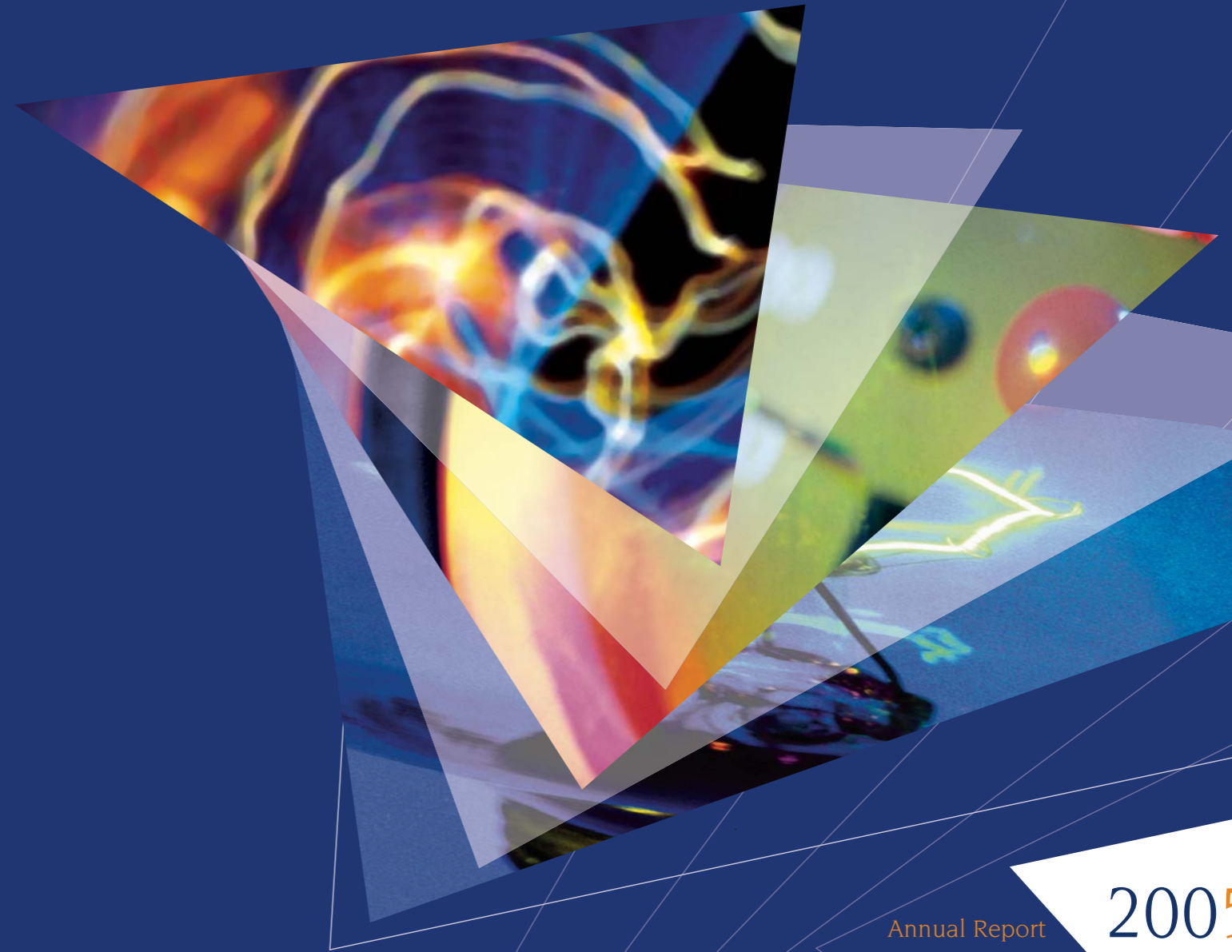




PUBLIC UTILITIES COMMISSION



Annual Report

2005

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I have served as the chair of the Public Utilities Commission since December 2005, but during this short period of time, state-regulated sectors have been full of important events and purposeful continuation of the work that has been begun.

In 2005, every sector regulated by the Public Utilities Commission fully manifested the complicated work of the regulator — to balance the interests of public service users with those of service providers.

The public mostly believes that its interests are served by cheaper services, and people don't appreciate the most important factor — receiving these services continuously and at the required level of quality. Can we imagine one day without electricity, gas or electronic communications? A major windstorm that took place in Latvia at the beginning of 2005 reminded most people that our daily lives have become dependent on the stability of electricity and gas deliveries.

Safe, continuous and high-quality delivery of public services requires significant investments, and in the energy sector, it also means dependence on the foreign suppliers of energy resources. Given a global energy crisis, the price of energy resources has risen, and every resident of Latvia senses this. It applies also to sectors that are not regulated by the state — petrol sales, for instance.

During the year covered by this report, the Public Utilities Commission actively participated in the drafting of regulatory legal acts and in strengthening competition in all regulated sectors. Taking into account the rapidly rising price of natural gas from Russia, new tariffs on natural gas were approved in 2005. New postal service tariffs were also approved.

In 2006, the Public Utilities Commission will have particularly intensive work to do in the sectors of energy and electronic communications, as well as in the establishment of a unified regulator.

Valentina Andrejeva
Chair, Public Utilities Commission

A handwritten signature in blue ink, appearing to read 'Valentina Andrejeva', written in a cursive style.



REGULATION
IN LATVIA

THE REGULATORY SYSTEM

The safe and continuous delivery of public services is vitally important to maintain the standard of living of local residents and to ensure the functioning of the economy. Disturbances in energy, communications and transport systems expose individuals to risks and cause losses to the national economy, while regional and social aspects of service availability are closely linked to balanced development and social inclusion. The market cannot always stimulate long-term investments in infrastructure and service availability. Sometimes commercial interests focus on short-term profitability and create a socially unfavourable outcome. This means that regulatory instruments must be utilised so as to improve service availability and continuity.

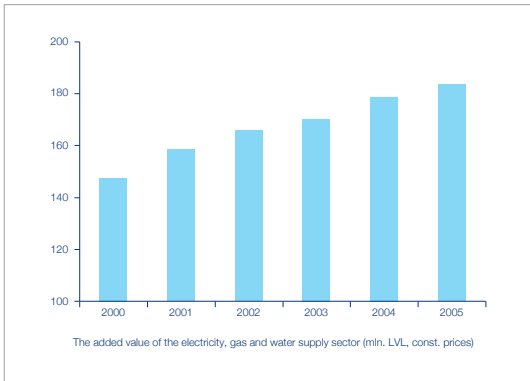
The regulation of public services also involves the task of balancing interests. The experience of other countries shows that independent regulatory institutions are best suited for the implementation of objectively justified and multi-dimensionally balanced regulatory functions. Regulation of public services in Latvia is based on the same principles.

The Public Utilities Commission (hereafter — Commission) is a derived public entity under the supervision of the Latvian Economics Ministry. The Commission regulates public services related to the energy, electronic communications, postal and railway transport sectors. The Commission is a unified multi-sector regulator which is independent in its functions and its decisions.

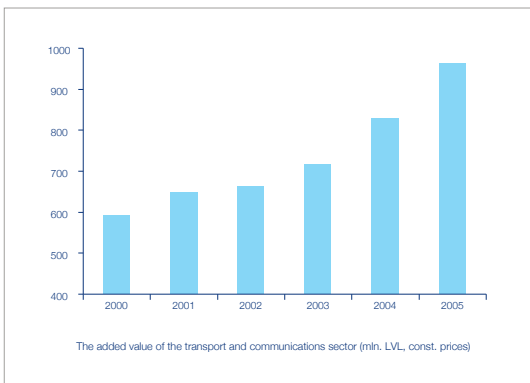
The Commission operates in accordance with the law “On Regulators of Public Utilities”, laws related to regulated sectors, and regulations from the Cabinet of Ministers. The Commission also observes its own statutes, strategies and code of ethics, as approved by the Commission’s board.

The Commission’s functions include regulation of regulated sectors and companies whilst balancing the interests of users and public service providers. The Commission determines methodologies for calculating tariffs, approves tariffs, issues licences, registers authorisations, promotes competition in regulated sectors, and performs out-of-court dispute settlements. The Commission also makes sure that service providers comply with their licence conditions and quality requirements.

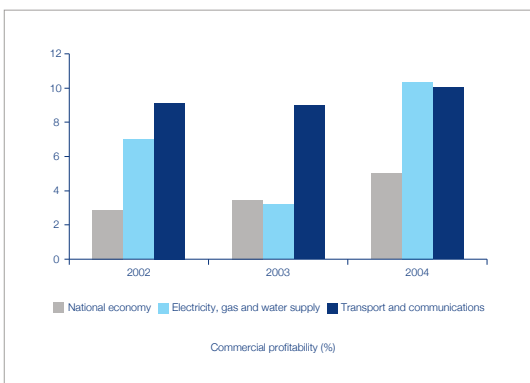
REGULATED SECTORS IN THE CONTEXT OF THE NATIONAL ECONOMY



Companies regulated by the Commission work in the sectors of electricity, gas and water supplies, as well as in the transport and communications sectors. All of these constituted 18.6% of GDP in 2005 (15.9% for transport and communications and 2.7% for electricity, gas and water deliveries). The transport and communications sectors had one of the highest increases in volume in 2005 — 16.2% compared to the previous year, while the volume of the electricity, gas and water supply sector grew only by 2.7%. The GDP volume increased by 10.2% in 2005.



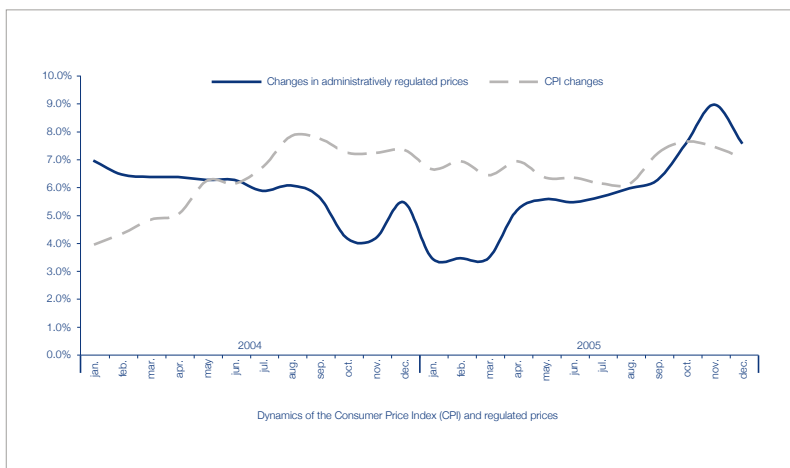
In 2004 companies in the regulated sectors employed 11.9% of all workers in Latvia (9.4% for the transport and communications sector, and 2.5% for the energy sector). Value added in the regulated sectors has been higher than the sectors' share of the workforce. This means that the productivity of regulated sectors is higher than the national average.



