PN-ACA-405
93577

THE TEPLO-VRATIMOV JOINT VENTURE TO PROVIDE DISTRICT HEATING TO THE CITY OF VRATIMOV:
ANALYSIS OF FINANCIAL ALTERNATIVES

Environmental Action Programme Support Project
DHR-0039-C-00-5034-00

Presented for:
Lori Freer, USAID Contracting Officer Technical Representative

Presented by:
Ghassan F. Nakad, EAPS Project Manager and Chemonics Vice President

September 26, 1995
Vratimov, Czech Republic

EAPS Project • 2000 M Street Northwest, Suite 200 • Washington, DC 20036 • Tel. (202) 955-3300 • Fax (202) 955-5574
Funded by USAID • Implemented by Chemonics International Inc. • Dames & Moore • Environomics • Ernst & Young LLP • Harvard Institute for International Development • Industrial Economics, Inc. • Institute for Sustainable Communities • K&M Engineering and Consulting Corp.

September 26, 1995

The Hon. Mayor Jiri Adamus
City of Vratimov
Frydecka 853
739 32 Vratimov

Dear Mr. Mayor:

We are pleased to present to you the attached financial projections concerning the proposed joint venture Teplo-Vratimov.

As you know, our work is carried out through the financial support of the United States Agency for International Development through the Environmental Action Program Support Project. USAID is keenly interested, as are we, in the success of your innovative undertaking. This imaginative coupling of private enterprise and municipal government promises to reduce pollution, to serve your community with an essential service, and to use energy that would otherwise be wasted.

The attached pages set out long-range financial projections of the joint venture. You will find a full set of pro forma financial statements (balance sheet, income statement, and cash-flow statement) and corresponding graphs.

The projections are based on assumptions you have supplied. These concern capital and operating costs, the volume of heat to be sold, and the financing that you are seeking from the State Fund for the Environment and other agencies.

Relying on your estimates and assumptions, we calculated the average price that would need to be charged to consumers to generate a reasonable profit. Relying on these same estimates and assumptions, we tested whether cash flows would be adequate to service the proposed loans.

We reach this conclusion: should the assumptions you provided hold, then the joint venture will be capable of earning a reasonable profit and repaying its debt while charging average prices to the customer that range from Kc 250 per gigajoule in 1996 to XXX per gigajoule in 2009.

We understand that you will use these financial projections to support your application to the SFZP for a loan and a grant, each equal to 40% of the capital cost of the project. As you requested, we tested alternative terms of the loan, varying the grace period between zero and five years and the repayment period between two and five years.

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As you are well aware, financial projections--particularly those extending years into the future--are highly dependent on assumptions and are subject to considerable risk. Accordingly, the attached sheets should be considered only as a test of feasibility under the given assumptions, and they should be used in conjunction with the other analyses the City has performed.

We have appreciated assisting the City and look forward to working with you as your project moves toward implementation.

Respectfully,

Ghassan F. Nakad
Vice President and EAPS Project Manager

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CHEMONICS

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29. září 1995

Pan Jiří Adamus
Starosta města Vratimov
Frýdecká 853
739 32 Vratimov

Vážený pane starosto!

S potěšením Vám můžeme prezentovat přiložené finanční výhledy, které se týkají společnosti na bázi joint venture, Teplo - Vratimov.

Jak víte, svou práci provádíme na základě podpory ze strany the United States Agency for International Development, v rámci programu na podporu ochrany životního prostředí - the Environmental Action Programme Support Programme. Jak víte, americká agentura USAID má, stejně jako my, velký zájem na úspěchu Vaší inovační podnikatelské aktivity. Toto zajímavé spojení soukromého podniku a úřadu místní správy je slibné z hlediska

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snížení znečištění vzduchu, bude Vašemu městu poskytovat základní službu a využívat energii, která by jinak přišla nazmar.

V přiloženém materiálu se snažíme nastínit dlouhodobé finanční výhledy této joint venture. Naleznete zde sadu předběžných finančních výkazů (předvahu /rozvahu/, výsledovku a Přehled o Cash-Flov) a odpovídající grafy.

Tyto předpovědi jsou založeny na východiscích, která jste dodali. Ta se týkají kapitálových a provozních nákladů, objemu tepla, které se bude prodávat a financování, o něž žádáte Státní fond pro životní prostředí a další úřady.

Vzali jsme za základ vaše odhady a východiska a spočítali jsme průměrnou cenu, kterou bude třeba účtovat odběratelům tak, aby bylo možno vyázat rozumnou míru zisku. Na základě stejných odhadů a východisek jsme testovali, zda cash flows (toky hotovosti) budou odpovídat tomu, abyste mohli splácet navrhované půjčky.

Dospěli jsme k tomuto závěru: za předpokladu, že Vaše východiska se ukáží být správná, společnost na bázi joint venture bude schopna vykazovat rozumnou míru zisku a splácet své úvěry při průměrné odběratelské ceně, která se

pohybuje od 250 Kč za GJ (giga joule) v roce 1996 do xxx Kč v roce 2 009.

Rozumíme tomu tak, že tyto finanční výhledy použijete jako podpůrný materiál pro Vaši žádost na SFŽP o půjčku a grant, v poměru 40% a 40% ke kapitálovým nákladům na projekt. Na základě vaší žádosti jsme testovali alternativní podmínky pro splatnost půjčky, kdy doba odkladu splácení se pohybuje od nuly do pěti let a doba splatnosti od dvou do pěti let.

Jste si jistě plně vědomi, že finanční výhledy, obzvláště ty, dlouhodobé, závisí velmi na východiscích a jsou značně riskantní. Z toho vyplývá, že přiložený materiál by měl být považován pouze jako test průchodnosti za daných východisek a měl by být použit ve spojení s dalšími analýzami, které provedlo město.

Velmi oceňujeme pomoc města a těšíme se na další spolupráci s Vámi při implementaci projektu.

S úctou,

Thomas Downing

Viceprezident

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Základní východiska všech scénářů

	Částka Kč	Procento %
Půjčka od MUFIS	15 000 000	19.6
Půjčka od SFZP	30 000 000	39.2
Grant od SFZP	30 000 000	39.2
Vlastní majetkový vklad	0	0
Krátkodobý úvěr (1/12 pohledávek, proměnná hodnota)	1 563 000	2.0
C E L K E M	76 563 000	100.0

Poměr úvěru k celkovému kapitálu 60.8 %

Přehled scénářů

Scénář	Odklad splátek	Doba splatnosti
1	5	2
2	0	5
3	2	5
4	5	5

TEPLO-VRATIMOV
FINANCIAL ANALYSIS
USER INPUTS

Scenario 1: Kc 30 mil. SFZP Grant, Kc 30 mil. SFZP loan (5-year grace, 2-year repayment), Kc 15 mil. MUFIS

Annual Inflation (%)			8.00	
Real Growth Rate (%)			2.00	
Equity Risk Premium (%)			2.00	
Risk Free Rate (%)			0.00	
Required Return on Investment (%)			5.20	
Working Capital Requirement	8.33%	of Operating Revenues - 1st yr		
Sources of LT Financing	(%)	Amount	Rate (%)	Term
Bank Loans or Co. Bonds	0.00%	0	12.00	15
SFZP (Loans-principal)	39.18%	30,000	0.00	4
SFZP Grants (->Equity)	39.18%	30,000	10.00	
MUFIS	19.59%	15,000	11.50	14
Beginning Equity	0.00%	0	10.00	
New Equity	0.00%	0	10.00	
Short-Term Debt	2.04%	1,563	12.00	S-T
Total Capitalization	100.00%	76,563		
Interest on S-T Investments			8.00	

Depreciation (%)	# 31 of Tax Law	
Salaries (Current)		1,278
Employee Benefits (%)		35.25
O&M (%)		2.23
Income Tax Rate (%)		42
Value Added Tax (%)		5
Heat (%)		90
Hot water (%)		10
Uncollectibles (%)		1
Investment (Kc)		75,000
Ave. Gen. Costs (56.25 TJ)		0
Ave. Gen. Costs (Kc/GJ)		110
1st Yr. Prices (Kc/GJ)		250
1st Yr. Sales (GJ)		75,000
Estimated 1st Yr Sales (000)		187,500
System Losses (%)		6.25
Res. Sales (%)		80
Comm./Ind. Sales (%)		20

Res. Sales - Heat	54,000
Com. - Heat	13,500
	67,500
Res. Sales - Water	6,000
Com. Sales - Water	1,500
	7,500
Total Sales	75,000
Losses	5,000
Total Prorduction	80,000

TEPLO-VRATIMOV
PRO FORMA INCOME STATEMENT
(Kc 000)

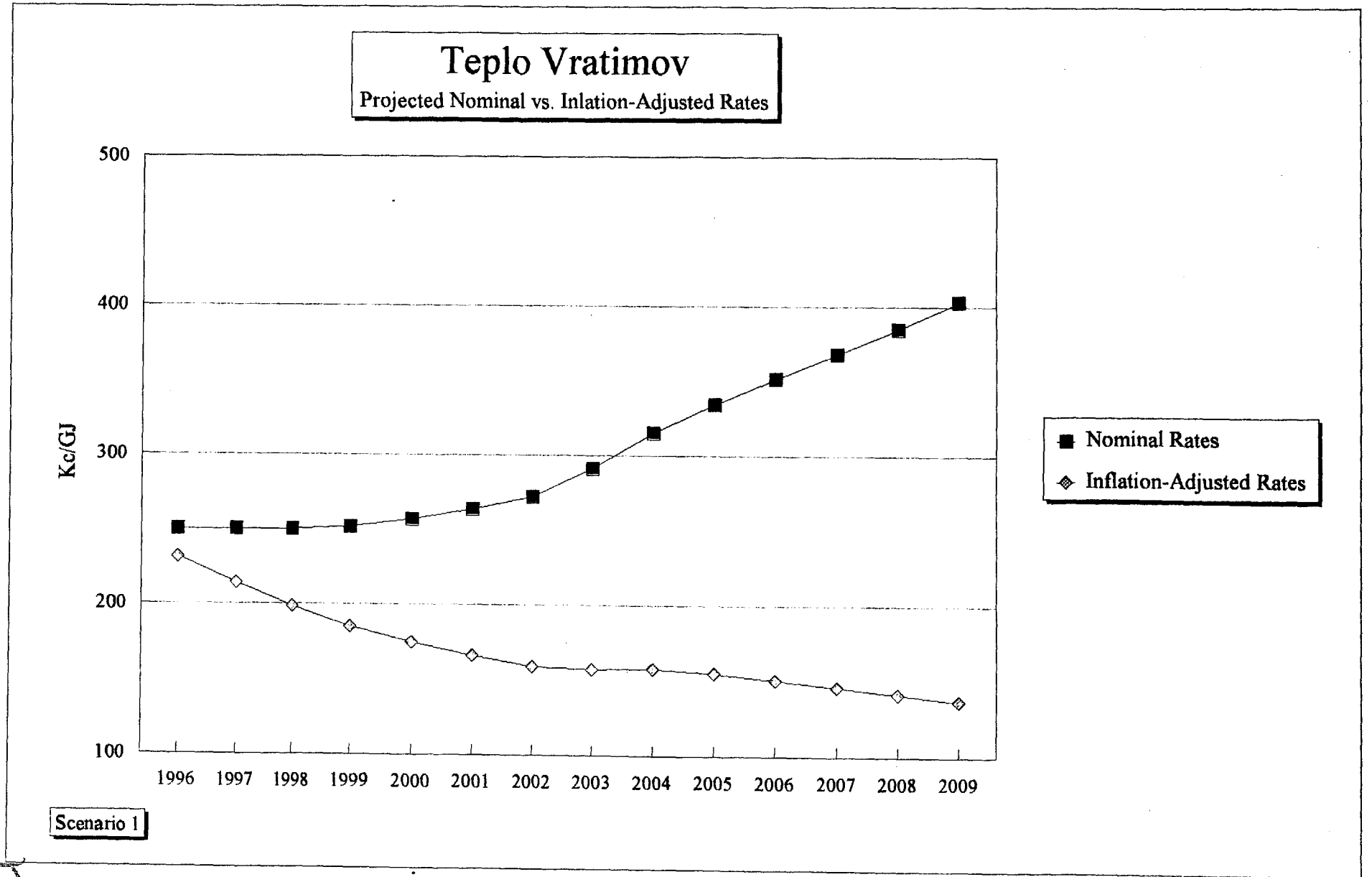
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES														
Heat														
Res. (Kc/GJ)	250	250	250	252	257	264	273	291	316	335	352	368	385	403
Res. Sales	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Res. Revenues	13,500	13,500	13,500	13,605	13,878	14,258	14,717	15,737	17,039	18,072	18,986	19,875	20,789	21,759
Com./Ind. (Kc/GJ))	250	250	250	252	257	264	273	291	316	335	352	368	385	403
Com./Ind. Sales	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Com./Ind. Rev.	3,375	3,375	3,375	3,401	3,470	3,564	3,679	3,934	4,260	4,518	4,747	4,969	5,197	5,440
Hot Water														
Res. (Kc/GJ)	250	250	250	252	257	264	273	291	316	335	352	368	385	403
Res. Sales	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Res. Revenues	1,500	1,500	1,500	1,512	1,542	1,584	1,635	1,749	1,893	2,008	2,110	2,208	2,310	2,418
Com./Ind. (Kc/GJ))	250	250	250	252	257	264	273	291	316	335	352	368	385	403
Com./Ind. Sales	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Com./Ind. Rev.	375	375	375	378	386	396	409	437	473	502	527	552	577	604
Total Operating Revenue	18,750	18,750	18,750	18,897	19,275	19,802	20,440	21,857	23,665	25,101	26,370	27,604	28,874	30,221
Operating Expenses														
Gen/Purchase Energy	2,613	2,822	3,047	3,291	3,554	3,839	4,146	4,477	4,836	5,222	5,640	6,091	6,579	7,105
Electricity	1,500	1,620	1,750	1,890	2,041	2,204	2,380	2,571	2,776	2,999	3,238	3,497	3,777	4,079
Water	320	346	373	403	435	470	508	548	592	640	691	746	806	870
Operating O & M	1,672	1,806	1,951	2,107	2,275	2,457	2,654	2,866	3,096	3,343	3,611	3,900	4,212	4,549
Depreciation	1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Admin. & General														
Salaries	1,278	1,380	1,491	1,610	1,739	1,878	2,028	2,190	2,365	2,555	2,759	2,980	3,218	3,476
Benefits	450	487	525	567	613	662	715	772	834	901	973	1,050	1,134	1,225
Total A&G	1,728	1,867	2,016	2,177	2,352	2,540	2,743	2,962	3,199	3,455	3,732	4,030	4,353	4,701
Uncollectible exp.	188	188	188	189	193	198	204	219	237	251	264	276	289	302
Miscellaneous Expenses and Charges	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Value Added Taxes	938	938	938	945	964	990	1,022	1,093	1,183	1,255	1,319	1,380	1,444	1,511
Total Operating Exp.	10,508	12,635	13,312	14,052	14,864	15,748	16,707	17,787	18,969	20,215	21,544	22,971	24,509	26,167
Income Before Interest, Taxes, and Adjustments	8,242	6,115	5,438	4,845	4,411	4,054	3,733	4,071	4,696	4,885	4,826	4,633	4,366	4,054
Interest Income	0	69	468	833	1,184	1,526	663	0	0	257	552	856	1,161	1,463
Interest Expense (L-T Debt)	(1,725)	(1,670)	(1,608)	(1,539)	(1,463)	(1,377)	(1,282)	(1,176)	(1,058)	(926)	(779)	(614)	(431)	(227)
Interest Expense (S-T Debt)	(94)	0	0	0	0	0	0	(193)	(11)	0	0	0	0	0
Other Adjustments														
Loss Carry Forward														
Difference Between Book and Tax Dep.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10% PC HIM (tr. 3-6)	(3,540)													
Taxable Income	2,883	4,515	4,298	4,138	4,132	4,203	3,114	2,701	3,627	4,217	4,599	4,874	5,095	5,290
Tax Expense	(1,211)	(1,896)	(1,805)	(1,738)	(1,735)	(1,765)	(1,308)	(1,135)	(1,523)	(1,771)	(1,932)	(2,047)	(2,140)	(2,222)
Net Inc. (after tax)	1,672	2,618	2,493	2,400	2,397	2,437	1,806	1,567	2,104	2,446	2,667	2,827	2,955	3,068

