Nebraska Public Power District

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May 6, 1991

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Subject: Nebraska Public Power District
1990 Annual Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements cited in 10 CFR Part 50.71(b), Nebraska Public Power District submits its Annual Report for calendar year 1990.

Should you have any questions or require additional information, do not hesitate to contact me.

Sincerely,

G. R. Horn
Nuclear Power Group Manager

/rg
Enclosure

cc: Regional Administrator
USNRC - Region IV

NRC Resident Inspector
Cooper Nuclear Station

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NPPD

1990 ANNUAL REPORT

A POWERFUL RESPONSIBILITY

NPPD

1990 ANNUAL REPORT

A POWERFUL RESPONSIBILITY

1990 Officers of the Board of Directors

Fred A. Herrington, Chairman
Warren R. Cook, First Vice Chairman
Bruce W. Gustafson, Second Vice Chairman
Gwen M. Cooper, Secretary
Wayne E. Boyd, Treasurer

1990 Senior Management

Ronald W. Watkins,
President and Chief Executive Officer

Robert L. Gangel,
Vice President Finance and Administration

William A. Merrill,
Vice President Operations

Hugh G. Parris,
Vice President Production

Gene D. Watson,
General Counsel

Theodore M. Kyster,
Assistant Treasurer and Controller

R. Annette Bailey,
Assistant Secretary

Reference Guide

YEAR AT A GLANCE

Kilowatt-hour Sales (Electric System)	10.4 billion
Kilowatt-hour Sales to Iowa Power, Inc. (Nuclear Facility)	2.6 billion
Operating Revenues (Electric System)	$379.3 million
Operating Revenues from Sales to Iowa Power, Inc. (Nuclear Facility)	$ 77.4 million
Cost of Power Purchased and Generated (Including Nuclear Facility and Power Supply System)	$282.7 million
Other Operating Expenses	$ 79.0 million
Net Revenues	$ 9.8 million
Debt Service Coverage	1.75

Statement Of Purpose

The Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska. Control of the District and its operations is vested in a Board of Directors consisting of 11 members popularly elected from districts comprising subdivisions of the District's chartered territory. These districts encompass 85 of the state's 93 counties and portions of two other counties. The District has the power, among other things, to acquire, construct, and operate generating plants, transmission lines, substations, and distribution systems, and to purchase, generate, distribute, transmit and sell electric energy, both at wholesale and retail, for lighting, power, heating, and other purposes. Management and operation of the District is accomplished with a staff of approximately 2,200 persons.

As you see by our cover, Nebraska Public Power District has a powerful responsibility to the people of Nebraska. During 1990, we made major strides in fulfilling and enhancing this responsibility. In fact, if I had to describe 1990 in one word, that word would be "outstanding."

We had a good year financially. Our net revenues were $9.8 million, and debt service coverage was 1.75. I stated in last year's annual report that NPPD is in an enviable position compared to utilities in other areas of the country. We have efficient, low-cost generating units in place, and our resources will provide for our customers' needs well into the next century.

During 1990 we were able to sell nearly all of our excess generating capacity. These sales contributed significantly to our financial success. Other factors included higher than anticipated sales to our firm requirements customers and increased interest income. Results of a major lawsuit with General Electric settled in 1989 helped us to offset operating expenses in our nuclear area, and attractive fuel supply contracts helped us to hold down costs at our other generating facilities.

Some have called the '90s the decade of the environment, and we are pleased with our achievements in the environmental area as well. NPPD has a history of helping to preserve the good life of our state. We operate and maintain all of our facilities with utmost concern for protection of the environment. This tradition paid off in 1990 during drafting of the Clean Air legislation. With the help of our Nebraska Congressional delegation, we were successful in minimizing the effect the legislation will have on us and our customers. We were able to show that our coal-fired generating units are already clean and that Nebraska and other "clean" states should not be penalized for having been environmentally conscious from the beginning.

Through the hard work and dedication of our employees, we made several other major accomplishments during 1990. In our nuclear area, Cooper Nuclear Station received another round of excellent scores from the Nuclear Regulatory Commission on its Systematic Assessment of Licensee Performance report. Cooper Station also earned the highest rating possible from the Institute of Nuclear Power Operations.

On the fossil side, Gerald Gentleman Station set a generating record for the year and earned the Governor's Business Achievement Award. Our other coal-fired plant, Sheldon Station, maintained an excellent capacity factor through several planned maintenance outages.