The commercial profitability of the sectors (i.e., pre-tax profits and losses against net turnover) is considerably higher than the national average, too. In 2004, the profitability of the transport and communications sector was at a level of 10%, in the energy supply sector it was 10.3%, while in the national economy, on aggregate, it was just 5%.

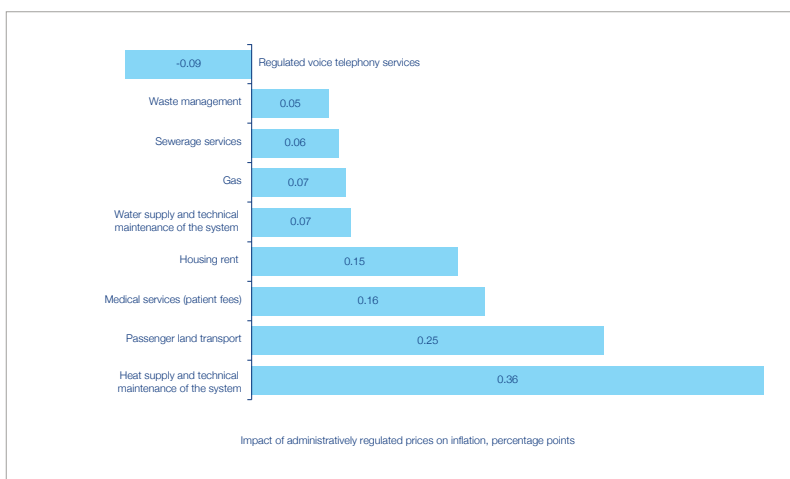
Average wages in the sectors were also above the national average. During the reporting year, the average net monthly wage in the transport and communications sector amounted to LVL 202. For workers in the land transport and pipeline transport sectors it was LVL 165, for people in the postal and electronic communications sector — LVL 228, and in the energy sector — LVL 269. This is against the national average of LVL 176.

THE IMPACT OF REGULATED PRICES ON INFLATION



According to the Central Statistical Bureau, 14% of goods and services in the consumer price index basket are services with regulated prices. These include services regulated by the Commission, by municipal regulators, and other services with regulated prices.

In 2005, consumer prices rose by 7%, while administratively regulated prices increased by 7.5%. Taking into account the share of administratively regulated prices in the basket of consumer goods and services, we see that administratively regulated prices constituted 1.1%, or one-seventh of aggregate inflation. The price of unregulated goods and services such as food and fuel grew much more rapidly in 2005 and made up four-fifths of aggregate inflation.



From service prices in the sectors that are regulated by the Commission inflation was affected first and foremost by an increase in natural gas tariffs of 11.6%, although this increased aggregate inflation only by 0.07 percentage points. Regulated

voice telephony services became 4.1% less expensive, which reduced inflation by 0.09 percentage points. On aggregate, the direct impact of services provided in Commission-regulated sectors caused a decrease of 0.02 percentage points in the Consumer Price Index.

Among prices regulated at the municipal level in 2005, heat energy tariffs rose considerably — by 9.2%, which increased inflation by 0.36 percentage points. There was a significant increase, too, in land transport tariffs (14.6%, raising inflation by 0.25 percentage points). Water tariffs went up by 8.4% (0.07 percentage points), as did sewage service tariffs (12.8%, 0.06 percentage points) and waste management tariffs (14%, 0.06 percentage points).

Among other regulated service prices, the largest impact on inflation could be attributed to the cost of medical services — an increase of 78.2%, which increased inflation by 0.16 percentage points. Housing rental costs increased by 14.8%, which led to a 0.15 percentage point rise in inflation.



THE COMMISSION'S
ACTIVITIES IN 2005



STRUCTURE AND EMPLOYEES

In June 2001, the Latvian Parliament approved a recommendation from the Cabinet of Ministers to appoint five members of the Commission's board for a five-year period. Daiga Iljanova was appointed in May 2005. The former chair, Inna Steinbuka, departed and was replaced by Valentina Andrejeva in November 2005. Serving on the Commission since 2001 have been Raimonds Jonitis, Edvins Karnitis and Ivars Zarins.

The executive institution is subordinated to the Commission's board and serves as its secretariat while also providing expert services. The executive institution prepares issues and documents for board meetings, enacts approved decisions, and oversees their implementation.

The executive institution has a department for each regulated sector. It also has a Legal Department, an Economic Analysis Department, and several independent divisions.

At the end of the reporting year, the Commission had 76 employees and five officials. Of all of the employees, 74 have a higher education -- six have a doctoral degree, 29 have a master's degree, and four have two university degrees. Three employees are continuing their postgraduate studies, seven are enrolled in graduate school, and three are seeking a second degree. Seven employees have a secondary or specialised secondary education, while three are still university students. 91% of the Commission's employees have a higher or an unfinished higher education.

MAJOR DECISIONS AND DOCUMENTS OF THE COMMISSION

During the reporting year, the Commission's board met 56 times, approved 322 decisions, issued 16 licences to public service providers, and registered 113 authorisations. The Commission approved more than 50 external legal acts and their amendments, including 31 in the electronic communications sector, 16 in the energy sector, two in the railway sector and three of a general nature. Three Cabinet of Ministers draft regulations were also prepared.

The Commission worked actively to enhance competition in all regulated sectors — the liquefied gas market, as well as the energy and electronic communications sectors. The Commission helped to draft amendments to the Energy Law, and in connection with the adoption of directives related to the electricity and gas market, the Commission also participated in the drafting of Electricity Market Law. The Commission analysed the situation in the liquefied gas market and reviewed approved wholesale tariffs in this area. The Commission also worked hard on the development of secondary legislative acts in the electronic communications sector. It set a ceiling for interconnection tariffs, monitored the introduction of the number portability service, and actively performed various kinds of market analysis.

After several months of consideration, the Commission, in June 2005, approved new natural gas tariffs. There was then a review of several cogeneration tariffs. In November, the Commission approved new general postal service tariffs, and on April 1, it determined the fee for public use of the railway infrastructure. Work on improving the relevant methodology is continuing.

On January 4 of the reporting year, amendments to the law On Regulators of Public Utilities came into effect. The status of the Commission as a derived public entity was strengthened, and the law's requirements were harmonised with those of the Administrative Process Law. New statutes for the Commission which were approved on December 15, 2004, came into force simultaneously with the aforementioned amendments to the law.

In June 2005, amendments to the Electronic Communications Law came into effect, defining the Commission's functions more accurately and specifying new procedures for the implementation of these functions. The new Electricity Market Law came into force at the same time. At the end of June, amendments to the Energy Law took effect, specifying the Commission's competence in monitoring and regulating the electricity and gas markets. At the end of the year, Parliament approved amendments to the Railway Law to particularise the competence of the Commission in monitoring and regulating the operations of railway infrastructure managers. The law came into effect on January 1, 2006.

LITIGATION AND OUT-OF-COURT DISPUTE SETTLEMENTS

During the reporting year, there were two ongoing litigation processes in the electronic communications sector. The most significant has to do with the repeal of the Commission's decision No. 111, which ordered Tele2 to pay an administrative fine on March 31, 2004. The basic question in the process is whether the Commission has the right to issue external legal acts. Also during the reporting year, the Commission was involved in eight new litigation processes in the sector. Two processes were merged into one — the issue was the Commission's decision to set a ceiling on interconnection tariffs for the fixed telephone company Lattelekom and the mobile companies Tele2 and Latvijas Mobilais Telefons. Another new litigation process related to the postal sector.

In the energy sector, two processes were dismissed in 2005, but five are continuing. The most important have to do with petitions filed by natural persons with the Administrative District Court on suspending natural gas tariffs and declaring all related decisions to be invalid.

The Commission has engaged in three out-of-court dispute settlements — two in the energy sector and one in the electronic communications sector. In 2006, two more dispute settlements will be finalised.

Making use of powers defined in the Latvian Administrative Offences Code, the Commission has imposed an administrative fine on 20 electronic communications companies and launched one procedure related to administrative violations in the energy sector.

INTERNATIONAL CO-OPERATION

During the reporting year, the Commission worked actively with the European Commission and with regulators from other European Union member states in relation to sectors that are important in Latvia. Co-operation has become closer thanks to the impact of EU policies in the relevant sectors. The regulatory environment in the energy and electronic communications markets of member states has expanded.

In 2005, the Commission continued close co-operation with other regulators in the Council of European Energy Regulators and the European Regulators Group for Electricity and Gas, as well as with the electronic communications sector of the Independent Regulators Group and the European Regulators Group. During the reporting year, regulators co-operated mainly in two areas — liberalisation of the market for electricity and natural gas, along with the further development of electronic communications networks and electronic communications services.

In 2005, the Commission submitted proposals to the European Commission on the regulation of international roaming and on reassessment of the regulatory framework of the electronic communications sector. In the energy sector, the Commission joined other regulators in filing an annual report with the European Commission, which is required in the electricity and natural gas directive of 2003. On the basis of the national annual reports, the European Regulators Group for Electricity and Gas provided the European Commission with its evaluation of the internal energy market in Europe. Another novelty was the filing of reports by national regulators with information that was included in the "CEER *Regulatory Benchmarking Report 2005*."

An important event during the reporting year was the first Baltic Regional Electricity Mini-Forum, with the participation of the European Commission, regulators, sector ministries and companies. A seminar and discussion about World Bank research paper "*Reforming Infrastructure: Privatisation, Regulation and Competition*" was organised for energy market participants in the Baltic States.

Representatives of the Commission also attended a meeting of Baltic electronic communications and postal regulators to talk about important issues in the sector. A PHARE twinning project was completed successfully. Its goal was to strengthen the Commission's capacity in the electronic communications sector. Approval was obtained for a new "twinning light" project — "Strengthening of the legal regulation of the postal sector and the administrative capacity of the Latvian postal regulator."

