PD-ABP-256
9439

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM
FOR THE
NEW INDEPENDENT STATES

ANNUAL REPORT
OCTOBER 1995 THROUGH SEPTEMBER 1996

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In accordance with: Cooperative Agreement No. CCS-0002-A-00-2080-00

Date of Issue:
October 30, 1996

I. BACKGROUND

In 1992 the United States Agency for International Development (USAID) requested the participation of the United States Energy Association (USEA) in a series of definitional missions to determine the scope of the United States Government assistance effort in the energy sector of the New Independent States (NIS) of the Former Soviet Union. Recognizing that a reliable and efficient energy sector is essential to maintaining political stability, encouraging economic development, and advancing the transition command to market economies, USAID and USEA jointly developed the Energy Industry Partnership Program to establish non-commercial U.S./NIS utility partnerships to facilitate a fluent exchange of information, transfer free market business concepts and practices, and promote privatization.

The objectives of the Energy Industry Partnership Program are to:

- Develop longstanding cooperative relationships among U.S. and NIS companies to promote technology transfer and management cooperation;
- Assist the NIS energy companies to improve their managerial performance by providing access to senior U.S. energy industry personnel;
- Introduce market-based planning for utilities by convening seminars and by disseminating information to U.S. education programs;
- Identify technology needs of the NIS companies and disseminate information on U.S. technologies;
- Provide U.S. energy industries with information on investment opportunities in the NIS as well as business practices, contacts, and customs in order to develop mutually beneficial relationships.

USAID Cooperative Agreement number CCS-002-A-00-2080-00, dated September 29, 1992, and modified on August 22, 1996, provides the United States Energy Association (USEA) the sum of $13,448,000.00 towards a program with a total estimate to the U.S. Government of $16,175,227.00. These funds are to support the establishment, implementation, and development of energy partnerships in the New Independent States of the Former Soviet Union. As a reference, the overall budget for fiscal year 1997, including the break down for each individual country, and an analysis of obligations or expenditures for projects in the New Independent States are submitted as Attachment 57.

II. PROJECTS

A. Russia Federation

1. Partnership Exchange
Rosgazifikatsia / American Gas Association

In June 1993, the United States Energy Association Energy Industry Partnership Program established its first U.S./Russian natural gas utility partnership program between the American Gas Association (AGA) and Rosgazifikatsia (Rosgaz). Through its partnership with AGA, Rosgaz has the opportunity to develop business relationships with the vast number of AGA's members. From November 27, 1996 to December 1, 1996, Mr. Alexander Kolesov, Chief of Protocol and Contracts of the Supervision Department and Foreign Economic Relations, attended meetings in the Washington, D.C. metropolitan area. On Monday he met with Mr. Michael Baly, the President and CEO of AGA, to exchange ideas on membership programs and future exchanges. The following day Mr. Kolesov discussed future growth, export possibilities, and environmental issues with the Environmental Protection Agency and the United States Department of Energy. On November 29, 1996, Mr. Kolesov observed a White House briefing on the projects of AGA. Later, the Russian gas executive represented his company at the World Bank Conference on Downstream Gas Project Financing. During the conference, the roles of the World Bank in the natural gas sector and the International Finance Corporation were defined. Furthermore, World Bank guarantees were outlined and examples from the Brazil-Bolivia Gas Pipeline Project and the Columbian Capital Market Financing for Gas Pipeline Projects were presented. The exchange concluded with a meeting and debriefing at USEA. Mr. Kolesov noted that the knowledge he gained will help Rozgaz to advocate for more progressive reforms, continue in their new role as a consulting firm, and develop mutually beneficial international ventures. Mr. Kolesov returned to Moscow on December 4, 1996.

The agenda is submitted as Attachment 1.

2. Metering and Natural Fuel Gas Vehicle Projects Exchange
Penzagazifikatsiya / Columbia Gas Company

The Columbia Gas Company previously donated six meters to Penzagazifikatsiya to measure residential consumption. In order to improve the accuracy of metering and billing, statistics on consumption are analyzed to determine the most efficient meter configuration. In support of this metering project and to provide Penzagazifikatsiya executives and engineers with information on general utility operations, regulatory issues, and accounting systems in a market economy, Columbia Gas Distribution Company Executive Vice President Mr. James Lee and Vice President of Corporate Planning Mr. Dennis McFarland, along with Kentucky Public Service Commission (PSC) Executive Director Mr. Donald Mills, and USEA Program Manager Mr. William Polen, arrived in Penza on December 4, 1995. The exchange began with an introduction to Penzagazifikatsiya's history and current projects. Columbia Gas and Kentucky PSC executives toured the Penzaenergo Steam Generation Plant and visited the Nilolsk regional operations where plastic pipe fusion equipment modeled after equipment seen at the Columbia Gas Distribution Company is displayed. Cooperation between Penzagasifikatsia and the Zif

Joint-Stock Company has lead to progress in the natural fuel gas vehicle (NGV) project. Seeking to increase its market shares, Zif has developed a prototype vehicle and plans to collaborate with Columbia Gas on the development of mobile NGV fueling stations which will be purchased gas from Penzagazifikatsia. Furthermore, the U.S. delegates were informed of Penzagazifikatsia's pilot study examining the effect of plastic pipe replacement. Penzagazifikatsia plans to initiate the systematic replacement of their lines next year. The U.S. and Russian utility partners agreed that one of the highlights of the fiscal year 1996 work plan would be the development of a customer database to assess the issue of non-payments.

On December 11, 1995, the U.S. speakers attended the Russian Regional Utility Issue and Partnership Review Meeting. During the meeting they learned about the strategies and concerns of Russian electric and natural gas utilities during the transition from a command to a market economy. Speakers included officials from the United States Agency for International Development, the general directors of several Russian electric and natural gas utilities, and the chairmen of two of the newly established Regional Energy Commissions. Messrs. Lee, McFarland, and Mills returned to the United States on December 16, 1995.

The agenda is submitted as Attachment 2.

3. Seminar on Natural Monopolies
Nizhnovenergo / Illinois Power Company

In June 1995, the United States Energy Association Energy Industry Partnership Program established its first U.S./Russian electric utility partnership program between the Illinois Power Company and Nizhnovenergo. During the initial exchange representatives from USEA, Illinois Power, and Nizhnovenergo identified natural monopolies and rate setting as principle focus areas of the new partnership. The transition from a system supporting natural monopolies to one of privatization and competition is the overall goal of the EIPP. On December 10, 1996, Mr. Paul Hoffman, Corporate Human Resources Team Leader, and Mr. Kevin Shipp, Administrator of Regulatory Affairs, of Illinois Power, Mr. Anthony Visnesky, Manager of the Illinois Commerce Commission's Energy Programs Division, and representatives from USAID and USEA, were received by Mr. Valery Titov, the Deputy General Director of Nizhnovenergo, and Mr. Andrey Zadernyuk, the Director of Energy of the Nizhny Novgorod Oblast. During the seminar, representatives of USAID and USEA presented background information on their programs in Russia. The general directors of Samaragaz, Nizhnovenergo, and Vladimiroblgaz presented a strategic overview of the concerns and issues effecting local electric and natural gas utilities. Traveling from Moscow to Nizhny Novgorod, the seminar continued on December 13, 1996, with presentations on free market competition, the definitions of monopolies and natural monopolies, the social contract and obligations of regulation, rate of return regulation, and the rate of return model. Particular emphasis was placed on economics, accounting, and finance, resulting in the demonstration of a complete regulatory case study.

The agenda is submitted as Attachment 3.

4. Seminar on Human Resources
Nizhnovenergo / Illinois Power Company

Attracting over 50 Nizhnovenergo human resource managers, Illinois Power Company Corporate Human Resources Team Leader Mr. Paul Hoffman and Administrator of Regulatory Affairs Mr. Kevin Shipp, along with the Manager of the Illinois Commerce Commission's Energy Program Division Mr. Anthony Visnesky covered human resource management, developing job descriptions, setting performance standards, recruitment, interviewing, hiring, compensation, incentives, benefits, training, health and safety, and labor relations. During the transition to a market economy, Nizhnovenergo staff were most interested in learning how to set benchmarks, structure a corporate hierarchy, and assign salary levels.

On December 11, 1995, the U.S. speakers attended the Russian Regional Utility Issue and Partnership Review Meeting. During the meeting they learned about the strategies and concerns of Russian electric and natural gas utilities during the transition from a command to a market economy. Speakers included officials from the United States Agency for International Development, the general directors of several Russian electric and natural gas utilities, and the chairmen of two of the newly established Regional Energy Commissions. The group returned to the U.S. on December 16, 1995. As a reference, this exchange was conducted simultaneously with the Seminar on Natural Monopolies.

The agenda is submitted as Attachment 4.

5. Russian Regional Utility Issue and Partnership Review Meeting

Convening in Moscow on December 11, 1995, the USEA coordinated Russian Regional Utility Issue and Partnership Review Meeting provided a forum for the general directors of several Russian electric and natural gas utilities and chairman of two of the recently create Regional Energy Commissions to share their points of view and strategies on tariffs and pricing, privatization and accounts payable, energy efficiency, the implementation of new technologies, the future of natural monopoly regulation, and balancing the interests of the customers and the newly regulated utilities. Gene George, Director of the USAID Regional Office for Energy and Technology, opened the meeting with an overview of specific area in need of attention in the Russian energy sector. Finally, Rajiv Rastogi, Manager of Power Restructuring and Privatization of the USAID Energy and Infrastructure Division for the Bureau of Europe and the NIS, discussed the targeted role of the USEA Energy Industry Partnership Program. During the two day seminar, general directors Victor Kuzin of Penzagaz, Vefim Veisman of Samaragaz, Victor Pianov of Sibirigazservis, Alexander Yevdokimov of Nizhnovenergo, Vladimir Tarasenko of Vladimiroblgaz, representatives from Leninenergo, and the Chairman of the Regional Energy Commission Andre Zadernyuk of the Nizhny Novgorod Oblast, and Yuri Panin of the Penza Oblast, voiced their concerns over the problem of non-payments and the need for a tariff mechanism that can keep pace with the mounting cost of service. The meeting concluded with a planning session that resolved to broaden the partnership program by including a greater number of topics and activities that involve both the U.S. and NIS regulatory authorities at the local and regional level. The program will place a heavy emphasis on the

issues of tariffs and collections during 1996.

The agenda is submitted as Attachment 5.

6. **Customer Service and Delivery System Exchange**
Nizhnovenergo / Illinois Power Company

From January 27, 1996 to February 3, 1996, Mr. Anatoly Kustov, Deputy Technical Director at Nizhnovenergo, Mr. Valery Smirnov, Director of the Balakhna Electric Power Grid, Mr. Lev Kopalov, Chief Engineer of the Energy Inspectorate of Nizhnovenergo, and Mr. Vassily Dessialov, the Deputy Director of the Energy Department of the Nizhny Novgorod Regional Administration, learned about the range of requirements for developing a communication system capable of supporting 25,000 customers which would improve billing and collections. Upon arriving in Decatur, Illinois, Mr. Richard Heimer, Senior Vice President of the Illinois Power Company, welcomed the Russian delegates and provided them with an overview of the U.S. utility's customer services. The Nizhnovenergo participants inquired about developing a customer service database, addressing customer complaints, and the role of the Illinois Commerce Commission. The step-by-step process of automated meter reading, data relay, billing, and mailing were reviewed. To illustrate some of the presentation topics, the group visited the Customer Service Systems, the Illinois Power 24-hour answer service and data processing center. Through the sophisticated use of computers, Illinois power has increase efficiency, reduced errors, decreased late payments and non-payments, and reduced the number of staff needed to effectively handle customer communications. Nizhnovenergo is developing its own customer service plan and a follow up exchange to review their work is included in the fiscal year 1997 work plan.

The agenda is submitted as Attachment 6 and the corresponding trip report as Attachment 7.

7. **Gas Metering Project**
Vladimiroblgaz / Brooklyn Union

Addressing meter installation, operations, and billing and collections, USAID, USEA, and Brooklyn Union Gas worked with Vladimiroblgaz to provide data for development of a World Bank loan for the rehabilitation of Russian natural gas distribution system. From February 4-9, 1996, teams from Vladimiroblgaz and Brooklyn Union collaborated to determine the optimal configuration of meters in residential apartment buildings throughout the Russian Federation. USAID agreed to fund a pilot project in the Vladimir Oblast involving the purchase 500 meters which will measure gas consumption in individual apartments, apartment buildings, and small blocs of apartments. In only one week, the U.S. and Russian utility partners developed a 14 step plan outlining the customer service process from meter installation to the collection of non-payments. In addition to the development of a prototype meter, the exchange participants produced a billing and collections system that not only will support the small 500 meter project but will establish an administrative infrastructure that can be scaled up when more capital is available for additional meters, hardware, and software support. Data will be analyzed monthly and summary reports, comparing seasonal consumption, will be sent to the World Bank.

The agenda is submitted as Attachment 8.

8. Utility Regulation Exchange
Penza Regional Energy Commission / Kentucky Public Service Commission

In order to clarify the regulatory process for adjusting the tariffs for electric and gas service during the transition from a command to a market economy, Regional Energy Commissions (RECs) have been established in each oblast. Commissioners serve on a part-time basis and are staffed by a small number of analysts. As they mature, these RECs must develop a methodology for determining rates and adjusting them in a timely manner. Vladimir Nizhegorodtsev, the First Vice Governor of the Penza Oblast Administration, Yury Panin, Head of the Penza Oblast Administration Department for Industry and Transportation and Chairman of the Penza Regional Energy Commission, Victor Kuzin, the General Director of Penzagazfikatsiya, Alexander Remezov, the General Director of Penzaenergo, and Anatoly Shvortsov, the General Director of the PTPA Joint-Stock Company, traveled to the United States to discuss the structure, funding, and mandate of a public service commission in the United States, as well as the regulation of tariffs with the Kentucky Public Service Commission. From April 6-15, 1996, officials from the Kentucky PSC illustrated the relationship among the regulatory commissions, the regulated utilities, and the public with examples from the railroad, water, electric, natural gas, and telephone and telecommunications industries. Provided with the history of regulation in the United States, the Russian regulatory and utility officials are better prepared to make decisions regarding the dynamic of their own regulatory structures. The meetings also provided an opportunity for the participants to observe technologies employed in energy production, transmission and delivery, in addition to those employed in the administrative division of utility management such as customer service billing and collection.

The agenda is submitted as Attachment 9.

9. Regulatory Exchange
Nizhnovenergo / Illinois Power Company

Nizhny Novgorod is gaining a reputation in the international business community for its progressive economic and privatization reforms. Through cooperation with its utility partner, Illinois Power, the Nizhny Novgorod Regional Energy Commission enacted a series of reforms to develop an independent regulatory commission with authority to set and review tariff rates for electric and gas service in the region. To continue discussions with Illinois Power and the Illinois Commerce Commission on regulation, Andre Zadernyuk, the General Director of Nizhnovenergo, Victor Lunin, the Lieutenant Governor of Nizhny Novgorod, and Alexander Yevdokimov, the General Director of Nizhnovenergo, came to the United States from May 18-25, 1996. During a meeting at Illinois Power on balancing stakeholder interest, the NIS participants acknowledged that potential investors in the Russian utility industry must contend with a wide range of political, economic, currency, and regulatory risks. Kevin Shipp, the Administrator of Regulatory Affairs at Illinois Power, convinced them that the Regional Energy Commissions, through a consistent approach to setting tariffs, can control some of the variables in Russia's implementation of market reforms. Over all, participants identified the need to determine what mechanism will be used to establish public policy and to examine how this

mechanism will affect public interest and how will the competing interests of investor owned utilities and the public be served by the regulatory process as the keys issues in Russian utility regulation.

The agenda is submitted as Attachment 10.

10. Customer Service Exchange
Penzagaz and Penzaenergo

The lack of thorough and accessible customer service records has impeded the improvement of accounts receivable and the overall commercialization process in both the electric and gas utilities of the Penza Oblast. To remedy this, USEA organized a program that has initiated the development of a customer information database designed to track payments for the various customer classes. Mr. Vladimir Pichtar, Executive Manager of the Nizhnylomovmezhraigaz Trust, Mr. Alexander Sisin, Computer Programmer at Penzagazifikatsiya, Ms. Galina Yermashova, Senior Accountant at Penzagazifikatsiya, and Mr. Igor Tolbin, Deputy Chief Accountant at Penzaenergo, were welcomed to Columbus, Ohio, by Columbia Gas Executive Vice President, Mr. James Lee. Columbia Gas offered their own information system structure as a model and assisted in the modification of their customer service models and databases to fit the Russians' needs. To complement the work accomplished from July 7-14, 1996, Columbia Gas executives will travel to Penza to review the progress of compiling the customer databases and provide any additional advice.

The agenda is submitted as Attachment 11.

11. Study Tour for Russian Energy Officials from Samara

Through a series of both formal and informal discussions with the Questar Corporation, the Public Service Commission of Wyoming, Ernst and Young, the Federal Energy Regulatory Commission, and the Securities and Exchange Commission, four energy executives from Samara, Russia, were introduced to the benefits of and requirements for privatizing a utility through international capital markets. Mr. Clyde Heiner, the Senior Vice President of the Questar Corporation, Samaragaz's U.S. utility partner, hosted Mr. Vefim Veisman, the General Director of Samaragaz, Mr. Valery Bobrov, Head of the Department of Energy from the Samara Oblast Administration, and Mr. Alexey Bessmertnov, Head of the Department of Pricing at Samaragaz. The need for a clear and consistent regulatory environment, and how such an environment can assist in garnering the support of international investors by reducing risk was emphasized throughout the study tour. In addition to the substantive exchanges, the four delegates were exposed to the diverse cultural environments of Salt Lake City, Cheyenne, Washington, D.C., and New York City. In response to the interest generated from this July 17-28, 1996 study tour, a follow up exchange, to be held in Samara, is in its initial planning stages.

The agenda is submitted as Attachment 12.

12. Initial Exchange Visit
Lenenergo / Entergy Corporation

This exchange began on July 24, 1996, in Louisiana with the signing of a United States Energy Association Energy Industry Partnership Agreement between Entergy Corporation and Lenenergo. Representatives from Entergy's Regulatory Affairs Department presented three executives from Lenenergo with information on the utility's approach to balancing the interests of its customers through the implementation of public policies against the needs of the utility as well as its shareholders in order to earn a competitive rate of return. After the signing ceremony, the new U.S. and NIS utility partners discussed future activities with Lenenergo. In Washington, D.C., the delegates developed an understanding of federal policies and practices in the national utility regulation systems and were introduced to financial and account management requirements to meet the expectations of investors. The exchange concluded on July 28, 1996, with a debriefing at the United States Energy Association and a discussion of future activities.

The agenda is submitted as Attachment 13.

13. Study Tour for Russian Energy Officials from the Siberian and Far Eastern Gas Association (SFEGA)

The Siberian and Far Eastern Gas Association (SFEGA) is the newly established trade association representing the technical and institutional interests of the Russian gas distribution companies in Siberia and the Far East. Officials from SFEGA are expanding their knowledge and understanding of the how a trade association represents the best interests of its members to the federal and regional governments. Covering three states from July 27, 1996 to August 3, 1996, four executive directors from SFEGA exchanged ideas with members and staff of U.S. natural gas trade associations. Starting in Minnesota, the delegation met with the Midwest Gas Association to discuss the structure and policies of the association as well as the services the association provides for its members. Traveling to Ohio, the delegates met with representatives from the Ohio Gas Association to discuss the association's advocacy role. Later, the Russians conversed with staff members of the Public Utility Commission of Ohio on the regulation of natural gas utilities. Regulation is of growing interest to members of SFEGA. During their last series of meetings in Ohio, the delegates were hosted to site visits of the corporate offices of Columbia Gas. The program concluded at the headquarters of National Fuel Gas, the utility partner of Sibirigazservis, in Buffalo, New York, with a meeting on the work plan for fiscal year 1997 and the agenda for an upcoming seminar on utility finance and regulation for Sibirigazservis and the member of SFEGA. Although this was planned as a single event, a related seminar on utility finance and regulation for Sibirigazservis and the member of SFEGA is being discussed.

The agenda is submitted as Attachment 14.

14. Power Plant Management Seminar
Nizhnovenergo / Illinois Power Company

In the first of two consecutive programs on power plant management, Illinois Power's Charles Giancola, the Director of Fossil Business Strategies, Clay Norris, the Manager of Corporate Performance, and Mark Liefer, the Director of Planning and Technical Support, traveled to Nizhny Novgorod to provide a five day seminar on management and staffing of power plants under the discipline of market conditions for an audience of Nizhnovenergo plant managers from September 14-21, 1996. The seminar topics included staffing and management systems, accounting, cost containment, and fuel handling, maintenance procedures, plant efficiency, and environmental technology. To provide the Nizhnovenergo managers who attended the first seminar with an opportunity to view power plants in the U.S., the follow up exchange took place from October 5-12, 1996 in Decatur, Illinois.

The agenda is submitted as Attachment 15.

15. Seminar on Investor Owned Utility Finance, Regulation, and Rate Making
Sibirigazservis / National Fuel Gas

The development of a consistent approach to the establishment of utility tariffs and the ability of local gas and electric utilities to recover their operating costs would encourage outside investors to enter into joint-ventures and accumulate capital for future investment. Executives from National Fuel Gas and the Pennsylvania Public Utilities Commission traveled to Novosibirsk to promote the establishment of uniform tariff schedules and responsible regulation for Sibirigazservis, the Novosibirsk oblast administration, the Regional Energy Commission, and the more than 15 Russian gas distribution companies that make up the Siberian and Far Eastern Gas Association (SFEGA). During the one week seminar U.S. and NIS utility executives and regulators discussed the structure and parameters of an independent regulatory agency, how public policy goals are balanced with the corporate requirements of regulated utilities, revenue requirements, cost of service, and the various risks confronting both domestic and international investors. Future activity will be based on correspondence with both the American and Russian seminar participants.

The agenda is submitted as Attachment 16.

B. Ukraine

1. POWER-GEN '95 and Executive Exchange
Crimenergo / Otter Tail Power Company

On October 26, 1995, executives from Crimenergo and the Otter Tail Power Company signed a USEA Energy Industry Partnership Program Utility Partnership Agreement. After the completion of the work plan for fiscal year 1996, managers from both the U.S. and Ukrainian utilities began exchanging information on the progress of market reforms. During the POWER-GEN '95 Conference, Crimenergo Vice Director Anatoly Litvinov and Deputy Director

Emelyan Gembarsky, along with Simferopol Electric Station Director Michael Gavrilets and Chief Engineer Vladimir Cherkesov attended technical presentations, discussed recent design improvements with equipment suppliers, and made contacts with a variety of international power industry personnel. In Fergus Falls, Minnesota, the Ukrainian delegates reinforced their working relationship with their counterparts at Otter Tail Power through a series of exchanges on the structure and operation of their respective utilities.

The trip report, including the agenda, is submitted as Attachment 17.

2. Exchange Visit on Customer Service Exchange
Kievenergo / Pennsylvania Power & Light

On December 10, 1993, Kievenergo and the Pennsylvania Power & Light Company (PP&L) signed a Utility Partnership Agreement under the guideline issued through the United States Energy Association Energy Industry Partnership Program. Committed to development of management expertise and market reforms, Kievenergo and PP&L have identified finance, tariffs, regulation, organization structure, privatization, safety, and dispatch management as their exchange priorities. Igor Dederkalo, Head of the Energy Supervision and Sales Department, Yuriy Prodan, Substitute Head of Energy Supervision and Sales Department, Yevgenyi Goncharov, Head of Heat Energy Sales Department of the Heating Systems Enterprise, and Yuriy Strugovschykov, the Substitute Chief Engineer of the Kiev City Cable Systems Enterprise, attended the customer service exchange at PP&L from December 11-14, 1995. Following a general overview of PP&L and the U.S. electric utility industry, the delegation was divided into customer service group and a public affairs and economic development group. The first group attended presentations on organizational structure, meters, service work, and collections and payment procedures in addition to touring the Customer Contact Center and Consumer Assistance Center. The second group toured the Marketing and Economic Development facilities and attended formal presentations on community affairs and economic development programs including organization structure, and staff roles and responsibilities. The delegation indicated that they had a better understanding of the U.S. economic system and would be able to use the information they received to train others at Kievenergo to improve plant operations.

The agenda is submitted as Attachment 18 and the corresponding trip report as Attachment 19.

3. Internship
Crimenergo / Otter Tail Power Company

On March 9, 1996, Mr. Vitaly Gembarskiy, a technical specialist at Crimenergo, began a month long internship with the OtterTail Power Company in Fergus Falls, Minnesota. Through first hand experience, Mr. Gembarskiy gained a working knowledge of the structure and operating procedures of Otter Tail Power. He worked closely with market planners, customer service representatives, accountants, schedulers and dispatchers, the staff of the metering department, and purchasing officers. Mr. Gembarskiy is the first of a potential cadre of future managers who are conversant in basic marketing principals that can help guide Crimenergo in the development of management systems for their changing environment. The Crimenergo intern

returned to Simferopol on April 9, 1996.

The agenda is submitted as Attachment 20.

4. District Heating Exchange
Kievenergo / Pennsylvania Power and Light

Throughout Ukraine, and most of the Newly Independent States, district heating is a fundamental component of the many municipal infrastructures. Pennsylvania Power and Light, Kievenergo's U.S. utility partner, owned and operated Harrisburg Steam Works for over 50 years. Kievenergo Deputy Chairman Aleksandar Radchenko, the Deputy Director of the Kiev Heating Systems Enterprise Dmitriy Yakubenko, the Deputy Director of the Kiev PES-6 Grigoriy Koval, and Chief Accountant Lubov Gvozdareva, toured the Scranton, Pennsylvania, facilities and discussed setting rates, operating and maintaining the facility, and working with regulators from March 23-30, 1996. Thanks to the dedication of Joseph Mezlo of PP&L, the delegates from Kiev received a wealth of both technical and cultural information.

The agenda is submitted as Attachment 21.

5. Investor Relations Exchange
Kievenergo / Pennsylvania Power and Light

Attracting investors is the single most important and necessary business endeavor in a market economy. Arriving in New York City on April 20, 1996, Mr. Boris Yachtchenko, the First Deputy Chairman of the Board of the Kievenergo Joint-Stock Company, and Mr. Alexander Bondarenko, the Director of Energy and Communications Department, became acquainted with the organization, roles, and functions of investment banks in raising capital for investor owned companies. In meetings with CS First Boston and Merrill Lynch, the delegates were given clear definitions and examples of stocks, bonds, risk analysis, and the trading process of financial instruments. At PP&L in Allentown, Pennsylvania, on April 23, 1996, Messrs. Yachtchenko and Bondarenko attended a PP&L shareholders' meeting and witnessed the interaction among shareholders, corporate officers, the board of directors, and employees. The shareholders' meeting illustrated the concepts described in New York City as well as introducing the definitions of retained earnings and capital investment. Moving to Washington, D.C., the Ukrainian executives met with representatives from the World Bank and the U.S. Trade and Development Agency to discuss feasibility studies on April 25, 1996. The exchange concluded with a meeting with USAID contractors and a debriefing with USAID and USEA. Boris Yachtchenko and Alexander Bondarenko returned to Kiev on April 28, 1996.

The agenda is submitted as Attachment 22.

6. Securities Markets and Finance Exchange (Utility Management Seminar)
Crimenergo / OtterTail Power Company

The Otter Tail Power Company Board of Directors member Dennis Emmen, Manager of Strategic Issues and Competitive Development Celia Benson, Director of Marketing Strategies

and Regulation John Erickson, and Minnesota Public Utilities Commission Chairman Donald Storm, journeyed to Simferopol on June 20, 1996. The Minnesotans presented the history and a corporate overview of their utility, an outline of their corporate organization and structure, financial procedures, human resources policies, customer services, regulatory relationships, marketing strategies, and corporate culture. Through asking questions and by witnessing the Crimean utility first hand, the Otter Tail delegates were able to assess future areas in need of attention. Accompanied by a USEA representative, the entire group returned to the United States on June 30, 1996.

The agenda is submitted as Attachment 23.

7. **Advisory Mission on Customer Service**
Kievenergo / Pennsylvania Power & Light

Focussing on customer service, Pennsylvania Power & Light's Assistant to the Executive Vice President and Chief Operating Officer Joseph Mezlo, Manager of Credit and Collections Robert Ballard, and the Coordinator of Consumer Affairs Timothy Dahl, met with small groups of six to ten managers from Kievenergo in Kiev. Arriving on June 17, 1996, USEA Deputy Program Manager Albert Skeath moderated discussions on customer relations, billing, collections, and terminating service. The U.S. utility partners also provided analysis and advice on Kievenergo's customer service operations. In a workshop session of breakout groups, the Kievenergo participants identified 14 key concerns that must be pursued in the billing and collections area. The group of Americans returned to the U.S. on June 22, 1996.

The agenda is submitted as Attachment 24.

8. **Safety Internship**
Kievenergo / Pennsylvania Power & Light

Over the past three years there has been a dramatic decrease in the number of work related fatalities at Kievenergo. In 1994, Mr. Vladimir Gomonay, the Deputy Director in Charge of Safety at Kievenergo visited Pennsylvania Power & Light for a one week internship to examine safety polices and procedures. After returning to Ukraine, he introduced several safety activities, as well as drafted a safety manual, that have improved the safety performance at Kievenergo. To further his knowledge of safety, Mr. Gomonay took part in a second, greater detailed internship at PP&L from July 8-19, 1996 to fine-tune his understanding of safety practices at an U.S. utility. During his visit, Mr. Gomonay met with safety personnel at PP&L and toured power plants, service centers, training facilities, and a fire prevention facility. He received a substantial amount of information and reference materials that he will use to develop safety policies and programs at Kievenergo. To capitalize on the recent achievements in job safety, a full seminar on safety conducted by PP&L in Kiev is being discussed.

The agenda is submitted as Attachment 25.

9. General Management Exchange and Partnership Signing
Dneproenergo / Kentucky Utilities

The restructuring of the energy sector in Ukraine has resulted in the formation of four thermal generating stations that will compete to sell power to a national grid. Other competing suppliers of energy will be the national nuclear industry and two hydroelectric companies. From July 15-19, 1996, a Ukrainian delegation, led by Deputy Minister Bondarenko, was hosted to presentations on customer service, generation, transmission and distribution by personnel from Kentucky Utilities. This was complemented by site tours of the customer service center, a power plant, and a substation. Further work was accomplished with the drafting of a work plan for fiscal year 1997. The exchange culminated in at the Embassy of Ukraine in Washington, D.C., with a briefing and the signing of a United States Energy Association Energy Industry Partnership Program partnership agreement. In support of this ceremonial and general exchange, a delegation from Kentucky Utilities traveled to Dneproenergo in late September 1996.

The agenda is submitted as Attachment 26. Recognition of the partnership agreement was published in the September 1996 issue of *Electric World*, submitted as Attachment 27, and in the September 1996 issue of *Electric Light & Power*, submitted as Attachment 28.

10. Ukrainian Orientation Visit to Hungary

In July 1995, the Ukrainian electric power system was restructured. The next step is the privatization of the newly created generating and local electric joint-stock companies. In many ways, the restructuring and privatization of the electric sector in Ukraine has paralleled that of Hungary. To learn from the significant progress the Hungarians have made in their transition from a command to a market economy, an orientation visit covering the goals of privatization, regulatory and pricing reforms, private investment, and understanding of due diligence of private investors took place from July 22-26, 1996. The Ukrainian participants received information that will be useful in the establishment of guidelines for the transitional stages of electric generation. While in Budapest, the delegates met with officials from the Hungarian energy sector, privatization offices, various ministries, power plants, and USAID. In addition, three representatives from Hagler Bailly were invited and participated in the program. As a result of the positive response from the Ukrainians to the successful third-country training exchange, a follow up meeting in Poland for distribution is being considered.

The agenda is submitted as Attachment 29 and the corresponding trip report as Attachment 30.

11. Utility Financing Internship
Crimenergo Otter Tail / Power Company

From August 22, 1996 to September 21,1996 in Fergus Falls, Minnesota, one intern from Crimenergo met with representatives from the Treasury Department, the Department of Finance, and Shareholder Services of the Otter Tail Power Company to elaborate on stocks and bonds, types of stock, optimizing capital structures, issuing and marketing bonds, issuing and marketing stock, attracting investors, identifying sources of project financing, and equity. For

one week, the intern received hands-on experience in the sales and marketing side of stocks and bonds, the structure of initial financing, primary and secondary markets, and the role and development of a prospectus with a local broker from Norwest Services, an investment banking firm based in Minneapolis.

The agenda is submitted as Attachment 31.

12. Utility Financing Seminar
Crimenergo / Otter Tail Power Company

The purpose of this seminar was to acquaint the managers from Crimenergo with the various types of activities associated with securing investment capital. Specifically, this involved attracting investors, identifying sources of project financing, equity, stocks and bonds, types of stock, optimizing capital structures, issuing and marketing bonds, issuing and marketing stock. The two day seminar addressed fixed and circulating capital of a power company, cash forecasts, fixed income research, short-term investing/borrowing, lines of credit/commercial paper, commercial banks loans, investor relations, reinvestment plan statements, and annual reports. The USEA and Otter Tail representatives also attended a briefing at the Ministry of Energy and Industry. During this exchange, one Otter Tail Power Company executive and one USEA representative met with the director of Yalta Electric Lines, the director of Maintenance and Operations of Crimenergo, and the General Director of Crimenergo.

The agenda is submitted as Attachment 32 and the corresponding trip report as Attachment 33.

13. Advisory Mission to Dneproenergo
Dneproenergo / Kentucky Utilities

In fulfillment of the initial familiarization and needs assessment phase of this new partnership, established in July 1996 when Deputy Minister Bondarenko led a delegation from Dneproenergo to Kentucky for the partnership signing ceremony, three Kentucky Utilities (KU) executives visited Dneproenergo from September 23-27, 1996 to acquaint themselves with the Ukrainian generation company. The new U.S. and Ukrainian utility partners discussed finance, organizational structures, contracts, strategic planning, outage planning, as well as cultural similarities and differences. The draft work plan developed in Lexington on July 19, 1996, was reviewed and the final draft will be submitted to USAID. In addition to the exchange with the Ukrainians, representatives from USEA and KU met with representatives from Hagler Bailly and Price Waterhouse to discuss the restructuring of the energy sector of Ukraine and the major issues facing Dneproenergo. An executive exchange to Lexington on accounting systems, corporate financial policies and investor relations is planned for November 1996.

The agenda is submitted as Attachment 34.

C. Moldova

1. Partnership Program
Moldovagaz / YankeeGas

After Moldova declared its independence in 1991, the economy of the country and its major industries, including the energy sector, are predominately under the control of the government. The necessary steps Moldovagaz must take to make the transition from a command to a market economy form the basis of the utility partnership between Moldovagaz and YankeeGas. After arriving in Boston, Massachusetts, on October 3, 1995, Mr. Mikhail Lesnic, General Manager, Mr. Konstantin Bektchiev, Manager of Specialized Mobile Gas, Mr. Fedor Pouchka, Manager of the Stefan Voda Gas Enterprise, and Mr. Valentin Tonou Manager of the Edinets Gas Enterprise started their two week exchange by participating in meetings on engineering and construction company operations and energy research projects at Parsons Main Incorporated and the Cambridge Energy Research Association. The Moldovan natural gas specialists completed the technical aspects of the exchange during discussions on transmission pipeline operations with representatives from the Algonquin Transmission Gas Company. On October 5, 1996, the Moldovan delegates were introduced to the mandate and function of the American Gas Association, in Arlington, Virginia. In Washington, D.C., the group was briefed on the USAID's general program in the NIS and specific goals in Moldova. In a cooperative effort, USEA and Hagler Bailly outlined their corporatization activities and work plans for Moldova. On October 9, 1995, the Moldovagaz guests traveled to Meriden, Connecticut, for meetings with their U.S. utility host and partner. General presentations on the organization of YankeeGas, rates, supply and demand planning, accounting, and treasury/investor relations. The exchange concluded with the signing of U.S./NIS utility partnership agreement administered through the United States Energy Association Energy Industry Partnership Program. The four Moldovans departed the U.S. bound for Chisinau on October 16, 1995.

The agenda is submitted as Attachment 35.

2. Finance and Securities Exchange
Moldovagaz / YankeeGas

Since June 1995, Moldovagaz and YankeeGas have addressed general utility operations, customer non-payment, cost of service, and rate setting. The December 2-10, 1996 exchange continued the dialogue between the NIS and U.S. utility partners paying particular attention to finance and securities. Mr. Trifan Braila, Deputy Chief, and Ms. Lidia Dobuleac, Chief of Economic Development, were presented with in depth material on accounting, budgeting, and planning at the YankeeGas offices in Meriden, Connecticut. After two days in New England, the Moldovan delegates drove to Manhattan to observe trading on the floor of the New York Stock Exchange. The fast paced buying and selling of the trading floor was put into perspective at Smith Barney, where Mr. Braila and Ms. Dobuleac were given an overview of the stock market and an introduction to investment banking. Returning to Connecticut, YankeeGas provided tours of their facilities and information on the revenue, such as billing, cash processing, posting accounts, and expenditure cycles comprised of purchasing, AFP and check processing, and wire transfers. The two Moldovans returned to Chisinau on December 10,

1996, with a better understanding of the elements of privatization.

The agenda is submitted as Attachment 36 and the corresponding trip report as Attachment 37.

3. Computer Applications Exchange
Moldovagaz / YankeeGas

The transition from a command economy dictated by the centralized government to a market economy following free trade requires Moldovagaz to collect and maintain more accurate and detailed records. After an introduction to and overview of YankeeGas on February 26, 1996, Moldovagaz Deputy Chief of Construction Direction and Prospective Development, Mr. Nicolae Calugher, and Programmer and Coordinator Mr. Vladimir Plesco, were guided through a progression of discussions and demonstrations on computer technology, automated meter reading, customer service and information centers, network and telephone computing technologies, and mapping applications. More that a dozen YankeeGas staff members contributed to the overall exchange, in addition to an outside specialist from NORTEL Communications. The two Moldovan delegates left Meriden, Connecticut, on March 3, 1996 and arrived in Chisinau two days later.

The agenda is submitted as Attachment 38.

4. Utility Management Seminar
Moldovagaz / YankeeGas

Once a strong working relationship between the U.S. and NIS utility partners had established, representatives from USEA's Energy Industry Partnership Program lead a team of YankeeGas executives to Chisinau, Moldova, to introduce a large number of Moldovagaz officials and staff members, including General Director Mikhail Lesnic, to market-based utility management concepts and practices. From May 13-17, 1996, Mr. David Benoit, Director of Corporate and Financial Planning, Mr. Nicholas Rinaldi, Controller, Mr. Charles Goodwin, Manager of the Rates Department, and Mr. Eugene Cronin, Manager of Business Development, elaborated on the principles of a market economy, strategic planning, the regulatory process, corporate finance, contracting, customer service, rates and tariffs, billing and collection, and human resources. During each session, a number of questions were asked and a great amount of information, outside of the anticipated presentation materials, was addressed. After successfully fulfilling their objectives, the six travelers returned to the United States on May 18, 1996.

The agenda is submitted as Attachment 39.

5. Metering, Billing and Collection, and Customer Assistance Exchange
Moldovagaz / YankeeGas

The most serious issue facing the entire energy sector of the Newly Independent States is customer non-payment. The first steps to resolving this imbalance are to accurately meter consumption, define a billing process, then arrange for collections. To reinforce material presented at a seminar in Chisinau in May 1996, Mr. Alexander Krasanyuk, Chief of

Laboratory, Ms. Yelena Bezhenar, Natural Gas Accountant, and Ms. Olga Vdovina, chief Specialist of the Main Price Planning Board, flew to Washington, D.C., on September 4, 1996, for presentations by the American Gas Association on the structure of the natural gas industry in the United States and the role of a natural gas trade association. Additional meetings with the Embassy of Moldova, Resource Management Associates, and the Institute for International Education were scheduled. On September 6, 1996, the delegates met with Ms. Laura Wilson, an attorney at Hunton and Williams, to discuss natural gas regulation in the United States and regulatory reform in developing countries. On September 9, 1996, the group began a week long exchange with their U.S. utility partner in Meriden, Connecticut. YankeeGas staff members presented material on a wide range of customer service topics, marketing, call center activities, rate design, billing and collections, and legislative activities. Site visits and tours of the YankeeGas facilities provided information on the various types of meters, installation, and maintenance. The Moldovan participants arrived home in Chisinau on September 14, 1996.

The agenda is submitted as Attachment 40.

D. Armenia

There were no exchanges in the 13th, 14th, or 16th quarters.

1. American Association of Petroleum Conference and Initial Partnership Meeting Ministry of Energy & Fuel of the Republic of Armenia / Pacific Gas & Electric

The Caucasus Region possesses valuable, yet difficult to extract oil reserves. The initial objectives of this activity were to introduce representatives of the Ministry of Energy and Fuel of the Republic of Armenia to new technologies in the petroleum industry and to attract foreign investment in petroleum exploration in Armenia. From May 12-16, 1996, Mr. Andranik Agabalian, Director of the Petroleum Project Implementation Unit, attended the Third Annual HDR Forum on Geothermal Energy in Santa Fe, New Mexico. Mr. Agabalian then traveled to San Diego, California, and was joined by Deputy Minister Garen Galustian to exchange ideas and represent the interests of their republic at the American Association of Petroleum Geologists Conference from May 16-22, 1996. Participation in both conferences enabled the two officials to observe how potential petroleum exploration ventures are developed in a free market economy.

The primary objective of this exchange was to establish a working relationship between the Ministry of Energy and Fuel of the Republic of Armenia and the Pacific Gas & Electric Company. In San Francisco, California, the Armenian delegates described the progress and problems of the privatization process of the Armenian energy sector to their American hosts. The prospect of a partnership agreement was discussed and plans for future exchanges were outlined in a draft work plan. Prior to returning to Armenia, the delegates flew to Washington, D.C., on May 23, 1996, for a debriefing with representatives from USAID and USEA. They arrived home in Yerevan on May 28, 1996.

The agenda is submitted as Attachment 41.

E. Republic of Georgia

1. General Power Plant Operations and Maintenance Exchange and POWER-GEN '95 Sakenergo / Tennessee Valley Authority and the Georgia Power Company

In October of 1994, the Energy Industry Partnership Program established a utility partnership in the Republic of Georgia among the U.S. utilities Georgia Power and the Tennessee Valley Authority (TVA) and the Georgian utility Sakenergo. Since then, all three utilities have participated in numerous executive exchanges, study tours, and workshops to develop the energy infrastructure and assist in the privatization of Sakenergo. This task combined the POWER-GEN '95 Conference, December 2-7, 1995 with exchanges at Tennessee Valley Authority and Georgia Power from December 8-20, 1995.

The POWER-GEN '95 Conference and Trade Exhibition in Anaheim, California from December 3-7, 1995, was the world's largest and most comprehensive electric power industry conference and exhibition to date. The conference provided a forum for the presentation of over 250 conference papers and a trade show floor which hosted more than 850 exhibitors. In all, the event provided exposure to a tremendous breadth and magnitude of information on the U.S. energy industry.

In order to improve power plant performance, Sakenergo participants were exposed to new technologies and acquired information on preventative maintenance, plant operation, upgrades, and the benefits of environmental and energy efficiency. Moreover, the participants had an opportunity to exchange ideas and make business contacts. Through contact with the Tennessee Valley Authority and Georgia Power, Sakenergo has been striving to develop its infrastructure and privatize. The exchange provided the Georgian delegation with detailed information on power plant operations, preventative maintenance, site inspections of turbines, personnel management, employee safety, and operator skill enhancement.

The agenda is submitted as Attachment 42.

2. Procurement, Contract Administration, and Planning Exchange Sakenergo / Georgia Power Company

The Government of the Republic of Georgia's restructuring of the electric energy sector broke the state monopoly into wholesale and retail entities. Sakenergo now manages the generation and transmission of electric power and sells electricity to the local distribution companies (LDCs) and industrial consumers. The LDCs are owned and operated by regional authorities, which in turn sell the electricity exclusively to residential customers. At the time of this exchange, no regulatory body existed and all tariff decisions were made by the Cabinet of Ministers. The residential rate is the same for the entire country and is not based on the cost of service.

As management responsibilities change and the Sakenergo discovers that some services are done more efficiently by other companies, procurement and contract administration is becoming a more attractive option. Three TVA speakers, two Georgia Power speakers, and one USEA

representative worked in Tbilisi from April 15-19, 1996, to review the U.S. procurement process. Exchange participants discussed contracting in a market economy, the development of tenders, competitive bidding, and the oversight of payments. This seminar helped Sakenergo executives to adopt policies that encourage rational pricing, competitive markets, and private and foreign investment. The USEA lead team was informed that Sakenergo did not have a uniform procurement process or even a procurement policy or a procedure manual. Furthermore, Sakenergo did not clearly separate the management functions for determining equipment needs, purchasing, and payment. Sakenergo plans to adopt Georgia Power's "Cross-Functional Teams" model to include representatives from procurement, plant engineering, and plant maintenance in the procurement process. The participants agreed that the U.S. and Georgian partners would develop a procurement policy and procedures manual. At USEA's suggestion, Mr. David Zubitashvili, President of Sakenergo, appointed Mr. Badurashvili, Sakenergo Deputy Chairman, to lead the task team consisting of five Sakenergo staff, who participated in the procurement exchange.

Georgia Power provided the Sakenergo participants with a 180 page procurement reference document in Russian to assist them in developing a procurement policies and procedures manual that will be reviewed by Georgia Power. In addition, Georgia Power has provided their own procurement manual as a model to be used by Sakenergo. In conjunction with the procurement process modification, Sakenergo will develop standards for equipment that should be used by all of their entities.

The agenda is submitted as Attachment 43 and the corresponding trip report as Attachment 44.

3. Preventative Maintenance Exchange
Sakenergo / Tennessee Valley Authority

As the Government of the Republic of Georgia focussed its fiscal attention on areas other then the energy sector and the lack of sufficient customer payment failed to recover operation costs, Sakenergo's investment in preventive maintenance was deferred to cover other pressing operating expenditures. As a result, a corporate culture developed such that prevention was not considered a necessity. As a result, Sakenergo plants are in need of extensive and expensive repairs. Although still hampered by revenue problems, the executive management at Sakenergo is reexamining the long term costs of postponing maintenance and will work with TVA to determine routine procedures that can prolong the operating life of a power plant. During the April 1996 exchange, three experts from TVA traveled to Tbilisi to present an overview of preventative maintenance and safety practices used in the United States. After reviewing these procedures and drills, the TVA representatives addressed equipment diagnostics, the value of acquiring sufficient spare parts, and procurement of safety equipment.

The agenda is submitted as Attachment 45.

4. Predictive Maintenance Management Exchange
Sakenergo / Tennessee Valley Authority

In May 1996, engineers and plant managers from the Republic of Georgia were introduced to

reactive and preventive maintenance techniques. Following up on their observations while in Tbilisi, TVA participants recommended advanced predictive techniques and the latest technology for equipment monitoring and testing as subjects that require additional attention and training. Utilizing the open format of a workshop, four participants from Sakenergo who took part in the Preventative Maintenance Exchange were guided through hands-on demonstrations of diagnostic and testing techniques, the use of equipment, and the methods used to interpret test results to improve managerial efficiency in Chattanooga, Tennessee. Actual TVA data was used to show the participants how to develop an effective business program to reduce forced outages and increase the operational efficiency of the Sakenergo generating plants. From August 3-10, 1996, Mr. Hvicha Kbiltsetshlashvili, the Deputy Chief Engineer of the Central Maintenance Factory of Sakenergoremont, Mr. Shota Sabadze, the Deputy Chief Engineer of Enterprise of Sakenergoremont, Mr. Simon Chkuaseli, the Director of the Maintenance Enterprise of the Tbilisi Thermal Network, and Mr. Rezo Lobzhanidze, the Deputy Chief of the Boiler-Turbine Shop at the Enterprise of Garabani Thermal Station, experienced vocational and cultural life in the Southeastern United States. Any future activity will be based on the responses in the evaluations and reports to be filed by the Georgians after they resume their duties at Sakenergo.

The agenda is submitted as Attachment 46.

F. Kazakstan

1. Alaugaz FY 96 Work Plan Meeting

To assist the Alaugaz Joint-Stock Company develop successful corporate plans, the fiscal year 1996 work plan included activities which introduced market-based strategic planning and review key components. In the last week of October 1995, a representative from USEA met with two USAID/Washington, D.C. staff and the President and Vice President of Alaugaz to discuss the work plan and review utility organizational changes. At that time, Alaugaz had just been restructured into a state transmission company and 19 local distribution companies (LDCs). These LDCs are stock holding companies and had sold 49% of their shares to the public. The three major management problems for the utility continue to be collections, metering of gas consumption, and pricing. In addition, the USEA representative spoke with several Alaugaz employees who participated in exchanges during fiscal year 1995 to determine the impact of the programs on achieving USAID energy targets and to review draft deliverables produced by the NIS working groups. Following the Alaugaz visit, a CAR regional conference planning meeting was conducted at the USAID Mission.

The agenda is submitted as Attachment 47 and the corresponding trip report as Attachment 48.

2. Fiscal Year 1996 Work Plan Meeting Kazakstanenergo

To assist Kazakstanenergo develop successful corporate plans, the fiscal year 1996 work plan included activities which introduce market-based strategic planning and review key components. In the last week of October 1995, a representative from USEA met with two staff members from

USAID/Washington, D.C. and the Vice President of Kazakstanenergo to discuss the work plan and review utility organizational changes. Kazakstanenergo had been restructured into two parts. The first part of the plan called for Kazakstanenergo to remain as a state owned enterprise and generate 7,000 MW of power to be sold wholesale to industrial and LDC customers. The second part of the company was broken down into ten Local Distribution Companies (LDCs) which would report to the Ministry of Energy. What remained of Kazakstanenergo would report separately to the Ministry. These ten LDCs have some generating capacity but will have to purchase power from Kazakstanenergo. In the future, the ten LDCs will be sold as private companies. In addition, the USEA representative spoke with several Kazakstanenergo employees who participated in exchanges during fiscal year 1995 to determine the impact of the programs on achieving USAID energy targets and to review draft deliverables produced by the NIS working groups. Their most pressing needs are still financial management, contracting, rates, regulation and corporate planning. Following the Kazakstanenergo visit, a CAR regional conference planning meeting was conducted at the USAID Mission.

The agenda is submitted as Attachment 47 and the corresponding trip report as Attachment 48.

3. POWER GEN '95
Kazakstanergo

The POWER-GEN '95 Conference and Trade Exhibition in Anaheim, California, from December 3-7, 1995, was the world's largest and most comprehensive electric power industry conference and exhibition to date. The conference provided a forum for the presentation of over 250 conference papers and a trade show floor which hosted more than 850 exhibitors. In all, the event provided exposure to a tremendous breadth and magnitude of information on the U.S. energy industry.

Mr. Evgeny Khrapunov, the Vice President of Kazakstanenergo, and Mr. Nurmagamet Sujunov, Chief of the Financial Department, arrived in Anaheim, California, on December 2, 1995. They received information on preventative maintenance, plant operation, performance, and upgrades. They acquired a knowledge of new technologies and were exposed to the benefits of environmental and energy efficiency. Moreover, the participants had an opportunities to exchange ideas and make business contacts. The Kazak delegates return to Almaty on December 10, 1995.

The agenda is submitted as Attachment 49.

4. Financial Management & Project Financing Exchange
Alaugaz and Kazakstanergo / CINergy

The final exchange of the three year CINergy/Kazakstanenergo/Alaugaz partnership addressed financial management and project financing. Due to the restructuring of Kazakstanenergo and Alaugaz as separate wholesale and retail entities, the two Kazak utilities chose financial management and project financing as topics which would enable their new regional utilities employees to guide their respective utilities to financial self-sufficiency. Since Alaugaz is

planning to add gas transmission pipelines and Kazakstanergo is planning construction of new generating facilities, both utilities are seeking financing options and sound financial management approaches.

Kazakstanergo and Alaugaz staff attended a ten day exchange in Cincinnati, Ohio, Washington, D.C., and New York City. Focusing on corporate financial management, project financing options, and privatization methods, Stone & Webster, an international consulting firm, presented information on their successful efforts to assist the Argentine government in privatizing their nationally controlled gas distribution industry. The staff from both Kazak utilities were impressed and plan to ask their companies to seek assistance from Stone & Webster. The Vice President of the Alaugaz Joint-Stock Company and the Manager of Foreign Relations from the Ministry of Oil & Gas also took advantage of the opportunity to visit the New York State Electric & Gas Corporation (NYSEG) to discuss a potential partnership between the two utilities. This outgoing partnership has proven to be especially beneficial due to current CINergy restructuring efforts resulting from the merger of CG&E and Public Service of Indiana. The Kazak participants have found reviewing the restructuring process invaluable in their own struggle to adapt to changing economic conditions, including responding to market cues, staffing changes, downsizing, corporate restructuring, and redefining organizational goals and objectives.

The agenda is submitted as Attachment 50.

5. Utility Management Exchange
Alaugaz Joint-Stock Company / New York State Electric & Gas Corporation

The first partnership exchange between New York State Electric & Gas and Alaugaz following approval from USAID took place in March 1996. Based on the work plan developed this past fall in meetings held at Alaugaz, management assistance was required in the areas of collections, metering, pricing, and government regulation. The need for this assistance was heightened following Alaugaz's breakup into local distribution companies and their purchase of a transmission company.

From June 20-29, 1996, NYSEG Senior Vice President of the Gas Business Unit Michael German, Project Engineer and Quality Assurance Manager Mario Martello, the Manager of Gas Regulatory Matters Tim Kelley, and the Director of Human Resources Richard Benson, traveled to Almaty to survey topics on rates, regulation, pipeline operations, safety and human resource management and also explore proposed pipeline projects transporting gas from the Caspian Sea region to populated areas in Kazakstan. Sixteen participants attended the seminar, including two senior utility executives from the Uzbekistan State Gas Company and two from the Tajikistan State Gas Company. They were very interested in USEA's partnership program and would like to have a similar program for their country. Most importantly, a potential business opportunity emerged for NYSEG in supplying the Tajiks with natural gas compressor stations for fueling natural gas vehicles. On the last day, USEA, Alaugaz and NYSEG assessed management needs, review the current work plan, and proposed topics for the FY 1997 Work Plan.

The agenda is submitted as Attachment 51 and the corresponding trip report as Attachment 52.

6. Business Planning Exchange, Part I
Alaugaz Joint-Stock Company / The New York State Electric & Gas Corporation

In a formal ceremony at the New York State Electric & Gas Corporation's headquarters in Binghamton, New York, Mr. Michael German, Vice President of NYSEG's Gas Business Unit, and Mr. Vladimir Putintsev, President of the Alaugaz Joint-Stock Company, signed a utility partnership agreement under the United States Energy Association Energy Industry Partnership Program. In addition to building a bridge between the natural gas industries of the United States and Kazakstan, this exchange responded to the division of Alaugaz into local distribution companies (LDCs) and its purchase of a transmission company. Following up on the work plan developed during the meeting in June 1996 in Almaty, and using NYSEG's own gas business plan as an example, Mr. Putintsev and four other Kazak energy specialists journeyed to New York State from September 7-14, 1996, to form a joint task team with their new U.S. partners to discuss the preparation and implementation of tailored corporate business plans for each of the three utilities. Over twenty NYSEG specialists, representing the majority of the gas business units, contributed to the presentations. During the meetings, NYSEG and Alaugaz agreed to assist three of Alaugaz's new LDCs to draft market-based business plans. The first of these drafts are expected in January 1997. Later in the Spring of 1997, representatives from NYSEG are scheduled to travel to Kazakstan to review each individual business plan with each of the LDCs. A further accomplishment of the exchange was the acceptance of a final draft work plan for fiscal year 1997 prior to approval from USAID.

The agenda is submitted as Attachment 53. A newspaper article from *The Binghamton Press and Sun Bulletin* dated September 13, 1996 is submitted as Attachment 54.

G. Kyrgyz Republic

1. Fiscal Year 1996 Work Plan Meeting
Kyrgyz National Energy Holding Company

To assist the Kyrgyz National Energy Holding Company (KNEHC) develop successful corporate plans, the fiscal year 1996 work plan included activities which introduce market-based strategic planning and review key components. In the last week of October 1995, a representative from USEA met with two USAID/Washington, D.C. staff members and the Head of the Foreign Relations Department of the KNEHC to discuss the work plan and review utility organizational changes. In addition, the USEA representative spoke with several KNEHC employees who participated in exchanges during fiscal year 1995 to determine the impact of the programs on achieving USAID energy targets and to review draft deliverables produced by the NIS working groups. Faced with a growing financial need to refurbish plants including the repair of transmission systems and building generation capacity to meet market demands, the Kyrgyz National Energy Holding Company is seeking to apply for a World Bank loan. In order for countries to obtain multilateral loans, the World Bank requires establishment of a regulatory commission to set rates for energy utilities. To help the Kyrgyz Republic establish a regulatory commission and ultimately qualify for a loan, rates and regulatory affairs were the central

themes of fiscal year 1996 work plan. Other areas in need o f attention are corporate planning, investments, rates, contracting, and energy efficiency. Following the KNEHC visit, a CAR regional conference planning meeting was conducted at the USAID Mission in Almaty.

The agenda is submitted as Attachment 47 and the corresponding trip report as Attachment 48.

2. Customer Service Exchange, Part II
Kyrgyz National Energy Holding Company / Washington Water Power

Customer service was identified as one of Kyrgyz National Energy Holding Company's initial priority areas. Despite privatization and program successes during fiscal year 1994, the utility still faced nonpayment as a priority issue. Two and a half years ago, the partnership began addressing customer service issues by reviewing the development and functions of Washington Water Power's Customer Service Department. As a follow-up to the previous customer service exchange, the Customer Service Exchange, Part II, addressed the organization structure of a marketing department, collection procedures, customer relations, and consumer education programs. Five Kyrgyz middle managers collaborated with Washington Water Power staff, from March 23, 1996 to April 2, 1996, in Spokane, Washington, to develop a marketing department operations manual. Addressing customer service issues and developing an operations manual will add to Kyrgyz National Energy Holding Company's long term goal to develop effective organizational systems.

During the visit, the Kyrgyz were exposed to a variety of aspects of customer service activity typical in the United States, ranging from meter installation and meter reading to billing, payment processing, and handling delinquent accounts. In addition to the meetings with Washington Water Power, a representative from Itron Corporation made a presentation on electronic meter reading devices, which was so well received that many participants requested that Itron repeat the presentation for their utility staff.

The participants provided a very positive evaluation for both workshop groups. They found that the information provided on the first day clarified the respective roles for USAID, USEA, and the sister utilities. In particular, they came to understand U.S. utility resources and time limitations, which dictate the need for very focused management topics. This understanding of the need to work on narrow topics was further clarified during the corporate planning presentation. At the end of the planning session, the group fully realized that the utility partnership activities would need to focus on topics that were within the internal control of the Kyrgyz National Energy Holding Company.

This exchange was conducted concurrently with the Rates and Tariffs Exchange, Part II, and the Contracting Seminar.

The agenda is submitted as Attachment 55.

3. **Rates & Tariffs Exchange, Part II**
Kyrgyz National Energy Holding Company / Washington Water Power

Similar to other Central Asian utilities, the transition from a command economy, where no attention was given to price signals, has dramatically effected the Kyrgyz National Energy Holding Company's strategic planning process. Previously, the government set pricing, purchased resources, and compensated workers. Now, the Kyrgyz National Energy Holding Company is faced with the task of calculating rates which will provide revenue for utility operation, growth, and expansion. To help managers face this new task, the USEA EIPP set rates and regulation as a fiscal year 1995 priority area. Throughout that year, the EIPP brought together managers from Washington Water Power, U.S. regulatory officials, and members of the Kyrgyz Ministry of Energy to form a foundation for the regulatory compact between the Kyrgyz Ministry of Energy and the Kyrgyz electric utility.

The Rates & Tariffs Exchange, Part II was a follow-up exchange designed to address cost of service information, with an emphasis on improving the management systems used to collect and analyze data. As a result of the exchange, KNEHC will develop a departmental operations manual which outlines the management information process. Other topics included cost of service studies, rate filings, and the organization of a regulatory affairs department. Participation in this exchange helped KNEHC adopt policies that encourage rational pricing and develop effective organizational systems.

During the visit, the Kyrgyz were given a detail explanation of WWP's cost of service study and their latest tariff submission. The visit to the Washington Utilities & Transportation Commission was a tremendous success. The Kyrgyz had a first hand opportunity to see how an investor owned utility works with its regulatory body. This was very timely, since the Kyrgyz Republic recently created a new energy regulatory body overseeing their utility. The Kyrgyz participants invited the WUTC commissioners and senior staff to visit the Kyrgyz Republic during and exchange WWP to discuss regulatory affairs under the new situation.

This exchange will be conducted concurrently with the Customer Service Exchange, Part II, and the Contracting Seminar.

The agenda is submitted as Attachment 55.

4. **Corporate Planning Exchange**
Kyrgyz National Energy Holding Company / Washington Water Power

Similar to other Central Asian utilities, the transition from a command economy, where no attention was given to price signals, has dramatically effected the Kyrgyz National Energy Holding Company's strategic planning process. To help KNEHC develop successful strategic plans for a free market economy, the fiscal year 1996 work plan included activities which introduced market-based strategic planning and review key components.

The Corporate Planning Exchange concentrated on establishing core teams of individuals from both KNEHC and WWP, who will represent the U.S. and NIS utilities and record the progress

produced from this and future exchanges. These core teams contributed their ideas to integrate all partnership activities.

During the first phase of the program, a management consultant for WWP walked the Kyrgyz participants through the major strategic planning steps. During this exercise, each participant was asked to identify the most pressing problems or issues affecting their utility. These responses were compiled. The list included issues within the internal control of the utility and areas that required government approval. Issues that are solely within the internal control of KNEHC became the basis for future partnership activities.

This exchange was conducted through the Customer Service Exchange, Part II, and Rates and Tariffs Exchange, Part II.

The agenda is submitted as Attachment 55.

5. **Regulatory Exchange**
Washington Water Power, Washington Utilities and Transportation Commission, Kyrgyz National Energy Holding Company, and the Kyrgyz State Energy Regulatory Agency

The recent creation of an independent regulatory commission in the Kyrgyz Republic is a major step forward in the transition from a command to a market economy. Participating in meeting in Olympia, Spokane, and Washington, D.C. from August 17-26, 1996, three newly appointed regulators, one department director, and a representative from KNEHC were offered a point of reference in the development of their own regulatory commission from the perspective of both the regulatory commission and the utility. A binder on regulatory issues containing more than 100 pages from the WUTC on the history, structure, and organization of utility regulation in the United States, as well as rate of return, a detailed example of a rate case, the importance of completing a cost of service study, and the breakdown of a utility tariff schedule was translated into Russian and distributed. Two representatives from Hagler Bailly were invited and participated in and contributed to the success of the exchange. Any follow up activity will be based on the responses from the evaluations and reports to be filed by the Kyrgyz participants after they return to Bishkek and on consultations with Hagler Bailly.

The agenda is submitted as Attachment 56.

ATTACHMENT 1

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

AMERICAN GAS ASSOCIATION

ROSGASIFIKATSIA

PARTNERSHIP EXCHANGE

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

WASHINGTON, DC.
ARLINGTON, VA.

NOVEMBER 26 - thru - DECEMBER 3, 1995

Partnership Exchange between
Rosgazifikatsia and American Gas Association
November 26 thru December 3, 1995

Sunday, November 26, 1995

Departure of Delta Flight Number 61 from Moscow to Frankfurt

Departure of Delta Flight Number 61 from Frankfurt to Dulles

Arriving in Washington at 3:30 P.M. Anthony Bitonti will meet Mr. Kolesov and provide transportation from the airport to the hotel. Checking in the Mayflower Hotel. Located at 1127 Connecticut Street - Phone number 202-347-3000- Fax number 202-466-9082. Confirmation Number 5714654

Dinner on Own

Monday, November 27, 1995

10:00 a.m. **Meeting at the American Gas Association**
Mike Baly, President and CEO, American Gas Association
Senior Management Team. Located at 1515 Wilson Blvd., Arlington, VA 22209
Contact person Louis Aboud. Phone number 703-841-8652

- Membership Programs
- Future A.G.A. / Rosgaz Cooperation

Tuesday, November 28, 1995

10:00 a.m. **Meetings with the Environmental Protection Agency**
Andrea Osborne, Office of Global Change

- Rosgaz plans for Future Growth
- Export Possibilities
- Environmental Protection and Related Technologies

2:00 p.m. **Meeting with the Department of Energy**
Guilia Bisconti, Project Manager

- Rosgaz plans for Future Growth
- Export Possibilities
- Environmental Protection and Related Technologies

Wednesday, November 29, 1994

8:15 a.m. Bus leaves Ritz Carlton Hotel for White House

9:00 a.m. White House Briefing

12:30 p.m. **Working Lunch**
Demonstration of Gas Industry On-Line and Discussion
Steve Dorner, *Director, Gas Industry On-Line - American Gas Association*

1:30 p.m. **Welcome and Opening Remarks**
Installation of New Committee Chair
John Kean, International Affairs Committee - Chairman, NUI Corporation

Recognition of Outgoing Chair
Richard Farman, *Chair, International Committee - Vice President, International Affairs, American Gas Association*

1:40 p.m. **Approval of Minutes**
Chair's Report
Committee Membership - Committee Purpose - Survey Results
Richard Farman, *Vice President, International Affairs, American Gas Association*

1:55 p.m. **Establishment of Electronic Communications Task Force**
Richard Farman, *Vice President, International Affairs, American Gas Association*

2:00 p.m. **Staff Executive Reports**
Nelson Hay, *Vice President International Affairs, American Gas Association*

2:15 p.m. **Reports on Plans for U.S. Pavilion at 1997 IGU World Gas Conference**
Nelson Hay, *Vice President International Affairs, American Gas Association*

Harve Horowitz, *President, Exhibit Promotions Plus*

2:20 p.m. **Discussion of Future Activities by Committee Members**
Richard Farman, *Vice President, International Affairs, American Gas Association*

2:40 p.m. **Report of Japan - U.S. Task Force**
NGV Task Force
Robert Stiles, Manager, *NGV Market Development - New York State Electric & Gas Company*

Safety Devices Task Force
Glyn Hazelden, *Assistant Vice President, Elizabethtown Gas Company*

2:50 p.m. **Report on A.G.A.'s Olympic Sponsorship**
Jim Pavle, *Secretary, Clean Air Team*
Director, Federal Accounts Marketing, American Gas Association

3:00 p.m. **Committee Meeting Adjourns**

6:00 p.m. **Reception at Indonesian Embassy**
Remarks by Indonesian Ambassador

7:30 p.m. Closing remarks and End of Reception

Thursday, November 30, 1995

Meeting with American Gas Association and The World Bank Conference on Downstream Gas Project Financing.

9:00 a.m. **Opening Remarks**
Ram Chopra, *Director, Cofinancing & Financial Advisory Services Department, World Bank*

9:10 a.m. **The Role of the World Bank in the Gas Sector**
Hossein Razavi, *Chief, Oil & Gas Division, Industry & Energy Department, World Bank*

9:30 a.m **The Role of International Finance Corporation**
Robin Glantz, *Manager, Oil & Gas Division, Oil, Gas, Mining Department, International Finance Corporation*

9:50 a.m. **World Bank Guarantees**
Nina Shapiro, *Manager, Project Financing Group, Co-financing & Financial Advisory Services Department*

10:10 a.m. **The Role of MIGA**
Chrostophe Bellinger, *Chief of Guarantees, Multilateral Investment Guarantee Agency*

10:30 a.m. Question and Answers

11:00 a.m. **The Brazil-Bolivia Gas Pipeline Project**
Stephen C. Beasley, *Vice President, Director, Brazil Project, Tenneco Gas International*

11:20 a.m. **Emerging International Opportunities for Distribution Companies**
William Kellstrom, *Senior Vice President, NorAm Energy Corporation*

11:40 a.m. **Capital Market Financing for Gas Pipeline Projects - The Columbia Experience**
Jamie Welch, *Vice President Lehman Brothers Incorporated*

12:00 **Capital Requirements in the Russian Gas Industry**
Director of Gazprom

12:20 p.m. **Questions and Answers**

1:00 p.m. **Luncheon Hosted by CFSPF**

2:30 p.m. **Adjourn**

Friday, December 1, 1995

9:00 a.m **Meeting with United States Energy Association**
William L. Polen, *Program Manager, Energy Industry Partnership Program*

Saturday, December 2, 1995

Free Day

Sunday, December 3, 1995

5:00 p.m.	Depart for airport
7:40 p.m.	Departure of Delta Flight Number 60 from Washington to Frankfurt
12:20 p.m	Departure of Delta Flight Number 60 from Frankfurt to Moscow Arriving in Moscow at 5:25 p.m. on December 4, 1995.

