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If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

**Decision No. 1/2 of the Board of the Public Utilities Commission**

Adopted 14 January 2016

**Methodology for Calculating Tariffs for Water Management Services**

*Issued pursuant to*

*Section 9, Paragraph one, Clause 2, Section 19, Paragraph fourteen, and Section 25, Paragraph one of the law On Regulators of Public Utilities*

[*3 November 2022*]

**1. General Provisions**

1. The Methodology prescribes the procedures for calculating draft tariffs for water management services by a regulated provider of public water management services (hereinafter – the merchant).

2. The same terms as used in the Law on Water Management Services and the following terms are used in the Methodology:

2.1. **centralised sewerage engineering network** – an aggregate of engineering networks and structures in the ownership, possession or holding of the merchant which ensures collection of wastewater from customers and drainage to wastewater treatment facilities;

2.2. **centralised water supply engineering network** – an aggregate of engineering networks and structures in the ownership, possession or holding of the merchant which ensures supply of water to customers;

2.3. **wastewater transferred for treatment to other provider of sewerage services** – the amount of wastewater which is transferred into the centralised sewerage system of other provider of sewerage services and determined by the commercial meter installed in a junction point of a commercial meter;

2.4. **amount of wastewater treated in wastewater treatment facilities of the merchant** – the volume of the treated wastewater which is determined according to accounting meters (in wastewater treatment facilities with actual productivity above 20 m3 per day) or indirect productivity accounting methods (in wastewater treatment facilities with actual productivity from 5 to 20 m3 per day);

2.5. **amount of water supplied to customers** – the amount of water which is supplied to customers and accounted by commercial meters or which is determined according to the water consumption norms used in the settlement of accounts;

2.6. **amount of wastewater collected from customers** – the amount of wastewater collected from proprietary border which is determined according to commercial meters, or the water consumption or wastewater norms used in the settlement of accounts, and also the amount of content of waterless toilets and accumulation tanks drained into the centralised sewerage system;

2.7. **amount of other wastewater drained into the centralised sewerage system** – the amount of the wastewater which has not been collected according to commercial meters, or the water consumption or wastewater norms used in the settlement of accounts (infiltration, etc.);

2.8. [29 August 2022];

2.8.1 **self-determined tariffs** – tariffs for water management services calculated and determined by the merchant in accordance with Chapter 6.1 of this Methodology;

2.9. **water and wastewater balance** – information regarding water amounts in the centralised water supply system and wastewater amounts in the centralised sewerage system;

2.10. **water amount for technological needs** – the difference in the amount of water taken from natural water sources (the water abstracted by the merchant itself) and the obtained water which is supplied into the centralised water supply engineering network, which comprises the amount of water used by the merchant for the needs of technological processes of water abstraction, preparation, esuring of pressure and reserves, and water losses in the engineering networks of the production stage of drinking water;

2.11. **water losses in centralised water supply engineering networks** – the difference between the amount supplied into the centralised water supply engineering network and delivered to customers by the merchant which includes the losses related to the liquidation of emergency situations and servicing of centralised water supply engineering networks, measurement errors occurring as a result of differences between the quantity of abstracted water and water supplied to customers, the losses related to inaccurately accounted quantity of water supplied to customers, excluding the water consumption for technological needs;

2.12. **water supply services** – services in water abstraction, accumulation, ensuring of pressure and preparation for use up to the supply into the centralised water supply engineering network (hereinafter – the water production service), services in the water supply from the supply point in the centralised water supply engineering network up to a proprietary border (hereinafter – the water supply service);

2.13. **sewerage services** – services in the wastewater collection in the centralised sewerage engineering network from a proprietary border and drainage up to wastewater treatment facilities (hereinafter – the wastewater collection service), wastewater treatment and drainage in the environment, including in surface water bodies (hereinafter – the wastewater treatment service);

2.14. **water management services** – within the meaning of this Methodology water supply and sewerage services;

2.15. **draft tariff for water management services**:

2.15.1. **draft tariff for water production** – the draft tariff for the abstraction, accumulation, ensuring of pressure and preparation of water for the use up to supply into the centralised water supply engineering network;

2.15.2. **draft tariff for water supply** – the draft tariff for water supply from the supply into the centralised water supply engineering network up to a proprietary border;

2.15.3. **draft tariff for water supply services** – the draft tariff for water production together with the draft tariff for water supply;

2.15.4. **draft tariff for wastewater collection** – the draft tariff for wastewater collection in the centralised sewerage engineering network from a proprietary border and drainage up to wastewater treatment facilities;

2.15.5. **draft tariff for wastewater treatment** – the draft tariff for wastewater treatment and drainage in the environment, including in surface water bodies;

2.15.6. **draft tariff for sewerage services** – the draft tariff for wastewater collection together with the draft tariff for wastewater treatment;

2.16. **total amount of water supplied into the centralised water supply engineering network** – the difference in the amount of water taken from the natural water sources (the water abstracted by the merchant itself) and the amount of water used for technological needs to which the amount of water prepared by and purchased from other providers of water management services which is supplied into the centralised water supply engineering network is added.

[*22 February 2018; 3 November 2022*]

3. The merchant shall submit to the Public Utilities Commission (hereinafter – the Regulator) the original of the draft tariff document of water management services (in printed form or signed using an electronic signature in accordance with the procedures laid down in the laws and regulations) which comprises one or several draft tariffs indicated in Sub-paragraph 2.15 of the Methodology (hereinafter – the draft tariff) and the electronic form of the document (if the original of the draft tariff has been submitted in printed form). The merchant shall, together with the draft tariff, submit documents which have been determined in the decision taken by the Regulator in relation to justification of costs forming the tariff, revealing justification for costs forming the tariffs referred to in the calculation of the draft tariff.

4. Upon submitting the draft tariff, the merchant shall specify the territory to which the draft tariff will apply.

**2. General Provisions for the Calculation of the Draft Tariff**

5. The merchant shall calculate equal draft tariff for all customers of the merchant, but, if there is an objective economic or technical justification for it, the merchant may calculate different draft tariffs for separated centralised water supply systems and separated centralised sewerage systems. When calculating different draft tariffs, the merchant shall justify the cost assignment methods applied.

6. If there is an objective economic or technical justification for it, the merchant may calculate different draft tariffs of water supply services for a customer to whom the amount of service provided through one pipe entry exceeds 10 % of the total amount of water supply service provided by the merchant in the relevant separated network. When calculating different draft tariffs, the merchant shall justify the cost assignment methods applied. When calculating different draft tariffs, the merchant shall justify the economic benefit for other customers.

7. The costs and volumes of services in the draft tariff shall apply to the time period of one year. The tariff determined shall be in effect until a new tariff is determined.

8. The merchant shall accurately and clearly present the costs of the service in the draft tariff, including only the assets and activities related to the relevant water management service therein.

9. The merchant shall include only such technologically and economically substantiated costs in the draft tariff which are necessary for the efficient provision of the relevant water management service.

9.1 If the merchant pays for electricity in accordance with the stock exchange price, for the calculation of the electricity price forecast the merchant shall use the guidelines of the Regulator for electricity price forecasting in the water management sector or shall provide a detailed economic justification if other principles for forecasting the electricity price have been used.

[*3 November 2022*]

10. The merchant shall not include such costs in the draft tariff which are related to the maintenance of separated rain sewerage systems.