During the reporting year, the Commission continued co-operation with the Energy Regulators Regional Association, the International Telecommunication Union, the European Conference of the Ministers of Transport on railway infrastructure regulatory issues, and other European Commission institutions and international organisations.

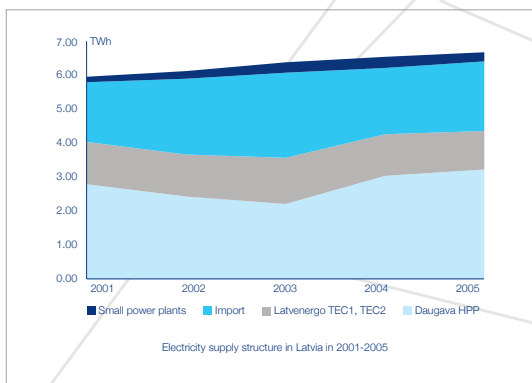
The Commission also devoted a great deal of attention to bilateral contacts with regulators in other countries to work on special regulatory issues.



REGULATION IN THE ENERGY SECTOR

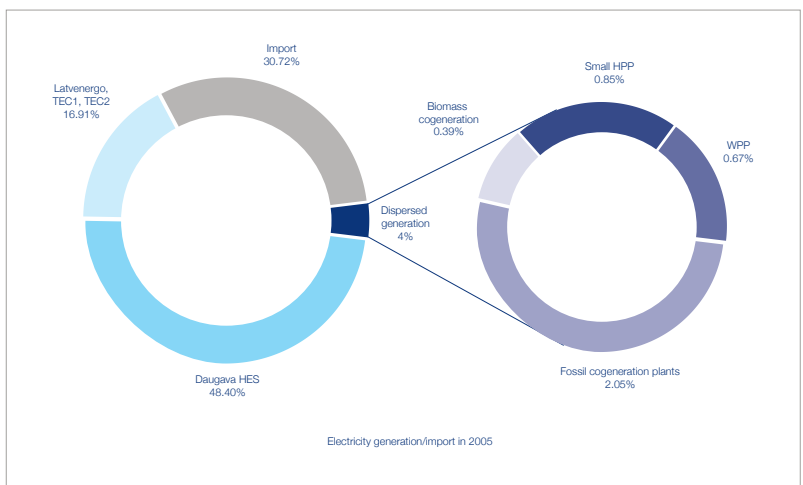
General overview

The dominant role in electricity supplies in Latvia is performed by the state joint stock company Latvenergo, which produces more than 90% of the electricity that is generated in Latvia. The company provides for the import, transmission, distribution and delivery of electricity to consumers. In addition to Latvenergo, there are some 150 small hydropower stations, which generate a total of 25 Mw of electricity. There are also 14 wind power stations with a total capacity of 25.2 Mw. Among 36 independent CHP (combined heat and power) plants, three are biogas power stations with a total capacity of 7.8 Mw, and three are wood CHP plants with a total capacity of 2.2 Mw. In addition to Latvenergo 10 licensed companies operate in electricity distribution and sales.



In 2005 the total volume of electricity delivered to Latvia's transmission and distribution systems was 6.8 terawatt hours (TWh) of which 4.4 TWh were generated by Latvenergo, 2.05 TWh were imported, and 0.26 TWh were generated in low-capacity dispersed generation power plants.

Since July 1, 2004 all electricity users except households have been allowed to choose alternative electricity suppliers, but no one has done so. Several companies which do not own distribution networks have received licenses for electricity sales, but for the time being, there have been no actual sales.

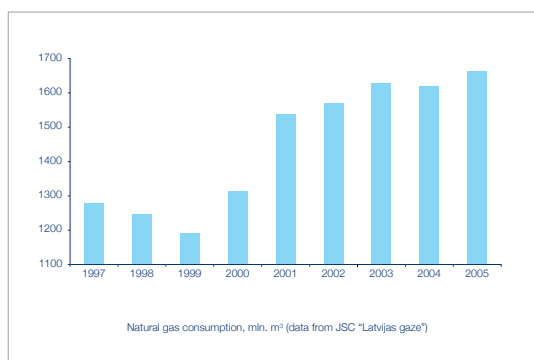


There is inadequate placement of generation capacities, and there is an insufficient number of market participants to launch a free electricity market in Latvia and the Baltic States — one that is based on bilateral agreements. It is also true that Latvia's electricity system is not connected to those of European Union member states. It must be noted, however, that electricity prices in Latvia are among the lowest in the European Union.

In 2005, to comply with the requirements of Electricity Directive 2003/54/EC, the Commission issued a new licence to a legally independent transmission systems operator (the joint stock company "Augstsprieguma tīkls"). The operator must fulfil the requirements of the Electricity Market Law, and the Commission is allowed to assess its level of independence.

In the natural gas sector, the joint stock company Latvijas gāze enjoys a monopoly in the market. Consumption of natural gas increased by 1% in 2005 to 1.664 billion m³. 59% of the gas was consumed by heat and electricity companies, 7% — by residents, and 34% — by industrial consumers.

During the reporting year, Commission experts helped to draft amendments to the Energy Law, the aim being to adopt EU directives on gas market development and to adjust them to the situation in Latvia. The legal environment for the provision of third-party access must be prepared, but no real competition in the market for natural gas supplies is expected in the near future, because there is a high level of dependence on external suppliers — Gazprom and Itera-Latvija, which supply gas along networks that belong to Gazprom. Alternative gas supplies would be possible if the Russian gas market were to be liberalised or if connections with other EU countries and Norway were ensured. This would require significant investments, however, and these would not be cost-effective at the present level of end user tariffs.



Most of the liquefied gas (propane and butane) that is sold in Latvia is imported from Lithuania and Russia. In 2005, Latvia imported some 64,000 tonnes of liquefied gas. Approximately one-half was sold for mechanical transport, while the other half went toward household heating needs. The gas is sold in cylinders and from group reservoirs. By the end of 2005, 57 competing companies were operating in the supply of liquefied gas.

Licensing and licence supervision

According to Cabinet of Ministers Regulation No. 297, the Commission regulates the generation of electricity and heat by combined heat and power plants with maximum capacity above one Mw, as well as generation of electricity at power plants with a capacity above one Mw (including hydropower plants, wind power stations and combustion power stations). The Commission regulates the transmission of electricity if the voltage is at least 110 kV, distribution of electricity if the voltage is between 1 and 110 kV, as well as the sale of electricity to consumers if the annual volume of sold electricity exceeds 4,000 Mwh.

As of December 31, 76 licences had been issued in the electricity supply sector. Of these, 36 were for electricity and heat generation in CHP plants, 14 were for wind power generators, two were for hydropower plants, one was for electricity transmission, nine were for electricity distribution, and 14 were for electricity sales.

The Commission also regulates the storage, transmission, distribution and sales of natural gas and liquefied gas, except for oil gas and other gaseous hydrocarbons that are used as fuel.

In the natural gas supply sector, Latvijas gāze has licences for the storage, transmission, distribution and sale of natural gas.

As of December 31, 2005, 113 licences had been issued in the liquefied gas supply sector — 24 for storage and filling, 34 for distribution, and 55 for sales. The Commission cancelled four licences and issued four new ones in 2005.

In 2005, 31 objects belonging to energy supply companies were inspected so as to check their operations and the fulfilment of their licence requirements. All of the companies were inspected in accordance with the schedule, as were companies which had filed documents related to the alternation of licence conditions, licence reception or tariff approval. Inspections were conducted at objects about which complaints were received, too. Another 13 objects were also inspected.

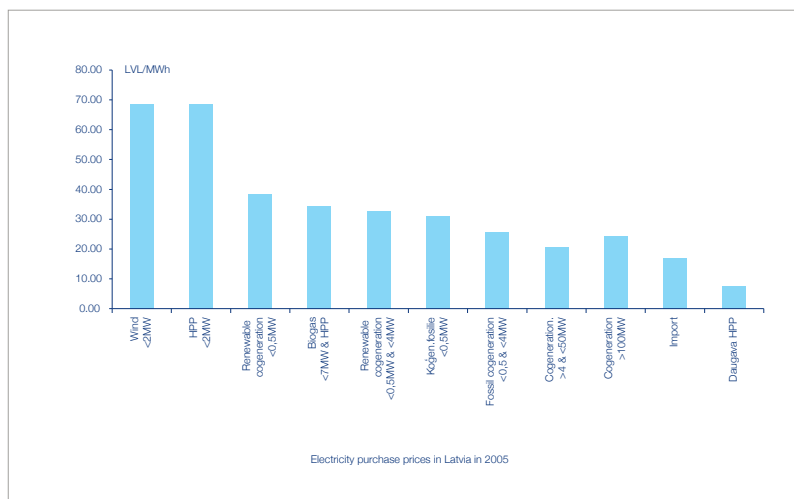
Tariff regulation

Electricity

The Commission approves tariffs for electricity generation in CHP plants, electricity transmission and distribution tariffs, as well as electricity sales tariffs for captive users. Tariffs related to the transmission and distribution system for electricity are set so that participants in the free electricity market can enjoy clear and open conditions for access to transmission and distribution systems when concluding bilateral agreements on electricity supplies and paying for transmission and distribution system services.

Tariffs for captive users are defined for those electricity users in Latvia who have not chosen the option to select electricity suppliers freely — something that is guaranteed by law. These

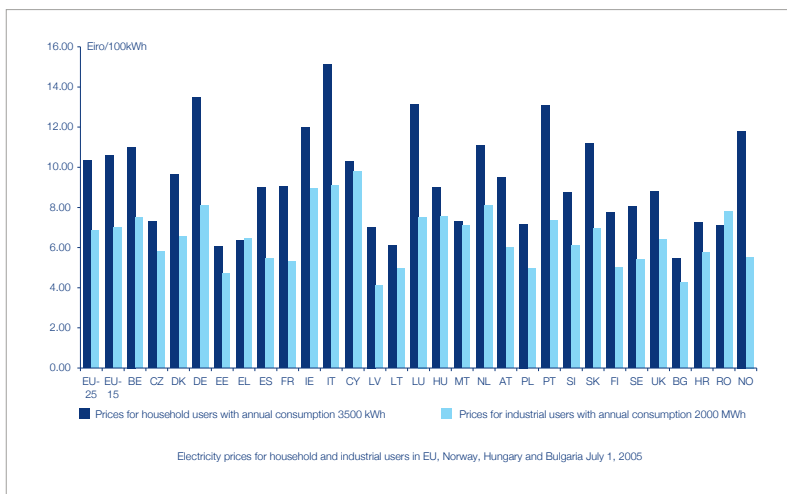
people pay tariffs that are approved by the Commission. Tariffs for captive users vary among various voltage levels and user groups, taking into account demanded capacity and time zones. Tariffs for captive users cover the cost of electricity generation and imports, including the costs of subsidised electricity that is generated from renewable energy resources, the cost of transmission and distribution system services, as well as sales service costs.