ATTACHMENT 2

United States Energy Association
Energy Industry Partnership Program

Exchange Visit Between

Columbia Gas Company
and
Penzagazifikatsiya

Sponsored by:

U.S. Agency for International Development
and
United States Energy Association

December 2 thru December 9, 1995

Objective:

1) Provide Information on General Utility Operations in a Market Economy
2) Review Progress on Metering and NGV Projects
3) Review Penzagaz Reforms and Operations to Refine FY96 Workplan

List of Participants

James Lee, Executive Vice President, Columbia Gas Company
Dennis McFarland, Vice President Corporate Planning, Columbia Gas Company
Don Mills, Executive Director of Kentucky Public Service Commission
William Polen, Manager, Energy Industry Partnership Program (USEA)
Misha Lebedskoi, Program Coordinator, Energy Industry Partnership Program (USEA)

Saturday, December 2, 1995

1:40 p.m.	Departure of American Flight Number 4958 departing Columbus and arriving at Kennedy
3:55 p.m.	Arrival of American flight number 4958
5:45 p.m.	Departure of Delta flight number 30 from Kennedy to Moscow

Sunday, December 3, 1995

10:55 a.m.	Arriving of Delta flight number 30 in Moscow on Sunday, December 3, 1995
8:15 p.m.	Depart Moscow via overnight train number 52 to Penza

Monday, December 4, 1995

10:45 a.m.	Arrival in Penza The delegation will be greeted by Viktor Kuzin, General Director, and Gennady Yedalin, Chief Engineer.
11:30 a.m.	Check in Penza Hotel
1:00 p.m.	Lunch in Penzagazifikatsiya Headquarters
2:30 p.m.	**Overview of Recent Changes to Penzagaz Operations**

- Ownership
- Service Territory
- Regulations
- Human Resources
- Gas Supply
- Metering and Customer Service
- Account Receivables
- Plastic Pipe Certification
- Natural Gas Vehicles

Valentina Tikhonova, Deputy General Director, Economy

4:30 p.m. **Review of Plastic Pipe Installation Program**

- Certification Progress
- Schedule for Implementation
- Sourcing Equipment / Supplies
- Work Team Training Requirements

7:00 p.m. Dinner in Penza Restaurant

Tuesday, December 5, 1995

8:00 a.m. Breakfast in Penzagazifikatsiya Headquarters

9:00 a.m. **Site Visit to Metering Project Homes and Apartments**

10:30 a.m. **Discussion of Metering Project**

- Site Selection for Meter Placement
- Installation Schedules
- Meter Reading Procedures / Schedule
- Data Evaluation

Gennady Yedalin, Chief Engineer
Chief Engineers of Penzagaz Affiliates

12:30 p.m. Lunch in Penzagazifikatsiya Headquarters

2:00 p.m. **Discussion on Corporate Structure and Financial Issues**

- Discussion of Penzagas Accounting Practices
  - Current Accounting Information Requirements
  - Accounting Systems
- Introduction of Cost-Based Accounting
- Customer Service
  - Metering, Billing and Collections
  - Information Technology / Customer Databases
  - Setting Account Receivables
- Introduction to Market Based Utility Financing
  - Internally General Funds
  - Market Source Funds

- Debt and Equity
- Potential Investor Information Requirements
- Need for Accurate Cost Based Accounting
- Privatization
- Penzagaz Ownership Structure
- Plans for Corporatization
- Sources of Financing

Nadazhda Telnova, Chief Accountant
Chief Accountants of Penzagas Affiliates

6:00 p.m. Dinner in Penza Restaurant

Wednesday, December 6, 1995

8:00 a.m. Breakfast in Penzagazifikatsiya Headquarters

9:00 a.m. **Meeting with Penzenergo**

10:00 a.m. **Discussion on regulations and Tariffs (at Regional Administration)**

- Regional Regulatory Commission Authority, Purpose and Structure in U.S. and Russia
- Principles of Cost-Based Accounting
- Relations between Gas Utilities and Regional Energy Commissions
- Areas of Concern Regarding Regulations

Valentina Tikonova, Deputy General Director, Economy
Viktor Kuzin, General Director

12:30 Lunch

1:30 p.m. **Delegation departs for Nikolsk**

3:30 p.m. **Site Visit to Nikolsk Regional Operations**

- Management Structure
- Systems Control
- Emergency Response
- Metering, Billing and Collections

Nikolay Lyusev, General Director, Nikolsk Regional Operations

5:00 p.m. **Tour Nilolsk glass Factory**

8:00 p.m. Dinner at Penza Restaurant

Thursday, December 7, 1995

8:00 a.m. Breakfast in Penzagazifikatsiya Headquarters

9:00 a.m. **Natural Gas Vehicle Project Review (at ZIF Plant)**

- Review of Market Study Progress
- Review of Information Gained on Previous Exchange Visit
- Next Steps

Alexander Nozdrachev, General Director, ZIF Plant

12:30 Lunch at ZIF Headquarters

3:00 p.m. Arrival back in Penza

3:30 p.m. **Columbia Gas Team Meets to review Information Provided to Penzagaz and Gained from Penzagaz - Develop workplan Proposal**

6:00 p.m. Dinner in Penza Restaurant

Friday, December 8, 1995

8:00 a.m. Breakfast in Penzagazifikatsiya Headquarters

9:00 a.m. **Summary of Progress and Developing the Final FY 1996 Partnership Workplan**
Victor Kuzin, General Director

3:00 p.m. Sendoff Lunch

7:40 p.m. Departure from Penza to Moscow via Overnight train number 51

Saturday, December 9, 1995

9:41 a.m. Arrival in Moscow

Open Day

Sunday, December 10, 1995

Open Day

Monday, December 11, 1995

8:00 a.m **Continental Breakfast and Registration**

8:30 a.m. **Welcoming Remarks**
The Honorable Thomas Pickering, United States Ambassador to the Russian Federation

9:00 a.m. **Overview of the United States Agency for International Development Program in Russia**
James Norris, Director, United States Agency for International Development Mission to Russia

9:15 a.m. **Overview of United States Agency for International Development Energy Program in Russia**
Gene George, Director, Regional Office for Energy and Technology, United States Agency for International Development Mission to Russia

9:30 a.m. **Review of the Energy Industry Partnership Program in Russia**
Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development

9:45 a.m. Coffee Break

10:00 a.m. **A View from the Region: A Strategic Overview of the Concerns and Issues Effecting Local Electric and Gas Utilities**
Regional Utility Executives and Regulators Discuss their Vision of the Future of

the Regulated Utility Industry in Russia

- **Corporatization and Privatization of Samaragaz**
  Yefim Veissman, General Director, Samaragaz
- **Nizhnovenergo Operations in the Emerging Market Economy**
  Alexander Yevdokimov, General Director, Nizhnovenergo
- **Corporatization and Privatization of Vladimiroblgaz**
  Vladimir Tarasenko, General Director, Vladimiroblgaz

- **A Regulator's Perspective on Regional Utilities in the New Market Economy**
  Yuri Panin, Chairman, Regional Energy Commission, Penza Oblast

12:30 p.m. **Open Discussion on the Plans for, and Impact of the Market Economy**

- Policy and Corporate Reform: Hagler, Bailly
- Engineering and Technical Assistance: Burns & Roe
- Training: Institute for International Education

1:00 p.m. Lunch

2:30 p.m. **Conference Conclusions**
Gene George, Director, Regional Office of energy and Technology, United States Agency for International Development Mission in Russia

3:00 p.m. **Day Two Rapporteur's Report**
William L. Polen, Manager, Energy Industry Partnership Program

Tuesday, December 12, 1995

9:00 a.m. **Lessons Learned: Measuring the Effects of the Energy Industry Partnership Program**

- **Privatization and Accounts Receivable**
  Yemin Veissman, General Director, Samaragaz
- **Energy Efficiency and New Technology Deployment**
  Victor Pianov, General Director, Sibirigazservis
- **General Utility Management and Commercial Undertakings**
  Victor Kuzin, General Director, Penzagazifikatsia

10:30 a.m. Coffee Break

11:00 a.m. **Fiscal Year 1996 Partnership Workplans and Policy Targets**
Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development

11:30 a.m. **Roles and Functions of United States Agency for International Development Contractors**
- ➤ Policy and Corporate Reform: Hagler, Bailly
- ➤ Engineering and Technical Assistance: Burns & Roe
- ➤ Training: Institute for International Education

1:00 p.m. Lunch

2:30 p.m. **Conference Conclusions**
Gene George, Director, Regional Office of Energy and Technology, United States Agency for International Development Mission to Russia

3:00 p.m. **Day Two Rapporteur's Report**
William L. Polen, Manager, Energy Industry Partnership Program

December 13, thru 15, 1995

Touring Russia on tour own expense

Saturday, December 16, 1995

7:05 a.m. Departure on Lufthansa flight 3212 to Frankfurt

8:25 a.m. Arrival of Lufthansa flight 3212

10:15 a.m. Departure on United Flight 3501 to Chicago

12:35 p.m. Arrival of United Flight 3501

2:00 p.m. Departure on United Flight 578 to Columbus

4:09 p.m. Arrival of United Flight 578

ATTACHMENT 3

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

ILLINOIS POWER COMPANY

AO NIZHNOVENERGO

SEMINAR ON NATURAL MONOPOLIES

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

MOSCOW
NIZHNY NOVOGOROD

DECEMBER 9 - 16, 1995

Objectives: **To Familiarize Senior Management Officials of Nizhnovenergo with the Regulations of an Electric Utility in a Market Economy.**

List of Participants

Mr. Paul Hoffman
Corporate Human Resource Team Leader
Illinois Power Company

Mr. Anthony Visnesky
Manager of
Illinois Commerce Commission's Energy Programs Division

Mr. Kevin Shipp
Administrator-Regulatory Affairs
Illinois Power Company

Mr.. Valery Titov
Deputy General Director
AO Nizhnovenergo

Mr. Andrey Zadernyuk
Director of Energy
Nizhny Novogorod Oblast

Mr. Evgueny Fominykh
Senior Program Coordinator
United States Energy Association

William Polen
Program Manager
United States Energy Association

Partnership Exchange between
Illinois Power and AO Nizhnovenergo
December 9-16, 1995

Saturday, December 9, 1995

4:25 p.m. Departure of Delta Flight Number 1123 from Indianapolis to Atlanta

5:50 p.m. Arrival of Delta Flight Number 1123 in Atlanta

7:35 p.m. Departure of Delta Flight Number 14 from Atlanta to Frankfurt

Sunday, September 10, 1995

10:10 a.m.. Arrival of Delta Flight Number 14 in Frankfurt

12:20 p.m. Departure of Delta Flight Number 60 from Frankfurt to Moscow

5:25 p.m. Arrival of Delta Flight Number 60 in Moscow

7:00 p.m. Dinner

Monday, December 11, 1995

8:00 a.m **Continental Breakfast and Registration**

8:30 a.m. **Welcoming Remarks**
The Honorable Thomas Pickering, United States Ambassador to the Russian Federation

9:00 a.m. **Overview of the United States Agency for International Development Program in Russia**
James Norris, Director, United States Agency for International Development Mission to Russia

9:15 a.m. **Overview of United States Agency for International Development Energy Program in Russia**
Gene George, Director, Regional Office for Energy and Technology, United

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States Agency for International Development Mission to Russia

9:30 a.m. **Review of the Energy Industry Partnership Program in Russia**
Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development

9:45 a.m. Coffee Break

10:00 a.m. **A View from the Region: A Strategic Overview of the Concerns and Issues Effecting Local Electric and Gas Utilities**
Regional Utility Executives and Regulators Discuss their Vision of the Future of the Regulated Utility Industry in Russia

- **Corporatization and Privatization of Samaragaz**
  Yefim Veissman, General Director, Samaragaz
- **Nizhnovenergo Operations in the Emerging Market Economy**
  Alexander Yevdokimov, General Director, Nizhnovenergo
- **Corporatization and Privatization of Vladimiroblgaz**
  Vladimir Tarasenko, General Director, Vladimiroblgaz
- **A Regulator's Perspective on Regional Utilities in the New Market Economy**
  Yuri Panin, Chairman, Regional Energy Commission, Penza Oblast

12:30 p.m. **Open Discussion on the Plans for, and Impact of the Market Economy**

- Policy and Corporate Reform: Hagler, Bailly
- Engineering and Technical Assistance: Burns & Roe
- Training: Institute for International Education

1:00 p.m. Lunch

2:30 p.m. **Conference Conclusions**
Gene George, Director. Regional Office of energy and Technology, United States Agency for International Development Mission in Russia

3:00 p.m. **Day Two Rapporteur's Report**
William L. Polen, Manager, Energy Industry Partnership Program

11:30 p.m. **Depart for train to Nizhny Novgorod**
Moscow Railroad Station

Tuesday, December 12, 1995

8:00 a.m. **Arrival and Register in hotel Oktyabrskaya**
9a Verkhne-Volzhskaya Naberezhnaya,
Nizhny Novgorod
Phone - 007-8312-32-2155

1:00 p.m. Lunch and Tour Nizhny Novgorod

Wednesday, December 13, 1995

9:00 a.m. **Free Market Competition:**

- Many buyers and Sellers
- Supply and demand concepts - brief
- Market determines price and quantity

Regulation and Natural Monopolies

A. Monopolies

- Definition
- Economics of Scale
- Economics of Scope
- Price Discrimination
- Restricted Output
- Cost Inefficiencies

B. Natural Monopoly

- Definition
- Examples

C. Obligation to Serve the Public at a Reasonable Price

D. Establishing of Regulation

1. **Social Contract or Bargain**

A. Customers give up the right to seek competition, the utility monopoly gives up the right to charge and collet "monopolistic" revenues

B. Obligations of the regulated utility

I. Must serve all that apply (customers willing to pay)
II. Provide safe and adequate service
III. Serve customers without undue discrimination
IV. Must charge " just and reasonable" rates

C. Rights granted to the regulated utility

I. Ability to collect reasonable rates (not a guarantee, only the ability to charge)
II. Right to render and withdraw (non-payment)
III. Protection from competition - certificates of public convenience and necessity
IV. Right of eminent domain - i.e. to condemn private property with just compensation for the public good

E. Traditional Method of Regulation - "Rate of Return Regulation"

1. Relies heavily on accounting and economic approaches

A. Accounting concepts used to classify all the capital and operating costs incurred by utility
B Costs and investments then employed to calculate an allowed total revenue
C Economic concepts of prudent investment and operations are employed to justify many of the costs

2. **The Rate of Return Model-**

$RR = E + D + T + r(RB)$

Where:

RR: total revenue requirements
E: all rate making expenses
D: depreciation
T: Income tax

RB: rate base, or net valuation of utility property
r: The allowed return on rate base

12:00 Lunch

1:00 p.m. **Basic Tools of Regulation: Accounting, Finance & Economics**

A. Establishment of a Uniform System of Accounts

1- Allows for the evaluation of decisions
2- Can be used for identification and control of operations

B. Provides Information on the Entire Entity

1- Owners, Creditors, Regulators
2- Balance Sheet - Snapshots of Assets and Liabilities at a point in Time
3- Income Statement - Summary of Revenue and Expenses for Specific periods of time

C. Easy Auditing of Company's Books by the Regulators

D. The Uniform Systems of Accounts Utilized by all Utilities in the United States (Code of Federal regulations)

Some Definitions

A. Expenses

1. Non-fuel Operations Expenses

A. Operating and Maintenance (O&M)
B. Administrative and General (A&G)

2. Fuel Expenses - Coal, oil, gas, nuclear fuel, used to produce electricity at the generating plants

3. Taxes and other income tax

A. Property
B. Payroll
C. Business

B. Depreciation

1- An accounting allowance made for a loss in the value of property as it is used - allows for the return of capital

2- Several types/ways to Calculate Depreciation

C. Taxes on Income

1- State
2- Federal
3- Concept of deferred taxes

<u>Thursday, December 14, 1995</u>

D. Rate of Return

1- Two Components

A. Cost of Debt - The interest charges on the Company's outstanding debt

B. Cost of Equity - The return (toinvestorss) on any outstanding common stock

2- Compensation to investors

A. Risk
B. Opportunity cost
C. Cash flow - dividends

E. Rate Base - all plant (poles, wires, generators, equipment, etc.) Used and useful in providing service to customers

1- Net of accumulated depreciation (capital investment already recovered through depreciation expenses)

2- Utilizes original cost
   - A- Stability
   - B- Known number

3- Rate Base Additions

   - A- Customer Growth
   - B- Load Growth
   - C- Peak Load Growth
   - D- Replacing worn out plant items

Calculation of the Components of the Revenue Requirement Model

A. Selections of the "Test Period"

1- Historic Period

2- 12-month period representative of the period of time, in the future, when the new rates will be in effect, to derive all operating results, expenses, rate base etc. used in the calculation of the revenue requirement.

3- Adjustments to "Test Period"
   - A- Average or End-of-Period Rate Base
   - B- Cost of Service Adjustment - reflects ongoing conditions
   - C- In period adjustments (wage increases annualized)
   - D- Out of period adjustment (similar to C. Above)

B. Operating Expenses

1- Must recover all prudently incurred operating expenses
   - A- Operations
   - B- Maintenance
   - C- Depreciation

D- Amortization
E- Taxes other then income
F- Advertising
G- Weather Damage

2- Effect on Revenue Requirement

C. Depreciation

1- Theory
2- Depreciation in Practice

3- Effect on Revenue Requirements

D. Taxes

1- Other

A Property
B Payroll
C Business

2 Effect on Revenue Requirement

E. Rate of Return, Cost of Capital, Cost of Equity, Capital Structure

1- Stocks, Bonds Working Capital
2- Capital Structure
3- Weighted Cost
4- Calculation of Cost of Equity
A Comparable Earnings
B Discounted Cash Flow
C CAPM
5- Target vs. Actual Capital Structure

F. Putting the Equation in Focus - A Working Example

Friday, December 15, 1995

Revenue Allocation and Rate Design

A. Goals and Objectives

1- Produce Revenues Equal to revenue Requirement
2- Maximize Utilization of fixed plant
3- Revenue Stability
4- Customers Impact
5- Distribution of costs of service to customers
   A Cost Causality
   B Responsibility
6- Promote and retain load growth
   A Flexibility
   B Negotiated Rates

B. Elements of a Cost of Service Study

1- Purpose
   A- Allocation of revenue requirements to customer classes
   B- Determine rate of return by customer class
   C- Calculation of unit costs for rate design
   D- Can be an arbitrary process

2- Process
   A- Functionalization
      1- Generation
      2- Transmission
      3- Distribution

   B- Classification
      1- Customer
      2- Demand
      3- Energy

   C- Allocation
      1- Assign cost to customer classes based on consumption characteristics
      2- Major Issues: Production Costs, Common Costs and Distribution primary costs

C. Rate Design Issues

1- Basic charges
   - A- Customer
   - B- Demand
   - C- Energy
2- Residential
3- Commercial
4- Industrial
5- Other Issues
   - A- Seasonal
   - B- Time of day
   - C- Interruptible

The Regulatory Process and Regulation - How this fits together and outcomes

A- Define public interest
B- The traditional role of regulation in ensuring that the public interest is served
C- Balancing stakeholder interest
D- Appointed versus elected commissioners
E- The relationship of state to federal regulation
F- The role of regulation in public health and safety

Case Study - Start to Finish - Putting the Pieces Together

Saturday, September 16, 1995

1:10 p.m. Departure of Delta Flight Number 31 from Moscow to Kennedy

3:40 p.m. Arrival of Delta Flight Number 31 in Kennedy

5:40 p.m. Departure of TWA Flight Number 275 from Kennedy to Indianapolis

7:55 p.m. Arrival of TWA Flight Number 275 in Indianapolis

ATTACHMENT 4

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

ILLINOIS POWER COMPANY

AO NIZHNOVENERGO

SEMINAR ON HUMAN RESOURCES

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

MOSCOW
NIZHNY NOVOGOROD

DECEMBER 9 - 16, 1995

Objectives: **To Familiarize Senior Management Officials from Nizhnovenergo with Human Resource Management within a Electric Utility in a Market Economy**

List of Participants

Mr. Paul Hoffman
Corporate Human Resource Team Leader
Illinois Power Company

Mr. Anthony Visnesky
Manager of
Illinois Commerce Commission's Energy Programs Division

Mr. Kevin Shipp
Administrator-Regulatory Affairs
Illinois Power Company

Mr.. Valery Titov
Deputy General Director
AO Nizhnovenergo

Mr. Andrey Zadernyuk
Director of Energy
Nizhny Novogorod Oblast

Mr. Evgueny Fominykh
Senior Program Coordinator
United States Energy Association

William Polen
Program Manager
United States Energy Association

Partnership Exchange between
Illinois Power and AO Nizhnovenergo
December 9-16, 1995

Saturday, December 9, 1995

4:25 p.m. Departure of Delta Flight Number 1123 from Indianapolis to Atlanta

5:50 p.m. Arrival of Delta Flight Number 1123 in Atlanta

7:35 p.m. Departure of Delta Flight Number 14 from Atlanta to Frankfurt

Sunday, December 10, 1995

10:10 a.m.. Arrival of Delta Flight Number 14 in Frankfurt

12:20 p.m. Departure of Delta Flight Number 60 from Frankfurt to Moscow

5:25 p.m. Arrival of Delta Flight Number 60 in Moscow

7:00 p.m. Dinner

Monday, December 11, 1995

8:00 a.m **Continental Breakfast and Registration**

8:30 a.m. **Welcoming Remarks**
The Honorable Thomas Pickering, United States Ambassador to the Russian Federation

9:00 a.m. **Overview of the United States Agency for International Development Program in Russia**
James Norris, Director, United States Agency for International Development Mission to Russia

9:15 a.m. **Overview of United States Agency for International Development Energy Program in Russia**
Gene George, Director, Regional Office for Energy and Technology, United States Agency for International Development Mission to Russia

9:30 a.m. **Review of the Energy Industry Partnership Program in Russia**
Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development

9:45 a.m. Coffee Break

10:00 a.m. **A View from the Region: A Strategic Overview of the Concerns and Issues Effecting Local Electric and Gas Utilities**
Regional Utility Executives and Regulators Discuss their Vision of the Future of the Regulated Utility Industry in Russia

- **Corporatization and Privatization of Samaragaz**
  Yefim Veissman. General Director, Samaragaz
- **Nizhnovenergo Operations in the Emerging Market Economy**
  Alexander Yevdokimov, General Director, Nizhnovenergo
- **Corporatization and Privatization of Vladimiroblgaz**
  Vladimir Tarasenko, General Director, Vladimiroblgaz
- **A Regulator's Perspective on Regional Utilities in the New Market Economy**
  Yuri Panin, Chairman, Regional Energy Commission, Penza Oblast

12:30 p.m. **Open Discussion on the Plans for, and Impact of the Market Economy**

- Policy and Corporate Reform: Hagler, Bailly
- Engineering and Technical Assistance: Burns & Roe
- Training: Institute for International Education

1:00 p.m. Lunch

2:30 p.m. **Conference Conclusions**
Gene George. Director, Regional Office of energy and Technology, United States Agency for International Development Mission in Russia

3:00 p.m. **Day Two Rapporteur's Report**
William L. Polen, Manager, Energy Industry Partnership Program

11:30 p.m. **Depart for train to Nizhny Novgorod**
Moscow Railroad Station

Tuesday, December 12, 1995

8:00 a.m. **Arrival and Register in hotel Oktyabrskaya**
9a Verkhne-Volzhskaya Naberezhnaya,
Nizhny Novgorod
Phone - 007-8312-32-2155

1:00 p.m. Lunch and Tour Nizhny Novgorod

Wednesday, December 13, 1995

9:00 a.m. **The Organization and Operation of the Department**

- **A.** The Practice of Human Resource Management
  - 1- The mission of human resources
  - 2- The role of the line manager
- **B.** Major Functions and Programs
  - 1- Overview of the department
  - 2- Overview of major programs
  - 3- Education and work experience background
- **C.** Major legislation that influences Human Resource Management

Planning and Recruitment Process

- **A.** Human Resources Planning
  - 1- Needs forecast
  - 2- Gap analysis
- **B.** Surplus of Personnel
  - 1- Restricted hiring
  - 2- Early retirement
  - 3- Layoffs/Severance
- **C.** Hiring Policy
- **D.** The Job Requisition Process
- **E.** Job Documentation
  - 1- Job description
  - 2- Performance standards
  - 3- Job specifications

F. The Recruitment Process
G. Alternative to Recruitment
   1- Overtime
   2- Subcontracting
   3- Temporary employee
H. External Environment of Recruitment
I. Internal Environment of Recruitment
J. Methods used in Internal Recruiting
K. External Sources of Recruitment
   1- High Schools and vocational schools
   2- Community Colleges
   3- Colleges and Universities
   4- Competitors and other firms
   5- Unsolicited applications
L. External Methods of Recruiting
   1- Advertising
   2- Advertising agencies
   3- Recruiters
   4- Special events
   5- Internships
   6- Executive search firms
   7- Professional associations
M. Affirmative Action / Equal Employment Opportunity

Personnel Selection

A. The Selection and Screening Process
B. Preliminary Interview
C. Review of Applications
D. The Employment Interview
   1- Objectives of the interview
   2- Content of the interview
   3- The interview process
E. Administration of Selection Test
F. Reference Checks
G. Background Investigations
H. The Selection Decision
I. Physical Examination and Drug Testing

Thursday, December 14, 1995

9:00 a.m. **Employee Compensation**

A. The Components of a Total Compensation Program
- 1- Financial
- 2- Non- financial

B. The External Environment
- 1- The labor market
- 2- Cost of living
- 3- Labor unions
- 4- Government legislation

C. Compensation Strategy and Objectives
- 1- Link to companies success
- 2- Alignment with strategic initiatives
- 3- Business flexibility
- 4- Market focus
- 5- Performance focus
- 6- Recognize success
- 7- Support for employee development
- 8- Open communication

D. The Compensation Process / Base Pay
- 1- Market review
- 2- Salary surveys
- 3- Salary ranges and bands
- 4- Salary review and increase process
- 5- The roles of human resources and management in the pay decision

E. The Employee
- 1- Performance
- 2- Seniority
- 3- Experience
- 4- Potential

Incentive Pay Programs

A. Corporate Incentive Program
   1- Goals and measures
   2- Awards
B. Variable Pay Program
   1- Goal setting
   2- Award formula

Benefits

A. Benefit Strategy and Objectives
B. Major Benefits
   1- Health care
   2- Disability income
   3- Retirement income
   4- Death benefits
   5- Financial savings plans
   6- Flexible benefits

Friday, December 15, 1995

9:00 a.m. **Employee Appraisal and Assessment**

A. Performance Management
B. The Employee Development Process
   1- Full circle and shared feedback
   2- Individual development plan

Training and Development

A. The Training and Development Process
B. Determining Training Needs and Objectives
C. Training and Development Methods
D. Management and Leadership Development
E. Training for Entry - Level Professional Employee
F. Training for Operative Employees
   1- On-the-job training
   2- Apprenticeships training
   3- Simulators
G. Succession Planning

Employee Safety and Health

A. Safety
   1- The focus of safety programs
   2- Developing safety programs
   3- Accident investigations

B. Health
   1- Drug and alcohol testing
   2- Employee assistance programs
   3- Medical programs

Labor Relations

A. Overall Labor Relations Philosophy
B. Negotiating
C. Bargaining Issues
   1- Wages and benefits
   2- Working conditions
   3- Security
   4- Job related factors
D. Administration of the Agreement
   1- Role of human resources and management
   2- Grievance handling
E. Discipline

Human Resources Information Systems

Saturday, December 16, 1995

1:10 p.m. Departure of Delta Flight Number 31 from Moscow to Kennedy

3:40 p.m. Arrival of Delta Flight Number 31 in Kennedy

5:40 p.m. Departure of TWA Flight Number 275 from Kennedy to Indianapolis

7:55 p.m. Arrival of TWA Flight Number 275 in Indianapolis

ATTACHMENT 5

1/25–16:29

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

RUSSIAN REGIONAL UTILITY ISSUE AND PARTNERSHIP REVIEW MEETING
Moscow, Russia
December 11-12, 1995

December 11, 1995

8:00 am	**Continental Breakfast and Registration**
8:30 am	**Welcoming Remarks** The Honorable Thomas Pickering, United States Ambassador to the Russian Federation
9:00 am	**Overview of the United States Agency for International Development Program in Russia** James Norris, Director, United States Agency for International Development Mission to Russia
9:15 am	**Overview of United States Agency for International Development Energy Program in Russia** Gene George, Director, Regional Office for Energy and Technology, United States Agency for International Development Mission to Russia
9:30 am	**Review of the Energy Industry Partnership Program in Russia** Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development
9:45 am	**Coffee Break**
10:00 am	**A View from the Regions: A Strategic Overview of the Concerns and Issues Effecting Local Electric and Gas Utilities** *Regional Utility Executives and Regulators Discuss their Vision of the Future of the Regulated Utility Industry in Russia* ♦ **Corporatization and Privatization of Samaragaz** Yefim Veissman, General Director, Samaragaz ♦ **Nizhnovenergo Operations in the Emerging Market Economy** Alexander Yevdokimov, General Director, Nizhnovenergo ♦ **Coporatization and Privatization of Vladimiroblgaz** Vladimir Tarasenko, General Director, Vladimiroblgaz ♦ **A Regulator's Perspective on Regional Utilities in the New Market Economy** Yuri Panin, Chairman, Regional Energy Commission, Penza Oblast
12:30 pm	**Open Discussion on the Plans for, and Impact of the Market Economy**

on the Operations of Regional Electric and Gas Utilities

1:00 pm — **Lunch**
Speaker to be Determined

2:30 pm — **Regulation and Pricing in the New Market Economy**
Regulators and Utility Executives Discuss How the National Regulatory Regime Effects Regional Tariffs, the Future of Natural Monopoly Regulation, and the Basis for Balancing the Interests of Consumers and the Regulated Utilities

- **The Regulator's Perspective**
  Andre Zadernyuk, Chairman, Regional Energy Commission, Nizhny Novgorod Oblast
- **Tariff and Pricing from the Perspective of the Regional Gas Utility**
  Victor Kuzin, General Director, Penzagaz
- **Tariff and Pricing from the Perspective of a Regional Electric Utility**
  Representative of Lenenergo

4:00 pm — **Open Discussion on Regulations and Tariffs Featuring All Participants**

5:00 pm — **Day One Rapporteur's Report**
William L. Polen, Manager Energy Industry Partnership Program

6:00 pm — **Reception and Dinner**

<u>December 12, 1995</u>

9:00 am — **Lessons Learned: Measuring the Effects of the Energy Industry Partnership Program**

- **Privatization and Accounts Receivables**
  Yefim Veissman, General Director, Samaragaz
- **Energy Efficiency and New Technology Deployment**
  Victor Pianov, General Director, Sibirigazservis
- **General Utility Management and Commercial Undertakings**
  Victor Kuzin, General Director, Penzagzifikatsia

10:30 am — **Coffee Break**

11:00 am — **Fiscal Year 1996 Partnership Workplans and Policy Targets**
Rajiv Rastogi, Manager, Power Restructuring and Privatization, Energy and Infrastructure Division, Bureau for Europe and the NIS, United States Agency for International Development

11:30 am — **Roles and Functions of United States Agency for International Development Contractors**

- **Policy and Corporate Reform: Hagler, Bailly**
- **Engineering and Technical Assistance: Burns & Roe**
- **Training: Institute for International Education**

1:00 pm — **Lunch**

2:30 pm — **Conference Conclusions**
Gene George, Director, Regional Office of Energy and Technology, United States Agency for International Development Mission to Russia

3:00 pm — **Day Two Rapporteur's Report**
William L. Polen, Manager, Energy Industry Partnership Program

ATTACHMENT 6

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

AO NIZHNOVENERGO

ILLINOIS POWER COMPANY

EXECUTIVE EXCHANGE

CUSTOMER SERVICE AND
DELIVERY SYSTEMS

SPONSORED BY:

THE UNITED STATES AGENCY
FOR INTERNATIONAL DEVELOPMENT
AND THE
UNITED STATES ENERGY ASSOCIATION

DECATUR, ILLINOIS
UNITED STATES OF AMERICA

JANUARY 27 -FEBRUARY 3, 1996

Background

Since the breakup of the Soviet Union, the Russian economy has been undergoing radical reorganization. No where are these changes more progressive and pronounced than in the Russian energy sector. In June, 1995, the signing of the partnership agreement between Illinois Power and AO Nizhnovenergo, coordinated by the United States Energy Association, through a cooperative agreement with the United States Agency for International Development, established the first electric utility partnership in the Russian Federation. Through this partnership agreement, executives from both the U.S. and Russian utilities will participate in a series of executive exchanges, study tours, internships, and workshops designed to develop the infrastructure and assist in the further privatization of the power industry in the Russian Federation.

Program

The program for this partnership exchange has been designed to facilitate the fluent exchange of information between Illinois Power and Nizhnovenergo. The emphasis is to enable each utility partner to develop a thorough understanding of the working conditions of the other partner. The final product of this exchange will be a detailed introduction to Illinois Power's Customer Service and Delivery Systems.

The progress to achieve this goal is as follows:

Day 1: Customer/Regulator/Illinois Power relationships
Customer Delivery Systems - Engineering

Day 2: Customer Service Systems, Telecommunications and Customer Information

Day 3: Customer Service Systems, Metering and Field Work

Day 4: Customer Service Systems, Material Delivery
Customer Delivery Systems, Transmission & Distribution Dispatch

Day 5: Wrap-up and Work Plan Review

Objectives

1. To familiarize the partners from Nizhnovenergo with the operational structure, as well as the political, technological, and business context in which Illinois Power functions in relation to its customers.

2. To increase the understanding of executives from Nizhnovenergo with the operations and management practices used by Illinois Power and common in a market economy to serve retail and wholesale customers.

3. To review and confirm the work plan concerning activities for fiscal year 1996.

LIST OF PARTICIPANTS

Anatoly Kustov
Deputy Technical Director
Nizhnovenergo

Valery Smirnov
Director Balakhna Electric Power Grid
Nizhnovenergo

Lev Kopalov
Chief Engineer Energy Inspectorate
Nizhnovenergo

Vassily Dessialov
Deputy Director, Energy Department
Nizhny Novgorod Regional Admin.

Toril Loginov
Interpreter

Mike Arrowood
Interpreter

John G. Cook
Senior Vice President
Illinois Power Company

Richard W. Eimer
Vice President
Illinois Power Company

Gordon D. Spainhower
Director-Existing Customer
Development Group
Illinois Power Company

Kevin D. Shipp
Administrator-Regulatory Affairs
Illinois Power Company

J. Michael Carter
Gas Supply Specialist
Illinois Power Company

Kim B. Leftwich
Managing Director-Customer Mgmt.
Illinois Power Company

Paul E. Hoffman
Manager-Energy Delivery Systems
Illinois Power Company

Tony Bitonti
United States Energy Association

Ron F. Rod
MDF Team Leader
Illinois Power Company

James R. Collins
Transmission Services Group Leader
Illinois Power Company

Howard W. Heuston
Team Leader-Technology and
Systems Support
Illinois Power Company

Robert E. Kistenfeger
Director-Central Dispatch
Illinois Power Company

Patrick J. Searle
Director-Information Networks
Illinois Power Company

Joseph A. Miller
Manager of Engineering & Technical
Services, Illinois Power Company

Glen E. Carter
Director-Gas Engineering
Illinois Power Company

Herbert E. Hunter
Director-Engineering Projects
Illinois Power Company

Marty J. Hipple
Leader-Distribution Planning
Illinois Power Company

Paul A. Zimmer
Director-Resource Management
Illinois Power Company

Tony L. Harris
Team Leader-Industrial Billing
Illinois Power Company

Lisa L. London
Customer Service Representative
Illinois Power Company

Rose Wiegand
Business Leader-Financial Service Group
Illinois Power Company

Partnership Exchange between
AO Nizhnovenergo and Illinois Power
January 27-February 3, 1996

Saturday, January 27

7:49 p.m.	Arrive at Indianapolis Airport - USEA rental van to Decatur	
	- Reservations	Fairfield Inn 1417 Hickory Point Drive Decatur, IL 62526 Phone: 217/875-3337 Confirmation No. 50750

Sunday, January 28

9:30 a.m.	Collect visitors in Hotel Lobby - Introductions
10:00 a.m.	Depart hotel for breakfast
10:30 a.m.	Holiday Inn brunch
1:00 p.m.	Social Time - Tour of State Capitol - Tour of Illinois State Museum - White Oaks shopping mall
6:30 p.m.	Dinner

Monday, January 29

7:00 a.m.	Collect visitors in Hotel Lobby
7:30 a.m.	Breakfast (Cracker Barrel)
9:00 a.m.	Arrive at Headquarters - Introductions (Board Room)

Monday, January 29 (continued)

9:30 a.m. **Customer Relationships**
- *Gordon D. Spainhower, Director-Existing Customer Development Grp*
  - Customer and IP
- *Kevin D. Shipp, Administrator-Regulatory Affairs*
  - Customer and Illinois Commerce Commission
  - Illinova and Illinois Commerce Commission

Noon Lunch (Marcia's Waterfront Restaurant)

1:30 p.m. **Customer Delivery Systems-Engineering**
- *Joseph A. Miller, Manager-Engineering & Tech Services*
- *Herbert E. Hunter, Director-Engineering Projects*
- *Glen E. Carter, Director-Gas Engineering*
- *Marty J. Hipple, Leader-Distribution Planning*
- *Paul A. Zimmer, Director-Resource Management*
  - Planning
  - Design
  - Construction
  - New Technology

4:00 p.m.
  - Visit ARM project (Park 101)

6:30 p.m. Dinner (Stoney's)

Tuesday, January 30

7:00 a.m. Collect visitors in Hotel Lobby

7:30 a.m. Breakfast (Old Country Buffet)

9:00 a.m. Arrive at IP Plaza
- Introductions

9:30 a.m. **Customer Service Systems-Customer Information**
- *Kim B. Leftwich, Managing Director-Customer Management Process*
- *Tony L. Harris, Team Leader-Industrial Billing*
- *Lisa L. London, Customer Service Representative*
  - 24-Hour Answer Center
  - Tour
  - Trouble Outage System
  - Customer Information System
  - Billing

Tuesday, January 30 (continued)

Noon	Lunch
1:30 p.m.	**Customer Service Systems-Data Processing** - *Tony L. Harris, Team Leader-Industrial Billing*
2:30 p.m.	**Customer Service Systems-Telecommunications** - *Pat Searle, Director-Information Networks*
4:00 p.m.	Social Time - Merchant Street shopping
6:30 p.m.	Dinner (South Side Country Club)

Wednesday, January 31

7:00 a.m.	Collect visitors in Hotel Lobby
7:30 a.m.	Breakfast (Perkins)
9:00 a.m.	Arrive at Meter Shop - Introductions
9:30 a.m.	**Customer Service Systems-** **Metering and Installation (Gas & Electric)** - *Mark T. Burgener, Team Leader-Metering & Measurement* - Meter Reading - Meter Shop Tour - Electric - Gas - Rubber Goods Testing
Noon	Lunch (Red Lobster)
1:30 p.m.	**Customer Service Systems-Field Work** Customer Dispatch Center - *Robert Kistenfeger, Director-Central Dispatch* - Introductions - Tour Jasper Street work facilities - Meet IP field person - View operating equipment - Tour Central Dispatch - Dispatch operation - Dispatch support operation

Wednesday, January 31 (continued)

4:00 p.m.	Customer site visit (tentative)
6:30 p.m.	Dinner (Ground Round Restaurant)

Thursday, February 1

7:00 a.m.	Collect visitors in Hotel Lobby
7:30 a.m.	Breakfast (Bob Evans)
9:00 a.m.	Arrive at Material Distribution Facility - Introductions
9:30 a.m.	**Customer Service Systems-Material Delivery** *Howard W. Heuston, Team Leader - Technology and Systems Support* - Background - Process Flow - Technology
10:00 a.m.	Tour of Material Distribution Facility *Ron F. Rod, MDF Team Leader* - Receipt Process - Picking/Shipping - Material
Noon	Lunch (Box Lunch)
1:30 p.m.	Presentation to Maroa High School
3:00 p.m.	**Customer Delivery Systems, Transmission & Distribution Dispatch** - Introductions
3:15 p.m.	- Electric Transmission *- James R. Collins, Transmission Services Group Leader*
3:45 p.m.	- Gas Transmission/Distribution *- J. Michael Carter, Gas Supply Specialist*
6:30 p.m.	Dinner *- Home of John G. Cook, Senior Vice President*

Friday, February 2

7:00 a.m.	Collect visitors in Hotel Lobby
8:00 a.m.	Breakfast at Headquarters
9:30 a.m.	Wrap-up Session - Work plan review and revisions - Next visit plans - Discussion of Internships
12:30 p.m.	Lunch (Yoder's Restaurant, Arthur)
2:00 p.m.	Amish Country Tour
6:30 p.m.	Dinner (Great Impasta, Champaign)
8:00 p.m.	Social Time - Visit K-Mart Superstore - picture-taking allowed

Saturday, February 3

7:00 a.m.	Check out of Fairfield Inn - Continental Breakfast at Fairfield
8:00 a.m.	Depart Decatur for Indianapolis
1:00 p.m.	Depart Indianapolis

RUSSIAN VISIT TO ILLINOVA
JANUARY 27 to FEBRUARY 3, 1996

DATE	HOTEL	ITINERARY	ENTERTAINMENT	BREAKFAST	LUNCH	DINNER
Saturday January 27	Fairfield Inn Conf #50750	Fly into Indianapolis, 7:49 p.m. USEA renting van to Decatur (per Tony Bitonte, USEA)				
Sunday January 28		9:30am, collect visitors in Lobby 10:00am, Depart hotel 10:30am, Holiday Inn brunch 1:00pm, Tour State Capitol and Illinois State Museum 6:30pm, Dinner	Tour State Capitol Tour IL State Museum White Oaks Mall	Holiday Inn - brunch		6:30pm
Monday January 29		7:00am, collect visitors in Lobby 7:30, breakfast, Ckr Barrell 9:00, Headquarters 9:30, Customer Relationships Noon, Lunch, Marcia's 1:30, Engineering 4:00, Tour ARM (Park 101) 6:30, Dinner, Stoney's		7:30am, Cracker Barrell	Noon, Marcia's Waterfront	6:30pm, Stoney's
Tuesday January 30		7:00am, collect visitors in Lobby 7:30, breakfast, Old Cntry Bufa 9:00, IP Plaza 9:30, Customer Service Noon, lunch, Jimmie Ryan's 1:30, Data Processing 2:30, Telecommunications 4:00, Shop Merchant St. 6:30, Dinner	Merchant St. shopping	7:30am, Old Country Buffet	Noon, Jimmie Ryan's	6:30pm, South Side Country Club
Wednesday January 31		7:00am, collect visitors in Lobby 7:30, breakfast, Perkins 9:00, Meter Shop 9:30, Metering/Installation Noon, lunch, Red Lobster 1:30, Central Dispatch 3:30, Tour Caterpillar? 6:30, Dinner	Basketball Game	7:30am, Perkins	Noon, Red Lobster	6:30pm, Ground Round

RUSSIAN VISIT TO ILLINOVA
JANUARY 27 to FEBRUARY 3, 1996

DATE	HOTEL	ITINERARY	ENTERTAINMENT	BREAKFAST	LUNCH	DINNER
Thursday February 1		7:00am, collect visitors in Lobby 7:30, breakfast, Bob Evans 9:00, MDF Noon, Lunch, Main Deli box lnch 1:30, Maroa High School 3:00, Electric Dispatch 3:45, Gas Dispatch 6:30, Dinner, John Cook	Maroa High School	7:30am, Bob Evans	Noon, Main Deli box lunch	6:30, John Cook
Friday February 2		7:00am, collect visitors in Lobby 7:30am, Breakfast-HQ 9:30, Wrap-up Session 11:30, Social Time 12:30, lunch-Yoders, Arthur 2:00, Amish Country tour 6:30, Dinner, Great Impasta	Amish Country Visit Champaign K-Mart Super Store	8:00 a.m., Breakfast at Headquarters	12:30, Yoder's Restaurant Arthur, IL	6:30, Great Impasta Champaign, IL
Saturday February 3		7:00am, Check-out of Fairfield 8:00am, depart for Indianapolis 1:00pm, Depart Indianapolis				

ATTACHMENT 7

Trip Report

United States Energy Association

Illinois Power Company

And

Nizhnovenergo, Russia

Partnership Exchange

Decatur, Illinois

January 27 - February 3, 1996

Prepared By: Anthony J. Bitonti
Russian Program Coordinator / Washington
Energy Industry Partnership Program

Date: February 29, 1996

ATTENDEES

Illinois Power

Richard Eimer, Vice President

Kevin Shipp, Administrator - Regulatory Affairs

Paul Hoffman, Manager, Energy Delivery Systems

Paul Zimmer, Director Resource Management

Gordon Spainhower, Director, Existing Customer Development Group

Tony Harris, Team Leader-Industrial Billing

Rose Wiegand, Business Leader - Financial Service Group

Ron Rod, MDF Team Leader

James Collins, Transmission Services Group Leader

Kim Leftwich, Managing Director - Customer Management

Nizhnovenergo

Anatoly Kustov, Deputy Technical Director

Valery Smirnov, Director, Balahhna Electric Power Grid

Lev Kopalov, Chief Engineer Energy Inspectorate

Vassily Dessialov, Deputy Director, Energy Department Nizhny Novgorod Regional Administration

USEA

Anthony Bitonti, Russian Program Coordinator / Washington

Background

Since the break up of the Soviet Union, the Russian economy has been undergoing radical reorganization. No where are these changes more progressive and pronounced than in the Russian energy sector. In June, 1995 the signing of the partnership agreement between Illinois Power and AO Nizhnovenergo, coordinated by the United States Energy Association, through a cooperative agreement with the United States Agency for International Development, established the first electric utility partnership in the Russian Federation. Through this partnership agreement, executives from both the U.S. and Russian utilities will participate in a series of executive exchanges, study tours, internships, and workshops designed to develop the infrastructure and assist in the further privatization of the power industry in the Russian Federation

Illinois Power Background

Illinois Power (IP) is an electric and gas utility serving communities in northern, central, and southern Illinois. IP has approximately 1,000,000 installed meters of which 550,000 are electric and 38,000 are gas. IP serves both urban and rural areas, over 1/4 of the state of Illinois, with a wide variety of residential, commercial, and industrial customers.

Objectives

The objectives of this visit were:

1. To familiarize the partners from Nizhnovenergo with the operational structure, as well as the political, technological, and business context in which Illinois Power functions in relation to its customers

2. To increase the understanding of executives from Nizhnovenergo with the operations and management practices used by Illinois Power and common in a market economy to serve retail and wholesale customers

3. To review and approve the work plan activities for fiscal year 1996

Description of Meetings

A. The first day of the visit included a brief overview of Illinois Power Company and the partnership program by Richard Eimer, Vice President. The delegation was also greeted by Larry Haab, President of Illinois Power. After the company presented its overview, the topic of discussion focused on Customer Relationships, Customer Delivery Systems and Engineering. For example, The three levels customers go through for complaints are the 1) Negotiation Process, 2) Informal Complaint Process, 3) and the Formal Complaint process dealing with the Illinois Regulatory Commission. They also discussed billing issues such as turning off power for non-payment and refusing service due to past credit problems.

B. During the second day, Lisa London gave a tour of the Customer Service Systems - Customer Information Facility. This is where all calls regarding Illinois Power electric and gas customers problems and questions are routed. They receive calls on gas leaks, credit, billing inquiries, turning on and off of services.

We also spoke with Tony Harris, Team Leader for Billing, Revenue, & Customer Support Services. Tony discussed the two billing systems - 1) CIS (Customer Information Systems) bills all residential, small commercial, and municipal customers. IBS (Industrial Billing Systems) which bills large commercial and industrial customers. The Industrial Billing System is a PC based system. Laptops are used in the field to read the meters which count the number of electrical pulses, the information is downloaded to a translation system that converts the pulses to Kilowatt hours, kW demands and kvar demands. The information is passed to the IBS PC for calculation of the rates. After the bill has been calculated, the information is passed to the CIS for printing of the bill.

C. The third day the delegation toured the Central Dispatch were they spoke with a two man trouble shooting team that consists of a Foreman and a Journeyman. This team is responsible for all types of electric problems in the field, such as downed wires, new customer accounts, and turning on and off of service.

The delegation was also given a tour of the Customer Service Systems- Metering and Installation Facility (Electric). The tour was given by Mark Burgener, Team Leader - Metering and Measurement. Mark discussed five steps for preparing meters 1) Sorting and preparing the meter for testing 2) Where they prepare and test the meters 3) Cleaning and repairing the meters and or replacing any worn or damaged parts 4) Adjusting and testing for the final time and 5) The meters are given a demand test which registers the total load on a meter every fifteen minutes

We also toured the Rubber Goods Lab, where rubber protective equipment is tested and cleaned, and prepared for reuse. Rubber gloves and sleeves are used for protection while working with high voltage. Blankets are used to cover the power line while workers are up on a pole working with the power on.

The Electric Meter Lab was also toured. Electric meter standards are tested and all meters from the power plants are tested and adjusted in this lab. Large industrial meters and Voltmeters and ammeters are also adjusted here along with various other electrical instruments.

D. The fourth day the delegation met with Ron Rod, Material Distribution Facility, Team Leader. Ron talked about how Illinois Power responds to customer needs and to operate more efficiently and cost effective than any other company while training employees for future company leadership positions. We were also given a tour of the Material Distribution Facility where they showed the delegation how all the material is given a bar code and scanned to log in supplier shipments, designate storage areas and keep track of quantities in stock and retabulate the totals as there shipped to different locations. We were also shown their 30 traveling warehouses loaded with both electrical and gas system replacement parts. They use a voice operated computer to restock the trailers. The computer then calculates and directs the restocking, including directing forklift operators to shelve locations using the bar codes on all material. This procedure allows linemen to take what they need from the trucks and skip the paperwork of ordering the material directly. (See picture in local paper)

The delegation also visited Maroa High School. The delegation visited with students in the 6th and 11th grades. Questions were based on weather conditions, the Russian economy and conditions in Russia since the break up of the Soviet Union.

E. The final day the delegation was greeted by Congressman Glenn Poshard. The delegation gave the congressman a brief description of Nizhnovenergo and discussed their week of activities at Illinois Power. Congressman Poshard then gave a brief description of his district. They also discussed environmental issues along with issues associated with becoming a free market economy.

We also discussed the work plan where Nizhnovenergo plans to send three to four people to Illinois in April of 1996. They have two people ready and are waiting for two more.

Accomplishments

A. Representatives from Nizhnovenergo and Illinois Power provided overviews of their organizational structures.

B. Potential workplan activities were discussed by Richard Eimer and an Exchange Visit to Illinois Power was recommended for the month of April 1996.

C. The delegation was given a thorough understanding of the working conditions of Illinois Power and how they handle their Customer Service Department, their Delivery Systems along with Telecommunications and Customer Information / Customer Problem Solving, Metering and Field Work, and the Transmission and Distribution Dispatch.

ATTACHMENT 8

VLADIMIROBLGAS / BROOKLYN UNION
GAS METERING PROJECT

SCHEDULE OF ACTIVITIES- FEBRUARY 5- FEBRUARY 9, 1996

Monday February 5 - Overview of Project and General Planning

8: 30 Arrive at Brooklyn Union

9:00 **Introductions and meet with project team members:**

* A. J. Di Brita - Senior Vice President
* Joel Cooper- Director, Network Analysis and System Planning
* Angelo Fabiano- Director, System Design and Engineering
* Robert Tumielewicz- Engineer, System Design and Engineering

9:30 to 12:00

* Review details of Schedule, make necessary changes
* Familiarization with project and general design requirements and identification of scope
* Information requirements

12:00 to 1:00- **Lunch (A.J. DiBrita and Project Team)**

1:00 to 4:00

* Resume discussions
* Overview of next day

Dinner - Joel Cooper (Host)

VLADIMIROBLGAS / BROOKLYN UNION
GAS METERING PROJECT

Tuesday February 6- Two individual schedules

7:30 am - Arrive at Brooklyn Union

1. Portion of Project Team continues efforts
   * Valery Sinyukov
   * Alexander Markarov

8:00 AM to 4:30 PM

2. In Field Meetings:
   * Alexander Kasakov
   * Anna Busurina

8:00- Arrive at Field Services Facility

8:30 to 11 AM- Visit various field locations:
   * Field Service personnel: Pat Rochford- Operations Planner
     Boris Rabinovich- B Serviceperson

   Topics:

Meter Reading	Meter Change
House Pipe Tests	Lock and Unlocks
Front Wall Checks	Appliance Relights
Handheld System	

11:00 to 1:00 PM- Visit With Training Center
   * Training Personnel: Bill Thompson-Principal Trainer
     Jack Bonanno- Senior Trainer

* Discussion of training requirements of Field Service related meter skills mentioned above. (Lunch will be provided during working session)

1:30 to 4:30- Visit Meter Operations

* Meter Operations personnel:Ron Johnson- Director
Mike Chiappone- Engineer

Topics:

Meter Functions and types
Testing and Equipment requirements
Storage and handling
Instrumentation

5:00 - Arrive back at Metrotech

Dinner - (A. J. Di Brita, Host)

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VLADIMIROBLGAS / BROOKLYN UNION
GAS METERING PROJECT

Wednesday February 7- Two individual schedules

8:30- Arrive at Brooklyn Union

1. Portion of Project Team continues planning/design effort
   * Valery Sinyukov
   * Alexander Kasakov
   * Anna Busurina

9:00 to 4:30 PM

2. Billing and collection activities:
   * Alexander Makarov

9:00 to 4:30 PM - Visit various related areas and work groups
   * Daniel Hall - Director, Account Services and Collection

Topics:
- Meter Read info
- Customer Billing
- Collection Activity
- Customer Information System (CRIS)
- Uncollectable Accounts

Discuss next day schedule and make arrangements for any additional field trips or meetings.

Dinner (Joel Cooper, Host)

2:30 Representative from American Meter on Here Product

VLADIMIROBLGAS / BROOKLYN UNION
GAS METERING PROJECT

Thursday February 8- Final Planning and Project Design

8:30- Arrive at Brooklyn Union

9:00 to 4:30 - Project Team work session (All day)

Note: Optional field visits or meetings with other areas of interest will be scheduled during the course of the day, if requested..

Dinner (Angelo Fabiano, Host)

Friday February 9- Finalize details and Team trip to Russia

9:00- Arrive at Brooklyn Union
9:30- 12:00 - General and Closing Discussions

Lunch- (A.J. Di Brita)

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ATTACHMENT 9

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Exchange Visit Between

Public Service Commission
Commonwealth of Kentucky
and
Penza Oblast Government

Sponsored by:

U.S. Agency for International Development

April 6-15, 1996

List of Participants

Vladimir Nizhegorodtsev, First Vice Governor, Penza oblast Administration
Yury Panin, Head of Penza Oblast Administration Department For Industry and Transportation, and Chairman of the Penza Regional Energy Commission
Victor Kuzin, General Director, Penzagzifikatsiya
Alexander Remezov, General Director, Penzaenergo
Anatoly Skvortsov, General Director PTPA Joint Stock Company
Gene Fominykh, Deputy Program Manager, United States Energy Association

Background

In October 1994, the United States Energy Association initiated a utility partnership exchange program between Columbia Gas Distribution and Penzagazifikatsia, the regional gas distribution company in the Penza Oblast of Russia. The exchange program is intended to assist Penzagazifikatsia in its transition to a market economy by providing an opportunity to observe the structure, management, operation, and regulation of its utility partner, and adapt U.S. experience and practice to the Russian context.

This is the first exchange visit between the Penza Oblast Regional Energy Commission, which regulates both Penzagazifikatsia and Penzaenergo, and the Kentucky Public Service Commission, which regulates Columbia Gas. As such it represents a broadening of the partnership to include the regulatory authorities.

A major impediment confronting the energy sector in its transition to a market economy is the lack of a clear and transparent regulatory process for adjusting the tariffs for electric and gas service. Regional energy commissions were recently established in each oblast. Commissioners serve on a part-time basis and are staffed by a small number of analysts. The commissions lack a coherent methodology for determining rates and adjusting them in a timely manner. This inhibits the ability of the utility to collect sufficient revenue to recover its operating costs and plan for future expansion.

The exchange visit is intended to assist Penzagazifikatsia and the Penza Regional Energy Commission by providing information on one method of establishing tariffs and relationships between regulatory authorities and the regulated utilities.

Objectives

The objectives of exchange visit are to:

1) Demonstrate the relationship between regulatory commissions and regulated utilities in the United States and the process used to establish tariffs for electric, gas, water and telephone utility companies;

2) Begin developing a consensus between the regional energy commission and regulated utilities on the structure of the Penza regulatory commission and its relationships with its regulated utilities; and

3) Commence discussion on economic development linkages between the Penza Oblast and the State of Kentucky.

Program

The program will focus on the regulation of tariffs by public service commissions in the United States and will open with two days at the Kentucky Public Service Commission. At the commission, the participants will discuss the its structure, funding and mandate. The cost of service model for developing tariffs will be introduced, as will be the role of the commission in developing and implementing safety regulations.

Meetings with regulated utilities in Kentucky will feature organizational overviews and a discussion of their relationships with the commission. The meetings will also provide an opportunity for the participants to observe technologies employed in energy production, transmission and delivery, in addition to those employed in the administrative division of utility management such as customer service billing and collection.

The exchange visit will conclude with an evaluation of the program and an outline for future cooperation between the Kentucky Public Service Commission and the Penza Regional Energy Commission.

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Saturday, April 6, 1996

The delegation arrives in Lexington, Kentucky on Delta flight 537 arriving at 10:20 p.m. and is greeting by Don Mills, Executive Director, Kentucky Public Service Commission. Transportation to the Campbell House Inn -- 1375 Harrodsburg Road Lexington, Kentucky -- (606) 255-4281.

Sunday, April 7, 1996

Recovery Day

Monday, April 8, 1996

8:00 a.m. Depart Campbell House Inn Harrodsburg Road, Lexington Kentucky (606) 255-4281

8:30 a.m. Arrive Kentucky Public Service Commission

9:00 a.m. Welcome -- Kentucky Public Service Commission

Overview of the Kentucky Public Service Commission
- Structure
- Function of Division
- Staffing
- Funding
- Commission Ethics

12:00 Lunch -- Jim's Seafood

1:30 p.m. Cost of Service Rate Design

- Importance of Test Year and Uniform Accounts
- Revenue Requirements
  - Overall Formula
  - Operating Expenses
  - Depreciation
  - Taxes
  - Operating Revenue
  - Net Investment (Capitalization)
  - Capital Structure and Cost of Capital

- Rate Design
  - Cost of Service
  - Revenue Allocation, Rate Design and Tariffs
  - Purchased Gas Adjustment (PGA)
  - Fuel Adjustment Clauses (FAC)

5:00 p.m. Return to Campbell House Lexington Hotel 1375 Harrodsburg Road Lexington, Kentucky (606) 255-4281

Dinner on your own

Tuesday, April 9, 1996

7:00 a.m. Depart Campbell House Lexington Hotel 1375 Harrodsburg Road Lexington, Kentucky (606) 255-4281.

7:30 a.m. Governor's Prayer Breakfast - Famham Dudgeon Civic Center, Frankfort
Speaker: Rev. William Augustus Jones, Jr. New York, NY
West Louisville Boys Choir, Kentucky State University Gospel Ensemble

9:00 a.m Role of Kentucky Public Service Commission in Developing and Implementing Safety Regulations

Noon Lunch and Tour Ancient Age Distillery (Distills Blanton's and Ancient Age Bourbon and Vodka)

1:30 p.m. Arrive at Columbia Gas - Lexington

Welcome
Joe Kelly Vice President and General Manager
Jim Lee, Executive Vice President of Columbia Gas

Columbia Gas Facilities
- Customer Service Center
- Compresses Natural Gas Vehicle Fill Station
- States of the Art Environmental Control Room
- Demonstration of High Tech Gas Distribution Tracing System
- Woodward Lane Propane Peaking System

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5:30 p.m.	Return to Campbell House Lexington Hotel 1375 Harrodsburg Road Lexington, Kentucky (606) 255-4281.
7:00 p.m.	Dinner -- Lafayette Club, Lexington (Hosted by Columbia Gas)

Wednesday, April 10, 1996

8:00 a.m.	Depart Campbell House Lexington Hotel 1375 Harrodsburg Road Lexington, Kentucky (606) 255-4281.
8:30 a.m.	Arrive at Kentucky Utilities (Meet President Michael Whitley and other company officers for welcome and briefing concerning Kentucky organizational overview) ➢ Organizational Overview *Michael Whitley, President Kentucky Utilities* ➢ Description of Kentucky's Service Territory and Organizational Structure ➢ Discussion of Kentucky's Physical and Financial Resources ➢ Brief Summary of Operations and Facility Locations
9:30 a.m.	Operations Center ➢ Storeroom ➢ Mapping ➢ Information Projects
11:15 a.m.	Depart for Shakertown, Kentucky
12:00	Lunch and tour of Shakertown (Historically restored village and farm) Hosted by Kentucky Utilities
1:30 p.m.	Kentucky E.W. Brown Generating Station 739 MW Steam Turbine Generating Plant Phone 606-748-5607
3:00 p.m.	Visit Mercer County Farms -- Anderson Circle Farm, Harvey Mitchell farm manger, Ransdell Dairy (Billy and Jane Ransdell, Owners)
5:30 p.m.	Check in Capital Plaza Holiday Inn - Frankfort, KY at 405 Wilkinson Blvd, -- Telephone number (502) 227-5100
	Dinner on your own

Thursday, April 11, 1996

7:45 a.m. Depart Capital Plaza Holiday Inn Frankfort, KY at 405 Wilkinson Blvd, Telephone number (502) 227-5100

8:30 a.m. **Arrive Kentucky American Water Company**

- Business Systems walk-through:
  - Customer Service
  - Computer Services
  - Meter Shop (Automated Meter Reading)
- Richmond Road Treatment Facility
- Kentucky River Facilities
  - Kentucky River Filter Station
  - Including Laboratory
  - Chemical Feed Building
  - Pump Station

12:30 p.m. Lunch at Keeneland Race Course -- Hosted by Western Kentucky

6:30 p.m Dinner at Lexington Country Club -- Hosted by Kentucky American Water Company

Friday, April 12, 1996

9:00 a.m. Arrive Public Service Commission -- Evaluation of Program and Discussion of Next Steps

10:00 a.m. Visit State Capital

1:30 p.m. BellSouth Headquarters

12:15 p.m. Welcome and Overview

- Switch Services
  - Transmission Equipment
  - Evolution of Switching Technology
  - Fiber Optics

- Residence Service Center
  - Regional Negotiating System
  - Demonstration of new on-line computer system used in negotiating service orders, handling billing arrangements

3:00 p.m.

- **Telecommunications Research Center**
  - Overview of Telecommunications Research Center Function
  - Video Conference Demo
  - Telemedicine
  - Education
  - Russian U.S. Embassy (possibly)
  - Information Highway

6:30 p.m. Dinner (Hosted by BellSouth)

8:00 p.m. Bolshoi Ballet Ensemble
Kentucky Center for the Arts, Louisville

Saturday, April 13, 1996

8:30 a.m. Depart Hotel to Horse Park

9:00 a.m. Kentucky Horse Park and Farms

12:00 Lunch

1:30 p.m. Depart for Airport for Delta flight 1681 departing at 3:10 p.m. and arriving in Washington, DC 4:19 p.m. The delegation will be greeted by Anthony Bitonti, Russian Program Coordinator (USEA) and escorted to the St. James Hotel --940 24th Street Washington, DC 20037.

Sunday, April 14, 1996

Recovery Day in Washington

Monday, April 15, 1996

8:30 a.m. Depart St James Hotel 950 24th Street Washington, DC 20037

9:00 a.m.	Meeting with U.S. Agency For International Development *Rajiv Rastogi, Manager Power restructuring & Privatization - Energy and Infrastructure Division*
11:00 a.m.	Meeting with the United States Energy Association *William Polen, Program Manager, Energy Industry Partnership Program*
12:30 p.m.	Lunch
2:00 p.m.	Depart for National Airport for Delta flight 1596 departing at 3:40 p.m. and arriving in Kennedy Airport at 4:39 p.m. The delegation will then board Delta flight 30 departing Kennedy at 5:50 p.m for Moscow.

ATTACHMENT 10

United States Energy Association
Energy Industry Partnership Program

Exchange Visit Between

Illinois Power Company
and
Nizhny Novgorod Oblast Government
and
AO Nizhnovenergo

Sponsored by:
U.S. Agency for International Development

May 18 thru May 25, 1996

Participants

Victor Lunin, Vice Governor, Nizhny Novgorod Oblast Administration
Andrey Zadernyuk, Director, Dept. of Energy, Nizhny Novgorod Oblast Administration
Alexander Yevdokimov, General Director, AO Nizhnovenergo
William L. Polen, Manager, Energy Industry Partnership Program
Evgueny Fominykh, Deputy Program Manager, United States Energy Association

Background

In June 1995, the United States Energy Association initiated a utility partnership exchange program between Illinois Power and AO Nizhnovenergo. Through this partnership agreement, executives from both the U.S. and Russian utilities participate in a series of executive exchanges, internships study tours and workshops to improve Nizhnovenergo's understanding of commercial utility operations in a market economy.

In December 1995 the United States Energy Association held a meeting of its Russian utility partners, at which they recognized the need to involve regulatory and government officials in the partnership program to affect policy changes favorable to utility reform. This is the second exchange visit under the Illinois Power Company/Nizhnovenergo partnership to include oblast administration and regulatory authorities since the December conference.

The Niznhy Novgorod delegation is lead by the Oblast Vice Governor, Victor Lunin. He is accompanied by Andrey Zadernyuk, the Director of Nizhny Novgorod Oblast Department of Energy and Chairman of the Nizhny Novgorod Regional Energy Commission. Alexander Yevdikimov, the General Director of Nizhnovenergo, the electric utility serving the oblast is participating for the first time in the partnership program.

Objectives

A critical challenge confronting regional Russian utilities in their transition to a market economy is the lack of a consistent approach to the development of utility tariffs. The lack of a clear and transparent system of utility regulation exacerbates the political and economic risk associated with Russia's regional energy economies by preventing its local gas and electric utilities from recovering operating costs and planning for future investment. Such an environment acts as a deterrent to new domestic and international investment in Russian regional utilities.

The Nizhny Novgorod oblast administration recognizes the important role utility regulation can play in supporting economic development for the region. Earlier this year the administration implemented a series of reforms designed to develop a regional energy commission modeled after state public service commissions in the United States. Under the new regulations, tariffs will be initially developed and subsequently reviewed by the Regional Energy Commission through a rate case trial, at which the regulated companies, government agencies and non-profit organizations representing consumer interests may participate. Five commissioners will preside over the rate case and will render a decision on the basis of a simple majority of votes cast in an proceeding open to the public. Commissioners will be appointed for four year terms and must be approved the Nizhny Novgorod legislative assembly and the Federal Energy Commission

The exchange visit is intended to further the understanding among Nizhnovenergo, the oblast administration and Regional Energy Commission of the positive role that utility regulation can play in fostering a climate conducive to the transition to a market economy and private investment in the Nizhny energy sector.

The objectives of exchange visit are to:

1) Discuss how public policy goals can be balanced with the corporate requirements of regulated utilities through tariff regulation;

2) Introduce the concept of the independent regulatory commission;

3) Develop an understanding of the revenue requirement and cost of service models and demonstrate customer class tariffs; and

4) Discuss the different types of risks that domestic and international investors are confronted with in Russia, and how independent regulatory bodies can reduce that risk.

Program

The program will begin at the Illinois Commerce Commission with discussions on implementing public policies through tariff regulation. The commission will discuss its role in assessing various environmental, social and economic development goals of Illinois and how they are balanced with the needs of the utility and its shareholder to earn a competitive rate of return. The program will continue at Illinois Power, where the utility will demonstrate how this balance is achieved through the development of various customer class tariffs.

Meetings in New York will highlight the importance of stable regulatory policy to the international investment community. The program will conclude with meetings with the United States Agency for International Development in Washington, DC to discuss the follow-up steps to the exchange visit.

Saturday, May 18, 1996

The delegation arrives in Chicago, IL on United flight 943 arriving at 1:55 p.m. and is transported to the Westin Hotel by Carey of Chicago -- Phone number 312-763-0009. Comfirmation number 96128343.

Sunday, May 19, 1996

5:00 p.m. Depart Westin Hotel. Transportation will be provided by Park Avenue Limousine Service for Fairfield Inn at 1417 Hickory Point Drive - Forsyth, Illinois.

Monday, May 20, 1996

9:00 a.m. Depart Fairfield Inn -- 1417 Hickory Point Drive, Forsyth, IL -- (217) 875-3337.

9:30 a.m. **Meeting with Illinois Commerce Commission** - Leland Building, 527 East Capitol Avenue, Springfield, Illinois - (217) 782-1042
Karl A. McDermott, Commissioner
Anthony Visnesky, Manager

- How does a predictable and well structured regulatory process impact utility financial risk?
- How is the public policy making process served and how are public interests protected within the regulatory process?

12:30 pm **Lunch**

1:30 pm **Continue Discussion with Illinois Commerce Commission**

- How are the competing interests of the utility (both as a corporate entity and its shareholders) served by the regulatory process?
- Does the quasi-judicial rate making experiment proposed by the oblast administration and utility offer an opportunity to balance the public interest and the utility's and oblast's economic development goals?

5:00 pm Return to Fairfield Inn -1417 Hickory Point Drive, Forsyth, IL -- (217) 875-3337.

7:00 pm **Dinner**

Tuesday, May 21, 1996

9:00 am Depart Fairfield Inn -- 1417 Hickory Point Drive, Forsyth, IL -- (217) 875-3337.

9:30 am **Meeting with Illinois Power** - 500 South 27th Street, Decatur, Illinois, Telephone: 217-424-6860
Kevin Shipp, Administrator, Regulatory Affairs, Illinois Power
- ♦ Balancing Stakeholder Interest
- ♦ Revenue Allocation and Rate Design

12:30 pm **Lunch**

1:00 pm **Continue Discussion with Illinois Power**
- ♦ Cost of Service Study Elements
  - Purpose
  - Process

5:00 pm Return to Fairfield Inn -- 1417 Hickory Point Drive, Forsyth, IL Telephone -- (217) 875-3337.

Wednesday, May 22, 1996

9:00 a.m. Depart Fairfield Inn -- 1417 Hickory Point Drive, Forsyth, IL -- Telephone-- (217) 875-3337.

9:30 am **Illinois Power** - 500 South 27th Street, Decatur, Illinois, - 217-424-6860
Kevin Shipp, Administrator, Regulatory Affairs, Illinois Power
- ♦ Examining Customer Class Rates
  - Lifeline
  - Commercial, Industrial, Residential, Municipal
  - Special Contracts

12:00 pm **Lunch**

1:30 pm **Continue Discussion on Rates with Illinois Power**
- ♦ Seasonal Rates
- ♦ Time-of-Use
- ♦ Interruptible

4:30 pm Delegation departs for Decatur Airport for United flight 5858 departing at 5:40 p.m. and arriving in Chicago at 6:30 p.m. Depart Chicago on United Flight 672 at 7:00 p.m. and arrive in New York (Laguardia) at 9:55 p.m. Check in Marriott

Marquis Hotel - Manhattan. NY at 1535 Broadway -- Telephone number (212) 398-1900

Thursday, May 23, 1996

8:45 a.m. Depart Marriott Marquis Hotel - Manhattan. NY at 1535 Broadway -- \ Telephone: (212) 398-1900

9:30 a.m. **Meeting with Salomon Brothers**
Igor Zaitsev, Associate, Salamon Brothers
Seven World Trade Center, 30th Floor, New York, New York
Telephone: 212-783-5440

- Introduction to Nizhnovenergo and the Nizhny Novgorod Region
- Assessing Investor Risk in the Global Capital Market
- Rating Agencies and their Purpose
- Rating Systems and their Implications for Attracting Capital
- Information Requirements for Obtaining Ratings

12:30 pm Lunch

3:00 pm Meeting with CS First Boston
Kevin Cornils, Associate - 55 East 52nd Street, New York, New York
Telephone 212-909-2363

- Introduction to Nizhnovenergo and the Nizhny Novgorod Region
- Investor Expectations and Requirements for the International Market
- Risk vs. Return
- Types of Risks Concerning Investors
- How Stable and Predictable Regulation Can Mitigate Risk

Friday, May 24, 1996

8:30 a.m. Depart for Laguardia Airport for Delta flight 1743 departing at 7:30 a.m. and arriving at National Airport at 8:34 a.m. and be transported to the ST. James Hotel -- 950 24th street, Washington DC -- (202) 457-0500

1:00 pm **Lunch**
United States Energy Association - 1620 Eye Street, Washington DC
202-331-0415

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ATTACHMENT 11

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Exchange Visit Between

PenzaGas
and
Penzenergo

Sponsored by:

U.S. Agency for International Development

July 7-14, 1996

List of Participants

Vladimir I. Pichtar, Executive Manager, NizhnyLomovMezhraigaz Trust
Alexander I. Sisin, Computer Programmer, Penzagazifikatsiya
Galina S. Yermashova, Senior Accountant, Penzagazifikatsiya
Igor V. Tolbin, Deputy Chief Accountant, Pensaenergo
Gene Fominykh, Deputy Program Manager, United States Energy Association

Sunday, July 7, 1996

The delegation arrives in Columbus, Ohio on Delta flight 416 arriving at 11:18 p.m. and is greeting by James Lee, Executive Vice President, Columbia Gas Distribution Companies. Transportation to the Westin Hotel -- 310 South High Street, Columbus, Ohio -- (614) 228-3800.

