

Putin Seeks 6% Cap on Utility Prices

By [The Moscow Times](#)

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President Vladimir Putin instructed the government to limit the annual growth of utilities prices to 6 percent after ministers acknowledged that some bills had soared by as much as 225 percent last year.

"In some cases, the payment may be slightly higher, but in general, a single target will remain: 6 percent per year and across country," Putin spokesman Dmitry Peskov said in comments carried by Vedomosti.

At a government meeting Tuesday on residential water pricing, Economic Development Minister Elvira Nabiullina said her utility bills went from 3,900 rubles (\$130) in October to 5,400 rubles (\$180) in January, an increase of 38.5 percent.

But Regional Development Minister Igor Slunyayev said there was no link between tariff regulation and utility bills. Following a tariff increase of 10 to 15 percent in 2012, consumers saw their bills grow by wildly varying amounts, from 10 percent to as much as 225 percent, he said.

To keep prices in check, the head of the Federal Tariff Service, Sergei Novikov, proposed legislation that would place a ceiling on the growth of payments.

Dmitry Gordeyev, a consultant for the Institute for Urban Economics, said a cap existed last year, when the maximum increase in payments was limited to between 10 and 15 percent.

Putin called for a return of the ceiling as soon as possible. Gordeyev expressed bewilderment over why the president had chosen 6 percent as the target indicator.

"It's called regulation over the TV," he told Vedomosti. "Ask the president or his aides why precisely 6 percent, and they cannot explain. On the one hand, we say that we need to attract investment in housing and communal services. But on the other, we are artificially limiting the growth of tariffs."

Andrei Polishchuk, an analyst at Raiffeisen Bank, said a 6 percent increase instead of the expected 15 percent would result in Gazprom earnings of 270 rubles less from each 1,000 cubic meters of gas. That would result in a loss of 9.45 billion rubles and significantly affect the company's investment program, he said.

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