with the ERO, the initial energy balance was adjusted to reflect that Ferronikeli is expected to operate only one of their two furnaces during 2009. The reduction of approximately 200 GWH was reflected in a 100 GWH reduction in imports (to the 521.5 GWH level) and a 100 GWH adjustment to the initial value of commercial losses, which was unrealistic.
- Commercial Losses, defined by ERO as the difference between (1) energy available to Distribution (after adjustment for technical losses of 17% and internal use) and (2) billed energy is 23 %. This compares to the 2008 actual results of 27%. KEK is striving to reduce commercial losses as demonstrated by the improvement being forecast.
- Allowed Revenues include a Bad Debt expense allowance of 2% of revenue, an amount far below the historical or projected level.
- KEK agrees with the ERO on the following tariff design issues:
    - Individual tariffs should move closer to the costs to serve the respective customers. Given that households are approximately 60% of the load; those tariffs must be increased more than the average percentage increase, considering that they moved further away from the cost to serve them in the last tariff revision.
    - No significant change is expected in tariff structures
    - Time of Use Pricing (high and low periods) will continue
    - The existing block structure for households will continue

2 Tariff Strategy

Proposed tariffs are consistent with requirements of the Law on the Energy Regulatory based on the Tariff Methodology, and in particular the requirements on cost-reflective and non-discrimination as required in that methodology.

According to the tariff Methodology, KEK has provided an explanation on determining the regular existing tariffs and the cost to supply the individual customer categories..

KEK J.S.C. goals are to offer sufficient electricity to regular customers, according to their demands based on cost reflective tariffs. Therefore the strategy of this Tariff Application for 2009 is to take steps to move closer to this goal, especially in relation to the mining operation, maintenance, and capital expenditures.

KEK J.S.C. recognizes that in the near term, there are technical capacity constrains of (1) Generating capacity, (2) Transmission Network System and (3) parts of the Distribution Network. In addition, there are financial constraints on the amount of imported power Kosovo can afford to acquire. These constrains will prevent KEK from providing non stop electricity supply to the customers for the entire year, however KEK will endeavor to operate successfully to minimize the level of load shedding for its regular customers. Proposed Tariffs are based on voltage levels (110, 35, 10(20), and 0.4kV) and in tariff groups. Based on cost analyses, we propose that tariff groups contain separate tariff elements such as:

- Standing Customer Charge,
- Demand Charges (for certain tariff categories),
- Active Energy Charge , and
- Reactive Energy Charge (for certain tariff categories).

The tariffs are also based on change of seasonal costs (Summer and Winter), and also the time of day.

2.1 Retail Supply Tariffs

This tariff application contains the reflective costs principals, meaning that each tariff group must move toward the appropriate costs so that the customers of different groups pay only appropriate costs created by use of electricity service. This was not the case for current tariffs since all customer classes initially were intended to receive the same percentage increase in 2008. It was further exacerbated by the fact that households, already far below the cost to serve them, received a lower percentage increase than all other customers.
KEK proposes to move towards the tariffs that are cost-reflective, but KEK recognizes that an immediate change in these tariffs will result in big increase for some customer groups.

Retail Supply Tariff consists of four components:

- Standing Tariff (€/customer),
- Maximal Demand Tariff (€/kW); - where applicable,
- Active Energy Tariff (€/kWh),
- Reactive Energy Tariff (€/kVArh); – where applicable

KEK as a commercially oriented enterprise is careful in protecting the vulnerable customers. However, knowing that this is a responsibility of the Government of the Republic of Kosovo, KEK is working with the Government to enhance the effectiveness of the Social Cases Subsidy. Our corporation will increase the efficiency by implementing the Rule on General Conditions of Power Supply and the Rule for Disconnection and Reconnection of Customers in order to minimize losses.

2.2 Retail Tariff

The retail tariffs for end-use customers are a combination of Mining/Generation/Import, Transmission Tariff, Distribution Network costs and Supply costs. Each one of these contains elements that reflect appropriate cost.

- Standing Tariff for customers is calculated by using results of cost allocation for each tariff category based on the following relation:

$$\textit{Standing Tariff (€/customer)} = \frac{\textit{Cost of allocated customer to customer groups}}{\textit{Total number of annual bills of customers per group}}$$

- Maximal Demand Tariff is calculated for each category based on following relation:

$$\textit{Maximal demand tariffs (€/kW)} = \frac{\textit{Costs related to maximal demand allocated to customer groups}}{\textit{Total of maximal billing demand charged per group}}$$

Amount of charged maximal demand must be taken during PEAK load for the appropriate voltage level. Metering and billing of maximal demand with demand meter (maxi-graph) is done only on large customers because of high cost. Whilst, demand costs for customers without demand meter are included in energy tariffs (e.g. kWh present the amount of charge (load).

- Active Energy Tariff is calculated for each category based on the following relation:

$$\textit{Active Energy Tariff e (€/kWh)} = \frac{\textit{Costs of energy allocated to customer groups}}{\textit{Total of metered energy per group}}$$

- Reactive Energy Tariff for large customers with appropriate meters is calculated based on the following relation:

$$\textit{Reactive Energy Tariff (€/kVArh)} = \frac{\textit{Cost of reactive energy allocated to customer groups}}{\textit{Total of consumed reactive energy per group}}$$

3 Allowed Revenues

This section provides the results of requested Allowed costs that are incurred by KEK divisions: Mining, Generation, Network and Supply, plus the costs for KEK's headquarters, which are allocated to each of the divisions. Allowed Revenues for non eligible customers that are calculated based on the Tariff Model are in the amount of 163,015,582 Euros.