Monday, July 8, 1996

12:00 p.m.	Meet Russian delegation at the Westin Hotel (formerly Great Southern) Have Lunch - (Mr. Lee/Mr. Amurgis)
1:00 p.m.	Depart Hotel for Marble Cliff - G. Binegar
1:15 p.m.	Welcome Remarks -- James R. Lee
1:30 p.m.	Overview of Columbia's Bill Process - H. Smith
2:30 p.m.	Break
2:45 p.m.	Meter Reading Technology - K. Fuchik/H. Smith/D. Firth
4:00 p.m.	Return to Hotel
6:00 p.m.	Dinner

Tuesday, July 9, 1996

8:30 a.m.	Pick up Delegation at Hotel
9:00 a.m.	Bill Development - K. Fuchik/H. Smith
10:00 a.m	Break
10:15 p.m.	Bill Distribution - K.Fuchik/H. Smith
12:00 p.m.	Lunch

1:30 p.m.	Payment Options - K. Fuchik
	Delinquent Accounts - R. Cosentino
2:45 p.m.	Break
3:00 p.m.	Renewal of Service - K. Fuchik
4:00 p.m.	Return to Hotel
6:30 p.m.	Dinner

Wednesday, July 10, 1996

8:30 a.m.	Pick Up Delegtion at Hotel
9:00 a.m.	Demonstration of Columbia's Distribution Information System (DIS) - K. Fuchik
10:00 a.m.	Break
10:30 a.m.	DIS (continued) - K. Fuchik
12:00 noon	Lunch
1:30 p.m.	DIS (continued) - K. Fuchik
2:30 P.M.	Break
3:00 p.m.	DIS (continued) - K. Fuchik
4:00 p.m.	Return to Hotel
6:30 p.m.	Dinner

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Thursday, July 11, 1996

8:30 a.m.	Pick Up at Hotel
9:00 a.m.	Hands-On Operation of DIS System - K. Fuchik
10:30 a.m.	Break
11:00 p.m.	Management Reports - K. Fuchik a) Credit Summary b) Revenue Summary
12:00 p.m	Return to Hotel for Lunch
2:00 p.m.	Leave for Jeffersonville (to include dinner enroute back to Columbus)

Friday, July 12, 1996

8:30 a.m.	Pick Up at Hotel
9:00 a.m.	Billing System Prototype for PensaGas and Penzenergo - J. Reutener/D. Bell
10:30 a.m.	Break
11:00 a.m.	Billing Syste Prototype (continued)
12:00 p.m.	Lunch
1:00 p.m.	Discussion of Nex Steps and Development of Work Plan
4:00 p.m.	Return to Hotel
7:30 p.m.	Dinner

Saturday, July 13, 1996

Recovery Day

Sunday, July 14, 1996

Delegation depart for Columbus, Ohio Airport for Codeshare Flight 3010 departing at 1:25 p.m. and arriving in Cincinnati Airport at 2:10 p.m. The delegation will then board Delta Flight 408 departing at 2:50 p.m., arriving Kennedy Airport at 4:49 p.m. boarding Delta Flight 30 departing Kennedy 5:50 p.m. for Moscow.

ATTACHMENT 12

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Study Tour for Russian Energy Officials from Samara

Sponsored by:
U.S. Agency for International Development

Questar Corporation

July 17-28, 1996

List of Participants

Clyde Heiner, Senior Vice President, Questar Corporation
Valery Bobrov, Head Department of Energy, Samara Oblast Administration
Alexey Bessmertnov. Head, Department of Pricing, Samara Oblast Administration
Yefim Veisman, General Director, Samaragaz
Vladimir Lots, Deputy General Director, Operations Samaratransgas
Gene Fominykh, Deputy Program Manager, United States Energy Association

Background

In February 1995, Questar Corporation and Samaragaz, the natural gas distribution company serving the Russian oblast of Samara, entered into a utility partnership agreement intended to facilitate an information exchange on utility operations in a market economy. The workplan developed by the utility partners focusses on two areas deemed critical by both companies to Samaragaz's transition to a market economy: 1) customer service, billing, and collections; and 2) utility finance, regulation and privatization.

Customer service billing and collections has been addressed through a series of exchange visits leading to the development of a mid-term implementation plan for improving the customer information system and accounts receivable. In the interim, Samaragaz has displayed positive results with the opening several new customer service centers where payments can be more easily accepted. Samaragaz has also developed a PC based customer information system used in each of the new service centers to track payments and delinquencies. As a result, Samaragaz has improved its accounts receivable problem with residential and commercial customers. Accounts receivable in the residential sector has now been reduced to approximately 35 percent.

Utility finance, regulation and privatization is the subject of this study tour. The utility partners have developed an implementation plan for assisting Samaragaz with its transition to a market economy, which calls for a thorough understanding of utility finance, regulation and asset valuation among the key stakeholders of Samaragaz, including its management, its gas supplier, major customers and its regulators.

Objectives

The study tour program will provide the participants with an in-depth understanding of the relationship between clear and consistent utility regulation and the ability to attract capital to operate and expand the utility. The objectives of the study tour are to:

- Examine the internal financial operations of Questar corporation to provide context on capital market operations;
- Discuss investor expectations and requirements for investing in natural gas utilities in the United States and in Russia;
- Examine the need for a consistent regulatory environment and how such an environment can serve to reduce risk to domestic Russian and international investors considering participation in the privatization of Samaragaz; and
- Review regulations and requirements for issuing securities in the United States;

The Program

This study tour is designed to introduce the stakeholders to the benefits of and requirements for privatizing a utility through international capital markets. It is intended to demonstrate the need for a clear and consistent regulatory environment, and how such an environment can assist in garnering the support of international investors by reducing their risk. The delegation will participate in a series of formal and informal discussions with Questar Corporation, the Public Service Commission of Wyoming, Ernst and Young, the Federal Energy Regulatory Commission, and the Securities and Exchange Commission.

Wednesday, July 17, 1996

The delegation arrives in Detroit on Northwest Air flight 51 arriving at 1:15 p.m. Delegation then takes Northwest Air flight 675 departing Detroit at 3:00 p.m. and arriving in Salt Lake City at 6:32 p.m. and is greeting by Anthony Bitonti, Program Coordinator, United States Energy Association and are transported to the Salt Lake City Hilton -- 150 West 500 South, Salt Lake City, Utah -- (801) 532-3344 fax (801) 532-0705

Thursday, July 18, 1996

9:00 a.m. **Questar Corporation Corporate Office**
Clyde Heiner, Senior Vice President, Questar Corporation
180 *East First South, Salt Lake City, UT (801)534-5136*
- ➢ Discuss Study Tour Agenda
- ➢ Review FY 96 Workplan

11:00 a.m. **Meeting with William N. Jones, Outside Director, Questar Corporation**
- ➢ Corporate Governance
- ➢ Rule of Board of Directors
- ➢ Relation of Board of Directors to Management and Shareholders

12:00 Lunch

1:00 p.m. **Meet with Ernst and Young**
Scott *Peterson, Partner, Ernst and Young, SCL office (801) 350-3301*
Les Sparks, Manager, Ernst and Young, SLC office (801) 350-3337
Stephens E. Parks, VP, Treasure & CFO, Questar Corporation (801) 534-5497
Questar *Corporation General Office Building, 4th Floor West.*
- ➢ Why are Audits Required
- ➢ Data required for Audits
- ➢ Accounting with the uniform Systems of Accounts

Friday, July 19, 1996

9:00 a.m. **Representatives of Questar Pipeline**
- ➢ Relation of Supplier to Distributor
- ➢ Contractual Mechanisms for Gas Transport

12:00	Lunch
1:00 p.m.	**Meet with Mountain Fuel Supply Operations Center** - Role of Distribution Operations *1140 West Second South, Salt Lake City, Utah* ➢ Structure and Management ➢ Capital Structure

Saturday, July 20, 1996

	Morning Recovery Day
5:30 p.m.	**Questar Corporation & Questar InfoComm Annual Picnic at Clyde Heiners Home** *388 West 1150 North Quail Run Road, Farmington (801) 451-5738*

Sunday, July 21, 1996

7:00 a.m.	Tour Clay Basin and Flaming Gorge
12:00	Lunch at Flaming Gorge
1:00 p.m.	Visit Dinosaur National Monument on return to Salt Lake City or return through Mountain View

Monday, July 22, 1996

9:00 a.m.	**Meet with Questar Financial Services** **Questar** *Corporation General Office Building, 4th Floor West* *Stephen Parks, VP, Treasure & CFO, Questar Corp. (801) 534-5497* *William Edwards, VP Investor Relations, Questar (801) 534-5026* *Martin Cravin, Sr. Financial Analyst, Questar Corporation (801) 534-5077* ➢ Dividend Policy ➢ Relations with Shareholders
12:00	Lunch
2:00 p.m.	**Meet with Lieutenant Governor of Utah** *Mrs. Olene Walker* Utah *State Capital Building, Office of the Lieutenant Governor*

4:00 p.m. Depart for Airport for a Delta Flight number 1047 to Denver Departing at 4:40 p.m. and arriving in Denver at 6:02 p.m. Delegation will then Drive to Cheyenne, Wyoming and check in Best Western University Inn -- 914 South College Avenue -- Fort Collins, CO 80524 -- (970) 484-1984

Tuesday, July 23, 1996

8:30 a.m. **Public Service Commission of Wyoming**
Steve Oxley, Chief Counsel, Public Service Commission
- Structure, Staffing, and Funding
- Balancing the Corporate Interests of the Utility and the Consumer
- Fundamentals of the Rate-of-Return Regulation and Cost of Service

12:00 Depart Cheyenne to return to Denver

1:00 p.m. **Meet with Moody's** - (Securities Rating Agency)
William Christman (Bill), VP - Senior Analyst, Energy Group
Alexandra Parker, Senior Analyst, Energy Group
Ted Izatt, Managing Director, Energy Group
- Role of Investment Rating Agency
- Investor requirements and expectations
- How does a rating agency's rating of a corporation effect its corporate credit worthiness

5:50 p.m. Depart Denver on Northwest Air Flight 56 Departing at 5:45 p.m. and in Minneapolis at 8:42 p.m. Delegation then takes Northwest Air flight 190 departing at 9:25 p.m. and arriving in Washington DC at 12:37 a.m. and check in River Inn Hotel located at 924 25th Street, Washington, DC -- (202)-337-7600

Wednesday, July 24, 1996

10:00 a.m. **Federal Energy Regulatory Commission** (Pipeline Supplier Regulatory Body)
Kevin Madden, Director, Office of Pipeline Regulations
888 1st Street N.E. Washington, DC Room 8A-05
- National Regulations vs State Regulations
- Developing Gas Transportation Tariffs

12:00 Lunch

1:00 p.m. **Securities and Exchange Commission**(Securities Regulatory Body)
- ➢ Tiling Requirements

Thursday, July 25, 1996

9:00 a.m. **Meet with United States Energy Association**
William L. Polen Program Manager, Energy Industry Partnership Program
1620 Eye Street, Suite 1000 Washington, DC -- (202) 331-0415
- ➢ Overview of Partnership Program
- ➢ Discussion of Next Activities of Partnership Program

12:00 Lunch

1:00 p.m. **Meet with United States Agency for International Development**
Robert Ichord, Chief, Energy and Infrastructure, Bureau for Europe and the Newly Independent States
320 21st Street NW Room 4440 Washington DC (202) 647-8274
- ➢ Introduction to USAID Russian Programs
- ➢ Discussion to Partnership Program Results
- ➢ Future Cooperation

5:00 p.m. Delegation Departs Washington DC on Amtrack Metroliner 122 at 5:00 p.m. from Union Station and Arrives at New York Penn Station at 8:05 check in Sheraton Manhattan Hotel -- 790 7th Avenue at 51st Street, Manhattan New York -- (212) 581-3300

Friday, July 26, 1996

11:00 a.m. **Meeting with Salomon Brothers**
Seven World Trade Center, New York, New York
David Pearlman, Director, Global Energy (212) 783-5882
Eigor Zaitsev, Associate, Global Energy (212) 783-5440
- ➢ Introduction to Samaragaz
- ➢ Assessing Investor Risk in the Global Capital Market
- ➢ Relation of Stable Regulatory Climate to Reduction of Risk and Effect on Credit Worthiness
- ➢ Sources of Equity and Debt

5:45 p.m. Questar employees return to Salt Lake City

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Saturday, July 27, 1996

Russian Delegation Departs for Moscow on Northwest Air flight number 642 departing at 6:20 p.m. and arriving in Amsterdam at 7:30 a.m. then delegation takes Northwest flight 8287 departing Amsterdam at 9:05 a.m. and arriving in Moscow at 2:15 p.m.

ATTACHMENT 13

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Initial Exchange Visit Between

Entergy Corporation

and

AO Lenenergo

Sponsored by:

U.S. Agency for International Development

June 24 thru June 28, 1996 (July 24 thru July 28, 1996)

List of Participants

Vladimir Chernyshov, Director, AO Lenenergo
Yury Oskin, Director, District Heating Systems, AO Lenenergo
Sergey Nikolayev, Head Department of Foreign Economic Relations
Gene Fominykh, Deputy Program Manager, United States Energy Association

Background

In July of 1995 the United States Energy Association initiated the first partnership exchange visit of Entergy Corporation to AO Lenenergo. The two electric utilities showed a vital interest in establishing a partnership between them. Lenenergo unilaterally signed a Memorandum of understanding with USEA and is now ready to fully formalize the partnership relationship between themselves, Entergy and USEA.

The list of Lenenergo's interests proposed by the company to be possibly covered in the framework of the Entergy Industry Partnership Program of USEA includes.

1) Customer Service
2) Tariff and Rate Development and Regulations
3) Financial Management
4) Corporate Standards and Codes

These issue areas will be considered as the grounds for development of a work plan of the partnership.

Objectives

The exchange visit is intended to finalize the formal establishment of the partnership, develop approaches to the partnership work plan, and begin discussion on two subjects issues proposed by Lenenergo.

The objectives of the exchange visit are to:

1) Introduce Entergy Corporation to Lenenergo and sign the Cooperative Agreement between Entergy Corporation and Lenenergo, Memoranda of understanding between Entergy and USEA and between Lenenergo and USEA.

2) Based on the issues of interest proposed by Lenenergo, they will discuss and choose the issue area of the partnership to be addressed, and start developing a work plan of the partnership.

3) Introduce the concept of independent regulatory commission and discuss division of obligation and jurisdiction between a state and federal regulatory commission, as well as utility relations with both.

4) Discuss investor requirements for financial, accounting and regulatory standards, their predictability and stability.

6) Introduce the concept of independent regulatory commissions and revenue requirements for utility operations and future expansion;

Program

The delegation will begin the exchange visit at the Entergy Corporation with the signing of the Cooperative Partnership Agreement. The company's Regulatory Affairs Department will discuss utilities approach to the issue of balancing of interest of customers in implementing public policies and the needs of utility and its shareholders to earn a competitive rate or return.

Meetings in Washington, DC will develop an understanding of federal policies and practices in the national utility regulation systems and introduce financial and accounting management requirements to meet expectations of an investor. They will also discuss opportunities of future projects with Lenenergo. The 3.5 day visit will conclude with a meeting with the United States Energy Association aimed to consider the follow-up steps of the partnership.

Monday, June 24, 1996

The delegation arrives in New Orleans on Delta flight 2063 arriving at 5:35 p.m. and is greeting by Anthony Bitonti, Program Coordinator, United States Energy Association. Transportation to the Maison Dupuy Hotel, 1001 Rue Toulouse Street, New Orleans -- (504) 586-8000.

Tuesday, June 25, 1996

9:45 a.m. Depart Hotel for Entergy Building

10:00 a.m. Delegation meets with Entergy Officials - 28th floor Conference Room, Entergy Building, 639 Loyola Ave. New Orleans, LA (504)529-5262
Ed Lupberger, Chairman, Entergy Corporation
Matt Jordan, Manager, General Sales
Sharmon Sullivan, Manager, Chairman's Office
- Introduction of Entergy Corporation
- Sign Cooperative Agreement and Memorandum of Understanding of Partnership
- Discussion of Issue areas to be covered by the partnership work plan

1:00 p.m. Lunch at Entergy Office - 28th floor Dining Room

3:00 p.m. Tour of Entergy's Customer Service Systems
Matt Jordan, Manager, General Sales
- View operating equipment
- Tour Central Dispatch
- Dispatch support operations

7:00 p.m. Dinner - Michelle's Restaurant
Matt Jordan, Manager, General Sales
Sharmon Sullivan, Manager, Chairman's Office

Wednesday, June 26, 1996

6:30 a.m. Delegation departs for Airport for a USAir flight number 5445 departing at 8:00 a.m and arriving in Little Rock at 9:30 a.m.

11:00 a.m. Meeting with the Regulatory Affairs Department - *30th Floor, Entergy office,*
Walter Nixon, Director of Regulatory Services
425 West Capital Street, Little Rock, Contact Number (501)377-4000
TCBY Building, Little Rock, AR - (501) 377-4000

- U.S. Utility Regulatory System
- Utility Role in Rate and Tariff Regulation Process
- Balancing Shareholder Interest

1:00 p.m. Lunch - Hosted by Entergy

3:00 p.m. Tour of Entergy Customer Service Department

4:00 p.m. Delegation departs for Airport for a Delta flight 2054 departing at 5:25 p.m. and arriving in Atlanta at 7:52 p.m. Delegation then departs Atlanta on delta flight 254 at 9:15 p.m. and arrives in Washington, DC at 10:59 p.m.

Delegation will be transported from National Airport to the Hotel Washington. Located at 15th and Pennsylvania Ave. Telephone number 202-638-5900

Thursday, June 27, 1996

8:00 a.m. United States Energy Association
1620 Eye Street, Washington DC - (202)-331-0415
Barry Worthington, Executive Director, United States Energy Association

- Orientation to U.S. Energy Sector
- Organization and structure of a U.S. Electric Utility Industry
- Review of the Energy Industry Partnership Program

10:00 a.m. Meeting with United States Agency for International Development
Dr. Robert Ichord, Chief Energy and Infrastructure
Bureau for Europe and the New Independent States

- Discussion of U.S. / Russian Energy Assistance Program

12:00 p.m. Working Lunch with USAID Contractors
United States Energy Association - 1620 Eye Street, Suite 1000 Washington, DC (202) 331-0415

RCG/ Hagler, Bailly, Incorporated
David Keith, Vice President

Burns and Roe
Sam Gerges, Management Director

2:00 p.m. Meeting with Price Waterhouse
1616 North Fort Meyers, Arlington, VA. (703) 741-1639
Vladimir Andrienko, Principal Consultant, International Consulting Service

- Introduction to Lenenergo
- Role of Clear Accounting systems for Potential Investors
- Restructuring of Financial Management
- Power Utility Management and Stockholder relationship

6:00 p.m. Dinner with Price Waterhouse
1616 North Fort Meyers, Arlington, VA. (703) 741-1639
Vladimir Andrienko, Principal Consultant, International Consulting Service

Friday, June 28, 1996

9:00 a.m. Federal Energy Regulatory Commission (FERC)
888 First Street. NE Washington, DC (202)-208-0004
Ms. Linda Hearne Boner, Ph.D.
Economist, Office of Energy Policy

- FERC Charter, Responsibility and Legal Basis of Existence
- Structure, Funding and Organization
- Responsibilities for Natural Gas and Electric Power Regulation
- Relations with State Regulatory Commissions

12:00 Lunch
United States Energy Association - 1620 Eye Street, Suite 1000 Washington, DC (202) 331-0415

1:00 p.m. United States Energy Association
1620 Eye Street, Washington DC - (202)-331-0415
Barry Worthington, Executive Director, United States Energy Association

- Sign Agreement between USEA and Lenenergo
- Development of Partnership Workplan
- Discussion of Next Activities of Partnership Program

2:00 p.m. To be determined

5:00 p.m. Delegation departs for Dulles Airport for a Delta flight 60 departing at 7:35 p.m and arrives in Frankfurt at 9:40 a.m. on the 29th of June.

ATTACHMENT 14

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Study Tour for Russian Energy Officials from Siberia

Sponsored by:
U.S. Agency for International Development

Midwest Gas Association

Ohio Gas Association

Columbia Gas Company

Public Utility Commission of Ohio

National Fuel Supply

July 27- August 3, 1996

List of Participant

Victor Pyanov, General Director, Sibirgazservis, President, SFEGA
Mikhail Kuzmin, Executive Director, SFEGA
Vladimir Zbanatsky, General Director AO Tyumenoblgas
Victor Matveyev, Lieutenant Governor/Investments, Novosibirsk Oblast Administration
Gene Fominykh, Deputy Program Manager, United States Energy Association

Background

The Siberian and Far Eastern Gas Association (SFEGA) was established in 1995 to represent the 15 gas distribution utilities serving the oblasts within Siberia and the Far East of Russia. The association provides a venue and focus for information exchange among the members, whose common interests derive from their geographical location and economic context. Toward that end, the association encourages technical cooperation among its members to solve technical problems and to introduce new technology to the region.

The association also provides an advocacy function for its members with the local and federal governments on issues effecting the structure and viability of the natural gas distribution industry in Siberia and the Far East. As such, this newly formed association, which represents newly established private gas distribution companies, is playing a vital role in promoting the interests of Russia's emerging private energy economy.

The founding member of SFEGA is Victor Pianov, the General Director of Sibirigazservis, a long time utility partner in USEA's Energy Industry Partnership Program for the New Independent States of the Former Soviet Union. Mr. Pianov is the association's Executive Director and his founding of SFEGA indicates his leadership in the regional gas industry.

Objectives

This study tour is designed to introduce the executive members of the SFEGA to the structure, organization, and role of an industry association in a market oriented economy. The objectives of the study tour are to:

1) Examine the role of energy trade associations in representing the strategic interests of their member companies vis-a-vis legislative and regulatory initiatives effecting the membership;

2) Discuss services provided by energy trade associations that build added value for the membership in a market economy setting; and

3) Review the corporate governance and charters of energy trade associations.

The Program

The program is focussed on interaction with members and staff of natural gas trade associations. The delegation will meet with the Midwest Gas Association to discuss association structure, policies and services to its members. This will be followed by a meeting with the Ohio Gas Association to discuss its advocacy role. During their trip to Ohio, the delegation will also meet with the Public Utility Commission of Ohio to discuss the regulation of natural gas utilities, which is a subject of growing interest to the members of SFEGA. Columbia Gas will host the delegation for site visits of its corporate offices during their stay in Ohio. The program will conclude with a meeting in Buffalo, New York at the headquarters of National Fuel Gas, the utility partner of Sibirigazservis. The focus of this meeting will be the workplan for FY 1997 and the agenda for an upcoming seminar on utility finance and regulation for Sibirigazservis and the members of SFEGA.

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Saturday, July 27, 1996

The delegation arrives in Minneapolis, Minnesota on Northwest Air flight 675 arriving at 3:48 p.m. and is greeting by Anthony Bitonti, Program Coordinator, United States Energy Association. Transportation to the The Hotel Sofitel -- 5601 West 78th Street -- Bloomington, MN 55439
Phone:(612) 835-1900 Fax: (612) 835-5962

Sunday, July 28, 1996

Recovery Day

5:30 p.m. Welcome Reception
The Hotel Sofitel
5601 West 78th Street
Bloomington, MN 55439
Phone:(612) 835-1900 Fax: (612) 835-5962

Monday, July 29, 1996

9:00 a.m. **Midwest Gas Association**
Patrick VanBeek, Vice President, Midwest Gas Association
- Purpose and Structure of Association

12:00 Lunch

1:00 p.m. **Briefing on the Midwest Gas Association**
- How Association was founded
- What we do
- Products and Services

2:45 - 3:00 p.m. Break

3:00 p.m. **Board Member Presentation on the Value of Midwest Gas Association**
- *Gary Peterson, President and COD, Minnegasco - Chairman of Midwest Gas Association*
- *Keith Wietecki, President Gas Utility, Northern States Power Company*

6:00 p.m. Delegation departs for tour of Mall of America

6:30 p.m. Dinner and Discussion of Gas Industry Issues at the California Cafe
Gary Peterson, Keith Wietecki, Ric Hinkie, Lynn Anderson, Patrick VanBeek, Alexander Ardichvili and Anthony Amurgis attending

Tuesday, July 30, 1996

9:00 a.m. **Presentation of Translated Training Material**
Alexander Ardichvili, Director of Training, Midwest Gas Association
- Training Service Provided to Members
- Russian Training Modules

11:30 a.m. **Lunch**

1:30 p.m. **New Production Demonstration - ITRON Corporation**
- Meter Reading Equipment
- Remote Meter Reading
- Compact Meters

4:30 p.m. Departure for Lake Minnetonka

5:30 p.m. **Dinner Cruise on Lake Minnetonka**
Attendees: Ric Hinkie, Lynn Anderson, Patrick VanBeek, Alexander Ardichvili, Anthony Amurgis

Wednesday, July 31, 1996

7:00 a.m. Delegation departs hotel for Minnesota Airport for a Northwest Air flight. Departing at 8:55 a.m. and arriving in Columbus, Ohio at 11:34 a.m. and check in Westin Hotel -- 310 South High Street, Columbus, Ohio -- (614)228-3800

Thursday, August 1, 1996

9:00 a.m. **Meet with Public Utility Commission of Ohio**
Deborah Gnann, Director Public Utility Commission of Ohio
Broad Street and Columbus
- The Regulated Compact
- Balancing Corporate and Consumer Interests
- Rate of Return Regulation
- Public Participation (Including Industry Association) in the Rate Making Process

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Lunch	**Athletic Club** *136 East Broad Street -- Columbus, Ohio -- (614) 221-3344*
12:00	**Meeting with Ohio Gas Association** *Ron Rushing, Executive Director, Ohio Gas Association* ➢ Structure and Function ➢ Advocacy Role ➢ Membership Services
6:00 p.m.	**Tour Columbia Gas Facilities and Dinner at Capital Club** *200 Civic Center Drive, Columbus, Ohio*

Friday, August 2, 1996

6:30 a.m.	Delegation departs hotel for Airport. Continental flight number 3040 departing Columbus at 7:30 a.m. and arriving in Cleveland at 8:19 a.m. Delegation then takes Continental flight 3206 departing at 9:00 from Cleveland and arriving at 9:58 in Buffalo, New York. Check in Hyatt Regency Hotel -- 2 Fountain Plaza Buffalo, NY --(716)856-1234
12:00 p.m.	**Meet with National Fuel Supply** Walter DeForest, Senior Vice President, National Fuel Gas Distribution Corporation -- 10 Lafayette Square Buffalo, NY 14203 (716) 857-7881 ➢ FY 1997 Workplan Development ➢ Financial and Regulatory Seminar Preparation ➢ Plastic Pipe Project Status

Saturday, August 3, 1996

11:30 a.m.	Delegation departs hotel for Airport. Northwest Air flight 1121 departing Buffalo at 1:25 p.m. and Arriving in Detroit at 2:26 p.m. Delegation then takes Northwest Air flight 68 departing Detroit at 5:30 p.m. and arriving in Amsterdam at 7:10 a.m. on August 4, 1996

Sunday, August 4, 1996

Delegation takes Northwest flight 8287 departing Amsterdam at 9:05 a.m. and arriving in Moscow at 2:15 p.m.

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ATTACHMENT 15

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Executive Exchange Visit

Sponsored by:
U.S. Agency for International Development

Illinois Power Company
and
Nizhnovenergo

September 14 thru 21, 1996

List of Participant

Charles Giancola, Director, Fossil Business strategies, Illinois Power Company
Mark Liefer, Director, Planning and Technical Support, Illinois Power Company
Clay Norris, Manager, Corporate Performance, Illinois Power Company
Anthony Bitonti, Program Coordinator, United States Energy Association

Saturday, September 14, 1996

The delegation arrives in Cincinnati on Delta flight 3016 arriving at 4:00 p.m. Delegation then takes Delta flight 48 departing Cincinnati at 7:10 p.m. and arriving in Frankfurt at 9:30 a.m.

Sunday, September 15, 1995

12:20 p.m. Depart Frankfurt on Delta flight 60 and arrives in Moscow at 5:25 p.m. and are greeting by Gene Fominykh, Deputy Program Manager and Misha Lebedskoi, Program Coordinator of the United States Energy Association.

10:40 p.m. Depart Moscow on train number 38 for Nizhny Novgorod

Monday, September 16, 1996

6:28 a.m. Delegation arrives in Nizhny Novgorod and checks in the Oktyabrskaya Hotel 9A Verkhne-Volzhskaya naberezhnaya, Nizhny Novgorod. Telephone (8312) 32-0670 and fax (8312) 32-0550.

1:00 p.m **Site visits**

Tuesday, September 17, 1996

9:00 a.m. **Illinois Power Generation System**
Charles Giancola, Director, Fossil business Strategies, Illinois Power

- Havana Power Station
- Wood Power Station
- Vermilion Power Station
- Hennepin Power Station
- Baldwin Power Station
- Clinton Power Station
- Historical Plants (retired)

10:00 .m. **Power Plant Management Organization and Structure**

1) **Corporate Organization**
   - Support Services Business Group
   - Customer Services Business Group
   - Financial Services Business Group
   - Energy Supply Business Group

2) **Energy Supply Business Group**
3) **Electric Supply Services Department**
4) **Fossil Business Unit**
   - ➢ Fossil Power Plants
   - ➢ Power Plant Services
   - ➢ Fossil Business Support

11:00 a.m. **Power Plant Personal Structure and Size**

1) **Organization Structure Choices**
   - ➢ Traditional
   - ➢ Flat
   - ➢ Team Based
2) **Personnel Skills Employed**
   - ➢ Management
   - ➢ Supervisory and Leadership
   - ➢ Single Craft and Discipline
   - ➢ Multi-Craft and Discipline
3) **Power Plant Organization Structure**
   - ➢ Historical
   - ➢ Transitional
   - ➢ Current
4) **Power Plant Services Organization Structure**
5) **Fossil Business Support Organization Structure**
6) **Personnel Staffing**

12:00 **Lunch**

2:00 p.m. **Power Plant Personnel Training**

1) **Resource Material and Development**
   - ➢ Manufacturers Equipment Engineering Manuals
   - ➢ Unit and Station Systems Manuals
   - ➢ Procedures and Use
     - ➢ Unit Operations
     - ➢ Maintenances
     - ➢ Performance Testing
     - ➢ Chemistry Management
     - ➢ Plant Administrative

2) **Goals of Power Plant Training**
- ➢ Fundamental Principles
  - ➢ Industrial Courseware
  - ➢ Testing
- ➢ System Design and Operation
  - ➢ Plant Procedures
  - ➢ Engineering References
  - ➢ Testing
- ➢ Proficiency in Operation
  - ➢ On-the-Job Training
  - ➢ Testing

3) **Employee Involvement**
- ➢ Curriculum Development
- ➢ Procedure Development
- ➢ Instructors

4:00 p.m. **Personnel Management**
- ➢ Work Assignments
- ➢ Safety
- ➢ Records
- ➢ Payroll
- ➢ Training
- ➢ Labor Agreement Administration
- ➢ Discipline

Wednesday, September 18, 1996

Power Plant Operations

9:00 a.m. **Plant and Equipment Operation Management Schemes**

1) **Unit Operations**
- ➢ Economically Dispatched
- ➢ Base Loaded
- ➢ Load Follow
- ➢ Cycling/Downturn
- ➢ Overnight Shutdown
- ➢ Cold Standby

2) **Fuel Mix**
- ➢ Coal, Coal & Gas
- ➢ Oil, Oil & Gas

3) **Boiler Arrangements**
- ➢ Cyclone/Tangentially/Wall Fired
- ➢ Universal Pressure
- ➢ Controlled/Natural Circulation Drum
- ➢ Balances Draft Furnace
- ➢ Positive Pressure Furnace

4) **Turbine Arrangement**
- ➢ Tandem
- ➢ Cross Compound

5) **Generator Arrangement**
- ➢ Hydrogen Cooled
- ➢ Hydrogen Cooled with Water Cooled Stator

6) **Unit System Integration**
7) **Water Quality/Purity Management**
8) **Equipment Safety Management Systems**

12:00 Noon **Lunch**

2:00 p.m. **Incidents, Accidents and Emergency Plans**

1) **Incident and Accident Reporting**
- ➢ Investigation
- ➢ Immediate and Permanent Corrective Action
- ➢ Future Follow up to Assess Effectiveness
- ➢ Records and Reports
- ➢ Responsibility Assignments

2) **Emergency Plans**
- ➢ Personnel Evacuation
- ➢ Fire Control
- ➢ Hazardous Materials
- ➢ Oil Spills

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Thursday, September 19, 1996

Power Plant Maintenance and Facilities management

9:00 a.m. **Power Plant Equipment Repairs**

1) **Regular Routine Maintenance**
   - ➢ Corrective
   - ➢ Preventive
   - ➢ Predictive

2) **Planned Major Equipment & Unit Outage Maintenance**
   -Develop a Long range Maintenance Plan
   - ➢ Hours of Service
   - ➢ Inspections and Repairs
   - ➢ Equipment Replacement in Kind
   - ➢ Equipment and Modifications and Upgrades
   - ➢ Outage Work Plans
   - ➢ Outage Budget
   - ➢ Support Organizations
   - ➢ Project Management

2) **Individual Job Work Planning**
   - ➢ Job Analysis
   - ➢ Repair time, Skill and repair Method Determination
   - ➢ Tool and Technical Material Identification
   - ➢ Repair Part Identification
   - ➢ Safety requirements

3) **Work Scheduling and Performance**
4) **Quality Control and Documentation**

12:00 noon **Lunch**

2:00 p.m. **Expansion and New Construction**

1) **Capital and Additions Budget**
   - ➢ Goes into Rate base
   - ➢ Long Range Planning
   - ➢ Cost Justification Process
     - ➢ Need Identification
     - ➢ Engineering Review
     - ➢ Value Added Evaluation

2) **Project Development Process**
- ➢ Engineering review
- ➢ Specification Development
- ➢ Detailed Engineering Design Prepare
- ➢ New Equipment Obtained
- ➢ Skilled Labor Sources Selected

3) **Project Startup and Management**

Friday, September 20, 1996

9:00 a.m. **Meeting at Nizhnovenergo**
- ➢ Wrap-up Session
- ➢ Discuss Workplan FY97

12:00 noon **Lunch**

5:00 p.m. Delegation departs Nizhny Novgorod on Aeroflot flight number 944 departing at 6:30 p.m. and Arrives in Moscow at 7:55 p.m.. Check in Novotel Hotel located at Airport Sheremetyevo-2 phone number (502) 220-6611/12 fax: (502) 220-6604

Saturday, September 21, 1996

7:00 a.m. Delegation departs hotel for Delta flight 61 departing at 8:35 a.m. and arrives in Frankfurt at 9:45 a.m. The delegation then takes Delta flight 15 departing at 11:30 a.m. and arrives in Atlanta at 3:15 p.m. They then take Delta flight 773 departing at 5:39 p.m. and arrive in St. Louis at 6:30 p.m.

ATTACHMENT 16

United States Energy Association
Energy Industry Partnership Program

Partnership Between

Sibirigazservis
and
National Fuel Gas

Presents a Seminar on

INVESTOR-OWNED UTILITY FINANCE, REGULATION AND RATE MAKING

Novosibirsk, Russian Federation
September 27 thru October 4, 1996

Sponsored By:

Sibirgazservis
Siberian and Far Eastern Gas Association
National Fuel Gas
United States Agency for International Development
United States Energy Association

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Background

In September 1994, the United States Energy Association established a utility partnership between between National Fuel Gas of Buffalo, New York and Sibirigazservis of Novosibirsk. Through this partnership, executives from both the U.S. and Russian utilities participate in a series of executive exchanges, internships study tours and workshops to improve Sibirigazservis' understanding of commercial utility operations in a market economy.

In December 1995 the United States Energy Association held a meeting of its Russian utility partners, at which they recognized the need to involve regulatory and government officials in the partnership program to affect policy changes favorable to utility reform. This seminar is the first activity under the partnership to include oblast administration and regulatory authorities since the December conference.

The conference will also include participation by members of the newly established Siberian and Far Eastern Gas Association, a non-profit organization created to represent the interests of the natural gas distribution companies in Siberia and the far east before local and federal governments, and to share technical information to improve the efficiency of the industry. Members of the association from outside the Novosibirsk oblast will be accompanied by their regulatory authority. Overall, 15 gas distribution companies and their regulatory authorities will participate in the seminar.

Objectives

A critical challenge confronting regional Russian utilities in their transition to a market economy is the lack of a consistent approach to the development of utility tariffs. The lack of a clear and transparent system of utility regulation exacerbates the political and economic risk associated with Russia's regional energy economies by preventing its local gas and electric utilities from recovering operating costs and planning for future investment. Such an environment acts as a deterrent to new domestic and international investment in Russian regional utilities.

A critical challenge confronting regional Russian utilities in their transition to a market economy is the lack of a consistent approach to the development of utility tariffs. The lack of a clear and transparent system of utility regulation exacerbates the political and economic risk associated with Russia's regional energy economies by preventing its local gas and electric utilities from recovering operating costs and planning for future investment. Such an environment acts as a deterrent to new domestic and international investment in Russian regional utilities.

This seminar is intended to further the understanding among Sibirigazservis, the Novosibirsk oblast administration and its Regional Energy Commission of the positive role that utility

regulation can play in fostering a climate conducive to the transition to a market economy and private investment in the energy sector of Novosibirsk.

The objectives of this seminar are to:

1) Discuss how public policy goals can be balanced with the corporate requirements of regulated utilities through tariff regulation;

2) Introduce the concept of the independent regulatory commission;

3) Develop an understanding of the revenue requirement and cost of service models and demonstrate customer class tariffs; and

4) Discuss the different types of risks that domestic and international investors are confronted with in Russia, and how independent regulatory bodies can reduce that risk.

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INVESTOR-OWNED UTILITY FINANCE, REGULATION AND RATE MAKING
Novosibirsk, Russian Federation
September 27 thru October 4, 1996

Friday September 27, 1996

1:10 pm **National Fuel Gas Participants Departs Buffalo on Delta Flight 4822**

9:55 am **Pennsylvania Public Utility Commission Participant Departs Harrisburg on United Flight 6169 to Dulles then United Flight 6485 to Kennedy**

1:30 pm **United States Energy Association Participant Departs Washington on Delta Flight 4632**

5:50 pm **Entire Delegation Departs on Delta Flight 30**

Saturday September 28, 1996

11:15 am **Delta Flight 30 Arrives at Sheremetyevo II Airport, Moscow**

1:00 pm **Register at Novotel Airport Hotel Located at Sheremetyevo II Airport, Moscow**

2:30 pm **Depart for Downtown Moscow via Hotel Shuttle**
Orientation to Moscow and Russia
- Red Square
- The Kremlin and its Churches
- Armory Museum
- Gum Department Store

6:00 pm **Return to Novotel Hotel**

6:30 pm **Dinner at Novotel Hotel**

10:30 pm **Depart for Shermetyevo I Airport, Moscow**

Sunday September 29, 1996

12:20 am **Depart Moscow on Transaero Flight 107**

7:20 am **Arrive in Novosibirsk**

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8:30 am **Register at the Sibir Hotel -- Telephone: 011-73832-23-12-15; Fax 011-7-3832-23-87-66**

1:00 pm **Inspect Conference Facilities**

3:00 pm **Orientation to Novosibirsk and Sibirigazservis**
Victor Pianov, General Director, Sibirigazservis
- Overview of the Novosibirsk Oblast Geography and Economy
- Overview of Sibirigazservis
  - Corporate History
  - Service territory
  - Number of Customers and Employees
  - Gas Supply
  - Finance and Economics
  - Relation to Regional Energy Commission and Oblast Administration

6:00 pm **Seminar Welcoming Dinner Sponsored by Sibirigazservis and the Siberian and Far Eastern Gas Association**

Monday September 30, 1996

INVESTOR-OWNED UTILITY FINANCE, REGULATION AND RATE MAKING

9:00 am **Welcoming Remarks**
Victor Pianov
General Director, Sibirigazservis and Chairman of the Siberian and Far East Gas Association
- Introduction to Sibirigazservis and the Siberian and Far Eastern Gas Association
- Discussion of Seminar Topics and Their Importance to Russian Gas Sector

9:15 am **Welcoming Remarks**
Gene George
Director, Office of Energy, Environment and Technology, United States Agency for International Development Mission to Russia
- Overview of the USAID Energy Portfolio in Russia

9:30 am **Overview of National Fuel Gas: An Investor-owned Utility**
John Pustulka, Vice President, National Fuel Gas
A brief overview of National Fuel Gas to provide context for the seminar

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- Definition of an Investor-Owned Utility
- Ownership Structure of National Fuel Gas
- Organizational Structure of National Fuel Gas
- Some Facts and Figures on National Fuel Gas
  - Number of Customers (Residential, Commercial, Industrial)
  - Number of Employees
  - Throughput
  - Gas Supply and Relations with Pipelines
  - Storage Capacity
  - Length of service mains
  - Peak Demand
- Description of Service Territory

10:00 am **The Natural Monopoly and the Regulatory Compact**

Veronica Smith, Law Officer, Pennsylvania Public Utility Commission

An introduction to the Pennsylvania PUC. An introduction to the regulatory compact to demonstrate the need to balance consumer and utility needs

- Introduction to the Pennsylvania Public Utility Commission
  - Mission
  - Structure and Funding
  - Appointment to the Commission/Term
  - Number of Employees/Responsibilities
- Definition of Natural Monopoly
- Regulation as a Substitute for Competition
- The Regulatory Compact
  - Balancing the Interests of the Utility and its Consumers
  - Obligations of the Utility
  - Rights of the Utility

10:30 am **Coffee Break**

10:45 am **The Rate Case Trial/Process**

Veronica Smith, Law Officer, Pennsylvania Public Utility Commission

What is a rate case and how is it initiated? What factors are taken into account in determining the validity of the request? What is the public's role? Can decisions be appealed?

- Definition of a Rate Case
- Initiation of a Rate Case - When and by Who?
- Rate Case Process
- Role of Commission Staff, Commissioners and Administrative Law Judge
- Public Participation

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- Documentation Required

11:30 am **Developing the Utility Revenue Requirement**
Robert J. Wright, Vice President, National Fuel Gas
Introducing the concept that revenue must cover the cost of the utility's operations and provide a reasonable rate of return for investors

- Definition of Revenue and Revenue Requirement
- The Importance of Accounting in Determine Revenue Requirements
- Revenue Requirement Formula: RR= E+D+T+r(RB)
  - Definitions of the Formula and Examples of Expenses, Depreciation, and Taxes, Rate of Return and Rate Base
- A Case Study of A Revenue Requirement Study (simplified)

12:30 pm **Lunch**
Luncheon Speaker: Chairman of the Siberian and Far Eastern Gas Association
How will the Siberian and Far Eastern Gas Association implement its mission of promoting technical cooperation among gas utilities in the region and advocating their interests?

2:00 pm **Determining the Rate of Return Portion of the Revenue Requirement Formula**
Richard E. Klein, Assistant Controller, National Fuel Gas
What is the rate of return and how does it differ among sources of capital?

- Definition of the Rate of Return
- Capital Structure of Utilities: Debt and Equity
  - Definitions
  - Sources of Debt and Equity
- Illustration of the National Fuel Gas Capital Structure
- What Determines the Rate of Return for Debt and Equity
  - Risk vs. Reward
  - Opportunity Costs
- A Case Study Illustration of a Rate of Return (simplified)
- National Fuel Gas' Rate of Return on Debt and Equity

3:00 pm **Coffee Break**

3:15 pm **Allocating the Revenue Requirement to Customer Classes**
Robert J. Wright, Vice President, National Fuel Gas
How is the revenue requirement allocated to various customer classes to ensure that the revenues produced equal the revenue requirement? How is social policy

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implemented through the development of the tariff schedule?

- Definition of the Cost of Service
- Purpose, Goals and Objectives of the Cost of Service Study
- Process of Conducting a Cost of Service Study

- Developing Rates for Customer Classes
  - Factors Effecting the Allocation of Costs
- Simplified Case Study of a Cost of Service Allocation
- Demonstration of National Fuel Gas Tariff Schedule
- Social Policy Implications for Rate Making

4:15 pm **Adjourn**

Tuesday October 1, 1996

9:00 am **Summary of Day One Information/Question & Answer Session**
John Pustulka, Vice President, National Fuel Gas
Veronica Smith, Law Officer, Pennsylvania Public Utility Commission
Robert J. Wright, Vice President, National Fuel Gas
Richard E. Klein, Assistant Controller, National Fuel Gas

10:00 am **The Role of the Accounting System for Data Collection, Analysis and Reporting**
How does management use the accounting system to make cost effective decisions? What data is required and who uses it?
Robert J. Wright, Vice President, National Fuel Gas

- Uniform System of Accounts
  - Allows for Evaluation of Decisions
  - Used to Identify and Control Operations
- Balance Sheet and Income Statements
- Data Collection and Analysis
  - How is information Used by Managers, Owners, Creditors and Regulators
- How Does the Accounting System Support Tariff Development

10:45 am **Coffee Break**

11:15 am **Financial Overview of National Fuel Gas**
Richard E. Klein, Assistant Controller, National Fuel Gas
What is the capital structure of an investor owned utility? Who owns the utility? How does the utility access capital markets? What do investors require as a

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return? How does the regulatory process relate to the financial health of the utility?

12:30 pm **Lunch**
Luncheon Speaker: Regional Energy Commissioner
The Evolving Structure of natural monopoly regulation in Russia's regions

2:00 pm **Summary of Seminar/Questions and Answers**
John Pustulka, Vice President, National Fuel Gas
Veronica Smith, Law Officer, Pennsylvania Public Utility Commission
Robert J. Wright, Vice President, National Fuel Gas
Richard E. Klein, Assistant Controller, National Fuel Gas

3:30 pm **Seminar Adjourns**

Wednesday October 2, 1996

9:00 am **National Fuel Gas Delegation Divides -- John Pustulka, Vice President, National Fuel Gas, meets with Victor Zorin, Deputy General Director to discuss the plastic pipe project**

- Status of Laying Plastic Pipe in Sibirigazservis Territory
  - Technical, economic and financial feasibility
  - Procurement of materials and equipment
  - Engineering Specifications
  - Schedule

INVESTOR-OWNED UTILITY FINANCE, REGULATION AND RATE MAKING
(The seminar continues in an informal setting for the economic and financial staff of Sibirigazservis)

9:00 am **Making Cost Effective Decisions: A Case Study**
Richard E. Klein, Assistant Controller, National Fuel Gas
Determining the financial feasibility of investment. What factors are analyzed to compare investment alternatives?

- The income statement
- Using the income statement to compare alternatives

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Thursday October 3, 1996

9:00 am **Wrap Up meeting with Sibirigazservis Senior Management**
Evaluation of seminar. Next activities of the partnership program. New activities in the regulatory focus area. Status of plastic pipe

12:30 pm **Lunch**

2:00 pm **Exit Meeting with Gennadiy Mammon, Chairman, Regional Energy Commission of the Novosibirsk Oblast**

3:30 pm **Local Shopping**

6:30 pm **Farewell Dinner**

Friday, October 4, 1996

7:30 am **Delegation Departs Sibir Hotel for Novosibirsk Airport**

8:55 am **Delegation Departs Novosibirsk for Moscow on Transaero Flight 108 and arrives in Moscow at 10:10 am**

2:00 pm **Delegation Departs Moscow for New York City on Delta Flight 31 and arrives in New York City at 4:00 pm**

6:25 pm **United States Energy Association Participant Departs New York City and Arrives in Washington at 7:40 pm**

7:00 pm **Pennsylvania Public Utility Commission participant Departs New York City and arrives Dulles at 8:30. Departing United Flight 6509 at 9:45 p.m and arrive in Harrisburg at 10:31 pm**

8:45 pm **National Fuel Gas participants Depart New York City for Buffalo on Delta Flight 4308 and arrive in Buffalo at 10:35 pm**

ATTACHMENT 17

Laura - FYI 2

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TRIP REPORT

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

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CRIMENERGO /OTTER TAIL POWER COMPANY

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POWER-GEN '95 CONFERENCE
EXECUTIVE EXCHANGE VISIT

* * * * * *

ANAHEIM, CALIFORNIA
FERGUS FALLS, MINNESOTA

DECEMBER 2 - 19, 1995

Prepared By: Albert H. Skeath
Deputy Program Manager
Energy Industry Partnership Program

Date: January 11, 1996

BACKGROUND

On October 26, 1995, Crimenergo and Otter Tail Power Company signed a Cooperative Agreement in Simferopol, Crimea. This activity concluded a visit by Otter Tail Power executives to initiate the partnership program. The team developed a workplan of projects for fiscal year 1996.

The second activity under the partnership provided an opportunity for Crimenergo managers to become acquainted with Otter Tail Power Company officials and facilities.

OBJECTIVES

The objective of this executive exchange visit was to strengthen the communications and working relationship between the top level managers of the two partners by having formal presentations for the delegation from Crimenergo. Immediately prior to the visit, the delegation attended the annual Power-Gen '95 Conference where they attended technical sessions, met suppliers, and made acquaintances with power industry personnel.

ACCOMPLISHMENTS

This activity accomplished all of its objectives. The delegation from Crimenergo learned about U.S. electric utility management policies, became acquainted with equipment suppliers, learned about business practices and organization at Otter Tail Power Company, and met with USAID contractors.

LIST OF PARTICIPANTS

Anatoly Litvinov, Vice Director - Crimenergo

Michael Gavrilets, Director - Simferopol Electric Station

Emelyan Gembarsky, Deputy Director - Crimenergo

Vladimir Cherkesov, Chief Engineer - Simferopol Electric Station

Management Staff - Otter Tail Power Company

Albert H. Skeath, Deputy Program Manager - USEA

Dennis Kovalev and Karin Elliot - Interpreters

ITINERARY
FOR
INITIAL PARTNERSHIP EXCHANGE BETWEEN
OTTER TAIL POWER COMPANY AND KRYMENERGO

Saturday, October 21, 1995

12:25 p.m. Northwest Flight No. departs Fergus Falls; arrives St. Paul, MN 1:25 p.m. -Otter Tail Power Company participants

2:40 p.m. Northwest Air Flight No. 1502 departs St. Paul, MN; arrives Newark, NJ 6:11 p.m.

4:15 p.m. Continental Flight No. 9425 departs Allentown, PA; arrives Newark, NJ 5:40 p.m. - Al Skeath

8:05 p.m. Continental Flight No. 50 departs Newark, NJ; arrives Frankfurt, Germany 8:40 a.m. on Sunday, October 22, 1995 - Otter Tail participants and Al Skeath

Sunday, October 22, 1995

11:05 a.m. Ukraine Intl Flight No. 402 departs Frankfurt; arrives Kiev 2:40 p.m.

3:00 p.m. Ground transportation from Kiev airport to RUS Hotel

Lodging: RUS Hotel

Monday, October 23, 1995

9:00 a.m. Meetings in Kiev
- USAID/Mission Director
- IDEA/Kiev
- Hagler Bailly, Inc.
- Price Waterhouse
- Ministry of Energy & Electrification

Lodging: RUS Hotel

Tuesday, October 24, 1995

11:40 a.m. Air Ukraine Flight No. 3361 departs Kiev; arrives Simferpol at 2:50 p.m.

3:00 p.m. Ground transportation from airport to hotel

Lodging: VOLGA Hotel
Simferpol, Ukraine

Wednesday, October 25, 1995

9:00 a.m. Meeting with Krymenergo
- Introductions
- Service Area
- Relationship with Ministry
- Relationship with GENCO's
- Regulations
- Major concerns

12:30 p.m. LUNCH

2:00 p.m. Reports by Krymenergo Department Directors
- Engineering
- Operations
- Finance
- Personnel

4:30 p.m. Daily Wrap-Up - *Albert H. Skeath*

Lodging: VOLGA Hotel
Simferopol, Ukraine

Thursday, October 26, 1995

9:00 a.m. Overview of Otter Tail Power Company - *John MacFarlane*
- Corporate History
- Organizational Structure
- Regulatory Relationships
- Interconnection

10:30 a.m. Financial Management at Otter Tail Power Company -
- Investor Services
- Capital Financing
- Ratemaking
- Executive Information Systems

12:30 p.m. LUNCH

Thursday, October 26, 1995 ***(continued)***

2:00 p.m. Other Departments at Otter Tail Power

Human Resources
- Compensation Programs
- Incentive Programs
- Job Descriptions
- Performance Evaluations

Customer Information Systems
- Purpose of Systems
- Reporting
- Hardware/Software

Marketing
- Sales Programs
- Economic Development
- Customer Incentives

Technical
- Operations
- Maintenance
- Safety
- Training

4:30 p.m. Daily Wrap-Up - *Albert H. Skeath*

Lodging: VOLGA Hotel
Simferopol, Ukraine

Friday, October 27, 1995

8:30 a.m. Depart for site visit to Krymenergo facilities

12:30 p.m. LUNCH

2:00 p.m. Preparation of Workplan
- Focus Areas
- Schedule
- Deliverable Products

4:00 p.m. Review and discussion of the proposed Cooperative Agreement

DRAFT

Work-Plan for the Partnership Program between AO "Nizhnovenergo" and "Illinois Power"

	1995			1996								
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Consumer Service (including T & D Management)				EE "IP"			I "IP"					Sem NNE
PP Management											EE "IP"	Sem NNE
Cost Analysis and Decision-Making							I "IP"					
Rate Setting and Regulation			Sem NNE				I "IP"					
Human Resources			Sem NNE									

EE - Executive Exchange; I - Internship; Sem - Seminar; "IP" - "Illinois Power"; NNE - "Nizhnovenergo"

ATTACHMENT 18

9000-8J3

PP&L CORP PLNG

774-6176

KIEVENERGO DELEGATION VISIT

CUSTOMER SERVICE, COMMUNITY SERVICE, AND ECONOMIC DEVELOPMENT

MONDAY, DECEMBER 11, 1995

9:00 A.M. - 1:00 P.M.

- Welcome and introduction
- Review of the weeks' schedule
- Administrative duties
- Basics of an electric utility in the U.S.
- Overview of PP&L
- Determination of visitors' interests
- Lunch - CDR #

1:00 p.m. - 4:00 p.m.

Customer Services Overview
Tom Stathos
2 visitors and 1 interpreter
Location

- How we're organized, what we do
- Read meters and service work, terminations
- Answer calls
- Collect revenues and make payment arrangements
- Dispatch crews for trouble calls
- Investigate complaints in field
- Consumer functions, CARES, OpHELP, On-Track, WRAP

Community Service and Economic Development Overview
2 visitors and 1 interpreter
Jim Burns, Don Bernard, Lou Ramos
Location
Overview of ED&CA and relevant customer programs such as Community Partnership

- PP&L organizational structure on these topics
- Economic Development staff roles
- CDD roles
- Economic development programs, explanation of partnership emphasis
- P&CC budget
- Volunteer programs

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PP&L CORP PLNG

MONDAY, DECEMBER 11, 1995

Dinner Reception - Allentown Hilton
5:00 p.m. - 6:00 p.m. - Refreshments
6:00 p.m. - 8:00 p.m. - Dinner

Attendees:
Igor B. Dederkalo
Yuryi V. Prodan
Yevgenyi D. Goncharov
Yuryi Y. Strugovschykov
Michael Arrowood
Torii Loginov
Al Skeath
Sarath Moya
Tom Stathos
Tim Dahl
Lou Ramos
Don Bernhard
Jim Burns
Florie McNelis
(others who are participating)

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TUESDAY, DECEMBER 11, 1995

8:30 a.m. - 4:30 p.m.

Customer Services
Overview of CARES, ON-TRACK, OPERATION HELP, WRAP
Host: Tom Stathos
2 visitors and 1 interpreter
Location: Lehigh Service Center

- Visit CCC
- Visit CACLV to watch intake
- Visit WRAP job-site

Community Services and Economic Development
Hosts: Jim Burns, Don Bernard, Lou Ramos
2 visitors and 1 interpreter
Location

- Academic-economic development relationships, Lehigh, Ben Franklin, MRC
- AEDC small business incubator, Mack Truck property reuse

* Hotel Also

Tuesday Evening
(Unplanned as of this date)

WEDNESDAY, DECEMBER 13, 1995

Field trip to Scranton
4 visitors, 2 interpreters
Host: Florie McNelis
Depart hotel at 7:30 a.m. and arrive in Scranton at 9:00 a.m.

- Ukrainian language newspaper
- Hill Neighborhood Association project
- Economic Development Council of Northeast PA (EDCNP)
- Scranton Chamber of Commerce
- Mulberry Street Project

Depart Scranton at 4:00 p.m. arrive at hotel at 5:30 p.m.

THURSDAY, DECEMBER 14, 1995

Field trip to Land Management sites
Host: Lou Ramos
Depart hotel at 7:30 a.m. and arrive at Montour Preserve at 9:30 a.m.

- Montour Preserve
- Lunch
- Susquehanna Riverlands
- Environmental Education

Depart Susquehanna Riverlands at 3:30 p.m. arrive at hotel at 5:00 p.m.

FRIDAY, DECEMBER 15, 1995

8:30 a.m. - 12noon

Customer Services
Host: Tom Stathos
2 visitors and 1 interpreter
Location

- Additional visitations as requested by visitors
- Summary and wrap-up

Community Services
Hosts: Don Bernhard, Jim Burns, Lou Ramos
2 visitors, 1 interpreter
Location

- Additional visitations as requested by visitors
- Summary and wrap-up

Lunch 12noon - 1:00 p.m.

Program Conclusion

- Areas for improvement
- Future action plans
- Addition information requested
- Adjourn at 4:30 p.m

ATTACHMENT 19

Laurie - FYI

QC

TRIP REPORT

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

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KYIVOBLENERGO/PP&L

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CUSTOMER SERVICE, PUBLIC AFFAIRS
AND ECONOMIC DEVELOPMENT EXECUTIVE EXCHANGE VISIT

* * * * * *

ALLENTOWN, PENNSYLVANIA

DECEMBER 11 - 15, 1995

Prepared By: Albert H. Skeath
Deputy Program Manager
Energy Industry Partnership Program

Date: January 11, 1996

BACKGROUND

On December 10, 1993, Kyivoblenergo and Pennsylvania Power & Light Company (PP&L) signed a Cooperative Agreement under the USEA-sponsored Energy Industry Partnership Program (EIPP). During the following two years there have been 12 activities between these two partners. These have consisted of executive exchange visits, advisory missions, seminars, internships, and conference participation.

The focus of the partnership has been on the development of management expertise in Kyivoblenergo to assist them in their transition to a market economy based distribution company. Specific topics have included finance, tariffs, regulation, organization structure, privatization, safety and dispatch management.

OBJECTIVES

There were three primary objectives of the recent exchange visit:

1. Provide the delegation with an overview of PP&L's customer service procedures, policies, operations and facilities.
2. Introduce the delegation to the activities between PP&L and various public organizations, agencies and bodies.
3. Acquaint the delegation with PP&L's economic development program.

ACCOMPLISHMENTS

This executive exchange visit accomplished all of its objectives. During the week that the delegation spent at PP&L they became acquainted with management policies and practices in the areas of customer service, public affairs, and economic.

The visit included formal presentations, site tours of facilities, informal discussions, and cultural activities.

LIST OF PARTICIPANTS

Igor B. Dederkalo, Head of the Energy Supervision and Sales Department

Yuryi. V. Prodan, Substitute of the Head of Energy Supervision & Sales Department

Yevgenyi D. Goncharov, Head of Heat Energy Sales Department of Heating Systems Enterprise

Yuryi Y. Strugovschykov, Substitute of Chief Engineer of Kyiv City Cable Systems Enterprise

Pennsylvania Power & Light Company Management Staff

DESCRIPTION OF MEETINGS

After a general overview of PP&L and the U.S. electric utility industry, the delegation was divided into two groups: (1) customer service and (2) public affairs and economic development.

The customer service program included presentations on organizational structure, meters, service work, terminations, response to customer calls, collections and payment procedures, investigation of complaints, customer assistance programs, and tours of the Customer Contact Center and Consumer Assistance Center.

The second group had formal presentations on community affairs and economic development programs including organizational structure, staff roles and responsibilities, charitable and volunteer activities, academic relationships, and a tour of the Marketing and Economic Development facilities.

Additional field trips included visits to a Ukrainian language newspaper, a neighborhood association, an economic development council, a chamber of commerce, a re-development project, natural preserves, and visits to employees homes.

SUMMARY

The delegation completed evaluation forms and indicated that they were satisfied with the program logistics (lodging, meals, transportation, allowances, and general assistance); had no problems with presentations and translations; had adequate cultural activities; have a better understanding of the U.S. economic system and about life in the U.S.; have expanded their professional knowledge; and will apply this knowledge to train others and improve their own operations.

All of the delegates rated the program, the instructors, the written materials, and tour as "very good". They also stated that the knowledge and skills will be useful when they return home.

ACTION PLAN

USEA will continue to work with these two partners to develop executive exchange visits, internships, and seminars to assist Kyivoblenergo as it goes through a transition to a market economy and to assist PP&L in identifying international opportunities.

ATTACHMENT 20

DATE OF ISSUE: February 6, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

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GENERAL MANAGEMENT ORIENTATION INTERNSHIP
VITALIY E. GEMBARSKIY

* * * * * *

CRIMENERGO/OTTER TAIL POWER COMPANY

Sponsored By

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

March 9 - April 9, 1996

Fergus Falls, Minnesota
Milbank, South Dakota

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LIST OF PARTICIPANTS

Vitaliy E. Gembarskiy
Engineer of Feodsiya Electric Network Enterprise
Crimenergo

Management Staff
Otter Tail Power Company

Albert H. Skeath
Deputy Program Manager

BACKGROUND

On October 26, 1995, Crimenergo and Otter Tail Power Company concluded an Executive Exchange Visit in Simferopol by signing an Cooperative Agreement and by developing a workplan for fiscal year 1996. The next activity in the workplan covered a reciprocal visit to Otter Tail Power Company by a delegation from Crimenergo.

The third activity in the partnership is an internship program for one representative of Crimenergo to spend one month at Otter Tail Company.

OBJECTIVES

The purpose of this internship is to provide an overall introduction to market economy concepts and business practices in the U.S.

The delegate will have an opportunity through personal observations and direct conversations to adopt concepts and techniques to be implemented at Crimenergo.

THE PROGRAM

During the one month internship, the intern will visit and meet with representatives from various departments at Otter Tail Power Company, including: customer service, marketing, division engineering, central stores, rates and revenues, information services, purchasing, energy measurement, personnel, safety and training, systems operations, corporate communications, accounting, generation, environmental, legal and planning. He will also attend the Annual Shareholders meeting. In addition, he will visit an energy efficient farm, a Builders Show, a home energy audit, and a substation. This is a comprehensive overview of Otter Tail Power Company's operations.

ITINERARY - GENERAL MANAGEMENT ORIENTATION INTERNSHIP
CRIMENERGO/OTTER TAIL POWER COMPANY

Saturday, March 9, 1996

7:50 a.m. Ukraine Intl Flight No. 401 departs Kiev; arrives Frankfurt 9:30 a.m. - Vitaliy Gembarskiy (Meet & Greet services provided by Primus Travel Organization)

10:20 a.m. Continental Flight No. 9417 departs Allentown; arrives Newark 11:40 a.m. - Al Skeath

11:30 a.m. Continental Flight No. 51 departs Frankfurt; arrives Newark 2:20 p.m.

5:00 p.m. Northwest Air Flight No. 767 departs Newark; arrives St. Paul 7:08 p.m. - Vitaliy Gembarskiy and Al Skeath

8:00 p.m. Northwest Air Flight No. 3079 departs St Paul; arrives Fergus Falls 9:05 p.m. - Vitaliy Gembarskiy and Al Skeath

9:05 p.m. Ground transportation provided by Otter Tail Power (Celia Benson or Chuck Hanson) to Best Western (Al Skeath) and the home of Mr. & Mrs. Steidl (Vitaliy Gembarskiy)

Lodging:

Best Western
902 Frontier Drive
Fergus Falls, MN
(218) 739-2211

Lodging:

Residence of Mr & Mrs. Steidl
521 Vernon Avenue West
Fergus Falls, MN

Sunday, March 10, 1996

RECOVERY DAY - FERGUS FALLS, MINNESOTA

Monday, March 11, 1996

9:00 a.m.- 4:00 p.m. Orientation Day
- Overview of organization, service territory and general system
- Tour buildings and grounds
- Reprographics
  --billing
  --bill stuffers

Tuesday, March 12, 1996

5:00 a.m. Ground transportation provided by Otter Tail from Best Western to Fergus Falls airport - Al Skeath

6:00 a.m. Northwest Flight No. 3078 departs Fergus Falls; arrives St. Paul 6:55 a.m.--depart St. Paul on Northwest Air Flight No. 746 at 10:00 a.m.; arrive Detroit 12:44 p.m. -- depart Detroit on Northwest Air Flight No. 542 at 1:55 p.m.; arrive Allentown 3:16 p.m.

8:00 a.m.- 5:00 p.m. Spend day with Service Representative
- Read meters
- Locates
- Trouble Calls
- Service Drops

Wednesday, March 13, 1996

Travel with Chuck Hanson, Manager Market Planning to visit BFI

Thursday, March 14, 1996

10:00 a.m.- 3:00 p.m. Attend Farm Energy Efficiency Tour & Seminar

4:00 p.m. Fergus Falls Division Office Activities

Friday, March 15, 1996

8:00 a.m.- 5:00 p.m. Division Engineering Activities
- Power Quality and Area Line Crew Activities
- Maintenance
- Rebuild

Saturday, March 16, 1996

9:00 a.m. Visit the Builders Show at the shopping mall where Otter Tail Power employees host a booth

12:00 p.m. FREE AFTERNOON

Sunday, March 17, 1996

FREE TIME

Monday, March 18, 1996

8:00 a.m. - 12:00 p.m. Spend the day at the Central Stores Warehouse, Wahpeton, Minnesota
- Transformer Repair Shop

1:00 p.m.- 5:00 p.m. Visit a substation site

Tuesday, March 19, 1996

8:00 a.m.- 12:00 p.m. Attend meetings at Otter Tail's General Office Building
- Market Planning
- Market Pricing
- Revenue Requirements

1:00 p.m.- 5:00 p.m. Information Services Departments - Customer Information System
- Purchasing & Fuel Procurement

Wednesday, March 20, 1996

8:00 a.m. - 5:00 p.m. Energy Measurement & Control
- Meter testing

Thursday, March 21, 1996

8:00 a.m.- 12:00 p.m. Personnel - Compensation Committee
- Applications/interviews
- Union Issues
- Benefits & Employee Services

1:00 p.m. - 5:00 p.m. Safety & Training
- Visit training sites
- Attend a safety seminar

Friday, March 22, 1996

8:00 a.m.- 5:00 p.m. System Operations
- Scheduling & Dispatch
- Bulk power sales
- SCADA

Saturday, March 23, 1996

FREE DAY

Sunday, March 23, 1996

FREE DAY

Monday, March 25, 1996

8:00 a.m.- 12:00 p.m. Corporate Communications
- Officer staff meeting
- Department staff meeting
- In-house communications and advertising

1:00 p.m.- 5:00 p.m. Accounting Departments
- Payroll
- Property tax
- Accounts payable

Tuesday, March 26, 1996

8:30 a.m. - 5:00 p.m. Attend Accounting Conference, General Office Building - Otter Tail Power

Wednesday, March 27, 1996

8:30 a.m.- 12:00 p.m. Attend Accounting Conference, General Office Building - Otter Tail Power

1:00 p.m.- 5:00 p.m. Visit home site during a home energy audit

Thursday, March 28, 1996

8:00 a.m. - 5:00 p.m. Spend the day with Marketing Supervisor
- Commercial Customer Contacts

Friday, March 29, 1996

8:00 a.m. - 5:00 p.m. Visit Hoot Lake Plant - Fergus Falls, Minnesota
- Control room
- Railcar unloading
- Safety training

Saturday, March 30, 1996

FREE DAY

Sunday, March 31, 1996

Travel to Milbank, South Dakota - Settle in with host Dean Pawlowski

Monday, April 1, 1996

8:00 a.m.- 5:00 p.m. Visit Big Stone Plant
- Environmental controls
- Safety procedures
- Purchasing

Tuesday, April 2, 1996

8:00 a.m.- 5:00 p.m. Continuation of previous day's activities at Big Stone Plant

Wednesday, April 3, 1996

8:00 a.m. - Continuation of previous day's activities at Big Stone Plant

Thursday, April 4, 1996

8:00 a.m.- 5:00 p.m. Visit Milbank Division Office Operations
Visit Schneck Dairy with Industrial Marketing Representative
5:00 p.m. Return to Fergus Falls, Minnesota

Friday April 5, 1996

8:00 a.m.- 12:00 p.m.
- Environmental Issues
  - Water & Air Quality Testing
- Legal & Right of Way
  - Insurance and Claims

1:00 p.m.- 5:00 p.m.
- Planning Departments
  - Evaluation and Review of Internship

Saturday, April 6, 1996

FREE TIME

Sunday, April 7, 1996

FREE TIME

Monday, April 8, 1996

8:00 a.m.- 12:00 p.m. Attend Otter Tail Annual Stockholders Meeting

1:00 p.m. - 5:00 p.m. **FREE TIME**

Tuesday, April 9, 1996

10:30 a.m. Ground transportation provided by Otter Tail from the residence of Mr. & Mrs. Steidl to the Fergus Falls airport - Vitaliy Gembarskiy

12:25 p.m. Northwest Flight No. 3074 departs Fergus Falls; arrives St. Paul 1:25 p.m.

3:20 p.m. Northwest Flight No. 8664 departs St. Paul; arrives Amsterdam 6:10 a.m. (April 10, 1996)

Wednesday, April 10, 1996

11:00 a.m. Ukraine Intl departs Amsterdam; arrives Kiev 3:50 p.m.

ATTACHMENT 21

DRAFT DATE OF ISSUE: February 12, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

EXECUTIVE EXCHANGE VISIT

DISTRICT HEATING MANAGEMENT

* * * * * *

KIEVENERGO/PP&L

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

March 23 - 30, 1996

Allentown, Pennsylvania
Harrisburg, Pennsylvania
Scranton, Pennsylvania

LIST OF PARTICIPANTS

ALEKSANDER RADCHENKO
DEPUTY CHAIRMAN
JOINT-STOCK COMPANY
KIEVENERGO

DMITRIY YAKUBENKO
DEPUTY DIRECTOR
KIEV HEATING SYSTEMS ENTERPRISE
KIEVENERGO

GRIGORIY KOVAL
DEPUTY DIRECTOR KIEV PES-6
KIEVENERGO

LUBOV GVOZDAREVA
CHIEF ACCOUNTANT
JOINT-STOCK COMPANY
KIEVENERGO

JOE MEZLO & PP&L MANAGEMENT STAFF

ALBERT H. SKEATH
DEPUTY PROGRAM MANAGER

MICHAEL ARROWOOD, INTERPRETER
TORII LOGINOV, INTERPRETER

BACKGROUND:

On December 10, 1993 Kievenergo and Pennsylvania Power & Light Company (PP&L) signed a Cooperative Agreement under the U.S. Energy Association Energy Industry Partnership Program (EIPP). Since then there have been 12 activities between the partners, including executive exchange visits, advisory missions, internships, conference attendance, and seminars. The focus of these activities have bee on the development of management expertise at Kievenergo in areas such as finance, tariffs, regulation, customer service, and safety.

OBJECTIVES:

The objectives of this exchange visit will be to acquaint the visiting delegation with regulations, operations, and tariff structure for district heating systems. The visit will also include meetings with government and municipal officials to discuss their role with the energy producers.

PROGRAM:

The exchange visit will include presentations by PP&L officials, meetings with the state regulatory agency, a site visit to a district heating facility, and meetings with municipal officials. This broad exposure to various aspects of the district heating industry will provide an overview for the delegation.

