# Press-release of 13.07.2010

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On 16th June 2010, the Federal Arbitration Court of Far East District dismissed the cassation appeal of Vladivostok City Authority on invalidating the judgment of Primorye Regional Arbitration Court and the Ruling of the 5th Arbitration Appeal Court on the claim of Vladivostok City Authority against the Primorye Office of the Federal Antimonopoly Service (Primorye OFAS Russia).

On 27th November 2009, the Commission of Primorye OFAS Russia found Vladivostok City Authority violated Part 3 Article 15 of the Federal Law "On Protection of Competition". Violations of this norm include ??? introduction of prohibitions or restrictions regarding free movement of goods in the Russian Federation, other restrictions of the rights of economic entities for selling, buying, otherwise acquiring or exchanging goods.

By the order of the Head of Vladivostok City Authority, "Vodokanal" OJSC was unreasonably assigned the functions and rights of local self-government bodies in the field of public water utilities: the functions for fixing and correcting limits for consumption of potable water from the system of public water supply pipelines and the limits for waste water disposal to sewage system for organizations and enterprises regardless of their departmental affiliation and business legal structure.

On 27th November 2009, Primorye OFAS Russia obligated Vladivostok City Authority to eliminate the antimonopoly violations by withdrawing the order of the Head of Vladivostok City Authority.

Vladivostok City Authority disagreed with the decision made by Primorye OFAS Russia, filed a claim to Primorye Regional Arbitration Court on invalidating the decision and determination of OFAS Russia.

On 2nd February 2010, Primorye Regional Arbitration Court dismissed the claim of Vladivostok City Authority.

The Appeal and Cassation Courts upheld the judgment of the Arbitration Court and confirmed validity of the decision and determination issued by the antimonopoly authority.

The order of the Head of Vladivostok City Authority, which assigned powers for fixing water supply and drainage limits to "Vodokanal" OJSC, was withdrawn.

In the opinion of Primorye OFAS Russia, withdrawing the order eliminated potential possibility for organizations operating in the field of public water utilities to unlawfully fix understated limits for water supply and drainage in order to gain unjustified profit. Commercial organizations who consume the above services avoided overpayments.

Primorye OFAS Russia believes that the precedent decision of the antimonopoly body on this case, supported by courts will enable to suppress an unlawful practice of assigning functions for fixing limits for water supply and drainage to commercial organizations, which is a widespread practice in the Russian Federation. It will enable considerable savings by bona fide service consumers.