

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

**ANNUAL REPORT
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Submitted to

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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 of 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, provides to the United States Energy Association (USEA) the sum of \$14,891,838 towards a program with a total estimate to the U.S. Government of \$16,175,227. These funds are to support the establishment, implementation, and development of energy partnerships in the Newly 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 Russian Federation

1 Sibirgazservis / National Fuel Gas Investor Owned Utility Finance, Regulation, and Rate Making September 27, 1996 to October 4, 1996

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 Correspondence with the seminar participants will determine future activity

Accomplishments

- Discussed how public policy goals can be balanced with the corporate requirements of regulated utilities through tariff regulation
- Introduced concept of independent regulatory commission
- Developed preliminary understanding of revenue requirements cost of service models and customer class tariffs
- Discussed different types of risks that domestic and international investors confront in Russia, and how independent bodies can reduce that risk

The agenda is submitted as Attachment 1

2 Nizhnovenergo / Illinois Power Company Executive Exchange October 5-12, 1996

This activity serves as a follow up to the September 1996 exchange in Nizhny Novgorod in which a one-week seminar for power plant general directors focused on management structure and operational procedures used in the Illinois Power system This exchange provided an opportunity for managers to observe first hand the management practices used by Illinois Power to efficiently operate electric generating stations subject to the discipline of a market economy In addition the Russian delegates toured power plants exchanged ideas with principle fuel suppliers Having observed power plants in both the NIS and U S this follow up exchange provided the executives from Illinois Power and Nizhnovenergo an opportunity to engage in more detailed discussion on fossil fuel generation fuel handling maintenance procedures plant efficiency and environmental technology

Accomplishments

- Discussed how the fossil fuel generation department of Illinois Power is structured and its operations within the larger Illinois Power organization
- Reviewed safety procedures at Illinois Power and note policies and procedures that may be adopted by Nizhnovenergo
- Studied maintenance procedures used by Illinois Power to minimize downtime for generating units

The agenda is submitted as Attachment 2

**3 Workshop on Regulatory Reform of the Russian Energy Sector
October 15-17, 1996**

One of the major challenges confronting regional utilities in Russia during their transition to a market economy is the lack of a consistent approach to the development of utility tariffs. The recent establishment of the Federal Energy Commission (FEC) and Regional Energy Commissions (REC) in Russia's oblasts is an evolutionary step toward privatization and initiation into international capital markets. In addition, these commissions will enable local gas and electric utilities to initiate the recovery of their operating cost. Samaragaz hosted a gathering of U.S. and Russian utility regulatory and financial executives. The three-day workshop entitled *The Emerging Regulatory Reform of the Russian Energy Sector: How Will It Impact Regional Electric and Gas Utilities* provided a venue for Russian and American senior policy makers from both the federal and regional governments, as well as regulators and utility executives, to share their concerns, experience, and observations regarding the regulation of the Russian energy sector.

Accomplishments

- The workshop provided a venue for federal and regional regulators to share their vision and concerns regarding energy regulation with each other and with regional gas and electric utilities.
- The meetings offered an opportunity for regional utility executives to discuss their regulatory reform requirements with both regional and federal regulatory authorities.
- Representatives of the financial industry gathered to discuss the effect of independent regulation on the ability to attract domestic and international capital to the regional utilities.
- Participants were able to examine the role of the federal and regional regulatory authorities in resolving the issue of non-payments.
- Those in attendance were asked to consider the responsibility of the regulator to balance the corporate interests of the utility with the needs and requirements of the consumer.

The agenda is submitted as Attachment 3.

**4 Vladimiroblgaz / Brooklyn Union Gas
Capital Financing and Regulatory Exchange Visit
November 2-9, 1996**

Objectives of the Capital Financing and Regulatory Exchange Visit were to provide the Russian delegates with the information necessary to attract private capital financing and to present them with an overview of the history, structure, and dynamics of utility regulation in the United States. The principle objective was to demonstrate the relationship between a stable regulatory environment and the ability to attract international capital. In addition, the exchange included an update of the metering project currently in progress in the Vladimir region. Furthermore, Russian utility executives met with representatives from the New York Public Service Commission (NYPSC), the Federal Energy Regulatory Commission (FERC), and the United States Agency for International Development.

Accomplishments

During meetings at Merrill Lynch, the Russian delegates acquired an understanding of the expectations and requirements of investors, the impact of regulation for investors, strategic planning, utility finance in a competitive market, re-engineering business process.

improvements and the impact of deregulation (FERC Order 636) on local distribution companies

- At Standard & Poor's the group from Vladimir took part in a question and answer session on the process of obtaining a corporate finance rating regulatory filings and how to establish competitive rates during the unbundling of the services and transportation
- The Russian utility executives became familiar with the staffing and operating procedures funding rate making process public participation in rate cases and ethics at the NYPSA. In particular the NIS partners enhanced their ability to distinguish the jurisdictional parameters of the federal and state regulatory commissions

The agenda is submitted as Attachment 4 and the corresponding trip report as Attachment 5

5 **Vladimirobgaz / Brooklyn Union Gas Gas Metering Project Ongoing Project**

In support of a World Bank loan for the rehabilitation for the Russian natural gas sector Vladimirobgaz and its U.S. utility partner Brooklyn Union Gas have developed a pilot metering project to determine the optimal configuration of metering for residential customers. The pilot project is intended to measure changes in customer consumption and revenue collection, in a test region of 450 residential customers as a result of improved metering and collection operations. On December 11, 1996, all 450 meters were delivered by Burns and Roe, the procurement agent for the project. A 14 step process from meter installation to bill collection has been developed and will be implemented by Vladimirobgaz during the pilot project. Vladimirobgaz design specialists developed customized couplings and fittings and the utility's engineers have attached the fittings and couplings to the meters and installation of the residential meters has begun. As of June 17, 1997, the following meters have been installed:

| | <u>Shipped</u> | <u>Installed</u> |
|--------------------|----------------|------------------|
| Master AL 1000 | 6 | 6 |
| Master AL 425 | 16 | 12 |
| Residential AC 250 | 450 | 160 |
| Total | 472 | 178 |

The remaining meters are planned for installation in October 1997. The delay in installation is caused by the lack of certification from the Russian State Standards Committee (GOSTANDARD). At the present time Vladimirobgaz holds a temporary permit for the experimental operation of the gas meters for one year. The Russian Science and Research Institute of the Meteorological Service (VNIIMS) has agreed to test a batch of 35 AC 250 meters for standards compliance and will carry out the meteorological certification of AL 425 and AL-1000 gas meters during the year covered by the temporary permit. To conduct the necessary tests Vladimirobgaz is required to provide VNIIMS with technical documentation for the above-mentioned gas meters of American Meter Company. The total cost of work is estimated at 20 million rubles approximately \$3,500,000 USD. As Vladimirobgaz did not envisage the above work, no funds are available from its budget to pay for the certification of the gas meters and they have requested that Burns & Roe explore the possibility of allocating funding for the equipment certification.

Accomplishments

- USEA successfully oversaw the logistics for the delivery of 500 U.S. manufactured gas meters to Russia
- Vladimirobgaz established a 14 step metering, billing, and collection process
- Vladimirobgaz recently received GOSTANDARD certification for the master meters and completed their installation last month
- 178 of the total 472 meters have been installed as of June 1997
- Information collection is underway for the certification testing, however payment resolution has yet to be resolved

6 Clean Coal Technology Conference January 5-12, 1997

Featuring speakers from the United States Department of Energy, the International Energy Agency, the National Rural Electric Cooperative Association, Duke Power, and the World Bank, the fifth annual Clean Coal Technology Conference introduced technological developments and strategies which will enable coal to remain an economic and environmentally competitive source of fuel for power generation into the twenty-first century. The delegation attended presentations on clean coal technology in U.S. and international markets, coal production, privatization and implementation, lowering the cost of providing power, the perspective of the rural electric industry, deregulation, and environmental issues and requirements. The Russian delegates toured the conference exhibition floor and developed professional contacts. In addition, the Russian power experts were guided through a 250 MW integrated gasification combined cycle (IGCC) plant. Closing ceremonies included an address from the Secretary of the United States Department of Energy, the Honorable Hazel R. O'Leary.

Accomplishments

- The Russian delegates were introduced to several different approaches to present and future implementations of clean coal technology in both U.S. and international markets
- The participants witnessed new clean coal technologies in operation at generation facilities in the U.S.
- The All Russian Thermal Engineering Institute representatives learned how economic cost/benefit analysis is applied to specific instances of environmental performance upgrades

The agenda is submitted as Attachment 6

7 Nizhnovenergo / Illinois Power Customer Service Seminar and Exchange February 13-22, 1997

Following up on the Customer Service and Delivery System Exchange conducted last year in Decatur, Illinois, representatives from Illinois Power worked in Nizhny Novgorod from February 13-22, 1997, for a two-day seminar followed by an exchange. The three U.S. speakers presented information on metering, billing, and collections, creating a customer service data base, addressing customer complaints, accounting for late and non-payments, improving energy efficiency and conservation, and providing customer satisfaction. During the exchange portion of this trip, the Nizhnovenergo and Illinois Power partners visited industrial customers and discussed the Russian consumers' energy

service needs and how the utility can provide customers with an emphasis on energy efficiency and captive power generation. In addition, the Illinois Power representatives began investigating commercial opportunities in Russia through a series of meetings with the Foreign Commercial Service representatives from USAID/Moscow, the U.S. Russian Investment Fund, and the American Chamber of Commerce. This project was conducted concurrently with the Corporate Planning and Benchmarking Seminar.

Accomplishments

- The U.S. and NIS utility partners discussed recent progress in the areas of metering, billing, and collections, and accounting for late and non payments.
- The Illinois Power executives demonstrated the advantages of creating a customer service data base.
- Nizhnovenergo personnel introduced the Illinois Power guests to industrial customers to discuss the wide range of utility services typically provided by U.S. utilities and to determine opportunities for Illinois Power to provide energy services.

The agenda is submitted as Attachment 7 and the corresponding trip report as Attachment 8.

8 Nizhnovenergo / Illinois Power Benchmarking Seminar February 13-22, 1997

Conducted concurrently with the Customer Service Seminar and Exchange, the Illinois Power staff provided an introduction to the concept of benchmarking and described a mission statement and establishing corporate goals. The U.S. utility partners offered illustrations of corporate planning and suggested ways to draft a market driven strategy. Furthermore, they demonstrated the organizational benefits of computer applications and information technology.

Accomplishments

- Introduced the concept of benchmarking.
- Nizhnovenergo managers learned about the processes of defining a mission statement and setting corporate goals.
- The U.S. and NIS utility partners discussed examples of market oriented corporate plans.
- The Illinois Power executives demonstrated the organizational benefits of computer applications and information technology.

The agenda is submitted as Attachment 7 and the corresponding trip report as Attachment 8.

9 Penzagaz / Columbia Gas Company Customer Information Systems Exchange February 22, 1997 - March 1, 1997

After the development of an automated customer information system and plans for opening new customer payment centers by Penzagaz, Columbia Gas personnel traveled to Penza to assist their Russian utility partners establish and maintain more accurate customer consumption, billing, and payment records. By improving access to the utility, customers will become better informed of the benefits of energy efficiency and conservation. In addition, these customers will understand the

importance of responsible payment for consumption. Penzagaz officials see these new programs as a means to help decrease non or late payments and eventually stabilize their company's revenues. Building upon these accomplishments in customer information systems and customer service, Columbia Gas executives presented material on the responsibility of management to oversee corporate strategy, the financial process, revenue forecasting, and information systems. The exchange, which consisted of several site visits, concluded with a two day seminar on utility accounting for employees of Penzagaz, Penzenergo, and the Regional Energy Commission.

Accomplishments

- Penzagaz computer engineers, working with their U.S. utility counterparts, developed an automated customer information system to track customer payment histories by customer class, location, and periodicity.
- Penzagaz plans to open remote pay stations to improve customer interaction, cash flow, and overall customer service.
- Columbia Gas information technology and customer service specialists exchanged information with their Russian partners on maintaining and improving the direct access payment centers and an automated customer information system.
- Columbia Gas representatives conducted a two day seminar on Western accounting standards as an introduction to the next partnership focus area.
- At the suggestion of Columbia Gas, Penzagaz hired an English speaking recent college graduate schooled in business administration to serve as a change agent in the process of converting to western accounting systems.

The agenda is submitted as Attachment 9.

10 Lenenergo / Entergy Utility Management Exchange March 21-27, 1997

In keeping with the developmental topics of customer service, rates and tariffs, regulation, financial management, and corporate standards and codes which were identified by both Lenenergo and Entergy, Representatives from Entergy traveled with William Polen, EIPP Program Manager, to St. Petersburg to provide a detailed overview of a U.S. investor-owned utility and describe its relationship with federal, state, and local governments and regulatory commissions. Presentations on utility financing and accounting focussed on the content and use of balance sheets, income statements, and cash flow reports. Entergy representatives covered a variety of customer service concerns including types of meters, meter reading, creating and maintaining customer databases, establishing billing processing offices, the appropriate procedure for disconnecting service, and demand side management. The benefits of competition versus the traditional rate of return were introduced in a dialogue on the charter, structure, and funding of a regulatory commission.

Accomplishments

- Entergy executives strengthened the Lenenergo participants' understanding of general utility operation in a market economy.
- Entergy accounting experts informed their Russian utility partners of the stability resulting from the financial, accounting, and regulatory standards required in the United States and the anticipated benefits which will result from competition.

The agenda is submitted as Attachment 10 along with the corresponding trip report as Attachment 11.

**11 Nizhnovenergo / Illinois Power
Cost of Service Exchange
May 12-22, 1997**

As an extension of the development of rates and tariffs rates analysts and accountants from the Illinois Power Company hosted four of their Russian counterparts on the importance of developing a consolidated accounting system to provide cost information for estimating revenue requirements and tariffs and gauging profitability Illinois Power discussed the business processes it uses to consolidate and centralize accounts within the company to provide monthly quarterly and annual reports on the fiscal situation within the company Emphasis was placed on reviewing the Generally Accepted Accounting Principles, used by U S utilities in contrast to the decentralized socialist accounting system practiced by Nizhnovenergo, which has proved deficient for collecting accurate cost data

Accomplishments

- The Nizhnovenergo delegates reviewed regulatory and accounting statutes
- The Illinois Power executives presented an overview of corporate financial management, including the formation of a financial statement a review of the types of risk, a discussion of revenues and expenditures and the elements of financial management
- The Illinois Power executives discussed current rates classes and categories of customers and the concept of preferential rates

The agenda is submitted as Attachment 12

**12 Sibirgazservis / National Fuel Gas
Utility Commercialization Exchange
June 15-22, 1997**

This exchange provided a basic overview of tariffs a discussion of cost analysis an accounting standards overview and a discussion of National Fuel s accounting systems structure and hierarchy Topics included basic service requirements revenue requirements and classifications customer rights and obligations, initial cost accounting for gas distribution ratemaking, and GAAP In discussing cost analysis topics covered include the chart of accounts and understanding and identifying cost by activity and type of cost The accounting standards overview examined the purpose of accounting standards, what current accounting standards are and the alignment of U S and International Accounting Standards Other discussion topics included customer billing and collection, encompassing calculation of customer fines collecting of overdue accounts and preparation of court documents for non-paying customers The visit also included a tour of the Appletree Customer Response Center and Customer Assistance Center

Accomplishments

- Examined the basic components of tariffs
- Reviewed general accounting standards and examined cost analysis
- Developed an understanding of the metering, billing, and collection processes with an emphasis on the issue of non-payments, including collection and customer service

The agenda is submitted as Attachment 13

**13 Penzagazifikatsia / Columbia Gas
Utility Accounting and Information Systems Executive Exchange Visit
July 20 - 27, 1997**

Based on a series of exchange visits on metering, billing, and collections, the partnership between Penzagazifikatsia and Columbia Gas produced its first major deliverable with the development of a customer information system (CIS) capable of tracking customer payment histories, consumption patterns, and calculations of customer debt. The new CIS enables Penzagazifikatsia to calculate its accounts receivable in a more accurate and timely manner than under the previous paper-based ledger system. Using reports from the CIS, the utility can determine the level of debt among individual customers, customer classes, and regions; it can print bills and late notices, attach penalties, and dispatch collection agents. Data is transmitted from the regional divisions to Penzagazifikatsia on floppy disks via courier, where it is processed and updated for use by the regional divisions. Although development of the CIS is significant, the PC-based system limits the extent to which the company can manipulate and analyze data, the speed in which accounts can be updated, and the number of individuals who can access the data. Penzagazifikatsia plans to expand and scale up the CIS through the development of a utility-wide computer network, which can provide management with timely access to financial data. The development of the CIS has prompted Penzagazifikatsia to reevaluate their accounting systems, and they are planning to convert to a system in which internationally accepted accounting systems are employed. Toward that end, Penzagazifikatsia has hired an intern that is currently completing a master's degree in Western accounting systems and intend to hire him in a full-time capacity when he completes his degree.

Accomplishments

- Reviewed progress made by Penzagazifikatsia in the development of the CIS system and plans for expanding the system by implementing a company-wide computer network.
- Examined Columbia Gas' CIS to identify areas in which the Penzagazifikatsia system can be refined and improved.
- Began a detailed review of the accounting system employed by Columbia Gas to assess its relevance and applicability to the conversion of Penzagazifikatsia's accounting systems.
- Identified the role of information technology systems in the accounting system conversion.

The agenda is submitted as Attachment 14. The CIS report is submitted as Attachment 15.

**14 Regulatory Exchange Visit and Study Tour
July 20-29, 1997**

An outcome of both the Energy Industry Partnership Program sponsored December 1995 meeting of Russian utility partners, as well as the October 1996 regulatory summit, is that participation has expanded to include regulators in partnership activities to assist in forming a consensus and common understanding among the regulators and regulated utilities. Although fledgling energy commissions have been established in each of Russia's 72 territorial subdivisions, they are comprised of volunteer commissioners and administrative support staff. These commissions are in the process of developing an understanding of what a regulatory commission is, how it should be organized, staffed, and what its principle role should be vis-à-vis regulated utilities, the public, and the local and national governments. To assist these regulatory commissions develop a vision for the future, the Energy Industry Partnership Program organized an executive exchange visit to the United States for regulated utilities and their regulators. This study tour included participation in the NARUC summer meeting in San Francisco on July 20-22, 1997, where the delegation made presentations to both the

International Relations Committee and the Committee on Natural Gas. Participants also audited the Committee on Electricity to gain a better understanding of the process of change from traditional regulation to a competitive environment in the U.S. This understanding was reinforced during meetings with the California Public Utilities Commission where California's approach to deregulation was discussed. Following these meetings, the delegation split into four groups to meet with various state public utility commissions to examine the role, function, and structure of independent regulatory commissions. The exchange visit concluded with meetings with USAID and a public briefing on regulatory reform in Russia and Eastern Europe for USEA members.

Accomplishments

- Informed the U.S. regulatory community of the recent establishment of regional energy commissions in Russia and associated regulatory reform.
- Examined the charter and structure of independent regulatory commissions in the U.S. to discern the commission's relation to stakeholders including local and Federal government, consumers, and regulated utilities.
- Discussed the process employed by regulatory commissions in the U.S. to facilitate public participation and to ensure transparency in decision making.
- Studied the traditional cost of service based rate making approach.
- Reviewed the objectives for and approach to restructuring the electric sector and encouraging competition promoted by the California Public Utilities Commission in contrast to traditional cost based rate-making.

The agenda is submitted as Attachment 16.

15 Nizhnovenergo / Illinois Power Power Plant Management / General Utility Management Exchange Visit July 26-August 2, 1997

This activity was designed to meet requests from Nizhnovenergo to host two teams. Each team covered separate issues, with one focusing on topics of power plant management while the second emphasized issues of general utility management. The general utility management team covered topics such as metering design, Federal and State regulator roles, laws and standards regulating relations between investors, customers, and contractors, as well as organizational structure. The team focusing on power plant management emphasized system reliability, staffing requirements, resource management, rehabilitation cost structure, economic analysis procedures, and included a tour of the Wood River Power Plant. The power plant management team also examined power plant organization and structure in a market economy.

Accomplishments

- Discussed relations between investor, customer, and contractor.
- Examined resource management, rehabilitation cost structure, and economic analysis procedures.
- Reviewed metering design and billing processes as they relate to customer service.
- Toured the Wood River Power Plant, reviewed plant organizational structure, and the impact of the market on management decisions.

The agenda is submitted as Attachment 17.

**16 Federal Energy Commission of Russia / Federal Energy Regulatory Commission
Executive Exchange Visit
August 18-23, 1997**

One result of Energy Industry Partnership Program sponsored meetings in December 1995 and October 1996 is the participation of regulators in partnership activities designed to assist in forming consensus and building common understanding among regulators and regulated utilities. The Federal Energy Commission, with the appointment of a new reformist Chairman, is now embarking on substantive issues of reform and development. During this exchange visit meetings were held with USAID, U.S. Department of Energy, the Federal Energy Regulatory Commission, Edison Electric Institute, NARUC, and the World Bank. Discussion topics included FERC's scope of authority and responsibility, Federal vs. State jurisdiction, funding sources, and the regulator's role in the evolving competition of the wholesale electricity market. In addition to these meetings, USEA, in collaboration with the U.S.-Russia Business Council, hosted a business roundtable where presentations included electric sector policy in Russia, the status of industry and regulatory reform, and the operation of the wholesale market. The Federal Energy Commission staff also traveled to Harrisburg, Pennsylvania, to discuss competition's role in promoting economic development and held meetings with the Pennsylvania Public Utilities Commission to examine the state's perspective on utility competition.

Accomplishments

- Reviewed the historical evolution of utility regulation and examined the underlying factors leading toward competitive electric markets in the United States
- Assessed the division between state and federal jurisdiction over electric power sector regulation and the implications of implementing wholesale competition and customer choice in a Federal system
- Discussed with industry stakeholders opportunities for and obstacles to competition
- Participated in a business roundtable meeting with potential equity investors to discuss the recent creation of the Russian wholesale power market, current investment opportunities, and plans for regulatory reform
- Identified opportunities for future collaboration between the Federal Energy Commission and the Federal Energy Regulatory Commission

The agenda is submitted as Attachment 18

**17 AO Lenenergo / Entergy Corporation
Metering, Billing, and Collections, and Accounting Conversion Exchange Visit
September 27-October 5, 1997**

The first formal activity of this partnership was a seminar in March that covered topics of general utility management and provided an overview of the three topics of most interest to Lenenergo: utility finance and accounting, customer service and retailing, and tariff development and regulations. At the conclusion of this exchange, an executive planning meeting determined the two issue areas that would be the focus of the September exchange visit: metering, billing, and collections, as well as accounting conversion. The primary objective of this exchange was to begin implementation of the task team approach. Prior to this visit, a video conference call was held between Lenenergo and Entergy on 18 September, during which the proposed exchange visit schedule was discussed, and an opportunity was provided for discussion of the task team topics. The metering, billing, and collections task team covered such topics as meter route structure, customer base and marketing organization, and included a tour of Entergy's remittance processing facility and a discussion of quick payment centers. The accounting conversion team discussed issues of general accounting.

organization, the process of monthly close out planning and management reporting, Entergy's accounting information systems, information technology and accounting asset management and project set up, as well as other topics.

Accomplishments

- Examined Entergy's metering, billing, and collections processes, including a tour of the remittance processing center, and a discussion of the quick payment center's role in Entergy's billing collections process, including to what degree this process could be utilized at Lenenergy.
- Reviewed Entergy's accounting systems, including how the books are closed out at the end of the end of a billing period, and how non-payment and termination of service is handled.
- Discussed Entergy's information systems for accounting, and the role technology and software plays in accounts management.
- Discussed follow-up activities and the FY 1998 workplan for both task teams.

The agenda is submitted as Attachment 19.

B Ukraine

1 Ukrainian NERC Exchange with the Wisconsin Public Service Commission November 12-13, 1996

At the request of USAID/USEA, in cooperation with the Academy for Educational Development (AED) and Hagler Bailly, coordinated an introductory meeting between a delegation from the Ukrainian National Energy Regulatory Commission (NERC) and the Wisconsin Public Service Commission. The Ukrainian delegation traveled to Madison, Wisconsin, for a one day meeting with the commissioners and the administrator and staff of the electric division of the Wisconsin Public Service Commission to discuss the potential for future collaboration.

Accomplishments

- The U.S. and Ukrainian commission representatives each described their organizational structures, charters, funding, and responsibilities. The Ukrainians are looking for examples of how to fine-tune their administrative structure and procedures. The officials from Wisconsin are interested in the Ukrainians' experiment of creating a competitive energy market.
- After listening to Wisconsin PSC Commissioner Joseph Mettner, Ukrainian NERC Commissioner Butsio and the other Ukrainian delegates noted that they have an enhanced appreciation of the political aspects and responsibilities of being an appointed commissioner.

2 Dneproenergo / Kentucky Utilities
Accounting, Finance, and Investor Relations Exchange
November 14-22, 1996

In the third activity of the Kentucky Utilities/Dneproenergo partnership systems of accounting corporate financial policies and investor relations were discussed in detail. Dneproenergo delegates traveled to Lexington, Kentucky, where the five managers from participated in presentations on income statements, balance sheets, cash flow reports, equity, debt, risk, interest, dividends, retained earnings, the role of the shareholder, and departmental responsibilities. A follow on activity is planned during which Dneproenergo executives will meet with investment bankers, bond relating agencies, an audit company, a proxy solicitor company, and attend Kentucky Utilities annual stockholders meeting in the United States from April 16-25, 1997.

Accomplishments

- The Ukrainian utility executives developed confidence in their relationship with USAID, USEA, and other USAID contractor in the region.
- The Dneproenergo delegates were introduced to Western accounting practices, corporate financing, and investor relations.

The agenda is submitted as Attachment 20.

3 Crimenergo / Otter Tail Power Company
Metering, Billing, and Collections Executive Exchange Visit
November 14-23, 1996

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. Since the restructuring of the Ukraine energy sector, the new distribution companies have experienced difficulty in collecting full payments. Dealing with the non-payment problem is now the highest priority problem facing the distribution companies. This activity was designed to improve the understanding of Crimenergo executives in the area of metering, billing, and collections, and to identify procedures, policies, and technologies that may be adapted to the Ukrainian environment to improve collections.

Accomplishments

- Conducted meetings with USAID and USAID contractors to provide continuity between the programs and to strengthen communication.
- Reviewed Otter Tail Power Company's organizational structure and policies in the areas of metering, billing, and collections, including such topics as customer information systems, customer service, metering equipment, meter reading approaches, billing format, and frequency, and termination of service.

The agenda is submitted as Attachment 21.

**3 Orientation Visit for the Ukrainian LECs on Electric Distribution Company
Commercialization in Poland
November 18-22 1996**

In July 1995 the Ministry of Energy and Electrification of Ukraine desegregated its eight vertically integrated monopolistic utilities. The resulting power sector is composed of 27 local distribution companies, four large fossil fuel generating companies, two hydroelectric generating companies, a national dispatch center, and the National Electricity Regulatory Company. The successful operation of the restructured electric sector depends heavily on the capability of the newly created local electric companies to operate as commercially viable corporate entities. In 1993 Poland desegregated its vertically integrated utility system. Drawing on the successful stewardship of the Polish experience USEA, under the guidance of USAID and together with executives and managers from the Ukrainian LECs and technical advisors from Hagler Bailly, organized a one week, third country exchange on commercialization. Polish utility experts provided their Ukrainian counterparts with detailed information on corporate finance, customer service, market based accounting, demand-side management, and human resource management.

Accomplishments

- The Ukrainian delegates witnessed first hand how a Polish company incorporated Western reforms to take a more commercial approach to operations.
- Based on remarks made in the evaluations, the NIS participants noted that they better understand the necessity to adopt Western oriented accounting systems in order to improve their ability to accurately record billing and collections.
- After touring the Polish facilities, the Ukrainians noticed the benefits of promoting a managerial structure, corporate culture, and administrative operations conducive to a local distribution company making the transition to a market economy.

The agenda is submitted as Attachment 22 and the corresponding trip report as Attachment 23.

**4 Dneproenergo / Kentucky Utilities
POWER-GEN '96 Convention and Executive Exchange and Consultive Meeting with the
Ukrainian Minister of Energy and Electrification
December 1996**

For the fourth consecutive year, USEA escorted a delegation of NIS participants to the annual POWER-GEN convention. This year, USEA had the honor of hosting the Ukrainian Minister of Energy and Electrification, Mr. Yuriy Botchkarov. The event provided an opportunity for the participants to meet U.S. suppliers of equipment and services, attend technical sessions aimed at improving efficiency and environmental performance, and network with international energy sector officials. Following the events in Orlando, the Minister and participants from Dneproenergo visited Kentucky Utilities to observe firsthand the equipment and procedures discussed at POWER-GEN.

Accomplishments

- Officials from USAID presented an overview of their program and objectives in Ukraine and the NIS.
- The Ukrainian delegation attended presentations on privatization, deregulation, project financing, and risk management at the POWER-GEN '96 Conference.

- Ukrainian delegates attended lectures on clean coal technology and toured the extensive exhibition hall
- In Lexington, Kentucky, speakers from Kentucky Utilities presented material on accounting, finance, managerial structures, and human resources

The agenda is submitted as Attachment 24

**5 Kievenergo / Pennsylvania Power & Light
POWER-GEN '96 Convention and Executive Exchanges
December 1996**

For the fourth consecutive year, USEA escorted a delegation of NIS participants to the annual POWER-GEN convention. The event provided an opportunity for the participants to meet U.S. suppliers of equipment and services, attend technical sessions aimed at improving efficiency and environmental performance, and network with international energy sector officials. Following the conference, the Ukrainian participants traveled to Kievenergo's U.S. utility partner, Pennsylvania Power & Light (PP&L), to observe firsthand the equipment and procedures discussed at POWER-GEN '96.

Accomplishments

- Officials from USAID presented an overview of their program and objectives in Ukraine and the NIS.
- The Ukrainian delegation attended presentations on privatization, deregulation, project financing, and risk management at the POWER-GEN '96 Conference.
- Ukrainian delegates attended lectures on clean coal technology and toured the extensive exhibition hall.
- In Allentown, Pennsylvania, speakers from PP&L presented material on operations and maintenance, transmission, distribution, and pooling, as well as metering, billing, and collections, and customer information systems, service, and assistance.

The agenda is submitted as Attachment 24

**6 Crimenergo / Otter Tail Power Company
POWER-GEN '96 Convention and Executive Exchanges
December 1996**

For the fourth consecutive year, USEA hosted delegations of NIS participants at the annual POWER-GEN convention. The event provided an opportunity for the participants to meet U.S. suppliers of equipment and services, attend technical sessions aimed at improving efficiency and environmental performance, and network with international energy sector officials. Following the conference, participants from Crimenergo met with their U.S. utility partner, Otter Tail Power Company, to observe firsthand the equipment and procedures discussed at POWER-GEN '96.

Accomplishments

- Officials from USAID presented an overview of their program and objectives in Ukraine and the NIS.
- The Ukrainian energy specialists attended presentations on privatization, deregulation, project financing, and risk management at the POWER-GEN '96 Conference.

- Ukrainian delegates attended lectures on clean coal technology and toured the extensive exhibition hall
- In Fergus Falls, Minnesota, speakers from Otter Tail Power presented material on operations, maintenance, safety, and fuel handling

The agenda is submitted as Attachment 25. A letter from Mr. Doug Kjellerup, the Vice President of Otter Tail Power, to Congressman David Bonior of Michigan is included as Attachment 26.

**7 Principles of Accounting Exchange
Dneproenergo / Kentucky Utilities
March 15-22, 1997**

A primary focus of this partnership since its inception has been accounting. This emphasis comes at the request of Dneproenergo as it prepares to implement western accounting standards by July 1997 in order to satisfy World Bank and EBRD credit requirements. The objective of this exchange was to provide the Ukrainian utility managers and accountants with a detailed explanation of internationally accepted accounting principles and practices and corporate finance procedures. Kentucky Utilities financial managers presented material on accounting, finance, taxes, budgeting, cash flow, financial reporting, insurance, claims, and litigation. This exchange was conducted simultaneously with the Procurement of Fuel and Spare Parts Exchange.

Accomplishments

- Executives from Kentucky Utilities reviewed and expanded on financial management and accounting definitions, practices, planning, and budgets
- Kentucky Utilities accountants reviewed the business process modifications necessary to support a comprehensive and unifying accounting system at Dneproenergo
- This exchange successfully supported World Bank and EBRD requirements

The agenda is submitted as Attachment 27 along with the corresponding trip report as Attachment 28.

**8 Procurement of Fuel and Spare Parts Exchange
Dneproenergo / Kentucky Utilities
March 15-22, 1997**

The objective of this exchange was to acquaint Dneproenergo procurement specialists with fuel procurement and contract administration and procurement procedures used in the United States. Contracting and procurement officers from Kentucky Utilities presented material on requests for proposals, specifications, bidding, sampling, contract awards, interpretation, disputes, changes, appeals and claims, litigation, the payment process, and the procurement process. This exchange was conducted simultaneously with the Principles of Accounting Exchange.

Accomplishments

- Contracting and procurement specialists from Kentucky Utilities provided their Ukrainian utility partners with an overview of contract administration and the procurement procedures typical in the United States
- The Dneproenergo participants learned how western accounting procedures directly apply to the administration of contracts and procurement

- This exchange successfully supported World Bank and EBRD requirements

The agenda is submitted as Attachment 29 along with the corresponding trip report as Attachment 28

**9 Crimenergo / Otter Tail Power Company
Accounting and Management Information Systems Exchange
March 20-29, 1997**

After an orientation at USEA and meeting with USAID Crimenergo participants traveled to Fergus Falls Minnesota, to review the organization structure and policies of the Otter Tail Power Company. The presentations and discussions concentrated on accounting and reporting, and covered topics such as balance sheets, cash flow statements, capitalization statements, payroll, depreciation, inventory and income statements. Ratemaking topics were also discussed, including cost of service and price design.

Accomplishments

- The Crimenergo delegates developed an understanding of the general principles of accounting and reporting used by the Otter Tail Power Company
- The NIS utility examined how reports generated by new accounting systems help to attract potential investors
- With the help of their U.S. utility partners the Crimenergo accountants determined the connection between a western accounting system and the ability of Crimenergo to improve their accounts receivable
- The U.S. and Ukrainian utility partners reviewed the possible improvements in the Crimenergo management practices and decision making process related to adopting a western system of accounting and reporting

The agenda is submitted as Attachment 30

**10 Billing and Collection Systems Exchange
Kyivenergo / Pennsylvania Power & Light
March 27, 1997 - April 5, 1997**

Non-payments and a severe accounts receivable problem at the distribution level of the Ukrainian electric sector are causing disruptions throughout the industry. To improve the utility's accounting systems and its ability to track and analyze customer payments, a multi-activity approach to improve metering, billing, and collection practices through the development of a customer information and accounting system was instituted. This exchange was conducted in parallel with the Skills Enhancement Exchange.

Accomplishments

- The U.S. and Ukrainian utility partners thoroughly reviewed the metering processes used at PP&L
- Performance expectations at PP&L and Kyivenergo were discussed.
- PP&L accountants presented the Ukrainian delegates with information on billing and revenue collection procedures

- PP&L customer service specialists demonstrated their customer information systems and the call center
- Customer assistance and alternative payment programs were reviewed

The agenda is submitted as Attachment 31 and the corresponding trip report at Attachment 32

**11 Skills Enhancement Exchange
Kyivenergo / Pennsylvania Power & Light
March 27, 1997 - April 5, 1997**

Over the course of their utility partnership, several Kyivenergo participants observed a distinct difference between the procedures for recruiting, hiring, training, and compensating linemen, field technicians and personnel and meter technicians at Kyivenergo and PP&L. At Kyivenergo's request, USEA and PP&L developed an exchange that identified and compared the human resources and training practices of both the U.S. and Ukrainian utilities. During the exchange, PP&L human resources specialists provided an overview of human resources, payroll and employee benefits management and supervision, administrative responsibilities, and time management programs utilized in the United States. This exchange was conducted in parallel with the Billing and Collections Systems Exchange.

Accomplishments

- PP&L and Kyivenergo utility partners reviewed their respective employee training and assessment programs
- PP&L human resource specialists suggested various curricula for developing, delivering, and evaluating training programs
- The utility partners worked through several simulation exercises and discussed areas of specialized and advanced training

The agenda is submitted as Attachment 33

**12 Dneproenergo / Kentucky Utilities
Investor Services Exchange
April 16-24, 1997**

Building upon the material presented in the November 1996 exchange on accounting, finance, and investor relations, representatives from USEA, Kentucky Utilities, Goldman Sachs, and Standard & Poor guided Dneproenergo Chairman Volodymyr Bondarenko and Vice Chairman Guennadi Botchkarev through a series of presentations, discussions, and tours on utility finance and investor services. The April 16-24, 1997 exchange began with an orientation in Washington, D.C. The Ukrainian delegates then traveled to Manhattan to gain a better understanding of concepts such as equity and debt securities, interest, dividends. The delegation also discussed the functions of an investment banker, the goals of an investor, risk analysis, shareholder relations and communications, and preparation for and execution of the annual shareholders meeting. At the headquarters of Kentucky Utilities in Lexington, Kentucky, Messrs. Bondarenko and Botchkarev witnessed the role of shareholders and the responsibilities of the board of directors during the Kentucky Utilities Annual Shareholders Meeting.

Accomplishments

- The Dneproenergo executives developed a more detailed understanding of investor services
- The Ukrainian energy executives witnessed the role of shareholders the responsibilities of the board of directors and the purpose and procedures of an annual shareholders meeting
- The definitions and concepts of equity and debt securities interest dividends and the functions of an investment banker the goals of an investor and risk analysis were reinforced
- The Dneproenergo delegates were introduced to potential investors
- Representatives from Wall Street investment firms discussed investor expectations and requirements vis-a-vis investments in the Ukrainian power sector
- An outline of the work plan for fiscal year 1998 was drafted

The agenda is submitted as Attachment 34

13 Crimenergo / Otter Tail Power Metering, Billing, and Collections May 30 - June 7, 1997

The partnership between Otter Tail Power and Crimenergo was initiated in October 1995 and major topics for activities to date have included general utility management and organizational structure utility financing and metering billing and collections The issue of enforcing payment of utility bills is extremely sensitive as the state fears the possibility of political unrest The problem of non-payments is related primarily to the overall economic situation in Ukraine and cannot be resolved by the energy sector alone However specific areas in the Ukrainian electric utilities may be improved within the existing economic situation, including such problems as inefficient generation and distribution systems inaccurate meters and inadequate tariff systems which do not allow utilities to recover the cost of production This visit focused on learning more about the specific billing and collections problems facing Crimenergo and developing a set of specific recommendations to allow Crimenergo to improve collection and to reduce consumer debt For example Crimenergo is currently revising their accounting procedures to include non payments as accounts receivable as is done at Otter Tail Power instead of categorizing them as losses This change is currently being implemented Meter reading procedures are in the process of being revamped Problems in this area have included inaccessibility of meters and an insufficient staff of meter readers Crimenergo plans to relocate the meters to outside of private residences and to increase the number of meter readers The accounting department is currently incorporating Western procedures into their accounting system and they are working on computerization and automation of the accounting process including the purchase of new computers The work plan for 1998 was also discussed during this exchange with the emphasis for next year on accounting systems customer service and a continuation of activities in the arena of metering billing and collections

Accomplishments

- Studied the customer information system and billing and collection procedures currently used by Crimenergo
- Develop a set of recommendations regarding improvements in the Crimenergo customer information system and billing and collections process
- Outlined a plan and assigned team members from both partners to implement the above mentioned recommendations

The agenda is submitted as Attachment 35 along with the corresponding trip report as Attachment 36

14 **Kyivenergo / Pennsylvania Power & Light**
Billing & Collections and Customer Information Systems Exchange
June 7-14, 1997

As a follow up to the Billing and Collections Exchange conducted in Allentown, Pennsylvania from March 27-April 5, 1997, executives from PP&L's subsidiary, Spectrum Energy, traveled to Ukraine in early June 1997. Topics addressed included recent changes in the U.S. power sector, programs for customers unable to meet their financial obligations, and information about demand side management strategies and benefits. This exchange also included a meeting with Andriy Parinov, USAID, during which he stressed compliance with Cabinet of Ministers of Ukraine Order #487 of May 21, 1997, on Improvement of System Payments for Electricity and Thermal Power Consumed. Low revenue collection results may lead the World Bank to suspend loan disbursement. Systemic problems in the energy sector have led to greater difficulty in revenue collection. One such problem is that only industrial customers have their payments and accounts receivable tracked on a PC-driven information system; residential customers' accounts are not computerized but kept in a handwritten ledger. Residential customers must also read their own meters, calculate their own bills, and must go to a bank to arrange a transfer of payment to Kyivenergo. This process has inherent flaws that negatively impact revenue, cash flow, and operational efficiency. Kyivenergo is currently implementing changes such as increasing the rate of inspector visits to each of the 135,000 residential customers from once every six months to every two months. Spectrum Energy representatives observed that Kyivenergo is implementing concepts that have been emphasized during partnership exchanges. Kyivenergo has also requested information on how PP&L markets to and provides service to larger industrial customers, which directly relates to levels of revenue and revenue collection activities. deemed the single most important issue currently facing Kyivenergo.

Accomplishments

- Provided seminar participants with overview of PP&L's metering, billing, and collection functions
- Introduced participants to the process used for developing, implementing, and financing technical training programs
- Discussed how sales to large customers are negotiated and managed
- Provided information on managing change in an organization
- Provided an update on the trend toward increased competition and deregulation that is occurring in the U.S.
- Assessed billing and collection practices currently used in Kyiv and throughout Kyivenergo's service territory
- Suggested practical applications of the customer assistance and alternative payment programs
- Demonstrated how maintaining more accurate records of customer consumption can reduce late or non-payments

The agenda is submitted as Attachment 37.

15 **Crimenergo / Otter Tail Power**
Information Systems and Human Resources Seminar
July 25-August 2, 1997

Recent problems with collections have compounded problems in the Ukrainian energy sector, which currently lacks sufficient resources to provide adequate maintenance of existing facilities, and power sector reliability is on the decline. The major focus of energy sector privatization now underway is to attract new investments and to allow private ownership to improve management, competition, and

create incentives for use of energy efficient technologies Crimenergo will be privatized in the near future however Crimenergo management lacks experience with privatization and investor relations They will need to face such new issues as asset evaluation, issuance of stock and determining of stock prices investor relations and corporate planning along with other issues Crimenergo officials also lack experience with corporate planning for an investor owned company

Accomplishments

- Examined issues of corporate planning and investor relations as they apply to an investor-owned company
- Determined potential problems Crimenergo management may face during the privatization process
- Discussed Crimenergo options for attracting investors and defined issues which must be addressed to enable investors to make an investment decision
- Identified concepts policies procedures, and/or structural changes that can be adopted and implemented by Crimenergo after it is privatized

The agenda is submitted as Attachment 38 The trip report is submitted as Attachment 39

C Moldova

1 Moldovagaz / Yankee gas Corporate Planning Exchange February 6-15, 1997

Representatives from Moldovagaz Moldenergo and the Moldovan Department of Energy traveled to the U S to learn about the value and methods of corporate planning The exchange began with an orientation at USEA, where USAID and World Bank officials delivered an overview of assistance programs in the NIS YankeeGas officials made presentations on organizational structures the level of interaction of a board of directors corporate objectives finance regulatory issues, human resources, and procurement and contracting Corporate planning is a timely issue for general utility managers in Moldova because Moldovagaz and Moldovenergo will soon be restructured. This exchange provided the participants with some guidance to redefine the roles of their various departments and reexamine their relationships with the ministries and their customers

Accomplishments

- YankeeGas personnel provided their Moldovan partners with an overview of operational and administrative structures and policies used in companies in the United States
- The Moldovan energy executives took part in discussions on financial structures accounting practices and investor relations
- The NIS participants learned about the process of setting corporate objectives and strategies
- During the meetings the State of Connecticut Department of Public Utilities expressed an interest in participating in regulatory exchanges in Moldova

The agenda is submitted as Attachment 40

**2. Moldovagaz / YankeeGas
Information Systems and Billing Process Advisory Mission
April 6-12, 1997**

Yankee Gas representatives traveled to Chisinau, Moldova, April 6-12 1997 to conduct an advisory mission on information systems and the billing process with their utility partners from Moldovagaz. Meetings were conducted with representatives from USAID and the World Bank to identify the main issues currently facing the Moldovan Energy Sector including information systems and billing and collections procedures. Recommendations were made to implement systemic changes modeled after their counterparts in Meriden, Connecticut.

Accomplishments

- Reviewed the information systems and billing and collection procedures currently in use at Moldovagaz
- Discussed potential improvements in Moldovagaz's information systems and billing and collections processes
- Conducted meetings with the U.S. Ambassador to Moldova, representatives from USAID/Moldova, the World Bank, and other local and international institutions and private companies working in Moldova
- The U.S. delegates and Moldovenergo executives discussed the potential for establishing a USEA EIPP electric utility partnership for Moldovenergo

The agenda is submitted as Attachment 41 along with the corresponding trip report as Attachment 42.

**3. Moldovagaz / Yankee Gas
Metering, Billing, and Collections Executive Exchange Visit
June 19-28, 1997**

This metering, billing, and collections exchange served as a follow on activity to the advisory mission on information systems and the billing process conducted in April 1997. Moldovagaz has developed a customer database similar to that used by Yankee Gas; however, problems in this area remain. Residential customers do not generally have individual apartment meters, but rather one meter for the entire building, with payments based on apartment square footage. Such a payment distribution fails to create incentives for judicious energy usage or for using energy-efficient appliances. To improve the situation, Moldovagaz has developed a program for the installation of individual meters for each apartment, and has applied for a World Bank loan to finance implementation. Moldovagaz representatives selected several areas which they feel are most realistic to implement in the area of metering, billing, and collection, given their limited resources: cyclical metering, improvement of customer relations, and an internal automated telephone system. Cyclical metering indicates that rather than all customers using a billing cycle beginning on the first of the month, which causes an extreme peak in the workload, and increases the possibility of error, the cycle will be varied so that the workload is more evenly distributed throughout the month. The advantages of cyclical metering are that it is easy to implement, and does not require any capital investment. Customer relations at Moldovagaz are currently almost non-existent. Moldovagaz plans to attempt to replicate a program at Yankee Gas called "Big Mo" where special vehicles equipped with cash registers and staffed with experienced workers are sent to different neighborhoods on a regular basis to allow customers to make their payments and allow customers to resolve issues as they arise. The internal automated telephone system is a program used by Yankee Gas which allows customer service representatives

immediate access to customer records provides an option to make a record about each telephone call and each action taken regarding the customer's account. Moldovagaz is interested in implementing such a system, and have already obtained price quotes for the system ranging from \$5,000 to \$25,000. Activities during this visit included a discussion of objectives, a meeting with Hagler Bailly to discuss energy projects in Moldova, and a review of the Yankee Gas metering, billing, and collections processes. Topics such as meter reading approaches, testing and calibration of metering equipment, computerized customer account information systems, overdue accounts, payment options, and service termination were examined.

Accomplishments

- The Moldovagaz representatives learned the general concepts and techniques used by Yankee Gas in the area of metering, billing, and collection.
- Several concepts, policies, procedures, and possible structural changes that can be adopted and implemented by Moldovagaz were identified.
- A plan was developed and team members assigned from both partners to work toward the introduction of these proposed new concepts in the Moldovagaz management process.

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

4 Moldovagaz / Yankee gas Accounting and Reporting Seminar September 20-26, 1997

Since the breakup of the former Soviet Union, energy import prices in Moldova have been steadily increasing, creating a heavy burden for both industrial and residential customers. Cross subsidies were instituted to ease the burden of residential customers, however, this served to extend the problem of non-payments to industrial customers, creating severe accounts receivable problems for the entire energy sector. The problems mandated the implementation of a reliable accounting system which accurately calculates all costs and revenues, tracks customer payments and non-payments, and clearly identifies problematic accounts. Accounting during the Soviet era served to monitor and control economic resources in order to meet the production-oriented targets of the central plan. In spite of significant changes in the Moldovan energy sector in recent years, most of the energy companies are still using Soviet style accounting systems. Automated accounting is currently under development at Moldovagas, where the system will include a database encompassing all corporate financial information. This information will be entered monthly based on financial statements received from the 42 regional enterprises. All information will be entered manually, as electronic transfer of data is not yet possible in Moldova. In order to assist in the transformation to Internationally Accepted Accounting Standards, Yankee Gas and Moldovagas decided to undertake a seminar designed to review current accounting procedures and to discuss general accounting principles. During this seminar, accounting and finance specialists from Yankee Gas met with Mr. Griu, Deputy General Director of Moldovagas, who described current preparations toward privatization. Subjects covered during the seminar were general principles of accounting, including regulations, accounting code system, and payroll-related issues. Other subjects discussed included plant accounting, financial reporting, and taxes. A meeting was conducted with World Bank representative James Parks. Mr. Parks advised that World Bank funds in the amount of \$10 million are available for Moldovagas at very favorable terms - 20 year repayment and a 5 year grace period. However, Moldovagas does not have a complete understanding of World Bank requirements and is not yet prepared to apply for a World Bank loan.

Accomplishments

- Received introduction to the accounting system currently used by Moldovagas
- Examined principles of Internationally Accepted Accounting Principles
- Examined management information systems and technical requirements for accounting system conversion

The agenda is submitted as Attachment 45 The trip report is submitted as Attachment 46

D Armenia

1 Yerevan Institute of Architecture and Construction World Energy Engineering Congress November 2-12, 1996

USEA facilitated the participation of an Armenian energy expert at the World Energy Engineering Congress in Atlanta, Georgia The principle objective of this exchange was for the Armenian participant to obtain information on the requirements for establishing a chapter of the Association of Energy Engineers (AEE) in Armenia Dr Zohrab Melikian, Head of the Heating Air Conditioning Heat Gas Supply and Environmental Protection Department of the Yerevan Institute of Architecture and Construction, attended a preliminary briefing with USEA prior to the World Energy Engineering Congress At the conference he met with representatives from the Solar Energy Industries Association, Solarex Photovoltaic Collector Manufacturing Plant Geothermal Heat Pump Consortium and the Association of Energy Engineers

Accomplishments

- Dr Melikian became acquainted with new scientific and technological developments in the energy sector through his attendance in the international conference and participation in follow on meetings
- In a meeting with representatives from the Association of Energy Engineers Dr Melikian discussed the possibility of future joint programs between AEE and the Armenian energy sector and the potential for establishing an AEE chapter in Yerevan
- At the University of Wisconsin, Dr Melikian explored the possibilities of conducting collaborative research with engineering professors and professionals
- Dr Melikian exchanged ideas with the executive staff of Resource Management Associates on renewable energy technology and RMA's activities in Armenia and in other countries

The agenda is submitted as Attachment 47

2 POWER-GEN '96 Convention and Executive Exchanges December 1996

For the fourth consecutive year USEA escorted a delegation of NIS participants to the annual POWER-GEN convention The event provided an opportunity for the participants to meet U S suppliers of equipment and services attend technical sessions aimed at improving efficiency and environmental performance and network with international energy sector officials Following the conference the two Armenian participants traveled with the Ukrainian delegation to Kievenergo's U S utility partner Pennsylvania Power & Light (PP&L) to observe firsthand the equipment and procedures discussed at POWER GEN '96

Accomplishments

- The Armenian energy specialists attended presentations on privatization deregulation project financing and risk management at the POWER GEN '96 Conference
- The delegates attended lectures on clean coal technology and toured the extensive exhibition hall
- In Allentown Pennsylvania speakers from PP&L presented material on operations and maintenance transmission distribution and pooling as well as metering billing and collections and customer information systems service and assistance

The agenda is submitted as part of the Kievenargo/PP&L exchange as Attachment 24

3 Natural Gas Rehabilitation Project April 21-May 10, 1997

Participating in his third pro bono activity with USEA Mr Charles Tateosian formerly the Vice President of Pacific Gas and Electric traveled to Armenia to assist Armenian natural gas pipeline specialists in testing the structural integrity of natural gas pipelines that have been empty for approximately five years In accordance with ASTM safety standards Mr Tateosian demonstrated how testing natural gas pipeline using air pressure as opposed to water is safer more accurate and less damaging to equipment The April 21 May 10 1997 program also featured round table presentations and discussions on American Petroleum Institute pipe standards U S practices and regulations for testing gas lines gas meter installations and cost analysis of gas systems

Accomplishments

- Reviewed the American Petroleum Institute standard for pressure testing natural gas distribution pipes
- Enabled Armgaz managers to develop procedures for pressure testing natural gas piping using air as opposed to water
- Analyzed various types of natural gas meters and their installation procedures in the Armenian context
- Assisted Armgaz managers in developing specifications for the purchase of natural gas piping
- Met with officials from USAID/Yerevan, Hagler Bailly and the Ministry of Energy

The agenda is submitted as Attachment 48

4 Northwestern Public Service Company/Ararat Distribution Company Advisory Mission/Partnership Orientation May 9-17, 1997

Northwestern Public Service Company (NPSC) participated in an exchange with the State Enterprise Ararat Distribution Company and the Sevan Distribution Company July 25 August 7 1996 As a result NPSC expressed an interest in serving as a utility partner with one of the newly formed regional distribution companies created as a result of consolidating several smaller distribution companies during energy sector restructuring Two representatives from Northwestern Public Service Company traveled to Yerevan May 9-17 1997 with two managers from USEA During the advisory mission the delegation met with officials from USAID/Yerevan to provide NPSC with an overview of the U S

Government assistance efforts to commercialize and privatize the Armenian electric and gas sectors. The Deputy Minister of Energy, Garen Galustian, provided detailed information on the current status of the energy sector and plans for privatization. Representatives from the Ararat Distribution Network provided an initial overview of the company and its operations, while Armgazprom personnel provided insight into the operations of the natural gas sector and its relation to the electric sector. Two days were devoted to a seminar on how U.S. investor-owned utilities are organized and structured to ensure commercial viability.

Accomplishments

- Familiarized the senior officers of NPSC and the directors of the regional consolidated distribution companies with each other's management structure and operations and assessed whether NPSC and a regional consolidated distribution company are appropriate analogs under the partnership program.
- Introduced the NPSC participants to the management structure and operations of Armgazprom to gain a greater understanding of the Armenian energy sector and assessed the level of interest in establishing a natural gas partnership.
- Conducted a two-day seminar for the directors and senior managers of the consolidated distribution companies to discuss the structure and operations of investor-owned utilities in a market economy.

The agenda is submitted as Attachment 49.

5 Power Gen Europe and Power Delivery '97 June 14-21, 1997

Mr. Garen Galustian, Deputy Minister of Energy, expressed the Armenian Ministry of Energy's interest in sending Areg Galstian, Head of the Science and Technology Department, to the Power Gen '97 Europe Conference and Exhibition in Madrid, Spain. Based on the high correlation of the Conference program with current reform efforts in the Armenian energy sector and Mr. Galstian's key role in the Ministry, Mr. Galstian's attendance at the conference provided needed information on market-based power generation and delivery systems to the Ministry. Power Gen '97 consisted of an eight-track conference program addressing generation and operation issues consistent with USAID's efforts in privatization, as well as an exhibition program. The Conference program themes included the following four areas of power generation: energy trends and strategies, environmental aspects of power generation, conventional, advanced, and renewable technologies, and plant operation. This year's conference was also held in conjunction with a power delivery conference, also a priority issue for the Armenian energy sector.

Accomplishments

- The Energy Ministry's representative received an overview of the structure, policies, and challenges of other electric utilities to serve as a model for comparison with the conditions in Armenia.
- Examined plant organization, operations, and performance across Europe and the U.S.
- Reviewed power generation strategies and trends in the power industry: generation economics and finance, steam plant rehabilitation, environmental technologies, co-generation, gas turbines, gas engines, and combined cycle plant management, operations and maintenance, and renewables.
- Exposure to the driving forces for change in power delivery, including pricing and future developments, network planning and system interconnection, new technologies, and environmental issues related to power lines and cables.

The agenda is submitted as Attachment 50.

E. Republic of Georgia

**1 Sakenergo / Tennessee Valley Authority
Power Dispatch Exchange, Part II
October 12-26, 1996**

This exchange built upon the accomplishments of Mr. Jackie Simmons, TVA, during his exchange visit to Tbilisi in June 1995, as well as the AEP technical assistance program on dispatch recently completed under its Burns & Roe subcontract. From October 12-26, 1996, six power dispatch managers from the Republic of Georgia worked at the Tennessee Valley Authority's headquarters in Chattanooga and its transmission dispatch center in Knoxville, Tennessee, on a two-week exchange concentrating on general business practices, automated dispatch operations, demand forecasting, emergency outage procedures, the relationship among dispatch center and generation plants and transmission and distribution systems, and power marketing. The six participants presented information on the status of the restructuring of the electric power sector currently taking place in the Republic of Georgia.

The agenda is submitted as Attachment 51.

**2 Sakenergo / Georgia Power Company
Rates & Regulatory Exchange
November 4-8, 1996**

Two rates and regulatory specialists from Georgia Power Company traveled to Tbilisi for a one-week rates and regulatory exchange. The Georgia Power staff introduced rates analysts from Sakenergo and the newly appointed regulatory officials to market economy principles of accounting, cost of service calculation, and the regulatory process from the perspective of both the regulatory commission and the utility. During the sessions, the Georgian participants were provided with an explanation of how the cost of service is calculated.

Accomplishments

- SakGen and SakTrans participants were introduced to the history, structure, and dynamics of utility regulation in the United States.
- SakGen and SakTrans participants became acquainted with free market principles of accounting and the importance of proper accounting practices in understanding and developing accurate costs of service.

The agenda is submitted as Attachment 52.

**3 Sakenergo / Georgia Power Company
Procurement Manual Exchange, Part II
November 4-8, 1996**

Significant market reforms have been made in the energy sector of the Republic of Georgia in preparation for the \$35 million World Bank loan. Currently, no standard procurement process exists within Sakenergo to effectively disburse funding for the purchase of equipment and services pursuant to World Bank guidelines. To assist the decision makers at Sakenergo understand how a standardized

procurement process is used in U S utility management, USEA conducted a Procurement and Contracting Exchange in May 1996. Based on the information provided during that exchange Sakenergo staff members have drafted their own procurement manual. The overall objective of both exchanges was to contribute to the eventual establishment of procurement and contracting departments at both SakGen and SakTrans. The draft Procurement Manual was edited and reformatted so that revisions could be made easily and the document could be sent electronically. In addition, each procedure was coded for convenient reference. After the U S utility partners offered their thoughts on the draft procurement manual, the resulting working copy of the Procurement Manual was sent back to Tbilisi for comments prior to the exchange.

Accomplishments.

- The working copy of the Procurement Manual was reviewed by representatives from the World Bank and Hagler Bailly and was modified prior to being presented to the heads of SakGen and SakTrans for approval.
- USEA personnel met with USAID/Caucasus, Hagler Bailly and World Bank representatives to review the fiscal year 1997 work plan and discuss maximize effectiveness through coordinating and complementing projects.
- Accounting and bookkeeping were identified as subject areas for future exchanges.

The agenda is submitted as Attachment 53. A draft of the Procurement Manual is submitted as Attachment 54.

4 Sakenergo and Sakenergogeneratsia/Tennessee Valley Authority Corporate Finance and Accounting Exchange, Part I June 20-29, 1997

Since 1994 the United States Energy Association, Georgia Power Company and the Tennessee Valley Authority have been participating in exchanges, seminars and internships with Sakenergo. With the functional unbundling of Sakenergo into separate generation (Sakenergogeneratsia), transmission (Sakenergo) and multiple distribution entities, TVA will now continue as the sole partner for the generation and transmission companies while Georgia Power will develop a relationship with Telasi distribution company. The current TVA project served to assist Sakenergo and Sakenergogeneratsia with the adoption of internationally accepted accounting and finance standards. To meet the financial requirements of rehabilitation, the energy sector is actively seeking the assistance of large multilateral donors including the World Bank, the European Bank for Reconstruction and Development, and the Overseas Economic Cooperation Fund (Japan). As the privatization process unfolds, the sector will begin to develop relationships with international investors as well. Georgian utilities will need to become knowledgeable of international transparent accounting and finance practices, to enable the utilities to interface with donors and foreign investors as well as becoming economically viable within the context of a market economy. During the exchange visit, TVA staff detailed a variety of financial concepts, including a comparison of GAAP vs International Accounting Standards, cash vs accrual accounting, capital vs O&M expenses and financial statements. This trip served to develop a core of experts in accounting and corporate finance who can assist Sakenergo and Sakenergogeneratsia in adopting market-based accounting and finance systems within the unique context of the Georgian energy sector.

Accomplishments

- TVA and Sakenergo and Sakenergogeneratsia staff discussed their accounting and corporate finance practices and standards.

- Sakenergo and Sakenergogeneratsia participants were exposed to the structure and operations of TVA's market based financial system and received training on international financial concepts reviewed TVA's financial systems and examined the principles of cash management
- Identified targeted areas for the task team to address during the follow up accounting and corporate finance internship and exchange

The agenda is submitted as Attachment 55

F Kazakhstan

There were no exchanges in Kazakhstan during this year

G Kyrgyz Republic

1 Kyrgyz National Energy Holding Company / Washington Water Power Cost of Service Exchange October 10-19, 1996

The use of personal computers is essential to managing the volumes of data related to calculating the cost of service. Based on ideas exchanged during the March 1996 Rates and Tariffs Exchange, staff members from Washington Water Power's Rates Department abbreviated their cost of service computer software model composed in Microsoft Excel 4.0 in order to install and run it at the Kyrgyz National Energy Holding Company in Bishkek. From October 10-19, 1996, WWP staff provided detailed explanations on the terms and calculations used in determining the cost of service, explained accounting practices used in the Rates and Tariffs Department at WWP and other U.S. utilities, emphasized the potential of personal computer information systems and managing information through databases and spread sheets, and helped the Kyrgyz to tailor the cost of service software model to meet the needs and specifications of a utility making the transition from a command to a market economy.

The agenda is submitted as Attachment 56

ATTACHMENT 1

***United States Energy Association
Energy Industry Partnership Program***

Partnership Between

*Sibirgazservis
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**

Background

In September 1994 the United States Energy Association established a utility partnership between National Fuel Gas of Buffalo, New York and Sibirgazservis 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 Sibirgazservis' 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.

This seminar is intended to further the understanding among Sibirgazservis, 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

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 Sheremetyevo I Airport, Moscow**

Sunday September 29, 1996

- 12 20 am **Depart Moscow on Transaero Flight 107**
- 7 20 am **Arrive in Novosibirsk**

- 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

35

- ▶ 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

- 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*

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

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 Smuth, 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

Thursday October 3, 1996

- 9 00 am **Wrap Up meeting with Sibirgazservis 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 2

—



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**Illinois Power Company
and
Nizhnovenergo**

October 5 thru October 12, 1996

List of Participant

**Valery Gopshpan, Director, Power Plant Repair Service, Nizhnovenergo
Arnold Shenker, Chief Engineer, Novogorkovskaya Heat & Electric Power Plant
Sergey Yarunichev, Chief Engineer, Igumnovskaya Heat & Electric Power Plant
Sergey Koloskov, Chief of Power Plant Operation Shift, Dzerzhinskaya Power Plant**

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 Russia 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.

Prior to September 1996, the exchanges between the partners have focussed primarily on business administration issues including finance, accounting, customer service and regulatory affairs. Commencing with the new fiscal year, the EIPP is sponsoring two consecutive activities on power plant management. The first was held in early September 1996 in Nizhny Novgorod, during which Illinois Power presented a one week seminar for power plant general directors focussing on the management structure and operational procedures used in the Illinois Power system. The current exchange visit will provide an opportunity for those managers to visit the Illinois Power system and observe first hand the information discussed in Nizhny Novgorod last month.

Objectives

The objective of the program is to provide an opportunity for plant managers from the Nizhnovenergo generating facilities to become familiar with the structure, organization and management of generating facilities that are required to operate within the fiscal austerity of a market economy. During the visit they will

- 1) Discuss how the fossil fuel generation department of Illinois Power is structured and its operations within the larger Illinois Power organization.
- 2) Observe staffing levels at power generation facilities to determine how the discipline of the market affects staffing decisions.
- 3) Review safety procedures at Illinois Power and note policies and procedures that may be adopted by Nizhnovenergo.
- 4) Inspect fuel handling facilities and discuss the contractual relations between Illinois Power and its fuel suppliers.
- 5) Study the maintenance procedures used by Illinois Power to minimize downtime for generating units, and
- 6) Examine environmental technologies employed at coal burning generating facilities.

The Program

The Nizhny Novgorod delegation is lead by Valery Gopshpan Director Power Plant Repair Service for Nizhnovenergo He is accompanied by Arnold Shenker, Chief Engineer Novogorkovskaya Heat and Electric Power Plant, Sergey Yarunichev, Chief Engineer Igumnovskaya Heat and Electric Power Plant and Sergey Koloskov Chief Power Plant Operation Shift Dzerzhinskaya Heat and Electric Power Plant

During the exchange, the delegation will visit several of the Illinois Power plants meet with its principal fuel suppliers and meet with customers that also produce significant amounts of electricity and steam for industrial processes in their own facilities

United States Energy Association // Energy Industry Partnership Program

Saturday, October 5, 1996

7 00 am **Delegation departs Moscow for Frankfurt on Lufthansa flight 3213**

8 20 am **Arrive Frankfurt on Lufthansa Flight #3213**

1 50 pm **Depart Frankfurt on United Flight #941**

4 10 pm **Arrive Chicago on United Flight #941**

7 05 pm **Depart United United Flight #779 **

8 15 pm **Arrive in St Louis on United Flight #779 greeted by Charles
Giancola, Director - Fossil Business Strategies Check in Fairfield Inn
- 140 Ludwig Drive, Fairview Heights, Illinois - Phone 618-398-7124
and Fax 618-398-7124**

Sunday, October 6, 1996

12 00 noon **Brunch**

pm **Open**

6 00 p m **Dinner**

Monday, October 7, 1996

7 00 a m **Breakfast**

9 30 a m **Site Visit at Baldwin Power Station**
Keith McFarland, Plant Manager
Mark Liefer, Director, Planning and Technical Support
*The Baldwin Station is a 3x 560 MW (1 680 MW) steam turbine facility
using pulverized coal for fuel The units were constructed during the
period 1970-1975*

- ▶ **Introductions and Welcome**
- ▶ **Plant Modifications and Improvement Program**
- ▶ **Coal Handling and Preparation**
- ▶ **Training Facilities and Training Program**
- ▶ **Plant Management Tools**
- ▶ **Environmental Technologies**
- ▶ **Plant Safety**

12 00 noon **Lunch**

Executive Exchange visit between Illinois Power Company // Nizhnovenergo

United States Energy Association // Energy Industry Partnership Program

1 30 pm **Site Visit and Continuation of Discussions**

6 30 p m **Dinner**

Tuesday, October 8, 1996

7 00 a m **Breakfast**

9 30 a m **Meeting with Arch Minerals**

Greg Bieri, Manager of Engineering and Environmental Affairs

Paul Barber, Manager, Preparation Plant

Arch Minerals supplies 40 percent of the fuel requirements for the Baldwin Power Station

- ▶ **Contractual Relations Between Fuel Supplier and Customers**
- ▶ **Coal Analysis**
- ▶ **Coal Preparation and Cleaning**
- ▶ **Transportation Costs**
- ▶ **Site Visit of the Captain Mine and Observe Strip Mining Operations**

The Captain Mine is the largest strip mine east of the Mississippi River

12 00 pm **Lunch**

1 30 pm **Site Visit to Underground Mining Operation**

7 00 pm **Lunch**

Wednesday, October 9, 1996

7 00 a m **Check - out of the Fairfield Inn**

8 00 a m **Breakfast**

9 30 a m **Site Visit at the TriGen's Ashley District Heating Station**

Mike Tierney, Plant Manager

The Ashley Station is a central heating steam plant owned and operated by the TriGen Company and provides steam to many of the downtown St Louis buildings

| | |
|--------------------------|---|
| Station Specifics | Designed Max Steam Capacity 1,500,000 lbs/hr |
| | Designed Generation 60 MW |
| | Current Steam Output 650,000 lbs/hr |

United States Energy Association // Energy Industry Partnership Program

- ▶ District Heating Operations and Maintenance
- ▶ Staffing Levels and Management
- ▶ Customer Requirements

12 30 pm **Lunch**

1 30 pm **Depart for Decatur**

4 00 pm **Arrive in Decatur and check in Fairfield Inn, 1417 Hickory Point
Drive, Decatur, Illinois - Phone 217-875-3337 - Fax 217-875-3337**

Thursday, October 10, 1996

8 00 am **Breakfast**

9 00 am **Site Visit at Illinois Power Company's Energy and Environmental
Center at the Clinton Nuclear Power Station**

12 30 pm **Lunch**

3 00 p m **Site Visit to Archer Daniels Midland Company Headquarters
Bret Balke, Electric Energy Manager
Dan Sonnek, Cogeneration Manager**

- ▶ Tour of Cogen Plant
- ▶ Relations with Illinois Power

7 00 p m **Dinner**

Friday, October 11, 1996

7 30 a m **Check - out of the Fairfield Inn**

8 00 a m **Breakfast**

9 30 a m **Site Visit to A E Staley Manufacturing Company Cogeneration
Facilities**
Mike Slimabaski, Plant Manager

- ▶ Overview of Cogen Facilities
- ▶ Tour of Generating Plant

12 30 pm **Lunch**

2 00 pm **Wrap-up and Evaluation**

United States Energy Association // Energy Industry Partnership Program

5 30 p m **Arrive at Fairview Heights and check in Hampton Hotel - 150 Ludwig Drive Fairview Heights, Illinois - Phone 618-397-9705 Fax 618-397-9705**

7 00 p m **Dinner**

Saturday, October 12, 1996

7 30 a m **Check out of the Hampton Hotel**

8 00 a m **Breakfast**

11 30 a m **Delegation departs for airport for a United flight 1182 departing at 2 10 p m and arrives in Chicago at 3 17 p m The delegation then takes United flight 3500 departing at 4 45 p m and arrives in Frankfurt at 8 00 a m They then take Lufthansa flight 3198 departing at 10 30 a m and arrive in Moscow at 3 35 p m**

ATTACHMENT 3

*****DRAFT FOR DISCUSSION PURPOSES*****

**United States Agency for International Development
United States Energy Association**

Present an International Workshop

**The Emerging Regulatory Reform
of the Russian Energy Sector:**

How Will it Impact Regional Electric and Gas Utilities?

**Moscow Russia
Samara Russia
October 15-16, 1996**

Sponsored by

**A O Samaragaz
United States Agency for International Development
United States Energy Association**

*****DRAFT FOR DISCUSSION PURPOSES*****

Introduction

The Energy Industry Partnership Program for the New Independent States of the Former Soviet Union was established as a cooperative effort of the United States Agency for International Development and the United States Energy Association in 1992. The objective of the program is to link U.S. and Russian utilities in an ongoing information exchange program to assist the Russian participants in their transition to a market economy.

Since its establishment, the program has initiated six partnerships between regional electric and gas utilities in Russia and similar utilities in the United States. The partnership pairings include

U.S. Utility Partner

Illinois Power
Brooklyn Union Gas
Questar Corporation
Entergy
National Fuel Gas
Columbia Gas

Russian Utility Partner

Nizhnovenergo
Vladimirobgaz
Samaragaz
Lenenergo
Sibingazservis
Penzagazifikatsia

The partners develop annual workplans of four to six activities each year to address the issue areas deemed most critical to the transition to a market economy by the Russian utility partners. In 1995, several of the partnerships identified the emerging regulatory structure as an issue area worthy of focussed attention under the partnership program.

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 workshop invites regulators from the federal and regional governments to join the regional utilities engaged in the program in a constructive dialogue to share their objectives and concerns regarding regulation of the energy sector.

Background

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, and will have a negative impact on the regional energy economy and future economic development.

The recent establishment of the Federal Energy Commission (FEC) and regional energy commissions (REC) in Russia's oblasts will have a profound impact on the continued operations of regional electric and gas utilities and their ability to privatize using domestic and international capital markets

Both the FEC and the RECs are currently in the formative stages of development. Their organizational structures and charters are being developed and personnel is being selected to serve as commissioners and staff on the commissions. Over the next several years the commissions will answer the key regulatory questions confronting Russia's electric and natural gas distribution sectors, and will be responsible for developing the regulatory climate under which the Russian energy sector will operate well into the next century.

Near-term issues that will be addressed by the commissions include

- ▶ What role should the federal and local governments play vis-a-vis independent federal and regional regulatory commissions?
- ▶ How will the jurisdictional domain be split between the FEC and the RECs?
- ▶ What methodology will be used by the FEC and RECs to determine tariffs for consumers of electricity and natural gas?
- ▶ What role will the regulators have in solving the non-payments crisis confronting Russian regional utilities?
- ▶ Will the promotion of energy efficiency and conservation be addressed by either the FEC or the RECs?

Resolution of these issues will have national economic implications. As such, this workshop is intended to provide a venue for Russian and American senior policy makers in both the federal and regional governments, regulators, and utility executives to share their concerns, experience and observations regarding the regulation of the energy sector.

Objectives

The objectives of the workshop are to

- 1) Provide a venue for federal and regional regulators to share their vision and concerns regarding energy regulation with each other and with regional gas and electric utilities
- 2) Offer an opportunity for regional utility executives to discuss their regulatory reform

requirements with both regional and federal regulatory authorities,

- 3) Discuss with representatives of the financial industry, the effect of independent regulation on the ability to attract domestic and international capital to the regional utilities,
- 4) Examine the role of the federal and regional regulatory authorities in resolving the non-payments crisis, and
- 5) Consider the regulator's role in balancing the corporate interests of the utility with the needs and requirements of the consumer

Logistics

A O Samaragaz, the local gas distribution company serving the Samara oblast, is the corporate sponsor of the workshop and is a charter member of the Energy Industry Partnership Program. Samara is the capital of the Samara oblast, which is located approximately 650 miles southeast of Moscow. It is a picturesque and historic city and located on the banks of the mid-stream Volga and is home to the Russian aerospace industry. During World War II, Samara, then known as Kuybishev, was prepared to serve as the seat of Russian government in contingent preparation for a German invasion of Moscow.

The official languages of the workshop are Russian and English. Simultaneous translation will be provided. The workshop will be formatted to achieve maximum interaction among the participants. Panels will be composed of Russian and American discussants who will open each panel discussion with a statement on the panel's subject matter. This will be followed by a discussion and response to the opening statements open to all the workshop participants.

Accommodations and transportation will be provided by the United States Energy Association's Energy Industry Partnership Program to invited participants through its cooperative agreement with the United States Agency for International Development.

International Workshop**The Emerging Regulatory Reform of the Russian Energy Sector
How Will It Impact Regional Electric and Gas Utilities**

Moscow Russia

Samara Russia

October 12 - 17, 1996

Saturday October 12, 1996**7 00 pm U S Participants Depart Kennedy Airport on Delta #104****Sunday October 13, 1996****11 00 am U S Participants Arrive at Moscow's Sheremetyevo II Airport and Register
at the Aerostar Hotel -- *Leninsky Prospekt, Moscow*****2 00 pm Orientation to Moscow**

- **Red Square**
- **Kremlin**
- **Armory Museum**

Monday October 14, 1996**9 30 am Pre-Workshop Orientation on Russian Energy Sector for U S Participants**

- **Introduction of Participants**
- **Review of Energy Industry Partnership Program Regional and
Regulatory Activities**
- **Overview of the Regional Utilities and Federal and Regional Energy
Commissions**
- **Future Activities Planned for the Regulatory Sphere**

12 00 pm Lunch**1 30 pm Continuation of Pre-Workshop Orientation for U S Participants**

- 3 00 pm **Pre-Workshop Orientation Concludes**
- 7 00 pm **U S Participants Depart Moscow for Samara via Samara Air**
- 9 00 pm **Arrive in Samara and Register at Local Hotel**

Tuesday October 15, 1996

- 8 00 am **Continental Breakfast and Workshop Registration**
- 9 00 am **Welcoming Remarks**
Governor of Samara Oblast (invited)
Yefim Veismann, General Director Samaragaz
Ron Leasburg, Chief Energy and Technology Division, Office of Economic Reform United States Agency for International Development
- 9 30 am **Keynote Address**
Russia's Federal Energy Commission Developing a Federalist Regulatory System
Georgiy Kutovoy, Deputy Chairman -- Electric Power Federal Energy Commission
 - ▶ **Goals and Mandate of the Federal Energy Commission**
 - ▶ **Structure and Staffing**
 - ▶ **Legal Relations with the Regional Energy Commissions and Utilities**
 - ▶ **Wholesale and Retail Energy Pricing Methodologies and Issues**
 - ▶ **Critical Issues Confronting the Energy Sector and the Commission**
- 10 15 am **Session I**
Risk vs. Reward Leveraging Utility Financial Additionality Through a Transparent and Consistent Regulatory Scheme Perspectives

| | |
|-------------------|---|
| Utility | <i>Jim Lee, Senior Vice President, Columbia Gas Corporation</i> |
| Financial | <i>Sergey Bubonov Equity Analyst, CS First Boston</i> |
| Utility | <i>Yefim Veismann General Director, Samaragaz</i> |
| Regulatory | <i>Steve Oxley, Secretary and Chief Counsel Wyoming Public Service Commission</i> |

 - ▶ **Competitive Capital Markets**
 - ▶ **Risk vs. Reward**
 - ▶ **Investor Expectations and Requirements**
 - ▶ **The Regulator's Responsibility**

SS

- 11 30 am **Break**
- 11 45 pm *Continuation of Session I*
Open Discussion
**Risk vs Reward Leveraging Financial Additionality Through
a Transparent and Consistent Regulatory Scheme**
- 12 30 pm **Lunch**
Luncheon Speaker *Alexander Kazbegi Equity Analyst, Salamon Brothers*
The Institutional Factors Facilitating Mosenergo's ADR Placement
- 2 00 pm *Session II*
**Balancing the Corporate Interests of the Utility with the Needs of the
Consumer**
Perspectives
Utility *Yevgeny Yefrimov, Director, Power Supervision, Lenenergo*
Regulatory *Andrei Zadernyuk, Chairman, Nizhny Novgorod Regional Energy
Commission*
Utility *Victor Kuzin, Penzagazifikatsia*
Financial *Alexander Kazbegi AO Salamon Brothers*
Financial *Sergei Bubnov CS First Boston*
Regulatory *Don Mills Executive Director Kentucky Public Service
Commission*
 - ▶ **What are the Consumer's Rights and Obligations?**
 - ▶ **What are the Utility's Rights and Obligations?**
 - ▶ **Non-Payments**
 - ▶ **The Regulator's Role**
- 3 00 pm **Break**
- 3 30 pm *Continuation of Session II*
Open Discussion
**Balancing the Corporate Interests of the Utility with the Needs of the
Consumer**
- 4 30 pm **Workshop Concludes Day One**
- 7 00 pm **Reception and Dinner Sponsored by Samaragaz**

Wednesday October 16, 1996

- 9 00 am **Session III**
Pricing Methodologies Providing a Consistent Basis for Tariff Regulation Perspectives
Regulatory *Georgiy Kutovoy, Deputy Chairman -- Electric Power Federal Energy Commission*
Utility *Valentina Shulpina, Chief Economist, Nizhnovenergo*
Regulatory *Yuri Panin, Vice Chairman of the Penza Regional Energy Commission*
Consulting *Eric Woychick, Strategic Integration*
Utility *Vladimir Tarasenko, General Director, Vladimirobgaz*
Consumers *Igor Bashmakov, General Director, Center for Energy Efficiency*
Regulatory *Walter Nixon, Director Regulatory Policy, Entergy Corporation*
 ▶ **Wholesale and Retail Pricing Schemes in Russia**
 ▶ **Rate Based Regulation**
 ▶ **Competitive Models**
 ▶ **Energy Efficiency Considerations**
- 11 00 am **Break**
- 11 15 am **Session III Continued**
Open Discussion
Pricing Methodologies: Providing a Consistent Basis for Tariff Regulation
- 12 00 pm **Lunch**
Luncheon Speaker *Steve Oxley, Secretary and General Counsel, Wyoming Public Service Commission*
The Evolving Industry and Regulatory Structure in the United States
- 1 30 pm **Session IV**
The Evolution of the Russian Regulatory Structure
Regulator *Georgiy Kutovoy, Deputy Chairman -- Electric Power Federal Energy Commission*
Regulator *Yuri Panin, Vice Chairman, Penza Regional Energy Commission*
Regulator *Gennadiy Mamon, Chairman, Novosibirsk Regional Energy Commission*
Regulator *Andre Zadernyuk, Chairman, Nizhny Novgorod Regional Energy Commission*
 ▶ **Federal/Regional Jurisdiction**
 ▶ **Viability of Independent Regulatory Commissions at the Regional**

Level

- ▶ **Industry Structure**
- ▶ **Wholesale and Retail Tariffs**

3 00 pm **Break**

3 30 pm **Opportunities for Future Russian and American Collaboration on
Regulatory Issues**

- ▶ **Partnerships - Federal/Regional**
- ▶ **Study Tours**
- ▶ **In-Depth Focussed Seminars**
- ▶ **Coordination with Utility Partnerships**

5 30 pm **Workshop Concludes**

7 00 pm **Farewell Reception and Dinner**

Thursday October 17, 1996

**AM Site Visit to Samaragaz New Customer Service Centers and Cultural Tour of
Samara**

PM U S Participants Depart for Moscow

Friday October 18, 1996

AM Depart Moscow for the United States

LIST OF PARTICIPANTS

Andrew Baldwin
Director, Program on Natural Monopolies
IRIS

Igor Bashmakov
Executive Director
Center for Energy Efficiency - Moscow

Sergei Bubnov
Equity Analyst
CS First Boston

Sergei Chelnov
Chief, Department of Economics and Member of the Board
Rosgazifikatsia

Vladimir Filippov
General Director's Assistant on Foreign Relations
Vladimiroblgaz

Gene Fominykh
Deputy Director for Russia, Energy Industry Partnership Program
United States Energy Association

Boris Gamm
Chief Expert, Department of Fuel and Energy
Novosibirsk Oblast Administration

Scott Hanna
Director, Corporate Finance
Price Waterhouse

Alexander Kazbegi
Equity Analyst
AO Salamon Brothers

Alexander Kolesov
Chief, Foreign Relations and Member of the Board
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Vasily Kondrtyev
Lieutenant Governor, Penza Oblast
Chairman, Penza Regional Energy Commission

David Konick
Legislation Specialist, Program on Natural Monopolies
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Georgy Kutovoy
Deputy Chairman, Electric Power
Federal Energy Commission

Victor Kuzin
General Director
Penzagazifikatsia

Vladimir Kuzin
Lieutenant Governor, Vladimir Oblast Administration
Chairman, Vladimir Regional Energy Commission

Ron Leasburg
Chief, Energy and Technology Division Office of Economic Reform
U S Agency for International Development Mission to Russia

Jim Lee
Executive Vice President
Columbia Gas Distribution Companies

Misha Lebedskoi
Program Coordinator
United States Energy Association

Vyechaslav Linyov
Vice President and Member of the Board
Rosgazifikatsia

Valery Lokotunin
President and Member of the Board
Rosgazifikatsia

Yelena Lukina
Energy Consultant, Program on Natural Monopolies
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Gennadiy Mamon
Lieutenant Governor, Nizhny Novgorod Oblast
Chairman, Novosibirsk Regional Energy Commission

Boris Maksimenko
Director of Economy
Kubanenergo

Don Mills
Executive Director
Kentucky Public Service Commission

Walter Nixon
Director
Regulatory Affairs
Entergy Corporation

Steve Oxley
Secretary and Chief Counsel
Wyoming Public Service Commission

Yuri Panin
Chief, Department of Industry and Transportation, Penza Oblast
Deputy Chairman, Penza Regional Energy Commission

Alexander Perevozchikov
Leading Researcher
Center for Energy Efficiency - Moscow

Victor Pianov
General Director
Sibirgazservis

William Polen
Manager, Energy Industry Partnership Program
United States Energy Association

Victor Rodianov
Head of the Department of Energy, Samara Oblast Administration
Chairman, Samara Regional Energy Commission

Pyotr Romanov
General Director
Vladimirenergo

Victor Shapoval
First Deputy General Director
Penzaenergo

Valentina Shulpina
Chief Economist
Nizhnovenergo

Michael Stepanov
Development Assistance Specialist, Energy and Technology Division, Office of Economic Reform
U S Agency for International Development Mission to Russia

Vladimir Tarasenko
General Director
Vladimiroblgaz

Valery Titov
Deputy General Director
Nizhnovenergo

Yefim Viesmann
General Director
Samaragaz

Mary Webster
Regulation Specialist, Program on Natural Monopolies
IRIS

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Eric Woychick
President
Strategic Integration

Yevgeny Yefremov
Director, Power Supervision
Lenenergo

Andre Zadernyuk
Head of the Department of Energy, Nizhny Novgorod Oblast Administration
Chairman, Nizhny Novgorod Regional Energy Commission

Yury Zharkov
Deputy General Director of Economy
Novosibirskenergo

ATTACHMENT 4



**United States Energy Association
Energy Industry Partnership Program**

Exchange Visit Between

**Brooklyn Union Gas
and
Vladimir Oblast Government
and
Vladimiroblgaz**

On

- 1) Utility Regulatory Environment**
- 2) Update on Metering Project**

**Sponsored by:
U.S. Agency for International Development**

November 2 thru November 9, 1996

List of Participants

**Vladimir Kuzin, Lieutenant Governor, Vladimir Oblast and Chairman of the Regional
Energy Commission of Vladimir Oblast**

Vladimir Tarasenko, General Director of Vladimiroblgaz

Valentin Martyanov, Deputy General Director / Commerce, Vladimirenergo

Andrey Velikanov, Chief, Planning & Economy Department

Background

In October 1994, the United States Energy Association initiated a utility partnership exchange program between Brooklyn Union Gas and Vladimiroblgaz, the regional gas distribution company in the Vladimir Oblast of Russia. The exchange program is intended to assist Vladimiroblgaz 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.