Saturday, March 23, 1996

7:50 a.m. Ukraine Intl Flight No. 401 departs Kiev; arrives Frankfurt 9:30 a.m. - Kievenergo delegation

1:00 p.m. United Flight No. 3503 departs Frankfurt; arrives Wash/Dulles 3:50 p.m. - Greet at airport by Torii Loginov, Interpreter

5:55 p.m. United Express Flight No. 6252 departs Wash/Dulles; arrives Allentown 6:55 p.m. - Kievenergo delegation and Torii Loginov

6:55 p.m. Ground transportation provided by AA Chauffeur Service from airport to Howard Johnson

Lodging:

Howard Johnson
3220 Hamilton Blvd.
Allentown, Pennsylvania
(610) 439-4000

Sunday, March 24, 1996

4:00 p.m. Kievenergo delegation and Torii Loginov to meet with Al Skeath to review itinerary and USEA policies

4:30 p.m. USAIR Flight No. 1236 departs Asheville; arrives Charlotte, NC 5:07 p.m. - Michael Arrowood, Interpreter; USAIR Flight No. 1051 departs Charlotte, NC; arrives Allentown 8:39 p.m.

6:00 p.m. **DINNER WITH PP&L REPRESENTATIVES**

8:39 p.m. Ground transportation provided by AA Chauffeur from Allentown/BTHL to hotel

Lodging:

Howard Johnson

Monday, March 25, 1996

8:30 a.m. Ground transportation provided by AA Chauffeur from Howard Johnson to PP&L

9:00 a.m. PP&L Presentations
- History of regulations in U.S.
- Tour of PP&L Facilities

12:00 p.m. **LUNCH - PP&L Executive Dining Room**

1:30 p.m. Continuation of PP&L Presentations
- Cost of Service Principles
- Ratemaking

3:30 p.m. **BREAK**

3:45 p.m. Regulatory Process

4:30 p.m. **ADJOURN**

4:30 p.m. Ground transportation provided by AA Chauffeur from PP&L to Howard Johnson

Lodging:

Howard Johnson

Tuesday, March 26, 1996

8:30 a.m. Ground transportation provided by AA Chauffeur from Howard Johnson to the Public Utility Commission, Harrisburg, PA

10:00 a.m. Presentations by Public Utility Commission (PUC)
- Overview of PUC
- Visit a PUC hearing in process
- Perspective of the Commissioner's Office

12:00 p.m. **LUNCH - DUTCH TREAT**

1:30 p.m. Continuation of PUC Presentations
- Advisory Staff
- Prosecutor Staff

3:00 p.m. **BREAK**

3:15 p.m. Perspective of the Administrative Law Judge's Office

4:00 p.m. Ground transportation provided by AA Chauffeur from PUC Harrisburg, PA to Howard Johnson, Allentown, PA

Lodging:

Howard Johnson

Wednesday, March 27, 1996

9:00 a.m. Ground transportation provided by AA Chauffeur from hotel to PP&L

10:00 a.m. - 12:00 p.m. Visits with municipal officials in Allentown and Lehigh County

12:00 p.m. **LUNCH - PP&L Executive Dining Room**

1:30 p.m.- 4:00 p.m. Continuation of morning activities

4:30 p.m. Ground transportation provided by AA Chauffeur from Lehigh County to hotel

Lodging:

Howard Johnson

Thursday, March 28, 1996

8:00 a.m. Ground transportation provided by AA Chauffeur from hotel to Scranton Steam Heat Plant, Scranton, PA

10:00 a.m. Tour of Scranton Steam Heat Plant

12:00 p.m. **LUNCH - Dutch Treat**

1:30 p.m. Visit with reporters from Ukrainian Weekly Newspaper

3:00 p.m. Ground transportation provided by AA Chauffeur from Scranton, PA to Joe Mezlo's home, Allentown, PA

5:00 p.m. **DINNER - Joe Mezlo's home**

8:00 p.m. Ground transportation provided by AA Chauffeur from Joe Mezlo's home to the hotel

Lodging:

Howard Johnson

Friday, March 29, 1996

8:30 a.m. Ground transportation provided by AA Chauffeur from hotel to PP&L

9:00 a.m. Question & Answer Session with PP&L Officials

10:15 a.m. BREAK

10:30 a.m. Program Summary and Evaluation

12:00 p.m. **LUNCH - PP&L Executive Dining Room**

1:30 p.m. Ground transportation provided by AA Chauffeur from PP&L to Northampton Community College

2:00 p.m. Presentations at Northampton Community College
- NCACC
- Parson Power
- Ukraine Delegation
- Invited Guests

4:30 p.m. Ground transportation provided by AA Chauffeur from Northampton Community College to hotel

Lodging:

Howard Johnson

Saturday, March 30, 1996

7:30 a.m. Ground transportation provided by AA Chauffer from hotel to Allentown/BTHL airport - Michael Arrowood

8:30 a.m. USAIR Flight No. 1051 departs Allentown; arrives Charlotte, NC 10:03 a.m.; departs Charlotte on USAIR Flight No. 267 at 11:05 a.m.; arrives Asheville 11:42 a.m. - Michael Arrowood

2:00.p.m. Ground transportation provided by AA Chauffeur from hotel to Allentown/BTHL

3:00 p.m. United Express Flight No. 6153 departs Allentown; arrives Wash/Dulles 4:01 p.m. - Kievenergo delegation and Torii Loginov, Interpreter

5:35 p.m. United Flight No. 916 departs Wash/Dulles; arrives Frankfurt 8:10 a.m. - Kievenergo delegation

Sunday, March 31, 1996

9:40 a.m. United Flight No. 3824 departs Frankfurt; arrives Kiev 1:15 p.m.

ATTACHMENT 22

DATE OF ISSUE: April 15, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

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EXECUTIVE EXCHANGE VISIT

INVESTOR RELATIONS

* * * * * *

KIEVENERGO/PP&L PARTNERSHIP

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

April 20 - 27, 1996

New York, New York
Allentown, Pennsylvania
Washington, D.C.

LIST OF PARTICIPANTS

BORIS YACHTCHENKO
FIRST DEPUTY CHAIRMAN OF THE BOARD
KIEVENERGO JOINT STOCK COMPANY

ALEXANDR BONDARENKO
DIRECTOR OF ENERGY AND COMMUNICATION DEPARTMENT

ALBERT H. SKEATH
DEPUTY PROGRAM MANAGER
U.S. ENERGY ASSOCIATION

TORII LOGINOV, Interpreter
LANA PESELEV, Interpreter

BACKGROUND:

On December 10, 1993 Kievenergo and Pennsylvania Power & Light Company (PP&L) signed a Cooperative Agreement under the U.S. Energy Association Energy Industry Partnership Program (EIPP). Since then there have been 13 activities between the partners, including executive exchange visits, advisory missions, internships, conference attendance, and seminars. The focus of these activities have been on the development of management expertise at Kievenergo in areas such as finance, tariffs, regulation, customer service, and safety.

The fourteenth activity under the cooperative partnership will focus on investor relations. The delegates are the Chairman of the Board of Directors of Kievenergo and his deputy.

The Ukraine energy sector has been restructured and Kievenergo which was once a vertically-integrated electric energy company is now one of 27 distribution companies. The delegates for this exchange visit are the top two officials of the new organization and as they proceed through privitization stage they are interested in learing about market economy operations. They are specifically interested to gain knowledge about financing of operations and the shareholder process. This program will acquaint the delegates with these areas of the market economy.

OBJECTIVES:

The objectives of this executive exchange visit are:

1. To acquaint the delegation with the organization, roles and functions of investment banks in raising capital for investor owned companies. This will include discussions about stocks, bonds, risk analysis, and the trading process of financial instruments.

2. To attend a PP&L shareholders meeting to learn about the interaction between shareholders, corporate officers, Boards of Directors, and employees. This will include an understanding of terminology of stocks, bonds, interest, dividends, retained earnings, and capital investment.

3. To introduce the delegates to sources for financial funding of capital projects and feasibility studies. This will include meetings with the World Bank and U.S. Trade & Develeopment Agency.

PROGRAM:

The executive exchange visit will include:

A. Meetings with Investment Banks

This will introduce the delegates to the world of the stock market, including stocks, bonds, ratings, market vs. book price, yield, interest, dividend, retained earnings and the trading process.

B. Attendance at PP&L Shareholders Meeting

At this activity, the delegation will learn about the role of shareholders, Board of Directors, company officials, and employees in the management of a U.S. corporation. Too, they will learn about decision-making processes for capital investment and dividend policies.

Finally, the delegation will meet and have presentations by the World Bank, U.S. Trade & Development Agency, and U.S. Aid for International Development which will explain financial sources for capital improvement programs.

Saturday, April 20, 1996

3:30 p.m. Carey Limousine from New York/Kennedy airport to The Barbizon Hotel

Lodging:

The Barbizon Hotel
140 E. 63rd Street at Lexington
New York, New York
(212) 373-4578

Sunday, April 21, 1996

CULTURAL ACTIVITIES - NEW YORK CITY

5:55 p.m. Al Skeath arrives New York City

7:30 p.m. Meeting in lobby of The Barbizon Hotel with Kievenergo delegages, Torii Loginov and Al Skeath to review the activities for the week.

Lodging:

The Barbizon Hotel

Monday, April 22, 1996

10:30 a.m. Meeting with CS First Boston - *Jeff Bunzel, Managing Director*
- Equity
- Bonds
- Risk Analysis
- Bond Rating Agencies

12:45 p.m. **LUNCH**

3:00 p.m. Meeting with Merrill Lynch, *Edward E. Graham, Associate-Investment Banking*
- International Investor Criteria
- Visit to Trading Floor
- Market vs. Book Price
- Dividend Policies
- Yield Calculations

Monday, April 22, 1996 ***(continued)***

Lodging:

Howard Johnson
3220 Hamilton Blvd.
Allentown, PA
(610) 439-4000

Tuesday, April 23, 1996

9:00 a.m. Meeting with PP&L officials

- Regulations
- Finance
- Customer Service
- Rates
- Marketing
- Billing and Collections

12:00 p.m. **LUNCH - PP&L Executive Dining Room**

1:30 p.m. Development of Plans for PP&L in June, 1996 visit to Kievenergo

- Focus Areas
- Topics
- Format
- Content
- Progress Review of Partnership
- Development of 1997 Workplans

Lodging:

Howard Johnson

Wednesday, April 24, 1996

9:00 a.m.-
4:00 p.m. Attend PP&L Annual Shareholder Meeting at Stabler Arena

- Introductions
- Witness Voting Procedures
- Shareholder Role
- Presentations by Corporate Officers
- Shareholder Question Session

5:00 p.m. **DINNER**

7:30 p.m. Kievenergo delegation and Torii Loginov, Interpreter depart Allentown, PA to Washington, D.C.

Lodging:

Quality Inn
1315 16th St., N.W.
Washington, D.C. 20036
(202) 232-8000

Thursday, April 25, 1996

9:30 a.m. Meeting with the World Bank, *Carolyn Gochenour, Principal Financial Analyst*

- History of World Bank
- Source of Funding
- Examples of Projects
- Ukraine Programs

12:00 p.m. **LUNCH**

2:00 p.m. Meeting with U.S. Trade & Development Agency

- History of USTDA
- Types of Projects Covered
- Examples in Ukraine

Lodging:

Quality Inn

Friday, April 26, 1996

10:00 a.m. Meeting with USAID Contractors
- Institute for International Education
- Burns & Roe
- Hagler & Bailly
- U.S. Energy Association

12:00 p.m. **LUNCH**

2:00 p.m. Meeting with USAID
- Review of Partnership Activities
- 1996 Workplan Activities
- Funding
- Proposed 1997 Activities

Lodging:

Quality Inn

Saturday, April 27, 1996

9:00 a.m.-3:00 p.m. **CULTURAL ACTIVITIES IN WASHINGTON, D.C. - A.M.**

3:00 p.m. Carey Limousine from Quality Inn to Washington/Dulles Airport

5:50 p.m. Kievenergo delegation departs Washington, D.C.

Sunday, April 28, 1996

9:40 a.m. Kievenergo delegation depart Frankfurt for Kiev

ATTACHMENT 23

This is our agenda

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Utility Management Seminar

Otter Tail Power Co./Crimenergo Partnership

sponsored by

United States Agency for International Development

and

United States Energy Association

June 8-19, 1996

Simferopol, Crimea

LIST OF PARTICIPANTS

Dennis R. Emmen
Board of Directors
Otter Tail Power Co.

Rodney C.H. Scheel
Vice President, Electrical
Otter Tail Power Co.

John D. Erickson
Director, Market Strategies and Regulation
Otter Tail Power Co.

Celia J. Benson
Manager, Strategic Issues
and Competitive Development
Otter Tail Power Co.

Donald A. Storm
Chairman
State of Minnesota
Public Utilities Commission

Yelena Golbin
Program Coordinator
U.S. Energy Association

BACKGROUND

In 1992, the United States Agency for International Development entered into a cooperative agreement with the United States Energy Association in a series of definitional missions to determine the scope of U.S. Government assistance effort in the energy sector of the Newly Independent States (NIS) of the former Soviet Union. To administer this task, USEA and USAID jointly developed Energy Industry Partnership Program (EIPP) for the NIS. The objective of the EIPP is to establish long-term cooperative relationships between U.S. and NIS energy enterprises that provide a mechanism for the U.S. energy industry to transfer its experience in market-based energy production, transmission, and distribution to its counterparts in the NIS. Presently, the EIPP has establish fifteen U.S./NIS industry partnerships in seven of the eleven NIS republics.

On October 26, 1995 Crimenergo and Otter Tail Power Company concluded an Executive Exchange Visit in Simferopol by signing a Cooperative Agreement and by developing a workplan for fiscal year 1996. The next activity was a reciprocal visit by a delegation from Crimenergo in December, 1995 for a general orientation to the organizational structure and management policies at Otter Tail Power.

The third activity in the partnership was an internship program for one of representative of Crimenergo for one month at Otter Tail. The purpose of this internship was to provide an overall introduction to market economy concepts and business practices in the U.S. The intern had an opportunity through personal observations and direct conversations to adopt concepts and techniques to be implemented at Crimenergo. This internship was held in March, 1996.

The fourth activity in the partnership was an executive exchange visit between Crimenergo and Otter Tail focusing on the topics of Finance & Utility Management. The activity acquainted the delegation with shareholder activities, investment banker functions, regulatory activities, and government agency responsibilities.

The fifth activity in the partnership is Utility Management Seminar. Four Otter Tail Power Co. managers, Chairman of State of Minnesota Public Utilities Commission and one USEA representative will conduct Utility Management Seminar June 24-28, 1996.

OBJECTIVES

The purpose of this seminar is to acquaint Crimenergo managers with market economy concepts and U.S. business practices, familiarize Ukrainian partners with typical utility corporate structure and functioning, present methods of human resources management, introduce accounting

practices and concepts of corporate finance. Description of sources of project financing, overview the marketing and contracting aspects of corporate activities, financial modeling and tariff calculation methodology, will also be discussed.

THE PROGRAM

The seminar will include the following topics:

Strategic Planning
Human Resources
Corporate Finance
Regulatory Process
Corporate Finance
Contract Process
Customer Service
Rates and Tariffs

Agenda - Management Seminar

Thursday, June 20, 1996

11:00 a.m.	Depart from Fergus Falls, MN, Northwest, Flight # 3494 (group from Otter Tail Power Co.)
12:30 p.m.	Arrive in Minneapolis, MN
3:20 p.m.	Depart from Minneapolis, Northwest, Flight # 8664 (group from Otter Tail Power Co. and Mr. Storm)
6:00 p.m.	Depart from Washington, DC, Northwest, Flight # 36 (Yelena Golbin)

Friday, June 21, 1996

6:10 a.m.	Arrive in Amsterdam (group from Otter Tail Power Co. and Mr. Storm)
7:25 a.m.	Arrive in Amsterdam (Yelena Golbin)
11:00 a.m.	Depart from Amsterdam (all group together), Ukraine Intl, Flight # 102
3:05 p.m.	Arrive in Kiev, Borispol Airport, transportation is provided by Kievenergo (Mr. Potapenko, phone: 221-48-75, fax: 224-14-61 (work), 555-10-75 (home)
4:30 p.m.	Check in at the Rus hotel, Kiev (4 Gospitalnaya Street, Kiev, 252023, phone: 011-38-044-220-42-55)

Saturday, June 22, 1996

12:35 p.m.	Depart from Kiev, Zhulhany Airport, Air Ukraine, Flight # 3331, transportation is provided by Kievenergo (Mr.Potapenko)
3:45 p.m.	Arrive in Simferopol, met by Crimenergo (Tatyana Baeva, phone: 29-82-26 or 29-83-27) at the airport. Arrive in village Nikolaevka. Check in at the hotel "Energetic".
6:00 p.m.	Dinner

Sunday, June 23, 1996

Recovery day
2 Interpreters (Dialog, phone: 224-8083 or 228-0833) arrive from Kiev, met by Crimenergo at the airport

Monday, June 24, 1996

8:00 a.m. Breakfast

9:00 a.m. Depart from Nikolaevka to Simferopol, transportation is provided by Crimenergo

10:00 a.m. Meeting with A. Voronovskiy to review seminar content

12:00 a.m. Depart from Simferopol to Nikolaevka

1:00 p.m. Lunch

2:00 p.m. Review of conference facilities and equipment

4:00 p.m. Reproduction and assembly of hand-out materials

9:00 p.m. Dinner

Tuesday, June 25, 1996

8:00 a.m. Breakfast

9:00 a.m. Registration for attendees

9:30 a.m. Introduction - *A. Voronovskiy, General Director of Crimenergo*

10:00 a.m. Overview of USEA - *Yelena Golbin, Program Coordinator, USEA*

10:15 a.m. Corporate overview of Otter Tail Power - *Celia Benson, Manager, Strategic Planning, Otter Tail Power Co.*

- Corporate overview
- Service Territory

Company History - *Dennis Emmen, Board of Directors, Otter Tail Power Co.*

Tuesday, June 25, 1996 (continued)

- Ownership
- Board of Directors
- Share owners

11:00 a.m. Break

11:15 a.m. Company History (continued) - *Dennis Emmen*

11:45 a.m. Corporate Organization - *Rodney Scheel, Vice President, Electrical, Otter Tail Power Co.*
- Physical plant layout
- Officers
- Employees

Corporate Structure - *John Erickson, Director, Market Strategies and Regulation, Otter Tail Power Co.*
- Subsidiary companies

12:30 p.m. Lunch

2:00 p.m. Corporate Finance - *Dennis Emmen, Board of Directors, Otter Tail Power Co.*
- Business Analysis
- Financial forecasting

3:15 p.m. Break

3:30 p.m. Corporate Finance (continued) - *Dennis Emmen*

4:30 p.m. Daily wrap-up

7:00 p.m. Dinner

Wednesday, June 26, 1996

8:00 a.m. Breakfast

10:00 a.m. Human Resources - *Celia Benson, Manager, Strategic Planning*
- Compensation

2/26

Wednesday, June 26, 1996 (continued)

- Benefits

11:00 a.m. Break

11:30 a.m. Regulatory Process - *Donald Storm, Chairman, State of Minnesota, Public Utilities Commission*
- Federal
- State

1:00 p.m. Lunch

2:00 p.m. Rates & Tariffs - *John Erickson, Director, Market Strategies and Regulation, Otter Tail Co.*
- Rate Design
- Rate Applications
- Rate Structure

3:00 p.m. Break

3:30 p.m. Marketing - *John Erickson, Director, Market Strategies and Regulation, Otter Tail Co.*

4:30 p.m. Daily Wrap-Up

7:00 p.m. Dinner

Thursday, June 27, 1996

8:00 a.m. Breakfast

9:30 a.m. Customer Service - *Rodney Scheel, Vice President, Electrical, Otter Tail Power Co.*
- Information Systems
- Assistance Programs
- Economic Development
- Public Relations
- Community Affairs

Thursday, June 27, 1996 *(continued)*

11:00 a.m. Break

11:15 a.m. Customer Service (continued) - *Rodney Scheel*
- Load Forecasting
- Billing Process
- Revenue Collection
- Metering
- Energy Conservation
- Service Crew Operations

1:00 p.m. Lunch

2:00 p.m. Planning Process - *John Erickson, Director, Market Strategies and Regulation, Otter Tail Power Co.*
- Management
- Communication
- Budgeting

3:00 p.m. Break

3:30 p.m. Corporate Culture - *Celia Benson, Manager, Strategic Planning, Otter Tail Power Co.*

4:15 p.m. Daily Wrap-Up

4:30 p.m. Adjourn

7:00 p.m. Dinner

Friday, June 28, 1996

8:00 a.m. Breakfast

9:30 a.m. Question & Answer Session

10:30 a.m. Seminar Evaluation

1:00 p.m. Lunch

Friday, June 28, 1996 (continued)

2:30 p.m. Briefing with A. Voronovskiy to identify follow-up activities

4:00 p.m. Adjourn

6:00 p.m. Depart to Simferopol

7:00 p.m. Check in at the hotel "Volga", transportation is provided by Crimenergo

7:30 p.m. Dinner

Saturday, June 29, 1996

8:00 a.m. Breakfast

4:45 p.m. Depart from Simferopol, Air Ukraine, Flight # 3332

6:10 p.m. Arrive in Kiev, transportation to Rus hotel is provided by Kievenergo

7:00 p.m. Check in at the Rus hotel, 4 Gospitalnaya Street, Kiev, 252023, phone: 220-42-55

Sunday, June 30, 1996

6:00 a.m. Pick up at Rus hotel to the airport (transportation is provided by Kievenergo)

8:15 a.m. Depart from Kiev, Ukraine Intl, Flight # 401, transportation is provided by Kievenergo

10:05 a.m. Arrive in Frankfurt

1:50 p.m. Depart from Frankfurt, Northwest, Flight # 53 (group from Otter Tail Power Co. and Mr. Storm)

4:50 p.m. Arrive in Detroit

7:10 p.m. Depart from Detroit, Northwest, Flight # 755

8:05p.m. Arrive in Minneapolis, MN (Mr. Storm)

9:25 p.m. Depart from Minneapolis, Northwest, Flight # 2919 (group from Otter Tail Power Co.)

10:30 p.m. Arrive in Fergus Falls

ATTACHMENT 24

DRAFT DATE OF ISSUE: May 10, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

ADVISORY MISSION

CUSTOMER SERVICE

* * * * * *

KIEVENERGO/PP&L PARTNERSHIP

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

June 16 - 22, 1996

Kyiv, Ukraine

LIST OF PARTICIPANTS

JOSEPH J. MEZLO
ASSISTANT TO THE EXECUTIVE VICE PRESIDENT &
CHIEF OPERATING OFFICER
PENNSYLVANIA POWER & LIGHT COMPANY

ROBERT BALLARD
MANAGER, CREDIT & COLLECTIONS
PENNSYLVANIA POWER & LIGHT COMPANY

TIMOTHY DAHL
COORDINATOR CONSUMER AFFAIRS
PENNSYLVANIA POWER & LIGHT COMPANY

ALBERT H. SKEATH
DEPUTY PROGRAM MANAGER
U.S. ENERGY ASSOCIATION

BACKGROUND:

On December 10, 1993 Kievenergo and Pennsylvania Power & Light Company (PP&L) signed a Cooperative Agreement under the U.S. Energy Association Energy Industry Partnership Program (EIPP). Since then there have been 14 activities between the partners, including executive exchange visits, advisory missions, internships, conference attendance, and seminars. The focus of these activities have been on the development of management expertise at Kievenergo in areas such as finance, tariffs, regulation, customer service, and safety.

The Ukraine energy sector has been restructured and Kievenergo which was once a vertically-integrated electric energy company is now one of 27 distribution companies. This advisory mission will be the first phase in the development of a customer service program for Kievenergo and will include formal policies on billing, collection, non-payment, termination and customer assistance. These are criticial management areas that will determine the future succeess of Kievenergo as a stock company.

This fifteenth activity under the cooperative partnership will focus on developing of policies and procedures for customer service. The participants will include four PP&L managers. The purpose is to assist Kievenergo managers in establishing customer service programs and systems.

OBJECTIVES:

The objectives of this advisory mission are:

1. To reach agreement with USAID, Hagler Bailly, Price Waterhouse, and Central Maine Power on how the PP&L partnership can complement and support activities in the area of customer service..

2. To conduct detail review meetings with Kievenergo managers to determine the customer service policy that should be developed.

3. To develop draft procedures for customer service.

PROGRAM:

This advisory mission will include:

A. Meetings with USAID, Hagler Bailly, Price Waterhouse, and Central Maine Power to ensure that the activities under this effort will complement and support previous work in the area of customer service.

B. Meetings with the staff at Kievenergo to review existing policies in the area of customer service and to begin developing modern, Western-style procedures for Kievenergo.

Sunday, June 16, 1996

3:00 p.m. PP&L delegation and Al Skeath depart U.S.

Monday, June 17, 1996

1:10 p.m. PP&L delegation and Al Skeath arrive Kiev, Ukraine; check into RUS Hotel

3:00 p.m. Meeting with USAID/Kiev Mission
- Review scope of the activity

Lodging:

RUS Hotel

Tuesday, June 18, 1996

9:00 a.m. Review proposed activity to develop a customer service program
- Hagler Bailly
- Price Waterhouse
- Central Maine Power
- USAID/Kiev

12:00 p.m. LUNCH

1:30 p.m. Meeting with Kievenergo Managers
- Review scope of the activities

Lodging:

RUS Hotel

Wednesday, June 19, 1996

9:00 a.m.-12:00 p.m. Meeting with Kievenergo managers
- Review current practices in areas of customer service

12:00 p.m. **LUNCH**

1:00 p.m.- 5:00 p.m. Continuation of meeting with Kievenergo managers
- Develop content and list of topics for a procedures manual

Lodging:

RUS Hotel

Thursday, June 20, 1996

9:00 a.m.- 12:00 p.m. Meetings with Kievenergo managers
- Customer information systems
- Customer assistance programs
- Energy conservation plans

12:00 p.m. LUNCH

1:00 p.m.- 5:00 p.m. Continuation of morning meetings
- Billing and collection processes
- Termination policies

Lodging:

Hotel RUS

Friday, June 21, 1996

9:00 a.m.- 12:00 p.m. Meeting with Kievenergo managers
- Determine activities to be done by Kievenergo in establishing customer service policies
- Establish next work session to be held at PP&L

12:00 p.m. LUNCH

1:00 p.m. Meetings USAID Contractors
- Hagler Bailly
- Price Waterhouse
- Central Maine Power

3:00 p.m. Meeting with USAID/Kiev
- Review proposed Customer Service Program

Saturday, June 22, 1996

8:20 a.m. PP&L delegation depart Kiev for U.S.

ATTACHMENT 25

DATE OF ISSUE: July 17, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

SAFETY INTERNSHIP - VLADIMIR GOMONAY

* * * * * *

KIEVENERGO/PENNSYLVANIA POWER & LIGHT

Sponsored By

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

July 6 - 20, 1996

Allentown, Pennsylvania

BACKGROUND

On December 10, 1993 Kievenergo and Pennsylvania Power & Light Company (PP&L) signed a Cooperative Agreement under the U.S. Energy Association Energy Industry Partnership Program (EIPP). Since then there have been 14 activities between the partners, including executive exchange visits, advisory missions, internships, conference attendance, and seminars. The focus of these activities have been on the development of management expertise at Kievenergo in areas such as finance, tariffs, regulation, customer service, and safety.

The fifteenth activity under the cooperative partnership will focus on two-week internship focusing on the topic of safety. The intern is Vladimir Gomonay, Deputy General Director of Kievenergo.

The Ukraine energy sector has been restructured and Kievenergo which was once a vertically-integrated electric energy company is now one of 27 distribution companies.

OBJECTIVES

The objectives of this internship program are:

1. To acquaint the participant with safety procedures and practices of PP&L.

2. To provide the participant with hard-copy information in the area of industrial safety.

3. To introduce the participant to employee safety programs and safety awareness activities at PP&L.

4. To explain PP&L safety programs to the participant. This will include monitoring activities, safety rule book, incentives, penalties for safety violations, and awards.

THE PROGRAM

The internship program will include:

1. Meetings with safety department managers to discuss safety philosphy, rules, procedures, and practices.

THE PROGRAM ***(continued)***

2. Visits to service centers, power stations, and construction sites to witness safety precautions and instructions.

3. Witness of pre-work safety conferences (tailgate meetings).

4. Review of the PP&L incentive award programs.

5. Attendance at a training course on the topic of safety.

6. Viewing of safety videos which are the focus of the quarterly safety programs.

Saturday, July 6, 1996

8:20 a.m. Depart Kiev Ukraine Intl Flight No. 401; arrive Frankfurt 10:05 a.m.

11:25 a.m. Depart Frankfurt USAIR Flight No. 7781; arrive Pittsburgh 2:35 p.m.

4:20 p.m. Depart Pittsburgh USAIR Flight No. 718; arrive Allentown 5:19 p.m.

Lodging:

Howard Johnson
3220 Hamilton Blvd.
Allentown, Pennsylvania
(610) 439-4000

Sunday, July 7, 1996

RECOVERY DAY - Allentown, Pennsylvania

Lodging:

Residence of Mr. & Mrs. Colin Snyder

Monday, July 8, 1996

Orientation
Organizational Structure of Safety Operations
Review of Occupational Safety & Heath Administration
Visit and Tour to Lehigh Service Center

Tuesday, July 9, 1996

Review of PP&L Safety Rule Book
Review of General Safety Procedures
Visit to Human Resources Training Center

Wednesday, July 10, 1996

Visit and tour of Susquehanna SES
Visit and tour of Susquehanna Riverlands

Thursday, July 11, 1996

Visit to Lehigh Valley Safety Council
Visit to Martins Creek Steam Electric Station
- Fossil Operations

Friday, July 12, 1996

Review of PP&L Safety Processes
Visit to Power Control Center

Saturday, July 13, 1996

FREE DAY - Allentown, Pennsylvania

Sunday, July 14, 1996

FREE DAY - Allentown, Pennsylvania

Monday, July 15, 1996

Visit and tour to Lancaster Service Center
Visit to Hershey Chocolate World

Tuesday, July 16, 1996

Visit to Customer Contact Center
Visit to Lehigh Service Center- Transportation Garage

Wednesday, July 17, 1996

Visit to Holtwood Hydro

Thursday, July 18, 1996

Visit to Susquehanna Region
- Transmission & Distribution Areas

Visit to Montour Preserve

Friday, July 19, 1996

Overview of internship
Questions & Answer Sessions

Saturday, July 20, 1996

10:00 a.m. Depart Allentown USAIR Flight No. 1185; arrive Pittsburgh 11:00 a.m.

5:00 p.m. Depart Pittsburgh USAIR Flight No. 782; arrive Frankfurt 7:00 a.m.

Sunday, July 21, 1996

9:49 a.m. Depart Frankfurt Lufthansa Flight No. 3250; arrive Kiev 1:10 p.m.

ATTACHMENT 26

USEA

United States Energy Association

DATE OF ISSUE October 25, 1996

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

Exchange Visit Between

DNEPROENERGO

and

KENTUCKY UTILITIES

Sponsored by:

U.S. Agency for International Development

July 13 thru July 23, 1996

Participants

Valentin D. Bondarenko, Deputy Minister Of Energy of Ukraine
Gennadiy P. Barkov, Chief Engineer, Dneproenergo
Vitaly Shmagliy, Head of Commercial Dept., Dneproenergo
Victor S. Polizaniy, Director of Zaporizhzhi A Power Plant

Locations

Lexington, Kentucky
Washington, D.C.

BACKGROUND:

As a continuing part of the Energy Industry Partnership Program in Ukraine, a third partnership has been estabished. The first two were for Kievenergo and Crimenergo and the third one is for Dneproenergo. The U.S. partner is Kentucky Utilities.

The first activity under this partnership will be an executive exchange visit for four senior-level participants from Dneproenergo to visit Kentucky Utilities in Lexington, Kentucky.

OBJECTIVES:

The objectives of this executive exchange are:

1. To allow the partners to present general overview presentations on their respective organizations, departmental responsibilities, and their operations.

2. To provide tours of the Kentucky Utilities facilities for the Dneproenergo delegation.

3. For Kentucky Utilities to provide general management overview of business practices in U.S. utilities.

4. To develop a workplan for the next 18 months.

5. To sign the Cooperative Agreement and Memorandum of Understanding.

PROGRAM

A. Formal presentations by both Dneproenergo and Kentucky Utilities on their structure, operations, and major issues.

B. Tour of Kentucky Utilities' facilities.

C. Development of workplans for future activities.

D. A signing ceremony and press conference to initiate the partnership.

Saturday, July 13, 1996

6:10 p.m. Dneproenergo delegation, Michael Arrowood, Interpreter and Tony Bitonti, Program Coordinator, USEA arrive Lexington, Kentucky

6:10 p.m. Ground transportation provided by Gratz Park Inn Limousine to the hotel

Lodging:

Gratz Park Inn
120 West Second Street
Lexington, Kentucky 40507
Tel: (606) 231-1777

Sunday, July 14, 1996

RECOVERY DAY -(Dneproenergo delegation & Michael Arrowood)

1:50 p.m. Arrival of Al Skeath, Deputy Program Manager and Torii Loginov, Interpreter

Ground transportation provided by taxi to the Gratz Park Inn

6:00 p.m. **Welcome Reception**

Lodging:

Gratz Park Inn

Monday, July 15, 1996

9:00 a.m. Introductions - Kentucky Utilities

9:30 a.m. General Overview of Kentucky Utilities Company

10:00 a.m. Presentation by Kentucky Utilities on Business Units
- Finance and Administration
- Energy Supply
- Customer Service & Marketing

10:45 a.m. **BREAK**

Monday, July 15, 1996 ***(continued)***

11:00 a.m. Overview of Dneproenergo and Ukraine Energy Sector
- Restructuring
- Organization
- Major Issues

12:00 p.m. **LUNCH**

1:30 p.m. Tour of Kentucky Utilities and Lexington local offices

4:30 p.m. **ADJOURN**

Lodging:

Gratz Park Inn

Tuesday, July 16, 1996

9:00 a.m.-3:00 p.m. Visit to Kentucky Utilities' Lexington Operation Center and division office with presentations

3:30 p.m. **ADJOURN**

Lodging:

Gratz Park Inn

Wednesday, July 17, 1996

9:00 a.m. Presentations by Kentucky Utilities
- Corporate Accounting
  --Accounts Payable
  --Payroll
  --Property Accounting
  --Revenue Accounting
- Finance
  --Financial Systems
  --Systems Support
  --Budget Guidelines

Wednesday, July 17, 1996 *(continued)*

--Responsibility Budgets
--Budget Reporting
- Customer Accounting and Collections
  --Work Orders
  --Materials Management
  --Customer Information
  --Customer Billing

10:30 a.m. **BREAK**

10:45 a.m. Continuation of presentations by Kentucky Utilities
- Contracts/Fuel Supply
  --Fuel Supply
  --Fuel Needs
  --Fuel Planning
- Procurements
  --Contract Labor
  --Production Commodities
  --Project Coordination
  --Systems Coordination

12:00 p.m. **LUNCH**

1:30 p.m. Continuation of presentations by Kentucky Utilities
- Safety
  --Health
  --Work-Related Injuries
  --Safety Statistics
  --Safety Incentive
- Plant maintenance programs
  --Preventive Maintenance
  --Predictive Maintenance
  --Outage Planning

3:00 p.m. **BREAK**

3:15 p.m. Continuation of presentations by Kentucky Utilities
- Human Resources Practices
  --Retirement Plan

Wednesday, July 17, 1996 *(continued)*

--Employee Savings Plan
--Medical Plan
--Holidays
--Vacation
--Sick Leave

4:30 p.m. **ADJOURN**

Lodging:

Gratz Park Inn

Thursday, July 18, 1996

9:00 a.m.- 4:00 p.m. Visit power plant facility and presentations
- Ghent Plant
  --Plant History
  --Size
  --Units

Lodging:

Gratz Park Inn

Friday, July 19, 1996

9:00 a.m. Development of Workplans
- Identify Mutual Interests
- Proposed FY 97 Workplans

12:00 p.m. **LUNCH**

1:30 p.m. Signing of Cooperative Agreement - Kentucky Utilities headquarters

7:00 p.m. **Farewell Dinner**

Lodging:

Gratz Park Inn

Saturday, July 20, 1996

FREE MORNING - Lexington, Kentucky

12:00 p.m. Ground transportation provided by taxi(s) from hotel to airport; depart Lexington airport at 2:10 p.m on Northwest Flight No. 3377; arrive Wash/National 6:12 p.m.

6:12 p.m. Ground transportation provided by Carey from Wash/National to St. James

Lodging:

St. James
950 24th Street N.W.
Washington, D.C. 20037
Tel: (202) 457-0500

Sunday, July 21, 1996

RECOVERY DAY - Washington, D.C.

Lodging:

St. James

Monday, July 22, 1996

9:00 a.m. Ground transportation provided by Carey for the entire day

9:30 a.m. Meeting with U.S. Energy Association
- Overview of USEA
- EIPP Program
- Partnerships in Ukraine

10:30 a.m. Meeting with World Bank, *Dominique Lallement, Division Chief*
- Loan Application Process
- World Bank Activities in Ukraine
- Subcontractor Activities

12:00 p.m. **LUNCH**

Monday, July 22, 1996 *(continued)*

2:00 p.m. U.S. Government Interagency Meeting
- U.S. Agency for International Development
- U.S. Department of Energy
- U.S. Geological Survey

4:00 p.m. Meeting with USAID, *Tom Dine, Assistant Administrator, Europe & New Independent States*
- United States/Ukrainian Strategic Energy Concerns

Lodging:
St. James

6:00 p.m. **DINNER** - Blackie's Restaurant, 1217 22nd St., N.W., Washington, D.C. 20036 (202) 333-1100

Tuesday, July 23, 1996

9:30 a.m. Ground transportation provided by Carey for entire day

10:00 a.m. Meeting with Ukrainian Embassy
- Ukrainian-American Committee Activities, *Dr. Yuri Scherbach*
- USAID Programs, *Robert Ichord*
- USEA-EIPP, *William L. Polen*
- Ukraine Energy Sector, *Valentin D. Bondarenko*
- Kentucky Utilities, *Robert Hewett*
- Signing Ceremony

2:30 p.m. Ground transportation provided by Carey to pick up Valentin Bondarenko, Deputy Minister, Michael Arrowood, Interpreter, Albert H. Skeath, USEA from Ukrainian Embassy to U.S. State Department

3:00 p.m. Meeting at U.S. State Department, *Ambassador Richard Morningstar, Coordinator for Assistance to NIS*
- U.S. Assistance to Ukraine Energy Sector

3:00 p.m. Ground transportation provided by Carey to pick up remaining delegation and Torii Loginov from St. James to Wash/Dulles

4:00 p.m. Ground transportation provided by Carey to pick up Valentin Bondarenko and Michael Arrowood from the U.S. State Department to Wash/Dulles

5:50 p.m. Ukrainian delegation departs Wash/Dulles

ATTACHMENT 27

POWER MARKETING

Updates of current rate issues and bulk power transactions as reported in McGraw-Hill Energy Group's *Electric Power Daily, Electric Utility Week,* and *Industrial Energy Bulletin* newsletters and by Utility Data Institute

AGREEMENT

Edison Energy Services, a subsidiary of DTE Energy Co, also the parent of Detroit Edison Co, signs a 10-yr contract to operate Sinai Hospital's powerplant beginning this month. The plant includes two 40,000 and one 30,000-lb/hr boilers and five chillers. "Through this partnership, EES will invest in new equipment, save money, and improve energy efficiency for Sinai Hospital," says Gerard M Anderson, CEO of EES.

GLOBAL ELECTRICITY MARKETS

Kentucky Utilities Co (KU) signs a partnership agreement with Dniperenergo, an electric generating company in the Ukraine. "This partnership benefits both companies," says Bob Hewett, KU's vice president of regulation economic planning. "Our Ukrainian colleagues will gain an understanding of US business practices, which will help them during their transition to a free-market economy, and our staff will be exposed to international opportunities."

NEWS

AYP Energy Inc, a subsidiary of Allegheny Power Systems—and a certified exempt wholesale generator—is looking to market power from its stake in a 288-MW, coal-fired plant. AYP owns no generation, transmission, or distribution assets.

San Diego Gas & Electric Co's performance-based ratemaking system earned the utility $5.5-million out of a possible $19-million reward in 1995. Under the system, the company had to beat benchmark in four areas to receive specified reward amounts. SDG&E beat benchmarks in three categories—safety, customer satisfaction, and service reliability. Under the plan, in 1995 the utility had the potential to earn up to: $10-million to lower its rates as compared to the national average; $2-million for increasing customer satisfaction; $4-million for improvements in service reliability; and $3-million for improvements in employee safety.

Washington Water Power (WWP), known as one of the more aggressive utilities in the West in terms of deal-making and power marketing, has spun off a marketing affiliate that will focus initially on the already large and rapidly growing market in the Southeast. WWP affiliate, WWP Resource Service, recently applied to the Federal Energy Regulatory Commission for power marketing status.

American Electric Power Co (AEP), connects an award-winning economic development tool to the World Wide Web. An interactive data base of available industrial buildings and sites for development is one of the features of AEP's new Internet site at http://www.aep.com. Says Mark J James, AEP director of economic development, "We developed it as a laptop application, which gives us immediate access to a host of data that prospects need when making investment decisions." AEP's economic development database application, ProCure, a proprietary system developed and copyrighted by AEP, received the American Economic Development Council's Best of Class award in 1995. The data base, which is continually updated, includes information on available industrial buildings or sites in AEP's seven-state service territory, which includes parts of Ohio, Kentucky, Indiana, Michigan, West Virginia, Virginia, and Tennessee.

Torco Energy Marketing is targeting Commonwealth Edison Co's industrial customers for its wholesale power-marketing efforts and is working with Illinois municipalities to develop sale-for-resale arrangements that will enable large users in these cities to obtain discount rates. Torco has not disclosed its specific strategy, and has not divulged whether it will rely on conventional means, such as municipal condemnation of ComEd's distribution lines, construction by each city of a duplicate distributor system, or convincing regulatory authorities to compel ComEd to distribute the wholesale power.

PanEnergy Corp and Mobil Corp affiliates complete the formation of a previously announced marketing company, creating one of the largest energy marketers in North America. The new company, which began operations on Aug 1, conducts business as PanEnergy Trading & Market Services LLC in the US and as PanEnergy Marketing LP in Canada. PanEnergy operates the new company and owns a 60% interest; Mobil owns the remainder. In addition to the strong position in wholesale natural-gas marketing, the new company has an established base in electric power marketing, retail energy sales, and industrial energy management services. PanEnergy's electricity marketing volume currently is more than 11,000 MWh/day.

PECO Energy Co says it will soon file its own Pennsylvania-New Jersey-Maryland (PJM) Interconnection market restructuring plan with the Federal Energy Regulatory Commission (FERC). The plan, the company said, "will be conducive to the kind of robust competitive wholesale market envisioned by FERC, and will be in compliance with FERC's transmission pricing policies concerning comparability, efficiency, and practicality." The plan will oppose a restructuring plan filed with FERC July 24 by other PJM companies. That plan, PECO Energy says, contains transmission pricing and energy-market proposals that significantly discourage open, wholesale competition within PJM, are potentially punitive to retail customers as well, and violate FERC transmission pricing policies.

RATE DECISIONS

San Diego Gas & Electric Co (SDG&E) receives approval from the California Public Utilities Commission (CPUC) to replace the standard CPUC cost of capital proceeding with a new market indexed capital adjustment mechanism (Micam). SDG&E will implement this beginning with determining its 1998 cost of capital; the utility will participate in this year's CPUC proceeding, which will set its 1997 cost of capital. Micam would save the utility money by permitting it to redirect staff to other assignments, and provide more predictability in determining the cost of capital, which will be useful to the company and investors. To assure ratepayers will not be harmed by using it rather than the CPUC standard proceeding, the mechanism will be evaluated during the third year's use. Under Micam, SDG&E would no longer participate in the CPUC annual proceeding, which updates the cost of capital components and the overall rates of return used to set the major energy utilities rates. Instead, Micam would make automatic adjustments depending on year-to-year changes in utility bond rates.

The Charleston (SC) City Council unanimously votes to approve a 30-yr electric and gas franchise agreement with South Carolina Electric & Gas Co, the principal subsidiary of Scana Corp. The agreement outlines a service partnership that also includes a new cooperative approach to underground service, an environmental settlement that will support the city's waterfront development, and plans to develop a regional transportation system. ■

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ATTACHMENT 28

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PennWell Energy & Utility Group

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tions methodology promises to be unequaled in terms of communicating what needs to be communicated and when.

While no two communications programs are alike and it is still true that each utility will have a different idea of what makes up a good way to keep their employees informed about company business, deregulation has made it perfectly clear that the often divergent nature of internal communications programs at utilities is headed for a fork in the road.

Has your company met this fork yet? One road leads down the path to status quo—continuing a reliance on the traditional form of internal communications brought about through newsletters and brochures and other directly or indirectly—they want to know as soon as upper management or their front-line leaders know about it. When employees aren't kept informed in a timely way, distrust, insecurity and fear surface.

For example, a company announces due to recent layoffs, outplacement services will be offered. Most employees would rather hear this sort of news from their immediate supervisor rather than through the company's newsletter—or worse yet, through the grapevine. In this case, the newsletter could function as a reinforcement medium—reiterating the details of the new services to employees *after* front-line managers have announced and discussed them. As for grapevine information, just think of all the times you have heard something someone else heard from someone else and so on. What you end up hearing is a triple or

Denise Warkentin,
News Editor

Company of Colorado, San Diego Gas & Electric Co., Carolina Power & Light Co., Northern States Power Co., Wisconsin Energy Corp., Boston Edison and Public Service Electric & Gas Co.

Like many other aspects of a utility business, internal communications are due for an overhaul. Just like those new expensive pair of shoes you bought the other day, more personal and timely methods of communicating with employees will cause some pinching and rubbing—but just think of the long-term payoffs.

NEWS BRIEFS

ENERGY MARKETING

Set for Oct. 21-23 in Chicago, EnergyMart '96 is the one event that will bring together suppliers, marketers and high-volume energy users from both the electric and natural gas markets. Conference manager is PennWell Energy & Utility Group, and the official gold sponsor is KPMG Peat Marwick, LLC. PennWell also has a new supplement publication, *Energy Marketing,* that will be available to show-goers, as well as other publications. For more information about the conference, call Sean Guerre at (713) 963-6218. For more information about *Energy Marketing,* call Denise Warkentin at (918) 831-9865.

COMPETITIVE ISSUES

Nine electric utility members of the Pennsylvania-New Jersey-Maryland Power Pool filed agreements and a transmission tariff with the Federal Energy Regulatory Commission to put in place by the end of 1996 a new wholesale energy market that will enhance regional competition for electricity.

EUA Cogenex Corp. and AllQuest Energy Services Inc., a subsidiary of Allwaste Inc., announced an alliance to serve Allwaste's industrial customers by increasing their productivity and reducing their costs through energy-efficiency programs.

MERGERS, ACQUISITIONS

Kansas City Power & Light (KCP&L) has rejected a revised merger proposal it received from Western Resources. KCP&L, which is in the process of merging with UtiliCorp United, claimed the offer was not in the best interest of its shareholders.

UtiliCorp United and KCP&L have chosen Maxim Energies Inc. as the name for the new company created by their proposed merger.

HONORS

Southern California Edison was named one of the 10 healthiest companies for women, by *Working Woman* magazine. Edison was the only Southern California company and the only electric utility to make the list.

Eskom, the South African state electricity company, was named the international winner of the Edison Award for 1995. The presentation of the award was made during Edison Electric Institute's 1996 annual convention.

Kentucky Utilities Co. has been selected to participate in the Energy Industry Partnership Program. Sponsored by the U.S. Energy Association and the U.S. Agency for International Development, the program is designed to promote commercialization and privatization of utilities in the New Independent States of the former Soviet Union.

EMPLOYEE PROGRAMS

PacifiCorp has launched a new grant program to recognize and reward employees for their volunteer efforts. The Honoring Employees Reaching Out program will donate up to $20,000 in individual $100 grants to eligible 501(c)3 nonprofit organizations designated by the chosen heroes. In order to become eligible, full- or part-time employees must have volunteered at least 30 hours in a consecutive six-month period.

ATTACHMENT 29

********DRAFT AS OF JULY 17, 1996 FOR DISCUSSION PURPOSES ONLY********

United States Energy Association
Energy Industry Partnership Program for the
New Independent States of the Former Soviet Union
and
the Utility Partnership Program for Central and Eastern Europe

UKRAINIAN ORIENTATION VISIT
ON
ELECTRIC UTILITY PRIVATIZATION
IN
HUNGARY

FOR THE

MINISTRY OF POWER AND ELECTRIFICATION
NATIONAL ELECTRICITY REGULATORY COMMISSION
DNEIPROENERGO
CENTERENERGO
ZAKHIDENERGO
DONBASSENERGO

July 22-26, 1996
Budapest Hungary

Sponsored By:

United States Agency for International Development
United States Energy Association

PARTICIPANT LIST

Government Agencies

1. Igor Jvakine, Executive Director, National Electric Regulatory Commission
2 Yury Zavgorodny, Head of Ownership Forms and Structures Department, Minenergo
3. Gregory Lissenko, Deputy Head of Securities Department, Minenergo

Generation Companies

4. Sergiy Zayats, Engineer of Securities, Centerenego GENCO
5. Victor Larionov, Deputy Director of Economics, Donbassenergo GENCO
6. Gennadiy Bochkariov, Securities Department Expert, Dnieproenergo GENCO
7. Zinoviy Duntsev, Head of the Labor Department, Zakhidenergo

U.S. Agency for International Development

8. Andrey Parinov, USAID

United States Energy Association

9. Yelena Golbin, Program Coordinator, Energy Industry Partnership Program, USEA

Hagler Bailly Consulting, Inc.

10. Andrey Kononov, Hagler Bailly
11. Vladislav Kirichenko, Hagler Bailly
12. Douglas Miller, Hagler Bailly

Background

The Ukrainian power sector is one of the largest in Europe -- 54,000 installed megawatts -- and is critical to the industrial capacity of the country. Ukraine inherited inefficient industries from the former Soviet Union that require enormous energy consumption. The power sector is approaching insolvency due to outdated financial and management practices.

In an effort to improve the reliability and productivity of the sector for its eventual privatization, in July 1995, the Ministry of Energy and Electrification of Ukraine restructured the Ukrainian electric power system by desegregating the eight vertically integrated monopolistic utilities that had previously provided generation, transmission and distribution services. The result is a new electric power sector composed of 27 local electric companies that provide distribution services, 4 large fossil fuel based generating companies dispatched on the basis of competitive bidding, two hydroelectric generating companies, a national dispatch center (Energomarket) that dispatches generators based on hourly electricity prices formed on the wholesale market, and the National Electricity Company to manage the high voltage transmission system. The National Electricity Regulatory Commission was created to oversee fair competition among the newly created companies and ensure reasonable tariffs to customers and producers.

The protocols and procedures for interaction among the system components are in development. Energomarket began live operation in April 1996. A payment and settlement procedure for transactions among generators, distribution companies and wholesale distributors is being organized. Licensing for generating companies, local electric companies, and non-tariff suppliers is expected to be completed by July 1996. Retail tariff schedules are being developed jointly by the NERC and the Ministry of Economy, and are expected to be linked to the wholesale price.

The next phase of the restructuring process is the privatization of the newly created generating and local electric joint stock companies, which are currently owned by the Ministry of Energy and Electrification.

Like Ukraine, Hungary has embarked on a restructuring and privatization process of its electric sector. In September 1995, the Hungarian privatization and state holding company, APV Rt. commenced the privatization of Hungary's electric sector with solicitations for minority shares in MVM, the national power company, six regional distribution companies, and seven power generation groups. A total of 7,000 MW of fossil fuel capacity was offered for sale. The solicitation for MVM also included the 1,840 MW Paks nuclear power plant.

The Government of Hungary's impetus for the privatization were twofold: 1) to reduce the national debt burden of the electric sector by raising revenue through divestiture to repay high interest loans; and 2) to attract outside investors with capital to modernize Hungary's aging electric sector infrastructure.

By December 1995, Hungary had successfully sold shares in four state-owned distribution companies and two electric generating companies, raising $1.3 billion in the process.

Objectives

The purpose of this orientation visit is to examine the Hungarian experience in the privatization of electric utility assets and assess the applicability of that experience to conditions in Ukraine. The objectives of the orientation visit are to:

1) Develop an understanding of the goals for the privatization of the Hungarian electric sector and the solicitation and evaluation process used by APV Rt. to achieve them;

2) Consult with Hungarian authorities on the regulatory and pricing reforms required to first encourage and subsequently support private investment in the electric power sector;

3) Discuss with Hungarian generating companies the scope of management and technical reforms undertaken prior to the solicitation to attract private investment and those reforms undertaken by the new management following the sale;

4) Improve the understanding of the information requirements for due diligence of private investors analyzing investment in state-owned utility assets.

The Program

Participating organizations from Ukraine will meet jointly on the first and second days of the program to gain a context of the privatization goals, objectives, process from APV Rt., MVM Rt., the Hungarian Energy Office, and appropriate ministries. The delegation will first meet with the state privatization agency, APV Rt. to discuss the over all process. They will then discuss these issues at the industry and utility level during meetings with MVM Rt., and the Hungarian Energy Office. On the third day, ministry perspectives will be explored at the Ministry of Finance and the Ministry of Industry and Trade. Finally, representatives will travel to the new privatized generation facility, the Matra Power Plant to discuss how the formerly state-owned generating company prepared for privatization, how privatization has changed it, and its perspective on pricing and regulation as a private company.

The delegation will reconvene on Friday in Budapest to share their experiences, debrief USAID/Budapest, and plan the next orientation visit to Poland/Hungary.

ORIENTATION VISIT ON ELECTRIC UTILITY PRIVATIZATION IN HUNGARY

Sunday July 21, 1996

3:30 pm **Depart from Kiev on Malev Flight 111**

4:10 pm **Arrive Budapest and meet Yelena Golbin, EIPP Program Coordinator for transportation to the Budapest Marriott Hotel**

Budapest Marriott Hotel
Apaczai Csere Janos utca 4
H-1364 Budapest
P.O. Box 100
Hungary
Phone: (36-1) 266-7000
Fax: (36-1) 266-5000

Monday July 22, 1996

11:00 am **Orientation Meeting with USAID/Budapest**

Thomas Cornell, USAID Representative
- Welcome to Hungary
- Strategic Overview of the Electric Sector Privatization
- USAID's Role

Contact: **Bruce Abrams**
Project Specialist
USAID/Budapest
Bank Center
Granit Tower
Szabadasag ter 7-8
1944 Budapest
Phone: (36-1) 302-6400
Fax: (36-1) 302-0693

12:00 pm Lunch on your own

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1:00 pm **The Privatization Agency's Perspective on Utility Divestiture**
Meeting with APV Rt. on the Privatization Process
What was the motivation and goal of the Hungarian electric privatization? How did the national goals for privatization effect the structure of the energy sector and its regulation? How did the APV Rt., MVM Rt. and the Hungarian Energy Office cooperate? Was the privatization successful?

- Overview of the Electric Privatization Process
  - Expected and Achieved Results
- Inter-agency Cooperation and Coordination
  - How Were Competing Issues Managed?
  - Regulatory Issues Affecting the Success of the Outcome
- Reforming the Assets for Privatization
- Investor Information Requirements and Information Collection
- Preparing the Solicitation Documents
  - Terms and Requirements
- Developing Evaluation Criteria
  - Price vs. Non-Price Criteria
- Evaluating Offers
- Negotiations and Acceptance
- Lessons Learned

Contact: **Arpad Bajkay**
Deputy Managing Director
APV Rt.
1133 Budapest
Poszonyi ut 56-Levelcim
Phone: (36-1) 269 8600
FAX: (36-1) 266 1934

5:30 pm **Meeting Adjourns**

Tuesday June 23, 1996

9:30 am **The Utility's Perspective on Privatization** Mihaly Corodi
Meeting with MVM Rt. To Discuss its Role in Preparing for and Implementing the Privatization
Istvan Bakacs, Director for Development

Was the offer successful? What internal reforms were initiated by MVM prior to the offer to make it attractive to private investors? How did MVM assemble the information required by APV Rt.? How did regulatory and pricing issues effect the success of the offer?

- Overview of MVM Before and After Restructuring
  - Contractual Relations of Constituent Parts Under New System
- MVM's Goals for the Privatization
- Regulatory and Pricing Issues and the Lack of Offers for MVM
- Preparations for Phase II of Privatization
- Lessons Learned

Contact: **Mihaly Korodi**
Department of International and Public Affairs
MVM Rt.
1011 Budapest
Vam utca 5-7
Phone: (36-1) 202 0483
Fax: (36-1) 202 7890

Main Building Budapest I. Vam u. 5-7/the gray building at the corner of Fo utca, 7th floor, #710.

12:30 pm Lunch on your own

2:00 pm **The Regulatory Authority's Contribution to Privatization**
Meeting with the Hungarian Energy Office
Gabor Szorenyi, Deputy Director

How did the Hungarian Energy Office contribute to the privatization plan? How did the changes in pricing, licensing and operational code initiated since 1993 contribute to the success of the 1995 offering?

- Legal authorities and division of responsibility between APV and the Hungarian Energy Office
- Required Changes in the Regulatory Structure to Implement Privatization
- Tariff Revisions Necessary to Attract Private Investment
  - What did private investors require?
- Balancing the Interests of the Consumer and Investor-owned Utility in a Semi-autonomous Regulatory Environment
- Planning for New Capacity Additions Under Private Ownership
  - Least Cost Planning
  - Licensing

Contact: **Emoke Kistot**
Deputy Director
Hungarian Energy Office
H-1081 Budapest
Koztarsasag ter 7
Phone/Fax: (36-1) 117 8837

5:30 pm **Adjourn**

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7:30 pm **Dinner Hosted by Hagler Bailly**

Wednesday July 24, 1996

9:30 am **The Macroeconomic Effects of the Privatization of the Electric Utility Industry**
Meeting with the Ministry of Finance

Andras Laszlo, General Director
What were the economic criteria used to judge the success of the offer? How did the national credit rating affect the privatization, and once completed, how did the privatization affect the national credit rating? What is being done in phase II to attract greater international participation in the offer?

Contact:
Minstry of Finance
1015 Budapest
Jozsef Nador ter 2-4
Phone: (36-1) 118 2066
Fax: (36-1) 138 2633

12:00 pm Lunch on your own

2:00 pm **National Policy Considerations for Attracting Outside Ownership of the Electric Sector**
Meeting with the Ministry of Industry and Trade
Zoltan Horvath, Deputy Director

How were the national strategic concerns dealt with? What is the role of the Ministry of Industry and Trade under the privatized electric economy? How does the Ministry relate to the Hungarian Energy Office? How did the Ministry cooperate with APV?

Contact: Zoltan Horvath, Deputy Director
Ministry of Industry and Trade
Vigado u. 6
H-1051 Budapest
Phone: (36-1) 118 4507
Fax: (36-1) 266-8488

5:00 pm **Meeting Adjourns**

Thursday July 25, 1996

9:00 am **Commence Discussions with Matra Power Plant**

What was the corporate culture prior to privatization and how has it changed? What reforms were initiated by the companies to make them attractive to outside investors? Has privatization produced early results? How are the relations between the new and previous management teams? How do workers participate in the new management structure? What changes have been made to human resource and staffing policies? What further regulatory changes are necessary? How has the new management begun to address the critical issues confronting the companies?

Contact:

Matra Power Plant
3272 Visonta
Eromu u.2
Phone: (36-37) 328 016
Fax: (36-37) 328 036

3:00 pm **Tour of Matra Power Plant and Facilities**

5:00 pm **Meeting Adjourns**

Friday July 26, 1996

9:30 am **Commence Discussions with Power Plant TBD**

What was the corporate culture prior to privatization and how has it changed? What reforms were initiated by the companies to make them attractive to outside investors? Has privatization produced early results? How are the relations between the new and previous management teams? How do workers participate in the new management structure? What changes have been made to human resource and staffing policies? What further regulatory changes are necessary? How has the new management begun to address the critical issues confronting the companies?

Contact:

Phone:
Fax:

12:30 pm Lunch on your own

3:00 am **Wrap-up Meeting and Debriefing for USAID/Budapest**

- Ukrainian Impressions of Hungarian Privatization Process
- Applicability to Ukraine
- Next Orientation Visit to Poland/Hungary

Contact: **Bruce Abrams**
Project Specialist
USAID/Budapest
Bank Center
Granit Tower
Szabadasag ter 7-8
1944 Budapest
Phone: (36-1) 302-6400
Fax: (36-1) 302-0693

Saturday July 27, 1996

12:20 pm **Depart Budapest on Ukraine Air Flight 402**

3:30 pm **Arrive Kiev**

ATTACHMENT 30

United States Energy Association
Energy Industry Partnership Program for the
New Independent States of the Former Soviet Union
and
the Utility Partnership Program for Central and Eastern Europe

TRIP REPORT FOR THE UKRAINIAN ORIENTATION VISIT ON ELECTRIC UTILITY PRIVATIZATION IN HUNGARY

FOR THE

MINISTRY OF POWER AND ELECTRIFICATION
NATIONAL ELECTRICITY REGULATORY COMMISSION
DNEIPROENERGO
CENTERENERGO
ZAKHIDENERGO
DONBASSENERGO

July 22-26, 1996
Budapest Hungary

Sponsored By:

United States Agency for International Development
United States Energy Association

PARTICIPANT LIST

Government Agencies

1. Igor Jvakine, Executive Director, National Electric Regulatory Commission
2 Yury Zavgorodny, Head of Ownership Forms and Structures Department, Minenergo
3. Gregory Lissenko, Deputy Head of Securities Department, Minenergo

Generation Companies

4. Sergiy Zayats, Engineer of Securities, Centerenego GENCO
5. Victor Larionov, Deputy Director of Economics, Donbassenergo GENCO
6. Gennadiy Bochkariov, Securities Department Expert, Dnieproenergo GENCO
7. Zinoviy Duntsev, Head of the Labor Department, Zakhidenergo

U.S. Agency for International Development

8. Andrey Parinov, USAID

United States Energy Association

9. Yelena Golbin, Program Coordinator, Energy Industry Partnership Program, USEA

Hagler Bailly Consulting, Inc.

10. Andrey Kononov, Hagler Bailly
11. Vladislav Kirichenko, Hagler Bailly
12. Douglas Miller, Hagler Bailly

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1.0 BACKGROUND

The Ukrainian power sector is one of the largest in Europe -- 54,000 installed megawatts -- and is critical to the industrial capacity of the country. Ukraine inherited inefficient industries from the former Soviet Union that require enormous energy consumption. The power sector is approaching insolvency due to outdated financial and management practices.

In an effort to improve the reliability and productivity of the sector for its eventual privatization, in July 1995, the Ministry of Energy and Electrification of Ukraine restructured the Ukrainian electric power system by desegregating the eight vertically integrated monopolistic utilities that had previously provided generation, transmission and distribution services. The result is a new electric power sector composed of 27 local electric companies that provide distribution services, 4 large fossil fuel based generating companies dispatched on the basis of competitive bidding, two hydroelectric generating companies, a national dispatch center (Energomarket) that dispatches generators based on hourly electricity prices formed on the wholesale market, and the National Electricity Company to manage the high voltage transmission system. The National Electricity Regulatory Commission was created to oversee fair competition among the newly created companies and ensure reasonable tariffs to customers and producers.

The protocols and procedures for interaction among the system components are in development. Energomarket began live operation in April 1996. A payment and settlement procedure for transactions among generators, distribution companies and wholesale distributors is being organized. Licensing for generating companies, local electric companies, and non-tariff suppliers is expected to be completed by July 1996. Retail tariff schedules are being developed jointly by the NERC and the Ministry of Economy, and are expected to be linked to the wholesale price.

The next phase of the restructuring process is the privatization of the newly created generating and local electric joint stock companies, which are currently owned by the Ministry of Energy and Electrification.

Like Ukraine, Hungary has embarked on a restructuring and privatization process of its electric sector. In September 1995, the Hungarian privatization and state holding company, APV Rt. commenced the privatization of Hungary's electric sector with solicitations for minority shares in MVM, the national power company, six regional distribution companies, and seven power generation groups. A total of 7,000 MW of fossil fuel capacity was offered for sale. The solicitation for MVM also included the 1,840 MW Paks nuclear power plant.

The Government of Hungary's impetus for the privatization were twofold: 1) to reduce the national debt burden of the electric sector by raising revenue through divestiture to repay high interest loans; and 2) to attract outside investors with capital to modernize Hungary's aging electric sector infrastructure.

By December 1995, Hungary had successfully sold shares in four state-owned distribution companies and two electric generating companies, raising $1.3 billion in the process.

2.0 OBJECTIVES

The purpose of this orientation visit was to examine the Hungarian experience in the privatization of electric utility assets and assess the applicability of that experience to conditions in Ukraine. The objectives of the orientation visit were to:

1) Develop an understanding of the goals for the privatization of the Hungarian electric sector and the solicitation and evaluation process used by APV Rt. to achieve them;

2) Consult with Hungarian authorities on the regulatory and pricing reforms required to first encourage and subsequently support private investment in the electric power sector;

3) Discuss with Hungarian generating companies the scope of management and technical reforms undertaken prior to the solicitation to attract private investment and those reforms undertaken by the new management following the sale;

4) Improve the understanding of the information requirements for due diligence of private investors analyzing investment in state-owned utility assets.

3.0 THE PROGRAM

Participating organizations from Ukraine met jointly on the first and second days of the program to gain a context of the privatization goals, objectives, process from APV Rt., MVM Rt., the Hungarian Energy Office, and appropriate ministries. The delegation first met with the state privatization agency, APV Rt. to discuss the overall privatization process. They then discussed these issues at the industry and utility level during meetings with MVM Rt., and the Hungarian Energy Office. As a next stage, ministry perspectives were explored at the Ministry of Industry and Trade. Finally, representatives traveled to two of the new privatized generation facilities, the Matra and Csepel Power Plants to discuss how the formerly state-owned generating company prepared for privatization, how privatization has changed it, and its perspective on pricing and regulation as a private company.

The delegation reconvened on Friday in Budapest to share their experiences, debrief USAID/Budapest, and discuss plans for the next orientation visit to Poland/Hungary.

4.0 ACCOMPLISHMENTS.

During the trip visits were made to USAID Budapest office, to privatization agency, utility, regulatory agency, ministry, and privatized power plants. Participants asked a lot of questions regarding the process of privatization in Hungary, about successes, lessons learned, difficulties, and recommendations.

4.1 Orientation meeting with USAID/Budapest

Ukrainian delegation visited office of USAID/Budapest for orientation meeting. After brief introduction by Mr. Parinov, an overview of the Hungarian energy sector and development of energy sector privatization program was given by USAID representative Mr. Thomas Cornell. He advised that energy sector in Hungary has a strategic goal of integration in energy system of Europe.

One of the ways to achieve this strategic goal is through privatization program. Characteristic feature of this program is significant participation of non-Hungarian entities in privatization which has two major objectives - inflow of fresh capital and introduction of new management culture.

Another direction of the energy sector development is to make it profitable by establishing the energy prices to cover all costs and to allow for 8% profit. An increase of electricity prices by 30-35% is planned for beginning of the next year.

Third way of improving the energy sector functioning is energy efficiency program. Currently consumers do not have thermostats in their homes, and energy conservation culture in the country is very weak. This has to change.

Mr. Cornell stressed that Hungarian government and USAID have the same strategic goals in integration the energy sector into market economy.

4.2 Visit of Hungarian privatization agency, APV Rt.

This meeting was conducted by Mr. Bela Kunszler, Managing Director, Portfolio Electricity Sector, of ARV Rt. in the form of questions and answers. Ukrainian participants were advised that 6 distribution companies and 3 power plants were privatized. The total investment from foreign investors reached 4 billion dollars with net profit for the state budget totaling 1.3 billion dollars.

The privatization process began with hiring consultants in areas of finance, accounting, and legal issues and development of pre-qualification documents. After several companies were selected on the stage of pre-qualification, tender document was issued for the enterprises identified for privatization. Privatization was conducted on the basis of competitive bidding. Tender document included certain criteria bidders had to meet in terms of their experience, reliability, readiness to invest in the development of the enterprises privatized. Bidders were guaranteed profit of 8%. Normally, 50% +1 stock is retained by the state in order to have a leverage in decision making.

APV Rt .is a stock holding a company assisting the government in privatization of the state-owned enterprises. It receives 2-3% of the revenues from privatization as a fee for services. It is responsible for issuance of stocks, organizing of tender process, hiring consultants for privatization program, and proposing changes in legislation.

One of the lessons learned is that privatization laws were adopted too quickly and contain some flaws and oversights.

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4.3 Visit to Hungarian National Utility Company MVM Rt.

Mr. Istvan Bakacs, Director for Development, described the effect of the privatization reforms on the MVM and how MVM participated in privatization.

The first step in this direction was corporatization of the utility. Six stock holding distribution companies and eight stock holding generating companies combining 34 power plants were created on the basis of the old MVM. MVM kept the dispatching functions and high voltage transmission lines. A new electricity law adopted in Hungary in 1994 allows privatization of energy enterprises on competitive basis. So far there were very few offers to purchase a power company. In accordance with this new law, the Energy Office was created as a regulatory body to establish energy prices and to oversee functioning of energy enterprises. Energy prices are established to provide profit to energy enterprises. New energy prices which will be introduced in 1997 will hopefullyl make investment in Hungarian energy sector more attractive.

4.4 Visit to Energy Office

The Energy Office was created to regulate the power industry. Its functions include establishing the energy prices, issuance of licenses to new energy enterprises, and oversight of the energy enterprises operation and financial activities.

Establishing of energy prices is a very important function because energy prices have a great effect on the entire economy and also a great effect on people standard of living. Energy prices are established in cooperation with Ministry of Finance, and with other governmental agencies. The purpose is to find a balance between interests of the energy sector to make it profitable, and interests to investors.

4.5 Meeting in Ministry of Industry and Trade

Mr. Zoltan Horvath, Deputy Head of Energy Department, described to Ukrainian delegation role of the Ministry and its philosophy.

Ministry consists of four departments:

- Energy policy and energy conservation
- Energy supply
- International relationships
- Economics.

The Ministry is not intended to control activities of energy enterprises. It's role is to create an environment to attract investments in energy sector, to make it more profitable, and to resolve issue of non-payments. It is also developing a tariff structure to create incentives for energy conservation.

The newly adopted legislation allows to disconnect customers who do not pay their bills within 90

days. It also introduces severe penalties for energy theft which is one of the very serious problems. New energy prices will increase power sector profitability.

Another function of the Ministry is approval of the type of fuel used for new enterprises, and control of safety and environmental issues related to the plant operation..

4.6. Power Plant Visits

Delegation visited two privatized power plants - Matra Power Plant Co. and Csepel Power Plant. These two power plants were privatized as a part of the privatization program.

Mr. Istvan Kondas of Matra Power Plant Co. described the Matra Power Plant privatization process starting with creation of the stock holding company with ARV Rt. and MVM owning 38% shares each, and coal mines owning 17% shares. When the privatization process started in 1994, the company was identified as well suited for privatization. ARV Rt. with assistance of foreign consultants organized issuance of tender documents and conducted competitive bidding. The German consortium won the bid and currently is a partial owner of the power plant. There is a program of the plant rehabilitation and expansion which is going to be financed by the German consortium. This program was included in the tender document as one of the bid requirements. Company is managed by the 6 member board of directors elected by the shareholders meeting. The company workers can purchase up to 60 shares each at a discount price which creates an additional incentives for them to work for the company success.

Mr. John T. Jolly, chief Executive Officer of Power Gen Company which owns the Csepel Power Plant made a presentation regarding the conditions which should be created in the country to make privatization successful. These conditions are:

- political and social structure
- legal environments
- technological culture
- availability of local specialists
- management culture.