The price of imported electricity is determined in agreements concluded among Latvenergo and Russian, Lithuanian and Estonian electricity suppliers, as well as in agreements with CHP plants with a capacity of more than 4 Mw (including TEC-1 and TEC-2). The tariffs of these are set by the Commission. The purchase price for electricity from CHP plants with a capacity below 4 Mw, as well as for power plants which use renewable energy resources, is specified by law.

The Electricity Market Law came into effect on June 8, 2005, and the Commission drafted and approved several secondary legal acts in accordance with that law. Among these, there were four new electricity tariff calculation methodologies:

- Tariff calculation methodology for heat energy generated in combined heat and power plants (CHPs) and for electricity generated by CHPs with capacity above 4 Mw;
- Electricity transmission system service tariff calculation methodology;
- Electricity distribution system service tariff calculation methodology;
- Electricity tariff calculation methodology for captive users.



In February 2005, differentiated service tariffs for the Latvenergo electricity transmission network were approved. These corresponded to ceilings on transmission network service tariffs in 2005. Since February 24, 2005, new tariffs for the Latvenergo hydropower plants on the Daugava River have also been in effect. The Electricity Market Law says that in the future, electricity tariffs for the Daugava hydropower plants will not be set any more.

In May 2005, in accordance with ceilings on distribution network service tariffs specified for the second year of the ongoing tariff review cycle, new and differentiated tariffs for the electricity distribution network were approved. These came into force on July 1, 2005.

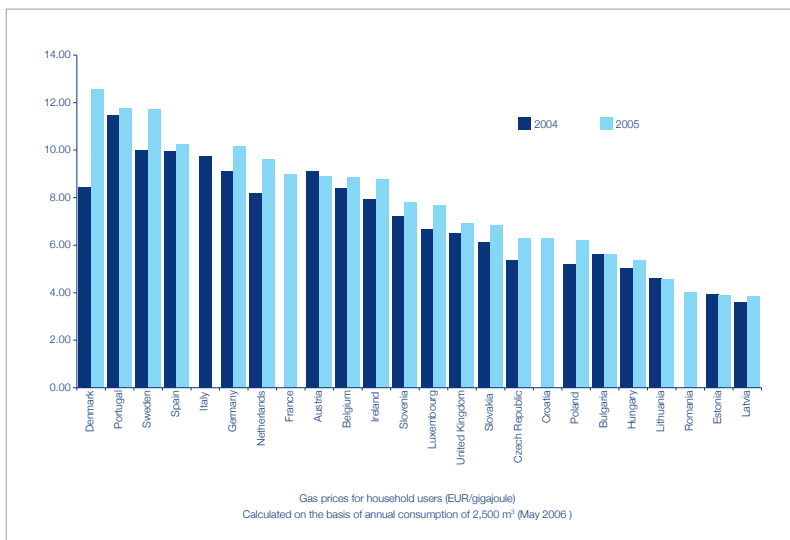
According to *Eurostat*, Latvia had the lowest electricity tariffs in 2005 among all European Union member states when it came to households and commercial users. This was the result of the low price of imported electricity and of the Daugava hydropower plants, although these prices could increase significantly in the near future.

Natural gas

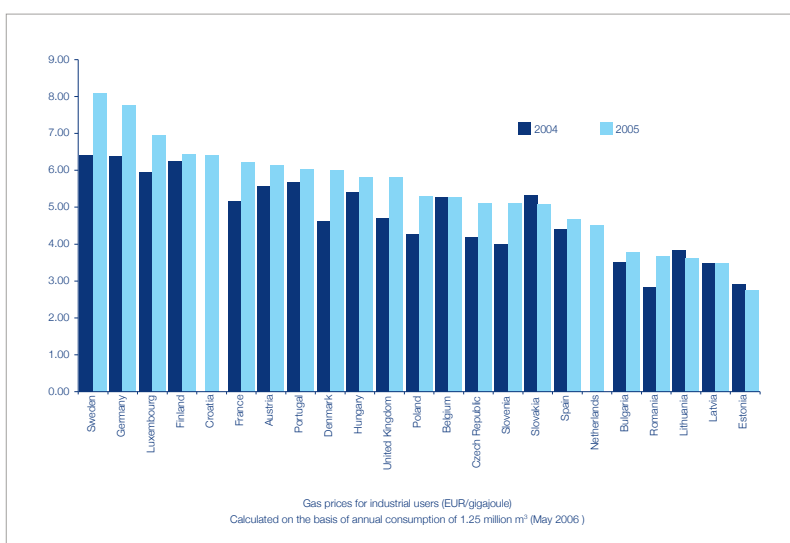
End sales tariffs for natural gas consist of the purchase price of natural gas on the border of the country and of tariffs related to services associated with the supply of natural gas to users — transmission, storage, differentiated distribution and sales tariffs. The purchase price for natural gas is transferred without any changes to differentiated end tariffs.

Calculation methodologies for natural gas supply tariffs were elaborated in 2002 and the beginning of 2003. Changes were made at the end of 2005 to reflect amendments to the Energy Law and other legal documents. Four tariff calculation methodologies are in place in the natural gas sector:

- Natural gas transmission service tariff calculation methodology;
- Natural gas storage service tariff calculation methodology;
- Natural gas distribution service tariff calculation methodology;
- Natural gas sales tariff calculation methodology.



New natural gas supply tariffs for 2005-2007 were approved during the reporting year. On July 1, the second part of a tariff increase that was approved in 2003 came into force, and on August 1, tariffs approved for 2005 followed suit.



Given the lack of competition in the natural gas supply sector, regulation of all consumer tariffs continues to be justified. The process ensures greater tariff stability and a balancing out of the interests of the supplier and the users. Eurostat data show that in 2004, Latvia had the lowest household natural gas tariffs of any EU member state and the second lowest tariffs for commercial users. The low tariffs, however, have not prevented the ability of the natural gas supplier to develop successfully over the last several years, increasing operational efficiency, raising turnover, expanding networks, multiplying investment volumes, and achieving ever-increasing profits.

Liquefied gas

Amendments to the Energy Law which were approved in 2005 specify that only general sector regulation is preserved in the market for liquefied gas — i.e., licensing and market supervision. In the liquefied gas supply sector, the Commission has carried out market analysis during the reporting year to verify the level of competition in the sector. Results show that competition is satisfactory at all market levels. It is possible, however, that liquefied gas market regulatory issues will be reassessed if the market situation changes.

Protection of consumer interests

During the reporting year and in compliance with the Electricity Directive and electricity sector regulations, the Commission approved legal acts which allow it to supervise the market formation process more effectively while simultaneously ensuring the transparency of market information, along with equal conditions for all market participants. The Commission approved regulations on granting permits for the installation of direct electricity line connections, system access regulations for participants in the electricity system, system access regulations for electricity generators, as well as regulations on the minimum requirements related to the independence of an electricity system operator.

In 2005, 69 complaints were received from public service users in the energy sector. The number of complaints has decreased, particularly in the electricity and heat sectors. In the gas supply sector, the number of complaints remained at the previous year's level. Natural persons submitted 91% of all complaints.

86% of the complaints may be classified as claims. 18 of 49 claims were not within the competence of the Commission, and only six of the 25 that were within that competence proved to be valid. Compared to 2004, the number of valid complaints declined by 9 percentage points, while the number of invalid complaints increased by 11 percentage points.

Distribution of complaints	Total		Electricity supply		Gas supply	
	number	%	number	%	number	%
Valid	6	12	5	13,5	1	8,3
Invalid	25	51	15	40,5	10	83,4
Not within the competence of the Commission	18*	37	17*	46	1	8,3
Total:	49	100	37	100	12	100

* Including six complaints which concern heat supply and are not within the competence of the Commission.

Groups by topic	Number of complaints in the electricity supply sector				
	Valid	Invalid	Not within competence of the Commission	Explanation provided	Total
Electricity supply	1	10	4	3	18
Electricity metering and payments	1	3	4	2	10
Electricity quality	1	1	1	0	3
Other	2	1	2	2	7
Total:	5	15	11	7	38

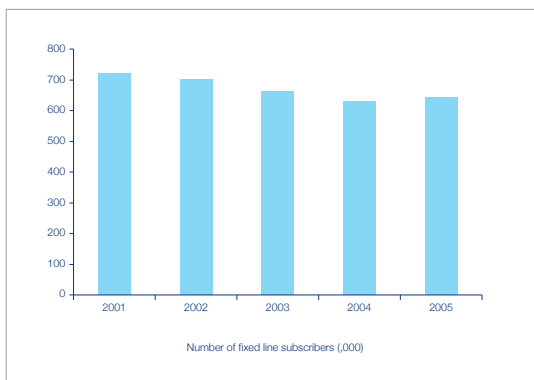
The complaints which were received by the Commission referred to many different subjects. In the electricity supply sector, most of the issues had to do with electricity supplies (47%), electricity metering and payments (26%), and the quality of the supplied electricity (8%). In the gas supply sector, complaints usually concern the maintenance of the natural gas supply system (46%), natural gas metering and payments (39%), and issues related to liquefied gas (15%).