Calculation of Allowed Revenues for KEK J.S.C Divisions is done based on ERO's Tariff Methodology and KEK's Tariff Model (Model date: 17 February 2009). The amount of revenues that is calculated based on energy and financial data will allow the Public Supplier to recover costs from retail tariffs that are charged to non-eligible (regulated) customers for the supply of electricity supply.
In this amount are included:

- Allowed revenues for public supplier, including electricity from KEK generation and import,
- Transmission Network Tariff (KOSTT) for transmission services for non-eligible customers, and
- Total allowed revenues for Network Division for distribution services to regulated customers.
- Supply Costs for all customers

Requested Allowed Revenues are based on the 2009 test year. Test year 2009 is used because the final tariffs approved by the ERO in this filing are expected to become effective on April 1st 2009. All data in the Tariff Model (Energy Balance, Costs, etc.) are based on a calendar year 2009.

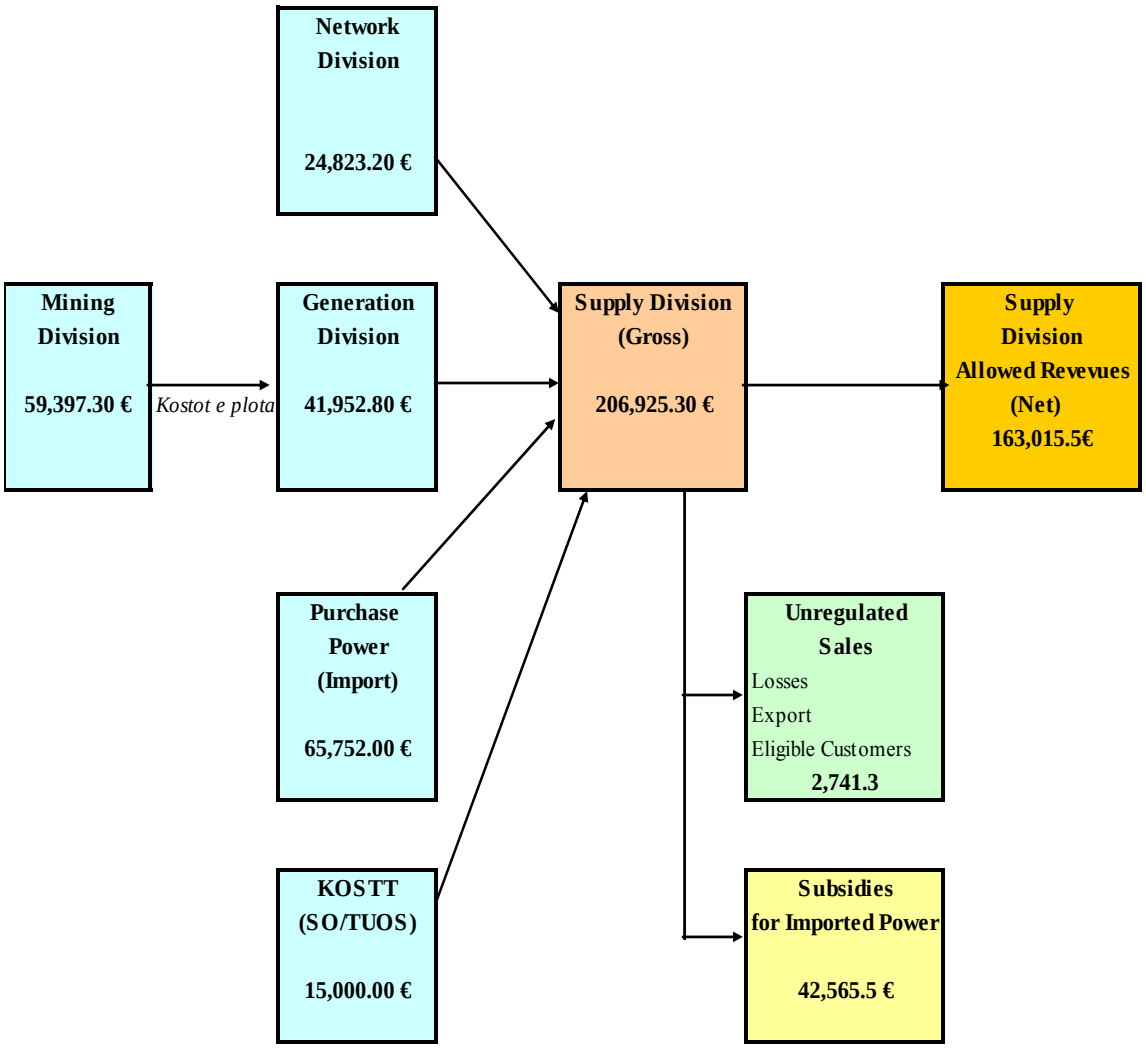
3.1 Retail Supply Allowed Revenues

The following table "Summary of Allowed Revenues -2009" presents total costs for retail sales tariffs which are proposed to be collected through proposed tariffs. This table is a summary of calculations included in the Tariff Model provided with this application.