An investor begins his considerations by studying these conditions. He can influence some of these aspects, especially management culture and technological culture. Power Gen has a training programs for management and engineering personnel that is very successful.

Csepel Power Plant is a cogeneration facility generating heat in form of process steam and hot water, and electricity. It sells all the heat and part of the electricity to local industrial customers with the rest of electricity being sold to MVM. This customer mix makes the non-payment issues easier to resolve. With industrial customers it is always possible to find a way to enforce payment. Major issues the company faces now are customer and public relations and personnel training.

4.7 Final briefing in USAID/Budapest

On the last day of the visit a briefing was conducted in USAID/Budapest to advise USAID about the results of the visits and opinion of Ukrainian delegation about it. Ukrainians highly valued an opportunity to visit a country which has first hand experience with energy sector privatization. They collected a lot of important information during the visit and will try to use some of their new knowledge after they return to Ukraine. At the same time, they pointed out that conditions in Ukraine are significantly different from Hungary, the scale of privatization program is much larger, the overall environment is not as positive as in Hungary, the non-payment problem is much more acute in Ukraine.

The Ukrainian participants praised the organizers of the visit for their good work and recognized very good logistic support and organization of all aspects of the visit.

5. 0 CONCLUSION

The visit of Ukrainian delegation to Hungary was very successful. Ukrainian participants met with representatives of different organizations within Hungarian energy sector to study privatization issues and they collected a lot of very important and useful information. They plan to use the experience Hungarian power specialists shared with them in Ukraine. They will try not to make the mistakes made by Hungary and to use their lessons learned.

The USEA work in organizing the visit was highly commended by Ukrainian participants and by USAID representatives.

ATTACHMENT 31

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

INTERNSHIP

INVESTMENT BANKING

Otter Tail Power Co./Crimenergo Partnership

sponsored by

United States Agency for International Development

and

United States Energy Association

August 22-September 21, 1996
Fergus Falls, Minneapolis, MN

Chairman of State of Minnesota Public Utilities Commission and one USEA representative conducted Utility Management Seminar June 24-28, 1996.

The seventh activity in the partnership is internship. The internship will cover all aspects of investment banking.

OBJECTIVES

The purpose of this internship is for the participant to learn about types of activities associated with the process of securing investment capital including the following issues:

- Attracting investors
- Sources of project financing including equity, bonds and stocks
- Optimization of capital structure
- Issuance and marketing of bond
- Types of stock
- Issuance and marketing of stock

THE PROGRAM

During the one month internship, the intern will visit and meet with representatives from various departments at Otter Tail Power Company, including Treasury Department, Department of Finance, and Shareholder Services. Before participating in the site training, the intern will have the opportunity to gain an overview of the entire process through materials. He will also spend one week at Norwest Services in Minneapolis where he will learn about the structuring of the initial financing, primary and secondary markets, and the role and development of a prospectus. In Fergus Falls he will spend time with a local broker learning about the sales and marketing side of stock or bond issues.

Agenda - Internship Program

Thursday, August 22, 1996

8:50 a.m. Depart from Kiev, Borispol airport, Ukraine Intl, Flight # 101

10:35 a.m. Arrive in Frankfurt

1:50 p.m. Depart from Frankfurt, Northwest, Flight # 53

4:50 p.m. Arrive in Detroit

7:10 p.m. Depart from Detroit, Northwest, Flight # 755

8:05 p.m. Arrive in Minneapolis

9:25 p.m. Depart from Minneapolis, Northwest, Flight # 2919

10:30 p.m. Arrive in Fergus Falls, pick up by Otter Tail Power Company (contact: Celia Benson), lodging at the residence of Mr.& Mrs. (name), Fergus Falls, MN

Saturday, August 24, 1996

FREE DAY

Sunday, August 25, 1996

FREE DAY

Monday, August 26, 1996

9:00 a.m. Overview of organization - Doug Kjellerup and John Erickson
- Ownership history - private vs. public
- Capital Structure

12:00 p.m. Lunch

1:00 p.m Overview of organization - Celia Benson

Investment Banking Internship - Arthur Zhurauskiy

Tuesday, August 27, 1996

9:00 a.m. Fergus Falls Community College - Professor Tom Gausman

- Overview of Corporate Finance
- Site visits at two local banks

Wednesday, August 28, 1996

9:00 a.m. Fergus Falls Community College - Professor Tom Gausman
- Corporate Finance
- Site visits at two local credit unions

12:00 p.m. Lunch

1:00 p.m. Dorn Company Inc., Fergus Falls - Larry Dorn and Bonnie Denzel
- Trading of Otter Tail Power Company stock
- Sales of bonds

4:00 p.m.

Thursday, August 29, 1996

9:00 a.m. Otter Tail Power Co. Treasury Department - Susan Vukonich, Administrator
- Short-term investing/borrowing
- Lines of credit/commercial paper

12:00 p.m. Lunch

1:00 p.m. Otter Tail Power Co. Treasury Department - Susan Vukonich, Administrator
- Credit analyses/collections/bad debts

Friday, August 30, 1996

9:00 a.m. Otter Tail Power Co. Treasury Department - Susan Vukonich, Administrator
- Fixed and circulating capital of a power company

12:00 p.m. Lunch

1:00 p.m. Otter Tail Power Co. Treasury Department - Susan Vukonich, Administrator

- Electronic transfers of Otter Tail Power Co. Division offices' cash
- Cash forecasts

Saturday, August 31, 1996

FREE DAY

Sunday, September 1, 1996

FREE DAY

Monday, September 2, 1996

FREE DAY

1:00 p.m. Depart from Fergus Falls to Minneapolis, transportation is provided by Otter Tail Power Co. (contact: Celia Benson)

Tuesday, September 3, 1996

9:00 a.m. Norwest Investment Services, Minneapolis - Mr. Dick Joseph, Vice President
Address: 608 2nd Avenue South, 9 Floor, Minneapolis, MN
Phone: 612-667-7704

- Structuring the initial financing
- Primary Markets and Secondary Markets

Wednesday, September 4, 1996

9:00 a.m. Norwest Investment Services, Minneapolis - Dick Joseph, Vice President
- The prospectus
- Securities lawyers

Thursday, September 5, 1996

9:00 a.m. Norwest Investment Services, Minneapolis - Dick Joseph, Vice President
- Fixed income research

Investment Banking Internship - Arthur Zhurauskiy

Friday, September 6, 1996

9:00 a.m. Norwest Investment Services, Minneapolis - Dick Joseph, Vice President
- Equity Research
- Equity Trading Floor

Saturday, September 7, 1996

FREE DAY

Sunday, September 8, 1996

FREE DAY

Monday, September 9, 1996

9:00 a.m. Piper Jaffray, Inc. - Mr. Ben Oehler, Manager Director
4:00 p.m. Address: 222 South 9th Street, Minneapolis, MN
Phone: 612-342-6341
- Corporate Finance Department
- Fixed Income Research

Tuesday, September 10, 1996

9:00 a.m. Piper Jaffray, Inc.
- Equity Research

Wednesday, September 11, 1996

9:00 a.m. Piper Jaffray, Inc.
- Equity Trading Floor

Thursday, September 12, 1996

9:00 a.m. St. Paul Bank - Mr. Roger Opp, Vice President and Rural Lending Team Manager
Address: 375 Jackson Street, St. Paul, MN 55101-1849
- Classification of banks
- Bank's portfolio/management of a bank's portfolio
- Loans/deposits and kinds of deposits

Investment Banking Internship - Arthur Zhurauskiy

Friday, September 13, 1996

9:00 a.m. Cooperative Power Association - Mr. Julian Brix, General Manager
Address: 14615 Lone Oak Road, Eden Prairie, MN 55344-2287
- Cooperative organizational structure
- Capital structure

3:00 p.m. Return to Fergus Falls, MN (transportation provided by Otter Tail Power Co., contact: Celia Benson)

Saturday, September 14, 1996

FREE DAY

Sunday, September 15, 1996

FREE DAY

Monday, September 16, 1996

9:00 a.m. Otter Tail Power Company, Shareholder Services - Ms. Loren Hanson, Administrator
- Share transfers/co-transfer agent
- Dividend payments
- Cash purchases
- Proxy statements

Tuesday, September 17, 1996

9:00 a.m. Norwest Bank, Fergus Falls, MN - Mr. Chuck Kretchman, President
- Classification of banks
- Role of banks who are members of the Federal Reserve System
- Standard requirements of the Federal Reserve System and the Comptroller of the Currency for commercial banks and bank holdings

12:00 p.m. Lunch

1:00 p.m. Otter Tail Power Company - Shareholder Services - Lorans Hanson, Administrator
- Investor Relations
- Unclaimed Property
- Reinvestment plan statements
- Annual Reports

Wednesday, September 18, 1996

9:00 a.m. Norwest Bank, Fergus Falls, MN - Chuck Kretchman, President
- The bank's assets and liabilities; a bank's portfolio
- Loans of commercial banks

12:00 p.m. Lunch

1:00 p.m. Otter Tail Power Company - Andy Anderson, Vice President, Finance
Managing the Capital Structure
- Debt - Refunding
- 1st Mortgage compared to unsecured debt
- Public compared to private placement
- Trustee selection and activities

Thursday, September 19, 1996

9:00 a.m. Norwest Bank, Fergus Falls, MN - Chuck Kretchman, President
- Deposits and kinds of deposits
- Teller operations
- Distribution system (phone banking, automatic teller machines, etc.)

12:00 p.m. Lunch

1:00 p.m. Otter Tail Power Company - Chuck Brunko, Assistant Secretary/Assistant Treasurer
Dividend Reinvestment plan amendments
- Market compared to original issue
- Employee purchase
- Customer purchase
- Selling shares through the plan

Friday, September 20, 1996

9:00 a.m. Norwest Bank, Fergus Falls, MN - Joy Solum, Investment Services
- Investment portfolio
- Broker services

12:00 p.m. Lunch

Investment Banking Internship - Arthur Zhurauskiy

1:00 p.m. Otter Tail Power Company - Ms. Celia Benson
- Internship wrap-up and evaluation

Saturday, September 21, 1996

10:30 a.m. Ground transportation provided by Otter Tail Power Company to the Fergus Falls airport (contact: Celia Benson, phone: 218-739-8222)

11:00 a.m. Depart from Fergus Falls, Northwest, Flight # 3494

12:30 a.m. Arrive in Minneapolis

3:20 p.m. Depart from Minneapolis, Northwest, Flight # 8664

6:10 a.m. Arrive in Amsterdam

10:25 a.m. Depart from Amsterdam, Northwest, Flight # 8283

2:20 p.m. Arrive in Kiev, Ukraine

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ATTACHMENT 32

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

SEMINAR

INVESTMENT BANKING

Otter Tail Power Co./Crimenergo Partnership

sponsored by

United States Agency for International Development

and

United States Energy Association

September 19 - 30, 1996
Simferopol, Crimea

276

LIST OF PARTICIPANTS

Douglas Kjellerup
Vice President
Otter Tail Power Company

Arthur Zhurauskiy
Chief of the Currency Department
Privatebank

Management Staff
Crimenergo

Yelena Golbin
Program Coordinator
U.S. Energy Association

BACKGROUND

In 1992, the United States Agency for International Development entered into a cooperative agreement with the United States Energy Association in a series of definitional missions to determine the scope of U.S. Government assistance effort in the energy sector of the Newly Independent States (NIS) of the former Soviet Union. To administer this task, USEA and USAID jointly developed Energy Industry Partnership Program (EIPP) for the NIS. The objective of the EIPP is to establish long-term cooperative relationships between U.S. and NIS energy enterprises that provide a mechanism for the U.S. energy industry to transfer its experience in market-based energy production, transmission, and distribution to its counterparts in the NIS. Presently, the EIPP has establish fifteen U.S./NIS industry partnerships in seven of the eleven NIS republics.

On October 26, 1995 Crimenergo and Otter Tail Power Company concluded an Executive Exchange Visit in Simferopol by signing a Cooperative Agreement and by developing a workplan for fiscal year 1996. The next activity was a reciprocal visit by a delegation from Crimenergo in December, 1995 for a general orientation to the organizational structure and management policies at Otter Tail Power.

The third activity in the partnership was an internship program for one of representative of Crimenergo for one month at Otter Tail. The purpose of this internship was to provide an overall introduction to market economy concepts and business practices in the U.S. The intern had an opportunity through personal observations and direct conversations to adopt concepts and techniques to be implemented at Crimenergo. This internship was held in March, 1996.

The fourth activity in the partnership was an executive exchange visit between Crimenergo and Otter Tail focusing on the topics of Finance & Utility Management. The activity acquainted the delegation with shareholder activities, investment banker functions, regulatory activities, and government agency responsibilities.

The fifth activity in the partnership was an executive exchange visit of 4 Crimenergo representatives to the United States for the Energy Efficiency Exchange Visit which included attendance at the Edison Electric Institute Annual Conference, presentations by RMA on energy efficiency projects in the NIS, a working session at Otter Tail Power Company to discuss energy efficiency issues, attendance at the USEA Annual Meeting, and participation in the 7th Annual Energy Efficiency Forum. This activity introduced the Crimenergo delegation to U.S. utility sector senior officers and EEI executives. The EEI Annual Convention provided a total emersion into U.S. industry. During the EEI convention USEA and USAID coordinated discussion for the delegation of Crimenergo to discuss common issues regarding the restructuring of the electric utility industry.

The sixth activity in the partnership was Utility Management Seminar. Four Otter Tail Power Co. managers, Chairman of State of Minnesota Public Utilities Commission and one USEA representative conducted Utility Management Seminar June 24-28, 1996. The purpose of the seminar was to acquaint Crimenergo managers with market economy concepts and U.S. business practices, familiarize Ukrainian partners with typical utility corporate structure and functioning, present methods of human resources management, introduce accounting

practices and concepts of corporate finance. Description of sources of project financing, overview the marketing and contracting aspects of corporate activities, financial modeling and tariff calculation methodology were also discussed.

The seventh activity in the partnership was internship. The internship covered all aspects of investment banking. During the one month internship, the intern visited and met with representatives from various departments at Otter Tail Power Company, including Treasury Department, Department of Finance, and Shareholder Services. He also spent one week at Norwest Services in Minneapolis where he learned about the structuring of the initial financing, primary and secondary markets, and the role and development of a prospectus. In Fergus Falls he spent time with a local broker learning about the sales and marketing side of stock or bond issues.

The next activity under this partnership is Investment Banking Seminar which will be conducted by intern as a follow-up the internship program.

OBJECTIVES

The purpose of this seminar is to acquaint Crimenergo managers with all types of activities associated with the process of securing investment capital including the following issues: attracting investors, sources of project financing including equity, bonds and stocks, optimization of capital structure, issuance and marketing of bond, types of stock, issuance and marketing of stock.

THE PROGRAM

Otter Tail Power Company representative and USEA representative will meet on the first day with Director of Yalta Electric Lines Utility to discuss up-coming Executive Exchange Visit to Otter Tail Power Company and learn about distribution department organization. On the second day they will meet with Director of Maintenance and Operations of Crimenergo and with General Director of Crimenergo to summarize the internship and previous exchange visits and also review seminar content. Two days seminar will include the following topics: fixed and circulating capital of a power company, cash forecasts, fixed income research, short-term investing/borrowing, lines of credit/commercial paper, loans of commercial banks, investor relations, reinvestment plan statements, annual reports. Finally, representatives will have a briefing at the Ministry of Energy and Industry to summarize previous activities under partnership program and review future work plan. The meeting with General Director of Crimenergo to develop final workplan for the fiscal year of 1997.

Agenda - Investment Banking Seminar

Thursday, September 19, 1996

11:00 a.m.	Depart from Fergus Falls to Minneapolis, Northwest, Flight # 3494 (Doug Kjellerup)
12:30 p.m.	Arrive in Minneapolis
1:10 p.m.	Depart from Minneapolis to Washington, D.C., Northwest, Flight # 620
4:29 p.m.	Arrive in Washington, D.C.
6:00 p.m.	Depart from Washington, D.C. to Amsterdam, Northwest, Flight # 36 (Doug Kjellerup and Yelena Golbin)

Friday, September 20, 1996

7:15 a.m.	Arrive in Amsterdam
11:00 a.m.	Depart from Amsterdam to Kiev, Ukraine Intl., Flight # 102
3:05 p.m.	Arrive in Kiev, transportation to Rus Hotel
5:00 p.m.	Check-in at the Rus hotel Address: 4 Gospitalnaya Street, Kiev 252023 Phone: 220-42-55 or 220-56-46

Saturday, September 21, 1996

7:50 a.m.	Depart from Kiev to Simferopol, Air Ukraine, Flight # 8131
10:00 a.m.	Arrive in Simferopol, met by Crimenergo representative
11:00 a.m.	Check-in at the hotel

Sunday, September 22, 1996

RECOVERY DAY

Monday, September 23, 1996

9:00 a.m. Meeting with *Mr. Usachov - Director of Yalta Electric Lines Utility*

- Distribution department organization
- Personnel roles and responsibilities
- Interface with transmission department
- Operation and maintenance of distribution system
- Safety procedures
- Employee training programs

1:00 p.m. Lunch

2:00 p.m. Site Visit

Tuesday, September 24, 1996

9:00 a.m. Meeting with *Mr. Gembarskiy - Maintenance and Operations of Crimenergo*

- Summary of internship and Executive Exchange Visits at Otter Tail Power Company
- Concepts to be adopted
- Proposed procedural changes

11:00 a.m. Meeting with *Mr. Voronovskiy - General Director of Crimenergo* to review seminar content

- Topics of discussion
- Format of presentation
- Application to Crimea
- Future follow-up

1:00 p.m. Lunch

2:00 p.m. Review of conference facilities and equipment

4:00 p.m. Reproduction and assembly of hand-out materials

Wednesday, September 25, 1996

9:00 a.m. Registration for attendees

9:30 a.m. Introduction - *A. Voronovskiy, General Director of Crimenergo*

9:45 a.m. Overview of USEA - *Yelena Golbin, Program Coordinator, USEA*

10:00 a.m. Investment Banking - *Arthur Zhurauskiy, Chief of the Currency Department, Privatebank*

- Major differences between U.S. and Ukraine Banking Systems
- Risk analyses
- Fixed and circulating capital of a power company
- Cash forecasts

1:00 p.m. Lunch

2:00 p.m. Investment Banking - *Arthur Zhurauskiy, Chief of the Currency Department, Privatebank*

- Fixed income research
- Short-term investing/borrowing
- Lines of credit/commercial paper
- Loans of commercial banks
- Financial report

5:00 p.m. Daily wrap-up

Thursday, September 26, 1996

9:00 a.m. Investment Banking - *Arthur Zhurauskiy, Chief of the Currency Department, Privatebank*

- Regulatory process
- Investor relations
- Reinvestment plan
- Annual reports
- Role of shareholder

1:00 p.m. Lunch

2:00 p.m. Question & Answer Session

5:00 p.m. Daily wrap-up

Friday, September 27, 1996

10:00 a.m. Meeting with *Mr. Dubovenko- Deputy Secretary of the Ministry of Energy and Industry*

- Overview of USEA and USAID
- Energy Industry Partnership Program
- Summary of previous activities
- Review of the work plan
- Renewable Energy

1:00 p.m. Lunch

2:00 p.m. Briefing with *Mr. Voronovskiy - General Director of Crimenergo*

- Discussion on the result of the seminar
- Final development of the work plan for fiscal year of 1997

Saturday, September 28, 1996

FREE DAY

Sunday, September 29, 1996

8:30 p.m. Depart from Simferopol to Kiev, Air Ukraine, Flight # 8132

9:00 p.m. Arrive in Kiev, transportation to Rus hotel

10:30 p.m. Check-in at the Rus hotel

Monday, September 30, 1996

7:50 a.m. Depart from Kiev to Amsterdam, Ukraine Intl., Flight # 101

10:00 a.m. Arrive in Amsterdam

Doug Kjellerup:

3:20 p.m. Depart from Amsterdam to Minneapolis, Northwest, Flight # 55

5:10 p.m. Arrive in Minneapolis

8:00 p.m. Depart from Minneapolis to Fergus Falls, Northwest, Flight # 2919

9:05 p.m. Arrive in Fergus Falls

Yelena Golbin

12:30 p.m. Depart from Amsterdam to Washington, D.C., United, Flight # 947

2:50 p.m. Arrive in Washington, D.C.

ATTACHMENT 33

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

TRIP REPORT
FOR THE UTILITY FINANCING SEMINAR

Otter Tail Power Co./Crimenergo partnership

Sponsored by

United States Agency for International Development

September 23-27, 1996

Participants

Doug Kjellerup, Vice President, Marketing and Development, Otter Tail Power Co.
Anatoly Voronovskiy, General Director, Crimenergo
Management Staff, Crimenergo
Arthur Zhurauskiy, Chief of the Currency Department, Privatebank
Yelena Golbin, Program Coordinator, U.S. Energy Association

Locations

Simferopol, Crimea

1.0 BACKGROUND

On October 26, 1995 Crimenergo and Otter Tail Power Company concluded an Executive Exchange Visit in Simferopol by signing a Cooperative Agreement and by developing a workplan for fiscal year 1996. The next activity was a reciprocal visit by a delegation from Crimenergo in December, 1995 for a general orientation to the organizational structure and management policies at Otter Tail Power.

Since that time number of activities was organized under this partnership including the executive exchange visits, seminars, energy efficiency tours, and internship programs. Among the latest activities were Utility Management Seminar in Simferopol, Crimea, in June of 1996, investment banking internship program in Fergus Falls, MN in August - September, 1996, and Utility Financing Seminar in Simferopol in September, 1996.

The next activity under this partnership was Utility Financing Seminar which was conducted by intern as a follow-up the internship program.

2.0 OBJECTIVES

The purpose of this seminar was to acquaint Crimenergo managers with all types of activities associated with the process of securing investment capital including the following issues: attracting investors, sources of project financing including equity, bonds and stocks, optimization of capital structure, issuance and marketing of bond, types of stock, issuance and marketing of stock.

THE PROGRAM

On the first day representatives of Otter Tail Power Company and USEA met with Director of Yalta Electric Lines Utility to discuss up-coming Executive Exchange Visit to Otter Tail Power Company and to learn about distribution department organization. On the second day they met with Director of Maintenance and Operations of Crimenergo and with General Director of Crimenergo to summarize the internship and previous exchange visits and also review seminar content. Two days seminar included the following topics: fixed and circulating capital of a power company, cash forecasts, fixed income research, short-term investing/borrowing, lines of credit/commercial paper, loans of commercial banks, investor relations, reinvestment plan statements, annual reports. Finally, representatives had a briefing at the Ministry of Energy and Industry to summarize previous activities under partnership program and review future work plan and met with General Director of Crimenergo to develop final workplan for the fiscal year of 1997.

4.0 ACCOMPLISHMENTS

4.1 The Seminar

Utility Financing Seminar was conducted on September 25-26, 1996 in Simferopol, Crimea. About 30 participants attended the seminar from Crimenergo. One interpreter provided a consecutive interpreting during the seminar. The facility was satisfactory, and all the participants were able to communicate effectively. The goal of this seminar was to acquaint Crimenergo managers with all types of activities associated with the process of securing investment capital including the following issues: attracting investors; sources of project financing including equity, bonds, and stocks; optimization of capital structure; issuance and marketing of bond; types of stock; and issuance and marketing of stock. During two days of seminar intern from Crimenergo and representative of Otter Tail Power Company made presentations regarding each of the topics listed above. Each presentation followed by the question and answer session. Crimenergo participants asked a lot of questions regarding the topics discussed and were very active during the seminar. Most frequently asked questions included questions regarding the investor relations, contract relationships and contract enforcement, loans of commercial banks, business plan, accounting system. These questions identify areas of interest of the Crimenergo and provide topics for future activities.

At the end of the seminar the Seminar Evaluation by participants was conducted. Most of evaluation sheets were returned with positive evaluation of the seminar which was considered very useful and well organized. Number of participants expressed a desire to implement some of the methods they learned during the seminar in their everyday work.

4.2 Meetings with Crimenergo Top Management

Two meetings with General Director Mr.Voronovskiy and Deputy General Director Mr. Litvinov were organized by U.S.Energy Association with participation of Otter Tail Power Co. on the first and the last day of the stay in Simferopol. During these meetings participants discussed necessity and benefits of the program, outlined plans for the future, and proposed possible topics for future seminars and meetings. They also discussed results of the latest internship program and prepared, and during the last meeting, finalized the work plant for the fiscal year 1997.

Crimenergo managers consider the exchange program to be very useful and beneficial for their organization. They were glad that the seminar addressed more specific issues then some of the previous activities and included such very important topics as methods of attracting financing, optimization of the capital structure, practical issues regarding issuance of bond and

stock, contractual relations and contract enforcement.

One of the major results of meetings with Crimenergo management was finalization of the work plan for the fiscal year 1997 which includes the following major activities:

- Metering, Billing and Collection Exchange, Part 1 - November 1996 in Fergus Falls, MN
- Participation in the Power Gen Conference - December, 1996 in Washington, DC and Orlando, Florida;
- Accounting, Reporting, and Rates Exchange Visit - March, 1997 in Fergus Falls, MN;
- Metering, Billing and Collection Exchange, Par 2 - May, 1997 in Simferopol, Crimea.

The Crimenergo executives expressed hope that the partnership program will continue, and that future activities will be as useful as the conducted seminar.

4.3 Meeting with the Ministry of Energy and Industry of Crimea

Meeting with Deputy Minister of the Ministry of Energy and Industry of Crimea Mr. Vladimir Dubovenko was conducted on September 28, 1996. Representatives of USEA and Otter Tail Power Co. described USAID program in Ukraine and Crimea, outlined plans for future and future activities. Mr. Dubovenko described overall economical and political situation in the region. He also outlined strategic plans for the future economic development of Crimea region. He expressed appreciation of activities by USAID and other organizations and highly valued the Utility Partnership Program sponsored by USEA.

During the meeting, Mr. Dubovenko informed USEA and Otter Tail representatives about upcoming Business and Investment Forum "Crimea - 1996" organized by the Crimean Government and the United Nations Industrial Development Organization (UNIDO) to discuss investment opportunities in Crimea in different areas including energy and infrastructure projects. He had also listed potential energy projects which the Ministry considers very important for Crimea and which, he thinks, may attract foreign investors.

4.4 Other Meetings

Representatives of Otter Tail Power Company and USEA visited also Yalta Electric Line Company, Simferopol Electric Line Company, and Simferopol Central Heating Power Plant where they met with those companies' management staff to learn about their technology, accounting practices, billing and collection in order to understand their problems and make future activities and topics more specific. Those meetings revealed interest of the Crimenergo

in such energy efficient practices used by Otter Tail Power as use of heat pumps for heating and use of old automobile tires as a source of fuel for power plants. Those topics will be covered and respective Otter Tail Power Company's facilities will be visited by Crimenergo representatives following their attendance of the Power Gen Conference in Orlando in December, 1996.

5.0 SUMMARY

Trip to Crimenergo was successful in several regards.

1. Seminar was highly rated by participants and was very well organized with high attendance.

2. Crimenergo expressed interest and desire to continue the partnership program.

3. Crimenergo is going to implement some of the methods and practices they learned during the seminar in their everyday work.

4. Work plan for the fiscal year 1997 was finalized.

5. Meetings with Ministry of Energy and Industry demonstrated interest in the partnership program on the ministry level.

6. Specific areas that are of interest for Crimenergo were revealed which will help in planning the future activities.

ATTACHMENT 34

USEA

United States Energy Association

DATE OF ISSUE: September 11, 1996

UNITED STATES ENERGY ASSOCIATION (USEA) ENERGY INDUSTRY PARTNERSHIP PROGRAM

ADVISORY MISSION

by

KENTUCKY UTILITIES COMPANY

and

DNEPROENERGO

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

September 21 - 28, 1996

Participants

Robert Hewett, Vice President - Regulation Economic Planning
Thomas Moore, Director, Small Stations & Generation Services
Gerhard Haimberger, Director - Fuel Supply
Albert H. Skeath, Deputy Program Manager, USEA

Locations

Kyiv, Ukraine
Zaporozhie, Ukraine

BACKGROUND:

On Friday, July 19, 1996, a cooperative agreement was signed between Kentucky Utilities Company and Dneproenergo of Ukraine. This concluded a one-week executive exchange visit by Dneproenergo officials to Kentucky Utilities Company. During this visit the Ukrainian delegation became acquainted with U.S. business organization structure and management policies at a U.S. electric utility.

This second activity under the partnership program will involve an Advisory Mission to Dneproenergo facilities in the Ukraine to acquaint representatives of the Kentucky Utilities Company with theUkrainian energy sector facilities and operations.

OBJECTIVES:

The objectives of this Advisory Mission are to:

1. Conduct a briefing meeting withHagler Bailly and USAID in Kiev to review direction to be taken under this partnership program.

2. Acquaint the U.S. delegation with Dneproenergo's organization structure, management team, and its issues and concerns.

3. Visit one of the generating stations of Dneproenergo to gain an understanding of the management needs at this facility.

4. Prepare final draft FY 97 workplan for Dneproenergo and Kentucky Utilities to be sent to USAID for approval.

PROGRAM:

The program for this activity will include:

A. Meetings with Hagler Bailly and USAID in Kyiv

B. Review of Dneproenergo organization structure and major issues

C. Tours and discussions at Dneproenergo generating facilities

D. Development of a final workplan for FY 97

Saturday, September 21, 1996

2:10 p.m. Kentucky Utilities delegation departs Lexington; arrive Detroit 3:50 p.m.

2:30 p.m. Al Skeath departs Allentown; arrives Wash/Dulles 3:32 p.m.

5:35 p.m. Kentucky Utilities delegation depart Detroit; arrive Paris 7:05 a.m.

6:20 p.m. Al Skeath departs Wash/Dulles; arrives Paris 7:35 a.m.

Sunday, September 22, 1996

9:45 a.m. Kentucky Utilities delegation and Al Skeath depart Paris; arrive Kyiv 1:55 p.m.

Lodging:

RUS Hotel
252023 Kiev 4, Gosptalnaya st.
Tel: 011-380-44-220-4255
Fax: 011-380-44-220-4396

Monday, September 23, 1996

8:30 a.m. Walk from hotel to Hagler Bailly

9:30 a.m. Meeting at Hagler Bailly/Kyiv
- Partnership Program
- Advisory Mission
- Workplans for FY 97
- Central Maine Power
- Discussion on CMP and Price Waterhouse Activities

12:00 p.m. **LUNCH**

3:00 p.m. Meeting at Ministry of Electricity & Energy, *Vladimir P. Bondarenko, Deputy Minister*
- Ukraine Energy Sector Restructure
- Partnership Activities and Workplan

Monday, September 23, 1996 *(continued)*

7:20 p.m. Kentucky Utilities delegation, Al Skeath and interpreters depart Kyiv; arrive Zaporozhye 8:50 p.m.

Lodging:

(To be determined)

Tuesday, September 24, 1996

9:00 a.m. Overview of USEA and Partnership Program, *Al Skeath, Deputy Program Manager*

9:30 a.m. Meeting with Dneproenergo
- Ukraine Energy Sector Restructuring
- GENCO Operations
- Issue and Concerns

11:00 a.m. Overview of Kentucky Utilities, *Robert Hewett-Vice President Regulation Economic Planning*

12:00 p.m. LUNCH

1:30 p.m. Tour of Dneproenergo and Meetings with Department Heads
- Finance Department
- Operations & Maintenance Department
- Safety Department

Lodging:

(To be determined)

Wednesday, September 25, 1996

8:00 a.m. Ground transportation to Pridneprov Power Plant

11:00 a.m.-3:00 p.m. Tour of Pridneprov Power Plant
- Operations
- Maintenance

Wednesday, September 25, 1996 ***(continued)***

- Safety
- Pollution Control
- Staffing
- Inventory Control
- Performance Measures

4:00 p.m. Ground transportation to Zaporozhie

Lodging:

(To be determined)

Thursday, September 26, 1996

8:00 a.m. Ground transportation to Training Center and Dispatch Center

10:00 a.m. Tour of Training Center and Dispatch Center

3:00 p.m. Ground transportation to Zaporozhie

Lodging:

(To be determined)

Friday, September 27, 1996

9:00 a.m. Review of Workplan for FY 97

12:00 p.m. **LUNCH**

FREE AFTERNOON IN ZAPOROZHIE

Friday, September 27, 1996 ***(continued)***

4:50 p.m. Kentucky Utilities, Al Skeath and interpreters depart Zaporozhye; arrive Kyiv 6:20 p.m.
Lodging:
RUS Hotel

Saturday, September 28, 1996

5:30 a.m. Ground transportation from hotel to airport

8:20 a.m. Kentucky Utilities delegation and Al Skeath depart Kyiv for U.S.

DNEPROENERGO/KENTUCKY UTILITIES
PROPOSED WORKPLAN

September, 1996

Advisory Mission to Dneproenergo

- One-day Visit in Kiev
- Four days in Dneproenergo
- Review of General Management Topics
  - --Generation
  - --Finance
  - --Investing
  - --Regulations

November, 1996

Exchange Visit to Kentucky Utilities

- One week in Lexington
  - --Generation
  - --Operations
  - --Maintenance
  - --Safety
  - --Training
  - --Cost of Service

April, 1997

Executive Visit to Kentucky Utilities

- One week in Lexington and New York
  - --Finance & Investor Services
  - --Attend Annual Meeting

July, 1997

Seminar in Zaporozhie

September, 1997

Executive Visit to Kentucky Utilities - TBD

ATTACHMENT 35

DATE OF ISSUE: September 28, 1995

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

MOLDOVAGAS - YANKEE GAS

MOLDOVAGAS

EXECUTIVE EXCHANGE VISIT

TO

TO YANKEE GAS FACILITIES
PARSONS MAIN, INC.
CAMBRIDGE ENERGY RESEARCH
ALGONQUIN GAS TRANSMISSION
AMERICAN GAS ASSOCIATION
HAGLER, BAILLY, INC.
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES ENERGY ASSOCIATION

Locations

Boston, Massachusetts
Washington, D.C.
Meriden, Connecticut

October 3 - 16, 1995

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BACKGROUND

On June 9, 1995, a Cooperative Agreement was signed between Moldovagas and Yankee Gas under the Energy Industry Partnership Program. This signing followed a week-long exchange visit during which the partners exchanged general information on their companies. This visit is a continuation of the partnership activities.

OBJECTIVES

The objectives of this Executive Exchange Visit are:

1. To learn about transmission pipeline operations.

2. To learn about engineering/construction company operations and energy research projects.

3. To become acquainted with organizations in Washington, D.C.

4. To learn about finance, information systems, and customer service operations at Yankee Gas.

THE PROGRAM

The program will consist of an Executive Exchange Visit for four delegates from Moldovagas. The visit will include meetings at Algonquin Gas Transmission Company, Cambridge Energy Research Association, Parsons Main, Inc., American Gas Association, Hagler Bailly, Inc. USAID, and Yankee Gas.

LIST OF PARTICIPANTS

Mihai Tudor Lesnic
General Manager of State Concern Moldovagaz
Moldovagas

Konstantin Bektchiev
Manager of Specialized Mobile Gas Column of Chisinau
Moldovagas

Fedor Pouchka
Manager of Stefan Voda Gas Enterprise
Moldovagas

Valentin Tonou
Manager of Edinets Gas Enterprise
Moldovagas

Albert H. Skeath
Deputy Program Manager
United States Energy Association

Michael Arrowood
Interpreter

Torii Loginov
Interpreter

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USEA
PROPOSED ITINERARY
FOR
MOLDOVAGAS/YANKEE GAS EXECUTIVE EXCHANGE VISIT

Tuesday, October 3, 1995

8:05 a.m. Air Moldova Flight No. 867 departs Kishinev; arrives Vienna at 10:15 a.m.

11:45 a.m. Delta Flight No. 501 departs Vienna; arrives New York/Kennedy at 4:30 p.m.

7:20 p.m. Delta Flight No. 4972 departs New York/Kennedy; arrives Boston at 8:30 p.m. - Moldovan delegation and Michael Arrowood, Interperter

3:00 p.m. USAIR Flight No. 3804 departs Allentown, Pennsylvania; arrives Boston at 4:30 p.m. - Al Skeath

9:00 p.m. Ground transportation provided by Carey Limousine from Boston/Logan Airport to Howard Johnson-Kenmore

Lodging: Howard Johnson-Kenmore
575 Commonwealth Avenue
Boston, Massachusetts
(617) 267-3100

Wednesday, October 4, 1995

9:00 a.m. - 12:00 p.m. **RECOVERY TIME**

1:00 p.m. Ground transportation provided by Carey Limousine from Howard Johnson to Parsons Main, Inc.

1:30 p.m. Meeting at Parsons Main, Inc.
Location: Prudential Center, Boston, Massachusetts 02199
Phone: (617) 859-2316
Ronald C. Cochran, Vice President - Power Division

This Meeting Supports Objective #2) To learn about engineering/construction company operations and energy research projects.

4:00 p.m. Ground transportation by Carey from Parson Main, Inc. to Howard Johnson

Lodging: Howard Johnson - Kenmore

Thursday, October 5, 1995

8:30 a.m. Ground transportation provided by Carey from Howard Johnson to Algonquin Gas Transmission

9:00 a.m. Meeting at Algonquin Transmission Gas Company
Location: 1284 Soldiers Field Road, Boston, Massachusetts
Phone: (617) 560-1313
Don Linger, Vice President - Operations

This Meeting Supports Objective #1) Obtain knowledge about transmission pipeline operations.

- Regulations
- Metering
- Contracts with Local Distribution Companies
- Tour of gas control system
- Dispatch of natural gas
- Tracking of deliveries to Yankee Gas

12:00 p.m. **LUNCH**

1:00 p.m. Ground transportation provided by Carey from Algonquin Gas Transmission to Cambridge Energy Research Assocation (CERA)

1:30 p.m. Meeting at Cambridge Energy Research Association
Location: 20 University Road, Cambridge, Massachusetts 02138
Phone: (617) 497-6446
Steve Haggett, Director of Business Development
Helen Sisley, Research Associate

This Meeting Supports Objective #2) To learn about engineering/construction company operations and energy research projects.

- Organization of CERA
- Examples of Projects
- Discussion of Moldovagas concerns

4:15 p.m. Ground transportation provided by Carey from CERA to Boston/Logan Airport

6:00p.m. USAIR Flight No. 435 departing Boston, Massachusetts; arrives 7:40 p.m. at Wash/National

8:00 p.m. Ground transportation provided by Carey Limousine from Wash/National to Quality Inn and 114 Hesketh, Chevy Chase, Maryland

Lodging: Quality Inn Hotel
1315 16th St., N.W.
Washington, D.C. 20036
(202) 232-8000

Friday, October 6, 1995

8:30 a.m. Ground transportation by taxis from Quality Inn to American Gas Association

9:00 a.m. Meeting at American Gas Association
Location: 1515 Wilson Blvd., Arlington, Virginia
Phone: (703) 841-8475
Nelson E. Hay, Vice President

This Meeting Supports Objective #3) To become acquainted with organizations in Washington, D.C.

- Organization
- Membership
- Role and Activities

10:15 a.m. Ground transportation by taxis from American Gas Association to U.S. Energy Association

10:30 a.m. Meetings at U.S. Energy Association with USAID, Hagler, Bailly and USEA
Location: 1620 I Street, N.W., Suite 1000, Washington, D.C.
Phone (202) 331-0415

These Meetings Support Objective #3) To become acquainted with organizations in Washington, D.C.

U.S. Agency for International Development
Robert Archer, Director Bureau for Europe & New Independent States

- NIS Program
- Moldova Program

Hagler Bailly, Inc.
Alain Streicher, Senior Vice President

- Corporatization Activities
- Workplans for Moldova

U.S. Energy Association
William L. Polen, Program Manager, Energy Industry Partnership Program

12:00 p.m. **LUNCH**

1:30 p.m. **FREE AFTERNOON IN WASHINGTON, D.C. - Moldovagas delegation/Michael Arrowood**

Lodging: Quality Inn

Friday, October 6, 1995 *(continued)*

5:00 Walk from USEA to Quality Inn

Lodging: Quality Inn

Saturday, October 7, 1995

FREE DAY IN WASHINGTON, D.C. - Moldovagas delegation/Michael Arrowood

Sunday, October 8, 1995

FREE DAY IN WASHINGTON, D.C. - Moldovagas delegation/Michael Arrowood

Monday, October 9, 1995

COLUMBUS DAY HOLIDAY - FREE DAY IN WASHINGTON, D.C. - Moldovagas delegation/Michael Arrowood

3:24 p.m. Ground transportation provided by Carey Limousine from Quality Inn to Wash/National

4:55 p.m. Continental Flight No. 3730 arrives from Newark in Hartford - Al Skeath

4:59 p.m. USAIR Flight No. 1116 departs Wash/National; arrives Hartford at 6:13 p.m. -Moldovan delegation, Michael Arrowood, and Torii Loginov, Interpreters

6:45 p.m. Ground transportation provided by Carey Limousine from Bradley/Hartford Airport to Ramada Inn

Lodging: Ramada Inn
275 Research Parkway
Meriden, Connecticut 06450
(203) 238-2380

Tuesday, October 10, 1995

8:00 a.m. Ground transportation provided by Compass Limousine from Ramada Inn to Yankee Gas

8:30 a.m. Meeting at Yankee Gas
Location: Yankee Gas, 599 Research Parkway, Meriden, Connecticut
Phone (203) 639-4194
Branko Terzic, President & Chief Operating Officer

These Meetings for the period October 10-13 Support Objective #4) To obtain knowledge regarding finance, information systems, and customer service operations at Yankee Gas.

- General Overview

1:00 p.m. Ground transportation provided by Compass Limousine

1:00 p.m. East Windsor Service Center - 2 Moldovans go with Construction Crew
-2 Moldovans go with Meter/Service Person

4:00 p.m. Hartford Visit -- transportation provided by Compass Limousine

Lodging: Ramada Inn

Wednesday, October 11, 1995

8:00 a.m. Ground transportation provided by Compass Limousine from Ramada Inn to Yankee Gas

8:30 a.m. Rates Overview
Thomas Houde, Vice President - Rates & Resource Planning

9:30 a.m. Demand Planning
Charles Goodwin, Manager - Rates & Economic Analysis

10:45 a.m- Supply Planning
Marc Miller, Supervisor - Supply Planning & Acquisition

12:00 p.m. **LUNCH**

1:00 p.m. Ground transportation provided by Compass Limousine

1:00 p.m. Cooper Street: Dispatch/Natural Gas Vehicle Refueling Station/Garage

4:00 p.m. CT River Boat Ride!!

Lodging: Ramada Inn

Thursday, October 12, 1995

8:00 a.m. Ground transportation provided by Compass Limousine from Ramada Inn to Yankee Gas

8:30 a.m. Accounting Overview
Nicholas Rinaldi, Controller

9:30 a.m. Budget Overview
David Benoit, Director - Corporate & Financial Planning

10:45 a.m. Treasury/Investor Relations Overview
Sarah Sanders, Treasurer

12:00 p.m. **LUNCH**

Thursday, October 12, 1995 *(continued)*

1:15 p.m. Signing Ceremony - Remarks

Rajiv Rastogi, U.S. Agency for International Development
William L. Polen, U.S. Energy Association - Energy Industry Partnership Program
Barbara Evans, World Bank
Terzic Branko, Yankee Gas
Mikhail Lesnic, Moldovagas

Actual Signing of Cooperative Agreement Between Yankee Gas & Moldovagas

2:00 p.m. Ground transportation provided by Compass Limousine

2:30 p.m. Mystic Service Center - 2 Molovans go with Construction Crew
- 2 Moldovans go with a Meter/Service Person

5:00 p.m. Casino Bound!!

Lodging: Ramada Inn

Friday, October 13, 1995

8:00 a.m. Ground transportation provided by Compass Limousine from Ramada Inn to Yankee Gas

8:30 a.m. Information Services Overview
Darwin Kovacs, Director - Information Services

10:30 a.m. Customer Service Overview
Jerry Goetz, Director & Customer Premises Support Process Leader

12:00 p.m. **LUNCH**

1:00 p.m. Ground transportation provided by Compass Limousine

1:00 p.m. Cooper Street: Meter Shop/Automatic Meter Reading Van

2:30 p.m. Development of FY '96 Workplan

4:00 p.m. Dinner at Moldovan Restuarant -- ground transportation to restaurant and Ramada Inn provided by Compass Limousine

Lodging: Ramada Inn

Saturday, October 14, 1995

10:00 a.m. Ground transportation to be determined to Bradley/Hartford airport -- Al Skeath and Torii Loginov

11:51 a.m. Torri Logniov's flight from Hartford to Wash/National

11:53 a.m. Al Skeath's flight from Hartford to Allentown, Pennsylvania

FREE DAY IN MERIDEN, CONNECTICUT - Moldovagas Delegation/Michael Arrowood

Lodging: Ramada Inn

Sunday, October 15, 1995

FREE DAY IN MERIDEN, CONNECTICUT - Moldovagas Delegation/Michael Arrowood

Lodging: Ramada Inn

Monday, October 16, 1995

11:00 a.m. Ground transportation provided by Compass Limousine to Bradley/Hartford airport - Moldovagas delegation and Michael Arrowood

1:30 p.m. Delta Flight No. 4921 departs Hartford; arrives New York/Kennedy at 2:25 p.m. - Moldovan delegation and Michael Arrowood

6:40 p.m. USAIR Flight No. 881 departs Kennedy/New York - Michael Arrowood

7:55 p.m. Delta Flight No. 502 departs New York/Kennedy - arrives Vienna 9:45 a.m. on October 17 - Moldovan delegation

Tuesday, October 17, 1995

11:15 a.m. Air Moldova Flight No. 868 departs Vienna - arrives Kishinev 3:00 p.m.

LIST OF CONTACTS

NAMES & ADDRESSES	TELEPHONE	FACSIMILE
Robert Archer Director, Bureau for Europe and New Independent States USAID 320 21st St., N.W., Room 4440 Washington, D.C. 20523-0053	(202) 647-8274	(202) 647-6962
Rajiv Rastogi NIS Task Force USAID 320 21st St., N.W., Room 4440 Washington, D.C. 20523-0053	(202) 647-7114	(202) 647-6962
Don Linger Vice President - Operations Algonquin Pipeline Company 1284 Soliders Field Road Boston, Massachusetts 02135	(617) 560-1313	(617) 560-1577
Ronald C. Cochran Vice President - Power Division Parsons Main, Inc. Prudential Center Boston, Massachusetts	(617) 859-2316	(617) 859-2575
Steve Haggett Director of Business Development Helen Sisley Research Associate Cambridge Energy Research Association 20 University Road Cambridge, Massachusetts 02138	(617) 497-6446	(617) 497-0423
Branko Terzic President & Chief Operating Officer Yankee Gas 599 Research Parkway Hartford, Connecticut 06450	(203) 639-4182	(203) 639-4059

LIST OF CONTACTS

NAMES & ADDRESSES	TELEPHONE	FACSIMILE
Ellen Quinn Vice President Corporate & Environment Planning Yankee Gas 599 Research Parkway Hartford, Connecticut 06450	(203) 639-4194	(203) 639-4185
Louis Aboud Manager International Affairs American Gas Association 1515 Wilson Blvd. Arlington, Virginia 22209	(703) 841-8652	(703)841-8697
Alain Streicher Senior Vice President Hagler Bailly, Inc. 1530 Wilson Blvd., Suite 900 Arlington, Virginia 22209	(703) 351-0300	(703) 351-7841
William L. Polen Program Manager Energy Industry Partnership Program U.S. Energy Association 1620 Eye St., N.W., Suite 1000 Washington, D.C. 20006	(202) 331-0415	(202) 659-0578
Regency Limo 1205 Tech Road Silver Springs, Maryland	(301) 622-0200	(301) 622-0181
Carey Limo	(202) 362-7400	(202) 895-1251
Michael Arrowood 405 Lamplighter Road Zirconia, North Carolina 28790	(704) 692-0266	(704) 692-0266
Torii Loginov 2013 N. Kentucky Street Arlington, Virginia 22205	(703) 241-1771	(703) 241-1771

ATTACHMENT 36

DATE OF ISSUE: November 28, 1995

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

EXECUTIVE EXCHANGE VISIT

FINANCE & SECURITIES

* * * * * *

MOLDOVAGAS/YANKEE GAS PARTNERSHIP

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
and
UNITED STATES ENERGY ASSOCIATION

December 4 - 8, 1995

Meriden, Connecticut
New York, New York

LIST OF PARTICIPANTS

Trifan Braila
Deputy Chief of Mechanized Mobile Column of Chisinau
Moldovagas

Lidia Dobuleac
Chief of Economic Development Direction of Moldovagas Concern
Moldovagas

Torii Loginov
Interpreter

BACKGROUND

On June 9, 1995, a Cooperative Agreement was signed between Moldovagas and Yankee Gas under the Energy Industry Partnership Program. This is the third activity under this partnership.

OBJECTIVES

The objectives of this Executive Exchange Visit are:

1. To gain an understanding of financial and treasury department operations in a market economy.

2. To learn about the operations of the New York Stock Market and an investment banking firm.

THE PROGRAM

The program will consist of an Executive Exchange Visit for two delegates from Moldovagas. The visit will include meetings at Yankee Gas and the New York Stock Market and an investment banking firm also located in New York.

PROPOSED ITINERARY MOLDOVAGAS/YANKEE GAS

Saturday, December 2, 1995

12:25 p.m. Air Moldova Flight No. 863 departs Kishinev; arrives Frankfurt 2:20 p.m. - Moldovagas delegation

4:40 p.m. American Flight No. 4949 departs Wash/National; arrives New York, NY 6:00 p.m.

5:10 p.m. United Flight No. 3519 departs Frankfurt; arrives New York, NY 7:50 p.m. - Moldovagas delegation

9:50 p.m. TW Express Flight No. 7652 departs; arrives 10:40 p.m. - Moldovagas delegation and Torri Loginov, Interpreter

10:40 p.m. Ground transportation provided by Compass Limo Service from Hartford airport to Ramada Inn

Lodging: Ramada Inn
275 Research Parkway
Meriden, Connecitcut
(203) 238-2380

Sunday, December 3, 1995

4:30 p.m. Ground transportation provided by Compass Limo from Ramada Inn to the home of M. Bielonko

5:00 p.m. Dinner at the home of M. Bielonko

8:00 p.m. Ground transportation provided by Compass Limo from M. Bielonko's home to the Ramada Inn

Lodging: Ramada Inn

Monday, December 4, 1995

8:45 a.m. Ground transportation provided by Compass Limo from Ramda Inn to Yankee Gas

9:00 a.m. Accounting Overview

10:00 a.m. Budget Overview

11:00 a.m. Planning Overview

12:00 p.m. **LUNCH**

1:00 p.m. Treasury/Investor Relations Overview

2:00 p.m. Principles of Auditing

4:30 p.m. Ground transportation provided by Compass Limo from Yankee Gas to Hawthorne Inn for dinner

7:00 p.m. Ground transportation provided by Compass Limo from Hawthorne Inn to the Ramada Inn

Lodging: Ramada Inn

Tuesday, December 5, 1995

8:45 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Yankee Gas

9:00 a.m. Tour and Activity/Process in Accounting

12:00 p.m. **LUNCH**

2:00 p.m. Ground transportation provided by Compass Limo from Ramada Inn to the Millenium Hilton in New York, NY

5:15 p.m. **DINNER**

7:15 p.m. Ground transportation provided by Compass Limo from Millenium Hilton to 245 West 44th St (Theater District)

8:00 p.m. **PLAY: Phantom of the Opera**

10:45 p.m. Ground transportation provided by Compass Limo from Theatre District to Millenium Hilton

Lodging: Millenium Hilton
55 Church Street
New York, NY
(212) 693-2311

Wednesday, December 6, 1995

7:30 a.m. Ground transportation provided by Compass Limo from Millenium Hilton to Luncheon Club

8:00 a.m. **BREAKFAST**

9:00 a.m. Ground transportation provided by Compass Limo from Luncheon Club to New York Stock Exchange

9:30 a.m. New York Stock Exchange (NYSE): Trading Floor Opening Time

10:00 a.m. Fred Emken, NYSE Board Room and Surveillance Area

11:00 a.m. NYSE Visitor's Center/Gift Shop

11:30 a.m. Ground transportation provided by Compass Limo from NYSE to Hudson River Club

12:00 p.m. **LUNCH**

1:00 p.m. Ground transportation provided by Compass Limo from Hudson River Club to Smith Barney

1:30 p.m. Tour of Trading Floor and Presentation on Investment Banking

3:30 p.m. Ground transportation provided by Compass Limo from Smith Barney to Ramda Inn, Meriden, Connecicut

Lodging: Ramada Inn

Thursday, December 7, 1995

8:45 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Yankee Gas

9:00 a.m. Demonstration of Revenue and Expenditure Cycles - Revenuce Cycle:

- CSS System
- Bills
- Cash Processing
- Post Into Bank Account

12:00 p.m. **LUNCH**

1:00 p.m. Expenditure Cycle

- Purchasing
- AFP Processing
- Check Processing/PSAP
- Wire Transfer

3:45 p.m. Ground transportation provided by Compass Limo from Yankee Gas to Ramada Inn

4:45 p.m. Ground transportation provided by Compass Limo from Ramada Inn to Constitution Plaza, Hartford, Connecicut (Festival of Lights)

5:00 p.m. Christmas in Hartford (Dinner and Activities)

7000-12 B

MOLDOVA VISIT
AGENDA

SATURDAY, December 2		**Arrival**
PM	10:40	Arrival in Hartford TWA Flight # 7652 from Kennedy Airport
	Names of Visitors:	Iurian Braila, Deputy Chief of Mechanized Mobile Column of Chesinau (male) Lidia Dobuleac, Chief of Economic Development Direction of MoldovaGaz Concern (female) Interpreter: Torii Loginov
SUNDAY, December 3		**Informal**
PM	4:00-8:00	Dinner at the home of M. Bielonko or S. Sanders. Financial directors invited to attend.
MONDAY, December 4		**Presentations in Board Room**
AM	9:00-10:00	Accounting Overview . . . N. Rinaldi
	10:00-11:00	Budget Overview . . . C. Jones
	11:00-12:00	Planning Overview . . . . . L. Dorsey
	12.00-1.00	LUNCH (Yankee Gas Board Room)
PM	1:00-2:00	Treasury/Investor Relations Overview . . S. Sanders
	2:00-3:00	Principles of Auditing . . . L. Chadwick
	5:00	Dinner at the Hawthorne Inn (Planning & Executive/D. Benoit)
TUESDAY, December 5		**Accounting/Travel to New York**
AM	9:00-11:30	Tour and Activity/Process in Accounting
PM	12:00-1:00	Breakfast Ramada Inn
	1:30	Depart by Limo to New York
	4:00	Arrive New York, Check into Hotel Millennium Hilton
	5:15	Dinner: Connoisseur Bar and Grill (in Hotel)
	7:15	Depart Hotel for the Majestic Theater
	8:00	Play: Phantom of the Opera

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WEDNESDAY, December 6		**New York**	
AM	8:00	Breakfast: Luncheon Club, with Gemma Sartori of RSF Partners	
	9:30	New York Stock Exchange (NYSE): Trading Floor opening time	
	10:00	Fred Emken, NYSE Board Room and Surveillance Area	
	11:00	NYSE Visitor's Center/Gift Shop	
PM	12:00	Lunch: Hudson River Club-John Hall from BNY to join us	
	1:30	Visit to Smith Barney (John Scheurer). Tour of trading floor and a presentation on investment banking (Bob Gaeckle)	
	3:30	Depart for Connecticut	
		On their own for dinner tonight	
THURSDAY, December 7		**Demonstration of Revenue and Expenditure Cycles**	
AM	9:00-12:00	**Revenue Cycle:**	
		- AMR Van (on-site at 599 Research)	D. LeMay
		- CSS System	R. Swan
		- Bills	R. Swan
		Cash Processing	D. Moan
		- Post into Bank Account	L. Conant
	12:00-1:00	Lunch (?) (Board Meeting-room not available)	
PM	1:00-4:00	**Expenditure Cycle:**	
		- Purchasing	G. Lasky
		- AFP Processing	L. Avery
		- Check Processing/PSAP	L. Yost
		- Wire Transfer	L. Conant
	5:00	I. Chadwick/R. Leitz Christmas in Hartford (Dinner, Activities)	
FRIDAY, December 8		**Banking Tour**	
AM	9:30	SHAWMUT BANK, Hartford (Tom Rose, Vice President)	
		- Tour of their Check Processing Center	
		- Basic Overview of how the bank works	
		- Say hello to Eileen Kraus	
PM	12:00	Lunch with SHAWMUT BANK at Private Dining Room	
	1:30	Visit to the Wadsworth Athenaeum's Festival of Trees	
	3:30	Return to Meriden	
	5:00-9:00	Yankee Gas Christmas Social Yankee Silversmith, Wallingford	
SATURDAY, November 9		**Departure**	
AM	9:40	Guests depart for home	

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ATTACHMENT 37

TRIP REPORT

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

MOLDOVAGAS/YANKEE GAS SERVICES COMPANY

* * * * * *

EXECUTIVE EXCHANGE VISIT

* * * * * *

MERIDEN, CONNECTICUT
NEW YORK, NEW YORK

DECEMBER 4 - 8, 1995

Prepared By: **Albert H. Skeath**
Deputy Program Manager
Energy Industry Partnership Program

Date: **January 11, 1996**

BACKGROUND

During February 4 - 17, 1995 a delegation from Moldovagas visited several U.S. natural gas utilities as part of a USEA sponsored executive exchange visit. At the conclusion of this visit arrangements were made to continue communications between Moldovagas and Yankee Gas which is headquartered in Meriden, Connecticut.

In the first week of June, 1995, representatives of Yankee Gas and USEA visited Moldovagas in Chisinau, Moldova and on June 9, 1995, a Cooperative Agreement was signed.

On October 3 - 16, 1995 a delegation from Moldovagas visited Yankee Gas and several other U.S. locations to become acquainted with organizational structure and management practices in the U.S. natural gas industry.

As a continuation of the partnership, a delegation of Moldovagas visited Yankee Gas on December 4 - 8, 1995 to become acquainted with financial department activities and securities market operations.

OBJECTIVES

The primary objective of this executive exchange visit was for the Moldovagas delegation to become familiar with the responsibilities, procedures, and policies of the finance department at Yankee Gas.

In addition this visit served to strengthen the partnership and the working relationship between Moldovagas and Yankee Gas.

LIST OF PARTICIPANTS

Trifan Braila, Deputy Chief of Mechanized Mobile Column of Moldovagas

Lidia Dobuleac, Chief of Economic Development Direction of Moldovagas

Torii Loginov, Interpreter

Branko Terzic, Chairman, President & Chief Executive Officer - Yankee Gas

Michael E. Bielonko, Vice President and Chief Financial Officer - Yankee Gas

Sarah Sanders, Treasurer - Yankee Gas

David C. Benoit, Director Corporate and Financial Planning - Yankee Gas

Lori Chadwick, Controller - Yankee Gas

Fred Emken, New York Stock Exchange

(Due to scheduling conflicts, USEA did not send a representative to this executive exchange visit. However, the Interpreter, Torii Loginov had previous USEA assignments and was able to represent USEA and to review policies and procedures with the delegation).

ACCOMPLISHMENTS

During this executive exchange visit the delegation from Moldovagas became acquainted with the organizational structure, responsibilities, policies, systems, procedures, and general activities of the financial department at Yankee Gas.

The delegation also visited the New York Stock Exchange and met with representatives of Smith Barney to learn about activities at a U.S. investment banking firm.

All of the objectives of this exchange visit were accomplished.

DESCRIPTION OF MEETINGS

At Yankee Gas, formal presentations were made on Yankee Gas organization, operations, strategic plans, marketing, ownership, accounting, training programs, financial statements, revenues, classes of customers, expenses, cost of service, taxes, capitalization, assets, and liabilities, cash flow, retained earnings, budgeting, corporate planning, rates, regulation, environmental issues, treasury management, investor relations, dividend policies, annual reports, shareholders, debt and equity capital, access to capital, risk analysis, internal control systems, communications, management reviews, monitoring, and human resources policies.

In New York City the delegation visited the trading floor of the New York Stock Exchange and had a presentation on investment banking at Smith Barney.

In Hartford the delegation toured a check processing center and witnessed the overall operations of a bank.

SUMMARY

The delegates completed evaluation forms covering their visit to Yankee Gas stating that they were satisfied with the logistics, translations, lectures, site tours, and cultural events. They stated that these experiences increased their understandings of life in the U.S. They also indicated they have a better opinion of the U.S. economic system.

The delegates indicated that the program was closely related to their work, they were trained by experts and that the knowledge and skills will be useful when they return home. They stated that

the program content, handout materials, and instructor expertise were good; and that they would use this new knowledge to train others and to manage their subordinates.

The delegates expressed an interest in learning more about raising capital funding.

ACTION PLAN

Yankee Gas and Moldovagas will continue to develop exchange visits, internships, and seminars to assist Moldovagas in its transition to a market economy based company.

ATTACHMENT 38

DATE OF ISSUE: February 22, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

EXECUTIVE EXCHANGE VISIT

COMPUTER SYSTEMS

* * * * * *

MOLDOVAGAZ/YANKEE GAS PARTNERSHIP

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

February 24 - March 3, 1996

Meriden, Connecticut

327

BACKGROUND

In February, 1995 a delegation from Moldovagas visited three U.S. natural gas companies among which was Yankee Gas of Meriden, Connecticut. Yankee Gas agreed to continue communications with Moldovagaz and an Advisory Mission was arranged to Moldova for June, 1995.

On June 9, 1995, a Cooperative Agreement was signed between Moldovagaz and Yankee Gas under the Energy Industry Partnership Program.

In October, 1995, the Director and several representatives of Moldovagaz visited Yankee Gas for a General Orientation Exchange Visit, next an Exchange Visit to Yankee Gas for two Moldovagaz participants focused on the topic of Finance. This activity will focus on Computer Systems and will be the fourth formal activity under the partnership program.

OBJECTIVES

The ojbectives of this Computer Exchange Visit are to:

1. Become acquainted with computer system applications;
2. Learn about management information tracking and reporting processes;
3. Strengthen the relationship between Yankee Gas and Moldovagaz; and
4. Continue to expand knowledge of Moldovagaz personnel about market economy concepts and U.S. business practices.

THE PROGRAM

The program will consist of an Executive Exchange Visit for two delegates from Moldovagaz to Yankee Gas and will include presentations and visits to facilities on the following topics:

- Organization Structure
- Computer Technology
- Computer Applications
- Capital Budget Process
- Customer Service
- Customer Information System
- Gas Control Center Operations
- Instrumentation
- Network Computing
- Mapping Applications
- Telephone Computing

LIST OF PARTICIPANTS

Nicolae Calugher
Deputy Chief of Construction Direction and Prospective Development
Moldovagaz

Vladimir Plesco
Programmer-Coordinator of Complete Plant under
State Concern "Moldovagaz"

Albert H. Skeath
Deputy Program Manager
U.S. Energy Association

Torii Loginov
Interpreter

ITINERARY MOLDOVAGAZ/YANKEE GAS

Saturday, February 24, 1996

12:30 p.m. Air Moldova Flight No. 863 departs Kishinev; arrives Frankfurt 2:25 p.m. - Moldovagas delegation

4:00 p.m. American Flight No. 4949 departs Wash/National; arrives New York/Kennedy 6:00 p.m. - Torii Loginov, Interpreter

5:10 p.m. United Flight No. 3519 departs Frankfurt; arrives New York/Kennedy 7:50 p.m. - Moldovan delegation

10:40 p.m. American Flight No. 4818 departs New York/Kennedy; arrives Hartford 11:30 p.m.

10:40 p.m. Ground transportation provided by Compass Limo Service from Hartford airport to Ramada Inn

Lodging: Ramada Inn
275 Research Parkway
Meriden, Connecticut
(203) 238-2380

Sunday, February 25, 1996

FREE MORNING IN MERIDEN

4:00 p.m. Ground transportation provided by Compass Limo from Ramada Inn to the home of Mr. Darwin Kovacs, 417 Chimneysweep Hill Road, Glastonbury, CT

5:00 p. m. - 8:00 p.m. DINNER

8:00 p.m. Ground transportation provided by Compass Limo from Mr. Kovacs' home to Ramada Inn - Meriden, Connecticut

Lodging: Ramada Inn

Sunday, February 25, 1995

4:15 p.m. Continental Flight No. 9425 departs Allentown; arrives Newark 5:40 p.m. - Al Skeath

7:15 p.m. Continental Flight No. 3732 departs Newark; arrives Hartford 8:17 p.m. - Al Skeath

Sunday, February 25, 1995 *(continued)*

8:17 p.m. Ground transportation provided by Compass Limo Service from Hartford airport to Ramada Inn

Lodging: Ramada Inn

Monday, February 26, 1996

8:15 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Yankee Gas

9:00 a.m. General Overview of Yankee Energy and Yankee Gas
Presenter: TBA

10:45 a.m. General Overview of Computing Technologies in use at Yankee Gas
Darwin Kovacs, Director of Information Technology & Services

12:15 p.m. LUNCH

1:30 p.m. Yankee Gas Application Systems
Sharron Emmons, Manager System Development
Scott Waleski, Manager Computer Operations & Administration

3:00 p.m. BREAK

3:30 p.m. Ground transportation provided by Compass Limo from Yankee Gas to Ellen Quinn's home, 58 Vineyard Ave., Guilford, CT

5:30 p.m. **DINNER** - Ellen Quinn's Home

8:00 p.m. Ground transportation provided by Compass Limo from Ellen Quinn's home to Ramada Inn

Lodging: Ramada Inn

Tuesday, February 27, 1997

7:00 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Hartford airport - Al Skeath

8:15 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Yankee Gas

9:00 a.m. Overview of Capital Budgeting Process
Charles Jones, Manager Financial Planning & Budgets

Tuesday, February 27, 1997 *(continued)*

10:00 a.m. Capital Budget System
Presenter: TBD

10:45 a.m. Customer Service
- Automated Meter Reading

Deborah LeMay, Manager of Automated Meter Reading
- Customer Service System

Sharron Emmons, Manager System Development
Bob Swan, Manager of Customer Information Center

12:15 p.m. LUNCH

1:30 p.m. Ground transportation provided byYankee Gas to Input/Output Center, 377 Research Parkway

1:45 p.m. Customer Service
- Bills - Tour of Input/Output Center
- Cash Processing - Tour of Cash Processing

Doreen Moan, Team Leader - Customer Billing Services

3:15 p.m. Tour of Customer Information Center
Bob Swan, Manager of Customer Information Center

4:30 p.m. Ground transportation provided by Compass Limo from Yankee Gas to Silvia's Restaurant, 28 Pleasant Street, Enfield, CT

5:30 p.m. DINNER - Silvia's Restaurant

8:00 p.m. Ground transportation provided by Compass Limo from Enfield, CT to Ramada Inn, Meriden, CT

Lodging: Ramada Inn

Wednesday, February 28, 1996

7:45 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Meriden Area Work Center, 56 Cooper Street, Meriden, CT

9:00 a.m. Introduction to Gas Control Center Operations
William Hanley, Manager of Control Center Operations

Wednesday, February 28, 1996 *(continued)*

9:45 a.m.	Control Center Computer System ***Bill Melican, Supervisor Control Instrumentation & Support***
10:45 a.m.	Project to Replace Control Center Computer System ***Bill Melican, Supervisor Control Instrumentation & Support***
11:30 a.m.	Instrumentation ***George Hoeger, Supervisor of Instrumentation***
12:15 p.m.	LUNCH
11:00a.m.	Ground transportation provided by Compass Limo from Meriden Area Work Center to WFSB TV Station, 3 Constitution Plaza, Hartford, CT
12:00 p.m.	Tour of WFSB TV Station/New England Weather Center
1:30 p.m.	Ground transportation provided by Compass Limo from WFSB TV to Capital Avenue, Hartford, CT
2:00 p.m.	Capital Tour/Visit with State Officials
5:00 p.m.	Ground transportation provided by Compass Limo from Capital Avenue to restaurant
6:00 p.m.	DINNER
7:15 p.m.	Ground transportation provided by Compass Limo from restaurant to Asylum Avenue
7:30 p.m.	Attend Hockey Game (Hartford Whalers vs. Edmonton Oilers)
10:00 p.m.	Ground transportation provided by Compass Limo from Asylum Avenue, Hartford, CT to Ramada Inn, Meriden, CT

Lodging: Ramada Inn

Thursday, February 29, 1996

8:45 a.m.	Ground transportation provided by Compass Limo from Ramada Inn to 47 Eagle Street, Waterbury, CT
9:00 a.m.	Network Computing ***Scott Waleski, Manager Computer Operations and Administration*** ***Brian Smith, Project Executive***

Thursday, February 29, 1996 *(continued)*

12:00 p.m. Ground transportation provided by Compass Limo from 47 Eagle Street, Waterbury, CT to Southbury Data Center

12:30 p.m. **LUNCH**

1:30 a.m. Mapping Applications
Tim Clark, Project Engineer
Bruce Milardo, Supervisor Mapping

2:30 p.m. Tour of Southbury Data Center
Brian Smith, Project Executive

4:15 p.m. Ground transportation provided by Compass Limo from Southbury Data Center, Southbury, CT to Ramada Inn, Meriden, CT

Lodging: Ramada Inn

Friday, March 1, 1996

8:15 a.m. Ground transportation provided by Compass Limo from Ramada Inn to Yankee Gas, 599 Research Parkway

9:00 a.m. Moldovan delegates complete Program Evaluation Forms

10:00 a.m. Develop plan for follow-up activities and information

10:45 a.m. Ground transportation provided by Compass Limo from Yankee Gas to NORTEL Communications, Rocky Hill, CT

12:00 p.m. **LUNCH**

1:00 a.m. Telephone Computing
- PBX
- ACD
- Voice Mail
- Predictive Dialing

John Kosciuk, Supervisor of Communication
NORTEL Communications

Friday, March 1, 1996 *(continued)*

6:00 p.m. Ground transportation provided by Compass Limo from NORTEL Communications to Ramada Inn

Lodging: Ramada Inn

Saturday, March 2, 1996

FREE DAY IN MERIDEN, CT - MOLDOVAN DELEGATION & TORII LOGINOV

Lodging: Ramada Inn

Sunday, March 3, 1996

12:00 p.m. Ground transportation provided by Compass Limo from Ramada Inn to Hartford airport

1:55 p.m. United Express Flight No. 6183 departs Hartford; arrives Wash/Dulles 3:44 p.m. - Moldovan delegation and Torii Loginov

5:35 p.m. United Flight No. 916 departs Wash/Dulles; arrives Frankfurt 7:10 a.m. - Moldovan delegation

Monday, March 4, 1996

3:30 p.m. Air Moldova Flight No. 864 departs Frankfurt; arrives Kishinev 7:10 p.m.

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ATTACHMENT 39

DRAFT: DATE OF ISSUE: April 1, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

* * * * * *

MANAGEMENT SEMINAR

* * * * * *

YANKEE GAS/MOLDOVAGAZ PARTNERSHIP

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

May 13 - May 17, 1996

Chisinau, Moldova

BACKGROUND

In February 1995, a delegation from Moldovagaz visited three U.S. natural gas companies, including Yankee Gas of Meriden, Connecticut. Yankee Gas agreed to continue communications with Moldovagaz and an Advisory Mission was arranged to Moldova for June 1995. During this Advisory Mission, Moldovagaz and Yankee Gas signed Cooperative Agreement under the Energy Industry Partnership Program.