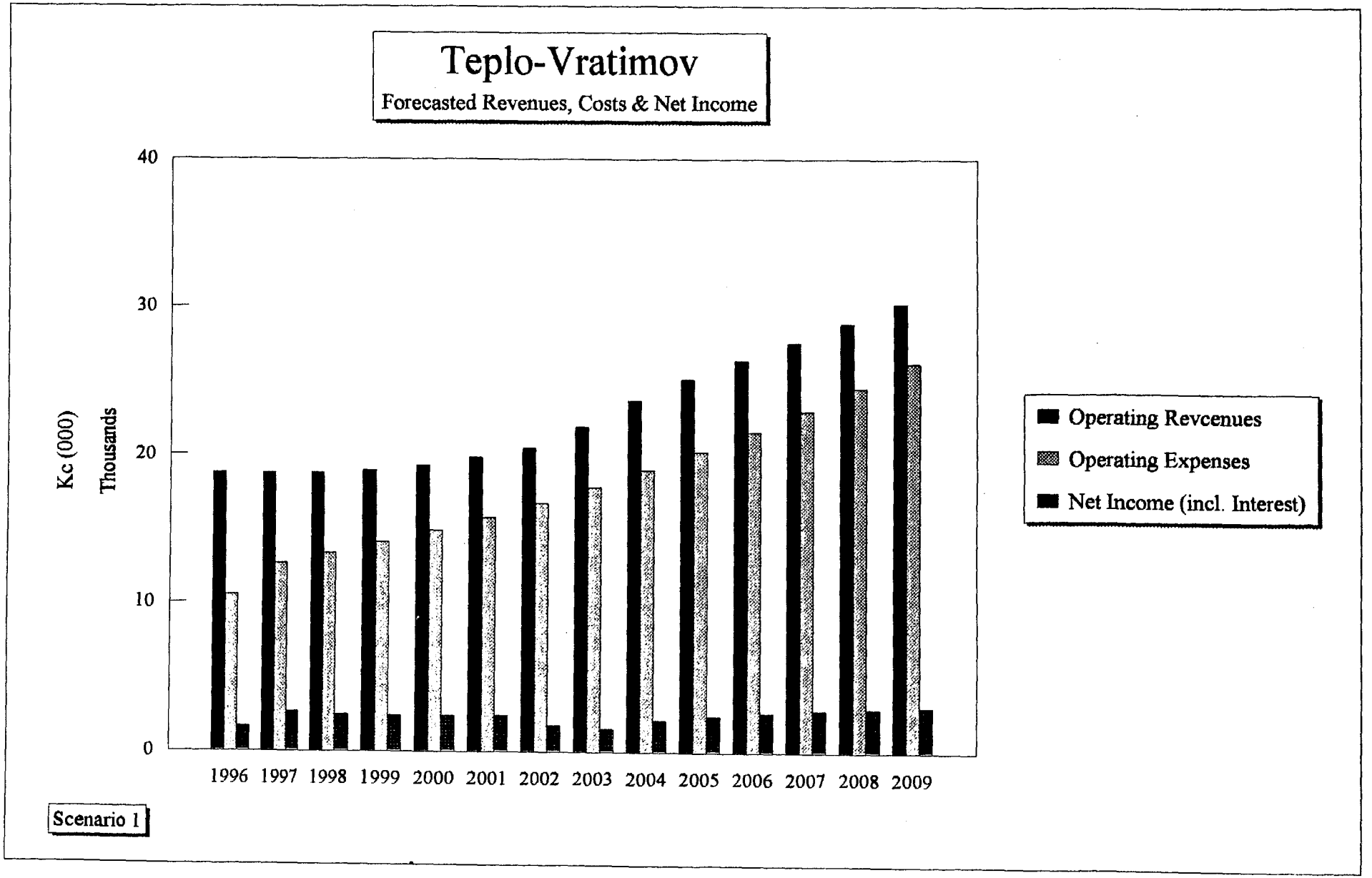
TEPLO-VRATIMOV
CASH FLOW PROJECTIONS
(Kc 000)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SFZP Grant	30,000														
SFZP Loan	30,000														
MUFIS Loan	15,000														
Other Commercial Loan	0														
S-T Debt	1,563														
Equity	0														
Capital Investment	(75,000)														
Net Income		1,672	2,618	2,493	2,400	2,397	2,437	1,806	1,567	2,104	2,446	2,667	2,827	2,955	3,068
Depreciation		1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Increase in Payables		876	177	56	62	68	74	80	90	99	104	111	119	128	138
Increase in Receivables ( )		(1,563)	0	0	(12)	(32)	(44)	(53)	(118)	(151)	(120)	(106)	(103)	(106)	(112)
L-T Debt Service - (Principal Only)		(480)	(536)	(597)	(666)	(743)	(15,828)	(15,923)	(1,029)	(1,148)	(1,280)	(1,427)	(1,591)	(1,774)	(1,978)
S-T Debt Repayment		(1,563)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Flow	1,563	(8)	4,810	4,502	4,334	4,240	(10,811)	(11,540)	3,059	3,454	3,700	3,796	3,802	3,754	3,666
Cumulative Cash Flow	1,563	1,555	6,365	10,867	15,201	19,441	8,630	(2,910)	149	3,602	7,303	11,098	14,900	18,654	22,320

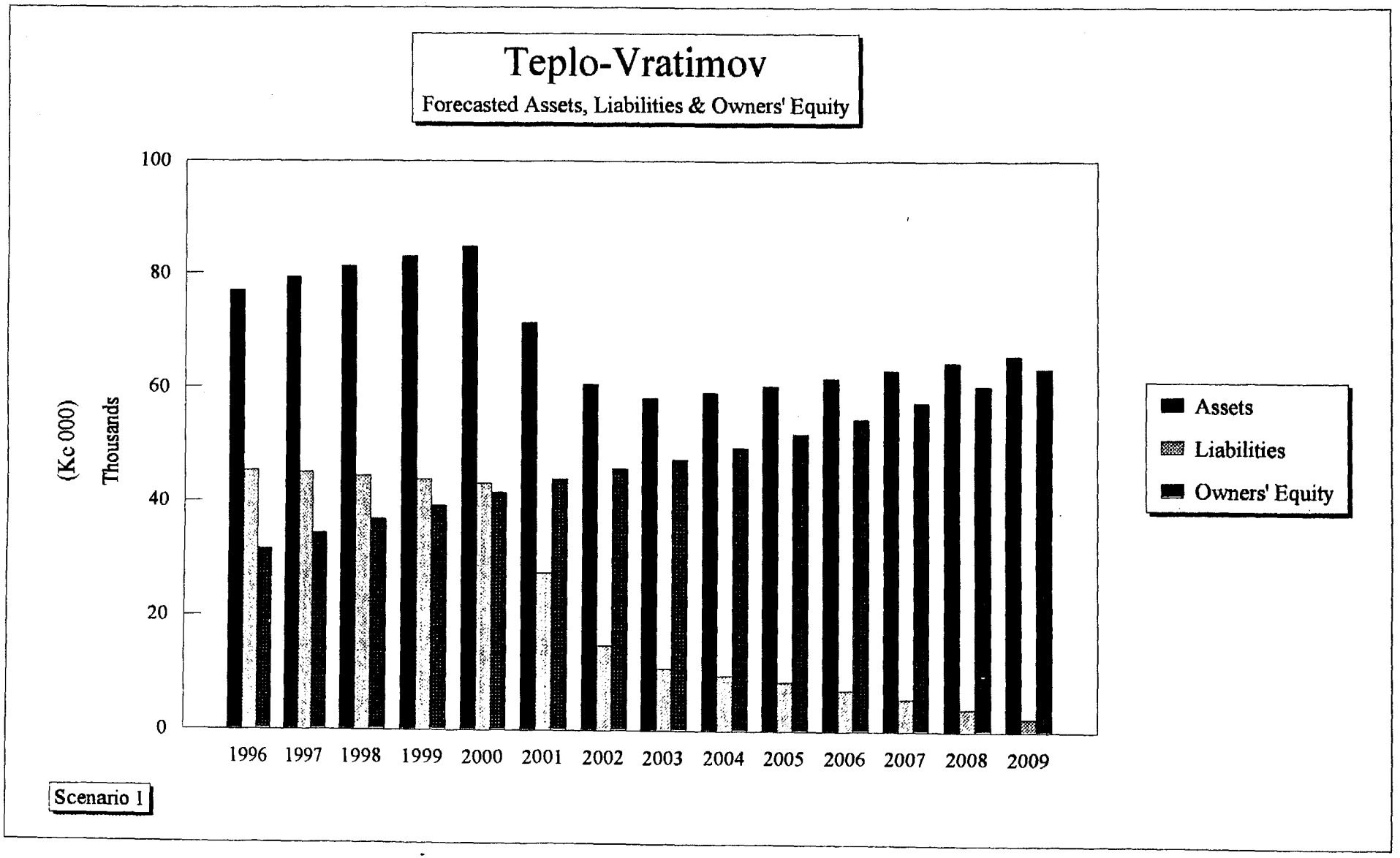
TEPLO-VRATIMOV
PRO FORMA BALANCE SHEET
(Kc 000)

