



KORPORATA ENERGJETIKE E KOSOVES sh.a.
KOSOVO ENERGY CORPORATION J.S.C.
ENERGETSKA KORPORACIJA KOSOVA D.D.

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PRISHTINE A

Date: 23rd May 2007

To: Dr. Ali Hamiti, Chairman of the ERO Board

From: Mrs. Pranvera Dobruna Kryeziu, KEK J.S.C. MD
Mother Therese street no. 36
Prishtina

Subject: Concurrence on Tariff Issues

Dear Mr. Ali,

Based on the KEK's request submitted on 10th May 2007, ERO has accepted the revised level of Allowed Revenues and has allocated in the manner to customer classes in accordance with the tariff methodology.

In its Supplemental Tariff Application, KEK proposed alternative ways to design the individual tariffs to recover the allowed revenue from each class of customer from what ERO proposed.

For industrial and large commercial customers, KEK requested that a higher proportion of costs be recovered in the form of demand charges (as opposed to energy charges) to reflect its high level of fixed costs. ERO didn't consider the justification as sufficient for KEK's alternative tariff design for 110kV, 35kV, and 10kV customers upon the discussions held in several occasions. A partial adjustment was made for large commercial customers, however.

In the interest of resolving the overall tariff matter and recognizing that there will be a reconciliation of actual revenue recovered verses Allowed Revenue if forecasting data will show significant changes, however, KEK is not objecting to ERO's tariff design that is presented on 22nd May 2007

Best regards,

Pranvera Dobruna - Kryeziu
Managing Director, KEK J.S.C