During 1995, the utilities participated in an orientation visit to conduct a needs assessment then participated in executive exchanges on finance and computer systems. One of the needs identified during the orientation visit was general management. To address this need, Yankee Gas and two USEA representatives will conduct a Management Seminar May 13-17, 1996.

OBJECTIVES

The purpose of this seminar is to acquaint Moldovagaz managers with market economy concepts and U.S. business practices, familiarize Moldovan partners with typical utility corporate structure and functioning, present methods of human resources management, introduce accounting practices and concepts of corporate finance. Description of sources of project financing, overview the marketing and contracting aspects of corporate activities, financial modeling and tariff calculation methodology, will also be discussed.

THE PROGRAM

The seminar will include the following topics:

Principles of a Market Economy
Strategic Planning
Regulatory Process
Corporate Finance
Contracts in the Gas Industry
Customer Service
Rates and Tariffs
Collection of Payments
Human Resources

LIST OF PARTICIPANTS

David C. Benoit
Director - Corporate and Financial Planning
Yankee Gas

Nicholas A. Rinaldi
Controller
Yankee Gas

Charles Goodwin
Manager - Rates
Yankee Gas

Eugene P. Cronin
Manager - Business Development
Yankee Gas

Albert H. Skeath
Deputy Program Manger
U.S. Energy Association

Yelena Golbin
Program Coordinator
U.S. Energy Association

Agenda - Management Seminar

Saturday, May 11, 1996

3:10 p.m. Depart from Hartford, Connecticut (Mr.Benoit, Rinaldi, Goodwin, and Cronin), United, Flight # 1195

4:25 p.m. Arrive in Washington, D.C., Dulles Airport

5:25 p.m. Depart from Washington, D.C., Dulles Airport, United, Flight # 916

Sunday, May 12, 1996

7:15 a.m. Arrive in Frankfurt (day room at Sheraton Hotel)

3:10 p.m. Depart from Frankfurt, Air Moldova, Flight # 864

6:55 p.m. Arrive in Chisinau, Moldova

Monday, May 13, 1996

9:00 a.m. Meeting with Mikhail Lesnic to review seminar content

10:00 a.m. Review of conference facilities and equipment

12:30 p.m. LUNCH

1:30 p.m. Reproduction and assembly of hand-out materials

3:00 p.m. Meeting with Embassy

Tuesday, May 14, 1996

9:00 a.m. Registration for attendees

9:30 a.m. Introduction - *Mikhail Lesnic, General Director, Moldovagaz*

9:45 a.m. Overview of USEA - *Al Skeath, Deputy Program Manager, USEA*

10:00 a.m. Corporate overview of Yankee Gas - *David Benoit, Director, Corporate & Financial Planning, Yankee Gas*

- Organization
- Company History
- Board of Directors

Tuesday, May 14, 1996 (continued)

- Shareowners
- Officers
- Employees
  –Managers
  –Union members

11:00 a.m. BREAK

11:15 a.m. Human Resources Planning - *Eugene Cronin, Manager, Business Development, Yankee Gas*
- Interview Process
- Selection of Personnel
- Compensation & Benefits
- Training & Development
- Performance Evaluation

12:00 p.m. Question & Answer Session

12:30 p.m. LUNCH

2:00 p.m. Strategic Planning - *David Benoit, Director, Corporate & Financial Planning, Yankee Gas*
- Mission Planning
- Corporate Goals/Objectives
- Budget Process

3:15 p.m. BREAK

3:30 p.m. Regulatory Process - *Charles Goodwin, Manager, Rates and Economic Analysis, Yankee Gas*
- Federal
- State
- Issues and Concerns

4:15 p.m. Daily wrap-up - *Al Skeath, Deputy Program Manager, USEA*

Wednesday, May 15, 1996

9:30 a.m. Principles of a Market Economy - *Al Skeath, Deputy Program Manager, USEA*

10:00 a.m. Customer Service - *Nicholas Rinaldi, Controller, Yankee Gas*
Eugene Cronin, Manager, Business Development, Yankee Gas
- Information Systems
- Assistance Programs
- Economic Development

Wednesday, May 15, 1996 *(continued)*

- Public Relations
- Community Affairs
- Marketing

11:00 a.m. BREAK

11:15 a.m. Customer Service (continued) - *Nicholas Rinaldi, Controller, Yankee Gas*
Eugene Cronin, Manager, Business Development, Yankee Gas

- Billing Process
- Revenue Collection
- Metering
- Energy Conservation
- Service Crew Operations

12:00 p.m. Question and Answer Session

12:30 p.m. LUNCH

2:00 p..m. Corporate Finance - *Eugene Cronin, Manager, Business Development, Yankee Gas*

- Debt/Equity
- Working Capital
- Cash Management
- Shareholder Roles
- Income Statements

3:15 p.m. BREAK

3:30 p.m. Corporate Finance (continued) - *Eugene Cronin, Manager, Business Development, Yankee Gas*

- Balance Sheets
- Cash Flow
- Interest
- Taxes
- Dividends
- Retained Earnings

4:15 p.m. Daily Wrap-Up

4:30 p.m. ADJOURN

Thursday, May 16, 1996

9:30 a.m. Contracts in the Gas Industry - *Charles Goodwin, Manager, Rates, Yankee Gas*

Thursday , May 16, 1996 (continued)

- Pipeline Companies
- Natural Gas Suppliers
- Customers
- Unbundling of Industry

11:00 a.m. BREAK

11:15 a.m. Rates and Tariffs, Collection of Payment - *Charles Goodwin, Manager, Rates, Yankee Gas*
- Rate Design
- Rate Applications
- Rate Structure

12:30 p.m. LUNCH

2:00 p.m. Rates and Tariffs (continued) - *Charles Goodwin, Manager, Rates, Yankee Gas*
- Cost of Service
- Rate Filing

3:15 p.m. BREAK

3:30 p.m. Seminar Evaluation

4:30 p.m. ADJOURN

Friday, May 17, 1996

11:05 a.m. Depart Chisinau, Air Moldova, Flight # 863.

12:55 p.m. Arrive in Frankfurt, stay overnight at Steigenberger Advance Airport Hotel.

Saturday, May 18, 1996

11:40 a.m. Depart from Frankfurt, Delta, Flight # 61.

2:30 p.m. Arrive in Washington, D.C., Dulles Airport.

5:35 p.m. Depart from Washington, D.C., United, Flight # 1554 (Mr. Benoit, Rinaldi, Goodwin, and Cronin).

6:54 p.m. Arrive in Hartford, C.T.

ATTACHMENT 40

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

EXECUTIVE EXCHANGE VISIT

METERING, BILLING, COLLECTION, CUSTOMER ASSISTANCE PROGRAMS

Yankee Gas/Moldovagaz Partnership

sponsored by

United States Agency for International Development

and

United States Energy Association

September 5-13, 1996
Washington, D.C., Meriden, C.T.

BACKGROUND

In February 1995, a delegation from Moldovagaz visited three U.S. natural gas companies, including Yankee Gas of Meriden, Connecticut. Yankee Gas agreed to continue communications with Moldovagaz and an Advisory Mission was arranged to Moldova for June 1995. During this Advisory Mission, Moldovagaz and Yankee Gas signed Cooperative Agreement under the Energy Industry Partnership Program.

During 1995, the utilities participated in an orientation visit to conduct a needs assessment then participated in executive exchanges on finance and computer systems. One of the needs identified during the orientation visit was general management. To address this need, Yankee Gas and two USEA representatives conducted a Management Seminar May 13-17, 1996. Next activity under this partnership is the Executive Exchange Visit on the following topics: Metering, Billing, Collection of Payments, Planning, Regulatory Process.

OBJECTIVES

The objectives of this Executive Exchange Visit are:

1. To acquaint Moldovan partners with organizations in Washington, D.C.
2. To familiarize the Moldovan delegates with collection process and customer assistance programs in the U.S.
3. To learn about marketing, billing and rate design.
4. To learn about regulatory issues.

THE PROGRAM

The program will consist of an Executive Exchange Visit for two delegates from Moldovagaz and one representative from the Ministry of Economics. The visit will include meetings at Yankee Gas, Hartford, Connecticut, and meetings in Washington, D.C. with number of organizations working in gas industry as well as a briefing in the Embassy of Moldova.

LIST OF PARTICIPANTS

Alexander Krasanyuk
Chief of Laboratory
Moldovagaz

Yelena Bezhenar
Accountant 1st class handling natural gas accounts
Moldovagaz

Olga Vdovina
Chief Specialist of the Main Price Planning Board
Ministry of Economics

Management Staff
Yankee Gas

Yelena Golbin
Program Coordinator
U.S. Energy Association

Torii Loginov
Interpreter

Agenda - Executive Exchange Visit

Wednesday, September 4, 1996

7:20 a.m. Depart from Kishinev, Air Moldova, Flight # 123

8:10 a.m. Arrive in Budapest

11:50 a.m. Depart from Budapest, DL Codeshare, Flight # 90

3:25 p.m. Arrive in New York City/Kennedy Airport

6:20 p.m. Depart from New York City/Kennedy Airport, Delta, Flight # 1597

7:35 p.m. Arrive in Washington, D.C., National Airport, met at the airport by *Torii Loginov, Interpreter*
Transportation: Taxi (2)

9:00 p.m. Check in at the Carlyle Suites Hotel

Contact: *Mr. Brito*
Phone: 202-234-1488
Address: 1731 New Hampshire Avenue, N.W.
Washington, D.C. 20009

Thursday, September 5, 1996

9:00 a.m. Breakfast

11:00 a.m. Meeting at American Gas Association

Overview of AGA organization and programs
- What is a trade association?
- A.G.A. Membership
- Gas industry structure
- Importance of Gas in the U.S. energy market

A.G.A. Divisions
- Operating & Engineering
- Marketing
- Government Relations
- Communications, etc.

Overview of A.G.A.'s International Program

- Program History and Organization
- Services to International Members
- Current Reorganization Status
- Eastern European Roundtable (December 1996)

Question/Answer Session

Meeting wit *Mr. Michael Baly III, AGA President*

Contact: *Mr. Louis Aboud, Manager of International Affairs*
Phone: 703-841-8652
Address: 1515 Wilson Blvd., Arlington, VA 22209

12:00 p.m. Lunch

2:00 p.m. Meeting at the Embassy of Moldova
- Overview of Embassy Programs

Contact: *Mr. Andrey Bobok, Economic Adviser*
Ms. Ala Beleavschi, First Secretary
Phone: 202-783-4218
Fax: 202-783-3342

3:00 p.m. Meeting with Resource Management Associates at USEA

RMA Principles and Objectives

Services offered by RMA

RMA's International Clients

Some of the Current and Past Projects Experiences
- Energy Pricing and Tariffs
- Engineering Design and Analysis including Energy and Environmental Audits and District Heating Studies
- Training
- Market Research
- Energy Policy Analysis
- Customer Service-Related Technical Assistance

Contact: *Ms. Malinda Goodrich, Manager*
Dr. Wesley Foell, President of RMA
Phone: 202-939-3482

Friday, September 6, 1996

8:30 a.m. Breakfast

10:00 a.m. Meeting at the Hunton and Williams Company

Introduction - *Ms. Laura Wilson, Attorney*

Natural Gas Regulation in the United States - *Ms. Laurence Skinner*
- Industry Structure
- Roles of the Federal and State Governments
- Current Issues

Regulatory Reform in Developing Economies - *Ms. Laura Wilson*
- Commercialization and Corporatization of State-Owned Enterprises
- Regulation as a Means of Rationalizing Tariffs
- Regulation as a Means of Providing Assurance to Private Investors
- Elements of an Effective Regulatory Regime
- Reform Experiences in Other Countries

Contact: *Ms. Laura M. Wilson, Attorney*
Address: 1900 K Street, N.W.
Washington, D.C. 20006
Phone: 202-955-1685
Fax: 202-778-2201

12:00 p.m. Lunch

2:00 p.m. Meeting at the Institute for International Education
- USAID contract with IIE
- Training programs in the U.S. and NIS
- List of management topics
- List of technical topics
- Duration of training program
- Materials provided

Contact: *Mr. Ahmad Ghamarian, Director, Energy Training Program*
Address: 1400 K Street, N.W., Suite # 600
Washington, D.C. 20005-2405
Phone: 202-326-7706
Fax: 202-326-7694

Saturday, September 7, 1996

FREE DAY

Sunday, September 8, 1996

FREE DAY

12:00 a.m. Check out from the hotel, store the luggage at the hotel

4:00 p.m. Pick up by taxi to the National Airport

5:20 p.m. Depart from Washington, D.C., National Airport, to Hartford, USAIR, Flight # 2286

6:31 p.m. Arrive in Hartford, CT
Transportation: Compass Limo
Contact: Jeff
Phone: 203-284-2003

7:30 p.m. Check-in at the Ramada Inn Hotel
Phone: 203-238-2380
Fax: 203-238-3172
Address: 275 Research Parkway, Meriden, CT 06450

Monday, September 9, 1996

8:00 a.m. Breakfast

8:45 a.m. Pick up at the hotel to Yankee Gas
Transportation is provided by hotel

9:00 a.m. Overview of Customer Service Activities

9:30 a.m. From Sale to Service

- How we get customers
- What we provide customers
- What we charge customers
- How we bill customers
- How we collect delinquent customers
- Special customer issues
- Role of DPUC in customer complaints

9:30 a.m. Marketing
11:30 a.m.

- Target Markets
- Market Research
- Distribution of Markets

11:30 a.m. Lunch provided by Yankee Gas, transportation: Compass Limo
1:00 p.m.

1:00 p.m. Marketing field activities
5:00 p.m.

7:00 p.m. Dinner provided by Yankee Gas

Tuesday, September 10, 1996

8:00 a.m. Breakfast

8:45 a.m. Pick up at the hotel to Yankee Gas
Transportation is provided by hotel

9:00 a.m. What we do provide customers
12:00 p.m.

- Call Center Activities
- Appliance repair activities
- Service contract explanation
- Role of trade allies

12:00 p.m. Lunch provided by Yankee Gas, transportation: Compass Limo
1:30 p.m.

1:30 p.m. Norwalk Field Activities
5:00 p.m.

7:00 p.m. Dinner provided by Yankee Gas

Wednesday, September 11, 1996

8:00 a.m. Breakfast

8:45 a.m. Pick up at hotel to Yankee Gas
Transportation is provided by hotel

9:00 a.m. How do we collect $$
12:00 p.m.

- Billing/Rate Design
- Collection Activities
- Special Customer Issues

12:00 p.m. Lunch provided by Yankee Gas, transportation: Compass Limo

1:30 p.m. Field Visits
5:00 p.m.

7:00 p.m. Dinner provided by Yankee Gas

Thursday , September 12, 1996

8:00 a.m. Breakfast

8:45 a.m. Pick up at the hotel to Yankee Gas
Transportation is provided by hotel

9:00 a.m. Role of the DPUC
12:00 p.m.

- Regulatory Issues

12:00 p.m. Lunch provided by Yankee Gas, transportation: Compass Limo

1:30 p.m. Legislative Activities
5:00 p.m.

Free Evening

Friday, September 13, 1996

9:00 a.m. Breakfast

1:40 p.m. Depart from Hartford to New York, DL Codeshare, Flight # 4921
Transportation: Compass Limo

2:30 p.m. Arrive in New York, Kennedy Airport

6:00 p.m. Depart from New York to Frankfurt, Delta, Flight # 72

7:50 a.m. Arrive in Frankfurt

Saturday, September 14, 1996

3:20 p.m. Depart from Frankfurt to Kishinev, Air Moldova, Flight # 3214.

7:25 p.m. Arrive in Kishinev

ATTACHMENT 41

DATE OF ISSUE: May 8, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM

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AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS ANNUAL MEETING

INITIAL PARTNERSHIP MEETING WITH PACIFIC GAS & ELECTRIC AND MINISTRY OF ENERGY & FUEL REPUBLIC OF ARMENIA

* * * * * *

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

May 13 - 27, 1996

Santa Fe, New Mexico
San Diego, California
San Francisco, California
Washington, D.C.

LIST OF PARTICIPANTS

GAREN GALUSTIAN
DEPUTY MINISTER
MINISTRY OF ENERGY AND FUEL
REPUBLIC OF ARMENIA

ANDRANIK AGABALIAN
DIRECTOR
STATE ENTERPRISE
PETROLEUM PROJECT IMPLEMENTATION UNIT
MINISTRY OF ENERGY
REPUBIC OF ARMENIA

ALBERT H. SKEATH
DEPUTY PROGRAM MANAGER
U.S. ENERGY ASSOCIATION

TONY BITONTI
PROGRAM COORDINATOR
U.S. ENERGY ASSOCIATION

BACKGROUND:

Over the past three years USEA has funded several activities under its agreement with USAID that have assisted the Republic of Armenia during its transition to a market economy. These activities have included several internship programs in the U.S., two conferences in Yerevan, Armenia, and a seminar in the U.S. on the topic of petroleum finance.

This activity continues the support by USEA of the energy sector of Armenia by supporting attendance at two conferences, and in an initial meeting with a cooperative partner in the U.S. Pacific Gas & Electric Company.

Finally, meetings will be held in Washington, D.C. with a state senator and USAID to discuss a proposed workplan.

OBJECTIVES:

The objectives of this activity are:

1. To become acquainted with new technologies in the energy sector through investment attendance at international conferences.

2. To introduce the delegation to U.S. energy sector officials.

3. Establish a partnership with PG&G.

4. Develop a workplan for FY '97.

5. Meet with USAID and USEA personnel to review past and future activities in support of the Armenia energy sector.

PROGRAM:

The exchange visit will include the following activities:

1. One participant will attend the Third Annual HDR Forum on geothermal energy in Santa Fe, New Mexico.

2. Both participants will attend the American Association of Petroleum Geologist Conference in San Diego, California.

3. One participant will meet with PG&E to begin the partnership activities and will then visit USEA and USAID in Washington, D.C.

Sunday, May 12, 1996

8:00 p.m. Andranik Agabalian arrives in Santa Fe, New Mexico

Lodging:

Best Western Inn at Loretto
211 Old Santa Fe Trail
Santa Fe, New Mexico
(505) 988-5531

Monday, May 13, 1996

HDR Forum in Santa Fe, New Mexico (Andranik Agabalian)

Tuesday, May 14, 1996

HDR Forum in Santa Fe, New Mexico (Andranik Agabalian)

Wednesday, May 15, 1996

HDR Forum in Santa Fe, New Mexico (Andranik Agabalian)

Thursday, May 16, 1996

HDR Forum in Santa Fe, New Mexico (Andranik Agabalian)

11:35 a.m. Tony Bitonti, Program Coordinator-USEA arrives in San Diego

1:44 p.m. Garen Galustian arrives at San Diego airport and greeted by Tony Bitonti, Program Coordinator, USEA

Lodging

Wyndham Emerald Plaza
400 West Broadway
San Diego, California
(Garen Galustian)

Best Western - Bayside Inn
555 W. Ash Street
San Diego, California
(619) 233-7500
(Tony Bitonti)

Friday, May 17, 1996

8:00 a.m.-5:00 p.m. AAPG Exhibitor Registration Open

12:40 p.m. Arrival of Andranik Agabalian. Greeted at airport by Tony Bitonti, Program Coordinator, USEA

12:40 p.m. Ground transportation provided by taxi from airport to Best Western-Bayside

4:00 p.m.-5:00 p.m. Orientation Session for all Pavilion participants

7:00 p.m.-10:00 p.m. International Pavilion Dinner, Evans Garage

Lodging:

Best Western - Bayside
555 W. Ash Street
San Diego, California
(619) 233-7500
(Andranik Agabalian, Tony Bitonti)

Saturday, May 18, 1996

8:00 a.m. Move-in for Educational Exhibitors in Hall C

5:00 p.m.-7:00 p.m. Icebreaker cocktail party in exhibit hall

7:00 p.m.-9:00 p.m. International Reception - Marriott Hotel

Lodging:

Best Western - Bayside

Sunday, May 19, 1996

7:20 a.m. Tony Bitonti departs for Washington, D.C.

8:00 a.m.- Exhibition Open
5:00 p.m.

5:23 p.m. Al Skeath arrives in San Diego, California

Lodging:

Best Western - Bayside

Monday, May 20, 1996

8:00 a.m.- AAPG Conference & Exhibit
5:00 p.m.
- Application of Sequence Stratography in Exploration
- Application of New Technologies to Enhance Oil Recovery
- New Concepts in Oil Exploration

Tuesday, May 21, 1996

8:00 a.m.- AAPG Conference & Exhibit
5:00 p.m.
- Heavy Oil Enchanced Recovery
- New Insights into Organic Sedimentation
- Innovative Technologies for Site Assessment

Wednesday, May 22, 1996

8:00 a.m.- AAPG Conference & Exhibit
12:00 p.m.
- Doing Business and Managing Risk in the the International Arena
- Petrophysical Applications

2:50 p.m. Al Skeath, Garen Galustian and Andranik Agabalian depart from San Diego; arrive San Francisco 4:14 p.m.

4:30 p.m. Airport shuttle service to Savoy Hotel

Lodging:

Savoy Hotel
580 Geary Street
San Francisco, California
(415) 441-2700

Thursday, May 23, 1996

10:30 a.m. Meeting with Lee Callaway, Vice President, Corporate Communications, PG&E
- Overview of PG&E
- Armenia energy sector concerns
- Discussion on partnership
- Planning for Executive Exchange Visit

12:45 p.m. Ground transportation to airport

2:10 p.m. Al Skeath, Garen Galustian and Andranik Agabalian depart San Francisco, California; arrive Wash/Dulles 11:13 p.m.

11:13 p.m. Ground transportation provided by Carey from Dulles/Airport to Quality Inn

Lodging:

Quality Inn
1315 16th Street, N.W.
Washington, D.C. 20036
(202) 232-8000

Friday, May 24, 1996

10:00 a.m. Taxi to USAID offices

~~10:30~~ 11:15 a.m. Meetings with Rajiv Rastogi, Project Officer, NIS Task Force - USAID offices
- USAID activities
- Programs for Armenia

12:00 p.m. LUNCH

1:30 p.m. Meeting with Senator Riley at (to be determined by Will Polen)

3:00 p.m. Meeting with Tatuf Markarian - Embassy of Armenia
- Energy Sector Concerns
- Sources of Funding
- Future Activities for Armenia Energy Sector

Saturday, May 25, 1996

FREE DAY - WASHINGTON, D.C.

Sunday, May 26, 1996

FREE DAY - WASHINGTON, D.C.

Monday, May 27, 1996

FREE MORNING AND AFTERNOON - WASHINGTON, D.C.

3:00 p.m. Ground transportation provided by Carey from Quality Inn to Wash/Dulles

6:00 p.m. Garen Galustian and Andranik Agabalian depart for Yerevan, Armenia

CONTACT LIST

Mr. Lee Callaway
Vice President, Corporate Communications
Pacific Gas & Electric
77 Beale Street
San Francisco, California
(415) 972-5259

Ms. Caroline Woods
International Events Coordinator
AAPG Convention Department
1444 So. Boulder Avenue
Tulsa, Okalahoma 74119 USA
(918) 560-2680

Mr. Tatuf Markarian
Embassy of Armenia
2225 R Street
Washington, D.C.
(202) 319-1976

ATTACHMENT 42

Date of Issue - December 8, 1995

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

SAKENERGO

TENNESSEE VALLEY AUTHORITY AND THE GEORGIA POWER COMPANY

POWER-GEN '95 CONFERENCE AND

GENERAL POWER PLANT OPERATIONS
AND MAINTENANCE EXCHANGE

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

ANAHEIM, CALIFORNIA
CHATTANOOGA, TENNESSEE
ATLANTA, GEORGIA
MILLEDGEVILLE, GEORGIA

DECEMBER 2-20, 1995

Background

The Republic of Georgia is making the transition from a command to a market economy. In October of 1994, the United States Energy Association Energy Industry Partnership Program, through a cooperative agreement with the United States Agency for International Development, established a utility partnership in the Republic of Georgia between the U.S. utilities Georgia Power and the Tennessee Valley Authority and the Georgian utility Sakenergo. Since then, all three utilities have participated in numerous executive exchanges, study tours, and workshops to develop the energy infrastructure and assist in the privatization of Sakenergo.

Program

In this three week exchange, three power plant managers from Sakenergo will attend the POWER-GEN '95 Conference and Trade Exhibition in Anaheim, California and participate in the General Power Plant Operations and Management Exchange with Tennessee Valley Authority in Chattanooga, Tennessee and the Georgia Power Company in Atlanta and Milledgevill, Georgia. POWER-GEN is the world's largest and most comprehensive electric power industry conference and exhibition. This year's conference will provide a forum for the presentation of over 250 conference papers and the trade show floor will host more than 850 exhibitors. The General Power Plant Operations and Management Exchange has been designed to provide the Georgian executives with detailed information on power plant operations, preventative maintenance, site inspections of turbines, personnel management, employee safety, and operator skills enhancement.

Objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To introduce the Sakenergo executives with new information on water chemistry.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

LIST OF PARTICIPANTS

Mr. David Hall
Manager of Fossil and Hydro Engineering
Tennessee Valley Authority

Mr. Chuck Huling
Assistant to the Executive Vice President of External Affairs
Georgia Power

Mr. Valeri Lomtatidze
Managing Director
Sakenergo

Mr. Valerian Khantadze
Managing Director
Sakenergo

Mr. Archil Dzneladze
Maintenance Engineer
Sakenergo

Mr. John Michael Dwyer
Deputy Program Manager
United States Energy Association

Ms. Galina Karlson
Interpreter

[illegible]

TVA

POWER-GEN '95 and General Power Plant Operations & Maintenance Exchange
December 2-20, 1995

Saturday December 2, 1995 - Anaheim, CA

Travel and recovery day

Sunday December 3, 1995 - Anaheim, CA

1:00 p.m. NIS (Eastern Europe) Power Industry Forum
Topic: *Market Overview by Region*
Attendance at this presentation supports objectives
- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Monday December 4, 1995 - Anaheim, CA

9:00 a.m. NIS (Eastern Europe) Power Industry Forum (continued)
Topic: *Where's the Action? Case Studies and Projects in Development*
Attendance at this presentation supports objectives
- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

12:00 p.m. Lunch and presentation by and international legal financial speaker

2:00 p.m. NIS (Eastern Europe) Power Industry Forum (continued)
Topic: *Doing Business in the Newly Independent States*
Attendance at this presentation supports objectives
- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Tuesday December 5, 1995 - Anaheim, CA

9:00 a.m. POWER-GEN '95 Keynote Session

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To allow the Sakenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

2:00 p.m. Plant Improvement/Upgrades I

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

4:00 p.m. Tour of exhibition hall

Participation in this activity supports objectives

- To allow the Sakenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Wednesday December 6, 1995 - Anaheim, CA

9:00 a.m. Preventative Maintenance

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To allow the Sakenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

2:00 p.m. Group 1 - Europe and the NIS

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

Group 2 - Steam & Combustion Turbines

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To increase the Sakenergo participants understanding of steam and combustion turbines.

4:00 p.m. Tour of exhibition hall

Participation in this activity supports objectives

- To allow the Sakenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

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Thursday December 7, 1995 - Anaheim, CA / Chattanooga, TN

9:00 a.m. Group 1 - Water Chemistry

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To introduce the Sakenergo executives with new information on water chemistry.

Group 2 - Environmental & Boiler Control Optimization

Attendance at this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To allow the Sakenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

3:00 p.m. Depart for Orange County airport

5:00 p.m. Adjourn

Friday December 8, 1995 - Chattanooga, TN

9:00 a.m. Orientation at TVA Fossil and Hydro Power Headquarters

- Introduction to TVA
- Overview of Sakenergo Operations

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To outline personnel management and staffing practices common to United States utilities.

10:30 a.m. Break

10:45 a.m. Orientation at TVA Fossil and Hydro Power Headquarters (continued)

- Organization of TVA Fossil Operations and Power Plant Support Services
- Organization of plants

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.

12:00 p.m. Lunch

1:30 p.m. Orientation at TVA Fossil and Hydro Power Headquarters (continued)

- Organization of plants

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.

5:00 p.m. Adjourn

Saturday December 9, 1995 - Chattanooga, TN

9:00 a.m. Personnel management - salaried, trade and labor

- Hiring
- Training

Participation in these meetings supports objectives

- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

10:30 a.m. Break

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11:00 a.m. Personnel management (continued)
- Pay practices and incentives

Participation in these meetings supports objectives
- To outline personnel management and staffing practices common to United States utilities.

12:00 p.m. Lunch

1:30 p.m. Personnel management (continued)
- Labor relations
- Performance management

Participation in these meetings supports objectives
- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

5:00 p.m. Adjourn

Sunday December 10, 1995 - Harriman, TN

Travel to plant site in Harriman, TN
Site tour
Cultural activity

Monday December 11, 1995 - Harriman, TN

9:00 a.m. Tour of fossil plant (all areas)

Participation in this tour supports objectives
- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To outline personnel management and staffing practices common to United States utilities.

12:00 p.m. Lunch

1:00 p.m. Presentation by plant manager
- Plant operations and staffing
- Plant performance
  - Measurement
  - Improvements
  - Targets

Participation in this presentation supports objectives
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

5:00 p.m. Adjourn

Tuesday December 12, 1995 - Harriman, TN / Chattanooga, TN

9:00 a.m. Overall plant operations and management
- Plant operations processes
- Maintenance processes and the preventative maintenance program

Participation in this tour supports objectives
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

10:30 a.m. Break

10:45 a.m. Overall plant operations and management (continued)
- Outage management

Participation in this tour supports objectives
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

12:00 p.m. Lunch

1:30 p.m. Overall plant operations and management (continued)
- Technical services
- Human resource management

Participation in these meetings supports objectives
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.

3:00 p.m. Break

3:15 p.m. Overall plant operations and management (continued)
- Business management

Participation in these meetings supports objectives
- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

5:00 p.m. Adjourn

Return to Chattanooga

Wednesday December 13, 1995 - Chattanooga, TN

9:00 a.m. Plant Technical Services
- Boiler, turbine, and auxiliaries specialties
- Diagnostics and testing

Participation in this tour supports objectives
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

10:45 a.m. Break

11:00 a.m. Engineering and other support

Participation in this tour supports objectives

- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

12:00 p.m. Lunch

1:30 p.m. Discussion of follow-up activities on fossil operations and management

Participation in this presentation supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To allow the Sakenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Travel to Atlanta

<u>Thursday December 14, 1995 - Atlanta, GA</u>

8:00 a.m. Orientation to Georgia Power Fossil and Hydro Power Operations

- Review of the function and role of the USEA EIPP
- Introduction to Georgia Power
- Organization

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.

- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

10:00 a.m. Break

10:15 a.m. Continuation of Orientation to Georgia Power Fossil and Hydro Power Operations

- Performance Goals and Measures
- Labor Relations
- Human Resources Management
- Skills Development Training
- Overview of Sakenergo Operations

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

12:00 p.m. Lunch

1:00 p.m. Tour of Plant McDonough

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

5:00 p.m. Adjourn

Friday December 15, 1995 - Atlanta, GA

9:00 a.m. Plant McDonough operations and management
- Outage scheduling & planning
- Preventative maintenance

Participation in this tour supports objectives
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

12:00 p.m. Lunch

1:30 p.m. Plant McDonough operations and management (continued)
- Environmental controls
- Employee safety

Participation in this tour supports objectives
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

5:00 p.m. Adjourn

Saturday December 16, 1995 - Atlanta, GA

Site tour and cultural event in Atlanta

Sunday December 17, 1995 - Atlanta, GA

Cultural Event

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Monday December 18, 1995 - Atlanta, GA / Milledgeville, GA

8:00 a.m. Travel to Milledgeville, GA

10:30 a.m Plant Overview and Tour

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations. plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

12:00 p.m. Lunch

1:30 p.m. Plant Branch Operations and Management (continued)

Interface with Plant Management on Processes in the Following Areas:

- Operations
- Maintenance
- Skills Development

Participation in these meetings supports objectives

- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations. plant performance, and plant improvements and upgrades in the United States.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

3:00 p.m. Break

3:15 p.m. Plant Branch Operations and Management (continued)

Interface with Plant Management on Processes in the Following Areas:

- Operations
- Maintenance
- Skills Development

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Participation in these meetings supports objectives

- To present the Sakenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

5:00 p.m. Adjourn

Tuesday December 19, 1995 - Milledgeville, GA

9:00 a.m. Plant Branch Operations and Management (continued)
Interface with Plant Management on Processes in the Following Areas:

- Engineering
- Fuel Handling

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To introduce the Sakenergo executives with new information on water chemistry.
- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

10:30 a.m. Break

10:45 a.m. Plant Branch Operations and Management (continued)

Participation in these meetings supports objectives

- To provide the visiting executives from Sakenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Georgia.
- To acquaint the Georgian partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To increase the Sakenergo participants understanding of steam and combustion turbines.
- To introduce the Sakenergo executives with new information on water chemistry.

- To emphasize the benefits of environmental and boiler control optimization to the Georgian delegates.

12:30 p.m. Lunch

2:00 p.m. Salutations

3:00 p.m. Depart for airport

Departure for Tbilisi

Wednesday December 20, 1995

Arrival in Tbilisi

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ATTACHMENT 43

Date of Issue: April 30, 1996

DRAFT

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

GEORGIA POWER COMPANY

SAKENERGO

PROCUREMENT AND
CONTRACT ADMINISTRATION
EXCHANGE

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

TBILISI
THE REPUBLIC OF GEORGIA

May 11-18, 1996

Background

The United States Energy Association Energy Industry Partnership Program's FY 1996 projects in the electric sector of the Republic of Georgia have been designed to build upon the privatization and market transition successes that took place in FY 1995.

After conducting advisory missions to Sakenergo, USEA, the Tennessee Valley Authority, and Georgia Power have identified general utility operations, generating plant operations, power dispatch, financial management, billing and collection, economic analysis, and energy efficiency as the key managerial and economic areas which required attention. In response, the USEA FY 1995 work plan focused on introducing the state-controlled utility to the management and fiscal practices common in U.S. utilities.

In the first quarter of FY 1996, the Government of the Republic of Georgia took the initiative to restructure the operations of the electric energy sector by breaking the state monopoly into wholesale and retail entities. As defined by the government, Sakenergo will manage the generation and transmission of electric power and sell electricity to local distribution companies (LDCs) and industrial consumers. The LDCs will be owned and operated by the regional authorities, which will in turn sell the electricity exclusively to residential customers. At present, no regulatory body exists and all tariff decisions are made by the Cabinet of Ministers. The residential rate is the same for the entire country and is not based on cost of service.

Despite current complex government pricing restraints, on both the national and regional levels, where LDCs are functioning as autonomous business units, some progress has been made in understanding the role of U.S. utility management practices. Unfortunately, non-payments continue to plague Sakenergo and the LDCs.

Program

Topics

- Utility Organization Interfaces
- Utility Asset Identification
- Supply Chain Overview
- Procurement Procedures
- Bid Evaluations
- Materials Management
- Vendor Relations
- Negotiations (Part 1)
  - Teams
  - Method
  - Strategies
- Negotiations (Part 2)

Types and Term of Contracts
Power Supply Purchases
Power Generation Procurement and Negotiations
Power Delivery Procurement and Negotiations
Operations and Maintenance Procurement and Negotiations
Procurement Financing
Joint Ventures / Strategic Alliances

Objectives

- To introduce the concepts and strategy related to procurement and contract administration
- To define the terms and procedures common to procurement and contract administration
- To describe the process used to evaluated proposals and bids
- To explain how to develop strong relationships with vendors
- To demonstrate the methods and strategies used in contract negotiations
- To provide and overview of power supply purchases, power generation procurement, power delivery procurement, and operations and maintenance procurement
- To suggest means of procurement financing
- To emphasize the advantages of entering into joint ventures and/or strategic alliances

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LIST OF PARTICIPANTS

Georgia Power Company/The Southern Company

Robert Casper Self, Jr.-Manager, Procurement & Materials
William Jones Meng, Jr.-Manager, Corporate Procurement

Sakenergo

Arranged by Sakenergo

United States Energy Association

John Michael Dwyer
Deputy Program Manager

Interpreters

Arranged by Sakenergo

Sakenergo/Georgia Power Company
Procurement and Contract Administration Exchange

Note: All times are local times

Friday.May 10. 1996

Depart Atlanta for Frankfurt

Saturday. May 11. 1996

Depart Frankfurt for Tbilisi

Sunday. May 12. 1996 - Tbilisi

Recovery day and cultural activity

Monday. May 13. 1996 - Tbilisi

9:00 a.m.	Welcome and Introduction
9:15 a.m.	Overview of the USAID/USEA program in the Republic of Georgia
9:30 a.m.	Overview of the Georgia Power Company and the Southern Company
9:45 a.m.	Overview of Sakenergo
10:00 a.m.	Utility Organization Interfaces
10:30 a.m.	Utility Asset Identification
10:45 a.m.	Break
11:00 a.m.	Supply Chain Overview
12:00 p.m.	Lunch
1:00 p.m.	Pre-Contract Award Activities

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2:00 p.m.	Procurement Teams
2:45 p.m.	Break
3:00 p.m.	Continuation of Procurement Teams
5:00 p.m.	Adjourn

Tuesday, May 14, 1996 - Tbilisi

9:00 a.m.	Procurement Procedures
10:30 a.m.	Break
10:45 a.m.	Bid Evaluations
12:00 p.m.	Lunch
1:00 p.m.	Continuation of Bid Evaluations
2:45 p.m.	Break
3:00 p.m.	Materials Management
5:00 p.m.	Adjourn

Wednesday, May 15, 1996 - Tbilisi

9:00 a.m.	Vendor Relations
10:45 a.m.	Break
11:00 a.m.	Post ContractAward Activities
12:00 p.m.	Lunch
1:00 p.m.	Negotiations (Part 1) • Teams • Method • Strategies

2:45 p.m.	Break
3:00 p.m.	Continuation of Negotiations (Part 1)
5:00 p.m.	Adjourn

Thursday, May 16, 1996 - Tbilisi

9:00 a.m.	Negotiations (Part 2)
10:30 a.m.	Break
10:45 a.m.	Continuation of Negotiations (Part 2)
12:00 p.m.	Lunch
1:00 p.m.	Contract Types and Terms
2:00 p.m.	Power Supply Purchases
3:00 p.m.	Break
3:15 p.m.	Continuation of Power Supply Purchases
5:00 p.m.	Adjourn

Friday, May 17, 1996 - Tbilisi

9:00 a.m.	Power Generation Procurement and Negotiations
10:30 a.m.	Break
10:45 a.m.	Power Delivery Procurement and Negotiations
12:00 p.m.	Lunch
1:00 p.m.	Operations and Maintenance Procurement and Negotiations
2:45 p.m.	Break

3:00 p.m.	Procurement Financing
4:00 p.m.	Joint Ventures / Strategic Alliances
5:00 p.m.	Adjourn

Saturday, May 18, 1996 - Travel/Atlanta

Travel back to the United States via Frankfurt

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ATTACHMENT 44

TRIP REPORT

for the

United States Energy Association

EXECUTIVE EXCHANGE VISITS TO SAKENERGO
ON
PROCUREMENT/CONTRACTS
PRESENTED BY
GEORGIA POWER
&
PREVENTIVE MAINTENANCE & SAFETY
PRESENTED BY
TVA

Location: **Tbilisi, Georgia**
Dates: **May 10-18, 1996**
Prepared by: **Mike Dwyer**
Deputy Program Manager
Energy Industry Partnership Program
Prepared: **June 7, 1996**

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Background

The United States Energy Association Energy Industry Partnership Program's FY 1996 projects in the electric sector of the Republic of Georgia have been designed to build upon the privatization and market transition successes that took place in FY 1995.

After conducting advisory missions to Sakenergo, USEA, the Tennessee Valley Authority, and Georgia Power have identified general utility operations, generating plant operations, power dispatch, financial management, billing and collection, economic analysis, and contracting as the key managerial and economic areas which required attention. In response, the USEA FY 1996 work plan focuses on introducing the state-controlled utility to the management and fiscal practices common in U.S. utilities. As a result of recent restructuring, Sakenergo has been informed that the utility will no longer receive government support. This recent action increases the need for Sakenergo to become efficient in all of their operations.

One area of immediate need is to understand how a private utility such as Georgia Power purchases and contracts for goods and services using the least cost approach. To address this need, a week long exchange, introduced Sakenergo to management practices and models used by Georgia Power in procurement and contracting. The current financial crisis and electricity outages mandate that Sakenergo implement preventive maintenance activities to prevent outages and avoid costlier repairs in the future. Using TVA's management practices, Sakenergo will develop improved maintenance procedures, a parts inventory management system and send Sakenergo the current sixty page Hydro and Fossil Safety Manual.

Objectives

Procurement/Contracting Exchange

- To introduce the concepts and strategy related to procurement and contract administration
- To define the terms and procedures common to procurement and contract administration
- To describe the process used to evaluated proposals and bids
- To explain how to develop strong relationships with vendors
- To demonstrate the methods and strategies used in contract negotiations
- To provide and overview of power supply purchases, power generation procurement, power delivery procurement, and operations and maintenance procurement
- To suggest means of procurement financing

- To emphasize the advantages of entering into joint ventures and/or strategic alliances

Preventive Maintenance & Safety Exchange

- To introduce the Sakenergo executives and managers to the planned and preventative maintenance procedures used in the United States;
- To initiate plant equipment condition assessments and equipment diagnostics such as oil testing for equipment wear, vibration analysis, etc.;
- To develop preventative maintenance procedures;
- To assess the need for spare parts and the methods for ensuring that spare parts are available as needed to avoid and/or minimize the duration of forced outages;
- To address how planned and preventative maintenance relates to outages;
- To conduct a one-day overview of a utility employee safety program.

Accomplishments

1. Met with the USAID Tbilisi Mission on four occasions and established an excellent working relationship with Ms. Paula Feeney and Caroline Richardson.
2. Identified the need to assist Sakenergo in producing a new Procurement Process Manual that is necessary to function in the new market economy and will also help the utility to comply with World Bank loan requirements.
3. Identified and exchanged information with Hagler Bailly staff working on Sakenergo Restructuring Plan.
4. Exchanged work plan information with EUTACIS to avoid duplication.
5. Established Bank account in Tbilisi to wire travel funds per USEA policy directive.

Participants

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Robert Casper Self, Jr., Manager, Procurement & Materials
William Jones Meng, Jr., Manager, Corporate Procurement

TVA
Allan Gentry, Business and Quality Improvement Manager, Plant Technical Services
Ken McVay, Industrial Safety Program Manager

Sakenergo

Procurement/Contracts Exchange
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and Transportation

Mr. T. Burduli
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Sakenergo

Mr. E. Burdilaxze
Engineer, Maintenance Dept.
In Sakenergo

Mr. Z. Tsalrhelashvili
Material and Economic Supply
Sakenergo

Mr. G. Kutateladze
Contract Engineer
Dept. Of Foreign Relations

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Mrs. Mikadze
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Power Sales Department

Mr. Soso Kmetaguri
Deputy Director of Sales and
Transportation Department

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Head of Equipment Compliance Division
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Mrs. Kmomeriki
Engineer of Commerce and Marketing
Division of Supply Dept.

Mrs. C. Madrviasmvili
Compliance Engineer, Spare
Part Supply Division in Maintenance Dept.

Mr. Gumberidze
Head of Division on Compliance and Spare Parts Supply
Maintenance Dept.

Mr. Vanismvili
Engineer of Material-Technical Dept.
At Tbilisi Thermal Plant

Preventive Maintenance & Safety Exchange
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Leading Engineer of Thermal Service

Smon Chkuaseli
Director of Maintenance Enterprise
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Lead Engineer, Insulation
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Shota Janelidze
Chief of Technica Service, Power Sales
and Transportation, Tbilisi Enterprise

Otari Ebanoidze
Deputy Chief of Technical Service, Power
Sales and Transportation Tbilisi Enterprise

Rezo Lobdjanidze
Deputy Chief of Boiler-Turbine Shop,
Enterprise of Gardabani Thermal Station

Manana Dzotsenidze
Leading Engineer of Maintenance Dept.
Maintenance Service of Stations, Substations and Line.

Guram Gozalishvili
Chief of Maintenance Dept.

United States Energy Association
John Michael Dwyer
Deputy Program Manager

Interpreters
Irakli Sulaberidze
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Manana Lomidze
Inga Papava

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Description of the Meetings

Monday, May 13

The USEA advisory team, with the exception of Bob Self, who was ill, met with Paula Feeney, USAID Country Representative for Georgia and her assistant, Caroline Richardson for an entry briefing. I provided a short overview of the current work plan and the context of the information to be presented at the current exchanges.

Ms. Feeney explained that USEA's exchange visits had been postponed from April to May due to a lack of cooperation from Sakenergo in restructuring their operations. Sakenergo had wanted to embrace a EBRD restructuring recommendation to continue as a state owned monopoly. However, Hagler Bailly under a USAID contract is currently working with the Georgian government on a decree to break up the Sakenergo, create a regulatory commission and eventually privatize the sector. A copy of their recommendation was given to the USEA team. It was implied by Ms. Feeney that a rejection of the plan would result in the USAID-FUNDED energy programs being canceled. We were also informed that USAID Mission in the Caucasus would have a new energy officer, Mr. Smith, who would be located in Yereven by September 1996. He would assume the energy function from Mr. David Lieberman, currently residing in Yereven.

In the near future, Georgia is expected to receive a $10 million loan from a German donor to refurbish the Gardabani power plant. In addition, the World Bank is expected to provide credits to the power sector in September. In light of the forthcoming loans, Ms. Feeney asked how the procurement exchange information could be used to purchase and contract under World Bank criteria. Bill Meng, Georgia Power responded that the same processes to be presented in the exchange could be applied to the World Bank requirements. In addition, Georgia Power would be willing to assist Sakenergo in understanding and complying with the Bank's requirements. Ms. Feeney suggested that USEA's program be directed to assist Sakenergo in developing procurement systems for expending the World Bank loan funds.

Ms. Feeney expressed concerned about duplication of donor efforts and asked the USEA team to report back if we discovered any donor duplication. We were told that the IMF will be holding a meeting on May 29 in Paris for all donors working in the Caucasus to better coordinate multinational assistance efforts. The USEA team was given a list of donors and projects to review.

The meeting ended with a required security briefing being scheduled with the U.S. Embassy.

After the briefing, the USEA team proceeded over to Sakenergo to meet with Teimuraz Kipiani, Head of the Foreign Relations Department and also our coordinator for the exchange visits. We

began our task by holding a joint meeting with both exchange groups so that I could provide an overview of the partnership program and to give each participant a compilation of past partnership exchanges. I also described the electric power sector in the United States and the current deregulation plans. Then, TVA and Georgia Power provided a corporate overview for each utility.

Following these presentations, I focused my remarks about the limited time that a US utility had to devote to the partnership program and how important it is to focus on very specific management needs that are within the control of Sakenergo to correct. At the end of my presentation, I strongly emphasized that the partnership was intended to help Sakenergo solve current management problems within the control of the utility, and produce a management document or policy directive.

During this session, a Sakenergo participant asked the advisory team if it was true that Sakenergo had reorganized and was selling stock to the public but not to Sakenergo staff. I responded that we were not aware that stocks were being sold at this time. The participants also asked about the function of the U.S. Department of Energy and FERC. I provided a short legislative history of the 1978 National Energy Act that created the two governmental entities as well as their policy and regulatory responsibilities. In addition, I spent some time explaining the rate making process for investor owned utilities, the selection of commissioners and the opportunity for public comment.

After the joint session, the participants separated into the two exchange groups. Since Bob Self, Procurement Manager at Georgia Power had fallen ill, I remained with Bill Meng to work with the Procurement/Contracting Group. During this exchange, the participants complained that too many people are involved in Sakenergo's procurement process. When I asked about the responsibilities outlined in their procurement manual, I was told that no such manual existed. In response, I asked the group if they would find it valuable to develop a procurement manual in cooperation with Georgia Power. The response was unanimous that a procurement manual outlining processes and responsibilities was essential to improving their operations.

Tuesday, May 14

Harout Topsacalian, the Yereven IDEA Energy Program Representative flew in to meet with USEA and USAID staff. The day started off with a meeting with Marlen Dzneladze, Deputy Chairman, Sakenergo who had been a participant at USEA's Strategic Value of Fossil Fuels Conference in Houston last May. Mr. Dzneladze informed us that a U.S. company, CSI had approached him to sell diagnostic equipment for preventive maintenance. We told him we would ask the onsite TVA team if they were familiar with the company since it was located in Tennessee. USEA suggested that TVA assist Sakenergo in evaluating the product. Mr. Dzneladze was quite pleased and looked forward to hearing from TVA. The need for a procurement manual was discussed and was strongly supported by Mr. Dzneladze. He said he would speak to Mr. David

Zubitashvili, the Chairman of Sakenergo, about designating a Sakenergo task team to work with Georgia Power on developing the manual.

Wednesday, May 15

Harout Topsacalian and I met with Mr. David Zubitashvili to discuss the USEA work plan and the current exchange visits. He was very pleased to have TVA and Georgia Power work with his staff and was very interested in USEA's Loaned Executive concept. In particular, he wanted the Loaned Executive to have a background in finance, marketing, customer service and organizational development. He approved holding the remaining two exchange visits for the rest of the fiscal year. These activities are a Power Dispatch Internship at TVA scheduled for July and an Exchange visit on Rates & Tariffs presented by Georgia Power in Tbilisi scheduled for September. For FY 1997, he proposed the following topics:

-Financial operating performance,
-Strategies to develop and plan for Local Distribution Companies,
-Preparing investment project proposals,
-Creating contract bid documentation,
-Developing legislative and Presidential acts for the energy sector,
-Sakenergo Procurement Process and documentation.

We discussed the request by the Sakenergo staff participating in the Procurement Exchange to develop a Procurement Manual. At my suggestion, he agreed to have five of the participants from the current exchange assigned to a task team to work with Georgia Power. In addition, I recommended that Mr. George Badurashvili, Deputy Chairman, head up the Sakenergo team. Earlier that day, I had been introduced to Mr. Badurashvili, who has responsibility for procurement. The next day, Mr. Badurashvili sat in on the Procurement Exchange.

Later that afternoon, Ms. Feeney arranged a meeting at her office that included the Hagler Bailly team members Doug Miller and Robert Johnston, Harout Topsacalian, IDEA and the USEA team to discuss Hagler Bailly's proposal to restructure the energy sector. The proposal includes seven major points:

1. Separate the policy, regulatory, and ownership/operation roles of the power sector.

2. Create an executive Energy Policy Body, which will recommend general energy policy.

3. Create a National Electric Regulatory Commission (NERC) which will independently regulate non-competitive elements of the electric sector, including tariffs, quality of service and balance between the consumers and producers of electricity.

4. Restructure Sakenergo to include separate generation, transmission and dispatch, and distribution entities.

5. Corporatize and commercialize the separated parts of Sakenergo and the existing distribution companies.

6. Privatize as quickly as practical the sector, beginning with distribution and generation.

7. Accomplish the reforms first by Presidential Decree and then pass a new Electricity Law ratifying the reforms.

During the meeting, Paula Feeney noted that the World Bank would have a resident advisor, based in Yereven arriving in July. She also indicated that USEA's Loaned Executive should work closely with Hagler Bailly and IDEA. In addition, she wanted to be involved in choosing the Loan Executive. Hagler Bailly was pleased to learn that USEA's current work plan includes a September exchange on Rates & Tariffs Exchange presented by Georgia Power. They said our rates exchange would fit nicely their restructuring plans.

The final meeting for the day was a visit to the Energobank to open up a bank account for wiring funds to cover expenses associated with USEA partnership activities. Mr. Kipiani, Sakenergo introduced me to Mr. Gvasalia, Director of the Energobank Joint Stock Company. With his help a personal bank account at the Energobank was opened in my name, No 001 070 026. Funds to be used at future exchanges could be wired to the following national bank account, which will transfer the funds to the Energobank. The National Bank of Georgia charges a 1.5% service fee and the Energobank has a 1% transaction fee.

National Bank of Georgia
Account No. 01.23903.0001.00 in USD
315 Leonidze St.
Tbilisi, Georgia 380027
MFO 52 1006 Credit Lyonnais
New York, USA

After the exchange meetings, the USEA team visited the U.S. Embassy to receive a security briefing from Ms. Rebecca Dockery, Security Officer. She suggested that we stay together as a group and not to walk in dark areas of the city. Generally speaking we did not have much to worry about if we used common sense. In addition, I try to ensure that we all stay together and are escorted by the NIS utility partner.

Thursday, May 16

At the request of USAID, I flew to Yereven with Harout Topsacalian to meet with David Lieberman, USAID Energy Project Officer to discuss USEA's partnership programs in Georgia and Armenia.

Friday, May 17

In the morning I flew back to Tbilisi on the United Nations food flight. However, while waiting at the airport, Harout Topscalian introduced me to Mr. Athanasios Ghikas, a Consultant with Kantor Management Consultants. This was very fortuitous since Ms. Paula Feeney had suggested that I obtain a copy of a report on *Electricity Tariff and Collection* prepared by his firm under an EUTACIS contract. The purpose of the study was to assist Sakenergo in formulating an electricity pricing strategy and in designing an appropriate metering, billing and collection system. Mr. Ghikas had learned about USEA's program from Sakenergo staff, who had attended a tariff workshop conducted by him on accounting. The Sakenergo staff discussed the financial management concepts that they had learned during their August 1995 visit to Georgia Power under the partnership program.

The Sakenergo staff retained a lot of information presented at the workshop, but Mr. Ghikas thought the financial concepts presented during the August meeting were beyond the current need and understanding of the Georgian participants. Instead, he suggested that they need a lot of assistance in understanding and implementing western accounting concepts and systems. When informed about USEA's upcoming exchange on tariffs and rates, he recommended emphasizing basic accounting principles before advancing to the rate concepts.

Back in Tbilisi, I went directly to Sakenergo to monitor the two exchange meetings and to conduct the seminar evaluation. Following the exchange, the USEA team went to the U.S. Embassy to provide an exit briefing for Ms. Paula Feeney, USAID and Mr. Larry Kerr, Deputy Chief for the Embassy. Mr. Kerr expressed his appreciation to TVA and Georgia Power for volunteering their time to assist Sakenergo. In addition, he explained the circumstances concerning the postponement of the April partnership meetings and apologized for any inconvenience. He felt that Mr. Zubitashvili, President of Sakenergo was truly from the old school and unless pressure was applied from other ministry sources, Hagler Bailly's proposal would not be accepted. If that proposals is not accepted, the Ambassador would likely suspend any further funding for the energy sector.

Mr. Kerr noted that an agreement had been reached between the United States Embassy in Georgia and the donors working under the European Union (EU). Essentially, EU would not direct their efforts in the energy policy making area, but leave that task to USAID. Since USEA does not have an office in the Caucasus, Ms. Feeney requested that Harout Topsacalian interview

all Sakenergo participants traveling to the United States on USEA programs to ensure that right candidates were chosen. She also asked that all NIS participant letters of invitation are sent to her office in addition to copies of the normal travel authorization requests.

Later on that evening, Ms Feeney stopped by my hotel to ask my assistance in delivering a package to USAID Washington and also to give me two names of World Bank staff that would be helpful resources for USEA's program in Georgia. Both contacts had just recently visited Georgia to work on the $40 million loan package due in September.

Participant Evaluation Summary

The participants provided a very positive evaluation for both workshop groups. They found that the information provided on the first day clarified the respective roles of USAID, USEA and the sister utilities. In particular, they came to understand the role and the limited resources and time that a U.S. utility has to support the partnership program. These resource limitations dictate the need for very focused management topics, achieving solutions to utility management issues.

Procurement/Contract Exchange

Evaluation forms were received from twelve participants with only two providing their name. The primary management need suggested by the group was computerization of the procurement system, the creation of a procurement manual and restructuring Sakenergo like a U.S. utility. Just one participant volunteered to work on the task team to develop a procurement manual.

Preventive Maintenance & Safety Exchange

The participants found the safety information to very useful and implementable in their current operations. A number from the group expressed a desire to visit TVA plants to observe first hand safety and preventive maintenance processes. Ken McVay promised to forward TVA's official Safety Manual to USEA for distribution at Sakenergo.

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Attachments

-Participant Evaluation on Procurement/Contracting Exchange

-Participant Evaluation for Preventive Maintenance Exchange

-TVA Trip Report

-Georgia Power Trip Report

ATTACHMENT 45

Date of Edit: May 9, 1996

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

TENNESSEE VALLEY AUTHORITY

SAKENERGO

PREVENTATIVE MAINTENANCE AND SAFETY EXCHANGE

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

TBILISI
THE REPUBLIC OF GEORGIA

May 11-18, 1996

Background

The United States Energy Association Energy Industry Partnership Program's FY 1996 projects in the electric sector of the Republic of Georgia have been designed to build upon the privatization and market transition successes that took place in FY 1995.

After conducting advisory missions to Sakenergo, USEA, the Tennessee Valley Authority, and Georgia Power have identified general utility operations, generating plant operations, power dispatch, financial management, billing and collection, economic analysis, and energy efficiency as the key managerial and economic areas which required attention. In response, the USEA FY 1996 work plan focused on introducing the state-controlled utility to the management and fiscal practices common in U.S. utilities.

Due to the fact that the Government of the Republic of Georgia will no longer provide funds to Sakenergo, it is essential that efficient management practices be put into place to maximize resources and minimize expenses. The current financial crisis and electricity outages mandate that Sakenergo implement preventive maintenance activities to prevent outages and avoid costlier repairs in the future. Using TVA's management practices, Sakenergo will develop improved maintenance procedures.

Program

The Preventative Maintenance and Safety Exchange is intended to introduce and emphasize the importance and benefits of developing a comprehensive preventative maintenance and safety program at Sakenergo. The initial discussion will focus on outlining a basic set of equipment assessment and safety processes in addition to describing mean-time between failures and various diagnostic procedures. The overall objective is to demonstrate how consistent maintenance will increase the productivity and reliability of a power plant. Finally, one full day will be devoted to employee safety including how to organize the key elements of a safety program, ownership by line organizations, critical statistics and measures, and recognizing and rewarding employees who consistently follow these programs.

Objectives

- To introduce the Sakenergo executives and managers to the planned and preventative maintenance procedures used in the United States;
- To discuss the importance of these topics to the performance of the plant and to the overall power system;
- To initiate plant equipment condition assessments and equipment diagnostics such as oil testing for equipment wear, vibration analysis, etc.;

- To develop preventative maintenance procedures;
- To assess the need for spare parts and the methods for ensuring that spare parts are available as needed to avoid and/or minimize the duration of forced outages;
- To address how planned and preventative maintenance relates to outages;
- To conduct a one-day overview of a utility employee safety program.

LIST OF PARTICIPANTS

Tennessee Valley Authority

Allan Gentry, Business and Quality Improvement Manager, Plant Technical Services
Ken McVay, Industrial Safety Program Manager

Sakenergo

Makashvili, First Deputy Chairman
Gabunia, Head of Maintenance Department
Chkuaseli, Director of Exploitation Division
Kiasashvili, Head of Technical Division
Shonia, Inspector of Technical Supervision
Khachidze, Senior Engineer of Exploitation Division
Gogishvili, Leading Engineer of Exploitation Division
Tikaradze, Deputy Head of Relay Protection Division
Lomtatidze, Director of Tbilisi Thermal Plant
Labadze, Senior Engineer of Tbilisi Thermal Plant
Machitidze, Head of Ksani Substation
Javakhadze, Director of Sakenergo Adjustment Department
Kvrivishvili, Director of Communications
Gaprindashvili, Director of Training Center
Dvalidze, Senior Engineer of Sakenergoremont
Chokhonelidze, Leading Engineer of Maintenance Division
Abziznidze, Director of Tbilisi Network Union
Zangurashvili, Chief of the International Relations Division

In addition, specialists from various departments at Sakenergo and representatives from power stations and other organizations, making a total of 30-32 more participants, will attend.

United States Energy Association

John Michael Dwyer
Deputy Program Manager

Interpreters

Arranged by Sakenergo

Sakenergo/Tennessee Valley Authority
Preventative Maintenance Exchange

Note: All times are local times

Friday, May 10, 1996

Depart Chattanooga, Atlanta, Frankfurt

Saturday, May 11, 1996

Frankfurt to Tbilisi

Sunday, May 12, 1996 - Tbilisi

Recovery day and cultural activity

Monday, May 13, 1996 - Tbilisi

9:00 a.m.	Meeting with USAID Mission
10:30 a.m.	Sakenergo Offices Overview of the USAID/USEA program in the Republic of Georgia Welcome and Introduction Overview of TVA Overview of Sakenergo Introduction to the planned and preventative maintenance procedures used at TVA and in the United States
11:15 a.m.	Continuation
12:30 p.m.	Lunch
1:30 p.m.	Discussion on the importance and benefits of developing a comprehensive preventative maintenance and safety program
3:00 p.m.	Break

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3:15 p.m.	Discussion on the importance of these topics to the performance of the plant and to the overall power system
4:00 p.m.	Development of an outline for a basic set of equipment assessment and safety processes in addition to describing mean-time between failures various diagnostic procedures
5:00 p.m.	Adjourn

Tuesday, May 14, 1996 - Tbilisi

9:00 a.m.	Review of the material from the previous day
10:00 a.m.	Question and answer session
10:30 a.m.	Break
10:45 a.m.	Demonstration of how consistent maintenance will increase the productivity and reliability of a power plant
12:00 p.m.	Lunch
1:00 p.m.	Discussion of how to develop preventative maintenance procedures
2:30 p.m.	Break
2:45 p.m.	Continuation
5:00 p.m.	Adjourn

Wednesday, May 15, 1996 - Tbilisi

9:00 a.m.	Review of the material from the previous day
10:00 a.m.	Question and answer session
10:30 a.m.	Break
10:45 a.m.	Initiate plant equipment condition assessments and equipment diagnostics such as oil testing for equipment wear, vibration analysis, etc.

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12:00 p.m.	Lunch
1:00 p.m.	Continuation
2:30 p.m.	Break
2:45 p.m.	Continuation
5:00 p.m.	Adjourn

Thursday, May 16, 1996 - Tbilisi

9:00 a.m.	Review of the material from the previous day
10:00 a.m.	Question and answer session
10:30 a.m.	Break
10:45 a.m.	Assessment of the need for spare parts and the methods for ensuring that spare parts are available as needed to avoid and/or minimize the duration of forced outages
12:00 p.m.	Lunch
1:00 p.m.	Address how planned and preventative maintenance relates to outages
2:30 p.m.	Break
2:45 p.m.	Continuation
5:00 p.m.	Adjourn

Friday, May 17, 1996 - Tbilisi

9:00 a.m. Overview of an utility employee safety program

- Employee safety including how to organize the key elements of a safety program
- Safety Policy and Philosophy
- Ownership by line organizations

10:30 a.m.	Break
10:45 a.m.	Overview of an utility employee safety program (continued) • Senior Management Leadership • Program Goals • Employee Safety and Health Training
12:00 p.m.	Lunch
1:00 p.m.	Overview of an utility employee safety program (continued) • Job Planning • Employee Involvement • Workplace Inspections
2:30 p.m.	Break
2:45 p.m.	Overview of an utility employee safety program (continued) • Investigating Accidents • Program Evaluations • Salutations
4:00 p.m.	Debriefing at USAID Mission
5:00 p.m.	Adjourn

Saturday, May 18, 1996

Tbilisi to Vienna

Sunday, May 19, 1996

Vienna to Atlanta, Chattanooga

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ATTACHMENT 46

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

in Cooperation with

Tennessee Valley Authority

with the participants of

Sakenergo

sponsored by

United States Agency for International Development

Predictive Maintenance Management Exchange

August 3-12, 1996

Date of Edit: July 31, 1996
Date of Printing: October 24, 1996

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Shota Sabadze, Deputy Chief Engineer of Enterprise "Sakenergoremont"
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Simon Chkuaseli
Director of Maintenance Enterprise of Tbilisi Thermal Network

Rezo Lobzhanidze
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Computational Systems Incorporated

Ron Welch
International Sales Manager

United States Energy Association

John Michael Dwyer
Deputy Program Manager

Interpreters

Igor Bekman
Dennis Kovalev

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Background

After conducting a series of advisory missions to Sakenergo, USEA, the Tennessee Valley Authority, and the Georgia Power Company identified general utility operations, generating plant operations, power dispatch, financial management, billing and collection, economic analysis, and energy efficiency as the key managerial and economic areas which required attention. In response, the USEA FY 1996 work plan, built upon the privatization and market transition successes as a result of the FY 1995 work plan, focuses on introducing the state-controlled utility to the management and fiscal practices common in U.S. utilities.

The current financial crisis and electricity outages mandate that Sakenergo implement preventive maintenance activities to prevent outages and avoid costlier repairs in the future. Therefore it is essential that efficient management practices be put into place to maximize resources and minimize expenses. Using the management practices used at TVA, Sakenergo will be able to develop and improve its overall procedures and continue with its market reforms.

Program

The Predictive Maintenance Management Exchange is a continuation and extension of the topics introduced during the Preventative Maintenance and Safety Exchange. Five of the Sakenergo managers who participated in the exchange in May 1996 in Tbilisi will travel to Chattanooga, Tennessee, to further their understanding of vibration analysis, oil analysis, circuit breaker testing, transformer testing, and thermography. The exchange will conclude with a discussion of how better business decisions can be made based on predictive maintenance data and test results.

The scope of this workshop grew out of the Preventive/Predictive Maintenance Workshop held in Tbilisi in May of 1996. From that workshop it was learned that there were specific interests in many of the diagnostic and testing techniques used in the American utilities. The May workshop placed an emphasis on determining the direction of the maintenance program. The focus was on using resources wisely to address the problems that when resolved would have the most significant impact on the utility.

Five areas were identified that cover the majority of diagnostics and testing performed in the plants. These were lubrication, vibration monitoring, transformers analysis, breaker testing, & thermography. A brief description of the logic for selecting these areas follows.

Lubrication. Proper lubrication provides the means for sustained operation of many pieces of plant equipment such as pumps, valves, fans, motors, turbines, generators, or any other piece of equipment that has moving or rotating parts. An essential part of lubrication is having the proper lubricant in the right quantity at the right time to maintain the integrity of the moving parts and continue an uninterrupted operation. Lack of lubrication can cause metal to metal contact between parts creating friction and heat, both of which can cause damage or failure. Proper monitoring of lubricant levels

can detect particles or moisture in the lubricant which would have corrosive or erosive effects. Early detection will provide opportunity to clean or filter the lubricant before harmful damage occurs.

Vibration. Most rotating equipment will eventually wear from use even with the best lubrication program. Experience has shown that the wear will result in uneven surfaces and eventually vibration will occur. Periodic monitoring of vibration levels will enable the maintenance staff to establish trends and determine the proper time to take a piece of equipment of service based upon the wear that has occurred. This way the wear can be repaired with minimal cost instead of waiting until the equipment fails requiring much more expense to repair the worn parts as well as the parts damaged from the failure.

Transformers and Breakers. Transformers and breakers provide the means for transferring the power from the generator to the many locations inside and outside the plant where electricity is used. Maintaining these pieces of equipment is essential for being able to transmit power. The diagnostics and testing focuses on the most probable failure mechanisms such as cooling oil for transformers and functional parts of the breakers. These tests also track trends and identify problems to fix before failure occurs.

Thermography. Thermography provides a means to obtain a visual image of what is occurring on the inside of a piece of equipment or component part without having to take it out of service or disassemble it. It detects the heat energy being released and provides a color display to show the "hot spots". Heat can be very detrimental to many pieces of equipment, especially electrical components. Early detection by monitoring the heat energy can identify where maintenance needs to be performed before more costly damage occurs. Most equipment on the market has the capability to store images and provide data on temperature changes from the previous scans.

The workshop will provide more in-depth discussion of these specific techniques, hands-on use of the equipment, data collection in practical applications, and finally how to use this information to make business decisions. We are fortunate that the timing of this workshop will coincide with the annual Maintenance and Technology Vendor sponsored by TVA in Nashville. This fair is focused on conditioned based maintenance and new technologies and conducted annually to bring this information to employees at our various fossil plants. The fair will include working demonstrations, exhibits, and seminars. A technical staff familiar with the application of the products and services will be on hand. We plan to take the group to Nashville mid-week and offer them the exposure to more than 80 suppliers of products and services for the utility industry. We have also make arrangements for a representative from CSI in Knoxville, TN to attend the Thursday session and discuss in more detail what they have to offer. CSI has previously provided a proposal to Sakenergo for diagnostic and testing equipment.

This exchange will provide the Georgians with more information on the latest technology, how it is being used in American utilities, how data is collected and analyzed, and how business decisions are made based on the data.

Objectives

- To develop preventative maintenance management procedures which will improve inventory control;
- To introduce the Sakenergo executives and managers to the planned and preventative maintenance procedures used in the United States;
- To discuss the importance of these topics to the performance of the plant and to the overall power system;
- To address how planned and preventative maintenance relates to outages;
- To initiate plant equipment condition assessments and equipment diagnostics such as oil testing for equipment wear, vibration analysis, etc.;
- To assess the need for spare parts and the methods for ensuring that spare parts are available as needed to avoid and/or minimize the duration of forced outages.

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Agenda for the Predictive Maintenance Management Exchange
August 3-12, 1996

Note: All times are local times

Saturday, August 3, 1996 - Tbilisi / Frankfurt, Germany

Depart from Tbilisi
Arrive and overnight in Frankfurt
A Russian speaking escort will be greet the participants at the airport and escort them to the Steigenberger Avance Hotel

Sunday, August 4, 1996 - Frankfurt / Chattanooga

Depart from Frankfurt
A Russian speaking escort will be meet the participants at the Steigenberger Avance Hotel the escort them to the airport, assist them to check in, and guide them to their departure gate
Arrive in Chattanooga

Monday, August 5, 1996 -Chattanooga

9:00 a.m.	Introductions and Overview of USAID, USEA, and the EIPP
9:30 a.m.	Vibration Analysis • Operation of Equipment
10:30 a.m.	Break
10:45 a.m.	Vibration Analysis (Continued) • Interpretation of Results
12:00 p.m.	Lunch
1:30 p.m.	Vibration Analysis (Continued) • Interpretation of Results
2:30 p.m.	Break
2:45 p.m.	Vibration Analysis • Solutions / Actions

4:00 p.m.	Question and Answer Session
5:00 p.m.	Adjourn

Tuesday, August 6, 1996 -Chattanooga

9:00 a.m.	Oil Analysis • Sample Collection and Frequency
10:30 a.m.	Break
10:45 a.m.	Oil Analysis (Continued) • Lab Analysis
12:00 p.m.	Lunch
1:30 p.m.	Oil Analysis (Continued) • Lab Analysis
2:30 p.m.	Break
2:45 p.m.	Oil Analysis (Continued) • Solutions / Actions
4:00 p.m.	Question and Answer Session
5:00 p.m.	Adjourn

Wednesday, August 7, 1996 -Chattanooga

7:00 a.m.	The group will travel by TVA van to Nashville, Tennessee, to attend a Maintenance Technology Vendor Exhibition and Seminar
8:30 a.m.	View Exhibits
11:30 a.m.	Lunch
1:00 p.m.	View Exhibits
4:00 p.m.	Adjourn

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4:30 p.m.	Dinner
6:00 p.m.	Return to Chattanooga

Thursday, August 8, 1996 -Chattanooga

9:00 a.m.	Circuit Breaker Testing • Tests
10:30 a.m.	Break
10:45 a.m.	Circuit Breaker Testing (Continued) • Interpretation of Results
12:00 p.m.	Lunch
1:30 p.m.	CSI Presentation on Diagnostic Equipment Ron Welch, International Sales Manager
2:30 p.m.	Break
2:45 p.m.	Circuit Breaker Testing (Continued) • Interpretation of Results
2:45 p.m.	Circuit Breaker Testing (Continued) • Solutions / Actions
5:00 p.m.	Adjourn

Friday, August 9, 1996 -Chattanooga

9:00 a.m.	Transformer Testing • Tests
10:30 a.m.	Break
10:45 a.m.	Transformer Testing (Continued) • Interpretation of Results • Solutions / Actions

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12:00 p.m.	Lunch
1:00 p.m.	Thermography • Use of Equipment • Interpretation of Results • Solutions / Actions
2:30 p.m.	Making Business Decisions Based on Test Results and Data
3:30 p.m.	Break
3:45 p.m.	Question and Answer Session
4:30 p.m.	Complete Participant Evaluation Forms
5:00 p.m.	Salutation and Adjourn

Saturday, August 10, 1996 -Chattanooga

Cultural Activities in Chattanooga

Sunday, August 11, 1996 - Chattanooga / Travel

Depart Chattanooga

Monday, August 12, 1996 - Travel / Tbilisi

Arrive in Frankfurt
Arrive and overnight in Frankfurt
A Russian speaking escort will be greet the participants at the airport, assist them to check in, and guide them to their departure gate
Depart from Frankfurt
Arrive in Tbilisi

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ATTACHMENT 47

MEETING AGENDA

USEA
1620 Eye St., NW. Suite 1000
Washington, D.C. 20006

Meeting Description Kazakstanenergo Partnership Work Plan Meeting

Results Desired Approve the Work Plan based on USAID Energy Targets

Date Thursday, October 26, 1995 **Time** 1:00 p.m. **Location** Kazakstanenergo Headquarters

Scheduled Time			Actual Time		
Start	Stop	Total Hours	Start	Stop	Total Hours
1:00 p.m.	5:00 p.m.				