With the demise of the Former Soviet Union and the emergence of a market economy, the natural gas distribution companies are beginning to commercialize their operations. They are increasingly subject to the market. Gas service is no longer considered a "human right." Tariffs for the gas service have developed and companies are now charging their customers for the distribution of gas.

Recognizing the importance of a stable and consistent regulatory environment to the successful operation of utilities, the Government of Russia recently tasked the oblast governments to develop professional, full-time regulatory commissions called Regional Energy Commissions in each oblast. The RECs will be required to develop standard operating procedures including tariff methodologies and consumer rights programs.

Objectives

A critical problem confronting regional Russian utilities in their transition to a market economy is the lack of a consistent approach to tariff development. The lack of a clear and transparent system of utility regulation exacerbates the political and economic instability of 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 exchange visit is intended to develop an understanding among the energy companies, 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 Vladimir energy sector.

The Key issue areas that they are interested in Discussing include

- What was the legal basis for establishing a regulatory commission in New York State?

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- What is the appropriate role of the regulatory vis-a-vis the utility, state government, and the consumer?
- What is the preferential methodology used to determine tariffs – rate base or incentive based? What are the advantages and drawbacks of each?
 - What is a base regulation?
 - What is a cost of service study? What is its purpose? How is it Conducted?
- What type of staff are needed in the utility and regulatory commission?
- How do regulators and utilities protect the poorest customer?
- How is the utilities accounting system used in the process of determining tariffs?
- What is a rate case? How is it conducted? How does the public participate?

Program

Discussions at Brooklyn Union will focus on factors affecting the ability of investor-owned utilities to attract private capital financing Meetings with Merrill Lynch and Standard and Poor will concentrate on investor expectations and requirements The week will conclude with detailed discussions of the New York State Public Service Commission on the role of regulatory commissions and the interaction between them, the regulated utilities and the financial community

United States Energy Association // Energy Industry Partnership Program

Saturday, November 2, 1996

The delegation arrives at Kennedy Airport on Northwest flight 8643 arriving at 9 35 p m and are greeting by Anthony Bitonti, Program Coordinator, United States Energy Association. Delegation then checks in Club Quarters Downtown -- 52 Williams Street New York, NY -- Phone 212-354-6400

Sunday, November 3, 1996

Free Day

Monday, November 4, 1996

- | | |
|------------|--|
| 8 00 a m | Arrive at Brooklyn Union Gas -- One Metrotech Center, Brooklyn New York - Contact Robert Tumielewicz at ext 5036 - Phone 718-403-5036 |
| 8 30 a m | Welcome |
| 9 00 a m | Structure and Organizational Overview <i>Anthony DiBrita Senior Vice President</i> |
| 10 00 a m | Break |
| 10 15 a m | Review of Five Day Schedule <i>Anthony DiBrita, Senior Vice President</i> |
| 12 00 noon | Meeting with Merrill Lynch <ul style="list-style-type: none">➤ Investor expectations / Requirements➤ Impact of Regulation on Investment Climate |
| 2 00 p m | Strategic Planning Issues <ul style="list-style-type: none">➤ Overview of Planning Process➤ Goals and Obligations➤ Planning for the new Regulatory Environment <i>Laura Candy SPL</i> |
| 3 45 p m | Reengineering Business Process Improvements (BPI) <i>Edward Murphy - Vice President BPI Division</i> <ul style="list-style-type: none">➤ Restructuring for Competition |
| 6 00 p m | Dinner after Presentation |

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Tuesday, November 5, 1996

- 9 00 a m **Utility Finance in a Competitive Market**
➤ Attracting Finance in a Competative Market
➤ Impact of Regulations
Robert Wieczorek - Vice President Secretary and Treasurer
Jan Childress - Manager IR
- 10 00 a m **Break**
- 10 15 a m **Deregulation (FERC Order 636) and Its Impact on LDC's**
➤ *Unbundling of services and gas transportation*
Bill Kinneary - General Manager, RRG
- 11 30 a m **Lunch**
- 1 00 p m **Standards and Poors**
A Major U S Corporate Finance Rating Agency
➤ Factors effecting ability to attract financing
- 2 30 p m **Regulatory Filings Issues and Process**
➤ Rate Making Process
Gary Ahearn Manager RR
- 3 00 p m **Competitive Rate Making & Supply Planning Issues**
➤ Unbundling of Services and Transportation
Ed Anderson General Manager SPP
- 4 00 p m Travel to Albany, New York and check in the Omni Hotel -- Ten Eych
Plaza - Albany, New York - Phone 518-462-6611 - Fax 518-462-2901

Wednesday, November 6, 1996

- 8 30 p m **Regulatory Issues and Relationship**
➤ *Working relations with New York State regulators*
➤ *Risk Management Approach*
Roger Csajko Manager GRR
- 10 00 a m **Attend Public Service Commission Sessions Meeting**

United States Energy Association // Energy Industry Partnership Program

- 11 00 a m **Meeting with PSC Commissioners and Senior Staff**
- Overview of Commission
 - Fundamentals of Regulation
 - Staffing
 - Standard Operating Procedures
 - Funding
 - Public Participation
 - Rate Making Process
 - Commission Ethics
 - Protecting the Poor
 - Federal U S State Jurisdiction
- 12 00 noon Lunch
- 1 00 p m **Meeting with PSC Commissioners and Senior Staff (Continued)**
- 4 00 p m Delegation returns to Manhattan, New York and checks in Milford Plaza Hotel -- Located at 270 West 45th Street -- Phone Number 212-869-3600

Thursday, November 7, 1996

- 9 00 a m **Update on Metering Project**
Vladimir Tarasenko General Director, Vladimiroblgaz
- Status
 - Future Exchanges
- 12 00 noon Lunch
- 2 00 p m **Visit to Control Center and SCADA Operations**
Richard Montenes GSO
- 3 00 p m Wrap -Up and Discussion
- 6 00 p m Dinner

Friday, November 8, 1996

- 6 30 a m Depart Hotel for USAIR flight 387 departing at 7 10 a m and arriving in Washington at 8 24 a m Transportation to St James Hotel - 950 24th Street, Washington DC - Phone (202)457-0500

United States Energy Association // Energy Industry Partnership Program

- 11 00 p m **Federal Energy Regulatory Commission**
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
- 2 00 p m **Meeting with United States Agency for International Development**
Rajiv Rastogi Manager Power Restructuring & Privatization Energy and Infrastructure Division Bureau for Europe and the New Independent States
320 21st Street NW Room 4440 Washington DC (202) 647-8274
- Introduction to USAID Russian Program
 - Discussion of Vladimir Economy, prospects for Energy Reform
 - Discussion of Partnership Program Results
 - Update on Metering Project
 - Review of Gas II Loan
 - Future Cooperation
- 4 00 p m **United States Energy Association**
1620 Eye Street, Washington DC - (202)-331-0415
William L. Polen Program Manager, Energy Industry Partnership Program
- Discussion of Next Activities of Partnership Program

Saturday, November 9, 1996

- 3 00 p m Delegation will depart St James Hotel for Dulles Airport and a Northwest flight 36 departing at 6 00 p m and arrive in Amsterdam at 7 15 a m They connect with Northwest flight 8287 departing at 9 05 a m and arrive in Moscow at 2 15 p m

ATTACHMENT 5

Trip Report

**United States Energy Association
Energy Industry Partnership Program**

Brooklyn Union

and

Vladimiroblgaz

&

Regional Government of the Vladimir Oblast

Executive Exchange

**Brooklyn, Albany, New York
Washington, DC**

November 2 thru 9, 1996

Prepared By Anthony J Bitonti, Program Coordinator / Washington, D C

ATTENDEES

Brooklyn Union Gas

Anthony DiBrita, Senior Vice President
Robert Tumielewicz, Engineer Systems Design & Engineering Distribution Field Services
Gary Ahern, Manager, Rate Recovery
Michael Taunton, General Manager, Multifamily Customer Team
Joseph Littmann, Jr., Director, City Government Relations
Roger Csajko, Director, State Regulatory Relations
John Allocca, Regulatory Counsel, Supply Planning & Procurement
Robert Wieczorek, Vice President, Secretary & Treasurer

Vladimirobgaz & Oblast Government

Vladimir Kuzin, Lieutenant Governor, and Chairman of the Regional Energy Commission
Vladimir Tarasenko, General Director, Vladimirobgaz
Valentin Martyanov, Deputy General Director, Vladimirorenerg
Andrey Velikanov, Chief, Planning & Economy Department

- USEA

Gene Fominykh, Deputy Program Manager / Moscow
Anthony Bitonti, Program Coordinator / Washington
Mikhail Lebedskoi-Tambiev, Program Coordinator / Moscow

State of New York Public Service Commission

Eugene Zeltmann, Deputy Chairman
Thomas Dunleavy, Commissioner
William Bouteiller, Administrative Law Judge

Merrill Lynch

Robert Craig, Corporate and Institutional Client Group

Standard & Poor's

Ronald Barone, Director Corporate Ratings
John Bilardello, Director Corporate Ratings

Background

In October 1994, the United States Energy Association initiated a utility partnership exchange program between Brooklyn Union Gas and Vladimirobgaz, the regional gas distribution company in the Vladimir Oblast of Russia. The exchange program is intended to assist Vladimirobgaz 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.

With the demise of the Former Soviet Union and the emergence of a market economy, the natural gas distribution companies are beginning to commercialize their operations. They are increasingly subject to the market. Gas service is no longer considered a "human right." Tariffs for the gas service have developed and companies are now charging their customers for the distribution of gas.

Recognizing the importance of a stable and consistent regulatory environment to the successful operation of utilities, the Government of Russia recently tasked the oblast governments to develop professional, full-time regulatory commissions called Regional Energy Commissions in each oblast. The RECs will be required to develop standard operating procedures including tariff methodologies and consumer rights programs.

Objectives

A critical problem confronting regional Russian utilities during their transition to a market economy is the lack of a consistent approach to tariff development. The absence of a clear and transparent system of utility regulation exacerbates the political and economic instability of 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 exchange visit is intended to promote 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 Vladimir energy sector among the energy companies, oblast administration and Regional Energy Commission.

The following issues were discussed:

- The legal basis for establishing a regulatory commission in New York State
- The appropriate role of the regulatory vis-a-vis the utility, state government, and the consumer
- The preferential methodology used to determine tariffs -- rate base or incentive based. The advantages and drawbacks of each
 - Base regulation

- The cost of service study The purpose The way its Conducted
- The type of staff are needed in the utility and regulatory commission
- The way regulators and utilities protect the poorest customer
- The utilities accounting system used in the process of determining tariffs
- definition of rate case The way it conducted, Public participation

Program

Discussions at Brooklyn Union focused on factors affecting the ability of investor-owned utilities to attract private capital financing Meetings with Merrill Lynch and Standard and Poor concentrated on investor expectations and requirements The week concluded with detailed discussions at the New York State Public Service Commission on the role of regulatory commissions, the relationship between the commission and the utility, the regulated utilities and the financial community

Description of Meetings

On Monday, November 4, 1996 The first day of the exchange included a brief overview of Brooklyn Union Gas by Senior Vice President, Anthony DiBrito The main topic of Mr DiBrito presentation was on Brooklyn Union's Holding Company Rate Plan Brooklyn Union has a agreement with the New York State Regulatory Commission for the next 6 years This agreement gives Brooklyn Union the right to start charging customers for Service calls and for parts or materials that might need to be replaced The utility can also raise the rates based on the cost of service In return Brooklyn Union freeze their rates from 1998 thru 2002

Merrill Lynch gave Vladimiroblgaz a short description on how to raise capital and acquire investors Mr Robert Craig informed Vladimir Tarasenko that Vladimiroblgaz needs to be evaluated by a rating agency He explained that once a company has a rating it can sell stock to the public market or to private Investors Mr Tarasenko asked what his company needed to build a new power plant Mr Craig answered that Vladimiroblgaz needs to put together a historical financial statement of its company and have those statements audited by a rating agency to make sure there numbers are reliable Then they need to explain how they plan on financing this power plant The rating agency looks at the risk of the company the nature of its cash flow and their assets, as well as the maturity of the loan whether it is 5 to 30 years This will determine the interest payment on the debt

The afternoon presentation was given by Mr Edward Murphy, Vice President of the Business Process Improvements He described the rethinking and radical redesign of business process and its point of view He talked about Brooklyn Union's goals for reengineering, improved efficiency and greater effectiveness This is commonly referred to as reengineering

On Tuesday, November 5, 1996, Mr. Bill Kinneary gave a presentation on unbundling. Unbundling is where a customer can buy gas from Brooklyn Union or from a competitive gas supplier; if they buy from other suppliers, Brooklyn Union will still supply all services. Mr. Kinneary gave an overview of the eight steps involved with the unbundling process. They are as follows: customer eligibility, marketer qualifications, customer information, customer applications and approval, service options, daily balancing and imbalance handling, experience to date and why transportation service works in Brooklyn Union.

Standard and Poor's provide objective, accurate and timely information on credit quality. Ronald Barone explained how investors rely on the confidence of their ratings and how companies go about getting rated. Mr. Barone gave Vladimirblast the break down for receiving a rating. Vladimirblast requested a rating. Standard & Poor's will assign a team of analysts to establish a basic profile on the borrower from qualitative information, such as financial statements, transactions, and work papers. Standard and Poor will request a meeting with the borrower management to discuss topics raised by the initial information. Standard and Poor will make a presentation to a rating committee comprised of senior analysts from their global network or offices. These meetings will result in a rating and an outlook. When the rating is decided, the analysts will contact the borrower with their decision. They will outline fully how they came to this decision. If the borrower does not approve of the rating, it can appeal the decision. During this time, Standard and Poor will not make the rating public until it reviews any and all new information the borrower makes available. Standard and Poor does not guarantee that additional information will change the rating committee's decision. If the borrower accepts the rating, Standard and Poor will release the rating to the media, investors and traders as well as Standard and Poor's information service and publications. Standard and Poor's will continue to monitor the rating to make sure it's accurate. Standard and Poor also expect the borrower to provide notice of material financial and operational changes that could affect the rating. They will also hold meetings with the borrower to stay on top of their views on current topics and to discuss potential problem areas, and any changes in strategy the borrower might have.

That evening the delegation traveled to Albany, New York.

On Wednesday, November 6, 1997, the delegation attended a meeting with the New York State Public Service Commission. Mr. Eugene Zeltmann, Commissioner with the New York Public Service Commission, gave an overview of the organizational structure of the NYSPSC. He also discussed the process of the Commission. A utility will file proposals with the commission; the commission will hold public evidentiary hearings; the General Counsel reviews specific utility rates and service proposals; an Administrative Law Judge presents information and recommendation to the commission. The Law Judge will preside over 1) public comment and evidence gathering and 2) trial type hearings or disputes. The commission must consider the utilities proposal, then adopt, reject or amend any or all of it according to New York State Law. The commission will also hold public statement

hearings, formally consider the case at session make decisions based on the record and issue a written order

Mr Zeltmann also discussed the importance of competition He said competition drives down cost of services, gives the customer more choices, produces better investment decisions and stimulates economic growth with the state He said cost would determine the price in a regulated market and price would determine cost in a competitive market He talked about cost of service regulation and performance based regulation also price caps and pricing strategies for the future

Thomas Dunleavy gave a gas industry overview to the delegation Discussed that deregulation of well head prices were completed in 1985 that pipelines are regulated by the Federal Energy Regulatory Commission also sets rates for pipeline transportation Distribution is regulated by the state of N Y He also talked about the Gas Industry that there are 10 pipelines that serve directly to the state of New York There are 11 Major gas distribution companies in New York Seven combination electric & gas that New York receives most of its gas from the Gulf Coast along with the Appalachia and Canada

That evening the delegation traveled back to Manhattan to visit Brooklyn Union

On Thursday, November 7, 1996 The delegation returned to Brooklyn Union They met with Heidi Swanson, Research Engineer, Research, Development & Demonstration Ms Swanson gave a presentation on the Whisper remote Meter System The Whisper is a wireless product which provides remote meter reading or interfacing with other remote devices The system provides access to gas, water, and electric meters for automatic reading, applications, time-of-use metering The Whisper Remote Meter Interface is a field retrofit table, self contained radio It attaches to all gas meters without having to be recelebrated It communicates the reading to the base station The Whisper provided utilities with real time pricing, Submetering, Customer feedback, soft Shut-off and tamper theft detection

The afternoon meeting half the delegation visited the control center and SCADA operations the other half discussed the work plan and decision on future activities between Brooklyn Union and Vladimiroblgaz

On Friday, November, 8, 1996 The delegation travels to Washington DC from New York City to meet with the Federal Energy Regulatory Commission

Accomplishments

- ▶ Representatives from Brooklyn Union and Vladimiroblgaz provided overviews of their organizational structures
- ▶ Potential work plan activities were discussed by Anthony Dibrita of Brooklyn Union and Vladimir Tarasenko, General Director of Vladimiroblgaz, exchange visit was scheduled for late January or early February, 1997
- ▶ The delegation now understands how each state in the United States has its own regulatory body In addition, the Russian natural gas utility participants were briefed on the role of the Federal Energy Regulatory Commission and its relationship to state regulatory commissioners and the customers in their respected state

ATTACHMENT 6



Fifth Annual Clean Coal Technology Conference

Powering the Next Millennium

Sponsored by:

**U.S. Agency for International Development
United States Department of Energy
The Center for Energy & Economic Development
National Mining Association
Electric Power Research Institute
Council of Industrial Boiler Owners**

***Hyatt Regency Westshore
6200 Courtney Campbell Causeway***

January 5 thru 12, 1997, Tampa, Florida

List of Participants

**Gurgen Olkhovsky, General Director, All-Russian Thermal Engineering Institute
Anatoly Tumanovsky, Deputy General Director, All-Russian Thermal Engineering**

Background

The Fifth Annual Clean Coal Technology Conference will focus on presenting strategies and approaches that will enable clean coal technologies to resolve the competing, interrelated demand for power, economic viability, and environmental constraints associated with the use of coal in the post 2000 era. The program will address the dynamic changes that will result from utility competition and industry restructuring, and to the evolution of markets abroad. Current projects for electricity highlight the preferential role that electric power will have in accomplishing the long range goals of most nations. Increased demands can be met by utilizing coal in technologies that achieve environmental goals while keeping the cost-per-unit of energy competitive. Results from projects in the DOE Clean Coal Technology Demonstration Program confirms that technology is the pathway to achieving these goals.

The industry / Government partnership, cemented over the past 10 years, is focussed on moving the clean coal technologies into the domestic and international marketplaces. The Fifth Annual Clean Coal Technology Conference will provide a forum to discuss these benchmark issues and the essential role and need for these technologies in the post 2000 era.

Purpose

Participants will discuss the basic components of the process of economic cost benefit analysis as applied to a range of environmental technologies. These technologies spanned the scope of the combustion process, from precombustion, to combustion, to post combustion. The Environmental Performance Technical Exchange Visit will expose senior electric utility managers to first-hand observation of these technologies in operation at U.S. electric utilities. The visit will also provide participants with an understanding of how economic cost benefit analysis is applied to specific instances of environmental performance upgrades.

United States Energy Association // Energy Industry Partnership Program

Sunday, January 5, 1997

The delegation arrives at Kennedy Airport on Delta flight 31 arriving at 4 00 p m and connects to Delta flight 1597 departing Kennedy at 6 00 p m and arrive in Washington, National Airport at 7 08 p m they will be greeting by Anthony Bitonti, Program Coordinator, United States Energy Association Delegation then checks in Club Quarters Washington, 839 17th Street, Washington, DC 20006 -- Phone 202-463-6400

Monday, January 6, 1997

9 00 a m **Welcome**

9 30 a m **United States Energy Association**
1620 Eye Street, Washington DC - (202)-331-0415
William L. Polen Program Manager, Energy Industry Partnership Program

12 00 **Lunch**
United States Energy Association - 1620 Eye Street, Suite 1000

(Tenative) **Meeting with United States Agency for International Development**
Rajiv Rastogi, Manager, Power Restructuring & Privatization Energy and Infrastructure Division, Bureau for Europe and the New Independent States
320 21st Street NW Room 4440 Washington DC (202) 647-8274

5 30 p m Delegation departs Washington for Tampa, Florida on USAIR flight 2333 departing at 7 00 p m and arriving in Tampa at 9 15 p m Transportation will be provided and they check in the Day's Inn Rocky Point Island Located at 7627 Courtney Campbell Causeway - Phone 813-281-0000 and Fax 813-281-1067

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Tuesday, January 7, 1997

- | | |
|----------------|--|
| 7 a m to 5 p m | Conference Registration and Exhibit Area |
| 10 00 am | International Business Forum Brunch <i>(Audubon III)</i> <ul style="list-style-type: none">• Welcome and Introduction to Conference• Discussion of Conference Purpose and Logistics• Panel Options for Financing International Projects and Feasibility Studies• Question and Answer Period |
| 12 30 pm | Break |
| 1 00 pm | Site Tour Orientation for Polk Power Station <i>(Audubon II)</i> |
| 1 30 pm | Tour Tampa Electric Company's Integrated Gasification Combined Cycle Plant (IGCC) Project <p>This IGCC Project is a 250 MWE Greenfield IGCC located at Tampa Electric Company's Polk Power Station. The project is using Texaco pressurized, oxygen-blown, entrained-flow gasified, hot-gas and conventional cold-gas cleanup, and an advanced gas turbine with nitrogen injection for power augmentation and NOx control. The gasifier is designed to use about 2,000 tons per day of bituminous coal containing 2.5-3.5 percent sulfur with an anticipated heated rate of approximately 8,600 Btu/kWh (40% thermal efficiency).</p> |
| 5 30 pm | Return to your hotel |
| 6 30 pm | Tampa Electric Company sponsored dinner event at the Museum of Science and Industry |

United States Energy Association // Energy Industry Partnership Program

Wednesday, January 8, 1997

- 7 00 am **Continental breakfast and viewing of exhibits**
(Exhibit Area Foyer)
- 8 30 am **Opening Plenary Session in Audubon I And II**
Powering the Next Millennium Challenges in Meeting the Goal
(Audubon I and II)
- 10 00 am Break
- 10 30 am **Continuation of the Opening Plenary Session in Audubon I And II**
Introduction and Welcome Addresses
- Keynote Address Vision and Challenge for CCT's Contribution in the Next Millennium
 - **Issue 1 International Markets for CCTs**
John Ferriter Deputy Executive Director, International Energy Agency
 - **Issue 2 Role of CCTs in the Evolving Domestic Electricity Market**
Kenneth Gordon National Economic Research Associates Inc
 - **Issue 3 Environmental Issues Affecting CCT Deployment**
Michael Miller, Director, Environmental Control Business Unit
- 12 00 noon **Lunch**
(Audubon II and III)
- Luncheon Speaker**
Issue 4 CCT Deployment From Today into the Next Millennium
Terri Moreland, Director, Washington Office State of Illinois
- 1 30 pm **Tour Tampa Electric Company's Electric Technology Resource Center**
- Tampa Electric Company's electric Technology Resource Center (ETCR) is the Nation's only full-service demonstration facility displaying interactive testing centers in advanced technology, lighting display and food service
- 5 00 pm Return to your hotel There are no scheduled activities for the evening

Thursday, January 9, 1997

- 7 00 am **Continental Breakfast**
(Exhibit Area Foyer)
- 8 30 am **Panel Session 1 in Audubon I**
Issue 1 International Markets for CCTs
- **Coal Producer Perspective on Coal Technology Choice**
John Wootten, Vice President Peabody Holding Company
 - **Independent Power Producer Perspective on Technology Choice**
Ian Torrens, International Development, Shell International Gas
 - **Electric Power Privatization and Implications for CCTs**
Roger Shark, Income Partner, McDermott, Will & Emory
 - **International Prospects for CCTs**
David Gallaspy, Vice President Asia Pacific Rim Southern Electric International
- 10 00 am **Break**
(Exhibit Area, Foyer)
- 10 30 am **Panel Session 2 in Audubon I**
Issue 2 Role of CCTs in the Evolving Domestic Electricity Market
(Audubon I)
- **Deregulation and Lowering the Cost of Providing Power**
Bob Edmonds, Director, Duke Power Company
 - **Fuel Price Scenarios**
Mary Hutzler, Director Office of Integrated Analysis and Forecasting, U S Department of Energy
 - **Incentives for CCTs**
Dwain Spencer, Principal, SIMTECHE
 - **View of Rural Electric Industry on Deregulation and CCTs**
John Neal, Administrator, Energy Research and Development National Rural Electric Cooperative Association
- 12 15 pm **Lunch**
(Audubon III)

- 1 45 pm **Panel Session 3 in Audubon I**
Issue 3 Environmental Issues Affecting CCT Deployment
- **International Environmental Issues and Requirements for New Power Projects**
Richard Ackerman, Chief, Technology and Pollution Policy, The World bank
 - **Update on Climate Change Negotiations**
Richard Bradley, Director, Office of Climate Change, U S DOE
 - **Domestic Environmental Requirements, New and Projected**
Brian McLean, Director, Acid Rain Division, U S Environmental Protection Agency
- 3 00 pm Break
(Exhibit Area, Foyer)
- 3 00 pm **Panel Session 4 in Audubon I**
Issue 4 CCT Deployment From Today Into the Next Millennium
- **Utility Perspective**
Mike Mudd, Business Development, American Electric Power Energy Services
 - **Non-utility Perspective**
Robert Bessette, President, Council of Industrial Boiler Owners
 - **Technology Supplier Perspective**
James Houck, General Manager, Texaco, Inc
 - **Fuel Provider Perspective**
Frank Burke Vice President, R&D Consol
 - **State Representative Perspective**
Terri Moreland Director Washington Office State of Illinois
- 5 30 pm Adjournment

United States Energy Association // Energy Industry Partnership Program

Friday, January 10, 1997

7 00 a m **Continental Breakfast**
(Exhibit Area Foyer)

8 30 a m **Closing Plenary Session**
Powering the Next Millennium CCT Answer the Challenge
(Audubon I)

- **Completing the CCT**
 Mission The Challenge of Change
 Jim Monk, President, Illinois Energy Association
- **Issue 1 International Markets Seizing the Opportunity**
 Alan Heyes, Energy Technologies Directorate, UK Department of Trade and Industry
- **Issue 2 Domestic Electricity Market Perspective for CCTs**
 Tom Grahame, Senior Policy Analyst, Office of Fossil Energy
- **Issue 3 Environmental Issues Affecting Coal and CCTs into the Next Millennium**
 Karl Hausker, Project Director and Senior Fellow, Environmental Studies Center for Strategic & International Studies
- **Issue 4 Advanced Coal Technology It will make a difference**
 Randy Eminger, Vice President South Region, The Center for Energy & Economic Development

11 30 a m **Lunch**
(Audubon III)

Luncheon Address
The Honorable Hazel R O'Leary
Secretary of Energy, U S Department of Energy

Saturday, January 11, 1997

Free day

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Sunday, January 12, 1997

11 00 a m Delegation departs hotel for Delta flight 156 departing Tampa at 1 50 p m
and arriving at Kennedy Airport at 4 17 p m The Delegation connects
with Delta flight 30 departing Kennedy at 5 55 p m and arriving in
Moscow at 11 10 a m on January 13, 1997

ATTACHMENT 7



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**

February 13 thru 22, 1997

List of Participant

**Charles Giancola, Director, Fossil Business Strategies, Illinois Power Company
Edward Stoneburg, Vice President, Illnova Energy Partners
Dennis McEnaney, Regional Manager for Customer Service, Illinois Power**

Wednesday, February, 12, 1997

5 55 p m Depart Kennedy on Delta flight 30

Thursday, February 13, 1997

11 10 a m Arrive Sheremetyevo-2 airport in Moscow

12 00 noon Register at the Aerostar Hotel - 37 Leningradsky Prospekt, Korpus 9, Moscow -
Telephone number 011-7-095-213-9000 - Fax number 011-7-095-213-9001

3 00 p m **Meet with U S Agency for International Development**
*Ron Leasburg, Chief Office of Energy, United States Agency for International
Development to Russia*
➤ Overview of USAID Energy Portfolio
➤ USAID Perspective on Russian Electric Sector
➤ Recent Development / Wholesale markets

Friday, February 14, 1997

9 00 a m **U S - Russian Investment Fund**
➤ Overview of Fund Services
➤ Accessing Financing

11 00 a m **Meet with the U S Foreign Commercial Service Officer**
➤ Overview of FCS support to U S Business
➤ Risk Assessment or Investing in Russian Electric Sector
➤ Information on Nizhny Novgorod Political and Business Climate

3 00 p m **Meeting with American Chamber of Commerce**
➤ Overview of American Chamber of Commerce activities
➤ Major Impediments to U S Investment and Trade in Russia
➤ Near and Medium Term Prospects
➤ American Chamber Legislative Agenda

Saturday, February 15, 1997

10 00 a m **Cultural Activities in Moscow**
➤ Red square
➤ Kremlin
➤ Armory Museum

11 30 p m Delegation departs Moscow on Train 38 for Nizhny Novgorod

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United States Energy Association // Energy Industry Partnership Program

Sunday, February 16, 1997

- 7 30 a m **Delegation arrives in Nizhny Novgorod and Registers at the Oktyabrskaya Hotel**
9A Verkhne-Volzhskaya Naberezhnaya, Nizhny Novgorod Telephone (8312) 32-0670 and fax (8312) 32-0550
- 8 00 a m **Orientation to Nizhny Novgorod**
- City Center
 - Kremlin

Monday, February 17, 1997

- 8 30 a m **Breakfast at Nizhny Novgorod Headquarters**
- 9 30 a m **Initial meeting with Nizhnovenergo Executives**
Alexander Yevdikamov, General Director, Nizhnovenergo
- Overview of Agenda
 - Overview of Nizhnovenergo
- 11 30 a m **Meeting with Boris Nemtsov, Nizhny Novgorod Oblast Governor, and**
— **Andrey Zadernyk, Chairman of Nizhny Novgorod Regional Energy**
Commission
- Illinois Power Introduction, review of Partnership Activities and Potential Business Opportunities
 - Overview of Nizhnovenergo Economy
 - Government Incentives for Investors
- 1 00 p m **Lunch**
- 2 30 p m **Meeting with Frunze Works an Industrial Customer of Nizhnovenergo**
- Review of Core Business
 - Review of Energy Requirements and Service Needs
 - Discussion of Energy Services provided by U S Utilities as Part of Customer Service Program
- 6 00 p m **Dinner**

Tuesday, February 18, 1997

8 30 a m **Breakfast at Nizhnovenergo Headquarters**

9 30 a m **Two Parallel Seminars**

- 1) Customer Service**
- 2) Corporate Planning and Bench marking**

1) Customer Service

Metering Billings and Collections

Metering

- Types of Meters Used
- Meter reading
 - Frequency
 - Routing and Developing Routes
- Data Collections and Transmission

2) Corporate Planning and Bench marking

Introduction to Benchmarking

- Total Quality Management Process
- Use of Benchmarking
- What to Benchmark & Why Benchmarking?

Types of Benchmarking

- Internal Benchmarking
- Competitive Benchmarking
- Functional Benchmarking

Benchmarking Process

Power Plant Indexes

- Production cost and Components by Unit and Power Plant
- Equipment Equivalent Availability
- Equipment Equivalent Forced Outage Rate
- Power Plant Capital Investment
- Storeroom / warehouse Material and Parts Inventory

12 00 p m **Lunch**

2 00 p m **Continuation of Sessions**

1) Customer Service

Types of Customer Information Required by Illinois Power and Contained in the CIS

- How is Customer Information Collected and Transmitted to CIS?
- Monitoring Accounts Receivable from the CIS
- Targeting Delinquent Accounts
- Aging Accounts
- Attaching Penalties / Fees
- Interaction between CIS and Accounting Departments
- Hardware / Software Requirements

Collections

- Collection Procedures
 - Notices
 - Outside Agencies
- Disconnections
 - Notices
 - Regulation Effecting
- Re-Establishment of Service

Customer Access

- Off-Site Customer Payments
- Emergency Services

Call Centers

- Services Provided
- Training or Representatives

2) Corporate Planning and Bench marking

Fuel Expenses and Consumptions

- Establishing Fuel Purchase Cost
- Fuel Purchase Contracts Specifications
- Receipts/Shipment and "as burn" Fuel Analysis
- Boiler Fuel Input Measurements
- Fuels Measurements Methods
- Inventory Checks / Adjustments

Equipment Performance Standards

- Unit Design Basis/Initial Performance Tests
- Unit Performance Testing Program

Power Plant Performance Calculations

- Power Plant Budget Development and Structure
- Unit Efficiency (heat rate) Determination
- Measurement and Recording Systems

Report Requirements

Industrial Benchmarking Groups

5 30 p m Dinner

Wednesday, February 19, 1997

8 30 a m Breakfast at Nizhnovenergo Headquarters

9 30 a m **Two Parallel Seminars**

- 1) Customer Service**
- 2) Corporate Planning and Bench marking**

1) Customer Service

- Current Regulatory Climate and Illinois Power's Relationship to the Customer
- Emerging Regulatory Climate and Illinois Power's relationship to the Customer

2) Corporate Planning and Bench marking

Responsibility for Planning and Cost Accounting, Revenue Accounts and Economic Planning

Calculating the Real Cost of Service

- Detailed Accounting for Business Functions
- Financial Planning and Budgeting

Revenue Planning

- Customer Demand and Energy sales Forecast
- Accounting Revenue Forecast
- Corporate Taxes

1 00 p m Lunch

2 00 p m **Continuation of Sessions**

1) Customer Service

- New Service being provided
 - DSM / Shared Savings
 - Energy Efficiency
- Other Services

2) Corporate Planning and Benchmarking

Economic Analysis Structure

- Corporate Budgeting Approval and Justification
- Corporate Economic Performance Measures

Corporate Reporting Requirements

- FERC Form 1, Annual Report of Major Electric Utilities, Licenses, & Others
- ICC 21, Annual Report of Major Electric Utilities, Licenses, & Others
- EIA-767, Steam-Electric Plant Operations and Design Report
- SEC 10K, Summary of Issues with possible Impact on Company Operations
- NERC-GADS, Unit Derates and Outages
- FERC Form 423, Monthly Systems Fuel Report
- EIA 759, Monthly Power Plant Reports

Cost of service Indexes

6 30 p m Dinner

Thursday, February 20, 1997

8 30 a m Breakfast at Nizhnovenergo Headquarters

9 30 a m **Meeting with AO Volga (Pulp-and Paper Mill) an Industrial Customer of Nizhnovenergo**

- Review of Core Business
- Review of Energy Requirements and Service Needs
- Discussion of Energy Services provided by U S utilities as part of Customer Service Package

- 2 30 p m **Meeting with NORSI an Industrial Customer of Nizhnovenergo**
- Review of Core Business
 - Review of Energy Requirements and Service Needs
 - Discussion of Energy Services provided by U S utilities as part of Customer Service Package

6 00 p m Dinner

Friday, February 21, 1997

8 30 a m Breakfast at Nizhnovenergo Headquarters

- 9 30 a m **Meeting with AO Gaz an Industrial Customer of Nizhnovenergo**
- Review of Core Business
 - Review of Energy Requirements and Service Needs
 - Discussion of Energy Services provided by U S utilities as part of Customer Service Package

1 00 p m Lunch

- 2 00 p m **Meeting with AO Conditer (Candy Factory) an Industrial Customer of Nizhnovenergo**
- Review of Core Business
 - Review of Energy Requirements and Service Needs
 - Discussion of Energy Services provided by U S utilities as part of Customer Service Package

6 00 p m Dinner

9 30 p m Depart Nizhny Novgorod by Overnight Train number 1

Saturday, February 22, 1997

6 30 a m Arrive Moscow and transported to

1 30 p m Delegation departs for Sheremetyevo-2 airport for a Delta flight 31 and arriving Kennedy Airport at 4 00 p m

ATTACHMENT 8

Trip Report

**United States Energy Association
Energy Industry Partnership Program**

Illinois Power Company

and

Nizhnovenergo

Executive Exchange

**Nizhny Novgorod
Russian Federation**

February 12 - 22, 1997

Prepared By Anthony J Bitonti, Program Coordinator / Washington, D C

ATTENDEES

Illinois Power

Charles A. Giancola, Director-Fossil Business Strategies
Edward Stoneburg, Vice President Operations
Dennis McEnaney, Regional Manager

Nizhnovenergo

Valery Titov, Deputy General Director
Valentine Shulpin, Main Economist

USEA

Gene Fominykh, Deputy Program Manager / Moscow
Anthony Bitonti, Program Coordinator / Washington
Mikhail Lebedskoi-Tambiev, Program Coordinator / Moscow

USAID

Ronald Leasburg, Office of Economic Reform, Chief - Energy & Technology Division
Gene George, Office of Economic Reform, Director

American Chamber of Commerce in Russia

Peter Charow, Executive Director

The U.S. Russia Investment Fund

Bruce Shewmaker, President and Chief Executive Officer
Paul Asel, Senior Vice President

Russian-American Investment Bank

Gerald Gminski, President and Chief Executive Officer

Center for Energy Efficiency

Igor Bashmakov, Executive Director

Background

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 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 of the Russian Federation.

In early 1996, representatives from Nizhnovenergo visited Illinois Power Company and discussed requirements for developing a communication system capable of supporting 25,000 customers that would improve billings and collections. The participants inquired about developing a customer service database, addressing customer complaints, and learning more about the role of the Illinois Commerce Commission. They visited the automated meter reading, data relay, billing and mailing departments. The delegation also visited the Customer Service System, the Illinois Power 24-hour answering service, and the data processing center. At this time, Nizhnovenergo is developing its own customer service plan.

This exchange program assisted Nizhnovenergo 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.

Accomplishments

A critical problem confronting regional Russian utilities during their transition to a market economy is the lack of a consistent approach to development. The absence of a clear system of utility regulation exacerbates the political and economic instability of Russia's regional energy economies by preventing its local 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 objectives of the program were to focus on two critical areas towards Nizhnovenergo's transition to a market economy:

- 1) customer service, billing, and collections
- 2) benchmarking such as equipment performance standards, revenue planning and real cost of service, regulation and privatization familiar with the structure, organization and management of generating facilities that are required to operate within a market economy.

In Addition energy trade and investment opportunities in the Nizhny Novgorod Oblast were introduced to the financial community in the United States, and obstacles to private participation in the energy sector were discussed.

Executives from Nizhnovenergo increased their understanding of the operations and management practices used by Illinois Power in a market economy to serve retail and wholesale customers.

Finally the U S and NIS utility partners established performance goals for customer service with respect to metering, billing accounting and collections

Program

The delegation began the exchange visit in Moscow, discussing the Russian Electric Sector and Recent Developments. They met with the U S Russian Investment Fund, the American Chambers of Commerce, along with the U S Foreign Commercial Service Office to discuss trade and investment possibilities. The delegation traveled by overnight train to Nizhny Novgorod to meet with Nizhnovenergo their sister utility. Representatives from Illinois Power met with Boris Nemtsov, Governor of the Nizhny Novgorod Oblast along with the Chairman of Nizhny Novgorod Regional Energy Commission, Andrey Zadernyk. From February 18-19, 1997, Edward Stoneburg, Vice President, of Illinova Energy Partners and Dennis McEnaney, Regional Manager for Customer Service held two simultaneous seminars on corporate planning and benchmarking along with customer service. After the seminar representatives from Illinois Power met with four industrial customer of Nizhnovenergo and discussed topics on energy requirements service needs, and energy services provided by U S utilities as part of customer service package.

Description of Meetings

On Thursday, February 13, 1997, the delegation from Illinois Power arrived in Moscow and had a afternoon meeting with Ronald Leasburg, Chief of the Energy and Technology Division for the United States Agency for International Development. This included a brief overview of the Illinois Power Company by the Director of Fossil Business Strategies, Charles Giancola. The main topic of discussion was on possible business opportunities in Nizhny Novgorod and items Nizhnovenergo needs to establish in a free market economy. They referred to the regulated industry and the deregulation in the state of Illinois, the financial situation in Russia, and audit institutions such as Solomon Brothers and the accounting of Price Waterhouse, wholesale market the economy in Russia today with non-payments, the bardor system and the difference between regional and federal governments. The meeting was also attended by Gene George, Director of the Office of Economic Reform for United States Agency for International Development.

The second presentation of the day was given by Richard Steffens, Commercial Officer for the U S Department of Commerce. Mr Steffens gave a brief introduction to the delegation on relationships between Russia and U S investing companies. Mr Steffens discussed the strengths of a relationship, stressing the importance of being very patient and try to deal with the Russians on a individual level then a company level. He also talked about the types of problems U S companies face such as technological, governmental, political and leverage tactics used by the Russian Companies.

On Friday, February 14 1997, the delegation had a working breakfast with Gerald Gminski, President and Chief Executive Officer for the Russian-American Investment Bank. Mr Gminski discussed how Russian Companies go about accessing financing, raising capital and attracting investors. Mr Gminski informed Illinois Power that before they do anything they should have Nizhnovenergo evaluated by a rating agency and have their historical financial statements audited.

by that rating agency to make sure there numbers are reliable

The afternoon presentation was given by Mr Igor Bashmakov, Executive Director of the Center for Energy Efficiency (CENEF) a non-profit Russian-American organization founded to promote energy efficiency and environmental protection in Russia. He discussed Legislative and policy proposals for energy efficiency measures in Russia during the transition to a market economy with an account of economic, environmental, and social issues. He identified opportunities for economic cooperation between Russian and foreign companies manufacturing energy efficiency equipment and energy services. He also talked about foreign made energy efficient programs and technologies, manufacturers of energy efficient equipment, the promotion of public education and conduct energy training programs. CENEF very active with governmental bodies, research institutions and industrial enterprises in Russian and abroad. They focus on effective information support for energy efficiency policy and top quality services.

Another presentation was given by Peter Charow, Executive Director of the American Chamber of Commerce in Russia. Mr Charow explained how the Russia-American Chamber of Commerce is the leading trade association who develop and facilitate U S trade, investment and commerce in the Russian marketplace. They serve the American business community as a source on business and commercial development in Russia. It is a non-profit, non-partisan organization with members from both the U S and Russia. He discussed how the Chamber is comprised of large, medium, and small businesses actively doing business in Russia. They provide access to key Russian decision-makers, direct companies to state of the art business and market intelligence, and they provide networking, communications, and cooperation among business, academic and government leaders.

The last meeting was with Bruce Shewmaker, President and Chief Executive office of The U S Russia Investment Fund. Mr Shewmaker

On Saturday, February 15, 1997, the delegation participated in cultural activities in Moscow and traveled by overnight train to Nizhny Novgorod.

On Sunday, February 16, 1997. The delegation arrived in Nizhny Novgorod and checked in at the Oktyabrskay hotel. They were greeted by Valery Titov, Deputy General Director of Nizhnovenergo. Mr Titov hosted the delegation for dinner and discussed the agenda and discussed past and future activities.

On Monday, February 17, 1997, the delegation met with Alexander Evdokimoff, General Director of Nizhnovenergo. They reviewed the planned activities for the week and discussed future activities concerning the FY97 workplan. Mr Evdokimoff also talked about Nizhnovenergo starting construction on a new power plant and gave Illinois Power the opportunity to invest \$30 million in the project. The group discussed the possibility of Price Waterhouse assisting the Nizhnovenergo accounting department adopt western accounting standards. Mr Evdokimoff focused on rate making and how the utility will be reviewed closely by the customer along with wholesale pricing. They also discussed further promotions and ways of raising money for the partnership if USEA and USAID had to discontinue funding for the partnership.

Anatoly Kustov Deputy Technical Director of Operations, discusses the integrated power systems of Russia Mr Kustov outlined problems between the central dispatch board and the territory board He also mentioned the establishment of a market relation in the region and the signing of a decree For example a locally owned power plant establishes agreements between that plant and its customer Edward Stoneburg, Vice President of Operations for Illinova Energy Partners told Mr Kustov that in the U S we have the Northern Electric Reliability Council whose job is to establish reliability between the utility and the customers Mr Kustov gave a layout of dispatching, This layout starts with RAO Rossi's grid and switch board based in Moscow Next the switch board of the territory captain located in the central part of Russia The central or nation dispatch board & switch board captains are based in Moscow There are nine distribution grids and they are not integrated There are nine different locations The central dispatch for the utility also runs their five power plants When they have a shortage of capacity the power plants can provide electricity

Charles Giancola, the main contact from Illinois Power, was interviewed by the local television station Volga TV Mr Giancola was asked a number of questions, such as

- 1) Who funds the program?
- 2) What types of accomplishments have developed between the two companies?
- 3) Will USAID stop funding?
- 4) What are some of the major differences between the two companies?
- 5) Are the power plants in Russia far behind that of the U S ?

A video cassette with Mr Giancola's answers is available upon request

The afternoon meeting was with one of Nizhnovenergo's industrial customers NORSI The delegation was given a tour of NORSI by Vladimir Starikov, General Director, and Sergey Zheleznyakov, Director of the Electrical Repair Plant NORSI is a oil refinery which produces one million pound of oil a year They also produce 130 products for oil refinery and chemicals The plant is 37 years old and is considered a town making enterprise They export their products using the Volga river and a pipeline to the Baltic furthermore they continue to export diesel oil Total electric consumption is 548 million metric Km a year Refurnishing of the plant is now in progress where all oxidated equipment is being replaced All electrical equipment is manufactured by ABB They discussed the payment process to Nizhnovenergo and NORSI pays their electric bill with the products the produce

On Tuesday, February 18, 1997 the parallel seminar on Customer Service and Corporate Planning and Benchmarking began The first day I attended the Customer Service Seminar which was held in a different part of town where Dennis McEnaney, Regional Manager, was give a list of 15 questions produced beforehand by Valentina Shulpin, Main Economist of Nizhnovenergo Mr McEnaney gave an overview on the Illinois Commerce Commission (ICC), explained how customers obtain electric service, meter tampering, meter reading and billing, and the procedures for discontinuance of service to a customer

Charles Giancola, Director-Fossil Business Strategies for Illinois Power spoke on Corporate Planning and Benchmarking Mr Giancola's presentation covered power plant indexes, standards and reporting, corporate accounting and economic planning, corporate reporting

requirements and cost of service indexes Mr Giancola discussed benchmarking the systematic process for evaluating the products, services, and processes of organizations recognized as industry or world leaders Areas covered were what, why and when to benchmark, types of benchmarking and historical viewpoint of benchmarking

On Wednesday, February 19, 1997, both seminars continued Mr McEnaney discussed the following topics service limitations, Illinois Power's 24 Hour Answer Center, customer information system (CIS), and the informational customer services

Mr Edward Stoneburg presented information on corporate accounting and economic planning This focused on the responsibilities of chief financial officer, controller and the treasurer He spoke on how utilities use a uniform system of accounts to track and report expenditures to regulators In the afternoon Mr Stoneburg discussed Corporate reporting requirements Topics of this discussion consisted of annual reporting requirements for the State Regulatory Commission such as fuel costs (monthly), rate of return (quarterly), and Illinois Commerce Commission (annually) He also discussed the forms for the Federal Energy Regulatory Commission (FERC) such as wholesale sales (quarterly) and system marginal costs (annually)

On Thursday, February 20, 1997, the delegation visited AO Volga, (pulp and paper mill) an industrial customer of Nizhnovenergo, AO Volga is privately owned by Trudy of Germany, a French financial company, CS First Boston, a company named Dart from the United States, and by the employees They produced 490,000 pounds of paper last year After reconstruction they plan to be able to produce 250,000 tons per year Moscow and the northern parts of Russia are their main supply area The primary client is the Russian Publishing House 30% of their energy used is for heat and electricity 63% of their paper is exported while the remaining 37% supplies the Russian demand They incorporated a new energy demand system to control the demand of the plant along with similar producer for heat but funding is limited The plant produces 400 tons of steam per hour depending on the weather The plant runs 24 hours a day 365 days a year, with only two shut downs a year for repairs The plant was closed for the months of January and February due to energy expenses, cost of components, and high transportation costs

The afternoon meeting was with Nikolai Voronov, Director of Frunze Metal Works Frunze Metal Works was the oldest radio manufacturer in the U S S R. They produced radios for tanks and military vehicles The factory belongs to the Ministry of Defense and 100% of their out put was for military use Since the fall of the Soviet Union, Frunze changed its production from military equipment to household appliances They also make single and double faze electrical meters for industrial, commercial customers Mr Voronov explained to the delegation that they have a contract with Siemens to make switches for high frequency generators Frunze develops and manufactures all their own meters The three faze meters range from 380 volts to 180 volts Their Distribution lines are 12 Kv to 120 Kv and 240 Kv to 480 Kv The cost of a meter runs from \$100 for industrial to \$40 for residential Mr Stoneburg of Illinova Energy Partners asked about time of day rates, off peak hours, off time pricing, and the non-payment issue

On Friday, February 21, 1997, the delegation met with representatives of the Gorky Automotive Plant Vyacheslav Streltsov, Chief Power Engineer gave the delegation the following breakdown of their power station Last years output was 3 billion 100 million kw hours They have 10 drum and straight flow boilers The 10 water heating boilers produce 220-240 tons of steam per hour Their 25 megawatt turbines supply the factory with steam and dry compressed air They supply hot water to the local housing development of over 600,000 people 50% of there power is sold to the Nizhny Novgorod power grid and 50% is consumed by the plant New construction is underway to develop the factory to a 680 megawatts Plant managers are in the process of developing a 200 megawatt automated control systems This automated system will monitor all heat and hot water that is distributed to the local town and it will be metered through the Nizhny Novgorod power grid The plant also can monitor the energy supply through feeders that are 6 to 10 kv switch boards The past 5 years they had 12 switch boards all in different locations within the plant All information from the switch board is sent to one information system Energy metered 24 hours a day in 15 minute interval According to Valery Titov, Penza's automated systems are advanced A tour of the production line was given but no pictures were allowed to be taken

The afternoon site visit was with the BOR Glass Works Vladimir Chuplygin, Technical Director, provided a overview of the plant and a brief tour Established in 1934 with over than 6,000 employees, the Bor Glass Works was and still is the chief supplier of automobile glass for the U S S R. and now the Russian Federation They produce many other products such as kitchen glassware, mirrors, ceramic tile along with bullet proof glass The factory has its own substation with 63 megawatt transformers and a 6 Kv switch board This unit can be stepped down to 0 4 Kv and a maximum demand between 21 Megawatts to 2,000 kwatts The plant has two 110 Kv transmission lines with no lack of capacity In 1986, they started a float plant 15- 20% of sheet glass is exported overseas to the U S , Italy, Finland, Germany, Jordan and Iran Automobile glass is exported only to countries that export Russian made vehicles The plant also produced float glass, tempered, double pain for buildings and laminated glass

That evening the delegation departed Nizhny Novgorod for Moscow by overnight train

On Saturday, February 22, 1997, the delegation departed Moscow for the United States on Delta flight 31 at 1 30 p m

ATTACHMENT 9



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**Columbia Gas
and
Penzagazifikatsiya**

February 22 thru March 1, 1997

List of Participant

**James Lee, Senior, Vice President, Columbia Gas
Jack Klien, Area Manager, Columbia Gas
Lisa Carmean, Area Manager, Columbia Gas
Kathleen Fuchik, Customer Service Center, Director, Operations & Support**

United States Energy Association // Energy Industry Partnership Program

Friday, February 21, 1997

- 1 25 p m Depart Columbus on Delta flight 3010 for Cincinnati
- 2 55 p m Depart Cincinnati on Delta flight 482 for Washington // Dulles
- 7 35 p m Depart Dulles on Delta flight 60 for Moscow Layover in Frankfurt, Germany

Saturday, February 22, 1997

- 5 15 p m Delegation arrive in Moscow and are greeted by Gene Fominykh, Deputy Program Manager, United States Energy Association
- Register at the Aerostar Hotel - 37 Leningradsky Prospekt, Telephone Number 011-7-095-213-9000 - Fax 011-7-502-213-9001

Sunday, February 23, 1997

Cultural Activities in Moscow

- Red square
- Kremlin
- Armory Museum

- 8 15 p m Depart Moscow via overnight train number 52 to Penza

Monday, February 24, 1997

- 11 30 a m Register in the Penza Hotel
- 2 30 p m **Overview of Recent Changes to Penzagaz Operations**
- Stock Ownership
 - Regulations
 - Gas Supply
 - Metering
 - Account Receivables
 - Construction Department Deprivation Case
- 7 00 p m Dinner hosted by Penzagazifikatsiya

United States Energy Association // Energy Industry Partnership Program

Tuesday, February 25, 1997

- 8 00 a m **Breakfast at Penzagazifikatsiya**
- 9 00 a m **Overview of Development of Automated Customer Information System (CIS) and Managerial Technologies and Standards**
- Direct Access Payment Stations
 - Automated Customer Database
 - Automated Accounting Systems
 - Mapping Systems
- Tour Penzagazifikatsiya Headquarters to familiarize with the Automated Accounting System Development**
- 12 30 p m **Lunch**
- 3 00 p m **Site visit to Nizhny Lomov Regional Operations**
- Direct Access Payment Station
 - Automated Mapping System
 - Global Positioning Systems (GPS)
- 4 30 p m **Tour Nizhny Lomov Payment Stations and Mapping Systems**
- 8 00 p m **Arrive back in Penza - Dinner hosted by Penzagazifikatsiya**

Wednesday, February 26, 1997

- 8 00 a m **Breakfast at Penzagazifikatsiya**
- 11 00 a m **Visit to Nikolsk Regional Operations**
- Direct Access Payment Stations
 - Automated Mapping Systems
 - Global Positioning Systems (GPS)
- 12 30 p m **Tour Nizhny Lomov Payment Stations and Mapping Systems**
- 1 30 p m **Lunch**
- 5 00 p m **Discussion in Penzagazifikatsiya on further steps in development of the utility customer service and managerial standards and technologies and other workplan subject issues**
- 7 00 p m **Dinner hosted by Penzagazifikatsiya**

Thursday, February 27, 1997

- 8 00 a m Breakfast in Penzagazifikatsiya
- 9 00 a m **Seminar on Customer Service**
- Why Good Service is Important**
- Meeting Competition
 - Meeting needs of Customers
 - Meeting needs of Regulators
 - Impact on Earnings
- 10 00 a m **What is Customer Service**
- Who are your Customers
 - How should Customers be Segmented
 - Management Attitudes
 - What Services are Provided
 - Customer Expectations
 - Communications with Customers
 - Customer Training for Employees
- 12 00 Lunch
- 2 00 p m **Seminar on Customer Service Continues**
- Columbia Gas Model**
- Columbia's need for good Customer Service
 - Customer Expectations
 - Community Relationships
 - Payment Options
 - Customer Communications
 - Emergency Response
- 4 00 p m **Customer Feedback Process**
- Minimum Service Performance Standards
 - Customer Surveys
 - Benchmarking
- 7 00 p m Dinner hosted by Penzagazifikatsiya

Friday, February 28, 1997

- 8 00 a m **Breakfast at Penzagazifikatsiya**
- 9 00 a m **Seminar on Developing a Strategic Management Process**
- Management's Role**
- Planning / Goal Setting
 - Organizational
 - Implementation
 - Monitoring
- 10 00 a m **Understanding Costs**
- Developing a Financial Information Process**
- Identifying Costs**
- By Activity
 - By Type of Cost
- Budget Projections**
- Budget Comparisons**
- 11 00 a m **Revenues**
- Revenue Classifications
 - Customer Data Base
 - Collection Systems
 - Uncollectables
- 12 00 **Lunch**
- 1 00 p m **Forecasting**
- Volumes
 - Revenues
 - Cost
 - Supply
- 2 00 p m. **Management Information**
- Cash Forecast
 - O&M Budgets
 - Capital Budgets
 - Benchmarking
 - External Relationships

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3 30 p m Send-Off Dinner hosted by Penzagazifikatsiya

7 40 p m Departure from Penza to Moscow via overnight train number 51

Saturday, March 1, 1997

9 41 a m Arrival in Moscow

Cultural Activities in Moscow

- Red square
- Kremlin
- Armory Museum

Sunday, March 2, 1997

1 30 p m Depart Moscow on Delta flight 31 for Kennedy

5 25 p m Depart Kennedy on Delta flight 1297 for Cincinnati

8 45 p m Depart Cincinnati on Delta flight 3679 for Toledo (J Klien & L Carmean)

8 10 p m Depart Cincinnati on Delta flight 3185 for Columbus (J Lee & K Fuchik)

ATTACHMENT 10



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

Entergy Corporation

and

AO Lenenergo

**Sponsored by:
U.S. Agency for International Development**

March 21 thru March 27, 1997

List of Participants

**Frank Gallaher, Executive Vice President, Operations, Entergy
Louis Buck, Vice President, Chief Accounting Officer, Entergy
John Marshall, Vice President, Mass Accounts Market Unit, Entergy
Walter Nixon, Director, Regulatory Policy, Entergy
Sharmon Sullivan, Manager, Chairman's Office, Entergy
William Polen, Program Manager, United States Energy Association**

United States Energy Association // Energy Industry Partnership Program

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.

On July 25, 1995, Vladimir Chernyshov, Director of AO Lenenergo along with Edward Lupberger, Chairman of Entergy signed the cooperative agreement. Thus beginning the relationship between both utilities. Lenenergo also visited Entergy's Customer Service Department and flew to Arkansas to meet with representatives of Entergy's Regulatory Affairs Department.

The list of Lenenergo's interests proposed by the company was covered in the framework of the Energy Industry Partnership Program of USEA which included

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

These issues were considered as the grounds for development of a work plan of the partnership.

Objectives

The objective of this executive exchange visit is to strengthen the communications and working relationship between the top level managers of the two partners by having formal presentations

Provide Information to Lenenergo on General Utility Operations in a Market Economy

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

To outline rate setting procedures in a U.S. utility and to describe the relationship and negotiations between a utility and regulatory commission

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

United States Energy Association // Energy Industry Partnership Program

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

Familiarize lenenergo with the operationa structure, as well as the political, technological, and business context in which Entergy functions in relation to its customers

Increase the understanding of Lenenergo with the operations and management practices used by Entergy to better serve retail and wholesale customers

Program

The delegation will begin the exchange at the offices of Lenenergo. Mr. Gallaher will begin the seminar with a general overview of Entergy. This will consist of company structure, history, relation with Federal, State and Local Governments and regulatory Authorities. Mr. Gallaher will also discuss Investor-Owned utilities, Tariffs for Transmission Wheeling, Settlement Procedures and Reliability Issues.

Mr. Nixon's presentation will focus on the regulations of tariffs by the public service commission in the United States and feature organizational overviews and a discussion of their relationship with the commission. The cost of service for developing tariffs will be introduced, as well as the role of the commission in revolving regulatory framework and competition between utility and customers. Mr. Marshall will discuss the structure and Management practices of Entergy's Customer Service Department, along with Types of Meters for various customers, Customer Databases, the Billing Process and Pay Stations, and the Energy Efficiency and Demand Side Management Programs.

The exchange visit will conclude with an evaluation of the program with William Polen from the United States Energy Association and an outline for future cooperation between Entergy and Lenenergo.

United States Energy Association // Energy Industry Partnership Program

Friday, March 21, 1997

- 2 40 p m Delegation departs New Orleans on Delta Flight 1148 for Cincinnati
- 5 33 p m Delegation arrives in Cincinnati
- 7 05 p m Delegation departs Cincinnati on Delta flight 122 for Zurich

Saturday, March 22, 1997

- 9 02 a m Delegation arrives in Zurich
- 11 30 a m Delegation departs Zurich on Swiss Air Flight 486 for St Petersburg
- 4 35 p m Delegation arrives in St Petersburg and are greeted by Gene Fominykh, Deputy Program Manager, United States Energy Association
- 6 00 p m Delegation registers at the Nevskij Palace Hotel Located at Nevskij Prospekt 57 - Telephone number 7-812-850-1500 Fax 7-812-850-1501

Sunday, March 23, 1997

Cultural Day in St Petersburg

Monday, March 24, 1997

- 7 30 a m Breakfast at the Hotel
- 9 30 a m Presentations to Lenenergo at their Headquarters

Introductions and Overview of Industry

Frank Gallaher Executive Vice President Operations

- > History
- > Structure
 - > Investor-owned as percent of capacity and number of utilities
 - > Municipal as percent of capacity and number of utilities
 - > Government-Owned
 - > Independent Power
- > Transmission Systems and Reliability Issues
- > R&D -- EPRI
- > Relation of Federal State and Local Governments and Regulatory Authorities to Entergy

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- The Evolution of the Natural Monopoly and the Coming of Competition
- Why Change?
- What will the Investor-Owned Utility look like

11 00 a m

Overview of Entergy

Frank Gallaher, Executive Vice President Operations

- Definition of Investor-Owned Utility
- Entergy's Corporate Goals and Vision
- Management and Structure of Entergy
- Role of Investors, Directors and Management
- Types of Shareholders (Mom/Pop vs Institutional)
- Corporate Divisions and Responsibilities
- Description of Service Territory
- Size, Number of Customers, kWh Produced and Delivered, Percentage of customers by sector (Industrial, Commercial and Residential)
- Generation by Fuel Type and Station
- Miles of Distribution Systems
- Number of employees in Generation, Transmission and Distribution
- Annual revenue, retained Earnings, Dividends
- International Activities

12 00

Lunch

1 30 p m

Utility Finance and Accounting

Louis Buck Vice President Chief Accounting Officer

- What is a Cost Based Accounting System
- How is Cost Information Collected in Utility Departments and Aggregated for the Utility as a whole
- What reports are generated from Accounting Information and how are they used
 - Balance Sheet
 - Income Statement
 - Cash Flow reports
- The Budgeting Process
- What are Sources of Utility Financing? - Equity, Debt and Retained Earnings
- Investor Relations - What type of information do potential investors require and how does Entergy deliver this information?
- Strategic Planning and Benchmarking

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3 00 p m **Customer Service and Retailing**

John Marshall Vice President Mass Accounting Market Unit

- Customer Service Department Structure and Management
- Metering - Types used by Entergy for various customers
- Meter Reading - How is it done and how frequent?
- Customer Database
 - Types of Information required by Entergy
 - How is Information Collected?
 - How does Entergy use Customer Database Analysis to improve collections and take action against non-paying customers?
- Billing Process and Pay Stations
- Disconnection Process and Regulations Effecting the Process
- Call Centers and Emergency Calls
- Energy Efficiency and Demand Side Management Programs

7 00 p m Dinner

Tuesday, March 25, 1997

7 30 a m Breakfast at the Hotel

9 00 a m **Presentation by Entergy at the offices of Lenenergo**

Tariff and Regulatory

Walter Nixon Director Regulatory Policy

- Relation between Regulatory Commission and Utilities
- Commission Structure, Charter Funding and Staffing and Organization
- Traditional Rate Base Regulation and the relation to Industry Structure
 - Relation to Accounting Data
 - The Rate Base Formula
- Allocating Cost of Service
- Rate Case Process and Public Participation
- The Revolving Regulatory Framework and Competition
 - Benefits of Competition vs Traditional Rate of Return

11 00 a m **Electric Structure**

Frank Gallaher Executive Vice President Operations

- Tariffs for Transmission Wheeling
- Settlement Procedure
- Reliability Issues

12 00 Lunch

United States Energy Association // Energy Industry Partnership Program

1 30 p m **Presentations by Lenenergo**
 > Lenenergo Pay stations
 > Petroenergobank
 > International Cooperation Programs of Lenenergo
 (Preussen Electra, IVO, Siemens etc)

7 00 p m Dinner

Wednesday, March 26, 1997

7 30 a m Breakfast at the Hotel

9 00 a m **Familiarization with Lenenergo's latest Development at their Headquarters**

10 00 a m **WorkPlanning**

12 00 Lunch

1 30 p m **Finalize FY97 Workplan**

2 30 p m **Discussion of Seminar any Questions and Answers**

7 00 p m Dinner

Thursday, March 27, 1997

5 30 a.m Depart hotel for Airport

7 10 a m Delegation departs St Petersburg on Lufthansa Flight 3197 for Frankfurt

11 35 a m Delegation Departs Frankfurt on Delta flight 49 for Cincinnati

4 20 p m Delegation Departs Cincinnati on Delta Flight 399 for New Orleans

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ATTACHMENT 11

**Report on the Executive Exchange Visit Between Entergy and Lenenergo
and Seminar for Lenenergo Senior Managers
St Petersburg, Russia – March 21-27, 1997**

Submitted by

**William Polen
Manager, Energy Industry Partnership Program
April 2, 1997**

I participated and staffed the Entergy/Lenenergo Executive Exchange and Seminar conducted in St Petersburg, Russia on March 21-27, 1997. I was accompanied by Rajiv Rastogi, Manager for Privatization, Office of Energy and Infrastructure, Bureau for Europe and the New Independent States of the U.S. Agency for International Development. An agenda for the exchange visit and seminar is provided as attachment one to this report.

The objectives of the exchange visit and seminar were to

- 1) Through a series of business meetings and a two day seminar, introduce Entergy as a corporate entity to the senior management corps of Lenenergo by explaining its structure and operations, challenges, and strategy for adapting to a competitive business environment in the United States,**
- 2) Provide an opportunity for Entergy to review the operations of Lenenergo and assess its information requirements in its transition to operating in a market economy,**
- 3) Revise the fiscal year 1997 work plan based on the information provided during the seminar and business meetings between Entergy and the senior management of Lenenergo**

Saturday March 22, 1997

The USEA sponsored delegation arrived in St Petersburg at 4:35 pm and was greeted by Sergei Nikolaev, Director of the Lenenergo Department of Foreign Affairs, and his assistant Sergei Oskin. At 7:00 pm they hosted us for a welcoming dinner.

Sunday March 23, 1997

Lenenergo arranged an orientation to the city for the Entergy delegation. At 7:00 pm Mr. Oskin and Mr. Nikolaev hosted us for a business dinner where we discussed the seminar agenda, format and the participants.

Monday March 24, 1997

The seminar commenced at 9 00 am. A list of the forty two Lenenergo employees that participated in the seminar is provided as attachment two to this report. The majority of the participants were the Chief Accountants or planners for the 35 subsidiary companies and departments of Lenenergo.

Competition and Changes in Entergy

Frank Gallaher, Executive Vice President of Entergy, commenced the seminar with a discussion of how the impending competition in the United States is effecting investor-owned utility structure and operations. He emphasized that the threat of competition has forced Entergy to question its business practices and adopt "best practice" planning to decrease energy costs to the consumer. Mr. Gallaher's second presentation was an overview of the Entergy business lines, with a detailed discussion of its investor-owned utility business structure, operations and its strong emphasis on customer service as a result of incentives under the current regulatory climate and need to retain and gain new customers when full competition is applied to the electricity market.

Consolidating the Accounting Systems at Entergy's Operating Utilities and the Significance to Lenenergo

Louis Buck, Vice President and Chief Accounting Officer continued the seminar with a discussion on the recent changes Entergy made to consolidate and centralize its accounting system among its five operating utilities. This proved to be both a timely and informative discussion, as *Lenenergo is in the process of centralizing its accounting system and converting it to a western oriented system of accounts with the assistance of Price Waterhouse, which is under contract to Lenenergo*. Through the discussion it became apparent that each of Lenenergo's 35 subsidiary companies are actually autonomous departments of the utility. Each keeps its own set of independent accounting books, conducts its own procurement, maintains its own payroll and inventory accounts, and has independent accounts payable and receivable functions. In turn, each department has a loose reporting link to the central headquarters.

A principle question facing Lenenergo is how to centralize the accounting function and change the current business practice within each autonomous department, while simultaneously converting the accounting system to a western system of accounts and introducing automation.

Meter Reading, Billing and Collections

John Marshall, Vice President of the Mass Accounts Market Unit, which is responsible for marketing and customer service for residential accounts discussed how in the competitive market, Entergy is seeking to add value to its electric service by offering new services such as energy efficiency, security and lighting. He discussed in detail the metering, billing and collections cycle.

at Entergy. The participants were surprised to learn that each residential unit has a meter that is read once a month and that Entergy generates two million residential bills each month.

Most residential units are metered in the Lenenergo service territory, however, many residential units are master metered as part of the communal service provided by the oblast and city government. Residential customers that are individually metered are provided with a payment book and record their meter readings on a monthly basis. Coupons are submitted along with the payment to collection centers, usually housed within the central post office or at local savings banks. Lenenergo does not read the meters to verify the customer meter reading.

The participants raised several questions regarding the metering technology employed by Entergy. Several participants had previously traveled to the United States and Europe and had seen automated remote meter reading technology. They mentioned that Lenenergo was considering purchasing this technology in the future when it replaces older meters in existing accounts and when it establishes new accounts. They were surprised to learn that Entergy does not use this technology, citing its high cost and low returns, despite the large number of accounts it must service. Using contract labor, Entergy is able to read a meter using a hand held automated device for \$.50 per meter. The participants exhibited a strong interest in learning about the metering, billing and collections cycle at Entergy.

The seminar concluded at 4:00 pm.

Tuesday March 25, 1997

Structural Reforms in the Russian Utility Sector

The seminar and exchange visit coincided with a series of events that may signal the beginning of structural changes in the Russian utility sector. Several days before our arrival, Boris Nemtsov, the Governor of Nizhny Novgorod Oblast, was named First Deputy Minister with a portfolio focussing on reform of natural monopolies in the electric, natural gas and railway sectors. We had enjoyed Governor Nemtsov's support for our partnership between Illinois Power and Nizhnovenergo through our connections to the oblast administration and the Regional Energy Commission.

Mr. Nemtsov supports competition in the Russian electric sector as a means of reducing utility costs, and by extension, federal and oblast subsidies to utility consumers. Mr. Nemtsov maintains that utility tariffs for industrial customers are three times higher than in the United States and residential tariffs are many times lower than those in the United States.

His proposals apparently had a profound effect on Lenenergo during our visit. On the previous evening we received word from Vladimir Tchernoshev, Deputy General Director, that Lenenergo required the use of the Board Room where our seminar was being held, to conduct a morning meeting of its Directors. The purpose of the meeting was to formulate a strategy to comply with new directives emanating from Mr. Nemtsov's office. Accordingly, our seminar was scheduled to reconvene after lunch.

During the morning we visited the dispatch center and toured the Lenenergo corporate history museum. The visit to the dispatch center provided the Entergy delegation with a good overview of the Lenenergo generation and transmission system. The corporate museum tour gave an appreciation of the long and storied history of Lenenergo, which was founded by the Siemens brothers in the late 1880s. A highlight of the discussion was the role that Lenenergo played in keeping the lights on during the siege of Leningrad. The tour leaves one with the impression that Lenenergo is a technically proficient professional company with regard to power production, delivery and engineering. This impression reaffirmed Entergy's initial finding that the partnership work plan should focus on business administration aspects of utility management and not in operations, where Lenenergo is sufficiently competent.

General Director Semenyon Kazarov Requests Entergy's Assistance

Prior to convening the seminar, we met with Semenyon Kazarov, the General Director of Lenenergo. Mr. Kazarov was cordial and welcomed us to the city and Lenenergo. He mentioned that he had just concluded a director's meeting aimed at discussing the impending changes proposed by Mr. Nemtsov. *In a surprising gesture, he stated that Entergy has more experience in operating an electric utility in a market economy than does Lenenergo, and that our trip and seminar was very timely for his staff. He stressed that Lenenergo could benefit from Entergy's experience and asked for Entergy's help in understanding the changes his company would be required to make in the coming months. He directed us to meet with Oleg Zaitsev, the Director for Commercial Affairs, before developing our work plan.*

On a previous trip to St. Petersburg to initiate this partnership, we had not been able to meet Mr. Kazarov despite the participation of Ed Lupberger, the Chairman and CEO of Entergy, as part of that exchange visit's delegation. Since then, the situation in Russia has changed. Lenenergo's financial position has deteriorated and it faces an uncertain future. It was obvious that it was difficult for him to articulate the difficult situation his company faces. His request for our assistance signals that he is open to our cooperation and new sources of information. This represents a major breakthrough in the Entergy/Lenenergo partnership.

Seminar Resumes -- The Transition from Regulation to Competition in the United States

Wally Nixon, Director of Regulatory Policy, concluded the seminar with a discussion of the existing regulatory paradigm and the competitive model that is unfolding in the U.S. electric sector. The Russian participants seemed familiar with the cost of service concept and raised several technical questions regarding the cost components and how those costs were distributed among customer classes to form rates. Mr. Nixon stressed that the United States is moving away from traditional cost based regulation and toward competition. It was clear that the participants were uncomfortable discussing the prospects of competition in the Russian utility sector.

Review of Customer Bills

The seminar concluded with a graphic representation of several customer bills representing residential and commercial customers in Entergy's service territory. The participants exhibited a

strong interest in the information on the bill and the time of use rates that Entergy charges

The seminar concluded at 4 00 pm

Following the seminar, the I met with the Entergy delegation and discussed potential work plan topics that Entergy felt would be useful to Lenenergo based on the discussions with Mr Kazarov and the seminar participants Mr Gallaher proposed the following subject areas for discussion at the work plan meeting to be held on March 26, 1997

- ▶ **Metering, Billing and Collections**
- ▶ **Accounting System Conversion**
- ▶ **Regulation and Tariffs**
- ▶ **Bulk Power Purchase and Sales Contracts**

We were hosted at our farewell dinner by Messrs Tshernshev, Nikolaev, and Oskin

Wednesday March 26, 1997

Work plan Meeting

At 9 00 am we met with Oleg Zaitsev, Director of Commercial Affairs at Lenenergo and Alexander Kotik, Director of Petroenergobank, a Lenenergo subsidiary bank created to manage the utility's accounts receivable problem, conduct credit analysis and generate promissory notes from delinquent customers that can be sold on Russian securities markets at a discount to generate cash flow for the company

Mr Gallaher discussed the four potential partnership focus areas and asked Lenenergo for their comments

Mr Zaitsev and Mr Kotik were particularly interested in the accounting system used by Entergy Lenenergo is expecting the final report from Price Waterhouse on the accounting conversion project in early May It will include recommendations for several accounting software packages and hardware configurations that Lenenergo may use to convert its accounting system that will cost as much as \$50 million according to Mr Kotik

Mr Buck led this part of the discussion and commented on several of the software systems that are expected to be included in Price Waterhouse's report Entergy recently changed its accounting system in an effort to consolidate and centralize the accounts of its five operating utilities In doing so it evaluated several of the software and hardware options that Lenenergo will be offered

More importantly, like Lenenergo, Entergy's five operating utilities were relatively autonomous operations with regard to accounting systems and procedures. In consolidating and centralizing the accounting system Entergy reinvented many of its business processes. Mr Kotik and Mr Zaitsev cited this as Lenenergo's major challenge in converting its

accounting system and were eager to capitalize on Entergy's experience in changing business practices to match its new accounting procedures.

The metering, billing and collections process and its relation to the accounting system was cited as a second area of interest by both Mr Zaitsev and Mr Kotik Both men agreed that regulation and bulk power purchase and sales contracts were also important topics and should be addressed through partnership activities

The work plan was revised to include a late June meeting in New Orleans on the accounting system conversion and metering, billing and collections. A task team of Lenenergo specialists will be designated as a permanent group to participate in the June exchange visit and subsequent meetings on the same topics. A similar team will be formed by Entergy

Prior to the June exchange visit, Entergy will prepare a discussion paper on both topics to be translated and sent to the Lenenergo team. A video conference for the Entergy and Lenenergo teams was proposed to review the agenda and answer questions regarding the written material provided in advance of the trip Entergy also suggested that a joint web page protected by a password for the participants could be established to assist in communication between exchange visits.

The timing and topic of future exchange visits will be determined jointly by the team during the June exchange visit

The Entergy delegation departed at 3 30 pm for Zurich

Meeting with St. Petersburg Regional Energy Commission

Rajiv Rastogi and I, together with Gene Fominykh, met with members of the St Petersburg Regional Energy Commission and the City Department of Energy Participating in the meeting were Alexsei Delyukin, Member of the St Petersburg Regional Energy Commission, Maia Tchekmeneva, Head of Infrastructure Development of the St Petersburg Committee for Economy and Industrial Policy, and Victor Studnev, Deputy Chairman of the St Petersburg Committee for Economy and Industrial Policy

They explained that the commission is currently composed of a volunteer commissioners from government agencies, the regulated utilities, consumer groups, and individual consumers The Department of Energy drafted a bill for the consideration of the City Duma that would create an independent commission that would be funded through the city budget. Commissioners would be elected by the public for a fixed term under the terms of the draft legislation. The Duma is currently considering this legislation and is expected to pass the bill in late April.

We explained our partnership program and discussed with them the potential of establishing a regulatory partnership with a state regulatory commission They were very interested in learning how commissions are structured, their interaction with utilities and the public, and rate making

The Department of Energy felt that a partnership with a U S regulatory commission would be timely and of great assistance in establishing the new St Petersburg Regional Energy Commission, once the legislation is passed by the city Duma

ATTACHMENT 12



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**Illinois Power Company
and
Nizhnovenergo**

May 12 thru May 22, 1997

List of Participant

**Valentina Shulpina, Chief Economist, Nizhnovenergo
Victor Semennikov, Director, Special Power Repair Service, Nizhnovenergo
Tatyana Khoroshayeva, Deputy Chief Accountant, Nizhnovenergo
Ivan Bataryov, Executive Manager, Chkalovsk Branch, NBD Bank
Gene Fominykh, Deputy Program Manager, United States Energy Association**

Background

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. The exchange program is intended to assist Nizhnovenergo 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.

Since establishing the partnership, Nizhnovenergo and Illinois Power, together with the Nizhny Novgorod Regional Energy Commission (REC), conducted a seminar and two exchange visits on the cost of service model and developing a model rate case. The objective of these programs was to develop a test rate case to be presented to the REC.

During the course of these programs, Nizhnovenergo and the REC explored the connection between the cost of service model and the need for a centralized accounting system to collect cost data that is used to develop the revenue requirement. They discovered that the decentralized socialist accounting system practiced by Nizhnovenergo proves deficient for collecting accurate cost data. Moreover, it is not consistent with the generally accepted accounting principles used by utilities and investors to gauge profitability.

Objectives

To further the cost of service rate case and to assist Nizhnovenergo develop an accounting system familiar to the international investment community, the program has the following objectives:

- 1) Review the cost of service concept and how the accounting system is used to collect and transmit cost data used in the development of the revenue requirement,
- 2) Survey the organizational structure and business processes employed by the Illinois Power accounting system to consolidate its accounts and centralize the accounting process, and
- 3) Examine the chart of accounts used to categorize costs and how the reports generated by the accounting department are used by corporate management,

The Program

Participants will work with Illinois Power employees over course of 11 days at the headquarters in Decatur, Illinois and a regional office in St. Louis. The exchange visit will conclude with the development of plans for follow-up exchange visits on the subject. The participants will debrief USAID/Washington on Friday May 23, 1997.