11. The draft tariff shall not include the costs for writing off bad and non-recoverable debts of debtors and creation of reserves, except for the cases laid down in the Law on Administration of Residential Houses when the merchant has the obligation to reduce the amount of debt liabilities in its accounting for the sum of non-recoverable debt. In the exceptional cases mentioned above, the merchant may include the costs for covering non-recoverable debts in the amount of the average sum of non-recoverable debts actually incurred in the last three years.

[*28 December 2023*]

12. The draft tariff shall not include the costs which are related to servicing of internal networks of the immovable property, the costs which are related to water losses in the internal water main of buildings or structures, and also the costs which arise when performing direct settlements of accounts with apartment owners in apartment buildings.

13. If the merchant accepts in the centralised sewerage system the wastewater with pollution exceeding threshold (with higher permissible concentration of substances than it is laid down in laws and regulations) and acceptance of such wastewater is provided for in the contract, the costs related to the treatment process of such kind of wastewater shall be attributed using the method indicated in the merchantʼs accounting policy or other internal document, or the merchant shall reduce the full costs included in the draft tariff for wastewater treatment service by revenue calculated in accordance with the laws and regulations which is obtained for the treatment of wastewater with pollution exceeding threshold and multiplied by a coefficient which is not less than 0.93.

[*28 December 2023*]

14. The merchant shall evaluate any profit in the draft tariff as the resources necessary for the development of water management services, operational reserves and attraction of current assets. Profit in terms of percentage may not exceed profitability in the amount of 7 % which has been calculated in per cent from the costs of the provision of the water management service, without including the unforeseen costs and revenue specified in Paragraph 17.1 in the full costs to be included in the draft tariff in the profitability calculation.

[*22 February 2018; 3 November 2022*]

15. The merchant shall use the foreseen amounts of water management services for the calculation of the draft tariff. When foreseeing the amounts of water management services, the merchant shall take into account the actual amounts of water management services of the previous reporting year and the foreseen amounts for the current year, and also the changes in the number of connections to centralised water supply and centralised sewerage engineering networks planned, and other factors affecting the amount of water management service. The merchant shall submit information on the planned changes in the number of connections to centralised water supply and centralised sewerage engineering networks together with the draft tariff.

[*22 February 2018*]

16. The merchant shall indicate the amounts of water management services in the balance of water and wastewater in accordance with Annex 1 to this Methodology.

17. The merchant shall indicate the calculation of the draft tariff and the costs included in the draft tariff in accordance with Annex 2 to this Methodology.

17.1 The merchant shall reduce the costs included in the draft tariff by the unforeseen revenue arising in the period after the currently effective decision of the Regulator on the approval of tariffs for water management services has been taken until completion of the process of evaluating the draft tariff by the Regulator and the merchant is entitled to increase the costs included in the draft tariff by the unforeseen costs incurred in the previous period which shall not exceed two years, if the unforeseen revenue or unforeseen costs are related to the provision of services in the centralised water supply and sewerage systems included in the calculation of approved tariffs. The unforeseen costs and revenue shall consist of changes in payments if water management services are procured from another public water management service provider and changes in payments for the purchase of electricity, heating fuel, thermal energy, and gas. The unforeseen costs may include the costs related to the measures of energy efficiency improvement and energy neutrality promotion incurred in the previous period which shall not exceed two years in the items “Credit interest payments and repayment of the principal sum” and “Depreciation of fixed assets and the book value of written-off intangible investments” or in the item “Capital costs” if the merchant includes the return on capital in the draft tariff. The merchant shall distribute the unforeseen costs or revenue of the previous period for a time period not longer than two years, calculating a draft tariff for the relevant time period. The merchant shall simultaneously calculate a draft tariff without any unforeseen costs or revenue.

[*28 December 2023*]

17.2 If the decision of the Regulator on the approval of tariffs for water management services has been taken not earlier than three years before the merchant has submitted the draft tariff, the merchant may calculate the draft tariff in compliance with the provisions laid down in Paragraph 17.3 of the Methodology by changing the costs therein in the item “Unforeseen costs and revenue” and, if necessary, by adjusting the costs in the following items:

17.21. “Costs of electricity, heating fuel, thermal energy, gas”;

17.22. “Purchased water costs if, for the provision of services, the merchant purchases water from another merchant”;

17.23. “Costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant”;

17.24. “Costs of water losses” according to the calculated tariff for water production;

17.25. the costs included in “Other costs” incurred between the water management services separated in the accounting of the merchant for consumption for ensuring technological processes according to the calculated tariffs for water supply and sewerage services;

17.26. the fee payments included in “Fee payments” for the regulation of public utilities.

[*28 December 2023*]

17.3 When calculating the draft tariff in the case specified in Paragraph 17.2 of the Methodology, the merchant shall not change the amounts used for the calculation of the tariff and the costs in the cost items not referred to in Paragraph 17.2 according to the draft tariff which was evaluated by the Regulator when taking the decision on the approval of the currently effective tariffs or according to the costs used in the calculation of the currently effective self-determined tariffs.

[*28 December 2023*]

17.4 If the decision of the Regulator on the approval of the tariffs for water management services has been taken not earlier than three years before the merchant has submitted the draft tariff, the merchant may submit the draft tariff by changing therein only the items “Credit interest payments and repayment of the principal sum” and “Depreciation of fixed assets and the book value of written-off intangible investments” or the item “Capital costs” if the merchant includes the return on capital in the draft tariff. The merchant shall not change other cost items and amounts, except for the costs specified in Sub-paragraphs 17.24., 17.25, and 17.26, according to the draft tariff which was evaluated by the Regulator when taking the decision on the approval of tariffs or according to the costs and amounts included in the calculation of the currently effective self-determined tariffs.

[*28 December 2023*]

18. A tariff for water supply services and a tariff for sewerage services shall be approved for the merchant. If the merchant provides only one type of water management services to a customer, a separate water production tariff, water supply tariff, wastewater collection tariff, wastewater treatment tariff shall be approved for the merchant.

19. If the merchant, when providing water management services to another provider of water management services, in accordance with the Law on Water Management Services, has agreed on fee for the provision of services, the merchant may not increase the tariff in respect of other customers of the merchant as a result of the agreement entered into.

20. If indicators of the amount of water management services used for the calculation of the currently effective tariff change by more than 10 % or if costs included in the calculation of the currently effective tariff change by more than 10 %, the merchant shall submit to the Regulator a new draft tariff which has been calculated on the basis of adjusted amounts of water management services and costs or an explanation of the reasons for changes and their impact on the currently effective tariff for water management services shall be submitted to the Regulator together with the annual report to be submitted to the Regulator regarding the costs, revenue, amount of public utilities, and characterisation of centralised water supply and sewerage systems.

[*28 December 2023*]

**3. Costs to be Included in the Draft Tariff**

21. The full costs to be included in a draft tariff (IP) shall be calculated according to the following formula:

IP = (Inol + Ieksp + Izud + Inod + Ik) – Iieņ + Ir + Inep

where

Inol – the depreciation of fixed assets and the book value of written-off intangible investments (EUR);

Ieksp – operating costs (EUR);

Izud – costs of water losses (EUR) to be included only when calculating the full costs of water supply services;

Inod – tax payments (EUR);

Ik – interest payments and repayment of the principal amount of long-term credits (EUR);

Iieņ – revenue in accordance with Paragraphs 13 and 78 of the Methodology (EUR);

Ir – profit calculated so that profitability (R) would conform to the provisions laid down in Paragraph 14 of the Methodology (R=Ir/(IP-Inep)≤7 %) (EUR);

Inep – unforeseen costs and revenue in accordance with Paragraph 17.1 of the Methodology (EUR).

