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INTRODUCTION



Dear reader:

Reviewing publicly discussed topics of the year 2007, we may conclude that the Public Utilities Commission (hereinafter – the Commission) has been at the very centre of almost every issue – from complications in the operations of Latvijas Pasts (Latvian Post) to the recurrent rise in prices of energy resources. This once again shows the important role of the Commission in the socio-economic processes of the country.

As always, a big workload of the Commission this year is associated with the tasks in the electronic communications sector. The Commission has considerably upgraded the control system of the quality of electronic communications – since the beginning of this year, quality measurements of electronic communications services are being performed by an automatic system of quality control for voice telephony services. The Commission also started to perform quality measurements of Internet access services.

Due to the situation in the world market of energy resources, the Commission considered a new proposal for natural gas tariffs that was followed by a review of several cogeneration tariffs. The electricity market in Latvia was established in July 2007 – the first users have already changed suppliers. The Commission was actively involved in defining the market procedures both before and after establishment of the market.

In April 2007, the Commission approved the fee for the use of the public-use railroad infrastructure for train schedules in 2007 and 2008.

The Commission also participated in drafting the concept for a unified universal service model in the public utilities sectors.

At the end of the year, the Commission agreed to take over regulation of such municipally regulated sectors as Riga water supply and sewage services from 2008.

Valentīna Andrējeva
Chairwoman, Public Utilities Commission

REGULATION IN LATVIA



The Regulatory System

There are various socio-economic factors, which can affect the ability of the members of the public to receive services that are of key importance in ensuring their quality of life. The public services regulatory system influences the ability of companies to provide these services, ensuring a safe and uninterrupted availability of public services.

Currently, there exists a two-level regulatory system in Latvia. In accordance with the law “On regulators of public utilities”, public services in state regulated sectors are regulated by the Public Utilities Commission, while in municipally regulated sectors – by the respective local government regulators.

On November 20 2007, the Public Utilities Commission and the Riga municipality concluded a delegation agreement on the regulation of public services in the administrative territory of the city of Riga. The delegation agreement authorises the Public Utilities Commission to regulate the provision of public services as a commercial activity in the administrative territory of the city of Riga in the municipally regulated sectors (heat supply without electricity generation, water supply and sewage management) as of January 1 2008.

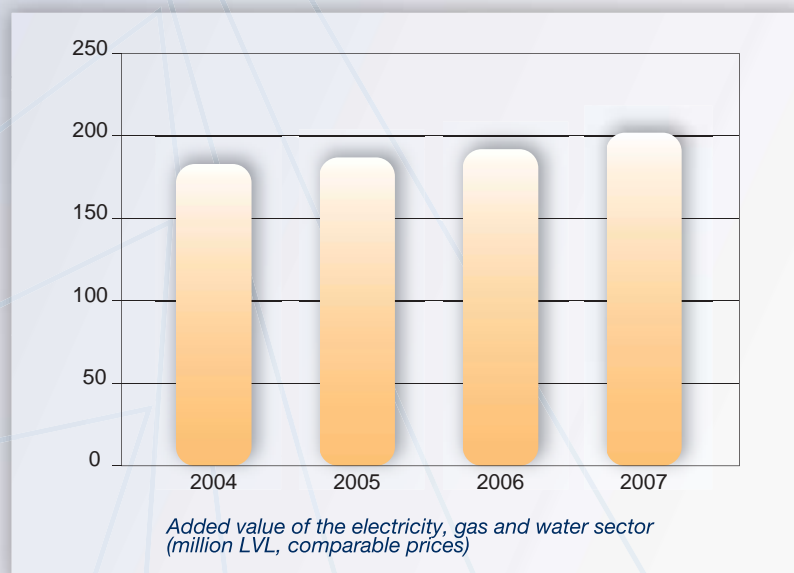
The functions of the Public Utilities Commission include regulating the relevant sectors and companies therein, defining methodologies for calculating tariffs, approving tariffs, issuing licenses, registering permits, promoting competition in the regulated sectors, offering out-of-court settlement of disputes and supervising the quality of public services.

The Public Utilities Commission is an institution independent in making its own decisions, overseen by the Minister of Economics of the Republic of Latvia.

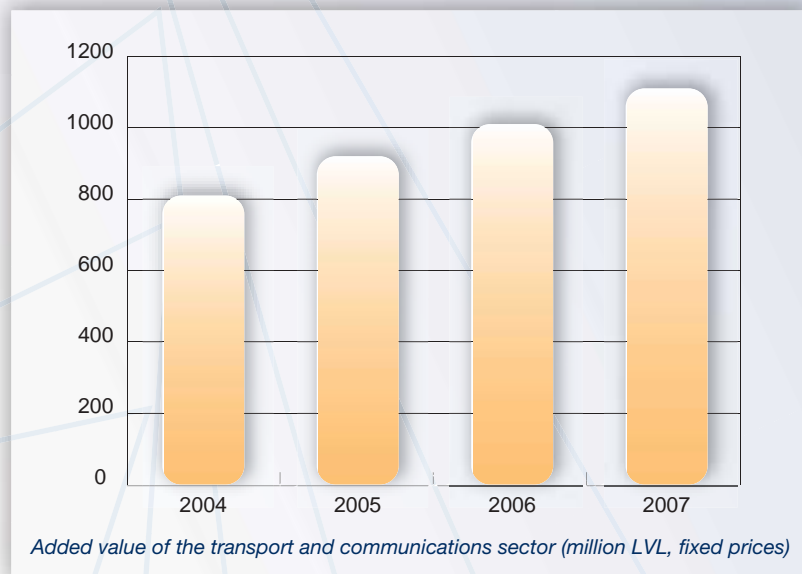
The work of the Public Utilities Commission is based on the law “On regulators of public utilities”, as well as on the laws and other normative acts, which regulate each of the regulated sectors.

Regulated Sectors in the Context of the National Economy

The companies regulated by the Public Utilities Commission represent the electricity, gas and water supply, transport and communications sectors. In 2007, these represented 14.8% of GDP (12.3% for transport and communications and 2.5% for electricity, gas and water supply). The transport and communications sector grew by 22.5% in 2007 over 2006, while the electricity supply, gas and water supply sector expanded by 4.9%. Latvia's overall GDP increased by 10.2% in 2007.



A total of 1119 thousand people were employed in the Latvian national economy in 2007. The regulated sectors covered 11.2% of the total number of the employed population in Latvia in the year 2007 (9.3% in the transport and communications sector, and 1.9% in the energy supply sector).



Average wages in the regulated sectors were above the national average. The average net monthly wage in the transport and communications sector was 297 LVL, the average salary in the energy supply sector was 417 LVL, while the average in the entire economy was 286 LVL. Compared to 2006, the national average net monthly salary increased by 32.4%, in the energy supply sector – by 33.2% and in the transport and communications sector – by 26.4%

The Effect of Regulated Prices on Inflation

According to the data provided by the Central Statistical Bureau, in 2007, 12.9% of all goods and services listed in the Consumer Price Index constituted services with administratively regulated prices. These include services that are regulated by the Commission, ones that are regulated by local government regulators, as well as other services that have regulated prices.

Public services	Share in expenditures of residents	Price increase (XII 2007 ag. XII 2006)	Inflation component (percentage points)
1) public services supervised at the state level (electricity supply, natural gas, fixed line telephone services, postal services, railway services)	4.2%	4.7%	0.20
2) public services supervised at the municipal level (water supply, sewage, waste collection, heat supply, passenger road transport)	6.7%	25.3%	1.71
3) normatively regulated public services (apartment rent in municipal buildings, car parking, patient's fee, refundable medications, passport issuing, notary services, kindergartens)	2.0%	11.8%	0.23
Administratively supervised and regulated prices, total	12.9%	16.5%	2.13
Consumer Price Index (inflation), total	100%	14.1%	14.1

In December 2007 (compared to December 2006), consumer prices rose by a total of 14.1%, while administratively regulated prices increased by 16.5%. In accordance with the proportion of administratively regulated prices on the CPI, administratively regulated prices represented 2.13 percentage points, or approximately 15% of the overall inflation.

Among the services regulated by the Commission, inflation in 2007 was affected by a rise in the price of electricity, which boosted inflation by 0.13 percentage points. There was a reduction in the prices of regulated voice telephony services, which reduced inflation by 0.02 percentage points. It is important to mention that, in 2007, a rise in electricity and natural gas prices had little impact on inflation (0.14 on aggregate), due to the reason that a reduced VAT rate (5% instead of the previous 18%) has been applied to electricity and natural gas supply for residential customers as of January 2007. The direct impact of the services regulated by the Commission, all in all, was an increase in the Consumer Price Index by 0.20 percentage points.