A tribute to all our employees and a credit to the organization was a first place safety award we received from the American Public Power Association. We could not have accomplished this achievement without the concerted effort of all our employees statewide.

Exceptional teamwork among employees in our regional operations area and General Office support personnel resulted in signing the last of 201 new 25-year contracts with communities we serve at retail. We were able to decrease rates to our wholesale customers by 2%, and we renewed 26 wholesale power contracts during the year. These customers have placed their futures in our hands. We accept the responsibility of providing their needs, maintaining reliable service and keeping their costs at a minimum.

I am encouraged by additional efforts made during 1990 to ensure a better future for our organization as well as for our customers. We have always provided a full range of services to our retail customers. The renewed interest placed on services for our wholesale customers is evidence that we will continue to be the best power supply option in outstate Nebraska.

The decade of the '90s holds challenges and opportunities for NPPD. We need to obtain a new license for operation of our hydroelectric project and irrigation facilities in central Nebraska. This state must also move forward with siting and construction of a low level radioactive waste disposal facility.

In these times of economic uncertainty and international turmoil, utilities must not rely on any single generating resource. We in Nebraska have developed a very economical and well-balanced energy supply system. Nebraska Public Power District will work hard to protect this state's valuable power supply mixture of coal, nuclear and hydroelectric resources. It is a powerful responsibility we will not shirk.

R. W. Watkins

Ronald W. Watkins,
President and Chief Executive Officer

FROM THE CHAIRMAN OF THE BOARD

Many years ago the people of Nebraska decided to become an all public power state so they could have a direct voice in an issue that is so vital to the economic health of this state. The Board of Directors of NPPD is elected by the people and serves at the pleasure of the people. It is this body's obligation to ensure a reliable, low-cost supply of electricity to the state; and we take this responsibility with great seriousness.

All of the major industries of the state, including agriculture and manufacturing, must have a low-cost source of electric energy to remain competitive in today's world economy. We are proud to be elected to a position that plays such a key role in Nebraska's prosperity.

We believe that a start has been made with the Bush Administration's National Energy Strategy unveiled to Congress early this year. We are hopeful that it will result in streamlining procedures for expansion of nuclear energy. Electric energy fuels our nation, and this country must not be held captive by dependence solely on fossil fuels. We are optimistic that the nuclear option will become more acceptable as a contributor to our country's economic well-being, unless and until better sources of electric energy become available. We are also hopeful that procedures for relicensing hydroelectric facilities will become less encumbered.

We have made the statement that NPPD is in an enviable position compared to other utilities. We not only have sufficient resources to supply our customers' energy needs, but are also aggressively marketing the District's surplus generating capacity. This situation is good not only for NPPD, but for all Nebraskans, as it contributes significantly to the economic health of this state and helps keep costs down for all of our customers.

We are optimistic that the current national recession will have only a modest effect on the Nebraska economy. Much of our industry is related to the agriculture and food processing sectors, which traditionally fare much better than other industrial sectors during recessionary periods. Projections by the Bureau of Business Research at the University of Nebraska anticipate a relatively flat but growing economy in the state during 1991 and 1992. Average annual employment should continue to grow, and total wages and salaries are expected to increase.

This state is in an excellent position to attract new business and industry. We have abundant low-cost energy, and Nebraskans are renowned for their tremendous work ethic. Even while much of the nation is experiencing a recession, we recognize that companies often re-evaluate their cost structures and their competitive positions during such times, and that re-evaluation may include the question of where they should be located in order to be most competitive.

We were pleased with a report in "Site Selection" magazine which showed that on a per capita basis, Nebraska ranked first among the states in new and expanding manufacturing plants during the 1988-1990 period. Therefore, this Board believes that there continues to be real opportunities for Nebraska to attract substantial economic growth. NPPD has a 30-year history of promoting the economic development of this state. We pledge to continue to support our state's administration in continuing economic development activities.

It is with mixed emotion that I leave this Board after serving for 12 years. I am proud of the role this utility has played as a leader in the state and nation. I am confident that we have recruited and developed capable management personnel who will continue to maintain this leadership position. Also, I am proud of the fact that, even though the individual members of the Board are elected, there have been no decisions dictated by partisan politics. The people of the state have come first always.

