

**WILLIAM J. PENN**

*Environmental Financial Advisor*

Monday, January 13, 1997

Zdenek Chalus  
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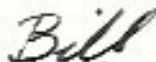
Dear Zdenek:

Enclosed is an original copy of the Nuclear Account Financial Model User Manual and a disk of the Manual in Microsoft Word. I have made some minor changes to the Manual after I Fax it to you.

I hope the Manual meets your expectation and will be useful to Ministry.

This week I should find out my schedule for the Russian Urals Environmental Action Plan project. Once I have that schedule, I will let you know so we can plan my next visits to Prague.

Sincerely,



William J. Penn  
Principal





# NUCLEAR ACCOUNT FINANCIAL MODEL

## USER MANUAL

Prepared by Prospectus s.r.o. in cooperation with  
Environmental Financial Advisor, USA

### INTRODUCTION

The Czech Republic is considering (has passed) legislation creating a national system for disposing and storage of nuclear waste (NW). NW in the Czech Republic is generated from three primary sources: 1) energy producing reactors; 2) non-energy producing reactors and; 3) industrial users of nuclear materials. Presently, the disposal and storage of NW from these sources is processed by four different facilities.

The new system will combine all of the existing NW storage facilities in the country, will administer these facilities under a newly established Nuclear Agency and will have the responsibility for making the capital investments in new facilities and closures of existing facilities to meet the projected demand for NW disposal and storage through the twenty-first century. Financing of the new system's operating costs and capital investments will come from levies charged to NW generators. These levies will be deposited into the Nuclear Account, invested in interest bearing investments and disbursed as needed.

### PURPOSE

The purpose of the Nuclear Account Financial Model is to calculate a full cost recovery levy schedule to be charged to NW generators to finance the future disposal and storage of NW in the Czech Republic and to determine the economic impact of the levy schedule on NW generators. The Model was designed with variable imputes so sensitivity analysis may be performed. This will enable policy makers to use the Model to calculate levies using different assumptions as to operating costs of the system, future capital investment needs of the system, volumes of NW generated, rates of inflation and investment returns.

### OUTPUTS

The Model will calculate levies for two types of NW i.e., Spent Nuclear Energy and Non-Energy Reactor Waste and Industrial Nuclear Waste and the levies are calculate in CK per unit of measure. For Reactor Waste the levy is calculated for both CK per tons of heavy metals which are projected to be eventually deposited into the system and CK per MWh of annual electricity produced by nuclear energy reactors. For Industrial Waste the levy is calculated for both CK per barrel and CK per m<sup>3</sup> of NW deposited into the system.



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no allocation of the Agency's operating costs, than 100% of the costs should be allocated to one type of NW versus the other. This information will be used in the Full Cost Recovery Projections.

### Volumes of Nuclear Waste

Total actual or projected volumes of NW deposited into the facilities and Nuclear Power Plant (NPP) Power Produced should be entered in appropriate sections. This information will be used to determine the unit of measure (denominator) for the levies calculations.

### Annual Operating Expenses in mil. CK

Total annual operating expenses Spent Nuclear Energy and Non-Energy Reactor Waste and Industrial Nuclear generators should be entered in the appropriate sections in millions of CK. This information will be used to conduct the Economic Impact Analysis.

### Rate Assumptions

Rate assumptions for Inflation and Investment Return should be entered for each year of the Full Cost Recovery Projections. The rate assumptions may be different for each year and variable but each sections must have an actual % entered for the Model to function.

### Projected Capital Investments

Total projected capital investments for each existing and new facilities should be entered in the appropriate section in millions of CK. If funds for specific capital projects have been previously collected and deposited into the Nuclear Account, the these funds should be entered in the Less Reserved section. The "# of years to begin" refers to the number of years left before the capital project is to begin. (Note: If there are no projected capital investment for a specific facility, then a 1 needs to be entered for the Model to function.) This information will be used in the Full Cost Recovery Projections.

For example. The projected capital investment for Dukovany is 15 million CK and it is expected to begin in fifteen years. The first year's entries would be 15 million CK, 0 for the Reserve and 15 for the years to begin. After five years, the entries would be 15 million CK, 5 million CK for the Reserve and 10 for the years to begin.