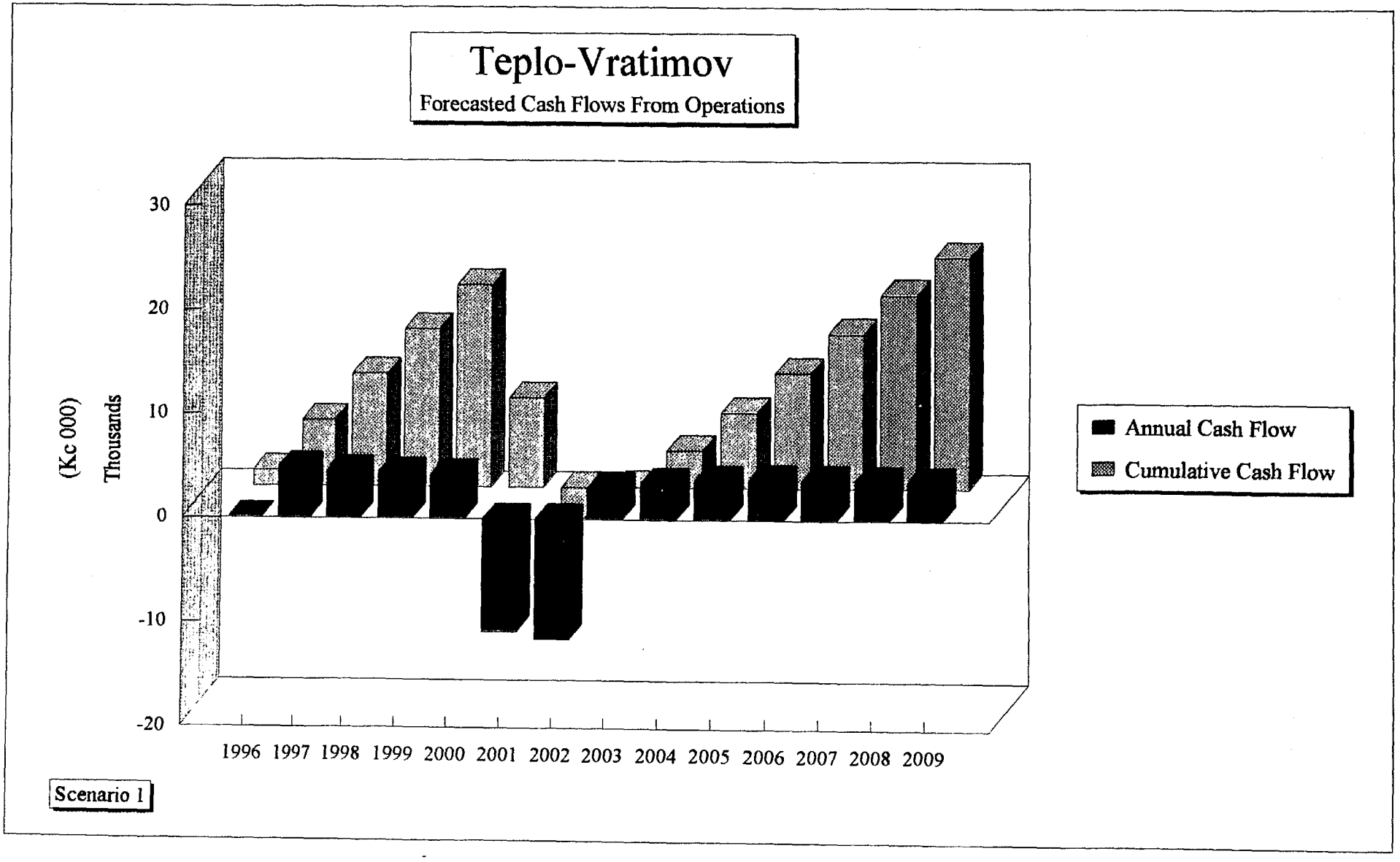
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assets															
Cash	76,563	687	510	453	404	368	338	311	339	391	407	402	386	364	338
Temporary Investments	0	868	5,855	10,414	14,797	19,073	8,292	0	0	3,211	6,895	10,696	14,514	18,290	21,982
Accounts Receivable	0	1,563	1,563	1,563	1,575	1,606	1,650	1,703	1,821	1,972	2,092	2,198	2,300	2,406	2,518
Fixed Assets	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Accum Dep.	0	(1,050)	(3,600)	(6,150)	(8,700)	(11,250)	(13,800)	(16,350)	(18,900)	(21,450)	(24,000)	(26,550)	(29,100)	(31,650)	(34,200)
Net Fixed Assets	0	73,950	71,400	68,850	66,300	63,750	61,200	58,650	56,100	53,550	51,000	48,450	45,900	43,350	40,800
Total Assets	76,563	77,067	79,327	81,279	83,075	84,797	71,480	60,664	58,261	59,125	60,394	61,746	63,100	64,410	65,638
Liabilities															
Accounts Payable	0	876	1,053	1,109	1,171	1,239	1,312	1,392	1,482	1,581	1,685	1,795	1,914	2,042	2,181
Short-term Debt	1,563	0	0	0	0	0	0	3,221	190	0	0	0	0	0	0
Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SFZP Loan	30,000	30,000	30,000	30,000	30,000	30,000	15,000	0	0	0	0	0	0	0	0
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUFIS Loan	15,000	14,520	13,984	13,387	12,721	11,978	11,150	10,227	9,197	8,050	6,770	5,343	3,752	1,978	(0)
Total Liabilities	46,563	45,395	45,037	44,496	43,892	43,217	27,462	14,841	10,870	9,630	8,454	7,138	5,666	4,020	2,181
Owners' Equity															
Capital Stock	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retained Earnings		1,672	4,290	6,783	9,184	11,580	14,018	15,824	17,391	19,494	21,940	24,607	27,434	30,389	33,458
Total Equity	30,000	31,672	34,290	36,783	39,184	41,580	44,018	45,824	47,391	49,494	51,940	54,607	57,434	60,389	63,458
Total Liab. & Equity	76,563	77,067	79,327	81,279	83,075	84,797	71,480	60,664	58,261	59,125	60,394	61,746	63,100	64,410	65,638


Teplo Vratimov
Projected Nominal vs. Inlation-Adjusted Rates
500
400
300
200
100
Kc/GJ
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Nominal Rates
Inflation-Adjusted Rates
Scenario 1


Teplo-Vratimov
Forecasted Revenues, Costs & Net Income
Kc (000)
Thousands
40
30
20
10
0
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Operating Revcenues
Operating Expenses
Net Income (incl. Interest)
Scenario 1

13


Teplo-Vratimov
Forecasted Assets, Liabilities & Owners' Equity
(Kc 000)
Thousands
100
80
60
40
20
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Assets
Liabilities
Owners' Equity
Scenario 1


Teplo-Vratimov
Forecasted Cash Flows From Operations
(Kc 000)
Thousands
30
20
10
0
-10
-20
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Annual Cash Flow
Cumulative Cash Flow
Scenario 1

TEPLO-VRATIMOV
FINANCIAL ANALYSIS
USER INPUTS

Scenario 2: Kc 30 mil. SFZP Grant, Kc 30 mil. SFZP loan (0-year grace, 5-year repayment), Kc 15 mil. MUFIS

Annual Inflation (%)	8.00
Real Growth Rate (%)	2.00
Equity Risk Premium (%)	2.00
Risk Free Rate (%)	0.00
Required Return on Investment (%)	5.20

Working Capital Requirement	8.33% of Operating Revenues - 1st yr			
Sources of LT Financing	(%)	Amount	Rate (%)	Term
Bank Loans or Co. Bonds	0.00%	0	12.00	15
SFZP (Loans-principal)	39.18%	30,000	0.00	4
SFZP Grants (->Equity)	39.18%	30,000	10.00	
MUFIS	19.59%	15,000	11.50	14
Beginning Equity	0.00%	0	10.00	
New Equity	0.00%	0	10.00	
Short-Term Debt	2.04%	1,563	12.00	S-T
Total Capitalization	100.00%	76,563		
Interest on S-T Investments			8.00	

Depreciation (%) # 31 of Tax Law	
Salaries (Current)	1,278
Employee Benefits (%)	35.25
O&M (%)	2.23
Income Tax Rate (%)	42
Value Added Tax (%)	5
Heat (%)	90
Hot water (%)	10
Uncollectibles (%)	1
Investment (Kc)	75,000
Ave. Gen. Costs (56.25 TJ)	0
Ave. Gen. Costs (Kc/GJ)	110
1st Yr. Prices (Kc/GJ)	250
1st Yr. Sales (GJ)	75,000
Estimated 1st Yr Sales (000)	187,500
System Losses (%)	6.25
Res. Sales (%)	80
Comm./Ind. Sales (%)	20

Res. Sales - Heat	54,000
Com. - Heat	13,500
	67,500
Res. Sales - Water	6,000
Com. Sales - Water	1,500
	7,500
Total Sales	75,000
Losses	5,000
Total Prorduction	80,000

TEPLO-VRATIMOV
PRO FORMA INCOME STATEMENT
(Kc 000)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES														
Heat														
Res. (Kc/GJ)	250	250	251	259	270	284	299	312	326	340	354	369	386	403
Res. Sales	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Res. Revenues	13,500	13,500	13,570	13,982	14,589	15,315	16,127	16,859	17,584	18,338	19,120	19,941	20,821	21,773
Com./Ind. (Kc/GJ))	250	250	251	259	270	284	299	312	326	340	354	369	386	403
Com./Ind. Sales	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Com./Ind. Rev.	3,375	3,375	3,392	3,496	3,647	3,829	4,032	4,215	4,396	4,584	4,780	4,985	5,205	5,443
Hot Water														
Res. (Kc/GJ)	250	250	251	259	270	284	299	312	326	340	354	369	386	403
Res. Sales	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Res. Revenues	1,500	1,500	1,508	1,554	1,621	1,702	1,792	1,873	1,954	2,038	2,124	2,216	2,313	2,419
Com./Ind. (Kc/GJ))	250	250	251	259	270	284	299	312	326	340	354	369	386	403
Com./Ind. Sales	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Com./Ind. Rev.	375	375	377	388	405	425	448	468	488	509	531	554	578	605
Total Operating Revenue	18,750	18,750	18,847	19,420	20,262	21,271	22,398	23,415	24,423	25,469	26,555	27,695	28,918	30,241
Operating Expenses														
Gen/Purchase Energy	2,613	2,822	3,047	3,291	3,554	3,839	4,146	4,477	4,836	5,222	5,640	6,091	6,579	7,105
Electricity	1,500	1,620	1,750	1,890	2,041	2,204	2,380	2,571	2,776	2,999	3,238	3,497	3,777	4,079
Water	320	346	373	403	435	470	508	548	592	640	691	746	806	870
Operating O & M	1,672	1,806	1,951	2,107	2,275	2,457	2,654	2,866	3,096	3,343	3,611	3,900	4,212	4,549
Depreciation	1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Admin. & General														
Salaries	1,278	1,380	1,491	1,610	1,739	1,878	2,028	2,190	2,365	2,555	2,759	2,980	3,218	3,476
Benefits	450	487	525	567	613	662	715	772	834	901	973	1,050	1,134	1,225
Total A&G	1,728	1,867	2,016	2,177	2,352	2,540	2,743	2,962	3,199	3,455	3,732	4,030	4,353	4,701
Uncollectible exp	188	188	188	194	203	213	224	234	244	255	266	277	289	302
Miscellaneous Expenses and Charges	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Value Added Taxes	938	938	942	971	1,013	1,064	1,120	1,171	1,221	1,273	1,328	1,385	1,446	1,512
Total Operating Exp	10,508	12,635	13,318	14,083	14,923	15,836	16,825	17,880	19,015	20,237	21,555	22,977	24,511	26,169
Income Before Interest, Taxes, and Adjustments	8,242	6,115	5,529	5,337	5,339	5,435	5,573	5,535	5,408	5,232	5,000	4,719	4,407	4,072
Interest Income	0	0	0	0	0	0	0	0	0	193	506	818	1,127	1,430
Interest Expense (L-T Debt)	(1,725)	(1,670)	(1,608)	(1,539)	(1,463)	(1,377)	(1,282)	(1,176)	(1,058)	(926)	(779)	(614)	(431)	(227)
Interest Expense (S-T Debt)	(94)	(308)	(382)	(496)	(626)	(764)	(547)	(321)	(89)	0	0	0	0	0
Other Adjustments														
Loss Carry Forward														
Difference Between Book and Tax Dep	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10% PC HM (tr. 3-6)	(3,540)													
Taxable Income	2,883	4,137	3,539	3,301	3,250	3,293	3,744	4,038	4,262	4,499	4,727	4,923	5,102	5,275
Tax Expense	(1,211)	(1,738)	(1,486)	(1,387)	(1,365)	(1,383)	(1,572)	(1,696)	(1,790)	(1,890)	(1,986)	(2,068)	(2,143)	(2,215)
Net Inc. (after tax)	1,672	2,400	2,053	1,915	1,885	1,910	2,171	2,342	2,472	2,610	2,742	2,855	2,959	3,059

TEPLO-VRATIMOV
CASH FLOW PROJECTIONS
(Kc 000)

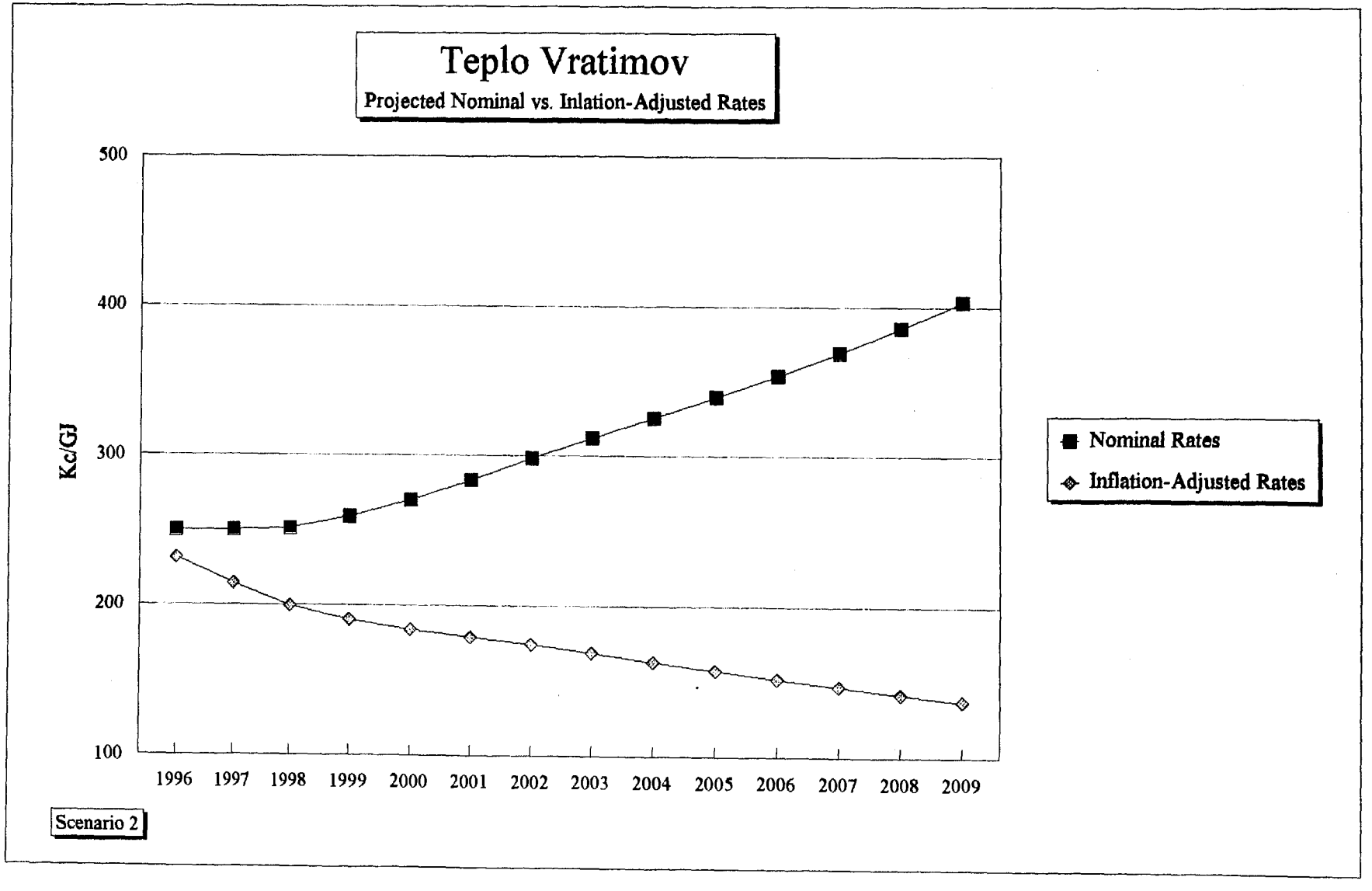
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SFZP Grant	30,000														
SFZP Loan	30,000														
MUFIS Loan	15,000														
Other Commercial Loan	0														
S-T Debt	1,563														
Equity	0														
Capital Investment	(75,000)														
Net Income		1,672	2,400	2,053	1,915	1,885	1,910	2,171	2,342	2,472	2,610	2,742	2,855	2,959	3,059
Depreciation		1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Increase in Payables		876	177	57	64	70	76	82	88	95	102	110	118	128	138
Increase in Receivables ( )		(1,563)	0	(8)	(48)	(70)	(84)	(94)	(85)	(84)	(87)	(91)	(95)	(102)	(110)
L-T Debt Service - (Principal Only)		(6,480)	(6,536)	(6,597)	(6,666)	(6,743)	(828)	(923)	(1,029)	(1,148)	(1,280)	(1,427)	(1,591)	(1,774)	(1,978)
S-T Debt Repayment		(1,563)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Flow	1,563	(6,008)	(1,409)	(1,946)	(2,185)	(2,308)	3,624	3,787	3,866	3,885	3,895	3,884	3,838	3,761	3,659
Cumulative Cash Flow	1,563	(4,445)	(5,854)	(7,800)	(9,985)	(12,293)	(8,669)	(4,882)	(1,016)	2,869	6,763	10,648	14,485	18,247	21,906