	Persons Attending
1	Boris Golovjashkin, Vice President, Kazakstanenergo
2	Mike Dwyer, USEA
3	Berlik Orazbaev, President, Kazakstananergo

	Items To Be Discussed
1	Review last years activities with past participants
2	Review proposed work plan
3	Discuss the issue of CG&E terminating the partnership after conducting one more meeting in January
4	Describe USEA's role as a partner until another US utility is located (USEA manages exchanges)
5	Review USAID's Almaty Mission Regional Energy targets
6	Identify list of other donor activities to avoid duplication of effort (USEA activities to complement other programs like Hagler Bailly
7	Identify current restructuring activities at Kazakstanenergo and integrate USEA program.
8	
9	

	Action Plan Strategy	Person Responsible
1	Finalize work plan for USAID approval	
2	Determine date of next meeting	
3	start selecting candidates	
4		

ETING AGENDA

USEA
1620 Eye St., NW, Suite 1000
Washington, D.C. 20006

Meeting Description Academy for Educational Development (AED)

Results Desired Learn about their activities

Date ~~Friday, October 27, 1995~~ Wed. Nov. 1995 **Time** 3:00 p.m. **Location** America House, Seifulina Ave., 531, 6th Fl. Tel. 81 15 36 or 63 90 77

Scheduled Time			Actual Time		
Start	Stop	Total Hours	Start	Stop	Total Hours
3:00 p.m.	5:00 p.m.				

Persons Attending	
1	Mike Dwyer
2	David Seider
3	Natalia Ivanchuk
4	
5	
6	
7	
8	
9	
10	

Items To Be Discussed	
1	Participant processing for USEA program. AED assistance in complying with Handbook 10 requirements.
2	RFP's need issued by AED.
3	Possible assistance by AED for CAR Regional Conference, such as interpreters, translations, AV copy facilities.
4	
5	
6	
7	
8	
9	
10	

Materials Needed	Person Responsible

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MEETING AGENDA

USEA
1620 Eye St., NW, Suite 1000
Washington, D.C. 20006

Meeting Description Alaugaz Partnership Work Plan Meeting

Results Desired Approve the Work Plan based on USAID Energy Targets

Date Friday, October 27, 1995 **Time** 9:00 a.m. **Location** Alaugaz Headquarters

Scheduled Time			Actual Time		
Start	Stop	Total Hours	Start	Stop	Total Hours
1:00 p.m.	5:00 p.m.				

Persons Attending	
1	Vladimir Putinsev- President, Alaugaz
2	Mike Dwyer, USEA
3	
4	
5	
6	

Items To Be Discussed		✓
1	Review last years activities with past participants	
2	Review proposed work plan	
3	Discuss the issue of CG&E terminating the partnership after conducting one more meeting in January	
4	Describe USEA's role as a partner until another US utility is located (USEA manages exchanges)	
5	Review USAID's Almaty Mission Regional Energy targets	
6	Identify list of other donor activities to avoid duplication of effort (USEA activities to complement other programs like Hagler Bailly	
7	Discuss Alaugaz's current managerial goals and restructuring efforts.	
8		
9		

	Action Plan Strategy	Person Responsible
1	Finalize work plan for USAID approval	
2	Determine date of next meeting	
3	start selecting candidates	
4	Integrate USEA programs with Alaugaz restructuring efforts.	
5		

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MEETING AGENDA

USEA
1620 Eye St., NW, Suite 1000
Washington, D.C. 20006

Meeting Description Kyrgyzgosenergo(KSEHC) Partnership Work Plan Meeting

Results Desired Approve the Work Plan based on USAID Energy Targets

Date Monday, October 30, 1995 **Time** 9:00 a.m. **Location** KSEHC Headquarters

Scheduled Time			Actual Time		
Start	Stop	Total Hours	Start	Stop	Total Hours
9:00 a.m.	5:00 p.m.				

Persons Attending	
1	Bolot Botbaev, Director Foreign Economic Relation- KSEHC
2	Talant Kasimbekov, Dep. Director Foreign Economic Relations-KSEHC
3	Avtandil Kalamambetov, Executive Director Privatization and Development
4	Mike Dwyer, USEA
5	
6	

Issues to Be Discussed		✓
1	Review last years activities with past participants	
2	Review proposed FY 96 work plan and provide program participant list and use	
3	Discuss WWP's concern that the Kyrgyz are not fulfilling their part of the PETT process.	
4	Review and discuss the three PETT Reports prepared by the Kyrgyz	
5	Review USAID's Almaty Mission Regional Energy targets	
6	Identify list of other donor activities to avoid duplication of effort (USEA activities to complement other programs like	
	Hagler Bailly legal and organization framework, ADB tariff study, EBRD Risk Management Study and Accounting work,	
7	Identify current restructuring activities at KSEHC and integrate USEA program.	
8		
9		

Action Plan Strategy		Person Responsible
1	Finalize work plan for USAID approval	
2	Determine date of next meeting	
3	start selecting candidates	
4	Deliver Kyrgyz Reports to WWP	
5	Follow up with Hagler Bailly	

MEETING AGENDA

USEA
1620 Eye St., NW, Suite 1000
Washington, D.C. 20006

Meeting Description USAID Almaty Regional Mission

Results Desired Approve the Kyrgyz and Kazak Work Plans and next CAR Conference Plan

Date Wednesday, November 1, 1995 **Time** 1:30 p.m. **Location** USAID Mission

Scheduled Time			Actual Time		
Start	Stop	Total Hours	Start	Stop	Total Hours
1:30 p.m.	5:00 p.m.				

Persons Attending	
1	Barry Primm
2	Mike Dwyer, USEA
3	Rajiv Rastogi
4	Gordon Weynand

Items To Be Discussed		✓
1	Review last years activities	
2	Review proposed work plan	
3	Discuss the issue of CG&E terminating the partnership after conducting one more meeting in January	
4	Describe USEA's role as a partner until another US utility is located (USEA manages exchanges)	
5	Review USAID's Almaty Mission Regional Energy targets	
6	Identify list of other donor activities to avoid duplication of effort (USEA activities to complement other programs like Hagler Bailly	
7	Discuss plan for next CAR Regional Energy Conference.	
8		
9		

	Action Plan Strategy	Person Responsible
1	Finalize work plan for USAID approval	
2	Confirm date, location, participants for CAR Conference and assign milestones..	
3		
4		

DRAFT

October 17, 1995

KAZAKSTAN

1. Energy Sector Profile

Kazakstan, one of the world's ten largest countries, is wealthy in oil, natural gas, and coal reserves. It is estimated that 447.5 billion tons of oil and 5920 billion cubic meters of natural gas lie untapped beneath Kazakstan's soil. Despite these massive deposits, aging Soviet-style extraction equipment and processing facilities, in addition to Kazakstan's transition to a market economy, are retarding the country's immediate potential. While Kazakstan maintains strong ties with its northern neighbor, Russia, Western investors are anxious to establish business connections. Kazakstan is a logistical giant, bridging the Caucasuses, the Middle East, Russia, and China.

2. Utility Company Profiles

2a. Alaugaz

Alaugaz is a holding company of the closed-mixed type. It is comprised of 36 state enterprises that are undergoing transformation into joint stock companies. The company's service area covers all of Kazakhstan and is divided into 19 oblasts. Each oblast has a branch that deals in gas-sales and construction. The company also transports compressed hydrocarbon gases from oil and gas processing plants by 1600 rail tank cars. These filling stations annually fill 20 million compressed gas cylinders. In addition, about 300,000 tons of gas are supplied by tank trucks. In total, 800,000 tons of compressed gases and 15 billion cubic meters of natural are annually supplied. Alaugaz is required to return 70% of earnings to a state investment fund.

This natural gas supply serves 90% of the population and more than 8,000 industrial, agricultural and public facilities. In addition, the *Alaugaz* Company carries out construction of inter-town and urban gas pipeline structures, manufacturing gas instruments, preventive servicing and repair of 8,000 km. of urban distribution pipelines and training of gas specialist and client safety.

2b. Cincinnati Gas & Electric (CG&E)

CG&E and its subsidiary companies are involved in providing gas and electric service to southwestern Ohio and adjacent areas in Kentucky and Indiana. The area served covers 3,000 square miles with an estimated population of 1.8 million. Recently, CG&E merged with Public Service of Indiana Resources to form a new corporation called CINergy Corporation. The company now has a combined service area of 25,000 square miles and an estimated population of 3.7 million. In 1992, operating electric revenues were $1.28 billion and gas $469 million.

3. FY 95 Activities

The activities for FY 95 followed the Performance Enhancement Task Teams (PETT) approach, a new strategy currently being implemented by EIPP. The PETT approach was to quantify the results of the partnership activities and to justify the USAID, Alaugaz and CG&E partner financial contributions.

5. Proposed FY 96 Activities

The proposed Alaugaz activities support the following USAID Regional Mission energy targets.

5a. Utility Management Seminar — Dec. 1995-Almaty

This one week seminar will provide an overview of five focus areas. These are: Overview of the US Natural Gas Industry and Regulation; Legal Systems; Banking Systems; Gas Utility Operating Systems; and Human Resource Management. (3 US speakers.) Meets energy targets: I, II, IV, and VI.

5b. Strategic Planning Seminar — Jan. 1996-Almaty

This one week seminar would be designed for ten senior management who are faced with an enormous challenge to restructure their utility and operate in a market driven economy. Planning is important at all levels but strategic planning is the primary concern of top management. Strategic Planning determines overall organizational purposes and objectives, and how they are to be achieved. It also involves an extended time frame, deploys substantial resources and has a major eventual impact. These strategic plans must then be broken down into more tactical or operating plans.

This seminar would lead the participants in defining the overall purpose of the organization, the new areas of business, those areas to leave and how resources will be distributed among the different business units. Strategic planning would be discussed in four stages: (1) determine the organizational mission, (2) assess the organization and the external environment, (3) set objectives and direction, and (4) determine strategies to accomplish the objectives. The end result is to try to make each participant an organizational strategist and to leave them with an understanding of the processes to produce a strategic plan. Part of this plan is to improve management information systems for better decision-making and to integrate the donor activities at the company. (3 US speakers.) Meets energy targets: I, II, III, V, VI, VII, and VIII.

5c. Regulatory Affairs Exchange — Feb. 1996-U.S.

A group of Kazaks will meet for one week with the US utility and also visit the state regulatory commission to explore the relationship between a utility and the regulatory body. The team will discuss the rate setting process, including filing and compliance procedures and rate case preparation. A primary objective will be for the Kazaks to witness the preparation and presentation of a rate filling. The end result should be the production of a Regulatory Affairs Manual that defines the structure and manpower requirements for the department, outlines the rate filing process and specifies the information requirements. A follow up meeting may be necessary to finalize the document. (4 Alaugaz participants.) Meets energy targets: I, II, and VI.

5d. Financial Management Seminar — April 1996-Almaty

The one week seminar will provide fifteen to twenty Kazak participants with information on corporate financial management. This seminar will address the Capital Markets, Rating Agencies and Investment Banks role in a market economy. Specific examples of the U.S. sister utility's financial management techniques and strategies will be discussed. Real life examples from Alaugaz will be used to work through cash flow calculations, dividend sharing, and determining the cost of capital. The preparation of financial

PETT task teams were organized to work on issue areas that have been jointly prioritized by the CG&E and Kazakhstanenergo. Follow-up partnership activities such as executive exchanges, seminars, workshops, internships and study tours are the tools for Kazakhstanenergo to master an issue area. The Project Development PETT met twice to develop a *Project Management Procedures* Manual. During the second meeting the Project Contracting PETT also convened to start working on contract models.

3a.	**Joint Kazak Gas and Electric Exchange**	**Sept. 1994**
3b.	**Project Development PETT**	**March 1995**
3c.	**WEC Developing Countries Committee Meeting and International Energy Forum**	**May 1995**
3d.	**Edison Electric Annual Meeting & Study Tour**	**June 1995**
3e.	**Joint Project Contracting & Development PETT**	**Aug. 1995**

4. USAID Regional Mission Energy Targets

The FY96 partnership activities are specifically directed at meeting the following list of energy targets developed by the USAID Regional Mission in Almaty.

I. Pass energy legislation providing a greater emphasis on energy savings 6/96.

II. Pass legislation or executive order establishing the methodology for achieving economic electricity tariffs by 3/96.

III. Adopt internationally accepted cost accounting standards by 12/96.

IV. Publish financial reports to the public on a regular and timely basis beginning in 12/96.

V. Initiate two utility demand-side management programs by 6/96 and complete by 12/97.

VI. Pass legislation defining a greater role for private investment in the power industries by 12/96.

VII. Develop model contracts to facilitate electricity trade and adopt by regional energy officials by 12/96.

VIII. Divest 15% of the government of Kazakstan holdings in energy generation to the private sector by 12/96.

IX. Improve energy efficiency and implement demand side management programs.

the production of a Regulatory Affairs Manual that defines the structure and manpower requirements for the department, outlines the rate filing process and specifies the information requirements. A follow up meeting may be necessary to finalize the document. (3 Kazakstanenergo participants and 1 USEA representative.) Meets energy targets: I, II, VI, and VIII.

5c. ~~Strategic Planning~~ Seminar — ~~Jan.~~ March 1996-Almaty

This one week seminar would be designed for ten senior management staff, who are faced with an enormous challenge to restructure their utility and operate in a market driven economy. Planning is important at all levels but strategic planning is the primary concern of top management. Strategic Planning determines overall organizational purposes and objectives, and how they are to be achieved. It also involves an extended time frame, deploys substantial resources and has a major eventual impact. These strategic plans must then be broken down into more tactical or operating plans.

The meeting would lead the participants in defining the overall character and purpose of the organization, the new areas of business, those areas to leave and how resources will be distributed among the different business units. Strategic planning would be discussed in four stages: (1) determine the organizational mission, (2) assess the organization and the external environment, (3) set objectives and direction, and (4) determine strategies to accomplish the objectives. The end result is to try to make each participant an organizational strategist and to leave them with a strategic planning process to implement with their staff. Part of this plan is to improve management information systems for better decision-making and to integrate the donor activities at the company. (3 US speakers.) Meets energy targets: I, II, VI, and VIII.

5d. Accounting and Reporting Seminar — ~~March~~ May 1996-Almaty

This one week seminar for five to ten accounting specialist is needed to improve Kazakstanenergo's basic information and accounting systems. The lack of a sound accounting system limits the Kazaks from improving their ability to estimate costs of production and to conduct appropriate cost of service studies. Without a sound accounting system, it will be very difficult to develop accurate tariff schedules or to attract investors. FERC's Uniform System of Accounts will be reviewed to help them develop a new improved system of accounts. Once developed, the US sister utility will review the final document and make recommendations. Also, necessary is the creation of a work-order/cost-tracking system for capital and maintenance projects. (3 US speakers.) Meets energy targets: III and IV.

5e. ~~Project Financing Exchange~~ — ~~May 1996-Almaty~~

In this one week exchange, the US utility will assist Kazakstanenergo in improving its financial system for funding projects by adopting key management techniques modeled after the US utility. Focus issues to be covered under this activity will include: market economies; utility management; organizing structure; financing; regulatory structure; investment; and integrated resource planning. (3 US speakers.) Meets energy targets: II ,III, VI, VII, and VII.

5f. **World Energy Council (WEC) Developing Countries Committee Meeting** — May 1996-Houston

One week. (2 Kazakstanenergo participants and 1 USEA representative.) Meets energy targets: VI and VII.

DRAFT

October 17, 1995

KYRGYZ REPUBLIC

1. Energy Sector Profile

Unlike other regions in Central Asia, the Kyrgyz Republic does not have large oil and natural gas reserves. Fortunately, its many small and rapid rivers supply the country with an abundance of hydroelectric potential. Due to sharp increases in the price of fossil fuels, the Kyrgyz Republic has concentrated on its electric power sector efforts on water power. Today, 80% of the country's electric power is created through hydroelectric generation and 20% comes from other sources. Kazakstan, Uzbekistan, Turkmenistan, and Russia, under individual bilateral agreements, export petroleum products and natural gas to the Kyrgyz Republic. In this regional-market, price are quickly approaching world rates. Finally, the Kyrgyz Republic's commitment to democratic and market reforms has attracted the interest of a number of foreign energy sector investors.

2. Utility Company Profiles

2a. Kyrgyzgosenergoholding (KSEHC)

Hydroelectric power is the dominate force in the Kyrgyz electric energy sector. Of its 20 power plants with a total installed capacity of 3,372 MW, Kyrgyzgosenergoholding (KSEHC) operates 18 hydroelectric facilities producing 2,713 MW. The ~~five~~ remaining thermal electric power plants contribute an installed capacity of 659 MW. Only 9% of the Kyrgyz Republic's estimated 142.5 billion kWh per year hydroelectric power potential has been developed. The Kyrgyz Republic is divided into two distribution areas connected by 500 kV transmission lines. In addition, these two distribution areas utilize 220 kV, 110kV, 35kV and 10 to 0.4 kV lines. The total annual electric power usage of the country is 72.9 billion kWh per year. Since 1987, construction of the power network has expanded into the more remote mountainous regions of the country. Despite a 4% annual increase in electric consumption and the import of 80% of the fossil fuel it consumes, the consistent surplus of hydroelectric potential supplied by the Naryn River allows the Kyrgyz Republic to exports between 1.0-1.5 billion kWh per year, with the potential to export up to 2.5 billion kWh per year.

At present, the 16 energy enterprises of KSEHC are in the process of privatizing, even though they are subject to substantial governmental oversight. KSEHC is implementing plans to provide electric power for the use of space heating, food preparation, and water heating. As of March 1995, the Government of the Kyrgyz Republic and KSEHC have made progress in adopting greater market oriented-practices by establishing a separate rate for residential customers and all other uses.

2b. Washington Water Power (WWP)

WWP's primary service area encompasses a 26,000-square-mile area of eastern Washington and northern Idaho known as the Inland Northwest. In this region WWP provides electric service to about 264,000 customers and natural gas service to almost 116,000 customers. In addition, WWP provides natural gas service to nearly 70,000 customers in Oregon and northern California through WP Natural Gas, a company operating division. Other businesses include nine hydroelectric projects, a wood-waste-fueled generating station and natural-gas-fired combustion turbine, and ownership in two coal-fired electric generating facilities.

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3. FY 95 Activities

The tasks focused on issues of pricing, financing options, international markets, contracting, privatization activities, financial management information systems, accounting practices and regional energy integration.

The planned growth in the residential sector necessitates the creation of a customer information system and the function of customer relations. New procedures were developed to purchase and install residential meters. Customer accounting systems and billing procedures are being revised and in some cases created.

3a.	Capital Financing Study Tour	October 1994
3b.	Kyrgyz Utility Company Brochure	December 1994
3c.	Needs Assessment Advisory Mission and Partnership Signing	February 1995
3d.	Customer Information Systems and Energy Efficiency	May 1995
3e.	Market-Based Pricing	May 1995
3f.	WEC Developing Countries Committee Meeting and International Energy Forum	May 1995
3g.	Investment Project Planning	August 1995

4. USAID Regional Mission Energy Targets

The activities for FY 96 will follow the Performance Enhancement Task Teams (PETT)approach established by the EIPP as well as using other methods such as formal seminars. The PETT approach will be utilized to quantify the results of the partnership activities by producing a written deliverable and to justify the USAID, NIS and U.S. partner financial contributions. Small task teams will be organized to work on issue areas that have been jointly prioritized by the sister utilities.

EIPP's strategy for the Kyrgyz Republic is directed toward meeting the target objectives prescribed by the USAID Mission in Almaty.

I. Establishing energy legislation defining a greater role for private investment in the power industries and for the Government of the Kyrgyz Republic to divest 15% of its holdings in energy generation by December 1996.

II. Facilitate the process for regional officials to negotiate and sign contracts to trade electricity by December 1996.

III. Restructuring power sector through privatization of existing government-owned facilities by December 1996.

Add Dunlop ideas from meeting

company. (3 U.S. speakers.) Meets target I, II, III, and IV.

5c. ~~Regulatory Affairs Exchange~~ Feb. 1996-Spokane

A group of Kyrgyz will meet for one week with WWP and also visit the state regulatory commission to explore the relationship between a utility and the regulatory body. The team will discuss the rate setting process, including filing and compliance procedures and rate case preparation. A primary objective will be for the Kyrgyz to witness the preparation and presentation by WWP of a rate filling. During WWP's May visit to Bishkek on rates and tariffs, a review of the KSEHC regulatory staff duties illustrated the need for the KSEHC regulatory departments hire additional staffing and reorganize their processes and improve information flow within the company and to the Ministries. The end result should be the production of a Regulatory Affairs Manual that defines the structure and manpower requirements for the department, outlines the rate filing process and specifies the information requirements. A follow up meeting may be necessary to finalize the document. (4 KSEHC participants and 1 USEA representative.) Meets target I, II, and III.

5d. ~~Accounting and Reporting Seminar~~ April 1996-Bishkek

This one week seminar for fifteen people follows the work done in the PETT area on Rates and Tariffs that was started in May 1995 when a team of WWP specialist visited KSEHC. The report prepared by WWP determined that KSEHC needed to improve its basic information and accounting systems. This lack of a sound accounting system limits the Kyrgyz from improving their ability to estimate costs of production and to conduct appropriate cost of service studies. Without a sound accounting system, it will be very difficult to develop accurate tariff schedules. FERC's Uniform System of Accounts were left with the Kyrgyz to review and to help them develop a new improved system of accounts. Once developed, WWP will review the final document and make recommendations. Also, necessary is the creation of a work-order cost-tracking system for capital and maintenance projects. (3 U.S. speakers.) Meets target V and VI.

5e. World Energy Council (WEC) Developing Countries Committee Meeting — May 1996-Houston

One week. (2 KSEHC participants and 1 USEA representative.) Meets target I, II, and III.

5c. Contracting Exchange — July 1996-Spokane

This one week exchange composed of WWP and KSEHC specialists will focus on two specific types of contracts. The ~~objective~~ will be to ~~develop model contract instruments for regional electricity sales as well as project~~ contracting documents. A second meeting may be necessary to finalize the documents. (3 KSEHC participants and 1 USEA representative.) Meets target II and IV.

5g. Energy Efficiency Study Tour — Sept. 1996-U.S.

The ten day Energy Efficiency Study Tour will provide an opportunity for officials to examine U.S. energy efficiency laws, regulations and technology. In order to provide participants with a thorough insight into U.S. energy efficiency operations, study tour participants will meet with U.S. regulatory and utility officials and university researchers involved in energy efficiency. In addition to the site visits, participants will attend the USEA/JCI Annual Energy Efficiency Forum. Study tour focus issues included: demand-side management

ATTACHMENT 48

December 19, 1995

TRIP REPORT

for the

United States Energy Association

EXECUTIVE EXCHANGE VISIT TO REVIEW WORK PLANS FOR ALAUGAZ, KAZAKSTANENERGO AND KYRGYZGOSENERGO

Location:	Almaty, Kazakstan & Bishkek, Kyrgyzstan
Dates:	October 26-November 4, 1995
Prepared by:	Mike Dwyer
	Deputy Program Manager
	Energy Industry Partnership Program
Prepared:	December 19, 1995

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December 19, 1995

Objectives

The primary objective of this executive exchange was to review the activities of the past year with the general development officer of the USAID Regional Mission and the policy makers of Kazakstanenergo. Alaugaz, and Kyrgyzgosenergo in order to complete a comprehensive work plan for fiscal year 1996. Concentrating on the energy target specified by both USAID Headquarters in Washington, D.C. and the USAID Regional Mission in Almaty, the final work plan addresses the most urgent infrastructure development needs of the each of the Central Asian utilities.

In addition, the USEA deputy program manager and USAID personnel from both Washington, D.C. and Almaty discussed and agreed on the topic and framework of the second CAR Regional Energy Conference.

Finally, this executive exchange enabled the USEA deputy program manager to spend time with other USAID energy and support contractors, such as Hagler Bailly and the Academy for Educational Development, to ensure that each assistance program complements the others and that all contribute to the overall goals of USAID.

Accomplishments

1. Completed a comprehensive review of the past year's activities.

2. Finalized the work plan for fiscal year 1996 focusing on the energy targets specified by USAID in accordance with the needs of the CAR utilities.

3. Discussed and came to and agreement on the topic and framework of the second CAR Regional Energy Conference.

4. Met with other USAID contractors to ensure the continued coordination of USAID programs.

5. Develop new processing procedures with the Academy for Educational Development to comply with Handbook 10.

6. Met with representative from Fair Winds Trading Company and visited potential site to host the next CAR Regional Conference.

December 19, 1995

First Series of Meetings

USAID Regional Mission
Almaty, Kazakstan
October 26 and November 1, 1995

Attendees
Rajiv Rastogi/USAID
Gordon Weynand/USAID
Barry Primm/USAID
Mike Dwyer/USEA

Description of the Meetings

The USEA deputy program manager provided the USAID General Develop Officer, Barry Primm, with an update on the U.S./NIS utility partnerships. The USEA deputy program manager reported that due to post merger restructuring, Cincinnati Gas & Electric had decided to devote all of its effort to its domestic investments and would no longer be able to participate in the Energy Industry Partnership Program. In January 1996, CG&E has requested to host a final executive exchange for both the Kazak electric and gas utilities. Furthermore, this exchange will help the executives from Alaugaz prior to their meetings with the CEO and staff of New York State Gas & Electric.

Barry Primm reported that differences of opinion on policy between Mr. Tuleberdiev, President of Kyrgyzgosenergo, and contractors from Hagler Bailly concerning Hagler Bailly's legal recommendations toward the establishment of a Kyrgyz governmental energy regulatory body might impact our scheduled meeting with Kyrgyzgosenergo.

Mr. Primm informed us that he would be setting up a task team to visit each of the five Central Asian Republics in preparation for the Regional Energy Trade Conference to be held in Almaty this Spring. **The smaller Hagler Bailly workshops in the electric area would act as a subset of topics for the conference.** All participants in the meeting agreed that prior to the end of the calendar year, USEA would submit a discussion paper on the Regional Trade Conference to USAID for review.

The USEA deputy program manager inquired about the new USAID policy that all USAID/USEA sponsored activities requiring NIS executives to travel to the United States must include an exchange with the U.S. partner. This new policy prevented the Kyrgyz from participating in POWERGEN '95 since Washington Water Power preoccupied with their merger

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and meetings with FERC.

Second Series of Meetings

Kazakstanenergo
Almaty, Kazakstan
October 26 and November 1, 1995

Attendees
Rajiv Rastogi/USAID
Gordon Weynand/USAID
Mike Dwyer/USEA
Boris Golovjashkin, Vice President Kazakstanenergo
Vladimir Kovalchuck, Director of Foreign Economic Relations

Description of the Meetings

Boris Golovjashkin, Kazakstanenergo Vice President, and Vladimir Kovalchuck, Director of Foreign Economic Relations, provided Rajiv Rastogi, the USAID Manager of Power Restructuring & Privatization, with the organization structure and operational capacity of Kazakstanenergo. The Kazak utility executives informed Mr. Rastogi that recently, under the direction of the Ministry of Power, Kazakstanenergo has restructured its operations and initiated the privatization of the Kazak electric utility sector. The first step of this reorganization has already occurred.

Transmission and distribution have been separated with the creation of ten regional Local Distribution Companies (LDCs). These ten LDCs report directly to the Ministry of Power and must have their rates approved by local Anti Monopoly Committees. At present, rates are based on the cost of service, however, once the LDCs are privatized local regulatory commissions will oversee all tariffs.

Kazakstanenergo will remain a state owned utility and continue to report to the Ministry of Power. Kazakstanenergo will and maintain control of the transmission system for Kazakstan as well as produce 7,000 MW per year to be sold wholesale to the LDCs' and industrial entities. In addition to Kazakstanenergo's contribution to Kazakstan's national generating capacity, there will be three independent power producers that will report directly to the Ministry of Power.

Mr. Rastogi was told that Kazakstanenergo's total installed capacity is 16,000 MW with a 12,000 MW operating capacity. Thermal generators supply 90% of the power, while the remainder is

generated by hydroelectric facilities. Each year, 80 billion kWh of electricity is produced, however, in order for supply to satisfy demand, 15% of total electric consumption must be imported.

Past participants in USEA exchanges provided their comments and suggestions regarding the program. Corporate and project financing were the most important topics for promoting structural changes in Kazakstanenergo, according to the exchange executives. They noted that the Energy Efficiency Study Tour program had been immediately applicable, in particular the information on automated systems.

They said that they would like to take part in more programs on demand side management practices, contracts, price formation, and regulatory framework. The Kazak participants emphasized the value of exchanges demonstrating real life case studies rather than theoretical discussions. Finally, the participants were disappointed in the lack of material translated into Russian at the past few exchanges at CG&E.

The USEA deputy program manager informed the Kazakstanenergo executives that due to post merger restructuring, Cincinnati Gas & Electric had decided to devote all of its effort to its domestic investments and would no longer be able to participate in the Energy Industry Partnership Program. In January 1996, CG&E has requested to host a final executive exchange for both Kazakstanenergo and Alaugaz.

The draft work plan for 1996 was reviewed and only slightly modified. The topics are: *POWERGEN 95 Conference: Financial Management: Corporate Planning: Contracting: Regulation and Rates: Energy Efficiency: WEC Developing Countries Committee Meeting and a new regional seminar for the LDCs.*

Third Series of Meetings

Alaugaz
Almaty, Kazakstan
October 27 and 31, 1995

Attendees

December 19, 1995

Rajiv Rastogi/USAID
Gordon Weynand/USAID
Mike Dwyer/USEA
Vladimir Putinsev, President Alaugaz
Vadim Ageyev, Vice President Alaugaz

Description of the Meetings

Vladimir Putinsev, Alaugaz President, and Vadim Ageyev, Vice President, provided Rajiv Rastogi with the natural gas company's organization structure and an overview of its activities. Alaugaz recently has been reorganized into a single transmission company along with nineteen local distribution companies (LDCs). Both the transmission company and the 19 LDCs have been partially privatized. Alaugaz has issued 10% of its stock to its employees. The remaining 90% is owned by the state and will be sold to the public at a later date. The LDCs have gone public with 49% of their stock. 10% of the remaining 51 % state controlled shares will be issued to the LDC employees at a later date.

Of the 4.5 billion cubic meters is sold each year, half is consumed by residential customers and half is purchased by industrial and commercial buyers. In addition, 500,000 tons of liquid propane is sold. To satisfy annual demand, Alaugaz purchases 50 million cubic meters of gas from Uzbekistan. The total cost for the purchase and transportation of gas is $300 million per year. The transportation cost for gas excluding the LDCs is between $35 and $40 million per year.

Nonpayments total $80 million, with Kazakstan owing $30 million. At present, residential costs are subsidized by industry. In January 1996, industry will support 40% of residential costs. By April of 1996, the subsidy will be eliminated. The Alaugaz executives informed the meeting participants that transmission and distribution prices are regulated by the national and local Anti Monopoly Committees.

Putinsev and Ageyev identified collections, metering of gas consumption, and pricing as the three major problems facing Alaugaz. Alaugaz needs help with creating and staffing of a meter reading department. Furthermore, the natural gas utility requires assistance with organizing an information accounting and reporting system for managers. The Alaugaz executives expressed a desire to obtain more information on equipment suppliers in order to find a joint venture partner to produce gas meters in Kazakstan. The gas sector also wants to create its own gas association similar to AGA.

As a result of the partnership program, Alaugaz has been able to develop improved cost of service data and to start generating bills by computer. The primary corporate goals of Alaugaz are to

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seek out new markets for gas within Kazakstan and secure stable sources of supply.

The USEA deputy program manager informed the Alaugaz executives that due to post merger restructuring, Cincinnati Gas & Electric had decided to devote all of its effort to its domestic investments and would no longer be able to participate in the Energy Industry Partnership Program. In January 1996, CG&E has requested to host a final executive exchange for both Kazakstanenergo and Alaugaz.

After reviewing the draft 1996 work plan the following exchange topics were identified: *Rates & Pricing: Corporate Planning: Financial Management: Collection Billing Metering: Regional Seminar for LDCs and WEC Developing Countries Committee Meeting.*

Forth Series of Meetings
Kyrgyzgosenergo
Bishkek, Kyrgyz Republic
October 30 and 31, 1995

Attendees
Rajiv Rastogi/USAID
Gordon Weynand/USAID
Mike Dwyer/USEA
Talant Kasimbekov, Director, Foreign Economic Relations
Djamalbek Tuleberdiev, President/Kyrgyzgosenergo

Description of Meetings

Djamalbek Tuleberdiev, the President of Kyrgyzgosenergo, and Talant Kasimbekov, the Director of Foreign Economic Relations presented an overview of the organizational structure and recent activities of Kyrgyzgosenergo (KSEHC). The Kyrgyz electric network consists of the Cascade Hydro, Bishkek and Osh generation facilities and seven regional distribution companies. Kyrgyzgosenergo maintains a construction company for the general construction and repair and upkeep of transmission lines. Three *Joint Stock Societies* have been created for transmission and construction, concrete equipment and a research institute. Percentages of the stock for these societies have been sold to the employees, retained by the state, kept by the founders of the societies, and sold on the open market.

In 1994, KSEHC generated 12.5 billion KWhr of power with an operating capacity of 3,600 MW. The Kyrgyz consumed 10 billion KWhr and exported 2.5 billion KWhr to Kazakstan. Last year, hydroelectric plants generated between 90-95% of the republic electric power. The remaining 5-

10% was generated by mazot from Russia, coal from Kazakstan, and natural gas from Uzbekistan. Currently, the Kyrgyz are developing plans to build two additional hydroelectric plants, Kambarta-1, which would supply 1,900 MW and Kambarta-2, which would generate 360 MW. Burns & Roe, Hagler Bailly, and IRG are conducting a Power Marketing Study. The Kyrgyzgosenergo executives informed the meeting participants that winter storage of water for agricultural irrigation in the summer competes with electric generation.

During the meeting, a brief summary of other donor activities was given. A German bank is funding a feasibility study and the construction of 70 kilometers of a 220-KV transmission line to the Kumtar gold mine. Finland would like to continue the project and extend a 550-KV line for another 250 kilometers. In addition, Diver Research/Japan is undertaking an accounting study.

Non-payments have been a major problems for the utility. In early 1995, nonpayments reached 78% in Bishkek and 48% in the rural areas. In January 1995, this amounted to $30 million in nonpayments with Kazakstan owing in between $90-120 million. Since that time, the debt owed by the Kazaks has been reduced to $10 million. In order to improve collections, utility personnel have been placed in banks.

Three past participants from this year's exchanges were present to provide some insight to the success of the program. Mr. Backeev, Head of the Kyrgyzgosenergo Bank, stated that his visit to Spokane in August provide him with information to save $25 million in the procurement process. The staff who had attended the rate exchange asked for another meeting because only one day had been devoted to a discussion of rates. The customer service representative wanted a second meeting on customer service to be held in Spokane to see the WWP operations first hand.

The draft work plan was reviewed with discussion focused on the USAID energy targets. Mr. Rastogi and Mr. Weynand responded to Mr. Tuleberdiev's concerns. Corporate planning was identified as an important topic because the Kyrgyz managers have been asked to prepare business unit plans by the end of January 1996. The other management topics for the new year are: *Customer Service Part II; Rates & Regulation; Corporate Planning; Contracting; WEC Developing Countries Meeting and Energy Efficiency Study Tour.*

<u>Fifth Series of Meetings</u>
Academy for Educational Development
Almaty, Kazakstan
November 1, 1995

December 19, 1995

Attendees
Natalia Ivanchuk, Senior Program Specialist/AED
Richard Shortlidge, Director/AED
Mike Dwyer/USEA

Description of Meeting

This meeting was set up to discuss the participant processing services provided by AED to comply with USAID Participant Training as required under Handbook 10. It was agreed that in the future to improve the processing. USEA would institute the following procedures.

* Provide participant telephone numbers in addition to the primary utility contact.
* Send alternate names along with primary selections.
* Provide letter of justification for repeat participants.
* Allow more time for participants from outside the capital.
* Provide one year schedule of meetings.
* Provide USEA E-Mail address.
* Send letter of invitation to AED as well as utility.
* Informed NIS utilities concerning AED's support role to USEA.
* Informed Airlines that AED has authority to pick up participant tickets and authority to change tickets when utilities substitute alternates per USEA request
* Complete one service agreement to cover the entire year's program.

Issues to be resolved

* Does HB 10 require hotel double occupancy?
* Can H&C insurance be waived?
* AED will try to seek a USAID waiver for higher VIP Per Dien rates.

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* Complete tax forms for all participants.

Sixth of Meetings
Fair Winds Trading Company
Almaty, Kazakstan
November 1, 1995

Attendees
Robert McLoughlin/RJM International
Mike Dwyer/USEA

Description of Meeting

The USEA deputy program manager discussed the lodging, ground transportation, and other logistical arrangements for the future CAR regional conference.

ATTACHMENT 49

Date of Issue - November 30, 1995

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

KAZAKSTANENERGO

POWER-GEN '95
CONFERENCE AND EXHIBITION

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

ANAHEIM, CALIFORNIA

DECEMBER 3-7, 1995

Background

Kazakstan is making the transition from a command to a market economy. The United States Energy Association Energy Industry Partnership Program, through a cooperative agreement with the United States Agency for International Development, has provided the impetus to establish utility partnerships for Kazakstanenergo with an electric utility in the United States. As a result, Kazakstanenergo and its U.S. counterpart have participated in numerous executive exchanges, study tours, and workshops to develop the energy infrastructure and assist in the privatization of the electric utility of Kazakstan.

Program

The POWER-GEN Conference and Trade Exhibition in Anaheim, California is the world's largest and most comprehensive electric power industry conference and exhibition. This year's conference will provide a forum for the presentation of over 250 conference papers and the trade show floor will host more than 850 exhibitors.

Objectives

- To present the visiting executives the Kazak utility with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in theirown republics.
- To demonstrate recently developed ideas on preventative maintenance to the Kazak utility executives.
- To acquaint the Kazak partners with plant organization, plant operations, plant performance, plant improvements and upgrades, and environmental technologies in the United States.
- To introduce new technologies and state of the art equipment which will promote trade with U.S. vendors.
- To provide the NIS utility executives with the printed version of all papers presented at the conference.
- To emphasize the benefits of environmental and boiler control optimization to the Kazak delegates.
- To allow the Kazakstanergo participants to exchange ideas and make business contacts.

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LIST OF PARTICIPANTS

Mr. Evgeny Khrapunov
Vice President
Kazakstanenergo

Mr. Nurmagamet Sujunov
Chief of Financial Department
Kazakstanenergo

Mr. John Michael Dwyer
Deputy Program Manager
United States Energy Association

Mr. Albert H. Skeath
Deputy Program Manager
United States Energy Association

Mr. Dennis Kovalev
Interpreter

Ms. Galina Karlson
Interpreter

Washington, D.C. Interpreter TBD

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POWER-GEN '95
December 2-7, 1995

Saturday December 2, 1995 - Anaheim, CA

Travel and recovery day

Sunday December 3, 1995 - Anaheim, CA

1:00 p.m. NIS (Eastern Europe) Power Industry Forum
Topic: *Market Overview by Region*
Attendance at this presentation supports objectives
- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Monday December 4, 1995 - Anaheim, CA

9:00 a.m. NIS (Eastern Europe) Power Industry Forum (continued)
Topic: *Where's the Action? Case Studies and Projects in Development*
Attendance at this presentation supports objectives
- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

12:00 p.m. Lunch and presentation by and international legal financial speaker

2:00 p.m. NIS (Eastern Europe) Power Industry Forum (continued)
Topic: *Doing Business in the Newly Independent States*
Attendance at this presentation supports objectives
- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.

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- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Tuesday December 5, 1995 - Anaheim, CA

9:00 a.m. POWER-GEN '95 Keynote Session

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To acquaint the Kazak partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.
- To outline personnel management and staffing practices common to United States utilities.
- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstanenergo.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

2:00 p.m. Plant Improvement/Upgrades I

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To acquaint the Kazak partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

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- To define employee safety, operator training, and skills enhancement procedures used in United States utilities.

4:00 p.m. Tour of exhibition hall

Participation in this activity supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Wednesday December 6, 1995 - Anaheim, CA

9:00 a.m. Preventative Maintenance

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To present the Kazakstanenergo executives with recently developed ideas on preventative maintenance.
- To acquaint the Kazak partners with plant organization, plant operations, plant performance, and plant improvements and upgrades in the United States.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

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2:00 p.m. Group 1 - Europe and the NIS

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

Group 2 - Steam & Combustion Turbines

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To increase the Kazakstanenergo participants understanding of steam and combustion turbines.

4:00 p.m. Tour of exhibition hall

Participation in this activity supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

5:00 p.m. Adjourn

Thursday December 7, 1995 - Anaheim, CA / Washington, D.C.

9:00 a.m. Group 1 - Water Chemistry

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstanenergo.
- To introduce the Kazakstanenergo executives with new information on water chemistry.

Group 2 - Environmental & Boiler Control Optimization

Attendance at this presentation supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To emphasize the benefits of environmental and boiler control optimization to the Kazak delegates.

11:30 a.m. Tour of exhibition hall

Participation in this activity supports objectives

- To provide the visiting executives from Kazakstanenergo with an overview of the structure, policies, and challenges of other electric utilities as a basis of comparison and contrast with the conditions in the Republic of Kazakstan.
- To allow the Kazakstanenergo participants to exchange ideas and make business contacts.

12:45 p.m. Lunch

Travel to Washington, D.C.

Friday December 8, 1995 - Washington, D.C.

10:00 a.m. Meeting with David Keith of Hagler/Bailly
1530 Wilson Blvd.
Arlington, Virginia
(703) 351-0342 telephone

12:00 p.m. Lunch

2:00 p.m. Meeting with Gordon Weynand of USAID
2201 C Street, N.W.
Washington, D.C.
(202) 647-6988

Saturday December 9, 1995 - Washington, D.C. / Travel

Departure and travel back to Almaty, Kazakstan

Sunday December 10, 1995 - Almaty, Kazakstan

Arrival in Almaty, Kazakstan

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Hotel Information

December 2-6, 1995
Pan Pacific Hotel
1717 South West Street
Anaheim, CA 92803
(714) 999-0990 telephone

December 6-9, 1995
Quality Inn
Washington, D.C. 200
(202) 232-8000 telephone

Participant Information

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ATTACHMENT 50

Date of Issue: January 23, 1996

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

CINergy / ALAUGAZ / KAZAKSTANENERGO
FINANCIAL MANAGEMENT AND
PROJECT FINANCING EXCHANGE

EXPLORATORY PARTNERSHIP MEETING
BETWEEN ALAUGAZ AND
NEW YORK STATE ELECTRIC & GAS

PRIVATIZATION MEETING WITH STONE & WEBSTER

Sponsored by the
United States Agency for International Development
and the United States Energy Association

Cincinnati, Ohio
Binghamton, New York
Washington, District of Columbia
New York, New York

January 20-30, 1996

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Background

The Republic of Kazakstan is one of the leaders in the Newly Independent States in making the transition from a command to a market economy. In April of 1993, the United States Energy Association, through a cooperative agreement with the United States Agency for International Development, established utility partnerships with the U.S. utility Cincinnati Gas & Electric and Alaugaz, the natural gas holding company of the Republic of Kazakstan and Kazakstanenergo, the electric utility of the Republic of Kazakstan. This duel partnership made the relationship between Cincinnati Gas & Electric and the energy sector in the Republic of Kazakstan one of the most ambitious programs in the Central Asian Republics. Since the signing of partnership agreement, executives from all three utilities have participated in numerous executive exchanges, study tours, and workshops to develop the energy infrastructure and assist in the privatization of energy sector in the Republic of Kazakstan.

As a result of these exchanges with Cincinnati Gas & Electric and USEA, Alaugaz and Kazakstanenergo have implemented a number of programs which have vastly improved their infrastructures and brought both the gas and electric sectors to the verge of privatization. At present, USEA is assisting both Alaugaz and Kazakstanenergo to establish new U.S. utility partnerships.

Program

In this summary exchange in Cincinnati, executives from CINergy will present their counterparts from Alaugaz and Kazakstanenergo with information on corporate financial management, strategic planning, capital markets, the role of investment banks and rating agencies in a market economy, cash flow calculations, dividend sharing, and determining the cost of capital. The Kazak gas and electric groups will work through actual examples of the application of corporate financial management and strategic planning practices which will enable them to make long term profitable decision and to prepare financial statements based on internationally accepted standards. In addition, the CINergy staff will provide the senior Kazak utility executives with information which would help their financial management departments to locate sources of capital and produce a profit through both domestic and international investments.

Following the meetings in Cincinnati, Mr. Vadim Ageev, Vice President of the Alaugaz State Holding Company, and Almaz Masalin, Head of International Relations Division of the Kazak Ministry of Gas and Oil, will take part in an exploratory meeting with the New York State Electric & Gas Corporation in Binghamton , New York. In addition to discussions on tariffs and regulatory affairs, metering, billing and collections, and stockholder relations, Messrs. Ageyev and Masalin and executives from NYSE&G will explore the potential of initiating a utility partnership.

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After the conclusion of the partnership with Cincinnati Gas & Electric, the Alaugaz and Kazakstanenergo executives will travel to Washington, D.C. for a debriefing with USAID and USEA. Time permitting, they will meet with Hagler/Bailly, an USAID contractor currently working in Kazakstan.

At the request of the Kazaks, USEA contacted Stone & Webster, an international investment and consulting firm in New York, who agreed to offer their experience with privatization projects in Argentina.

Objectives

- To introduce and reinforce the definitions and general principles of financial management.
- To analyze the organizational structure of a utility as a profit making and investing company.
- To identify specific financial objectives which will assist the Kazak utilities to be financially sound in the new market based economy of Kazakstan.
- To outline and follow the source and flow of capital.
- To recognize and emphasize the analysis and risk involved when investing in capital markets.
- To hold a meeting between Alaugaz and New York State Electric & Gas to discuss becoming sister utilities under the USEA partnership program.

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United States Energy Association
John Michael Dwyer

Interpreters and Escorts
Galina Karlson
Karin Elliot
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Financial Management & Project Financing Exchange
Exploratory Meeting with New York State Electric & Gas
Privatization Meeting with Stone & Webster

Note: All times are local times

Saturday, January 20, 1996 -Cincinnati

5:15 a.m.	Departure of Lufthansa flight number 3321 from Almaty for Frankfurt
7:40 a.m.	Arrival of Lufthansa flight number 3321 in Frankfurt
11:30 a.m.	Departure of Delta flight number 49 from Frankfurt for Cincinnati
3:00 p.m.	Arrival of Delta flight number 49 in Cincinnati
4:30 p.m.	Check in to the Quality Inn Riverview
6:00 p.m.	Dinner

Sunday, January 21, 1996 -Cincinnati

12:00 p.m.	Tour of Cincinnati and cultural event
3:00 p.m.	Reception at Rodger Henn's home in Westchester, Ohio
6:30 p.m.	Dinner

Monday, January 22, 1996 - Cincinnati

7:30 a.m.	Ground transportation from hotel to Federal Reserve Building
8:00 a.m.	Breakfast at the Federal Reserve Building
9:00 a.m.	Proceed to Clopay Building, Room 662
9:15 a.m.	Welcoming Reception and Introductions

9:15 a.m.	Comments by the USEA Representative • Overview of the objectives of USEA • Background on the Energy Industry Partnership Program
9:30 a.m.	Overview of Alaugaz and Kazakstanenergo
10:00 a.m.	Break
10:15 a.m.	Overview of CINergy
11:45 a.m.	Adjourn for lunch
12:00 p.m.	Lunch at the Omni Netherland restaurant
1:30 p.m.	Implementing Strategic Policy into Corporate Goals • Goals of CINergy • Custom Satisfaction • Low Cost Producer • Return on Equity • Incentive Pay Plans
2:45 p.m.	Review, discussion, and questions & answers
3:00 p.m.	Break
3:15 p.m.	Financial Issues • Macro Economic Issues • Stock Market, bond market • Mergers & Acquisitions
4:30 p.m.	Review, discussion, and questions & answers
5:00 p.m.	Adjourn

Tuesday, January 23, 1996 - Cincinnati

7:30 a.m.	Ground transportation from hotel to Federal Reserve Building
8:00 a.m.	Breakfast at the Federal Reserve Building

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9:00 a.m.	Meet in CG&E main lobby and proceed to the Atrium II Building - the CINergy Executive Board Room
9:15 a.m.	Project Financing and Economics Overview • Theory • Escalation • De-escalation • Net present value • Hands-on calculation exercise using data provided by the Kazaks
10:30 a.m.	Break
10:45 a.m.	Continuation
12:00 p.m.	Lunch at Wah Mee's Chinese Restaurant
1:30 p.m.	Continuation
3:00 p.m.	Break
3:15 p.m.	Continuation
4:30 p.m.	Review, Discussion, Questions & Answers
5:00 p.m.	Adjourn
6:00 p.m.	Dinner with George Stinson

Wednesday, January 24, 1996 - Cincinnati

7:30 a.m.	Ground transportation from hotel to Federal Reserve Building
8:00 a.m.	Breakfast at the Federal Reserve Building
9:00 a.m.	Depart for the Zimmer Power Station
10:00 a.m.	Site tour of the Zimmer Power Station
11:45 a.m.	Adjourn for lunch
12:00 p.m.	Catered lunch

1:00 p.m.	Zimmer Power Station Presentation • Background • Conversion - nuclear to coal generated
2:15 p.m.	Break
2:30 p.m.	Environmental issues
3:30 p.m.	Review, Discussion, and Questions & Answers
4:00 p.m.	Adjourn and return to Cincinnati

Thursday, January 25, 1995 - Cincinnati

7:30 a.m.	Ground transportation from hotel to Federal Reserve Building
8:00 a.m.	Eurasia Meeting and Continential Breakfast - PNC Bank Building
9:00 a.m.	Proceed to Clopay Building, Room 662
9:30 a.m.	External source of financing in the capital market - fidelity investments • Stock market • Bond market • Risk management • Other sources and issues of financing including relationships with bank, etc.
10:30 a.m.	Break
10:45 a.m.	Continuation of Financing - Fidelity Investments
12:00 p.m.	Lunch
1:00 p.m.	CINergy Organization • Organizational overview • Gas overview
2:00 p.m.	Continuation • Structure of an utility
3:00 p.m.	Break

3:15 p.m.	Continuation • Preparing for competition • Relationship to companies and departments • Products and services
4:30 p.m.	Review, Discussion, and Questions & Answers
5:00 p.m.	Adjourn
7:25 p.m.	Vadim Ageyev, Almaz Masalin, Mike Dwyer, Karin Elliot depart for Binghamton, New York

Friday, January 26, 1996 - Cincinnati

7:30 a.m.	Ground transportation from hotel to Federal Reserve Building
8:00 a.m.	Breakfast at the Federal Reserve Building
9:00 a.m.	Short Term Trust Topics • Organization and Objectives • Cash Management and Operations • Cash Planning and Forecasting
10:45 a.m.	Break
11:00 a.m.	Continuation
11:45 a.m.	Review, Discussion, Questions & Answers
12:00 p.m.	Lunch at the Metropolitan Club (jacket and tie required)
1:30 p.m.	Treasury Topics • Corporate Cash Investments • Sources of Short Term Debt • Credit Facilities
3:00 p.m.	Break
3:15 p.m.	Continuation
4:30 p.m.	Review, Discussion, and Questions & Answers

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5:00 p.m. Adjourn

Friday January 26, 1996 - Binghamton

The following agenda at New York State Electric & Gas was suggested for the previously scheduled meetings and is subject to change.

9:30 a.m.	Welcome and Introductions
9:40 a.m.	Overview of New York State Electric & Gas Corporation
11:00 a.m.	Break
11:15 a.m.	Exploratory meeting regarding mutual goals and objectives
12:00 p.m.	Lunch
1:30 p.m.	Closing Remarks and Salutations
3:50 p.m.	Vadim Ageyev, Almaz Masalin, Mike Dwyer, Karin Elliot depart for Washington, D.C.
6:30 p.m.	Dinner at Mike Dwyer's house

Saturday, January 27, 1996 - Cincinnati

Cultural activities in Cincinnati, Ohio (schedule to be determined)

Saturday, January 27, 1996 - Washington, D.C.

10:00 a.m.	Cultural activities in Washington, D.C.
7:40 p.m.	Vadim Ageyev and Almaz Masalin depart Washington, D.C. for Almaty

Sunday, January 28, 1996 - Washington, D.C.

10:50 a.m.	Departure of Delta flight number 1018 from Cincinnati for Washington/National
12:00 p.m.	Arrival of Delta flight number 1018 in Washington/National

1:00 p.m. Check in to Quality Inn Hotel,

1:30 p.m. Lunch

3:00 p.m. Cultural activities in Washington, D.C.

Monday, January 29, 1996 - Washington, D.C.

10:00 a.m. Alaugaz meeting with USAID and USEA
- Debriefing on the Financial Management & Project Financing Exchange
- Discussion of conducting a regional seminar on local gas distribution
- Update on the progress of market developments in the Kazak gas sector

11:00 a.m. Kazakstanenergo meeting with USAID and USEA
- Debriefing on the Financial Management & Project Financing Exchange
- Discussion of conducting a regional seminar on local electric distribution
- Update on the progress of market developments in the Kazak electric sector

12:30 p.m. Lunch

2:00 p.m. Meeting with Hagler/Bailly

5:30 p.m. Departure of Delta flight number 1762 from Washington/National to New York/LaGuardia

6:29 p.m. Arrival of Delta flight number 1762 in New York/LaGuardia

8:00 p.m. Check in to New York Marriott Marquis

8:30 p.m. Dinner

Tuesday, January 30, 1995 - New York City

10:00 a.m. Meeting with Richard Hieber of Stone & Webster, 1 Penn Plaza (34th St. and 7th Ave.), New York, NY ~~10077~~, (212) 290-7000 (telephone)
- Introductions
- Explanation of Stone & Webster
- Description of Kazakstanenergo and Alaugaz
- Overview of the market developments taking place in Kazakstan
- Discussion on the privatization of the Kazak electric and gas sectors

12:00 p.m.	Lunch
1:30 p.m.	Continuation
7:35 p.m.	Departure of Delta flight number 106 from New York/JFK for Frankfurt

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ATTACHMENT 51

USEA

United States Energy Association

DRAFT: June 11, 1996

United States Energy Association
Energy Industry Partnership Program

Exchange Visit Between

New York State Electric & Gas Corporation
and
Alaugaz Joint Stock Company

Sponsored by:

U.S. Agency for International Development

June 20 thru June 29, 1996

Almaty, Kazakstan

Background

Like all of the nations of the Newly Independent States, the Republic of Kazakstan is making the transition from a command to a market economy. In April 1996, the United States Energy Association Energy Industry Partnership Program, through a cooperative agreement with the United States Agency for International Development, was authorized to establish a utility partnership in the Republic of Kazakstan between New York State Electric & Gas Corporation and Alaugaz Joint Stock Company. The meeting will be the first exchange between the two sister utilities, to develop the energy infrastructure and assist in the privatization of Alaugaz.

Objectives

1. To acquaint the Kazak partners with the organizational structure of a U.S. utility and to compare and contrast this with the organizational structure of Alaugaz;

2. To provide specific examples of the benefits of strategic planning in U.S. utilities and businesses, and corporations;

3. To review and expand on financial and debt management with an emphasis on funding and investments;

4. To outline rate setting procedures in an U.S. utility and to describe the relationship and negotiations between a utility and regulatory commission;

5. To discuss gas operations at NYSE&G and to compare and contrast Alaugaz;

6. To explain human resource management practices in the United States, in particular, the hiring process, training program, performance evaluations, and compensation programs.

Program

Four senior utility management staff including the Senior Vice President for Gas Operations from NYSE&G, will travel to Almaty to conduct a week long workshop with fifteen of their counterparts at Alaugaz. During this workshop, the U.S. partners will describe and provide examples of utility management in the United States. The organizational structure of a U.S. utility, strategic planning, financial and debt management, rate setting procedures, utility and regulatory commission negotiations, developing customer relations, and human resource management, will be covered in detail. As a result of this workshop, the U.S. and Kazak partners will determine which topics require individual attention and future exchanges will be planned to satisfy these needs.

LIST OF PARTICIPANTS

New York State Electric & Gas

Michael I. German
Senior Vice President, Gas Business Unit

Mario D. Martello
Project Engineer/Quality Assurance

Tim D. Kelley
Manager, Gas Regulatory Matters

Richard Benson
Director of Human Resources

Alaugaz and Other Central Asian Republics Natural Gas Representatives

Mr. Putinsev, President Alaugaz Joint Stock Company
Vadim Ageyev, Vice President Alaugaz Joint Stock Company

United States Energy Association

John Michael Dwyer
Deputy Program Manager, United States Energy Association

PROGRAM FOR THE UTILITY MANAGEMENT WORKSHOP

June 20-29, 1996

Thursday, June 20, 1996 -Binghamton/Moscow

NYSEG Travel

Friday, June 21, 1996 -Moscow/Almaty

Travel and Arrival in Almaty

Saturday, June 22, 1996 - Almaty

Recovery day

Sunday, June 23, 1996 - Almaty

Cultural Activity

Monday, June 24, 1996 - Almaty

9:00 a.m.	Welcoming and Introductions	Mr. Putinsev
9:15 a.m.	Workshop Agenda	Mike Dwyer
	Overview of USAID, USEA, and the EIPP	Mike Dwyer
9:30 a.m.	Utility Profiles	
	• Overview of NYSE&G	Mike German
	• Overview of Alaugaz	Vadim Ageyev
	• CAR Regional Gas Issues	
10:30 a.m.	Break	
10:45 a.m.	Interactive Exercise Ask each Alaugaz and CAR participants to identify major issues facing their utility and then create a subset of issues	

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	within the internal control of the utility. Will serve basis for work plan discussions on Friday.	
12:30 p.m.	Lunch	
2:00 p.m.	Overview of U.S. Natural Gas Industry • Federal Jurisdiction • State Jurisdiction	Mike German & Tim Kelley
3:00 p.m.	Break	
4:00 p.m.	Natural Gas Regulation	Tim Kelley
5:00 p.m.	Adjourn	

Tuesday, June 25, 1996 - Almaty

9:00 a.m.	Ratemaking • The Rate Case • Cost of Service	Tim Kelley
10:00 a.m.	Break	
10:30 a.m.	Continue	
12:30 p.m.	Lunch	
2:00 p.m.	Gas Utility Organization & Planning • Changes in an Operating Environment • Business Strategy, Vision, Responses to Change • Effective Organizational Model	Mike German
3:45 p.m.	Break	
5:00 p.m.	Adjourn	

Wednesday, June 26, 1996 - Almaty

9:00 a.m.	Human Resources Process Steps	

	1. Planning • Defining Jobs and Skill Requirements • Work force Planning Process • Organizational Effectiveness	Rich Benson
10:00 a.m.	Break	
10:30 a.m.	2. Selection • Candidate Identification • Candidate Evaluation	Rich Benson
12:00 p.m.	Lunch	
1:30 p.m.	Process Steps 3. Employee Development • Employee Orientation • Skills Development • On the Job Training Programs • Leadership Development Process	Rich Benson
3:45 p.m.	Break	
4:00 p.m.	4. Performance Evaluation and Management 5. Compensation and Benefits	Rich Benson
5:00 p.m.	Adjourn	

Thursday, June 27, 1996 - Almaty

9:00 a.m.	Gas Utility Operations • Installation of Mains • Installation of Services • Operating Conditions	Mario Martello
10:30 a.m	Break	
12:00 p.m.	Lunch	
1:00 p.m.	Gas Safety Program • Operations • Maintenance	Mario Martello

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- Technical Support
- Human Resources
- Business Services

3:00 p.m.	Break	
3:30 p.m.	Discuss issues for potential gas pipeline project from the Caspian to various Kazak cities.	
5:00 pm	Adjourn	

Friday, July 28, 1995 - Almaty

9:00 a.m.	Measuring Utility Performance • Establishing Performance Indicators and Targets • Measuring Actual Performance and Compare to U.S. Utility • Linking Performance Indicators to Goals and Critical Success Factors • Industry Benchmarking	Mike German & Tim Kelley
10:30 p.m.	Break	
11:30 p.m.	Program Evaluation by Participants	
12:00 p.m.	Lunch	
1:30 p.m.	Develop Work Plan for FY 96 & 97 (Alaugaz and NYSEG) • Review previously identified issue areas • Select management issue areas, dates and location • Determine qualification of participants for visits to U.S.	
3:00 p.m.	Break	
3:30 p.m.	Adjourn	
4:00 p.m.	USEA and NYSEG Debriefing at USAID Mission	

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ATTACHMENT 52

TRIP REPORT

for the

United States Energy Association

New York State Electric & Gas Corporation
and
Alaugaz Joint Stock Company

Utility Management Seminar

Location: Almaty, Kazakstan
Dates: June 20-29, 1996
Prepared by: Mike Dwyer
Deputy Program Manager
Energy Industry Partnership Program
Prepared: July 17, 1996

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Background

Like all of the nations of the Newly Independent States, the Republic of Kazakstan is making the transition from a command to a market economy. In April 1996, the United States Energy Association Energy Industry Partnership Program, through a cooperative agreement with the United States Agency for International Development, was authorized to establish a utility partnership in the Republic of Kazakstan between New York State Electric & Gas Corporation and Alaugaz Joint Stock Company. The meeting will be the first exchange between the two sister utilities, to develop the energy infrastructure and assist in the privatization of Alaugaz.

Objectives

1. To acquaint the Kazak partners with the organizational structure of a U.S. utility and to compare and contrast this with the organizational structure of Alaugaz;

2. To provide specific examples of the benefits of strategic planning in U.S. utilities and businesses, and corporations;

3. To outline rate setting procedures in an U.S. utility and to describe the relationship and negotiations between a utility and regulatory commission;

4. To discuss gas operations at NYSEG and to compare and contrast Alaugaz;

5. To explain human resource management practices in the United States, in particular, the hiring process, training program, performance evaluations, and compensation programs.

Accomplishments

1. USEA, Alaugaz and NYSEG developed draft FY 1997 work plan.
2. Established business contacts with gas executives in Uzbekistan and Tajikistan.
3. Identified additional hotel/conference site for future regional meetings at Alatau sanatorium.
4. Tested new flight route to Kazakstan through Moscow saving $10,000 in airfares.
5. Identified potential business opportunity for U.S. equipment manufacturers to sell natural gas compressor stations to the Tajiks.

List of Participants

New York State Electric & Gas

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Description of the Meetings

This was the first exchange between New York State Electric & Gas Corporation and Alaugaz that was also co-sponsored by the newly created Kazak Gas Association. Also, in attendance were senior gas utility representatives from Uzbekistan and Tajikistan. It is the intent of the Kazak Gas Association to expand their membership to include other CAR gas utilities. Unfortunately, KyrygzGas and TurkmenGas officials were not able to accept USEA's invitation to attend the seminar.

The seminar was very well attended and involved a constant dialogue between the participants and the presenters. All of the Kazak participants were looking forward to privatizing the gas utility sector and were very interested in learning U.S. gas utility management methods.

Througout the week, business planning continually came into the discussion. I was also able to identify an excellent LDC candidate for future partnership exchanges in Mrs. Sadyrbaeva Vice President, Aktjubinsk Alaugas Joint Stock Company, who was very interested in the information and was responsible for much of the ongoing dialogue with all the speakers. She informed us that her utility had been chosen as one of the first LDCs to become privatized.

This was also the first time that we have used this hotel, which is an excellent location for lodging, offers numerous meeting rooms and cost $35.00 less per night. This lower rate saved $1,365 in lodging cost. It should be considered as a potential site for larger CAR regional meetings. We had excellent interpreter services and now have Ms. Ania Obriaschenko as another interpreter, who can help us with our exchanges in Almaty.

Mr. Putinsev, President Alaugaz Joint Stock Company opened up the seminar and welcomed all the presenters and participants to the meeting. After each participant introduced themselves, I provided an overview of USEA's program in Kazakstan and thanked the representatives from Uzbekistan and Tajikistan for accepting the invitation to attend the seminar. It was clearly understood by the Uzbeks and the Tajiks that USEA did not have the authority or the direction from USAID to set up similar partnership programs with the other CAR countries, but rather we would like to include them when possible in Kazak gas activities pending USAID approval and funding.

Mike German started the formal presentations with an explanation of NYSEG's operations and provided a description of NYSEG's gas operations.

- 700 employees
- ½ billion dollars in assets
- serves 17 million customers, with the Gas Unit serving 235,000 customers and delivers 60 billion cubic feet of natural gas per year
- Rate case settle with the NY PUC (Price-Cap Agreement)
  - residential price freeze
  - no gas adjustment clause
  - no weather adjustment clause
  - Non-residential pricing options
  - Seneca Lake storage project
- Unbundled services and marketing strategies

Vadim Ageyeev then provided an overview of the latest changes within the Kasak gas industry, particularly the divesture of Alaugaz into regional local distribution companies, serving all 18 (oblasts). Currently, the natural gas sector is being broken up into separate local distribution companies that will be owned by the state until they are privatized in the next stage. Five oblast gas utilities have already been chosen to be privatized. In addition, the gas utility in the oblast

region of Shymkent is under consideration to have the single utility broken up into smaller organizations for the same oblast.

The gas system has 2,000 km. of gas pipe and two storage areas. In addition, there are 1,500 LNG tanker cars. Eight companies have both natural and liquid gas operations. The Kazak companies as a whole expressed their concern about price setting, mutual debts between companies, collections and future ownership of the Kazak gas companies. One of their main problems is that the Kyrgyz are taking gas out of the pipeline from Uzbekistan as it runs through Kyrgyzstan to Kazakstan. As a result the Kazaks are looking for ways to finance a pipeline from Uzbekistan around Kyrgyzstan to Kazakstan to prevent this gas theft.

Then the Uzbek gas representative described his sector. The gas sector is organized into two companies, oil & gas production and transportation that are both owned by the Uzbek Ministry of Gas. There are no plans at this time to privatize the sector. The gas sector has the following characteristics.

- 70,000 km. of pipe
- serves three million apartments
- serves 40,000 commercial customers
- supplies 3,000 industries
- Organized into 13 Regional branches and Tashkent
- 16 LNG stations
- employees 18,000
- owns two construction companies
- Annually consumes 42 billion cubic meters of natural gas
- Annually uses 330,000 LNG tons per year
- Residential prices are subsidized by the government

The next overview presentation was given by the Tajiks and is summarized by the following.

- 93% mountainous terrain and 3% valleys
- Five million population before the war
- no gas lines through the mountains
- underdeveloped railroad structure
- Utilize natural and liquid gas
- Gas transmission company imports 97% of the gas and sells directly to the LDC's
- Gas company sets prices based on cost, but government approval is not needed
- The company marks up prices to include a 5% profit
- Government issues licenses for gas compressor stations
- collections are a major problem
- Country has 15,000 NGVs and are seeking to purchase more compressor stations

Tim Kelly, Manager Gas Regulatory Matters for NYSEG explained federal vs. state regulation. Mike German and I both occasionally supplemented his presentation to clarify the differences between the two levels of government regulation. In particular, Mike German provided an excellent chronology of the changes to natural gas regulations in the late 1980's from Order 436 through Order 636 in 1992. The rate making process, application procedures, commission structure intervenor status and the appeals process were explained. In response to participant questions, I explained the relationship between FERC, the Department of Energy and the White House, discussing budget preparation, agency appointments and energy policy formulation.

The next presentation was given by Rich Benson, Vice President for Human Resources NYSEG and covered the following points.

- Management information systems
- Communication systems
- 4,200 NYSEG employees, 2,600 salaried
- Compensation and Benefits cost $260 million per year
- Methods to measure performance
- Process organization
- NYSEG views employees as an investment to nurture
- NYSEG has fifty-six HR staff
- Offers 144 training programs each year with 90% are taught in-house by HR staff

The Kazak participants said that each company had just two or three HR employees and wanted to know how to link performance and incentive pay for laborers working out in the job site. Rich used the example of a meter reading and the number of meters read to link performance to pay.

The discussion became very lively during Mario Martello's presentation on risk management and gas pipeline operations and safety. When Mario explained that NYSEG was using mostly plastic pipe, the Kazaks noted that they were not allowed by the government to use plastic pipe. The following topics were discussed.

- Joint trench
- Steel vs. plastic pipe
- Valve requirements
- Corrosion
- Meter seals
- Emergency gas planning

During a separate work plan meeting, I met with Vadim Ageyeev and Mike German to plan future activities between Alaugaz and NYSEG. The two utilities agreed to the following topics with

Business Planning to be held in Binghamton, New York September 7-14, 1996. Business Planning is an excellent topic for NYSEG to present because they have a three day course already prepared on this topic that is used for manager training and development. Rich Benson thought this would be just what the Kazaks were seeking. It was quite obvious by the end of the week, that Mike German was very interested in working with the Kazaks and exploring business opportunities with other CAR utilities, particularly Uzbekistan and Tajikistan.

1. Business Planning
   - Financial Management, stocks and bonds
   - Privatization

2. Insurance/Risk Management

3. Technology Transfer
   - Meters, pipeline technology

4. Marketing and Competitive Fuels
   - Industrial Marketing

I had a short meeting with Vladimir Kovalchuk, Head of Foreign Relations for Kazakstanenergo, who provided a brief overview with the current changes taking place in the electric sector of Kazakstan. As a result of a May decree, the Kazak government has developed a program to restructure and privatize the Electric Power sector. Specifically, Kazakstanenergo will be broken up into generation, transmission and distribution.

The new plan will create nineteen local distribution companies as independent Joint Stock Companies; Kazakstanenergo, retaining the transmission grid and central dispatch powers and owned by the state; and four independent power plants converted to Joint Stock Companies. One-third of the Joint Stock Company shares will continue to be owned by the state. A new State Regulatory Commission for Electric Power Engineering is being created to regulate tariffs for heating and electricity. Generation pricing will be determined by the market. According to Mr. Kovalchuk, the most pressing need for management assistance through the partnership program is on the regulatory process and developing rates and tariffs.