Summary of Allowed Revenues - 2009

Line No.	**Item Description**	**Mining**	**Generation**	**Network**	**Supply**	**Total KEK**
1	ANNUAL EXPENSES	48,726.0	34,494.2	20,094.0	19,904.5	123,218.7
2	RETURN	6,136.3	4,704.0	1,797.7	41.2	12,679.2
3	Supply Margin (@3% of PP)				2,387.0	2,387.0
4	Imports				23,187.5	23,187.5
5	Purchases at Network Voltage				3,015.0	3,015.0
6	Revenue Credit (Elgible Customers)				-9,420.0	-9,420.0
7	Bad Debt Expense				3,182.6	3,182.6
8	Other Operating Income	-1,290.0				-1,290.0
9	Exports				-6,200.0	-6,200.0
10	Allocated HQ Costs	5,825.0	2,754.5	2,931.5	744.5	12,255.5
11	Total Allowed Revenues	59,397.3	41,952.8	24,823.2	36,842.3	163,015.5

The following diagram presents costs accumulated from each functional area into the total of Allowed Revenues.



Based on ERO's report date 19 Jun 2008, on coordination of revenues for April and May, due to the delay for approving KEK tariffs for last year (1st Jun 2008), ERO allows compensation of revenues for KEK for the two months in the amount of €485,000 to be included in the Allowed Revenues for 2009. This amount is not included in the KEK determined Allowed Revenues but is expected to be included by ERO in the final tariffs

Disconnection of non paying customers has given positive results. This action is also supported by ERO, MEM and the Police. Whilst, more cooperation from Prosecution is required more involvement in addressing the dispute cases between KEK and customers. Disconnections are the most important tool to enforce collection discipline.

KEK welcomes the recommendations of Ministry of Labor and Social Welfare on the Implementation of the Memorandum for Social Issues within the Energy Community Treaty.

Until KEK improves the collection rate up to a reasonable level, KEK would like to be treated in more commercially oriented matter and to reduce the burden on the KCB by including "Costs of Bad Debts", in Allowed Revenues. Every Commercial Company that grants credit to its customers is faced with expenses due to bad debt. This happens also to the companies with high commercial efficiency. For that reason, KEK has included a Bad Debt expense allowance of 2% of revenue, an amount far below the historical or projected level.

KEK Supplier calculates the allowed revenues based on Tariff Methodology. That is the maximal amount allowed for public supplier to cover costs from non eligible customers. This consists off:

- Costs allowed for power purchase, from both KEK Generation and also imported power (net of any expected subsidy).
- An amount equal to 3% of allowed supply costs for power purchase; as described in the Tariff Methodology, and
- Allowed retail costs for supplying regulated customers (equal to retail allowed costs multiplied by the number of regulated customers).

4 Existing Tariffs Updates

Existing regulated tariffs are provided in the Reporting Table No. 1,whilst the proposed Tariffs are updated in compliance with proposed allowed revenues for 2009 that are reflected in Reporting Table No. 2, not changing the structure of existing tariffs.
KEK has developed its tariff model and has done a Cost of Service Study to classify and to allocate the Allowed revenues to each customer group. Allowed Revenues are then allocated to each customer group to determine their fair share of the total amount.

4.1 Cost (of Service) Allocation Study

During the cost of service study we've used different allocation factors to allocate each of the cost elements for customer tariff group. The principal of cost causer[1] is the typical approach used to select the appropriate allocation for each of cost elements.

[1] Cost causation is usually the central principle for all cost allocation. This principle means that a cost is allocated on the basis of the factors that cause the cost to be incurred. For example, a distribution company has to invest in building distribution capacity to meet customer peak demand. The investments in capacity correspond to the peak demand and, therefore causes the investment expenditures to be incurred. If follows that the investment expenditures would be allocated on the basis of some measure of peak responsibility of different customer groups or service categories. (National Regulatory Research Institute)

Factors Used to Allocate Allowed Revenues to Tariff Classes

Allocation Factor	Name	Description	Costs Allocated
1	Grossed-up Energy (kWh) at High Voltage	The ratio, in percent, of the total annual energy sales for each tariff group to the total annual energy sales for the system.	Variable costs of generation and other variable supply costs.
2	Grossed-up Energy (kWh) at Medium Voltage	The ratio, in percent, of the total annual energy sales for each tariff group to the total annual energy sales for the system.	Variable costs of generation and other variable supply costs.
3	Coincident Share at High Voltage	The ratio, in percent, of the demand of each tariff group at the time of the system peak to the maximum system peak demand.	Fixed costs included in generation of electricity.
4	Coincident Share at Medium Voltage	The ratio, in percent, of the demand of each tariff group at the time of the medium voltage peak to the maximum medium voltage peak demand.	Fixed costs included in generation of electricity.
5	Customers	The ratio, in percent, of the average total number of customers for each tariff group to the sum of the average number of customers for all customer tariff groups.	Part of the customer-related cost.
6	Weighted Customers	The ration, in percent, of the weighted total number of customers for each tariff group to the sum of the weighted number of customers for all customer tariff groups. This provides the relative cost between tariff groups for some of the customer-related costs.	Part of the customer-related cost, such as metering and billing.