Fred A. Herrington

Fred A. Herrington,
Chairman of the Board











Wayne E. Boyd
Attorney
South Sioux City
Served Since March 1982

Warren R. Cook
Businessman
Norfolk
Served Since January 1987

Gwen M. Cooper
Home Economist/Homemaker
Beatrice
Served Since August 1988

David L. Duren
CPA/Banker
Columbus
Served Since January 1973

Bruce W. Gustafson
Farmer/Rancher
Holdrege
Served Since January 1983

Fred A. Herrington
Businessman
Lincoln
Served Since January 1979

Ralph E. Holzfaster
Agribusiness/Farmer
Paxton
Served Since January 1981

Ralph D. Johnson
Economist
Lincoln
Served Since January 1985

Thomas O. Michels
Professional Engineer
Kearney
Served Since January 1983

Darrell J. Nelson
Farmer/Rancher
Oconto
Served Since January 1985

Les S. Taylor
Businessman
York
Served Since January 1979

John D. Hamilton
Railroad Employee
Lincoln
Seated January 1991
Succeeding Fred A. Herrington

Robert L. Gangel,
Vice President Finance
and Administration

Our ability to hold the line on rates continued to be an encouraging aspect of our financial condition during 1990.

For the third consecutive year, there was no increase in the basic retail rates even though we increased payments to our distribution lease municipalities by 2% for 1990. The last basic retail rate increase was in March 1988, although there has been some minor fluctuation in the Production Cost Adjustment factor on rates.

Basic wholesale rates were decreased 2% effective July 1, 1990, and are currently lower than rates in effect from 1984-1989.

A new wholesale rate-setting methodology proposal was developed during the year by a committee of customers and District staff and presented to all wholesale customers for their review and comments.

A separate Nuclear Decommissioning Trust Fund was established with an outside trustee, and its purpose is to segregate decommissioning funds from other District assets. The District's contribution to the fund was $7.4 million.

We began to self-insure a large portion of the District's workers' compensation, general liability and auto liability insurance during the year. We project this plan will account for annual savings of $325,000.

The Electric System's total operating revenues for the year were $379.3 million, and total operating expenses were $361.7 million. Kilowatt-hour sales were down 0.3% compared to the previous year.

Ground was broken for a new two-story, 67,000 square foot addition to the General Office building, which will include a hardened tornado-resistant section to house our computer facilities. Occupancy is scheduled for early 1992.

William A. Merrill,
Vice President Operations

1990 was a year of extreme tornado occurrences which caused widespread damage to transmission lines. As early as March, a storm system spawned over 20 tornados which took out nine separate transmission lines, several subtransmission lines and devastated one community. Our crews used mobile generators and alternate feeds to restore service to all customers within 12 hours and had all lines repaired within six days.

Tornados struck again in May, destroying four tall steel structures supporting double circuit 345 kV lines. This time a contractor was needed to repair the line before the summer peak loads.

Twice during June another series of tornados swept through the state, downing 49 structures on nine transmission lines.

These storms caused approximately $2.7 million in damages; but since several counties were declared disaster areas, the District received approximately $750,000 in disaster relief payments.

The District was one of seven major utilities to sign official documents enabling the construction of a major interconnecting transmission line. The Missouri-Iowa-Nebraska Transmission (MINT) Project involves building a 105-mile, 345 kV line between our Cooper Nuclear Station and St. Joseph, Missouri. When completed in 1992, the line will interconnect seven utilities and will improve reliability and expand the market for Midwest electricity in the Midsouth.

Manufacturing and processing industries continued significant growth in our service area during 1990. During the three-year period from 1988-1990, Nebraska led the nation in new plants and expansions per one million population. During 1990, the state was third among the states in new plants and expansions per one million population.

A long-range forecast was completed during the past year which projects annual demand growth at 1.6% and energy growth at 2.0% over the next 10 years.

Hugh G. Parris,
Vice President Production

1990 was an eventful year both in nuclear and fossil production.

Our Cooper Nuclear Station achieved the highest rating awarded by the Institute of Nuclear Power Operations (INPO). It is the first nuclear facility operated by a public power district to earn the top rating.

The nuclear plant also earned high marks on its 15-month "report card" from the Nuclear Regulatory Commission (NRC), improving from the last report. The Systematic Assessment of Licensee Performance (SALP) evaluated management and operation of Cooper Station from April 16, 1989, to July 15, 1990, and gave Category 1 and 2 ratings for all areas.

Category 1 indicates "emphasis on superior performance of nuclear safety and safeguards activities" and Category 2 means "performance of nuclear safety or safeguards activities is good."