Participant Evaluation Summary

All of the evaluations were very positive and indicated the need for more exposure to U.S. gas utilities management practices. Even though the Uzbeks and Tajiks are not partners within USEA's program, they asked to be included in future meetings. NYSEG has expressed their willingness to allow participants from these two countries to attend exchanges at NYSEG's offices. From the evaluations, the participants requested that the following topics be considered

for future exchanges.

- Business Planning
- Human Resource Management
- Rate making
- Need to install individual meters
- Accounting practices
- Gas Purchasing and Contracting Practices
- Tracking Gas Sales
- Securities and other financing mechanisms
- Pipeline operations and construction
- Underground Storage Facilities
- Marketing programs to attract new customers

Attachments
Participant Evaluations

ATTACHMENT 53

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

Business Planning Exchange, Part I

New York State Electric & Gas Corporation

and

Alaugaz Joint-Stock Company

Sponsored by:

U.S. Agency for International Development

September 7-14, 1996

Binghamton, New York

Date of Issue: October 25, 1996
Date of Edit: September 5, 1996

LIST OF PARTICIPANTS

New York State Electric & Gas Corporation
Steve Adams, Specialist, Rates
Dennis Bender, Project Manager
Richard Benson, Director, Human Resources
Helen Canfield, Customer Service Process Manager
Ralph Canfield, Manager, Budgets, Planning & Support
Mark Cole, Manager of Project Management
Michael Eastman, Manager, Gas Engineering Operations
Scott Gahn, Manager, Rates
Michael German, Senior Vice President Gas Business Unit
Tim Kelley, Manager, Regulatory Affairs
Mario Martello, Project Engineer/Quality Assurance
David Pfeifer, Gas Business Unit Operations Administrator
John Putos, Project Engineer, Plant
Gerald Putman, Senior Vice President Customer Service Business Unit
Anthony Ricca, Project Manager
Bruce Roloson, Manager, Market Planning & Development
Robert Rude, Director of Corporate Planning & Rates
Donna Vandenberg, Manager, Gas Supply
William Von Iderstein, Manager, Gas Marketing & Sales

Consolidated Natural Gas (CNG)
Gary Syport, Vice President Engineering & Technical Services

New York Public Service Commission
Gene Zeltmann, Deputy Chairman
Jack Zekoll, Staff Officer

Alaugaz Joint Stock Company
Vladimir Putintsev, President of Alaugaz and President of the Kazakstan Gas Association

Representatives from Other Kazak Organizations
Zhaiba Sadyrbayeva, Vice President of the Aktyubinsak Joint-Stock Company
Valeriy Yurchenko, Vice President of the Almaty Joint-Stock Gas Utility
Lev Fromer, Chief of the Zhambyl Main Gas Pipeline Administration
Serzhan Subkhanberdin, Chief of the Oil and Gas Department in the Kazkommertsbank

United States Energy Association
William Polen, Program Manager
John Michael Dwyer, Deputy Program Manager

Interpreters
Dennis Kovalev
Igor Bekman

Background

The Republic of Kazakstan is one of the leading nations of the Newly Independent States of the Former Soviet Union in making the transition from a command to a market economy. In April 1996, the United States Energy Association Energy Industry Partnership Program, through a cooperative agreement with the United States Agency for International Development, established an utility partnership in the Republic of Kazakstan between the New York State Electric & Gas Corporation and the Alaugaz Joint-Stock Company. In June 1996, during the partnership meeting held in Almaty, Kazakstan, USEA, NYSE&G, and Alaugaz developed a work plan for the remainder of this year and the following fiscal year. The first activity will focus on business planning.

Program

A delegation of seven Kazaks comprised of one representative from three different Kazak utilities, one regulator from each of the three Kazak LDC regions, and one executive from Alaugaz will travel to Binghamton, New York, to discuss the preparation and implementation of a corporate business plan. The participants will form a joint task team to develop tailored business plans for each of the three utilities.

USEA and NYSE&G will conduct a workshop in which NYSE&G's own business plan will be offered as an example for the Kazaks to review. Furthermore, detailed presentations on the organizational structure of an U.S. utility, financial and debt management, forecasting, customer requirements, risk management, information systems, and human resource management, will be given to illustrate the components of a business plan. As a result of this workshop, the Kazaks will have the ability to draft their own market-based business plans. Later this year, a follow up exchange will take place in Kazakstan at Alaugaz and each of the LDCs to assist in the implementation their new business plans.

Objectives

- To help the three NIS LDC utilities to understand the process of setting corporate objectives and develop market-focused strategies;
- To recommend alternatives to existing Kazak planning practices;
- To develop a corporate planning process that results in a formal business plan integrating financial, marketing, human resources and information systems;
- To design a more effective management information system that facilitates the communication among business units;
- To create a responsive organizational systems that enhances the planning process;
- To draft a business planning outline which the Kazaks will use to develop their own business plan based on the U.S. model.

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Agenda for the Business Planning Exchange

Note: All times are local times

Saturday, September 7, 1996 - Almaty / Washington, D.C.

5:25 a.m. Depart Almaty for Frankfurt on Lufthansa Flight 3781

7:35 a.m. Arrive in Frankfurt

11:45 a.m. Depart Frankfurt for Washington/Dulles on United Flight 917

2:25 p.m. Arrive in Washington/Dulles

Sunday, September 8, 1996 -Washington, D.C.

10:00 a.m. Cultural activity in Washington, D.C
Igor Bekman, Interpreter/Escort

5:10 p.m. Depart Washington/Dulles for Binghamton on United Express Flight 6248

6:22 p.m. Arrive in Binghamton

Monday, September 9, 1996 - Binghamton

9:00 a.m. Introductions and Overview of USAID, USEA, and the EIPP
John Michael Dwyer, Deputy Program Manager, USEA
- Purpose of Exchange
- Meeting plan for the week
- Objectives

9:15 a.m. Overview of the Structure and Organization of NYSE&G
Michael German, Senior Vice President Gas Business Unit, NYSE&G

10:30 a.m. Break

10:45 a.m. Overview of the Structure and Organization of Alaugaz
Vladimir Putintsev, President, Alaugaz
- Kazak Regulatory Bodies
- Report on the latest Kazak restructuring efforts
- Alaugaz and the LDCs

12:00 p.m. Lunch

1:00 p.m. Introduction to Business Planning
Ralph Canfield, Manager, Budgets, Planning & Support
Robert Rude, Director of Corporate Planning & Rates
- Assessing utility's strengths, weaknesses
- Formulating critical planning questions
- Phases and levels of planning
- Linking strategic and operating plans

2:00 p.m. Gas Storage, Compressor and Pipeline Construction
Mark Cole, Manager of Project Management

3:15 p.m. Break

3:30 p.m. Natural Gas Pipeline and Storage Capacity
Gary Syport, Vice President Engineering & Technical Services, CNG

5:00 p.m. Adjourn

Tuesday, September 10, 1996 -Binghamton

9:00 a.m. Continuation of an Introduction to Business Planning
Robert Rude, Director of Corporate Planning & Rates
- Prioritizing issues and developing objectives
- Formulating critical review points to know when to change plan
- Identify threats and opportunities for the utility
- Implementation

10:00 a.m. Break

10:10 a.m. Tools and Techniques for Business Planning
Steve Adams, Specialist, Rates
Ralph Canfield, Manager, Budgets, Planning & Support
- Knowing your customer and shareholder needs
- Evaluating the alternatives by growing the business and selecting external strategies
- Assessment of internal factors in order to evaluate profitability of key business functions
- Assessment of external factors in order to evaluate profitability of key business functions
- Using simulations and scenarios to forecast alternative futures

12:00 p.m. Lunch

1:00 p.m. Strategy Implementation
Scott Gahn, Manager, Rates
- Action planning, how to develop steps to link planning areas
- Link operational and functional relationships through vertical and horizontal integration

3:00 p.m. Break

3:15 p.m. Continuation of Strategy Implementation
Scott Gahn, Manager, Rates
- Organizational structure
- Using business plan to evaluate and monitor assumptions

5:00 p.m. Adjourn

Wednesday, September 11, 1996 - Binghamton

9:00 a.m. Using Teams for Business Planning
Michael German, Senior Vice President Gas Business Unit
- Designing a planning process customized for your utility
- Organization's readiness for change
- Leading teams and meetings

10:30 a.m. Break

10:45 a.m. Continuation of Using Teams for Business Planning
Ralph Canfield, Manager, Budgets, Planning & Support
Scott Gahn, Manager, Rates
- Developing planning manuals that eliminate paperwork
- Keeping the plan on track using review processes and accountability systems

12:00 p.m. Lunch

1:30 p.m. Site Visit / Boat Ride (20 people)
Details to be added by NYSE&G

Thursday, September 12, 1996 - Binghamton

9:00 a.m. Partnership Signing Ceremony

10:00 a.m. Comments by the Public Service Commission Representative
Gene Zeltmann, Deputy Chairman
Jack Zekoll, Staff Officer

10:30 a.m. Business Planning by Functional Area

- Marketing
  Bruce Roloson, Manager, Market Planning & Development
  William Von Iderstein, Manager, Gas Marketing & Sales
  - Competitive Analysis
  - Forecasting
  - Risk Analysis

- Finance
  Steve Adams, Specialist, Rates
  Ralph Canfield, Manager, Budgets, Planning & Support
  - Cash Flow
  - Capital Investments
  - Debt

- Information Systems
  David Pfeifer, Gas Business Unit Operations Administrator
  John Putos, Project Engineer, Plant
  - Evaluate Systems, Hardware, Software
  - Address Changes in Technology
  - Linking Functional Areas to Collect and Access Data

12:00 p.m. Lunch

1:00 p.m. Continuation of Business Planning by Functional Area

- Human Resources
  Richard Benson, Director, Human Resources
  - Recruitment
  - Training
  - Benefits and Compensation

- Customer Service
  Helen Canfield, Customer Service Process Manager
  Gerald Putman, Senior Vice President Customer Service Business Unit
  - Metering
  - Billing and collection
  - CIS

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- Gas Operations
  Michael Eastman, Manager, Gas Engineering Operations
  Michael German, Senior Vice President Gas Business Unit
  Donna Vandenberg, Manager, Gas Supply
  - Gas Supply
  - Gas Flow
  - Construction and Maintenance
  - Disaster Planning

2:30 p.m. Break

2:45 p.m. Continuation of Business Planning by Functional Area

5:00 p.m. Adjourn

Friday, September 12, 1996 - Binghamton

9:00 a.m. Integrate Functional Areas into Overall Business Plan
Tim Kelley, Manager, Regulatory Affairs
- Corporate Planning Team
- Writing the comprehensive business plan

10: 30 a.m. Break

10:45 a.m. Continuation of Integrate Functional Areas into Overall Business Plan
Tim Kelley, Manager, Regulatory Affairs
- NYSE&G and Kazak utilities develop detailed business plan outline
- Set tentative date for next meeting to review the new Kazak business plans

12:00 p.m. Lunch

1:00 p.m. Measuring Performance of the Business Plan
Scott Gahn, Manager, Rates
- "Big Four" indicators of success--customer satisfaction, employee satisfaction, cash flow and productivity
- Knowing what to measure and how
- Achieve greater accountability at all levels by implementing ongoing accountability process
- Improve organizational communication and teamwork
- Measure functional/department performance as well as process performance

3:00 p.m. Break

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3:15 p.m. Continuation of Measuring Performance of the Business Plan
- Aligning organizational goals with team and individual performance measures
- Determine sources of objective performance data as ongoing performance indicators
- Role of MIS and accounting in collecting and reporting results

4:00 p.m. Review of Fiscal Year 1997 Work Plan

4:30 p.m. Complete Tax Forms and Evaluations

5:00 p.m. Adjourn

Saturday, September 14, 1996 - Binghamton / Travel

1:45 p.m. Depart Binghamton for Washington/Dulles on United Express Flight 6152

2:55 p.m. Arrive in Washington/Dulles

5:25 p.m. Depart Washington/Dulles for Frankfurt on United flight 916

Sunday, September 15, 1996 - Travel / Frankfurt

7:15 a.m. Arrive in Frankfurt

1:40 p.m. Depart Frankfurt for Almaty on United flight 3780

Monday, September 16, 1996 - Travel / Almaty

1:15 a.m. Arrive in Almaty

ATTACHMENT 54

file

SEP 16 1996 DWYER

Kazakhs get NYSEG aid in privatizing

By TOM WILBER
Business Writer

Utility executives consider it a good fit.

The Republic of Kazakstan is rich in oil and gas and other natural resources. New York State Electric & Gas Corp. is rich in technological and managerial resources to capitalize on them.

The common interest to help the former communist republic privatize and manage its utilities has brought the two together in the Binghamton area.

This week a delegation of Kazakhs is visiting NYSEG to glean managerial and technical wherewithal to operate their utility as a private business. In return, NYSEG officials say they expect the visit will open doors to markets for consulting services and equipment in the former Soviet Union countries.

"This is very interesting because the system in the state of New York is very different from where we live," said Vladimir Putintsev, president of the Kazakstan Gas Association. "This knowledge is very important because of the major privatization effort in our country."

The Kazakhs have so far learned about setting rates and tariffs, among other things, he said. "The exchange has been very fruitful and important."

Kazakstan, economically a leading nation of the newly independent states of the former Soviet Union, has infrastructure and distribution systems to tap and transport its energy resources. But it lacks state-of-the-art information technology to manage its utility, said Michael German, senior vice president of of NYSEG's Gas Business Unit. In terms of computer technology and automated systems, "it's an untouched market over there."

NYSEG is looking to develop international consulting services as a revenue source, said John Michael Dwyer, deputy program manager for the United States Energy Association. He said the services were worth "millions of millions of dollars." In addition to consulting business, NYSEG is also opening the door to sell equipment to the former Soviet Union countries.

The United States Energy Association is funding the $450,000 program, which includes several meetings between NYSEG officials and delegations from gas and electric utilities of former USSR countries establishing free market economies.

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ATTACHMENT 55

Date of Issue: March 22, 1996

UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM

WASHINGTON WATER POWER

KYRGYZENERGOHOLDING

CORPORATE PLANNING EXCHANGE
CUSTOMER SERVICE EXCHANGE, PART II
RATES & TARIFFS EXCHANGE, PART II

SPONSORED BY THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
AND THE UNITED STATES ENERGY ASSOCIATION

SPOKANE, WASHINGTON

MARCH 23, 1996 - APRIL 4, 1996

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Background

In continuation of the electric utility partnership between Kyrgyzenergoholding and Washington Water Power, the United States Energy Association Energy Industry Partnership Program has been conducting and sponsoring a series of exchanges, seminars, and conferences to assist in the privatization and development of the Kyrgyz electric sector.

During the past fiscal year, USEA and Washington Water Power have worked closely with executives and managers at Kyrgyzenergoholding and have identified rates and tariffs, energy efficiency, customer service, billing and collection, and privatization as the primary managerial and financial topics in need of attention in the electric sector. In response, the USEA FY 1995 work plan focused on introducing and implementing management and fiscal practices common in U.S. utilities.

In FY 1996, USEA, Washington Water Power, and Kyrgyzenergoholding will focus in more detail on exchanges that improve the internal efficiency of Kyrgyz electric utility as a corporation and create models to solve the problems consistent with the Kyrgyzenergoholding's transition to a market economy.

During this exchange, Washington Water Power and Kyrgyzenergoholding will establish core teams of individuals who will represent the U.S. and NIS utilities and to provide continuity from one meeting to next management exchange. The corporate planning exchange will serve as the management tool to integrate all partnership exchanges focussing on different business unit coordination.

Program

Corporate Planning

Topics:

Defining preferred future organizational state and current state
Defining the purpose of corporate strategy, goals, and objectives
Business elements of customer service, marketing, and finance
Business elements of strategy, operations, and administration

Objectives:

- To establish a common understanding of strategic thinking processes and business operations elements
- To establish a common context for this and future exchanges between WWP and Kyrgyzenergoholding

Customer Service Exchange, Part II

Topics:

marketing department organization
collection procedures
consumer education programs
customer charges
metering

Objectives:

- To focus on marketing organization and processes which will result in the creation of an operations manual.
- To implement utility demand-side management and integrated resource planning programs and to develop effective organizational, legal, and regulatory systems.
- To establish performance goals and guiding principles for customer service with respect to new hook-ups, metering, billing, accounting, and collections
- To identify limits or gaps in current practices in customer service metering, billing and collections

Rates & Tariffs Exchange Part II

Topics:

cost of service studies
rate filings
organization of a regulatory affairs department

Objectives:

- To focus on cost of service information with emphasis on improving the management information system to collect and use the data which will result in the creation of a departmental operations manual defining the management information process.
- To adopt policies that encourage rational pricing, competitive markets, private and foreign investment, trade liberalization and environmental protection
- To develop effective organizational, legal, and regulatory systems.
- To establish performance goals and guiding principles for a model rate structure by customer, region, and other dimensions of concern.
- To understand the fundamentals of how free market forces can affect pricing of electric services
- To document the primary alternatives to structuring tariff
- To evaluate the relative merits of each approach against the goals and other considerations identified
- To describe the steps necessary to define and adopt a new rate structure

LIST OF PARTICIPANTS
WASHINGTON WATER POWER

Roger Woodworth
Strategic Council

Tom Dukich
Manager, Rates & Tariff Administration

Rod Pharness
Logistical Supervisor

Ted Horobiowski
Logistical Supervisor

Jim Jewell
Internal Auditing

Phil Robinson
Marketing Analyst

Harold Wilkenson
Spokane Natural Gas

Robert Lafferty
DSM Manager

Jackie Foss
Customer Service Supervisor

Patti Shea
Customer Service

Bob Mansfield
Public Relations

John Watts
Natural Gas Div.

Mike McAllister
Spokane Construction

Gary Ely
Natural Gas

Rob Fukal
Administrative Services

Tara Knox
Rates & Tariffs

Don Falkner
Rates & Tariffs

Nancy Racicot
Retail Core Process

Brian Hirschkorn
Rates & Tariffs

Dick McCarthy
Meter Shop

Nancy Holmes
Billing Center

Marc Shaffner
Call Center

Dan Loewen

Brian Hirschkorn
Rates & Tariffs

Harold Wilkinson
Spokane Natural Gas

Dennis Dillin
Customer Services

George Perks
Thermal Operations

Kyrgyzenergoholding

Corporate Planning Group

Adolf Makhin, Deputy Chief of Kyrgyzenergoholding Central Dispatcher Service
Lev Vasilyev, Director of the Number 1 Heat and Power Plant, Bishkek City

Customer Relations, Part II Group

Ergesh Torobayev, Director of the Zhalal-Abad Electricity Network
Toktoplali Tovkeyev, Chief Engineer at the Electricity Network
Aleksey Li, Director of the Bishkek Electricity Network
Kulzhazira Namatova, Kyrgyzenergoholding Deputy Chief Bookkeeper
Georgiy Kolomiyets, Chief Metorology Services
Orozobek Murzagatov, Chief Engineer, Commercial Center

Rates and Tariffs, Part II Group

Ivan Mukhranov, Director of the Chuysk Electricity Network
Bronislav Nam, Director of the Ferroconcrete Structures Plant
Natalya Reznik, Economist in the Kyrgyzenergoholding Financial Center
Svetlana Yefimenko, Chief of Rates and Contracts

United States Energy Association

John Michael Dwyer
Deputy Program Manager

Interpreters

Galina Karlson
Karin Elliot
Igor Bekman
Dennis Kovalev
Sergei Cemenenkoff

Other Participants

Dede Henley

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Karen Marshall
Klaus Huschke
Itron Corporation

Corporate Planning Exchange
Customer Service Exchange, Part II
Rates & Tariffs Exchange, Part II

Note: All times are local times

Saturday, March 23, 1996 - Almaty/Washington, D.C.

Travel to Washington, D.C.

Sunday, March 24, 1996 -Washington, D.C./Spokane

Depart for Spokane

Monday, March 25, 1996 - Spokane Washington Water Power Headquarters

8:30 a.m.	Breakfast - Welcome and Introductions - Packet Distribution Gary Ely and Roger Woodworth	**(Auditorium)**
9:15 a.m.	Overview of USAID, USEA, and the EIPP John Michael Dwyer, USEA	
9:45 a.m.	Overview of Kyrgyzenergoholding Ilyas Davydov, First Vice President, Kyrgyzenergoholding	
10:15 a.m.	Break	
10:30 a.m.	Overview of Washington Water Power Bob Lafferty	
11:00 a.m.	Business Plan Overview - Why and What Jim Jewell	
12:00 p.m.	Lunch at Washington Water Power	**(Cafeteria)**
1:00 p.m.	Overview of Strategic Planning	**(Boardroom, 5th Floor)**

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	Dede Henley	
2:15 p.m.	Break	
2:30 p.m.	Strategic Planning Overview (continued) Dede Henley	
3:30 p.m.	Break	
3:45 p.m.	Overview of Yearlong Business Plan Approach John Watts	
4:30 p.m.	Adjourn	
Evening	Open	

Tuesday, March 26, 1996 - Spokane Washington Water Power Headquarters

8:00 a.m.	Breakfast	**(Cafeteria)**
9:00 a.m.	Overview of Schedule Rates and Tariffs Track Tom Dukich	**(Boardroom - 5th Floor)**
9:30 a.m.	Overview of Schedule for Customer Service Track Jackie Foss	
10:00 a.m.	Sign up for Preferred Track	
10:15 a.m.	Break	
10:30 a.m.	Customer Service Track • Call Center • Construction Call • Customer Programs Mark Schaffner	**(Boardroom, 5th Floor)**
10:30 a.m.	Rates & Tariffs Track Determining overall Company Revenue Requirement • Overview	**(Room - 512)**

- Income Statement
- Balance Sheet
- Allocations

Don Falkner

12:00 p.m. Lunch **(Cafeteria)**

1:00 p.m. <u>Customer Service Track</u> **(Dick Wally Room, Construction Building)**

- Geo Teams
- Regional Teams
- Discussion of Selection Process

Patty Shea

1:00 p.m. <u>Rates & Tariffs Track</u> **(Room - 512**

- Adjustments to normalized results
- Revenue Level
- Cost of Capital
- Final Revenue Requirements

Don Falkner

2:45 p.m. Break

3:00 p.m. Continuation of Afternoon Tracks

4:30 p.m. Adjourn

Evening Open

<u>Wednesday, March 27 1996 - Spokane Washington Water Power Headquarters</u>

8:00 a.m. Breakfast **(Rooms A &B Open)**

9:00 a.m. Itron Presentation, Klaus Kuschke (coordinated by Rod Pharnes) **(Room A & B, 1st Floor)**

10:15 a.m. Break

10:30 a.m. <u>Customer Service Track</u> **(Meter Shop)**

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- Meter Shop
- Testing
- Installation

Dick McCarthy

10:30 a.m. **Rates & Tariffs Track** **(Room B, 1st Floor)**

Conducting a cost of Service Study by Rate Schedule
- Functional Allocations
- Classifications

Tara Knox

12:00 p.m. Lunch with Rob Fukai (Dominis Delivery) **(Room B)**

1:00 p.m. **Customer Service Track** **(In The Field With WWP Vans)**

- Meter Reading

Jackie Foss

1:00 p.m. **Rates & Tariffs Track** **(Room B, 1st Floor)**

- Computer modeling of rate of return by customer group
- Cost/unit analysis

Tara Knox

2:30 p.m. Break

2:45 p.m. Continuation of Afternoon Tracks

4:30 p.m. Adjourn

6:00 p.m. Reception/Wine & Hors d'oeurve at Spokane's Chamber of Commerce, hosted by International Trade Alliance and NW World Trade Council; welcome, background and thanks yous by Nancy Racicot for the Company (event coordinated by Karen Marshall together with Rod Pharness and Ted Horobiowski)

Thursday, March 28, 1995 - Spokane Washington Water Power Headquarters

8:00 a.m. Breakfast **(Rooms B Open)**

9:00 a.m. **Customer Service Track** **(Video Conference Room, 1st Floor)**

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- Billing
- Open
- Closes
- Collections

Nancy Holmes/Dennis Dillin

9:00 a.m. Rates & Tariffs Track (Company Plane to Olympia, Washington)

Five delegates fly to Washington Utilities & Transportation Commission (WUTC) in Olympia, Washington, for a one-day meeting with Commission staff (includes one translator, Tom Dukich & Mike Dwyer)

- Meeting with Company lobbyist on energy and Legislative issues
- Meeting with Commission staff regarding regulatory processes

12:00 p.m. Lunch (only 10 delegates & 3 translators) **(Cafeteria)**

1:00 p.m. Customer Service Track **(Video Conference Room, 1st Floor)**

- Voice Link

Jackie Foss

1:00 p.m. Rates & Tariffs (Company Plan to Olympia)

- Meeting with one or more members of the Commission

2:30 p.m. Break

2:45 p.m. Customer Service Track **(Video Conference Room, 1st Floor)**

- Collection Personnel

Jackie Foss

3:00 p.m. Rates & Tariffs (Return From Olympia)

- Plane will return mid-afternoon and delegates will go directly to hotel

4:30 p.m. Adjourn

6:00 p.m. Dinner at employee's home: Bob Mansfield, John Watts, Jim Jewell (Kyrgyz delegation will be picked up at hotel by employees with vans; 5 kyrgyz and 2

translators per home)

Friday, March 29, 1996 - Spokane Washington Water Power Headquarters

8:00 a.m.	Breakfast	**(Rooms A & B Open)**
9:00 a.m.	Customer Service Track	**(Video Conference Room, 1st Floor)**

- Central Dispatch
- System Outages
- Emergencies

Mike McAllister

9:00 a.m.	Rates & Tariffs Track	**(Room B, 1st Floor)**

- Rate design
- Adjustment
- Clauses, Special
- Contracts

Brian Hirschkorn

9:00 a.m.	Strategic Planning Track	**(Boardroom, 5th Floor)**

Washington Water Power/Kyrgyzenergoholding Core Group Review and modify the 1996 work plan. Determine projects and deliverables, meeting dates, draft outlines and project agendas
Roger Woodworth
Mike Dwyer

10:30 a.m.	Break	
10:45 a.m.	Continuation of Three Morning Tracks	
12:00 p.m.	Lunch	**(Cafeteria)**
1:00 p.m.	Review Customer Service Track	**(Room A & B, 1st Floor)**

Assign reports and due dates
Make follow-up decisions
Jackie Foss

1:00 p.m.	Review Rate &Tariff Track	**(Rooms A & B, 1st Floor)**

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Assign reports/ deliverables and due dates
Make follow-up decisions
Tom Dukich

2:00 p.m. Break

2:15 p.m. Acknowledgments
Roger Woodworth/Mike Dwyer

Distribute, Fill-out and Collect Evaluation Forms
Phil Robinson

3:00 p.m. Adjourn

Evening Open

Saturday, March 30, 1996 - Spokane

Travel to Washington, D.C. - Scheduled departure from Spokane at 1:00 p.m.
Transportation from hotel provided by American Limousine Service (24 person bus)

Sunday, March 31, 1996

Cultural activity in Washington, D.C.

Monday, April 1, 1996

10:00 a.m. Meeting with USEA
Discuss future work plan activities

12:00 p.m. Lunch

2:00 p.m. Meeting with Hagler Bailly

4:00 p.m. Adjourn

Tuesday, April 2, 1996 - Washington DC/Frankfurt, Germany

10:00 a.m. Debriefing with USAID

Depart for Frankfurt

3:00 p.m. Carey Limousine from USEA to Dulles Airport

Wednesday, April 3, 1996

Depart for Almaty

Contact Information

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ATTACHMENT 56

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

in Cooperation with

Washington Water Power
Washington Utilities and Transportation Commission
Kyrgyz State Energy Regulatory Agency
Kyrgyz National Energy Holding Company

Regulatory Exchange

sponsored by

United States Agency for International Development

August 17-29, 1996

Date of Issue: October 24, 1996
Date of Edit: August 26, 1996

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LIST OF PARTICIPANTS

Washington Water Power
Roger Woodworth, Strategic Council
Tom Dukich, Manager, Rates & Tariff Administration
Brian Hirschkorn, Rates & Tariffs
Don Falkner, Rates & Tariffs
Tara Knox, Cost of Service
Chalon Mauro, Rates & Tariffs

Washington Utilities and Transportation Commission
Richard Hemstad, Commissioner
Bill Gillis, Commissioner
Dixie Linnenbrink, Director of Utilities
Terrence Stapleton, Regulatory Affairs Administrator
Paul Curl, Utilities Operations/Deputy Director
Gloria Papiez, Administrative Services Assistant Director
Steve King, Director of Information Services/Consumer Affairs/ Public Affairs
Vicki Elliott, Manager of Consumer Affairs
Kathy Kreiter, Assistant Director of Community Services
Mert Lott, Gas Industry Coordinator/Former Accounting Advisor to the Commissioner
Roland Martin, Senior Accounting Staff in Energy Section
Jim Lazar, Consultant (public counsel witness in numerous proceedings before the Commission)
Frank Maglietti, Economist for Staff in the Energy Section
Glenn Blackmon, Assistant Director Telecommunications

Kyrgyz State Energy Regulatory Agency
B.E. Sartkaziev, Executive Member
A.R. Tumenbaev, Executive Member
M.A. Aitkulov, Executive Member
M.T. Tashbolotov, Department Director

Kyrgyz National Energy Holding Company
Bolot A. Botbaev

United States Energy Association
John Michael Dwyer, Deputy Program Manager
Robert Marosz, Program Coordinator

Hagler Bailly
Joellyn Murphy, Consultant
Olga Terenteva, Office Manager

Interpreters
Igor Bekman
Dennis Kovalev

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Background

In 1992, the United States Agency for International Development (USAID) requested the participation of the United States Energy Association (USEA) in a series of definitional missions to determine the scope of the U.S. Government assistance effort in the energy sector of the Newly Independent States (NIS) of the Former Soviet Union. To administer this task, USEA and USAID jointly developed the Energy Industry Partnership Program (EIPP) for the NIS. The objective of the EIPP is to establish long-term cooperative partnerships between U.S. and NIS energy enterprises. Through these partnerships, U.S. energy industry can transfers its experience in market-based energy production, transmission, and distribution to its counterparts in the NIS. Presently, the EIPP has established fifteen U.S./NIS industry partnerships in seven of the eleven NIS republics.

In February 1995, Washington Water Power (WWP), the Kyrgyz National Energy Holding Company (KNEHC), and the United States Energy Association established an utility partnership. Since the signing of the partnership agreement, representatives from WWP have traveled to the Kyrgyz Republic and participants from KNEHC have journeyed to the United States to take part in a series of exchanges, seminars, and conferences designed to assist in the privatization and development of the Kyrgyz electric sector.

During the past fiscal year, USEA and WWP have worked closely with executives and managers at KNEHC and have identified rates and tariffs, energy efficiency, customer service, billing and collection, and privatization as the primary managerial and financial topics in need of attention in the electric sector. Both the USEA FY 1995 and 1996 work plans have focused on introducing and implementing management and fiscal practices common in U.S. utilities.

Program

The recent creation of an independent regulatory commission in the Kyrgyz Republic is a major step forward in the transition from a command to a market economy. During this exchange the newly appointed regulators will be exposed to the regulatory process from both the regulatory commission and the utility's perspectives. This will provide the new Kyrgyz regulators with a point of reference in the development of their own regulatory commission.

Objectives

- To introduce the Kyrgyz regulators to the history, structure, and organization of utility regulation in the United States;
- To define rate of return;
- To provide an example of a rate case used in the United States;
- To emphasize the importance of completing a cost of service study;
- To examine the breakdown of a utility tariff schedule.

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Agenda for the Regulatory Exchange
August 17-29, 1996

Note: All times are local times

Saturday, August 17, 1996 - Almaty / Washington, D.C.

5:25 a.m. Depart Almaty, Kazakstan, on United Flight 3781

7:35 a.m. Arrive Frankfurt, Germany

11:45 a.m. Depart Frankfurt, Germany, on United Flight 917

2:25 p.m. Arrive Washington/Dulles, U.S.

6:00 p.m. Dinner

Sunday, August 18, 1996 - Washington, D.C. / Olympia

Cultural activity in Washington, D.C.
Igor Bekman, Interpreter/Escort

5:20 p.m. Depart Washington/Dulles on United Flight 171

7:28 p.m. Arrive Seattle

Ground transportation to Olympia

Monday, August 19, 1996 -Olympia

9:00 a.m. Introductions and Overview of USAID, USEA, and the EIPP

9:30 a.m. Overview of the Structure and Organization of an Utility Regulatory Commission
Richard Hemstad, Commissioner
Bill Gillis, Commissioner
Dixie Linnenbrink, Director of Utilities
- History of Public Utility Regulation in the United States
- Regulatory Responsibilities

10:30 a.m. Break

11:15 a.m. Relations with State Governments
Bill Gillis, Commissioner
Richard Hemstad, Commissioner
Dixie Linnenbrink, Director of Utilities
- Appointment by Governors
- Confirmation by Legislature

12:00 p.m. Lunch

1:30 p.m. Round Table Discussion on the Energy Situation in the Kyrgyz Republic
Kyrgyz Panel Members:
B.E. Sartkaziev, Executive Member, Kyrgyz State Energy Regulatory Agency
A.R. Tumenbaev, Executive Member, Kyrgyz State Energy Regulatory Agency
M.A. Aitkulov, Executive Member, Kyrgyz State Energy Regulatory Agency
M.T. Tashbolotov, Department Director, Kyrgyz State Energy Regulatory Agency
Bolot A. Botbaev, Director, Kyrgyz National Energy Holding Company
Moderators:
John Michael Dwyer, Deputy Program Manager, USEA
Joellyn Murphy, Consultant for Hagler Bailly

The Kyrgyz panelists will provide detailed accounts of the topics listed below:

- The History of Electric Power in the Kyrgyz Republic and Central Asia
- Restructuring and the Development of Market Reforms After the Break Up of the Former Soviet Union
- The Present Energy Situation, the Creation of the Kyrgyz State Energy Regulatory Agency
- Presentation of Four Potential Scenarios of Electric Power in the Kyrgyz Republic in the Near Future

3:30 p.m. Break

3:45 p.m. Continuation of Round Table Discussion

4:00 p.m. The Kyrgyz panel members will be joined by speakers from WUTC for a dialogue on the proposed four scenarios of electric power in the Kyrgyz Republic in the near future.
WUTC Panel Members:
Richard Hemstad, Commissioner
Bill Gillis, Commissioner
Dixie Linnenbrink, Director of Utilities
Glenn Blackmon, Assistant Director of Telecommunications

Terrence Stapleton, Regulatory Affairs Administrator
Mert Lott, Gas Industry Coordinator/Former Accounting Advisor to the Commissioners
Deborah Stephens, Rate Research Specialist

5:00 p.m. Adjourn

Tuesday, August 20, 1996 -Olympia

9:00 a.m. Regulatory Compact (Balancing the interests of the rate payer with the utility's corporate interests)
Glenn Blackmon, Assistant Director Telecommunications
- Regulatory Compact
- Definition of a Natural Monopoly
- Regulation as a substitute for competition
- Goals of Regulation

10:30 a.m. Break

10:45 a.m. Structure of a Regulatory Commission
Dixie Linnenbrink, Director of Utilities
- Description of the Roles of the Various Divisions
- Staffing
  - Types of Professional Disciplines
  - Job Responsibilities and Descriptions

12:00 p.m. Lunch

1:30 p.m. Round Table Discussion on Rate of Return Regulation and the Anatomy of a Rate Case Typical in the United States
Panel Members:
Mert Lott, Gas Industry Coordinator/Former Accounting Advisor to the Commissioner
Roland Martin, Senior Accounting Staff in Energy Section
Terrence Stapleton, Regulatory Affairs Administrator
Paul Curl, Utilities Operations/Deputy Director
Gloria Papiez, Administrative Services Assistant Director
Vicki Elliott, Manager of Consumer Affairs
Kathy Kreiter, Assistant Director of Community Services
Steve King, Director of Information Services/Consumer Affairs/Public Affairs

The U.S. panelists will present concise examples of the topics listed below,

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making reference to their presentation materials when necessary, then answer questions from the Kyrgyz delegates.

- Funding a Commission
  Paul Curl & Gloria Papiez (15 minutes)

- Consumer Issues
- Bad Debts
- Cutoffs
- Complaint Resolution
  Vicki Elliott & Steve King (30 minutes)

- Low Income Solutions
  Kathy Kreiter (30 minutes)

- Who Participates in a Rate Case
- Appeals Process
  Terrence Stapleton (10 minutes)

- Anatomy of a Rate Case
- Purpose of a Rate Case
- What Type of Documentation is Submitted During a Rate Case
  Mert Lott & Roland Martin (30 minutes)

3:15 p.m. Break

3: 30 p.m. Continuation of Round Table Discussion - Question and Answer Session

5:00 p.m. Adjourn

Wednesday, August 21, 1996 - Olympia

9:00 a.m. Traditional Method of Regulation - "Rate of Return Regulation"
Mert Lott, Gas Industry Coordinator/Former Accounting Advisor to the Commissioner
Roland Martin, Senior Accounting Staff in Energy Section

- General Definitions
- Reliance on Accounting, Finance, and Economics Approaches
- Rate of Return Model

10:15 a.m. Break

10:30 a.m. Developing the Cost of Service
Jim Lazar, Consultant (public counsel witness in numerous proceedings before the Commission)
Frank Maglietti, Economist for Staff in the Energy Section
- Elements of a Cost of Service Study
- Purpose
  - Allocation of Revenue Requirements to Various Customer Classes
  - Determination of Rate of Return by the Various Customer Classes
  - Calculation of Unit Costs for Rate Design

12:00 p.m. Lunch

1:30 p.m. Continuation
- Process by Function of:
  - Generation
  - Transmission
  - Distribution

2:30 p.m.
- Classification by:
  - Customer
  - Demand
  - Energy
  - Allocation

3:30 p.m.
- Assigned Cost to Customer Classes Based on Consumption Characteristics including:
  - Production Costs
  - Common Costs
  - Distribution Primary Costs

4:15 p.m. Break

4:30 p.m. Question and Answer Session

5:00 p.m. Adjourn

Thursday, August 22, 1996 - Olympia / Spokane

10:00 a.m. Depart Seattle on Alaska Flight 333

10:50 a.m. Arrive Spokane

12:00 p.m. Lunch

1:30 p.m. Welcome and Introduction to Washington Water Power

1:45 p.m. General Rate Design Considerations
Brian Hirschkorn, Rates & Tariffs
- Basic Charges
- Customer
- Demand
- Energy

3:00 p.m. Break

3:15 p.m. Continuation
- Residential
- Commercial
- Industrial
- Other Considerations
  - Seasonal Load
  - Time of Day Load
  - Interruptible Service

4:30 p.m. Question and Answer Session

5:00 p.m. Adjourn

Friday, August 23, 1996 - Spokane

9:00 a.m. Regulation from an Utility's Perspective
Tom Dukich, Manager, Rates & Tariff Administration
- Customer Cost Tariff
- Rate Structures
  - Commercial
  - Industrial
  - Residential
- Alternative Forms of Regulation
- Industry Structure

11:00 a.m. Break

11:15 a.m. Continuation of Regulation from an Utility's Perspective

12:00 p.m.	Lunch
1:00 p.m.	Demonstration of the Rate of Return Model Don Falkner, Rates & Tariffs
3:00 p.m.	Break
3:15 p.m.	Cost of Service Model Tara Knox, Cost of Service
4:15 p.m.	Question and Answer Session
5:00 p.m.	Adjourn

Saturday, August 24, 1996 - Spokane / Travel

11:38 a.m.	Depart Spokane on United Flight 740
2:45 p.m.	Arrive Denver
3:25 p.m.	Depart Denver on United Flight 250
8:33 pm.	Arrive Washington/Dulles

Sunday, August 25, 1996 - Travel / Frankfurt

Cultural activity in Washington, D.C.
Igor Bekman, Interpreter/Escort

Monday, August 26, 1996 - Washington, D.C.

9:00 a.m.	Meeting at Hagler Bailly Working Session on Agency Implementation and the Laws
10:00 a.m.	Meeting with AES Discussion of AES's recent purchase of generation plants in Kazakstan
12:00 p.m.	Working Lunch at Hagler Bailly (with Price Waterhouse) Assessment of Restructuring and Privatization Options

2:00 p.m.	Meeting with Locadia Corporation Investment in the NIS
4:00 p.m.	Meeting at Lathan and Watkins International Pricing and Power Contracting
7:00 p.m.	White House and Oval Office Tour
8:00 p.m.	Dinner with Hagler Bailly

Tuesday, August 27, 1996 - Travel / Frankfurt

8:30 a.m.	Meeting at USEA • Evaluations • Tax Forms
10:00 a.m.	Meeting with the Federal Energy Regulatory Commission
12:30 p.m.	Working Lunch at USEA with USAID, USEA, and the World Bank
2:30 p.m.	Ground Transportation to Washington/Dulles
5:25 p.m.	Depart Washington/Dulles on United Flight 916

Wednesday, August 28, 1996 - Frankfurt / Travel

7:15 a.m.	Arrive Frankfurt
1:40 p.m.	Depart Frankfurt on United Flight 3780

Thursday, August 29, 1996 - Travel / Almaty

1:15 a.m.	Arrive Almaty, Kazakstan

ATTACHMENT 61

USEA

United States Energy Association

United States Energy Association
Energy Industry Partnership Program

in Cooperation with

Washington Water Power
Kyrgyz National Energy Holding Company

Cost of Service Exchange and
Central Asia Work Plan Meeting

sponsored by

United States Agency for International Development

October 9-19, 1996

Bishkek, Kyrgyz Republic
Almaty, Kazakstan

Date of Issue: October 3, 1996
Date of Edit: October 3, 1996

LIST OF PARTICIPANTS

Washington Water Power
Don Falkner, Rate Accountant
Tara Knox, Rate Analyst

Kyrgyz National Energy Holding Company
Tatiana Kuprianova, Head of the Commercial Department
Svetlana Efimenko, Head of Treaties and Tariffs Sector of the Commercial Center
Kuldjazera Namatova, Deputy Chief Accountant
Natalia Reznik, Economist of the Financial Center
Talant Kasymbekov, Head of the International Relations Department
K. Ukulov, Chief of Economic Planning

Kyrgyz State Energy Regulatory Agency
Bakirdin Sartkaziev, Chairman
Akylbek Tumenbaev, Chairman
Medetbek Aitkulov, Chairman
Maksatbek Tashbolotov, Staff Director

Alaugaz Joint-Stock Company
Vladimir Putintsev, President
Vadim Ageyev, Vice President

Kazakstanenergo
Vladimir Kovalchouk, Chief of Foreign Relations

United States Energy Association
John Michael Dwyer, Deputy Program Manager

Hagler Bailly/Bishkek
Joellyn Murphy, Consultant

Hagler Bailly/Almaty
Mike Biddison

Interpreters
Nadja Fitsenko and one other interpreter to be determined (Kyrgyz Republic)
Almaz Masalin (Kazakstan)

Background

In 1992, the United States Agency for International Development (USAID) requested the participation of the United States Energy Association (USEA) in a series of definitional missions to determine the scope of the U.S. Government assistance effort in the energy sector of the Newly Independent States (NIS) of the Former Soviet Union. To administer this task, USEA and USAID jointly developed the Energy Industry Partnership Program (EIPP) for the NIS. The objective of the EIPP is to establish long-term cooperative partnerships between U.S. and NIS energy enterprises. Through these partnerships, U.S. energy industry can transfers its experience in market-based energy production, transmission, and distribution to its counterparts in the NIS.

In February 1995, Washington Water Power (WWP), the Kyrgyz National Energy Holding Company (KNEHC), and the United States Energy Association established an utility partnership. Since the signing of the partnership agreement, representatives from WWP have traveled to the Kyrgyz Republic and participants from KNEHC have visited the United States to take part in a series of exchanges, seminars, and conferences designed to assist in the privatization and development of the Kyrgyz electric sector.

Throughout the partnership, USEA staff and WWP specialists have been working closely with KNEHC executives and managers on rates and tariffs, customer service, billing and collection, and privatization. USEA's work plan for fiscal year 1996 has focused on introducing and implementing management and fiscal practices commonly used in U.S. utilities.

Program

Specialists from Washington Water Power's Rates and Tariffs Department will meet with members of the rates department at KNEHC to follow up on the information presented during the Kyrgyz visit to Spokane in March. This one week exchange will focus on applying WWP's cost of service software model to the needs and specifications of the Kyrgyz. Furthermore, the WWP speakers will emphasize the accounting practices used in the Rates and Tariffs Department at WWP and other U.S. utilities, personal computer information systems, and managing information through databases and spread sheets. In addition to the partnership exchange, the USEA representative will meet with the members of the senior management at the Kyrgyz National Energy Holding Company, Kazakstanenergo, and the Alaugaz Joint-Stock Company to discuss the activities for fiscal year 1997. Finally, the USEA representative will meet with the Hagler Bailly representatives in Bishkek and Almaty to coordinate their programs in the energy sectors of both Central Asian republics.

Objectives

- To review the Kyrgyz cost of service study based on the March 1996 meeting at WWP;
- To explain and demonstrate WWP's cost of service software model;
- To install, modify, and run WWP's cost of service software model;
- To improve the Kyrgyz's ability to work with personal computers, Microsoft Excel, databases, and spread sheets;
- To share rate accounting practices used at WWP and in the U.S. which are made more efficient through the use of personal computers;
- To demonstrate the advantages of using personal computers in the billing and collection process;
- For the USEA representative to meet with members of the senior management at KNEHC, Kazakstanenergo, and the Alaugaz Joint-Stock Company to define the program activities for fiscal year 1997;
- For the USEA representative to meet other USAID contractors operating in Central Asia to coordinate projects for fiscal year 1997;
- For the USEA representative to discuss plans for a regional conference with the USAID mission in Almaty.

Agenda for the Cost of Service Exchange
October 10-19, 1996

Note: All times are local times

Friday, October 9, 1996 -Washington, D.C. - Spokane / Washington, DC

11:30 a.m. Falkner and Knox depart Spokane for Denver on United Flight 588

2:37 p.m. Arrival in Denver

3:30 p.m. Falkner and Knox depart Denver for Washington/Dulles on United Flight 250

8:37 p.m. Arrival in Washington/Dulles

Thursday, October 10, 1996 -Washington, D.C. - New York - Moscow

9:00 a.m. Washington Water Power meeting at USEA
- Review presentation material
- Install and test WWP cost of service software in USEA computer

3:20 p.m. Dwyer, Falkner, and Knox depart Washington/Dulles for New York/Kennedy on Delta Flight 1596

4:19 p.m. Arrival in New York/Kennedy

5:50 p.m. Dwyer, Falkner, and Knox depart New York/Kennedy for Moscow on Delta Flight 30

Friday, October 11, 1996 - Moscow / Almaty

11:15 a.m. Arrive in Moscow

11:20 p.m. Depart for Almaty

Saturday, October 12, 1996 -Almaty

6:30 a.m. Arrive in Almaty

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Sunday, October 13, 1996 -Almaty/Bishkek

12:00 p.m. Depart for Bishkek

Monday, October 14, 1996 -Bishkek

9:00 a.m. Welcome and Introductions

9:30 a.m. Overview of USAID, USEA, and the EIPP
John Michael Dwyer, USEA
- Review of the partnership between WWP and KNEHC
- Review of past rates exchanges between WWP and KNEHC
- Workshop agenda

10:00 a.m. Overview of KNEHC
KNEHC speaker(s) to be determined

10:30 a.m. Break

10:45 a.m. Overview of accounting practices used at WWP
Don Falkner, WWP

12:00 p.m. Lunch

1:30 p.m. Revenue Requirement
Don Falkner, WWP
Tara Knox, WWP

2:00 p.m. Jurisdictional Allocations
Don Falkner, WWP
Tara Knox, WWP

2:30 p.m. Description of Customer Classes
Tara Knox, WWP

3:00 p.m. Break

3:15 p.m. Introduction to Cost of Service
- Data Requirements
- Calculation Methodology

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4:00 p.m.	Discussion of Accounting used by KNEHC KNEHC speakers to be determined
4:30 p.m.	Discussion of cost of service data used by KNEHC KNEHC speakers to be determined
5:00 p.m.	Adjourn

Evening program: Meeting with the Kyrgyz State Energy Regulatory Agency and Hagler Bailly

Tuesday, October 15, 1996 - Bishkek

9:00 a.m.	Demonstration of the WWP cost of service software model Tara Knox, WWP
10:15 a.m.	Break
10:30 a.m.	Review of sample cost of service models Don Falkner, WWP Tara Knox, WWP
12:00 p.m.	Lunch
1:30 p.m.	Explanation of how various parameters are integrated into the cost of service software model Don Falkner, WWP Tara Knox, WWP
2:30 p.m.	Demonstration of how repetitive data is manipulated in the cost of service model using computer spreadsheet software Don Falkner, WWP Tara Knox, WWP
3:00 p.m.	FY 1997 Work Plan Meeting John Michael Dwyer, USEA Talant Kasymbekov, KNEHC • Define topics and dates • Identify management deliverables to be produced from future exchanges
4:00 p.m.	Break

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4:15 p.m.	Question and Answer Session
5:00 p.m.	Adjourn

Wednesday, October 16, 1996 - Bishkek

9:00 a.m.	Inspection of KNEHC's computer hardware and software John Michael Dwyer, USEA Don Falkner, WWP Tara Knox, WWP
10:15 a.m.	Break
10:30 p.m.	Install and test run Washington Water Power's cost of service software model onto KNEHC's computer Tara Knox, WWP
12:00 p.m.	Lunch
1:30 p.m.	General modification of Washington Water Power's cost of service software model to being to fit KNEHC's customer classes Tara Knox, WWP
2:00 p.m.	Discussion of how the various parameters for each customer class used by KNEHC can be integrated into the cost of service software model Don Falkner, WWP Tara Knox, WWP
2:30 p.m.	First test run of cost of service model for a sample customer class based on the description and parameters provided by KNEHC Tara Knox, WWP
3:30 p.m.	Break
4:00 p.m.	Second test run of cost of service model for a sample customer class based on the description and parameters provided by KNEHC Tara Knox, WWP
5:00 p.m.	Adjourn

Thursday, October 17, 1996 -Almaty

Agenda for John Michael Dwyer, USEA

9:00 a.m.	John Michael Dwyer departs for Almaty, Kazakstan
1:30 p.m.	USEA meeting with Kazakstanenergo
4:00 p.m.	USEA meeting with Hagler Bailly/Mike Biddison • Discuss USEA's partnership programs in support of Hagler Bailly's energy sector activities

Thursday, October 17, 1996 - Bishkek

Agenda for Don Falkner and Tara Knox, WWP

9:00 a.m.	General modification of Washington Water Power's cost of service software model to fit KNEHC's requirements Don Falkner, WWP Tara Knox, WWP
10:15 a.m.	Break
10:30 a.m.	Continue with building models
12:00 p.m.	Lunch
1:00 p.m.	Continue with building models
3:00 p.m.	Break
3:30 p.m.	Cost of Service demonstration for senior Kyrgyz management
5:00 p.m.	Conclusion of exchange

Friday, October 18, 1996-Bishkek/Almaty

9:00 a.m.	Washington Water Power staff depart for Almaty

9:00 a.m.	USEA/Mike Dwyer to meet with Alaugaz • Discuss FY 1997 Work Plan • Define next meeting on Business Planning and expected draft business plans
1:00 p.m.	WWP staff meet Mike Dwyer at Dostyk Hotel in Almaty
2:30 p.m.	USEA and WWP Debriefing at USAID Mission
4:00 p.m.	Adjourn

Saturday, October 19, 1996 - Almaty /Moscow/New York

Travel back to the United States

ATTACHMENT 57

Overall FY 97 Budget

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$83,000	$152,066	$230,800	$134,647	$138,000	$247,579	$130,500	$222,500	$59,500	$221,647	$49,100	$342,900	$2,012,239
Conferences/Seminars	$67,000	$42,000	$27,000	$44,000	$0	$37,000	$0	$63,151	$40,500	$0	$35,000	$33,624	$389,275
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$150,000	$194,066	$257,800	$178,647	$138,000	$284,579	$130,500	$285,651	$100,000	$221,647	$84,100	$376,524	$2,401,514
Administration Overhead	$67,537	$67,539	$67,541	$67,537	$67,539	$67,541	$67,537	$67,539	$67,541	$67,537	$67,539	$67,547	$810,468
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$217,537	$261,605	$325,341	$246,184	$205,539	$352,120	$198,037	$353,190	$167,541	$289,184	$151,639	$444,071	$3,211,982
Cumulative Y-T-D	$217,537	$479,141	$804,482	$1,050,665	$1,256,204	$1,608,323	$1,806,360	$2,159,549	$2,327,090	$2,616,273	$2,767,912	$3,211,982	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$94,864	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$94,864
Conferences/Seminars	$36,461	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$36,461
Information Dissemination	$8,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$8,588
Programs Total	$139,913	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$139,913
Administration Overhead	$65,420	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$65,420
Other Direct Costs	$226	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$205,496	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$205,559
Cumulative Y-T-D	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	$205,496	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$12,041	$225,036	$542,387	$735,433	$932,982	$1,229,132	$1,419,179	$1,726,227	$1,820,778	$2,067,824	$2,211,473	$2,613,923	$0

Armenia

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$0	$50,000	$0	$0	$54,000	$0	$54,000	$0	$37,000	$0	$57,000	$252,000
Conferences/Seminars	$0	$0	$12,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$12,000
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$0	$62,000	$0	$0	$54,000	$0	$54,000	$0	$37,000	$0	$57,000	$264,000
Administration Overhead	$6,666	$6,667	$6,667	$6,666	$6,667	$6,667	$6,666	$6,667	$6,667	$6,666	$6,667	$6,667	$80,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$6,666	$6,667	$68,667	$6,666	$6,667	$60,667	$6,666	$60,667	$6,667	$43,666	$6,667	$63,667	$344,000
Cumulative Y-T-D	$6,666	$13,333	$82,000	$88,666	$95,333	$156,000	$162,666	$223,333	$230,000	$273,666	$280,333	$344,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$5,526												$5,526
Conferences/Seminars	$0												$0
Information Dissemination	$17												$17
Programs Total	$5,543	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,543
Administration Overhead	$2,444												$2,444
Common Other Direct Costs	$0												$0
Country Other Direct Costs	$0												$0
Monthly Totals	$7,987	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,987
Cumulative Y-T-D	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	$7,987	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	($1,321)	$5,346	$74,013	$80,679	$87,346	$148,013	$154,679	$215,346	$222,013	$265,679	$272,346	$336,013	$0

Kazakhstan

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$32,000	$22,000	$12,000	$0	$20,000	$0	$22,000	$0	$0	$22,000	$0	$30,000	$160,000
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$25,000	$0	$0	$0	$0	$25,000
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$32,000	$22,000	$12,000	$0	$20,000	$0	$22,000	$25,000	$0	$22,000	$0	$30,000	$185,000
Administration Overhead	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$57,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$36,750	$26,750	$16,750	$4,750	$24,750	$4,750	$26,750	$29,750	$4,750	$26,750	$4,750	$34,750	$242,000
Cumulative Y-T-D	$36,750	$63,500	$80,250	$85,000	$109,750	$114,500	$141,250	$171,000	$175,750	$202,500	$207,250	$242,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$382												$382
Conferences/Seminars	$0												$0
Information Dissemination	$76												$76
Programs Total	$458	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$458
Administration Overhead	($1,095)												($1,095)
Common Direct costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	($637)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($637)
Cumulative Y-T-D	($637)	($637)	($637)	($637)	($637)	($637)	($637)	($637)	($637)	($637)	($637)	($637)	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$37,387	$64,137	$80,887	$85,637	$110,387	$115,137	$141,887	$171,637	$176,387	$203,137	$207,887	$242,637	$0

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Kyrgyzstan

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$28,000	$0	$0	$32,000	$0	$0	$28,000	$0	$0	$0	$0	$0	$88,000
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$28,000	$0	$0	$32,000	$0	$0	$28,000	$0	$0	$0	$0	$0	$88,000
Administration Overhead	$2,416	$2,417	$2,417	$2,416	$2,417	$2,417	$2,416	$2,417	$2,417	$2,416	$2,417	$2,417	$29,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$30,416	$2,417	$2,417	$34,416	$2,417	$2,417	$30,416	$2,417	$2,417	$2,416	$2,417	$2,417	$117,000
Cumulative Y-T-D	$30,416	$32,833	$35,250	$69,666	$72,083	$74,500	$104,916	$107,333	$109,750	$112,166	$114,583	$117,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$17,319												$17,319
Conferences/Seminars	$0												$0
Information Dissemination	$0												$0
Programs Total	$17,319	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,319
Administration Overhead	$8,506												$8,506
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	$25,825	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$25,825
Cumulative Y-T-D	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	$25,825	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$4,591	$7,008	$9,425	$43,841	$46,258	$48,675	$79,091	$81,508	$83,925	$86,341	$88,758	$91,175	$0

Russia

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$23,000	$17,000	$67,800	$13,500	$37,000	$46,600	$26,500	$21,500	$15,500	$63,500	$49,100	$43,900	$424,900
Conferences/Seminars	$67,000	$21,000	$0	$0	$0	$37,000	$0	$0	$15,500	$0	$0	$0	$140,500
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$90,000	$38,000	$67,800	$13,500	$37,000	$83,600	$26,500	$21,500	$31,000	$63,500	$49,100	$43,900	$565,400
Administration Overhead	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$15,548.50	$186,582
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$105,549	$53,549	$83,349	$29,049	$52,549	$99,149	$42,049	$37,049	$46,549	$79,049	$64,649	$59,449	$751,982
Cumulative Y-T-D	$105,549	$159,097	$242,446	$271,494	$324,043	$423,191	$465,240	$502,288	$548,837	$627,885	$692,534	$751,982	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$19,039												$19,039
Conferences/Seminars	$21,886												$21,886
Information Dissemination	$76												$76
Programs Total	$41,001	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$41,001
Administration Overhead	$16,993												$16,993
Common Direct Costs	$0												$0
Country Direct Costs	$58												$58
Monthly Totals	$58,052	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$58,052
Cumulative Y-T-D	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	$58,052	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$47,497	$101,045	$184,394	$213,442	$265,991	$365,139	$407,188	$444,236	$490,785	$569,833	$634,482	$693,930	$0

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Ukraine

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$57,000	$78,000	$0	$54,000	$55,000	$54,000	$82,000	$0	$50,000	$0	$112,000	$542,000
Conferences/Seminars	$0	$0	$15,000	$0	$0	$0	$0	$0	$0	$0	$35,000	$0	$50,000
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$57,000	$93,000	$0	$54,000	$55,000	$54,000	$82,000	$0	$50,000	$35,000	$112,000	$592,000
Administration Overhead	$15,333	$15,333	$15,334	$15,333	$15,333	$15,334	$15,333	$15,333	$15,334	$15,333	$15,333	$15,334	$184,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0	$0	$0
Monthly Totals	$15,333	$72,333	$108,334	$15,333	$69,333	$70,334	$69,333	$97,333	$15,334	$65,333	$50,333	$127,334	$776,000
Cumulative Y-T-D	$15,333	$87,666	$196,000	$211,333	$280,666	$351,000	$420,333	$517,666	$533,000	$598,333	$648,666	$776,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$25,326												$25,326
Conferences/Seminars	$14,575												$14,575
Information Dissemination	$8,343												$8,343
Programs Total	$48,244	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$48,244
Administration Overhead	$24,860												$24,860
Common Direct Costs	$0												$0
Country Direct Costs	$168												$168
Monthly Totals	$73,272	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$73,272
Cumulative Y-T-D	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	$73,272	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	($57,939)	$14,394	$122,728	$138,061	$207,394	$277,728	$347,061	$444,394	$459,728	$525,061	$575,394	$702,728	$0

Moldova

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$0	$23,000	$0	$27,000	$0	$0	$0	$0	$15,000	$0	$50,000	$115,000
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$0	$25,000	$0	$0	$0	$25,000
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$0	$23,000	$0	$27,000	$0	$0	$0	$25,000	$15,000	$0	$50,000	$140,000
Administration Overhead	$3,833	$3,833	$3,834	$3,833	$3,833	$3,834	$3,833	$3,833	$3,834	$3,833	$3,833	$3,834	$46,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$3,833	$3,833	$26,834	$3,833	$30,833	$3,834	$3,833	$3,833	$28,834	$18,833	$3,833	$53,834	$186,000
Cumulative Y-T-D	$3,833	$7,666	$34,500	$38,333	$69,166	$73,000	$76,833	$80,666	$109,500	$128,333	$132,166	$186,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$8,023												$8,023
Conferences/Seminars	$0												$0
Information Dissemination	$0												$0
Programs Total	$8,023	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$8,023
Administration Overhead	$3,887												$3,887
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	$11,910	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$11,910
Cumulative Y-T-D	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	$11,910	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	($8,077)	($4,244)	$22,590	$26,423	$57,256	$61,090	$64,923	$68,756	$97,590	$116,423	$120,256	$174,090	$0

Georgia

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$21,000	$0	$44,000	$0	$44,000	$0	$0	$44,000	$0	$0	$50,000	$203,000
Conferences/Seminars	$0	$21,000	$0	$44,000	$0	$0	$0	$0	$0	$0	$0	$0	$65,000
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0	$0
Programs Total	$0	$42,000	$0	$88,000	$0	$44,000	$0	$0	$44,000	$0	$0	$50,000	$268,000
Administration Overhead	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$132,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$11,000	$53,000	$11,000	$99,000	$11,000	$55,000	$11,000	$11,000	$55,000	$11,000	$11,000	$61,000	$400,000
Cumulative Y-T-D	$11,000	$64,000	$75,000	$174,000	$185,000	$240,000	$251,000	$262,000	$317,000	$328,000	$339,000	$400,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$19,249												$19,249
Conferences/Seminars	$0												$0
Information Dissemination	$76												$76
Programs Total	$19,325	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$19,325
Administration Overhead	$10,042												$10,042
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	$29,367	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$29,367
Cumulative Y-T-D	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	$29,367	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	($18,367)	$34,633	$45,633	$144,633	$155,633	$210,633	$221,633	$232,633	$287,633	$298,633	$309,633	$370,633	$0

Regional Conference/Central Asia

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
40 Conference - 1	$0	$0	$0	$0	$0	$0	$0	$65,000	$0	$0	$0	$0	$65,000
41 Conference - 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
42 Conference - 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Program Total	$0	$0	$0	$0	$0	$0	$0	$65,000	$0	$0	$0	$0	$65,000
Administration Overhead	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$67,500	$2,500	$2,500	$2,500	$2,500	$95,000
Cumulative Y-T-D	$2,500	$5,000	$7,500	$10,000	$12,500	$15,000	$17,500	$85,000	$87,500	$90,000	$92,500	$95,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
40 Conference - 1	$0												$0
41 Conference - 2	$0												$0
42 Conferene - 3	$0												$0
Programs Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administration Overhead	($217)												($217)
Other Direct Costs													$0
Monthly Totals	($217)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($217)
Cumulative Y-T-D	($217)	($217)	($217)	($217)	($217)	($217)	($217)	($217)	($217)	($217)	($217)	($217)	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$2,717	$2,717	$2,717	$2,717	$2,717	$2,717	$2,717	$67,717	$2,717	$2,717	$2,717	$2,717	$0

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UZBEKISTAN

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$11,689	$0	$15,049	$0	$15,993	$0	$0	$0	$11,382	$0	$0	$54,113
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$12,717	$0	$0	$0	$11,208	$23,925
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$11,689	$0	$15,049	$0	$15,993	$0	$12,717	$0	$11,382	$0	$11,208	$78,038
Administration Overhead	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,832	$21,962
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$1,830	$13,519	$1,830	$16,879	$1,830	$17,823	$1,830	$14,547	$1,830	$13,212	$1,830	$13,040	$100,000
Cumulative Y-T-D	$1,830	$15,349	$17,179	$34,058	$35,888	$53,711	$55,541	$70,088	$71,918	$85,130	$86,960	$100,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0												$0
Conferences/Seminars	$0												$0
Information Dissemination	$0												$0
Programs Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administration Overhead	($63)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	($63)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cumulative Y-T-D	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)	($63)	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$1,893	$15,412	$17,242	$34,121	$35,951	$53,774	$55,604	$70,151	$71,981	$85,193	$87,023	$100,063	$0

TAJIKISTAN

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$11,688	$0	$15,049	$0	$15,993	$0	$0	$0	$11,383	$0	$0	$54,113
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$12,717	$0	$0	$0	$11,208	$23,925
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$11,688	$0	$15,049	$0	$15,993	$0	$12,717	$0	$11,383	$0	$11,208	$78,038
Administration Overhead	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,832	$21,962
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$1,830	$13,518	$1,830	$16,879	$1,830	$17,823	$1,830	$14,547	$1,830	$13,213	$1,830	$13,040	$100,000
Cumulative Y-T-D	$1,830	$15,348	$17,178	$34,057	$35,887	$53,710	$55,540	$70,087	$71,917	$85,130	$86,960	$100,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0												$0
Conferences/Seminars	$0												$0
Information Dissemination	$0												$0
Programs Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administration Overhead	$0												$0
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cumulative Y-T-D	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$1,830	$15,348	$17,178	$34,057	$35,887	$53,710	$55,540	$70,087	$71,917	$85,130	$86,960	$100,000	$0

Prepared 11/18/96

TURKMENISTAN

Monthly Budget	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0	$11,689	$0	$15,049	$0	$15,993	$0	$0	$0	$11,382	$0	$0	$54,113
Conferences/Seminars	$0	$0	$0	$0	$0	$0	$0	$12,717	$0	$0	$0	$11,208	$23,925
Information Dissemination	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Programs Total	$0	$11,689	$0	$15,049	$0	$15,993	$0	$12,717	$0	$11,382	$0	$11,208	$78,038
Administration Overhead	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,830	$1,832	$21,962
Other Direct Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Totals	$1,830	$13,519	$1,830	$16,879	$1,830	$17,823	$1,830	$14,547	$1,830	$13,212	$1,830	$13,040	$100,000
Cumulative Y-T-D	$1,830	$15,349	$17,179	$34,058	$35,888	$53,711	$55,541	$70,088	$71,918	$85,130	$86,960	$100,000	

Actual Expenditures	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Management/Technical Exchange	$0												$0
Conferences/Seminars	$0												$0
Information Dissemination	$0												$0
Programs Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Administration Overhead	$0												$0
Common Direct Costs	$0												$0
Country Direct Costs	$0												$0
Monthly Totals	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cumulative Y-T-D	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	

Budget vs. Actual	1996			1997									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTALS
Cumulative Y-T-D	$1,830	$15,349	$17,179	$34,058	$35,888	$53,711	$55,541	$70,088	$71,918	$85,130	$86,960	$100,000	$0

As of 10/31/96

OBLIGATION/EXPENDITURE ANALYSIS BY COUNTRY - NEWLY INDEPENDENT STATES

Obligation 1 **$1,537,740** **9/30/92**	**Obligation 2** **$164,375** **5/25/93**	**Obligation 3** **$2,194,600** **7/23/93**	**Obligation 4** **$1,521,284** **7/7/94**	**Obligation 5** **$1,675,000** **8/30/94**	**Obligation 6** **$260,000** **9/13/94**	**Obligation 7** **$190,000** **8/29/95**
Russia 1992 - $301,302 1993 - $618,219	**Russia** Obligated - $164,375 Expended - $164,375	**Russia** 1993 - $407,139 1994 - $715,054	**Russia** Obligated $1,233,285 Expended 1994 - $572,412 1995 - $660,873	**Russia** $0	**Russia** $0	**Russia** $0
Kazakhstan 1993 - $259,652		**Kazakhstan** 1993 - $240,036 1994 - $71,386		**Kazakhstan** 1994 - $57,416 1995 - $733,664	**Kazakhstan** $0	**Kazakhstan** $0
Kyrgyzstan 1993 - $101,388		**Kyrgyzstan** 1993 - $119,902 1994 - $114,281		**Kyrgyzstan** 1994 - $91,284 1995 - $149,025	**Kyrgyzstan** $0	**Kyrgyzstan** $0
Armenia 1993 - $114,989		**Armenia** 1993 - $106,301 1994 - $55,919	**Armenia** Obligated $288,000 Expended 1994 - $44,724 1995 - $41,597 1996 - $98,539	**Armenia** $0	**Armenia** $0	**Armenia** $0
Ukraine 1993 - $117,462		**Ukraine** 1993 - $108,587 1994 - $147,531		**Ukraine** 1994 - $115,870 1995 - $372,474	**Ukraine** $0	**Ukraine** $0
Uzbekistan 1993 - $24,728		**Uzbekistan** 1993 - $22,861 1994 - $0		**Uzbekistan** $0	**Uzbekistan** $0	**Uzbekistan** $0
Moldova		**Moldova** 1993 - $33,313		**Moldova** 1994 - $26,668 1995 - $18,215 1996 - $58,725	**Moldova** $0	**Moldova** 1995 - $190,000
Georgia		**Georgia** 1994 - 52,350		**Georgia** 1994 - $ 41,907 1995 - $202,493	**Georgia** $0	**Georgia** $0
CAR		**CAR**		**CAR** 1995 - $0	**CAR** 1995 - $160,6874 1996 - $4,705	**CAR** $0

As of 10/31/96

OBLIGATION/EXPENDITURE ANALYSIS BY COUNTRY - NEWLY INDEPENDENT STATES

Obligation 8 **$3,895,000** **12/5/95**	**Obligation 9** **$510,000** **8/12/695**	**Obligation 10** **$400,000** **8/9/96**	**Obligation 11** **$1,100,000** **8/22/96**	**Remaining Funds Obligations by Country**	**Remaining Funds In General Pool**
Russia Obligated $2,000,000 Expended 1995 - $225,200 1996 - $624,626				**Obligation 8=$1,140,994**	$313,386
Kazakhstan Obligated $445,000 Expended 1996 - $197,673				**Obligation 8 = $247,327**	
Kyrgyzstan Obligated $300,000 Expended 1996 - $183,387				**Obligation 8 = 116,613**	
Armenia Obligated $220,000 Expended $0	**Armenia** Obligated $310,000			**Obligation 4 = $103,140** **Obligation 8= $220,000** **Obligation 9=$310,000**	
Ukraine Obligated $500,000 Expended 1996 - $405,718			**Ukraine** Obligated $800,000	**Obligation 8 = $94,282** **Obligation 11 = $800,000**	
Uzbekistan Obligated $0 Expended $0			**Uzbekistan** Obligated $100,000 Expended $ 63	**Obligation 11 = $99,937**	
Moldova Obligated $0 Expended $0	**Moldova** Obligated $200,000 Expended $30,663			**Obligation 9=$169,337**	
Georgia Obligated $430,000 Expended 1996 - $112,801		**Georgia** Obligated $400,000		**Obligation 8 = $314,199** **Obligation 10 = $400,000**	
CAR Obligated $0 Expended $0				**Obligation 6 = $90,101**	

Obligation 8 **$3,895,000** **12/5/95**	**Obligation 9** **$510,000** **8/12/695**	**Obligation 10** **$400,000** **8/9/96**	**Obligation 11** **$1,100,000** **8/22/96**	**Remaining Funds Obligations by Country**	**Remaining Funds In General Pool**
Tajikistan			**Tajikistan** Obligated $100,000	**Obligation 11** = $100,000	
Turkmenistan			**Turkmenistan** Obligated $100,000	**Obligation 11** = $100,000	