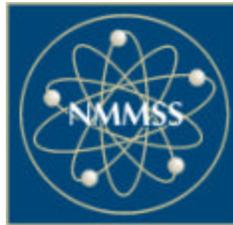


Obligations Accounting



Implementation Workshop

January 13, 2004

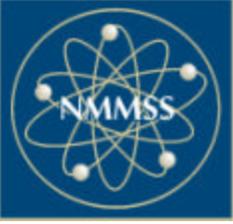
Crowne Plaza Ravinia

Atlanta, Georgia

Beginning Foreign Obligation Balances for the Power Reactors

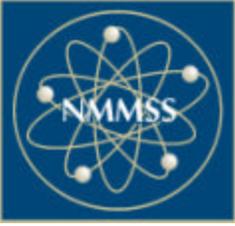
Michael J. Smith
NAC International

Obligations Accounting Implementation Workshop



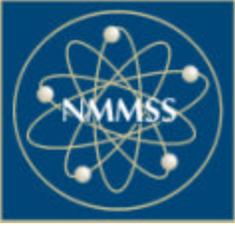
Project Purpose

- Bridge the gap in foreign obligated (FO) inventory tracking for US power reactor RISs between 10/1/01 and 9/30/03
- Provide input for 10/1/03 FO beginning inventories in the NMMSS



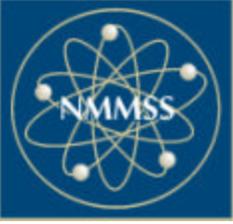
Project Methodology

- Established database for project
- Developed logic for transaction processing against beginning inventories (BIs)
- Obtained BIs for 10/1/01 by RIS, material type and obligation code
 - BIs converted from CCN to obligation codes
 - NA-241 changes to BI obligations incorporated
- Obtained transactions 10/1/01-9/30/03 by RIS, material type and CCN
- Converted transaction CCNs to obligation codes
- Combined NMMSS data tables
- Processed transactions against BIs
- Followed NA-241 changes through transactions



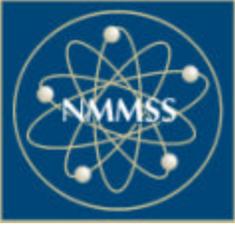
Project Database

- Microsoft Access
- Two master data tables from NMMSS staff
 - BIs
 - Shipper and receiver RIS; material type; obligation code; element and isotope weights (if applicable)
 - Subsequent transactions
 - Shipper and receiver RIS; material type; process, action and use codes; CCN; element and isotope weights
- Reference tables for CCN conversion and transaction processing logic



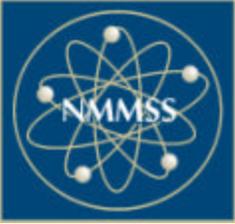
Transaction Processing Logic

- Determined affected RIS
- Determined whether numerical transaction data increases or decreases material inventory for affected RIS based on:
 - Action codes: A, B, C, D, E, M
 - Use codes: **BI**, DE, ED, LA, LD, LN, MF, NP, TN, blank
 - Material types: 10, 20, 50, 70, 81, 88



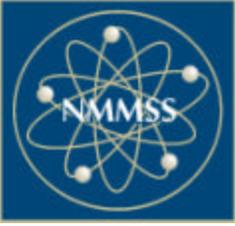
10/1/01 Beginning Inventories

- Provided in electronic form by NMMSS
 - Data call for 10/1/01 inventories by CCN
 - Complete inventories by RIS, material type and CCN for last semiannual reporting period in 2001
 - Data not taken from the NMMSS but from the licensees' books
 - CCNs logically converted to preliminary obligation codes
 - Incorporated results of NA-241 review
 - BIs by RIS, material type and obligation code



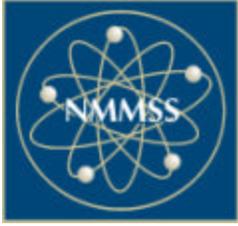
Subsequent Transactions

- Obtained electronic TJ-23 reports from NMMSS
 - All transactions for power reactor RISs
 - By RIS, material type and CCN
 - Reports for NMMSS processing periods
 - Last MBR period of 2002
 - 8/2003
 - 9/2003



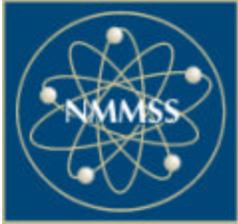
CCN Conversion to Obligations

- Started with all CCNs used in transactions
- Filtered CCNs to eliminate duplicates
 - >200 unique CCNs
- Assigned obligation code for each unique CCN to create new reference table
- Joined CCN-Obligation reference table to NMMSS transaction data table
- Data query produced new table tagging obligation to each transaction record



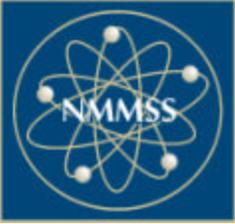
Combine NMMSS Data Tables

- Combined BI table with subsequent transactions table
- Created single table for processing transactions against BIs



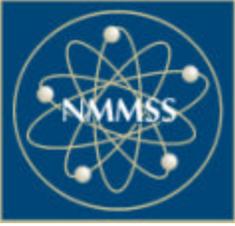
Calculating Updated Inventories

- Execute transaction processing logic
- Create two new data fields in output table
 - Element inventory effect
 - Isotope inventory effect
- Two classes of results being addressed
 - No new receipts of affected materials
 - Queried data to isolate transactions with obligations that were affected
 - Converted obligations
 - New receipts of affected materials
 - Presented to NA-241
 - Decision to accept obligations of new receipts
 - Must distinguish old materials from new receipts



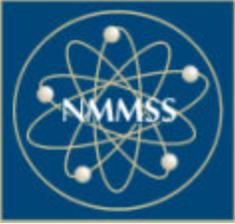
Issues

- Determination of inventory adjustments associated with “old” obligated materials versus new receipts
 - Case-by-case with power reactors
- Synchronization of obligation tracking
 - Timely implementation of obligation codes in site accounting systems
 - Assurance of site system/NMMSS agreement



Experience to Date

- Most transactions relatively easy to follow through time using CCN data
- Others are difficult and require additional information from licensees
 - Source materials
 - Transshipments
 - Incorrect BIs
 - Northeast anomaly



Current Status

- 110 RISs covered in project
 - All power reactor sites plus two ISFSI sites
- FO balances calculated for 99 RISs as of last MBR date with no apparent discrepancies
 - 9/30/02 last MBR date for some
- 11 RISs require further work—ongoing
- Need new updates for transactions in 10/03 and 11/03 NMMSS process periods