

**DECISION
OF THE GOVERNMENT OF THE RUSSIAN FEDERATION
NO. 715 OF OCTOBER 11, 2001
ON DEVELOPING THE MECHANISM OF THE STATE REGULATION
OF TARIFFS ON COMMUNICATIONS SERVICES**

For the purpose of developing the system of price formation and the mechanism of the state regulation of tariffs on communication services rendered by subjects of natural monopolies in the field of electric and postal communications of general use the Government of the Russian Federation hereby resolves as follows:

1. There shall be endorsed attached thereto the [Basic Provisions](#) of the State Regulation of Tariffs on Electric and Postal Communications Services of General Use;

the [List](#) of Communication Services Which Tariffs Are Regulated by the State at the Domestic Market of the Russian Federation through the Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation.

2. The Ministry of Communications and Information Technologies of the Russian Federation, the Ministry of Economic Development and Trade of the Russian Federation and the Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation shall develop and endorse within three months term methodical recommendations concerning the calculation of economically substantiated expenditure and normative profits as regards regulated communications services.

3. The Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation, the Ministry of Communications and Information Technologies of the Russian Federation and the Ministry of Economic Development and Trade of the Russian Federation shall develop and endorse within three year term a procedure for determining tariffs on the basis of the method of limiting price formation.

4. The Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation shall ensure

bringing within 2001-2002 the rate of tariffs on controllable communications services (except for controllable services of postal communications, rural telephonic communications for population and telegraphic communications) to the level of economically substantiated expenditure with normative profits included therein;

transfer before 2003 to regulation of tariffs on electric communications services on the basis of the method of limiting price formation.

5. There shall be regarded as void

[Decision](#) of the Government of the Russian Federation No. 265 of March 7, 1997 on Regulation of Tariffs on Communications Services and on Endorsement of the Basic Provisions of the State Regulation of Tariffs of Electric Communications of General Use at the Federal and Regional Levels (Sobraniye Zakonodatelstva Rossiyskoy Federatsii, 1997, No. 11, item 1318);

[Decision](#) of the Government of the Russian Federation No. 1559 of December 28, 1998 on Developing the State Regulation of Prices (Tariffs) on Communications Services (Sobraniye Zakonodatelstva Rossiyskoy Federatsii, 1999, No. 1, item 2001) except for [Item 2](#);

[Decision](#) of the Government of the Russian Federation No. 446 of June 9, 2000 on Introduction of an Amendment to Decision of the Government of the Russian Federation No. 1559 of December 28, 1998 (Sobraniye Zakonodatelstva Rossiyskoy Federatsii, 2000, No. 25, item 2692).

6. [Item 2](#) of Decision of the Government of the Russian Federation No. 1559 of December 28, 1998 shall be regarded as void and not causing legal effects as of the date of issuing said Decision thereof.

**Basic Provisions
of the State Regulation of Tariffs on Electric and**

Postal Communications Services of General Use
(Endorsed by Decision of the Government of the Russian Federation
No. 715 of October 11, 2001)

1. These Basic Provisions developed for the purpose of bringing to life the Concept of Developing the Market of Telecommunications Services of the Russian Federation endorsed by the Government of the Russian Federation on December 21, 2000 shall determine the purposes, principles and mechanism of the state regulation of tariffs on electric and postal communications services of general use at the domestic market of the Russian Federation (hereafter referred to as communications services).

2. There shall be subject to the state regulation the tariffs on communications services rendered by communications operators included in the established procedure into the list of subjects of natural monopolies in the field of communications (hereafter referred to as communications operators).

3. The state regulation of tariffs on communications services shall be effected by the Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation (hereafter referred to as the regulating body).

4. The state regulation of tariffs on communications services shall be effected for the purpose of

- a) the protection of economic interests of consumers from unreasonable raising of tariffs on communications services;

- b) achieving the balance of interests of subjects of natural monopolies in the field of communications and of consumers of their services;

- c) development of competition at the market of communications services;

- d) creation of economic incentives ensuring the decrease of the prime cost of communications services, raising the efficiency of communications operators' functioning, further development and updating of communications means and networks, expansion of the market of communications services and improvement of their quality;

- e) creation of conditions for attracting investments.

5. The state regulation of tariffs on communications services shall be effected proceeding from the following principles:

- a) creation for communications operators of conditions for development and updating of communications means and networks, reimbursement of economically substantiated expenditure connected with rendering controllable communications services;

- b) establishment for communications operators of the substantiated rate of gains on the capital used for rendering communications services;

- c) satisfaction of the effective demand for communications services, protection of the interests of users of communications services from the unreasonable raising of tariffs;

- d) accounting of taxes and other obligatory payments provided by the laws of the Russian Federation in the structure of controllable tariffs on communications services.