Refundable medications		- 0.04
Regulated voice telephony services		- 0.02
Car parking		0.09
Sewerage services		0.12
Electricity		0.13
Passenger rail transport		0.13
Water supply and system maintenance		0.19
Passenger road transport		0.20
Heat supply and system maintenance		1.06

The effect of some administratively regulated prices on inflation (percentage points)

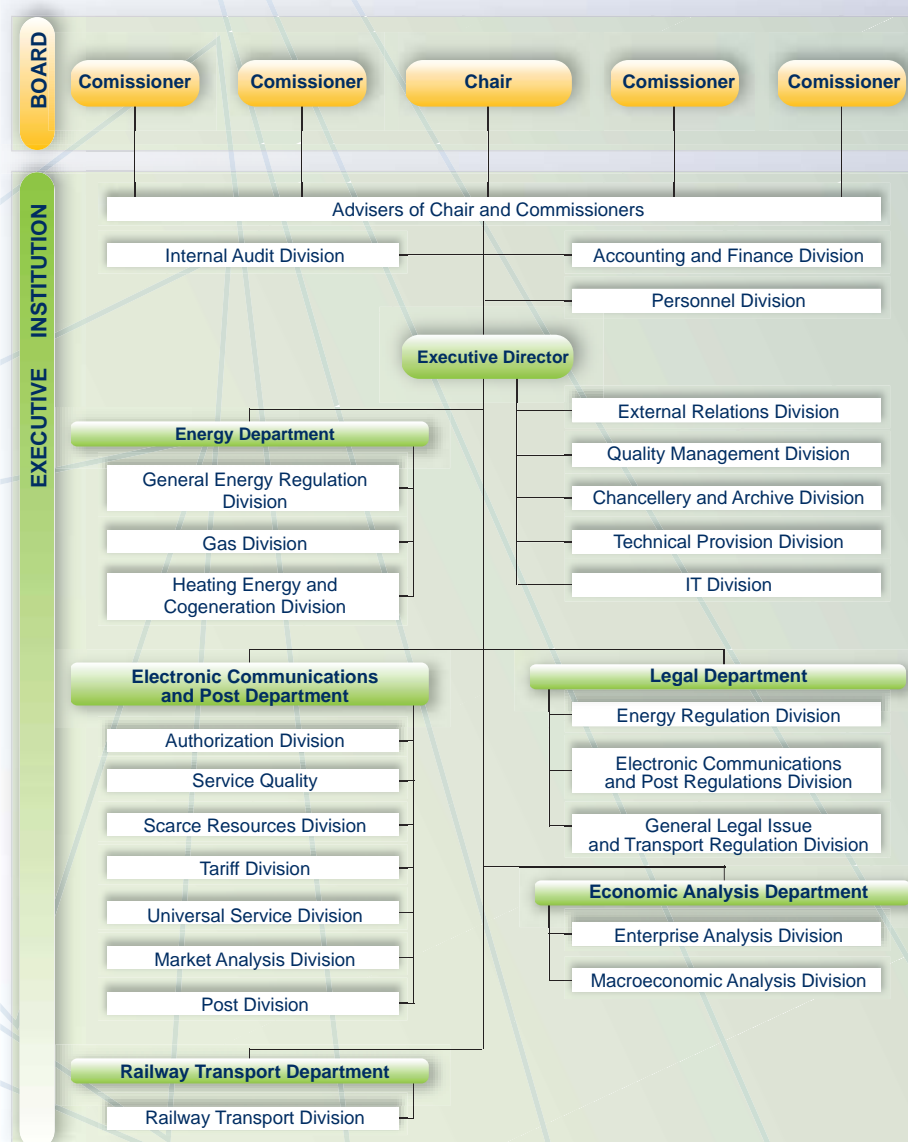
Among the prices regulated at the local government level, district heating tariffs rose substantially in 2007 (by 1.06 percentage points). There was also a significant increase in land-based passenger transport tariffs, which increased inflation by 0.20 percentage points. Water supply tariffs also rose (0.19 percentage points), as did sewage tariffs (0.12 percentage points).

THE COMMISSION'S OPERATIONS IN 2007



Structure and Employees

At the end of the reporting period, the Commission had 84 employees and five Council members. Of the employees, 73 have a higher education, eight have a doctorate, 32 hold a master's degree, and two have completed two separate bachelor's degrees. Two employees are pursuing a doctorate and six are currently working on their master's degree. Three employees of the Commission have a secondary or special secondary education and five are still at university. 96% of the Commission employees have a graduate or a post-graduate degree or are currently taking course at a university.



The Structure of the Public Utilities Commission

Major Commission Decisions

The Commission's Council met 49 times between January 1 and December, 31 2007. The Council members have approved 616 decisions, issued 17 licenses to public service providers, issued five general permits in the postal sector and have registered 27 electronic communications companies.

The Commission actively participated in preparing several draft laws in 2007:

- Amendments to the law "On regulators of public utilities"
- Amendments to the "Electronic Communications Law",
- A new "Postal Law" draft,
- "Public Transport Services Law",
- Amendments to the "Waste Management Law",
- Amendments to the "Latvian Administrative Violations Code".

In 2007 the Commission also participated in drafting of the concept for unified universal service model in public utilities sectors.

In 2007, the Commission continued analysing the market for electronic communications and defining the market power of electronic communications companies. This work was based on detailed instructions of the European Commission as to the market and services that had to be investigated. The Commission prepared and approved auction statutes and granted usage rights for the 1st radio channel of 10.5 GHz range and 31.8-33.4 GHz range of radio frequency spectrum.

In the electronic communications sector, the Commission drafted and approved:

- Methodology for quality metering of electronic communications services;
- Regulations on the provision of all-encompassing telephone inquiry service and an all-encompassing list of subscribers;
- A sample of an all-encompassing list of subscribers;
- Regulations on the universal service in the electronic communications sector;
- Methodology for calculating and defining net costs of universal service obligations;
- Regulations on the procedure for dispute examination in the electronic communications sector;
- Regulations on numbering usage rights;
- Regulations on the information to be included in the basic offer and its publishing;
- Regulations on usage rights of the radio frequency spectrum;
- Regulations on violations of general permit requirements;
- Regulations on the provision of the number portability service;
- Regulations on general permits.



In the energy sector, the Commission drafted and approved:

- Methodology for calculating mandatory purchase components;
- Methodologies for calculating tariffs of electricity transmission and distribution system services;
- Methodology for calculating electricity supply tariffs for captive users;
- A public trader's standard agreement for electricity supply and procedure for purchasing electricity for supply to captive users.

In 2007, the Commission also participated in drafting the concept for a unified universal service model in public utilities sectors.

Due to the rise in the cost of imported energy resources, the Commission received and considered a new natural gas tariff proposal. Co-generation tariffs were also reviewed.

In April 2007, the Commission approved the fee for the use of the public-use railroad infrastructure for train schedules in 2007 and 2008.

Litigation and Out-of-court Settlements

During the course of 2007, the Public Utilities Commission continued to deal with seven processes of litigation that had begun over the previous years in the electronic communications sector. The most important of these is the court case that relates to the cancellation of the Commission's June 8 2005 Decision No.140 "On maximum tariffs of interconnection services for Lattelekom, Latvijas Mobilais Telefons and Tele2", regarding obligations applicable to Tele2 and cancellation of the Commission's July 1 2005 Decision No.153 "On imposing an administrative fine on Tele2". The Decision had imposed an administrative fine of 10,000 lats on Tele2. During the reporting year, eight cases were dismissed (three of those were appealed to a higher court), but the Commission became involved in four other court cases related to the electronic communications sector.

In the postal sector, a previously launched litigation process was underway. It was reviewed by the Administrative district court and was appealed to the Administrative regional court.

In the energy sector, four processes of litigation were completed in 2007, while three others are still pending. The most important of these is the case in the Administrative regional court that is asking the court to order the Commission to define an average tariff for the sale of electricity.

One function of the Commission is to pursue out-of-court settlements in cases involving public service providers and users. In 2007, the Commission was involved in three disputes of this kind in the electronic communications sector and approved three final decisions on dispute settlements. In the postal sector, the Commission was involved in one dispute and approved one final decision on dispute settlement. In the energy sector, the Commission reviewed three disputes and took three decisions on their settlement, while a settlement of three disputes has begun and will continue in 2008.

The Commission has also reviewed several types of administrative violations, doing so on the basis of the Latvian Administrative Violations Code. 170 cases of administrative violations were initiated in the electronic communications sector. 152 electronic communications companies and one postal company were fined. In the energy sector, cases related to two administrative violations regarding the non-submittal of information were launched in 2007. The companies involved received warnings.

International Co-operation

In 2007, the Commission's international co-operation was mainly directed at participation in working groups of regulatory associations, co-operation with the European Commission (EC) and regional and bilateral contacts on issues important to the Commission.

The Commission welcomed delegations from Armenia, Moldova and Lithuania to exchange experiences.

In 2007, the Commission, as well as other European Union (EU) regulators, took part in the discussion on the EC proposal to establish new institutions – a unified European Telecommunications (electronic communications) regulator and Energy regulator (“agency”). Adoption of these proposals would partially change the regulatory environment and would widen the scope of obligations of national regulators.

In the electronic communications sector, the Commission addressed the regulation of the next generation networks, issues of quality control of electronic communications services, participated in four pre-notification meetings on market reports in accordance with the EU regulatory framework “Consolidating the internal market for electronic communications”, as well as in the work of Independent and European Regulators Groups (IRG/ERG). In 2007, the Commission organised the Contact Network meeting of European electronic communications regulators and the annual meeting of electronic communications and postal regulators of the Baltic States with participation of Nordic regulators.

In the postal sector, the relevant issues were the adoption of the new Postal Directive, financing of the Universal Service, and the reform of the Universal Postal Union.

In the energy sector, one of the most significant issues was the harmonisation of the draft of the 3rd energy legislative package. The Commission took part in the discussions initiated by the Council of European Energy Regulators (CEER), European Regulators Group for Electricity and Gas (EREG) and the European Commission. The Commission also participated in the campaign for protection of the rights of EU energy consumers, shared its experience in differentiation of natural gas distribution tariffs according to the indicator of connection pressure and participated in the Madrid Forum, where the European Commission, regulators and other market participants discussed the matters in the natural gas sector.

In 2007, the Commission's representatives participated in the work of the European Commission's High Level Group, which discussed the mutual interaction and future development of the European energy, environmental and competitiveness policy.

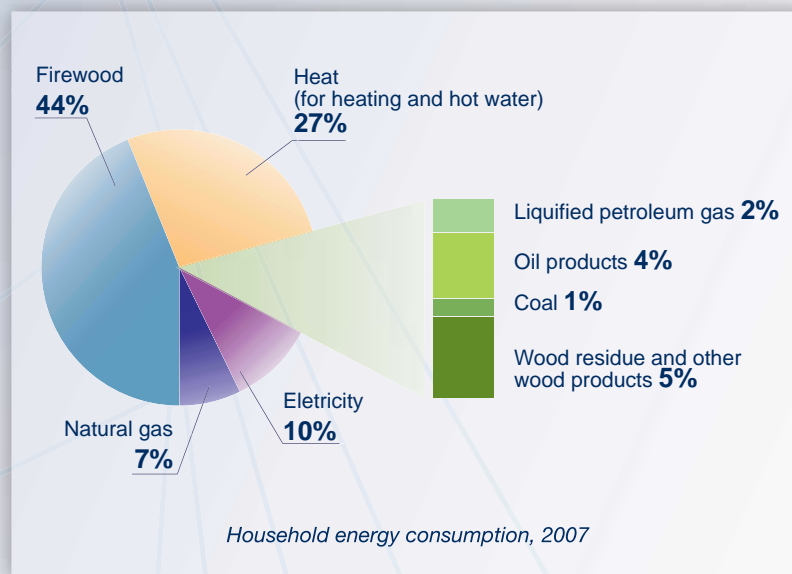
In 2007, two Electricity Regional Initiative (ERI) mini-forums took place. The agenda of the mini-forums dealt with such issues as the security of supplies after the closure of the Ignalina nuclear plant, the analysis of ESTLINK operational data, the evaluation of possible legal obstacles, prospects for electricity supply trade and other issues. Special attention was dedicated to the issue of solving balancing problems by forming a separate Balancing Work Group.