Scenario 2

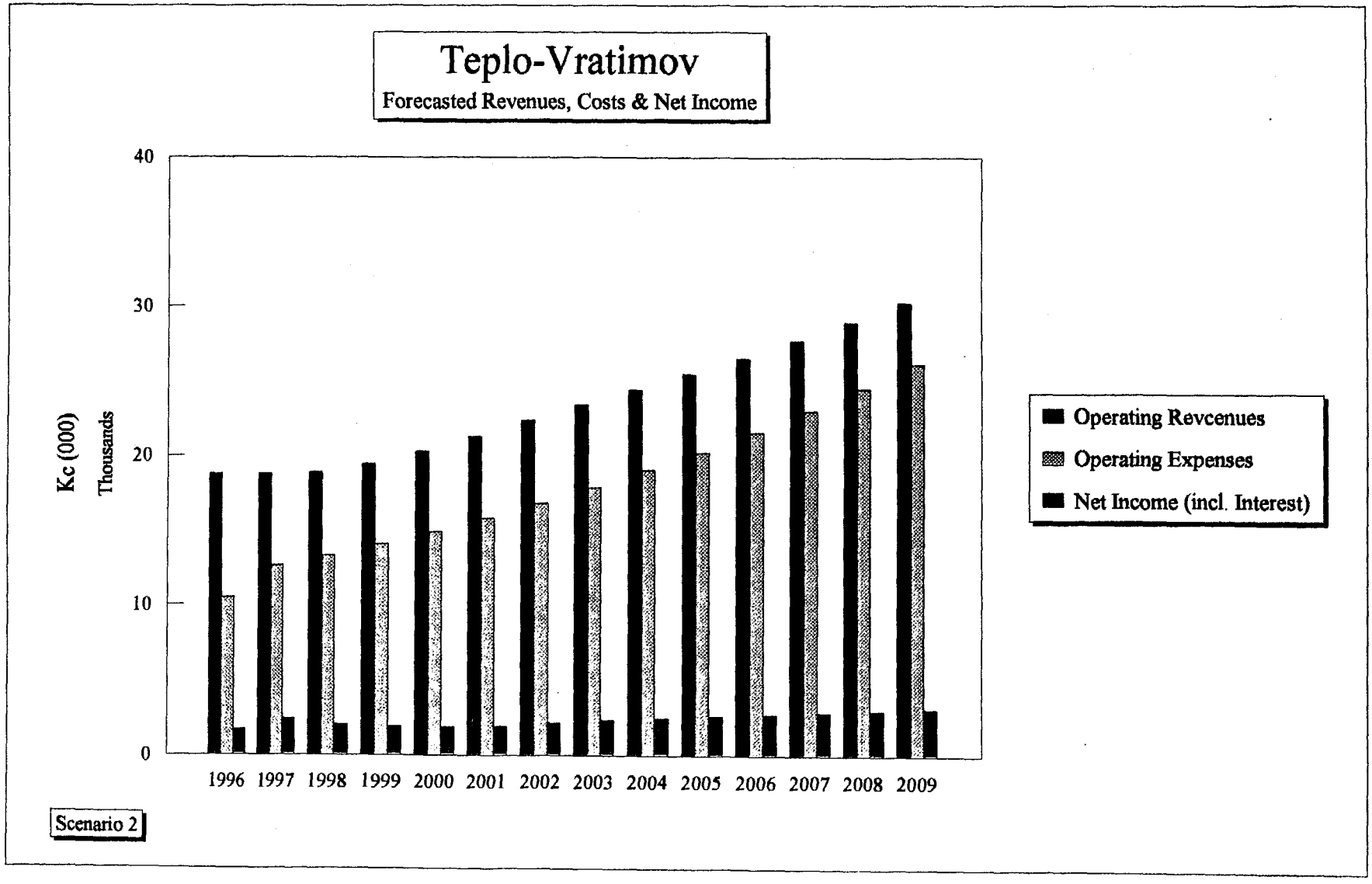
TEPLO-VRATIMOV
PRO FORMA BALANCE SHEET
(Ko 000)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assets															
Cash	76,563	687	510	461	445	445	453	464	461	451	436	417	393	367	339
Temporary Investments	0	0	0	0	0	0	0	0	0	2,418	6,327	10,231	14,092	17,880	21,567
Accounts Receivable	0	1,563	1,563	1,571	1,618	1,689	1,773	1,866	1,951	2,035	2,122	2,213	2,308	2,410	2,520
Fixed Assets	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Accum Dep.	0	(1,050)	(3,600)	(6,150)	(8,700)	(11,250)	(13,800)	(16,350)	(18,900)	(21,450)	(24,000)	(26,550)	(29,100)	(31,650)	(34,200)
Net Fixed Assets	0	73,950	71,400	68,850	66,300	63,750	61,200	58,650	56,100	53,550	51,000	48,450	45,900	43,350	40,800
Total Assets	76,563	76,199	73,472	70,881	68,363	65,883	63,425	60,981	58,513	58,454	59,886	61,311	62,693	64,007	65,226
Liabilities															
Accounts Payable	0	876	1,053	1,110	1,174	1,244	1,320	1,402	1,490	1,585	1,686	1,796	1,915	2,043	2,181
Short-term Debt	1,563	5,132	6,364	8,261	10,430	12,737	9,121	5,346	1,477	0	0	0	0	0	0
Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SFZP Loan	30,000	24,000	18,000	12,000	6,000	0	0	0	0	0	0	0	0	0	0
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUFIS Loan	15,000	14,520	13,984	13,387	12,721	11,978	11,150	10,227	9,197	8,050	6,770	5,343	3,752	1,978	(0)
Total Liabilities	46,563	44,527	39,401	34,757	30,324	25,959	21,591	16,975	12,164	9,634	8,456	7,139	5,667	4,021	2,181
Owners' Equity															
Capital Stock	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retained Earnings		1,672	4,072	6,124	8,039	9,924	11,834	14,006	16,348	18,820	21,430	24,171	27,027	29,986	33,046
Total Equity	30,000	31,672	34,072	36,124	38,039	39,924	41,834	44,006	46,348	48,820	51,430	54,171	57,027	59,986	63,046
Total Liab. & Equity	76,563	76,199	73,472	70,881	68,363	65,883	63,425	60,981	58,513	58,454	59,886	61,311	62,693	64,007	65,226

Scenario 2


Teplo Vratimov
Projected Nominal vs. Inlation-Adjusted Rates
500
400
300
200
100
Kc/GJ
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Nominal Rates
Inflation-Adjusted Rates
Scenario 2

Scenario 2



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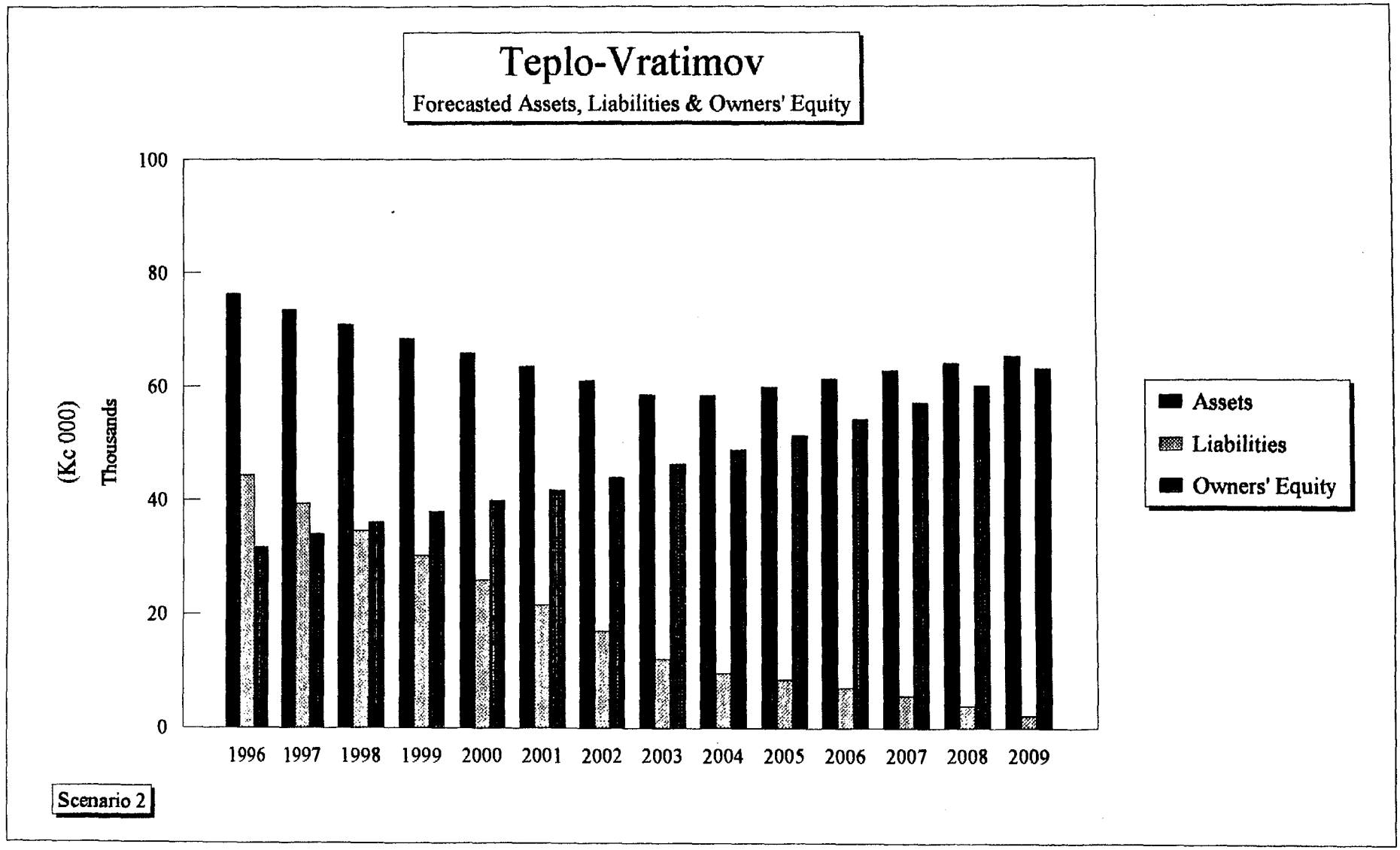
Scenario 2