4.2 Tariff Process

In developing the proposed tariffs, this diagram shows the process that KEK recommends to be followed in the future. The process is in conformance with the Laws and the ERO Tariff Methodology and Guidelines.
The results from this process would be to separate (unbundle) the tariffs to reflect the power generation and import costs and the network (transmission and distribution) costs.
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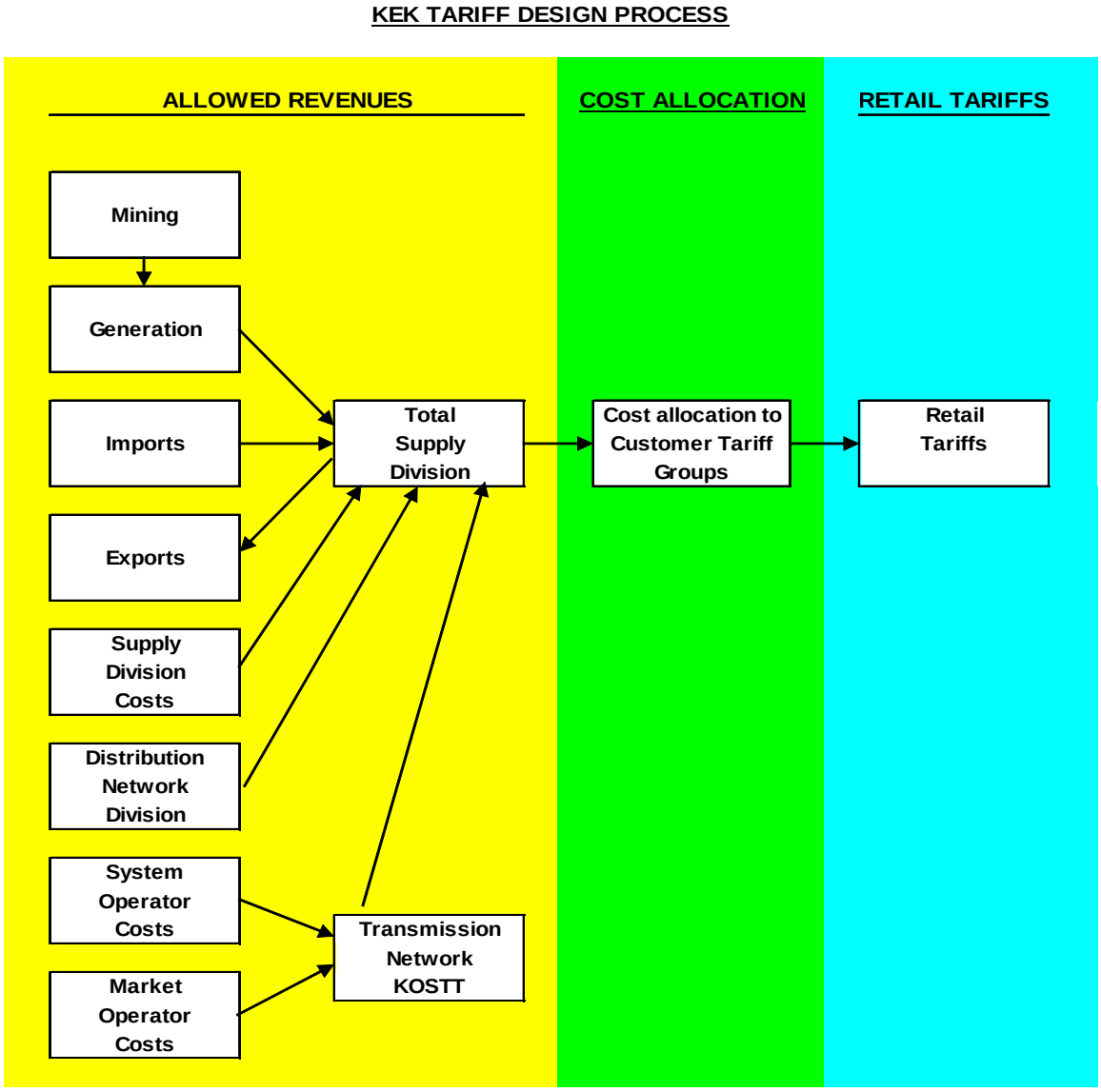

Note: Mining, Generation, Network, and Supply division costs include an allocation of headquarter (corporate support) costs.

4.3 Billing Determinants

Billing determinants are the tariff elements that are measured and for which the prices are applied to calculate customer bills. The billing determinants include:

- Customer standing charge,
- Demand charges (kW) where applicable,
- Active Energy Charge (kWh), and
- Reactive Energy Charge (kVArh), where applicable.

The Tariff Model estimates the billing determinants for each of the customer classes based on the 2008 billing data applied to the 2009 energy balance. The 2008 data is used to calculate the percentage of energy billed in each block and then applying these percentages to the total billed energy for each customer classes in 2009. KEK has collected the actual billing determinants for 2008 for each customer group and has applied the 2009 Energy Balance results to estimate the billing determinants for 2009.