2004 was the first year the European Commission called for a promotion of European energy market liberalisation, first and foremost by detecting problems on a regional level. At present, all energy market participants are involved in the “regional initiative” process under the guidance of EREG. Baltic ERI, consisting of Estonia, Latvia and Lithuania, is one of seven European electricity markets, where the Commission is entrusted with the function of a regional coordinator.

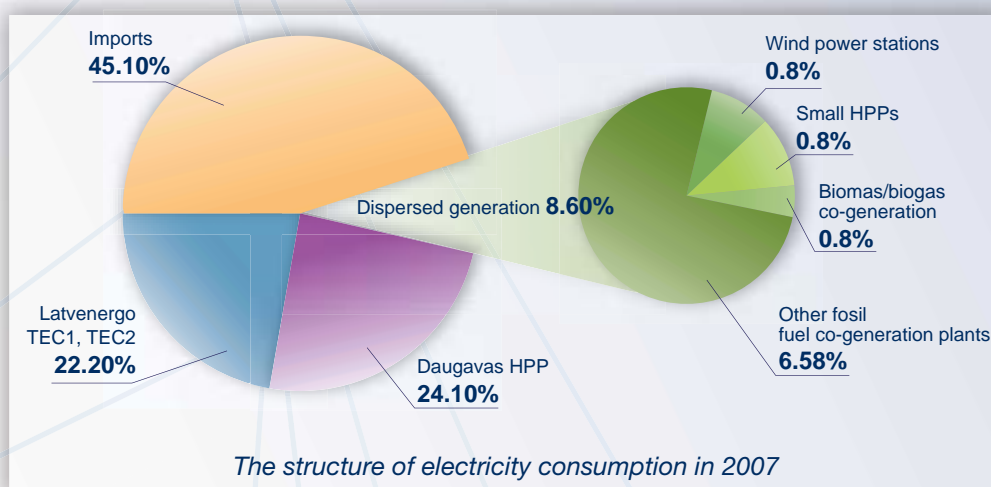
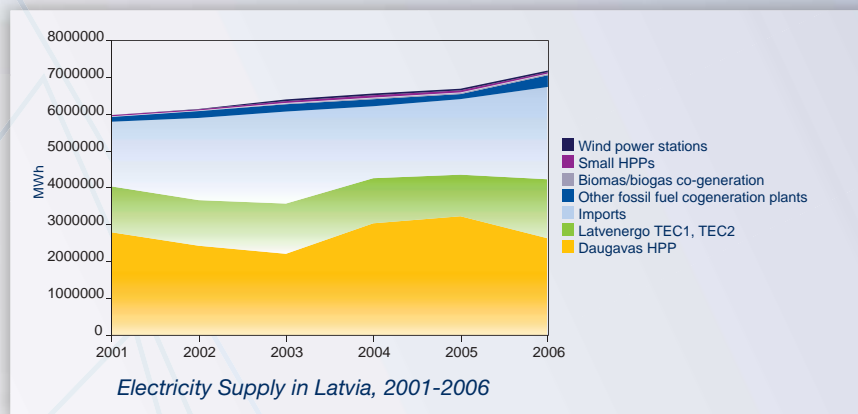
In the railway sector, the Commission was involved in the work of OECD and the Railway Group of the European Conference of Ministers of Transport (ECMT), regarding the procedure for setting a railway fee. The Commission also participated in the project of the EU program “6th Framework” dealing with the issue of reforming transport network costs.

Regulations in the Energy Sector

The areas in which Latvia regulates energy supply tariffs are the supply of electricity and the supply of natural and liquefied gases. Among Latvia's households, consumption of these products represents 18 to 20% of the total energy consumption in Latvia.



By far, the most dominant company in electricity supply is the state-owned stock company Latvenergo, which generates more than 90% of the electricity produced in Latvia. It imports electricity and ensures its transmission, distribution and supply to users. There are also some 150 small hydroelectric power plants that generate electricity. They have a total capacity of 25 megawatts (MW). Latvia has 14 wind power stations with a total capacity of 25.2 MW, as well as 40 co-generation stations with a total capacity of 140 MW. In addition to Latvenergo, there are 17 other licensed companies that are involved in selling and distributing electricity.



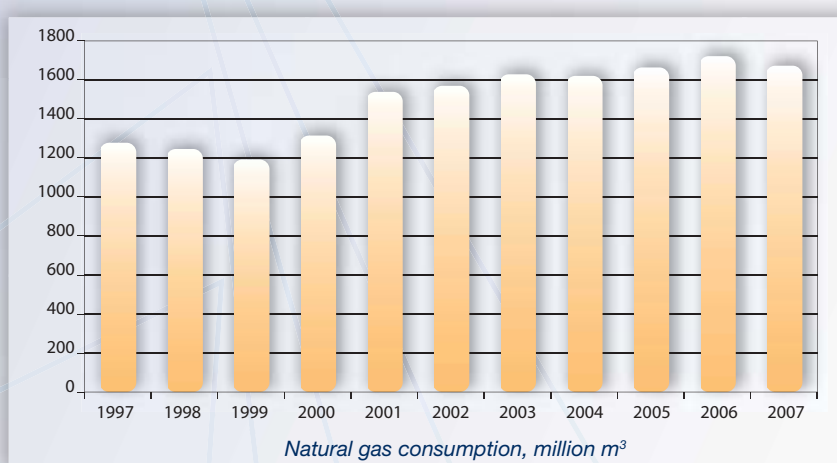
In 2007, the total value of the Latvian electricity market was 7.7 terra-watt hours (TWh). Of these, 4.12 TWh were generated by Latvenergo, 0.6 TWh came from independent power generators, 3 TWh were imported and 1.97 TWh were exported.

Since July 1 2004, all electricity consumers, excluding households, have been allowed to choose alternative electricity suppliers. Several companies, which do not have their own distribution networks, have been licensed to sell electricity supplies.

The problem is that, in Latvia and in the Baltic States, there is an insufficient generation capacity to allow for a market in which operations are based on bilateral agreements. There is also insufficient participation in the market by the users consuming large amounts of electricity. In 2006, the ESTLINK connection was established between the electricity transmission systems of Estonia and Finland. In 2007, Latvenergo imported and exported electricity through Nord Pool.

In the area of natural gas supply, the stock company Latvijas Gāze holds the monopoly, as it controls the entire network from purchase to delivery to the final user. The company has internal units that are responsible for the transport, storage, distribution and sale of natural gas. Bookkeeping of the company is in line with the functions of these various units, and the Commission has approved a cost allocation methodology for this purpose.

The natural gas system in Latvia is used to deliver natural gas to the users. During the winter, natural gas from the subterranean gas storage facility at Inčukalns is delivered to Lithuania, Estonia and Russia.



This natural gas delivery system was established 30 – 40 years ago and has a capacity of some 4 (four) billion cubic metres of gas each year. Last year the total consumption of natural gas in Latvia represented just 45% of the capacity, which means that the natural gas delivery system is never overloaded and can ensure a stable supply of natural gas to all consumers in Latvia.

The law of June 30 2005, regarding the procedure under which certain articles of Latvia's Energy Law will take effect, stipulates that the natural gas market will not be opened up until January 1 2010.

Natural gas consumption in Latvia decreased by 3% in 2007 as compared to 2006 and was 1.67 billion m³. Of this amount, 58% was used to produce heat and electricity, 7% was consumed by residential users and 35% was used by industrial users.

Liquefied petroleum gas (propane and butane) that is sold in Latvia is mostly imported from Lithuania and Russia. In 2007, Latvia imported approximately 86,000 tonnes of liquefied gas. 70% of it was used in motor vehicles, while 30% was used for household heating and for retailing from tanks and from underground and above-ground group reservoirs. Of this amount, 25% of the gas was used for heat, 10% went toward the delivery of liquefied gas through underground and above-ground group reservoirs and the rest was filled into tanks.

Licensing and license supervision

According to the Cabinet of Ministers July 3 2001 Regulations No.297 "Regulations on types of regulated public utilities", the Commission regulates co-generation plants, which generate electricity and heat as long as their maximum output is above one megawatt (MW). The Commission also supervises the generation of electricity from plants with a capacity of more than one MW (hydroelectric power plants, wind power plants, and combustion power stations). The Commission regulates the transmission of electricity, when the voltage is at least 110 kilovolts, the distribution of electricity, if the voltage is between 1 and 110 kV, and sale of electricity to the end users, if the amount that is provided exceeds 4,000 megawatt-hours (MWh) per year.

At the end of the reporting year, the Commission had licensed 60 companies in the electricity supply sector. The Commission issued 69 licenses — 23 for co-generation plants that generate electricity and heat, 16 for wind power stations, and two for hydroelectric power plants. One licence was issued for the transmission of electricity, 10 for the distribution of electricity, and 17 for the sale of electricity.

Seven new licenses were issued in 2007. Two of them apply to the generation of electricity – the generation of heat power and electricity in a CHP plant for limited liability company (LLC) "Jelgavas koģenerācija", and electricity generation by a wind power plant for LLC "Hess". Three licenses were issued for sale of electricity — to LLC "Enerģijas avots", state-owned stock company "Latvijas dzelzceļš" and LLC "Lauktehnikas enerģētiks". In addition, two licences for electricity distribution were issued to stock company "Sadales tīkls" and LLC "Geriantis".

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

The stock company Latvijas Gāze has licenses for the storage, transmission, distribution and sale of natural gas.