United States Energy Association // Energy Industry Partnership Program

Monday, May 12, 1997

- 7 00 a m Depart Moscow on Lufthansa Flight 3213 and arrive in Frankfurt at 8 20 a m
- 10 15 a m Depart Frankfurt on United Flight 3501 and arrive in Chicago at 12 10 p m
- 5 05 p m Depart Chicago on United Flight 5855 and arrive in Decatur at 5 57 p m
- 6 00 p m Delegation will be greeted by Anthony Bitonti, Russian Program Coordinator
United States Energy Association and escorted to the Fairfield Inn located at 1417
Hickory Point Drive, Forsyth, Illinois Phone number (217) 875-3337

Tuesday, May 13, 1997

- 9 00 a m **Welcome**
Charles Giancola Director-Fossil Business Strategies
➤ Discuss agenda
- 10 00 a m **Regulatory Statutes**
Jackie Voiles, Business Consultant
➤ Statutes Governing the Interrelationship between the Utility and the
Regulatory Body of the State of Illinois
- 12 00 p m Lunch
- 1 00 p m **Accounting Statues**
Leslie Waddell Business Leader
➤ Charts of Accounts
➤ Financial Planning Technologies
- 3 00 p m Adjourn

Wednesday, May 14, 1997

- 8 30 a m **Utility Financial Statements**
Rose Wiegand, Business Leader
➤ Basic Requirements
➤ Structure and Contents
➤ Characteristics of Assets and Liabilities
➤ Evaluation of Individual Balance Sheet Accounts

- 10 30 a m **Profit and Loss Statement**
Leslie Waddell, Business Leader
- Profit and Loss Statements
 - Product Sales Revenue
 - Non-Operating Income and Expenses on the Profit and Loss Statements
 - Non-Commercial Income and Expenses on the Profit and Loss Statements
- 12 00 p m Lunch
- 1 00 p m **Cost of Service**
Peggy Carter, Business Leader
- Maintenance Cost Accounting
 - Administrative Expenses Accounting
 - Purchase Power Accounting
 - Investments within the Service Cost
 - Direct and Indirect Costs
- 3 00 p m **Fund Management**
Mark Pieske, Business Leader
- Capital Structure
 - Characteristics
 - Evaluations
- 5 00 p m **Adjourn**

Thursday, May 15, 1997

- 8 30 a m **Rate Making Cost Accounting**
Lenny Jones, Business Leader
- Initial Cost Accounting for Electric Power Rate Making
 - Analysis of Current Rates
 - Generation (\$/kWhr)
- 10 30 a m **Customer Classes**
Bob Pedigo, Competitive Pricing Specialist
- Current Rates
 - Classes and Categories of Customers
 - Preferential Rates
- 12 00 p m Lunch
- 2 00 p m **Power Wheeling Tariffs**
Jay Caspary, Director, Customer Choice
- Who Chooses who in Power Market
 - Charges for Electric Power Wheeling Service
 - Statutes pertaining to Power Charges

United States Energy Association // Energy Industry Partnership Program

3 30 p m **Wholesale Power Sales & Generation Dispatch**
 > Bulk Power Sales
 > Generation Dispatch
 > Purchases

5 00 p m Adjourn

Friday, May 16, 1997

8 30 a m **Cash Flow Management**
 Mark Pieske, Business Leader
 > Cash Flow Analysis
 > Cash Flow Calculations
 > Structure Analysis
 > Forecasting

10 30 a m **Taxation**
 Dennis Hunniford
 > Types of Taxes
 > Formation of Tax Base
 > Tax Exemptions
 > Taxes Attributed to Cost
 > Taxes Paid out from the Utility - Profit

12 30 p m Lunch

1 30 p m **Tax Management**
 Dennis Hunniford
 > Forms
 > Methods to Minimize Taxes

3 00 p m Adjourn

6 00 p m Delegation travels to Fairview Heights, Illinois and Checks in the Drury Inn
 Located at Interstate 64 and II Phone Number 618-398-8530

Saturday, May 17, 1997

Free Day

Sunday, May 18, 1997

Free Day

United States Energy Association // Energy Industry Partnership Program

Monday, May 19, 1997

- 8 30 a m **Fossil Plant Management Structure**
Kirk Millis Director Plant Support Center
- Number of Employees involved in Maintenance
 - Structure of Maintenance Structure
- 9 30 a m **Fossil Plant Maintenance Budget & Management**
Phil Licklider, Business Director
- Planning of Maintenance Fund
 - Pricing of Maintenance Work
 - Evaluation Criteria for Maintenance Work
- 12 00 p m Lunch
- 3 30 p m **Employee Compensation**
Cindy Rockhold HR Advisor
- Forms and Systems of Compensation for the Maintenance Personnel
- 5 00 p m Adjourn, Delegation travels back to Forysth, and checks back into the Fairfield Inn Located at 1417 Hickory Point Drive Phone number 217-875-3337

Tuesday, May 20, 1997

- 9 00 a m **Corporate Financial Management**
Peter Wells Business Associate
- Formation of Financial Statement
 - Selection of the Accounting Policy Elements
 - Financial Management Requirements
 - Types of Risk
 - Revenues - Expenditures
 - Elements of Financial Management (Organization, Legal, Informational)
- 11 00 a m **Financial Condition Analysis**
Dan Mortland, Assistant Treasurer
- 12 00 p m Lunch
- 1 00 p m **Corporate Financial Management Systems**
Peter Wells Business Associate
- 3 00 p m **Financial Planning Technology**
Everett Lawrence, Business Leader
- 5 00 p m Adjourn

United States Energy Association // Energy Industry Partnership Program

Wednesday, May 21, 1997

- 9 00 a m **Customer Billing**
Bev Armstrong & Dinah Osborne Payment Process Coordinators
- Billing Process
 - Types of Billing (Industrial Residential, Commercial)
- 10 00 a m **Securities**
Scott Smith Business Consultant
- Transactions
 - Operations Involving Securities
 - Portfolio Management
 - Circulation of Notes
- 12 00 p m Lunch
- 1 00 p m **Customer Credit Assessment**
Marla Bishop & Natalie Cook, Answer Center Team Development Specialist
- Credit Assessment Process
 - Credit Evaluation Systems
- 3 00 p m **Industrial Tour**
- Power Plant Budget Development and Structure
 - Measurement and Recording Systems
 - Storeroom / warehouse Material and Parts Inventory
- 5 00 p m Adjourn

Thursday, May 22, 1997

- 1 50 p m Depart Decatur on United Flight 5852 and arriving in Chicago at 2 44 p m
- 3 14 p m Depart Chicago on United Flight 620 and arriving in Washington at 5 51 p m
- 6 00 p m Delegation checks in the Club Quarters located at 839 17th Street Phone Number 202-463-6400 and fax number 202-463-6401

Friday, May 23, 1997

- 9 00 a m **Meet with U S Agency for International Development**
Robert Ichord Chief of Energy and Infrastructure USAID
- Overview of USAID Energy Portfolio
 - USAID Perspective on Russian Electric Sector
 - Recent Development / Wholesale markets
- 12 00 p m Lunch

United States Energy Association // Energy Industry Partnership Program

1 00 p m **Meet with United States Energy Association**
William Polen Program Manager Energy Industry Partnership Program
➤ Discuss Current Exchange Visit
➤ Overview FY 97 Workplan
➤ Discuss Future Activities

5 30 p m Depart Washington on United Flight 950 and arriving in Brussels at 7 20 a m

Saturday, May 24, 1997

9 15 a m Depart Brussels on Sabena Flight 279 and Arrive in Moscow at 2 25 p m

1257

ATTACHMENT 13



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**National Fuel
and
SibergazServis**

June 15 thru 22, 1997

List of Participant

**Victor Pyanov, General Director, SibergazServis
Yekaterina Yakubina, Director of Economy, SibergazServis
Tamara Gorbachova, Chief Accountant, SibergazServis
Alexander Bakulin, Head, Production and Engineering Service, SibergazServis
Misha Lebedskoi, Program Coordinator, United States Energy Association**

Sunday, June 15, 1997

- 2 00 p m Depart Moscow on Delta Flight 31 and arrive at Kennedy at 3 50 p m
- 5 30 p m Depart Kennedy by Ground Transportation to Lagueardia Airport
- 7 55 p m Depart Lagueardia on USAIR Flight 1436 and arrive in Buffalo at 9 09 p m

Delegation will be greeted by Anthony Bitonti, Program Coordinator, Energy Industry Partnership Program at Kennedy Airport and accompany the delegation from Kennedy to Lagueardia and the flight to Buffalo

- 10 00 p m Delegation checks in the Radisson Downtown located at 601 Main Street Phone Number (716) 854-5500 and Fax (716) 854-4836

Monday, June 16, 1997

- 11 00 a m **Welcoming Remarks**
Walter DeForest, Senior Vice President, National Fuel
➤ Introduction of National Fuel Personnel
➤ Overview of Agenda
- 12 00 noon Lunch - Hyatt Regency
- 2 00 p m **Tariffs**
Mike Reville, Senior Regulatory Attorney
Eric Meini, Manager, Market Planning
➤ Basic Service Arrangement
➤ Revenue Requirements
➤ Revenue Classifications
➤ Current Rates for Different Customer Classes
➤ Customer Rights and Obligations
➤ Initial Cost Accounting for Gas Distribution Ratemaking
➤ Customer Classes Entitled to Preferential Rates
➤ Company Rights and Obligations
- 3 30 p m **Taxation**
Steve Wagner, Assistant Treasurer
➤ Basic Forms of Taxation
 ➤ Net Income
 ➤ Gross Income
 ➤ Real Property
 ➤ Sales
 ➤ Payroll
➤ Required Filings

- Federal Tax System
 - Basic Concepts
 - Audits
 - Appeal Process

6 30 p m Dinner- Chef's Restaurant

Tuesday, June 17, 1997

9 00 a m

Cost Analysis

Bob Wright, Vice President

Tom Herkey, Manager, Accounting

Kathy Frank, Manager, Accounting

- Uniform System of Accounts
- Chart of Accounts and Basic Components
- Account specifics
 - Utility Accounts
 - Business Unit Accounts
 - Profit and Losses Account
- Understanding and Identifying Cost
 - By Activity
 - Type of Cost
- Allocation of Cost
 - Segment of Business
 - Construction
 - Overheads
- Payroll Accounting

12 00 noon Lunch - Radisson Hotel

2 00 p m

Accounting Standards Overview

Bob Wright, Vice President

Jim Smyczynski, General Manager, Financial Accounting

- Purpose of Accounting Standards
- Establishment of Accounting Standards in the United States
 - SEC
 - FASB
 - AICPA
- What are our Standards
 - GAAP
 - Universally Acceptable Guidelines
 - Alignment of U S and International Accounting Standards
- Types of Utility Accounting Reports

United States Energy Association // Energy Industry Partnership Program

- 3 30 p m **Consolidated Accounting**
Bob Wright, Vice President
Jim Smyczynski General Manager Financial Accounting
- National Fuel's Accounting Systems Structure and Hierarchy
 - Accounting Data Initial Collections
 - Accounting Data Processing and Consolidation
 - Accounting Process Staffing

6 30 p m Dinner - Justine's Buffalo Hilton

Wednesday, June 18, 1997

- 9 00 a m **Customer Billing and Collections**
Joe Kronenwetter, Assistant Vice President
Linda Herbert, Assistant General Manager Consumer Business
Jeff Hart, Senior Manager, Consumer Business
- Calculation of Consumed National Gas by Customer
 - Determination and Calculation of amount billed to Natural Gas Customer
 - Allocation of Customer Accounts
 - Calculation of Fines to the Customer
 - Calculation of Overpayment and Underpayment for Consumed Gas by Customer
 - Collecting Overdue Accounts
 - Preparation of Court Documents for Non-Paying Customers

12 00 noon Lunch - Adam's Steak & Seafood Restaurant

- 2 00 p m **Tour Appletree Customer Reponse Center and Customer Assistance Center**
- Phone Center
 - Business Office History

6 30 p m Casual Dinner

Thursday, June 19, 1997

- 9 00 a m **Finance**
Dick Khen, Assistant Controller
Mike Makey, Senior Manager Accounting
- Financial Planning
 - Concepts
 - Structure
 - Financial Management Requirements
 - Types of Risks
 - How Management Handles Risks and Problems
 - Management of Funds
 - Needs

United States Energy Association // Energy Industry Partnership Program

- Capital
- Structure
- Evaluation
- Cash Flow Management
- Formation of Financial Results
 - Operating Activities
 - Non-Operating Activities
- Analysis of the Utilities Financial Condition

12 00 noon Lunch - Shayleen's

2 00 p m **Horizon Energy Development Incorporated**

6 30 p m Dinner - Salvatore's

Friday, June 20, 1997

9 00 a m **Computer-Aided Accounting Systems**
Marilyn Quatroche, Manager, Applications Support
Tracey Peters Senior Systems Analyst
Norm Kelsey, Senior Systems Analyst

- Overview of National Fuel's Computer Systems
- Systems development Process
- Type of Software used for Development of Local Tasks
 - Warehouse Accounting
 - Customer Billing, Payments and Collections
 - Banking, Income Statements, Balance Sheets
 - General Accounting System

12 00 noon Lunch - Pettibone's

1 00 p m **Wrap-up of Exchange Visit**
Walter DeForest, Senior Vice President, National Fuel

- Evaluation of Exchange Visit
- Discuss Next Activity

6 30 p m Miss Buffalo Admiral's Dinner Cruise

Saturday, June 21, 1997

9 00 a m Niagara Falls Tour, Lunch, Whirlpool Jet Boat

United States Energy Association // Energy Industry Partnership Program

Sunday, June 22, 1997

2 30 p m Depart Buffalo on American Flight 4820 and arrive at Kennedy at 4 15 p m

6 05 p m Depart Kennedy on Delta Flight 30 and arrive in Moscow at 11 25 a m on June 23

ATTACHMENT 14



**United States Energy Association
Energy Industry Partnership Program**

**Utility Accounting
and Information Systems
Executive Exchange Visit**

**Sponsored by:
U.S. Agency for International Development**

**Columbia Gas
and
Penzagazifikatsiya**

July 20 thru 27, 1997

List of Participants

**Vladimir Pichtar, Director, Nizhny Lomov Trust
Lyudmila Igoshina, Chief Accountant, Nikolsk Trust
Vladimir Kaptyukhin, Chief Engineer, Serdobsrk Trust
Lyubov Belonozhkina, Head, Economy and Planning
Department, Nizhny Lomov Trust
Valery Ilyin, Programmer, Nizhny Lomov Trust
Andrey Kulintsev, Intern, Penzagazifikatsiya**

Background

Based on a series of exchange visits on metering, billing and collections, the partnership between Penzagazifikatsia and Columbia Gas produced its first major deliverable with the development of a customer information system (CIS) capable of tracking customer payment histories, consumption patterns and calculations of customer debt. The CIS was developed in October 1996 by Penzagazifikatsia software engineers using the commercially available database software, Microsoft Access, installed on personal computers at the company's regional divisions in Nizhny Lomov Nikoisk trusts. Use of the CIS was expanded to other regional divisions in 1997.

The new CIS enables Penzagazifikatsia to calculate its accounts receivable in a more accurate and timely manner than under the previous paper based ledger system. Using reports from the CIS, the utility can determine the level of debt among individual consumers, customer classes and regions, print bills and late notices, attach penalties and dispatch collection agents. Data is transmitted from the regional divisions to the Penzagazifikatsia on floppy disks via courier, where it is processed and updated for use by the regional divisions.

Although the development of the CIS is a significant achievement, the PC based system limits the extent to which the company can manipulate and analyze data, the speed in which accounts can be updated and, the number of individuals that can access the data. Penzagazifikatsia plans to expand and scale up the CIS through the development of a network computing system within the utility to provide management with access to timely data that can be used to provide a true financial picture of the accounts receivable situation.

The development of the CIS and attention to accounts receivable has prompted Penzagazifikatsia to examine its accounting system in light of changes in its operation and the continued influence of market forces on the company. Recognizing the socialist accounting systems must be revised to reflect the new economic conditions, the company has begun planning to convert its accounting system to one in which internationally accepted accounting standards are employed. Toward that end, Penzagazifikatsia has hired an intern that is completing a masters degree in western accounting systems, with the intention of hiring him in a full time position following his graduations.

A key element in converting to the new accounting systems will be the development of information technology systems to collect, transmit and analyze cost and revenue data. This exchange visit will provide an opportunity for Penzagazifikatsia to continue examining the customer information system technology, and will expand the partnership dialogue to include accounting system conversion and associated information technology requirements. The goal of the exchange visit will be to identify next steps in improving the CIS, plans for commencing accounting conversion and plans for developing plans for a company wide network.

Objectives

The objectives of the exchange visit are to

- 1) Review progress made by Penzagazifikatsia in the development of the CIS system and

plans for scaling it up through a company wide network,

- 2) Continue examining the Columbia Gas' CIS to identify areas in which the Penzagazifikatsia system can be refined and improved,
- 3) Commence a detailed review of the accounting system employed by Columbia Gas and assess its relevance and applicability to the conversion of Penzagazifikatsia's accounting systems, and
- 4) Identify the role of information technology systems in the accounting system conversion and commence planning for the development of a network in conjunction with objective #1

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Sunday, July 20 1997

- 7 20 p m Depart Moscow on Delta flight 100 and arrive at Zurich at 9 00 a m
- 11 20 p m Depart Zurich on Delta flight 123 and arrive in Cincinnati at 2 55 p m
- 5 50 p m Depart Cincinnati on Delta flight 3055 and arrive in Columbus at 6 40 p m
- 12 00 a m Delegation checks in the Holiday Inn City Center located at 175 East Town Street
Phone Number (614) 221-3281 and Fax (614) 221-2667

Monday, July 21, 1997

- 9 00 a m **Penzagas Management Information System Development**
Vladimir Pichtar Director Nizhny Lomov Trust, Penzagazifikatsiya
Valery Ilyin, Programmer Nizhny Lomov Trust, Penzagazifikatsiya
- History and Technology Used
 - Finance and Inventory Applications
 - Industrial Customers Gas Consumptions and Payments
 - Residential Customers Gas Consumptions and Payments
 - Inventory System
 - Accounting Applications
 - Human Resources and Personnel Rating
 - Geographic Information System
 - Local Computer Network
 - Data Allocation
 - Distant Data Access
 - E-Mailing
 - Intranet Applications
 - Accounting System Conversion to IAS
- 12 00 p m **Lunch**
- 2 00 p m **Accounting Standards Overview**
- GAAP
 - Universally Acceptable Guidelines
 - Alignment of U S and International Accounting Standards
 - Uniform System of Accounts
 - Chart of Accounts and Basic Components
 - Accounts Specifics
 - Utility Accounts
 - Business Unit Accounts

- Profit and Losses Account
- Understanding and Identifying Cost
 - By Activity
 - Type of Cost
- Allocation of Cost
 - Segment of Business
 - Construction
 - Overheads

Tuesday, July 22, 1997

9 00 a m Accounting System

- Payroll Accounting
- Types of Utility Financial Reports
 - Financial Reporting to Company Management
 - Periodic and Consolidated Financial Reports
- Company Units Financial Accounting
- Debtors and Creditors Accounting

12 00 p m Lunch

2 00 p m Consolidated Accounting

- Allocation of Direct Losses Due to Bad Debt
- Columbia Gas's Accounting Systems Structure And Hierarchy
- Accounting and Data Initial Collections
- Accounting Staff

Wednesday, July 23, 1997

9 00 m Finance

- Financial Planning
 - Concepts
 - Structure
 - Financial Management Requirements
 - Types of Risks
 - How Management Handles Risks and Problems
- Management of Funds
 - Needs
 - Capital

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United States Energy Association // Energy Industry Partnership Program

- Structure
- Evaluation

12 00 p m **Lunch**

- 2 00 p m
- Securities as a source of capitalization
 - Long-term and short-term financing
 - Trade on company's securities on stock exchange
 - Cash Flow Management
 - Formation of Financial Results
 - Operating Activities
 - Non-Operating Activities
 - Analysis of the Utilities Financial Condition

Thursday 24, 1997

9 00 a m **Customer Billing and Collection**

- Calculation of Consumed Natural Gas by Customer
- Determination and Calculation of amount billed to Natural Gas Customer
- Allocation of Customer Accounts
- Calculation of Fines to the Customer
- Calculation of Overpayment and Underpayment for Consumed Gas by Customer
- Collecting Overdue Accounts

12 00 p m **Lunch**

- 2 00 p m
- Preparation of Court Documents for Non-Paying Customers
 - Principals of Customer Credit Analysis
 - Credit Analysis Techniques
 - Customer Credit Ranging

Tour Customer Response and Assistance Center

- Phone Center
- Business Office History

Friday July 25, 1997

9 00 a m **Computer-Aided Management Information and Accounting Systems**

- Overview of Columbia Gas's Computer System

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- System Development Process
- Types of Software
 - Inventory System
 - Customer Billing, Payments and Collection
 - Banking, Income Statements, Balance Sheets
 - General Accounting System

12 00 p m **Lunch**

- 2 00 p m ➤ Computer Technologies in Gas Metering and Receivables Control
- Intranet for On-Line Access to Company's Financial and Operations Data
- Protection from Non-Authorized Access To the System
- Mapping System for Pipeline Analysis and Control
- Global Positioning System (GPS) Applications
- Comparison of Columbia Gas and Penzagas GPS Applications

Wrap-up of Exchange Visit

- Evaluation of Exchange Visit
- Discuss Next Activity

Saturday, July 26, 1997

Free Day in Columbus

Sunday, July 27, 1997

10 55 a m Depart Columbus on Delta flight 1129 and arrive in Cincinnati at 11 40 a m

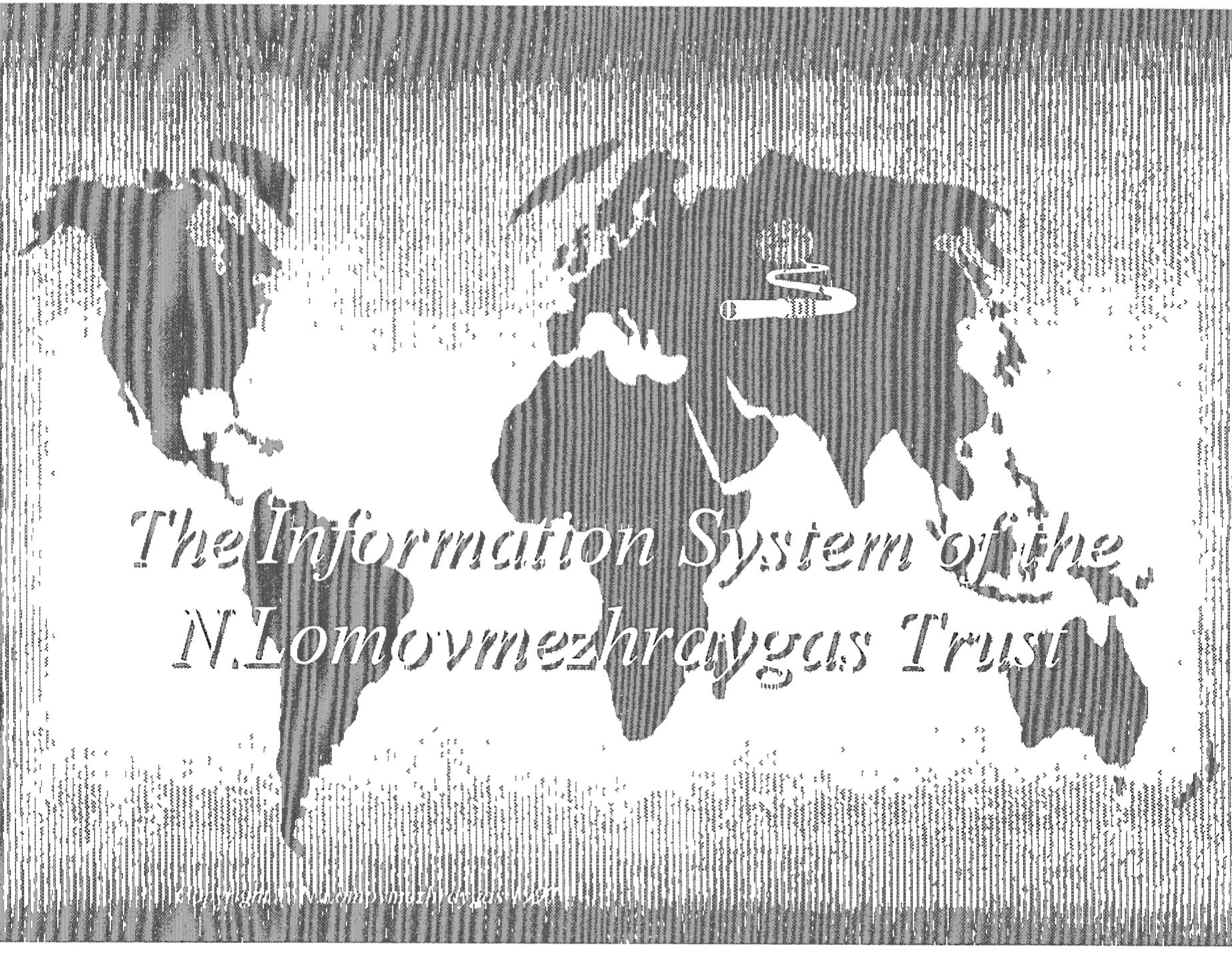
2 45 p m Depart Cincinnati on Delta flight 408 and arrive in New York at 4 49 p m

6 05 p m Depart New York on Delta flight 30

Monday, July 28, 1997

11 25 a m Arrive in Moscow

ATTACHMENT 15



*The Information System of the
N.Lomovmezhrcygas Trust*

Copyright © 1990 by N.Lomovmezhrcygas Trust

The General Director of the Penzagas Joint-Stock
Company Viktor Kuzin in the U. Lomovnezhaygas
Trust



The Structure of the Penzagas Joint-Stock Company

The NI omoxmejrugas Trust

The Nikolskmejrugas Trust

JSC OI Penzagas

The Serdobskmejrugas Trust

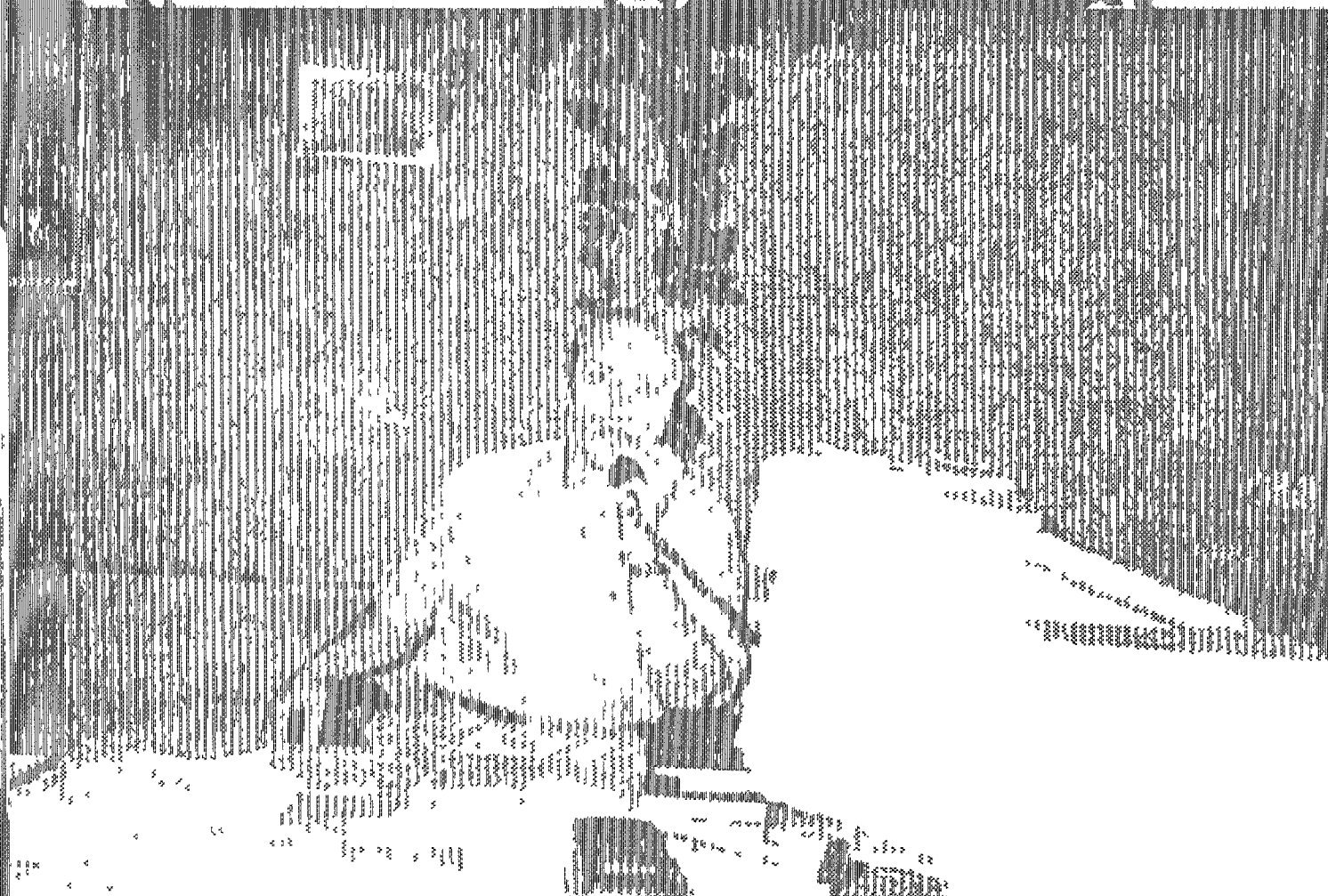
The Kamenkamejrugas Trust



The office applications to solve current problems of estimation and registration financial resources and facilities

- ◆ The Geographic Information System of gas pipelines and equipment
- ◆ The application of the GPS to define the object's geographic position directly
- ◆ The local network
- ◆ The accounting system

The Director of the I. Lomovmezhraygas Trust Vladimir Pichitar



Basic Goals of the Trust are:

- ◆ To control natural gas production and industrial customers
- ◆ To control liquid petroleum gas to population and industrial customers
- ◆ To provide technical support of the gas pipeline and equipment
- ◆ To fund new gas pipelines construction



Basic Technologies of IS

g of personal com-
munications and

- ◆ The Client-Server Architecture
- ◆ The Internet technology



The Collection of Applications for the Estimation and Registration of financial resources and facilities

- ◆ To register volume and estimate the financial contribution
- ◆ To estimate the status of customers paym
- ◆ The Technical Division Data Base

The Estimation of Gas Volume and the Registration of the Industrial Customers' Payments Status.

Register the gas volume for each customer

- ◆ To bill customers, according to the gas volume which has been registered
- ◆ To keep a ledger of the payments received from the customers
- ◆ To view and to print the number of the necessary reports

The Workstation Using for the Volume Distribution of the Natural Gas Sold



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Мы, нижеподписавшиеся, представитель поставщика - управляющий трестом 'Н-Помьмемрайгаз' Пичтарь Б И и представитель потребителя - руководитель предприятия 'МГПОЖКХ Н-Помь' Титов Н Еф составили настоящий акт в том, что за период с 1 февраля 1997 г по 1 марта 1997 г поставщиком отпущено, а потребителем принято природного газа в количестве Семьдесят четыре тысячи семьсот куб метров

Управляющий трестом
"И Половневский";

NO 902411

Руководитель "АГРОЖИЛПОК" Н.П.Новиков

LEHMAN



Счет-Фактура №

ст 7 невед 1997

поставщик: ТООТ НЛОХОВСКИЙ

Адрес: г. Н. Локва /Л. Гинина/ 123

Телефон: 211-44

ИНН: 502700159

КД по ОКНХ: 30214

КД по ОКНХ: 3021072

КД по ОКНХ: 04.0.0007

получатель: МПТОВЖ. Н. Локва

Адрес: Н. Локва /Л. Гинина/ 20

Телефон: 211-42

ИНН: 502700159

КД по ОКНХ: 37600

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| | Хлебопроизводство Н.Логов | | 37 917 012 | 1 547 829 | | 5 000 000 | |
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| | Абоненты Н.Завьят | | 2 683 379 | 7 015 275 | | | |
| | Абоненты Б.Демьяновс | | 9 668 780 | 82 203 968 | 2 000 000 | 10 000 000 | |
| | Абоненты Земетчино | | 5 000 000 | 176 286 008 | 2 005 785 | 13 000 000 | |
| | Абоненты Н.Лугов | 108 000 | | 227 598 771 | 1 515 838 | | 10 520 700 |
| | АБОНЕНТЫ Башмаково | | | 281 592 815 | 8 800 000 | | |
| | Астошица Сметичино | | | 535 502 | | | |
| | Антошолоз ОСТО | | 5 090 402 | | | | |
| | агропроибанк Башкирово | | | 2 220 879 | | | |
| | агропроибанк Зметичино | | 3 192 514 | | | | |
| | АО Локотье Молоко | | | | 1 067 650 | | |
| | ОЗТ ПКФ Буллас | | | | | | |
| | Администрация сельхоз администрации | | | 37 860 287 | | | |
| | В Логув абоненты | | | | | | |
| | В Полюевская сельхоз администрация | | | | | | |
| | Виргинская сельхоз администрация | | | | | | |
| | Горпищенский завод | | | | | | |
| | Густрак Пачелма | | | 714 000 | | 3 000 000 | |
| | ГЭТСП Е.Демьяновск | | | | | 20 000 000 | |
| | завод Машиностроитель | | | | 3 415 600 | | |
| | ИЧП Кочерин Б.Д.Тильда | | | 71 400 | | | |
| | ИЧП Лебедева Ольга Б.Демьяновс | | | 285 600 | | | |
| | ИЧП Благодина г.Б.Демьяновс | | | 249 000 | | | |
| | ИЧП кедр | | 78 702 | | | | |
| | К.Нилоская сельхоз администрация | | | | | | |
| | РБО Зметичино | | | 381 694 | | 8 024 373 | |
| | Шибигормовский завод | | | | | | |
| | Кооператив Разнобыт | | | | 247 816 | | |
| | Кульностное хозяйство Зловедное | | | 69 402 | | | |
| | Куришевская сельхоз администрация | | | | | | |
| | Кузак Нилоская птицефабрика | | | | 38 445 000 | | |
| | Пикероводочный завод | | | | | 21 000 000 | |
| | Итого | | | 25 440 000 | | | |

Registration of the Customers' Payments for the Natural Gas.

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Дебеторская задолженность по группе "Н. Ломов-Межрайгаз"

на 7 июня 1997 г

Потребитель Выдана задолженность Изчислено Уплачено Задолженность
за пред. месяц на 1 марта 1997 г на 1 апреля 1997 г

Н. Ломов-Межрайгаз

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|-------------------------------|-------|------|------|-------|
| Горпищевский спиртзавод | 60 | 30 | 00 | 71 |
| Майоровский спиртзавод | 1992 | 1574 | 2000 | 1507 |
| Кувык-Никольская птицефабрика | 0053 | 090 | 384 | 3961 |
| Колбасно-молочный завод | 09 | 21 | 00 | 00 |
| АО Ломов-Молоко | 5185 | 225 | 11 | 5400 |
| АООТ Факел | 3108 | 1075 | 00 | 4180 |
| Ликсероводочный завод | -24 | 382 | 210 | 148 |
| ПМК-б | 1144 | 04 | 00 | 1200 |
| Итого | 15214 | 4069 | 2715 | 16508 |
| Льготники Н Ломов | 277 | 00 | 00 | 277 |
| Абоненты Н Ломов | 10504 | 0153 | 2493 | 14104 |
| Б-Ломов абоненты | 29 | 749 | 379 | 399 |
| Льготники В Ломов | 90 | 00 | 00 | 90 |
| Итого | 10906 | 0901 | 2971 | 14936 |

The Workstations for Current Operations with the Customers



Файл Правка Вид Записи Окно Справка

| | | | | | |
|--------------|---------|--------|----------|--------|---------------|
| ссылка | фамилия | имя | отчество | пол | дата рождения |
| использовать | ссылка | ссылка | ссылка | ссылка | ссылка |

индекс

город

улица

Н-Лондон

Р-Люксембург

| | | | | | |
|--------|----------|-----------|--------|--------|--------|
| 1-1 | 06000101 | Свиридова | у | А | Нет |
| Ссылка | Ссылка | Ссылка | Ссылка | Ссылка | Ссылка |

75.00

4

Запись 1

Всего 278

Запись 1

Всего 98

Результат

Искать в Гугле

Искать в Гугле

28 080

0

0

Ссылка по гуглу

Расчет объема

Расчет по гуглу

NUM



Тархан Александр Владимирович
 Просим Вас оплатить задолженность
 за израсходованный природный газ
 в сумме 11142 руб.

442130 Пензенская обл.
 Н Ломов, ул. Вокзальная,
 1-1

Трест "Н.Ломовмежрайгаз"

Наша компания П. И.
 Просим Вас оплатить задолженность
 за израсходованный природный газ
 в сумме 6364 руб.

442130 Пензенская обл.
 Н.Ломов, ул. Вокзальная,
 1-2

Трест "Н Ломовмежрайгаз"

Потребители, пользующиеся лыжами при опште-да потребление природного

из октябрь месяц

| Фамилия Имя Отчество, адрес | Скидка % | Проживенных Площадь | Сумма льготы (руб.) | |
|-----------------------------|----------|------------------------|---------------------|-------------|
| | | | за месяц | с нач. года |

| | | | | | |
|--|----|---|---|------|-------|
| Тархэнов Сергей Владимирович Н Ломод, Володарского, 73-25 | 50 | 4 | 0 | 3600 | 10800 |
|--|----|---|---|------|-------|

| | | | |
|-------|-------|------|-------|
| Итого | 1 чел | 3600 | 10300 |
|-------|-------|------|-------|

| | | | | | |
|--|----|---|------|-------|--------|
| Малыгина М А Н Ломов, Сергеева, 38 | 50 | 1 | 49 7 | 10710 | 32130 |
| Сарчев Анзтолий Матвеевич Н Ломов, Володарского, 12 | 50 | 2 | 52 3 | 16358 | 77 428 |
| Мигзатов В Ф Н Ломод, Писнерская, 11 | 50 | 2 | 48 2 | 16358 | 49074 |
| Киселева Т И Н Ломов, К-Либкехта, 127 | 50 | 3 | 71 | 22008 | 68018 |

| | | | |
|-------|-------|-------|--------|
| Итого | 4 чел | 65432 | 224650 |
|-------|-------|-------|--------|

| | | | | | |
|---|----|---|------|-------|-------|
| Перезогин В А з Н Ломов К-Маркса, 28 | 50 | 2 | 52 5 | 18358 | 49074 |
|---|----|---|------|-------|-------|

The Geological Division Data Base

Register all the elements
their characteristics

Pre-register the holes

For register the gas

Industrial sector is a
facility

Installed at the

organization is

times

The Workstation for the Technical Division

LatitBase



The Accounting System contains:

management

banking

fixed assets regis

material registration

capital

The Accountant's Workstation





| | | |
|------------|------------|------------|
| Имя файла | Файл | Имя |
| Содержимое | Содержимое | Содержимое |
| Свойства | Свойства | Свойства |
| Свойства | Свойства | Свойства |

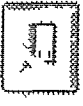
| | |
|-----------------|----------|
| Журнал Операций | Свойство |
| Журнал Операций | Свойство |
| План Счета | Проводка |

Настройка
Настройка
Настройка

7 123 1/12/97

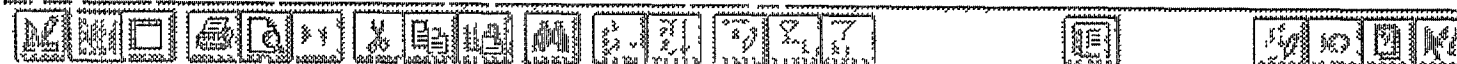
| | |
|-------------------------|-----------|
| Иванова Петра Семеновна | |
| Сумма | 1 000 100 |
| Сумма | 46/1 |
| Сумма | 46/1 |

Расходный Ордер



Печать

Фаил Правка Вид Записи Окно Справка



| | | |
|--------------------------|------------------------|-----------------------|
| ԳԵՂԱՐՈՒԹՅԱՆ ՄԱՐԿԱՆԵՐԸ | ՓՈՊԱԴԱՆՈՒ ՄԱՐԿԱՆԵՐԸ | ԽՈՐՀԱՆՈՒ ՄԱՐԿԱՆԵՐԸ |
| ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ |
| ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ |
| ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ | ՄԱՐԿԱՆԵՐԸ |
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| 7 | 4 |
|---|---|

| | |
|---------------------------|------------------|
| Журнал Оценки | Баллы |
| Журнал Оценки | Питание |
| Информация Предупреждений | Интернет Ресурсы |
| План Счета | Продукты |

☒ Вов
☐ Присяд
☐ Расход

Hat. Combs
Niffer
Kypers
Kam. Carole

[illegible][illegible]

The Human Resources and The Rating System



поступления в банк

Платежное поручение 32 23 января 1997

платежщик

дебет

сумма

код 345802

Банк плательщика ОСБ 4278 г. Никольск код 045827626 сч № 600184026

получатель ИНН5826100488 РАИФ(

кредит

код 010130501

Банк получателя РКЦ г. Никольск код 045827000 сч №

платой телеграфом (нулевое подчёркнуть)

Сумма пропись Пятьсот шестьдесят шесть тысяч семьсот восемьдесят восемь рублей 0 копеек

пеня за дней
из %Р
сумма с пенни

Дата получения товара отлазил услг

вид
операции

енте платежа наименованию товара вып. работ изготовлены услуг №№ и суммы товарны, долг

На-нач

Налог на нудды образования за май 1997 г

Срок
платежа

Очер
платеж

№ гр
банка

МП

Подпись итнент

Проведено банком

199

подпись банка

Платежное поручение 32 23 января 1997

платуление с бан

плательщик ИНН 5826000927 трест Никольскмежрайгаз

| | | | |
|----------------|---------------------|----------------|------------|
| код | ИН | дебет | сумма |
| Банк плательщи | ОСБ 4278 г Никольск | сч № 345202 | 1000000 00 |
| | код 045627626 | сч № 800184026 | |

получатель ИНН 7811002467 ТОО "Интертехнолог"

кредит

| | |
|-----------------|------------------------|
| код | сч № 900487311 |
| Банк получатель | сч № 700181680 |
| | ОАО "Петербургский Лес |
| | код 044030760 |
| | ленный банк" по г спб |

платой телеграфом (нужно подч. гнуть)

Сумма пропись

Один миллион рублей 0 копеек

Дата получения товара оказания услуг предоплата

ение платежа на наименование товара или работ оказанных услуг №№ и суммы товарных доку

по счету № 123,3

МП

Подписи клиент

Проведено банком

199

подписи банка


Файл Правка Вид Записи Окно Справка[illegible][illegible]

[illegible][illegible]

| | | | |
|--------------------|---------------|---------|--------------------|
| Журнал регистрации | Код документа | Регистр | Центры регистрации |
| Журнал регистрации | Код документа | Регистр | Центры регистрации |

1
2

quick



| | |
|--------|--------|
| சென்னை | சென்னை |
| சென்னை | சென்னை |

[illegible][illegible][illegible]

10-2-81 10:30 AM

□ 美 國 一 百 年 來 的 華 人 移 民

Mathematical Sciences

| Дата | Номер | Наименование | Цена | Кол-во | Шифр | Норма | Мат.Отрег. |
|---------|-------|---------------------|---------------|--------|-------|-------|-------------|
| 12/1/87 | | Котельная | 249 942 560 | 1 | 40000 | 3 70 | Куряшов И Г |
| 12/1/87 | | админист б/п корпус | 1 329 384 000 | 1 | 10001 | 1 00 | Зудин Н Н |
| 12/1/85 | | админист б/п корпус | 10 789 558 | 1 | 10001 | 1 00 | Зудин Н Н |
| 12/1/87 | | Промышленн корпус | 750 332 800 | 1 | 10001 | 1 00 | Зудин Н Н |
| 12/1/87 | | Панели | 3 529 411 | 1 | 40701 | 4 40 | Зудин Н Н |
| 12/1/87 | | Склад навес | 461 251 200 | 1 | 10003 | 1 70 | Зудин Н Н |
| 12/1/80 | | Теплая стоянка | 411 259 520 | 1 | 10003 | 1 70 | Зудин Н Н |
| 12/1/87 | | Всего 10 | | | | | |

Файл Правка Вид Записи Окно Справка

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Фамилия

Имя

Отчество

Матрица

Матрица

Адрес

Имя

Имя

Земельный участок

Земельный участок

Земельный участок

Земельный участок

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Земельный участок

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Земельный участок

Расходная накладная

2561 PULFV 2

Через кого
Затребовал
Доверенност
Разрешил

| Наименование | ед изм | Количество | | Цена | Сумма |
|-----------------|--------|-------------|----------|---------|-----------|
| | | Затребовано | Отпущено | | |
| АВТОМАТ САБК-4 | | 2 | 10 | 200 000 | 2 000 000 |
| АВТОШИНА 840-15 | | 1 | 1 | 325 000 | 325 000 |

| | |
|-------------------|-----------|
| Накрупные расходы | 561 250 |
| Итого | 3 487 500 |

| | |
|---------------|----------|
| Управляющий | Отпустил |
| Гл. бухгалтер | Получил |

| Файл | Правка | Вид | Записи | Окно | Справка |
|------|--------|-----|--------|------|---------|
|------|--------|-----|--------|------|---------|

[illegible][illegible]

Земетчинский участок.

المجلس الأعلى للثقافة



| | |
|-----------|---------------|
| Договор | № 11 |
| Обработка | Родственников |
| Время | Начало |
| Срок | Доп сведения |

| Дата | Период | Всего | Среднее | Оценки |
|-----------|-----------|----------|----------|---------------|
| Очередной | 1984/1985 | 12/3/85 | 12/25/85 | Приказ N1 |
| Очередной | 1985/1986 | 8/13/86 | 3/5/86 | Приказ N70 |
| Очередной | 1986/1987 | 9/7/87 | 9/28/87 | Приказ N90 |
| Очередной | 1987/1988 | 9/5/87 | 9/26/88 | Приказ N91 |
| Очередной | 1988/1989 | 6/15/89 | 7/6/89 | Приказ N45 |
| Очередной | 1989/1990 | 11/5/90 | 11/23/90 | Приказ N50 |
| Очередной | 1990/1991 | 9/2/91 | 9/21/91 | Приказ N54 |
| Очередной | 1991/1992 | 8/3/92 | 8/29/92 | Приказ N33 |
| Очередной | 1992/1993 | 10/14/93 | 11/12/93 | Приказ N16 |
| Очередной | 1993/1994 | 7/4/94 | 7/30/94 | Приказ N67 П |
| Очередной | 1994/1995 | 11/13/95 | 12/9/95 | Приказ N143 П |
| Очередной | 1995/1996 | 8/12/96 | 9/12/96 | Приказ N107 П |

| | | |
|--------|----------|--|
| 1 | Всего 12 | |
| Запись | | |

[illegible]

| | | |
|---|---|----------|
| 3 | 1 | Всего 12 |
|---|---|----------|

The Workstation for Human Resources

Division
































Земетчинский участок

[illegible]

| Дата | Учетчик | Приход | Основание |
|---------|--------------|-------------------------|------------------------|
| 8/27/84 | Земетчинский | учетчик | Приказ №71 |
| 4/1/88 | | техник ЧДС | Приказ №54 от 19.05.88 |
| 2/1/91 | | контролер по учету ГЭ,э | Приказ №7А от 11.02.91 |
| % | | | |

| | | | | | | |
|---|--------|---|-------|---|-------|----|
| № | Запись | 1 | Всего | 3 | Итого | 41 |
|---|--------|---|-------|---|-------|----|

| | | | | | | |
|---|--------|---|--|----------|----|-------------------|
| № | ЭВРИСТ | 7 | | Всего 18 | D1 | 09/07/16 12:34:13 |
|---|--------|---|--|----------|----|-------------------|

| | | | | |
|------------|------------|----------|-------|----|
| № 4 | 3 эпизод 1 | Всего 12 | Итого | 12 |
| Результаты | | | | |

Файл Правка Вид Записи Окно Справка



Підприємство

Земельний ділянка



Числа місяця



| | |
|---------------|------------|
| Дані адрес | Пасо дані |
| Сторінка, рік | Родовідник |
| Востанок | Назва |
| Отримав | Доповнення |

Контроль по уч. газу

Директор

Сторінка 0

| | | | | | |
|----|---|----|----|---|----|
| 12 | 9 | 10 | 12 | 9 | 10 |
| 12 | 9 | 10 | 12 | 9 | 10 |

Всього 18

Всього 12

Режим роботи

NOVA

Data Geographical Information System

Graphical maps of gas pipelines on the geographical map and pipelines

◆ The base of the characteristics

Файл Правка Вид Записи Окно Справка

Земетчинский участок

Земетчинский участок

Число записей

| | |
|-------------|---------------|
| Доп. данные | Число записей |
| Одобрено | Родственные |
| Вопрос | Назначение |
| Отпуск | Доп. сведения |

Имя
Александров

Дата Рождения 8/7/53

Место Рождения Кириллово Земетчинского р-на

Серия 1-е № 714113 Фамилия 3/11/77
Земетчинским РОВД Пензенской области

Всего 18

Запись 1 Всего 12

Результат

Результат

Численность работающих в госпсе "И.Ломовмежрайгаз"

на 7 июня 1997 г

| Учреждение / подразделение | численность |
|----------------------------|-------------|
| Земетчинский участок | 18 |
| Башняковский участок | 22 |
| Б-Демьяновский | 9 |
| Пачелмейский | 5 |
| Вадковский | 4 |
| Няровягский | 2 |
| Нимеломовский | 12 |
| ГНП | 13 |
| АДС | 3 |
| СМУ | 8 |
| ИТР | 10 |
| Служба ПМЗ | 3 |
| Итого: | 109 |



THE

2

The Geographic Information System

Operations

try out technical support pipelines and equipment
draw up routine

To provide information

Disposal

To develop order

disposal

work of the

new gas pipelines

ance of

Basic Elements of CHS are:

geographic maps

the maps of the
on the geograph

- ◆ the database of the g
- charistics (the c
- Data E applicati

ment

ing and

belines technical

nical Division

CJIS Technology

Published in the March 1994 issue of CJIS Technology

can and scale the

transform the map

vector format

◆ To draw a pipeline
from tech.

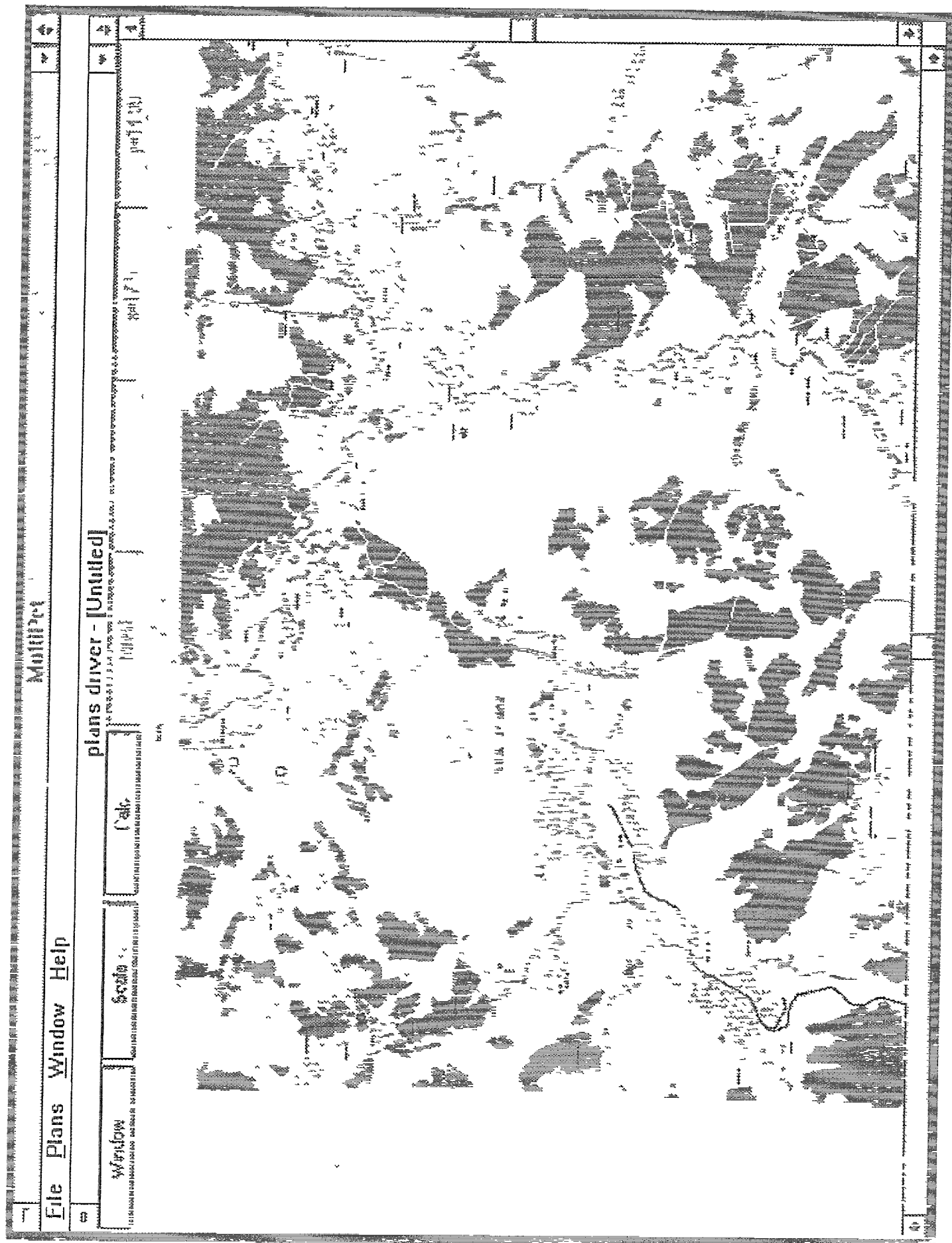
le special
documentation

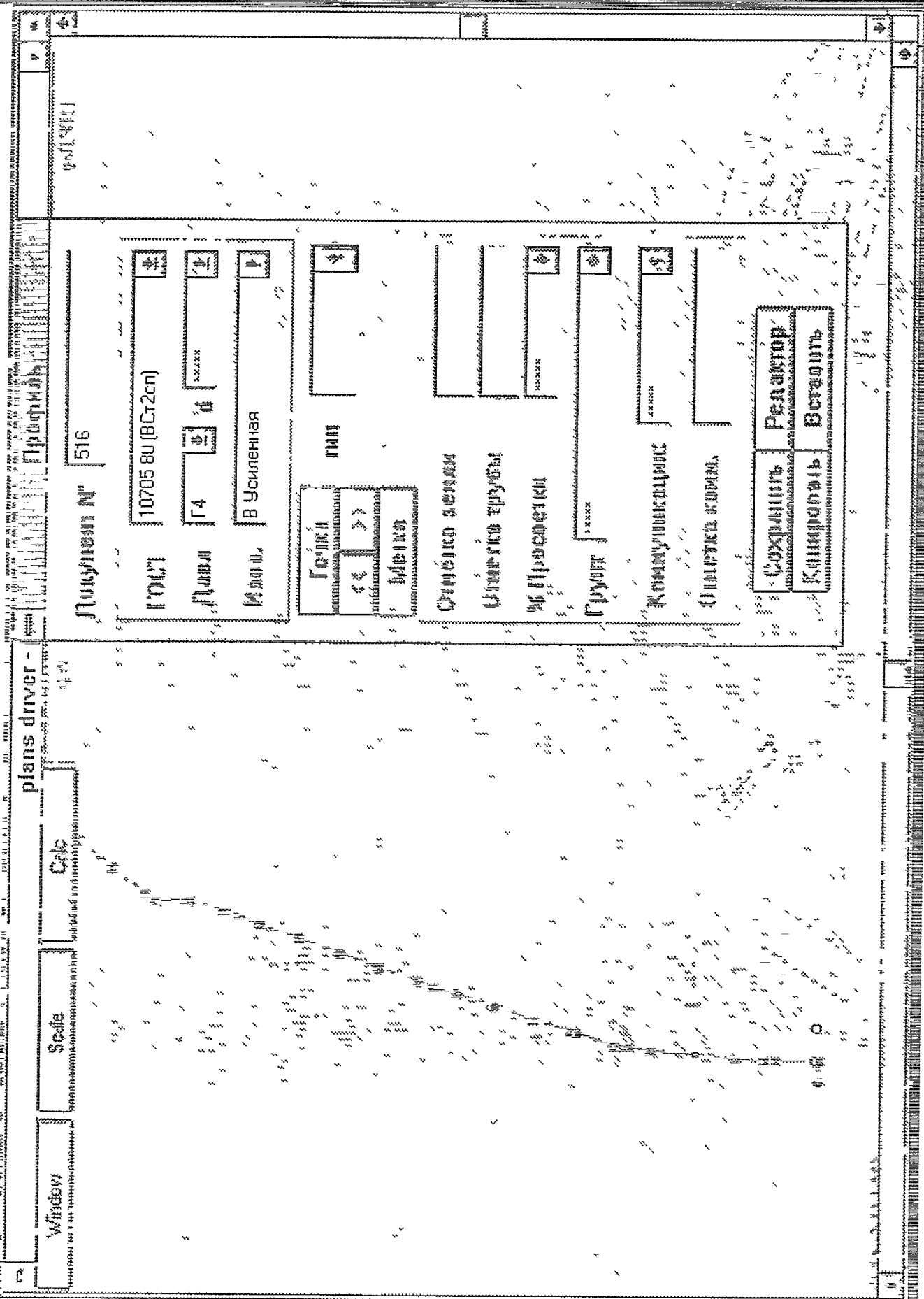
into

Main (Jobs of GIS are:

- ◆ To provide technical support in gas pipelines and equipment
- ◆ To draw up routine work orders
- ◆ To provide information of the Dispatch Service
- ◆ To develop new gas pipeline design

ance of





Window

Scaph

U'alo

plans driver -

Углуб. р.д.

Система автоматизации проектирования

9-011113

Документ №

1007

10705 80 (B Cr2en)

Дан.

Г

1

1

Изд.

В Усиленная

Гочка

<<

>>

Метка

Отметка земли

201 3

Отметка трубы

200 3

% Прогресски

20

Грунт

Ср Пучинистый

Компьюшная шина

ЛЭП

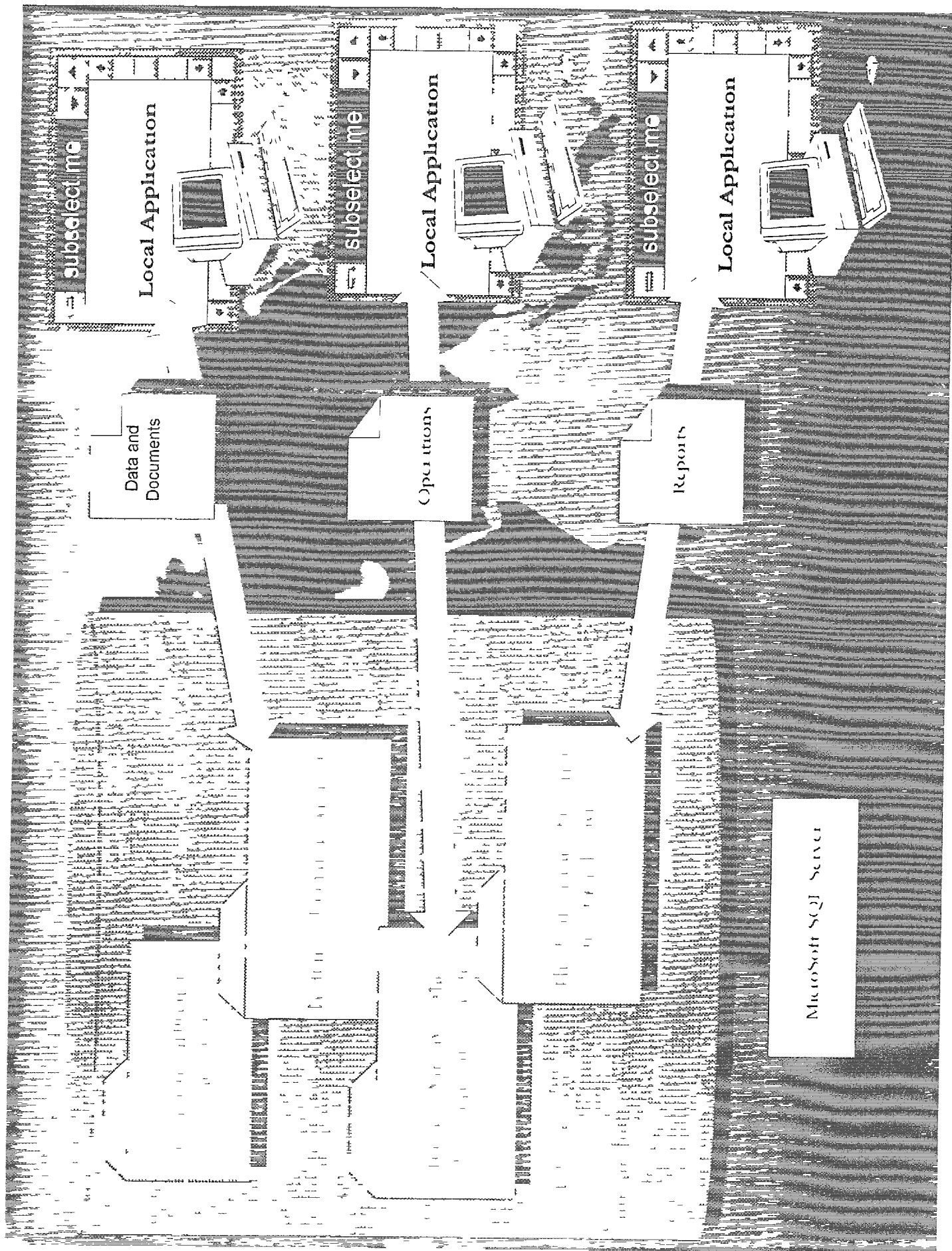
Отметка комм.

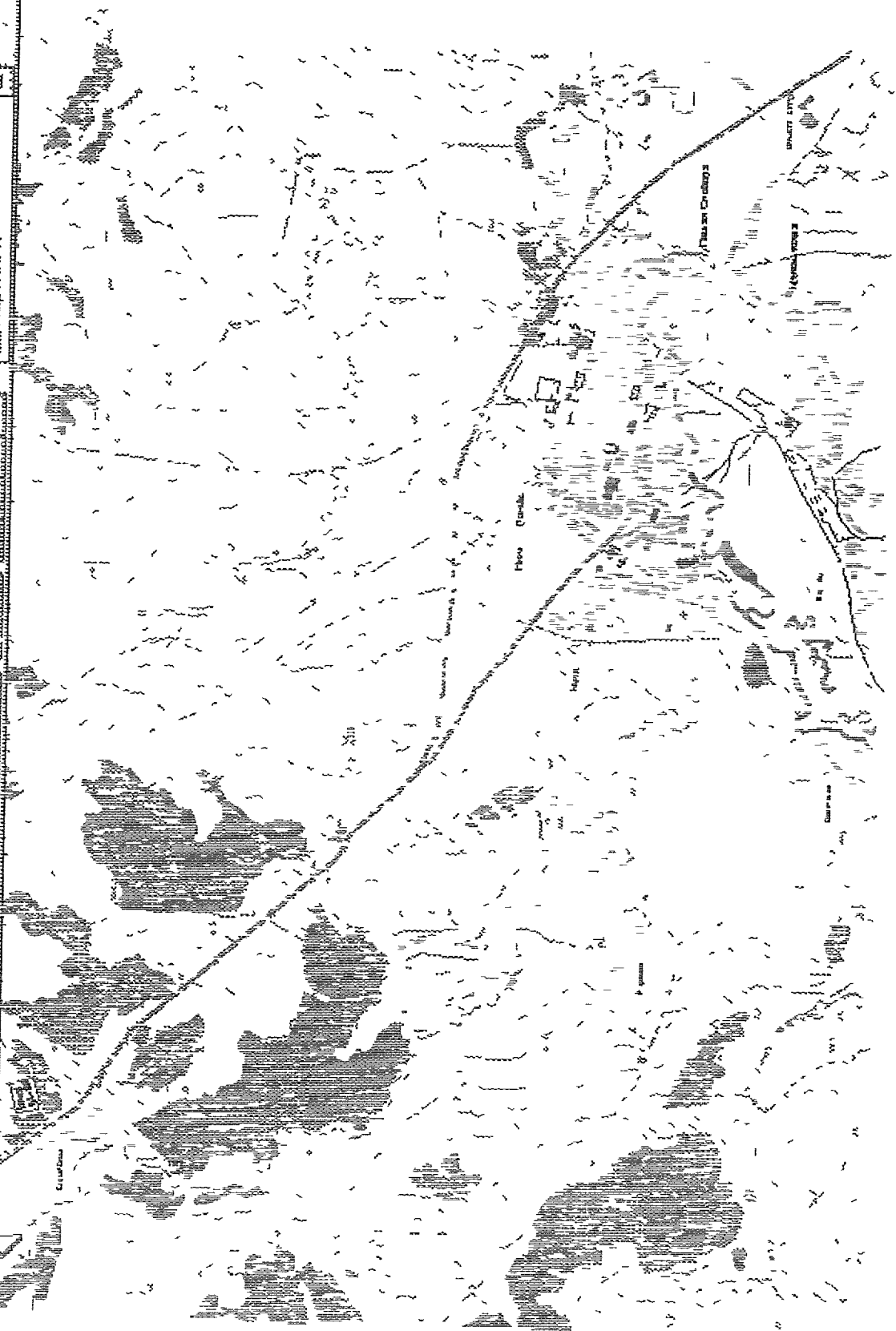
Сохранить

Редактор

Капировать

Вставить

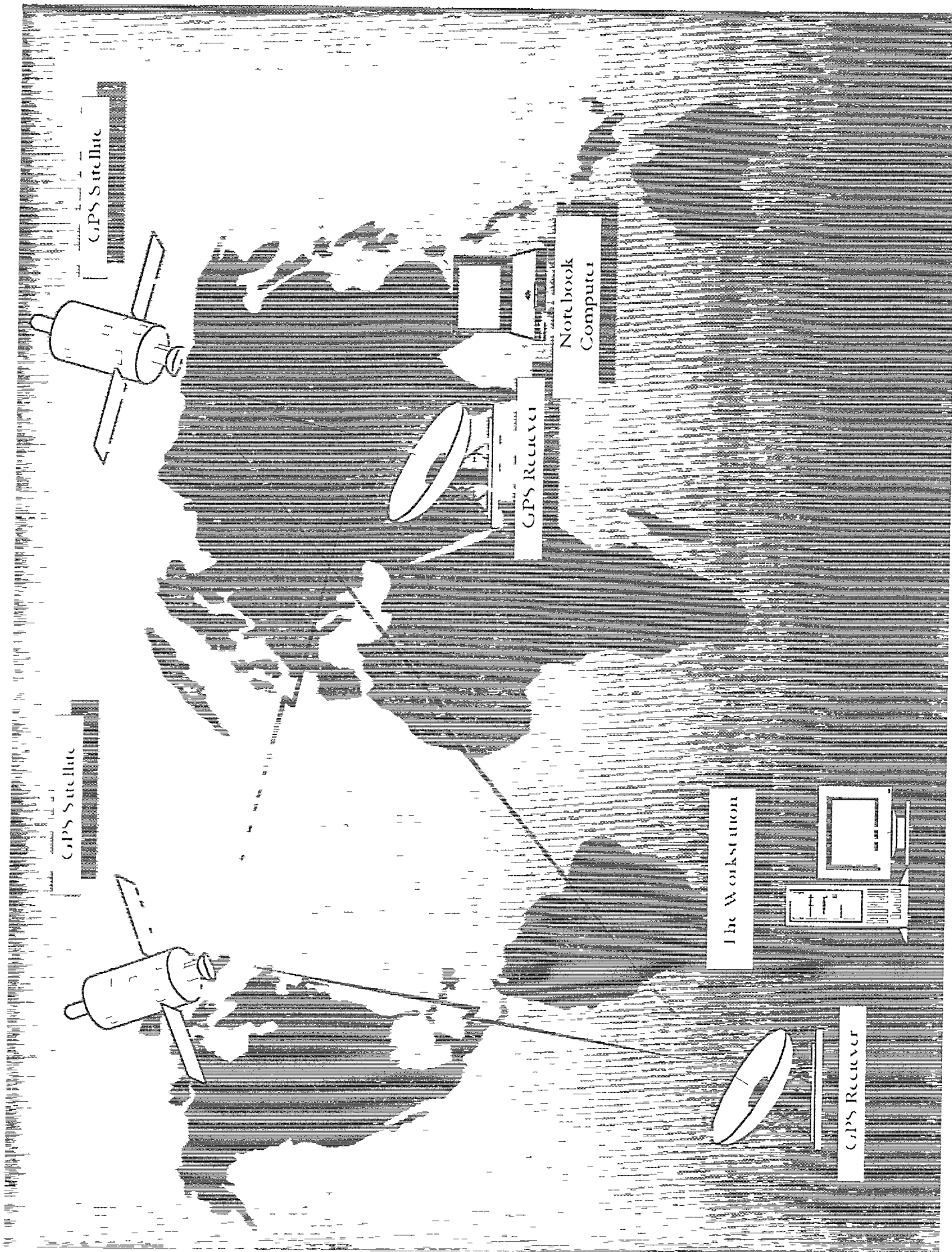


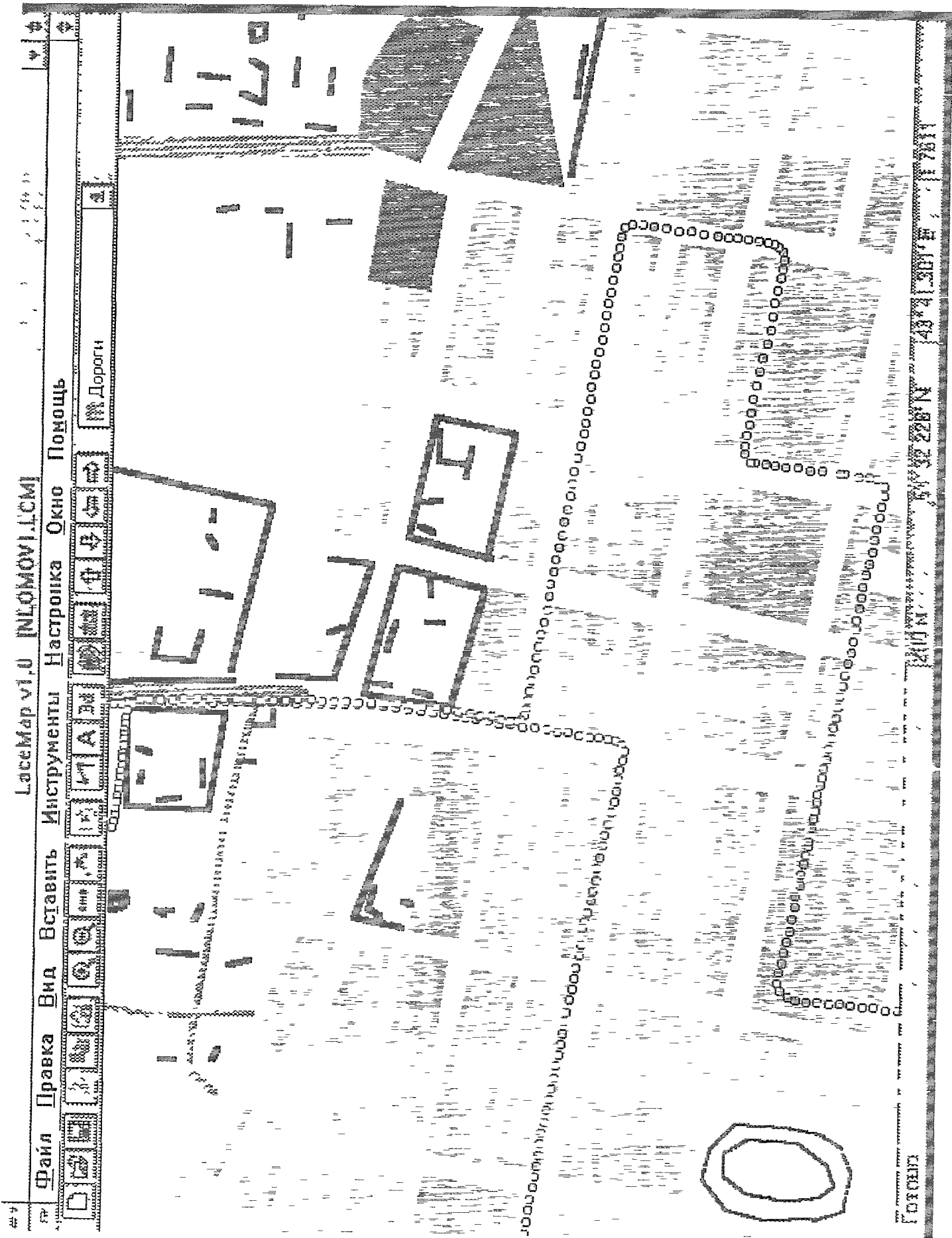


Icons: File, Edit, View, Insert, Tools, Settings, Window, Help

Дороги







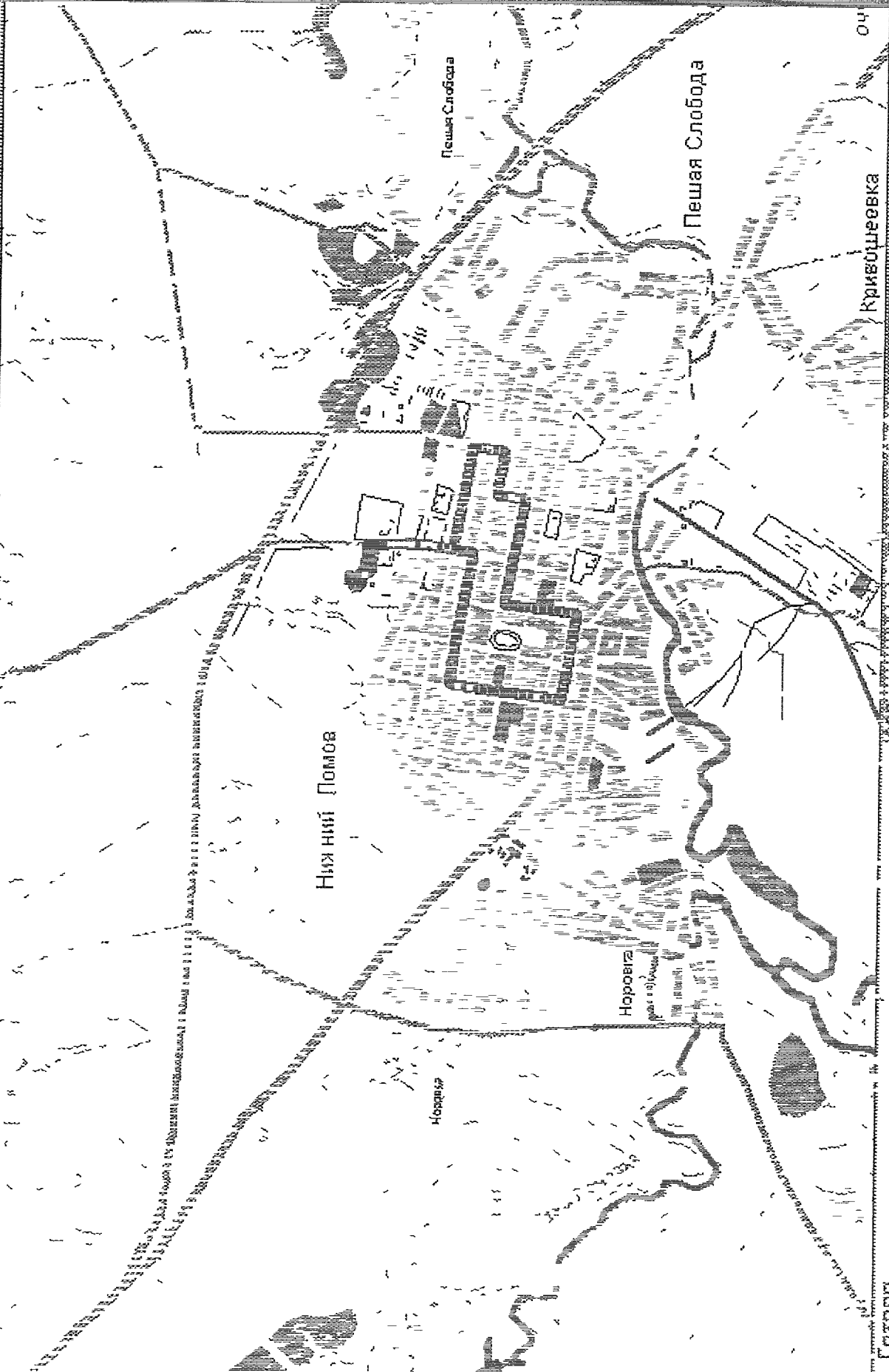
CaseMap v1.0 - [NLOMOV1.COM]

Файл Правка Вид Вспомогательные Инструменты Настройка Окно Помощь



Дороги

4



ГОРБЕН

20011

53°32'135"N

43°42'310"E

Кривошеевка

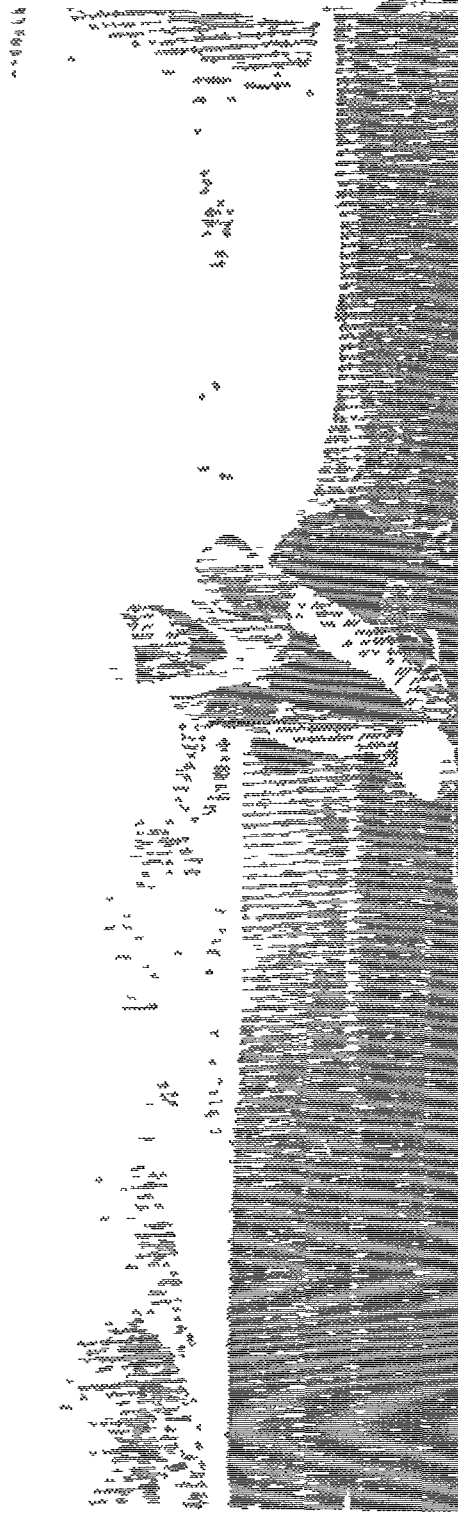
42228

04



611-51-2112 Receiving

Installation of GPS Receiver on the Basie Point



Old Data Processing Guidelines

(1991-1992)



CDs Data Recovery on the GasBot



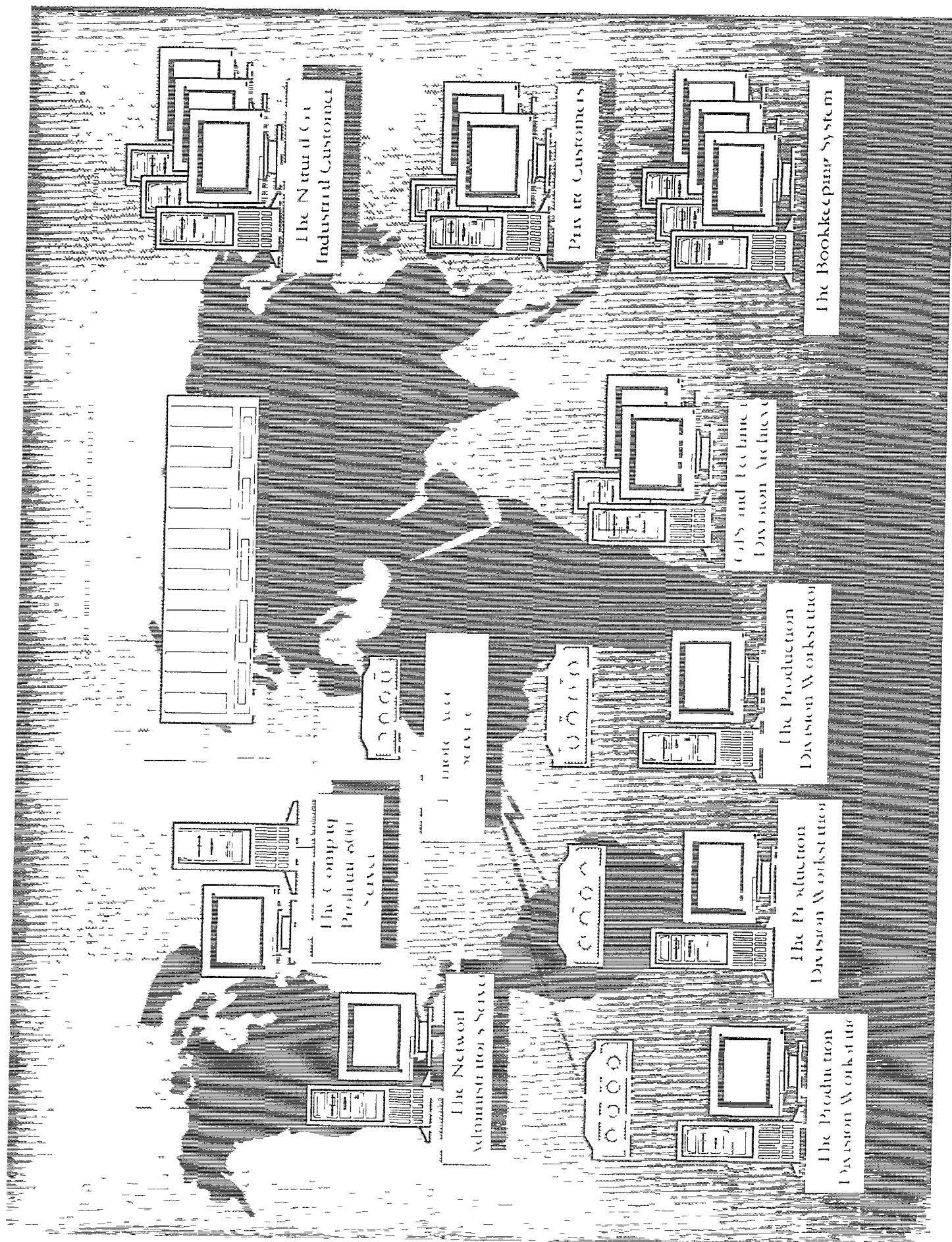
Local Network

Eliminate the duplication of effort
ent applications of the info

• To report about all the activity of the trust

• To E-mail the internal doc

• To get necessary inform from the field operations
using the mass



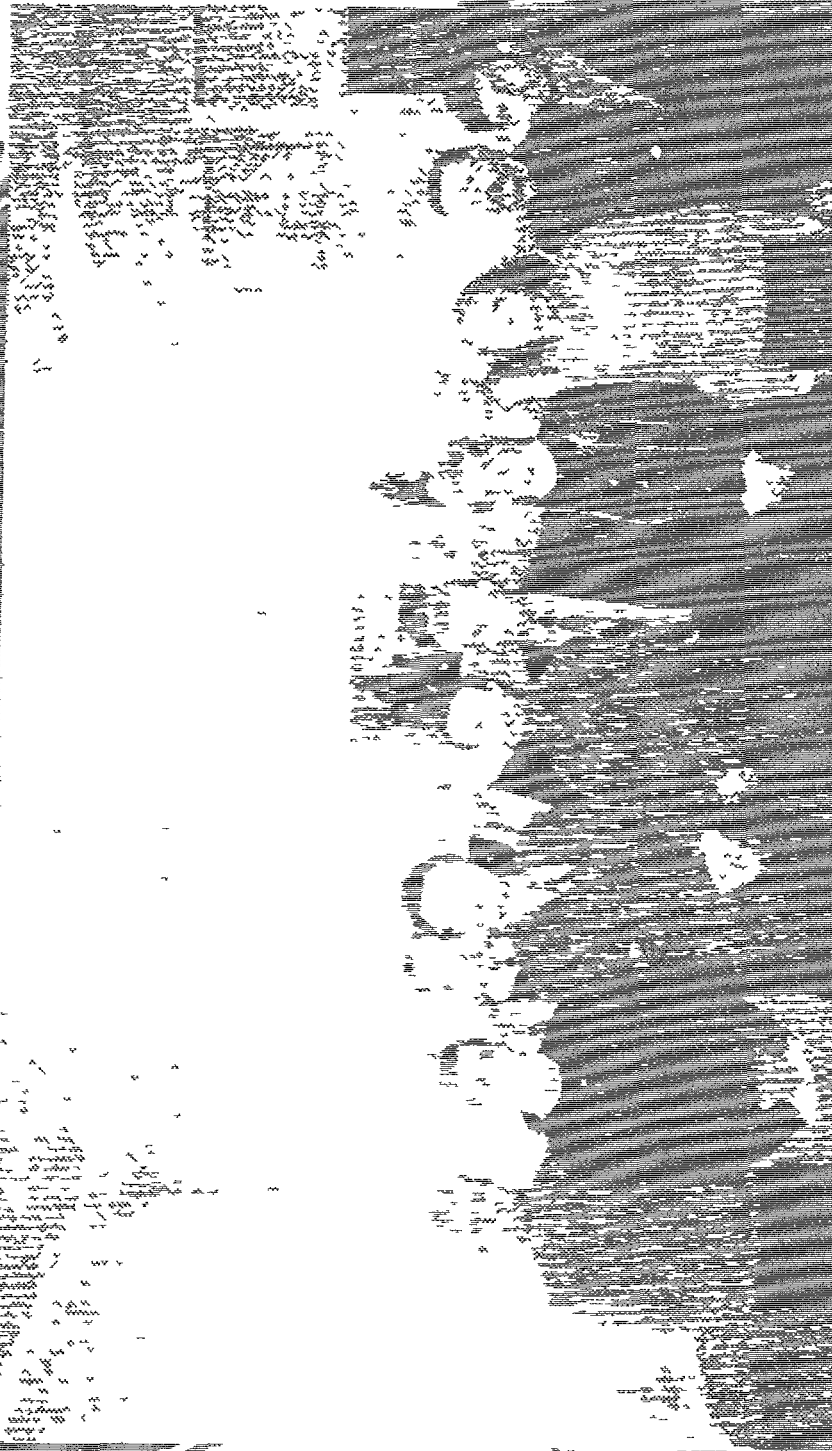
The Workstation at the Operation Field



Life in the Community



The Columbia Gas System, representative
of the United States Gas Trust.



ATTACHMENT 16



DATE OF ISSUE July 14, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM
REGULATORY EXCHANGE VISIT AND STUDY TOUR
FOR
RUSSIAN REGIONAL ENERGY COMMISSIONERS
AND UTILITY EXECUTIVES**

**Sponsored by
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**And
UNITED STATES ENERGY ASSOCIATION**

**Location: San Francisco, California and Frankfort, Kentucky
July 19 - 29, 1997**

Participants

**Vasily Kondratyev, Chairman, Penza REC, Vice Governor, Penza Oblast
Victor Kuzin, General Director, Penzagas
Victor Shapoval, Deputy General Director, Penzaenergo
Nikolay Zhuravsky, Chairman, Novgorod REC
Igor Beckman, Interpreter**

BACKGROUND

In 1992 the United States Energy Association (USEA) with a grant from the U S Agency for International Development (USAID), established a program to assist electric and natural gas utilities in the republics of the former Soviet Union make the transition from centralized planning to a market economy by linking them with U S investor owned utilities in a mentoring program called the Energy Industry Partnership Program. American utilities have participated in the program by occasionally hosting delegates from Russia and explaining how an investor owned utility is organized and operated.

The Russian utility executives participating in the program quickly realized that the U S system of utility regulation independent from political interference that is both transparent and inclusive of public participation has been a major contributing factor to the successful development of the U S electric and gas industries. They further recognized that such a system is lacking in Russia and must be implemented to provide a rational basis for the industry to thrive and attract investors that can bring much needed capital to the sector.

This was a critical finding of the EIPP sponsored December 1995 meeting of the Russian utility partners, which called for a greater examination of regulatory issues within the partnership program and led to the EIPP sponsored October 1996 regulatory summit with participation by Regional and Federal Energy Commissioners and electric and gas utility executives. As a result of these meetings, participation in the EIPP has expanded to include the participation of regulators in partnership activities to assist in forming a consensus and common understanding among the regulators and regulated utilities.

Although fledgling energy commissions have been established in each of Russia's 72 territorial subdivisions they are comprised of volunteer commissioners and administrative support staff. These commissions are in the process of developing an understanding of what a regulatory commission is, how it should be organized, staffed and what its principle role should be vis-a-vis regulated utilities, the public and the local and national governments.

To assist these regulatory commissions develop a vision for the future, the Energy Industry Partnership Program is organizing an executive exchange visit to the United States for regulated utilities and their regulators. The trip will feature participation in the NARUC summer meeting in San Francisco on July 20-22, 1997 followed by meetings with state regulatory commissions. Following the NARUC meeting, the delegation will split and meet with U S state regulatory commissions before reconvening in Washington, DC for a debriefing.

OBJECTIVES

The objectives of the executive exchange are to

- 1) Inform the U S regulatory community of the recent establishment of regional energy commissions in Russia and associated regulatory reform
- 2) Examine the charter and structure of independent regulatory commissions in the United States to discern the commission's relation to stakeholders including local and federal government, consumers and regulated utilities,
- 3) Discuss the process employed by regulatory commissions in the United States to facilitate public participation and to ensure transparency in decision making,
- 4) Study the traditional cost of service based rate making approach, and
- 5) Review the objectives for, and approach to, restructuring the electric sector and encouraging competition promoted by the California Public Utilities Commission, and contrast to traditional cost based rate making

THE PROGRAM

The exchange visit will commence with participation in the National Association of Regulatory Utility Commissioners (NARUC) Summer Committee Meetings in San Francisco, where the delegation will have an opportunity to participate as speakers in both the International Relations Committee and the Committee on Natural Gas. Participants will audit the Committee on Electricity to gain a better understanding of the process of change from traditional regulation to a competitive environment in the United States. This will be reinforced through meetings with the California Public Utilities Commission to discuss its approach to deregulation.