6. When taking a decision concerning the economic substantiation of expenditure and normative profits the regulating body shall take into account:

- a) prices (tariffs) of products (services) consumed by communications operators whose tariffs on services are regulated by the State, as well as taxes and other obligatory payments to be made by communications operators in compliance with the laws of the Russian Federation;

- b) the amount of profits necessary for supplying said operators with funds necessary for production development, paying out dividends and for other reasonable expenditure;

- c) plans of capital investments of said communications operators and sources of their financing for the purpose of accounting in the structure of tariffs on communications services the expenses related to the attraction of funds from these sources;

- d) dynamics of expenditure and profits as well as indicators of inflation for expired and forthcoming periods.

7. Elements of cross subsidizing shall be preserved only in respect of controlled services of postal communications, rural telephonic communications for the population and telegraphic communications.

8. Tariffs on communications services, except for the services indicated in Item 7 of these Basic Provisions, should ensure the complete reimbursement of economically reasonable expenditure and include normative profits.

9. Tariffs on local telephonic communications services shall be different in respect of two categories of consumers - the population and organizations.

10. Tariffs on services of local (when payment is calculated on time basis) and intercity telephonic communications may be different as regards the time of the day, days of the week and ways of servicing.

11. Communications operators on the basis of methodical recommendations concerning the calculation of economically reasonable expenditure and normative profits in respect of communications services shall make and submit to the regulating body calculations of the rate of tariffs in respect of any controllable service ensuring the complete reimbursement of economically reasonable expenditure connected with rendering communications services and including normative profits on the basis of the principle of separate accounting of expenditure and profits regarding different types of communications services.

12. Communications operators shall be entitled to advance to the regulating body a proposal to review tariffs on communications services in the presence of one of the following conditions:

- a) putting into operation of normative legal acts of the Russian Federation or of subjects of the Russian Federation that entail the alteration of the amount of expenses referred to the prime cost of communications services, obligatory deductions and payments to appropriate budgets;
- b) alteration of the [rate of refinancing](#) of the Central Bank of the Russian Federation;
- c) development of communications services and raising their quality;
- d) appearance of factors independent of a communications operator that have caused the raising of the prime cost of services by more than 5 per cent.

13. The regulating body within 30 days shall consider and adopt a decision regarding the establishment of the rate of tariffs in respect of every controllable service ensuring the complete reimbursement of economically reasonable expenses connected with rendering communications services and including normative profits.

14. The regulating body shall draw up a schedule of bringing the rate of tariffs on communications services by stages to the level determined in compliance with Item 13 of these Basic Provisions and shall direct an appropriate schedule to a communications operator within 15 days as of the date of adopting a decision concerning the establishment of the rate of tariffs.

Alteration of the rate of tariffs on communications services in conformity with the schedule shall be made quarterly pending the achievement of the rate that include economically reasonable expenses and normative profits.

15. Tariffs on controllable services of postal communications, rural telephonic communications for the population and telegraphic communications shall be indexed with the account taken of inflation.

16. Regulation of tariffs shall be made on the basis of the procedure for determining tariffs by the method of limiting price formation developed and endorsed by the Ministry of Anti-Monopoly Policy and Promotion of Entrepreneurship of the Russian Federation, the Ministry of Communications and Information Technologies of the Russian Federation and the Ministry of Economic Development and Trade of the Russian Federation.

A communications operator shall be entitled to establish independently tariffs on individual services in compliance with said methods.

List
of Communication Services Which Tariffs Are Regulated by the State at
the Domestic Market of the Russian Federation through the Ministry
of Anti-Monopoly Police and Promotion of Entrepreneurship
of the Russian Federation
(Endorsed by [Decision](#) of the Government of the Russian Federation
No. 715 of October 11, 2001)

1. Internal correspondence (post cards, letters and postal wrappers).
2. An internal telegram.
3. Provision of intercity telephonic connection (talk) to fixed subscribers.
4. Spreading and broadcasting of all-Russia TV and radio-programs.
5. Provision of access to telephonic network regardless of the type of a subscriber's line (wire or radio-line).
6. Provision of local telephonic connection (talk) to fixed subscribers with payment therefor including
 - under the system of payment for telephonic communications services by subscribers - payment by subscribers for the provision to a subscriber of a line for constant use regardless of its type and the provision of a local telephonic connection (talk) regardless of its length;
 - under the system of payment for telephonic communications services on time basis - payment by subscribers for the provision of a line for constant use regardless of its type and variable payment for the provision of a local telephonic connection (talk) depending on its length in tariffing units.