Summary of KEK billing determinants for 2008

Tariff Group	Billing Determinants: Description of Measured Unit	Billing Determinants: Monthly Billing Unit	2009 Billing Determinants
0 HV Industrial	Customer Bills	€	24
	KW	€/kW	157,477
	Summer kWh		
	Peak	€/kWh	26,111,949
	Off-Peak	€/kWh	21,306,957
	Winter kWh		
	Peak	€/kWh	21,133,783
	Off-Peak	€/kWh	20,547,311
	Varhr	€/kVARh	
1 (35 kV)	Customer Bills	€	250
	KW	€/kW	95,000
	Summer kWh		
	Peak	€/kWh	10,308,741
	Off-Peak	€/kWh	6,863,907
	Winter kWh		
	Peak	€/kWh	14,819,125
	Off-Peak	€/kWh	10,008,227
	Varhr		33,000,000
2 (10 kV)	Customer Bills	€	2,820
	KW	€/kW	576,751
	Summer kWh		
	Peak	€/kWh	50,016,353
	Off-Peak	€/kWh	35,253,572
	Winter kWh		
	Peak	€/kWh	59,576,229
	Off-Peak	€/kWh	41,153,845
	Varhr		58,797,925
3 Category I (0.4 kV)	Multi-Tariff		
	Customer Bill	€	11,700
	KW	€/kW	679,409
	Summer kWh		
	Peak	€/kWh	45,725,509
	Off-Peak	€/kWh	30,086,646
	Winter kWh		
	Peak	€/kWh	49,697,651
	Off-Peak	€/kWh	33,280,936
	Varhr	€/kVARh	37,291,576
4 Catergory I 1 Tariff	Single Tariff		
	Customer Bill	€	258,000
	Summer kWh	€/kWh	29,003,285
	Winter kWh	€/kWh	37,484,950
4 Category I (0.4 kV) 2 Tariff	Customer Bills		432,000
	KW	€/kW	
	Summer kWh		
	Peak	€/kWh	67,781,527
	Off-Peak	€/kWh	54,347,582
	Winter kWh		
	Peak	€/kWh	81,984,196
	Off-Peak	€/kWh	58,679,795

Tariff Group	Billing Determinants: Description of Measured Unit	Billing Determinants: Monthly Billing Unit	2009 Billing Determinants
5 Domestic 2-rate mtr.	Customer Bill	€	3,300,000
	< 200 kWh		
	Summer kWh		
	Peak	€/kWh	134,412,804
	Off-Peak	€/kWh	137,537,114
	Winter kWh		
	Peak	€/kWh	135,276,492
	Off-Peak	€/kWh	136,721,437
	200-600 kWh		
	Summer kWh		
	Peak	€/kWh	138,251,783
	Off-Peak	€/kWh	162,167,604
	Winter kWh		
	Peak	€/kWh	158,329,968
	Off-Peak	€/kWh	186,251,337
	> 600 kWh		
	Summer kWh		
	Peak	€/kWh	83,647,529
	Off-Peak	€/kWh	90,447,017
	Winter kWh		
	Peak	€/kWh	135,341,347
	Off-Peak	€/kWh	168,390,696
6 Domestic 1 rate mtr.	Customer Bill	€	640,000
	< 200 kWh		
	Summer kWh	€/kWh	39,842,902
	Winter kWh	€/kWh	39,752,180
	200-600 kWh		
	Summer kWh	€/kWh	28,167,015
	Winter kWh	€/kWh	30,486,874
	> 600 kWh		
	Summer kWh	€/kWh	12,120,215
	Winter kWh	€/kWh	15,302,191
7 Domestic Un-metered	Customer Bill	€	50,000
	< 400 kWh		
	Summer kWh	€/kWh	12,917,271
	Winter kWh	€/kWh	13,146,239
	Customer Bill		70,000
	400-800 kWh		
	Summer kWh	€/kWh	30,932,642
	Winter kWh	€/kWh	30,939,619
	Customer Bill		4,500
	> 800 kWh		
	Summer kWh	€/kWh	3,357,851
	Winter kWh	€/kWh	3,459,873
8 Public Ltg	**Customer Bills**	€	6,120
	Summer kWh	€/kWh	4,647,102
	Winter kWh	€/kWh	4,280,820

4.4 Proposed Tariffs

The new tariffs can be determined in several different ways. The Tariff Model calculates the tariffs based on its allocation of costs.

Traditionally, the overall increase in tariffs is determined by firstly determining the increase in overall revenue requirements. The following table provides this information. The revenues in the table were calculated from the billing determinants contained in the Tariff Model; the Allowed Revenues were calculated in the Tariff Model.