Following their participation in the NARUC meeting, the delegation will meet with state public utility commissions to examine the role, function and structure of independent regulatory commissions. The exchange visit will conclude with meetings with USAID and a public briefing on regulatory reform in Russia for USEA members.

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Regulatory Exchange Visit and Study Tour San Francisco, CA and Frankfort, KY

Saturday, July 19, 1997

- 2 00 p m Russian delegates departs Moscow on Delta Flight No 31 for San Francisco
- 8 35 p m Carey Ground transportation and registration at the Clarion Bedford Hotel at Union Square

Lodging

Clarion Bedford Hotel at Union Square
761 Post Street
San Francisco, California 94109
Tel (415) 673-6040
Fax (415) 563-6739

Sunday, July 20, 1997

- 10 30 a m **Working Breakfast Orientation Meeting**, Clarion Bedford, The Gallery Room
William L. Polen Program Manager Energy Industry Partnership Program
- Administration and Logistics
 - Review of Agendas
 - Overview of U S Regulatory Structure
- Discussion of Topics of Interest to Russian Participants

Monday, July 21, 1997

- 8 15 a m Carey ground transportation from Clarion Bedford to California PUC
- 9 00 a m **Meeting with California Public Utilities Commission (PUC)** - California State Building, Hearing Room E, 505 Van Ness Avenue San Francisco, California 94102, Tel (415) 703-2782
- Overview of the PUC
 - Mandates
 - Organization and Structure/Staffing
 - Relationship to National/Local Government, Utilities, Public
 - Transition from Monopolistic to Competitive Environment
 - Traditional Regulation/Industry Structure
 - Competition/Emerging Industry Structure
 - Impetus for Change
 - Anticipated Benefits
 - Functional Separation

Regulatory Exchange Visit and Study Tour San Francisco, CA and Frankfort, KY

- Independent System Operator (ISO)
- Customer Choice

- 12 00 p m **LUNCH**
- 12 30 p m Carey ground transportation from California PUC to The Westin St Francis
- 1 30 p m Group A Electric Utilities to attend Electric Committee Meetings
Group B Gas Utilities to attend Gas Committee Meetings
Regulatory Commissions to attend either Group A or Group B meetings
- 6 00 p m **NARUC International Relations Committee Reception Honoring the Central and Eastern European and Russian Delegates - The Westin St Francis Hotel, Union Square, 335 Powell Street, San Francisco, California**

Tuesday, July 22, 1997

- 10 00 a m **Meeting with NARUC International Relations Committee**
Ron Eachus, Commissioner Oregon Public Utilities Commission and Chairman of the NARUC International Relations Committee
- Delegates Will be Ask to Discuss Current and Proposed Regulatory Regimes from Both the Regulator's and Utilities' Perspective
 - Discussion of Potential Collaborative Activities with NARUC Including Membership, Seminars, Internships, and Partnerships with U S Regulatory Commissions
- 10 30 a m **Participation in Natural Gas Committee Meeting**
- Delegates Will be Ask to Discuss Current and Proposed Regulatory Regimes from Both the Regulator's and Utilities' Perspective
- 12 00 p m **LUNCH**
- 1 30 p m Carey ground transportation from The Westin St Francis to California PUC
- 2 00 p m -
4 30 p m **Meeting with California Public Utilities Commission**
The New Regulatory Framework
- Traditional Rate Making
 - Performance Based Regulation
 - Consumer Protection
- 4 30 p m Carey ground transportation from California PUC to the Clarion Bedford

Regulatory Exchange Visit and Study Tour San Francisco, CA and Frankfort, KY

7 00 p m **DINNER**

Wednesday, July 23, 1997

7 00 a m Carey ground transportation from Clairon Bedford to airport

8 20 a m Depart on Delta Flight No 764 for Atlanta, Georgia

5 01 p m Depart on Delta Flight No 1126 for Lexington, Kentucky

6 20 p m Ground transportation provided by Kentucky PUC and registration at the Best Western

7 30 p m **DINNER** - Jim's Seafood Restaurant
(Ground transportation provided by Kentucky Public Service)

Lodging

Best Western
80 Chenault Drive
Frankfort, Kentucky 40601
Tel (502) 695-6111
Fax (502) 695-6111

Thursday, July 24, 1997

8 15 a.m Ground transportation provided by Kentucky Public Service Commission to and from the hotel

8 30 a m Kentucky Public Service Commission Headquarters (donuts & coffee)

9 00 a m **WELCOME-Kentucky Public Service Commission**, 730 Schenkel Lane,
Frankfort, Kentucky 40602, Tel (502) 564-3940

- > History of Utility Regulation in Kentucky
- > Fundamental of Utility Regulation
- > Staffing and Structure of PSC
- > Funding the Budget of PSC
- > The Role of Each Division
- > Commission Ethics

12 00 p m **LUNCH** - Lt Governor Steve Henry - Lt Governor's Mansion

- 1 30 p m **Rate Making Process at PSC'S Headquarters**
- Revenue Requirements
 - Overall Performance
 - Operating Expenses
 - Depreciation
 - Taxes
 - Operating Revenue
 - Net Investment (Capitalization)
 - Capital Structure and Cost of Captial
 - Rate Design
 - Cost of Service
 - Revenue Allocation, Rate Design and Tariffs
- 4 30 p m **Discussion of Traditional Regulation and Competition**
- What is driving the change to competition?
 - What are the benefits and disadvantages of electric retail wheeling and natural gas unbundling?
- 5 00 p m **End of Session**
- 7 00 p m **DINNER** - Frankfort Country Club

Friday, July 25, 1997

- 8 15 a m Ground transportation provided by Kentucky Public Service Commission
- 8 30 a m **Meeting with Governor Paul Patton**
- 9 15 a m **Meeting Kentucky Public Service Commission's Headquarters**
- Consumer Complaint Resolution
- 10 00 a m ➤ Safety Regulations
 - Gas & Electric
- 11 30 a m Depart for Lexington
- 12 00 p m **LUNCH** - Marriot Griffin Gate Hotel
- 12 50 p m Depart for Columbia Gas of Kentucky Inc 's Headquarters, 2001 Mercer Road
- 1 00 p m **Welcome to Columbia Gas**
Joe Kelly, Vice President/General Manager

Regulatory Exchange Visit and Study Tour San Francisco, CA and Frankfort, KY

- 1 15 p m The Utility/Regulatory Partnership
 Steve Byars, Director of External Affairs
- 1 30 p m Tour Customer Service Center
- 2 00 p m Communicating with our Customers
 Eric Parr, Director of Customer Service
- 3 00 p m Arrive at Kentucky Utilities
 Meet Vice President R.M. Hewett and other company officials for briefing concerning KU's organizational overview
 > Film "History of Kentucky Utilities"
 > Description of KU's Service Territory and Organizational Structure
 > Discussion of KU's Physical and Financial Resources
 > Brief Summary of Operations
 > KU's Low-Cost Rates
 > Retail Wheeling Advantages and Disadvantages
- 5 15 p m Arrive at Fayette Mall for Shopping
- 6 15 p m **COOKOUT** - Don Mills's home

Saturday, July 26, 1997

- 9 00 a m Ground transportation provided by Kentucky PUC from hotel to airport
- 11 30 a m Depart Delta Flight No 3854 for Cincinnati
- 12 50 p m Depart Delta Flight No 1702 for Wash/National
- 2 09 p m Carey ground transportation and registration at the Club Quarters Hotel

Lodging

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
Tel (202) 463-6400
Fax (202) 463-6401

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Sunday, July 27, 1997

Orientation to Washington, DC

Monday, July 28, 1997

- 9 00 a m **BREAKFAST** - United States Energy Association, 1620 Eye St , N W , Suite 1000, Washington, D C 20006
- 10 30 a m Debriefing Meeting with U S Agency for International Development
- USAID Programs In Russia
 - Discussion by Participants of Regulatory Reform in Russia
- 12 00 p m. **LUNCH** - U S Energy Association, 1620 Eye St , N W , Suite 1000, Washington, D C 20006
- 2 00 p m ➤ **Briefing Meeting for USEA Member Companies Interested in**
- 4 00 p m **Investing in the Russian Energy Sector**
- Russian delegates will be asked to comment on regulatory reform and industry restructuring and investment opportunities in the electric and gas sectors
- 4 00 p m - **Reception sponsored by U S Energy Association**
- 6 00 p m

Tuesday, July 29, 1997

- 1 00 p m Carey ground transportation to Wash/National
- 2 59 p m Departs Delta Flight No 634 for New York/Kennedy
- 6 05 p m Departs Delta Flight No 30 for Moscow

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DATE OF ISSUE. July 15, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

REGULATORY EXCHANGE VISIT AND STUDY TOUR

FOR

**RUSSIAN REGIONAL ENERGY COMMISSIONERS
AND UTILITY EXECUTIVES**

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location: San Francisco, California and Springfield, Illinois
July 19 - 29, 1997

Participants

Svetlana Lavrentieva, Economist, Nizhny Novgorod REC
Tatyana Ikhsanova, Deputy General Director on Finance, Nizhnovenergo
Vadim Breyev, General Director Nizhegorodoblgas
Vladimir Tarasenko, General Director, Vladimiroblgas
Tony Bitonti, Program Coordinator, USEA
Dennis Kovalev, Interpreter

- Independent System Operator (ISO)
- Customer Choice

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- 1 30 p m Group A Electric Utilities to attend Electric Committee Meetings
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Regulatory Commissions to attend either Group A or Group B meetings
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Ron Eachus, Commissioner Oregon Public Utilities Commission and Chairmn of the NARUC International Relations Committee
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- 2 00 p m - **Meeting with California Public Utilities Commission**
4 30 p m **The New Regulatory Framework**
- Performance Based Regulation
 - Consumer Protection
- 4 30 p m Carey ground transportation from California PUC to the Clarion Bedford
- 7 00 p m **DINNER**

Regulatory Exchange Visit and Study Tour San Francisco, CA and Springfield, IL

Wednesday, July 23, 1997

- 7 00 a m Carey ground transportation from Clarion Bedford to airport
- 9 15 a m Depart on TWA Flight No 30 for St Louis
- 4 10 p m Depart on TWA Flight No 7096 for Springfield, Illinois
- 4 44 p m Ground transportation provided by rental van, Tony Bitonti, driver and registration at the Mansion View Inn & Suites

Lodging

Mansion View Inn & Suites
529 South Fourth Street
Springfield, Illinois
Tel (217) 544-7411
Fax (217) 544-6211

Thursday, July 24, 1997

- 8 30 a m Ground transportation provided by rental van
- 9 00 a m **Meeting with Illinois Commerce Commission, 527 East Capitol Avenue
Springfield, Illinois 62794, Tel (217) 782-7295**
- History of Utility Regulation in Illinois
 - Review of the Enabling Legislation Creating the PUC
 - Fundamentals of Utility Regulation -- Regulatory Compact
 - Role of the PUC vis-a-vis the Consumer, Utility and Government
--Independence from Government and Transparency in Decision Making
- 12 00 p m **LUNCH**
- 1 30 p m **Meeting with Illinois Commerce Commission**
- Staffing and Structure of the PUC
--Staff, Administrative Law Judges and Commissioners
 - Fundamentals and Budgets of the PUC
 - Discussion of Traditional Regulation and Competition
--What is driving the change to competition
--What are the characteristics of each model and the benefits and disadvantages of each?

Friday, July 25, 1997

- 8 30 a m Ground transportation provided by rental van
- 9 00 a m **Meeting with Illinois Commerce Commission**
- The Rate Making Process Including Public Notification and Participation, Hearings, and Issues Related to Transparency of Decision Making
 --The role of the PUC personnel in the hearing process
 - Rate making -- Revenue Requirement Formula and Cost of Service Allocation
- 12 00 p m **LUNCH**
- 1 30 p m **Meeting with Illinois Commerce Commission**
- Consumer Complaint Resolution
 - Safety Regulations

Saturday, July 26, 1997

- 7 00 a m Ground transportation provided by rental van
- 9 00 a.m Depart on United Flight No 5952 for Chicago/Ohare
- 11 14 a m Depart United Flight No 610 for Wash/National
- 1 50 p m Carey ground transportation and registration at the Club Quarters Hotel

Lodging

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
Tel (202) 463-6400
Fax (202) 463-6401

Sunday, July 27, 1997

Orientation to Washington, DC

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Monday, July 28, 1997

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DATE OF ISSUE July 17, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM
REGULATORY EXCHANGE VISIT AND STUDY TOUR
FOR
RUSSIAN REGIONAL ENERGY COMMISSIONERS
AND UTILITY EXECUTIVES**

**Sponsored by
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
And**

UNITED STATES ENERGY ASSOCIATION

**Location: San Francisco, California and Cheyenne, Wyoming
July 19 - 29, 1997**

Participants

**Alexey Radionov, Chairman, Samara REC, Vice Governor, Samara Oblast
Yefim Veisman, General Director, Samaragas
Alexey Gorbunov, Chairman, Kostroma REC
Boris Remezontsev, General Director, Samaraenergo
Evgueny Fominykh, Deputy Program Manager
Yuri Menis, Interpreter**

Saturday, July 19, 1997

- 2 00 p m Russian delegates depart Moscow for San Francisco
- 8 35 p m Carey ground transportation and registration at the Clarion Bedford Hotel at Union Square

Lodging:

Clarion Bedford Hotel at Union Square
761 Post Street
San Francisco, California 94109
Tel (415) 673-6040
Fax (415) 563-6739

Sunday, July 20, 1997

- 10 30 a m **Working Breakfast Orientation Meeting**, Clarion Bedford, The Gallery Room
William L. Polen, Program Manager, Energy Industry Partnership Program
- Administration and Logistics
 - Review of Agendas
 - Overview of U S Regulatory Structure
- Discussion of Topics of Interest to Russian Participants

Monday, July 21, 1997

- 8 15 a m Carey ground transportation from the Clarion Bedford to California PUC
- 9 00 a m **Meeting with California Public Utilities Commission (PUC)** - California State Building, Hearing Room E, 505 Van Ness Avenue San Francisco, California 94102, Tel (415) 703-2782
- Overview of the PUC
 - Mandates
 - Organization and Structure/Staffing
 - Relationship to National/Local Government, Utilities, Public
 - Transition from Monopolistic to Competitive Environment
 - Traditional Regulation/Industry Structure
 - Competition/Emerging Industry Structure
 - Impetus for Change
 - Anticipated Benefits
 - Functional Separation

- Independent System Operator (ISO)
- Customer Choice

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- 12 00 p m **LUNCH**
- 1 30 p m Carey ground transportation from The Westin St Francis to California PUC
- 2 00 p m - **Meeting with California Public Utilities Commission**
4 30 p m **The New Regulatory Framework**
- Traditional Rate Making
 - Performance Based Regulation
 - Consumer Protection
- 4 30 p m Carey ground transportation from California PUC to the Claron Bedford
- 7 00 p m **DINNER**

Wednesday, July 23, 1997

- 5 30 a m Carev ground transportation from Clarion Bedford to airport
- 7 00 a m Depart on United Flight No 1728 for Denver, Colorado
- 12 30 p m Depart on United Flight No 7506 for Cheyenne, Wyoming
- 1 10 p m Ground transportation by Prestige Transportation and registration at hotel

Lodging

Holiday Inn
2313 Solider Spring Road
Laramie, Wyoming 82070
Tel (307) 742-6611
Fax (307) 745-8371

Thursday, July 24, 1997

- 7 30 a m Ground transportation for the day by Prestige Transportation from hotel to Wyoming PUC
- 9 00 a m **Meeting with Wyoming Public Service Commission, 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming 82002, Tel (307) 777-7427**
- History of Utility Regulation in Wyoming
 - Overview of the Enabling Legislation Creating the PSC
 - Fundamentals of Utility Regulation, including the Regulatory Compact
 - Role of the PUC vis-a-vis the Consumers, Utilities and the Government (Transparency in Decision Making, Agency Independence)
- 12 00 p m **LUNCH**
- 1 30 p m **Meeting with Wyoming Public Service Commission**
- Staffing and Structure of the PUC
 - Staff, Administrative Law Judges and Commissioners
 - Funding and Budgets of the PUC
 - Discussion of Traditional Regulation and Competition
 - What is driving the change go competition?
 - What are the characteristics of each model and the benefits and disadvantages of each?

Friday, July 25, 1997

- 7 30 a m Ground transportation for the day by Prestige Transportation from the hotel to Wyoming PUC
- 9 00 a m **Meeting and Discussion with Governor Jim Geringer, State Capitol**
- 9 30 a.m **Meeting with Wyoming Public Service Commission**
- Staffing and Structure of the PSC (Commissioners/Professional Staff)
 - Funding and Budgets of the PSC
 - Traditional Regulation and Competition
 - Why is there interest in utility competition?
 - What are the characteristics of each model and the benefits and disadvantages of each?
 - Utility Industry Stability and Innovation
- 12 00 p m **LUNCH**
- 1 30 p m **Meeting with Wyoming Public Service Commission**
- The Rate Making Process Including Parties and Procedure, Public Notification and Participation, Hearings, Transparency and Stability in Decision Making
 - Rate Making
 - Revenue Requirement Formula
 - Cost of Service Concepts
 - Design of Rates
 - Concession Rates and Some Alternatives
 - Related Activities
 - Rule Making
 - Uniform Accounting Standards and Transparency
 - Safety Regulations

Saturday, July 26, 1997

- 8 45 a m Ground transportation by Prestige Transportation from hotel to airport
- 11 05 a m Depart United Flight No 7505 for Denver
- 12 25 p m Depart United Flight No 920 for Wash/Dulles
- 5 31 p m Carey ground transportation and registration at the Club Quarters Hotel

Lodging

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
Tel (202) 463-6400
Fax (202) 463-6401

Sunday, July 27, 1997

Orientation to Washington, D C

Monday, July 28, 1997

- 9 00 a m **BREAKFAST** - United States Energy Association, 1620 Eye St , N W , Suite 1000, Washington, D C 20006
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 > USAID Programs In Russia
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4 00 p m **Investing in the Russian Energy Sector**
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- 4 00 p m.- **Reception sponsored by U.S Energy Association**
6 00 p m

Tuesday, July 29, 1997

- 1 00 p m Carey ground transportation to Wash/National
- 2 59 p m Departs Delta Flight No 634 for New York/Kennedy
- 6 05 p m Departs Delta Flight No 30 for Moscow



United States Energy Association

DATE OF ISSUE. July 16, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

REGULATORY EXCHANGE VISIT AND STUDY TOUR

FOR

**RUSSIAN REGIONAL ENERGY COMMISSIONERS
AND UTILITY EXECUTIVES**

Sponsored by

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And

UNITED STATES ENERGY ASSOCIATION

Location: San Francisco, California and Austin, Texas

July 19 - 29, 1997

Participants

Valery Serdyukov, Chairman Oblast REC

Victor Studnev, Member, St. Petersburg REC

Leonid Chuchakin, General Director, Lenobigas

Ellen Garrett, Program Coordinator

Ivan Burmaka, Interpreter

Regulatory Exchange Visit and Study Tour San Francisco, CA and Austin, TX

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- 2 00 p m Russian delegates departs Moscow on Delta Flight No 31 for San Francisco
- 8 35 p m Carey ground transportation and registration at the Clarion Bedford Hotel at Union Square

Lodging:

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761 Post Street
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Tel (415) 673-6040
Fax (415) 563-6739

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Regulatory Exchange Visit and Study Tour San Francisco, CA and Austin, TX

- Independent System Operator (ISO)
- Customer Choice

12 00 p m **LUNCH**

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Regulatory Commissions to attend either Group A or Group B meetings

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- > Discussion of Potential Collaborative Activities with NARUC

10 30 a m **Participation in Natural Gas Committee Meeting**
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12 00 p m **LUNCH**

1 30 p m Carey ground transportation from The Westin St Francis to California PUC

2 00 p m - **Meeting with California Public Utilities Commission**
4 30 p m **The New Regulatory Framework**

- > Traditional Rate Making
- > Performance Based Regulation
- > Consumer Protection

4 30 p m Carey ground transportation from California PUC to the Clarion Bedford

7 00 p m **DINNER**

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Wednesday, July 23, 1997

- 7 00 a m Depart on Delta Flight No 596 for Dallas/Ft Worth
- 12 55 p m Depart on Delta Flight No 1897 for Austin
- 1 54 p m Ground transportation by Texas Limousine and registration at hotel

Lodging

Ramada Inn South
1212 W Ben White Blvd
Austin, Texas 78704
Tel (512) 447-0151
Fax (512) 441-2025

Thursday, July 24, 1997

- 8 30 a m Ground transportation by Texas Limousine from hotel to the Texas PUC
- 9 00 a m **Welcome** - Commissioners' Hearing Room, Public Utility Commission of Texas
1701 N Congress Avenue, Austin, Texas 78711, Tel (512) 936-7398
Carole Vogel, Chief, Office of Regulatory Affairs
- 9 15 a m - **Overview of Utility Regulation in Texas**
9 45 a m *Hal Hughes, Assistant Director Industry Analysis*
 ➤ Fundamentals of Utility Regulation - Regulatory Compact
- 9 45 a m - **Overview of Utility Regulation in Texas (continued)**
11 00 a m *Jess Totten, Assistant Director, Office of Policy Development*
 ➤ Review of the Enabling Legislation Creating the PUC
 ➤ Role of the PUC vis-a-vis the Consumer, Utility & Government
 --Independence from Government and Transparency in Division Making
- 11 00 a m - **BREAK**
11 15 a m
- 11 15 a m - **Meeting with Public Utility of Texas**
Carole Vogel, Chief, Office of Regulatory Affairs
 ➤ Staffing and Structure of the PUC
 --Staff, Administrative Law Judges and Commissioners

12 00 p m **LUNCH**

1 15 p m **Meeting with Public Utility Commission of Texas**

2 00 p m *Robin McKeever, Director of Administrative Services*

- Staffing and Structure of the PUC
- Staff, Administrative Law Judges and Commissioners

2 00 p m - **Meeting with Public Utility Commission of Texas**

Damayanti Ghosh & Martha Hinkle With Staff From Other Section Within ORA to Answer Questions and Explain Their Functions

- Rate Making

4 00 p m Ground transportation by Texas Limousine from Texas PUC to hotel

Friday, July 25, 1997

8 30 a m Ground transportation by Texas Limousine from hotel to Texas PUC

9 00 a m - **Welcome from Commissioner Wood**

9 30 a m - **Meeting with Public Utility Commission of Texas**

Laurie Pappas Deputy Public Counsel, Office of the Public Counsel

- The Rate Making Process
- Public Participation
- Hearings
- Issues Related to Transparency

11 00 a m - **BREAK**

11 15 a m **Meeting with Public Utility Commission of Texas**

Bill Magness, Director Consumer Affairs

- Consumer Affairs
- Complaint Resolution
- Protection
- Enforcement

12 00 p m **LUNCH**

1 15 p m - **Meeting with Public Utility Commission of Texas**

2 00 p m *Mark Macleod, Assistant Director Office of Policy Development*

- A Discussion of Traditional Regulation and Competition

Regulatory Exchange Visit and Study Tour San Francisco, CA and Austin, TX

2 00 p m - **Meeting with Texas Railroad Commission**

(To be determined)

➤ Gas Regulation

4 00 p m Ground transportation by Texas Limousine from Texas PUC to hotel

Saturday, July 26, 1997

7 30 a m Ground transportation by Texas Limousine from hotel to airport

9 30 a m Depart Delta Flight No 662 for Atlanta

1 25 p m Depart Delta Flight No 432 for Wash/National

2 59 p m Carey ground transportation and registration at the Club Quarters Hotel

Lodging

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
Tel (202) 463-6400
Fax (202) 463-6401

Sunday, July 27, 1997

Orientation to Washington, DC

Monday, July 28, 1997

9 00 a m **BREAKFAST** - United States Energy Association, 1620 Eye St , N W , Suite 1000, Washington, D C 20006

10 30 a m **Debriefing Meeting with U S Agency for International Development**

➤ USAID Programs In Russia

➤ Discussion by Participants of Regulatory Reform in Russia

12 00 p m **LUNCH** - U S Energy Association, 1620 Eye St , N W , Suite 1000, Washington, D C 20006

2 00 p m ➤ **Briefing Meeting for USEA Member Companies Interested in**
4 00 p m **Investing in the Russian Energy Sector**

Regulatory Exchange Visit and Study Tour San Francisco, CA and Austin, TX

--Russian delegates will be asked to comment on regulatory reform and industry restructuring and investment opportunities in the electric and gas sectors

4 00 p m **Reception sponsored by U S Energy Association**
6 00 p m

Tuesday, July 29, 1997

1 00 p m Carey ground transportation to Wash/National
2 59 p m Departs Delta Flight No 634 for New York/Kennedy
6 05 p m Departs Delta Flight No 30 for Moscow

ATTACHMENT 17



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**Illinois Power Company
and
Nizhnovenergo**

July 26 thru August 2, 1997

List of Participant

**Konstantin German, Deputy General Director on Capital Construction,
Nizhnovenergo**

**Azat Agliulin, Head, Department of Automated Control Systems, Nizhnovenergo
Vasily Belousenko, General Director, Semyonov Distribution Grid, Nizhnovenergo**

**Alexander Abramov, Director, Volga Rural Distribution Grid Construction,
Nizhnovenergo**

Nikolay Voronov, General Director, Frunze Works

Gene Fominykh, Deputy Program Manager, United States Energy Association

SATURDAY JULY 26 1997

7 20 p m Depart Moscow on Codeshare flight 100 and arrive at Zurich at 9 00 a m

11 20 p m Depart Zurich on Codeshare flight 2654 and arrive in Chicago at 12 55 p m
Delegation will be met by Tori Loginov

Delegation checks in the Fairfield Inn Marriott located at 1417 Hickory Point
Drive, Forsyth, IL 62535 Phone/Fax (217) 857-3337

SUNDAY JULY 27 1997

Orientation and Recovery Day

9 00 a m **DISCUSSIONS OF THE AGENDA**

Illinois Power Corporate Orientation

POWER PLANT/T&D MANAGEMENT

New Construction Regulation

- Federal/State regulator roles
- Laws and Standards regulating relations between investor, customer and contractor

12 00 p m **LUNCH**

2 00 p m **CUSTOMER SERVICE TRANSMISSION SYSTEM MANAGEMENT**

System Reliability Management

- Failure Preventing Activities
- Emergency Operations
- System Maintenance
- Failure Analysis

System Operation Management

- Transmission Dispatch
- Generation Dispatch
- Energy Sales and Purchases
- Operation Organization

TUESDAY JULY 29 1997

- 9 00 a m **CUSTOMER SERVICE S/T&D MANAGEMENT**
Design and Engineering Management
- Engineering and Technical Services Organization
 - Staffing Requirements and Mix
 - Resource Management Program
 - Project Justification Analysis
 - Project Management and Cost Control
 - Standards Management and Use
 - Documentation
 - CAD and Mapping
- 12 00 p m **LUNCH**
- 2 00 p m **CUSTOMER SERVICE/T&D SYSTEM MANAGEMENT**
Metering Design and Management
- Overview of Residential, Commercial, and Industrial Metering
 - Field Installation Management and Support
 - Billing Processes
 - Customer Services
 - Future Energy Measurement and Management Capabilities
- System Fault Management (as timer permits)*
- SCADA
 - Protective Relaying and Control
 - Protective Relying Communications
 - System Modeling
 - Standards

Wednesday July 30 1997

- 9 00 a m **POWERPLANT MANAGEMENT-WOOD RIVER POWER PLANT**
Plant Tour
- Organizational Structure
 - Plant Arrangements
 - Recent Major Fire Casualty
- 12 00 p m **LUNCH**
- 2 00 p m **POWER PLANT MANAGEMENT-WOOD RIVER POWER PLANT (cont)**
Plant Rehabilitation
- Organization Structure and Management Approach
 - Rehabilitation Cost Structure

- Decision to Rebuild
- Project Management
- Support Organizations and Suppliers

Management Tools

- Budget & Financial Management System
- Power Plant Maintenance System
- Material Management Information System
- Project Management Software
- Payroll System

Switchyard Breaker Management System

- Computer Based Breaker Management System
- Management Advantage

Thursday July 31 1997

9 00 a m

POWER PLANT MANAGEMENT

Construction/Rehabilitation Needs Assessment

- Load Forecast and/or Competitive Opportunity
- Option Identification-Purchase Power, Construct, Re-power
- Economic Analysis Procedures
- Lest Cost Approach Requirement

New Construction/Rehabilitation Project Management

- Construction Management Organization
- Design Documentation Management and Review
- Contractor Qualification and Selection
- Governmental and Interest Group Involvement
- Licensing Requirements
- Construction Cost Development and Cost Structure
- Quality Control and Quality Assurance

12 00 p m

LUNCH

2 00 p m

CUSTOMER SERVICE/DISTRIBUTION SYSTEM MANAGEMENT

Customer Energy Usage

- Meter Reading System
- Route System
- Timeliness
- Other Capabilities

Power Grid Maintenance

- > Service Unit Structure
- > Budgets
- > Labor Cost
- > Crew Staffing and Types
- > Equipment and Fleet Management
- > Crew Dispatching
- > Maintenance Management Systems
- > Material Management

System Reliability Management

- > Staffing, Including Percentage in Total IP Personnel
- > Failure Preventing Activities
- > Emergency Operations
- > Systems Maintenance
- > Failure Analysis

FRIDAY, AUGUST 1 1997

9 00 a m **CUSTOMER SERVICE/BILLING**

Billing Process

- > Metering Reading
- > Payment Options
- > Bill Preparation
- > Payment Processing

Facilities Tours

- > Inserter Operation
- > Mainframe Computer
- > Bank Remittance Center

12 00 p m **LUNCH**

2 00 p m Visit Answer Center or Meter Shop
Tour ADM Hvdroponics (as time permits)

Arrangements will be made for the following meetings during the seminar as concurrent sesssions

Nizhnovenergo (Igumonovskaya) Power Plant Project Financing with Konstantin German

Meeting on Prospects of Marketing of Frunze Works-Made Metering Equipment in the U S and Possibilities of Setting Up a Joint Meter Production/Marketing Firm

SATURDAY August 2 1997

12 50 p m Depart Chicago on Delta flight 1878 and arrive in New York at 3 59 p m

6 05 p m Depart New York on Delta flight 30

SUNDAY August 3 1997

11 25 a m Arrive in Moscow

ATTACHMENT 18



**United States Energy Association
Energy Industry Partnership Program**

Executive Exchange Visit

**Sponsored by:
U.S. Agency for International Development**

**Federal Energy Regulatory Commission
and
Federal Energy Commission**

August 18 thru 23, 1997

List of Participants

Andrey Zadernyuk, Chairman, Federal Energy Commission
Victor Nekurtenko, Head, Department of Property and Natural Monopolies
Vyacheslav Ovchenkov, Chairman, State Duma Subcommittee on Energy
Sergey Zemlyanski, Vice President, Transneft
Victor Molodyuk, Assistant to First Deputy Prime Minister, Boris Nemtsov
Government of the Russian Federation
Igor Lozhevsky, Advisor to the Minister of Fuel and Energy
Alexey Sannikov, Assistant to the Minister of Fuel and Energy
Yevgeny Koval, Assistant to the Chairman of the Federal Energy Commission

Background

In 1992 the United States Agency for International Development and the United States Energy Association established the Energy Industry Partnership Program (EIPP) for the New Independent States (NIS) of the Former Soviet Union. An objective of the partnership program is to provide an ongoing mechanism for U.S. utilities to transfer their experience in the private generation, transmission and distribution of energy to their counterparts in the NIS.

In Russia, USEA administers active utility partnerships with electric and gas utilities in St. Petersburg, Nizhny Novgorod, Samara, Vladimir, Penza, Novosibirsk and their U.S. counterparts in Louisiana, Illinois, Utah, New York, and Ohio. The Russian utility partners, their regional energy commissioners and a representative of the Federal Energy Commission concluded in the December 1995 and October 1996 EIPP sponsored all-Russian utility partnership summits that the U.S. system of independent utility regulation encouraging public participation is a fundamental factor contributing to the successful development of the U.S. electric system. They further recognized that a transparent system of utility regulation is necessary to attract domestic and international capital to Russia's electric utility sector.

Objectives

During the exchange visit, representatives of Russia's executive branch, Duma, Federal Energy Commission, and Unified Energy System will examine the structure, operation, and regulation of the U.S. electric utility industry through a series of meetings with federal and state regulatory agencies, operating utilities, and private investors. The objectives of the exchange visit are to:

- 1) Review the historical evolution of utility regulation and examine underlying factors leading toward competitive electric markets in the United States,
- 2) Assess the division of state and federal jurisdiction of regulation over the electric power sector and the implications of implementing wholesale competition and customer choice in a federal system,
- 3) Discuss with industry stakeholders opportunities for and obstacles to competition,
- 4) Participate in a business roundtable meeting with potential equity investors to discuss the recent creation of the Russian wholesale power market, investment opportunities and plans for future reform, and
- 5) Identify opportunities for future collaboration between the Federal Energy Commission and the Federal Energy Regulatory Commission.

Sunday, August 17, 1997

- 2 00 p m Depart Moscow on Delta flight 31 and arrive in New York at 3 50 p m
- 5 40 p m Depart New York on Delta flight 1597 and arrive in Washington DC at 7 05 p m
and registers at the Club Quarters Washington -- 839 17th Street, NW,
Washington DC – Telephone (202) 463-6400
- 8 00 p m Lite Supper Hosted by United States Energy Association
Location Vox Artis 839 17th Street NW Washington DC

Monday, August 18, 1997

- 9 30 a m **Meeting with the U S Department of State, U S Agency for International Development, and National Security Council**
Brian Kline Acting Deputy Assistant Administrator for the New Independent States
Robert Ichord Chief Energy Division Office of Energy and Environment, Bureau for Europe and the New Independent States United States Agency for International Development States
Bill Tavlör Deputy Coordinator for Assistance to the New Independent States United States Department of State
Carol Kessler United States Department of State Senior Coordinator for Nuclear Reactor Safety
Carlos Pascual, National Security Council
Topic **Official Welcoming and Discussion of the Status of Regulatory Reform of the Russian Electric Industry**
➤ Overview of the Russian Federal Energy Commission and Reform of the Russian Electric Sector – Development of the Wholesale Market
➤ Cooperation Issues
- 10 30 am ➤ **Discussion of Electric Sector and Regulatory Reform in Europe and the New Independent States**
- 11 45 p m **Lunch**
Location Phillip s Flagship 900 Water Street SW Washington DC – Telephone (202) 488-8515
- 1 30 p m **Meeting with the U S Department of Energy and Federal Energy Regulatory Commission**
Location U S Department of Energy 1000 Independence Ave SW Washington DC Room 1-E245
Pat Godley Assistant Secretary for Fossil Energy
Mark Chupka Acting Assistant Secretary for Policy

Joe Rome Acting Assistant Secretary for Energy Efficiency

David Meyer Director of the Office of Electricity Office of Policy

Dan Adamson Special Advisor to the Deputy Secretary

Topic Introduction to the U S Electric Power Sector and the Administration's Perspective on Electric Competition

- Overview of the U S Electric Sector
 - The Roles of the Government and the Private Sector
 - Types of Ownership and Relative Size by Generating Capacity of Each Owner Class (Investor Owned Independent Power Federal, Municipal Cooperative)
 - The Vertically Integrated Utility Franchise/Natural Monopoly/Obligation to Serve
 - Coordination Among Utilities/Transmission Reliability
 - Trends Toward Competition at the Federal and State Levels
- The Clinton Administration Proposal for Retail Competition

2 45

Concurrent Meetings (See Box A – Electric Power/See Box B – Government to Government Meetings)

Location US Department of Energy 1000 Independence Ave SW Washington DC

BOX "A" - ELECTRIC POWER - ZADERNYUK, NEKURTENKO, KOVAL, UES REPRESENTATIVE

Bud Earlie Director of Division of Electric Policy Office of Economic Policy Federal Energy Regulatory Commission

- Overview of the Federal Energy Regulatory Commission
 - Enabling Legislation
 - Scope of Authority and Responsibility Federal vs State
 - Funding Sources
 - Relation to Executive and Legislative Branches of Government/Autonomy in Decision Making
 - Organizational Structure and Operations
 - Role of Staff and Commissioners
- Evolving Competition
 - Traditional Regulation/Regulatory Compact
 - Perceived Benefits of Competition
 - Historical Evolution of Competition (PURPA and EPACT)
 - Overview of Order #888
 - Operation and Regulation of the Wholesale Market
 - Prospect for, and Development of Retail Competition
 - The Future Structure of the Electric Industry as a Result of Electric Competition

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BOX "B" - GOVERNMENT TO GOVERNMENT MEETINGS - KIRIENKO, OVCHENKOV, MOLODYUK, LOZHEVSKY, SANNIKOV, ZEMLYANSKI

- Investment in Russia's Oil Sector
 - Production Sharing Legislation Law on Lists Amendments, and Enabling
 - Tax Code
 - Oil Pipeline Workshop
 - Joint Venture Pipeline Access
- Energy Efficiency
 - Heat of Russia Program
 - Business Plan Development
- The Eighth Energy Ministerial Meeting – Agenda, Timeframe

6 30 p m **Welcoming Reception and Dinner Sponsored by the United States Energy Association**
Location Hay Adams Hotel One Lafayette Square NW Washington DC –
Telephone (202) 638-6600

Tuesday, August 19, 1997

9 00 a m **Panel Discussion with Representatives of the U S Electric Industry**
Location Edison Electric Institute, 701 Pennsylvania Ave NW Washington DC
Topic Structure and Operations of Electric Power Sector and Federal/State Jurisdiction in Light of Wholesale and Retail Competition

- **Perspectives**
- **Investor Owned Utilities** John Easton Vice President, Edison Electric Institute
- **State Public Service Commission** Karl McDermott, Commissioner, Illinois Commerce Commission
- **Investor** Chuck Trabandt Chairman Global Power Strategic Advisory Services
- **Investor Owned Utility** Kent Foster, Vice President, Regulatory Affairs
- **Transmission Reliability** Mike Gent, President, North American Electric Reliability Council
- **Independent Power Producer** Richard Herald, Amoco Power Systems

12 15 p m **Working Lunch to Continue Panel Discussion**

2 00 p m **Meeting with the National Association of Regulatory Utility Commissioners**
Location United States Energy Association 1620 Eye St NW Washington DC –
Telephone (202) 331-0415
Charles D Gray General Counsel
John Gawronski Director of Congressional and Public Relations

- Overview of NARUC Charter and its Purpose and Objectives
- Membership Services/Policy Analysis and Regulatory Research
- NARUC'S Perspective on Retail Competition Proposals
- Potential for Future Cooperation

4 00 p m **Business Roundtable on Russian Oil and Gas Issues Sponsored by the U S Russian Business Council, Moscow International Petroleum Club, United States Energy Association**

Location Army and Navy Club 901 17th Street NW Washington DC – Telephone (202) 628-8400

- Presentation of Production Sharing Agreement Paper by U S -Russian Business Council Energy Committee
- Roundtable Discussion

6 30 p m **Dinner Organized by Moscow International Petroleum Club and the U S - Russia Business Council**

Location Metropolitan Club, 1700 H Street NW Washington DC

Wednesday, August 20, 1997

9 00 a m **Business Roundtable on Russian Electric Power Issues Sponsored by the United States Energy Association, U S - Russia Business Council, International Power Forum, Moscow International Petroleum Club**

Location Army and Navy Club 901 17th Street NW Washington DC – Telephone (202) 628-8400

Topic Overview of Russian Electric Power Sector, Recent and Planned Reform, and Investment Opportunities

- Introductions – USEA, USAID, DOC,
- Russian Electric Sector Policy – Sergey Kirienko
- Status of Industry and Regulatory Reform – Andre Zadernvuk
- Operation of the Wholesale Market – Representative of UES
- Question and Answers

12 15 p m **Working Lunch with Representatives from the World Bank**

Location 1818 H St NW, Washington DC, Conference Room D-13605

Hossein Razavi, Director Energy Unit Europe and Central Asia (ECA)

Andrei Bugrov, Executive Director for Russia

Eugene Miagkov Alternate Executive Director for Russia

David Craig, Sector Leader Energy Unit ECA

Gary Stuggins Senior Energy Economist Energy Unit ECA

Peggy Wilson, Senior Financial Analyst

Robert E Anderson, Senior Privatization Specialist

Nina Bubnova, Economist

2 30 p m **Concurrent Meetings (See Box "A" – Regulation/See Box "B" -- Electric Power/See Box "C" Oil/Gas)**

BOX "A" – REGULATION – ZADERNYUK, NEKURENTKO, KOVAL, MOLODYUK

Meeting with the Federal Energy Regulatory Commission

Location 888 First Street NE Washington DC – Room 3M-24

Bud Earlie Director of the Division of Electric Policy Office of Economic Policy

Topic Transparency in Decision Making – Independence and Due Process

- The Hearing Process
- Public Announcement/Participation

Meeting with Federal Energy Regulatory Commission (Continued)

- Role of Staff and Commissioners
- Availability of Information Pre and Post Hearing
- Appeals Process
- Ethical Considerations

BOX "B" – ELECTRIC POWER COMMERCIALIZATION – UES Representative

Facilitated Private Meetings with Representatives of Companies Participating in the Electric Power Business Roundtable

or

Meeting with Potomac Electric Power Company

Topic Investor Owned Utility Management and Structure

- Overview of Organizational Structure
 - Generation, Transmission and Distribution/Preparation for Competition
- Relation to Regulatory Authority/Reporting Responsibilities
- Observation of Customer Service Metering, Billing and Collections
- Finance and Investor Relations

BOX "C" – OIL/GAS – KIRIENKO, LOZHEVSKY, SANNIKOV, OVCHENKOV

Facilitated Private Meetings with Companies Participating in the Oil/Gas Business Roundtable

6 30 p m **Dinner**

Thursday, August 21, 1997

7 30 am **Ground Transportation Departs for Harrisburg, Pennsylvania**
Harrisburg is the Capital of the State of Pennsylvania

10 00 am **Meeting with Office of the Governor of Pennsylvania**
Topic Utility Competition to Promote Economic Development

11 30 am **Observation of Pennsylvania Public Utility Commission Open Meeting**

12 00 p m **Lunch**

1 00 p m **Meeting with the Pennsylvania Public Utilities Commission**

Topic **A State Perspective on Utility Competition**

- Traditional Regulation
- Rethinking the Utility as Natural Monopoly/Benefits of Competition
- Review of Legislation Creating Retail Competition
- Pennsylvania's Retail Competition Pilot Program
- Industry Structure in a Competitive Environment
 - Utility Disaggregation and Independent System Operator
- Regulation and Role of Commission Under Retail Competition
- A State's Perspective on Federal vs State Jurisdiction

5 30 p m **Depart for Washington, DC**

Friday, August 22, 1997

9 00 a m **Meeting with the Federal Energy Regulatory Commission**

Location 888 First Street NE Washington DC, Room 3M-1

Bernie Tennenbaum Economist, Federal Energy Regulatory Commission

Topic **Comparative Analysis of Independent System Operators Employed Throughout the World**

- Governance and Operation of ISO Models

12 30 p m **Lunch**

2 00 p m **Interagency Debriefing Meeting**

Location U S Agency for International Development 320 21st Washington DC

Topic Discussion of Findings of Trip and Potential Future Collaboration

6 00 p m **Farewell Dinner** (location to be determined)

Saturday, August 23, 1997

3 15 p m **Departs Washington National on Delta flight 634 and arrive in New York at 4 23 p m**

6 05 p m **Depart New York on Delta flight 30**

Sunday, August 24, 1997

11 25 a m **Arrive in Moscow**

ATTACHMENT 19



**United States Energy Association
Energy Industry Partnership Program**

Entergy Corporation

and

AO Lenenergo

**Sponsored by:
U.S. Agency for International Development**

September 27 thru October 5, 1997

List of Participants

**Alexander Lashitsky, Acting General Director, AO Lenenergo
Vladimir Sharshakov, Deputy Chief Accountant, AO Lenenergo
Irina Ivanova, Head Financial Department, AO Lenenergo
Evgeny Yeremeyev, Director, Energy Sales, AO Lenenergo
Galina Chernykh, Deputy Director for Customer Service, Energy Sales
Gene Fominykh, Deputy Program Manager, United States Energy Association
Ellen Garrett, Program Coordinator, United States Energy Association**

Date of Issue: October 27, 1997

Background

In July of 1995 the United States Energy Association initiated the first partnership exchange visit between Entergy Corporation and AO Lenenergo, and the companies formalized the partnership by signing a cooperation agreement in June 1996. The first formal activity of this partnership was a seminar conducted in March 1997, which covered general utility management topics. Seminar attendees included planning and accounting personnel from each of Lenenergo's departments, and provided an overview of the three topic areas of most interest to Lenenergo:

- 1) Utility Finance and Accounting,
- 2) Customer Service and Retailing,
- 3) Tariff and Rate Development and Regulations

In addition to these topics, there was a discussion of recent changes at Lenenergo, and a review of the task team approach with regard to upcoming activities and developing a workplan. At the conclusion of the seminar, an executive planning meeting was conducted, during which the partners agreed to focus on two of the issue areas: metering, billing, and collections, and accounting conversion.

Objectives

The objective of this exchange visit is to begin implementation of the task team approach. The task team will each focus on a single subject matter, will have consistent team members, to avoid the need for repetition of subject matter with each new activity, and will establish milestones and deliverables at the initiation of the team. The two task teams under discussion during this exchange are metering, billing, and collections, and accounting conversion.

The objectives of the exchange visit are:

- 1) Examine Entergy's metering, billing, and collections processes, including a tour of the remittance processing center, and a discussion of the quick payment center's role in Entergy's billing collections process, and what parts of this process could be utilized at Lenenergo.
- 2) Review Entergy's accounting systems, including how the books are closed out at the end of a billing period, and how non-payment and termination of service are handled.
- 3) Discuss Entergy's information systems for accounting, and discuss the role technology and software plays in accounts' management.

- 4) Discuss follow-up activities and the FY 1998 workplan for both task teams

Program

The delegation will begin the exchange visit at Entergy Corporation in New Orleans with a detailed discussion of metering and billing processes, a tour of the remittance processing center, and a discussion of Entergy's use of quick payment centers, and field credit and collection. The discussion will be continued in Little Rock, while the focus will shift to issues of collections, and will encompass a discussion of follow-on activities for the metering, billing, and collections task team. Back in New Orleans, the accounting conversion task team will discuss a variety of issues, including topics such as the process of monthly close-out, planning and management reporting, the use of information systems in accounting, and will include a tour of Waterford III, a nuclear power plant.

United States Energy Association // Energy Industry Partnership Program

Saturday, September 27, 1997

8 51pm Delegation arrives in New Orleans on flight Continental 269, from Newark
Transportation to Hyatt Regency

Evening - Dinner in hotel

Hyatt Regency
Poydras at Loyola Avenue
New Orleans, LA 70113-1805
Tel (504) 561-1234
Fax (504) 587-4141

Sunday, September 28, 1997

Sightseeing - swamp tour/city tour

7 00 p m Welcome dinner hosted by Frank Gallaher
Commander's Palace

Monday, September 29, 1997

8 30 a m Depart hotel for Entergy building
639 Loyola Avenue
Tel (504) 529-5262

9 00 a m - Overview (Room 1, 7th Floor)

10 00 a m *Denise Hamilton*

10 15 a m - **Metering**

11 30 a.m. *Roger Ellenburg*

- > Meter Route Structure
- > Reading Process
- > Edits
- > Overview of ITRON System
- > Interval Data
- > AMR/AMT

Lunch Entergy Executive Dining Room

United States Energy Association // Energy Industry Partnership Program

12 30 p m - Metering (continued)

1 45 p m

1 45 p m - Break

2 00 p m

2 00 p m - Billing

3 15 p m *Bill Craddock*

- > Billing Process
- > Billing Organization
- > Customer Base/Marketing Organization
- > Workload Volume
- > Incentive Performance Measures
- > Initiatives/Projects

3 15 p m - Break

3 30 p m

3 30 p m - Wrap-Up

4 00 p m *Dennie Hamilton*

6 00pm Dinner

Tuesday, September 30, 1997

5 30 a.m Delegation departs for Remittance Processing Center

6 00 a.m - **Tour of Remittance Processing Center**

8 00 a.m.

- > RPC Overview
- > RPC Walking tour

8 00 a.m. - Breakfast

9 00 a.m

9 00 a.m - Billing - Continued (Room 1 - 7th Floor, Entergy Building)

10 15 a.m

10 15 a.m - Break

10 30 a.m

United States Energy Association // Energy Industry Partnership Program

10 30 a m Collections
11 30 a m *Russell Jackson*
 > Quick Payment Center Overview
 > Payment Process
 > Headquarters Credit and Collection - Process Responsibilities
 > Field Credit and Collection - Process Responsibilities

11 30 a m - Wrap-Up
11 45 a m *Dennie Hamilton*

12 00 p m - Lunch
1 00 p m. (Executive Dining Room)

2 30 p m Depart for Little Rock, Arkansas

4 00 p m Arrive in Little Rock, Arkansas Transportation to the Excelsior Hotel

Excelsior Hotel
Three Statehouse Plaza
Little Rock, AK 72201
Tel (501) 375-5000
Fax (501) 375-4721

6 00 p m Dinner
 Hosted by Dennis Hamilton and Wally Nixon

Wednesday, October 1, 1997

8 30 a m Depart for Entergy Corporation

9 00 a m - Collections - continued (Media Room, 27th Floor, TCBY Building)
10 15 a.m. *Russell Jackson*

10 15 a m - Break
10 30 a m

10 30 a m - Collections - continued
11 15 a m

11 15 a.m - Wrap-Up
11 45 a.m *Dennie Hamilton*

United States Energy Association // Energy Industry Partnership Program

11 45 a m - Lunch
12 45 p m

➤ Metering, Billing, and Collection team planning session - workplan creation

4 30 p m Depart Little Rock

6 00 p m Arrive New Orleans

7 30 p m. Dinner

Thursday, October 2, 1997

8 30 a m. Depart for Entergy Corporation

9 00 a m - Meetings at Entergy Corporation

4 00 p m

➤ Accounting Organization Overview
Michele Lopiccolo

➤ Entergy Accounting Code Block
Michele Lopiccolo

➤ Accounting Close Process
Steve Pisciotta

➤ Planning & Management Reporting
Michele Lopiccolo

Lunch

Tour of Waterford III - Plant Visit

7 00 p m Dinner

Friday, October 3, 1997

8 30 a.m Depart for Entergy Corporation

9 00 a.m - Meetings at Entergy Corporation

4 00 p m

- AM
- > Overview of Entergy Accounting Information Systems
Mary Jackson
 - > Information Technology & Accounting
Ed Breaux
 - > Accounting Code Set-Up
Steve Pisciotta
 - > Source Systems Overview
Brian Prevost
 - > Accounts Payable
 - > EARL
 - > PEARL
 - > Payroll
 - > ESTER
 - > General Ledger Overview
Steve Pisciotta
 - > Journal Entry System
 - > FORE
- Lunch
- PM
- > Management Analysis Tools
 - > Revenue Analytical Package
John Daly
 - > Asset Management & Project Set-Up
Roger Hilley
 - > Management Reporting Overview
Bert Fisher
 - > Budget Systems
 - > Cost Reporting System
 - > Decision Support Workbench
 - > Data Warehouse

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United States Energy Association // Energy Industry Partnership Program

➤ Executive Information System

➤ Entergy Wrap-Up/Accounting team planning session/workplan creation

7 00 p m Farewell Dinner

Saturday, October 4, 1997

10 00 a.m. Brunch

Plantations Tour and Lunch

Dinner

Sunday, October 5, 1997

935 a m Delegation to depart for St Petersburg on Northwest #1476

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ATTACHMENT 20

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DATE OF ISSUE November 14, 1996

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

**ACCOUNTING, CORPORATE FINANCE, AND
INVESTOR RELATIONS
EXECUTIVE EXCHANGE VISIT**

between

DNEPROENERGO

and

KENTUCKY UTILITIES COMPANY

Sponsored by

U S AGENCY FOR INTERNATIONAL DEVELOPMENT

November 14-23, 1996

Participants

Guennadi Botchkarev, Vice Chairman/Dneproenergo
Tetyana Matysko, Vice Chief Bookkeeper/Dneproenergo
Anatoly M Gushyn, Chief Bookkeeper/Krivorozhskay Power Station
Aleksey V Andreev, Chief Bookkeeper/Zaporozhskay Power Station
Halyna Khaydurova, Head of Financing & Accounting, Ministry of Energy

Locations

Washington, D C
Lexington, Kentucky

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.

The second activity under the partnership program was an Advisory Mission to Dneproenergo facilities in the Ukraine to acquaint representatives of the Kentucky Utilities Company with the Ukrainian energy sector facilities and operations. During this activity representatives of Kentucky Utilities became acquainted with the energy sector restructuring and the major issues facing Dneproenergo.

The third project will be an executive exchange visit that will focus on accounting systems, corporate finance and investor relations.

OBJECTIVES

The objectives of this Executive Exchange are to acquaint the Dneproenergo representatives with western accounting principles, corporate finance policies and investor relations.

PROGRAM

The program for this activity will include:

- A An orientation meeting at U.S. Energy Association covering an overview of the partnership program.
- B Meetings with USAID and USAID contractors to provide continuity between the programs and strengthen project communication.
- C Review of Kentucky Utility organization structure and policies in the areas of accounting systems, corporate finance, and investor relations.

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Thursday, November 14, 1996

- Transportation from Zaporozhi to Kiev provided by Dneproenergo
- 7 45 a m Dneproenergo delegation departs Kiev, arrives Frankfurt, Germany 9 30 a m
- 2 00 p m Sergey Sevolobov, Interpreter departs Wash/Natl, arrives Boston 3 26 p m
- 2 05 p m Dneproenergo delegation and Lesia Stankova departs Frankfurt arrives Boston
4 25 p m -- greeted by Sergey Sevolobov, Interpreter
- 6 00 p m Dneproenergo delegation, Lesia Stankova, and Sergey Sevolobov departs Boston,
arrives Wash/Natl 7 41 p m
- 7 41 p m Ground transportation provided by Carey from Wash/Natl to Quality Hotel

Lodging

Quality Hotel
1315 16th Street N W
Washington, D C
(202) 232-8000

Friday, November 15, 1996

- 9 30 a m Sergey Sevolobov, Interpreter greet delegation at hotel and escort delegates to
USEA offices via taxi(s)
- 10 00 a m Walk to Crestar Bank to Cash Per Diem Checks
- 10 30 a m Orientation Program, *Al Skeath Deputy Program Manager*
- Introductions
 - History of USEA and WEC
 - Energy Industry Partnership Program
 - USAID
 - Partnership Activities & Objectives
- 11 15 a m Review of Documents *Al Skeath Deputy Program Manager*
- Visitors' Information
 - AED Insurance

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Friday, November 15, 1996 (continued)

- Per Diem Allowance
- Signing Tax Forms - Participants
- Program Evaluation Form

12 00 p m **LUNCH - (Provided by USEA)**

1 30 p m Presentations by D C -based Organizations
 • Power Restructuring & Privatization, *Rajiv Rastogi*

2 00 p m Price Waterhouse, *Skip Sayer and Bill Allen Energy Advisors*

3 00 p m **BREAK**

3 15 p m Presentations by Price Waterhouse (*continued*)

4 15 p m **ADJOURN**

Lodging

Quality Hotel

Saturday, November 16, 1996

FREE DAY - Washington, D C

Lodging

Quality Hotel

Sunday, November 17, 1996

12 30 p m Ground transportation provided by Carey from the Quality Hotel to Wash/Dulles

2 20 p m Ukrainian delegation, Lesia Starikova, and Sergey Sevolobov depart Wash/Dulles
 arrive Pittsburgh 3 25 p m

5 15 p m Michael Arrowood, Interpreter arrives Lexington

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Sunday, November 17, 1996 (continued)

- 5 30 p m Ukrainian delegation, Sergey Sevolobov, Lesia Starikova and Al Skeath depart
Pittsburgh arrive Lexington 6 36 p m
- 6 36 p m Ground transportation provided by taxi(s) from airport to hotel

Lodging

Gratz Park Inn
120 West Second Street
Lexington, Kentucky 40507
(606) 231-1777

Monday, November 18, 1996

- 9 00 a m Walk from Hotel to Kentucky Utilities
- 9 30 a m ● Introductions to Finance and Investor Relations-*Bill English Treasurer*
- Company Organization
 - Role of Board of Directors
 - Finance Area Organization
 - Treasury Area Organization
 - Overview of Presentations
 - Risk Management
 - Finance
 - Investor Relations
- 10 15 a m **BREAK**
- 10 30 a m ● Risk Management, *Jim Brackney Manager-Risk Management*
- Philosophy of Risk Management
 - Risk Management Organization
 - Insurance Coverages
 - Claims Management
 - Loss Prevention
- 12 00 p m **LUNCH**

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Monday, November 18, 1996 (continued)

1 30 p m Corporate Finance, *Jack Maloy Assistant Treasurer*

- Capital Structure
 - Long Term Debt
 - Preferred Stock
 - Common Stock
 - Short Term Debt
- Financing Requirements
 - Construction Forecast
 - Role of Board of Directors
 - Regulatory Approval
 - Role of Investment Banker
 - Role of Trustee/Paying Agent

3 00 p m **BREAK**

3 15 p m Corporate Finance (*continued*)

- Investor Profile
 - Investor Mix
 - Interest Payments
 - Dividend Payments
 - Retained Earnings
- Financing Ratios
 - Rating Agencies
 - Bond Covenants

4 30 p m **ADJOURN**

Tuesday, November 19, 1996

8 30 a m Walk from hotel to Kentucky Utilities

9 00 a m Corporate Finance (*continued*)

- Trends in KU Capital Structure
 - Construction Expenditures
 - Capital Ratios
 - Embedded Cost of Debt

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Tuesday, November 19, 1996 (continued)

10 30 a m **BREAK**

10 45 a m Investor Relations, *Greg Shields Manager Shareholder Relations*

- Board of Directors
 - Role of Board of Directors
 - Dividend Declarations
 - Annual Meeting Declaration
- Shareholders of KU Energy Corporation
 - Current number of shareholders of record
 - Geographic location of KU Energy shareholders
 - Average holdings of shareholders
 - Shares held by employees of KU Energy
 - Why invest in KU Energy Corporation?

12 00 p m **LUNCH**

1 30 p m Investor Relations (*continued*)

- Dividends
 - Common vs Preferred
 - Payable Dates
 - Current Dividend Rates
 - Method of Payments to Shareholders
- Annual Meeting of Shareholders
 - Right to Vote
 - Proxy Statement
 - Role of ADP in Voting Process
 - Role of Proxy Solicitor
- Shareholder Publications
 - Quarterly Reports
 - Annual Report
 - Shareholder Handbook
 - Home Page on the World Wide Web

3 00 p m **BREAK**

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Tuesday, November 19, 1996 (continued)

- 3 15 p m Investor Relations (*continued*)
- Shareholder Services
 - Dividend Reinvestment Program
 - Electronic Direct Deposit of Dividends
 - Toll-Free Telephone Number
 - Stock Transfer (Using an Agent vs In-house Recording Keeping)
 - Stock Transfer and Record keeping
 - Rating Agencies
 - Range of Ratings
 - KU's Ratings
 - Role of the Utility Stock Analyst
 - Overview of analyst presentations
 - Quarterly earnings estimates
 - Discussion of analyst's ratings
 - Participation by KU Energy in Regional Investor Fairs
- 4 30 p m **ADJOURN**

Wednesday, November 20, 1996

- 8 30 a m Walk from hotel to Kentucky Utilities
- 9 00 a m Introduction to Accounting *Gary Watkins, Manager Financial Systems & Reporting*
- Accounting Department Organization
 - Financial Statements
 - Income Statements & Retained Earnings
- 10 30 a m **BREAK**
- 10 45 a m Accounting (*continued*)
- Balance Sheet
 - Cash Flow Statement
 - Capitalization Statement
- 12 00 p m **LUNCH**

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Wednesday, November 20, 1996 (continued)

- 1 30 p m Accounting (*continued*)
 •Examples
 •Case Study
- 2 15 p m Al Skeath departs Lexington, arrives Allentown 5 24 p m
- 4 30 p m **ADJOURN**

Thursday, November 21, 1996

- 8 30 a m Walk from hotel to Kentucky Utilities
- 9 00 a m ● Continuation of Introduction to Accounting, *Jim Call, Manager-General Accounting and Gary Watkins Manager-Finance Systems & Reporting*
 •Accounting System Flow Chart
 •General Ledger
 •Payroll Accounting
- 10 30 a m **BREAK**
- 10 45 a m Accounting (*continued*)
 •Plant Accounting
 •Inventory Accounting
- 12 00 p m **LUNCH**
- 1 30 p m Accounting (*accounting*)
 •Examples
 •Case Study
- 4 30 p m **ADJOURN**

Friday, November 22, 1996

- 8 30 a m Walk from hotel to Kentucky Utilities
- 9 00 a m ● Continuation of Introduction to Accounting, *Gary Watkins*
 •Operational Planning

Accounting, Corporate Finance & Investor Relations Executive Exchange Visit

Friday, November 21, 1996 (continued)

- Business Planning & Budgeting
- Forecasting

10 30 a m **BREAK**

10 45 a m Accounting (*continued*)

- Auditing
- Tax Department Operations
- Time Value of Money

12 00 p m **LUNCH**

1 30p m Complete Program Evaluation

4 30 p m **ADJOURN**

Saturday, November 22, 1996

12 30 p m Ground transportation provided by taxi(s) from Gratz Park Inn to Lexington airport

1 25 p m Michael Arrowood departs Lexington - final destination - Asheville, NC

2 15 p m Ukrainian delegation, Lesia Starikova and Sergey Sevolobov depart Lexington, arrive Pittsburgh 3 18 p m

5 10 p m Ukrainian delegation and Lesia Starikova departs Pittsburgh, arrive Frankfurt 7 00 a m

6 05 p m Sergey Sevolobov departs Pittsburgh arrives Wash/Natl 7 03 p m

Sunday, November 23, 1996

10 30 a m Ukrainian delegation and Lesia Starikova departs Frankfurt, arrives Kiev 2 00 p m

Transportation from Kiev to Zaporozhi provided by Dneproenergo

ATTACHMENT 21



United States Energy Association

**United States Energy Association
Energy Industry Partnership Program**

**METERING, BILLING, AND COLLECTIONS
EXECUTIVE EXCHANGE VISIT**

between

**Otter Tail Power Company
and
Crimenergo**

Sponsored by

United States Agency for International Development

November 14-23, 1996

Participants

**Boris Sen, Chief Engineer of Crimenergo
Vladimir Garvoronskiy, Chief Engineer of Simferopol Electric Lines Utility
Adolf Ioffe, Chief of Simferopol Region Electric Lines
Alexander Vasiliev, Chief of Sudak Region Electric Lines
Tatiana Baeva, Engineer of Foreign Affairs Department, Crimenergo**

Locations

**Washington, D C
Fergus Falls, MN**

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

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

Since the restructuring of the Ukraine energy sector, the new distribution companies have been experiencing difficulties in payment collection for electricity Industrial and residential customers were accustomed to substantial subsidies from the government and are delinquent in meeting the new requirement to pay in full for electricity The government is reluctant to reduce the number of subsidized customers and to grant termination authority to the distribution companies Dealing with this non-payment problem is now the highest priority problem facing the distribution companies The next activity is an Executive Exchange Visit on Metering, Billing, and Collections

OBJECTIVES

To improve the understanding of Crimenergo executives in the area of metering, billing, and collections To identify procedures, policies, and technologies that may be adapted to the Ukrainian environment to improve collections

THE PROGRAM

The program of this activity will include

- 1 An orientation meeting at U S Energy Association covering an overview of the partnership program
- 2 Meetings with USAID and USAID contractors to provide continuity between the programs and strengthen communication
- 3 Review of Otter Tail Power Company organization structure and policies in the areas of metering, billing, and collections including such topics as energy measurement and control customer information system, customer service, and some aspects of electrical system engineering Such issues as metering equipment, meter reading approaches, testing, calibration, data collection, computerized customer account information system, data analysis and interpretation, customer rights and responsibilities, meter reading procedures, billing format, frequency, due dates, payment options, collection activities, shut off, reconnection, record keeping, and number of others will be discussed

Agenda - Metering, Billing, and Collections Exchange Visit

Thursday, November 14, 1996

- 7 45 a m Depart from Kiev to Frankfurt, Ukraine Intl , Flight # 401
- 9 30 a m Arrive in Frankfurt, Germany
- 11 25 a m Depart from Frankfurt to Washington, D C , Delta, Flight # 61
- 2 25 p m Arrive in Washington, D C Met at the airport by Yelena Golbin, Program
Coordinator
Transportation Carey (contact Ron)
Phone 703-892-2000
Conf # 06681103
- 4 00 p m Check-in at the Carlyle Suites hotel
Contact Mr Brito
Phone (202) 234-3200
Address 1731 New Hampshire Avenue, N W
Washington, D C 20009

Friday, November 15, 1996

- 9 30 a m Ground transportation provided by taxi from Carlyle Suites hotel to U S Energy
Association
- 10 00 a m Orientation Program - *Al Skeath, Deputy Program Manager*
- Introductions
 - History of USEA and WEC
 - Energy Industry Partnership Program
 - USAID
 - Partnership Activities and Objectives
- 11 00 a m **BREAK**
- 11 15 a m Review of Documents - *Yelena Golbin Program Coordinator*
- Visitors' Information
 - AED Insurance

Otter Tail Power Company/ Crimenergo - Metering, Billing and Collections Executive Exchange Visit

- Per Diem Allowance
- Signing Tax Forms - Participants
- Program Evaluation Form

12 00 p m **LUNCH (provided by USEA)**

1 30 p m Presentations by D C -based Organizations

- USAID - *Rajiv Rastogi*

2 00 p m Price Waterhouse - *Skap Sayer and Bill Allen*

3 00 p m **BREAK**

3 15 p m Presentations by Price Waterhouse (continued)

- USEA Member Companies
- Other Companies

4 15 p m **ADJOURN**

Saturday, November 16, 1996

FREE DAY - Washington, D C

Sunday, November 17, 1996

2 00 p m Ground transportation provided by Carey from Carlyle Suites Hotel to National Airport
Phone 703-892-2000 (Ron)
Conf # 06681105

3 35 p m Depart from Washington, D C , National Airport, to Minneapolis, MN, Northwest, Flight # 323

5 25 p m Arrive in Minneapolis, MN

6 05 p m Depart from Minneapolis, MN, to Fargo, ND, Northwest Flight # 708

7 05 p m Arrive in Fargo, MN Transportation to Fergus Falls provided by Otter Tail Power Company (Mr Doug Kjellerup)
Contact Ms Celia Benson
Phone 218-739-8222 (work)
 218-739-3849 (home)

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Otter Tail Power Company / Crimenergo - Metering, Billing, and Collections Executive Exchange Visit

9 00 p m Check-in at the Best Western Hotel in Fergus Falls, MN
Address 1-94 & Hwy 210 W (Exit 54)
 P O Box 103
 Fergus Falls, MN 56538-0103
Contact Maria
Phone 218-739-2211
 800-528-1234
Fax 218-736-2533

Monday, November 18, 1996

9 00 a m Overview of Otter Tail Power Company - *Doug Kjellerup, Vice President Marketing and Development* *John Erickson Director, Market Strategies and Regulation, and Celia Benson, Manager Strategic Issues and Competitive Development*

- Corporate structure
- Services
- Customers
- Operations
- State/federal regulation
- Marketing
- Diversification

12 00 p m LUNCH (provided by Otter Tail Power)

1 00 p m Tour EM&C meter testing

Energy Measurement and Control - *Brian Malchert Manager*

- Metering equipment for all customer groups
- History of meter reading approaches
- Testing
- Calibration
- Change out
- Data collection for large energy users

4 15 p m **ADJOURN**

Tuesday, November 19, 1996

9 00 a m Customer Information System - *Kieth Melberg Supervisor*

- Establishing and operating a computerized customer account information system, data analysis and interpretation

Otter Tail Power Company / Crimenergo - Metering Billing and Collections Executive Exchange Visit

Tour Computer Center & Reprographics to view bill processing methods

Final Questions/Answers - *Brian Malchert & Kieth Melberg*

12 00 p m **LUNCH** (provided by Otter Tail)

1 00 p m Customer Service - *Roy Larson Vice President Customer Service*
• Management overview of structure

2 00 p m Customer Service - *Peter Wasberg, Office Manager, David Ross Office Manager*

- Customer rights and responsibilities
- Establishing new accounts
- Closing accounts
- Local meter reading procedures
- Billing format, frequency, due dates, payment options
- Collection activities
- Negotiations
- Regulatory requirements
- Shut off processes, reconnection
- Record keeping
- Assistance programs - fuel assistance, weatherization, winter moratorium
- complaint resolution procedures, personal communications with customers
- Rates, surcharges, taxes, fuel charges, penalties
- Encouraging conservation and off-peak services

4 15 p m **ADJOURN**

Wednesday, November 20, 1996

9 00 a m Continue Customer Services Presentation
Tour Fergus Falls Division Office, meter demonstration with Service Rep
Final questions and answers on Division operations

9 30 a m Pick-up at the hotel to Fargo airport (Yelena) transportation provided by Otter Tail Power

12 00 p m **LUNCH** (provided by Otter Tail)

1 00 p m Problem collection cases - *Susan Vukovich Administrator Cash Management*

- Work with collection bureaus
- Legal action
- Credit bureau reporting and use of records

Company Communications - *Lee Krogh Director Corporate Communications*

- Focus groups and surveys
- Advertising program, use of media, bill inserts, and other publications for education, support, and loyalty
- Company image in public relations and crisis management

4 15 p m **ADJOURN**

Thursday, November 21, 1996

9 00 a m Energy measurement and control technical field work - *Dale Hanson Supervisor*

- Customer sites meter systems for industrial, commercial, and residential applications

Field excursion with measurement and control technician

Communications Systems - *Steve Rau Manager*

- Telephone, microwave, radio, and fiber optic systems used in metering and in control

12 00 p m **LUNCH** (provided by Otter Tail Power)

1 00 p m System Engineering Management - *Daryl Hanson, Manager*

- Planning and budgeting process

Design and materials considerations - *Kenneth Schmaltz Senior Engineer*

Distribution system engineering - *Del Van Voorhis, Division Engineer*

- Line crew management and equipment for expansion projects

Power quality issues - *Harvey McMahon Power Quality Engineer*

- Diagnostics
- Trouble indications
- Power loss control
- Customer support services

Tour substation

4 15 p m **ADJOURN**

Friday, November 22, 1996

- 9 00 a m Tour System Operation Center
Wallace Ness Director and Kirby Kugler, Senior Energy Management System Software Engineer
- Metering and controlling power transactions with interconnected utilities
 - Dispatch operations
 - Safety
 - Load management System
- Fieldwork training and safety - *Larry Stein Line Methods Supervisor*

12 00 p m **LUNCH** (provided by Otter Tail)

1 00 p m Final questions and comments

4 15 p m **ADJOURN**

Saturday, November 23, 1996

- 10 30 a m Check-out from the hotel
- 11 00 a m Ground transportation to Fargo Airport provided by Otter Tail Power Company
- 1 00 p m Depart from Fargo, ND, to Minneapolis, MN, Northwest, Flight # 1470
- 1 54 p m Arrive in Minneapolis, MN
- 6 45 p m Depart from Minneapolis, MN, to London, Northwest, Flight # 44

Sunday, November 24, 1996

- 8 45 a m Arrive in London, Gatwick
- 10 25 a m Depart from London, Gatwick to Kiev Ukraine, British Air, Flight # 2884
- 3 55 p m Arrive in Kiev Ukraine

ATTACHMENT 22

*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*

*in cooperation with
Hagler Bailly Consulting*

**ORIENTATION VISIT
ON
ELECTRIC DISTRIBUTION COMPANY
COMMERCIALIZATION**

for the

Ukrainian Local Electric Companies

November 18-22, 1996
Gliwice, Poland

Sponsored By:

**United States Agency for International Development
Gliwice Electric Distribution Company**

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. 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 disaggregating 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 successful operation of the restructured electric sector depends heavily on the capability of the newly created local electric companies to operate as commercially viable, corporate entities. Working as the system's interface with the consumer, local electric companies are responsible for providing reliable service to the industrial, commercial, residential and agricultural sectors of Ukraine. In return, the local electricity company's link with the end user confers it with the responsibility of being the initial revenue collection point for the entire electric utility system. Revenues collected at the distribution level are passed through to the National Electricity Company, which distributes the revenue to generating companies, enabling the generators to pay for fuel and other materials.

The severe accounts receivable problem confronting the local electric companies is taxing the ability of the entire Ukrainian electric system to meet the demands for heat and electricity. Central to the efficient operation of the system is a well managed customer service program at the local electricity company level that effectively meters energy consumption, tracks customer payments and non-payments, and takes action on problematic account receivables. An improved customer service program coupled with a western oriented accounting and management information system that provides to the management of the LEC timely and accurate financial information on accounts payable and receivable, can improve the cash-flow of the LECs and by extension, the overall utility system.

Like Ukraine, Poland had disaggregated its vertically integrated utility system in 1993. Polish electric distribution companies have had the benefit of several years of experience developing corporate and commercial procedures within a transitional national economy that have contributed to making Poland a model for electric utility restructuring in Central and Eastern

Europe The electricity company in Gliwice exemplifies these changes and can provide an opportunity for the Ukrainian LECs to observe its operations benefit from its experience, and adapt its operations and procedures to the Ukrainian environment

Objectives

The purpose of this orientation visit is to examine the experience of the Gliwice distribution s in developing management systems, procedures and accounting systems designed to foster a more commercial mode of operation The objectives of the orientation visit are as follows

- 1) Develop an understanding of the changes made by the Gliwice distribution company to foster a more commercial approach to operations
- 2) Examine the programs used by the Gliwice distribution company to improve its relations with its customers by measuring more accurately their consumption of energy tracking their payments and assisting them with collections,
- 3) Discuss with Gliwice distribution company the connection between a western oriented accounting system and the ability to improve accounts receivable, and examine in detail the accounting system used at Gliwice,
- 4) Review changes in staffing and staffing levels that were required to improve Gliwice s commercial operations
- 5) Consult with the Gliwice distribution company regarding its plans for privatization and the relationship between its improved commercial operations and its ability to attract domestic and international capital
- 6) Initiate a discussion on further collaboration, it warranted between the LECs in Ukraine and the Gliwice distribution company on a regular and formalized basis

The Program

The LECs from Ukraine will travel directly to Gliwice via Warsaw on Sunday, November 17 1996 In Gliwice the participants will be housed at the Gliwice electric company s corporate training facility where they will be engaged in a series of lectures and training sessions to support the objectives outlined above Formal training and lectures will be supplemented by observational visits to the facilities and offices of the electric company to afford maximum interaction between the Polish and Ukrainian colleagues The Gliwice electric company and the United States Energy Association a private, non-profit membership association that has developed a unique program for sharing information between utilities in the United States, Central and Eastern Europe and the

New Independent States of the Former Soviet Union will develop a detailed agenda for the week. The Ukrainian LECs, together with advisors from Hagler Bailly Consulting, a firm contracted by the United States Agency for International Development to provide technical advice to the LECs, will provide suggestions and guidance in the development of the agenda.

**ORIENTATION VISIT
ON
ELECTRIC DISTRIBUTION COMPANY
COMMERCIALIZATION**

for the

Ukrainian Local Electric Companies

Saturday November 16, 1996

- 3 00 pm **Briefing Meeting for Exchange Visit Participants**
Andrei Parinov, United States Agency for International Development
Yelena Golbin, United States Energy Association
Joe Moran, Hagler Bailly Consulting
- ▶ Introduction to Participants
 - ▶ Purpose, Objectives and Goals
 - ▶ Overview of Agenda
 - ▶ Review Logistics

- 6 00 pm **Dinner Hosted by the United States Energy Association**

Sunday November 17, 1996

- 10 00 am **Depart for Warsaw via Air Ukraine Flight #323**
- 11 30 am **Arrive in Warsaw and Depart for Gliwice via Motor coach**
- 5 00 pm **Arrive at Gliwice Electric Distribution Company Corporate Training Facilities and Dinner**
- 7 00 pm **Dinner**

Monday November 18, 1996

- 9 00 am **Welcoming Remarks**
Mirosława Struzyk, Director of Training
T. Jazgr, Director GZE Training Center
Suzanne Olds, USAID Representative to Poland
Barry Worthington, United States Energy Association
- 9 30 am **Overview of Program Agenda**
Mirosława Struzyk Gliwice Electric Distribution Company
- 10 00 am **Overview of the Gliwice Electric Distribution Company**
How do the LECs compare to the Gliwice Electric Distribution Company in terms of corporate history size and transitional problems? What changes in the corporate philosophy were made to promote more commercial operations?
- ▶ **Corporate History**
 - ▶ **Management Structure and Corporate Governance**
 - ▶ **Service Area Size, Number and Types of Customers**
 - ▶ **Number of Employees – Management, Engineering, Administrative**
 - ▶ **Kilowatt Hours Distributed, Billed For and Collected**
 - ▶ **Relation to Federal and Local Government and Regulatory Authorities**
 - ▶ **Nature of Changes in Corporate Culture to Promote Commercial Operations**
 - ▶ **Privatization Plans**
- 11 00 **Coffee Break**
- 11 20 **Discussion of the Polish Energy Sector and the Relation of the Grid and Generators -- Introduction to Demand Side Management**
- 12 30 pm **Lunch**
- 1 30 pm **Gliwice's Customer Service Program**
How does the Gliwice Electric Distribution Company work with its customers to effectively measure the energy they consume and ensure that payment is received? How does the company ensure that the consumer is informed and receives reliable service in exchange for on-time payment?
- ▶ **Organization of Customer Service Department – Number of Employees and Job Titles**
 - ▶ **Meters – Size and Types of Meters Employed**

- ▶ Meter Reading and Reporting
- ▶ Development of Customer Databases
 - ▶ Database Format, Structure and End-User Requirements
 - ▶ Hardware and Software Requirements
- ▶ Database Information Requirements -- Types of Information Required, Obtaining Information, and Updating Records
- ▶ Using Database Analysis to Improve Accounts Receivable
- ▶ Billing and Collections
- ▶ Working with Customers Having Payments Problems
- ▶ Communicating with Customers with Regard to Rate Changes
- ▶ Responding to Customer Complaints

6 30 pm **Day One Concludes**

8 00 pm **Formal Dinner**

Tuesday November 19, 1996

8 00 am **Breakfast**

9 00 am **Site Visit to Gliwice Electric Distribution Customer Service Center at the Administration Center of GZE**
Provide Opportunity to Observe Gliwice Customer Service Operations Discussed in Yesterday's Program

- ▶ Observe Billing and Collections Program
- ▶ Examine Customer Database Operations

10 00 am **Site Visit to Ruda Slaska Regional Customer Service Department**

12 00 pm **Lunch**

1 00 pm **Adopting a Market Oriented Accounting System**
What Changes Has Gliwice Electric Distribution Company Made to its Accounting System and Why? How does the Senior Management Use the New Accounting System to Improve Cash Flow and Its Understanding of the Corporate Financial Situation? How does the New Accounting System Improve the Ability of Gliwice to Access Domestic and International Financial Markets?

- ▶ End-Users of Accounting Department Reports and their Information Requirements
- ▶ Accounting Department Functions

- ▶ Accounts Payable
- ▶ Accounts Receivable
- ▶ Inventory Control
- ▶ Fixed Assets/Depreciation
- ▶ Payroll
- ▶ General Ledger
- ▶ Management Information Systems

3 30 Coffee Break

4 00 Adopting a Market Oriented Accounting System (Continued)
Review of Reports Generated by the Accounting Department and Their Use by Management

- ▶ Accounting Statements
 - ▶ Income Statements
 - ▶ Balance Sheet
 - ▶ Cash Flow Statement
 - ▶ Source of Funds Statement -- Debt, Equity and Retained Earnings

6 00 pm Day Two Concludes

7 00 pm Dinner

Wednesday November 20, 1996

8 00 am Breakfast

8 30 am Technical Seminar on Energy Efficiency, Demand Side Management and Quality of Service
Equipment Used to Promote Energy Efficiency at Industrial Customers and to Ensure Reliable Service in the Service Territory

12 50 Power Purchase Agreements
What Sources of Power is Available to GZE? How Does GZE Decide to Purchase from Competing Suppliers? What Type of Agreements are Used to Purchase Power? What Proposals are in Place to Increase Competition Among Generators?

2 00 pm Lunch

3 00 pm Open Discussion on Power Purchasing and Customer Service

6 00 pm Day Three Concludes

7 00 pm Dinner

Thursday November 20, 1996

8 00 am Breakfast

8 30 am **Corporate Finance**
The Analysis and Use of Accounting Report Cost-Benefit Analysis and
Determining Optimal Investment Strategies
 ▶ Budgeting
 ▶ Planning and Forecasting

10 30 am Coffee Break

11 00 am Corporate Finance Continued

1 00 pm Lunch

2 00 pm Use of Financial Reports
 ▶ Auditing
 ▶ Financial Reporting
 ▶ Quarterly and Annual
 ▶ Taxes
 ▶ Use of Financial Reports by Gliwice to Attract Domestic and
 International Investors

6 00 pm Day Four Concludes

7 00 pm Dinner

Friday November 21, 1996

8 00 am Breakfast

9 00 am Human Resources and Management Restructuring

How Has the Corporate Management and Reporting Structure Changed to Promote a More Commercial Approach to Operations? How has the Company Created Incentives for Employees to Improve their Performance?

- ▶ **Review of Staffing Level Changes as a Result of Commercialization -- Management, Engineering and Administrative**
- ▶ **Severance Programs Used by the Company to Ease Employee Departures as a Result of the Elimination of their Jobs**
- ▶ **The New Management and Reporting Structure**
- ▶ **Tying Employee Goals and Objectives to the Corporate Goals and Objectives**
- ▶ **Enhancing Employee Skills Through Human Resource Development**
- ▶ **Salary Scales and Benefits**

12 00 pm **Lunch**

1 00 pm **Wrap-Up and Evaluation**

- ▶ **Complete Evaluation Questionnaires**
- ▶ **Discuss Future Polish/Ukrainian Cooperation**
- ▶ **Final Questions and Answers**

4 30 pm **Depart for Warsaw via Motor coach**

✶ 9 30 pm **Arrive Warsaw and Register at the Sheraton Warsaw Hotel**

Saturday November 22, 1996

Depart for Kiev

ATTACHMENT 23



United States Energy Association

United States Energy Association
Energy Industry Partnership Program for the
New Independent States of the Former Soviet Union
Utility Partnership Program for
Central and Eastern Europe

TRIP REPORT

Orientation Visit on Electric Distribution Company Commercialization for Ukrainian Local Electric Companies

Sponsored by
United States Agency for International Development
Gliwice Electric Distribution Company

November 18-22, 1996
Gliwice, Poland

1.0 BACKGROUND

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. 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 successful operation of the restructured electric sector depends heavily on the capability of the newly created local electric companies to operate as commercially viable corporate entities. Working as the system's interface with the consumer, local electric companies are responsible for providing reliable service to the industrial, commercial, residential and agricultural sectors of Ukraine. In return, the local electricity company's link with the end user confers it with the responsibility of being the initial revenue collection point for the entire electric utility system. Revenues collected at the distribution level are passed through to the National Electricity Company, which distributes the revenue to generating companies, enabling the generators to pay for fuel and other materials.

The severe accounts receivable problem confronting the local electric companies is taxing the ability of the entire Ukrainian electric system to meet the demands for heat and electricity. Central to the efficient operation of the system is a well managed customer service program at the local electricity company level that effectively meters energy consumption, tracks customer payments and non-payments, and takes action on problematic account receivables. An improved customer service program coupled with a western oriented accounting and management information system that provides to the management of the LEC timely and accurate financial information on accounts payable and receivable, can improve the cash-flow of the LECs and by extension, the overall utility system.

Like Ukraine, Poland had desegregated its vertically integrated utility system in 1993. Polish electric distribution companies have had the benefit of several years of experience developing corporate and commercial procedures within a transitional national economy that have contributed to making Poland a model for electric utility restructuring in Central and Eastern Europe. The electricity company in

Gliwice exemplifies these changes and can provide an opportunity for the Ukrainian LECs to observe its operations benefit from its experience and adapt its operations and procedures to the Ukrainian environment

2.0 OBJECTIVES

The purpose of this orientation visit is to examine the experience of the Gliwice distribution 's in developing management systems procedures and accounting systems designed to foster a more commercial mode of operation. The objectives of the orientation visit are as follows

- 1) Develop an understanding of the changes made by the Gliwice distribution company to foster a more commercial approach to operations
- 2) Examine the programs used by the Gliwice distribution company to improve its relations with its customers by measuring more accurately their consumption of energy tracking their payments and assisting them with collections,
- 3) Discuss with Gliwice distribution company the connection between a western oriented accounting system and the ability to improve accounts receivable and examine in detail the accounting system used at Gliwice
- 4) Review changes in staffing and staffing levels that were required to improve Gliwice's commercial operations
- 5) Consult with the Gliwice distribution company regarding its plans for privatization and the relationship between its improved commercial operations and its ability to attract domestic and international capital
- 6) Initiate a discussion on further collaboration it warranted between the LECs in Ukraine.