Scenario 2

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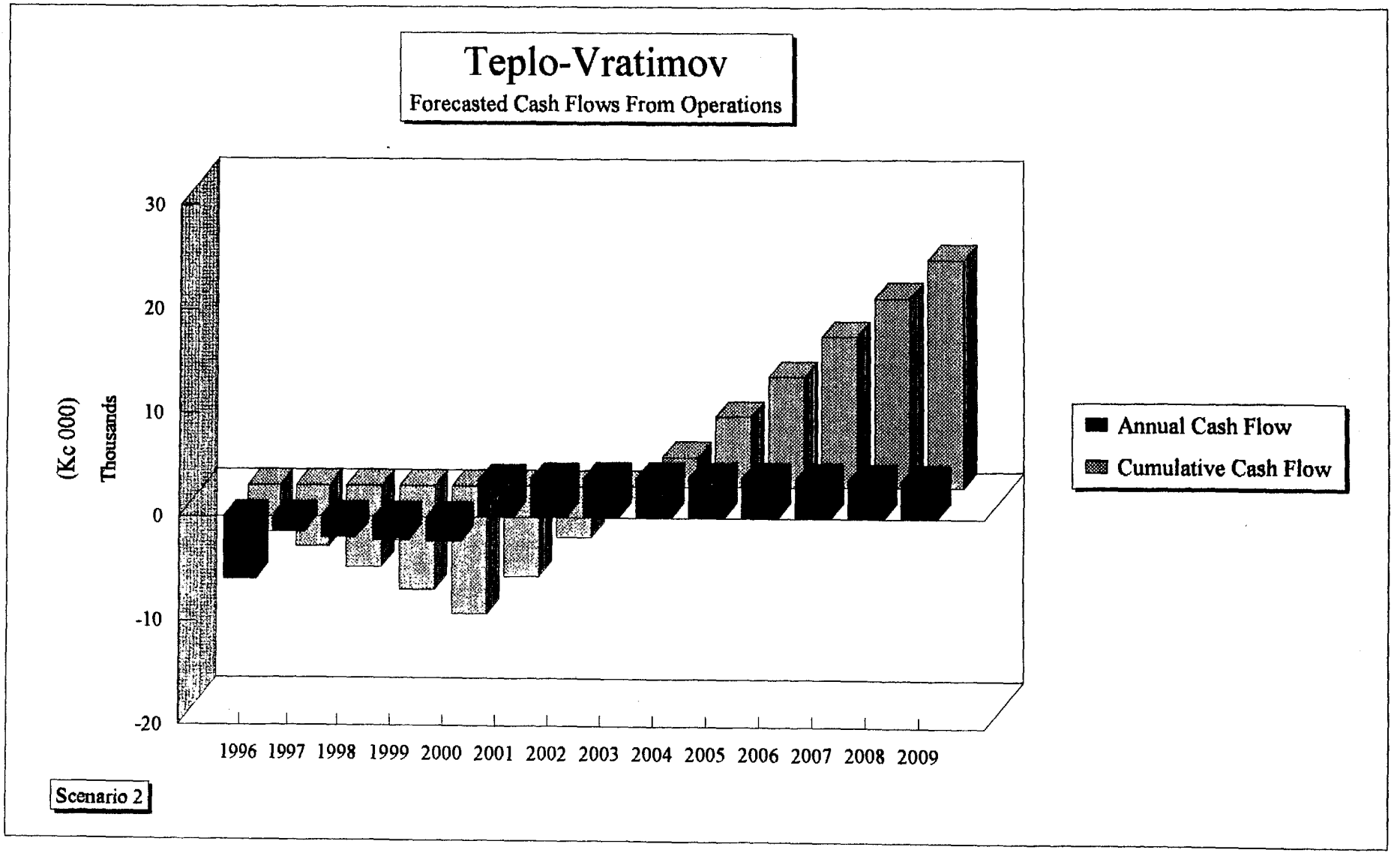
Teplo-Vratimov
Forecasted Cash Flows From Operations
(Kc 000)
Thousands
30
20
10
0
-10
-20
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Annual Cash Flow
Cumulative Cash Flow
Scenario 2

Scenario 2

TEPLO-VRATIMOV
FINANCIAL ANALYSIS
USER INPUTS

Scenario 3: Kc 30 mil. SFZP Grant, Kc 30 mil. SFZP loan (2-year grace, 5-year repayment), Kc 15 mil. MUFIS

Annual Inflation (%)	8.00
Real Growth Rate (%)	2.00
Equity Risk Premium (%)	2.00
Risk Free Rate (%)	0.00
Required Return on Investment (%)	5.20

Working Capital Requirement 8.33% of Operating Revenues - 1st yr

Sources of LT Financing	(%)	Amount	Rate (%)	Term
Bank Loans or Co. Bonds	0.00%	0	12.00	15
SFZP (Loans-principal)	39.18%	30,000	0.00	4
SFZP Grants (->Equity)	39.18%	30,000	10.00	
MUFIS	19.59%	15,000	11.50	14
Beginning Equity	0.00%	0	10.00	
New Equity	0.00%	0	10.00	
Short-Term Debt	2.04%	1,563	12.00	S-T
Total Capitalization	100.00%	76,563		
Interest on S-T Investments			8.00	

Depreciation (%) # 31 of Tax Law	
Salaries (Current)	1,278
Employee Benefits (%)	35.25
O&M (%)	2.23
Income Tax Rate (%)	42
Value Added Tax (%)	5
Heat (%)	90
Hot water (%)	10
Uncollectibles (%)	1
Investment (Kc)	75,000
Ave. Gen. Costs (56.25 TJ)	0
Ave. Gen. Costs (Ko/GJ)	110
1st Yr. Prices (Ko/GJ)	250
1st Yr. Sales (GJ)	75,000
Estimated 1st Yr Sales (000)	187,500
System Losses (%)	6.25
Res. Sales (%)	80
Comm./Ind. Sales (%)	20

Res. Sales - Heat	54,000
Com. - Heat	13,500
	67,500
Res. Sales - Water	6,000
Com. Sales - Water	1,500
	7,500
Total Sales	75,000
Losses	5,000
Total Prorduction	80,000

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TEPLO-VRATIMOV
PRO FORMA INCOME STATEMENT
(Ko 000)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES														
Heat														
Res (Ko/GJ)	250	250	250	252	261	273	288	304	322	338	353	369	385	403
Res Sales	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Res. Revenues	13,500	13,500	13,500	13,605	14,076	14,751	15,554	16,435	17,379	18,240	19,071	19,917	20,811	21,770
Com./Ind (Ko/GJ))	250	250	250	252	261	273	288	304	322	338	353	369	385	403
Com./Ind. Sales	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Com./Ind Rev.	3,375	3,375	3,375	3,401	3,519	3,688	3,889	4,109	4,345	4,560	4,768	4,979	5,203	5,442
Hot Water														
Res. (Ko/GJ)	250	250	250	252	261	273	288	304	322	338	353	369	385	403
Res Sales	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Res. Revenues	1,500	1,500	1,500	1,512	1,564	1,639	1,728	1,826	1,931	2,027	2,119	2,213	2,312	2,419
Com./Ind (Ko/GJ))	250	250	250	252	261	273	288	304	322	338	353	369	385	403
Com./Ind. Sales	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Com./Ind. Rev.	375	375	375	378	391	410	432	457	483	507	530	553	578	605
Total Operating Revenue	18,750	18,750	18,750	18,897	19,550	20,487	21,603	22,826	24,138	25,333	26,488	27,663	28,904	30,236
Operating Expenses														
Gen/Purchase Energy	2,613	2,822	3,047	3,291	3,554	3,839	4,146	4,477	4,836	5,222	5,640	6,091	6,579	7,105
Electricity	1,500	1,620	1,750	1,890	2,041	2,204	2,380	2,571	2,776	2,999	3,238	3,497	3,777	4,079
Water	320	346	373	403	435	470	508	548	592	640	691	746	806	870
Operating O & M	1,672	1,806	1,951	2,107	2,275	2,457	2,654	2,866	3,096	3,343	3,611	3,900	4,212	4,549
Depreciation	1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Admin. & General														
Salaries	1,278	1,380	1,491	1,610	1,739	1,878	2,028	2,190	2,365	2,555	2,759	2,980	3,218	3,476
Benefits	450	487	525	567	613	662	715	772	834	901	973	1,050	1,134	1,225
Total A&G	1,728	1,867	2,016	2,177	2,352	2,540	2,743	2,962	3,199	3,455	3,732	4,030	4,353	4,701
Uncollectible exp.	188	188	188	189	195	205	216	228	241	253	265	277	289	302
Miscellaneous Expenses and Charges	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Value Added Taxes	938	938	938	945	977	1,024	1,080	1,141	1,207	1,267	1,324	1,383	1,445	1,512
Total Operating Exp.	10,508	12,635	13,312	14,052	14,880	15,789	16,777	17,845	18,998	20,229	21,551	22,975	24,510	26,168
Income Before Interest, Taxes, and Adjustments	8,242	6,115	5,438	4,845	4,669	4,698	4,826	4,981	5,140	5,104	4,937	4,688	4,393	4,068
Interest Income	0	69	468	353	201	27	0	0	0	227	534	844	1,152	1,455
Interest Expense (L-T Debt)	(1,725)	(1,670)	(1,608)	(1,539)	(1,463)	(1,377)	(1,282)	(1,176)	(1,058)	(926)	(779)	(614)	(431)	(227)
Interest Expense (S-T Debt)	(94)	0	0	0	0	0	(121)	(265)	(52)	0	0	0	0	0
Other Adjustments														
Loss Carry Forward														
Difference Between Book and Tax Dep	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10% PC HIM (tr. 3-6)	(3,540)													
Taxable Income	2,883	4,515	4,298	3,658	3,408	3,347	3,424	3,540	4,030	4,405	4,692	4,918	5,114	5,295
Tax Expense	(1,211)	(1,896)	(1,805)	(1,537)	(1,431)	(1,406)	(1,438)	(1,487)	(1,693)	(1,850)	(1,971)	(2,065)	(2,148)	(2,224)
Net Inc. (after tax)	1,672	2,618	2,493	2,122	1,977	1,941	1,986	2,053	2,338	2,555	2,721	2,852	2,966	3,071

Scenario 3

TEPLO-VRATIMOV
CASH FLOW PROJECTIONS
(Kc 000)

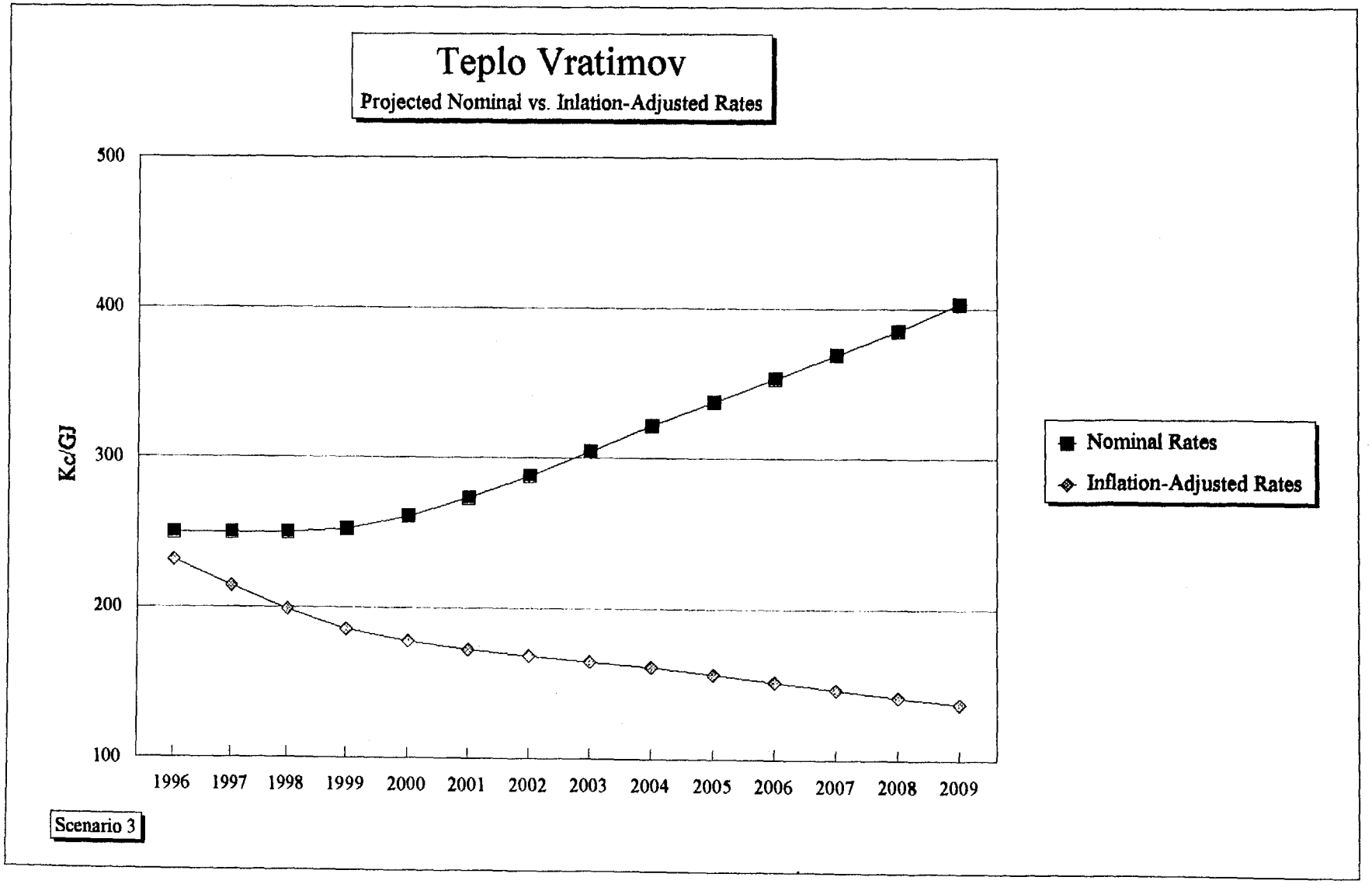
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SFZP Grant	30,000														
SFZP Loan	30,000														
MUFIS Loan	15,000														
Other Commercial Loan	0														
S-T Debt	1,563														
Equity	0														
Capital Investment	(75,000)														
Net Income		1,672	2,618	2,493	2,122	1,977	1,941	1,986	2,053	2,338	2,555	2,721	2,852	2,966	3,071
Depreciation		1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Increase in Payables		876	177	56	62	69	76	82	89	96	103	110	119	128	138
Increase in Receivables ( )		(1,563)	0	0	(12)	(54)	(78)	(93)	(102)	(109)	(100)	(96)	(98)	(103)	(111)
L-T Debt Service - (Principal Only)		(480)	(536)	(6,597)	(6,666)	(6,743)	(6,828)	(6,923)	(1,029)	(1,148)	(1,280)	(1,427)	(1,591)	(1,774)	(1,978)
S-T Debt Repayment		(1,563)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Flow	1,563	(8)	4,810	(1,498)	(1,945)	(2,201)	(2,339)	(2,398)	3,561	3,727	3,828	3,858	3,832	3,767	3,670
Cumulative Cash Flow	1,563	1,555	6,365	4,867	2,922	721	(1,619)	(4,017)	(456)	3,271	7,099	10,957	14,789	18,556	22,226

