

**Decision no. 90  
of 11.03.2004**

**on the notification of the Brasov County Council for obtaining the  
authorization of the State aid to be granted to  
Regiei Autonome Judetene de Apa Brasov**

**The President of the Competition Council,**

**Based on:**

- 1.** The Decree no 57/17.02.2004 regarding the appointment of the Competition Council's members;
- 2.** The provisions of the Competition Law no 21/1996, published in the Official Gazette no 88 – Part I, of April 30, 1996, with subsequent amendments and completions;
- 3.** The provisions of the Law no 143/1999 on State aid, published in the Official Gazette no 370/03.08.1999, Part I, with subsequent amendments and completions;
- 4.** The Regulation on organization, functioning and procedures of the Competition Council, published in the Official Gazette, no. 50 bis, Part I, of 25.03.1997, with subsequent amendments and completions;
- 5.** The Regulation on the form, content and other details of the State aid notification, published in Official Gazette no.125, Part I of 24.03.2000;
- 6.** The notification of the State aid to be granted, submitted by the Brasov County Council under the address no. 141/12.01.2004, registered at the Competition Council under the no. RS-AS 1/15.01.2004. The notification became effective since the date the information was accurate and complete, respectively on 02.02.2004.
- 7.** The Note of the State aid Department on the notified State aid;

**Based on the following:**

**1.** The financial support of which the Autonomous Regie of Water Brasov, hereinafter RA APA Brasov, is to benefit is represented by a guarantee given by Brasov County Council to this regie autonomous for contracting an EBRD loan, under market conditions. The total value of the loan contracted by RA APA Brasov from BERD is of Euro 14,500,000.

**2.** The funds allocated through this loan shall be used to co-finance the measure “Treatment of drinking water and of tail water from Brasov and neighbour settlements placed in Brasov County, Romania” with the following components:

- ? Rehabilitation of water treatment Tarlung;
- ? Building a sewerage collector;
- ? Rehabilitation and modernization of the network providing drinking water;
- ? Rehabilitation of the water distribution network;
- ? Rehabilitation of the sewerage network.

**3.** RA APA Brasov is an Autonomous Regie of local interest, under the authority of Brasov County Council which administrates and exploits on the base of the Brasov County Decree, the public systems of drinking water supply and sewerage owned by the public field of the County.

**4.** The relevant product market is represented by market of public services of water supply and sewerage and the relevant geographic market is represented by the territories of the following settlements:

- ? for the distribution of drinking water: Brasov, Ghimbav, Rupea, Harman, Sanpetru, Halchiu, Apata, Poiana Brasov;
- ? for water delivery (without distribution): Sacele, Tarlungeni, Homorod;
- ? for sewerage and combing out the tail water: Brasov, Rupea, Poiana Brasov, Harman, Sanpetru;
- ? for combing out the tail water (without sewerage): Rasnov, Sacele.

**5.** RA APA Brasov is the only operator on the defined relevant market, having thus a natural monopoly position. These public services of local interest are provided through a public system of water supply and sewerage,

which is part of the technical-urban infrastructure of the County and is owned by its public ownership.

**6.** The public services of water supply and sewerage is regulated, their prices and tariffs not being established on a free market, based on demand and supply, but being surveyed by the National Regulatory Authority for Municipal Services (ANRSC) and approved by the local public administration – Brasov County Council.

**7.** The estimated effects to be obtained following the implementation of those investments objectives in the technical infrastructure water-sewerage of the county are:

- the rehabilitation of STAP Tarlung will assure the access to a water of a better quality, reducing the risks for the public health;

- the new main water pipes, the reorganization and rehabilitation of the pumping stations will the system more efficient, will reduce the pumping costs and will allow a more efficient operation;

- the completion and extension of the collecting channel “I” will eliminate the pressure from the sewerage network in the raining period so that the water not to exceed the level of the channels, to be avoided the coming out from the underground of non-treated tail water through springs in Poiana Brasov, thus the environment being protected;

- the alignment of the quality parameters of those waters to EU standards.

**8.** Having in regard that RA APA Brasov is the only administrator of the public system of water and sewerage in the defined geographic area, without any other competitor on the relevant market, the guarantee of Brasov County Council for the loan does not fulfil the selectivity criteria – one of the elements that characterize the State aid – and does not lead to competition distortion.

## **DECIDES**

**Art.1.** Within the meaning of art. 8 (2) corroborated with art.12 (2) a) of the Law no. 143/1999 on State aid, modified and completed by Law no

603/2003, the guarantee given by Brasov County Council, to the loan received by RA APA Brasov from EBRD, does not constitute State aid since this loan is used for rehabilitation of the technical-urban infrastructure of Brasov County.

**Art.2.** The present Decision shall become effective since the date of its communication.

**Art.3.** The present Decision shall be communicated by the Secretariat General of the Competition Council to:

- Brasov County Council, 5 Eroilor Avenue, code 500007, Brasov
- Autonomous Regie of Water Brasov, 13 Vlad Tepes Street, Brasov.

**Art.4.** The Secretariat General and the State Aid Department of the Competition Council shall pursue the fulfillment of the present Decision.

**PRESIDENT**

**MIHAI BERINDE**