[*13 August 2018; 3 November 2022*]

**3.1. Depreciation of Fixed Assets and the Book Value of Written-off Intangible Investments**

22. The accounting and calculation of the depreciation of fixed assets and book value of written-off intangible investments shall be carried out in accordance with the Methodology for Accounting and Calculation of Capital Costs established by the Regulator, unless laid down otherwise in this Methodology.

[*29 August 2022; 3 November 2022*]

23. The merchant shall include the depreciation of fixed assets in the calculation of the draft tariff also for those fixed assets which have been included in accounting after the end of the last financial reporting year.

[*3 November 2022*]

24. The merchant shall not include the depreciation of fixed assets in the calculation of the draft tariff for those fixed assets which, after the end of the last financial reporting year, have been excluded from accounting, and also those fixed assets for which the useful life expires by the date of entering into effect of the tariffs.

[*3 November 2022*]

25. [29 August 2022]

26. [29 August 2022]

27. [29 August 2022]

28. [29 August 2022]

**3.2. Operating Costs**

29. Operating costs **in the draft tariffs for water production, water supply, wastewater treatment and wastewater collection** shall be calculated according to the following formula:

Iekspl = Ipers + Irem + Isaimn

where

Iekspl – the operating costs (EUR);

Ipers – staff costs (EUR);

Irem – the costs of maintenance and repairs of fixed assets (EUR);

Isaimn – other costs of economic activity (EUR).

[*13 August 2018*]

30. [13 August 2018]

31. The costs of water losses shall be calculated according to the following formula:

Izud = Qzud × (IŪR / QŪR)

where

Izud – the costs of water losses (EUR);

Qzud – the amount of water losses in centralised water supply engineering networks (m3);

IŪR – the costs included in the tariff for water production (without profitability), (EUR);

QŪR – the total amount of water supplied into the centralised water supply engineering networks (m3).

32. Staff costs (Ipers) shall be calculated in accordance with the laws and regulations governing employment relationship and the field of social insurance. Staff is all employees of the merchant involved in the provision of water management services (including also administrative staff) in proportion to their participation in the provision of the relevant water management service. The staff costs do not include remuneration of those employees or part thereof which is attributable to the provision of management services of residential houses.

33. The costs of maintenance and repairs of fixed assets (Irem) shall include costs for maintenance works, servicing and repairs of fixed assets (buildings, structures, equipment, etc.) used in the provision of water management services which the merchant purchases as an outsourced service. The costs listed in this item shall be written off in the reporting period in which they have arisen. The repair necessity shall be determined by the obligation to ensure safe and continuous provision of water management services. The repair costs which are capitalised shall not be included in this item.

33.1 In case of the rebuilding, renewal, or improvement of a fixed asset which extends the useful life of the fixed asset or significantly improves the condition thereof, the costs shall be added to the accounting value of the fixed asset.

[*28 December 2023*]

34. Other costs of economic activity (Isaimn) shall be the costs related to the economic activity of the merchant, including administrative costs, in conformity with distribution of administrative costs which are necessary in order to ensure the provision of water management services and are not recorded under other balance items of costs. The costs referred to in Paragraph 4 of Annex 2 to the Methodology shall be included in other operating costs:

34.1. purchased water costs if, for the provision of services, the merchant purchases water from another merchant – include the costs for the purchase of water prepared for use from another provider of water management services;

34.2. the costs of wastewater drained for treatment if the merchant drains collected wastewater in the centralised sewerage system of another merchant – include the costs for the treatment of such wastewater which is collected from customers and transferred for treatment to another provider of water management services;

34.3. other costs of administration not included elsewhere – include the costs for drawing up an annual statement and performance of an audit, associated expenses of money turnover, costs for outsourced services of accounting, purchase of press publications, costs for informing of the society, and other costs of similar type;

34.4. the costs of materials – include the costs for the purchase of the materials necessary for the maintenance and repair works of centralised water supply systems and sewerage systems, the costs for the purchase of the materials for disinfection of water reservoirs and water tower containers, repair works of electronic equipment, repairs of water management objects, the costs for the preparation of water (chemical reagents, materials for change of filters and rinsing), treatment of wastewater (reagents for separation of nitrogen and phosphorus), treatment of wastewater sludge (flocculants), and other costs of similar type. The costs of financing maintenance of the supplies shall be included in this item according to the planned life cycle of the supplies by applying the actual rate of loans of the merchant. The costs of financing maintenance of the supplies shall be evaluated taking into account the amount of supplies which is required for the provision of public utilities that comply with the continuity and safety requirements. If the actual rate of a loan applied to evaluate the costs of financing the supplies exceeds the average variable interest rate (for new transactions) of short-term credits (euro) issued to non-financial corporations published by Latvijas Banka for the last six months according to the amounts of supplies, the costs of financing maintenance of the supplies shall be evaluated by applying the average variable interest rate (for new transactions) of short-term credits (euro) issued to non-financial corporations published by Latvijas Banka for the last six months according to the amounts of supplies. The costs of financing supplies maintained for the needs of capitalised repairs and establishment of new fixed assets shall not be recorded in this item;

34.5. costs of electricity, heating fuel, thermal energy, gas – include the costs of electricity, heating fuel, gas and thermal energy consumed for the both provision of water supply and sewerage services and administration needs;

34.6. security guard costs – include the security guard costs of administration buildings, water management objects (wastewater treatment facilities, sewerage pumping stations, water preparation equipment, etc.) and objects related to the provision of water management services (garages, workshops, etc.);

34.7. vehicle maintenance costs – include the costs of fuel, technical service, repair and purchase of spare parts of vehicles and equipment, the costs of technical inspection and insurance of vehicles, the vehicle operation tax and company car tax, the costs of lease of vehicles (including payments of operative leasing), leasing interest, and other costs of similar type;

34.8. immovable property rent costs – include rent payment of land and immovable property;

34.9. insurance costs – include the costs of insurance of immovable property, civil liability insurance, health insurance and insurance in case of accidents of employees;

34.10. the costs of communication services – include the costs for fixed and mobile communications services, Internet services, the costs for postal services;

34.11. the costs for purchase of office supplies – include the costs for purchase of office supplies for the needs of both the administration and water management sector;

34.12. staff training costs – include the costs for both the training of employees of the administration and water management sector;

34.13. the costs of legal services – include the costs for services of lawyers, including sworn notaries, the costs for recovery of debts for the provision of water management services up to the proprietary border in residential houses and from legal persons (do not include the costs for recovery of debts from apartment owners in apartment buildings in cases of direct payments), and other costs of similar type;

34.14. costs of environmental status control – include the costs for the performance of analyses of drinking water and wastewater;

34.15. the costs of business trips – include the costs of business trips and official journeys;

34.15.1 the costs for the purchase and verification of accounting meter for water and wastewater – include the costs for the purchase (if the abovementioned accounting meters have not been included in the balance item of costs “Depreciation of fixed assets”), installation (if installation is not performed by staff of the merchant), and verification of water and wastewater commercial meter and water and wastewater accounting control meter;

34.15.2 the costs for utilisation of sludge – include the costs of removal and utilisation of excess sludge in wastewater treatment facilities and sediment in drinking water preparation plants;

34.16. other costs – include the costs included in Paragraph 11 of the Methodology, the costs for the purchase of non-valuable inventory, the costs for labour protection, membership fees in sectoral associations, the costs for the maintenance of the territories of water management objects (including for the purchased outsourced services, i.e. mowing, putting in order collecting ditches, etc.), the costs incurred between the water management services separated in the accounting of the merchant for consumption for ensuring technological processes according to the calculated tariffs for water supply and sewerage services, the costs for the removal of municipal waste, maintenance and service of automated data management systems, maintenance of computer programs, computers and office equipment, and other costs of similar type;

34.17. fee payments – include fee payments for public utilities regulation, State fee payments of entrepreneurial risk, fee payments for issuing permits for the use of water resources and polluting activity, and State fees of other type.