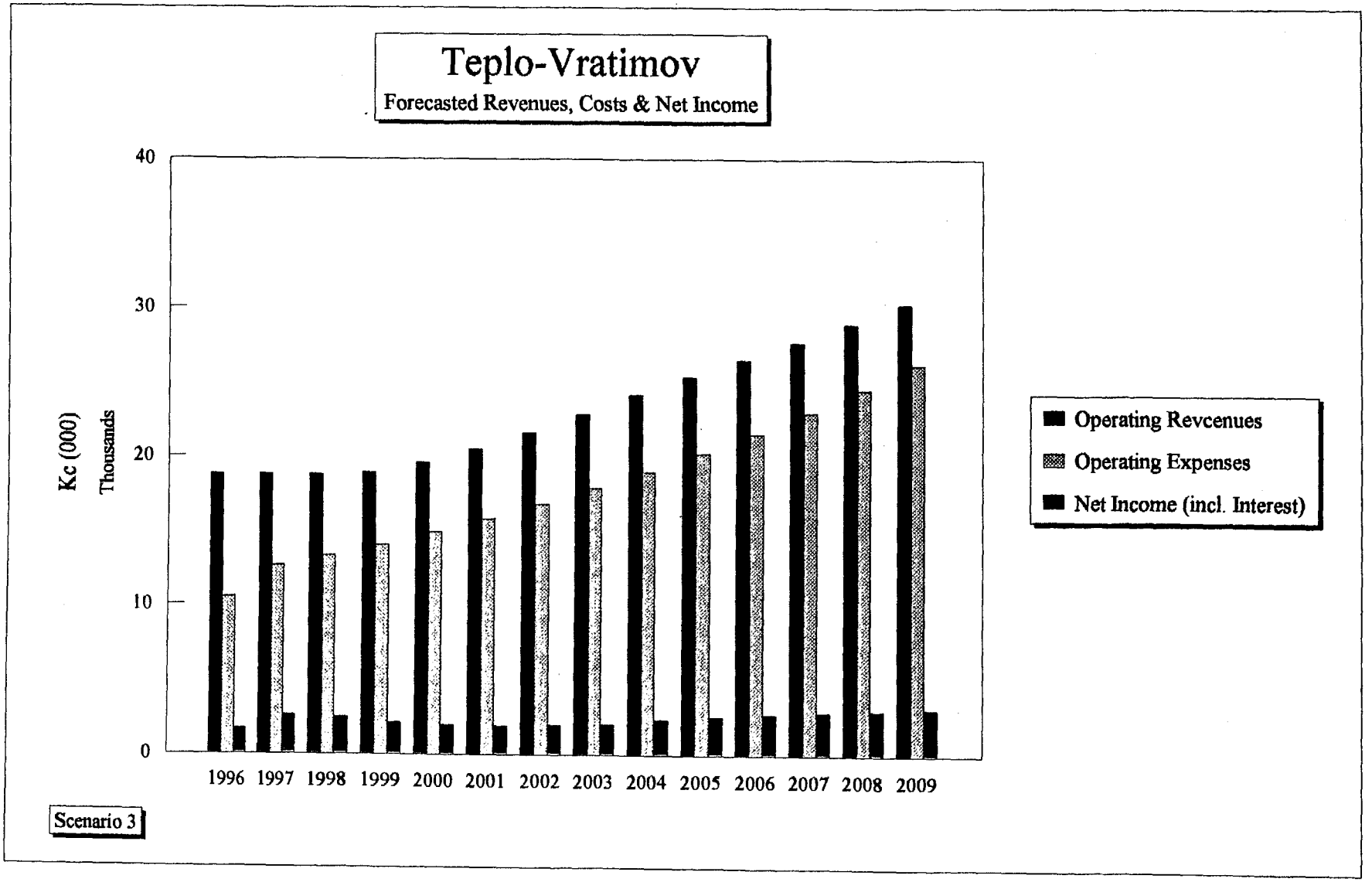
Scenario 3

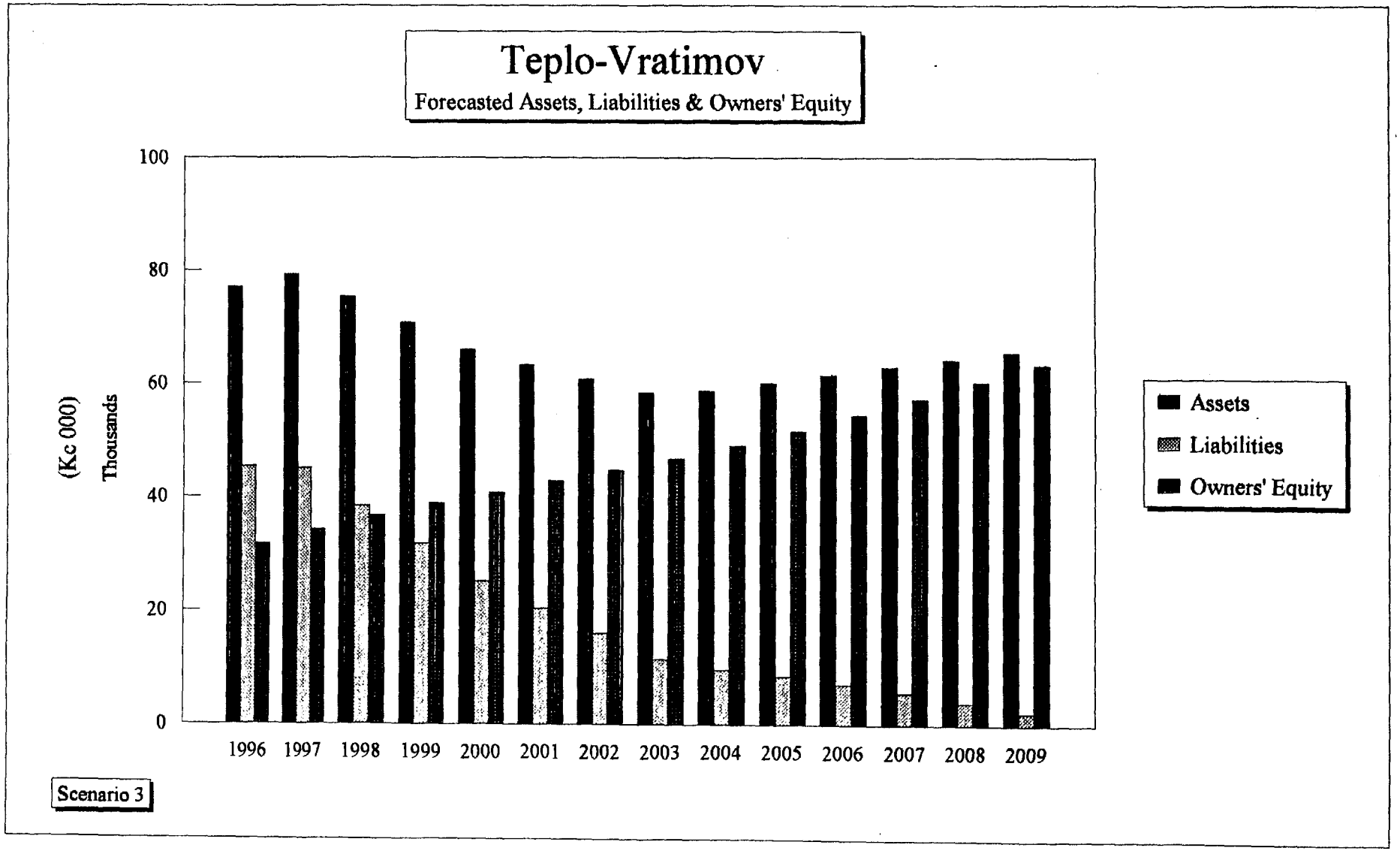
TEPLO-VRATIMOV
PRO FORMA BALANCE SHEET
(Ko 000)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assets															
Cash	76,563	687	510	453	404	389	391	402	415	428	425	411	391	366	339
Temporary Investments	0	868	5,855	4,414	2,518	332	0	0	0	2,842	6,674	10,546	14,399	18,190	21,887
Accounts Receivable	0	1,563	1,563	1,563	1,575	1,629	1,707	1,800	1,902	2,011	2,111	2,207	2,305	2,409	2,520
Fixed Assets	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Accum Dep.	0	(1,050)	(3,600)	(6,150)	(8,700)	(11,250)	(13,800)	(16,350)	(18,900)	(21,450)	(24,000)	(26,550)	(29,100)	(31,650)	(34,200)
Net Fixed Assets	0	73,950	71,400	68,850	66,300	63,750	61,200	58,650	56,100	53,550	51,000	48,450	45,900	43,350	40,800
Total Assets	76,563	77,067	79,327	75,279	70,797	66,100	63,299	60,852	58,417	58,832	60,210	61,615	62,995	64,315	65,546
Liabilities															
Accounts Payable	0	876	1,053	1,109	1,171	1,240	1,316	1,398	1,487	1,583	1,686	1,796	1,915	2,043	2,181
Short-term Debt	1,563	0	0	0	0	0	2,010	4,419	871	0	0	0	0	0	0
Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SFZP Loan	30,000	30,000	30,000	24,000	18,000	12,000	6,000	0	0	0	0	0	0	0	0
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUFIS Loan	15,000	14,520	13,984	13,387	12,721	11,978	11,150	10,227	9,197	8,050	6,770	5,343	3,752	1,978	(0)
Total Liabilities	46,563	45,395	45,037	38,496	31,892	25,218	20,476	16,044	11,555	9,633	8,456	7,139	5,667	4,021	2,181
Owners' Equity															
Capital Stock	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retained Earnings		1,672	4,290	6,783	8,905	10,882	12,823	14,809	16,862	19,199	21,755	24,476	27,328	30,294	33,365
Total Equity	30,000	31,672	34,290	36,783	38,905	40,882	42,823	44,809	46,862	49,199	51,755	54,476	57,328	60,294	63,365
Total Liab. & Equity	76,563	77,067	79,327	75,279	70,797	66,100	63,299	60,852	58,417	58,832	60,210	61,615	62,995	64,315	65,546

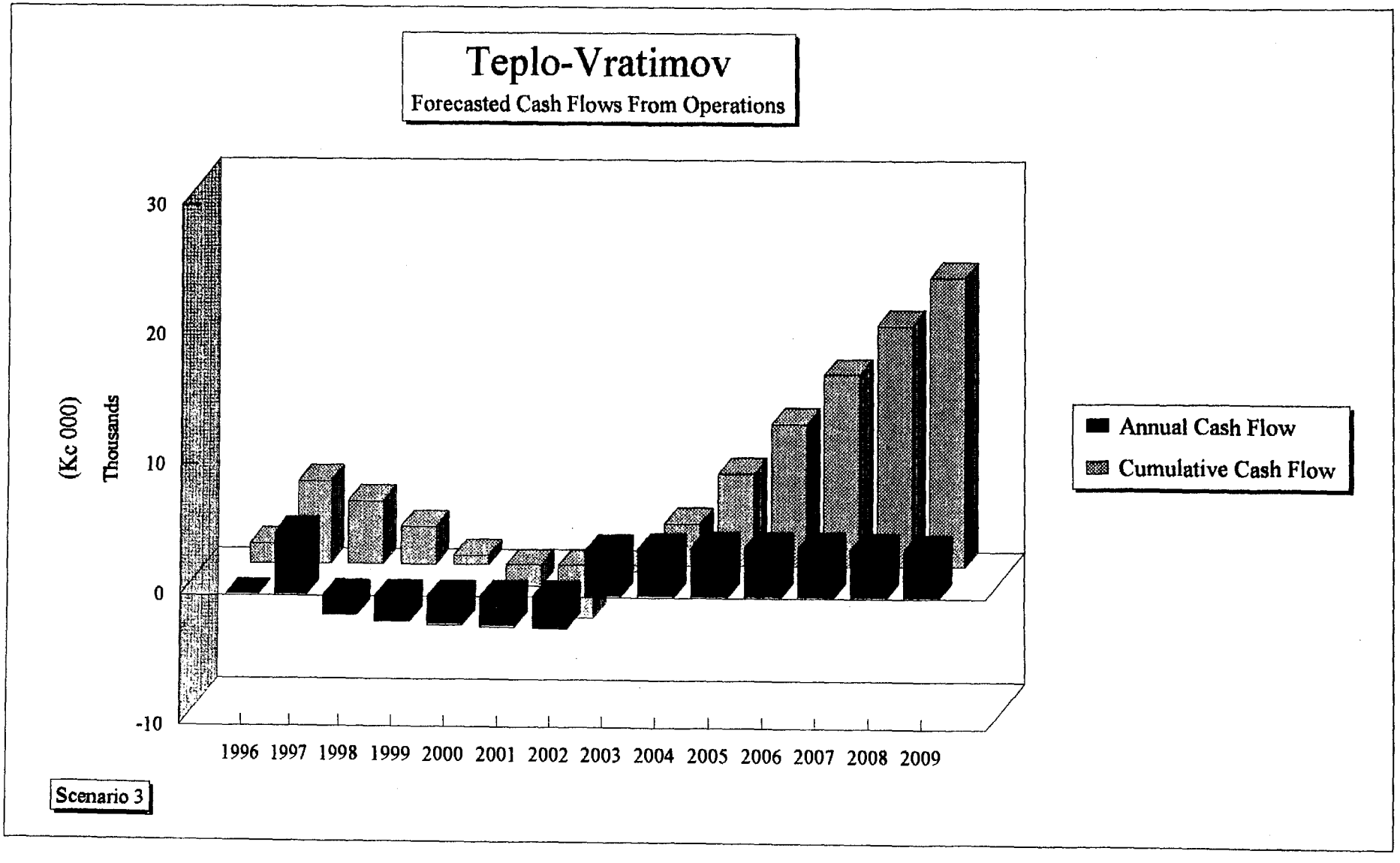
Scenario 3


Teplo Vratimov
Projected Nominal vs. Inlation-Adjusted Rates
500
400
300
200
100
Kc/GJ
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Nominal Rates
Inflation-Adjusted Rates
Scenario 3


