

Pristina 30/10/2006
ERO Code: D_19_2006

Taking into Account:

1. The provisions of Law no 2004/9 “On Energy Regulator”,
2. The Article 25.1 of the Rule on General Conditions of Energy Supply.

Bord of the Energy Regulatory Office on the session held on 30 October 2006 adopted the following:

DECISION

For approval of interest rate of daily rate 0.04% (14.65% annual rate)

Part I

1. Article 25.1 of the Rule on General Condition of Energy Supply envisaged that the Energy Regulatory Office can set an interest rate for late payments based on applications by suppliers .
2. KEK J.S.C in name of Supply Divisions has submitted the application to Energy Regulatory Office (“ERO”) of the interest rate for late payments and has taken some examples from Tax Administrations and Banks in Kosovo.
Please include here date of KEK’s request (05-01-03-125) On September 2006 KEK J.S.C requested approval of interest rate of 18.25 % per year with 0.05% interest rate per day.
3. ERO has considered the applications of KEK J.S.C and has reviewed, and calculated the interest rate based on KEK J.S.C. data on the 0.03 % interest rate per day which gives an interest rate of 10.95 % per year and 0.04 % interest rate per day which gives an interest rate of 14.65% per year.
4. Based on calculation and recommendation included as attachment to this Decision, the Board of ERO issued this decision to approve the interest rate of 0.04 % which allows annual rate of 14.65% .
5. This decision shall be published by KEK J.S.C in at least one local daily newspaper of wide circulation in Kosovo within 5 working days after ERO’s announcement and publication of the decision on the official ERO web – site.
6. **This Decision is issued in Albanian, Serbian and English language. In case of dispute between the different languages the English version shall prevail.**



7. Against this Decision the unsatisfied party may submit its complaint in the Court of relevant jurisdiction within 14 days upon its adoption or the day of publishment on official web site of ERO.
8. **This Decision becomes effective on the date 30. October 2006.**

On behalf of the Board of ERO

Dr. Nick F Frydas
Chairman of the Board of ERO

PART II

I. Proposal of KEK

Table 1. Proposal given by KEK

KEK Proposal						
This table is as is represented by KEK :						
Month	Debit	Credit	Balanc	Cum Balanc	interest amount	
Jul	45.00	€ 25	€ 20.00	€ 20.00	\$0.06	
Aug	38.00	€ 25	€ 13.00	€ 33.00	\$0.10	
Sep	36.00	€ 25	€ 11.00	€ 44.00	\$0.13	
Oct	32.00	€ 25	€ 7.00	€ 51.00	\$0.15	
Nov	30.00	€ 25	€ 5.00	€ 56.00	\$0.16	
Dec	25.00	€ 25	€ 0.00	€ 56.00	\$0.16	
Jan	26.00	€ 25	€ 1.00	€ 57.00	\$0.17	
Feb	29.00	€ 25	€ 4.00	€ 61.00	\$0.18	
Mar	35.00	€ 25	€ 10.00	€ 71.00	\$0.21	
Apr	38.00	€ 25	€ 13.00	€ 84.00	\$0.24	
May	40.00	€ 25	€ 15.00	€ 99.00	\$0.29	
Jun	45.00	€ 25	€ 20.00	€ 119.00	\$1.83	yearly
	419.00	€ 300	€ 119.00			
KEK PROPOSAL 0.05% per day						
Jul	45.00	€ 25	€ 20.00	€ 20.00	\$0.31	
Aug	38.00	€ 25	€ 13.00	€ 33.00	\$0.51	
18-Sep	39.00	€ 25	€ 14.00	€ 47.00	\$0.42	
	122	€ 75	€ 47.00		\$1.23	

II. ERO Calculations

II.1. Calculation with the percentage of 0.3%

In the ERO table 2 it is calculated interest rate day per day with 0,03%, in line with the KEK calculations where they have estimated six days in month.

Below in table 2 the interest rate is calculated per day also with 0,03%, for months.

With this calculation of the Interest rate per day with 0,03% calculated for twelve months gives the amount of interest rate 10,95 % per year .

Table 2.