[*22 February 2018; 13 August 2018; 28 December 2023*]

34.1 If the total costs specified in Sub-paragraphs 34.3, 34.6, 34.9, 34.10, 34.11, 34.12, 34.13, 34.15, and 34.17 of the Methodology do not exceed 3 % of the operating costs included in draft tariff, the merchant shall submit the documents justifying the abovementioned costs only upon request of the Regulator.

[*13 August 2018*]

34.2 If the costs specified in Sub-paragraph 34.16 of the Methodology do not exceed 3 % of the operating costs included in draft tariff, the merchant shall submit the documents justifying the abovementioned costs only upon request of the Regulator.

[*13 August 2018*]

**3.3. Tax Payments**

35. The merchant shall indicate separately in the draft tariff the following taxes (Inod) calculated in accordance with laws and regulations:

35.1. the natural resources tax which is related to the provision of the relevant water management service;

35.2. the immovable property tax for the buildings, structures and land which are owned, possessed and held by the merchant and used for the provision of water management services;

35.3. [28 December 2023].

**3.4. Credit Interest Payments and Repayment of the Principal Sum**

36. The merchant shall include interest payments of a long-term credit (five years and more) in the draft tariff if the credit is used for capital investments in the fixed assets or intangible investments. The merchant may include interest payments of a short-term credit (up to five years) in the draft tariff if the relevant credit is used for capital investments in the fixed assets or intangible investments. The merchant may include in the draft tariff the costs of derivative financial instruments related to the costs of financing the credits used for capital investments in the fixed assets or intangible investments.

[*28 December 2023*]

37. The merchant may include the repayment of the principal amount of the long-term credit (5 years and more) in the draft tariff.

[*29 August 2022*]

38. If the repayment of the principal sum of a credit has been included in the approved tariff for water management services in accordance with Paragraph 37 of the Methodology, the merchant shall, not later than six months before repayment of the principal sum of the relevant credit, submit a new draft tariff to the Regulator, not including the depreciation of the fixed assets purchased with the relevant credit in the draft tariff.

38.1 In the case specified in Paragraph 38 of the Methodology, the merchant need not submit a new draft tariff provided that both of the conditions referred to in Sub-paragraphs 38.11 and 38.12 are met:

38.11. after the end of repayment of the principal sum of the relevant credit, the amount of costs planned by the merchant is reduced by not more than 10 % in comparison with the amount used in the calculation of the applied tariff for water management services;

38.12. the merchant, not later than seven months before the end of repayment of the principal sum of the relevant credit, has submitted to the Regulator for evaluation information with the calculation and an explanation of the planned costs for the provision of water management services after the end of repayment of the principal sum of the credit in breakdown by the items of costs in accordance with Annex 2 to the Methodology and changes in the costs for the provision of water management services in comparison with the costs included in the calculation of the applied tariff for water management services and their impact on the currently effective tariff for water management services and also has submitted justifying documents for the credits taken for capital investments in the fixed assets or intangible investments and the repayment of the principal sum of which has been included in the calculation of the planned costs for the provision of water management services.

[*28 December 2023*]

39. If the term of the credit included in the costs forming the approved tariff for water management services, the conditions for the payment of credit interest or repayment of the principal sum change, the merchant shall, within one month after making changes in the contract with the creditor, inform the Regulator of the relevant changes and their impact on the amount of tariff for water management.

[*28 December 2023*]

**4. Calculation of Draft Tariff if Return on Capital must be Included in Costs**

40. The merchant may include the return on capital in the draft tariff in accordance with the procedures laid down in this Chapter.

[*13 August 2018; 29 August 2022*]

40.1 If the merchant includes the return on capital in the draft tariff, the return on capital shall be applied by the merchant to the calculation of draft tariff also for the following 12 years.

[*13 August 2018*]

41. The merchant who includes the return on capital in the draft tariff shall not include in the draft tariff the profitability specified in Paragraph 14 of the Methodology, the credit interest payments specified in Paragraph 36, and the costs of derivative financial instruments related to the costs of financing the credits, and the repayment of the principal sum of the credit specified in Paragraph 37.

[*28 December 2023*]

42. [13 August 2018]

43. The merchant which includes return on capital in the draft tariff shall submit information regarding the planned (annual) amount of investments and the investments actually made during the preceding period together with the draft tariff.

44. The full costs to be included in a draft tariff (IP) shall be calculated according to the following formula:

IP = Ikap + Ieksp + Izud + Inod – Iieņ + Inep

where

Ikap – capital costs (EUR);

Ieksp – operating costs (EUR);

Izud – costs of water losses (EUR) to be included only when calculating the full costs of water supply services;

Inod – tax payments (EUR);

Iieņ – revenue in accordance with Paragraphs 13 and 78 of the Methodology (EUR);

Inep – unforeseen costs and revenue in accordance with Paragraph 17.1 of the Methodology (EUR).

[*3 November 2022*]

45. The accounting and calculation of capital costs and their components shall be carried out in accordance with the Methodology for Accounting and Calculation of Capital Costs established by the Regulator.

[*29 August 2022*]

45.1 If no information is available on the fair value of the assets as on 31 December 2021, the merchant may calculate the value of the regulatory asset base by revaluing assets and indexing back the value of assets for the period from the last revaluation of assets until 31 December 2021 by applying the annual (January–December) average change values of consumer prices. The Regulator shall agree upon the revaluation terms of reference and evaluate the fulfilment of the relevant terms of reference.

[*28 December 2023*]

45.2 The revaluation of assets referred to in Paragraph 45.1 of the Methodology shall be applicable to the assets included in the regulatory asset base which are established before 31 December 2020 and are used for the provision of water management services at the moment of revaluation, except for the fixed assets or part of their value for the establishment of which credit funds have been used and the principal sum of the credit has been included in the calculation of the currently effective tariff.

[*28 December 2023*]

45.3 If credit funds have been used for capital investments in the fixed assets and intangible investments and the principal sum of the relevant credit has been included in the calculation of the tariffs approved by the Regulator, the part of value of such fixed assets and intangible investments retrieved through the application of tariffs shall not be included in the calculation of the value of the regulatory asset base and shall not be subject to the application of the rate of return on capital.

[*28 December 2023*]

46. [29 August 2022]

47. [29 August 2022]

48. [29 August 2022]

49. [24 November 2016]

50. [29 August 2022]

51. [13 August 2018]

52. [13 August 2018]

53. [13 August 2018]

54. Operating costs in the draft tariff shall be calculated in accordance with the procedures laid down in Sub-chapter 3.2 of the Methodology.

55. The merchant shall indicate the taxes included in the draft tariff in accordance with the procedures laid down in Sub-chapter 3.3 of the Methodology.

56. The merchant which calculates the full costs to be included in the draft tariff in accordance with the procedures laid down in this Chapter shall:

56.1. indicate the calculation of the return on capital in accordance with Annex 3 to the Methodology;

56.2. indicate the calculation of the draft tariff and the costs included in the draft tariff in accordance with Annex 4 to this Methodology.

**5. Calculation of Draft Tariffs for Water Management Services**

57. The total costs of water management services (IP) shall be attributed to all types of water management services in order to determine the costs of each type of water management service.