3.0 PROGRAM

An orientation visit was conducted on Saturday November 16 1996 by Andrei Parinov of USAID Yelena Golbin of USEA and Joe Moran of CMPI, during which the participants reviewed the objectives of the trip and discussed how it complemented USAID's efforts to assist in the reform of the Ukrainian electric sector. The participants were informed that they would conduct a written and oral evaluation of the program on its last day and were requested to critically evaluate the material presented during the exchange visit using the following general criteria

- ▶ The relevance of the overall situation in Poland and that of GZE to the situation in Ukraine and the LECs
- ▶ The clarity of the presentations and the quality of the information provided during the

exchange

- ▶ The types of interventions the LECs could make in their own operations as a result of the information gained through the exchange visit

In Gliwice the participants were housed at GZE's corporate training facility where they were engaged in a series of lectures and training sessions to support the objectives outlined above. Classroom training and lectures were supplemented by observational visits to the facilities and offices of the electric company to provide for a maximum interaction between the Polish and Ukrainian specialists. USAID representatives in Poland participated in the opening and closing sessions.

The exchange visit agenda supports USAID's objectives to promote more commercial and corporate operations within the LECs. The curriculum covered the following topics:

- ▶ **Customer Service Programs** -- Metering, billing, collections, MIS and data analysis of customer payments to improve LEC collection rates
- ▶ **Accounting Systems** -- Accounting department organization, functions, reporting, and MIS to improve LEC fiscal management, budgeting and forecasting
- ▶ **Demand Side Management** -- Working with customers to reduce energy demand, raise efficiency and increase electric sales through customer loyalty and value added services by LEC
- ▶ **Human Resource Management** -- Corporate structure, developing corporate objectives, empowering employees to design personal goals to contribute to corporate objectives, and human resource development programs to improve LEC worker's productivity

A list of participants is provided as Attachment #1 and the exchange visit agenda is provided as Attachment #2.

4.0 ACCOMPLISHMENTS

Examination of the oral and written evaluation reports indicates that the exchange visit was successful in meeting each of its objectives. Each participant completed a two-page questionnaire asking for their general observations and specific actions they would take as a result of the exchange. General comments from each participant were remarkably similar in that the following four observations were noted in nearly every participant's response:

- ▶ **GZE has accomplished a significant reform of its commercial operations by emphasizing 1) the importance of customer service and 2) by converting to an accounting system that conforms to western standards. They concluded that each of these measures served to significantly improve the cash flow and fiscal management of**

GZE,

- ▶ New accounting systems would make it easier for GZE to access capital markets by providing fiscal data in a format that is familiar to investors. They stated that in addition to improved financial management, this is an important secondary effect of adopting a western accounting system.
- ▶ Use of automated management information systems in both customer information and accounting applications were a critical element to the success of GZE in its economic transformation and
- ▶ GZE enhanced its ability to make the transition to commercial viability by promoting a management structure, corporate culture and administrative operations conducive to a local distribution company operations in a market economy,

Attachment #3 is the set of written evaluations. Questions #2 and #4 of the evaluation requested the participants to cite specific changes they would make as a result of the exchange visit.

What management changes in the areas covered by the exchange visit would you like to see your utility implement in the near and distant future?

Responses included the following:

- ▶ "Transfer to cost accounting for the divisions of the company"
- ▶ "In order to improve work efficiency it is essential to make fundamental improvements in the customer service program and customer relations and to devise programs aimed at improving cooperation in the collection of accounts receivables"
- ▶ "It is essential to have detailed cost accounting right down to the primary level -- the working crew"
- ▶ "Creation of a monitoring (accounting) department and improvements in the information systems"
- ▶ "Change in the functional and organizational structure of management at utilities and the creation of a new kind of management"
- ▶ "The introduction of cost accounting operations and the organization of operations in all divisions"

Most of them plan to implement the new cost based accounting system within their companies. They consider this to be a major step in commercialization process. They are going to create new customer service divisions and units within their organizations. They especially liked an idea of opening the

cashier's offices at each local sub-division of their companies to allow customers to make their payments at those offices rather than in the offices of saving banks which is the current practice. This would make a payment procedure more convenient for customers. All participants also liked an idea of opening electrical appliances stores at each local sub-division so that it would be more convenient for customers to buy new more efficient appliances and electrical devices. They expect this to create an additional revenue stream for their companies and also to improve energy efficiency because of increased rate of replacement of old non-efficient appliances with new ones by their customers.

New approaches to human resources management and promoting younger people with market economics background to the leadership positions, better training, and work place automation is another important direction in which they will try to concentrate their efforts. They will also try to create more incentives for implementing of innovations and cost saving measures among the workers and to make them more interested in the company success.

All of them plan to pass this management training to others in their companies by conducting seminars, information sessions, and workshops.

All of the participants expressed their interest in continuing this program. They are very interested in learning more about the experience of the country that is two years ahead of Ukraine in conducting the power sector reforms. Because the non-payment problem remains the most acute in the Ukrainian power sector, the most frequently mentioned topics for future activities were customer relations, metering, billing and collection, tariff development, demand side management, and energy efficiency. Company finance and accounting were also high on the list.

5.0 FINDINGS AND RECOMMENDATIONS

The following is a summary of the comments and suggestions made by the Ukrainian participants regarding the agenda and organization of future activities:

- ▶ In addition to the seminar at the level of the single power plant, it would be desirable to meet with people on the industry level with representatives of the ministries and with representatives of local, regional and central administration.
- ▶ It would be very helpful and would make the seminar more productive to have the seminar presentations translated into Russian and distributed to the participants prior to the seminar.
- ▶ The Ukrainian delegation was represented by the high level officials. It was expected that the seminar opening would be made by one of the company's senior executives. The fact that no senior level executives attended the opening session was considered as a lack of respect.
- ▶ It would be helpful to have more site visits and discussions with employees on the work place.
- ▶ 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.

- Several Ukrainian participants stated that in addition to more contact with their Polish counterparts they would like a chance to observe how distribution operations are managed in the United States

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ATTACHMENT 24

2, 21.



DRAFT – DATE OF ISSUE November 25, 1996

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

* * * * *

**POWER-GEN '96 INTERNATIONAL CONFERENCE
& TWO-DAY EXECUTIVE EXCHANGE VISITS TO
KENTUCKY UTILITIES COMPANY
PENNSYLVANIA POWER & LIGHT
OTTER TAIL POWER COMPANY**

Sponsored by the

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES ENERGY ASSOCIATION**

December 1 - 11, 1996

Participants

**Vladimir Bondarenko, Chairman Dneproenergo Power Company
Alexandre Kryjnu, Deputy Chief Engineer of Kiev Electric
Alexandre Radzivilchouk, Chief Engineer of Kiev TETS-6
Areg Galstyan, Head of Science & Technical Department
Felix Tadevossian, Head of Generation Dept , Min of Energy
Vladimir Deryugin, Director of Saki Electric Net Utility
Alexander Matviyuk, Director of Kamysh-Burunskaya TETS-Thermal Power Plant**

Locations

**Washington, D C , Orlando, Florida
Lexington, Kentucky, Allentown, Pennsylvania
Fergus Falls, Minnesota**

Power-Gen '96 Convention and Two-Day Executive Exchange Visit

BACKGROUND

For the fourth consecutive year, USEA will host a delegation of NIS representatives at the annual Power-Gen '96 International Conference. This event provides an opportunity for the participants to meet equipment suppliers, visit exhibits of power plant equipment, attend technical presentations, and meet energy sector personnel from throughout the world.

OBJECTIVES.

The objectives of this executive exchange are

- 1 Establish a network of contacts from the global energy industry
- 2 Attend technical sessions
- 3 View exhibits of power generation equipment

PROGRAM

This program will include

- 1 Attendance at technical presentations
- 2 Tour of power plants
- 3 Equipment exhibits
- 4 Visits to equipment suppliers

Power-Gen '96 Convention and Two-Day Executive Exchange Visit

Sunday-Monday, December 1-2, 1996

3 50 p m Armenian and Ukrainian delegatoinns arrive Wash/Dulles, greeted and escorted to hotels

Monday, December 2, 1996

9 30 a m Cash per diem checks at Crestar Bank

10 00 a m Introductions by Al Skeath, Deputy Program Manager

10 30 a m Orientation Program at USEA

- History of USEA
- EIPP Program
- USAID
- Typical Partnership Activities
- Project Objectives
- Tax Forms
- Visitors Information
- AED Insurance
- Overview of Market Economy Concepts

12 00 p m **LUNCH (Provided by USEA)**

1 30 p m Presentation by DC-based organizations

- USAID
 - Power Restructuring & Privatization, *Rajiv Rastogi*

2 00 p m • Hagler Bailly, *David A Keith, Vice President*

- Privatization
- Customer Services
- Customer Tracking

4 30 p m **ADJOURN**

Tuesday, December 3, 1996

8 30a m Armenian, Kievenergo and Crimenergo delegations depart Wash/Natl for Orlando, Florida

9 00 a m - Meetings being arranged by Will Polen for the Ministry Yury Botchkarov and Vladimir Bondarenko - Washington, D C

1 30 p m - Power Plant Tours

4 30 p m •Curtis H Stanton Energy Center Tour
(Vladimir Bondarenko, Yury Botchkarov, Toru Loginov and Albert Skeath)

U S Energy Association Energy Industry Partnership Program

Power-Gen '96 Convention and Two-Day Executive Exchange Visit

Tuesday, December 3, 1996 (continued)

- 1 30 p m - •Cane Island Plant Tour
4 30 p m (Vladimir Deryugin, Alexander Mativiyuk, Alexanre Radzivilchouk Alexandre Kryjnu, Areg Galystan, Levon Vardanyan, Michael Arrowood)

6 00 p m International Reception - Clarion Plaza Hotel Ballroom A

Wednesday, December 4, 1996

- 9 00 a m - Keynote Session
11 30 p m

2 00 p m - Pressurized Fluid Bed Combustion
4 00 p m • Effects of External Boost Comprehension
• Transient Analysis and Modeling

Alternate Exhibit Tour

Thursday, December 5, 1996

- 9 00 a m - Privatization, Deregulation & Politics of Power
11 30 a m • Egypt's Strategy for Regional Cooperation
• Global Political Trends - What Do They Mean for the Power Industry?
• What are the Political Factors that Make Project Development Possible?

2 00 p m - Project Financing & Risk Management
4 00 p m • Project Financing and Risk Management of Power Plants in the Emerging Markets
• Changing Financial & Regulatory Environment Affecting International Power Industry and its Associated Risk

Friday, December 6, 1996

- 9 00 a m - Fuel Quality & Safety
11 30 a m • Coal Quality Impact on Design, Operation & Emission from Indian Utility Boilers
• Using Microscopic Techniques to Characterize and Solve Slagging & Fouling Problems
• Evaluation of Coal Quality Impacts on Power Plant Operation
• Assess Coal Quality Impacts on Your Personal Computer

Alternate Exhibit Tour

U.S. Energy Association Energy Industry Partnership Program

Power-Gen '96 Convention and Two-Day Executive Exchange Visit

Saturday, December 7, 1996

Armenian and Ukrainian delegations depart Orlando for respective U S utility cities

Sunday-Tuesday, December 8-10, 1996

Two-day executive exchange visits at respective U S utilities

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Agenda for

**YURIY GEOREYVICH BOUCHKARIOV
MINISTER OF ENERGY AND ELECTRIFICATION, UKRAINE**

**Consultative Meetings With
United States Agency for International Development
United States Department of Energy
National Security Council
United States/Ukraine Energy Working Group**

and

Participation in PowerGen '96

**December 2-6, 1996
Washington, DC
Orlando, Florida**

**Organized by the
Energy Industry Partnership Program of the United States Energy Association**

Program Agenda for

**YURIY GEOREYVICH BOUCHKARIOV
MINISTER OF ENERGY AND ELECTRIFICATION, UKRAINE**

**Consultative Meetings With
United States Agency for International Development
United States Department of Energy
National Security Council
United States/Ukraine Energy Working Group**

and

Participation in PowerGen '96

Monday December 2, 1996

- 7 30 am Depart Kiev for Paris on Ukraine International Flight #701
- 9 00 am Depart Paris for Washington, DC on United Flight #910
- 3 15 pm Arrive in Washington, DC -- Transportation to the Hotel St James 950 24th Street NW Washington, DC - Telephone (202) 457-0500 -- Fax (202) 466 6484
- 7 00 pm **Dinner and Evening Sightseeing of Washington DC**

Tuesday December 3, 1996

- 8 30 am Transportation from the Hotel St James to the Office of the United States Energy Association -- Location 1620 I Street NW Washington, DC -- Telephone (202) 331-0415
- 9 00 am **Meeting with United States Agency for International Development and its Contractors Working in Ukraine**
Dr Robert Ichord, Chief, Energy Division, Office of Energy and Infrastructure, Bureau for Europe and the New Independent States, U S Agency for International Development
- Overview of United States Agency for International Development Program in Ukraine
 - Introductions of Contractors Working in Ukraine
- 10 30 am **Meeting with Representatives of Private Energy Equipment Manufacturers, Engineering Companies and Potential Investors**
- Discussion of Ukraine Energy Sector Investment Requirements and Potential for U S Trade and Investment

- 12:45 pm **Lunch with Representatives of Kentucky Utilities, the Utility Partner to Dneproenergo**
Location to be Announced
- 2:30 pm **Meeting of the United States and Ukraine Energy Working Group**
Location: 1620 I Street NW Washington, DC -- Telephone (202) 331-0415
▶
▶
- 4:30 pm **Meeting with the National Security Council**
▶
▶
- 6:15 pm Depart United States Energy Association for Hyatt Regency Washington - Location: 400 New Jersey Avenue NW Washington DC
- 6:30 pm **Congressional Reception in Honoring Minister's Bouchkarov's Visit to the United States**

Wednesday December 4, 1996

- 7:15 am Depart Hotel St. James for Washington National Airport
- 8:30 am Depart Washington, DC for Orlando on USAIR Flight #2299
- 10:46 am Arrive Orlando International Airport and Register at the Hotel
- 12:30 pm **Lunch Hosted by U.S. Equipment Manufacturer**
- 2:00 pm **Attend PowerGen '96 Conference Session: Global Power Industry Trends**
▶ What are the Emerging Markets for International Independent Power Projects and Why?
▶ Case Studies of Independent Power Projects in Emerging Market Countries
- 4:30 pm **Walk the Trade Show Exhibit Floor**
- 7:00 pm **Dinner Hosted by U.S. Equipment Manufacturer**

Thursday December 5, 1996

- 9:00 am **Attend PowerGen '96 Conference Session: Privatization, Deregulation and Politics of Power**
▶ What are the Political Factors that Make Project Development Possible?
- 12:00 pm **Lunch Hosted by U.S. Equipment Manufacturer**
- 2:00 pm **Attend PowerGen '96 Conference Session: Project Financing and Risk Management**
▶ Project Financing and Risk Management of Power Plants in Emerging Markets
▶ Changing Financial and Regulatory Environment Effecting International Power Industry
▶ Technical Performance of Thermal Plants Worldwide: Experience and Feedback and

Objectives for the Future

Friday, December 6, 1996

- 9 00 a.m **Attend PowerGen '96 Conference Session Global Power Industry Trends Project Development Case Studies**
- Central Electricity Authority A Case Study in India
 - Project Management of an International EPC Power Project -- The Requirement for Preplanning and Alignment
 - Rocksavage Power Plant - An IPP in Project Development Case History in the United Kingdom
- 12 45 pm Depart for Orlando International Airport
- 2 00 pm Depart for Washington Dulles International Airport on United Flight #1132
- 4 30 pm Arrive Washington Dulles International Airport
- 5 30 pm Depart Washington for Frankfurt on United Flight #916

Saturday December 7, 1996

- 7 10 am Arrive in Frankfurt
- 9 40 am Depart Frankfurt for Kiev on United Flight #3824
- 1 10 pm Arrive in Kiev

ATTACHMENT 25



DRAFT -- DATE OF ISSUE November 18, 1996

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

* * * * *

**POWER-GEN '96 INTERNATIONAL CONFERENCE
& TWO-DAY EXECUTIVE EXCHANGE VISIT TO
OTTER TAIL POWER COMPANY**

* * * * *

Sponsored by the

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES ENERGY ASSOCIATION**

December 1 - 11, 1996

Participants

Vladimir Deryugin Director of Saki Electric Net Utility
Alexander Mativiyuk, Director of Kamysh-Burunskaya TETS -
Thermal Power Plant, City of Kerch

Interpreter

Michael Arrowood

Locations

Washington, D C
Orlando, Florida
Fergus Falls, Minnesota

BACKGROUND

For the fourth consecutive year LSEA will host a delegation of NIS representatives at the annual Power-Gen '96 International Conference. This event provides an opportunity for the participants to meet equipment suppliers, visit exhibits of power plant equipment, attend technical presentations, and meet energy sector personnel from throughout the world.

OBJECTIVES

The objectives of this executive exchange are:

1. Establish a network of contacts from the global energy industry
2. Attend technical sessions
3. View exhibits of power generation equipment

PROGRAM

This program will include:

1. Attendance at technical presentations
2. Tour of power plants
3. Equipment exhibits
4. Visits to equipment suppliers

Power-Gen 96 Conference & Two-Day Executive Exchange to Otter Tail Power

Sunday, December 1, 1996

- 7:45 a.m. Dneproenergo delegation departs Kiev arrives Frankfurt 9:30 a.m.
- 1:00 p.m. Dneproenergo delegation departs Frankfurt arrives Wash/Dulles 3:50 p.m.
- 3:50 p.m. Delegation greeted at airport by Lana Peselev with ground transportation provided by Carev to the hotel

Lodging

Club Quarters Washington
859 17th Street N.W.
Washington D.C. 20006
(202) 463-6400

Monday, December 2, 1996

- 9:15 a.m. Sergeev Sevolobov and Torii Loginov greet delegations at hotel and escort to USEA offices
- 9:30 a.m. Cash per diem checks at Crestar Bank
- 10:00 a.m. Introductions by Al Skeath, Deputy Program Manager
- 10:30 a.m. Orientation Program at USEA
- History of USEA
 - EIPP Program
 - USAID
 - Typical Partnership Activities
 - Project Objectives
 - Tax Forms
 - Visitors Information
 - AED Insurance
 - Overview of Market Economy Concepts
- 12:00 p.m. **LUNCH (Provided by USEA)**
- 1:30 p.m. Presentations by DC-based organizations
- USAID
 - Power Restructuring & Privatization *Rajiv Rastogi*
- 2:00 p.m.
- Hagler Bailly *David A. Keith* Vice President
 - Privatization
 - Customer Services
 - Customer Tracking

Monday, December 2, 1996 (continued)

4:00 p m **ADJOURN**

Lodging

Club Quarters Washington

Tuesday, December 3, 1996

7:00 a m Ground transportation provided by Carev from hotel to Wash/Natl (Ukrainian and Armenian delegations: Sergey Sevolobov, Torii Loginov, Interpreters and Al Skeath)

7:05 a m Michael Arrowood, Interpreter departs Asheville; arrive Orlando 9:45 a m

8:30 a m USAIR Flight No. 2299 departs Wash/Natl; arrives Orlando 10:46 a m

10:46 a m Ground transportation provided by Carev from airport to hotel

1:30 p m Power Plant Tours

4:30 p m •Curtis H. Stanton Energy Center Tour
(Vladimir Bondarenko, Yury Botchkarov, Torii Loginov and Albert Skeath)

1:30 p m •Cane Island Plant Tour

4:30 p m (Vladimir Dervugin, Alexander Mativivuk, Alexanre Radzivilchouk, Alexandre Kryjnni, Areg Galvstan, Levon Vardanyan, Michael Arrowood and Sergey Sevolobov)

6:00 p m International Reception - Clarion Plaza Hotel Ballroom A

Lodging

Howard Johnson Universal Tower
5905 International Blvd
Orlando, Florida
(407) 351-2100

Wednesday, December 4, 1996

9:00 a m Keynote Session

11:30 p m

2:00 p m - Pressurized Fluid Bed Combustion

4:00 p m • Effects of External Boost Comprehension
 • Transient Analysis and Modeling

Power-Gen 96 Conference & Two-Day Executive Exchange to Otter Tail Power

Wednesday, December 4, 1996 (continued)

Alternate Exhibit Tour

Lodging

Howard Johnson Universal Tower

Thursday, December 5, 1996

9 00 a m - Privatization Deregulation & Politics of Power

11 30 a m Egypt's Strategy for Regional Cooperation

- Global Political Trends - What Do They Mean for the Power Industry?
- What are the Political Factors that Make Project Development Possible?

2 00 p m - Project Financing & Risk Management

- 4 00 p m
- Project Financing and Risk Management of Power Plants in the Emerging Markets
 - Changing Financial & Regulatory Environment Affecting International Power Industry and its Associated Risk

Lodging

Howard Johnson Universal Tower

Friday, December 6, 1996

9 00 a m - Fuel Quality & Safety

11 30 a m Coal Quality Impact on Design Operation & Emission from Indian Utility Boilers

Using Microscopic Techniques to Characterize and Solve Slagging & Fouling Problems

- Evaluation of Coal Quality Impacts on Power Plant Operation
- Assess Coal Quality Impacts on Your Personal Computer

Alternate Exhibit Tour

Lodging

Howard Johnson Universal Tower

Saturday, December 7, 1996

1 15 p m Crimenergo delegates and Michael Arrowood depart Orlando arrive Fargo North Dakota 5 39 p m

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Saturday, December 7, 1996 (continued)

5:39 p.m. Ground transportation provided by Otter Tail Power to hotel

Lodging

Best Western
902 Frontier Drive
Fergus Falls, Minnesota 56537
(218) 739-2211

Sunday, December 8, 1996

FREE DAY - Fergus Falls, Minnesota

Lodging

Best Western

Monday, December 9, 1996

8:30 a.m. Travel to Big Stone Power Station

10:00 a.m. Tour of Power Plant
•Organizational Structure
•Operations
•Maintenance
Safety
Fuel Handling System

12:00 p.m. **LUNCH**

3:00 p.m. Travel to Minneapolis

Lodging

Days Inn
8000 Bridge Road
Bloomington, Minnesota
(612) 831-9595

Tuesday, December 10, 1996

9:30 a.m. Travel to BFI Tire Shredding Facility

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Power-Gen 96 Conference & Two-Day Executive Exchange to Otter Tail Power

Tuesday, December 10, 1996 (continued)

- 10 00 a m Tour Facilities
 Operations
 •Maintenance
 •Safety
 Storage
 •Delivery
- 12 00 p m LUNCH
- 3 00 p m Program Evaluation

Lodging

Days Inn

Wednesday, December 11, 1996

- 9 30 a m Ground transportation provided by Otter Tail from hotel to airport
- 11 00 a m Crimenergo delegates and Michael Arrowood depart Minneapolis arrive Chicago
O'Hare 12 09 p m
- 1 35 p m Crimenergo delegates and Michael Arrowood depart Chicago O'Hare arrive
Wash/Dulles 4 21 p m
- 5 50 p m Crimenergo delegates depart Wash/Dulles arrive Frankfurt 7 30 a m
- 7 30 p m Michael Arrowood departs Wash/Dulles arrives Charlotte 8 42 p m departs
Charlotte 9 50 p m arrives Asheville 10 27 p m

Thursday, December 12, 1996

- 9 40 a m Kievenergo delegates depart Frankfurt arrives Kiev 1 10 p m

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ATTACHMENT 26

215 South Cascade Street
PO Box 496
Fergus Falls Minnesota 56536 0496
218 739 8200
www.otter.com (web site)

OCT 24 RECD

October 22, 1996



Representative David Bonior
2207 Rayburn House
Office Building
Washington, DC 20515-2210

Dear Representative Bonior

First, may I thank you for your efforts to earmark funding for Ukraine in HR3610. I am convinced that the United States must do more to support Ukraine in their difficult transition to a free market economy.

Otter Tail Power Company is a participant in the partnership program sponsored by the United States Energy Association. Our partner is Crimenergo which is headquartered in Simferopol and serves a good share of Crimea.

Through exchange visits between the two companies, we have come to the understanding that Ukraine shows great promise to be a leader of all NIS countries in developing a global position in the world economy. The friendships developed through these visits have also convinced us that they have very competent personnel in charge of the energy systems. The greatest barrier to a successful transition is the lack of resources.

It is my opinion that the United States must have a strong alliance with NIS countries of the future in order to be a global economic leader. The time to develop such confidence in relationships is now. However, we remain far short in terms of the commitment necessary to convince Ukraine that we are serious in our efforts to become economic allies.

Please know that I am very supportive of augmenting the aid to Ukraine and, in particular, to be more fully committed to the funds necessary to achieve the objectives of the G-7 Initiative. Let me also say that personally I have seen painful progress that has been achieved under the outstanding leadership of President Kuchma. I am also aware of the endless hours that Ambassador

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Representative David Bonior
2207 Rayburn House
Office Building
Washington, DC 20515-2210
October 22, 1996

Page 2

Shcherbak has spent in promoting interests by United States companies to be involved in the economic transition of Ukraine. That leaves no question in my mind that Ukraine is represented by people that are avidly seeking the support of the United States and deserve greater response than has been given to them up to this point.

Thank you for letting me air my concerns. If I could be of help to you in any way in your efforts to create a greater focus in aid to the Ukraine, please let me know.

Sincerely,



Doug Kjellerup
Vice President
Marketing & Development
bjl

ATTACHMENT 27



DRAFT DATE OF ISSUE March 5, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

**EXECUTIVE EXCHANGE VISIT BETWEEN
DNEPROENERGO/KENTUCKY UTILITIES COMPANY**

Focusing On

PRINCIPLES OF ACCOUNTING

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Dates/Location: March 15-22, 1997 /Lexington, Kentucky

Participants

**Tetyana N. Matysko, Deputy Controller, JSC "Dneproenergo"
Anatoly M. Gushyn, Deputy Controller, Krivorozhskay Power Station
Boris Tantsyoura, Vice Chairman of the JSC "Dneproenergo"**

Interpreters

**Michael Arrowood
Constance Richards
Dennis Kovalev**

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

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.

The second activity under the partnership program was an Advisory Mission to Dneproenergo facilities in the Ukraine to acquaint representatives of the Kentucky Utilities Company with the energy sector facilities and operations. During this activity representatives of Kentucky Utilities became acquainted with the energy sector restructuring and the major issues facing Dneproenergo.

The third project was an executive exchange visit that focused on accounting systems, corporate finance and investor relations.

The fourth activity under the partnership program has two tracks -- one on accounting principles and the second on procurement of fuel and spare parts. The first track is a follow-up to the previous exchange visit and continues to focus on international accounting standards in support of a World Bank loan requirement.

This activity was requested by Dneproenergo management staff to provide additional knowledge on accounting and finance policies and procedures for the individuals who will be responsible to introduce these concepts at Dneproenergo. As a newly created GenCo in Ukraine under the restructured energy industry, Dneproenergo is an essential enterprise in the operation of the energy system, and their financial strength will depend on the World Bank loan which in turn will depend on the implementation of international accounting practices. This is an addition to the workplan and it has been approved by both Kentucky Utilities and USAID.

The second topic is of primary importance as Dneproenergo develops fuel contracts and introduces new procurement processes. As part of the restructuring of the energy sector, Dneproenergo is required by EBRD to introduce international procurement systems, policies, and procedures. During this activity the Dneproenergo delegates will be assured that the practices requested by EBRD and the World Bank are consistent with those used in U S utilities. The participants will also gain a familiarity of the proposed practices in a utility environment.

OBJECTIVES

The objective of these executive exchange visits is to acquaint Dneproenergo representatives with international accounting principles, corporate finance procedures and contract administration policies. The two simultaneous programs will support the requirements of World Bank loans and EBRD requirements.

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

OBJECTIVES *(continued)*

The concepts covered in these activities are essential topics in the restructuring of the Ukraine energy sector and will result in improved management techniques for the Dneproenergo managers

PROGRAM

The program for these activities will include detailed reviews of Kentucky Utilities' policies in the areas of accounting systems corporate finance, and contract administration. Formal presentations will be made by Kentucky Utilities personnel on topics including accounting, finance, insurance, claims, litigation, taxes, budgeting, cash flow, procurement process, contract administration, and financial reports.

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

SATURDAY, MARCH 15, 1997

- 7 45 a m Dneproenergo delegation departs Kiev arrives Frankfurt 9 30 a m
- 11 35 a m Dneproenergo delegation departs Frankfurt, arrive Cincinnati 3 00 p m (*greeted at airport by Interpreters Michael Arrowood Constance Richards and USEA representative Al Skeath*)
- 12 30 p m Michael Arrowood and Constance Richards depart Asheville, arrive Cincinnati 1 50 p m
- 6 45 a m Al Skeath departs Wash/Nat'l, arrives Cincinnati 8 20 a m
- 3 30 p m Ground transportation provided by reserved van for Dneproenergo delegation interpreters and Al Skeath from Cincinnati to Lexington Kentucky

Lodging

The Camberely Club Hotel
120 West Second Street
Lexington, Kentucky 40507
(606) 231-1777

SUNDAY, MARCH 16, 1997

FREE DAY IN LEXINGTON, KENTUCKY

- 10 00 a m Dennis Kovalev Interpreter departs Wash/Nat'l arrives Cincinnati 11 29 a m
departs Cincinnati 12 30 p m , arrives Lexington 1 05 p m
- 1 05 p m Ground transportation provided by reserved van from airport to The Camberley Club Hotel

Lodging

The Camberely Club Hotel

MONDAY, MARCH 17, 1997

- 9 15 a m Ground transportation provided by reserved van from hotel to Kentucky Utilities
- 9 30 a m USEA Orientation, *Al Skeath Deputy Program Manager*

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

MONDAY, MARCH 16, 1997 (continued)

- Review Background of Partnership Program
 - Proposed Future Activities
 - Review Principles of Accounting Agenda
 - Per Diem Allowance
 - Complete Tax Forms & Xerox Passport Information
- 10 15 a m Disbursement of per diem checks, *Al Skeath*
- 11 00 am Introductions by Kentucky Utilities *Robert Hewett Vice President Regulation
Economic Planning*
- Accounting & Purchasing *Mike Robinson Controller Joe Clements Director
of Purchasing Services and Gerhard Haimberger Director of Fuel
Management*
- 12 00 p m **LUNCH**
- 1 00 p m Dneproenergo delegates are separated in to Group I & II
- Group I Principles of Accounting *Tetyana N Matysko Anatoly M Gushyn and
Boris Tantsyoura (will rotate between the two groups)*
- Group II Procurement of Fuel and Spare Parts *Leonid Zuyev Viktor Khareba
and Boris Tantsyoura*
- 1 00 p m Group I - Principles of Accounting
Organizational Structure of KU
- Shareholders
 - Board of Directors
 - Officers
 - Major Departments and Responsibilities
- 2 00 p m Overview of Financial Department
- Accounting
 - Information Technology
 - Administration Services
 - Regulation
 - Treasurer
 - Controller
 - Audit Services
 - Corporate Telecommunications
- 3 00 p m **BREAK**

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Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

MONDAY, MARCH 16, 1997 (continued)

- 3 15 p m Overview of Insurance Department
- Liability Insurance
 - Workers Compensation Insurance
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by reserved van from Kentucky Utilities to the hotel

Lodging

The Camberely Club Hotel

TUESDAY, MARCH 17, 1997

- 8 15 a m Ground transportation provided by reserved van from hotel to KU
- 8 30 a m Meeting with Claims Department
- Notification
 - Reporting
 - Investigation
- 9 30 a m Meeting with Litigation Department
- Summons
 - Witnesses
 - Trial Preparation
 - Negotiations
 - Trial
- 10 30 a m **BREAK**
- 10 45 a m Meeting with Loss Prevention Department
- Employment Safety
 - Property Protection
- 12 00 p m **LUNCH**

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

TUESDAY, MARCH 17, 1997 *(continued)*

- 1 00 p m Meeting with Corporate Accounting Department
- Departmental Organization
 - Budgets
 - Financial Reports
- 2 00 p m Meeting with Tax Accounting Department
- Income Taxes
 - Property Taxes
 - Sales Taxes
 - Other Taxes
- 3 00 p m **BREAK**
- 3 15 p m Meeting with Budget Department
- Budget Guidelines
 - Responsibility Budgeting
 - Budget Reporting
 - Business Plan Monitoring
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

WEDNESDAY, MARCH 19, 1997

- 8 15 a m Ground transportation provided by reserved van from the hotel to KU
- 8 30 a m Meeting with Financial Systems
- Financial Reporting
 - Systems Support
 - Financial Analysis
 - Special Projects

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

WEDNESDAY, MARCH 19, 1997 (continued)

- 9 30 a m Meeting with Accounts Payable Department
- Payroll
 - Property Accounting
 - Revenue Accounting
- 10 30 a m **BREAK**
- 10 45 a m Presentation of Financial Statements
- Income Statements
 - Balance Sheets
 - Cash Flow
 - Capitalization
- 12 00 p m **LUNCH**
- 1 00 p m Continuation of Presentation of Financial Statements
- Net Earnings
 - Dividends
 - Retained Earnings
- 2 00 p m Presentation of Financial Reports
- Assets
 - Investments
 - Liabilities
 - Credits
 - Cash Flows
- 3 00 p m **BREAK**
- 3 15 p m Analysis of Cash Flow
- Operations
 - Financing
 - Investing
 - Common Stock
 - Preferred Stock
 - Long-term Debt
- 4 30 p m **ADJOURN**

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

WEDNESDAY, MARCH 19, 1997 (continued)

4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

THURSDAY, MARCH 20, 1997

8 15 a m Ground transportation provided by reserved van from the hotel to KU

8 30 a m Presentation of Accounting Systems

- Accrual v Cash Basis
- Accounts Receivable
- Revenues
- Operating Costs

9 30 a m Presentation of Purchase Power Experience

- Sales Transactions
- Power Demand
- Energy Payment

10 30 a m **BREAK**

10 45 a m Analysis of Fuel Inventory

- Coal
- Oil
- Fuel Handling
- Mobile Equipment
- Laboratory
- Sampling

12 00 p m **LUNCH**

1 00 p m Operating Statistics

- Electric Production
- Fuel

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

THURSDAY, MARCH 20, 1997 (continued)

- 2 00 p m Depreciation
- Additions
 - Retirements
 - Transfers
 - Salvage
 - Reclassification
- 3 00 p m **BREAK**
- 3 15 p m Production Maintenance Accounting
- Major Overhauls
 - Annual Outages
 - Statistics & Expenses
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by taxi(s) from KL to the hotel

Lodging

The Camberely Club Hotel

FRIDAY, MARCH 21, 1997

- 8 30 a m Accounting System Overview
- General Ledger
 - Customer Information Systems
 - Material Management System
 - Accounts Payable System
 - Responsibility Reports
- 9 30 a m General Accounting
- Revenues
 - Payroll
 - Accounts Payable Activities
 - Property Accounting
- 10 30 a m **BREAK**

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

FRIDAY, MARCH 21, 1997 *(continued)*

- 10 45 a m Purchasing Process
- Materials/Supplies
 - Invoice Process
 - Material Receiving Reports
 - Payment
- 12 00 p m **LUNCH**
- 1 00 p m Accounting Reports
- Monthly, Quarterly & Annual
 - Controls
 - Plant Accounting
 - Retirement Units
- 2 00 p m Planning, Budgeting & Forecasting
- Operations
 - Business Plan
 - Maintenance
 - Auditing
 - Tax Department Operations
 - Strategic Planning
 - Energy & Demand Forecast
- 3 15 p m **BREAK**
- 3 30 p m Program Evaluation
- Evaluations Forms
 - Development of agenda for the June seminar in Zaporzhve
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

Principles of Accounting Executive Exchange Visit - Dneproenergo/Kentucky Utilities

SATURDAY, MARCH 22, 1997

- 12 30 p m Ground transportation provided by reserved vab from hotel to the airport -
Dneproenergo delegation interpreters and Al Skeath
- 3 05 p m Al Skeath departs Cincinnati, arrives Wash Nat'l 4 25 p m
- 3 10 p m Entire group departs Lexington, arrives Atlanta 4 25 p m
- 5 15 p m Dennis Kovalev depart Atlanta, arrive Wash/Nat'l 7 03 p m
- 5 21 p m Michael Arrowood and Constance Richards depart Atlanta arrive Asheville
6 21 p m
- 5 25 p m Dneproenergo delegation departs Atlanta arrives Vienna 9 00 a m

SUNDAY, MARCH 23, 1997

- 10 35 a m Dneproenergo delegation departs Vienna arrives Kiev 1 35 p m

ATTACHMENT 28

TRIP REPORT

for the

UNITED STATES ENERGY ASSOCIATION

**PRINCIPLE OF ACCOUNTING
AND**

PROCUREMENT OF FUEL & SPARE PARTS

by

Dneproenergo/Kentucky Utilities Company

Location: Lexington, KY
Dates: March 15-22, 1997
Prepared by: Albert H. Skeath
Deputy Program Manager
Date Prepared: March 26, 1997

ATTENDEES

DNEPROENERGO POWER COMPANY

*Tetyana N Matysko
Deputy Controller*

*Boris Tantsyoura
Vice Chairman*

*Lenoid Zuyev
Chief Division of Production Repairs*

*Viktor Khareb
Chief Division of Fuel & Transport*

*Anatoly Gushyn
Controller Krivorozhskay Power Station*

U S ENERGY ASSOCIATION

*Albert H Skeath
Deputy Program Manager*

INTERPRETERS

*Michael Arrowood
Constance Richards
Dennis Kovalev*

OBJECTIVES

The objective of this executive exchange visit was to acquaint the Dneproenergo representatives with international accounting principles, corporate finance procedures, and contract administration policies. Two simultaneous programs were conducted for a total of five participants. This activity was in support of requirements of World Bank loans and EBRD.

ACCOMPLISHMENTS

During this visit the delegates

- 1 Had meetings with Kentucky Utilities personnel on the topics of
 - accounting
 - finance
 - procurement of equipment
 - contract administration
 - fuel contracts
 - personnel policies
 - investor relations
 - outage planning
- 2 Tours at two power stations were conducted for the delegation during which explanations on operations were given

DESCRIPTION OF MEETINGS

- 1 The group that focused on Principles of Accounting spent the week in meetings with Kentucky Utilities Company personnel and learned about balance sheets, income statements, budget guidelines, fuel payment process, annual reports, board of directors role, investor services, code of ethics, accounting code system, trial balances, accounts payable, invoice processing, premium payments, penalty clauses, computerized accounting reports, credit and debit process, journal entries, assets and liabilities, payroll process, authorization level for purchases, retirement policies, expense reports, production statistics, and budget preparation
- 2 The group that focused on Procurement Fuel and Spare Parts met with fuel procurement, contract administration, power plant management, and outage planning personnel. Topics of discussion included commodity teams, bid solicitation, blanket contracts, inventory systems, information systems, preparation of specifications, letters to suppliers pre-bid meetings, contract award, supplier visits and supplier presentations, service locations, incentive programs, quality control, contract administration, proposal evaluations, fuel purchasing, fuel forecasts, least cost operation plan, strategic fuels plan, fuel parameters, delivery schedules, billing process, computerized system of tracking train deliveries,

maintenance planning job order process and O&M organization charts This group visited two power stations and met with operating and maintenance personnel to discuss coal-fired, thermal power plant facilities The tours included inspection of coal sampling facilities, coal unloading facilities spare parts inventory control and witnessing of a unit outage

- 3 Kentucky Utilities prepared a five-minute video that promotes the partnership program Copies were given to each delegate
- 4 Kentucky Utilities provided the delegates with three textbooks on the topics of accounting and finance, copies of the Kentucky Utilities Code of Ethics and Budget Preparation Guideline, and copies of examples of contracts, FERC codes, authorization limits, and trial balances Kentucky Utilities also furnished background information about their company to the delegates
- 5 In a business/social gathering, Don Mills of the Kentucky Regulatory Commission praised the partnership and volunteered to participate to support the program activities in Ukraine

ATTACHMENT 29

1/2 2



United States Energy Association

DRAFT DATE OF ISSUE March 6, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

**EXECUTIVE EXCHANGE VISIT BETWEEN
DNEPROENERGO/KENTUCKY UTILITIES COMPANY**

Focusing On

PROCUREMENT OF FUEL & SPARE PARTS

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Dates/Location: March 15-22, 1997 Lexington, Kentucky

Participants

**Leonid Zuyev, Chief, Division of Production Repairs of the JSC "Dneproenergo"
Viktor Khareb, Chief, Division of Fuel & Transport of the JSC "Dneproenergo"
Boris Tantsyoura, Vice Chairman of the JSC "Dneproenergo"**

Interpreters

**Michael Arrowood
Constance Richards
Dennis Kovalev**

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

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.

The second activity under the partnership program was an Advisory Mission to Dneproenergo facilities in the Ukraine to acquaint representatives of Kentucky Utilities Company with the energy sector facilities and operations. During this activity representatives of Kentucky Utilities became acquainted with the energy sector restructuring and the major issues facing Dneproenergo.

The third project was an executive exchange visit that focused on accounting systems, corporate finance and investor relations.

The fourth activity under the partnership program has two tracks -- one on accounting principles and the second on procurement of fuel and spare parts. The first track is a follow-up to the previous exchange visit and continues to focus on international accounting standards in support of a World Bank loan requirement.

This activity was requested by Dneproenergo management staff to provide additional knowledge on accounting and finance policies and procedures for the individuals who will be responsible to introduce these concepts at Dneproenergo. As a newly created GenCo in Ukraine under the restructured energy industry, Dneproenergo is an essential enterprise in the operation of the energy system, and their financial strength will depend on the World Bank loan which in turn will depend on the implementation of international accounting practices. This is an addition to the workplan and it has been approved by both Kentucky Utilities and USAID.

The second topic is of primary importance as Dneproenergo develops fuel contracts and introduces new procurement processes. As part of the restructuring of the energy sector, Dneproenergo is required by EBRD to introduce international procurement systems, policies, and procedures. During this activity the Dneproenergo delegates will be assured that the practices requested by EBRD and the World Bank are consistent with those used in U.S. utilities. The participants will also gain a familiarity of the proposed practices in a utility environment.

OBJECTIVES

The objective of these executive exchange visits is to acquaint Dneproenergo representatives with international accounting principles, corporate finance procedures and contract administration policies. The two simultaneous programs will support the requirements of World Bank loans and EBRD requirements.

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

OBJECTIVES *(continued)*

The concepts covered in these activities are essential topics in the restructuring of the Ukraine energy sector and will result in improved management techniques for the Dneproenergo managers

PROGRAM

The program for these activities will include detailed reviews of Kentucky Utilities' policies in the areas of accounting systems corporate finance, and contract administration. Formal presentations will be made by Kentucky Utilities personnel on topics including accounting, finance, insurance, claims, litigation, taxes, budgeting, cash flow, procurement process, contract administration and financial reports.

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

SATURDAY, MARCH 15, 1997

- 6 45 a m Al Skeath departs Wash/Nat'l, arrives Cincinnati 8 20 a m
- 7 45 a m Dneproenergo delegation departs Kiev, arrives Frankfurt 9 30 a m
- 11 35 a m Dneproenergo delegation departs Frankfurt, arrive Cincinnati 3 00 p m (*greeted at airport by Interpreters Michael Arrowood, Constance Richards and USEA representative, Al Skeath*)
- 12 30 p m Michael Arrowood and Constance Richards depart Asheville, arrive Cincinnati 1 50 p m
- 3 00 p m Ground transportation provided by reserved van from Cincinnati airport to The Camberley Club Hotel in Lexington, Kentucky

Lodging

The Camberely Club Hotel
120 West Second Street
Lexington, Kentucky 40507
(606) 231-1777

SUNDAY, MARCH 16, 1997

FREE DAY IN LEXINGTON, KENTUCKY

- 10 00 a m Dennis Kovalev, Interpreter departs Wash/Nat'l, arrives Cincinnati 11 29 a m
 departs Cincinnati 12 30 p m , arrives Lexington 1 05 p m
- 1 05 p m Ground transportation provided by reserved van from Lexington airport to The Camberley Club Hotel

Lodging

The Camberely Club Hotel

MONDAY, MARCH 17, 1997

- 9 15 a m Ground transportation provided by reserved van from the hotel to Kentucky Utilities

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

MONDAY, MARCH 17, 1997 (continued)

- 9 30 a m USEA Orientation, *Al Skeath Deputy Program Manager*
- Review Background of Partnership Program
 - Proposed Future Activities
 - Review Principles of Accounting Agenda
 - Per Diem Allowance
 - Complete Tax Forms & Xerox Passport Information
- 10 15 a m Disbursement of per diem checks, *Al Skeath*
- 11 00 am Introductions by Kentucky Utilities, *Robert Hewett Vice President Regulation Economic Planning*
- Accounting & Purchasing, *Mike Robinson, Controller Joe Clements Director of Purchasing Services, and Gerhard Haimberger, Director of Fuel Management*
- 12 00 p m **LUNCH**
- 1 00 p m Dneproenergo delegates are separated in to groups,
- Group I Principles of Accounting Tetyana N Matysko, Anatoly M Gushyn and Boris Tantsyura
- Group II Procurement of Fuel and Spare Parts Leonid Zuyev, Viktor Khareba and Boris Tantsyura (Mr Tantsyura will rotate between the two groups)
- GROUP II**
- 1 00 p m Procurement Department Organization
- Areas of Responsibility
- 2 00 p m Procurement Process
- Scoping
 - Suppliers' List
 - Request for Bids
 - Evaluation of Proposals
 - Contract Awards
- 3 00 p m **BREAK**
- 3 15 p m Fuel Specifications
- Fuel Characteristics
 - Sampling

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

MONDAY, MARCH 17, 1997 (continued)

- Delivery
- Billing
- Payment

4 30 p m **ADJOURN**

4 45 p m Ground transportation provided by reserved van from Kentucky Utilities to the hotel

TUESDAY, MARCH 18, 1997

8 15 a m Ground transportation provided by reserved van from the hotel to KU

8 30 a m Procurement Scoping Information

- Specifications
- Personnel Experience
- Supplier Information
- Contact Point
- Business Relations

9 30 a m Bidders' List

- Supplier Evaluation
- Qualified Suppliers
- Sole-Source Bidders

10 30 a m **BREAK**

10 45 a m Requirements for Proposal Process

- Schedules
- Reference Checks

12 00 p m **LUNCH**

1 00 p m Material Specifications

2 00 p m Evaluation of Proposals (*speaker to be determined*)

3 15 p m **BREAK**

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

TUESDAY, MARCH 17, 1997 (continued)

- 3 30 p m Program Evaluation
- Evaluations Forms
 - Future Planned Activities

4 30 p m **ADJOURN**

4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

WEDNESDAY, MARCH 18, 1997

8 15 a m Ground transportation provided by reserved van from the hotel to KU

- 8 30 a m Bid Package
- Bidders Instructions
 - Commercial Proposal
 - Scope Document
 - Authorization Form
 - Reference Checks

- 9 30 a m Recommendation for Purchase
- Evaluation Summary
 - Purchase Recommendations
 - Purchase Specifications

10 30 a m **BREAK**

- 10 45 a m Evaluations
- Technical
 - Commercial

12 00 p m **LUNCH**

- 1 00 p m Contract Award Clauses
- Exception
 - Clarifications
 - Attachments

U.S. Energy Association Energy Industry Partnership Program 7

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

- Attachments

WEDNESDAY, MARCH 18, 1997 (continued)

- 2 00 p m Services Orders
- Scope
 - Terms & Conditions
- 3 00 p m **BREAK**
- 3 15 p m Original Equipment Manufacturer
- Spare Parts List
 - Start-up & Test
 - Maintenance
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

THURSDAY, MARCH 20, 1997

- 8 15 a m Ground transportation provided by reserved van from the hotel to KU
- 8 30 a m Invoicing & Payments
- Submitting Invoices
 - Approval of Invoices
 - Disbursements
 - Reimbursement Expenses
- 9 30 a m Contracts
- Administration
 - Documents
 - Attachements
 - Monitoring
- 10 30 a m **BREAK**

Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

THURSDAY, MARCH 20, 1997 (continued)

10 45 a m Financial Management Policies
 • Procedures

— 12 00 p m **LUNCH**

1 00 p m Receipt of Materials
 • Material Inspection
 • Shipping & Handling
 • Approval for Payment

2 00 p m Sampling
 • Heat Value
 • Ash Content
 • Moisture Content

3 00 p m **BREAK**

3 15 p m Insurance Aspects of Contracts
 • Comparing Specification With Delivered Product

4 30 p m **ADJOURN**

4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

FRIDAY, MARCH 21, 1997

8 15 a m Ground transportation provided by reserved van from the hotel to KU

8 30 a m Guarantees

9 30 a m Settlement of Disputes

10 30 a m **BREAK**

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Procurement of Fuel & Spare Parts Executive Exchange - Dneproenergo /Kentucky Utilities

FRIDAY, MARCH 21, 1997 (continued)

- 10 45 a m Administration Procedures
- 12 00 p m **LUNCH**
- 1 00 p m Question & Answer Session
 • Dneproenergo/Kentucky Utilities
- 3 00 p m **BREAK**
- 3 15 p m Program Evaluation
 •Evaluation Forms
- 4 30 p m **ADJOURN**
- 4 45 p m Ground transportation provided by reserved van from KU to the hotel

Lodging

The Camberely Club Hotel

SATURDAY, MARCH 22, 1997

- 12 30 p m Ground transportation provided by taxi(s) from hotel to the airport -
 Dneproenergo delegation, interpreters and Al Skeath
- 3 05 p m Al Skeath departs Cincinnati, arrives Wash/Natl 4 25 p m
- 3 10 p m Entire group departs Lexington, arrives Atlanta 4 25 p m
- 5 15 p m Dennis Kovalev departs Atlanta, arrive Wash/Nat'l 7 03 p m
- 5 21 p m Michael Arrowood and Constance Roberts depart Atlanta, arrive Asheville
 6 21 p m
- 5 25 p m Dneproenergo delegation departs Atlanta, arrives Vienna 9 00 a m

SUNDAY, MARCH 23, 1997

- 10 35 a m Dneproenergo delegation departs Vienna, arrives Kiev 1 35 p m

ATTACHMENT 30



**United States Energy Association
Energy Industry Partnership Program**

**ACCOUNTING AND REPORTING
EXECUTIVE EXCHANGE VISIT**

between

**Otter Tail Power Company
and
Crimenergo**

Sponsored by

United States Agency for International Development

March 20-29, 1997

Participants

**Olga Kuftova, Chief Accountant of Crimenergo
Nadezhda Lazebnaya, Chief of the Economic Department
Pavel Belevich, Chief of the Power Control and Sales Services of Crimenergo
Nadezhda Prodanova, Chief Accountant of the Feodosia Electric Network Utility
Lyudmila Surmachevskaya, Chief of the Personnel and Payroll Department**

Locations

**Washington, D.C
Fergus Falls, MN**

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 established 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. Since that time number of activities was organized under this partnership including the executive exchange visits, seminars, energy efficiency tours, and internship programs. The major topics for those activities were utility management, utility financing, and metering, billing, and collections.

A critical issue affecting the future of Ukraine's energy industry is the reliability of company record-keeping and accounting systems. State enterprise accounts under communism were designed to provide information necessary for the operation of the centrally planned economy. The principle purpose of accounting was to monitor and control economic resources in order to meet the production oriented targets of the central plan. Accounting information was generally restricted to pre-determined criteria established by state bureaucracy rather than being the information needed to the company managers to make conscious business decisions.

In spite of significant changes in the Ukrainian energy sector which took place in recent years, most of the energy companies are still using Soviet style accounting system. For example, capital is not considered a cost but rather a subsidy from the state or local governments. Production costs are calculated as the sum of expenses for materials, energy, salaries and repairs and do not include such costs as debt service, taxes, worker benefits, and some other common costs. The profit margin is a percent of production costs, with the exact percent negotiated with the state. The "profit" is then used to pay taxes, worker benefits, housing, schools, and hospitals - expenses which are considered to be additional costs of production in accordance with western accounting practices.

However, more and more company managers recognize that they now have to adopt western style accounting system in order to accurately calculate revenues, costs, profit, and to find internal resources to finance modernization plans and capital projects. The World Bank considers moving to a western style accounting system and management policies and practices as one of the most important tasks for Ukrainian energy companies. It is especially important for Ukrainian energy

enterprises today, when they are confronting a very significant problem with accounts receivable. Adopting a western accounting and management information system that provides the company management with timely and accurate financial information on accounts payable and receivable, can improve the cash flow of the company and by extent, the overall utility system.

OBJECTIVES

The purpose of this Executive Exchange Visit is to familiarize the Crimenergo accounting specialists with accounting principles and practices used by Otter Tail Power. The objectives of the Exchange Visit are as follows:

- 1) Develop an understanding of the general practices of accounting and reporting used by the Otter Tail Power
- 2) Examine how reports generated by new accounting system help to attract investors
- 3) Determine the connection between a western accounting system and the ability of Crimenergo to improve accounts receivable
- 4) Study the methods of raising capital for the capital improvement projects using a western accounting system (retained earnings, bonds, stocks)
- 5) Review the possible improvements in the Crimenergo management practices and decision making process related to adopting a western system of accounting and reporting

THE PROGRAM

The program of this activity will include an orientation meeting at U S Energy Association covering an overview of the partnership program, meetings with USAID to provide continuity between the programs and strengthen communication, and review of Otter Tail Power Company organization structure and policies in the areas of accounting and reporting including such topics as balance sheet, cash flow statement, capitalization statement, general ledger, accounts payable, payroll, depreciation, inventory, financial statements, income statements, retained earnings, budgeting, cost of service, price design, contracts, purchasing and others.

Agenda - Accounting and Reporting Exchange Visit

Thursday, March 20, 1997

- 7 45 a m Depart from Kiev to Frankfurt, Ukraine Intl , Flight # 401
- 9 30 a m Arrive in Frankfurt, Germany
- 11 25 a m Depart from Frankfurt to Washington, D C , Delta, Flight # 61
- 2 25 p m Arrive in Washington, D C Met at the airport by Interpreter
Transportation Carey (contact Lori Daly)
Phone 703-892-2000
Conf # 07457080
- 4 00 p m Check-in at the Club Quarters hotel
Contact Melissa
Phone (202) 463-6400
Address 839 17th Street, N W
Washington, D C 20006

Friday, March 21, 1997

- 9 00 a m **BREAKFAST (on your own)**
- 10 00 a m Orientation Program - *Will Polen, Program Manager*
- Introductions
 - History of USEA and WEC
 - Energy Industry Partnership Program
 - USAID
 - Partnership Activities and Objectives
- 11 15 a m Review of Documents - *Yelena Golbin, Program Coordinator*
- Visitors' Information
 - AED Insurance
 - Per Diem Allowance
 - Signing Tax Forms - Participants
 - Program Evaluation Form

- 12 00 p m **LUNCH (provided by USEA)**
- 1 30 p m Presentations by USAID - Rajiv Rastogi
- 2 30 p m Briefing at the Embassy of Ukraine
- Overview of the Embassy
 - Energy projects in Ukraine
 - Educational projects
- 4 15 p m **ADJOURN**

Saturday, March 22, 1997

FREE DAY - Washington, D C

Sunday, March 23, 1997

- 12 30 p m Ground transportation provided by Carey from Club Quarters Hotel to National Airport
Transportation Carey (Contact Lori Daly)
Phone 703-892-2000
Conf # 07457082
- 2 10 p m Depart from Washington, D C , National Airport, to Minneapolis, MN, Northwest, Flight # 321
- 3 48 p m Arrive in Minneapolis, MN
- 4 35 p m Depart from Minneapolis, MN, to Fargo, ND, Northwest, Flight # 685
- 5 34 p m Arrive in Fargo, MN Transportation to Fergus Falls provided by Otter Tail Power Company
Contact Ms Celia Benson
Phone 218-739-8222 (work)
 218-739-3849 (home)
- 7 00 p m Check-in at the Best Western Hotel in Fergus Falls, MN
Address I-94 & Hwy 210 W (Exit 54)
 P O Box 103
 Fergus Falls, MN 56538-0103
Contact Maria
Phone 218-739-2211

800-528-1234
Fax 218-736-2533

Monday, March 24, 1997

9 00 a m *Doug Kjellerup, Vice President, Marketing and Development, John Erickson, Director, Market Strategies and Regulation*

General Regulation

- FERC
- States
- Others

11 00 a m Cost of service

- Rate Base
- Allocations
- Functionalization
- Load Research

12 00 p m LUNCH (provided by Otter Tail Power)

1 00 p m Pricing

- Demand, Energy, Customer
- Art vs Science
- Contracts
- Marginal Costs

Filing process

Rate Comparisons

Financial

- Capital Structure
- Risk/Reward
- Vested, Preferred Stock, Common Stock
- Shareholder Information & Statistics

4 15 p m ADJOURN

Tuesday, March 25, 1997

9 00 a m Accounting conference for ½ day based on topic schedule

- 12 00 p m **LUNCH** (provided by Otter Tail)
- 1 00 p m Accounts Payable - *Celia J Benson, Manager, Strategic Issues*
- Authorization process
 - Accounting assignments
 - Impress funds
 - Expense reports
 - Voucher checks
- 3 00 p m Fuel Accounting - *Jan Rudolf, Supervisor, Fuel Procurement*
- Types of fuel
 - Plant loading patterns
 - Costing of fuel
 - Purchasing vs generating
 - Budgeting vs actual procedures
- 4 15 p m **ADJOURN**

Wednesday, March 26, 1997

- 9 00 a m Budgeting - *Jim Nessa, Director, Financial Planning & Celia Benson, Manager, Strategic Issues*
- 1 Expenses
 - Timetable
 - Who does the various budgets
 - Approval process
 - Consolidation
 - Reality check
 - Examples
 - 2 Construction budget
 - Request process
 - Justification criteria
 - Approval process
 - Examples
 - 3 Revenues
 - Kilowatt hours - who and how is this prepared
 - Pricing
 - Fuel cost and fuel cost recoveries

12 00 p m **LUNCH** (provided by Otter Tail)

1 00 p m Payroll - *Linda Hauge Junior Accountant Payroll Department*

- Define who prepares timesheets
- Which employees must keep daily details of their time
- How do we determine the split between capital and expense
- What methods do we use for allocation of payroll expenses when time is not kept track of on a detailed basis
- Provide examples of reports developed from payroll and why they are developed
- Identify external reporting requirements and provide examples
- Provide copies of various timesheets
- Payroll computer system

4 15 p m **ADJOURN**

Thursday, March 27, 1997

9 00 a m Site Visit to Warehouse Sessions held in Wahpeton Division Office and meeting room - *Doug Kjellerup, VP Marketing and Development & Chuck Hanson, Engineering Services*

Accounting

- Depreciation - how lives of various capital classes are determined
- Reserve for depreciation
- Iowa curves (life patterns)
- Others

11 00 a m Property records

- Identify how we keep track of property
- How do we determine what goes into the various accounts
- Define a unit of property
- Provide copies of the primary reports developed monthly, quarterly, annually
- Describe fundable property and how we keep track of it
- Who do we notify when fundable properties are retired and/or sold

12 00 p m **LUNCH** (provided by Otter Tail Power)

1 00 p m Purchasing

- Bidding procedures
- Standardization committee
- Computer system use for purchasing
- Developing vendor lists

- When to negotiate vs Bidding
- Stock levels
- Inventory systems
- Warehousing and delivery methods

4 15 p m **ADJOURN**

Friday, March 28, 1997

9 00 a m Human Resource Area - *Bruce Clark, Supervisor, Compensation and Benefits, Curt Walvatne, Supervisor, Employment and Training, and Celia Benson, Manager, Strategic Issues*

- Basic benefits
- Payroll loading
- Staffing committee and its process
- Negotiation process
- EEOC and Affirmative Action records
- Training
- Hiring
- Positive discipline procedures
- Employee levels

12 00 p m **LUNCH** (provided by Otter Tail)

1 00 p m General Accounting - *Steve Cossette, Supervisor, General Accounting*

- Month and year-end reporting process
- Monthly closing procedures
- Journal entries at month end
- Accruals for storms, deferred taxes, and others
- Amortization schedules
- Cash flow statement
- Consolidated statement - development of this document

3 30 p m Final questions and comments

4 15 p m **ADJOURN**

Saturday, March 29, 1997

8 00 a m Check-out from the hotel

8 30 a m Ground transportation to Fargo Airport provided by Otter Tail Power Company

11 10 a m Depart from Fargo, ND, to Minneapolis, MN, Northwest Flight # 606

12 04 p m Arrive in Minneapolis, MN

1 20 p m Depart from Minneapolis, MN, to Amsterdam, Northwest, Flight # 38

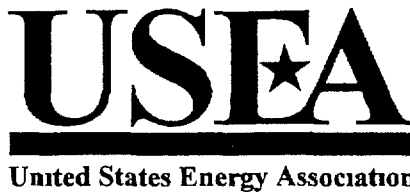
Sunday, March 30, 1997

7 55 a m Arrive in Amsterdam

10 25 a m Depart from Amsterdam to Kiev, Ukraine, Northwest, Flight # 8283

1 20 p m Arrive in Kiev, Ukraine

ATTACHMENT 31



DATE OF ISSUE March 25, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

EXECUTIVE EXCHANGE VISIT BETWEEN KYIVENERGO/PP&L

* * * * *

Focusing On

(Group A)

BILLING & COLLECTION SYSTEMS EXECUTIVE EXCHANGE VISIT

* * * * *

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

**Location/Dates: Washington, D.C. Allentown, Pennsylvania
March 27 - April 5, 1997**

Participants

Iouri Prodan, Director Energy Sale Department, JSC "Kyivenergo"

Vassili Babouchkine, Head Information Center Energy Sale Dept., JSC "Kyivenergo"

Nikolai Protiven, Head Regional Energy Sale Dept., Centralny Energy Dept., JSC "Kyivenergo"

Interpreters

Michael Arrowood

Dennis Kovalev

Karin Elliot

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BACKGROUND

The Ukrainian power industry was developed and operated as a part of the integrated power system of the former Soviet Union. The installed electricity generation capacity of the power system is about 53,000 mw, including nuclear, hydro and thermal power plants. There are more than 40 thermal (fossil fuel) plants with over 100 generating units and a total capacity of 32,000 mw. During the past 20 years, investment policy favored the use of natural gas and nuclear power at the expense of coal-fired plants.

In September, 1992 USAID and USEA jointly formed the Energy Industry Partnership Program (EIPP) to assist the Ukraine and other NIS republics by transferring U.S. business knowledge and management practices to the foreign utility managers.

On December 10, 1993 an initial executive exchange visit by a delegation of Kyivenergo personnel culminated with the signing of a Cooperative Agreement with Pennsylvania Power & Light Company. A total of 18 partner activities were held over the next three years. These included executive exchange visits, internships, advisory missions, and seminars.

Due to the lack of rehabilitation and the postponement of maintenance the availability of the power plants decreased. In addition, there was a lack of spare parts and a decrease in fuel inventory to abnormally low levels. Combined with this there is insufficient payment collection, a lack of credit, and a severe shortage of working capital.

In 1996, the Ukraine government established a strategy to strengthen its regulatory body, improve payment collections, reduce subsidies and privatize the thermal power generation and distribution companies.

This nineteenth activity between the partners will focus on the topics of billing, collections, payments and customer assistance programs. A parallel activity will be conducted on skills enhancement. The former activity will be a continuation of a seminar topic that was conducted in Kyiv in June, 1996.

OBJECTIVES

The objectives of this executive exchange visit are:

GROUP A

1. To review metering processes at PP&L.

OBJECTIVES *(continued)*

- 2 To discuss performance expectations
- 3 Presentations on billing and revenue collection procedures
- 4 Presentations on customer information systems
- 5 Customer Assistance Programs
- 6 Working sessions to assist the Kyivenergo managers to adopt improvements to their billing and collection systems

GROUP B

- 1 Review of training assessment process
- 2 Curriculum design and development
- 3 Training delivery modes
- 4 Training evaluation
- 5 Simulation
- 6 Special training
- 7 Working session to assist Kyivenergo managers to adopt PP&L principles of skills enhancement

PROGRAM

The program will consist of two simultaneous activities conducted by PP&L managers and instructors. The sessions will include presentations, demonstrations, tours, and hands-on examples. Group A topics will include billing, collections, information systems, and customer assistance programs. Group B will focus on skills enhancement policies and procedures including program design, presentation, and evaluation.

Thursday, March 27, 1997

- 7 45 a m Ukrainian delegates departs Kiev, arrives Frankfurt 9 30 a m
- 11 25 a m Ukrainian delegates depart Frankfurt, arrive Wash/Dulles 2 25 p m -- greeted at airport by Michael Arrowood, Interpreter
- 3 00 p m Ground transportation provided by Carey for Ukrainian delegation and Michael Arrowood from Wash/Dulles to Club Quarters Hotel

Lodging

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
(202) 463-6400

Friday, March 28, 1997

- 9 15 a m Michael Arrowood and Ukrainian delegation walk from hotel to USEA offices
- 9 30 a m Orientation of USEA, *Al Skeath, Deputy Program Manager*
- Introduction to USEA
 - Review/Discussion of Agenda
 - Evaluation Forms
 - Completion of Tax Forms
 - Xeroxing of Passports & Visas
 - Review Visitors' Guide
 - Per Diem Allowances
- 11 00 a m Delegation escorted to Crestar Bank to cash per diem checks
- 12 00 p m **LUNCH (Provided by USEA)**
- 1 30 p m Presentation of Partnership Program, *William L. Polen, Program Manager*
- USAID Structure
 - World Energy Council
 - Energy Partnership Program
 - Existing Partnerships
 - Program Focus

Friday, March 28, 1997 (continued)

2 15 p m **BREAK**

2 30 p m Review of Program Agenda, *William L. Polen*

- Topics
- Agenda
- Objectives
- Program Evaluation

4 30 p m **ADJOURN**

Lodging

Club Quarters

Saturday, March 29, 1997

FREE DAY - WASHINGTON, D C

Lodging

Club Quarters

Sunday, March 30, 1997

10 30 a m Ground transportation provided by Carey from Club Quarters to Wash/Dulles - Michael Arrowood, Dennis Kovalev, Karin Elliot and Ukrainian delegation

12 20 p m Ukrainian delegation, Michael Arrowood, Dennis Kovalev and Karin Elliot depart Wash/Dulles, arrive Allentown 1 23 p m

1 30 p m Ground transportation provided by AA Chauffeur from airport to Allentown Hilton

FREE AFTERNOON - ALLENTOWN, PA

Sunday, March 30, 1997 (continued)

Lodging

Allentown Hilton
904 Hamilton Mall
Allentown, Pennsylvania 18101
(610) 433-2221

Monday, March 31, 1997

- 8 30 a m PP&L Overview, *Joe Mezlo, Assistant to the Executive Vice President & Chief Operating Officer*
• Organizational Overview
- 10 00 a m **BREAK**
- 10 15 a m Kyivenergo delegates are separated in to Group A & Group B
Group A Billing & Collection Systems Iouri Prodan, Vassili Babouckhine and Nikolai Protiven
Group B Skill Enhancement Program Vladimir Prilipko and Nikolay Tischenko
- 10 30 a m Group A - Billing and Collection Systems
Ground transportation provided by AA Chauffeur from PP&L to the Customer Contact Center at Lehigh Service Center
Metering, *Timothy Dahl*
• Training
• Safety
• Uniforms
• Vehicles
• Monthly Reading
- 12 00 p m **LUNCH**
- 1 00 p m Presentation by Kyivenergo Managers
• General Discussion Ukraine Billing & Collection Policies
- 3 00 p m **BREAK**

Monday, March 31, 1997 (continued)

- 3 15 p m PP&L Performance Expectations, *Timothy Dahl*
- Route Structures and Standards
 - Route Sizes
 - Error Rate
 - Over and Above Meter Reading
 - Route Maps, Irregularities, Meter Changes
- 4 30 p m **ADJOURN** - Ground transportation provided by AA Chauffeur from Lehigh Service Center to the Allentown Hilton

Lodging

Allentown Hilton

Tuesday, April 1, 1997

- 8 30 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to Hazelton Service Center
- 9 30 a m Presentation by Meter Reading Department
- Meter Reading Peripherals
 - Customer Keys
 - Reports(e g MRMS<ESTS, Daily, Audit Trail)
 - MRRT
 - Mini-Registers
 - Meter Reading Advancements
 - Paper with In-Field Calculations
 - Scan
 - Character Scan
 - Hand-held-First & Second Generations (probing)
- 11 00 a m **BREAK**
- 11 15 a m • MRMS System Overview
 - Hand-held Unit
 - Peripheral Hardware
 - MRMS Information on Terminal

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Tuesday, April 1, 1997 (continued)

- Meter Reading Function
 - Maps
 - Meter Reading Analysis Reports
 - Start/End of Day
 - Route Assignments
 - Schedule Adjustments
 - Work Reassignments

12 00 p m **LUNCH**

- 1 00 p m • Meter Reader Trip (approx 1-2 hours)
- Tour of Meter Shop
 - Review of Meter Types & Application
 - Kwh
 - Demand
 - TOU
 - Recorder
 - Review MV-90 Process
 - Review Remote Access Functionality
 - Review AMR Possibilities

4 00 p m Ground transportation provided by AA Chauffeur from Hazelton Service Center to Walbert Training Center and Allentown Hilton

Lodging

Allentown Hilton

Wednesday, April 2, 1997

- 8 15 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to the Customer Contact Center at Lehigh Service Center
- 9 30 a m Working Session between Kyivenergo & PP&L
- Billing
 - Collections
 - Customer Information Systems

Wednesday, April 2, 1997 (continued)

10 30 a m **BREAK**

10 45 a m Continuation of Working Session between Kyivenergo & PP&L

12 00 p m **LUNCH**

1 00 p m Presentations by Revenue Collections Department

- How Bills Are Calculated
 - Tariff Rates Including All Bill Components (e g , base rates, ECR)
 - Demonstration of CACALC Procedure
 - Demonstration of RBIL Processing
- Frequency of Billing
 - Monthly Billing
 - Bill Pro-Ration Calculations
 - Annual Meter Reader Schedule
- Billing Format
 - Provide sample copies of "John Doe" bills
 - Demonstrate CBIL Format
 - Highlight Information Areas of Bill

2 15 p m **BREAK**

- 2 30 p m
- Billing Inquiries and Complaints
 - CSR Handling of Billing Inquiries/Complaints
 - Normal Investigation of High-bill Complaints
 - Role of Specially Trained CSRs
 - Copy of Cost Estimate Sheet
 - Relationship Between Meter Reading/Billing
 - Demonstrate and Explain Meter Format
 - Billing Due Dates
 - 15 20 and 30 day due dates
 - Explain types and rates relate to due date
 - Due date based on mailing date of bill

Wednesday, April 2, 1997 (continued)

- Billing Incentives and Penalties
 - Late payment charge calculations and rules
 - Tariff definitions and rates for LPCs
- Other Billing Issues
 - Billing rights & responsibilities
 - Special fuel charges
 - Bill inserts

4 30 p m **ADJOURN** - Ground transportation provided by AA Chauffeur from Lehigh Service Center to the Allentown Hilton

Lodging

Allentown Hilton

Thursday, April 3, 1994

8 00 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to the Lehigh Service Center

9 45 a m Presentations of Customer Information Systems

- Customer Information Systems
 - Description
 - Origin
 - Hardware Configuration
 - Accessibility
 - System Integrations
 - Billing
 - Cash Receipts
 - Revenue Collection Activities
 - Future System Features

10 30 a m **BREAK**

Thursday, April 3, 1997 (continued)

- 10 45 a m • Basic Customer Information
 -- Customer Number
 -- Name and Address
 -- Billing/Payment Information
 -- Credit Information
 -- Contact History
- Accounts Receivable Reports
 -- Accounts Receivable by Ages
- 12 00 p m **LUNCH**
- 1 00 p m Presentations by Revenue Collections Department
 • Regulatory Control Over Collection Processes
 -- PUC Governance (Chapter 56)
 Utility Requirements
 Winter Termination
 -- Customer Rights (Dispute Process)
 -- Compliance with Regulations
 Performance Indicators (Internal/External)
 Penalties for Non-Compliance
- Revenue Collection Organizations
 -- Purpose, Functions & Staffing Levels
 Residential
 Non-Residential
 Telephone Support Group
 Field Support Group
- 2 30 p m **BREAK**
- 2 45 p m • The Collection Process
 -- Process Overview
 -- Payment Arrangements
 Types of Payment Plans
 Customer Income Levels
 ABLE Information
 Payment Plant Defaults

Thursday, April 3, 1997 (continued)

- Catch-up Payments
- Service Termination and Reconnection

- Payment Options
 - Customer Options
 - Checks
 - Electronic Payments
 - Credit Cards
 - AutoScribe
 - Gift Certificates
- Bad Debt Recovery
 - Customer Identification
 - Collection and Attorney Agency Referrals
 - Write-off of Bad Debt

5 00 p m **ADJOURN** - Ground transportation provided by AA Chauffeur from Lehigh Service Center to the Allentown Hilton

Lodging

Allentown Hilton

Friday, April 4, 1997

8 45 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to the Lehigh Service Center

- 9 45 a m Presentations of Customer Assistance Programs
- Customer Assistance Programs
 - Types of Programs
 - Operation HELP
 - CARES
 - OnTrack
 - LIHEAP

Friday, April 4, 1997 (continued)

WRAP
Community Partnership

- Administration of Programs
- Customer Communications

10 30 a m **BREAK**

- 10 45 a m • Social Service Agencies
- Types of Agencies
 - Networking and Training
 - Referrals

12 00 p m **LUNCH**

- 1 00 p m Working Session between Kyivenergo & PP&L
- Billing
 - Collections
 - Customer Information Systems

2 45 p m **BREAK**

- 3 00 p m Wrap-Up Session
- Program Evaluation
 - Review and Discussion of Future Activities

4 30 p m **ADJOURN** - Ground transportation provided by AA Chauffeur from Lehigh Service Center to the Allentown Hilton

Lodging

Allentown Hilton

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Saturday, April 5, 1997

11 30 a m Ground transportation provided by AA Chauffeur from hotel to the airport

12 50 p m Michael Arrowood departs Allentown, arrives Atlanta 3 54 p m , departs Atlanta
5 21 p m , arrives Asheville 6 21 p m

2 30 p m Ukrainian delegation, Dennis Kovalev and Karin Elliot departs Allentown, arrives
Wash/Dulles 3 32 p m

5 30 p m Ukrainian delegation departs Wash/Dulles, arrives Frankfurt 8 10 a m , departs
Frankfurt 9 35 a m , arrives Kiev 1 05 p m

ATTACHMENT 32

10/1/2020

**Report on the Executive Exchange Visits Between
Kyivenergo and Pennsylvania Power & Light Company
Allentown, Pennsylvania - March 27 - April 5, 1997**

Submitted by

**Albert H Skeath
Deputy Program Manager
Energy Industry Partnership Program
April 7, 1997**

I participated in the Kyivenergo/Pennsylvania Power & Light Company Executive Exchange Visits in Allentown, Pennsylvania on March 27 - April 5, 1997. There were two simultaneous activities conducted during this exchange: Group A - Billing and Collection Systems, and Group B - Skills Enhancement. Agendas for each of these topics are provided as attachments to this report.

The objectives of these executive exchange visits were:

Group A - Billing & Collection Systems

- 1) Through a series of business meetings, introduce Kyivenergo to PP&L's metering process, performance expectations, billing and collection procedures, customer information systems, and customer assistance programs.
- 2) Develop plans and topics for the June, 1997 advisory mission to Kyivenergo by a delegation of PP&L managers.

Group B - Skills Enhancement

- 1) Through a series of business meetings, introduce Kyivenergo to PP&L training assessment process, curriculum design and development, training delivery modes, training evaluation, simulation, and special training.
- 2) Develop plans and topics for the June, 1997 advisory mission to Kyivenergo by a delegation of PP&L managers.

Thursday, March 27, 1997

The Kyivenergo delegation arrived in Washington, D.C. at 3:00 p.m. and was greeted by Michael Arrowood, an interpreter for USEA, and escorted to the Club Quarters Hotel.

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Friday, March 28, 1997

The delegation attended an orientation meeting and presentation at USEA. Sessions were conducted by Al Skeath and Yelena Golbin. Topics included an introduction by USEA, USAID, World Energy Council, the Energy Industry Partnership Program, review of the exchange visit agendas, completion of U.S. tax forms, review of the Visitors' Guide, discussion of the evaluation forms, copying of visas and passports for file records, and cashing of the per diem allowance checks.

Saturday, March 29, 1997

This was a free day in Washington, D.C., and the delegation was escorted by Michael Arrowood.

Sunday, March 30, 1997

The delegation and interpreters traveled to Allentown, Pennsylvania, and were greeted by Al Skeath and escorted to the Allentown Hilton Hotel. The group then traveled to the residence of Mr. Joseph Mezlo of PP&L to attend an "Easter Day" reception.

Monday, March 31, 1997

Mr. Joseph Mezlo, Assistant to the Executive Vice President & Chief Operating Officer, and John Valentine, Regional Manager of Customer Service, provided overview presentations of PP&L. Mr. Mezlo also discussed the history of the Kyivenergo/PP&L partnership and indicated that the focus is moving from one of information exchange to a results-oriented activity. He then explained the restructuring at PP&L, which has created three new companies: a power market company, a power generating and distributing company, and a services company (Spectrum). The purpose of this restructuring is to seek new sources of revenues and to establish global equity positions in the energy sector. PP&L presently has invested in 8738mw outside of its territory. PP&L is also in the process of re-engineering, which will reduce its employment from 8300 in 1992 to 6000 in 2001. Mr. Mezlo mentioned that the PUC has decided that power generation should be deregulated and should not be a monopoly. He concluded by stating that generation price would be set by the competitive market and distribution price would be regulated.

Mr. John Valentine provided an overview of the PP&L customer service operation, including the meter reading and billing process.

The delegation expressed interest in learning about interactions between the Pa. PAC and PP&L and about contract arrangements with industrial customers. PP&L agreed to respond to these interests.

Group A then traveled to the PP&L Service Center while Group B traveled to the PP&L Training Center.

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Mr Timothy Dahl of PP& met with Group A along with five customer service managers and provided an overview of PP&L's Customer Service Center Discussions included training of employees safety, uniforms, vehicles monthly reading process route structures route sizes error rate over and above meter reading, route maps irregularities, and meter changes

Group B met with Jim White, Supervisor of Technical Training who discussed the mandate training programs at PP&L

Tuesday, April 1, 1997

Group A traveled to PP&L's Hazelton Service Center and met with several departments and PP&L managers who addressed the topics of meter reading routes, in-field calculations, scanning, probing, hand-held meter reading information onto the terminal, maps, analysis reports, work reassignments, and organization The group toured the meter shop and inspected different meter types, remote access and automated meter reading processes

Group B met with Bob Grant, Technical Training Instructor, who discussed the PP&L training assessment process, job analysis, curriculum design, curriculum development and competency profiles Using the lineman position as an example, Mr Grant explained the training program and progression line for linemen The group requested that handout materials be translated into Russian and USEA will make arrangements to have this done

Wednesday, April 2, 1997

Group A met at PP&L's Lehigh Service Center to continue discussions about PP&L's billing process, collection system, and customer information system Topics included bill calculations, tariff rates base rates, billing procedures and processes, billing frequencies, meter reader schedules, sample bills, and review of information on bills Further presentations and demonstrations covered billing inquiries and complaints, investigation of complaints, relationship between meter reading and billing, billing due dates, billing incentives and penalties, special fuel charges and billing inserts

Group B met at the PP&L Training Center with Mr Peter Keck, Instructor, who discussed classroom instruction training processes and instruction videos They then met with Mr Jim White, Supervisor of Technical Training, to discuss the training evaluation process

Thursday, April 3, 1997

Group A met at the Lehigh Service Center and had presentations that dealt with customer information systems Topics included hardware, software system integration, basic customer information, accounts receivable reports, and future system features The group then met with representatives of the Revenue Collections Departments who explained the regulatory control process over collections, the revenue collection organization activities, the collection process service termination, payment options, and bad debt recovery Finally, the group learned about customer assistance programs

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Group B traveled to PP&L's Brunner Island Power Plant and had discussions with plant personnel about training with simulator operations and on-the-job training for linemen

Friday, April 4, 1997

Both groups attended a joint meeting at which Messrs Joe Mezlo, Bob Miller, John Parill, and Peter Clausowits of PP&L explained the process of re-engineering at PP&L which is aimed at improving customer satisfaction, improving revenues, and utilization of technologies

The meeting concluded with identification of topics to be covered at the June, 1997 Advisory Mission to Kyivenergo by PP&L. The main topics will be

- 1 Interaction between customer service and other divisions at PP&L
- 2 Adoption of PP&L software in metering and billing for Kyivenergo
- 3 Contracts and marketing activities for large customers, including relations between marketing and customer service
- 4 Role of managers in identifying employee qualifications and characteristics for job consideration (Behavior dimensions)
- 5 Identification of employee training needs
- 6 Employee skills assessment including competency levels
- 7 Training program curriculum development for various job descriptions

Iouri Prodan emphasized that the priority issue is to transfer software from PP&L to Kyivenergo on customer information systems. Mr. Mezlo agreed to explore this possibility.

The delegation completed the evaluation forms and gave them to Michael Arrowood for translations. Also, Mr. Prodan wrote a summary of previous activities at Kyivenergo based on information received from PP&L and his views on possible future activities. Mr. Arrowood interpreted this information and Mr. Mezlo is reviewing it. A copy will be sent to USEA.

ATTACHMENT 33



DATE OF ISSUE March 25, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

EXECUTIVE EXCHANGE VISIT BETWEEN KYIVENERGO/PP&L

Focusing On

(Group B)

SKILLS ENCHANCEMENT PROGRAM

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location/Dates: Washington, D.C. Allentown, Pennsylvania

March 27 - April 5, 1997

Participants

Vladimir Prilipko, Deputy Director Kiev CHP-5 JSC "Kyivenergo"

Nikolay Tischenko, Director Educational Center JSC "Kyivenergo"

Interpreters

Michael Arrowood

Dennis Kovalev

Karin Elliot

BACKGROUND

The Ukrainian power industry was developed and operated as a part of the integrated power system of the former Soviet Union. The installed electricity generation capacity of the power system is about 53,000 mw, including nuclear, hydro and thermal power plants. There are more than 40 thermal (fossil fuel) plants with over 100 generating units and a total capacity of 32,000 mw. During the past 20 years, investment policy favored the use of natural gas and nuclear power at the expense of coal-fired plants.

In September, 1992 USAID and USEA jointly formed the Energy Industry Partnership Program (EIPP) to assist the Ukraine and other NIS republics by transferring U.S. business knowledge and management practices to the foreign utility managers.

On December 10, 1993 an initial executive exchange visit by a delegation of Kyivenergo personnel culminated with the signing of a Cooperative Agreement with Pennsylvania Power & Light Company. A total of 18 partner activities were held over the next three years. These included executive exchange visits, internships, advisory missions, and seminars.

Due to the lack of rehabilitation and the postponement of maintenance the availability of the power plants decreased. In addition, there was a lack of spare parts and a decrease in fuel inventory to abnormally low levels. Combined with this there is insufficient payment collection, a lack of credit, and a severe shortage of working capital.

In 1996, the Ukraine government established a strategy to strengthen its regulatory body, improve payment collections, reduce subsidies and privatize the thermal power generation and distribution companies.

This nineteenth activity between the partners will focus on the topics of billing, collections, payments and customer assistance programs. A parallel activity will be conducted on skills enhancement. The former activity will be a continuation of a seminar topic that was conducted in Kyiv in June, 1996.

OBJECTIVES

The objectives of this executive exchange visit are

GROUP A

- 1 To review metering processes at PP&L

OBJECTIVES *(continued)*

- 2 To discuss performance expectations
- 3 Presentations on billing and revenue collection procedures
- 4 Presentations on customer information systems
- 5 Customer Assistance Programs
- 6 Working sessions to assist the Kyivenergo managers to adopt improvements to their billing and collection systems

GROUP B

- 1 Review of training assessment process
- 2 Curriculum design and development
- 3 Training delivery modes
- 4 Training evaluation
- 5 Simulation
- 6 Special training
- 7 Working session to assist Kyivenergo managers to adopt PP&L principles of skills enhancement

PROGRAM

The program will consist of two simultaneous activities conducted by PP&L managers and instructors. The sessions will include presentations, demonstrations, tours, and hands-on examples. Group A topics will include billing, collections, information systems, and customer assistance programs. Group B will focus on skills enhancement policies and procedures including program design, presentation, and evaluation.

