



20 September 2006

MINUTES OF THE BOARD MEETING

Present:

Nick Frydas **N.F.** *Chairman of the Board*

Merita Kostari **M.K.** *Member of the Board*

Theranda Beqiri **Th.B.** *Member of the Board*

Naim Bejtullahu **N.B.** *Member of the Board*

Nysret Avdiu **N.A.** *Member of the Board*

1. CPD issues

Head of CPD Mr. Azem Kastrati was invited to present to the Board, two Complaints that have been submitted to his department. He reported that he has sent to the Board his recommendations for the complaints of customers “Mulliri Birilik” Prizren and of Skyfter Elshani – Separation Co “Egzoni”.

A. Kastrati reported that CPD has prepared these recommendations in compliance with the Rule on Dispute Settlement Procedures according to which the Board of ERO has to issue the decisions on these customers, within **30 calendar days** from the day of received recommendation from CPD. After the presentation of the facts and recommendations by the Costumer Protection Department, the Board of ERO unanimously decided to reject the two complaints. It was decided also that Mr. Kastrati has to prepare the decisions on these two complaints.

2. Letter to KEK/letter to JTF.

The Letter was sent and comments have been received

3. Decision on Allowed Revenue/WACC/Methodology modifications/Interest Rate T.B.

The Board discussed the proposal by NERA (Consultants) on applicable weighted average cost of capital. After discussions the Board decided to apply in its first Price Review a uniform WACC of 10.8% and inform KEK/KOSTT accordingly. Regarding KEK's request on applicable interest rate for delayed payments, Board decided to postpone discussion till next meeting.

4. Update on ERO Budget/ERO Account/preparations for internal financing (PJ). *Postponed for the next Board Meeting.*

5. Future Dates for adoption of remaining secondary Legislation (MK). *Postponed for next Board Meeting*

6. AOB

ERO Board discussed on the last developments for negotiations on ERO budget. After the meeting with Assembly Commission of Budget and Finance has been unsuccessful, Board



decided to continue with other meetings. It was decided to organise a meeting with the Deputy Prime Minister and to try and convince the government with the importance of ERO budget after the difficulties with staff leaving ERO, because of the bed stimulation from their salaries that they are getting from KCB.