


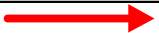


Some Tariff Issues

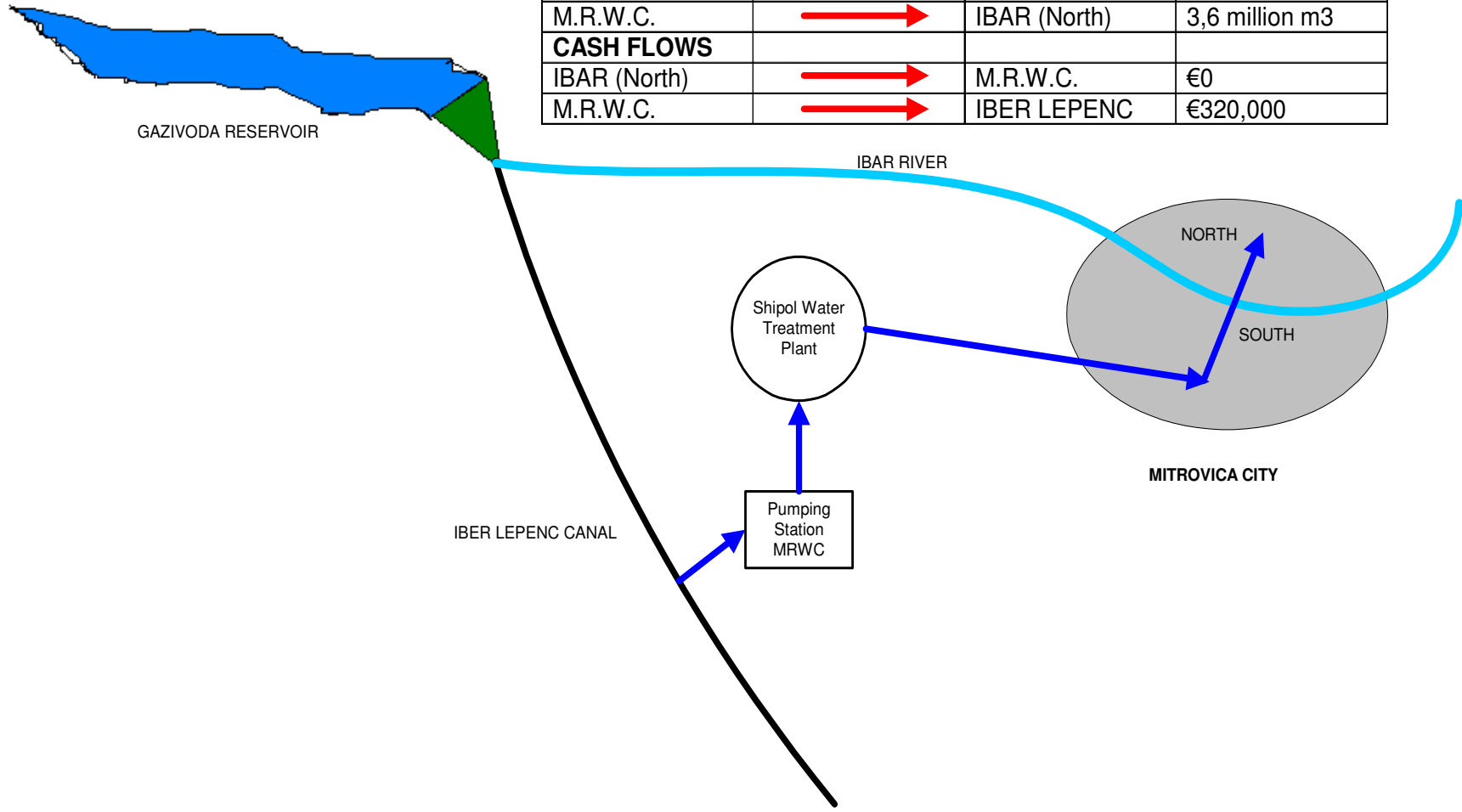
Requiring a Solution in 2007

Mitrovica (1)

- Mitrovica Regional Water Company
 - Takes water from gravity supplied canal a few kilometres downstream of the dam.
 - No pumping by IL, no regular operation costs.
 - Price 0.02€/m³ = €320,000/year
 - Current cost represents 30% of annual revenue and 25% of the cost base for MRWC.

Mitrovica (2)

WATER FLOWS			
IBER LEPENC		M.R.W.C.	16 million m3
M.R.W.C.		IBAR (North)	3,6 million m3
CASH FLOWS			
IBAR (North)		M.R.W.C.	€0
M.R.W.C.		IBER LEPENC	€320,000



Mitrovica (3)

- Mitrovica Regional Water Company
 - Compare Gjakova (HSR to R-D) – similar circumstances and system
 - Gjakova 25 mil.m³ @ 0.00128€/m³ = €32K/annum
 - Mitrovica 16mil.m³ @ 0.02€/m³ = €320K/annum
 - 16 times the cost for the same service!!

- Opex cost base of IL needs careful assessment
 - Extensive system
 - Therefore cost of entire system spread over very few customers

Mitrovica (4)

- North Mitrovica
 - 310,000 m³/month to north, 22% of production
 - No tariff established for transfer of bulk-treated water from south to north
 - Therefore no invoice = no possibility of revenue
 - Commercial and political issue: MRWC need to be seen to address this situation

Prizren

- Hidroregjioni Jugor
 - Careful analysis of tariff required
 - Subsidy requirement increased in 2006/7 (100 - 190K per annum)
 - Failed to get KfW funding since criteria to cover opex not met
 - Basic operational costs not covered by tariff even at collection rate >60% - not as bad as some companies
 - High KEK costs
 - KfW insisting on minimum maintenance costs of €10/customer/year to be included

Electricity Costs

■ KEK

- Increased KEK tariff will directly affect water charges
- KTA estimate 4% - 8% increase in opex costs depending on extent of pumping
- These will need to be passed on by water companies

KOSOVO TRUST AGENCY
Agjencia Kosovare e Mirëbesimit ♦ Kosovska Agencija Poverenja

The End

Thank you