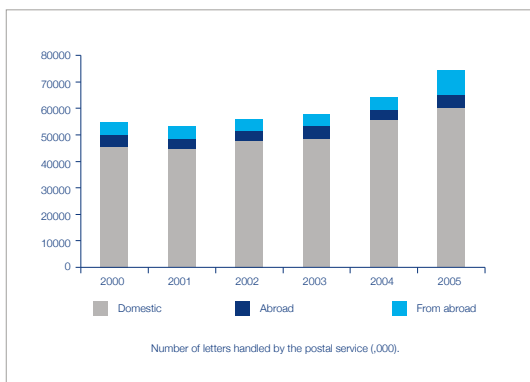
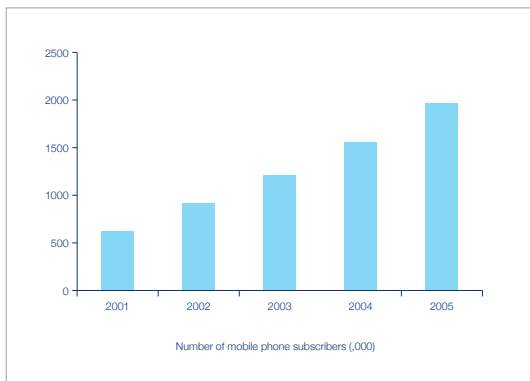
REGULATION IN THE SECTORS OF ELECTRONIC COMMUNICATIONS AND POSTAL SERVICES

General overview

At the end of 2005, the total number of fixed telephone lines in Latvia was around 645,000 — an increase of 2.2% during the course of the reporting year. The number of mobile phone service subscribers increased by 27% in 2005 to achieve a level of 1.97 million users at the end of the year. On September 15, 2005, a third GSM/DCS UMTS mobile operator, BITE Latvija, began operating in the Latvian market.



The European Commission has devoted particular attention to the increase in the number of broadband Internet lines over the last several years. At the end of 2005, the density of broadband access in the residential market of Latvia was at a level of 5.9%. The share of the incumbent operator in the broadband line access market, Lattelekom, was 47%.



In the postal service sector, general postal services are provided by the state-owned joint stock company Latvijas pasts — it delivers letters and packages weighing up to 10 kg. In 2005, 74.3 million letters were handled, and the number of packages at or below that weight amounted to 106,300.

The number of letters handled in the reporting year increased by 16%. The number of outgoing international letters increased significantly — by 72%. The number of outgoing domestic letters also increased by 8%. There were 39 express mail service providers in the sector, of which six received authorisation in 2005. The total number of sent items was 2.7 million in 2005, or 157% more than in 2004. Of all express mail items, 66% were domestic express letters and parcels. The share of domestic express letters increased particularly rapidly in 2005.

Major decisions in the sector

In 2005, the legal foundations for regulation were developed as required by the Electronic Communications Law. In May, the Commission published its concept on electronic communications market analysis, which explained the approach to this process. During the development of the legal foundations, 17 public hearings were organised for electronic communications companies. There were consultations during which the Commission asked companies to comment on the prepared documents, particularly focusing on issues of importance to the sector. Three consultation documents were drafted — one on the formation of a unified subscriber register and a unified telephone inquiry service in Latvia, one on the organising of bids for tender or auctions for the allocation of radio frequency spectrum usage rights, and the third on primarily analysed electronic communications services.

Regulation in the electronic communications sector is based mainly on market analysis. The Commission allocates scarce resources such as numbering and spectrum usage rights, and it also specifies the procedure for the register of the top-level Internet domain (.lv).

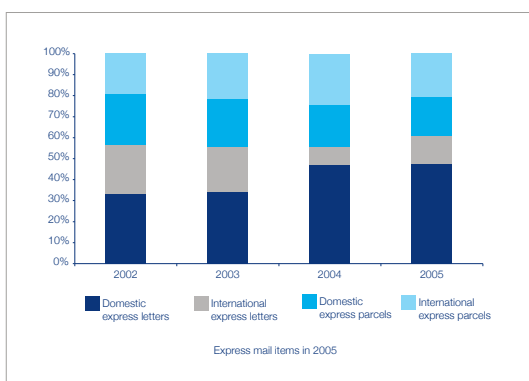
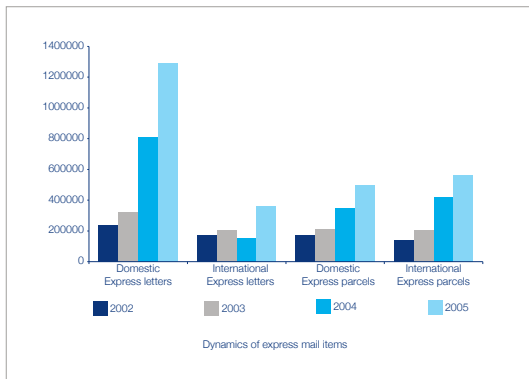
On December 1, 2005, the number portability service for fixed and mobile voice telephony services was introduced in accordance with the Commission's decision. Three tenders were organised to grant usage rights to the most highly demanded radio frequency spectrum bands. The government approved an important decision for further development of the sector — implementation of a closed eight-digit numbering scheme.

In December 2005, the Commission launched an EU *Transitional Facility* project called "Strengthening legal regulation of the postal sector and the administrative capacity of the Latvian postal regulator." This work was done in co-operation with the German regulator *BnetzA*, and the priorities of the project are adjusting the legal foundations, defining universal service obligations, separating the accounting of postal service providers, and introducing and inspecting quality standards.

In January of the reporting year, the Commission approved a methodology for assessing the quality of general postal services with respect to ordinary letters. The Commission sends out test letters to time how long it takes to deliver them. The results are compared to quality requirements specified by the Cabinet of Ministers. In 2005, it was found that the amount of time that it took to send the test letters was not in line with the specified quality requirements. 62% of test letters were delivered on the next business day after they were posted, while Cabinet of Ministers regulations require that 80% must be delivered in that timeframe.



An important task for the Commission in the electronic communications sector is to specify and monitor universal service obligations. This refers to the minimum amount of electronic communications services which must be made available to all existing and potential users irrespective of their location and at a reasonable price. Regulations on the universal service in the electronic communications sector were approved by the Commission on November 23, 2005. Since 2003, the fixed telephony company Lattelekom has been the only company with universal service obligations.



On November 30, 2005, the Commission approved the methodology for calculating and specifying net costs of universal service obligations. The universal service provider must calculate additional costs related to the provision of that service. Until the Ministry of Transport decides on the creation of a universal fund or other financing and compensation mechanism, the Commission will not consider the issues of whether the costs of universal service provision should be compensated.

Universal service obligations which were approved for 2005 are aimed at providing access to Lattelekom's public telephone network in fixed connection areas, allowing users to make and receive local, domestic and international calls and to receive data and electronic messaging transmission services for existing clients who wish to receive such services. The obligations also indicate that at least one tariff plan with a reduced monthly fee must be offered to residential clients. The obligations further envisage discounts for differently abled persons, focusing on those communications services for which discounts were provided in 2002.

Lattelekom is also obliged to maintain the number of payphones which existed on December 31, 2004, making sure that these phones are in working order. The company was allowed to reduce the number of payphones by no more than 5% in 2005, but only with the agreement of the relevant local government and the approval of the Commission in each specific instance.

Authorisation of companies to launch commercial activities in the electronic communications and interconnections market

The Commission issues licences and general authorisations, and it registers electronic communications companies. By law, the Commission also re-registers licences and general authorisations issued to electronic communications companies, supervises the fulfilment of general authorisation requirements, and supervises the process of concluding interconnection agreements.

During the reporting year, the Commission registered 27 general postal authorisations and 91 electronic communications companies. It also re-registered 176 electronic communications companies. 35 electronic communications companies were inspected, violations were found in

21 cases, and administrative violation protocols were issued in 20 cases. Inspections of 23 postal companies were also performed, and no violations were found.

In 2005, companies in the sector concluded 24 new interconnection agreements and amended 74 previously concluded agreements.

Companies in the database of the Commission	392
Local and national voice telephony services	111
International voice telephony services	115
Payphone services	19
Radio communication services	18
Leased line services	127
Data and electronic messaging transmission services	235
Internet access services	336
Cable television services	52
GSM/DCS	3
UMTS	3
CDMA	1
MVNO	24

By the end of the year, 207 individual licences had been issued and 36 general authorisations had been registered under the previous regulations, while 185 electronic companies were registered in accordance with the new regulations. Some 50 of these firms do not actually operate.

The Commission's database contains 392 companies. 336 have registered for Internet service provision, 235 — for data and electronic messaging transmission, 127 for leased line services, 115 for international voice telephony services, and 111 for local and national voice telephony services.

Regulation of tariffs

Electronic communications

In the electronic communications sector, the Commission set a ceiling on the interconnection service tariffs of Lattelekom, LMT and Tele2, which significantly reduced interconnection tariffs charged by companies with significant market power. The tariffs are now close to the average EU level in terms of the fixed telephone network, and development forecasts in the mobile telephone network.

During the reporting year, the Commission approved a Lattelekom proposal to reduce tariffs on calls to Russia by 46-49% as of October 31. The decision was adopted in accordance with the regulatory parameters which the Commission had set for Lattelekom. These specify the reduction of the company's aggregate tariff level by an average of 7.5% by October 31, 2005.

The transitional provisions of the Electronic Communications Law envisage that the Commission had to approve all relevant legal documents by December 1, 2005. On November 30, the Commission approved a methodology for calculating and allocating the costs of electronic communications services, as well as a methodology to calculate electronic communications service tariffs. The methodologies are based on the same principles as the ones that were in force previously, although they can be adjusted for any area of the electronic communications service market. At year's end, the official government journal *Latvijas Vēstnesis* published the Commission's annual report on compliance with the cost calculation methodology in the electronic communications sector. It was found that LMT and Tele2 had fully complied with the methodology, while Lattelekom had only done so in part.

Postal services

On November 2 of the reporting year, the Commission adopted new tariffs for the Latvian postal service, because tariffs had not changed since 1998. Consumer prices in Latvia increased by 24.6% during that period of time, and average gross wages rose by 76%. Wages are the main component in the Latvian postal service provision costs, so general postal service tariffs were increased by 0.75 to 110%. According to the Bank of Latvia, the Finance Ministry and the Economics Ministry, the impact of the new tariffs on the national economy was relatively insignificant. Tariffs were set on A-class postal items (priority mail) and B-class items (economical mail). No such division on postal items had existed before in domestic service provision. The Commission also approved a new methodology to set general postal service tariffs.

Protection of consumer interests

The Electronic Communications Law and the law On Regulators of Public Utilities allow the Commission to perform quality control when it comes to the services that are provided by electronic communications companies. Quality control forces electronic communications companies to pay more attention to the quality of the services that they provide. All quality indicators are summarised in an electronic communications service quality report. The annual report can be found on the Commission's homepage — www.sprk.gov.lv. The report summarises the results of service quality measurements that are performed by the Commission and offers a comparison of these results to service quality parameter values specified by the Commission and declared by companies.