4/0

Skill Enhancement Program Executive Exchange -Kyivenergo/PP&L

Thursday, March 27, 1997

- 7 45 a m Ukrainian delegates departs Kiev, arrives Frankfurt 9 30 a m
- 11 25 a m Ukrainian delegates depart Frankfurt, arrive Wash/Dulles 2 25 p m -- greeted at airport by Michael Arrowood, Interpreter
- 3 00 p m Ground transportation provided by Carey for Ukrainian delegation and Michael Arrowood from Wash/Dulles to Club Quarters Hotel

Lodging:

Club Quarters Hotel
839 17th Street N W
Washington, D C 20006
(202) 463-6400

Friday, March 28, 1997

- 9 15 a m Michael Arrowood and Ukrainian delegation walk from hotel to USEA offices
- 9 30 a m Orientation of USEA, *Al Skeath, Deputy Program Manager*
- Introduction to USEA
 - Review/Discussion of Agenda
 - Evaluation Forms
 - Completion of Tax Forms
 - Xeroxing of Passports & Visas
 - Review Visitors' Guide
 - Per Diem Allowances
- 11 00 a m Delegation escorted to Crestar Bank to cash per diem checks
- 12 00 p m **LUNCH (Provided by USEA)**
- 1 30 p m Presentation of Partnership Program, *William L. Polen, Program Manager*
- USAID Structure
 - World Energy Council
 - Energy Partnership Program
 - Existing Partnerships
 - Program Focus

Skill Enhancement Program Executive Exchange -Kyivenergo/PP&L

Friday, March 28, 1997 (continued)

2 15 p m **BREAK**

2 30 p m Review of Program Agenda, *William L Polen*

- Topics
- Agenda
- Objectives
- Program Evaluation

4 30 p m **ADJOURN**

Lodging

Club Quarters

Saturday, March 29, 1997

FREE DAY - WASHINGTON, D C

Lodging

Club Quarters

Sunday, March 30, 1997

10 30 a m Ground transportation provided by Carey from Club Quarters to Wash/Dulles - Michael Arrowood, Dennis Kovalev, Karin Elliot, and Ukrainian delegation

12 20 p m Ukrainian delegation, Michael Arrowood, Dennis Kovalev and Karin Elliot depart Wash/Dulles, arrive Allentown 1 23 p m

1 30 p m Ground transportation provided by AA Chauffeur from airport to Allentown Hilton

FREE AFTERNOON - ALLENTOWN, PA

Monday, March 31, 1997 (continued)

Lodging

Allentown Hilton

Tuesday, April 1, 1997

8 30 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to the Training Center - Walbert Avenue

The Training Assessment Process, *Bob Grant, Supervisor, Training Technical Instructor*

- Job/Task Analysis - The DACUM Process

12 00 p m **LUNCH**

1 00 p m - Curriculum Design, *Bob Grant, Supervisor, Training Technical Instructor*

4 30 p m • Scope and Sequence of Training

Curriculum Development, *Bob Grant, Supervisor, Training Technical Instructor*

- Unit of Instruction Design

5 00 p m Ground transportation provided by AA Chauffeur from the Training Center - Walbert Avenue to the Allentown Hilton

Lodging

Allentown Hilton

Wednesday, April 2, 1997

8 30 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to the Training Center - Walbert Avenue

Training Delivery, *Peter Keck Instructor*

- Classroom Instruction - Different Modes
- Instruction Video Modules Delivery

Skill Enhancement Program Executive Exchange -Kyivenergo/PP&L

Wednesday, April 2, 1997 (continued)

12 00 p m **LUNCH**

1 00 p m - Training Evaluation, *Jim White, Supervisor Training Technical Instructor*
4 00 p m

4 00 p m **ADJOURN**

4 30 a m Ground transportation provided by AA Chauffeur from the Training Center-
Walbert Avenue to the Allentown Hilton

Lodging

Allentown Hilton

Thursday, April 3, 1997

8 00 a m Ground transportation provided by AA Chauffeur from the Allentown Hilton to
Brunner Island S E S

Training Delivery - Brunner Island S E S
• Simulators - Plant Operation Training

12 00 p m **LUNCH**

1 00 p m - Training Delivery - Mobile Work Force
3 00 p m • On-the-job Training - Lineman Training

3 15 p m **ADJOURN**

3 15 p m Ground transportation provided by AA Chauffeur from Brunner Island to the
Allentown Hilton

Lodging

Allentown Hilton

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Skill Enhancement Program Executive Exchange -Kyivenergo/PP&L

Friday, April 4, 1997

8 30 a m - Specialized Training Projects, *Kathleen Heffelfinger, Manager Division*

12 00 p m *Operation Information Services*

- SIGHT - T&D Re engineering Training

RAP - Procurement Training, *Michael Johnson, RAP, Technical Project Manager*

HRPR, *John Hoffner, Manager-HR/PR Project*

12 00 p m **LUNCH**

1 00 p m - Working Session between Kyivenergo and PP&L

- 4 00 p m
- Skills Development
 - Training Assessment
 - Instruction Modes
 - Training Evaluation

4 00 p m **ADJOURN**

Lodging

Allentown Hilton

Saturday, April 5, 1997

11 30 a m Ground transportation provided by AA Chauffeur from hotel to the airport

12 50 p m Michael Arrowood departs Allentown, arrives Atlanta 3 54 p m , departs Atlanta 5 21 p m , arrives Asheville 6 21 p m

2 30 p m Ukrainian delegation, Dennis Kovalev and Karin Elliot departs Allentown, arrives Wash/Dulles 3 32 p m

Saturday, April 5, 1997 (continued)

5 30 p m Ukrainian delegation departs Wash/Dulles, arrives Frankfurt 8 10 a m departs Frankfurt 9 35 a m , arrives Kiev 1 05 p m

ATTACHMENT 34



DATE OF ISSUE April 18, 1997

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

**INVESTOR RELATIONS
EXECUTIVE EXCHANGE VISIT**

between

DNEPROENERGO

and

KENTUCKY UTILITIES COMPANY

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Locations: New York, NY, Lexington, KY & Washington, D.C.

Dates: April 16 - 24, 1997

Participants

Volodymyr P. Bondarenko, Chairman of Dneproenergo
Guennadi K. Botchkarev, Vice Chairman, Dneproenergo

Interpreters

Michael Arrowood
Karin Elliot

BACKGROUND

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with 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 New 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 a 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 into its counterpart in the NIS. Presently, the EIPP has established 15 U S /NIS industry partnerships in seven of the NIS republics.

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 facility.

The second activity under the partnership program was an Advisory Mission to Dneproenergo facilities in the Ukraine to acquaint representatives of the Kentucky Utilities Company with the Ukrainian energy sector facilities and operations. During this activity representatives of Kentucky Utilities became acquainted with the energy sector restructuring and the major issues facing Dneproenergo. The third project was an executive exchange visit that focused on accounting systems, corporate finance and information systems. This fourth activity under the partnership program will be on the topic of investor relations. This will assist Dneproenergo managers as they adopt privatization principles.

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 Kentucky Utilities' annual meeting to learn about the interaction between shareholders, corporate officers, Board of Directors, and employees. This will include an understanding of terminology of stocks, bonds, interest, dividends, retained earnings, capital investment, bond ratings, and accounting audits.

Investor Relations Executive Exchange Visit -Dneproenergo/Kentucky Utilities

- 3 To introduce the delegates to sources for financial funding of capital projects and feasibility studies This will include an understanding of the World Bank and U S Trade & Development Agency activities
- 4 To discuss management programs for technically-trained managers (ASME)

PROGRAM

The executive exchange visit will include

- A Meetings with Goldman Sachs, Arthur Andersen, Standard & Poor, Georgeson & Company, and ASME

This will introduce the delegates to stock market operations and concepts, including stocks, bonds, ratings, market vs book price, yield, interest, dividend, retained earnings and the trading process

- B Attendance at Kentucky Utilities' Annual 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 They will learn about the decision-making processes for capital investment and dividend policies

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Investor Relations Executive Exchange Visit -Dneproenergo/Kentucky Utilities

Wednesday, April 16, 1997

- 5 45 p m Ukrainian delegation arrives in New York and greeted at airport by Michael Arrowood
- 9 30 p m Meeting in the lobby of Club Quarters Manhattan with delegation, interpreters, and William Polen
- Review of Agenda
 - Signing of Tax Forms
 - Review of Handout Materials
 - Xerox Participants' Passports/Visas
 - Disbursement of Per Diem Money

Thursday, April 17, 1997

- 9 30 a m Meeting with Goldman Sachs, *Tom Lane, Vice President Investment Banking Division 85 Broad St, New York, New York*
- Equity
 - Bonds
 - Risk Analysis
 - Bond Rating Agencies
- 11 00 a m - Tour of New York Stock Exchange, *John Donachie, Vice President Investor Relations JJC Specialist*
- 1 00 p m
- 2 00 p m Meeting with Standard & Poor's, *Curtis E Moulton, Managing Director, 25 Broad St, New York, New York*
- Bonds & Ratings
 - Corporate Evaluation Process
 - Impact of Changes to Bond Rating
- 4 30 p m **ADJOURN**

Friday, April 18, 1997

- 9 30 a m Meeting with Georgeson & Company, *Donna Ackerly, Director Proxy Division, Wall Street Plaza a/k/a 88 Pine Street, 30th Floor*
- Introduction to Kentucky Utilities' Annual Meeting
 - Assemble Agenda for Annual Meeting
 - Logistical Arrangements
 - Notice to Shareholders

Investor Relations Executive Exchange Visit -Dneproenergo/Kentucky Utilities

Friday, April 18, 1997 (continued)

- Proxy Material
- Tally of Votes

12 00 p m **LUNCH**

1 15 p m Meeting with Arthur Andersen, *Joseph A LoScalzo, Manager, 1345 Avenue of the Americas*

- Audit Process
- Generally Accepted Accounting Principles
- Management Services
- Quarterly & Annual Reports

3 15 p m Meeting with American Society for Mechanical Engineering, *Michael Michaud, Manager, International Member Services, 345 E 47th St , New York, NY*

- Technical Society Support for Energy Sector
- Management Skills for Technically-Trained Supervisors

4 30 p m **ADJOURN**

Saturday, April 19 1997

FREE DAY IN NEW YORK CITY

Sunday, April 20, 1997

10 00 a m Dneproenergo delegation, interpreters and USEA representative depart New York, arrive Lexington Kentucky

Monday, April 21, 1997

9 00 a m Meeting with Investor Relations Department, *Gregory J Shields, Manager, Shareholder Relations, Kentucky Utilities Energy Corporation*

- Preparation for Kentucky Utilities' Energy Annual Meeting
- Discussion of Role of Board of Directors
- Question & Answer Session

12 00 p m **LUNCH**

Investor Relations Executive Exchange Visit -Dneproenergo/Kentucky Utilities

Monday, April 21, 1997 (continued)

- 2 00 p m - Meeting with Illinois Stock Transfer, *Robert G Pearson, President & Chief*
4 00 p m *Executive Officer*
- Role of Transfer Agent
 - Recordkeeping
 - Kentucky Utilities Annual Meeting Preparation
 - Questions and Answers
- 4 00 p m **ADJOURN**

Tuesday, April 22, 1997

- 9 00 a m - Meeting with Robert Hewett, *Robert Hewett Vice President Regulation & Economic Planning*
- 12 00 p m
- Advisory Mission to Zaporzhi (June 9-13, 1997)
 - Executive Exchange Visit - (September 8-12, 1997)
 - 1998 Workplan
 - Program Assessment
- 12 00 p m **LUNCH**
- 1 30 p m - Attend Kentucky Utilities Annual Shareholder Meeting
2 30 p m
- Welcome & Introduction
 - Comments on Kentucky Utilities Energy Operations
 - Open Question & Answer Session for Shareholders
 - Tally of Votes
- 2 30 p m **ADJOURN**

Wednesday, April 23, 1997

- 9 00 a m Wrap-up Session with Investor Relations Department, *William English, Treasurer and Gregory J Shields, Manager Shareholder Relations*
- Questions and Answers Kentucky Utilities Energy Annual Meeting
- 10 00 a m Wrap-up, *Robert Hewett, Vice President Regulation Economic Planning*
- Question & Answer Session

Investor Relations Executive Exchange Visit -Dneproenergo/Kentucky Utilities

Wednesday, April 23, 1997 (continued)

- Program Evaluation
- Discussion of Future Activities
 - Dneproenergo/Kentucky Utilities

2 15 p m Ukrainian delegation, interpreters, William English and Robert Marosz depart Lexington, arrive Wash/National 4 55 p m

Thursday, April 24, 1997

10 00 a m - Meeting with U S Agency for International Development, *Robert Ichord, Chief of*
11 30 a m *Energy & Infrastructure and Robert Archer, Deputy Chief of Energy &*
 Infrastructure

3 00 p m Ground transportation provided by Carey from USEA offices to Wash/Dulles -
 (Dneproenergo delegation and interpreter)

5 45 p m Dneproenergo delegation departs Wash/Dulles, arrives Frankfurt 7 30 a m

ATTACHMENT 35

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DRAFT DATE OF ISSUE March 1, 1996

UNITED STATES ENERGY ASSOCIATION (USEA)

ENERGY INDUSTRY PARTNERSHIP PROGRAM

*** * * * ***

METERING, BILLING, AND COLLECTIONS SEMINAR

*** * * * ***

OTTER TAIL POWER CO /CRIMENERGO PARTNERSHIP

Sponsored by

U S AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

May 30 - June 7, 1997

Simferopol, Yevpatoria, Feodosia, Crimea

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 Crumenergo 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 Since that time number of activities was organized under this partnership including the executive exchange visits, seminars, energy efficiency tours, and internship programs The major topics for those activities were utility management, utility financing, and metering, billing, and collections

One of the critical issues affecting the future of Ukraine's energy industry is continuous problem with collection of payments Cash payments do not exceed 10% of the total amount of electrical bills Many industrial customers try to arrange barter deals where they pay for electricity with goods they produce There are also a lot of organizations and institutions subsidized by the state such as, for example, hospitals, child care facilities, and public schools, that do not have sufficient budgets to fully pay their electricity bills Some of them cannot afford to pay at all At the same time it is illegal to disconnect such non-paying customers though they consume about 30% of the total electricity produced Methods of enforcement of payments for energy by residential and commercial customers is a very sensitive issue, and the state is concerned that by taking a hard line approach to enforcement of payments it may cause a political unrest Problems of non-payments and payment enforcement are related mostly to the overall economic situation in Ukraine and cannot be resolved by the energy industry alone

However, there are certain specific areas in the Ukrainian electrical industry which may be improved within existing economical and political environment Such problems as inefficient generation and distribution systems, inaccurate meters, high losses of electricity and heat, inadequate tariff system which does not allow to recover cost of production, inadequate accounting system, poor customer service, insufficient use of information technology for customer information and billing, and number of others which may be resolved now by using new technologies and by changing management culture

At present there are very few arrangements in place for reducing the substantial debts owed to the

energy utilities. There is no method of assessing the credit rating for prospective customer before an energy supply is made available. Development of the credit rating mechanism for new customers is one of the possible methods of reducing the debt. Other methods should include better debt management which can be achieved by improvement of the customer information systems, creation of the customer service centers and telephone lines to make it easier and more convenient for customers to pay, improvement of the metering and billing process, prevention of theft by creation of special investigative teams, etc. Changes in tariff system to stop subsidizing of residential customers by industrial and to create an incentive for implementing energy efficiency programs should also be considered.

The purpose of the upcoming visit is to learn more about the specific problems in the area of billing and collection which Crimenergo is facing, and to develop set of specific recommendations to allow Crimenergo to improve collection and to reduce customer debt.

OBJECTIVES

The objectives of this visit are as follows:

- 1) To study the customer information system and billing and collection procedures currently used by Crimenergo.
- 2) To develop a set of recommendations regarding the improvements in Crimenergo customer information system and billing and collection process.
- 3) To outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Crimenergo operations.

THE PROGRAM

The program of this activity will include an introductory meeting at Crimenergo and meeting with the Ministry of Industry and Energetics covering an overview of the major issues facing Crimean energy sector and Crimenergo, review of the Crimenergo customer information system and billing and collections procedures in order to identify problem areas and to provide recommendations for improvements, identification of concepts that can be adopted and implemented by Crimenergo, and assignment of a team representing both partners to develop and implement the new information system and billing and collection concepts for Crimenergo.

Agenda - Metering, Billing, and Collections Seminar

Friday, May 30, 1997

- 11 10 a m Mr Reinbold departs from Bismarck to Minneapolis, Northwest, Flight # 620
- 12 30 p m Mr Reimbold arrives in Minneapolis
- 1 00 p m Otter Tail group departs from Fargo to Minneapolis, Northwest, Flight # 457
- 1 53 p m Otter Tail group arrives in Minneapolis
- 3 20 p m Depart from Minneapolis to Amsterdam, Northwest, Flight # 8664
- 6 00 p m Yelena departs from Washington, D C , Northwest, Flight # 36

Saturday, May 31, 1997

- 6 10 a m Group arrives in Amsterdam
- 7 25 a m Yelena arrives in Amsterdam
- 10 25 a m Depart from Amsterdam to Kiev, Northwest, Flight # 8283
- 2 20 p m Arrive in Kiev
- 5 00 p m Check-in at the Dnepr hotel

Sunday, June 1, 1997

- 12 00 p m Check-out from the hotel
- 12 15 p m Pick up at the hotel, ground transportation provided by Dialog
- 2 05 p m Depart from Kiev to Simferopol
- 3 30 p m Arrive in Simferopol, met by Crimenergo representatives
- 5 00 p m Check-in at the Volga hotel

Monday, June 2, 1997

- 9 00 a m Meeting at Crimenergo - *Anatoly Voronovskiy, General Director Crimenergo*
- Current situation at Crimenergo
 - Changes in the energy sector in Crimea
 - Prospective projects
- 10 00 a m Regional Operations (trip to Yevpatoria)
- 11 00 a m Overview of USEA - *Yelena Golbin, Program Coordinator, USEA*
- Crimenergo/Otter Tail Power Company Partnership Program
 - Partnership Activities and Objectives
- 11 15 a m Tour the facilities
- Metering
- What is metered
 - How the meter is read
- Process for transfer of meter information to billing
- Record keeping
 - What information is computerized
- Billing process
- Bill layout/format
 - Timing/scheduling of billing
 - Frequency of meter reading
- 1 30 p m Lunch
- 2 30 p m Collection process
- Paper/Computer records
 - Customer contact
 - Disconnection
 - Data transfer
 - Interaction with main office
- 3 30 p m Question & answer session
- 4 00 p m Depart from Yevpatoria to Simferopol

Tuesday, June 3, 1997

- 8 00 a m Regional Operations, trip to Feodosia Enterprise of Electric Networks
- 10 00 a m Overview of USEA - *Yelena Golbin, Program Coordinator, USEA*
- Crimenergo/Otter Tail Power Company Partnership Program
 - Partnership Activities and Objectives
- 10 15 a m Tour the facilities
- Metering and billing processes used at Feodosia Enterprise of Electric Networks
 - Data transfer
 - Interaction with main office
- 1 30 p m Lunch
- 2 30 p m Collection process
- Paper/computer records
 - Customer contact
 - Disconnection
- 3 30 p m Question & answer session
- 4 00 p m Depart from Feodosia to Simferopol

Wednesday, June 4, 1997

- 9 00 a m Registration for attendees
- 9 30 a m Introduction - *A Voronovskiy, General Director, Crimenergo*
- 9 45 a m Overview of USEA - *Yelena Golbin, Program Coordinator, USEA*
- Energy Industry partnership Program
 - Partnership activities and objectives
- 10 00 a m Corporate Overview of Otter Tail Power - *John Erickson, Director, Market Strategies and Regulation, Otter Tail Power Company*
- Corporate structure
 - Services
 - Customer classes
 - Operations
 - Marketing programs

- 11 00 a m Break
- 11 15 a m Regulation - *Leo Reinbold, President, North Dakota Public Service Commission*
- Regulatory structure
 - Area of Commission oversight
 - Consumer rights and responsibilities
 - Complaint resolution procedures
- 12 00 p m Customer Service Overview - *Roy Larson, Vice President, Customer Service, Minnesota & South Dakota*
- Customer service organization
 - Customer rights and responsibilities
 - Personal communications with customers
 - Establishing new accounts
- 1 00 p m Lunch
- 2 00 p m Metering - *Marlowe Johnson, Vice President, Customer Service, North Dakota*
- Meter reading
 - Meter tampering
 - Load management
 - Energy conservation
- 3 15 p m Break
- 3 30 p m Metering process (continue) - *Marlowe Johnson, Customer Service, ND*
- 4 15 p m Adjourn

Thursday, June 5, 1997

- 9 00 a m Billing - *Jim Rude, Division Manager, Fergus Division*
- Monthly billing cycles
 - Types of bills
 - Processing the payment
 - Establishing and operating a computerized customer information system
 - Customer records
- 11 00 a m Break
- 11 15 a m Collections - *Roy Larson, Vice President, Customer Service, MN & SD*

- Collection process
 - Negotiations
 - Problem collections through collection agencies
 - Legal action
 - Credit bureau
 - Disconnect process
 - Final bill collection
- 1 00 p m Lunch
- 2 00 p m Collections (continued) - *Roy Larson*
- Public relations
 - Assistance programs
 - Community Affairs
 - Economic development
- 3 15 p m Break
- 3 30 p m Final Question & Answer session
- 4 30 p m Adjourn

Friday, June 6, 1997

- 9 00 a m Discussion of future activities - *A Voronovskiy, General Director, Crimenergo*
- Identification of milestones and deliverables
 - Working team assignment
 - Review of work plan
- 11 30 a m Meeting at the Ministry of Industry and Energetics
Overview of USEA - *Yelena Golbin Program Coordinator, USEA*
- Crimenergo/Otter Tail Power Company Partnership
 - Partnership Activities and Objectives
- Overview of the Ministry of Industry and Energetics - *Vladimir Dubovenko, Deputy Minister*
- Role and responsibilities of the Ministry in the energy sector
 - Interaction with Crimenergo
 - Changes in the energy sector in Crimea
 - Prospective projects
- 1 00 p m Lunch

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2 30 p m Check-out from the hotel
3 00 p m Pick up at hotel, ground transportation provided by Crumenergo
4 50 p m Depart from Simferopol to Kiev
7 00 p m Arrive in Kiev
8 00 p m Check-in at the Dnepr hotel

Saturday, June 7, 1997

5 45 a m Pick up at the hotel to Borispol airport, ground transportation provided by Dialog
8 10 a m Depart from Kiev to Frankfurt, Ukraine Intl , Flight # 401
10 05 a m Arrive in Frankfurt
11 30 a m Depart (group) from Frankfurt to Minneapolis, Northwest, Flight # 43
12 25 p m Depart (Yelena) from Frankfurt to Washington, D C , United, Flight # 917
3 05 p m Arrive (Yelena) in Washington, D C
6 20 p m Arrive (group) in Minneapolis
8 00 p m Depart (Otter Tail) from Minneapolis to Fargo (Otter Tail), Northwest, Flight # 1063
8 00 p m Depart (Mr Reinbold) from Minneapolis to Bismarck, Northwest, Flight # 1271
9 00 p m Arrive (Otter Tail) in Fargo
9 25 p m Arrive (Mr Reinbold) in Bismarck

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ATTACHMENT 36

Report on the Metering, Billing, and Collections Seminar Otter Tail Power/Crimenergo Partnership

Simferopol, Crimea - May 30 - June 7, 1997

Submitted by

**Yelena Golbin
Program Coordinator, Energy Industry Partnership Program
June 18, 1997**

I participated and staffed the Otter Tail Power/Crimenergo Metering, Billing, and Collections Seminar conducted in Simferopol, Crimea on May 31 - June 7, 1997. An agenda for the Seminar including a complete list of Crimenergo participants is included as an attachment to this report.

Objectives of the Exchange Visit and Seminar were to

- 1 To study the customer information system and billing and collection processes currently used by Crimenergo
- 2 To develop a set of recommendations regarding the improvements in Crimenergo information system and billing and collection process
- 3 Outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Crimenergo operations

Sunday, June 1, 1997

The USEA sponsored delegation arrived in Simferopol at 4:30 pm. Crimenergo representatives met the delegation at the airport and transferred to the hotel.

Monday, June 2, 1997

Visit to Yevpatoria Electrical Network Enterprise (regional distribution company).

During the visit to Yevpatoria we met with Mr. Victor Kuzub, Director, Gregory Perlov, Deputy Director of Yevpatoria Regional Electrical Network Enterprise, Alexander Bogolyubsky, Chief, and D. Kolesnik, Deputy Chief of Local Electrical Network.

During the meetings in Yevpatoria we have discussed regional operations including such issues as

customer service situation with non-payments, privatization, and plans for future reforms

Yevpatonia Electrical Network Enterprise serves 148,000 residential and about 2000 industrial and commercial customers in Yevpatonia region. It combines 5 Local Electrical networks. The Enterprise provides reliable supply of electricity to all its customers. However, it is facing continuous problem of non-payments. In 1996 about 18 million (40%) of total of 42 million grivna of sales on credit was not paid. Most of the non-paying customers are organizations funded by the state's budget. They cannot pay because of the budget shortfall, and there is no any hope that they will be able to pay in the near future.

Most of the revenues are coming from residential customers. Planned non-payment by residential customers for the entire Crimenergo organization is about 7 - 8 %. Actual non-payment for Yevpatonia Enterprise is 8% which meets the planned number. Most of the non-payments are because of Tatar customers who were relocated from Crimea after the World War II by Stalin and now are resettling in Crimea but do not have sufficient resources to pay their electricity bills. Ukrainian Government took an obligation to provide them an income assistance, but because of the budget shortfall it is not able to help Tatar population, and Tatar customers do not pay their electricity bills at all.

On average, payments from residential customers are received 14 days later than a due date. The Enterprise has a right to disconnect the non-paying customers 3 days after the disconnection notice is sent out. However, in reality disconnection does not happen until 2 - 2.5 months after the notice, because a lot of customers do not pay because they are not paid their wages, and Enterprise agrees to wait until they will get paid. In case of re-connection, customers pay a re-connection fee.

Theft represents another significant problem for the Enterprise. In case when theft is discovered, there is a significant penalty to be paid by the customer. However, Enterprise does not have sufficient staff to investigate theft, and there are not too many cases when theft is discovered.

Most of the payments from industrial customers are made in form of barter and mutual settlements. Cash payments are less than 20 - 25%.

There are plans for privatization of the Enterprise as a part of the overall Crimenergo privatization program. About 49% of the total assets will be privatized while 51% will be retained by the State. Currently there are no plans for privatization of electrical generation facilities and heat generation and distribution systems.

Meeting with Anatoly Voronovsky, General Director of Crimenergo

After returning back to Simferopol we have met with Mr. Voronovsky where he described the overall situation with Crimenergo and with Ukrainian energy sector overall.

There are total of 6700 employees currently employed by Crimenergo. Crimenergo is now preparing

for privatization. Company shares will be sold both in Kiev and in Crimea. State will retain 51% of the company ownership during the first two years after privatization. State's share after that period is not determined yet.

State Energy Regulatory Commission was created in Ukraine. It has proposed an electoral tariff increase of 30%, but that proposal was stopped in the Parliament. The Regulatory Commission opened a regional branch in Crimea and is represented by 3 representatives. Electricity generation, purchase, transmission and distribution, and sales in Ukraine cannot be performed without a license from the Commission. Crimenergo has obtained 4 licenses - for generation, purchase, transportation, and sales of electric energy.

Electricity supply to Crimenergo is provided now through the energy pool. All payments between Crimenergo and energy pool are made now directly and not through Ministry of Energy as it was before.

We have learned that after internship in Otter Tail Power Mr. Vitaly Gembarsky was selected to attend a one year Business School organized by the IIE. He was selected based on the test results beating very serious competition, and the internship program helped him a lot in being successful.

We also found out that Mr. Gennady Tsaplin was elected a first deputy of the mayor in city of Sudak. It is a significant achievement, and it all started after he came back from his trip to Otter Tail Power and implemented the computerized information system based on the knowledge obtained during his visit to the USA.

Tuesday, June 3, 1997

On Tuesday, June 3 we have traveled to city of Feodosia for meetings with management of Feodosia Electric Networks Enterprise and stayed there for another two days for the Metering, Billing, and Collections seminar.

In Feodosia we had a meeting with Mr. Victor Plakida, Chief Engineer of the Feodosia Electrical Networks Enterprise (Mr. Plakida visited Otter Tail Power Company in 1996). Feodosia Enterprise employs 1000 employees. The Enterprise does not have its own generation, all electricity is purchased from Ukraine. The Enterprise serves 162,000 residential and commercial customers. About 60 to 80% revenues are coming from sales to residential customers. Only 20% of payments are made in cash, the rest is barter or mutual settlements. Operations of the Enterprise are currently not profitable.

The Enterprise experiences very high losses which include losses from theft and non-payments. Mr. Plakida informed us that after visiting the Otter Tail Power Company by group of the Crimenergo executives, it was proposed to change the accounting procedure to include customer non-payments as accounts receivable (the same as it is done in Otter Tail) instead of posting non-payments as losses. That change is currently being implemented.

Mr Plakida also had informed us about the new Governmental decree (Resolution No 487 by the Cabinet of Ministers of Ukraine dated May 21, 1997) regarding the improvement of the system of payments for heat and electricity (see attached text of the Resolution) The Resolution requires all payments for electricity to be made in cash, specifies measures to restructure the state's energy debt and debt by state funded organizations, and gives the electrical enterprises the right to disconnect non-paying customers (there is also a list of customers which are not allowed to be disconnected included in the Resolution)

We visited also a Feodosia Local Electrical Network The Local Network is responsible for electricity supply in city of Feodosia and serves about 34000 customers Its functions include customer service including billing, safety, and metering The staff of the Local Networks includes, among others, 5 employees responsible for meter reading, and 10 technicians responsible for distribution system maintenance Currently meter reading is a responsibility of customers who must fill out the billing statement which includes previous and current readings, energy consumption during the billing period, and total amount due They have to pay the bill in their branch of the savings bank The Local Network employees are checking the accuracy of meter readings approximately once in 6 months

After the March, 1997 visit of Otter Tail Power by group of Crimenergo accountants and economists it was decided that starting June 1, 1997 the meter reading procedure in Crimenergo should change Meter reading will become a responsibility of the Local Network employees and will be performed on a monthly basis Bills will be presented to each customer based on the meter readings, and those meter readings will be entered into computers and used as part of the customer information system

There are number of difficulties in this area including inaccessibility of meters (a lot of meters are located inside the apartments and houses and are non-accessible during normal business hours) and insufficient staff of meter readers Crimenergo plans to relocated those meters outside, to increase staff of meter readers, and move them to flexible 24 hour 7 days a week schedule

The Feodosia Network is going also to implement a customer information system similar to one used by Otter Tail and has already purchased and installed 12 computers for that purpose

Wednesday, June 4 - Thursday, June 5, 1997

Seminar

More than 90 representatives of Crimenergo had attended the two day seminar on Metering, Billing and Collection that was conducted in Feodosia

Day one of the seminar started with an introduction by Mr A Savelko of Crimenergo and overview of USEA by Yelena Golbin of USEA Then Mr John Erickson, Otter Tail Power Director for Market Strategies and Regulation made a presentation on general overview of Otter Tail Power Company He described the corporate structure, services, customer classes, operations, and

marketing programs

Mr. Leo Reinbold, North Dakota Public Service Commissioner, made a presentation on regulatory structure of State of North Dakota electricity sector including such issues as area of commission oversight, consumer rights and responsibilities, and complaint resolution procedures

Mr. Roy Larson, Vice-President for Customer Service, Minnesota and South Dakota, made a presentation on customer service. He discussed such issues as customer service organization, customer rights and responsibilities, personal communications with customers, and establishing new accounts

In the afternoon Mr. Marlowe Johnson, Vice President for Customer Service, North Dakota, continued seminar with a presentation on metering. His presentation highlighted such topics as meter reading, meter tampering, load management, energy conservation, and metering process

On Thursday seminar continued with a presentation by Jim Rude, Fergus Falls Division Manager, on billing. The presentation covered issues of monthly billing cycle, types of bills, processing of payments, establishing and operating of a computerized customer information system, and customer records

After that Mr. Roy Larson provided an overview of collections process. He covered such subjects as collection process, negotiations, collection through collection agencies, legal actions, credit bureau, disconnect process, final bill collection, public regulations, assistance programs, community affairs, and economic development

Each presentation followed by questions and answers session. Among the most frequently asked questions were questions regarding some technical details of the Otter Tail Power system, questions about functions of regulatory commission, relationship between the Federal and State regulatory bodies, procedure of election or appointment of commissioners, but most of the questions were practical questions about customer service including metering, billing, and collection. For example, participants were interested in functions of service representatives and requirements to their education. They also wanted to know how the total amount owed by the customer is determined and how frequently meter readings are taken. The participants were curious about useful life of meters and their maintenance, they wanted to know who is the meter owner, how meters are calibrated, and how frequently is meter accuracy checked. Payment enforcement, discounts to different groups of customers, billing and payment collection in case of relocation (temporary and permanent), and Otter Tail losses because of non-payments and because of line losses were also subject of great interest for the participants. Another area of interest for the participants was customer information system. They wanted to know who is responsible for the customer data base maintenance and data input in Otter Tail Power, what software and hardware is used, and what are Otter Tail recommendations based on their experience

At the end of the seminar, seminar evaluation was conducted. Evaluation forms were given to all

participants, and their responses were very positive. All the participants have found the seminar to be very useful and the subject discussed very interesting and needed for Crimenergo successful operation.

The seminar ended at 4 15 p m , and our delegation went back to Simferopol

Friday, June 6, 1997

On Friday morning we met with Deputy General Director of Crimenergo Mr Litvinov to discuss future activities and a work plan for 1998 fiscal year. He expressed his satisfaction with a partnership program and noted that the main area of the program should be accounting system, customer service, metering, billing, and collection. Activities should include advisory mission, internship program, attending the Power Gen Conference, and several exchange visits.

After the meeting with Mr Litvinov we had a meeting with Chief Accountant Ms Olga Kuftova, and Manager of Sales and Energy Supervision Department Mr Pavel Belevich. Both of them had visited Otter Tail Power in March of 1997. They advised us about changes in their departments they are implementing after the visit to Otter Tail.

Ms Kuftova had advised that their department is moving to Western accounting system, that they work on computerization and automation of their accounting process including purchase of additional computers and accounting software R3 which is compatible with Oracle. They also are in the process of centralizing Crimenergo accounting operations and, as a first step, are trying to improve interactions between the main and regional offices.

Mr Belevich had told us that Crimenergo will move to the new meter reading and billing beginning June 1, 1997. As described earlier, this will include replacement of meter reading by customers to meter reading and bill preparation by Crimenergo service representatives. Crimenergo expects that this step alone can significantly reduce losses (currently for Crimenergo at about 30%) and improve collections.

In conclusion of our visit we had met with two potential candidates for the internship program in Otter Tail. After that meeting we feel comfortable that both of those candidates are qualified to participate in the internship program.

We had left city of Simferopol in the evening on June, 6

ATTACHMENT 37



DRAFT DATE OF ISSUE October 20, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

KYIVENERGO/PENNSYLVANIA POWER & LIGHT WORKSHOP

Focusing On

**BILLING & COLLECTION AND
CUSTOMER INFORMATION SYSTEMS**

*** * * * ***

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location: Kyiv, Ukraine

Dates: June 7 - 14, 1997

Participants

Joseph J. Mezlo, Principal, Spectrum Energy Services Corporation

Timothy R. Dahl, Customer Relations Specialist, PP&L

Robert H. Ballard, Manager Revenue Collections, PP&L

James E. White, Supervisor Training Technical Instruction, PP&L

Kenneth W. Davidson, Key Account Manager, PP&L

Lesia Starikova, Consultant Energy Industry Partnership Program

BACKGROUND

The Ukrainian power industry was developed and operated as a part of the integrated power system of the former Soviet Union. The installed electricity generation capacity of the power system is about 53,000 mw, including nuclear, hydro and thermal power plants. There are more than 40 thermal (fossil fuel) plants with over 100 generating units and a total capacity of 32,000 mw. During the past 20 years, investment policy favored the use of natural gas and nuclear power at the expense of coal-fired plants.

In September, 1992 USAID and USEA jointly formed the Energy Industry Partnership Program (EIPP) to assist the Ukraine and other NIS republics by transferring U.S. business knowledge and management practices to the foreign utility managers.

On December 10, 1993 an initial executive exchange visit by a delegation of Kyivenergo personnel culminated with the signing of a Cooperative Agreement with Pennsylvania Power & Light Company. A total of 18 partner activities were held over the next three years. These included executive exchange visits, internships, advisory missions, and seminars.

Due to the lack of rehabilitation and the postponement of maintenance the availability of the power plants decreased. In addition, there was a lack of spare parts and a decrease in fuel inventory to abnormally low levels. Combined with this there is insufficient payment collection, a lack of credit, and a severe shortage of working capital.

In 1996, the Ukraine government established a strategy to strengthen its regulatory body, improve payment collections, reduce subsidies and privatize the thermal power generation and distribution companies.

This activity will be a continuation of the task team effort between the partners on the topic of billing, collections, and customer information systems. The Ukraine energy sector has been restructured and Kyivenergo which was once a vertically integrated electric energy company is one of 27 electric companies.

OBJECTIVES

The objectives of this workshop are

- 1 To adopt billing and collection concepts at Kyivenergo based on knowledge gained from PP&L
- 2 To implement customer assistance programs for Kyivenergo customers

OBJECTIVES *(continued)*

- 3 To develop a customer information system on a PC-based process at Kyivenergo

PROGRAM

This workshop will consist of interactive, participatory activities between the task team members of Kyivenergo and PP&L to assist the Ukrainian company to develop and implement new policies and procedures for billing, collection, customer assistance, and customer record keeping

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Workshop-Kyivenergo/PP&L -Billing, Collections & Customer Information Systems

Saturday, June 7, 1997

6 00 p m PP&L delegation departs Newark, arrives Frankfurt 7 30 a m , June 8, 1997

Sunday, June 8, 1997

9 35 a m PP&L delegation departs Frankfurt, arrives 1 05 Kyiv, greeted and escorted to the Hotel Dnepr by Lesia Starkova

Lodging

Hotel Dnepr
Kreschatik St 1/2
Kyiv, Ukraine
Tel 011-380-44-229-8287
Fax 011-380-44-229-8313

Monday, June 9, 1997

9 00 a m **Meeting with USAID/Kyiv**
Andrew Parinov, Energy Advisor
➤ Review Program Agenda

12 00 p m **LUNCH**

1 30 p m **Meeting with Hagler Bailly**
Joseph Moran, Central Maine Power
➤ Review Program Agenda

3 00 p m **Meeting with Kyivenergo**
Iouly Potapenko, Chief of Foreign Department
➤ Review Program Objectives
➤ Orientation and Planning between task team members

Lodging

Hotel Dnepr

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Tuesday, June 10, 1997

9 00 a m - **Presentation "Update on Recent Changes in the U S Power Sector Due to New Legislation and Increased Competition"**

Joseph Mezlo, Principal, Spectrum Energy Services Corporation

- Recovering costs in a new way of doing business
- Financing the change to less regulation
- New rate designs
- Educating and informing customers
- Caring for customers in need
- Changes to corporate structure
- Customer and supplier access

10 30 a m **Presentation Billing and Collection Activities at PP&L**

Robert Ballard, Manager-Credit and Collection

- Customer Service mission
- Business goals
- Customer Service interaction with other departments
- Metering electric service
- Billing customers
- Collecting from customers with poor payment histories
- Customer information system
- Role of regulation

12 00 p m **LUNCH**

1 00 p m **Continuation - Billing and Collection Activities at PP&L**

Robert Ballard, Manager-Credit and Collection

- Collecting from customers with poor payment histories
- Customer information system
- Role of regulation

2 00 p m - **Presentation Programs for Payment Troubled Customers**

4 30 p m *Timothy R Dahl, Manager-Consumer Programs*

- PP&L programs to help customers and communities in need
- Special billing options
- Government programs to assist customers
- Source of funds to finance programs
- How customers qualify for assistance

Lodging

Hotel Dnepr

Wednesday, June 11, 1997

- 9 00 a m **Presentation PP&L Processes and Programs for Sales and Service to Large Industrial and Commercial Customers**
Kenneth Davidson, Key Account Manager
- Approaches to marketing and sales
 - Tariffs for large power users
 - Marketing (sales) departments organizational structure
 - Building relations with large power customers
 - Economic development issues
- 10 30 a m **Presentation Technical Training Processes and Programs at PP&L**
James White, Manager-Technical Training
- Mission and initiatives of technical training
 - Facilities and staff
- 12 00 p m **LUNCH**
- 1 00 p m **Continuation - Technical Training Processes and Programs at PP&L**
James White, Manager-Technical Training
- Costs for attending training
 - Systematic approach to training programs
- 2 00 p m - **Presentation Managing Organizational Change**
4 30 p m *Joseph Mezlo, Principal, Spectrum Energy Services Corporation*
- Types of change
 - Organizational barriers to change
 - Strategies for change leaders' role in change
 - Change strategies

Lodging

Hotel Dnepr

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Workshop-Kyivenergo/PP&L -Billing, Collections & Customer Information Systems

Thursday, June 12, 1997

- 9 00 a m **Site Visit Kyivenergo's Customer Information Center**
Robert Ballard, Manager-Credit and Collection and Timothy R Dahl, Manager-Consumer Programs
- Kyivenergo's Customer Information System
 - Kyivenergo's billing process
 - Meter installation and the meter reading process
 - Service termination and collection processes
 - Government subsidies for various customer categories
- 12 00 p m **LUNCH**
- 1 00 p m- **Site Visit - Large Power Customers**
4 30 p m *Kenneth Davidson, Key Account Manager*
- Kyivenergo's process for tariff contracts with customers
 - Demand side management effort
 - Power quality
 - Reliability
 - Rate options

Lodging

Hotel Dnepr

Friday, June 13, 1997

- 9 00 a m **Site Visit Kyivenergo's Technical Training Facilities**
James White, Manager-Technical Training and Joseph Mezlo, Principal, Spectrum Energy Services Corporation
- Training programs
 - Minenergo's training program
 - Training issues
 - Safety on-the-job
- 12 00 p m **LUNCH**

Workshop-Kyivenergo/PP&L -Billing, Collections & Customer Information Systems

- 1 00 p m **Meeting with Kyivenergo**
Iouly Potapenko, Chief of Foreign Department
 >Program Evaluation
- 1 00 p m **Meeting with Hagler Bailly**
Joseph Moran, Project Manager and Eric W Haskins, Advisor
 >Review summary
- 3 00 p m **Meeting with USAID/Kyiv**
Andrew Parinov, Energy Advisor
 >Review Summary

Lodging

Hotel Dnepr

Saturday, June 14, 1997

- 2 05 p m PP&L delegation departs Kyiv, arrives Frankfurt 3 50 p m , departs Frankfurt 5 20
p m , arrives NY/Kennedy 7 45 p m

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ATTACHMENT 38



**United States Energy Association
Energy Industry Partnership Program**

**INFORMATION SYSTEMS AND HUMAN RESOURCES
SEMINAR**

Otter Tail Power/Crimenergo Partnership

Sponsored by

United States Agency for International Development

July 25 - August 2, 1997

Participants

**Richard Muehlhausen, Vice President, Corporate Services, Otter Tail
Rodney Scheel, Vice President, Electrical, Otter Tail
Dale Trosvig, Director, Personnel & Services, Otter Tail
Bruce Clark, Supervisor, Compensation & Employee Benefits, Otter Tail
Warren Hershner, Manager, Purchasing and Stores
Yelena Golbin, Program Coordinator, USEA**

Locations

Simferopol, Crimea

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 Since that time number of activities was organized under this partnership including the executive exchange visits, seminars, energy efficiency tours, and internship programs The major topics for those activities were utility management, utility financing, and metering, billing, and collections

One of the very significant issues facing almost all of the companies affected by market reforms are issues of the human resource management in market economy In the former Soviet Union state guaranteed certain medical and other benefits such as paid holidays, paid vacations, sick leave, and others to all employees Staffing requirements, hiring practices, training, human resources policies and procedures were about the same for all organizations and were developed and closely monitored by the state Firings were very rare, and major lay-offs never were considered as an option At the same time, most of the enterprises and organizations in the former Soviet Union had a significantly larger staff than similar enterprises and organizations in the West Part of the reason for that was lower productivity, but another part was state control and complete lack freedom for the organizations to independently define their human resources policies and staffing requirements

Today the situation is changing as NIS countries are moving in the direction of market reforms With this process, issues of human resource management are becoming increasingly sensitive A lot of employees are becoming concerned about their benefits and even employment, and more and more private companies are adopting the human resources policies and practices based on economic considerations, cost reduction, and competitiveness Errors in human resources management, unbalanced human resources policies may, potentially, lead to social problems, high unemployment, and even to political unrest

Another reason that human resources management is becoming more and more important is a trend for the companies working in conditions of market economy to increase their productivity to stay competitive One of the methods used to increase work force productivity is automation and use of

information technology. Information technology is a key to solving number of problems Crimenergo currently faces in the areas of metering, billing, collections, and customer service. However, use of new technology and increased productivity may have a dramatic effect on the human resources both in terms of reduction in number of personnel and increased requirements to employee skills and qualifications. Employee training and re-training is becoming very important during such transition period. Hiring practices, search and recruiting are also becoming critical for successful company management. Another important resource of productivity increase is employee motivation. There is number of methods which can be used to motivate employees for higher achievements, and it is important to use a correct method for different categories of employees.

All of the above applies to Crimenergo. The purpose of the upcoming visit is to share the knowledge acquired by the Otter Tail Power company in both information technology and in human resources management. Use of information technology to improve the Crimenergo functioning will be discussed during the seminar and meetings. In addition to that, the effect of information technology on human resources will be specifically addressed. One of the goals for that visit is to determine the areas a set of specific recommendations to allow Crimenergo to take advantage of the latest achievements in the area of information technology and to improve human resources management process in conditions of market reform.

OBJECTIVES

The objectives of this visit are as follows:

- 1) To study the customer information system and human resources procedures currently used by Crimenergo.
- 2) To identify the areas which need improvements in Crimenergo customer information system and human resources management.
- 3) To outline a plan and assign team members from both partners to work towards the implementation of suggested improvements in the Crimenergo operations.

THE PROGRAM

The program of this activity will include an introductory meeting at Crimenergo covering an overview of the major issues facing Crimean energy sector and Crimenergo, review of the Crimenergo customer information systems and human resources procedures in order to identify problem areas and to provide recommendations for improvements, identification of concepts that can be adopted and implemented by Crimenergo in the area of information systems and human resources.

Agenda - Information Systems and Human Resources Seminar

Friday, July 25, 1997

- 1 00 p m Otter Tail group departs from Fargo to Minneapolis, Northwest, Flight # 1470
- 1 57 p m Otter Tail group arrives in Minneapolis
- 3 20 p m Depart from Minneapolis to Amsterdam, Northwest, Flight # 8664
- 6 00 p m Yelena departs from Washington, D C , Northwest, Flight # 36

Saturday, July 26, 1997

- 6 10 a m Group arrives in Amsterdam
- 7 25 a m Yelena arrives in Amsterdam and meets with the group
- 10 25 a m Depart from Amsterdam to Kiev, Northwest, Flight # 8283
- 2 20 p m Arrive in Kiev, Borispol airport
- 5 00 p m Check-in at the Dnepr hotel

Sunday, July 27, 1997

- 12 00 p m Check-out from the hotel
-
- 12 15 p m Pick up at the hotel, ground transportation provided by Dialog
- 2 05 p m Depart from Kiev, Zhulany airport, to Simferopol
- 4 20 p m Arrive in Simferopol, met by Crimenergo representatives
- 5 30 p m Check-in at the Volga hotel

Monday, July 28, 1997

- 10 00 a m Meeting at Crimenergo - *Anatoly Voronovskiy, General Director Crimenergo*
- Current situation at Crimenergo

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- Changes in the energy sector in Crimea
 - Prospective projects
 - Future activities
- 10 30 a m Meeting with Crimenergo employees who visited Otter Tail Power Company
- Meter reading
 - Billing process
 - Collections
 - Accounting
- 12 00 p m Lunch
- 1 30 p m Group # 1 - Information Systems at Crimenergo
- Software
 - Hardware
 - Record keeping
 - What information is computerized
- 1 30 p m Group # 2 - Human Resources Department at Crimenergo
- Hiring process
 - Compensation
 - Benefits
 - Incentives
 - Training
 - Policies and procedures
- 4 30 p m Adjourn

Tuesday, July 29, 1997

- 9 00 a m Regional Operations, trip to Yalta Electric Network Enterprise
- 11 00 a m Meeting with management staff
- Current situation at Yalta Network Enterprise
- Overview of USEA - Yelena Golbin Program Coordinator, USEA
- Crimenergo/Otter Tail Power Company Partnership Program
 - Partnership Activities and Objectives
- 1 00 p m Lunch
- 2 30 p m Tour the facilities - Yalta Electric Network Enterprise

Information Svstems Department

- Data transfer
- Interaction with main office

2 30 p m Human Resources Department

- Hiring process
- Compensation
- Benefits
- Incentives
- Training
- Policies and procedures

4 00 p m Question & answer session

4 30 p m Adjourn

Wednesday, July 30, 1997

9 00 a m Registration for attendees

9 30 a m Introduction - *A Voronovskiy, General Director Crimenergo*

9 45 a m Overview of USEA - *Yelena Golbin, Program Coordinator USEA*

- Energy Industry partnership Program
- Partnership activities and objectives

10 00 a m Brief Introduction of Otter tail Power Company - *Richard Muehlhausen, Vice President, Corporate Services*

-
- Location and General Statistics

Investor Owned Company

- Competitive shareholder returns
- Competitive rates for customers
- Competitive wages and benefits

Methods of Increasing Earnings

- Diversification - Subsidiaries
- Increase revenues - sales
- Lower expenses

11 00 a m Break

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- 11 15 a m Human Resources - *Dale Trosvig Director Personnel and Services*
- Recruit and hire employees
 - Train and cross-train employees
 - Labor relations - Collective bargaining
 - Cross functional Committees
 - Policies and procedures
- 1 00 p m Lunch
- 2 30 p m Incentives and Motivation - *Bruce Clark, Supervisor, Compensation and Employee Benefits*
- Compensation and pay system
- 3 15 p m Break
- 3 30 p m Incentives and Motivation (continued) - *Bruce Clark, Supervisor, Compensation and Employee Benefits*
- Employee benefits
 - Medical, pension, etc
 - Other incentive programs
- 4 30 p m Adjourn

Thursday, July 31, 1997

- 9 00 a m Information and Communication - *Richard Muehlhausen, Vice President, Corporate Services*
- Customer Information System
 - Customer data
-
- Billing
 - Remote access (field office)
 - Customer profile/marketing
 - Hardware/software
- 11 00 a m Break
- 11 15 a m Computerized Purchasing System - *Warren Hershner Manager Purchasing and Stores*
- Purchasing organization
 - On-line system as it relates to
Buying procedures
Controlling inventory and distribution

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Example - distribution insulator

- 1 00 p m Lunch
- 2 00 p m Re-Engineering Workforce - *Rodney Scheel, Vice President, Electrical*
- Monitor financial performance
 - Match customer/revenue growth
 - Modify number of employees to work available
- 3 30 p m Final Question & Answer session
- 4 30 p m Adjourn

Friday, August 1, 1997

- 9 00 a m Discussion of future activities - *A Voronovskiy, General Director, Crimenergo*
- Identification of milestones and deliverables
 - Future activities
 - Program evaluation
- 10 30 a m Meeting with prospective interns at Otter Tail Power in October - *Mr Alexander Kalenyuk, Chief of Marketing and sales Department, Simferopol Thermal Plant, and Mr Andrew Getman Computer Programmer Automated Management Systems Department*
- Internship objectives and goals
 - Identification of deliverables

12 00 p m Lunch

- - - - - 2 30 p m - - Check-out from the hotel - - - - -

- 3 00 p m Pick up at hotel, ground transportation provided by Crimenergo
- 4 50 p m Depart from Simferopol to Kiev
- 7 00 p m Arrive in Kiev
- 8 00 p m Check-in at the Dnepr hotel

Saturday, August 2, 1997

- 5 45 a m Pick up at the hotel to Borispol airport, ground transportation provided by Dialog

8 10 a m Depart from Kiev to Frankfurt Ukraine Intl Flight # 401
10 05 a m Arrive in Frankfurt
11 30 a m Depart (group) from Frankfurt to Minneapolis, Northwest, Flight # 43
12 25 p m Depart (Yelena) from Frankfurt to Washington, D C , United Flight # 917
3 05 p m Arrive (Yelena) in Washington, D C
6 20 p m Arrive (Otter Tail) in Minneapolis
8 00 p m Depart from Minneapolis to Fargo, Northwest, Flight # 1063
9 00 p m Arrive in Fargo

ATTACHMENT 39

Report on the Information Systems and Human Resources Seminar Otter Tail Power/Crimenergo Partnership

Simferopol, Crimea - July 25 - August 2, 1997

Submitted by

Yelena Golbin

**Senior Program Coordinator, Energy Industry Partnership Program
August 5, 1997**

I participated and staffed the Otter Tail Power/Crimenergo Information Systems and Human Resources Seminar conducted in Simferopol, Crimea on July 25 - August 2, 1997. An agenda for the Seminar including a complete list of Crimenergo participants is included as an attachment to this report.

Objectives of the Exchange Visit and Seminar were to

- 1 To study the customer information system and human resources procedures currently used by Crimenergo
- 2 To identify areas which need improvements in Crimenergo customer information system and human resources management
- 3 To outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Crimenergo operations

Sunday, July 27, 1997

The USEA sponsored delegation arrived in Simferopol at 4 30 pm. Crimenergo representatives met the delegation at the airport and transferred to the hotel.

Monday, July 28, 1997

Visit to Yalta Electric Network Enterprise (regional distribution company).

During the visit to Yalta we met with Mr. Usachov, Director, and Mr. Futimsky, Chief Engineer of the Yalta Electric Network.

Mr. Usachov described current situation in the Enterprise and discussed regional operations including

such issues as use of information technology, customer service non-payments, privatization, and plans for future reforms

Yalta Electric Network Enterprise serves 70,000 residential and about 1500 industrial and commercial customers in Yalta region. The Enterprise provides reliable supply of electricity to all of its customers. Yalta Electric Network experiences a problem of non-payment, but that problem is not very acute. Currently the total customer debt is about 4,000,000 grivna. Of that amount about 2,500,000 grivna is debt by commercial and industrial customers, and about 1,500,000 grivna - debt by residential customers. Most of the non-paying customers are organizations funded by the state's budget, and because of the continuous budget deficit there is very little hope that the situation will improve in the near future.

About 48% of payments are made in form of mutual settlements or promissory notes, and about 52% in form of cash. The most effective method of payment enforcement is disconnection of the non-paying customers. However, there are certain customer categories such as hospitals, schools, child care facilities that cannot be disconnected. Other methods include arbitrage, and, for residential customers, development of a payment plan to allow debt repayment over a period of time. There is no such practice as requesting security deposits from customers to be used as payment guarantee.

As a result of our Partnership Program, all Crimenergo regional offices including Yalta Electric Network are currently in a process of changing their billing practices to implement a procedure similar to one used by Otter Tail. Instead of trusting customers with meter reading and filling out payment forms Yalta Electric Network will use their specially assigned employees to take meter readings and will be preparing and mailing bills to all customers. This procedure will increase cost of billing process, but it is expected to reduce non-payments significantly with overall effect being positive. At the beginning, bills will be sent quarterly with gradual transition to a monthly billing cycle.

Mr. Usachov had also advised us that Crimenergo will be privatized in about two months and will become a joint stock company. About 20% shares will be sold to Crimenergo employees with the state retaining 51% ownership and the rest sold on open market. Mr. Usachov was not aware about all the details and suggested to talk about that with Crimenergo upper management. He was also not sure about exact mechanism of privatization and whether Crimenergo employees will be interested in owning the company shares, because it is not clear what real benefit it will provide to them.

Mr. Usachov also told us that in the area of human resources he is most interested in such topics as personnel training programs and process of recruiting and training of engineering personnel. There are some problems in Crimenergo now with filling engineering positions because less and less college students chose engineering as their major getting instead to the areas where they can have higher paying jobs.

During the meeting with Mr. Futimsky we discussed issues related to information technology and its use in Yalta Electric Network. Mr. Futimsky told us that their company first started to use computers

about 6 years ago. Currently they have about 50 computers and about 100 computer programs which are mostly developed within their organization. The first computer program implemented in Yalta Electric Network was a payroll program. Now they use software for billing, accounting, human resources, and also for remote control of substations and transmission and distribution lines. They also are working on development of comprehensive customer information system to facilitate billing and collection processes. As for transmission of information to the main office, it is still done by fax or by mail with reports generated using the Yalta Electric Network data base programs.

We also learned that there is a Purchasing and Stores department in Yalta Enterprise with 4 employees working there. No computers or software programs are used for purchasing or inventory monitoring purposes. All entries in the registers are done manually, and all information is kept in paper registers.

We visited a Human Resources department and learned that total of 350 employees are working for Yalta Enterprise, and that there is a human resources data base where all the information regarding the company employees is stored.

Tuesday, July 29, 1997

In the morning we met with General Director of Crimenergo Mr. Voronovsky. During the meeting he advised us that Crimenergo is still experiencing non-payment problem. There are some improvements with residential and agricultural customers, but water and transportation companies and organizations and enterprises funded by the state budget are still carrying heavy debt. Crimenergo has developed a program of payment collection from non-paying customers, and situation is gradually improving. However, some of the companies declare bankruptcies, and there is no bankruptcy law in Ukraine to allow Crimenergo to collect debt.

Mr. Voronovsky also mentioned that financial situation at Crimenergo is not very good, and that they have some problems with buying fuel for a winter heating period, and that they do not have enough cash to maintain equipment properly.

Mr. Voronovsky described the privatization plan in more details. Crimenergo privatization will start within next two months. The plan is that Crimenergo will become a joint stock company. About 20 - 25% shares will be sold at discount price to Crimenergo employees. There will be three lists of persons eligible to buy Crimenergo shares at discount price. The first list will include all active employees. They are allowed to use their privatization vouchers (all Ukrainian citizens were given certain amount of privatization vouchers) worth 500 grivna to purchase 50 shares. Every active employee will also have a right to buy additional 25 shares at price 10 grivna per share. The second list will include Crimenergo retirees and former employees still working in Ukrainian power industry who will have rights similar to active employees. The third list will include Crimenergo management who will be allowed to buy up to 5% of total shares. That list includes approximately 400 people, but because of the latest presidential decree that number of people on the list may be reduced.

About 23% shares will be sold on a stock market, and 51% will be retained by the state at first stage. At a second stage the state's shares will be sold on a stock market.

Mr. Voronovsky described the overall situation in the Ukrainian electricity sector. Most of the electric companies in Ukraine are operating at a loss. The main reason for that is that electricity tariffs are controlled by the state and are kept artificially low. At the same time, fuel prices have reached the world market level. Because of that, it is impossible to make the electricity sector profitable without a tariff increase. A 20% residential tariff increase would allow to eliminate losses, but is not for profitable operations. Ideally, a tariff system should reflect a cost of production and should also allow for a certain profit. (As a separate note, it should be noticed that in addition to tariffs being very low, the cost of electricity production, transmission, and distribution in Ukraine is very high because of outdated equipment, insufficient maintenance, poor control, and high energy losses.)

After meeting with Mr. Voronovsky we visited the Information Systems and Human Resources departments. We learned that Crimenergo is using modern Oracle based accounting software, has developed customer service software and installed it in the Sebastopol regional office for testing, that each regional office has a Local Area network (LAN), and that most of the dispatch functions are now computerized and can be remotely controlled. While visiting the Human Resources department, we discussed such issues as employee computerized data base, hiring practice, training program, benefits, and incentives.

In the afternoon we visited Bakhchisarai Electric Network Enterprise. The Enterprise serves 32,000 residential and 307 industrial and commercial customers. They just implemented a remote dispatch system and there is a plan to install ABB meters for residential customers to allow automatic meter reading. The Enterprise constantly increases use of computers in their operations including customer information system, accounting, and human resources. They use programmers based in the main office, and have one computer specialist in their office. Enterprise management understands the importance of information technology and plans to use it more in the future.

Wednesday, July 30 - Thursday, July 31, 1997

Seminar.

Day one of the seminar started with an introduction by Mr. A. Voronovsky and Mr. V. Demeko of Crimenergo and an overview of USEA by Yelena Golbin of USEA. Then Mr. Richard Muehlhausen, Vice President for Corporate Service, made a presentation on general overview of Otter Tail Power Company. He described the corporate structure, outlined guiding principles of the investor owned company including competitive shareholder returns, competitive rates for customers, and competitive wages and benefits. He also described methods of increasing earnings such as diversification, increase of sales, and reducing costs.

Mr. Dale Trosvig, Director for Personnel and Service, made a presentation on Human Resources. He discussed such topics as recruiting and hiring practices, employee training, labor relations, and

human resources policies and procedures

In the afternoon Mr Bruce Clark, Supervisor for Compensation and Employee Benefits made a presentation on incentives and motivation covering such topics as compensation and pay system, employee benefits, medical, pension, and other coverages, and other incentive programs

On Thursday, July 31, the seminar continued with a presentation by Mr Richard Muehlhausen on information and communication In his presentation he described customer information system used by the Otter Tail Power Corporation, discussed customer data included in the data base, spoke about billing process and remote access to customer information data base by field offices, described major features included in customer profile characteristics, and discussed software and software used by Otter Tail Power Corporation

That presentation was followed by a presentation by Warren Hershner, Manager for Purchasing and Stores, on computerized purchasing system which included such issues as purchasing organization and on-line buying and inventory control and distribution systems

Seminar continued in the afternoon with a presentation by Mr Rodney Scheel, Vice President, Electrical, on workforce re-engineering He outlined such topics as company's financial performance monitoring, matching of the customer base and revenue growth, and adjusting of number of employees to match available work

Each presentation was followed by a question and answer session Crimenergo participants were interested in average age of Otter Tail employees, in size of pension received by retirees, in number of vacation days per year and number of sick leave days, as well as in overtime work and pay They asked questions regarding salary ranges and who defines the salary ranges for different positions They wanted to know more about equal employment opportunities and number of women in the Otter Tail as well as about hiring policy for older people and whether there is any age discrimination in hiring practices Crimenergo participants wanted to know why the information technology is considered to be so important, what is the level of computerization in Otter Tail (number of employees and number of computers), how computers are repaired (whether there is computer technicians on staff or that work is out-sourced) They also asked number of other questions regarding information technology and human resources

Friday, August 1, 1997

In the morning we had a final meeting with Mr Voronovsky He expressed satisfaction with a partnership program overall and with the latest activity in particular He said that they realize the importance of wider use of information technology and doing everything possible in that direction Such, they are implementing the remote dispatch control program within entire Crimenergo organization. They are in a process of development of comprehensive customer information system and human resources information system He also considered that human resources topics discussed during the seminar were very important and that Crimenergo will use some of the human resources

practices of Otter tail Power Corporation in their operations

We also met with Crimenergo representatives who already visited Otter Tail to check whether there are any changes in Crimenergo which were triggered by those visits

We were happy to learn that entire Crimenergo organization switched to the billing practices used by Otter Tail and which Crimenergo representative Mr Belevich had learned during his visit to the United States. Now meter reading and bill preparation is a responsibility of the Crimenergo employees versus customers as it was before. Some regional office use a quarterly billing cycle, others use monthly billing cycle. The final goal is to use monthly billing cycle for the entire Crimenergo organization. After first two months since implementing of the new billing process there are already some improvements in collection process. The detailed report regarding improvement in collections versus cost increase because of the new billing process will be submitted by Mr Belevich to USEA in the end of August.

We also had an additional meeting with two candidates for internship program in October in Otter Tail (we had interviewed them during our previous visit to Crimenergo). The opinion that both of them are qualified to participate in the internship program was confirmed.

We had left from Simferopol in the evening of August 1, 1997

ATTACHMENT 40



**United States Energy Association
Energy Industry Partnership Program**

**CORPORATE PLANNING
EXECUTIVE EXCHANGE VISIT**

between

Yankee Gas and Moldovagaz

Sponsored by

United States Agency for International Development

February 6-15, 1997

Participants

**Boris Karpov, Deputy General Director of the Energy Department of Power Engineering,
Energy Resources, and Fuel**

Ivan Griu, First Deputy General Director of Moldovagaz

Yakov Kazaku, Deputy Chairman of AOZT Moldovatrangaz

Gennadiy Verin, Chief Engineer of GK Moldenergo

Interpreters

Dennis Kovalev and Michael Arrowood

Locations

Washington, D C

Meriden & New Britain, CT

BACKGROUND

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with 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 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 counterpart in the NIS. Presently, the EIPP has established fifteen U S /NIS industry partnerships in seven of the NIS republics.

In February 1995, a delegation from Moldovagaz visited three U S natural gas companies, including Yankee Gas of Menden, Connecticut, in search of a U S partner. As a result of this executive tour, Yankee Gas agreed to participate under the USEA partnership program as a partner for Moldovagaz.

In June, 1995, Yankee Gas conducted an Advisory Mission to Moldovagaz in Chisinau, Moldova and during this visit a cooperative agreement was signed. Following this a Workplan Development session was held and then executive exchanges were conducted on the topics of finance and on information systems. This was followed by a management seminar in Chisinau and then an executive exchange at Yankee Gas on the topic of metering, billing, and collection.

In this, the eighth activity between the partners, the focus will be on corporate planning with an emphasis on the topics of organizational structure, corporate financial planning, investor relations, role of the Board of Directors, departmental responsibilities, concepts of accounting, marketing, information systems, and contracts, and finally on budgeting.

The intent of this executive exchange is to identify management concepts at Yankee Gas that can be adopted and implemented by Moldovagaz. This may include organizational changes, development of managerial policies, or introduction of new systems and procedures. To assist Yankee Gas to gain a better understanding of the needs of Moldovagaz, the visiting delegation will make detail presentations about their company.

OBJECTIVES

The objectives of this Executive Exchange Visit are

- 1 To introduce the delegation to management concepts that are used by Yankee Gas and to review topics that have been covered during previous exchanges and seminars. This will serve to clarify these management topics for the delegation.

- 2 To have formal presentations by the Moldovagaz delegation on their structure, policies and procedures
- 3 To identify concepts, policies, procedures, and/or structural changes that can be adopted and implemented by Moldovagaz
- 4 To develop a plan and assign team members from both partners to work toward the introduction of these proposed new concepts in the Moldovagaz management process

THE PROGRAM

The program of this activity will include

- 1 An orientation meeting at U S Energy Association covering an overview of the partnership program, and a discussion on the objectives of this executive exchange
- 2 Review of the Yankee Gas organization structure and policies in the areas of corporate planning including such topics as organization structure, Board of Directors roles, investor relations, corporate structure, operational policies, administrative organization, marketing structure, finance, planning and budgeting, performance reviews, and other managerial procedures
- 3 Identification of concepts that can be adopted and implemented by Moldovagaz
- 4 Assignment of a team representing both partners to develop and implement the new management concepts for Moldovagaz
- 5 Briefing at the Embassy of Moldova.

Agenda - Executive Exchange Visit on Corporate Planning

Thursday, February 6, 1997

- 7 20 a m Depart from Chisinau, Moldova, Air Moldova, Flight # 123
- 8 10 a m Arrive in Budapest, Hungary
- 11 50 a m Depart from Budapest, DL Codeshare, Flight # 90
- 3 25 p m Arrive in New York City/Kennedy Airport
- 6 00 p m Depart from New York City/Kennedy Airport, Delta, Flight # 1597
- 7 08 p m Arrive in Washington, D C , National Airport, met at the airport by *Dennis Kovalev*,
Interpreter
Transportation CAREY
Phone 703-892-2000
Conf # 07430050
- 9 00 p m Check in at the Club Quarters Hotel
- Contact *Digna*
 Phone 202-463-6400
 Address 839 17th Street, N W
 Washington, D C 20006

Friday, February 7, 1997

- 9 00 a m Breakfast
- 10 00 a m Orientation Program - *Al Skeath, Deputy Program Manager*
- Introductions
 - History of USEA and WEC
 - Energy Industry Partnership Program
 - USAID
 - Partnership Activities and Objectives

Friday, February 7, 1997

- 10 30 a m Walk to the Crestar Bank to cash per diem checks
- 11 00 a m Presentations by *USAID - Robert Archer & Rajiv Rastogi*
- Overview of World Bank projects - *John Wolters & Janice Masterson*
- 12 00 p m Lunch provided by USEA
- 2 00 p m Briefing at the Embassy of Moldova - *Mr Vlad Spynu, Counselor*
- Overview of the Embassy
 - Energy projects in Moldova
 - Educational projects
- 4 00 p m Adjourn

Saturday, February 8, 1997

FREE DAY

Sunday, February 9, 1997

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
- Transportation CAREY
- Phone 703-892-2000
- Conf # 07430052
- 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

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Sunday, February 9, 1997

7 30 p m Check in at the Ramada Inn Hotel
 Phone 203-238-2380
 Fax 203-238-3172
 Address 275 Research Parkway, Meriden, C T 06450

Monday, February 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 Organization Structure - *B Terzic, Chairman, President and chief Executive Officer*
 • Concept of regulated/unregulated work
 • Strategic Plan
 • Financial Highlights

10 00 a m Level of Board Interaction - *M Healey Vice President-General Counsel and Secretary*
 • Corporate Structure
 • Board of Directors
 • Role of Shareholders
 • Annual Meeting
 • Role of Officers

11 00 a m Finance Structure - *N Rinaldi, Controller*
 • Financial Reporting
 • Accounting Systems
 • Income Statements
 • Balance Sheets

12 00 a m Lunch provided by Yankee Gas

1 00 p m Presentation by Moldovagaz on key issues facing their company - *Mr Gruu, First Deputy General Director of Moldovagaz*
 • Organization Structure
 • Departments and their responsibilities
 • Sub Section Groups
 • Policies and Procedures

Monday, February 10, 1996

- Staffing Support
- Billing and Collection Process
- Customer Information System
- Accounting System
- Financial Reports
- Major Concerns and Problems
- Role of the Ministry

4 30 p m Adjourn

7 00 p m Dinner provided by Yankee Gas

Tuesday, February 11, 1997

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 Discussion of Structural Issue

Role of Commission - *T Dorsey*

- Organization
- Terms of Office
- Selection

10 00 a m Visit to DPUC - *Beryl Lyons, DPUC Public Affairs Specialist*

- Visit the hearing rooms and show where proceedings take place
- Various functions of the DPUC
- Staff and Commissioners

Visit the Office of Consumer Counsel

- Role of the Office in the regulatory process

Visit the Docket Control area

- Record keeping

12 00 p m Lunch provided by Yankee Gas

Tuesday, February 11, 1997

- 1 30 p m Visit to ONSI
- Fuel Cell Review
- 4 30 p m Adjourn
- 7 00 p m Dinner provided by Yankee Gas

Wednesday, February 12, 1997

- 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 Discussion of Structural Issue
Role of Market - *M Ide, Financial Analyst*
- 9 45 a m Role of Politicians - *N Vancor, Manager, Public Affairs*
- Interaction with Commission and Utilities
- 10 30 a m Operational Structure - *C Gooley, Executive Vice President*
- Customer Service
 - Billing and Payment Process
 - Collections
 - Metering
 - Work Management
- 12 00 p m Lunch provided by Yankee Gas
- 1 00 p m Administrative Organization - *E Quinn, Vice President of Yankee Gas*
- Information Systems/Technology
 - Computer Applications
 - Data Processing
 - Human Resources
 - Payroll
- 2 30 p m Marketing Structure - *S Laden Vice President, Marketing and Sales*
- Public Relations
 - Regulations

Wednesday, February 12, 1997

- Customer Assistance
- 3 30 p m Supply - *T Houde, Vice President, Rates and Resource Planning*
 - Gas Control Center
 - Cash Flow Analysis
- 4 30 p m Adjourn
- 7 00 p m Dinner provided by Yankee Gas

Thursday, February 13, 1997

- 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 Performance Measures - *J Calabrese*
 - Corporate Mission
 - Corporate Goals
- 12 00 p m Lunch provided by Yankee Gas
- 1 00 p m Discussion of future activities - *B Terzic, Chairman, President and Chief Executive Officer*
 - Focus area selection
 - Select Metering, Billing, and Collections topics for workplan
 - Identify team members
 - Schedule exchange visits for focus area
 - Identification of milestones and deliverables
 - Organizational changes to be considered
 - Review of workplan
 - Program Evaluation
 - Questions and answers session
- 4 00 p m Adjourn
- 7 00 p m Dinner provided by Yankee Gas

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Friday, February 14, 1997

- 7 00 a m Breakfast
- 8 15 a m Ground transportation to the United Illuminating
Compass Limo
Contact Jeff
Phone 203-284-2003
- 9 00 a m Visit to the United Illuminating Company
- Introductions - *Albert Skeath,, Deputy Program Manager USEA*
- U S Energy Association
 - U S Agency for International Development
 - Energy Industry Partnership Program
 - Partnership Activities and Objectives
 - Yankee Gas/Moldovagaz partnership
- 9 30 a m Overview of United Illuminating Company - *Ms Rita Bowlby, Vice President, United Illuminating Co*
- Departments and their responsibilities
 - Customer Information System
 - Billing and Collection System
- 1 00 p m Lunch
- 2 00 p m Return to Meriden by ground transportation
Compass Limo
Contact Jeff
Phone 203-284-2003

Saturday, February 15, 1997

- 6 00 a m Check-out from the hotel
- 7 00 a m Pick-up from the hotel to the airport
Transportation Compass Limo
Contact Jeff
Phone 203-284-2003
- 10 10 a m Depart from Hartford to New York City, Kennedy airport, DL Codeshare, Flight #

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Saturday, February 15, 1997

4403

11 05 a m Arrive in NYC/Kennedy

4 30 p m Depart from NYC/Kennedy to Frankfurt, Delta, Flight # 60

Sunday, February 16, 1996

9 25 a m Arrive in Frankfurt

3 15 p m Depart from Frankfurt to Chisinau, Moldova, Air Moldova, Flight # 864

6 40 p m Arrive in Chisinau, Moldova

ATTACHMENT 41



**United States Energy Association
Energy Industry Partnership Program**

**INFORMATION SYSTEMS AND BILLING PROCESS
ADVISORY MISSION**

Yankee Gas/Moldovagaz Partnership

Sponsored by

United States Agency for International Development

April 6-11, 1997

Participants

Branko Terzic, Chairman, President, and CEO, Yankee Gas

Ellen Quinn, Vice President, Administration

Paul DiDomenico, Manager, Customer Account Relations

Sharron Emmons, Employee Relations, Staffing and Organizational Development

James Sweeney, President, BVA Cogen Inc.

William Polen, Manager, USEA

Yelena Golbin, Program Coordinator, USEA

Location

Chisinau, Moldova

BACKGROUND

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with 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 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 counterpart in the NIS. Presently, the EIPP has established fifteen U S /NIS industry partnerships in seven of the NIS republics.

In February 1995, a delegation from Moldovagaz visited three U S natural gas companies, including Yankee Gas of Meriden, Connecticut, in search of a U S partner. As a result of this executive tour, Yankee Gas agreed to participate under the USEA partnership program as a partner for Moldovagaz. In June, 1995, Yankee Gas and Moldovagaz signed a cooperative agreement. Since that time number of activities were organized under this partnership program. Among the major topics for those activities were utility management, utility financing, accounting, and metering, billing and collection.

Moldova is dependent on imports for virtually all of its energy needs. Since breakdown of the former USSR energy import prices in Moldova were continuously increasing. The higher energy prices became a heavy burden both for Moldovan industrial and residential customers, because the full costs of fuel imports are now passed through to consumers in Moldova. To reduce the extent of price increases passed on to households, a system of cross subsidizing was instituted with higher rates charged to industrial customers. However, those measures have not proved to be effective. On the contrary, chronic non-payment became a problem not for residential customers only, but for industrial customers as well, creating severe account receivables problem for the entire Moldovan energy sector.

The Moldovan energy sector including Moldovagaz is currently going through the process of developing new corporate structures to put itself on a more commercial basis. The successful operation of the restructured energy companies depends heavily on their ability to operate as commercially viable, corporate entities. Because of the severe account receivables problem facing Moldovagaz, central to the efficient operation of the company is a well managed customer service program that effectively meters gas consumption, tracks customer payments and non-payments, and takes action on problematic account receivables. An improved customer service program coupled with a western oriented accounting and management information system that provides to the management of Moldovagaz timely and accurate financial information on accounts payable and receivable, can improve cash -flow of Moldovagaz, and by extension, the overall situation with Moldovan energy sector.

Reliable customer information system and well established billing and collection procedures are critical elements for the customer service program. The modern computer technology and software programs are widely used by western utilities in order to maintain the customer data base and to track the billing and collection information. It is the purpose of the current Advisory Mission to study the current state of the information system and billing and collection process in Moldovagaz, and then, based on those findings, to develop a set of recommendations to Moldovagaz to facilitate the improvements in those very important areas of utility operation.

OBJECTIVES

The objectives of this Executive Exchange Visit are

- 1 To study the information system and billing and collection procedures currently used by Moldovagaz
- 2 To develop a set of recommendations regarding the improvements in Moldovagaz information system and billing and collection process
- 3 To outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Moldovagaz operations
- 4 To conduct series of meetings with USAID, the World Bank, and other local and international institutions and private companies working in Moldova to gain a better understanding of the current situation in Moldovan energy sector and USAID and the World Bank strategic goals for the U S assistance to make sure that USEA activities support those goals

THE PROGRAM

The program of this activity will include an introductory meeting at Moldovagaz and series of meetings with local and international institutions and private companies covering an overview of the major issues currently facing Moldovan energy sector and Moldovagaz, review of the Moldovagaz information system and billing and collection procedures in order to identify problem areas and to provide recommendations for improvements, identification of concepts that can be adopted and implemented by Moldovagaz, and assignment of a team representing both partners to develop and implement the new information system and billing and collection concepts for Moldovagaz.

Agenda - Advisory Mission

Saturday, April 5, 1997

- 5 30 p m Yelena departs from Washington, D C /Dulles, United, Flight # 916
- 7 35 p m Will departs from Washington, D C /Dulles, Delta, Flight # 60
- 8 20 p m Yankee Gas group depart from New York/JFK, United, Flight # 3518

Sunday, April 6, 1997

- 8 10 a m Yelena arrives in Frankfurt, Germany
- 10 25 a m Will arrives in Frankfurt
- 11 00 a m Yankee Gas group arrives in Frankfurt, Germany
- 3 00 p m Depart from Frankfurt, Air Moldova, Flight # 864
- 6 40 p m Arrive in Chisinau, Moldova, met at the airport by Moldovagaz representative and interpreter

Monday, April 7, 1997

- 9 30 a m Meeting at Moldovagaz - *Mikhail Lesnik, General Director, Moldovagaz*
- Current situation at Moldovagaz
 - Changes in the gas industry in Moldova
 - Prospective projects
- 11 00 a m Meeting at the U S Embassy to Moldova
- Overview of USEA - *Will Polen, Program Manager, USEA*
- Energy Industry Partnership Program
 - Partnership Activities and Objectives
- Yankee Gas/Moldovagaz Partnership - *Branko Terzic, Chairman, President, and CEO, Yankee Gas Company*

Overview of Embassy Programs - *James Stewart, Ambassador, and Paul Morris, Country Program Officer*

12 00 p m LUNCH

1 00 p m Meeting at the World Bank
Overview of USEA - *Will Polen, Program Manager, USEA*

- Energy Industry Partnership Program
- Purpose of visit
- Objectives and future plans

Yankee Gas/Moldovagaz Partnership Program - *Branko Terzic, Chairman, President, and CEO, Yankee Gas*

Overview of World Bank Activities in Moldova - *James Parks, Resident Representative*

- Energy projects in Moldova
- Loan application
- World Bank requirements
- World Bank forecast for development of the gas industry and energy sector in Moldova

4 15 p m Adjourn

Tuesday April 8 1997

9 30 a m Meeting at the Energy Department
Overview of USEA - *Will Polen, Program Manager, USEA*

- Energy Industry Partnership Program
- Objectives and future plans

Yankee Gas/Moldovagaz Partnership Program - *Branko Terzic, Chairman President, and CEO, Yankee Gas*

Overview of Energy Department - *Mikhail Chebotar, General Director Energy Department*

- Role and responsibilities of the Energy Department in the gas industry and energy sector
- Interaction with Moldovagaz and Moldenergo

11 00 a m Meeting at Moldenergo

Overview of USEA - *Will Polen, Program Manager, USEA*

Overview of Moldenergo - *Gennady Verin, Chief Engineer, Moldenergo*

- Current situation at Moldenergo
- Changes in the energy sector in Moldova
- Prospective projects

1 00 p m LUNCH

2 00 p m Discussion of future activities - *Moldovagaz/Yankee Gas/USEA*

- Identification of milestones and deliverables
- Manual or procedure on Information Systems and Billing process
- Working team assignment
- Review of work plan
- Program Evaluation
- Questions and answers session

4 15 p m Adjourn

Wednesday, April 9, 1997

Branko Terzic and Will Polen depart from Chisinau, Moldova

9 00 a m General Management - *Ellen Quinn, Vice President Yankee Gas*

- Executive management
- Role of officers
- Board of directors
- Role of shareholders
- Financial community

10 30 a m Discussion of Subsidiary Activities - *James Sweeney, President, BVA Cogen Inc (Yankee Energy Subsidiary)*

- Subsidiary activities
- New technology development
- Evaluation of technical opportunities

12 00 p m LUNCH

1 30 p m Customer Service Program Selection - *Ellen Quinn, Vice President, Administration, Yankee Gas*

- Review of system ages

- Service compatibility with unregulated climate
- Productivity enhancements
- Customer information data collection

2 30 p m General Overview - Information Technology - *Sharron Emmons, Employee Relations, Staffing and Organizational Development Leader*

- Description of business environment & information needs
- Description of hardware/software infrastructure
- Description of staffing needs & options
- Where our data resides
- The outsourcing concept

3 30 p m. General Overview - Customer Service - *Paul Didomenico, Manager, Customer Account Relations*

Service levels

- Calls per day
- Services provided

Staffing Requirements

- Call center
- Dispatching
- Credit & Collections

4 15 p m Adjourn

Thursday, April 10, 1996

9 00 a m Regional Operations (trip to regional Moldovagaz departments)
Overview of USEA - *Yelena Golbin, Program Coordinator*

- Energy Industry Partnership Program
- Yankee Gas/Moldovagaz Partnership Program

Tour the facilities

- Information Systems and billing process used in regional Moldovagaz departments
- Data transfer
- Interaction with main office

1 00 p m LUNCH

2 00 p m Questions and answers

3 00 p m Depart to Chisinau

Friday, April 11, 1997

9 00 a m Customer Information System - Sharron Emmons, Employee Relations, Staffing and Organizational Development Leader

Overview of computer applications

- Description of business systems portfolio
- Decision to replace strategic systems

Establishing and operating a computerized customer information system

- Functions performed by system
- Who is supported by the system

Data analysis and interpretation

- What data we store and why
- What we do with data

1 00 p m LUNCH

2 00 p m Billing Process - *Paul DiDomenico Manager Customer Account Relations*

Billing format

- Bill document examples
- Parts of the bill document

Frequency of billing

- Scatter billing concept
- Follow-up bills
- One-time charge billing

Due dates and their implications

Customer payment options

Collection activities

Record-keeping

4 15 p m Adjourn

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Saturday, April 12, 1997

11 15 a m Depart from Chisinau, Air Moldova, Flight # 863
1 10 p m Arrive in Frankfurt, Germany, terminal # 1
5 20 p m Depart from Frankfurt, terminal # 1, United, Flight # 3519
7 45 p m Arrive in New York/Kennedy

ATTACHMENT 42

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Report on the Information System and Billing Process Advisory Mission Yankee Gas/Moldovagaz Partnership

Chisinau, Moldova - April 6 - 11, 1997.

Submitted by

Yelena Golbin

Program Coordinator, Energy Industry Partnership Program

April 22, 1997

I participated and staffed the Yankee Gas/Moldova Gas Information System and Billing Process Advisory Mission conducted in Chisinau, Moldova on April 6 - 11, 1997. Mr. Branko Terzic, Chairman, President and CEO of Yankee Gas participated in the first two days of the visit. An agenda for the Mission including a complete list of Yankee Gas participants is included as an attachment to this report.

Objectives of the Mission were to

- 1 Study the information system and billing and collection process currently used by Moldovagaz
- 2 Develop a set of recommendations regarding the improvements in Moldovagaz information system and billing and collection process
- 3 Outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Moldovagaz operations
- 4 Meet with Moldenergo to discuss future steps in the development of the new partnership program between Moldenergo, Moldovan electric utility, and one of the US electric utilities
- 5 Conduct series of meetings with USAID, World Bank, and other local and international organizations and private companies to gain better understanding of current situation in Moldovan energy sector and USAID and World Bank strategic goals

Sunday, April 6, 1997.

The USEA sponsored delegation arrived in Chisinau at 6:40 pm. Moldovagaz representatives met the delegation at the airport and transferred to the hotel.

Monday, April 7, 1997

Meeting with Moldovagaz

At 9 00 a m our delegation had a meeting with Mr Michail Lesnik, General Director of Moldovagaz. Mr Lesnik described the current situation with Moldovagaz and Moldovan energy sector overall. Moldovan energy sector is currently in a process of structural reform. Among the major purposes of that reform are demonopolization, decentralization, and privatization. Package of legislative documents is prepared and the Special Session of the Parliament on energy sector issues is planned to open on April 23. That legislative package will address issues of privatization, structural reform, demonopolization, and role of the state regulatory agencies.