A. Non-Eligiable customers

Tariff Group	2009 Calculated Revenues		
	Existing Tariffs	Proposed Tariffs	% Change
0	€ 3,554,795	€ 3,839,179	8.00%
1	€ 2,557,508	€ 2,762,109	8.00%
2	€ 11,992,692	€ 12,952,108	8.00%
3	€ 11,417,104	€ 12,330,472	8.00%
4	€ 28,875,995	€ 31,186,074	8.00%
5	€ 76,449,252	€ 84,851,025	10.99%
6	€ 8,813,537	€ 9,833,263	11.57%
7	€ 3,998,000	€ 4,453,372	11.39%
8	€ 750,322	€ 810,348	8.00%
Total	€ 148,409,205	€ 163,017,950	9.84%

B. Eligible Customers

Eligible Customers	€ 9,411,000	€ 9,411,000	0.00%

C. Total Annual Revenues

Total Revenues	€ 157,820,205	€ 172,428,950	9.26%

Revenues for 2009 are determined using existing and proposed tariffs to show the difference.

The Tariff Model tariffs for 2009 are shown in Reporting Table 2a. The table also shows the % increase that would result for each of the blocks within each tariff category.1 Table 2b shows the KEK recommended tariffs for each tariff category. KEK makes these proposals, which differ from the model results, because of the following:

1. KEK believes that none of the tariffs within each of the tariff categories should be decreased as the model results show. (see #3 for justification for this statement)
2. KEK proposes that the tariffs for domestic customers not be increased to the full cost of service levels at once because such a move would cause rate shock for those customers, however, they should move closer to the cost of service.
3. The data inputs for the ERO model contain many assumptions that need to be examined by the ERO and KEK prior to the next tariff filing. For example, the model produces prices for Category 0 (110 KV) customers during the summer low period that are lower than the cost that KEK can produce electricity for.

4.5 Miscellaneous

On December 1, 2008, the ERO Chairman issued a letter[2] concerning the tariff filing. In the letter, Dr. Hamiti stated: "There shall be a gradual movement in cost-reflective tariffs. The reviewed tariffs should continue towards the cost-reflective tariffs including the re-balancing of the relative industrial, commercial and residential, while at the same time ensuring payment affordability concerns are addressed".
The KEK filing here moves towards more cost-reflective tariffs

5 Proposed Amendments

Kosovo Energy Corporation (KEK J.S.C.) has Proposed amendments in the Electricity Tariff Structure only for Tariff Group 7; 0.4kV (un-metered household). Seasonal tariffs are not addressed here because KEK believes that retail tariffs are set in place for each season since the cost difference between Summer and Winter periods are such.
It is anticipated that proposed tariffs together with updated prices, will become effective on April 1st 2009.

[2] See letter from Ali Hamiti with subject "Third Electricity Tariff Review (ETR3) – Principle and Timetable"

5.1 Tariff Group Modification Descriptions

Tariff Group 0 (110 kV)
No change is proposed in the tariff structure.

Tariff Group 1 (35 kV)
No change is proposed in the tariff structure.

Tariff Group 2 (10 kV)
No change is proposed in the tariff structure.

Tariff Group 3 (Category I – 0.4 kV)
No change is proposed in the tariff structure.

Tariff Group 4 (Category II – 0.4 kV)
No change is proposed in the tariff structure.

Tariff Group 5 (Household II- rate meter)
No change is proposed in the tariff structure.

Tariff Group 6 (Household I- rate meter)
No change is proposed in the tariff structure.

Tariff Group 7 (un-metered)

Proposal in the tariff structure: Limit the time for using this group by customers; e.g. 90 days.
(in order to gradually decries the number of customers in this group we must propose high costs based on the analyses of collection rates of this group.KEK agrees with ERO that existing customers need to be moved out of this tariff category to a metered category. KEK would like to retain this tariff; however, to have a mechanism to bill customers until a KEK meter can be installed.

Tariff Group 8 (Public Lighting)
No change is proposed in the tariff structure.

6 Consultations

Data Gathering, elaboration and completion of this Tariff Application was finalized following deep analyses of energy balance requirements; cost structure, structure of capital assets and financial statements.
In the following is provided the itinerary of activities during these consultations between both parties (KEK and ERO. Please refer to the table that summarizes these activities:

Date	Description of Activities
4 September 2008	Meeting ERO – KEK; Discussion pre-preparation for Tariff Filing (3rd TR); Subjects: Tariff Model, Depreciation, Tariff Unbundling, Test Period, Application Deadlines.
2 December 2008	ERO notifies KEK about Tariff application: - Review of Electricity Tariffs (3rd TR); Principals and Timetable, - Instructions on the Revenues and Tariff Model (RTM)
3 December 2008	KEK requests a meeting with ERO regarding 3rdTR – Principals and Timetable. ERO schedules the meeting on 04.12.2008
4 December 2008	Meeting in ERO offices regarding 3rd TR – Principals and Timetable.
5 December 2008	KEK sends Comments regarding 3rd TR in ERO.
10 December 2008	ERO sends to KKE the templates for Tariff Application
19 December 2008	ERO sends to KEK responses towards KEK comments regarding 3rd TR and ERO's RTM
22 December 2008	KEK sends to the ERO the request for postponing the deadline for Preliminary Tariffa Application for 2009
31 December 2008	KEK sends to ERO the Preliminary Application for 3rd TR with fulfilled Templates and KEK's Base Capital Assets for 2009
5 January 2009	ERO request clarifications from KEK regarding financial and energy data inputs of the Templates for Preliminary Application date 31.12.2008
8 January 2009	KEK sends the responses to the ERO regarding questions of 5 January 2009.
13 January 2009	KEK sends to the ERO additional clarification regarding the Subsidies for Import of Electricity fro 2009.
19 January 2009	KEK requests a E-meeting with ERO for consultation regarding some issues for 3rd TR.
20 January 2009	ERO sends to KEK comments regarding Preliminary Application for allowed revenues and Tariffs of KEK j.s.c.
22 January 2009	ERO rejects KEK's request for consultation meeting regarding the issues on 3rd TR
26 January 2009	KEK sends to the ERO responses regarding the Preliminary Application for allowed revenues and tariffs of KEK j.s.c date 20.01.2009
11 February 2009	KEK requested Consultation meeting with ERO regarding Tariff issues of 3rd TR.
11 February 2009	ERO Accepts KEK's request for meeting and schedules it for 12.02.2009
12 February 2009	Meeting between KEK – ERO representatives in the ERO premises
18 February 2009	KEK Files to ERO the Tariff Application for 2009