IP = IPŪR + IPŪPS +IPNS +IPNA

58. The merchant shall calculate **the draft tariff for water production** according to the following formula:

TŪR = IPŪR / QŪR

where

TŪR – draft tariff for water production (EUR/m3);

IPŪR – full costs included in the draft tariff for water production (EUR);

QŪR – the total amount of water supplied into the centralised water supply engineering network (m3).

59. The merchant which purchases prepared water from another provider of water management services shall calculate the draft tariff for water production in conformity with the formula laid down in Paragraph 57 of the Methodology, by including in full costs included in the draft tariff for water production both the costs of the merchant for water production and preparation and the purchased water costs.

60. The merchant shall calculate **the draft tariff for water supply** according to the following formula:

TŪPS = IPŪPS / QŪP

where

TŪPS – draft tariff for water supply (EUR/m3);

IPŪPS  – full costs included in the draft tariff for water supply (EUR);

QŪP – the amount of water supplied to customers (m3).

61. The merchant shall calculate **the draft tariff for water supply services** according to the following formula:

TŪA = TŪR + TŪPS

where

TŪA – draft tariff for the water supply service (EUR/m3);

TŪR – draft tariff for water production (EUR/m3);

TŪPS – draft tariff for water supply (EUR/m3).

62. The merchant shall calculate **the draft tariff for wastewater collection** according to the following formula:

TNS = IPNS / QNS

where

TNS – draft tariff for the wastewater collection service (EUR/m3);

IPNS – full costs to be included in the draft tariff for the wastewater collection service (EUR);

QNS – the amount of wastewater collected from customers (m3).

63. The merchant which performs the collection and treatment of wastewater shall calculate **the draft tariff for wastewater treatment** according to the following formula:

TNA = IPNA / QNS

where

TNA – draft tariff for the wastewater treatment service (EUR/m3);

IPNA – full costs to be included in the draft tariff for the wastewater treatment service (EUR);

QNS – the amount of wastewater collected from customers (m3).

64. The merchant which performs the collection of wastewater and drains part of the collected wastewater for treatment in the centralised sewerage engineering network of another merchant shall calculate the wastewater treatment draft according to the formula specified in Paragraph 62 of the Methodology, including in the full costs of the wastewater treatment service both the costs of the merchant for treatment of wastewater and the costs of wastewater drained for treatment in the centralised sewerage system of another merchant.

65. The merchant which performs only treatment of wastewater shall calculate **the draft tariff for wastewater treatment** according to the following formula:

TNA = IPNA / QNA

where

TNA – draft tariff for the wastewater treatment service (EUR/m3);

IPNA – full costs to be included in the draft tariff for the wastewater treatment service (EUR);

QNA – the amount of wastewater treated in wastewater treatment facilities of the merchant (m3).

66. The merchant shall calculate the draft tariff for sewerage services according to the following formula:

TKP = TNS + TNA

where

TKP – draft tariff for the sewerage services (EUR/m3);

TNS – draft tariff for the wastewater collection service (EUR/m3);

TNA – draft tariff for the wastewater treatment service (EUR/m3).

67. The merchant which performs the collection of wastewater and drains all collected wastewater for treatment into the centralised sewerage system of another merchant shall calculate the draft tariff for sewerage services according to the following formula:

TKP = TNS + (IAT / QNS)

where

TKP – draft tariff for the sewerage services (EUR/m3);

TNS – draft tariff for the wastewater collection service (EUR/m3);

IAT – the costs of wastewater drained for treatment if the merchant drains collected wastewater in the centralised sewerage system of other merchant (EUR);

QNS – the amount of wastewater collected from customers (m3).

**6. Accounting of Costs and Revenue**

68. In order to calculate the tariff, the merchant shall use the accounting of costs and revenue conforming to the provisions laid down in the law On Regulators of Public Utilities, namely the accounting of the merchant shall include separate accounts in respect of each type of water management service. The accounting of costs shall be separated from the total accounting by the merchant by using accounts, sub-accounts or other indications ensured by using the accounting program and the internal accounting system of the merchant.

69. The merchant shall arrange the accounting in a way for the Regulator to be able to keep track of all economic transactions related to the water management services from their beginning until end.

70. The merchant shall separate the following revenue accounts in the accounting records:

70.1. revenue from regulated water supply services;

70.1. revenue from regulated sewerage services;

70.3. revenue from other services (the merchant shall divide in more detailed as necessary).

71. If the merchant provides only one type of water management service (water production, water supply, wastewater collection, wastewater treatment services) to a group of customers, the merchant shall separately record the revenue for the provision of such service using account, sub-account or indications.

72. If the merchant provides water management services to another provider of water management services and has agreed on the price for water management services, then the merchant shall separately record the revenue for the provision of such services using account, sub-account or indications.

73. If the merchant provides water management services to a group of customers for a different tariff, then the merchant shall separately record the revenue for the provision of such services using account, sub-account or indications.

74. The merchant shall ensure a separate recording of costs in the accounting system for the following services:

74.1. water production service;

74.2. water supply service;

74.3. wastewater collection service;

74.4. wastewater treatment service.

75. The merchant shall, in determining the amount of administrative costs to be indirectly distributed and attributable to water supply and sewerage services, take into account the proportion of revenue from water supply and sewerage services in total revenue of the merchant from the provision of services in the previous reporting year, or the merchantʼs approved method for the accounting, distribution and attribution of costs by cost accounting centres. If the merchant also provides heating services, then, in calculating revenue from the provision of heating services and the total revenue of the merchant of the previous reporting year from the provision of services, the revenue shall be reduced by the costs for the purchase of heating fuel and thermal energy purchased for resale. If the merchant also provides waste management services, the revenue may be reduced by waste disposal costs when calculating revenue from the provision of waste management services and the total revenue of the merchant in the previous reporting year from the provision of services.

[*28 December 2023*]

76. The costs which at the time of recording thereof cannot be directly attributed to a specific water management service (except for administrative costs which are attributed in accordance with Paragraph 75 of the Methodology) shall be distributed by using cost attribution method which is indicated in the accounting policy or other internal document of the merchant.

77. The merchant shall include in its accounting policies information on the accounts, sub-accounts and other indications of costs which are ensured by using the accounting program and the internal accounting system of the merchant and which form the tariff for water management services in accordance with Annex 5 to the Methodology.

78. If the revenue of the merchant from the provision of water management services constitutes more than 95 % of the total revenue of the merchant from provision of services, the merchant need not separate costs between the provision of water management services and other services. In such case the merchant shall reduce the costs attributable to the draft tariff by revenue from the provision of other services multiplied by a coefficient which is not less than 0.93.

**6.1 Calculation and Determination of the Self-Determined Tariffs of the Merchant**

[*3 November 2022*]

78.1 The merchant may determine self-determined tariffs if, after the date of entry into effect of the tariffs approved by the Regulator or previously self-determined by the merchant, the following have changed:

78.11. the fee for electricity;

78.12. the tariff or fee according to which the merchant purchases water from another merchant;

78.13. the tariff or fee according to which the merchant settles accounts for the drained wastewater if they are drained into the centralised sewerage system of another merchant.

[*3 November 2022*]

78.2 When calculating electricity costs in self-determined tariffs, the merchant shall take into account the amount of electricity consumption which was found to be justified by the decision of the Regulator on the approval of tariffs and the fee for electricity which is intended after the date of the entering into effect of the self-determined tariffs, and also the guidelines of the Regulator for electricity price forecasting in the water management sector.