During the reporting year, the Commission performed electronic communications service quality measurements in the public fixed telephone network (local and domestic services, payphone services, damage notification services, and telephone inquiry services), voice telephony services in the public mobile telephone network, and voice telephony services which use interconnected public electronic communications network.

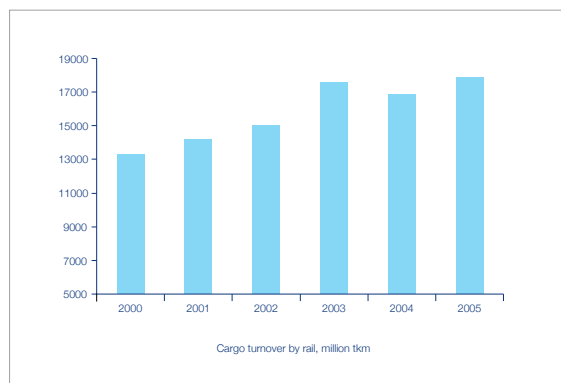
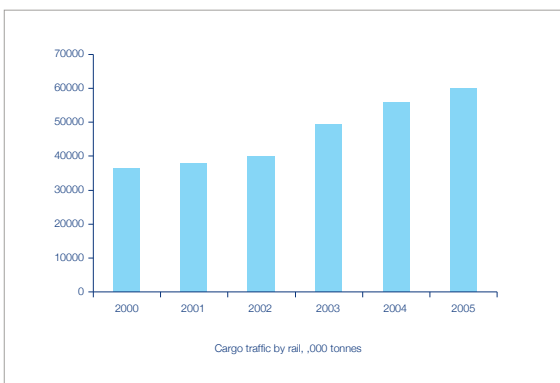
The Commission also prepared a report on complaints filed by electronic communications service users in 2005. The number declined by 35% in comparison to the number of complaints in the previous year.

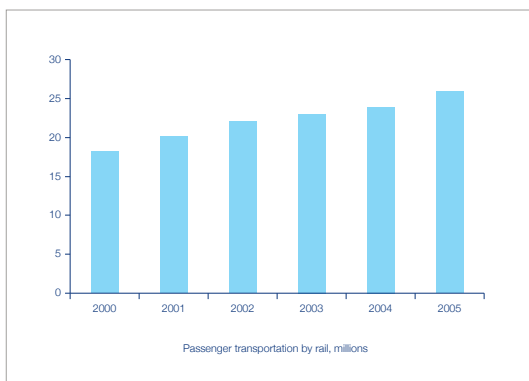
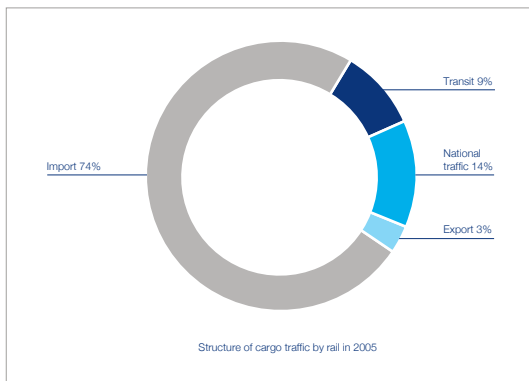
In the postal sector, the Commission received five complaints about postal service providers in 2005. All of the complaints were from natural persons and applied to the services of Latvian postal services. Most complaints were about registered domestic and international postal items. The Commission rejected all of the complaints.



REGULATION IN THE RAILWAY TRANSPORT SECTOR

Over the course of 2005, turnover in the railway transport sector increased by 6%, while the volume of transported cargo achieved a level of 60 million tonnes — 7.5% more than in 2004.





Rail passenger numbers increased by 8.4% in 2005 to 25.9 million. The number of domestic passengers increased by 8.8%, while the number of international passengers rose by 7.4%.

The national public usage railway infrastructure in Latvia is managed by the state-owned joint stock company Latvijas dzelzceļš. Cargo transportation by rail is handled by Latvijas dzelzceļš, which handles more than 90% of transported cargo turnover, as well as by the joint stock companies Baltijas Ekspresis and Baltijas tranzīta serviss. The Commission does not regulate railway cargo carriers.

Domestic passenger rail transport is handled by a Latvijas dzelzceļš subsidiary, the joint stock company Pasažieru vilciens. There is also a separate narrow gauge railway, and it is managed by a company called Gulbenes-Alūksnes bānītis. International transport is provided by the joint stock company Starptautiskie pasažieru pārvadājumi and by Latvijas dzelzceļš.

Licensing and licence supervision

Five public service providers have been licensed to provide passenger rail transport — the joint stock company Pasažieru vilciens, which handles domestic rail transport, the joint stock company Starptautiskie pasažieru pārvadājumi, which handles international transport, the state-owned joint stock company Latvijas dzelzceļš, which handles international passenger transport, Gulbenes-Alūksnes bānītis, which provides services on a narrow gauge railway which connects the towns of Gulbene and Alūksne, and L-Ekspresis, which has not launched public services in the railway transport sector because it has not received a safety certificate from the State Railway Technical Inspection.

The Commission received no applications for licences or amendments to licence conditions in the reporting year. In 2006, the licence of Pasažieru vilciens and Gulbenes-Alūksnes bānītis will expire.

Gulbenes-Alūksnes bānītis submitted its licence application on February 21, 2005, so as to be able to file documents with the State Railway Technical Inspection aimed at amending the company's railway transportation safety certificate. In 2005, the Commission's Railway Transportation Department inspected those public service providers which had launched operations in the reporting year. All inspections found that services were in line with licence conditions and legal requirements.

Tariff regulation

On January 19, 2005, the Commission approved an amended proposal from Pasažieru vilciens on new fares for electric and diesel trains. This decision was based on the temporary methodology to calculate rail transport fares.

On April 1, the Commission approved a fee for the use of the Latvijas dzelzceļš public usage railway infrastructure in 2005 and 2006.

The Commission also rejected a fare increase on the Gulbene-Alūksne narrow gauge railway, because the proposal was not in compliance with the aforementioned methodology.

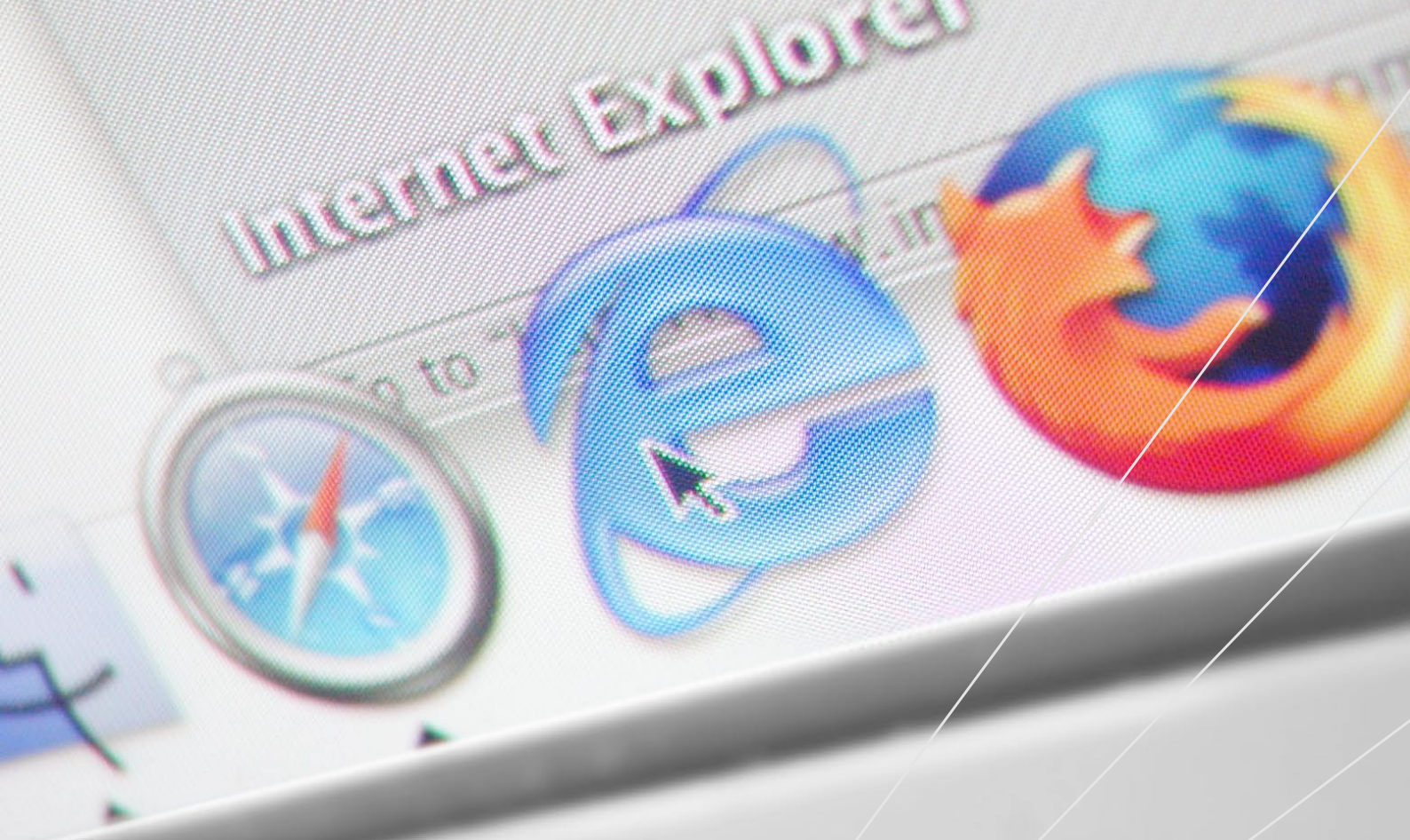
Experience developed during the adjustment of the temporary methodology for rail transport fare calculations and problems which were not addressed in the temporary methodology led to the approval of a new methodology on November 16, 2005. The Commission also approved a methodology to calculate the fee for using the public usage railway infrastructure for transportation purposes.

Protection of consumer interests

In addition to licensing, monitoring of company operations, approval of tariff methodologies and other regulatory functions in the railway sector that are addressed in the law On Regulators of Public Utilities, the Commission defines quality requirements in public service provision. On November 30, 2005, the Commission's board approved regulations on quality requirements for passenger transportation by rail. Minimum quality requirements have been defined for passenger rail transportation provided by companies in the railway transport sector, as well as a monitoring procedure to make sure that these requirements are fulfilled.