Amendments were made to the Cabinet of Ministers July 3 2001 Regulations No.297 "Regulations on types of regulated public utilities", which came into force on November 1, 2007. 11 licenses for the distribution of liquefied petroleum gas from underground and above-ground reservoirs through pipelines to a connection point in a residential building had been issued at the end of the reporting year.

The operations of public service providers are regularly inspected on the basis of Decision No.329, approved by the Commission's Board on December 3, 2003.

In 2007, the Commission inspected 11 companies that deliver liquefied gas. On November 1, 2007, amendments to Cabinet of Ministers July 3 2001 Regulations No.297 "Regulations on types of regulated public utilities" came into force, resulting in the exclusion of liquefied gas storage, filling and trade (sales) from regulated public services. These regulations stipulated that only distribution of liquefied petroleum gas from underground and above-ground reservoirs through pipelines to a connection point in a residential building will be henceforth regulated. Due to amendments to legal acts, the Commission no longer supervises storage, filling and sales of liquefied natural gas and respective licences issued by the Commission are no longer valid. At the beginning of 2008, the Commission supervised 11 companies that had been licensed for liquefied gas distribution. At present, the licence of one of the aforementioned companies has been cancelled (and one more is in the process of cancellation); the remaining companies are being questioned to clarify if they are involved in distribution of liquefied petroleum gas from underground and above-ground reservoirs in order to make amendments in the companies' licences.

In 2007, the Commission inspected 12 companies that deliver electricity:

- 11 companies were inspected upon receiving applications for alteration of licence conditions or receipt of new licences. No violations were found in the activities of these companies.
- Litigation with one company is still ongoing.

Regulating tariffs

Electricity

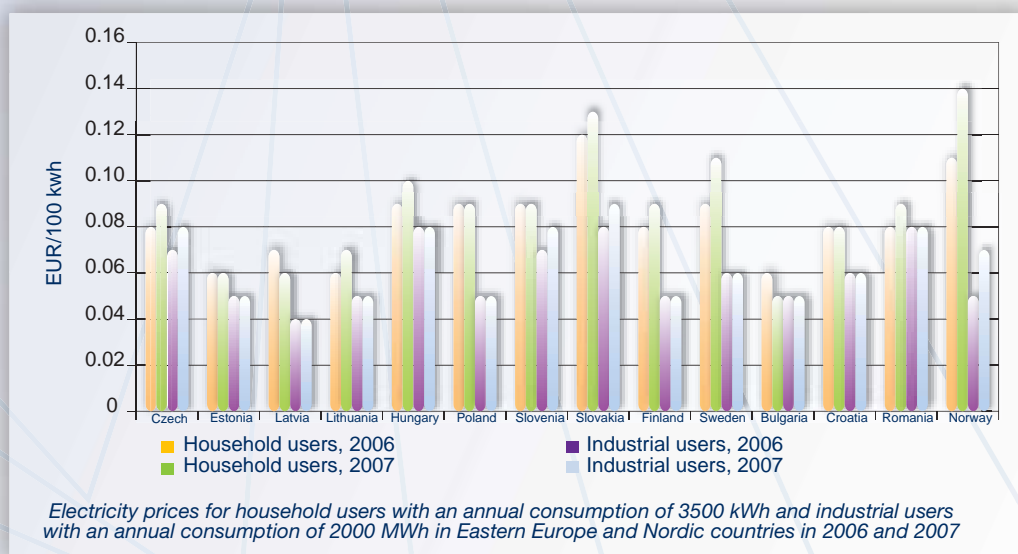
The Commission approves tariffs for companies that generate electricity in co-generation plants, tariffs for the transmission and distribution of electricity, as well as tariffs for the sale of electricity to the captive users. Tariffs for the transmission and distribution of electricity are specified so that, when a free market participant concludes a bilateral agreement on the delivery of electricity and pays for transmission and distribution system services, the rules for accessing the transmission and distribution systems are clearly understood.

Captive user tariffs are defined for those users of electricity in Latvia, who have not taken advantage of the opportunity that is guaranteed by law — the right to freely choose the supplier of electricity. These clients pay for electricity in accordance with tariffs that are defined by the Commission. Captive user tariffs differ from one user group to another, depending on the voltage level, the demanded amount of electricity and time zones. Captive user tariffs cover the cost of generating and importing electricity, including the cost of electricity generated by renewable energy resources. The tariffs also cover the cost of transmission and distribution systems, as well as the cost of retailing the electricity.

The price of imported electricity is based on agreements between Latvenergo and suppliers of electricity in Russia, Lithuania and Estonia and trade transactions in the Nordic electricity market (Nord Pool). The Commission defines the tariff for generating electricity at co-generation stations with a capacity of more than 4 MW (including TEC-1 and TEC-2). For co-generation stations with a capacity of less than 4 MW and for power plants that use renewable energy resources, the purchase price for electricity is specified by law.

In 2007, the Commission approved the following methodologies in the electricity sector:

- Methodology for calculation of electricity transmission system service tariffs;
- Methodology for calculation of electricity distribution system service tariffs;
- Methodology for calculation of electricity tariffs for captive users;
- Methodology for calculation of mandatory purchase components.



As of August 1, 2007, tariffs for transmission system services (approved on June 27, 2007) took effect. Distribution service tariffs for the stock company "Sadales tīkls" were approved on December 19, 2007. Retail tariffs and distribution service tariffs of the stock company "Latvijas dzelzceļš" and LLC "Vats" were approved in 2007.

New electricity and heat power tariffs were approved for several co-generation stations — TEC-1 and TEC-2, which are run by the Latvenergo subsidiary "Rīgas termoelektrostacija", the "Imanta" heating plant run by stock company "Rīgas siltums", with others being stock company "Daugavpils siltumtīkli", LLC "Liepājas enerģija", LLC "Windau", LLC "CB", stock company "Valmieras enerģija", and LLC "Vangažu sildspēks".

According to Eurostat data from 2007, Latvia ranked among the lowest electricity tariffs for households and commercial users in the European Union.

Natural gas

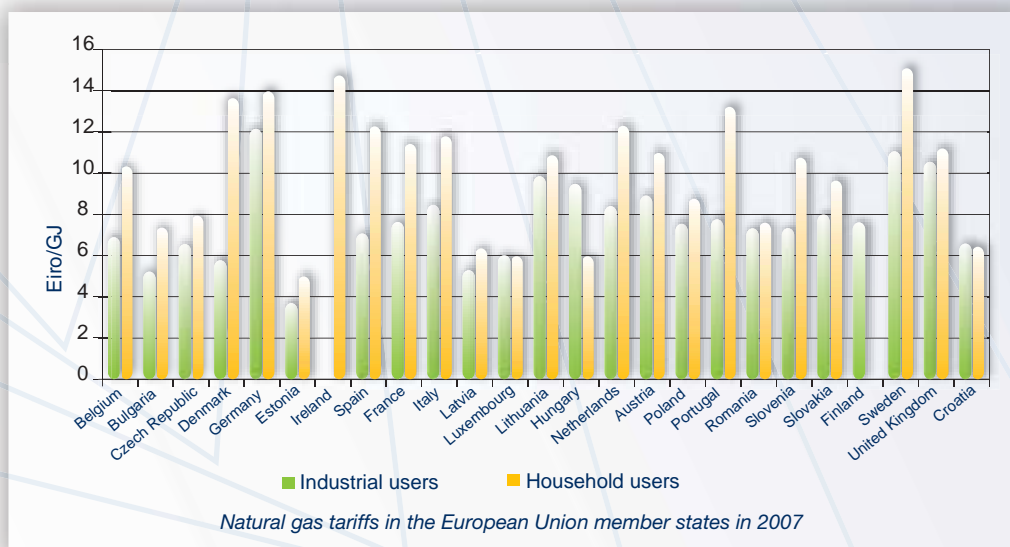
Tariffs for the sale of natural gas are based on the purchase price of natural gas on the borders of the state and on the cost of services related to the delivery of natural gas to its users — transmission, storage, differentiated distribution and sales. The purchase price for natural gas is transferred without any changes to differentiated end tariffs.

In 2007, amendments to the methodologies for calculation of natural gas supply tariffs were prepared. The amendments were accepted at the beginning of 2008. The following methodologies are currently in effect to calculate natural gas supply tariffs:

- Methodology for calculation of natural gas transmission service tariff;
- Methodology for calculation of natural gas storage service tariff;
- Methodology for calculation of natural gas distribution service tariffs;
- Methodology for calculation of natural gas sales tariffs.
- The new natural gas supply tariffs, which were approved in 2007 are in force from May 1, 2007.

The new natural gas supply tariffs, which were approved in 2007, have been in force since May 1, 2007.

According to the Eurostat data of 2007, Latvia had among the lowest natural gas tariffs for households and the second lowest natural gas tariffs for commercial users among all European Union member states. However, the low tariffs in earlier years did not hinder the ability of natural gas suppliers to develop successfully. This was achieved by increasing efficiency, increasing turnover, expanding supply networks, increasing investments, and achieving better profit indicators.



Liquefied gas

Certain amendments were made to the Cabinet of Ministers July 3 2001 Regulations No.297 "Regulations on types of regulated public utilities". The amendments came into force on November 1, 2007. As a result, the only licensed type of activity in the liquefied gas supply sector is the distribution of liquefied petroleum gas from underground and above-ground reservoirs through pipelines to a connection point in a residential building.

Protecting user rights

The European Union's Electricity Directive and various regulations related to the electricity sector mean that the Commission oversees the way in which the market is developed, ensuring transparent market information and equal rules for all market participants.

In 2007, the Commission received and reviewed 57 complaints (claims) from public service users in the area of energy. There were also 30 questions submitted electronically vis-à-vis the provision of public services. The aggregate number of complaints has declined, only the number of complaints about electricity supply has risen slightly.

Of all complaints, 84% have been received from private individuals.

Among the complaints (claims) that were received and replied to in 2007, 12% or 7 replies involved issues related to energy supplies, while 88% or 50 applications were complaints (claims).

Answers related to electricity supplies mostly had to do with the delivery of electricity (37%), installation of new connection and connection fee (28%) and the registration of the amount of electricity used and the resultant bills (12%).