Currently Moldovagaz is preparing for privatization. Employees already own 20% of Moldovagaz shares. Moldovan Government, Department of Energy, and Moldovagaz management are currently discussing the procedure for complete privatization including such issues as preparation of required privatization documents, how to divide and sell shares and how to determine share price.

Another major task for Moldovagaz restructuring is aggregation of distribution companies which means merger of 40 existing small distribution companies into 3 or 4 larger companies. That merger would allow more efficient and economical operation of the distribution companies and was recommended by the World Bank. Politically this is a very difficult task because each of the existing distribution companies is associated with a Moldovan administrative region, and each of the regions would like to keep its own gas distribution company. However, there is a plan of reducing number of administrative regions in Moldova to 12, and that should simplify the task of distribution companies aggregation. Newly created distribution companies will be private entities, but Moldovagaz plans to establish a holding company to retain control over those distribution companies.

There are also some efforts on the way to create a competition to Gasprom by buying gas from other suppliers (there are several small gas supply companies capable of supplying certain quantities of gas to Moldova) to lower gas prices, but in reality there is only one gas pipeline coming to Moldova, and that pipeline belongs to Gasprom. Other suppliers should receive a permission from Gasprom to use that pipeline and should pay Gasprom a usage fee. Because of that, real competition with Gasprom on the supply side is almost impossible.

In addition to such global issues as privatization and structural reform, Moldovagaz continues to work on implementation of measures directed to improve its current situation with metering, billing, and collection. Non-payments remain one of the most critical issues in Moldovagaz operations. Current practice of having only one gas meter per apartment building and charging residential customers based on square footage of their apartments is a factor contributing to the difficulties with collection of payments. Because of that, a lot of efforts are concentrated on installing of gas meters for each individual customer. Moldovagaz expects to obtain a World Bank loan in the amount of \$6 million and expects to install first portion of gas meters by the end of this year.

Mr Lesnik and Moldovagaz managers who were present on the meeting were advised about our planned meeting with a World Bank and were asked about their comments regarding the World Bank projects. They expressed general suggestion to switch the main focus from institutional projects and training programs to equipment supply projects. They mentioned lack of computers and other electronic devices in their company. However, they were advised that USAID and World Bank major goals are not in the area of helping individual companies to solve their specific problems within existing economic structure, but in creating of overall business environment in the country such that all companies may operate in efficient and profitable manner, be self-sufficient and capable of solving their problems themselves.

Meeting at the US Embassy

At 11 00 a.m. we had a meeting in the US Embassy to Moldova with Mr James Stewart, Ambassador, and Mr Paul Morris, USAID Country Program Officer. Mr Andrei Parinov, USAID representative from Kiev, also attended this meeting. After brief overview of the USEA program in Moldova and Yankee Gas/Moldovagaz Partnership Program we discussed US Embassy and USAID Programs. There is currently number of US companies entering Moldovan market including such big names as McDonald, Hewlett Packard, and IBM. Those activities are mostly in the area of retail sale and equipment supply. Currently there are no US bank offices in Moldova, and there are no US companies involved in the large scale construction projects or manufacturing activities. However, after new legislative packages will be adapted and restructuring and privatization reforms will be completed, there may be much more opportunities for large scale industrial projects in Moldova including some business opportunities for Yankee Gas.

Meeting with World Bank

We also had a late afternoon meeting with a World Bank Resident Representative in Moldova Mr James Park in his offices. He described the content of the regulatory reform in the energy sector which was presented by the World Bank to Moldovan Government on the day of our meeting for the second time. The main provisions of the proposed reform included setting of the regulatory framework, tariff adjustment mechanism, regulation of the energy prices to end users, and restructuring of the energy sector. Mr Parks mentioned that Moldovagaz as we know it should disappear and will be replaced by a group of transmission and distribution companies. He also said that the draft reform sets new reduced norms for energy consumption by different categories of users and recommends tariff increase of about 15% for gas and 35% for electricity to stimulate energy efficiency improvements.

Tuesday, April 8, 1997

Meeting at the Energy Department

In the morning we met with Mr Mikhail Chebotari, General Director of the Energy Department. He described the organizational structure of Moldovan energy sector, current situation in the industry,

and plans for the future

The Energy Department is supervising functioning of the energy sector, namely, oil, gas, and electricity. Its major functions are development of energy policy for the entire energy sector.

Oil to Moldova is supplied by the state controlled company - Tirekspetrol (about 30% of entire country demand), and by about 50 other small private companies. Currently only 20% of the Tirekspetrol is privately owned. Government plans to reduce its ownership to less than 50% by selling additional shares of the company.

Moldovagaz is the only company responsible for the country gas supply. It is 80% government owned and is going to be privatized and restructured to make gas sector more efficient and competitive.

Moldenergo currently is 100% government owned. Privatization of the Moldenergo is one of the major parts of the energy sector privatization program. Moldenergo is currently in critical financial situation caused by non-payments, inefficient equipment, and lack of resources. Moldenergo will be divided into independent generation, transmission, and distribution companies. Generation and distribution will be fully privatized, transmission will be government controlled.

Department of Energy coordinates its activities with Ministry of Privatization, and will work together with a Regulatory Agency which is going to be created in August of this year. Energy Department works on development of the tariffs both for electricity and gas. The goal is to make tariffs sufficient to recover costs, to make profit, and to be attractive for foreign investors. Unfortunately, energy tariff is a highly political issue, and Energy Department so far was unable to convince government in necessity of significant (about 2 times) tariff increase.

Meeting with Moldenergo

We continued our visit with a meeting with top management of Moldenergo represented by Mr. Ikonnikov, Director General, and Mr. Verin, Chief Engineer.

Mr. Ikonnikov stressed that non-payment is still the major problem facing Moldenergo. Today residential customers represent about 40 - 50% of the total electricity demand with about 60% of residential customers not paying at all or paying late. Other problems include high losses during transmission and distribution (about 24% including theft), low efficiency of electricity and heat generation, inefficient use of heat and electricity by end users, and lack of financial resources to provide adequate maintenance and rehabilitation of equipment. In order to improve the situation, as mentioned Mr. Ikonnikov, it is necessary to complete structural reform to separate generation, transmission, and distribution, privatize newly created generation and distribution companies, revise mechanism of establishing of tariffs to allow for profitable operation, improve accounting system and customer service.

In addition to that, possibility of establishing a new partnership program between Moldenergo and one of the US electrical utilities was discussed. Moldenergo is very interested in such a program, and it was decided to invite Moldenergo top management to the United States to visit several US utilities which USEA will identify as potential partners

Wednesday, April 9, 1997

Mr Branko Terzic departed Chisinau early in the morning. Later in the morning the seminar on executive management, customer service, and information systems and billing process commenced

Ms Ellen Quinn, Vice President of Yankee Gas made a presentation on executive management, role of officers, board of directors, shareholders, and relationship with financial community. She also described the human resources management and administrative process in her company. Following the presentation such issues as relationship between Yankee Gas and their subsidiaries, possible measures against non-paying customers, legal protection of Yankee Gas, gas price and tariff changes over time, tariffs for different categories of customers, tariffs for low income customers, whether cost of construction of piping system is included as a tariff component, and number of other issues related to the gas utility operation and customer service were discussed. There were some questions regarding the company provided benefits and training for Yankee Gas employees and who is responsible for the cost of those items.

During the afternoon session Ms Sharron Emmons, Employee Relations, Staffing and Organizational Development Leader, made a presentation about the role of information technology in the Yankee Gas operations including description of hardware and software used, discussion of staffing needs and options, and introducing of the concept of outsourcing. Advantages of information technology in its role in productivity and efficiency increase were clearly demonstrated.

Mr Paul DiDomenico, Manager of Customer Account Relations, made a general overview of customer service including description of levels of service, services provided, organization of call center, dispatching, credit and collections. He answered questions about penalties for late payments and theft, reliability of gas metering equipment and its location (inside or outside), whether there are other gas companies in Connecticut, and number of others.

The presentations were followed by discussions of situation with information technology and its role in customer service in Moldovagaz. Customer information system in Moldovagaz is computerized, all customers are listed in the data base, billing is automatic, and metering of gas consumption by industrial customers is automated. However, both hardware and software used is outdated and needs improvement. It is a long way to go to make the customer information system in Moldovagaz as efficient as it seems to be at Yankee Gas.

Thursday, April 10, 1997

During that day we visited two regional departments of Moldovagaz, toured their facilities and met

with the management. It was very interesting to learn that Mr. Valentin Tonu, head of the Edinets Regional Office, visited Yankee Gas in 1996 and based on information acquired during that visit implemented a program of complete computerization of the Edinets office. He also developed a renovation program aimed to increase independence of his enterprise from Moldenergo in terms of supply of heat, hot water, and electricity. The compact boiler to provide the Moldovagaz Edinets office and facilities with heat and hot water is already in operation. There is a plan to install an emergency diesel-generator to provide a backup electricity supply in case of outage in the Moldenergo system. Moldovagaz is very well positioned to implement such a program because of availability of fuel.

During the tour of the facilities, Yankee Gas representatives studied the information system used by regional offices, visited the computer room and spoke to the personnel responsible for maintaining the customer information system. We obtained printouts of records for several customers and learned that those records are complete and are maintained up to date. We also studied such issues as data transfer between the different departments of Moldovagaz and methods used for interaction between regional offices and headquarters. Regional offices submit monthly, quarterly, and annual reports to the headquarters, but, otherwise, function as independent entities. All communications between the offices and headquarters are by telephone and by mail. No electronic mail or communication via Internet is available.

Friday, April 11, 1997

Seminar continued on Friday with presentation given by Ms. Sharron Emmons on customer information system used by Yankee Gas. She provided an overview of computer application available on the market and their use for different business systems; she outlined principles used for selection of strategic systems and software. She described functions performed by the system, discussed issues of system maintenance, and presented process of storing, analyzing, and interpreting of data.

During the afternoon session Mr. Paul DiDomenico made a presentation about billing process including billing format, examples of different bills such as follow-up bills and one time charge bills. He discussed issues of due dates and their implications, customer payment options, collection activities, and record keeping.

On the last day Mr. Alexander Krasanyuk, Chief of Laboratory and a person responsible for operation and maintenance of Moldovagaz metering equipment who participated in the last year metering, billing and collection exchange visit to Yankee Gas, took me to his laboratory to demonstrate new computers they bought and software programs they developed after the visit. He explained that they created a data base of all meters in the Moldovagaz system. The data base contains such information as meter number, due date for the next reading, type of the meter, name of the customer, type of the customer (residential or commercial), his address, and phone number. Billing is also computerized. All bills are now prepared using the data base as a printout of certain data base fields in a bill format. Formats of the bills are also developed based on the information collected during the exchange visit.

On several occasions during this visit future activities under the partnership program were discussed with Moldovagaz management. It was decided that activities for the rest of this fiscal year and for the next year should concentrate on metering, billing and collection, accounting and reporting, customer service and information systems. It was found beneficial to create permanent teams within Moldovagaz to work on each of those topics and to participate in the future exchange visits and programs. That approach will help to maintain consistency in implementation of changes in Moldovagaz.

ATTACHMENT 43



**United States Energy Association
Energy Industry Partnership Program**

**METERING, BILLING, AND COLLECTIONS
EXECUTIVE EXCHANGE VISIT**

Yankee Gas/Moldovagas Partnership

Sponsored by

United States Agency for International Development

June 19 - 28, 1997

Participants

**Fyodor Keptanaru, Chief of Mode of Operations, Moldovagas
Olga Mikhalat, Chief of Metering Department, Moldovagas**

Interpreters

**Karin Elliot
Igor Bekman**

Locations

Washington, D C , Meriden, C T

BACKGROUND

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with 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 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 counterpart in the NIS. Presently, the EIPP has established fifteen U S /NIS industry partnerships in seven of the NIS republics.

In February 1995, a delegation from Moldovagas visited three U S natural gas companies, including Yankee Gas of Meriden, Connecticut, in search of a U S partner. As a result of this executive tour, Yankee Gas agreed to participate under the USEA partnership program as a partner for Moldovagas.

In June, 1995, Yankee Gas conducted an Advisory Mission to Moldovagas in Chisinau, Moldova and during this visit a cooperative agreement was signed. Following this, a workplan development session was held and then executive exchanges were conducted on the topics of finance and on information systems. This was followed by number of activities including management seminar in Chisinau, the first executive exchange at Yankee Gas on topic of metering, billing, and collection, and advisory mission to Chisinau to study the information technology used by Moldovagas.

The oncoming visit is the second executive exchange visit on topic of metering, billing, and collections. Collection of payments continues to be one of the most critical issues facing the Moldovagas. A lot of commercial and residential customers are late with their payments or do not pay at all. In spite of some improvements in the area of customer information system which included development of the customer data base similar to one used by Yankee Gas after the first Metering, Billing, and Collections Executive Exchange Visit, there are still a lot of problems in the area of meter reading, billing, and payment collection.

Most of the Moldovagas residential customers, especially in the urban areas, do not have individual meters for each apartment, but have one meter for the entire apartment building with payments by individual customers based on their apartment square footage. This does not create any incentives for energy savings and makes collection of payments extremely difficult, because customers do not pay for what they actually consume. To improve the situation, Moldovagas has developed a program of installation of individual meters for each apartment and has applied for the World Bank loan to finance its' implementation. If implemented, this will significantly increase number of meters and will present additional challenge for the Moldovagas in the area of meter reading.

Currently the same team within Moldovagas is responsible for meter readings, billing, and payment.

collection. However, those are three different tasks, and it would be advisable to separate them and to assign different teams to perform each of them. The payment collection is the most difficult task because customer service and payment enforcement is significantly new area for all utilities in all NIS countries. Such methods as credit rating of potential customers, rescheduling of payments and development of payment plans, classification of the debt by age to concentrate on the customers that are most likely to pay, debt write off, and number of others had never been used and are not known. That is why it is very important for the Moldovagas representatives to learn the metering, billing, and collections techniques used by western utilities using Yankee Gas as an example.

The intent of this executive exchange is to identify more concepts in the area of metering, billing, and collections used by Yankee Gas that can be adopted and implemented by Moldovagas. This may include organizational changes, development of managerial policies, or introduction of new systems and procedures.

OBJECTIVES

The objectives of this Executive Exchange Visit are

- 1 To teach the Moldovagas representatives the concepts and techniques used by Yankee Gas in the area of metering, billing, and collection
- 2 To identify concepts, policies, procedures, and/or structural changes that can be adopted and implemented by Moldovagas
- 3 To develop a plan and assign team members from both partners to work toward the introduction of these proposed new concepts in the Moldovagas management process

THE PROGRAM

The program of this activity will include an orientation meeting at U S Energy Association covering an overview of the partnership program, and a discussion on the objectives of this executive exchange, meeting with Hagler Bailly to discuss energy projects in Moldova, review of the Yankee Gas metering, billing, and collections processes. Such topics as meter reading approaches, metering equipment, testing, calibration, data collection, computerized customer account information system, data analysis and interpretation, customer rights and responsibilities, billing format, frequency, due dates, payment process, overdue accounts, payment options, service termination, collection procedures, collection agencies, customer assistance programs, and number of others will be discussed.

Agenda - Executive Exchange Visit Metering, Billing, and Collections

Thursday, June 19, 1997

- 7 00 a m Depart from Chisinau, Moldova, Air Moldova, Flight # 101
- 8 30 a m Arrive in Warsaw, Poland
- 11 10 a m Depart from Warsaw, Delta, Flight # 93
- 4 00 p m Arrive in New York City/Kennedy Airport
- 5 40 p m Depart from New York City/Kennedy Airport, Delta, Flight # 1597
- 7 05 p m Arrive in Washington, D C , National Airport, met at the airport by *Karin Elliot*,
Interpreter
Transportation CAREY (Robin)
Phone 703-892-2000
Conf # 07542036
- 8 30 p m Check in at the Club Quarters Hotel
Contact *Melissa*
Phone 202-463-6400
Address 839 17th Street, N W
 Washington, D C 20006

Friday, June 20, 1997

- 9 00 a m Breakfast
- 10 00 a m Orientation Program - *Yelena Golbin, Program Coordinator*
- Introductions
 - Energy Industry Partnership Program
 - Partnership Activities and Objectives
 - Visitor's information
 - AED Insurance
 - Per Diem Allowance

- Signing tax forms - participants
- Program Evaluation form

11 00 a m Walk to the Crestar Bank to cash per diem checks

12 00 p m Lunch (provided by USEA)

1 00 p m Meeting with USAID and Hagler Bailly -

- Energy projects in Moldova
- Improvements in the area of metering, billing, and collections

4 00 p m Adjourn

Saturday, June 21, 1997

FREE DAY

Sunday, June 22, 1997

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
Transportation CAREY (Robin)
Phone 703-892-2000
Conf # 07542037

5 35 p m Depart from Washington, D C , National Airport, to Hartford, USAIR, Flight # 923

6 46 p m Arrive in Hartford, CT
Transportation Compass Limo
Contact Jeff
Phone 203-284-2003

8 00 p m Check in at the Ramada Inn Hotel
Phone 203-238-2380
Fax 203-238-3172
Address 275 Research Parkway, Menden, CT 06450

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Monday, June 23, 1997

- 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 Meter Reading Process - Debbie Lemay
Location Cooper Street
- Route development
 - Meter reading options
 - Frequency of meter reading
 - Meter reading training
 - Meter reading responsibilities
 - Safety issues (ID uniform)
 - Standards (accuracy, number per hour)
 - Various meter reading approaches
- 12 00 a m Lunch (provided by Yankee Gas)
- 1 00 p m Metering Process at Yankee Gas - Bill Pape
Location Meter test shop
Cooper Street
- Scheduling of meter testing
 - Meter test record keeping
 - Meter testing, calibration
 - Types of meters and equipment
 - Scheduling of meter change-outs
- 4 30 p m Adjourn
- 6 00 p m Dinner at Ellen Quinn's house

Tuesday, June 24, 1997

- 8 00 a m Breakfast
- 8 45 a m Pick up at the hotel to Yankee Gas
Transportation is provided by hotel
- 9 00 p m Billing Process at Yankee Gas - Paul DiDomenico or Kevin Gronback

Location Customer Information Center
599 Research Parkway

- How bills are calculated
- Frequency of billing
- Relationship between meter reading and billing
- Billing format

12 00 p m Lunch (provided by Yankee Gas)

1 00 p m Billing Process (continued)
Location Customer Information Center
599 Research Parkway

- Billing inquiries/complaints
- Billing rights and responsibilities
- Billing incentive/penalties
- Bill inserts

4 30 p m Adjourn

6 00 p m Dinner at Sylvia's Gourmet Kitchen, Enfield

Wednesday, June 25 1997

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 Customer Information System - Sharron Emmons

- System overview
- Functional summary

12 00 p m Lunch (provided by Yankee Gas)

1 00 p m Customer Information Process (continued) - Bob Swan or Kevin Gronback
Location Customer Information Center
599 Research Parkway

- Establishing new customer accounts
- Information available online for customer inquiry
- Accounts receivable and revenue reporting
- Adjusting customer accounts

- Exception reports

4 30 p m Adjourn

6 00 p m Thimble Island boat cruise

Thursday, June 26, 1997

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 Credit and Collections Process - Murry Staples
Location R M Services

639 Research Parkway

- Where collection activities begin
- Customer communications
- The collection organization
- Payment options
- Regulatory requirements
- Shut-off for non-payment
- Payment plans/negotiations
- Security deposits
- Use of collection agencies

12 00 p m Lunch (provided by Yankee Gas)

1 00 p m Customer Assistance Programs - Hilario Huertas
Location Customer Information Center

599 Research Parkway

- Fuel assistance
- Weatherization/energy audits
- Budget billing
- Special outreach and referral services
- Winter moratorium

3 00 p m Program Evaluation - *Ellen Quinn, Vice President, Administration, Yankee Gas*
Yelena Golbin, Program Coordinator, USEA
Fyodor Keptanaru, Chief of Mode of Operations Department
Olga Mikhalat, Chief of Metering Department

- Comparison of metering, billing, and collections processes at Yankee Gas and Moldovagas
- What procedures can be adopted by Moldovagas in the area of metering, billing, and collections
- Discussion of future activities
- Questions and answers session

5 30 p m Adjourn

6 00 p m Dinner at Sharon Emmons's house

Friday, June 27, 1997

7 00 a m Breakfast

7 30 a m Pick up at the hotel to Newport, Rhode Island

6 00 p m Return to Meriden, CT

Saturday, June 28, 1997

9 00 a m Breakfast

12 00 p m Check out from the hotel

3 00 p m Pick up from the hotel to the airport
Transportation Compass Limo
Contact Jeff
Phone 203-284-2003

7 45 p m Depart from New York City, Kennedy airport, to Frankfurt, Delta, Flight # 106

Sunday, June 29, 1997

9 35 a m Arrive in Frankfurt

3 00 p m Depart from Frankfurt to Chisinau, Moldova, Air Moldova, Flight # 864

6 40 p m Arrive in Chisinau, Moldova

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ATTACHMENT 44

Report on the Trip to Yankee Gas for the Metering, Billing, and Collections Executive Exchange Visit Evaluation

Yankee Gas/Moldovagas Partnership

Meriden, CT - June 26 - June 28, 1997

Submitted by

Yelena Golbin

**Program Coordinator, Energy Industry Partnership Program
July 7, 1997**

During the Executive Exchange visit by two Moldovagas representatives which took place between June 19 and June 28 I made a two day trip to the Yankee Gas of Meriden to conduct the Program Evaluation and to develop a plan of implementation of concepts learned by Moldovan participants in their company operations. A complete agenda for the Executive Exchange visit is attached to this report.

The objectives of this Executive Exchange Visit were

- 1 To teach the Moldovagas representatives the concepts and techniques used by Yankee Gas in the area of metering, billing, and collection
- 2 To identify concepts, policies, procedures, and/or structural changes that can be adopted and implemented by Moldovagas
- 3 To develop a plan and assign team members from both partners to work toward the introduction of these proposed new concepts in the Moldovagas management process

I have arrived to Meriden, CT, late on June 25. The program evaluation was conducted by Ms. Ellen Quinn, Vice President of Yankee Gas, and myself on June 27.

Moldovan participants, Mr. Fyodor Keptanaru, Chief of Metering Department (industrial and commercial customers), and Olga Mikhalat, Chief of Metering Department (residential customers), both highly appraised the Partnership program overall and that exchange visit in particular. They have found information they learned during the visit to be very useful and are planning to implement some of the Yankee Gas experience in the area of Metering, Billing, and Collection in the Moldovagas operations. Particularly, they selected four areas which they consider the most realistic for

implementation in Moldovagas given very limited resources their company currently has for investments

Those areas included the following

1 Electronic meter reading

Currently all meter reading in Moldovagas is preformed manually with meter readers writing the data from meters to the special form, and then data entry clerk entering the data from those forms to the main computer. That process is susceptible to human errors which, in turn, cause problems with accounting and customer service. Electronic meter reading used by Yankee Gas allows to use a device automatically reading data from the meter, and then to automatically input those data into main computer. Moldovagas representatives consider that implementation of that method would eliminate possibility of human error in the process of meter reading and would improve accounting process and customer relations in Moldovagas.

2 Cyclical metering

Presently, Moldovagas uses monthly billing and metering cycle which begins on the first day of month for all customers. That causes very significant peaks in work load for meter readers and accounting because all meter reading and billing should be done within very short time interval at the beginning of the month. That causes increased probability of errors and a need for larger staff of meter readers and bill preparers to work through the peak periods.

Yankee Gas also uses monthly cycles, but the cycle start date is different for different customers to allow an even work load for meter readers. One of the big advantages of that method for Moldovagas is the fact that it does not require any capital investment. That method is easy to implement, and Moldovagas participant expect that it will significantly improve the metering and billing processes in Moldovagas.

3 Improvement of Customer relations

Work with customers and customer relations in Moldovagas are currently almost non-existent and limited to billing and payments only. Moldovagas participants were very interested to learn that Yankee Gas have special program called Big Mo. In accordance with that program, special vehicles equipped with cash registers and staffed with experienced workers are sent to different neighborhoods on a regular basis. The purpose of that program is to make it convenient for customers to make their payments, to allow them an opportunity to communicate with Yankee Gas representatives face to face, to ask questions, and to resolve issues as they arise.

Moldovagas representatives will try to organize similar program in their company in order to improve customer service and to create additional channels of communications between the company and the customers

4 Internal Automated Telephone System

One of the traditionally weak points in any company in any of the NIS countries is telephone communications. It is almost impossible for the customer to resolve issues over the telephone, and they normally have to come to the Moldovagas office. Usually, there is no records left of the telephone calls made by or to Moldovagas customers, and in order to trace a history of the issue, customer should always speak to the same customer service representative he spoke before.

Moldovagas participants were very impressed by the Internal Automated Telephone System used by Yankee Gas. That system allows every customer service representative immediate access to the customer records, provides a possibility to make a record about each telephone call and each action taken regarding the customer's account, and gives a flexibility for customer to speak to any of the customer service representatives without a need to explain all the issue from the very beginning.

Moldovagas is interested in implementing such a system, and they have already obtained some quotes for the cost of the system (the range is between \$5,000 and \$25,000).

Regarding the plans and topics for future activities, Moldovagas participants expressed great interest in such subjects as information systems, accounting, metering, billing, and collections, and customer service.

PARTICIPANT EVALUATION
USEA Energy Industry Partnership Program
Yankee Gas

1 Which of the specific points of this exchange visit/seminar will help your utility to become more efficient and productive? How will the points presented during this activity help your company change?

Remote meter reading, regular ('cyclic') meter reading practice approaches to customer service and communications

2 What changes will you be able to implement or recommend for your utility in the immediate future based on the information you gained during this activity? Will you be able to develop the new procedures and forward a copy to USEA within two months?

1 To introduce automated meter reading, 2 To organize regular ('cyclic') meter reading, 3 To organize mobile centers for customer communications to collect payments more efficiently

3 How do the management processes in your utility regarding the topics covered in this exchange visit/seminar differ from the U S procedures presented to you?

*In many ways the approaches and methods of customer service are similar
However, the technical resources our American colleagues are using to achieve their goals are much better*

4 What management changes in the areas covered in this exchange visit/seminar would you like to see your utility implement in the near and distant future?

1 I would like to see organizational changes, specifically in the structuring of subdivisions so that they become more specialized 2 The introduction of modern technology which could significantly improve management

5 What new topics should be included in USEA's next utility partnership meeting which would offer new processes and help you develop and improve management practices necessary for your utility to operate in a market economy?

Our employees should be trained in methods and approaches to customer service and payment collections including dealing with customers who are trying to avoid paying for the services provided

6 How do you plan to pass this management training onto others in your company?

I plan to give a number of technical presentations where I would present all the information which I obtained This will include the materials I got during the exchange (written materials graphics)

7 Other comments or suggestions

I believe that further cooperation is required between Yankee Gas and Moldovagaz because such cooperation promotes growth and provides practical knowledge to both companies

Signed

June 28, 1997

PARTICIPANT EVALUATION
USEA Energy Industry Partnership Program
Yankee Gas

1 Which of the specific points of this exchange visit/seminar will help your utility to become more efficient and productive? How will the points presented during this activity help your company change?

Information on the remote meter reading, the system and the procedure for payment collection (including late and unpaid accounts), the idea that the service provider should make the first step towards the customer

2 What changes will you be able to implement or recommend for your utility in the immediate future based on the information you gained during this activity? Will you be able to develop the new procedures and forward a copy to USEA within two months?

1 To organize regular ('cyclic') meter reading, 2 To introduce the automated meter reading, 3 To implement a telecommunications system with the coding of telephone calls 4 To implement a mobile (smallmo?) center of payment collection

3 How do the management processes in your utility regarding the topics covered in this exchange visit/seminar differ from the U S procedures presented to you?

In many ways the approaches and methods of customer (client) service are similar However, the technical resources our American colleagues are using to achieve their goals are better

4 What management changes in the areas covered in this exchange visit/seminar would you like to see your utility implement in the near and distant future?

1 [I would like to see] organizational changes specifically in the structuring of subdivisions so that they become more specialized 2 The introduction of modern technology, including computers, which could significantly improve management

5 What new topics should be included in USEA's next utility partnership meeting which would offer new processes and help you develop and improve management practices necessary for your utility to operate in a market economy?

To train the managers in methods and approaches to customer service and payment collections including dealing with customers who are trying to avoid paying for the services provided

6 How do you plan to pass this management training onto others in your company?

All the information which I obtained including the materials I got during the exchange (written materials, graphics) will be presented to the employees of the division which I head as well as to the other divisions of the company

7 Other comments or suggestions

I believe that further cooperation is required between Yankee Gas and Moldovagaz because such cooperation promotes growth and provides practical knowledge to both companies

Signed

June 27, 1997

ATTACHMENT 45



DATE OF ISSUE September 4, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

* * * * *

ACCOUNTING AND REPORTING SEMINAR

* * * * *

YANKEE GAS/MOLDOVAGAS PARTNERSHIP

Sponsored by

U S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

September 20 - 26, 1997

Participants

**Pamela Perry, Financial Analyst
Donna Renzoni, Staff Accountant
Christopher Beschler, Executive Consultant
Helen Sesenko, Computer System Technician II
Yelena Golbin, Senior Program Coordinator, USEA**

Location

Chisinau, Moldova

BACKGROUND

In 1992, the United States Agency for International Development (USAID) entered into a cooperative agreement with 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 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 counterpart in the NIS. Presently, the EIPP has established fifteen U S /NIS industry partnerships in seven of the NIS republics.

In February 1995, a delegation from Moldovagas visited three U S natural gas companies, including Yankee Gas of Meriden, Connecticut, in search of a U S partner. As a result of this executive tour, Yankee Gas agreed to participate under the USEA partnership program as a partner for Moldovagas. In June 1995, Yankee Gas and Moldovagas signed a cooperative agreement. Since that time number of activities were organized under this partnership program. Among the major topics for those activities were utility management, utility financing, accounting, and metering, billing, and collections.

Moldova is dependent on imports for virtually all of its energy needs. Since breakdown of the former USSR energy import prices in Moldova were continuously increasing. The higher energy prices became a heavy burden both for Moldovan industrial and residential customers, because the full costs of fuel imports are now passed through to consumers in Moldova. To reduce the extent of price increases passed on to households, a system of cross subsidizing was instituted with higher rates charged to industrial customers. However, those measures have not proved to be effective. On the contrary, chronic non-payment became a problem not for residential customers only, but for industrial customers as well, creating severe account receivables problem for the entire Moldovan energy sector.

The Moldovan energy sector including Moldovagas is currently going through the process of developing new corporate structures to put itself on a more commercial basis. The successful operation of the restructured energy companies depends heavily on their ability to operate as commercially viable, corporate entities. Because of the severe account receivables problem facing Moldovagas central to the efficient operation of the company is a reliable accounting system which accurately calculates all costs and revenues, tracks customer payments and non-payments, and clearly identifies problematic account receivables.

Reliability of company record-keeping and accounting systems is one of the critical issues affecting the future of the entire Moldovan energy industry. State enterprise accounts under communism were designed to provide information necessary for the operation of the centrally planned economy. The principle purpose of accounting was to monitor and control economic resources in order to meet the

production oriented targets of the central plan. Accounting information was generally restricted to pre-determined criteria established by state bureaucracy rather than being the information needed to the company managers to make conscious business decisions.

In spite of significant changes in the Moldovan energy sector which took place in recent years, most of the energy companies are still using Soviet style accounting system. However, more and more company managers recognize that they now have to adopt western style accounting system in order to accurately calculate revenues, costs, profit, and to find internal resources to finance modernization plans and capital projects. The World Bank considers moving to a western style accounting system and management policies and practices as one of the most important tasks for Moldovan energy companies. It is especially important for Moldovan energy enterprises today, when they are confronting a very significant problem with accounts receivable. Adopting a western accounting and management information system that provides the company management with timely and accurate financial information on accounts payable and receivable, can improve the cash flow of the company and by extent, the overall utility system.

OBJECTIVES

The objectives of this Executive Exchange Visit are

- 1 To study the accounting system currently used by Moldovagas
- 2 To develop a set of recommendations regarding the improvements in Moldovagas accounting system
- 3 To outline a plan and assign team members from both partners to work towards the implementation of those recommendations in the Moldovagas operations
- 4 To conduct series of meetings with USAID, the World Bank, and other local and international institutions and private companies working in Moldova to gain a better understanding of the current situation in Moldovan energy sector and USAID and the World Bank strategic goals for the U S assistance to make sure that USEA activities support those goals

THE PROGRAM

The program of this activity will include an introductory meeting at Moldovagas and series of meetings with local and international institutions and private companies covering an overview of the major issues currently facing Moldovan energy sector and Moldovagas, review of the Moldovagas accounting system in order to identify problem areas and to provide recommendations for improvements, identification of concepts that can be adopted and implemented by Moldovagas, and assignment of a team representing both partners to develop and implement the new accounting system for Moldovagas.

Agenda - Accounting and Reporting Seminar

Saturday, September 20, 1997

- 2 50 p m Yankee Gas group departs from Hartford, CT to Washington, D C , United, Flight # 1195
- 4 03 p m Arrive to Washington/Dulles
- 5 30 p m Depart from Washington/Dulles, United Flight # 916

Sunday, September 21, 1997

- 7 10 a m Arrive in Frankfurt, Germany
- 3 00 p m Depart from Frankfurt, Air Moldova, Flight # 864
- 6 40 p m Arrive in Chisinau, Moldova, met at the airport by Moldovagas representatives and interpreter
- 8 00 p m Check in at Dacia hotel

Lodging

Hotel Dacia
str 31 August, 135
277012 Chisinau Moldova
Tel 011-3732-232-251
Fax 011-3732-237-661

Monday, September 22, 1997

- 9 00 a m Meeting at Moldovagas - *Mikhail Lesnik, General Director, Moldovagas*
- Current situation at Moldovagas
 - Changes in the gas industry in Moldova
 - Prospective projects
- 10 00 a m Accounting Department
- Responsibilities
 - Reporting process

- Interaction with regional offices
- Questions and Answers

12 00 p m **LUNCH**

1 00 p m Information Systems Department

- Hardware/software infrastructure
- Customer information data collection

- Data analysis and interpretation
- Interaction with regional offices

2 00 p m Meeting with Moldovagas employees who visited Yankee Gas - *Olga Mikhalat and Fyodor Kentanary*

- What improvements were made in the area of metering, billing, and collections
- Discussion of topics for the future activities

3 30 p m Meeting at the World Bank
Overview of World Bank Activities in Moldova - *James Parks, Resident Representative*

- Energy projects in Moldova
- Loan application
- World Bank requirements
- World Bank forecast for development of the gas industry and energy sector in Moldova

5 00 p m Meeting with Ambassador Stewart

Tuesday, September 23, 1997

9 00 a m - Introduction - *Donna Renzoni, Staff Accountant, Yankee Gas*

- 9 30 a m • Accounting Department Overview
- Makeup of Staff
 - Departmental Breakout
 - Introduction of Speakers

9 30 a m - General Accounting - *Donna Renzoni, Staff Accountant*

- 10 15 a m • Regulations
- Chart of Accounts
 - Accounting Code System
 - Source System

- Journal Entries
- Edit Process

10 15 a m - **BREAK**
10 30 a m

10 30 a m - Overview of Accounting Systems & Closing Process - *Pam Perry, Financial Analyst*
12 00 p m *Yankee Gas*

- Interrelationships of Systems (Hardware/Software Infrastructure)
- Types of Systems in Place
- Relationship Between I/S and Accounting
- Closing Process

12 00 p m **LUNCH**
1 30 p m

1 30 p m - General Accounting/Payroll - *Donna Renzoni, Staff Accountant, Yankee Gas*
3 00 p m

- Data Entry
- How we Process Time Sheets
- Various Deductions
- New System Implementation
- Staffing

3 00 p m - **BREAK**
3 15 p m

3 15 p m Accounts Payable - *Donna Renzoni, Staff Accountant, Yankee Gas*
4 15 p m

- Staffing
- Approval Process
- Checks and Balances
- New Technologies
- Purchase Order Process

4 15 p m **ADJOURN**

Wednesday, September 24, 1997

9 00 a m - Plant Accounting - *Chris Beschler, Executive Consultant, Yankee Gas*
10 00 a m

- Work Order Process
- Capital Budget System
- Continuing Property Records

10 00 a m Overview of Input/Output Center Operations - *Helen Sesenko Computer System Technician*

- Closing Cycle Process
- Bill Processing
- Database Support
- Security

11 00 a m - **BREAK**
11 15 p m

11 15 a m - Financial Reporting - *Donna Renzoni, Staff Accountant, Yankee Gas*

- 12 00 p m
- Types of Reporting
 - Regulatory Bodies
 - Disclosure
 - EDGAR

12 00 p m **LUNCH**
1 30 p m

1 30 p m Budget Process - *Pam Perry Financial Analyst, Yankee Gas*

- 3 00 p m
- Budget Preparation
 - Business Plan Compatibility
 - Variance Analysis
 - Activity Based Costing

3 00 p m **BREAK**
3 15 p m

3 15 p m Loading Rates - *Chris Beschler Executive Consultant, Yankee Gas*

- 4 15 p m
- Stores
 - Vehicle Rates
 - Engineering and Supervision
 - Nonproductive Time

4 15 p m **ADJOURN**

Thursday, September 25, 1996

9 00 a m - Taxes - *Donna Renzoni, Staff Accountant, Yankee Gas*

- 10 30 a m
- Property Taxes

- Federal State Income
- Other Taxes
- Tax Issues

10 30 a m - **BREAK**

10 45 a m

10 45 a m Financial Statements and Audit Function - *Pamela Perry, Financial Analyst*

- Balance Sheet
- Income Statement
- Internal Audit
- Independent Auditors

12 00 p m - **BREAK**

12 15 p m

12 15 p m - Questions & Answer Session

1 00 p m

1 00 p m **LUNCH**

2 00 p m

2 00 p m Discussion of future activities - *Mr Lesnic, General Director, and Mr Griu, First Deputy General Director*

- Identification of milestones and deliverables
- Future activities
- Program evaluation

4 15 p m **ADJOURN**

Friday, September 26, 1997

8 10 a m Depart from Chisinau, Air Moldova, Flight # 883

10 25 p m Arrive in Paris/Degaulle

12 55 p m Depart from Paris/Degaulle, United, Flight # 915

3 30 p m Arrive in Washington, D C /Dulles

4 50 p m Leave Washington, D C /Dulles to Hartford, CT, United, Flight # 1554

6 07 p m Arrive in Hartford, CT

ATTACHMENT 46

Report on the Accounting and Reporting Seminar

Yankee Gas/Moldovagas

Chisinau, Moldova - September 20 - 26, 1997.

Submitted by

Yelena Golbin

Deputy Program Manager, Energy Industry Partnership Program

October 15, 1997

I participated and staffed the Yankee Gas/Moldovagas Accounting and Reporting Seminar conducted in Chisinau, Moldova on September 20 - 26, 1997. Accounting and financing specialists of Yankee Gas participated in the activity. An agenda for the Seminar including a complete list of Yankee Gas participants is included as an attachment to this report.

Objectives of the Seminar were to

- 1 To study the accounting system currently used by Moldovagas
- 2 To share information regarding the accounting and reporting systems used by Yankee Gas in their operations
- 3 To discuss potential improvements in the Moldovagas accounting and reporting systems and ways of their implementation
- 4 To conduct series of meetings with USAID, the World Bank, and other local and international institutions and private companies working in Moldova to gain a better understanding of the current situation in Moldovan energy sector and USAID and the World Bank strategic goals for the U.S. assistance to make sure that USEA activities support those goals

Sunday, September 21, 1997.

The USEA sponsored delegation arrived in Chisinau at 6:40 pm. Moldovagas representatives met us in the airport and transferred them to the hotel.

527

Monday, September 22, 1997

Meeting with Moldovagas

At 9 00 a.m. our delegation had a meeting with Mr. Griu, Deputy Director General of Moldovagas. Mr. Griu described the current situation with Moldovagas and the Moldovan energy sector overall. The Moldovan energy sector is currently going through a process of structural reform. Among the major purposes of that reform are demonopolization, decentralization, and privatization.

Moldovagas is still working on preparations to privatization, but the process is very slow and very little progress was made since our April, 1997 visit. Employees already own 20% of Moldovagas shares, with the rest 80% owned by the state. Moldovan Government, Department of Energy, and Moldovagas management are currently developing procedure for complete privatization including such issues as preparation of required privatization documents, how to divide and sell shares and how to determine share price.

The Moldovagas shares will be sold on an auction. There is no foreign investment law adopted yet in Moldova, so it is not clear whether foreign investors will be allowed to participate. Gasprom will, most likely, own about 40% of Moldovagas shares. Moldovagas management is not planning to pay dividends to shareholders for the first three years, and is going to invest all money raised by privatization in modernization and expansion program.

Privatization and restructuring program in Moldova is developed for the entire energy sector including fuel and electricity. The program should cover the entire energy sector, and only fuel industry, because currently up to 63% of the total gas is sold to the power sector for electricity generation, and problems of the electricity sector are passed through to fuel suppliers. In order to solve problems facing Moldovagas, the entire energy sector including electricity generation should be restructured.

Currently Moldenergo, the Moldovan electric utility, can pay only for 10% of gas used. Moldenergo's debt to Moldovagas is constantly increasing and as of today is about \$120 million. Moldovagas currently owes about \$100 million to Gasprom with most of the debt accumulated during years 1994 - 1995. For the last several months Moldovagas was able to fully pay for gas purchased from Gasprom. After Gasprom disconnected the gas supply to Moldova on several occasions for non-payments, Moldovan government granted Moldovagas with a right to implement very strict payment enforcement policies including right to disconnect non-paying customers. Those measures allowed to improve collections and to make timely payments to Gasprom. However, most of the payments by industrial customers (about 70%) are still made in form of mutual settlements and/or with goods they produce, and Moldovagas is making most of their payments to Gasprom with those goods. In addition to that, situation with payments by Moldenergo is not improving. All that means that a lot of work still has to be done to achieve stable and profitable operations of the Moldovagas.

Moldovagas is trying to create a competition to Gasprom by buying gas from other suppliers. In order to implement that strategic goal, Moldovagas is planning to build a pipeline through the Ukraine to bring natural gas from Asian republics of the former Soviet Union.

In addition to such global issues as privatization and structural reform, Moldovagas continues to work on implementation of measures directed to improve its current situation with metering, billing, and collection. Current practice of having only one gas meter per apartment building and charging residential customers based on square footage of their apartments is a factor contributing to the difficulties with collection of payments. Because of that, a lot of efforts are concentrated on installing of gas meters for each individual customer. Moldovagas has almost completed a process of obtaining of a World Bank loan in the amount of \$10 million (funds are available, but more paperwork is required) to purchase and install about 60,000 gas meters by the end of year 2000. Moldovagas is also working on development of electronic gas meter to allow remote meter reading. Moldovagas representatives learned about such meters during the visit to Yankee Gas, and the meter they are trying to develop will be similar to the meters they saw used by Yankee Gas. Meter components will be fabricated domestically or in the NIS countries. Moldovagas selects most of their suppliers in NIS countries because they do not necessarily require cash payments and may accept payments with goods produced in Moldova.

Mr. Griu also briefly described functions of the newly created Moldovan Energy Agency. Its functions will include issuance of licenses to gas and power companies, granting rights to operate the power and gas equipment, and regulation of energy tariffs and prices.

After the meeting with Mr. Griu we visited the Moldovagas accounting department. There are 20 people employed in the department. The functions of the department include maintaining of general ledger, payroll, preparation of financial statements, and working with banks and creditors, and tax calculation.

We were advised that automated accounting system is currently under development. This system will include a database where all financial information about the company will be stored. The information will be entered to the data base monthly based on financial statements received from the 42 regional enterprises. All the information is (and will be) entered to the computer manually, there is no possibility to transmit information electronically because E-Mail system or computer networks are not developed. Most of the customers are not paying directly to the Moldovagas, but through the Savings Bank. Information regarding the gas sales and bills paid is received from the bank within 5 days for residential customers and within 1 day for industrial customers, and is also manually entered in computer.

We have also visited the Customer Service department to see whether any of the Yankee Gas procedures learned by the Customer Service department representatives Olga Michalat and Fyodor Keptenaru who visited Yankee Gas in May of 1997 are implemented in Moldovagas operations.

They advised us that they have implemented some changes in scheduling of meter readings so that

those readings closer reflect the actual monthly gas consumption by the customers. In addition to that based on experience of Yankee Gas, Moldovagas will spread meter reading over entire month instead of performing meter reading at the same time for all customers so that work load for the department will be more steady. Moldovagas also works on creation of its own information center similar to the one they saw in Yankee Gas. They also work on improving of client relations.

The department also works with customers to improve collection of payments using some of the Yankee Gas methods. For example, they develop flexible payment schedules when customer may pay his debt in several installments, issue notices about payment deadlines and advise about possible disconnections. They also started to use disconnections of non-paying customers as a method of payment enforcement, though they try to do disconnections mostly during the warm summer months. Disconnections work very well for private houses and industrial customers. However, this method is far from being perfect for apartment buildings where there is only one meter for entire building. The common practice for the apartment buildings is that it is disconnected if less than 50% of tenants are paying their gas bills. It is not fair for paying customers, and the situation will be fixed after every customer will have his own gas meter. Nevertheless, this practice is used because it is very effective and normally about 90% of non-paid bills are paid within a week after disconnection.

Installation of individual meters for each residential customer will significantly increase amount of work to be performed by meter readers and by the Customer Service department because the number of individual meters to be read will go up from several thousands today to about 180,000. But Moldovagas management still considers installation of individual gas meters as one of the most important tasks in the area of improving metering, billing, and collection processes. This will also create an incentive to save energy for each individual customer.

Meeting at US Embassy

At 5 pm we had a meeting in the US Embassy with Ambassador Stewart. After a brief overview of the USEA program in Moldova and Yankee Gas/Moldovagas Partnership Program we discussed US Embassy and USAID Programs. There is currently number of US companies working on restructuring of Moldovan economy. Price Waterhouse is working on the development of a new Accounting Code, ARIA together with a Ministry of Economics - on privatization, and Hagler Bailly - on regulatory reforms.

Tuesday, September 23, 1997.

At 9 am the Accounting and Reporting Seminar has started with introduction about the Partnership Program and role of USEA made by Yelena Golbin and brief greeting by Mr. Griu.

Ms. Donna Renzoni, Yankee Gas Staff Accountant, made a presentation about general principles of accounting. She covered such topics as overview of Yankee Gas Accounting Department, regulations, types of accounts, accounting code system, source system, journal entries, and edit

process This presentation was followed by the presentation by Ms Pam Perry, Financial Analyst, on Accounting Systems and Closing Process She discussed such issues as interrelationship of systems, types of systems used, relationship between the information systems and accounting, and closing process After lunch Ms Donna Renzoni continued the Seminar with review of payroll related issues such as data entry, processing of time sheets, deductions, implementation of new system, and staffing

After a break she continued with discussion of accounts payable including approval process, checks and balances, processing of purchase orders, and new technologies

Each presentation was followed by questions and answers session with most frequently asked questions being questions about types and percentage of taxes, profit margin, percent of non-payments and methods of payment enforcement, tariff approval process, losses, labor cost as a percentage of all costs, and number of others

After the seminar was adjourned for a day, our delegation had a meeting with a World Bank representative Mr James Parks He advised us that World Bank funds in the amount of \$10 million are available for Moldovagas at very favorable terms - 20 year repayment and 5 year grace periods However, Moldovagas does not have complete understanding of the World Bank requirements They do not have clear plan describing use of the loan amounts, their accounting system is not transparent, their management does not have sufficient information to evaluate the company performance and to make conscious decisions Moldovagas management is mostly interested in hardware and does not have good understanding of importance of information system, accounting reform, use of analytical tools for decision making, and structural reform of the company

However, Moldovan government plans to adopt a new Accounting Code which will be based on western accounting principles and is being developed by Price Waterhouse Training program for managers and accountants of largest Moldovan companies is developed and is currently being complemented So World Bank expects significant improvements in the near future Mr Parks made a suggestion for our partnership to include in our plans such topics as business plans, organizational structure, and, may be, procurement process, to help Moldovagas in obtaining the loan

Wednesday, September 24

In the morning the Seminar continued with a presentation by Mr Chris Beschler, Executive Consultant, on Plant Accounting The presentation addressed such topics as work order process, capital budget system, and continuing property records

Then Ms Helen Sesenko, Computer System Technician, presented an overview of Input/Output Center operations She discussed such issues as closing cycle process, bill processing, database support, security, and some others

Issues of financial reporting were discussed with participants by Ms Donna Renzoni Types of

reporting, regulatory bodies, disclosure requirements and number of other topics were discussed during her presentation

In the afternoon the Seminar continues with a presentations by Ms Pamela Perry on budget process which included topics of budget preparation, business plan compatibility, variance analysis, and activity base costing This was followed by a presentation by Mr Chris Beschler on loading rates He discussed effect of such categories as stores, vehicle rates, engineering and supervision, and non-productive time on overall company costs

Thursday, September 25, 1997.

In the morning Ms Donna Renzoni made a presentation on taxes She covered such topics as property taxes, federal and state income taxes, and also other taxes paid by the company She stressed that taxes are part of the company costs and are included in the tariffs, and also stressed the importance of development tax minimization strategies

That presentation was followed by a presentation on Financial Statements and Audit Functions made by Ms Pamela Perry Subjects of balance sheet and income statement preparation, process of internal audit, and audits conducted by independent auditors were discussed

Each presentation was followed by questions and answers session Moldovagas representatives were interested in specifics of balance sheet and income statement preparation, asked questions about costs which can be deducted from income taxes, had questions about depreciation schedules, and number of others

In the afternoon, after completion of program evaluation, the Seminar was adjourned In the program evaluation form Moldovan participants stressed the importance of the seminar for their increased understanding of accounting and reporting process their company should have in conditions of market economy Most of them expressed desire to work on changes in their work processes and were especially interested in improvements of the metering process by automation of meter reading the way it is done by Yankee Gas changing the accounting system to provide a clear cost and profit picture for managers, creation of the information center with customer database, and development of automated accounting system

At 4 pm I had a meeting with Mr Wayne West, a local representative of Price Waterhouse where we discussed USEA's and Price Waterhouse's programs in Moldova and how our two organizations can supplement each other He has advised me that Price Waterhouse will be conducting training for energy sector managers and accountants on western management techniques and new accounting system Training will be conducted in 3 week sessions, and cost is under \$200/person, which is very reasonable He thinks that USEA can help to nominate right participants from Moldovagas As for topics for USEA's activities, his opinion was that they are very important and timely

Our delegation has departed from Chisinau in the morning on Friday, September 26

ATTACHMENT 47



DATE OF ISSUE October 18, 1996

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

* * * * *

DR. ZOHRAB MELIKIAN

Attendance and Participation In The

WORLD ENERGY ENGINEERING CONGRESS

**ASSOCIATION OF ENERGY ENGINEER'S
CHAPTER IN YEREVAN**

* * * * *

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

and

UNITED STATES ENERGY ASSOCIATION

November 2 - 15, 1996

Locations

Washington, D C

Atlanta, Georgia

Madison, Wisconsin

BACKGROUND

This activity continues the support by USEA of the energy sector of Armenia by supporting attendance at a conference, recognition of the establishment of an Association of Energy Engineer's Chapter in Yerevan, and meetings in Madison, Wisconsin and Washington, D C

OBJECTIVES.

The objectives of this activity are

- 1 To become acquainted with new technologies in the energy sector through attendance at the international conference and selected follow-up meetings
- 2 Meet with Association of Energy Engineers (AEE) personnel to discuss AEE chapter development and possible collaborative programs in support of the Armenia energy sector
- 3 To introduce Dr. Melikian to engineering professors at the University of Wisconsin-Madison with the objective of discussing engineering professional development, possible collaborative research, and renewable technologies
- 4 Meet with Resource Management Associates (RMA) staff and associates on renewable energy technologies, RMA activities in Armenia and other countries

PROGRAM.

The exchange visit will include the following activities

- 1 Attend the World Energy Engineering Congress in Atlanta, Georgia
- 2 Meet with representatives from the Solar Energy Industries Association
- 3 Meet with and tour of Solarex Photovoltaic Collector Manufacturing Plant
- 4 Participate in Geothermal Heat Pump Telecast. Also meet with representatives from the Geothermal Heat Pump Consortium and Geothermal Heat Pump
- 5 Meet with professors at the University of Wisconsin. Tour internationally recognized UW Solar Lab
- 6 Meet with representatives from the Wisconsin Energy Center to review geothermal heat pump projects
- 7 Meet with representatives from RMA for discussions related to international energy projects and energy manager associations
- 8 Meet with AEE-NCC Board of Directors for chapter development

Saturday, November 2, 1996

4 05 a m Armenian Airline Flight No 151 departs Yerevan, arrives Amsterdam 6 50 a m
12 30 p m United Flight No 947 departs Amsterdam, arrives Wash/Dulles 3 05 p m
3 05 p m Dr Melikian greeted at Wash/Dulles by Larry Good, Good Consulting

Lodging

Home of Larry Good
Box 1296, 3 Daylily Lane
Washington Grove, Maryland 20880
(301) 590-0381

Sunday, November 3, 1996

FREE DAY - Washington, D C

Monday, November 4, 1996

9 00 a m Meeting with Resource Management Associates, *Malinda Goodrich Manager*
1 00 p m Meeting with U S Energy Sector Officials
 • U S Energy Association

Tuesday, November 5, 1996

10 00 a m Delta Flight No 1611 departs Wash/Nat'l, arrives Atlanta 11 54 a m -
 Dr Melikian and Larry Good
11 54 a.m Ground transportation provided by taxi from airport to hotel
1 30 p m - AEE Executive Committee Meeting - Georgia World Congress Center
2 55 p m Room 210, East Concourse
5 30 p m - AEE Annual Awards Banquet - Georgia World Congress Center
7 15 p m Room 313

Lodging

Comfort Inn - Downtown
101 International Blvd
Atlanta, Georgia
Tel (404) 524-5555

Wednesday, November 6, 1996

- 8 45 a m - Opening Session of the World Energy Engineering Congress
11 10 a m
- 11 30 a m "Meet Your Peers" Luncheon - Exhibit Hall - Georgia World Congress Center
- 2 30 p m - Concurrent Sessions & Exhibits - Georgia World Congress Center
5 10 p m

Thursday, November 7, 1996

- 9 00 a.m - Concurrent Sessions & Exhibits - Georgia World Congress Center
11 40 a.m
- 2 30 p m - Concurrent Sessions & Exhibits - Georgia World Congress Center
5 10 p m

Friday, November 8, 1996

- 9 00 a m - Concurrent Sessions & Exhibits
•Session J, International Session
- 12 30 p m Keynote Luncheon - Georgia World Congress Center, Room 313
•Awards
•Presentation to Dr Melikian
- 5 35 p m. Delta Flight No 354 departs Atlanta, arrives Cincinnati 6 58 p m -Dr Melikian
- 8 40 p m Delta Flight No 3200 departs Cincinnati, arrives Madison 9 20 p m
- 9 20 p m. Greeted at airport by Mary Worzala, RMA

Lodging

Inn on the Park
22 S Carroll
Madison, Wisconsin
Tel (608) 257-8811

Saturday, November 9, 1996

- 10 00 a.m Attend pre-game party - University of Wisconsin vs Minnesota football game
- 6 30 p m Dinner - Residence of Dr Wes Foell, *President RMA*

Sunday, November 10, 1996

10 00 a.m. Brunch - Residence of Mary Worzala, *Vice President - Management & Operation*
RMA

6 30 p.m. Dinner - Residence of Charlie Fafard, *Vice President Engineering Services, RMA*

Monday, November 11, 1996

9 00 a.m. Meetings with RMA staff

1 00 p.m. Meet with Professor John Mitchell and tour of Solar Laboratory

6 00 p.m. RMA Dinner Party

Tuesday, November 12, 1996

9 00 a.m. Wisconsin Energy Center, *Mark Hanson Executive Director*

1 00 p.m. Wisconsin Department of Administration, Energy Bureau

5 15 p.m. Northwest Flight No 1400 departs Madison, arrives Detroit Metro 7 23 p.m.

8 30 p.m. Northwest Flight No 1717 departs Detroit Metro, arrives Wash/Nat'l 9 58 p.m.

9 58 p.m. Greeted at airport by Larry Good

Lodging

Residence of Larry Good
Box 1296, 3 Daylily Lane
Washington Grove, Maryland 20880
(301) 590-0381

Wednesday, November 13, 1996

9 00 a.m. Meetings with Biogas Industry

12 00 p.m. Lunch - AEE representatives

2 00 p.m. Meetings with Trane Geothermal Heat Pump

Thursday, November 14, 1996

- 10 00 a.m. Meeting with Solar Energy Industries Association
•Solar Thermal Collectors, *John Siciliani*
•International Programs, *Peter Lowenthal Director*
- 12 30 p.m. Geothermal Heat Pump Telecast
- 3 30 p.m. Meetings with Geothermal Heat Pump Consortium, *Paul Liepe, Exec Director*
- 7 00 p.m. Dinner Meeting - AEE-NCC Board of Directors

Friday, November 15, 1996

- 9 15 a.m. Solarex Photovoltaic Collector Manufacturing Plant Tour, *John Wohlgemuth*
- 12 00 p.m. Lunch - Wais Jalali, AEE-NCC Officer & Water Furnance Geothermal Heat Pump representative
- 5 50 p.m. United Flight 946 departs Wash/Dulles, arrives Amsterdam 7 00 a.m.

Saturday, November 16, 1996

- 5 45 p.m. Armenian Flight No 152 departs Amsterdam, arrives Yerevan 12 15 a.m. -
Sunday, November 17, 1996

ATTACHMENT 48



United States Energy Association

DRAFT DATE OF ISSUE March 12, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

ADVISORY MISSION

CHARLES TATEOSIAN/STATE CONCERN HAYGASARD

Focusing On

GAS PIPELINE SPECIFICATIONS AND PIPELINE TESTING

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location/Dates: Yerevan, Armenia

April 21 - May 10, 1997

Participants

Charles Tateosian, President Gas System Engineering, Inc.

BACKGROUND

In May 1994, Charles J. Tateosian of Gas System Engineering, Inc. conducted a seminar in Yerevan, Armenia on the topic of natural gas systems. Mr. Tateosian reviewed and discussed topics including U.S. standards, specifications, and procedures in the design and construction of natural gas systems.

USEA arranged for the purchase and shipment of texts and standards which were used at this seminar and also paid the costs for the expenses for Mr. Tateosian's visit. He performed the seminar at no charge for his services. Topics included welding, inspections, and testing.

As a follow-up to the seminar, Mr. Tateosian again visited Yerevan in October 1996 to review the natural gas system information in more detail and to interact with the previous attendees who had raised some questions after two years of review of the texts and standards.

This third visit by Mr. Tateosian will be aimed at assisting the Armenian gas sector managers to apply the principles of natural gas systems engineering as they prepare specifications for the purchase of new pipe and as they develop standard procedures for pressure testing of existing pipe.

During this visit, Mr. Tateosian will also initiate discussions on a possible partnership between Armgaz and Pacific Gas & Electric Company.

OBJECTIVES

The three objectives of this visit are:

1. Assist the Armgaz managers to develop specifications for the purchase of natural gas piping.
2. Assist the Armgaz managers to develop procedures for pressure testing pipe with air or gas.
3. Initiate plans for a partnership between Armgaz and Pacific Gas & Electric Company.

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PROGRAM

The program will consist of roundtable presentations, discussions, and question/answer sessions on American Petroleum Institute (API) pipe standards, U S practices and regulations for testing gas lines, gas meter installations, cost analysis of gas systems, meetings with USAID and Hagler Bailly representatives, and initiation of plans for a partnership program

Gas Pipeline Specifications and Pipeline Testing Advisory Mission - Charles Tateosian

Monday, April 21, 1997-Wednesday, April 23, 1997

Charles Tateosian departs U S for Yerevan, Armenia

Thursday, April 24, 1997 - Friday, May 9, 1997

Meetings, discussions and presentations on the following

- 1 Review U S American Petroleum Institute (API) pipe standard 5LX to specify pipe
- 2 Review U S practices and regulations for testing gas lines with air/gas instead of water
- 3 Discuss gas meter installations, type being used, costs
- 4 Discuss categories of work for which costs will be accumulated, labor and material
- 5 Meeting with Bill Smith, USAID
- 6 Meeting with Dean White, Hagler Bailly
- 7 Meeting with Tatoul Markarian, Counselor/Deputy Chief of Mission regarding visit to Pacific Gas & Electric
- 8 Meeting with Garen Galustian, Deputy Minister regarding visit to Pacific Gas & Electric (PG&E)
- 9 Status of organizational structure study for gas company
- 10 Develop list of topics to be discussed at PG&E for review
- 11 Develop list of people for future visits to PG&E

Saturday, May 10, 1997

Depart Yerevan for U S

ATTACHMENT 49



DATE OF ISSUE October 20, 1997

**UNITED STATES ENERGY ASSOCIATION (USEA)
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

ADVISORY MISSION

NORTHWESTERN PUBLIC SERVICE (NWPS)

PARTNERSHIP ORIENTATION

Sponsored by

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

And

UNITED STATES ENERGY ASSOCIATION

Location/Dates: Yerevan, Armenia

May 9 - 17, 1997

Participants

Arthur R. Donnell, Vice President, Energy Operations, NWPS

David A. Monaghan, Controller, NWPS

William L. Polen, Manager, Energy Industry Partnership Program, USEA

Laura L. McClure, Deputy Program Manager, USEA

Background

In 1992, the United States Agency for International Development entered into a cooperative agreement with the United States Energy Association to create the Energy Industry Partnership Program for the New Independent States of the former Soviet Union (NIS). The objective of this partnership program is to 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, and to provide an opportunity for participating U S investor-owned utilities to forge strategic international alliances with progressive NIS utilities. Presently, USEA administers 15 U S /NIS partnerships in seven of the 11 NIS republics.

The USEA does not currently have a utility partnership in operation for Armenia. However, in July, 1996, following their participation in the Edison Electric Institute Annual convention, Kajak Safarian, who was then the General Director of the Ararat Distribution Company, and Albert Baghdasarian, who was then the Director of Sevan Distribution Company, conducted an exchange visit with Northwestern Public Service (NWPS), a combination electric and gas investor-owned distribution utility headquartered in Huron, South Dakota. Northwestern Public Service serves 56,000 electric customers and 77,000 natural gas customers in South Dakota and Nebraska.

As a result of the exchange visit with Mr. Safarian and Mr. Baghdasarian, NWPS has expressed an interest in serving as a utility partner with the one of the newly formed regional distribution companies, which were created as a result of the consolidation of several smaller distribution companies during the recent restructuring of the Armenian energy sector, and/or a gas company.

Objectives

The objective of this trip is to obtain a commitment from both NWPS and either a regional consolidated distribution company and/or gas company to enter into a partnership agreement through the Energy Industry Partnership Program. The goals of the trip are to

- 1) Familiarize the senior officers of NWPS and the directors of the regional consolidated distribution companies with each other's management structure and operations, and assess whether NWPS and a regional consolidated distribution company are appropriate analogs under the partnership program,
- 2) Introduce the NWPS participants to the management structure and operations of Armgasprom to gain a greater understanding of the Armenian energy sector and assess the level of interest in establishing a natural gas partnership, and

Northwestern Public Service Partnership Orientation

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- 3) Conduct a two day seminar for the directors and senior managers of the consolidated distribution companies to discuss the structure and operations of investor-owned utilities in a market economy

The Program

The program will commence with an introductory meeting with the USAID Mission in Yerevan to provide NWPS with an overview of the U S Government assistance efforts to commercialize and privatize the Armenian electric and gas sectors. A meeting with Deputy Minister of Energy Galustian will provide detailed information on the current operations of the energy sector and plans for privatization. Day one will conclude with an afternoon meeting with Ararat Distribution Network to provide an initial overview of the company. The second day of the program will be spent with Armgasprom to examine the operations of the natural gas sector and its relation to the electric sector. Day three of the program will be spent meeting with the management of the Ararat Distribution Network to discuss its operations and describe the management structure and operations of NWPS. Ideally, day three will conclude with an agreement to commence a utility partnership in a formal signing ceremony to be held in Washington, DC in July 1997. A two-day seminar on how U S investor-owned utilities are organized and structured to ensure commercial viability will be conducted on days four and five. The delegation will debrief the USAID Mission prior to departing Yerevan.

U S Energy Association Energy Industry Partnership Program

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Friday, May 9, 1997

- 7 15 a m Art Donnell and David Monaghan depart Huron, South Dakota, arrive Chicago
9 48 a m
- 11 00 a m Art Donnell, and David Monaghan depart Chicago, arrive Wash/Dulles 1 38 p m
- 5 30 p m Art Donnell, David Monaghan, William Polen, and Laura McClure depart
Wash/Dulles, arrive Amsterdam 7 05 a m

Saturday, May 10, 1997

RECOVERY MORNING - AMSTERDAM

Lodging

Dorint Hotel Schiphol Amsterdam
Sloterweg 299
Badhoevedorp NL 117IVB
Phone 020-658-8111

- 5 00 p m Art Donnell, David Monaghan, William Polen, and Laura McClure depart
Amsterdam, arrive Yerevan 11 35 p m

Sunday, May 11, 1997

- 11 00 a m **Meeting with Hagler Bailly Staff**
Dean White, Principal, Hagler Bailly Consulting, Inc
Armen Arzumanyan, CEC - TACIS Energy Saving Project for Armenia
Lusine Jagharian, Hagler Bailly Consulting, Inc
➤ Overview of Advisory Mission Agenda
➤ Discussion of the USEA/Hagler Bailly Jointly-Sponsored Workshop,
scheduled for Thursday, May 15 - Friday, May 16
- 1 00 p m Cultural Activities in Yerevan
Interpreter
- 2 00 p m **Meeting with Directors of Local Gas Companies**
R Adontz, President Armgasprom
➤ Overview of the USEA Energy Industry Partnership Program and

US Energy Association Energy Industry Partnership Program

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- Introduction of Northwestern Public Service
- Overview of the Armenian Gas Sector and Armgasprom operations
- Review of NWPS Operations and Discussion of Their Interest in the Armenian Energy Sector
- Discussion of Current Challenges Faced by Armgasprom and Potential Areas of Collaboration

6 00 p m Dinner at the White House

Lodging

Hotel Armenia
Republic of Armenia, Republic Square
Phone Service Bureau 011-3742-52-53-83
Phone Receptionist 011-3742-52-53-93
Phone Direct to Room 011-3742-569 + (your room number)

Contact Information

c/o Dean White
Hagler Bailly Consulting, Inc
Yerevan, Armenia
Tel 011-3742-268-491/266-413
Fax 011-3742-906-034
Email davem@hbyer.arminco.com

Monday, May 12, 1997

- 9 30 a m **Meeting with United States Agency for International Development**
William Smith, Energy Officer, Mission to the Caucasus, USAID
Artashes Kazakhetsyan, Country Representative, USAID
- Overview of U S Government Assistance Efforts to Commercialize and Privatize the Armenian Electric & Gas Sectors
 - Overview of Recent Energy Sector Restructuring
 - Overview/Discussion of the USEA Energy Industry Partnership Program and potential for collaboration with other USAID funded programs
 - Overview of Northwestern Public Service and their interests in the Armenian Energy Sector
 - Overview of other Multilateral Programs, including the World Bank, the European Bank for Reconstruction and Development, the Asian Bank

U S Energy Association Energy Industry Partnership Program

Northwestern Public Service Partnership Orientation

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- Review schedule and objectives for Advisory Mission

12 00 p m **LUNCH**

1 30 p m **Meeting with Armenian Ministry of Energy**

G Galustian, Deputy Minister of Energy, Armenian Ministry of Energy

- Overview of the USEA Energy Industry Partnership Program and Introduction of Northwestern Public Service
- Overview of the Ministry of Energy's Operations and Recent Energy Sector Restructuring
- Discussion of Privatization Process and Potential US Investment Opportunities, Including Impediments and Government Incentives
- Discussion of Potential Partnership Activities

3 00 p m **Meeting with Ararat Regional Consolidated Distribution Company**

A Sarkissian, General Director of Ararat Regional Consolidated Distribution Company

- Overview of Recent Electric Sector Restructuring
- Overview of Ararat Regional Consolidated Distribution Company Operations
- Introduction to USEA Energy Industry Partnership Program
- Overview of Northwestern Public Service Operations & Interests

4 30 p m **ADJOURN**

Lodging

Hotel Armenia

Tuesday, May 13, 1997

9 00 a m **Meeting with and tour of Ararat or Sevan Distribution Companies**

12 00 p m **LUNCH**

2 00 p m **Tour of Gas Armgasprom Metering Sites**

R Adontz, President Armgasprom

4 00 p m **ADJOURN**

U S Energy Association Energy Industry Partnership Program

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Lodging

Hotel Armenia

Wednesday, May 14, 1997

- 9 00 a m **Meeting with Directors of Regional Distribution Companies**
Regional Distribution Company Directors
- Introduction to the USEA Energy Industry Partnership Program and Northwestern Public Service
 - Overview of NWPS Operations and Their Interest in the Armenian Energy Sector
 - Overview of Operations of Each Participating Regional Distribution Company
 - Discussion of Recent Energy Sector Restructuring and Priority Areas at Each Regional Distribution Company
 - Discussion of Potential Areas for Collaboration
- 12 00 p m **LUNCH**
- 2 00 p m **Tour of Ararat Distribution Company**
A Sarkissian, General Director Ararat Consolidated Distribution Company
- 4 00 p m Return to Yerevan

Lodging

Hotel Armenia

Thursday, May 15, 1997

Joint USEA/Hagler Bailly Two Day Workshop

Objectives

- 1 To provide opportunities to discuss how US investor-owned utilities are organized and structured to ensure commercial viability,
- 2 To discuss current priorities of Armenian regional distribution company directors/managers, and
- 3 To identify potential areas of collaboration

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9 00 a m **Opening of the Workshop & Commencement of Presentations & Discussion**

- Introductions and Overview of Workshop Objectives
Dean White Principal, Hagler Bailly
William Polen Program Manager, Energy Industry Partnership Program, USEA

- Overview of USAID Assistance Programs, Including Hagler Bailly and the USEA Energy Industry Partnership Program
William Smith, Energy Officer, Mission to the Caucasus, USAID

- Overview of U S Energy Sector and Anticipated Changes as a Result of Competition
William Polen, Program Manager, Energy Industry Partnership Program, USEA

- Corporate Governance
Arthur Donnell Vice President Energy Operations, Northwestern Public Service
David Monaghan Controller Northwestern Public Service
 - ▶ Organizational Structure
 - ▶ Laws of Incorporation
 - ▶ Shareholders
 - ▶ Board of Directors
 - ▶ Officers
 - ▶ Managers
 - ▶ Investor Relations
 - ▶ Annual Shareholder Meeting
 - ▶ Accounting Systems
 - ▶ Financial Reports

- Human Resources
Arthur Donnell, Vice President Energy Operations Northwestern Public Service
David Monaghan Controller Northwestern Public Service
 - ▶ Job Descriptions
 - ▶ Performance Evaluation
 - ▶ Personnel System
 - ▶ Salary Structure
 - ▶ Benefit Programs
 - ▶ Training Activities

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12 00 p m **LUNCH**

2 00 p m **Continuation of Workshop and Discussion**

➤ **Regulation**

Arthur Donnell Vice President Energy Operations Northwestern Public Service

David Monaghan Controller Northwestern Public Service

- ▶ Regulated Versus Non-regulated Utilities
- ▶ State Versus Federal Control
- ▶ Rate Structure
- ▶ Rate Requests
- ▶ Hearing Process
- ▶ Effects of Upcoming Competition on Regulation

➤ **Power Procurement**

Arthur Donnell Vice President Energy Operations, Northwestern Public Service

David Monaghan Controller Northwestern Public Service

- ▶ Interconnection Pools
- ▶ Wholesale Procurement
- ▶ Vertical Integration and Disaggregation
- ▶ Competition and Customer Choice
- ▶ Staffing

➤ **Summary and Overview of Objectives for Day Two**

William Polen, Program Manager Energy Industry Partnership Program, USEA

Dean White Principal, Hagler Bailly

Friday, May 16, 1997

9 00 a m **Continuation of Workshop Discussion and Summary**

➤ **Review of Previous Day and Overview of the Remainder of the Workshop**

Dean White, Principal, Hagler Bailly

William Polen, Program Manager Energy Industry Partnership Program USEA

➤ **Customer Service**

Arthur Donnell Vice President Energy Operations Northwestern Public Service

David Monaghan Controller Northwestern Public Service

- ▶ Meter Reading
- ▶ Billing
- ▶ Collection Process

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Northwestern Public Service Partnership Orientation

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- ▶ Customer Information Systems
- ▶ Economic Development
- ▶ Customer Assistance Programs
- ▶ Customer Call Center
- ▶ Crew Operations

- Safety
Arthur Donnell, Vice President, Energy Operations, Northwestern Public Service
David Monaghan, Controller, Northwestern Public Service
 - ▶ Programs
 - ▶ Incentives & Awards
 - ▶ Equipment
 - ▶ First Aid Program
 - ▶ Safety Manual
 - ▶ Safety Statistics

- Workshop Summary
William Polen, Program Manager, Energy Industry Partnership Program, USEA
Dean White, Principal, Hagler Bailly
 - ▶ Review of Key Issue Areas Identified During Workshop
 - ▶ Discussion of Possible Collaboration
 - ▶ Discussion of Follow-up Activities

12 00 p m **LUNCH**

1 30 p m **Debriefing With the United States Agency for International Development**
William Smith, Energy Officer, Mission to the Caucasus
Artashes Kazakhetsyan, Country Representative

- Review of Advisory Mission Objectives and Findings
- Northwestern Public Service Review of Potential Partner Utilities and Areas of Interest
- Discussion of Possible Follow-up Activities and Collaboration with Other USAID Funded Programs and other Donor Programs

FREE AFTERNOON - YEREVAN

Lodging

Hotel Armenia

US Energy Association Energy Industry Partnership Program

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Northwestern Public Service Partnership Orientation

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Saturday, May 17, 1997

4 25 a m Art Donnell, David Monaghan, and William Polen depart Yerevan arrives
Amsterdam 7 10 a m

12 30 p m Art Donnell, David Monaghan, and William Polen depart Amsterdam, arrives
Wash/Dulles 2 45 p m

4 30 p m Art Donnell and David Monaghan depart Wash/Dulles, arrives Denver 6 21 p m ,
departs Denver 7 00 p m , arrives Huron, South Dakota 10 16 p m

Sunday, May 18, 1997

1 00 p m Laura McClure departs Yerevan and arrives Tbilisi, Georgia at 2 45 p m

ATTACHMENT 50

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**United States Energy Association
Energy Industry Partnership Program**

**Conference Attendance for the
Armenian Ministry of Energy
to
Power-Gen Europe and
Power Delivery '97**

**Sponsored by
United States Agency for International Development**

**June 14-21, 1997
Madrid, Spain**

**Participant
Mr Areg Galstian
Head of the Science and Technology Department
Armenian Ministry of Energy**

Date of Issue June 12, 1997

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Background

In 1992, the United States Agency for International Development entered into a cooperative agreement with the United States Energy Association (USEA) to create the Energy Industry Partnership Program for the New Independent States of the former Soviet Union (NIS). The objective of this partnership program is to 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, and to provide an opportunity for participating U.S. investor-owned utilities to forge strategic international alliances with progressive NIS utilities. Presently, USEA administers 15 U.S./NIS partnerships in seven of the 11 NIS republics.

Over the past four years the Energy Industry Partnership Program has supported Armenian energy sector's market reform efforts through several delivery mechanisms, including several internship programs, two conferences in Yerevan, seminars, and exchanges and advisory missions with Pacific Gas and Electric and Northwestern Public Service Company. The USEA is currently exploring the development of partnerships for both the gas and electric sectors of Armenia.

Mr. Garen Galustyan, Deputy Minister of Energy, expressed the Armenian Ministry of Energy's interest in sending Areg Galstian, Head of the Science and Technology Department for the Ministry, to the Power-Gen '97 Europe Conference and Exhibition and in Madrid, Spain, to the U.S. Agency for International Development. Based on the high correlation of the conference program with current reform efforts across the Armenian energy sector and Mr. Galstian's key role at the Ministry, fulfilling the Ministry's request to support conference attendance by Mr. Galstian will provide needed information on market-based power generation and delivery systems to the Ministry.

Program

Power-Gen Europe has a long standing reputation as the leading conference and exhibition for the electric generating industry of Europe. This year's conference, to be held in Madrid, Spain, from June 15-19, 1997, is expected to attract more than 6,000 participants, ranging from electric utilities, independent power producers, energy companies, equipment suppliers, and energy-related architects, engineers, and environmental specialists from Europe, North Africa, and the Middle East.

Power-Gen '97 will provide an eight track conference program addressing generation and operation issues consistent with USAID's efforts in privatization, as well as an exhibition program. The conference program themes include the following four areas of power generation: energy trends and strategies, environmental aspects of power generation, gas turbine-based technologies, conventional, advanced and renewal technologies, and plant operation.

As an innovation, this year's event will be held in conjunction with a power delivery conference, another priority issue in the Armenian energy sector. Offering a split track program, the conference will address how power delivery will adapt to a changing environment from the perspective of system development and operation and from the perspective of transmission and distribution equipment and technologies.

Both conferences will jointly support a full-scale power industry exhibition. Sponsored by PennWell, a large U.S. pavilion will feature more than 50 U.S. exhibitors, including many major U.S. energy firms such as General Electric, Westing House, and Foster Wheeler. Additionally, many small and medium size U.S. energy firms will be attending this show for the first time.

Attached for reference purposes, is the detailed agenda for both Power-Gen and Power Delivery.

Objectives

- To provide the Energy Ministry representative with an overview of the structure, policies and challenges of other electric utilities as a basis of comparison and contrast with the conditions in Armenia.
- To acquaint the Armenian Energy Ministry representative with plant organization, plant operations, plant performance, and plant improvements and upgrades across Europe and the U.S.
- To expose the Ministry representative to power generation strategies and trends in the power industry, generation economics and finance, steam plant rehabilitation and technology advancement, environmental technologies, co-generation, gas turbines, gas engines and combined cycle, plant management operations and maintenance, and renewables.
- To provide an opportunity for Armenian Energy Ministry representative to be exposed to the driving forces for changes in power delivery, including pricing and future developments, system operation in a competitive market, network planning & system interconnection, new technologies, substations, switchgear and substation equipment, and environmental issues related to power lines and cables.

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Agenda - Power-Gen/Power Delivery ' 97

Saturday, June 14, 1997

5 15 a m Depart Yerevan on Armenian Air flight 151 and arrive in Amsterdam at 8 20 a m

10 35 a m Depart Amsterdam on KLM flight 363 and arrive in Madrid at 1 10 p m

Lodging Melia Avenida De America
Spanish Heritage Hotel
Antonia Merce, 8
28009 Madrid
Phone 43-1-431-14-66
Fax 34-1-576-99-85

Sunday, June 15, 1997 - Yerevan and Tbilisi/Madrid

4 00 p m Conference registration at the Feria de Madrid / IFEMA begins
Registration has been confirmed under badge number 3350

6 00 p m Conference registration at the Feria de Madrid / IFEMA ends

Lodging Melia Avenida De America

Monday, June 16, 1997 - Madrid

8 00 a m Continuation of conference registration at the Feria de Madrid / IFEMA

5 00 p m Welcome reception begins

6 00 p m Welcome reception ends

Plant tours

Lodging Melia Avenida De America

Tuesday, June 17, 1997 - Madrid

9 45 a m Keynote Session

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Minister Joseph Pique
Ministry of Energy, Spain

Mr Pablo Benavides,
Director, DG XVII, European Commission Belgium

Mr Bhigo Oriol
Chairman of Unesa, Spain

10 00 a m Exhibition

12 00 noon Lunch

2 30 p m Conference Sessions

5 00 p m Tapas tour of Exhibit Floor

Lodging Melia Avenida De America

Wednesday, June 18, 1997 - Madrid

9 30 a m Exhibition Floor Opens

10 00 a m Conference Sessions

12 00 noon Lunch

2 30 p m Conference Sessions

Lodging Melia Avenida De America

Thursday, June 19, 1997 - Madrid

9 30 a m Exhibition

10 00 a m Conference Sessions

12 00 noon Lunch

1 30 p m Interactive Panel Discussion

2 30 p m Presentation Innovation Awards and Closing of Conference

Lodging Melia Avenida De America

Friday, June 20, 1997 - Madrid

Free Day in Spain due to Flight Schedule

Lodging Melia Avenida De America

Saturday, June 21, 1997

11 20 a m Depart Madrid on KLM flight 492 and arrive in Amsterdam at 1 45 p m

5 00 p m Depart Amsterdam on Armenian Air flight 152 and arrive in Yerevan at 11 35 p m

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ATTACHMENT 51



**United States Energy Association
Energy Industry Partnership Program**

in Cooperation with

**Tennessee Valley Authority
Sakenergo**

Power Dispatch Exchange, Part II

sponsored by

United States Agency for International Development

October 12-26, 1996

Chattanooga and Pigeon Forge, Tennessee

Date of Issue September 30, 1996
Date of Edit September 30, 1996

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LIST OF PARTICIPANTS

Tennessee Valley Authority

David Troy
Gary Jackson
Ron Rogers

Sakenergo

Emzar Chachkhiani, General Director, Zhiner Specialized Power Company
Bagrat Kvachadze, Head of the Relay Protection Department, Gruzenergo State Power Company
Ilya Kalandadze, Head of the Remote Control Shop, Gruzenergo State Power Company
David Osiashvili, Dispatcher, Sakenergo Power Company
Gacha Gamkhuashvili, Head of Dispatch Service, Sakenergo
Gamlet Tanasov, Assistant Head of Scheduling Service, Sakenergo Power Company

United States Energy Association

John Michael Dwyer, Deputy Program Manager
Robert Marosz, Program Coordinator

Interpreters

Denis Kovalev
Torii Loginov

Background

After conducting a series of advisory missions to Sakenergo in the Republic of Georgia, the United States Energy Association, 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. The utility partnership between the Georgia Power Company and Sakenergo focuses on managerial issues related to electric distribution, while the partnership between the Tennessee Valley Authority and Sakenergo addresses the management of generation plants and electric transmission. The USEA FY 1996 work plan emphasizes management and fiscal practices commonly used by utilities in the United States.

As a result of the restructuring of the electric sector in the Republic of Georgia, experts from the Tennessee Valley Authority and personnel from the resulting reorganized Georgian generation plants and transmission system will exchange information on power dispatch, business and financial planning, forecasting, information systems, risk management, and resource allocation.

Over the past few months, USEA has been in close communication with the USAID offices in both Washington, DC and Tbilisi, as well as with other USAID contractors in the Caucasus region, to establish the responsibilities of each of the new generation, transmission, and distribution entities of the restructured Georgian utility. This coordinated effort will enable each of the new components of Sakenergo to understand how each development fits into the overall context of market reforms.

Program

The Power Dispatch Exchange, Part II, builds upon the work accomplished by Mr. Jackie Simmons of TVA during his exchange visit to Tbilisi in June 1995. Six power dispatch managers will travel to Chattanooga and Pigeon Forge, Tennessee, for a two week exchange concentrating on general business practices, automated dispatch operations, demand forecasting, emergency outage procedures, the relationship among dispatch center and generation plants and transmission and distribution systems, bulk security system process, and power marketing. In addition to general discussions, the delegation will tour several dispatch centers. During this exchange, the Georgians will present information on the status of the restructuring of the electric power sector currently taking place in the Republic of Georgia. Furthermore, the Georgian participants will write and submit drafts of detailed reports which will be sent to USEA after approximately one month.