[*3 November 2022*]

78.3 When calculating the costs of the purchased water in self-determined tariffs, if, for the provision of water management services, the merchant purchases water from another merchant, or when calculating the costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant, the merchant shall take into account the amount of water purchased from another merchant or the amount of wastewater transferred to another merchant which was found to be justified by the decision of the Regulator on the approval of tariffs and the tariff or fee of the service provided by another merchant.

[*3 November 2022*]

78.4 The merchant who settles accounts for electricity according to the stock exchange price has an obligation to determine the self-determined tariffs if the actual electricity price on the stock exchange has been lower in the previous two months than the price of electricity in the applied tariffs for water management services and if the changes in the forecasted electricity price result in a reduction in tariffs of water management services by more than 10 %.

[*3 November 2022*]

78.5 The merchant has an obligation to inform the Regulator of changes in the electricity supply contract entered into and to determine the self-determined tariffs if the actual electricity price is lower than the electricity price in the applied tariffs for water management services and if the change in this price results in a reduction in tariffs of water management services by more than 10 %.

[*3 November 2022*]

78.6 The merchant has an obligation to inform the Regulator of changes in the contract entered into for water management services provided to it by another merchant and to determine the self-determined tariffs if the tariff or fee according to which the merchant procures water from another merchant or the tariff or fee according to which the merchant settles accounts for the wastewater drained into the centralised sewerage system of another merchant is lower than the corresponding tariff or fee in the applicable tariffs of water management services and if the change results in a reduction in tariffs of water management services by more than 10 %.

[*3 November 2022*]

78.7 In the calculation of the self-determined tariffs, the merchant may only change electricity costs in the item “Costs of electricity, heating fuel, thermal energy, gas”, costs in the item “Purchased water costs if, for the provision of services, the merchant purchases water from another merchant”, costs in the item “Costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant”, and the costs specified in Sub-paragraphs 17.24., 17.25, and 17.26. The remaining components of full costs, except for profit, and the amounts of provided water management services in the calculation of the self-determined tariffs shall be maintained by the merchant to the extent that the Regulator approved them to be justified when taking the decision on the approval of the tariffs.

[*28 December 2023*]

78.8 If, in the calculation of the self-determined tariffs, the total costs of the cost items indicated in Paragraph 78.7 increase compared to the total costs of the cost items indicated in Paragraph 78.7 used in the calculation of the tariffs approved by the decision of the Regulator, the merchant may review the amount of the profit provided that the profit in terms of euros does not exceed the amount of the profit in terms of euros which the Regulator has approved to be justified when taking the decision on the approval of the tariffs.

[*3 November 2022*]

78.9 If, in the calculation of the self-determined tariffs, the total costs of the cost items indicated in Paragraph 78.7 decrease compared to the total costs of the cost items indicated in Paragraph 78.7 used in the calculation of the tariffs approved by the decision of the Regulator, the merchant shall include the amount of the profit in the calculation of the tariff in terms of euros in a way that the profitability of the turnover in terms of percentage does not exceed the amount of the profitability of the turnover in terms of percentage which the Regulator has approved to be justified when taking the decision on the approval of tariffs.

[*3 November 2022*]

78.10 If the merchant has the right to calculate the self-determined tariffs in accordance with the Methodology, the merchant shall publish them in the official gazette *Latvijas Vēstnesis* not later than 30 days before the date of entering into effect of the self-determined tariffs, send them to the relevant local government for informing inhabitants and posting thereof on its website, and publish them on its website, if any, and submit them simultaneously to the Regulator with a justification, submitting the following information:

78.101. the calculation of the self-determined tariffs (in the form of Excel) calculated on the basis of costs and amounts of services which were recognised as justified when the Regulator was taking the decision on the approval of tariffs;

78.102. the calculation of electricity costs, taking into account electricity consumption in the breakdown by objects and types of service, which was found to be justified by the decision of the Regulator on the approval of tariffs and the changes in the fee for electricity;

78.103. justifying documents for the price of the procured electricity and the calculation of the forecasted electricity price if, in accordance with the conditions of the contract, electricity is procured according to the hourly price of the electricity exchange rate;

78.104. the calculation of the costs of water procured from another merchant, taking into account the amount of water procured from another merchant which was found to be justified by the decision of the Regulator on the approval of tariffs, and the current tariff or fee for which water is procured from another merchant; documents which justify changes in the tariff or fee for the procurement of water from another merchant;

78.105. the calculation of wastewater costs drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant, taking into account the amount of wastewater transferred to another merchant which was found to be justified by the decision of the Regulator on the approval of tariffs, and the current tariff or fee for which the wastewater is transferred to another merchant; documents which justify changes in the tariff or fee for the draining of wastewater into the centralised sewerage system of another merchant.

[*3 November 2022*]

78.11 The Regulator shall, within 21 days after receipt of the self-determined tariffs and the justification, assess the conformity of the self-determined tariffs with this Methodology and the justification submitted. If the merchant withdraws the notice and publishes a new notice, the 21-day assessment period shall start anew after receipt of the new notification and the justification at the Regulator.

[*3 November 2022*]

78.12 If the Regulator has not taken the decision on the revocation of the entry into effect of the self-determined tariffs within 21 days after receipt of the self-determined tariffs and the justification, the self-determined tariffs shall enter into effect within the time period stipulated by the merchant, but not earlier than on the thirtieth day after the publication thereof in the official gazette *Latvijas Vēstnesis*, not including the date of publication, and the publication of the merchant in the official gazette *Latvijas Vēstnesis* is sufficient for the application of self-determined tariffs (default approval). The Regulator shall publish information on the self-determined tariffs assessed and their entry into effect on the website of the Regulator and shall notify it to the merchant.

[*3 November 2022*]

78.13 If the Regulator takes the decision on the non-conformity of the self-determined tariffs with the Methodology within 21 days after receipt of the self-determined tariffs or rejects the justification, or rejects the self-determined tariffs because the merchant has not followed the procedure or time limits specified in the Methodology, the Regulator shall withdraw the entering into effect of the self-determined tariffs and the self-determined tariffs shall not enter into effect at the time stipulated by the merchant. The Regulator shall, within seven days after taking the decision, send the decision taken to the merchant, publish the decision in the official gazette *Latvijas Vēstnesis*, and send it to the relevant local government for informing inhabitants and posting thereof on its website.

[*3 November 2022*]

78.14 From the day of entering into effect of the self-determined tariffs, the merchant shall not apply the tariffs approved by the decision of the Regulator or the tariffs previously self-determined by the merchant.

[*3 November 2022*]

**7. Closing Provisions**

79. The draft tariffs which the merchant has submitted to the Regulator before the day of coming into force of Decision No. 1/2 of the Board of the Public Utilities Commission of 14 January 2016, Methodology for the Calculation of Tariffs for the Water Management Services, and evaluation of which has not been completed shall be evaluated in accordance with this Methodology.

80. The merchant shall supplement the accounting policy or another internal document in accordance with the requirements of the Methodology until 1 April 2016.

80.1 The Regulator shall, by 30 December 2016, determine the rate of return on capital which must be applied by the merchant in developing a draft tariff the date of coming into effect of which is planned in 2017.

[*27 October 2016*]

80.2 [13 August 2018]

80.3 The merchant shall include the unforeseen revenue specified in Paragraph 17.1 of this Methodology in the calculation of the draft tariff and is entitled to include the unforeseen costs specified in Paragraph 17.1 of this Methodology which consist of changes in payments for the purchase of electricity, heating fuel, thermal energy, and gas and which have occurred after 1 January 2022.