In the area of gas supply, most complains had to do with registration of use and resultant bills (30%), natural gas delivery issues (20%), and liquefied gas (40%).

Complaints	Electricity		Gas		Heating		Total	
	number	%	number	%	number	%	number	%
Justified	4	9					4	7
Unjustified	30	70	7	70			37	65
Unrelated to Commission's work	4	9	1	10	4	100	9	16
Explanation provided	5	12	2	20			7	12
Total:	43	100	10	100	4	100	57	100

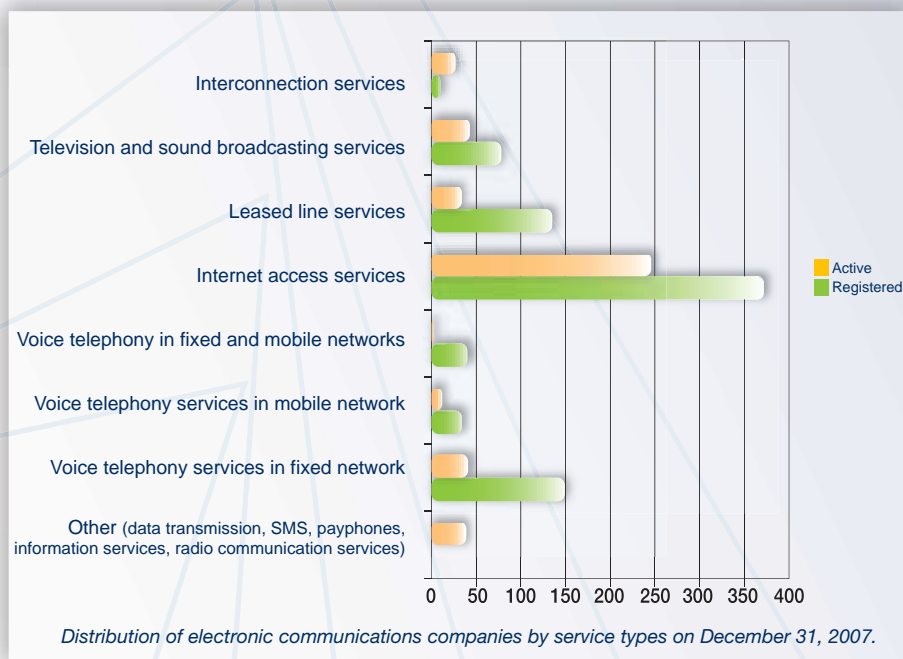
Regulations in the Electronic Communications and Postal Sectors

Registering companies

In 2007, registration of companies in the electronic communications sector continued.

61 new electronic communications companies registered with the Public Utilities Commission during the course of the reporting year, while 36 companies ended their operations or failed to launch operations and asked that they be removed from the list of such companies.

On December 31, 2007, a total of 505 companies had been registered in the electronic communications sector. According to information that is at the Commission's disposal, at least 390 of these actually provide electronic communications services.



N.B. Interconnection services are provided by more companies than actually registered, because this type of activity was not outlined during the switch from licences to general permits.

Supervising companies

In the electronic communications sector, companies operate in accordance with Regulations on general permits. The Commission regularly supervises electronic communications companies by visiting companies and regularly gathering information from companies about their commercial activities in the sector.

While monitoring the fulfilment of Regulations on general permits, 152 violations were identified on non-submittal of information to the Commission by the deadline defined in normative acts. The Commission levied an administrative fine on several companies for this violation.

Market analysis for determining significant market power

The electronic communications sector was opened to competition on January 1, 2003, when regulatory rules were applied to certain electronic communications companies with an eye toward stimulating their operations under conditions of competition. In 2007, decisions came into force specifying such regulatory rules that were determined by analysing the electronic communications market in accordance with EU legal acts. On January 1, 2007, decisions adopted in 2006 took effect regarding significant market power in the following electronic communications markets:

- Market No.1 “Ensuring access to the public telephone network for individuals at a fixed location”.
- Market No.2 “Ensuring access to the public telephone network for legal entities at a fixed location”.
- Market No.3 “Ensuring access to publicly available local or domestic telephone communications services for individuals at a fixed location”.
- Market No.4 “Ensuring access to publicly available international telephone communications services for individuals at a fixed location”.
- Market No.5 “Ensuring access to publicly available local or domestic telephone communications services for legal entities at a fixed location”.
- Market No.6 “Ensuring access to publicly available international telephone communications services for legal entities at a fixed location”.
- Market No.7 “The minimum set of leased lines”.
- Market No.8 “Originating connections in the public fixed telephone network”.
- Market No.9 “Terminating connections in the individual public telephone network at a fixed location”.
- Market No.10 “Transit services in the public fixed telephone network”.
- Market No.16 “Termination of voice connections in individual mobile networks”.

During the reporting year, decisions on significant market power in the following electronic communications markets were adopted and came into force on July 1, 2007:

- Market No.11 “Unbundled access (including partial access) to metallic client loops and sub-loops at the wholesale level to ensure the provision of broadband data transmission and voice transmission services”.
- Market No.12 “Wholesale broadband access”.
- Market No.13 “Wholesale terminating segments of leased lines”.
- Market No.16 “Termination of voice connections in individual mobile networks”.

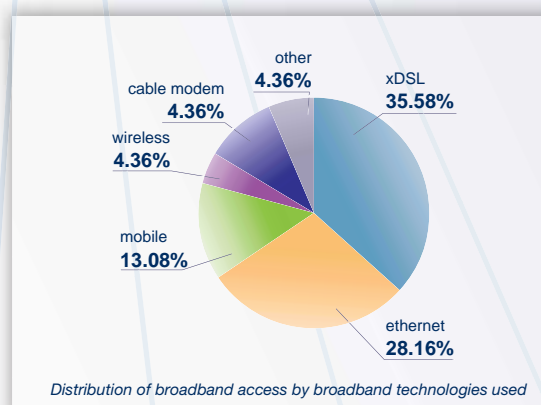
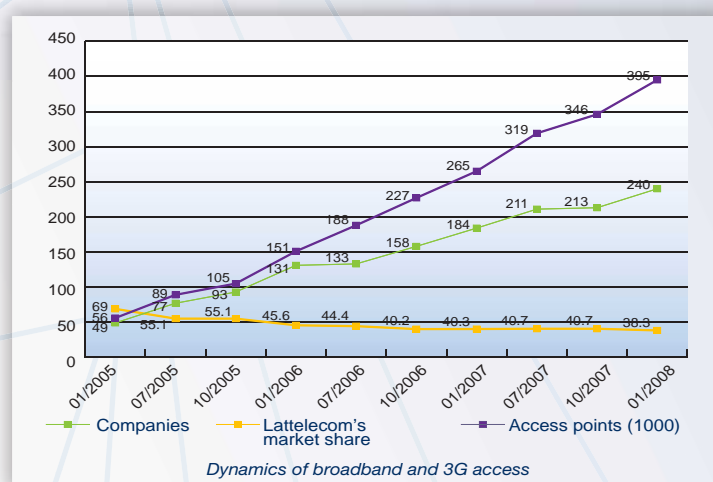
The Commission’s decisions on significant market power have determined the companies that have significant power in each specific market according to the performed electronic communications market analysis. These decisions also specify obligations which limit the ability of companies to abuse their significant market power. As soon as the decisions on significant power took effect, supervision of companies with significant market power was initiated to determine if the specified obligations were fulfilled.

In the reporting year, the European Parliament and Council adopted Regulation No.717/2007, setting a price ceiling for international roaming in wholesale and retail markets. After the adoption of the Regulation, it was no longer necessary to analyse Market No.17, “Wholesale national market for international roaming on public mobile networks”, and to adopt a decision on significant power in this market. After the adoption of Regulation No.717/2007, monitoring of obligations specified by the Regulation has been started.

During the analysis of Market No.18, “Broadcasting signal transmission services to deliver broadcasting content to end users”, the Commission learned that the Competition Council has initiated an investigation about the abuse of significant market power in this market. During the reporting year, the Competition Council finished the investigation and found a company with significant power in Market No.18, discovered the abuse of significant market power and imposed obligations on the company to restrict the abuse of its significant market power. The Commission believes that the obligations imposed by the Competition Council are adequate, proportional and sufficient. Accordingly, Market No.18 does not meet the requirements for a market, where ex ante regulation by the Commission is needed at the moment.

Market situation

In 2007, competition was escalating for redistribution of the existing base of service users in the market for mobile electronic communications services. This, in turn, contributed to the diversity and attractiveness of services, as well as lower service tariffs.



Quality of services and complaints

The Commission engages in the quality control of electronic communications services in the electronic communications sector to monitor the quality of electronic communications services provided by electronic communications companies, and to inform the public about the results. Service quality control helps to improve the quality of the offered electronic communications services.

The Commission's report of 2007 on the quality of electronic communications services offers the results of quality measurements conducted by the Commission and by companies, offering comparison between these results and the values of parameters, which the Commission has specified and the companies have declared.

In 2007, the Commission conducted quality measurements in the public fixed telephone networks (local and domestic voice telephony, payphones, the unit which accepts damage complaints, and the unit which offers information services via the telephone). The Commission conducted similar measurements in the public mobile telephone network and in the area of voice telephony services, where a public electronic communications network interconnection (hereinafter – interconnection service) is used. In 2007, these quality measurements involved 93,087 test phone calls in public fixed telephone networks, an inspection of 416 payphones, 800 calls to the unit that accepts damage complaints and 800 calls to the telephone information service. To measure the quality of voice telephony services in public mobile telephone networks, experts made 57,276 calls. The measurement of interconnection services involved 96,017 calls. To measure the quality of SMS services, 3040 messages were sent in the public mobile telephone network. Another 6069 SMS messages were sent to measure the quality of the public mobile telephone network interconnections.

Since the beginning of 2007, measurements of the quality of electronic communications services are being performed by an automatic control system for voice telephony services. The system provides measurements of the quality of voice telephony services in the public fixed and mobile telephone networks and measurements of the quality of voice telephony services in the public fixed and mobile telephone networks, using interconnection, as well as measurements of SMS service in public mobile telephone networks.