Objectives

- To follow up on and complete the information exchange during the Power Dispatch Exchange, Part I,
- To review the and expand upon the general business practices and operations of dispatch centers as covered in the initial exchange,

- To demonstrate various forms of automated dispatch operations used in the U S as well as related computer hardware and software,
- To discuss how load and demand are forecasted with respect to the change of seasons and other factors,
- To work through emergency procedures training and drills placing an emphasis on outages,
- To exchange information on how U S dispatch centers are related generation facilities, transmission and distribution lines, and maintenance departments, in addition to other power grids,
- To exchange information on how Georgian dispatch centers are related to generation facilities, transmission and distribution lines, and maintenance departments, in addition to other regional power grids
- To provide a detailed explanation of the electric generation in the U S related to the bulk system security process and bulk power marketing,
- To complement the work done by AEP Energy Services, Inc in June 1996

Agenda Power Dispatch Exchange, Part II
October 12-26, 1996

Note All times are local times

Saturday, October 12, 1996 - Tbilisi / Vienna, Austria

- 12 00 p m Departure of Orbi Airways Flight 1681 from Tbilisi to Vienna
- 12 20 p m Arrival in Vienna
A Russian speaking escort will meet the delegation at the baggage claim, guide the group to their hotel, and assist them to check in
- 1 30 p m Check in to the Novotel Wien Flughafen at the airport in Vienna

Sunday, October 13, 1996 - Vienna / Chattanooga

- 11 00 a m Check out of the Novotel Wien Flughafen
- 2 35 p m Departure of Delta Flight 147 from Vienna to Atlanta
- 7 20 p m Arrival in Atlanta
- 8 55 p m Departure of Delta Flight 7851 from Atlanta to Chattanooga
- 9 35 p m Arrival in Chattanooga

Monday, October 14, 1996 - Chattanooga

- 9 00 a m Introductions and Overview of USAID, USEA, and the EIPP
Robert Marosz, USEA
- 9 30 a m Introduction to the Tennessee Valley Authority
David Troy, TVA
- 10 00 a m Review of information exchanged during the Power Dispatch Exchange, Part I
- 10 30 a m Break
- 10 45 a m Preview of topics to be discussed during the Power Dispatch Exchange, Part II

- | | |
|-----------|--|
| 12 00 p m | Lunch |
| 1 00 p m | <p>Introduction to Sakenergo Gacha Gamkhuashvili, Head of Dispatch Service, Sakenergo Emzar Chachkhiani, General Director, Zhiner Specialized Power Company</p> <ul style="list-style-type: none">• Current of the restructuring effort in the power sector of the Republic of Georgia• Overview of the power dispatch system and procedures in the Republic of Georgia• Discussion of dispatch center equipment procurement• Description of the critical areas of attention in power dispatch in the Republic of Georgia |
| 2 30 p m | Break |
| 2 45 p m | Tour of the facilities and computer hardware at TVA |
| 4 00 p m | Question and Answer Session |
| 5 00 p m | Adjourn |

Tuesday, October 15, 1996 - Chattanooga

- | | |
|-----------|---|
| 9 00 a m | <p>General business practices related to power dispatch</p> <ul style="list-style-type: none">• Staffing• Control center organizational structure• Scheduling• Cultural similarities and differences |
| 10 30 a m | Break |
| 10 45 a m | <p>Continuation of general business practices related to power dispatch Ron Rogers, TVA</p> <ul style="list-style-type: none">• Operational planning• Real-time operations• Maintenance |
| 12 00 p m | Lunch |
| 1 30 p m | <p>Automated dispatch operations</p> <ul style="list-style-type: none">• Hardware and software used in the U S |

5/10

- 2 30 p m • Recent upgrades and improvements
Break
- 2 45 p m Continuation of automated dispatch operations
 - Record keeping
 - Data acquisition, retrieval, and utilization
- 4 00 p m Question and Answer Session
- 5 00 p m Adjourn

Wednesday, October 16, 1996 - Chattanooga

- 9 00 a m Load management
 - Demand forecasting
 - Seasonal changes and trends in demand
 - Customer price risk management
- 10 30 a m Break
- 10 45 a m Continuation of load management
 - Transmission scheduling
 - Transmission dispatching
- 12 00 p m Lunch
- 1 00 p m Site Tour of the Raccoon Mountain Pumped Storage Plant
- 3 00 p m Break
- 3 15 p m Continuation
- 5 00 p m Adjourn

Thursday, October 17, 1996 - Chattanooga

- 9 00 a m Peaking
 - Interruptible power provisions
 - Generating resource unit commitment (unit startup and shutdown)

| | |
|-----------|--------------------------------------|
| 10 30 a m | Break |
| 10 45 a m | Continuation on peaking |
| 12 00 p m | Lunch |
| 1 00 p m | Site Tour of the Moccasin Substation |
| 2 30 p m | Break |
| 2 45 p m | Continuation of site tour |
| 4 30 p m | Question and Answer Session |
| 5 00 p m | Adjourn |

Friday, October 18, 1996 - Chattanooga

| | |
|-----------|--|
| 9 00 a m | General procedures and training |
| 10 30 a m | Break |
| 10 45 a m | Emergency procedures and training |
| 12 00 p m | Lunch |
| 1 00 p m | Continuation of emergency procedures and training <ul style="list-style-type: none">• Outages• Storms and disasters• Restoration |
| 3 00 p m | Break |
| 3 15 p m | Discussion of safety procedures |
| 4 30 p m | Question and Answer Session |
| 5 00 p m | Adjourn |

Saturday, October 19, 1996 - Chattanooga

Cultural Activities in Chattanooga

Sunday, October 20, 1996 - Chattanooga

Cultural Activities in Chattanooga

Monday, October 21, 1996 - Chattanooga

- | | |
|-----------|--|
| 9 00 a m | Power dispatch's relationship among <ul style="list-style-type: none">• Generation facilities• Transmission |
| 10 30 a m | Break |
| 10 45 a m | Continuation of power dispatch's relationship among <ul style="list-style-type: none">• Distribution• Maintenance and service centers |
| 12 00 p m | Lunch |
| 1 00 p m | Continuation of power dispatch's relationship among <ul style="list-style-type: none">• Other power grids |
| 3 00 p m | Break |
| 4 30 p m | Question and Answer Session |
| 5 00 p m | Adjourn |

Tuesday, October 22, 1996 - Chattanooga / Pigeon Forge

- | | |
|-----------|--|
| 9 00 a m | Bulk system power security process |
| 10 30 a m | Break |
| 10 45 a m | Continuation of bulk system power security process |
| 12 00 p m | Lunch |

1 00 p m Departure for Pigeon Forge (outside of Knoxville)

5 00 p m Arrival in Pigeon Forge

Wednesday, October 23, 1996 - Pigeon Forge / Chattanooga

9 00 a m Tour of the facilities at Pigeon Forge

10 30 a m Break

10 45 a m Transmission Dispatching
James Regg

12 00 p m Lunch

1 00 p m Continuation of transmission dispatching

3 00 p m Depart for Chattanooga

7 00 p m Arrive in Chattanooga

Thursday, October 24, 1996 - Chattanooga

9 00 a m Site Tour of Chickamauga ADCC

10 30 a m Break

10 45 a m Continuation of site tour

12 00 p m Lunch

1 00 p m Bulk power marketing

3 00 p m Break

3 15 p m Continuation of bulk power marketing

4 30 p m Question and Answer Session

5 00 p m Adjourn

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Friday, October 25, 1996 - Chattanooga / Travel

| | |
|-----------|--|
| 9 00 a m | Complete tax forms and submit evaluations |
| 10 00 a m | Review the major topic covered during the exchange |
| 10 15 a m | Break |
| 10 30 a m | Initiate work on the outlining and submission of draft detailed reports on the exchange which will be completed later in the Republic of Georgia then sent to USEA within four weeks |
| 12 00 p m | Lunch |
| 1 00 p m | Depart for Airport |
| 3 25 p m | Departure of Delta Flight 7846 from Chattanooga to Atlanta |
| 4 13 p m | Arrival in Atlanta |
| 5 20 p m | Departure of Delta Flight 146 from Atlanta to Vienna |

Saturday, October 26, 1996 - Travel / Tbilisi

| | |
|----------|---|
| 9 05 a m | Arrival in Vienna |
| 2 30 p m | Departure of Orbis Airways Flight 1682 from Vienna to Tbilisi |
| 9 00 p m | Arrival in Tbilisi |

ATTACHMENT 52



**United States Energy Association
Energy Industry Partnership Program**

in Cooperation with

**Georgia Power Company
Sakenergo**

Rates & Tariffs Seminar

sponsored by

United States Agency for International Development

November 1-11, 1996

Tbilisi, Georgia

Date of Issue October 23, 1996
Date of Edit October 23, 1996

LIST OF POTENTIAL PARTICIPANTS

Georgia Power

Michael O'Sheasy, Rate Design Manager

Stephen Kennedy, Government Issues Manager

Sakenergo

Teimuraz Kipiani, Head of Foreign Relations Department

Other Sakenergo participants to be determined

National Electric Regulatory Commission

United States Energy Association

John Michael Dwyer, Deputy Program Manager

Interpreters

To be determined

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 transfer 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.

During the past fiscal year, USEA, Georgia Power and TVA have worked closely with executives and managers at Sakenergo and have identified rates and tariffs, energy efficiency, customer service, billing and collection, and privatization as the primary 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 recommendation by USAID to create an independent regulatory commission in the Georgian Republic is a major step forward in the transition from a command to a market economy. During this exchange Sakenergo will be exposed to the regulatory process from the utility's perspectives.

Objectives

- To introduce the Georgians to the history, structure, and organization of utility regulation in the United States,
- To define rate of return,
- To provide a detailed example of a rate case,
- 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
November 1-11, 1996**

All times are local times

Friday, November 1, 1996 - Travel

- 5 20 p m Georgia Power staff depart Atlanta for Vienna on Delta Flight 146
- 3 20 p m USEA staff departs Washington/National for NYC/Vienna on Delta Flight 1596

Saturday, November 2, 1996 - Travel / Tbilisi

- 9 05 a m Georgia Power staff arrive in Vienna
- 9 30 a m USEA staff arrives in Vienna
- 2 30 p m Departure of Orbis Airways Flight 1682 from Vienna to Tbilisi
- 10 00 p m Arrival in Tbilisi

Sunday, November 3, 1996 - Tbilisi

Rest and Cultural activities in Tbilisi

Monday, November 4, 1996 - Tbilisi

- 9 00 a m Meeting at USAID with Hagler Bailly
- Sakenergo Restructuring Process
- 10 00 a m Security briefing at U S Embassy
- 11 00 a m Introductions and Overview
- John Michael Dwyer Deputy Program Manager USEA
- USEA Program
 - Sakenergo Restructuring Process
- 11 30 a m Overview of the Structure and Organization of an Utility Regulatory Commission
- Stephen Kennedy Government Issues Manager Georgia Power
- History of Public Utility Regulation in the United States

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Regulatory Exchange

- History of Public Utility Regulation in the United States
- Overview of Federal Regulation and Regulatory Responsibilities

12 00 p m Lunch

1 30 p m Overview of State Regulation
Stephen Kennedy, Government Issues Manager, Georgia Power

- Appointment by Governors
- Confirmation by Legislature
- Regulation by the State of Georgia Public Service Commission
- Term of Service and Funding
- Organization of the State of Georgia Public Service Commission

3 00 p m Break

3 30 p m Regulatory Compact (Balancing the interests of the rate payer with the utility's corporate interests)
Stephen Kennedy, Government Issues Manager, Georgia Power

- Regulatory Compact
- Regulation as a substitute for competition
- Definition of a Natural Monopoly
- Goals of Regulation
- Role of the Commission

5 00 p m Adjourn

Tuesday, November 5, 1996 - Tbilisi

9 00 a m Meet with Hagler Bailly to coordinate efforts in Power Sector (TBD)

10 30 a m Rate of Return Regulation
Stephen Kennedy, Government Issues Manager, Georgia Power

- Anatomy of a Rate Case
 - Purpose of a Rate Case
 - Who Can Initiate a Rate Case
 - Who participates in a Rate Case
 - How do the Public and the Utility Participate in a Rate Case
 - What Type of Documentation is Submitted During a Rate Case
 - The Role of Administrative Law Judge, Staff and Commissioners
 - Appeals Process

- 12 00 p m Lunch
- 1 30 p m Traditional Method of Regulation - "Rate of Return Regulation"
Michael O'Sheasy, Rate Design Manager, Georgia Power
Stephen Kennedy, Government Issues Manager, Georgia Power
- Reliance on Accounting, Finance, and Economics Approaches
 - Rate of Return Model
 - General Definitions
 - Current and Future Trends
 - Performance Based Regulation (PBR)
- 3 00 p m Break
- 3 30 p m Continue
- 5 00 p m Adjourn

Wednesday, November 6, 1996 - Tbilisi

- 9 00 a m Developing the Cost of Service
Michael O'Sheasy, Rate Design Manager, Georgia Power
- 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
- 10 00 a m Break
- 10 30 a m Continuation of Developing the Cost of Service
- 12 00 p m Lunch
- 1 30 p m Continuation of Developing the Cost of Service
Michael O'Sheasy, Rate Design Manager, Georgia Power
- Process by Function of
 - Generation
 - Transmission
 - Distribution
- 2 30 p m • Classification by

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- Customer
- Demand
- Energy
- Allocation

3 00 p m Break

- 3 30 p m • Assigned and Allocated Cost to Customer Classes Based on Consumption Characteristics including
- Production Costs
 - Common Costs
 - Distribution Primary Costs
 - Allocations
 - Summary Return and Increase by Class

5 00 p m Adjourn

Thursday, November 7, 1996 - Tbilisi

- 9 00 a m General Rate Design Considerations
Michael O'Sheasy, Rate Design Manager, Georgia Power
- Purpose and Objectives
 - Regulation Influence
 - Cost Basis
 - Basic Charges
 - Customer
 - Demand
 - Energy
 - Example Rate Design
 - Typical Rate Structures

10 00 a m Break

10 30 a m Continuation

12 00 p m Lunch

- 1 30 p m Continuation of General Rate Design
Michael O'Sheasy, Rate Design Manager, Georgia Power
- Residential Block Rate
 - Commercial and Industrial Variations

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- Hours Use of Demand
- 3 00 p m Break
- 3 30 p m Other Considerations
 - Seasonal Load
 - Time of Day Load
 - Real Time Pricing
 - Economic Development Rates
 - Rate Comparisms
 - Rate Adjustmens
 - Peak Period Ratchets
 - Interruptible
 - Losses
 - Power Factor
 - Fuel Adjustments
 - Minimum Bills
 - Other Adjustments
- 5 00 p m Adjourn

Friday, November 8, 1996 - Tbilisi

- 9 00 a m Open Discussion of Unresolved Issues
- 10 00 a m Break
- 10 30 a m Continue
- 11 00 a m Participants Complete USEA Evaluation Forms
- 12 00 p m Lunch
- 1 30 p m Meeting with Sakenergo to Discuss the FY 1997 Work Plan in Relation to the Latest Restructuring Efforts
John Michael Dwyer, Deputy Program Manager, USEA
- 4 00 p m Debriefing at USAID/Embassy /Hagler Bailly
- 5 00 p m Adjourn

Saturday, November 9, 1996 - Travel / Vienna

2 00 p m USEA and Georgia Power departure of Orbis Airways Flight 1681 from Tbilisi to Vienna

1 20 p m Arrival in Vienna

Sunday, November 10, 1996 - Travel / U S

Cultural activities in Vienna for Georgia Power

11 20 a m USEA staff departs from Vienna for JFK Airport on Delta FLT 271

3 15 p m USEA staff arrives in Kennedy

4 45 p m USEA staff depart on Delta Flt 4632 for Wash/National

6 05 p m USEA staff arrives Wash/National

Monday, November 11, 1996 - Travel / U S

2 35 p m Georgia Power staff depart from Vienna

7 50 p m Georgia Power staff arrive in Atlanta

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ATTACHMENT 53



**United States Energy Association
Energy Industry Partnership Program**

in Cooperation with

**Georgia Power Company
Sakenergo**

Procurement Manual Exchange, Part II

sponsored by

United States Agency for International Development

November 1-11, 1996

Tbilisi, Georgia

Date of Issue October 8, 1996
Date of Edit October 8, 1996

LIST OF POTENTIAL PARTICIPANTS

Georgia Power

William Meng, Manager, Corporate Procurement

Bob Self, Procurement & Materials Manager

Paul Youngblood Procurement Specialist

Sakenergo

Teimuraz Kipiani, Head of Foreign Relations Department

Other Sakenergo participants to be determined

United States Energy Association

John Michael Dwyer, Deputy Program Manager

Interpreters

To be determined

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 transfer 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

During the past fiscal year USEA, Georgia Power and TVA have worked closely with executives and managers at Sakenergo and have identified rates and tariffs, energy efficiency, customer service, billing and collection, and privatization as the primary 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

Objectives

- Review Draft of Sakenergo's Procurement Procedures (procedures) with procurement personnel to ensure clear understanding
- Modify procedures as appropriate to further clarify and ensure appropriate application of procurement practices and controls with Sakenergo
- Review proposal Procurement Procedures with Sakenergo's senior management to ensure clear understanding and agreement with fundamental aspects of the new procedures

**Agenda for the Procurement Manual Exchange, Part II
November 1-11, 1996**

All times are local times

Friday, November 1, 1996 - Travel

- 5 25 p m Georgia Power staff depart Atlanta for Vienna on Delta Flight 146B
- 3 20 p m USEA staff departs Washington/National for Kennedy on Delta Flight 1596K
connects to Delta Flt 2770M, departing 6 30 p m

Saturday, November 2, 1996 - Travel / Tbilisi

- 9 05 a m Georgia Power arrives in Vienna
- 9 30 a m USEA staff Arrives in Vienna
- 2 30 p m USEA and Georgia Power depart on Orbis Airways Flight 1682 from Vienna to Tbilisi
- 9 00 p m Arrival in Tbilisi

Sunday, November 3, 1996 - Tbilisi

Rest and Cultural activities in Tbilisi

Monday, November 4, 1996 - Tbilisi

- 9 00 a m Meeting at USAID with Hagler Bailly
- Sakenergo Restructuring Process
- 10 00 a m Security briefing at U S Embassy
- 11 00 a m Sakenergo Procurement Meeting
Introductions and Overview
John Michael Dwyer, Deputy Program Manager, USEA
- USEA Program
- Sakenergo Briefing (TBD)
- Restructuring Process

| | |
|-----------|--|
| 12 00 p m | Lunch |
| 1 30 p m | Conceptual Review of Sakenergogeneration and Sakenergo's New Procurement Procedures with Procurement Representatives William J. Meng, Manager Corporate Procurement, Georgia Power/Southern Bob Self, Procurement & Materials Manager Georgia Power/Southern, Paul A. Youngblood Georgia Power |
| 3 00 p m | Break |
| 3 30 p m | Continued Conceptual Review of Sakenergogeneration and Sakenergo's Procurement Procedures |
| 5 00 p m | Adjourn |

Tuesday, November 5, 1996 - Tbilisi

| | |
|-----------|--|
| 9 00 a m | Meet with Hagler Bailly/World Bank to coordinate efforts in Power Sector (TBD) |
| 10 30 a m | Detailed Review of Procurement Procedures with Sakenergogeneration and Sakenergo Procurement personnel |
| 12 00 p m | Lunch |
| 1 30 p m | Continue Detailed Review of Procurement Procedures |
| 3 00 p m | Break |
| 3 30 p m | Continue Detailed Review of Procurement Procedures |
| 5 00 p m | Adjourn |

Wednesday, November 6, 1996 - Tbilisi

| | |
|-----------|--|
| 9 00 a m | Review Procurement Procedures for Agreement/Sponsorship with Head of Department of Foreign Relations, State Enterprise "Sakenergogeneration" |
| 10 30 a m | Review Procurement Procedures for Agreement/Sponsorship with Director General, State Enterprise "Sakenergogeneration" |

| | |
|-----------|---|
| 12 00 p m | Lunch |
| 1 30 p m | Review Procurement Procedures for Agreement/Sponsorship with Head of Department of Foreign Relations State Enterprise "Sakenergo" |
| 3 00 p m | Break |
| 3 30 p m | Review Procurement Procedures for Agreement/Sponsorship with Director General, Sakenergo |
| 5 00 p m | Adjourn |
| 7 00 p m | Dinner with Hagler Bailly/World Bank Representatives to Discuss Status of Implementing New Procurement Procedures |

Thursday November 7 1996 - Tbilisi

| | |
|-----------|---|
| 9 00 a m | Concurrent Reviews of Procurement Procedures for Agreement/Sponsorship with other Senior Management of Sakenergogeneration and Sakenergo TBD (These may occur two-three at a time) |
| 10 00 a m | Break |
| 10 30 a m | Concurrent Reviews of Procurement Procedures for Agreement/Sponsorship with other Senior Management of Sakenergogeneration and Sakenergo TBD (These may occur two-three at a time) |
| 12 00 p m | Lunch at American Embassy |
| 1 30 p m | Discuss Implementation of Procurement Procedures with Procurement Personnel |
| 3 00 p m | Break |
| 3 30 p m | Continue Discussion of Implementation Plans with Procurement Personnel |
| 5 00 p m | Adjourn |

Friday, November 8, 1996 - Tbilisi

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9 00 a m Open Discussion of Unresolved Issues or Plans

10 30 a m Break

11 00 a m Participants Complete Evaluation Forms
Michael Dwyer, Deputy Program Manager, USEA

12 00 p m Lunch

1 30 p m Meeting with Sakenergo to Discuss the FY 1997 Work Plan in Relation to the
Latest Restructuring Efforts
Michael Dwyer, Deputy Program Manager, USEA

3 00 p m Break

4 00 p m Debriefing at USAID/Embassy /Hagler Bailly

5 00 p m Adjourn

Saturday, November 9 1996 - Travel / Vienna

1 00 p m Departure of Orbis Airways Flight 1681 from Tbilisi to Vienna

1 20 p m Arrival in Vienna

Sunday, November 10, 1996 - Travel / U S

Cultural activities in Vienna

Monday, November 11, 1996 - Travel / U S

9 50 a m USEA staff departs Vienna for Washington/Dulles on Delta Flight 2781

2 35 p m Georgia Power staff departs Vienna for Atlanta on Delta 147

3 40 p m USEA staff arrives in Washington/Dulles

7 20 p m Georgia Power staff arrive in Atlanta

ATTACHMENT 54

**United States Energy Association
Energy Industry Partnership Program**

in Cooperation with

The Georgia Power Company and Sakenergo

**Working Copy of the
Sakenergo Procurement Manual**

for the

**Procurement and Contracting Exchange, Part II
November 4-8, 1996
Tbilisi, Republic of Georgia**

sponsored by

United States Agency for International Development

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PROCUREMENT MANUAL TASK TEAM

Sakenergo

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Mr George Kutateladze-Team Leader, Sakenergo Foreign Relations Department

Mr Vaja Metreveli, Deputy Director of Sakenergoremont

Mr Vaja Topuria, Sakenergogeneratsia Foreign Relations Department

Mr Irakli Sulaberidze, Sakenergo Foreign Relations Department

Georgia Power

William Meng, Manager, Corporate Procurement

Bob Self, Procurement & Materials Manager

Paul Youngblood, Procurement Specialist

United States Energy Association

John Michael Dwyer, Deputy Program Manager

Robert Marosz, Program Coordinator

Raylynn White, Administrative Assistant

INTRODUCTION

The development of the energy sector in the Republic of Georgia mainly occurred in the period when the USSR and the Republic of Georgia were included in a common energy system. Within centrally planned economies, the supply of equipment for energy operations was conducted in a centralized manner.

After the Republic of Georgia achieved independence and moved toward a market economy, many problems arose within the energy sector of the Republic of Georgia that were left to Sakenergo, the energy holding company of the Republic of Georgia. These problems would have to be solved without the government assistance provided in the past. At the same time, market opportunities in the Republic of Georgia became the object of great interest to Western countries.

It has become clear that the only way to overcome the energy crisis in the Republic of Georgia is to restructure the energy sector, which requires constructing new power plants and refurbishing existing facilities. The policies and strategies for procurement take an important place in this restructuring process. They create the need to establish a procurement department that meets the needs of the energy sector in dealing with international markets for supplies.

As a result of this need, Sakenergo and Georgia Power, through the United States Energy Association Energy Industry Partnership Program, selected procurement and contracting as one of their work plan topics. In May 1996, representatives from Georgia Power spent a week with Sakenergo specialists presenting and discussing procurement and contracting issues and processes used in the United States. In light of the pending World Bank loan for assistance to the energy sector that was expected in September 1996, Sakenergo has asked the USEA partnership program to help them develop a new Procurement Manual to support them in complying with the World Bank's loan requirements. Having been given copies of Georgia Power's procurement manual and other directives, Sakenergo produced this new draft Sakenergo Procurement Manual. This manual will become the basis for discussion between Sakenergo and Georgia Power during the November 1996 Procurement Exchange at Sakenergo's offices in Tbilisi. Georgia Power will meet with the new organizational components of Sakenergo involved in the procurement process and assist in the implementation.

1 POLICIES AND OBJECTIVES OF PROCUREMENT

1.1 Policies

- 1 Purchases must be done on the basis of a properly authorized supply requisition. In the event of an emergency, materials may be purchased from a supplier without the supply requisition, however, a requisition should be processed after the purchase to record the transaction. Any requisition prepared after a purchase is done should be marked as "confirmation only -- do not duplicate this purchase."
- 2 The placement of orders will be based on the lowest proposed price, providing the supplier answers the necessary quality and delivery terms. All exceptions will be done in accordance with guidelines established in the present manual.
- 3 For transactions of 3000 Lari or more, in case when there exists more than one reliable supplier competitive bids or quotations will be solicited.
- 4 Alternative competitive sources of supply must be used where possible. The Procurement Department is responsible for developing policy regarding the size of the vendor base. All the suppliers must be reliable and have good image in the international market.
- 5 All relationship with supplier must be constructed on the business basis. Buyers must be far from developing close personal relationship with suppliers. Buyers will not be assigned to purchase where there are friendly or family relations with suppliers.*
- 6 No invoices payments will be made unless there is a contract or purchase order to cover the transaction. Any exceptions must be approved by Procurement Department.
- 7 Suppliers will not be given the internal and confidential information about Sakenergo and information regarding prices proposed by other suppliers.
- 8 Personnel of the Procurement Department by their action or inaction must not overcome any government statute or regulations.
- 9 Gifts and entertainments offered by suppliers are to be accepted only in accordance with the Code of Ethics and must be approved by the General Director.
- 10 The Procurement Department must not make purchases for the personal use of employees, nor the name or status of Sakenergo shall be used to secure price, credit, or other personal advantage for employees.

- * Note This restriction should apply to all employees, therefore, this idea should be included in the "Code of Ethics" that will apply to all employees

1 2 Objectives

- 1 To procure materials, equipment spare parts and services of suitable quality, in the proper quantity, at the lowest price and at the same time required by Sakenergo
- 2 To select suppliers through evaluation of price, quality, service, productivity, geographic possession and administrative costs and place orders taking into consideration of these factors
- 3 To coordinate with other departments, system operating companies and others for the development and improvement of materials
- 4 To develop and maintain reliable, competitive sources of supply
- 5 To establish a "data base" of information concerning equipment, materials, and products approved for use by Sakenergo
- 6 To establish an inventory program listing all material that is in Sakenergo's inventory and make this information to the appropriate employees Use of existing inventory should be considered before new material is purchased

2 REQUISITION PROCESS

Standard Supply Requisition (SSR)

The SUPPLY REQUISITION is the standard form used to request that the procurement Department issue a purchase order for non-stock materials or services

Manager's Initial Review

All SSR must be date-stamped upon receipt in the Procurement Department and then sent to Procurement Manager or his designee for examination *

- * Comment Sending all requisitions to the Procurement Manager will slow the procurement process Could the Quality Review process satisfy the concerns?

2 1 Buyers Review

It is buyer's responsibility to review all supply requisitions to processing. The following items are verified

- 1 Presence of date stamp of Procurement Department and tax information,
- 2 Initial acceptance by the Procurement Manager, or his designee,
- 3 Selection of this most appropriate method of purchase,
- 4 Presence of all information necessary to solicit quotations

2 2 Priority Codes

Priority Codes are indicated on requisitions to establish the urgency of Sakenergo's needs for material, equipment, spare parts or service and to authorize certain actions by the buyer. Priority Codes are as follows

Priority 1 Immediate impact on generating plant operations or an impact on Sakenergo's ability to generate revenue. The buyer is authorized to take any action necessary to meet the needs requested on the requisition.

Priority 2 Delivery or performance on the date requested in the requisition is important, but the buyer must obtain approval prior to authorizing any additional expense.

Any requisition that does not have a Priority Code will be considered a routine purchase requirement. Delivery or performance dates will be determined by the buyer based on Sakenergo's requested date and the supplier's quoted date.

2 3 Quality Review

The procurement managers or their designees periodically perform formal review of requisitions after they have been converted to orders by the buyers. The aim is to verify that the buyer is correctly following established procedures and acting in the best interest of Sakenergo.

3 COMPETITIVE BID PROCESS

If the value of the requisition is more than 300 Lari, the buyer is required to solicit a minimum two competitive bids.

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Exceptions to Competitive Bids Requirements may be done when following

- 1 Supply requisition is less than 3000 Lari,
- 2 Competitive bids are not required when there is only one suppliers capable of providing the materials, spare parts, or services, or there is an Original Equipment Manufacturer (OEM) (The buyer indicates this situation on the supply requisition),
- 3 Competitive bids are not required for priority 1 requisitions,
- 4 Competitive bids are not required in certain situations involving unsolicited proposals from supplier The decision to pursue unsolicited proposals should include whether the product or service is based on proprietary or patented information or it is not readily available in a competitive market,
- 5 Competitive bids may not be required in special circumstances where non-standard items or services are to be purchased, or when multiple sources of supply behave in a monopolistic manner

3.1 Inquires

The inquiries method is an expanded process of soliciting bids Inquiries are generally used for purchasing materials and services which require the documentation of detailed specifications, drawings, plans, special conditions, labor agreements, and particular commercial terms and conditions

3 2 Initiation of an Inquiry

Inquiries are generally initiated by the originator sending either a requisition or an inquiry package containing specifications, drawings, a recommended proposals form, and any other information to the Procurement Department The package should also contain a cover letter signed by the appropriate manager The Procurement Manager or appointed designee initially reviews the package for content, appropriate signatures The inquiry package is then assigned to a buyer based upon workload and the type of material or services being requested

The assigned buyer reviews the inquiry documentation for clarity, acceptability, and comprehensibility If an inquiry number had not been previously assigned, the buyer assigns a number The originating department's proposed bid list is also reviewed and revised as appropriate The buyer then attaches any necessary commercial documentation, working agreements or labor agreements to the package and transmits it to the selected vendors for bids

Bidders are requested to submit their proposals by specified deadlines

After being properly received and stamped by the Procurement Department, copies of proposals are forwarded to the buyer. The buyer retains the original proposal and forwards one or more copies to the proper technical department for their technical evaluation when necessary

Buyers must request bids in writing and the sealed bid method is used at all times. The urgency of the purchase and the value of the order are primary factors to consider when making the decision

It is the buyers responsibility to ensure that appropriate terms and conditions become a part of the purchasing contract, regardless of the procurement method used

Standards and technical specifications quoted in bidding documents shall promote the broadest possible competition, while maintaining the performance and other requirements of the equipment or material being purchased

All bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis

3.3 Bidder Selection

It is the buyer's responsibility to select which qualified suppliers will be requested to submit bids, based upon their ability to provide the product or service in time as well as their competitiveness and quality of service

3.4 Late Bids

Any bids received by the Procurement Department after the due date are classified as a "late" bid. The buyer must normally reject all late bids or modifications, except in the following circumstances

- 1 If the lack of timely receipt is due solely to delay in the mail or wire services, or to other delivery delays beyond the control of the bidder. (In such cases the package must be clearly postmarked or otherwise date-stamped by the delivery services prior to the bid due date.)
- 2 If the date document is a bid from a single source supplier or OEM
- 3 If the buyer determines that it is in the best interest of Sakenergo to accept the late bid. Under these circumstances, acceptance of the late bid must be approved by the

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Procurement Manager

Procurement personnel are responsible for the preparation of written requests for bids, as well as for their receipt, opening, security and storage. Every effort must be done to prevent or unauthorized opening of bids.

4 REQUEST FOR QUOTATION (RFQ)

The RFQ process is a procurement method based on comparing price quotations obtained from several suppliers, usually at least three, to assure competitive prices. The Request For Quotation is an appropriate method for procuring readily available off-the-shelf material or standard specification commodities. The RFQ will not normally require the detail bid package that is used in the Inquiry Process. The RFQ shall indicate the description and quantity of the material, as well as desired delivery time and place. Quotations may be submitted by telex or facsimile.

5 BID ANALYSIS

5.1 Commercial Evaluation

The buyer is responsible for evaluating the commercial aspects of proposals, including such factors as price, delivery and payment terms and special conditions.

5.2 Technical Evaluation

When a proposal is received from a vendor that requires technical evaluations a copy of the proposals is sent to the proper technical department for their analysis and recommendation from a technical standpoint prior to the award. The original proposal is returned to the Procurement Department for the buyer to evaluate commercially.

5.3 Proposal Rejection

If the buyer believes that a fair representation of the market price has not been quoted, if requirements have changed since issuing the inquiry or RFQ or if there is any indication of a compromise of bid confidentiality, the buyer may reject all bids and seek rebids.

5.4 Order Splitting

Upon receipt of bid during the competitive bidding process, it may become evident that it would be the best interest to divide the order between two or more vendors. If savings of 200 (two hundred Lari) or more can be achieved by splitting the line items on a requisition, it is

the buyer's responsibility to do so or document this reasons for not doing so *

- * Comment May want to consider a split based on a percentage of the total order instead of 200 Lari

5 5 Material Substitution

Sometimes, the buy may seek bids or quotes from vendors who offer material substitutes. Believes the substitution would be in best interest, the buyer asks the originating department of concurrence to purchase the substitute.

5 6 Non-Responsive Suppliers

The buyer must document when any supplier, invited to submit a proposal, does not respond.

5 7 Contracts Section Inquiry Evaluation

The buyer reviews the technical evaluation and recommendation and does one of the following:

- 1 If the proposal and recommendation are found acceptable, the buyer stamps "approved" and signs and dates the letter. The recommendation letter is then forwarded to the Contracts Manager for final approval before the award is made.
- 2 If the proposal is not approved, the buyer stamps "disapproved," and signs and dates the letter.
- 3 The approved evaluation and recommendation is returned to the buyer, who then makes award to the contractor.
- 4 For Contract Section purposes, the buyer informs the vendor of additional details regarding the award.

6 AWARD PROCESS

6 1 Supplier Selection

Providing that suppliers meet quality, delivery and payment term requirements, placement of orders is generally based on the lowest evaluated bid. The buyer uses his experience with suppliers to make the selection.

6 2 Notification to Vendors

Formal notification is sent all bidders informing them of the successful bidder, but without including confidential information *

- * Comment May want to consider formal notification only on large bid transactions This is too much work for small transactions

6 3 Procurement Section Blanket Orders

A Procurement Section blanket order is a contract between Sakenergo and a supplier, placed by the Procurement Department, which allows employees to periodically authorize releases of material against the blanket order Blanket orders are limited to covering purchases of generic commodities over a limited period of time, with either fixed or audit able pricing structures put in place

6 4 Contracts Section Blanket Orders

A Contracts Section blanket order is a contract between Sakenergo and a contractor placed by the Procurement Department, which allows employees to periodically authorize releases of service against the blanket order Blanket orders are limited to covering purchases of specific services over a limited period of time (three years maximum) with either fixed or audit able pricing structure

Contracts Section blanket orders must be competitively bid, or supported with documentation for selection of a sole source, or otherwise authorized by the Contracts Manager, supported with documentation Blanket order releases are generated by the user organization and are not subject to release limits unless the buyer as determined the need for such restrictions

The buyer's responsibility is to include pricing in the blanket order when practical When the inclusion of pricing is impractical due to the magnitude of the price list, the buyer supplies the field operation with separate price lists to aid in the field administration of the contract

6 5 Bulk Orders *

A bulk order is similar to a blanket order in that it is a contract between Sakenergo and a supplier, placed by the Procurement Department, to authorize purchases of materials from the supplier The bulk order, however, is established to cover purchases of specific listed commodities at specific listed prices over a period of time

- * Note Unless there is a reason to distinguish this, it appears to be identical to a Blanket Order

6 6 Change Orders

Requests for Change Order, are used to initiate the process of modifying existing purchase orders. They are generally prepared to change technical specifications, but may also affect commercial aspects of the purchase order such as additions and modifications to commodities, descriptions, quantities, catalog numbers, etc. Change order requests may be initiated either by the originating department or the Procurement and Contracts Department. In the event a purchase order has not yet been issued, the request for change order may be used to modify a requisition.

6 7 Change Order Processing

Originating department change order requests are sent to the Procurement Manager for verification of approval by the appropriate level of management in the originating department.

The buyer then determines whether to accept a change order request, it should be competitively bid whenever practical. Proposals received in response to change order requests that are technical in nature are returned to the proper technical department for their review and approval, and then returned to the Procurement Department for completion of processing. The buyer ensures the completeness and accuracy of all information, and forwards the package to the Procurement Department for change order generation.

If the decision is made to issue a new purchase order, the buyer cancels the request for change order and attaches it to the original supply requisition or inquiry file. The buyer prepares a new supply requisition using the change order request as his authorization to do so. The new supply requisition is processed according to standard procedures as previously explained.

The buyer reviews the change order for accuracy, writes the change order number, the date and initials on the change order request and original requisition. The buyer then attaches the request for change order to the original requisition or places it in the inquiry file, whichever applies. Change orders that revise the order price upward require approval according to established guidelines. In such cases, the change order, original requisition and the request for change order are forwarded to the appropriate supervisory personnel for review and approval if necessary. Requisition cancellations typographical corrections do not require approval. Completed change orders are returned to Procurement Department for distribution.

7 MATERIAL RETURN AUTHORIZATION (MRA)

The Material Return Authorization is used for returning goods to a vendor and to establish a record of material returns for reimbursement from vendors.

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MRA use is authorized for the following

- 1 If the supplied products don't meet the similar conditions mentioned in purchase order or contract,
- 2 Reasons can no longer be used by Sakenergo This situation must be shown in the form of a contract,
- 3 If supplier makes changes in equipment, etc without notifying the buyer

7 1 Establishment of the MRA

The receiving location is responsible for establishing and completing an MRA when material is to be returned, then sending it to the Procurement Department to make arrangements with the vendor for returning the material After the buyer does so and enters the necessary information, he returns the MRA to the receiving location

7 2 Collection of the MRA

The collection effort for MRA balances is primarily the responsibility of the proper technical department If a vendor is invoiced for returned material and does not make remittance within 60 days, the MRA originator contacts Disbursement Accounting and authorizes the deduction of the amount credited against outstanding or future invoices The originator may also contact the buyer for assistance in the collection effort Buyers should provide whatever assistance necessary to dispose of outstanding MRA's in a timely manner

8 VENDOR REQUESTS FOR PRICE INCREASE

Vendor requests for price increases are to be considered individually, however, as generally policy, Sakenergo does not grant such requests All suppliers are expected to the terms and conditions of proposals

If a vendor makes a formal requests for a price increase after submitting his proposal, the decision is made by Sakenergo Authorities

8 1 Prior to Award

If a supplier requests a price increase prior to issuance of the purchase order due to an unambiguous error or an unexpected manufacturer's price increase, buyers should consider the request based on its merits However, if the buyer has reason to believe that the supplier has obtained price information submitted by competitors, he should request the withdrawal

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of the supplier's proposal

8 2 After Award But Prior to Delivery

If a supplier requests a price increase after issuance of the purchase order, and if the revised price does not exceed the next low bid on file, due consideration should be given based on the merits of the request. If the price does exceed the next low bid and the supplier is not willing to reduce his revised price, the buyer should consider canceling the original purchase order and awarding the next lowest bidder, keeping the required delivery date in mind. The buyer should advise the vendor that price increases may affect future awards.

8 3 After Delivery

Supplier requests for price increases after receipt of material of service may be considered on their individual merit, however, no price increase shall be approved that exceeds the next low bid on file.

Supplier request for price increases under non-competitive circumstances. It is the buyer's responsibility to determine the acceptability of a price increase by comparing previous prices for like items whenever possible. The buyer may also choose to discuss non-competitive price increase requests with the originating department, especially regarding major purchases.

9 INVOICE REVIEW AND APPROVAL

It is the responsibility of the Procurement Department to provide final approval of certain invoices, as explained below. Sakenergo's general policy is to pay purchase order price or invoice price, whichever is lower.

9 1 General Purchases

Disbursement Accounting checks all invoices against the associated purchase order, and sends invoices with discrepancies, escalation invoices and purchase orders without prices to the buyer for review and resolution of discrepancies. The buyer either approves the invoice or takes action necessary to have the invoice adjusted by the supplier, attaches any documentation necessary to explain his decisions. The invoice is then returned to Disbursement Accounting with instructions regarding its disposition. A buyer's direction on an invoice is sufficient to notify Disbursement Accounting what action to take regarding payment, however it is not proper documentation of the invoice discrepancy.

Note No invoice shall be returned to the vendor by anyone other than Disbursement Accounting.

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9 2 Blanket Order Invoices

Disbursement Accounting is responsible for ensuring that invoice do not exceed blanket order limits, and the Supplier an Program Development Section is responsible for reviewing blanket order invoices according to established procedures

9 3 Escalation Invoices

All escalation invoices are sent to the Procurement Department of Disbursement Accounting for approval prior to payment. The buyer who processed the original requisition reviews the invoice, and if it is found to be in order, initials the invoice documentation stamp. The buyer then sends the approved invoice to the Marketing Section, with any additional information that may be required to verify the escalation. If the buyer finds a discrepancy between the purchase order and the invoice, the invoice is disapproved with an explanatory memo and returned to Disbursement Accounting.

The Marketing Section verifies the presence of the buyer's initials on the invoice and reviews any attached information to determine the escalation policy that should be used. The invoice is then compared to the escalation policy to ensure that the proper calculations have been made.

If the review of the escalation invoice reveals that supplier has under-billed, the Marketing Section approves the invoice and sends a letter to the supplier requesting an invoice for the remainder. If the supplier has over-billed, the Marketing Section notifies the supplier that the invoice will not be approved for payment and requests a corrected invoice. A copy of the rejection letter and the original invoice are returned to Disbursement Accounting, and a copy of the rejection letter is also sent as information to the buyer.

Escalation invoices determined to be correct are initialed by the Marketing Section and returned to Disbursement Accounting for payment.

9 4 Progress Payment Invoice

All progress payment invoices must be approved by the buyer prior to payment. The buyer ensures that appropriate departments have reviewed the invoice, and performs other standard review functions, including comparing the invoice and purchase order to verify that the amount, payment due dates and extension dates are correct.

If the invoice is determined to be in error, the disapproved invoice is returned to Disbursement Accounting accompanied by an explanation of the errors contained in the invoice.

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10 CONTRACT ADMINISTRATION

The Procurement Department is responsible for providing support in the administration process, specifically in the areas of contract interpretation, review of subcontracts and subcontractors, review and response to contractor's claims and extra work orders, warranty claims against the contractor, and contractor performance reviews. The user department's responsibility is to ensure the overall efficient administration of labor and service contracts.

10.1 Contract Formulation

The responsibility of the user department is to define the scope of work to be performed. The scope of work should be described as explicitly as possible to enable the contractor to propose lump sum pricing. By utilizing lump sum contracts, the following benefits can be derived: 1) a more clearly competitive environment can be established, 2) a contractor's extra work orders and claims can be better scrutinized, and 3) accounting for specific job costs can be better controlled. To ensure that the contractor is able to efficiently begin operations, the contractor should be informed in advance of all necessary details.

10.2 Administration of Contractor's Performance, Attendance, and Productivity

The responsibility of the appropriate user department representative is to administer all labor contracts. In the case of cost-plus or unit rate contracts, the representative is responsible for verifying contract employees' daily attendance for the purpose of time sheet verification. In addition, the contractor's productivity and adherence to contract specification should be monitored periodically. The contractor should be informed writing of any deficiencies in expected productivity or of work not performed in accordance with specification.

10.3 Invoice Verification and Approval

The responsibility of the user department and the designated field administration personnel is to ensure the accuracy of all invoices approved for payment by comparing invoices to contracts and purchase orders. The responsibility of the Contracts Agent is to review or assist in the development of the procedures for invoice verification. If invoice discrepancies are found, the user department contacts the contractor to reconcile the issues found to be in error. If resolution cannot be made to the satisfaction of both parties, the Contracts Agent is contacted and all pertinent information and documentation is forwarded to the Contracts Agent for further review and action.

Authorization for extra work should only be given for work not contained in the original scope of work, and which was unforeseen and closely associated with the original scope. The additional work must be added to the purchase order by a request for change order and, when necessary, as an addendum to the contract. The same level of management approval for the

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extra work is required as for the original purchase request. In addition, extra work should only be added to an existing contract when the contractor is both qualified to perform the work and is cost competitive.

10 4 Contractor Claims and Back Charges

The responsibility for both the user department and the Procurement Department is to review all contractor claims and back charges to ensure the validity of the charges. Both organizations must be in agreement as to the validity prior to approving the charge. In some cases, change orders or addenda to the purchase order and contract may be required to authorize payment.

10 5 Company Claims Against the Contractor and Warranty Claims

The responsibility of the user department is to notify the Procurement Department as soon as possible of any problems which may arise as a result of the contractor's failure to perform work as contracted. The two departments should attempt to resolve any deficiency with the contractor without the use of litigation. If necessary, the legal department is contracted in an attempt to develop negotiating strategies. In all cases, the contractor should be informed in writing immediately upon determining that a potential claim exists.

The responsibility of the user department is to ensure that "Sakenergo" assets are protected by requiring contractors to satisfy all warranty work. The user department assists the Procurement Department in the preparation of the warranty claim to be presented. Once the claim has been made, contractor is given access to the site for inspection of the proposed warranty work. If the contractor is uncooperative and/or refuses to honor the claim, legal action may be required to resolve the claim.

10 6 Contractor Performance Reviews and Contract Close-Out

Once the contractor has completed the work, the user department is responsible for performing a final written review of the contractor's performance. It is suggested that a "Supplier Evaluation Report", be completed by the designated user administration personnel. However, other forms have been developed by various organizations within Sakenergo, these will be acceptable provided they give adequate detail of the contractor's performance. A copy of the report is forwarded to the Procurement Department Contracts Section, for inclusion in the contractor's performance file. The information accumulated from these reports will be available to user departments for their consideration of prospective suppliers.

After the conclusion of all work, the user department notifies the Procurement Department of the satisfactory completion of the contracted work and a letter is sent to the appropriate buyer indicating that the work is complete. The purchase order should then be closed.

10 7 Insurance Requirements

The buyer's responsibility is to secure insurance certificates on contracts and blanket purchase orders which require them. The buyer completes an insurance verification card upon award of work indicating the following information:

- 1 The inquiry number,
- 2 The purchase order number, if issued,
- 3 General liability or automobile insurance amounts, including the insurance expiration date,
- 4 Workers' compensation limits,
- 5 If the contract requires any special kinds of insurance (e.g., aircraft general liability), the kind and the amount are indicated in the space marked "other",
- 6 The buyer indicates whether an endorsement clause is required by marking the bid "yes" or "no",
- 7 The contract date,
- 8 The project completion date (with adequate additional time allowed to provide insurance during any additional work),
- 9 The user's contract name and telephone number, for notification about insurance status,
- 10 The project name and,
- 11 The vendor's name, address and phone number

The completed insurance verification card is forwarded to the Contracts Section, who records the information on computer for insurance verification and tracking system. If the certificate of insurance is not received from the contractor within two weeks of receipt of the verification card from the buyer, the Contract Section sends a reminder notice to the contractor. If the certificate of insurance has not been received after ten days from the second notification, the secretary notifies the user department and the contractor is notified once again, given ten days to submit the certificate, and allowed on company property after such time. When the buyer is notified by the Contract Section that the contractor has failed to respond to the request, the buyer's responsibility is to contact the contractor in an effort to

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obtain the certificate, or to notify the user that the contractor is no longer allowed on company property. When a blanket order is canceled, the buyer notifies the contracts Section in writing, enclosing a copy of the change order canceling the blanket order, and instructing movement of the insurance verification card from active status to inactive status.

10.8 Structure of Contracts

- Form of contract (lump sum, unit price, turnkey, or reimbursable cost plus fees)
- Subject of contract
- Price and terms of payment
- Terms and conditions of delivery
- Guarantees
- Performance Security
- Legal obligations
- Obligations of parties
- Liquidated damages and bonus clauses
- Drawings and specifications
- Insurance
- Ownership rights
- How to cancel the contract

11. TRANSPORTATION

11.1 Carrier Selection

The transport section is responsible for organization of carriers for material and equipment purchased by Sakenergo.

Supply requisitions processed in the transport section Procurement Department are over send to for processing.

The transport section selects a carrier from the maintained list and enters the selected carrier's name on the supply requisition

Periodically, requisitions are reviewed by the Procurement Manager, or the Transport Coordinator to ensure that all necessary routing has been performed

11 2 Emergency Shipments

Transport section is responsible for obtaining transportation for all extraordinary freight

11 3 Charter Air Service

Charter air service is generally used for parts needed immediately at a construction or generating facility. In these cases speed of delivery is the primary concern in selecting a charter air service. If the size of the part is not too large or too heavy, a chartered air service is obtained. Selecting an air charter service depends upon cost and availability of proper equipment to move the required part. The decision to obtain charter service should be made by the Procurement Manager and approved by Sakenergo authorities.

11 4 Oversized or Overweight (Motor Carrier)

Special shipping is arranged for shipments which are oversized and cannot be handled by a common carrier. Although no formal bids are taken in securing this service, price quotes should be obtained from as many suppliers as possible to match the availability of needed equipment and service.

11.5 Oversized or Overweight (Rail)

If the commodity is too large or heavy to obtain special permits to move by motor carrier the use of special rail equipment is warranted. When it is determined that rail movement is required, the carrier is contacted "to order" the necessary equipment. All shipments are routed by the Transport Section.

Motor carrier shipments may be required to move the shipment from the railroad to the destination.

All shipments must be done through the close coordination between the buyer's and vendor's Transport Section personnel.

11 6 Payment of Freight Bills

The Transport Section is responsible for approving freight bills. If freight charges are not

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included in a vendor invoice carrier freight bill will be forwarded to General Director for approval

Payment on carrier freight will be made on original bills or certified copies of bills only

11 7 Verifying Shipping Terms

Carrier freight bill and vendor invoices identified with a purchase order number will be verified in the contract section to determine if payment is consistent with the terms of the purchase order

11 8 Auditing Freight Bills

Once the determination has been made that Sakenergo is responsible for payment of a bill, the rate of the bill is verified This is accomplished by reviewing the appropriate discount tariff on file in the Transport Section If a discrepancy is found, an adjustment is made to the bill with the correct amount indicated

Approved freight bills will be forwarded to Accounting with the bill number, bill date, vendor number, and money amount highlighted and an approval signature and date indicated

11 9 Employee Business Travel

The Transport Section of the Procurement Department is responsible for obtaining business travel for employees of the company related for other than company or personal vehicles

For this aim Transport Section obtains reservations for airlines, rental cars, and hotels

12 LOCAL PURCHASE STATEMENT (LPS)

Note There seems to be some confusion between our understanding of the Local Purchase Statement concept and what Sakenergo is considering with the LPS The Local Purchase Statement at Georgia Power is a procurement method that allows any employee to make certain purchases without involving the Procurement Department The LPS gives limited buying authority to any employee to purchase non-stock material that is a very small value The LPS is not intended for use by Procurement Department buyers

If Sakenergo decides to authorize the use of a Local Purchase Statement process, the LPS form should be a multiple part form This form will not require a requisition The LPS form will require all of the information necessary for the purchase, including price, delivery information, supplier information and any approvals or accounting information required by Sakenergo The LPS form is

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distributed as follows

- Copy 1** Send to the supplier
- Copy 2** Send to disbursement accounting
- Copy 3** Send to procurement
- Copy 4** Retained by the employee making the purchase

Note It is our recommendation at Georgia Power that Sakenergo does not implement a Local Purchase Statement program at this time. In our opinion, the Purchasing Department needs to establish controls and achieve a position of authority for purchasing and contract activities. The LPS process could be considered in the future for small value purchases.

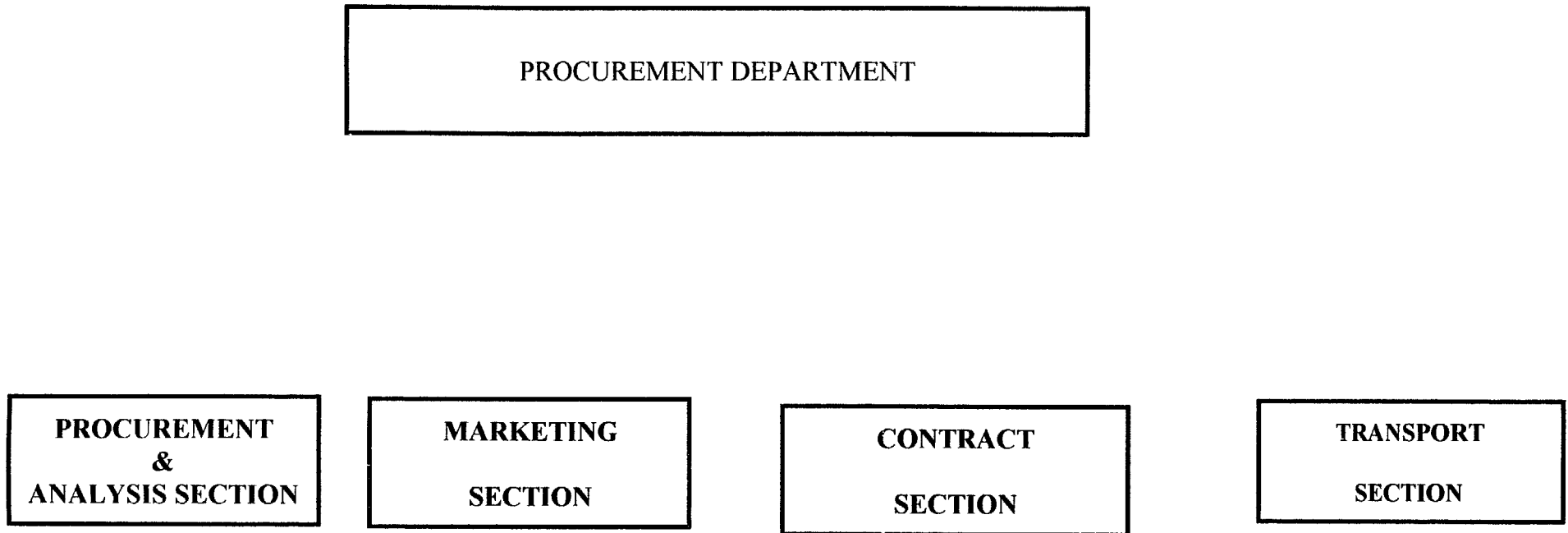
Field Buying

In our opinion, the field buyers located in plants and other remote locations should follow the same procedures as any other buyer within the Procurement Department. There is no need for a "field requisition." All buying request should use the Standard Supply Requisition form. Field buyers, if they are within the Procurement Department, should make purchase in accordance with their assigned buying authority, just like any buyer within the Procurement Department. All buyers should use the same ordering process.

The Structure of the State Enterprise "Sakenergoenergi"



PROCUREMENT DEPARTMENT ORGANIZATIONAL CHART



PROCUREMENT PROCESS

622

REQUISITION

**INQUIRY
OR RFQ**

**COMPETITIVE
BID**

**SUPPLIER'S
PROPOSAL**

**PURCHASE ORDER
OR CONTRACT**

**PROPOSAL
ANALYSIS**

DEFINITION OF TERMS

Asset

Bid

Bidders Single Source Supplier

Bill

Blanket Order

Bulk Order

Buyer

Code of Ethics

Contract

Contracts Agent

Contract Manager

Discount Tariff

Field Buyer

Field Requisition

Freight Bill

General Director

Inquiry

Invoice

Lari

Local Purchase Statement (LPS)

623

Material Return Authorization (MRA)
Non-Competitive

Original Equipment Manufacturer (OEM)

Priority Code

Procurement Manager

Proposal

Purchase

Purchase Order

Quality Review Process

Quotation

Request for Quotation (RFQ)

Requisition

Standard Supply Requisition (SSR)

Supplier

Supplier Evaluation Report

Supply Requisition

Vender

ATTACHMENT 55



**UNITED STATES ENERGY ASSOCIATION
ENERGY INDUSTRY PARTNERSHIP PROGRAM**

**CORPORATE FINANCE AND
ACCOUNTING EXCHANGE, PART I**

Developed in Cooperation with

**TENNESSEE VALLEY AUTHORITY,
SAKENERGO, AND
SAKENERGOGENERATSIA**

Sponsored by

**THE UNITED STATES AGENCY
FOR INTERNATIONAL DEVELOPMENT**

**Location/Dates Tbilisi, Georgia
June 20-29, 1997**

Participants

**Michael Sanford, Business Manager, TVA
Roger Thomas, Interim Business Manager
Laura McClure, Deputy Program Manager, USEA**

Date of Issue August 27, 1997

6.6

Background

In 1992, the United States Agency for International Development entered into a cooperative agreement with the United States Energy Association to create the Energy Industry Partnership Program for the New Independent States of the former Soviet Union (NIS). The objective of this partnership program is to 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, and to provide an opportunity for participating U S utilities to form strategic international alliances with progressive NIS utilities. Presently, USEA administers 15 U S /NIS partnerships that operate across seven of the 11 NIS republics, with a total of 38 partnerships around the globe that draw on the pro-bono support of the private sector to fuel USAID's foreign assistance program.

Since 1994, the United States Energy Association has supported a partnership between the Tennessee Valley Authority (TVA), an electric generation and transmission utility headquarter in Nashville Tennessee, the Georgia Power Company, and Sakenergo. With the functional unbundling of Sakenergo into separate generation (Sakenergogeneratsia), transmission (Sakenergo), and multiple distribution entities in fall of 1997, TVA will now continue as the sole partner for the generation and transmission companies, while Georgia Power will develop a relationship with Telasi distribution company. To date, TVA has conducted seven activities with the Georgian utility, addressing issues such as power dispatch, general power plant operations, preventive maintenance, and safety.

TVA operates and maintains 28,123 MW of generation capacity and 17,000 miles of transmission line. TVA supplies the energy needs of nearly eight million people over a power service area covering 200,000 square kilometers, including most of Tennessee and parts of Mississippi, Alabama, Georgia, North Carolina, Virginia, and Kentucky. With 15,500 employees, TVA operates 11 coal-fired plants, 29 hydroelectric dams, a pumped-storage plant, and three nuclear plants, producing more than 130 billion kilowatt-hours of electricity a year. Although TVA is a government owned corporation, only approximately one percent of their total budget is funded by the government, which is strictly allocated for the management of non-power programs.

The current TVA project is designed to assist Sakenergo and Sakenergogeneratsia with the adoption of internationally accepted accounting and finance standards. To meet the financial requirement of rehabilitation, the energy sector is actively seeking the assistance of large multilateral donors, including the World Bank, European Bank for Reconstruction and Development, Overseas Economic Cooperation Fund (Japan), German Bank for Reconstruction (KFW), and the Asian Bank, and, as the privatization process unfolds, the sector will begin to develop relationships with international investors as well. Involvement of the international community will necessitate that the Georgian utilities become intimately knowledgeable of international, transparent accounting and finance practices to enable the utilities to interface with donors and foreign investors, as well as become an economically viable utility within the context of a market economy. Designed in collaboration with Kantor to build on their previous projects, this exchange will also address other critical issues such as, cash flow, financial planning, and the separation of fixed assets.

Program

The program will commence with an introductory meeting with the USAID Mission in Tbilisi to provide TVA with an overview of the U S Government assistance efforts in the Republic of Georgia and to brief the mission on the project. Following the meeting, two TVA accounting and corporate finance experts and one USEA staff will begin the Accounting and Corporate Finance Exchange with Sakenergo and Sakenergogeneratsia participants. Both utilities will provide an overview of their accounting and corporate finance structure and operations. On day two and three of the program, TVA staff will provide an in-depth review of financial concepts, including GAPP versus international accounting standards, cash versus accrual accounting, capital versus O&M expenses, financial statements, and the analysis of financial statements and for participants. TVA's financial process, consisting of the automated data classification system, the financial feeder systems, the work management system, financial reporting, and financial analysis, will also be introduced on day three and continued on day four. Day four will also address concepts in cash management, while day five will be reserved to work scenarios, discuss key issues related to Sakenergo and Sakenergogeneratsia, and identify the targeted topics for the follow-up internship and exchange. The delegation will debrief the USAID Mission prior to departing Tbilisi.

Objectives

The objective of this trip is to develop a cross-country team of experts in accounting and corporate finance who can assist Sakenergo and Sakenergogeneratsia in adopting market-based accounting and finance systems, within the unique context of the Georgian energy sector. The first of a three part-project on accounting and corporate finance, this exchange will build on the assistance provided through the Kantor "Development of Commercial Management Systems" project, improve overall understanding of market-based accounting and corporate finance issues, and set long term target objectives for the project. The goals of the exchange are to

- 1 Familiarize the accounting and finance experts of TVA and Sakenergo and Sakenergogeneratsia with each other's accounting and corporate finance practices and standards,
- 2 Expose Sakenergo and Sakenergogeneratsia participants to the structure and operations of TVA's market-based financial system and provide training on international financial concepts, review the TVA's financial systems, and examine principles of cash management,
- 3 Increase the TVA team's understanding of the Georgian utilities' goal to improve accounting standards and the financial processes to facilitate rehabilitation through multilateral donors and direct foreign investment, within the context of the Georgian energy sector and the framework of USAID's foreign assistance strategic objectives, and
- 4 To identify the targeted areas for the task team to address during the follow-up Accounting and Corporate Finance Internship and Exchange

LIST OF PARTICIPANTS

Tennessee Valley Authority

Mike Sanford, Business Manager

Roger Thomas, Interim Business Manager

United States Energy Association

Laura McClure, Deputy Program Manager

Sakenergo

Irina Adeishvili, Deputy Chief Accountant*

Tamara Lekiasvili, Senior Accountant

Eteri Kaloidzhisvili, Accountant*

Marina Gogelia, Accountant

Alla Loladze, Senior Accountant*

Natela Kobakhidze, Chief Specialist*

Manana Dzidzigiuri, Chief Accountant, Tbilisi Division

Eteri Arevadze, Chief Accountant, High Voltage

Marina Mazanishvili, Category I Accountant*

Marina Kadjaia, Accountant

Irma Muradian, Accountant*

Natuli Shengelia, Chief Accountant, Abkhazia

Igor Toloraia, Deputy Chief Accountant

Manana Amaglobeli, Category I Economist

Aleksei Zhdanovich, Head of Economic Department

Sakenergogeneratsia

Diana Lomidze, Chief Accountant, Tbilisi

Marina Gogishvili, Economist

Vazha Metreveli, Financial Director, Sakenergoremont

Mai Tsetskhladze, Accountant

Eka Tavartkiladze, Accountant

Tina Kushitashvili, Accountant

Dzhambul Tsukhubaia, Chief Accountant, Enguri Hydropower Station

Nana Bregadze, Economist

Nino Kaloidzhisvili, Accountant

Interpreters

Katie Zhgenty

Inga Papa

**Participated in the Kantor Accounting Training Project*

AGENDA

Friday, June 20, 1997 - Travel

- 2 00 p m Mike Sanford departs Nashville for Atlanta, arriving at 4 19 p m
- 2 00 p m Laura McClure departs Wash/National for Atlanta, arriving at 4 20 p m
- 11 30 a m Roger Thomas departs Muscle Shoals for Memphis, arriving at 12 30 p m
- 1 50 p m Thomas departs Memphis for Atlanta, arriving at 4 15 p m
- 5 25 p m Sanford, Thomas, and McClure depart Atlanta for Vienna

Saturday, June 21, 1997 - Travel / Tbilisi

- 9 05 a m Sanford, Thomas, and McClure arrive in Vienna and depart for Tbilisi via Orb Airways at 2 30 p m , arriving in Tbilisi at 9 00 pm

Lodging

Metechi Palace Hotel
380003 Tbilisi, Issani
Republic of Georgia, CIS
Tele 011 7 8832 74 45 56
Fax 011 7 8832 00 11 27

Sunday, June 22, 1997 - Tbilisi

- 1 00 p m Cultural Activities in Tbilisi

Monday, June 23, 1997 - Tbilisi

- 9 00 a m **Meeting with U S Agency for International Development (USAID)**
Caryle Cammisa Development Coordinator Tbilisi Mission, USAID
- > Overview of the USAID assistance efforts in Georgia
 - > Discussion of the Energy Industry Partnership Program (EIPP)
 - > Overview of Tennessee Valley Authority and their interests in Georgia
 - > Discussion of Accounting and Corporate Finance Exchange objectives and agenda

- 10 30 a m **Introductions to the Accounting and Corporate Finance Exchange, Part I**
Laura McClure, Deputy Program Manager EIPP
➤ Overview of USAID, USEA, and the EIPP
➤ Introductions to Tennessee Valley Authority Team
➤ Objectives of Exchange
- 11 00 a m **Overview of the Tennessee Valley Authority (TVA)**
Michael Sanford, Business Manager, TVA
Roger Thomas, Interim Business Manager, TVA
➤ Overview of TVA Power System
➤ Organizational Structure
- 12 00 p m Lunch
- 1 00 p m **Discussion of Sakenergy and Sakenergygeneratsia Accounting and Financial Process**
Group Discussion
➤ Organizational Structure
➤ Accounting Process
➤ Reporting System
➤ Recent Accounting and Finance Projects, including the Kantor project
➤ Discussion of Priority Areas
- 2 30 p m **Review of TVA's Financial Organization**
Michael Sanford, Business Manager, TVA
Roger Thomas Interim Business Manager TVA
➤ Corporate Accounting & Finance
➤ Business Unit Accounting
➤ Site Accounting
- 2 45 p m Break
- 3 00 p m **Introduction to Financial Concepts**
➤ Definition of Terms
➤ Review of the Generally Accepted Accounting Principles (GAAP)
- 4 30 p m Question and Answer Session
- 5 00 p m Adjourn

Tuesday, June 24, 1997 - Tbilisi

9 00 a m **Continuation of Introduction to Financial Concepts**

Michael Sanford, Business Manager, TVA

Roger Thomas, Interim Business Manager, TVA

Comparison and Contrast of Generally Accepted Accounting Principles Verses International Accounting Standards

- Business Entity
- Going Concern
- Objective Evidence
- Unit of Measurement
- Accounting Period
- Matching Revenue with Expenses
- Recognition of Revenue
- Allocation of Costs

10 00 a m **Cash Verses Accrual Accounting**

- Discussion of concepts and Group Exercise

10 45 a m Break

11 00 p m **Capital Verses O&M Expenses**

- Depreciation Methods
 - Straight Line Method
 - Declining Balance Method
 - Sum-of-the-Years Digits
 - Unit of Production Method
- Capital Project Evaluation
- Capital Allocation
- Capital verses O&M Group Exercise

12 00 p m Lunch

1 00 p m **Introduction of Financial Statements**

- Balance Sheet
 - Current Assets
 - Property - Plant and Equipment
 - Current Liabilities
 - Long-term Debt
 - Proprietary Capital

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- Income Statement
 - Operating Revenues
 - Operating Expenses
 - Operating Income
 - Interest Expense
 - Net Income

2 45 p m Break

3 00 p m **Continuation of Introduction of Financial Statements**

- Cash Flow Statement
 - Investing Section
 - Financing Section
 - Operating Section
 - Format of the Statement of Cash Flow

4 30 p m Questions and Answers

5 00 p m Adjourn

Wednesday, June 25, 1997 - Tbilisi

9 00 a m **Continuation of Introduction to Financial Concepts**

Michael Sanford, Business Manager, TVA
Roger Thomas Interim Business Manager TVA

Financial Statement Analysis

- Ratio Analysis
- Comparison of Sakenergo & TVA

12 00 p m Lunch

1 00 p m **Introduction to TVA's Financial Processes**

Automated Data Classification System

- Integrated Business System (IBS) - General Ledger

2 00 p m **Financial Feeder System**

2 45 p m Break

3 00 p m **Work Management System**

4 30 p m Question and Answer Session

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5 00 p m Adjourn

Thursday, June 26, 1997 - Tbilisi

9 00 a m **Continuation of Review of TVA's Financial Process**

Michael Sanford, Business Manager, TVA

Roger Thomas, Interim Business Manager, TVA

Financial Reporting

- Profit and Loss
- Balance Sheet
- Cash Flow
- Comparative Reports

11 00 a m **Financial Analysis**

12 00 p m Lunch

1 00 p m **Cash Management**

- Payment Schedules
- Matching Payables with Receivables
- Developing a Cycle
- Bill Payment related to external funding
- Relationships with Banks

2 30 p m Break

2 45 p m **Exercises and Discussion**

4 30 p m Question and Answer session

5 00 p m Adjourn

Friday, June 27, 1997 - Tbilisi

9 00 a m **Exercises and Scenarios**

10 30 a m **Workshop Summary**

Facilitated Group Discussion

- Discussion of material reviewed in relation to Sakenergo and Sakenergogeneratsia
- Discussion of Current Priority Areas
- Discussion of Follow-up Project

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11 30 a m **Evaluations**

12 00 p m Lunch

1 00 p m **Debriefing with U S Agency for International Development (USAID)**
Caryle Cammisa, Development Coordinator, Tbilisi Mission, USAID
➤ Discussion of Accounting and Corporate Finance Exchange
➤ Report on Sakenergo and Sakenergo's current accounting and financial systems and goals
➤ Review of exchange objectives
➤ Discussion of follow-up projects and long term results

2 00 p m Adjourn

Saturday, June 28, 1997 - Tbilisi /London

12 00 p m Team departs Tbilisi on British Air to London/Heathrow, arriving at 1 35 p m
(Note Layover is due to flight Schedule)

Lodging

Holiday Inn King's Cross/Bloomsbury
1 Kings Cross Road
London WC 9H England
Phone 011 44 171 8333900
Fax 011 44 171 9176163

Sunday, June 29, 1997 - London / US

1 35 a m McClure departs London/Gatwick to Washington via Atlanta, arriving at National
at 9 08 p m on Delta flight # 266
Sanford and Thomas stay in London (personal day)

Monday, June 30, 1997 - London / US

1 35 p m Thomas and Sanford depart London/Gatwick for Atlanta, arriving at 5 35 p m
(Please note that the London departure airport is different than the arrival airport)

7 15 p m Sanford departs Atlanta to Knoxville, arriving at 8 07 p m on Delta flight #966

7 40 p m Thomas departs Atlanta to Huntsville, arriving at 7 35 p m on Delta flight #1002

ATTACHMENT 56



**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, Kazakhstan**

Date of Issue October 3 1996
Date of Edit October 3 1996

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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

Kuldjazeera 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 Ageev, Vice President

Kazakstanenergo

Vladimir Kovalchouk, Chief of Foreign Relations

United States Energy Association

John Michael Dwver, Deputy Program Manager

Hagler Bailly/Bishkek

Joellvn Murphv, Consultant

Hagler Bailly/Almaty

Mike Biddison

Interpreters

Nadja Fitsenko and one other interpreter to be determined (Kyrgyz Republic)

Almaz Masalin (Kazakhstan)

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 transfer 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, Kazakhstanenergo, 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

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

- 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

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 Kazakhstanenergo
- 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 Dwver 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

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ATTACHMENT 57

Overall FY 97 Budget

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$94,864 | \$145,157 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$240,021 |
| Conferences/Seminars | \$36,461 | \$10,059 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$46,520 |
| Information Dissemination | \$8,588 | \$304 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,892 |
| Programs Total | \$139,913 | \$155,520 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$295,433 |
| Administration Overhead | \$65,357 | \$97,575 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$162,932 |
| Other Direct Costs | \$226 | \$8,057 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,283 |
| Monthly Totals | \$205,496 | \$261,152 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$466,648 |
| Cumulative Y T-D | \$205,496 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | \$466,648 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|-----------------|-----------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T D | \$12,041 | \$12,493 | \$337,834 | \$584,017 | \$789,556 | \$1,141,675 | \$1,339,712 | \$1,692,901 | \$1,860,442 | \$2,149,625 | \$2,301,264 | \$2,745,334 | \$0 |

Armenia

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|---------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$5,526 | \$4,029 | | | | | | | | | | | \$9,555 |
| Conferences/Seminars | \$0 | \$246 | | | | | | | | | | | \$246 |
| Information Dissemination | \$17 | \$71 | | | | | | | | | | | \$88 |
| Programs Total | \$5,543 | \$4,346 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$9,889 |
| Administration Overhead | \$2,444 | \$2,803 | | | | | | | | | | | \$5,247 |
| Common Other Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Other Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | \$7,987 | \$7,149 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,136 |
| Cumulative Y T-D | \$7,987 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | \$15,136 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T D | (\$1,321) | (\$1,803) | \$66,864 | \$73,530 | \$80,197 | \$140,864 | \$147,530 | \$208,197 | \$214,864 | \$258,530 | \$265,197 | \$328,864 | \$0 |

Kazakhstan

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$382 | \$2,802 | | | | | | | | | | | \$3,184 |
| Conferences/Seminars | \$0 | \$0 | | | | | | | | | | | \$0 |
| Information Dissemination | \$76 | \$71 | | | | | | | | | | | \$147 |
| Programs Total | \$458 | \$2,873 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,331 |
| Administration Overhead | (\$1,095) | \$2,552 | | | | | | | | | | | \$1,457 |
| Common Direct costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | (\$637) | \$5,425 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,788 |
| Cumulative Y T-D | (\$637) | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | \$4,788 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T-D | \$37,387 | \$58,712 | \$75,462 | \$80,212 | \$104,962 | \$109,712 | \$136,462 | \$166,212 | \$170,962 | \$197,712 | \$202,462 | \$237,212 | \$0 |

Kyrgyzstan

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$17,319 | \$5,668 | | | | | | | | | | | \$22,987 |
| Conferences/Seminars | \$0 | \$0 | | | | | | | | | | | \$0 |
| Information Dissemination | \$0 | \$0 | | | | | | | | | | | \$0 |
| Programs Total | \$17,319 | \$5,668 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$22,987 |
| Administration Overhead | \$8,506 | \$3,799 | | | | | | | | | | | \$12,305 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | \$25,825 | \$9,467 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$35,292 |
| Cumulative Y T-D | \$25,825 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | \$35,292 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|---------|-----------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T D | \$4,591 | (\$2,459) | (\$42) | \$34,374 | \$36,791 | \$39,208 | \$69,624 | \$72,041 | \$74,458 | \$76,874 | \$79,291 | \$81,708 | \$0 |

Russia

| Monthly Budget | 1996 | | | | | 1997 | | | | | TOTALS |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | |
| Management/Technical Exchange | \$23,000 | \$17,000 | \$67,800 | \$13,500 | \$37,000 | \$46,600 | \$26,500 | \$21,500 | \$15,500 | \$63,500 | \$424,900 |
| Conferences/Seminars | \$67,000 | \$21,000 | \$0 | \$0 | \$0 | \$37,000 | \$0 | \$0 | \$15,500 | \$0 | \$140,500 |
| Information Dissemination | \$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 | \$665,400 |
| 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 | \$186,582 |
| Other Direct Costs | \$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 | \$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 | \$751,982 |

| Actual Expenditures | 1996 | | | | | 1997 | | | | | TOTALS |
|-------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | |
| Management/Technical Exchange | \$19,039 | \$35,782 | | | | | | | | | \$54,821 |
| Conferences/Seminars | \$21,886 | \$8,834 | | | | | | | | | \$30,720 |
| Information Dissemination | \$76 | \$0 | | | | | | | | | \$76 |
| Programs Total | \$41,001 | \$44,616 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$85,617 |
| Administration Overhead | \$16,993 | \$30,063 | | | | | | | | | \$47,056 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | \$0 |
| Country Direct Costs | \$58 | \$3,128 | | | | | | | | | \$3,186 |
| Monthly Totals | \$58,052 | \$77,807 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$135,859 |
| Cumulative Y T-D | \$58,052 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 | \$135,859 |

| Budget vs Actual | 1996 | | | | | 1997 | | | | | TOTALS |
|-------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | |
| Cumulative Y T-D | \$47,497 | \$23,238 | \$106,587 | \$135,635 | \$188,184 | \$287,332 | \$329,381 | \$366,429 | \$412,978 | \$492,026 | \$0 |

Ukraine

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | \$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 | | | | | | | | | TOTALS |
|-------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$25,326 | \$53,570 | | | | | | | | | | | \$78,896 |
| Conferences/Seminars | \$14,575 | \$979 | | | | | | | | | | | \$15,554 |
| Information Dissemination | \$8,343 | \$71 | | | | | | | | | | | \$8,414 |
| Programs Total | \$48,244 | \$54,620 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$102,864 |
| Administration Overhead | \$24,860 | \$33,695 | | | | | | | | | | | \$58,555 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$168 | \$4,916 | | | | | | | | | | | \$5,084 |
| Monthly Totals | \$73,272 | \$93,231 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$166,503 |
| Cumulative Y T-D | \$73,272 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | \$166,503 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|-------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T-D | (\$57,939) | (\$78,837) | \$29,497 | \$44,830 | \$114,163 | \$184,497 | \$253,830 | \$351,163 | \$366,497 | \$431,830 | \$482,163 | \$609,497 | \$0 |

Moldova

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|---------|---------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$8,023 | \$85 | | | | | | | | | | | \$8,108 |
| Conferences/Seminars | \$0 | \$0 | | | | | | | | | | | \$0 |
| Information Dissemination | \$0 | \$0 | | | | | | | | | | | \$0 |
| Programs Total | \$8,023 | \$85 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,108 |
| Administration Overhead | \$3,887 | \$411 | | | | | | | | | | | \$4,298 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | \$11,910 | \$496 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,406 |
| Cumulative Y T-D | \$11,910 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | \$12,406 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T-D | (\$8,077) | (\$4,740) | \$22,094 | \$25,927 | \$56,760 | \$60,594 | \$64,427 | \$68,260 | \$97,094 | \$115,927 | \$119,760 | \$173,594 | \$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 | \$43,142 | | | | | | | | | | | \$62,391 |
| Conferences/Seminars | \$0 | \$0 | | | | | | | | | | | \$0 |
| Information Dissemination | \$76 | \$91 | | | | | | | | | | | \$167 |
| Programs Total | \$19,325 | \$43,233 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$62,558 |
| Administration Overhead | \$10,042 | \$24,004 | | | | | | | | | | | \$34,046 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$0 | \$13 | | | | | | | | | | | \$13 |
| Monthly Totals | \$29,367 | \$67,250 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$96,617 |
| Cumulative Y T-D | \$29,367 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | \$96,617 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | |
|-------------------------|------------|------------|------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | TOTALS |
| Cumulative Y T D | (\$18,367) | (\$32,617) | (\$21,617) | \$77,383 | \$88,383 | \$143,383 | \$154,383 | \$165,383 | \$220,383 | \$231,383 | \$242,383 | \$303,383 | \$0 |

Regional Conference/Central Asia

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 40 Conference 1 | \$0 | \$0 | | | | | | | | | | | \$0 |
| 41 Conference 2 | \$0 | \$0 | | | | | | | | | | | \$0 |
| 42 Conferene 3 | \$0 | \$0 | | | | | | | | | | | \$0 |
| Programs Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Administration Overhead | (\$217) | \$159 | | | | | | | | | | | (\$58) |
| Other Direct Costs | | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | (\$217) | \$159 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$58) |
| Cumulative Y T-D | (\$217) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | (\$58) | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T-D | \$2,717 | \$5,058 | \$7,558 | \$10,058 | \$12,558 | \$15,058 | \$17,558 | \$85,058 | \$87,558 | \$90,058 | \$92,558 | \$95,058 | \$0 |

UZBEKISTAN

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Management/Technical Exchange | \$0 | \$79 | | | | | | | | | | | \$79 |
| Conferences/Seminars | \$0 | \$0 | | | | | | | | | | | \$0 |
| Information Dissemination | \$0 | \$0 | | | | | | | | | | | \$0 |
| Programs Total | \$0 | \$79 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$79 |
| Administration Overhead | (\$63) | \$89 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$26 |
| Common Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Country Direct Costs | \$0 | \$0 | | | | | | | | | | | \$0 |
| Monthly Totals | (\$63) | \$168 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$105 |
| Cumulative Y T-D | (\$63) | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | \$105 | |

| Budget vs Actual | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative Y T-D | \$1,893 | \$15,244 | \$17,074 | \$33,953 | \$35,783 | \$53,606 | \$55,436 | \$69,983 | \$71,813 | \$85,025 | \$86,855 | \$99,895 | \$0 |

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TAJIKISTAN

| Monthly Budget | 1996 | | | | | | 1997 | | | | | | TOTALS |
|-------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 YTD | \$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 | | | | | | TOTALS |
|-------------------------------|------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 YTD | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| Budget vs Actual | 1996 | | | | | | 1997 | | | | | | TOTALS |
|-----------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| Cumulative YTD | \$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 |

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TURKMENISTAN

| Monthly Budget | 1996 | | | 1997 | | | | | | | | | TOTALS |
|-------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------------|------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 | | | | | | | | | TOTALS |
|-------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|--------|
| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | |
| 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 |

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 |
|---|--|--|--|---|--|--------------------------------------|
| <u>Russia</u> 1992 \$301 302 1993 - \$618,219 | <u>Russia</u> Obligated \$164,375 Expended \$164,375 | <u>Russia</u> 1993 \$407 139 1994 \$715 054 | <u>Russia</u> Obligated \$1,233,285 Expended 1994 - \$572 412 1995 - \$660 873 | <u>Russia</u> \$0 | <u>Russia</u> \$0 | <u>Russia</u> \$0 |
| <u>Kazakhstan</u> 1993 \$259 652 | | <u>Kazakhstan</u> 1993 - \$240 036 1994 - \$71,386 | | <u>Kazakhstan</u> 1994 - \$57 416 1995 \$540 923 | <u>Kazakhstan</u> \$0 | <u>Kazakhstan</u> \$0 |
| <u>Kyrgyzstan</u> 1993 \$101 388 | | <u>Kyrgyzstan</u> 1993 \$119 902 1994 - \$114,281 | | <u>Kyrgyzstan</u> 1994 - \$91,284 1995 \$149 025 | <u>Kyrgyzstan</u> \$0 | <u>Kyrgyzstan</u> \$0 |
| <u>Armenia</u> 1993 \$114 989 | | <u>Armenia</u> 1993 \$106 301 1994 \$55 919 | <u>Armenia</u> Obligated \$288 000 Expended 1994 - \$44 724 1995 - \$41 597 1996 - \$105 688 | <u>Armenia</u> \$0 | <u>Armenia</u> \$0 | <u>Armenia</u> \$0 |
| <u>Ukraine</u> 1993 \$117 462 | | <u>Ukraine</u> 1993 - \$108 587 1994 \$147 531 | | <u>Ukraine</u> 1994 \$115 870 1995 - \$372 474 | <u>Ukraine</u> \$0 | <u>Ukraine</u> \$0 |
| <u>Uzbekistan</u> 1993 \$24 728 | | <u>Uzbekistan</u> 1993 - \$22 861 1994 \$0 | | <u>Uzbekistan</u> \$0 | <u>Uzbekistan</u> \$0 | <u>Uzbekistan</u> \$0 |
| <u>Moldova</u> | | <u>Moldova</u> 1993 \$33,313 | | <u>Moldova</u> 1994 \$26 668 1995 \$18,215 1996 - \$58 725 | <u>Moldova</u> \$0 | <u>Moldova</u> 1995 \$190 000 |
| <u>Georgia</u> | | <u>Georgia</u> 1994 - 52 350 | | <u>Georgia</u> 1994 \$41 907 1995 \$202 493 | <u>Georgia</u> \$0 | <u>Georgia</u> \$0 |
| <u>CAR</u> | | <u>CAR</u> | | <u>CAR</u> 1995 - \$0 | <u>CAR</u> 1995 \$160 684 1996 \$4 864 | <u>CAR</u> \$0 |

OBLIGATION/EXPENDITURE ANALYSIS BY COUNTRY - NEWLY INDEPENDENT STATES

| Obligation 8 \$3,895,000 12/5/95 | Obligation 9 \$510,000 8/12/95 | 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 |
|--|---|--|--|--|------------------------------------|
| <u>Russia</u> Obligated \$2 000 000 Expended 1995 - \$225,200 1996 - \$702 433 | | | | Obligation 8=\$1 063,187 | \$120 645 |
| <u>Kazakhstan</u> Obligated \$445 000 Expended 1996 \$203 098 | | | | Obligation 8 = \$241 902 | |
| <u>Kyrgyzstan</u> Obligated \$300 000 Expended 1996 \$192 854 | | | | Obligation 8 = 107,146 | |
| <u>Armenia</u> Obligated \$226 000 Expended \$0 | <u>Armenia</u> Obligated \$310 000 | | | Obligation 4 = \$95 991 Obligation 8= \$220,000 Obligation 9=\$310 000 | |
| <u>Ukraine</u> Obligated \$500 000 Expended 1996 - \$498 949 | | | <u>Ukraine</u> Obligated \$800 000 | Obligation 8 = \$1 051 Obligation 11 = \$800 000 | |
| <u>Uzbekistan</u> Obligated \$0 Expended \$0 | | | <u>Uzbekistan</u> Obligated \$100 000 Expended \$ 231 | Obligation 11 = \$99,769 | |
| <u>Moldova</u> Obligated \$0 Expended \$0 | <u>Moldova</u> Obligated \$200 000 Expended \$31 159 | | | Obligation 9=\$168 841 | |
| <u>Georgia</u> Obligated \$430 000 Expended 1996 - \$180 051 | | <u>Georgia</u> Obligated \$400 000 | | Obligation 8 = \$246 949 Obligation 10 = \$400 000 | |
| <u>CAR</u> Obligated \$0 Expended \$0 | | | | Obligation 6 = \$90,260 | |

As of 11/30/96

| Obligation 8 \$3,895,000 12/5/95 | Obligation 9 \$510,000 8/12/95 | 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 |
|---|---|---|--|---|--|
| <u>Tajikistan</u> | | | <u>Tajikistan</u> Obligated \$100 000 | Obligation 11 = \$100 000 | |
| <u>Turkmenistan</u> | | | <u>Turkmenistan</u> Obligated \$100 000 | Obligation 11 = \$100,000 | |

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