[*3 November 2022*]

81. Decision No. 8/1 of the Public Utilities Commission of 12 May 2010, Methodology for the Calculation of Tariffs for the Water Management Services (*Latvijas Vēstnesis*, 2010, No. 76; 2011, No. 76; 2012, No. 56, 2013, No. 192, 2013, No. 230), is repealed.

82. This Methodology shall enter into effect on the day following its publication in the official gazette *Latvijas Vēstnesis*.

Acting Chair, Board Member of the Public Utilities Commission A. Aniņš

**Annex 1**

Decision No. 1/2 of the Public Utilities Commission

14 January 2016

[*22 February 2018; 28 December 2023*]

Name of the merchant

Unified registration number

**Water and Wastewater Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.**  1 | **Information on water amounts in the centralised water supply system**  2 | actual amount of the reporting year, m3  3 | amount foreseen in the draft tariff, m3  4 |
| 1. | Water taken from the natural water sources (water abstracted by the merchant) |  |  |
| 2. | Amount of water for technological needs |  |  |
| 3. | Prepared water purchased from other providers of water management services which is supplied into the centralised water supply engineering network |  |  |
| 4. | Total water supplied into the centralised water supply engineering network (1-2+3), including: |  |  |
| 4.1. | water supplied to customers |  |  |
| 4.2. | water losses in the centralised water supply engineering networks (4-4.1) |  |  |
| **No.**  1 | **Information on wastewater amounts in the centralised sewerage system**  2 | actual amount of the reporting year, m3  3 | amount foreseen in the draft tariff, m3  4 |
|  |  |  |  |
| 5. | Total wastewater drained into the centralised sewerage engineering network which is drained for treatment (6+7), including: |  |  |
| 5.1. | wastewater collected from customers |  |  |
| 5.2. | other wastewater drained into the centralised sewerage engineering network (5-5.1) |  |  |
| 6. | Wastewater treated in the wastewater treatment facilities of the merchant |  |  |
| 7. | Wastewater transferred for treatment to other providers of sewerage services |  |  |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_

|  |  |
| --- | --- |
| Person entitled to represent the merchant |  |
|  | signature and full name |

Note. The details of the document “date” and “signature” need not be completed if the document has been prepared in accordance with the laws and regulations regarding drawing up of electronic documents.

**Annex 2**

Decision No. 1/2 of the Public Utilities Commission

14 January 2016

[*28 December 2023*]

Name of the merchant

Unified registration number

**Calculation of Draft Tariffs for Water Management Services**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | **Items** | water production | water supply | wastewater collection | wastewater treatment |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | ***Depreciation of fixed assets and the book value of written-off intangible investments*** |  |  |  |  |
| 1.1. | ***Depreciation of fixed assets*** |  |  |  |  |
| 1.1.1. | buildings, structures |  |  |  |  |
| 1.1.2. | equipment, machinery |  |  |  |  |
| 1.1.3. | other |  |  |  |  |
| 1.2. | ***Book value of written-off intangible investments*** |  |  |  |  |
|  |  |  |  |  |  |
|  | **Operating costs EUR (2+3+4)** |  |  |  |  |
|  |  |  |  |  |  |
| 2. | ***Staff costs*** |  |  |  |  |
| 2.1. | Remuneration |  |  |  |  |
| 2.2. | Social insurance contributions |  |  |  |  |
|  |  |  |  |  |  |
| 3. | ***Costs of maintenance and repairs of fixed assets*** |  |  |  |  |
|  |  |  |  |  |  |
| 4. | ***Other costs of economic activity*** |  |  |  |  |
| 4.1. | Purchased water costs if, for the provision of services, the merchant purchases water from another merchant |  | x | X | X |
| 4.2. | Costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant | X | x | X |  |
| 4.3. | Other costs of administration not included elsewhere |  |  |  |  |
| 4.4. | Costs of materials |  |  |  |  |
| 4.5. | Costs of electricity, heating fuel, thermal energy, gas |  |  |  |  |
| 4.6. | Security guard costs |  |  |  |  |
| 4.7. | Vehicle maintenance costs |  |  |  |  |
| 4.8. | Immovable property rent costs |  |  |  |  |
| 4.9. | Insurance costs |  |  |  |  |
| 4.10. | Costs of communication services |  |  |  |  |
| 4.11. | Costs for the purchase of office supplies |  |  |  |  |
| 4.12. | Staff training costs |  |  |  |  |
| 4.13. | Costs of legal services |  |  |  |  |
| 4.14. | Costs of environmental status control |  |  |  |  |
| 4.15. | Costs of business trips |  |  |  |  |
| 4.15.1 | Costs for the purchase and verification of accounting meter for water and wastewater |  |  |  |  |
| 4.15.2 | Costs of utilisation of sludge |  |  |  |  |
| 4.16. | Other costs |  |  |  |  |
| 4.17. | Fee payments |  |  |  |  |
|  |  |  |  |  |  |
| 5. | ***Costs of water losses*** | X |  | X | X |
|  |  |  |  |  |  |
| 6. | ***Tax payments*** |  |  |  |  |
|  |  |  |  |  |  |
| 7. | ***Credit interest payments and repayment of the principal sum*** |  |  |  |  |
|  |  |  |  |  |  |
| 8. | ***Revenue in accordance with Paragraphs 13 and 78 of the Methodology*** |  |  |  |  |
|  |  |  |  |  |  |
| 9 | **Total costs EUR (1+2+3+4+5+6+7-8)** |  |  |  |  |
|  |  |  |  |  |  |
| 10. | ***Profitability of turnover*** |  |  |  |  |
| 11 | ***Unforeseen costs and revenue in accordance with Paragraph 17.1 of the Methodology*** |  |  |  |  |
|  |  |  |  |  |  |
| 12. | **Full costs, EUR (9+10+11)** |  |  |  |  |
|  |  |  |  |  |  |
| 13. | Total amount of water supplied into the centralised water supply engineering network, m3 |  | x | X | X |
| 14. | Amount of water supplied to customers, m3 | X |  | X | X |
| 15. | Amount of wastewater collected from customers, m3 | X | x |  |  |
|  |  |  |  |  |  |
|  |  | **Tariff for water production** | **Tariff for water supply** | **Tariff for wastewater collection** | **Tariff for wastewater treatment** |
|  | **EUR/m3** |  |  |  |  |
|  |  | **Tariff for water supply services** | | **Tariff for sewerage services** | |
|  | **EUR/m3** |  | |  | |
|  |  | **Tariff for water management services** | | | |
|  | **EUR/m3** |  | | | |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_

|  |  |
| --- | --- |
| Person entitled to represent the merchant |  |
|  | signature and full name |

Note. The details of the document “date” and “signature” need not be completed if the document has been prepared in accordance with the laws and regulations regarding drawing up of electronic documents.

**Annex 3**

Decision No. 1/2 of the Public Utilities Commission

14 January 2016

[*13 August 2018; 29 August 2022; 28 December 2023*]

Name of the merchant

Unified registration number

Calculation of Return on Capital\*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No.  1 | **Items**  2 | water production  3 | water supply  4 | wastewater collection  5 | wastewater treatment  6 |
| 1. | **Intangible investments** |  |  |  |  |
| 1.1. | Concessions, patents, licences, trademarks and similar rights |  |  |  |  |
|  |  |  |  |  |  |
| 2. | **Fixed assets** |  |  |  |  |
| 2.1. | Land |  |  |  |  |
| 2.2. | Buildings and structures |  |  |  |  |
| 2.3. | Equipment and machinery |  |  |  |  |
| 2.4. | Other fixed assets and inventory |  |  |  |  |
|  |  |  |  |  |  |
| 3. | **The regulatory asset base (RAB) (1+2)** |  |  |  |  |
|  |  |  |  |  |  |
| 4. | **Average weighted cost of return on capital (wacc)** |  | | | |
|  |  |  |  |  |  |
| 5. | **Return on capital P=RAB\*wacc (4\*5)** |  |  |  |  |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_

|  |  |
| --- | --- |
| Person entitled to represent the merchant |  |
|  | signature and full name |

\*The calculation shall be carried out in accordance with the Methodology for Accounting and Calculation of Capital Costs established by the Regulator.