Since 2007, a quality control system of the Internet access services is being used. The system is available not only to the Commission's experts, but also to the providers of Internet access services.

The Commission continued reviewing complaints of users of electronic communications services. Compared to 2006, the number of complaints (claims) in 2007 has decreased by 28%.

Reports were elaborated on:

- Quality of electronic communications services
- Complaints (claims) of users of electronic communications services in 2007

Both reports have been published on the Commission's homepage.

Universal service

The Universal Service refers to the minimum volume of electronic communications services that is available at a specific level of quality and for an acceptable price to all existing and potential users, irrespective of their actual location. The Commission defines the companies that must provide the Universal Service and the list of services that are included in the Universal Service, the scope of the Universal Service, the geographic territory in which it must be provided and the range of end users of the service.

In the reporting year, the Commission amended the "Regulations on the Universal Service in the electronic communications sector", which define the list of services that are included in the Universal Service, the scope of the Universal Service, the geographic territory in which it must be provided, the range of end users of the service and the Universal Service obligations, which the Commission specifies for electronic communications companies. The amendments defined more precise quality requirements and the submission of information on quality indicators to the Commission.

In 2007, the Universal Service was provided in accordance with the Commission's December 21 2007 Decision "On Universal Service obligations". Since 2003, LLC "Lattelecom" has been the only company to handle the obligations of the Universal Service in the electronic communications sector in Latvia.

The Commission defined the following Universal Service obligations for 2008:

- From January 1, 2008, to December 31, 2008 or until a Universal Service provider is determined in accordance with Section 64, paragraph three of the Electronic Communications Law, to ensure access to LLC "Lattelecom" a public telephone network at fixed connection sites, thus allowing users of the Universal Service to make calls and receive voice telephony services, as well as public data and electronic message transmission services at connection speed no less than 9600 bits per second at a price which does not exceed the actual cost of the service. LLC "Lattelecom" has a right to apply discounts to such a price, but the discounts shall not be included in the net costs of the Universal Service obligations.
- To provide at least one elective tariff plan to individual users. This elective plan would have a monthly fee for a phone line that is lower than the Commission's stated acceptable tariff, in accordance with the principle of setting an acceptable tariff specified by the Commission, if such has been defined, as well as continued discounts for disabled people on those electronic communications services, for which the discounts were provided in 2002.
- To ensure that Universal Service users have access to all-encompassing information services.
- To ensure that Universal Service users have access to an all-encompassing list of subscribers.
- To ensure the following free of charge call services or services for which coins, payphone card, credit card or call card may be used as means of payment:
 - local, domestic and international voice telephony services;
 - free of charge calls to the State fire and rescue service, the State police, emergency medical service, gas emergency service and emergency number "112";
 - services of the unit that accepts damage complaints;
 - all-encompassing information services;
 - access to an all-encompassing list of subscribers.

From January 1, 2008, to December 31, 2008, or until a Universal Service provider is determined in accordance with Section 64, paragraph three of the Electronic Communications Law, to maintain payphones in working order if losses from payphone maintenance do not exceed 30% of payphone maintenance costs of the previous year. LLC "Lattelecom" shall coordinate the payphone removal in advance with relevant local government. LLC "Lattelecom" shall inform the Commission every quarter about all cases of moving or removing payphones – by April 1 regarding the first quarter, by July 1 regarding the second quarter, by October 1 regarding the third quarter and by December 31 regarding the fourth quarter. LLC "Lattelecom" shall be obliged to not reduce the existing number of payphones in hospitals, schools and social care institutions.

To ensure the fulfilment of service quality requirements for quality parameters of voice telephony services in accordance with Appendix 1 of "Regulations on the Universal Service in the electronic communications sector".

During the reporting year, LLC "Lattelecom" submitted and the Commission approved (after the analysis of the submitted information) the net costs of the Universal Service for 2006, amounting to 1.8 million lats. The Commission's decision means that LLC "Lattelecom" may claim compensation for losses incurred from the universal service in accordance with provisions of the Electronic Communications Law.

Limited resources

During the reporting year two auctions were held to allocate radio frequency spectrum usage rights:

- Usage rights for the 1st radio channel (10.15—10.18GHz/10.50—10.53GHz) of 10.5GHz range of the radio frequency spectrum were allocated by auction to LLC “Telia Latvija”;
- Usage rights for 31.8—33.4GHz band of the radio frequency spectrum were allocated by auction to LLC “BITE Latvija” and LLC “Latvijas Mobilais Telefons”.

In 2007, 26 decisions were taken on allocating, extending or annulling radio frequency spectrum usage rights.

In the reporting year Regulations on the provision of number portability service were amended in correspondence with amendments in the Electronic Communications Law. These regulations currently allow for number portability for users of prepaid cards. In 2007, 24,495 mobile phone numbers and 4,666 fixed phone numbers were ported.

In 2007, the Commission accepted 67 decisions on numbering usage rights. Information about assigned numbers in 2007 is provided in the table.

Type of numbering	Numbers assigned	Companies with assigned numbering
Geographic numbers	136 500	22
Non-geographic mobile network numbers	470 000	6
Other non-geographic numbers	11 875	9
Short codes	69	17
Other codes	12	7

Regulating tariffs

In 2007, the Commission received and considered 10 tariff proposals submitted by LLC “Lattelecom”. These applied to calls that “Lattelecom” clients made to the clients of other public fixed electronic communications networks. Decisions were prepared and accepted at a Board meeting on LLC “Lattelecom” tariffs for calls to subscribers of fixed electronic communications networks of LLC “IT Group”, LLC “Optron”, LLC “Interneta Pasaule”, state-owned stock company “Latvijas Dzelzceļš”, LLC “Master Telecom”, stock company “Latvenergo”, LLC “Augstceltne”, LLC “Telenets”, LLC “Telekomunikāciju Grupa”, LLC “Lattelenet”, LLC “Telia Latvija”, stock company “Telekom Baltija”, LLC “Sigis”, LLC “10½”, LLC “Rigatta”, LLC “Finors Telekom” and LLC “HIG Serviss Baltija”.

On August 1, 2007, the Commission’s board rejected the leased line tariff proposal submitted by Lattelecom on July 24, 2007, due to insufficient substantiation of costs.

In accordance with the June 27 2007 Regulation No.717/2007 of the European Parliament and of the Council on roaming in public mobile telephone networks within the Community, and amending Directive 2002/21/EC, Latvian mobile telephone network operators’ tariffs for roaming services in European Union countries were reduced significantly as of October 1, 2007.

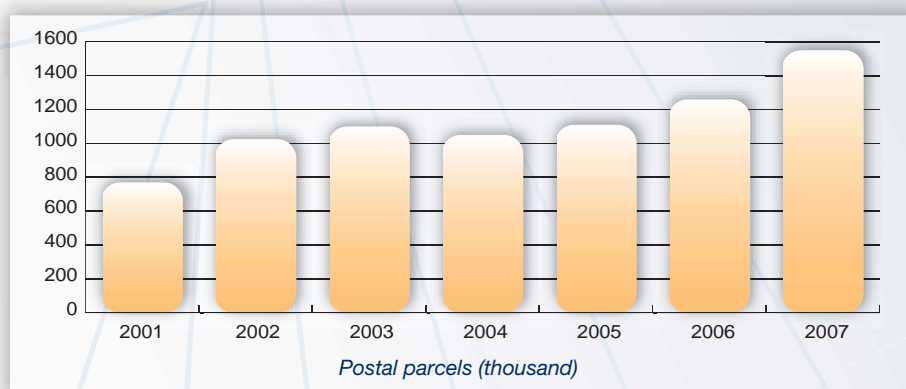
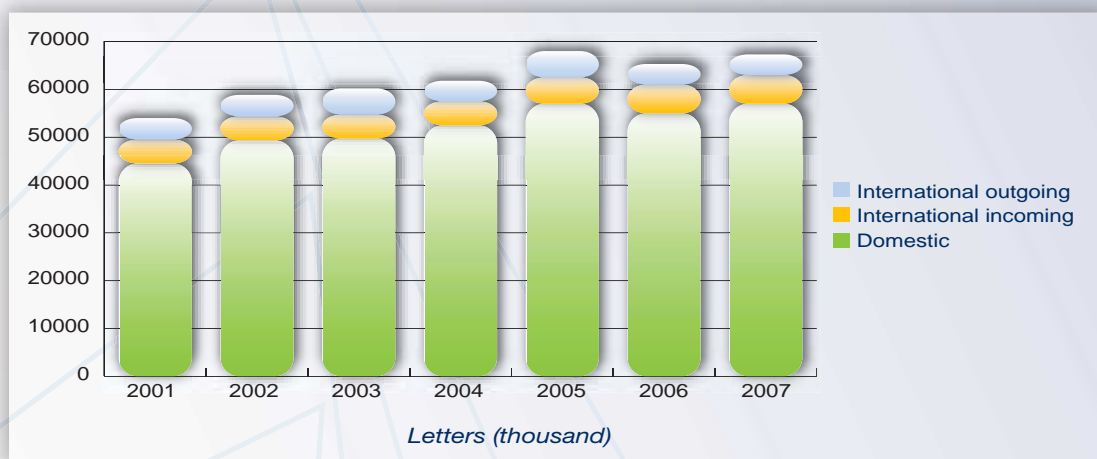
On November 28, 2007, the Commission’s Board approved the report on compliance with methodology for cost calculation in the electronic communications sector and notification about electronic communications companies, which were obliged to apply the methodology for cost calculation. The report was published in issue No.203 of newspaper “Latvijas Vēstnesis” on December 19, 2007.

Postal sector

In terms of postal services in Latvia, general postal services (handling letters and parcels with a weight of up to 10 kilograms) are offered by state stock company "Latvijas Pasts". In 2007, people sent 69.5 million letter-post items and 1.59 million postal parcel items, including 132 thousand packages weighing up to 10 kilograms.

In comparison to 2006, the total number of letters sent increased by 2% (inland items - by 2.3% and international items – by 0.1%). The number of postal parcels sent grew by 21.3%.