In 2005, the Commission received one complaint about the joint stock company Pasažieru vilciens and acknowledged that it was valid.

The Commission also analysed complaints and claims received by companies in the sector and produced a report which focused in particular on the observation of train timetables, the provision of sanitary requirements in trains, as well as fulfilment of the quality requirements which apply to attendants and ticket collectors. This will be taken into account when the quality of services provided by the various companies is monitored.



COMMUNICATIONS WITH THE PUBLIC

The most important task for the regulator is to balance the interests of public service users and service providers. Very important in this regard are communications between the Commission and the public so that the reasons and substances of adopted decisions can be explained. The Commission communicates with individual public service users with respect to their applications, complaints and claims, and with the public at large. The Commission uses the media, its Internet homepage, public hearings and consultations. Because of the importance of public services, the media have been very interested in the work of the regulator — they've written about ongoing regulatory issues more than 100 times, and news agencies report on these issues almost on a daily basis. The regulator has issued 39 news releases to the media. The Internet homepage is a major channel for communications — information about each regulated sector can be found there.



FINANCING AND SPENDING

The Commission's budget, by law, is a part of the Economics Ministry's budget. Specifically, it is part of the budget for the provision of fair competition and internal market and consumer rights protection.

The Commission's operations are financed from fees which are paid by regulated companies. During the reporting year, the national fee was 0.2% of net turnover in 2004 in regard to the public services provided by each company. This fee was set by the Cabinet of Ministers.

In 2005, the Commission planned revenues of LVL 1.56 million and expenditures of LVL 1.64 million.

Revenues from the national fee were expected to amount to LVL 1.43 million in the reporting year, but in fact the Commission received LVL 1.53 million in fees — 7% more than had been planned. In accordance with regulations concerning the national fee and its payment procedure, fees in 2006 will be reduced in proportion to the amount paid by each public service provider.

Expenditures amounting to LVL 1.51 were forecast for the Commission in 2005, while spending actually amounted to LVL 1.45 million, or 96% of the forecast sum. The surplus in funds was due to the fact that during the reporting year, some projects were launched which will in fact be implemented in 2006.

In 2005, a PHARE National Programme twinning project, No. 2002/000-590-07-01, "Public Utilities Commission", was completed. The goal was to enhance the Commission's capacity so that it might improve regulatory legislation in the telecommunications sector. The project was concluded successfully on August 31, 2005. During the reporting year, foreign financial aid was forecast at a level of LVL 127,000, but only LVL 113,000, or 89% of the forecast amount, were received.

The Commission's financial report was prepared in accordance with Cabinet of Ministers regulations on preparing the annual reports of state and municipal budget institutions (June 21, 2005). The 2005 annual report was submitted to the Economics Ministry so that it could be included in the ministry's consolidated report. The Commission's 2005 annual report was audited by the sworn auditor Zigrīda Šneidere (Certificate No. 110).

State budget financing and its use

No.	Financial funds	In the previous year (actual results)*	In the reporting year	
			Approved in the law	Actual results*
1.	Financial resources to cover expenditures (total)	1 545 357	1 557 783	1 644 277
1.1.	Grants			
1.2.	Paid services and other revenues	1 337 180	1 430 800	1 531 128
1.3.	Foreign financial aid	208 177	126 983	113 149
2.	Expenditure (total)	1 484 455	1 637 783	1 560 742
2.1.	Maintenance expenditure (total)	1 439 690	1 584 933	1 521 325
2.1.1.	Subsidies and grants, including payments to international organisations	3 507	8 490	5 642
2.1.2.	Other maintenance expenditure	1 436 183	1 576 443	1 515 683
2.2.	Expenditure on capital purchases	44 765	52 850	39 417

* — Determined according to the cash flow principle

In accordance with the law on procurement for state or local government needs, procurement processes were organised during the course of the year — 18 price quotation procedures and three open competitions. A total of 71 co-operation agreements were concluded.





A VISION
OF THE COMMISSION'S
OPERATIONS IN 2006

Over the course of 2005, the Commission was involved in the development of a concept on the public service regulatory model which would be efficient and best suited for the situation in Latvia.

The new model envisages the establishment of a unified public service regulatory system which ensures equal access to regional service providers, a centralised and uniform examination procedure for issues related to public service regulation, and a unified national fee for public service regulation.

In 2006, the Commission will continue to provide for and control the necessary prerequisites for the functioning of the electricity market, including the issue of the independence of the transmission system's operator. Along with market monitoring in Latvia in co-operation with the ERGEG, forums of Baltic regulators, transmission system operators, the relevant ministries and other market participants will begin to identify and resolve problems which hinder the development of the electricity market.

In the natural gas sector, the Commission will work to define service quality criteria. In the liquefied gas sector, the Commission will monitor market developments and price trends.

In the licensing sphere, the Commission will continue to work on:

- A) Ensuring an equal and non-discriminatory attitude toward all companies which submit licence applications to the Commission, considering applications in terms of their substance so as not to limit business activities, and issuing licences within the 30 day timeframe that is defined by law;
- B) Making sure that licensed companies can provide users with safe, continuous and high-quality public services;
- C) Supervising licensed companies on a regular basis to make sure that licence requirements are being fulfilled.

**Priorities in
the electronic
communications and
postal sector**

In 2006, the Commission's top priorities in the electronic communications and postal sector will include market analysis of the electronic communications sector, issuance of numbering resources (including eight-digit numbers) to electronic communications companies, and automation of quality measurements in voice telephony services. Bids for tender or auctions will be organised to grant radio frequency spectrum rights and to determine the holder of the register of the top-level .lv domain.

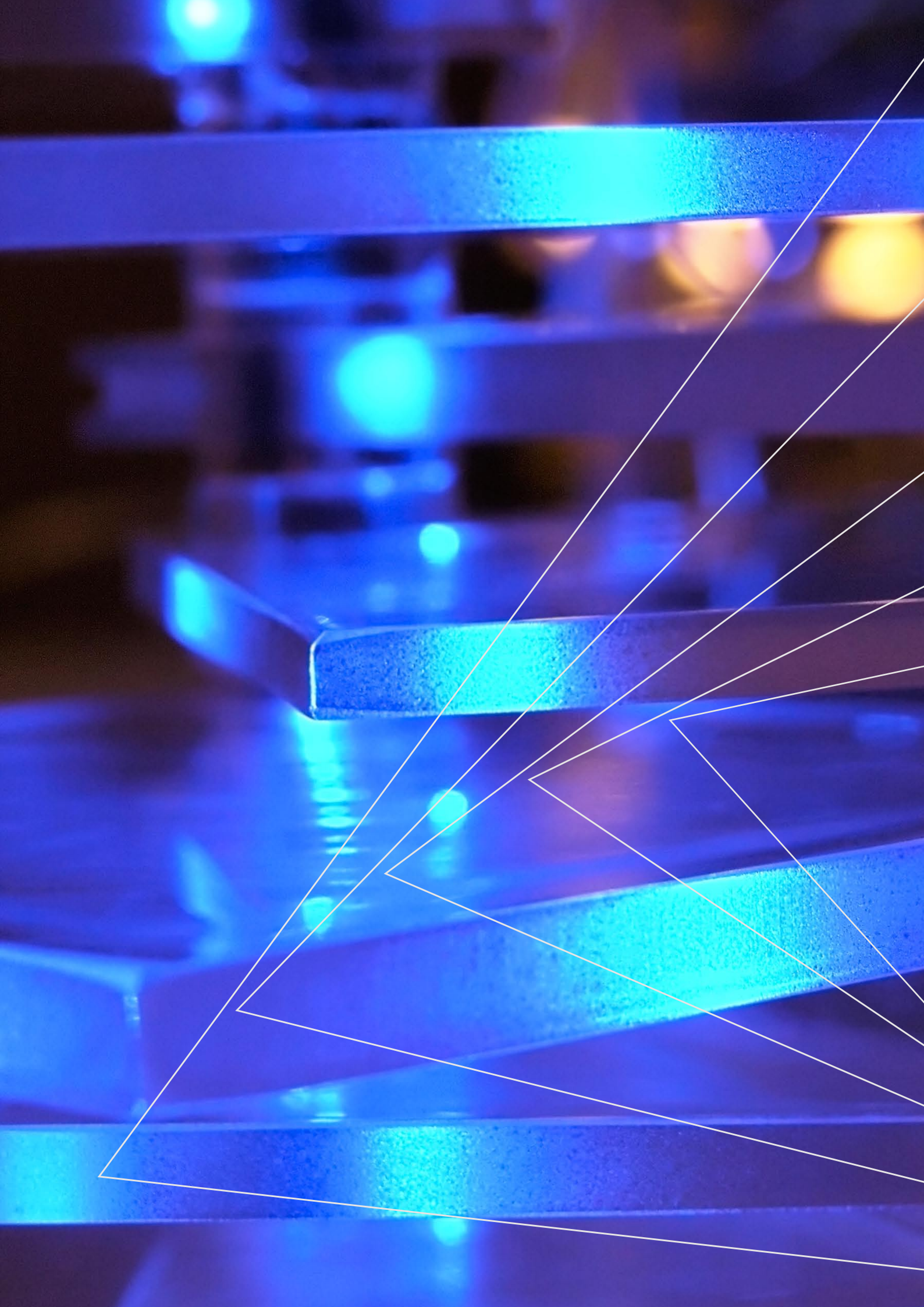
Also in 2006, the Commission will seek to monitor the operations of electronic communications companies and postal companies, supervising the fulfilment of universal service obligations and implementing quality control over postal services.

The Commission's representatives also plan to participate more actively in the working groups of the European Regulators Group and to work with the German postal regulator to acquire additional experience in the field of regulating the postal sector.

**Priorities in the railway
sector**

The top priority for the railway sector in 2006 is to define a fee for the use of the public railway infrastructure for rail transportation in 2006 and 2007.

The Commission will evaluate the actual cost of passenger transportation faced by companies which transport passengers by rail. Quality inspections of the services that are provided by these companies will also be conducted.