Teplo-Vratimov
Forecasted Revenues, Costs & Net Income
Kc (000)
Thousands
40
30
20
10
0
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Operating Revcenues
Operating Expenses
Net Income (incl. Interest)
Scenario 3


Teplo-Vratimov
Forecasted Assets, Liabilities & Owners' Equity
(Kc 000)
Thousands
100
80
60
40
20
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Assets
Liabilities
Owners' Equity
Scenario 3

Scenario 3


Teplo-Vratimov
Forecasted Cash Flows From Operations
(Kc 000)
Thousands
30
20
10
0
-10
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Annual Cash Flow
Cumulative Cash Flow
Scenario 3

TEPLO-VRATIMOV
FINANCIAL ANALYSIS
USER INPUTS

Scenario 4: Kc 30 mil. SFZP Grant, Kc 30 mil. SFZP loan (5-year grace, 5-year repayment), Kc 15 mil. MUFIS

Annual Inflation (%)	8.00
Real Growth Rate (%)	2.00
Equity Risk Premium (%)	2.00
Risk Free Rate (%)	0.00
Required Return on Investment (%)	5.20

Working Capital Requirement - 8.33% of Operating Revenues - 1st yr

Sources of LT Financing	(%)	Amount	Rate (%)	Term
Bank Loans or Co. Bonds	0.00%	0	12.00	15
SFZP (Loans-principal)	39.18%	30,000	0.00	4
SFZP Grants (->Equity)	39.18%	30,000	10.00	
MUFIS	19.59%	15,000	11.50	14
Beginning Equity	0.00%	0	10.00	
New Equity	0.00%	0	10.00	
Short-Term Debt	2.04%	1,563	12.00	S-T
Total Capitalization	100.00%	76,563		
Interest on S-T Investments			8.00	

Depreciation (%) # 31 of Tax Law	
Salaries (Current)	1,278
Employee Benefits (%)	35.25
O&M (%)	2.23
Income Tax Rate (%)	42
Value Added Tax (%)	5
Heat (%)	90
Hot water (%)	10
Uncollectibles (%)	1
Investment (Kc)	75,000
Ave. Gen. Costs (56.25 TJ)	0
Ave. Gen. Costs (Kc/GJ)	110
1st Yr. Prices (Kc/GJ)	250
1st Yr. Sales (GJ)	75,000
Estimated 1st Yr Sales (000)	187,500
System Losses (%)	6.25
Res. Sales (%)	80
Comm./Ind. Sales (%)	20

Res. Sales - Heat	54,000
Com. - Heat	13,500
	67,500
Res. Sales - Water	6,000
Com. Sales - Water	1,500
	7,500
Total Sales	75,000
Losses	5,000
Total Prorduction	80,000

TEPLO-VRATIMOV
PRO FORMA INCOME STATEMENT
(Kc 000)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES														
Heat														
Res (Kc/GJ)	250	250	250	252	257	264	273	286	302	321	341	363	382	402
Res Sales	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Res. Revenues	13,500	13,500	13,500	13,605	13,878	14,258	14,717	15,441	16,326	17,325	18,414	19,587	20,643	21,686
Com /Ind (Kc/GJ))	250	250	250	252	257	264	273	286	302	321	341	363	382	402
Com /Ind Sales	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Com /Ind Rev	3,375	3,375	3,375	3,401	3,470	3,564	3,679	3,860	4,082	4,331	4,604	4,897	5,161	5,421
Hot Water														
Res (Kc/GJ)	250	250	250	252	257	264	273	286	302	321	341	363	382	402
Res Sales	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Res Revenues	1,500	1,500	1,500	1,512	1,542	1,584	1,635	1,716	1,814	1,925	2,046	2,176	2,294	2,410
Com /Ind (Kc/GJ))	250	250	250	252	257	264	273	286	302	321	341	363	382	402
Com /Ind Sales	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Com /Ind Rev	375	375	375	378	386	396	409	429	454	481	512	544	573	602
Total Operating Revenue	18,750	18,750	18,750	18,897	19,275	19,802	20,440	21,446	22,675	24,062	25,576	27,204	28,671	30,119
Operating Expenses														
Gen/Purchase Energy	2,613	2,822	3,047	3,291	3,554	3,839	4,146	4,477	4,836	5,222	5,640	6,091	6,579	7,105
Electricity	1,500	1,620	1,750	1,890	2,041	2,204	2,380	2,571	2,776	2,999	3,238	3,497	3,777	4,079
Water	320	346	373	403	435	470	508	548	592	640	691	746	806	870
Operating O & M	1,672	1,806	1,951	2,107	2,275	2,457	2,654	2,866	3,096	3,343	3,611	3,900	4,212	4,549
Depreciation	1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Admin. & General														
Salaries	1,278	1,380	1,491	1,610	1,739	1,878	2,028	2,190	2,365	2,555	2,759	2,980	3,218	3,476
Benefits	450	487	525	567	613	662	715	772	834	901	973	1,050	1,134	1,225
Total A&G	1,728	1,867	2,016	2,177	2,352	2,540	2,743	2,962	3,199	3,455	3,732	4,030	4,353	4,701
Uncollectible exp.	188	188	188	189	193	198	204	214	227	241	256	272	287	301
Miscellaneous Expenses and Charges	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Value Added Taxes	938	938	938	945	964	990	1,022	1,072	1,134	1,203	1,279	1,360	1,434	1,506
Total Operating Exp.	10,508	12,635	13,312	14,052	14,864	15,748	16,707	17,762	18,910	20,153	21,496	22,947	24,496	26,161
Income Before Interest, Taxes, and Adjustments	8,242	6,115	5,438	4,845	4,411	4,054	3,733	3,684	3,765	3,909	4,079	4,257	4,175	3,958
Interest Income	0	69	468	833	1,184	1,526	1,383	1,216	1,031	835	632	902	1,187	1,479
Interest Expense (L-T Debt)	(1,725)	(1,670)	(1,608)	(1,539)	(1,463)	(1,377)	(1,282)	(1,176)	(1,058)	(926)	(779)	(614)	(431)	(227)
Interest Expense (S-T Debt)	(94)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Adjustments														
Loss Carry Forward														
Difference Between Book and Tax Dep	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10% PC HIM (tr 3-6)	(3,540)													
Taxable Income	2,883	4,515	4,298	4,138	4,132	4,203	3,834	3,723	3,738	3,819	3,933	4,545	4,931	5,210
Tax Expense	(1,211)	(1,896)	(1,805)	(1,738)	(1,735)	(1,765)	(1,610)	(1,564)	(1,570)	(1,604)	(1,652)	(1,909)	(2,071)	(2,188)
Net Inc. (after tax)	1,672	2,618	2,493	2,400	2,397	2,437	2,224	2,160	2,168	2,215	2,281	2,636	2,860	3,022

Scenario 4

TEPLO-VRATIMOV
CASH FLOW PROJECTIONS
(Kc 000)

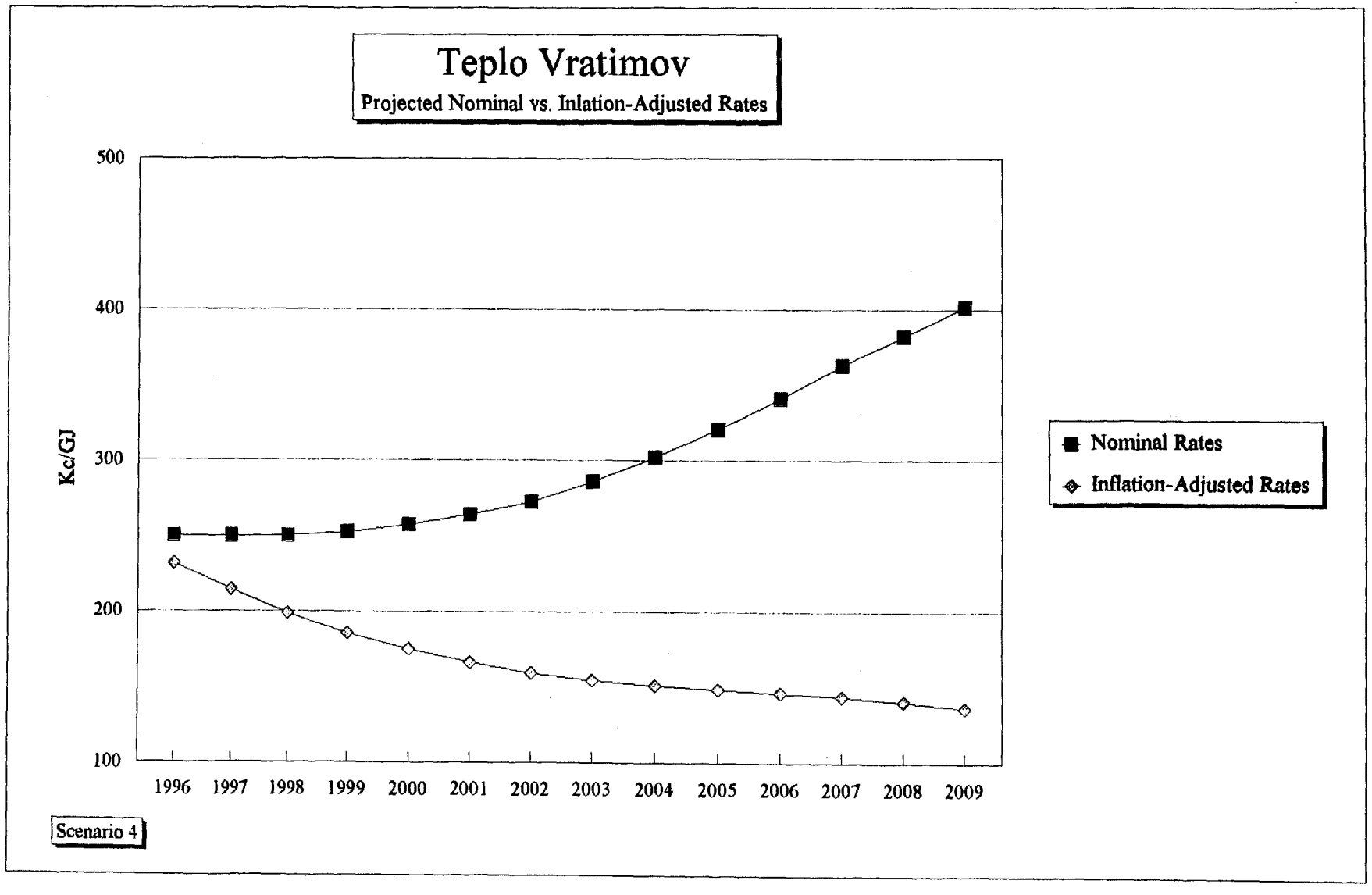
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SFZP Grant	30,000														
SFZP Loan	30,000														
MUFIS Loan	15,000														
Other Commercial Loan	0														
S-T Debt	1,563														
Equity	0														
Capital Investment	(75,000)														
Net Income		1,672	2,618	2,493	2,400	2,397	2,437	2,224	2,160	2,168	2,215	2,281	2,636	2,860	3,022
Depreciation		1,050	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
Increase in Payables		876	177	56	62	68	74	80	88	96	104	112	121	129	139
Increase in Receivables ( )		(1,563)	0	0	(12)	(32)	(44)	(53)	(84)	(102)	(116)	(126)	(136)	(122)	(121)
L-T Debt Service - (Principal Only)		(480)	(536)	(597)	(666)	(743)	(6,828)	(6,923)	(7,029)	(7,148)	(7,280)	(1,427)	(1,591)	(1,774)	(1,978)
S-T Debt Repayment		(1,563)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Flow	1,563	(8)	4,810	4,502	4,334	4,240	(1,811)	(2,123)	(2,316)	(2,436)	(2,527)	3,390	3,580	3,643	3,612
Cumulative Cash Flow	1,563	1,555	6,365	10,867	15,201	19,441	17,630	15,507	13,191	10,755	8,228	11,618	15,198	18,841	22,453