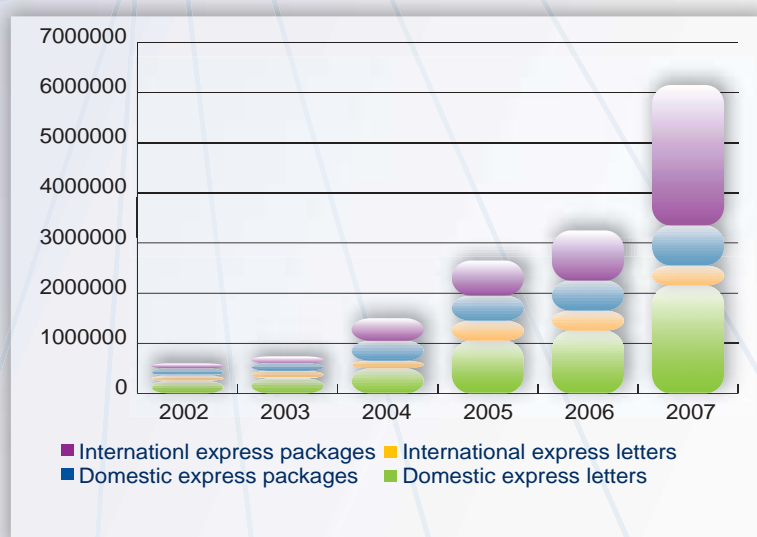
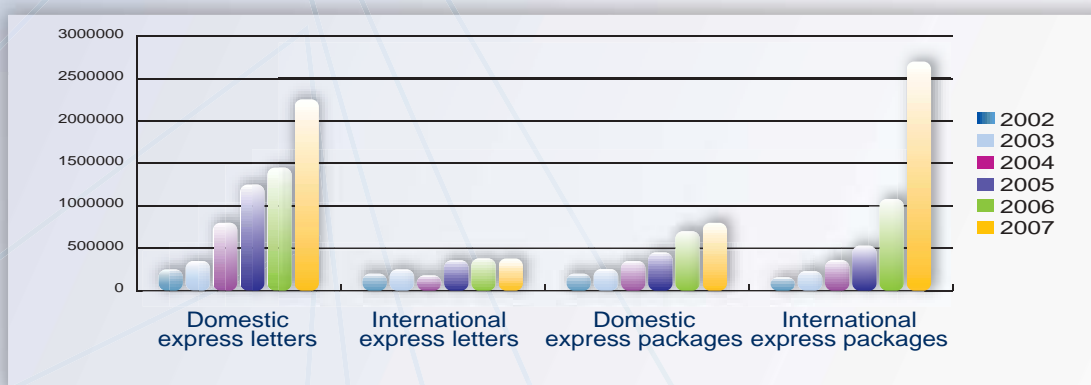
In 2007, Latvijas Pasts opened five new post offices and closed 241 post offices. There were a total of 716 post offices at the end of 2007.



In 2007, the Commission sent a number of control letters to assess the quality of the postal service in sending letters. The results showed that the amount of time needed for the delivery of Class A letters in 2007 did not satisfy quality requirements specified in the Cabinet of Ministers Postal Regulations. 95.6% of Class A letters were delivered on the next business day after the control letters were sent, while 98.7% of Class B letters were delivered within three business days. In accordance with Postal regulations, 97% of Class A letters must be delivered on the next business day, while 97% of Class B letters must be delivered within three business days.

46 postal companies are listed in the Commission's database. In 2007, the Commission registered 10 general postal permits and annulled five such permits. The Commission inspected 16 postal companies and found no violations.

There are 41 service providers in the field of express mail and 10 of them received permits in 2007. In 2007, there were 6.3 million express shipments - 69% more than in 2006. Among these shipments, the share of international express packages increased by 140.7% and the share of domestic express letters grew by 57.9% in comparison to 2006.



In the postal sector in 2007, the Commission received and considered 28 complaints regarding postal service providers. All complaints were concerning services provided by the state stock company "Latvijas Pasts". 23 complaints were received from individuals and five from business entities. Most of the complaints were dealing with the unsatisfactory delivery of postal items. The Commission upheld only eight of the complaints.

Regulations in the Rail Transport Sector

In the rail transport sector, passenger transport by rail is provided by the following companies:

- Stock company “Pasažieru vilciens” provides passenger transport by rail with domestic passenger trains;
- State-owned stock company “Latvijas dzelzceļš” provides passenger transport by rail with international passenger trains;
- LLC “Gulbenes-Alūksnes bānītis” provides passenger transport by rail in a narrow-gauge rail line between the towns of Gulbene and Alūksne

The public usage rail infrastructure in Latvia is controlled by the state-owned stock company “Latvijas dzelzceļš”.

Licensing of public service providers

In 2007, the Commission did not receive any applications to amend licensing terms or to receive or annul a license.

Supervision of public service providers

In 2007, the Commission investigated three companies in the rail transport sector. In all instances it was concluded that the provision of public services is occurring in accordance with licensing terms and all relevant norms and regulations.

Updating normative documents

The Commission participated in the drafting of the “Public Transport Services Law” and amendments of the associated laws. On June 14, 2007 the Saeima passed the “Public Transport Services Law” and it came into force on July 15, 2007.

Drafting methodologies

In 2007 the Commission worked on the update of the methodology to calculate the cost of using the public usage rail infrastructure for transport services.

While preparing the amendments to the methodology, proposals expressed by the railway infrastructure manager and rail carriers were taken into account. These proposals were discussed when setting the fee for the use of infrastructure for train schedules in 2007 and 2008.

Setting the fee for the usage of the public use railroad infrastructure

By Decision No.117 of April 25, 2007, the Commission approved the fee for the use of the public usage railroad infrastructure for train schedules in 2007 and 2008.

Evaluation of cost calculations for public rail transport services

In accordance with the methodology for cost calculation of public railway transport services approved by the Commission's November 16 2005 Decision No.255, the Commission evaluates cost calculations for public rail transport services submitted by public service providers.

In 2007, the Commission evaluated cost calculations for passenger transport services for 2007 submitted by state-owned stock company "Latvijas dzelzceļš". The Commission's March 14 2007 Decision No.64 declared that these cost calculations were in line with the methodology.

The Saeima passed the Public Transport Services Law on June 14, 2007. As a result, amendments were also made to the Railway Law, which came into force on January 1, 2008. In accordance with the amendments, the Commission is no longer obliged to determine a methodology for calculating a fee for rail passenger transport.

In accordance with Section 23, paragraph two of the Railway Law, a carrier is administratively and financially independent when specifying its railway transport services and transportation fee.

Informing the public and public service providers

In 2007, the Commission organised public hearings and discussions on the following issues of the rail transport sector:

- On April 13, 2007 – a discussion about a draft fee for the use of the public usage railroad infrastructure for train schedules in 2007 and 2008;
- On October 23, 2007 – a public hearing on draft amendments to the methodology to calculate the cost of using the public usage rail infrastructure for transport services.

Consumer complaints about railway transport services

In accordance with the law "On Regulators of Public Utilities", the Commission:

- protects the interests of public service users;
- supervises the compliance of service providers with the licence terms, requirements for quality and environmental protection, technical regulations, standards, and contractual provisions.

In 2007, the Commission received one complaint about the quality of railway transport services. The complaint was reviewed according to the procedure specified by the law, and thorough answers were provided to the issues mentioned in the complaint.

The Commission also analysed complaints received by railway companies and prepared a report thereon. This report deals with issues like keeping to schedules in rail transport, provision of information to users, and ensuring the quality of the work of train conductors and ticket-takers. These complaints will be taken into account when the Commission supervises the compliance with licence terms of the railway companies.

Public Communications

The most important job for the regulator is to balance out the interests of public service users and service providers. Public communications are of vast importance, so that the Commission can explain its decisions.

The Commission offers information to public service users, who file complaints, claims or applications, and to the public at large, making use of the mass media, of the Commission's homepage and of meetings and consultations for this purpose.

Because of the universal importance of public services, the mass media display a great deal of interest in the regulator's work.

The Commission regularly informs mass media about adopted decisions and the most significant draft decisions. The Internet homepage is an important communications channel, as it contains up-to-date information about all of the regulated sectors.

Client compass

In order to help users better understand the electronic communications sector, a "Client compass" was created in 2006. In 2007, new sections were added to the compass.

At present, this section of the homepage contains information about both fixed line and mobile communications. Consumers can find information about:

- fixed line service providers, their obligations, switching service providers and other useful issues;
- mobile communications and news about roaming.

Financing and Spending



The Commission does its work under the auspices of an Economics Ministry programme called “Ensuring honest competition and protecting the domestic market and consumer rights”. In accordance with the law “On State Budget for 2007”, the Commission’s budget is a line item in the Economics Ministry’s budget.

The Commission received financing in 2007 from fee-based services, payment of state fees for public services regulation (this fee is paid by all companies that are regulated) and foreign financial assistance. The national fee in 2007 was 0.2% of the net turnover received by the company for the relevant public service in 2006.

Planned expenditures in 2007 were 2,336,189 LVL, which was 187,300 LVL more than in 2006. actual spending amounted to 2,234,432 LVL, which was 113,324 LVL more than in 2006. actual spending constituted 95.7% of planned spending.

Administrative costs increased by 280,401 LVL in 2007 over 2006, because wage costs and facility maintenance costs went up.

Capital investment expenditures in 2007 decreased by 167,077 LVL compared to 2006 because, in 2007, the Commission started using equipment for metering the quality of electronic communications services, which was purchased in 2006. The equipment tests voice telephony service quality in fixed and mobile telephone networks and checks the amount of time it takes to deliver SMS messages in mobile telephone networks.

The Commission’s 2007 financial report was prepared in accordance with Cabinet of Ministers November 13 2007 Regulation No.749 “Regulations on the procedure for preparing annual reports by national budget institutions and local governments” and the Cabinet of Ministers January 29 2008 instruction No.3, “Procedure for preparation of budget report, cash flow report and report on financial results by budgetary institutions”. In 2007, the report was submitted to the Economics Ministry for inclusion in its consolidated annual report. The 2007 Commission report was audited by Zigrīda Šneidere, a sworn auditor from SIA “Revīzija un vadības konsultācijas”, certificate No.110.