APPENDIX

ADOPTED DECISIONS AND DOCUMENTS

External legal acts issued by the Commission

1. The regulations “Electronic communications network and electronic communications service register” approved by board decision No.23 (prot. No. 3(212),7.p.), 26 January 2005 (action plan 5.3.1.1.);
2. Regulations on sending registration notifications of electronic communications companies, approved by board decision No.38 (prot. No. 8(217),8.p.), 16 February 2005 (action plan 5.3.1.1.);
3. Regulations on the application procedure for requests for the radio frequency spectrum and numbering resource usage rights for commercial activities, approved by board decision No.46 (prot. No. 10 (219), 11.p), 24 February 2005 (action plan 5.3.1.1.);
4. Regulations on the minimum set of leased lines to be offered to users, approved by board decision No.53, 9 March 2005 (action plan 5.3.1.1.);
5. Regulations for the introduction of the number portability service, approved by board decision No.56, 11 March 2005 (action plan 5.3.1.1.);
6. Amendments to regulations on the procedure of providing information by public service providers to the Public Utilities Commission, approved by board decision No.58, 16 March 2005 (action plan 5.3.4.4.);
7. Regulations on the consultation procedure in specifying particular electronic communications service markets, approved by board decision No.73, 30 March 2005 (action plan 5.3.1.1.);
8. Amendments to the natural gas sales tariff calculation methodology, approved by board decision No.100 of 5 May 2005 (action plan 5.4.);
9. Amendments to the natural gas distribution service tariff calculation methodology, approved by board decision No.99, 5 May 2005 (action plan 5.4.);
10. Amendments to the natural gas transmission service tariff calculation methodology, approved by board decision No.97, 5 May 2005 (action plan 5.4.);
11. Amendments to the natural gas, 5 May 2005 (action plan 5.4.);
12. Amendments to regulations on consultation procedure in specifying particular electronic communications service markets, approved by board decision No.105, 11 May 2005 (action plan 5.3.1.1.);
13. Regulations on the prevention of violations of general authorisation conditions and the halting of the operations of electronic communications companies, approved by board decision No.110, 18 May 2005 (action plan 5.3.1.1.)
14. Regulations on private electronic communications networks to be connected to the public electronic communications network, approved by board decision No.111, 18 May 2005 (action plan 5.3.1.1.)

15. General authorisation regulations, approved by board decision No.118, 25 May 2005 (action plan 5.3.1.1.)
16. Regulations on the description of offered electronic communications services and public access to the terms of use by electronic communications companies, approved by board decision No.119, 25 May 2005 (action plan 5.3.1.1.)
17. Regulations on unbundled access to local loops, approved by board decision No.135, 8 June 2005 (action plan 5.3.1.1.)
18. Regulations on the provision of subscriber registers, approved by board decision No.138, 8 June 2005 (action plan 5.3.1.1.)
19. Regulations on carrier selection and carrier pre-selection, approved by board decision No.139, 8 June 2005 (action plan 5.3.1.1.)
20. Regulations on the minimum set of leased lines, approved by board decision No.143, 15 June 2005 (action plan 5.3.1.1.)
21. Regulations on a dispute resolution procedure in the electronic communications sector, approved by board decision No.167, 20 July 2005 (action plan 5.3.1.1.)
22. Regulations on procedure of granting, extending and cancelling radio frequency spectrum usage rights for commercial activities, approved by board decision No.172, 17 August 2005 (action plan 5.3.1.1.)
23. Regulations on the amount and submission procedure of information necessary for market analysis, approved by board decision No.182, 31 August 2005 (action plan 5.3.1.1.)
24. Regulations on the procedure for reference interconnection offer development, information to be included and publishing, approved by board decision No.186, 31 August 2005 (action plan 5.3.1.1.)
25. Regulations on information to be submitted to the Public Utilities Commission, approved by board decision No.189, 7 September 2005 (action plan 5.3.1.1.)
26. Regulations on granting a permit for the installation of a direct electricity line connection, approved by board decision No.254, 16 November 2005
27. Regulations on the procedure whereby an energy supply company provides users with public access to the company's financial information, approved by board decision No.271, 23 November 2005
28. The natural gas transmission service tariff calculation methodology, approved by board decision No.285, 30 November 2005
29. The natural gas storage service tariff calculation methodology, approved by board decision No.286, 30 November 2005
30. The natural gas sales tariff calculation methodology for captive users, approved by board decision No.287, 30 November 2005
31. The natural gas distribution service tariff calculation methodology, approved by board decision No.288, 30 November 2005
32. Regulations on the universal service in the electronic communications sector, approved by board decision No.272, 23 November 2005 (action plan 5.3.1.1.)
33. Regulations on requirements for the holder of the top level domain .lv registry, approved by board decision No.273, 30 November 2005 (action plan 5.3.1.1.)
34. Number portability service regulations, approved by board decision No.274, 30 November 2005 (action plan 5.3.1.1.)
35. Regulations on the numbering usage rights, approved by board decision No.275, 30 November 2005 (action plan 5.3.1.1.)

36. A sample of a comprehensive subscriber register, approved by board decision No.279, 30 November 2005 (action plan 5.3.1.1.)
37. An electronic communications service cost calculation and allocation methodology, approved by board decision No.281, 30 November 2005 (action plan 5.3.1.4.)
38. An electronic communications service tariff calculation methodology, approved by board decision No.282, 30 November 2005 (action plan 5.3.1.3.)
39. A general postal service tariff calculation methodology, approved by board decision No.289, 30 November 2005
40. Regulations on general authorisation in the postal sector, approved by board decision No.290, 30 November 2005
41. Regulations on quality of service requirements for electronic communications services and the submitting procedure of quality of service reports, approved by board decision No.292, 30 November 2005 (action plan 5.3.1.1.)
42. A methodology for the quality of service measurements of electronic communications services, approved by board decision No.293, 30 November 2005 (action plan 5.3.1.1.)
43. A universal service obligation net cost calculation and setting methodology, approved by board decision No.294, 30 November 2005 (action plan 5.3.1.1.)
44. Regulations on getting acquainted with tariff proposals, approved by board decision No.291, 30 November 2005 (action plan 5.3.4.4.)
45. A railway passenger transportation fee calculation methodology, approved by board decision No.255, 16 November 2005 (action plan 5.4.)
46. Regulations on quality requirements for passenger transportation by rail, approved by board decision No.280, 30 November 2005 (action plan 5.4.)
47. A methodology for quality of service measurements of electronic communications services, approved by board decision No.284, 30 November 2005
48. Granting of numbering usage rights, approved by board decision No.298, 16 December 2005
49. System access regulations for participants in an electricity system, approved by board decision No.302, 14 December 2005
50. System access regulations for electricity generators, approved by board decision No.303, 14 December 2005
51. An electricity transmission system service tariff calculation methodology, approved by board decision No.308, 21 December 2005
52. An electricity distribution system service tariff calculation methodology, approved by board decision No.309, 21 December 2005
53. An electricity tariff calculation methodology for captive users, approved by board decision No.310, 21 December 2005
54. A tariff calculation methodology for heat energy generated in a combined heat and power plant (CHP) and for electricity generated by a CHP with capacity above 4 Mw, approved by board decision No.311, 21 December 2005.

Draft Cabinet of Ministers or parliamentary legal acts, as prepared by the Commission

1. Cabinet of Ministers draft regulations, "Amendments to the Cabinet of Ministers Regulations No.297, "Regulations on types of regulated public services, 3 July 2001", approved at a board meeting, 26 January 2005;
2. Cabinet of Ministers draft regulations, "Amendments to the Cabinet of Ministers Regulations No.1068, "Regulations on the rate of the state fee for public service regulation and the payment procedure, 28 December 2004", approved at a board meeting, 16 February 2005 (action plan 5.2.5).
3. Cabinet of Ministers draft regulations, "Public service licensing regulations", supported at a board meeting, 11 April 2005 (action plan 5.2.5).

Internal legal acts issued by the Commission

1. Amendments to regulations on out-of-court dispute settlement by the Public Utilities Commission, approved by board decision No.22 (prot. No.3 (212), 9.p.), 26 January 2005 (action plan 5.3.4.2.);
2. Statutes of the Legal Department of the Public Utilities Commission, approved by board decision No.12 (prot. No.1 (2100, 15.p.), 12 January 2005 (action plan 5.3.4.4.);
3. A methodology for assessing the quality of general postal services — ordinary letters, approved by board decision No.17, 19 January 2005 (action plan 5.3.4.4.);
4. Statutes of Energy Regulation Division of the Legal Department, approved on 25 January 2005 (action plan 5.3.4.4.);
5. Statutes of the Electronic Communications and Postal Regulations Division of the Legal Department, approved on 25 January 2005 (action plan 5.3.4.4.);
6. Statutes of the General Legal Issue and Transportation Regulation Division of the Legal Department, approved on 26 January 2005 (action plan 5.3.4.4.);
7. Amendments to Internal working regulations of the Public Utilities Commission, approved by order No.13, 27 January 2005 (action plan 5.3.4.4.);
8. Statutes of the Railway Transportation Department, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
9. Statutes of the Electronic Communications and Postal Department, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
10. Statutes of the External Relations Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
11. Statutes of the Development Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
12. Statutes of the Public Relations Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
13. Statutes of the Document Provision Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
14. Statutes of the Accounting and Finance Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
15. Statutes of the IT Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
16. Statutes of the Chancellery and Archive Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
17. Statutes of the Personnel Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);

18. Statutes of the Technical Provision Division, approved by board decision No.31 (prot. No. 7 (216), 6.p.), 9 February 2005 (action plan 5.3.4.4.);
19. A communications equipment usage procedure for the Public Utilities Commission, approved by the executive director's order No.18, 15 February 2005 (action plan 5.3.4.4.);
20. A procedure whereby the Public Utilities Commission evaluates the tariff proposals of public service providers, approved by the executive director's order No.45, 24 March 2005;
21. Amendments to the process whereby the Public Utilities Commission co-operates with public service users and providers in the decision making process, approved on 31 May 2005 (action plan 5.3.4.4.);
22. Amendments to the Statutes of the Public Utilities Commission, approved by board decision No.124 (prot. No.26 (235), 13.p.), 31 May 2005 (action plan 5.3.4.4.);
23. A service transport and personal transport usage procedure for the Public Utilities Commission, approved by the executive director's order No.61, 2 June 2005 (action plan 5.3.4.4.);
24. A procedure of means of communications usage for the Public Utilities Commission, approved by the executive director's order No.75, 26 July 2005 (action plan 5.3.4.4.);
25. Administrative violation regulations, approved by board decision No.217, 19 October 2005 (action plan 5.3.4.4.);
26. A licensing procedure, approved by board decision No.270, 23 November 2005.

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