7 Table No. 1, Existing Tariffs

Tariff Group	Supply voltage level	Tariff elements	Unit	Time of day (a)	High season €c/unit	Low season €c/unit
0	110 kV	Costumer standing tariff	€/customer./year		981	
		Demand	€c/kW		545	545
		Active Energy (P), from which:	€c/kWh	High Tariff	6.33	1.87
			€c/kWh	Low Tariff	2.63	1.54
		Reactive Energy (Q), b)	€c/kVah		0	0
1	35 kV	Customer standing tariff	E/customers./year		130	
		Standing demand charge	€c/kW		567	567
		Active energy (P), from which:	€c/kWh	High Tariff	6.62	2.87
			€c/kWh	Low Tariff	3.5	2.59
		Reactive Energy (Q), b)	€c/kVah		0.64	0.64
2	10 kV	Customer standing tariff	€/customer./year		54	
		Standing demand charge	€c/kW		489	489
		Active energy (P), from which:	€c/kWh	High Tariff	7.42	3.31
			€c/kWh	Low Tariff	4	3.01
		Reactive Energy (Q), b)	€c/kVah		0.64	0.64
3	0.4kV Category I (customers with consumption of reactive energy)	Customer standing tariff	€/customer./year		30	
		Standing demand charge	€c/kW		284	284
		Active energy (P), from which:	€c/kWh	High Tariff	8.24	4.58
			€c/kWh	Low Tariff	5.2	4.32
		Reactive Energy (Q), b)	€c/kVah		0.64	0.64
4	0.4kV Category II	Customer standing tariff	€/customer./year		34	
		Standing demand charge	€c/kW	Single Tariff	10.16	6.57
		Active energy (P), from which:	€c/kWh	High Tariff	12.22	8.01
			€c/kWh	Low Tariff	6.11	4
5	Tariff (2-rate)	Customer standing tariff	€/customer./year		24	
		Active energy (P), from which:				
		<200kWh/month (first block) from which:	€c/kWh	High Tariff	4.53	3.25
			€c/kWh	Low Tariff	2.27	1.62
		200-600kWh/month (second block) from which	€c/kWh	High Tariff	6.27	4.49
			€c/kWh	Low Tariff	3.14	2.25
		>600kWh/muaj (third block) from which	€c/kWh	High Tariff	9.1	6.52
			€c/kWh	Low Tariff	4.55	3.27
6	Household b)	Customer standing tariff	€/customer./year		24	
		Active energy (P), from which:				
		<200kWh/month (first block) from which	€c/kWh	Single Tariff	4.04	2.89
		200-600kWh/month (second block) from which	€c/kWh	Single Tariff	5.59	4
		>600kWh/muaj (third block) from which	€c/kWh	Single Tariff	8.11	5.81
7	0.4kV (un-metered household	Customer standing tariff	€/customer./year		21	
		Active energy (P), from which:	€/customer./year		38	
		<200kWh/month (first block) from which	€/customer./year		64.00	
8	Public lighting	200-600kWh/month (second block) from which	€/customer./year		34.00	
		>600kWh/muaj (third block) from which	€c/kWh	Single Tariff	8.21	8.21

a) High tariff is applied from 07;00 - 22;00 h during the high season and from 08;00-23;00 h during low season

b) Customer is charged with reactive energy consumed above the allowed $\Phi = 0.95$

