

Märt Ots  
Peadirektor  
Konkurentsiamet  
Auna 6  
10317 Tallinn

Your ref: 10.05.11 nr 9.2-5/11-0090-007  
Our ref: 26.05.2011 nr

Dear Mr Ots,

Thank you for submitting your position on our current (2010) tariffs on 10.05.2011.

It is apparent that the CA and ASTV are of different positions regarding whether or not our tariffs accord with the PWSSA. This is exemplified in your 02.05.2011 non-approval of our 2011 tariff application on the point of disregarding the terms and conditions of our privatisation contract without comment. You have also been made aware that the company considers such an interpretation of the PWSSA as contrary to the fundamental principles of EU law (and, which is, incidentally, also contrary to the Estonian law, including, amongst other things, the Estonian Constitution), and that the company is planning to contest your 02.05.2011 decision in the Estonian administrative courts in addition to having turned to the EU Commission to instigate infringement proceedings.

Taking into account that (i) the deadline for contesting your 02.05.2011 decision falls on 01.06.2011 and we need to respond in parallel regarding both, our current and future tariffs, which places a significant additional administrative burden on the company; and (ii) the fact that it would be highly prejudicial to proceed with the process of imposing temporary tariffs before the EU Commission has had time to consider whether, in fact, the situation does infringe EU law and cross-border investments, therefore, to safeguard the interests of all parties, we would like to ask for an extension of the response deadline.

Considering all of the above, we are kindly asking you to extend the response deadline until 09.07.2011. Alternatively, in order to give us adequate time to respond to both, your 02.05.2011 decision regarding our 2011 tariffs and your 10.05.2011 letter regarding our current tariffs, we are requesting for you to extend the response deadline at least until 27.06.2011.

Yours sincerely,

Ian John Alexander Plenderleith  
Chairman of the Management Board