The Commission concluded 46 economic co-operation agreements in 2007, including six price surveys in accordance with the “Law on Public Procurement” and 29 procurement procedures in accordance with the September 12 2006 Regulations No.762, “Procedure for making procurements if the estimated contract price is from 1,000 to 10,000”.

Use of the Commission’s financing

No.	Finances	2006 (actual numbers)*	2007 (LVL)	
			defined by law	actual numbers*
1.	Total revenues	1 915 968	2 336 189	2 342 709
1.1.	subsidies	-	-	-
1.2.	fee-based services, other income	1 817 221	2 333 000	2 339 520
1.3.	foreign aid	98 747	3 189	3 189
2.	Total spending	2 121 108	2 336 189	2 234 432
2.1.	administrative costs (total)	1 886 741	2 268 899	2 167 142
2.1.1.	International cooperation	8 182	12 874	12 874
2.1.2.	other administrative costs	1 878 559	2 256 025	2 154 268
2.2.	capital investments	234 367	67 290	67 290

* — in accordance with cash flow principle



Neatkarīgu revidentu ziņojums

Latvijas Republikas Saeimai

Esam veikuši Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskatu, uz kuriem balstoties ir sagatavoti sašīnātie Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskati, revīziju saskaņā ar Latvijā atzītajiem starptautiskajiem revīzijas standartiem. Mūsu 2008. gada 25. februārī neatkarīgu revidentu ziņojumā mēs sniedzām atzinumu bez iebildēm par Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskatiem, uz kuriem balstoties ir sagatavoti sašīnātie Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskati.

Mūsuprāt, klātpievienotie sašīnātie finanšu pārskati visos būtiskajos aspektos atbilst Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskatiem, pēc kuriem tie sagatavoti un par kuriem mēs izteicām atzinumu.

Lai gūtu pilnīgāku priekšstatu par Sabiedrisko pakalpojumu regulēšanas komisijas finansālo stāvokli 2007. gada 31. decembrī, tās 2007. gada darbības rezultātiem un mūsu veiktās revīzijas apjomu, iepriekš minētie sašīnātie finanšu pārskati būtu jālasa kopā ar Sabiedrisko pakalpojumu regulēšanas komisijas 2007. gada finanšu pārskatiem, uz kuriem balstoties ir sagatavoti šie sašīnātie finanšu pārskati, un attiecīgo mūsu neatkarīgu revidentu ziņojumu, kas izteikts par šiem finanšu pārskatiem.

SIA Revīzija un vadības konsultācijas
Zvērinātu revidentu komercsabiedrības licence Nr. 79

Zigrīda Šneidere
Atbilstīgā zvērinātā revidente
Sertifikāta Nr. 110
Valdes locekle

Rīgā, 2008. gada 25. februārī



The Commission's Operational Vision for 2008



Priorities in the energy sector

The Commission's priorities in the energy sector in 2008:

- Evaluation of costs constituting electricity end tariffs and consideration of proposals of end tariffs for captive users;
- Monthly analysis of trends for electricity wholesale prices in order to make preparations, if the permit issued to the Public trader to set end tariffs for captive users will come into force in January 2009;
- Situation analysis for the set-up of connections to the electricity supply system, amending System connection regulations if necessary;
- Taking measures to improve the quality of services provided by electricity distribution system operators;
- Approval of regulations for connection to the natural gas supply system;
- Examination of natural gas supply tariff proposal;
- Participation in discussions about proposals of the European Commission for accelerating energy market liberalisation in Europe (3rd package).

Priorities in the electronic communications and postal sectors

The Commission's priorities in the electronic communications and postal sectors in 2008:

- Establishment of an electronic information exchange system between the Commission and electronic communications companies in the electronic communications sector;
- Monitoring of compliance with obligations specified for companies with significant market power;
- Evaluation of costs for services provided by electronic communications companies and continuation of tariff regulation;
- Launching of the second round of market analysis by reviewing previously imposed obligations on electronic communications companies and taking into consideration new market entrants;
- Drafting amendments to existing normative acts or drafting new normative acts in accordance with anticipated amendments to the Electronic Communications Law;
- Harmonisation of regulation for connection termination tariffs in fixed and mobile telephone networks, in compliance with the planned European Commission regulation in the summer of 2008;
- Organising auctions to allocate radio frequency usage rights;
- Defining a Universal Service provider for 2009;
- Drafting amendments to existing normative acts or drafting new normative acts in accordance with the planned new Postal Law;
- Organising the Plenary meeting of European Committee for Postal Regulation (CERP) in Riga in May 2008; delegates from more than 30 countries will participate representing regulators from the postal sector, as well as representatives from the European Commission and the Universal Postal Union;
- In 2008, service quality reports will be added to the "Client compass" section of the Commission's homepage.

Priorities in the Rail Transport Sector

The Commission's priorities in the railroad sector in 2008:

- Defining a fee for the use of the public railroad infrastructure for year 2009;
- Supervision of companies in accordance with requirements specified in licences and normative acts;
- Participation in the railway working group of the European Conference of Ministers of Transport and other international forums.



Appendix



Decisions and Documents

External normative acts issued by the Commission

- Methodology for quality metering of electronic communications services, approved by the Commission Board's 24 January 2007 Decision No.13.
- Regulations on the provision of an all-encompassing telephone inquiry service and an all-encompassing list of subscribers, approved by the Commission's February 28 2007 Decision No.40.
- A sample of an all-encompassing list of subscribers, approved by the Commission's February 28 2007 Decision No.41.
- Amendments to Regulations on the scope and submittal procedure of information required for market analysis, approved by the Commission's May 16 2007 Decision No.140.
- Regulations on the procedure of consultations with market participants, approved by the Commission's May 30 2007 Decision No.156.
- Regulations on the universal service in the electronic communications sector, approved by the Commission Board's May 30 2007 Decision No.152.
- Methodology for calculating and defining net costs of universal service obligations, approved by the Commission Board's May 30 2007 Decision No.153.
- Regulations on the procedure for dispute examination in the electronic communications sector, approved by the Commission Board's May 30 2007 Decision No.154.
- Regulations on numbering usage rights, approved by the Commission Board's May 30 2007 Decision No.155.
- Regulations on the information to be included in the basic offer and its publishing, approved by the Commission's June 6 2007 Decision No.164.
- Regulations on usage rights of the radio frequency spectrum, approved by the Commission's June 20 2007 Decision No.168.
- Regulations on violations of general permit requirements, approved by the Commission's August 29 2007 Decision No.213.
- Regulations on the provision of the number portability service, approved by the Commission's October 10 2007 Decision No.425.
- Regulations on general permits, approved by the Commission's December 12 2007 Decision No.599.
- Regulations on the quality of service requirements for electronic communications services and the submission of quality reports, approved by the Commission's December 19 2007 Decision No.613.
- Methodology for metering the quality of electronic communications services, approved by the Commission's December 19 2007 Decision No.614.
- Amendments to regulations on information to be submitted to the Public Utilities Commission, approved by the Commission's December 19 2007 Decision No.612.

Internal legal acts issued by the Commission

- Amendments to the Statutes of the Public Utilities Commission, approved by the Commission Board's March 28 2007 Decision No.87.
- Amendments to regulations on wages in the Public Utilities Commission, approved by the Commission Board's March 28 2007 Decision No.88.
- Procedure for circulating the European Union classified information in the Public Utilities Commission, approved by the Chair's April 23 2007 order No.42.

- Procedure for circulating the NATO classified information in the Public Utilities Commission, approved by the Chair's April 23 2007 order No.42.
- Fire safety procedure in the Public Utilities Commission, approved by the Chair's April 23 2007 order No.41.
- Labour safety procedure in the Public Utilities Commission while working with display in the work station, approved by the Executive Director's May 16 2007 order No.50.
- Labour safety procedure in the Public Utilities Commission while working with copying equipment, approved by the Executive Director's May 16 2007 order No.50.
- Electricity safety procedure for non-electro technical personnel in the Public Utilities Commission, approved by the Executive Director's May 16 2007 order No.50.
- Labour safety and fire safety procedure for service vehicle drivers in the Public Utilities Commission, approved by the Executive Director's May 16 2007 order No.50.
- Procedure for circulation and storage of press publications, approved by the Executive Director's June 18 2007 order No.65.
- Procedure for record keeping at the Public Utilities Commission, approved by the Executive Director's July 13 2007 order No.81.
- Procedure for notifying creditor's claims to companies by the Public Utilities Commission of August 20, 2007.
- Procedure No.2.06/2 of September 3, 2007: Public Utilities Commission's labour safety procedure while performing quality inspections of electronic communications services.
- Procedure No.2.06/3 of September 3, 2007: Public Utilities Commission's electricity safety procedure for work with manual electric instruments (electric machines).
- Procedure No.2.06/4 of September 3, 2007: Public Utilities Commission's labour safety procedure for work with mobile ladders.
- Procedure No.2.06/5 of September 18, 2007: Procedure for reception of high-ranking foreign representatives in the Public Utilities Commission.
- Procedure No.2.06/6 of October 8, 2007: Procedure for document management at the Public Utilities Commission.
- Procedure No.2.06/7 of October 8, 2007: Procedure for accounting organisation.
- Procedure No.2.06/8 of October 10, 2007: Procedure for approval of the budget and a draft of budget amendments and procedure for budget implementation.
- Procedure No.2.06/9 of October 24, 2007: Procedure for reviewing cases of administrative violations by the Public Utilities Commission.
- Procedure No.2.06/10 of November 14, 2007: Procedure for conducting the internal audit.
- Procedure No.2.06/11 of November 22, 2007: Procedure for accounting registration.
- Procedure No.2.06/12 of December 10, 2007: Procedure for publishing information on the Internet and Intranet web sites.
- Procedure No.2.06/13 of December 12, 2007: Amendments to the accounting management procedure.
- Procedure No.2.06/14 of December 19, 2007: Procedure for organizing the internal work of the Commission.
- Procedure No.2.06/15 of December 21, 2007: Procedure for organising the register of legal issues.
- Procedure for reviewing an application to reduce the number of payphones, approved by the Commission Board's March 28 2007 Decision No.89.