ERO TABLES

This table is developed by ERO with 0.03 %

Month	Debit	Credit	Balance	Cum Balance	interest amount
Jul	45.00	€ 25	€ 20.00	€ 20.00	\$0.04
Aug	38.00	€ 25	€ 13.00	€ 33.00	\$0.06
Sep	36.00	€ 25	€ 11.00	€ 44.00	\$0.08
Oct	32.00	€ 25	€ 7.00	€ 51.00	\$0.09
Nov	30.00	€ 25	€ 5.00	€ 56.00	\$0.10
Dec	25.00	€ 25	€ 0.00	€ 56.00	\$0.10
Jan	26.00	€ 25	€ 1.00	€ 57.00	\$0.10
Feb	29.00	€ 25	€ 4.00	€ 61.00	\$0.11
Mar	35.00	€ 25	€ 10.00	€ 71.00	\$0.13
Apr	38.00	€ 25	€ 13.00	€ 84.00	\$0.15
May	40.00	€ 25	€ 15.00	€ 99.00	\$0.18
Jun	45.00	€ 25	€ 20.00	€ 119.00	\$1.14 yearly
	419.00	€ 300	€ 119.00		

ERO estimates 0.03% per day

Jul	45.00	€ 25	€ 20.00	€ 20.00	\$0.18
Aug	38.00	€ 25	€ 13.00	€ 33.00	\$0.31
18-Sep	39.00	€ 25	€ 14.00	€ 47.00	\$0.25
	122	€ 75	€ 47.00		\$0.74

II.2. ERO Calculations with the percentage of 0.4%

In the ERO table 3 is calculated interest rate day per day with 0,04%, in line with the KEK calculations where they have estimated six days in month.

Below ERO tables (green) is calculated interest rate per day also with 0,04%,for months.

With this calculation of the Interest rate per day with 0,04% calculated for twelve months gives the amount of interest rate 14,65 % per year .

Table 3.

ERO TABLES					
This table is developed by ERO with 0,04%					Six days in month
Month	Debit	Credit	Balanc	Cum Balanc	interest amount
Jul	45	25	20	20	\$0.05
Aug	38	25	13	33	\$0.08
Sep	36	25	11	44	\$0.11
Oct	32	25	7	51	\$0.12
Nov	30	25	5	56	\$0.13
Dec	25	25	0	56	\$0.13
Jan	26	25	1	57	\$0.14
Feb	29	25	4	61	\$0.15
Mar	35	25	10	71	\$0.17
Apr	38	25	13	84	\$0.20
May	40	25	15	99	\$0.24
Jun	45	25	20	119	\$1.52
	419	300	119		

ERO estimates for 0,04%				Monthly
Jul	45.00	€ 25	€ 20.00	\$0.24
Aug	38.00	€ 25	€ 13.00	\$0.40
18-Sep	39.00	€ 25	€ 14.00	\$0.34
	122	€ 75	€ 47.00	\$0.98

Table 4 - Comparison of the Interest Rate per year with the different daily interest rates

Number	Interest rate per day %	Year	Interest rate per Year %
1	0.05 %	365 Day	18.25 %
2	0.03 %	365 Day	10.95 %
3	0.04 %	365 Day	14.65 %

III Recommendation to the Board :

The ERO has decided that interest rate for late payments with regard to all calculations and estimates that are shown in previous tables to be 0.04% per day and 14.65% per year .

The KEK J.S.C can not compare late payments and their interest rates with Loans from the local Banks or make comparisons with Tax Administration since the KEK J.S.C is Publicly Owned Company .

Appendix 1 to Decision

In this table are shown some of the Tariffs Group, with interest rate per day 0.05%, 0.03% and 0.04%, which are used to calculate amounts of the interest rate per day, per month and per year for these Tariffs Groups.

Tariff Group	Amount	Daily amount rate			Amount rate per 6 Days			Amount rate per Month			Amount rate per Year		
		0.05%	0.03%	0.04%	0.05%	0.03%	0.04%	0.05%	0.03%	0.04%	0.05%	0.03%	0.04%
Household	33	0.17	0.1	0.13	0.1	0.06	0.079	0.051	0.3	0.39	6.2	3.65	4.74
tariff group 7/02	604.80	0.302	0.181	0.242	1.81	1.39	1.45	9.06	5.43	7.26	110.2	66.06	88.33
tariff group 6/6	7.802.43	3.9	2.34	3.12	23.41	21.85	18.73	117	70.2	93.6	1.423	854.1	1.138.8
tariff group I	226.330.26	113.17	67.9	90.53	679	407.4	543.2	3.395.	2.037	2.716	41.305	24.783	33.044