8 Table No. 2, Proposed Tariffs Compared to Existing Tariffs

Tariff	Billing Determinants		Tariffs		
Group	Description of Measured Unit	Monthly Billing Unit	Existing	Proposed	% Change
0	Customer Bills	€	€ 81.75	€ 88.29	8.00%
110 kV	KW	€/kW	€ 5.45	€ 5.89	8.00%
Industrial	*Summer kWh*				
	Peak	€/kWh	€ 0.0187	€ 0.0202	8.00%
	Off-Peak	€/kWh	€ 0.0154	€ 0.0166	8.00%
	Winter kWh				
	Peak	€/kWh	€ 0.0633	€ 0.0684	8.00%
	Off-Peak	€/kWh	€ 0.0263	€ 0.0284	8.00%
	Varhr	€/kVARh			
1	Customer Bills	€	€ 10.83	€ 11.70	8.00%
(35 kV)	KW	€/kW	€ 5.67	€ 6.12	8.00%
	Summer kWh				
	Peak	€/kWh	€ 0.03	€ 0.0310	8.00%
	Off-Peak	€/kWh	€ 0.03	€ 0.0280	8.00%
	Winter kWh				
	Peak	€/kWh	€ 0.07	€ 0.0715	8.00%
	Off-Peak	€/kWh	€ 0.04	€ 0.0378	8.00%
	Varhr		€ 0.01	€ 0.0069	8.00%
2	Customer Bills	€	€ 4.50	€ 4.86	8.00%
(10 kV)	KW	€/kW	€ 4.89	€ 5.28	8.00%
	Summer kWh				
	Peak	€/kWh	€ 0.0331	€ 0.0357	8.00%
	Off-Peak	€/kWh	€ 0.0301	€ 0.0325	8.00%
	Winter kWh				
	Peak	€/kWh	€ 0.0742	€ 0.0801	8.00%
	Off-Peak	€/kWh	€ 0.0400	€ 0.0432	8.00%
	Varhr		€ 0.0064	€ 0.0069	8.00%
3	**Customer Bill**	€	€ 2.50	€ 2.70	8.00%
Category I	KW	€/kW	€ 2.84	€ 3.07	8.00%
(0.4 kV)	*Summer kWh*				
	Peak	€/kWh	€ 0.0458	€ 0.0495	8.00%
	Off-Peak	€/kWh	€ 0.0432	€ 0.0467	8.00%
	Winter kWh				
	Peak	€/kWh	€ 0.0824	€ 0.0890	8.00%
	Off-Peak	€/kWh	€ 0.0520	€ 0.0562	8.00%
	Varhr		€ 0.0064	€ 0.0069	8.00%
4	Customer Bill	€	€ 2.83	€ 3.06	8.00%
Category II	*Single Tariff*				
(0.4 kV)	Summer kWh	€/kWh	€ 0.0657	€ 0.0710	8.00%
	Winter kWh	€/kWh	€ 0.1016	€ 0.1097	8.00%
	Multi-tariff				
	Customer Bills		€ 2.83	€ 3.06	8.00%
	Summer kWh				
	Peak	€/kWh	€ 0.0801	€ 0.0865	8.00%
	Off-Peak	€/kWh	€ 0.0400	€ 0.0432	8.00%
	Winter kWh				
	Peak	€/kWh	€ 0.1222	€ 0.1320	8.00%
	Off-Peak	€/kWh	€ 0.0611	€ 0.0660	8.00%

Tariff	Billing Determinants		Tariffs		
Group	Description of Measured Unit	Monthly Billing Unit	Existing	Proposed	% Change
5	Customer Bill	€	€ 2.00	€ 2.22	10.99%
Domestic	< 200 kWh				
2-rate mtr.	*Summer kWh*				
	Peak	€/kWh	€ 0.0325	€ 0.04	10.99%
	Off-Peak	€/kWh	€ 0.0162	€ 0.02	10.99%
	Winter kWh				
	Peak	€/kWh	€ 0.0453	€ 0.05	10.99%
	Off-Peak	€/kWh	€ 0.0227	€ 0.03	10.99%
	200-600 kWh				
	Summer kWh				
	Peak	€/kWh	€ 0.0449	€ 0.05	10.99%
	Off-Peak	€/kWh	€ 0.0225	€ 0.02	10.99%
	Winter kWh				
	Peak	€/kWh	€ 0.0627	€ 0.07	10.99%
	Off-Peak	€/kWh	€ 0.0314	€ 0.03	10.99%
	> 600 kWh				
	Summer kWh				
	Peak	€/kWh	€ 0.0652	€ 0.07	10.99%
	Off-Peak	€/kWh	€ 0.0327	€ 0.04	10.99%
	Winter kWh				
	Peak	€/kWh	€ 0.0910	€ 0.10	10.99%
	Off-Peak	€/kWh	€ 0.0455	€ 0.05	10.99%
6	**Customer Bill**	€	€ 2.00	€ 2.23	11.57%
Domestic	< 200 kWh				
1 rate mtr.	Summer kWh	€/kWh	€ 0.0289	€ 0.0322	11.57%
	Winter kWh	€/kWh	€ 0.0404	€ 0.0451	11.57%
	200-600 kWh				
	Summer kWh	€/kWh	€ 0.0400	€ 0.0446	11.57%
	Winter kWh	€/kWh	€ 0.0559	€ 0.0624	11.57%
	> 600 kWh				
	Summer kWh	€/kWh	€ 0.0581	€ 0.0648	11.57%
	Winter kWh	€/kWh	€ 0.0811	€ 0.0905	11.57%
7	Customer Bill	€	€ 21.00	€ 23.39	11.39%
Domestic	< 400 kWh				
Un-metered	Customer Bill	€	€ 38.00	€ 42.33	11.39%
	400-800 kWh				
	Customer Bill	€	€ 64.00	€ 71.29	11.39%
	> 800 kWh				
8	**Customer Bills**	€	€ 2.83	€ 3.06	8.00%
Public Ltg	Summer kWh	€/kWh	€ 0.08	€ 0.0887	8.00%
	Winter kWh	€/kWh	€ 0.08	€ 0.0887	8.00%