Scenario 4

TEPLO-VRATIMOV
PRO FORMA BALANCE SHEET
(Kc 000)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assets															
Cash	76,563	687	510	453	404	368	338	311	307	314	326	340	355	348	330
Temporary Investments	0	868	5,855	10,414	14,797	19,073	17,292	15,196	12,884	10,441	7,902	11,278	14,844	18,493	22,123
Accounts Receivable	0	1,563	1,563	1,563	1,575	1,606	1,650	1,703	1,787	1,890	2,005	2,131	2,267	2,389	2,510
Fixed Assets	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Accum Dep.	0	(1,050)	(3,600)	(6,150)	(8,700)	(11,250)	(13,800)	(16,350)	(18,900)	(21,450)	(24,000)	(26,550)	(29,100)	(31,650)	(34,200)
Net Fixed Assets	0	73,950	71,400	68,850	66,300	63,750	61,200	58,650	56,100	53,550	51,000	48,450	45,900	43,350	40,800
Total Assets	76,563	77,067	79,327	81,279	83,075	84,797	80,480	75,860	71,079	66,195	61,233	62,199	63,365	64,580	65,763
Liabilities															
Accounts Payable	0	876	1,053	1,109	1,171	1,239	1,312	1,392	1,480	1,576	1,679	1,791	1,912	2,041	2,180
Short-term Debt	1,563	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SFZP Loan	30,000	30,000	30,000	30,000	30,000	30,000	24,000	18,000	12,000	6,000	0	0	0	0	0
Bank Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUFIS Loan	15,000	14,520	13,984	13,387	12,721	11,978	11,150	10,227	9,197	8,050	6,770	5,343	3,752	1,978	(0)
Total Liabilities	46,563	45,395	45,037	44,496	43,892	43,217	36,462	29,619	22,678	15,625	8,449	7,134	5,664	4,019	2,180
Owners' Equity															
Capital Stock	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Retained Earnings		1,672	4,290	6,783	9,184	11,580	14,018	16,241	18,401	20,569	22,784	25,065	27,701	30,561	33,583
Total Equity	30,000	31,672	34,290	36,783	39,184	41,580	44,018	46,241	48,401	50,569	52,784	55,065	57,701	60,561	63,583
Total Liab & Equity	76,563	77,067	79,327	81,279	83,075	84,797	80,480	75,860	71,079	66,195	61,233	62,199	63,365	64,580	65,763

Scenario 4


Teplo Vratimov
Projected Nominal vs. Inlation-Adjusted Rates
500
400
300
200
100
Kc/GJ
1996
1997
1998
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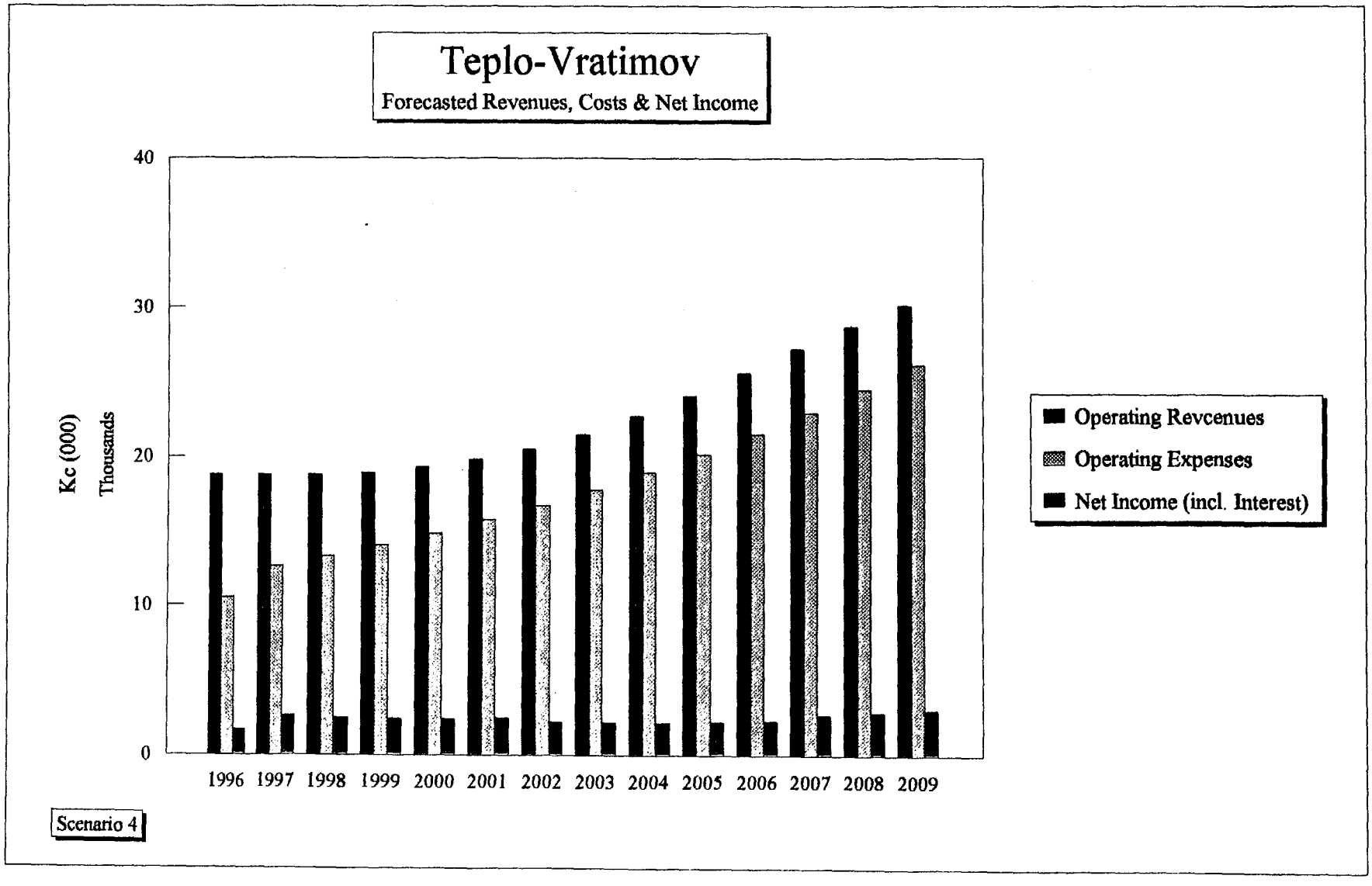
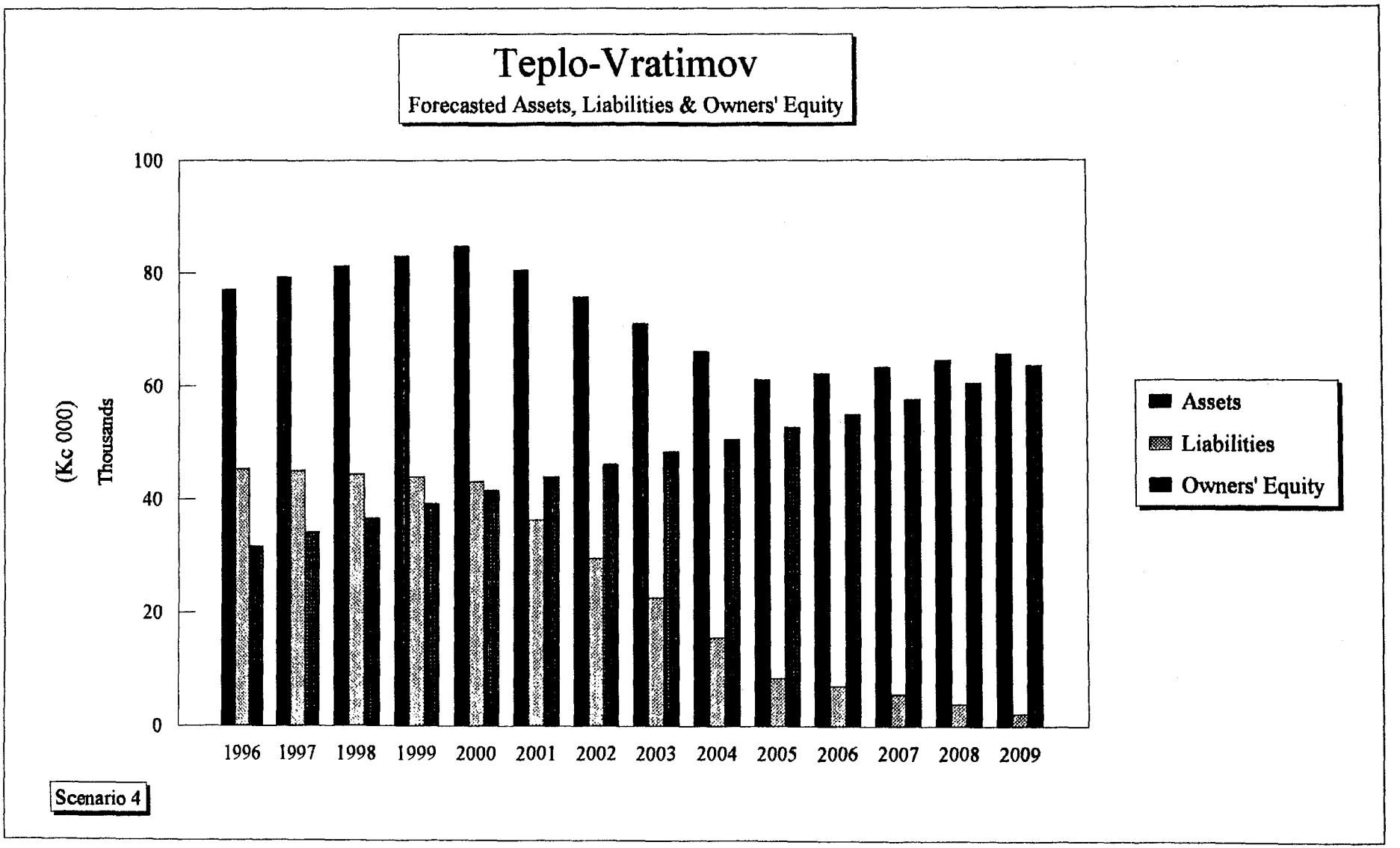
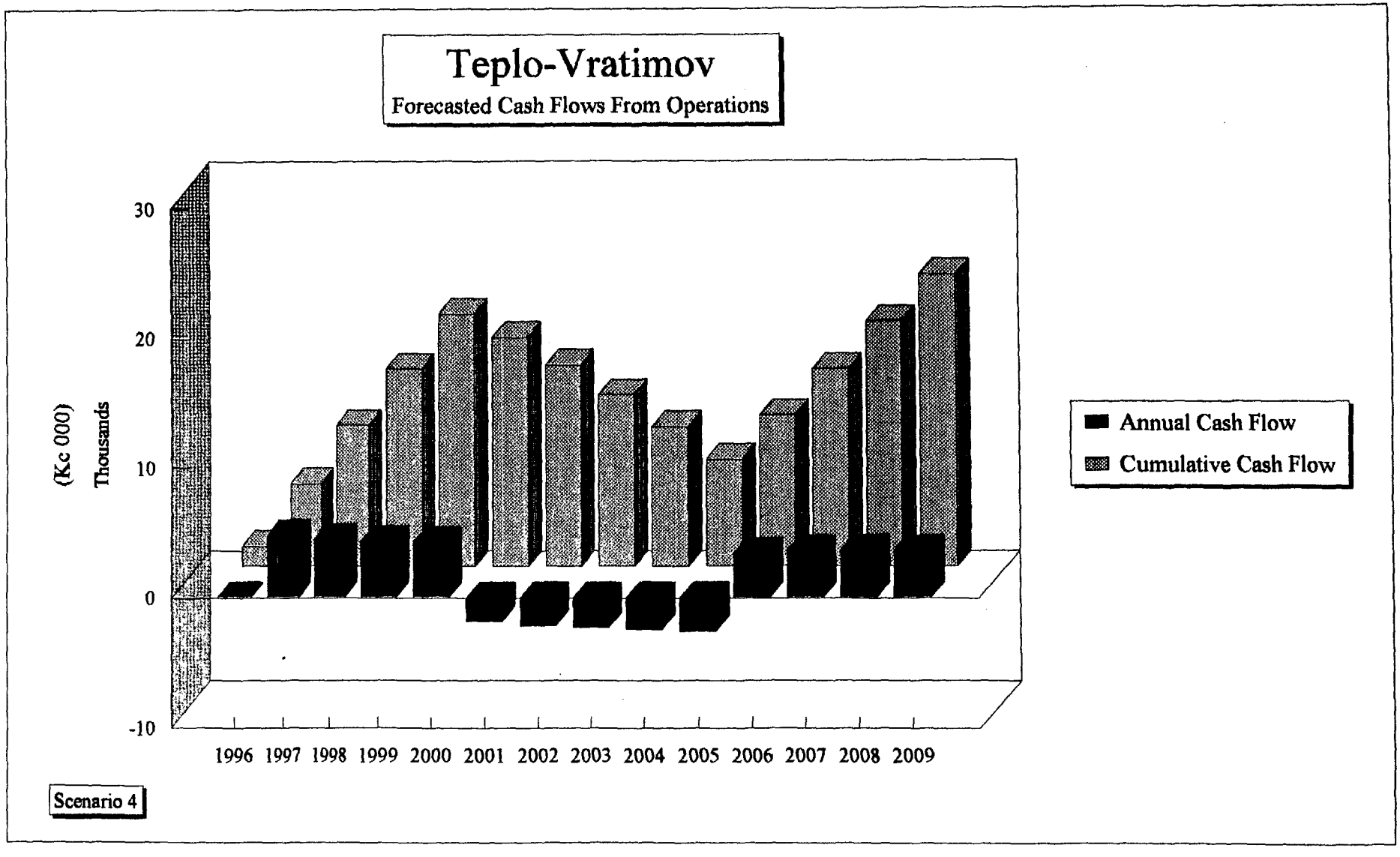
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Nominal Rates
Inflation-Adjusted Rates
Scenario 4


Teplo-Vratimov
Forecasted Revenues, Costs & Net Income
Kc (000)
Thousands
40
30
20
10
0
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Operating Revcenues
Operating Expenses
Net Income (incl. Interest)
Scenario 4


Teplo-Vratimov
Forecasted Assets, Liabilities & Owners' Equity
(Kc 000)
Thousands
100
80
60
40
20
0
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Assets
Liabilities
Owners' Equity
Scenario 4


Teplo-Vratimov
Forecasted Cash Flows From Operations
(Kc 000)
Thousands
30
20
10
0
-10
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009
Annual Cash Flow
Cumulative Cash Flow
Scenario 4