Note. The details of the document “date” and “signature” need not be completed if the document has been prepared in accordance with the laws and regulations regarding drawing up of electronic documents.

**Annex 4**

Decision No. 1/2 of the Public Utilities Commission

14 January 2016

[*28 December 2023*]

Name of the merchant

Unified registration number

**Calculation of the Draft Tariffs for the Water Management Services if Return on Capital is Included in Costs**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Items** | water production | water supply | wastewater collection | wastewater treatment |
|  | | | | | |
|  | **Capital costs EUR (1+2)** |  |  |  |  |
|  | | | | | |
| 1. | ***Depreciation of fixed assets and the book value of written-off intangible investments*** |  |  |  |  |
| 1.1. | ***Depreciation of fixed assets*** |  |  |  |  |
| 1.1.1. | buildings, structures |  |  |  |  |
| 1.1.2. | equipment, machinery |  |  |  |  |
| 1.1.3. | other |  |  |  |  |
| 1.2. | ***Book value of written-off intangible investments*** |  |  |  |  |
|  | | | | | |
| 2. | ***Return on capital*** |  |  |  |  |
|  | | | | | |
|  | **Operating costs EUR (3+4+5)** |  |  |  |  |
|  | | | | | |
| 3. | ***Staff costs*** |  |  |  |  |
| 3.1. | Remuneration |  |  |  |  |
| 3.2. | Social insurance costs |  |  |  |  |
|  | | | | | |
| 4. | ***Costs of maintenance and repairs of fixed assets*** |  |  |  |  |
|  | | | | | |
| 5. | ***Other costs of economic activity*** |  |  |  |  |
| 5.1. | Purchased water costs if, for the provision of services, the merchant purchases water from another merchant |  | x | X | X |
| 5.2. | Costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant | X | x | X |  |
| 5.3. | Other costs of administration not included elsewhere |  |  |  |  |
| 5.4. | Costs of materials |  |  |  |  |
| 5.5. | Costs of electricity, heating fuel, thermal energy, gas |  |  |  |  |
| 5.6. | Security guard costs |  |  |  |  |
| 5.7. | Vehicle maintenance costs |  |  |  |  |
| 5.8. | Immovable property rent costs |  |  |  |  |
| 5.9. | Insurance costs |  |  |  |  |
| 5.10. | Costs of communication services |  |  |  |  |
| 5.11. | Costs for the purchase of office supplies |  |  |  |  |
| 5.12. | Staff training costs |  |  |  |  |
| 5.13. | Costs of legal services |  |  |  |  |
| 5.14. | Costs of environmental status control |  |  |  |  |
| 5.15. | Costs of business trips |  |  |  |  |
| 5.15.1 | Costs for the purchase and verification of accounting meter for water and wastewater |  |  |  |  |
| 5.15.2 | Costs of utilisation of sludge |  |  |  |  |
| 5.16. | Other costs |  |  |  |  |
| 5.17. | Fee payments |  |  |  |  |
|  | | | | | |
| 6. | ***Costs of water losses*** | X |  | X | X |
|  | | | | | |
| 7. | ***Tax payments*** |  |  |  |  |
| 7.1 | ***Unforeseen costs and revenue in accordance with Paragraph 17.1 of the Methodology*** |  |  |  |  |
| 8. | ***Revenue in accordance with Paragraphs 13 and 78 of the Methodology*** |  |  |  |  |
|  | | | | | |
|  | **Full costs, EUR (1+2+3+4+5+6+7-8+7.1)** |  |  |  |  |
|  | | | | | |
| 9. | Total amount of water supplied into the centralised water supply engineering network, m3 |  | x | X | X |
| 10. | Amount of water supplied to customers, m3 | X |  | X | X |
| 11. | Amount of wastewater collected from customers, m3 | X | x |  |  |
|  | | | | | |
|  |  | **Tariff for water production** | **Tariff for water supply** | **Tariff for wastewater collection** | **Tariff for wastewater treatment** |
|  | **EUR/m3** |  |  |  |  |
|  |  | **Tariff for water supply services** | | **Tariff for sewerage services** | |
|  | **EUR/m3** |  | |  | |
|  |  | **Tariff for water management services** | | | |
|  | **EUR/m3** |  | | | |

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_

|  |  |
| --- | --- |
| Person entitled to represent the merchant |  |
|  | signature and full name |

Note. The details of the document “date” and “signature” need not be completed if the document has been prepared in accordance with the laws and regulations regarding drawing up of electronic documents.

**Annex 5**

Decision No. 1/2 of the Public Utilities Commission

14 January 2016

[*28 December 2023*]

**Accounts, sub-accounts and indications used in calculating draft tariff for Water Management Services**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No.** | **Cost items forming the tariff\*** | **Account, sub-account No. or other indications ensured by using the accounting program and the internal accounting system of the merchant** | | | |
| **water production services** | **water supply services** | **wastewater collection services** | **wastewater treatment services** |
| 1. | Depreciation of fixed assets and the book value of written-off intangible investments |  |  |  |  |
| 2. | Staff costs |  |  |  |  |
| 3. | Costs of maintenance and repairs of fixed assets |  |  |  |  |
| 4. | Other costs of economic activity |  |  |  |  |
| 4.1. | Purchased water costs if, for the provision of services, the merchant purchases water from another merchant |  |  |  |  |
| 4.2. | Costs of wastewater drained for treatment if the merchant drains the collected wastewater in the centralised sewerage system of another merchant |  |  |  |  |
| 4.3. | Other costs of administration not included elsewhere |  |  |  |  |
| 4.4. | Costs of materials |  |  |  |  |
| 4.5. | Costs of electricity, heating fuel, thermal energy, gas |  |  |  |  |
| 4.6. | Security guard costs |  |  |  |  |
| 4.7. | Vehicle maintenance costs |  |  |  |  |
| 4.8. | Immovable property rent costs |  |  |  |  |
| 4.9. | Insurance costs |  |  |  |  |
| 4.10. | Costs of communication services |  |  |  |  |
| 4.11. | Costs for the purchase of office supplies |  |  |  |  |
| 4.12. | Staff training costs |  |  |  |  |
| 4.13. | Costs of legal services |  |  |  |  |
| 4.14. | Costs of environmental status control |  |  |  |  |
| 4.15. | Costs of business trips |  |  |  |  |
| 4.16. | Other costs |  |  |  |  |
| 4.17. | Fee payments |  |  |  |  |
| 5. | Tax payments |  |  |  |  |
| 6. | Credit interest payments and repayment of the principal sum |  |  |  |  |

\* several accounts of accounting costs may refer to each costs item. One account may be distributed to several cost items indicating cost drivers and coefficients.

Date \_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_

|  |  |
| --- | --- |
| Person entitled to represent the merchant |  |
|  | signature and full name |

Note. The details of the document “date” and “signature” need not be completed if the document has been prepared in accordance with the laws and regulations regarding drawing up of electronic documents.

Acting Chair, Board Member of the Public Utilities Commission A. Aniņš