Station personnel also earned the Board of Directors' Gold Safety Award for working more than one million hours without a disabling injury.

Plant operations went extremely well. The annual refueling and maintenance outage was the shortest in recent history, and there was only one forced outage during the year.

Cooper Station's gross generation was 5.3 billion kilowatt-hours during the year.

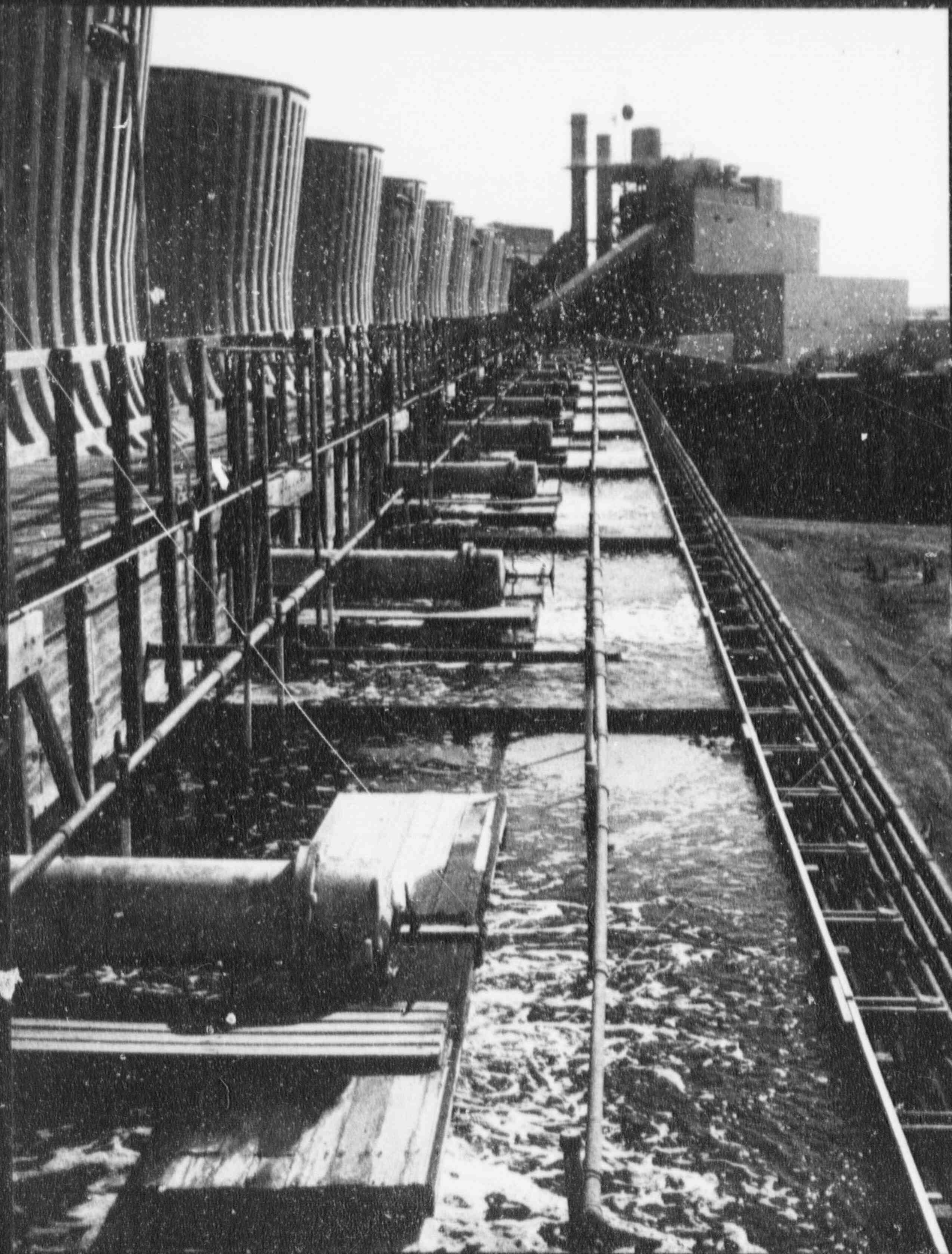
Our largest generating plant, the coal-fired Gerald Gentleman Station, had an excellent operating year except for the fall maintenance outage on Unit 1. That outage nearly doubled from its planned length and extended past the end of 1990 due to difficulty in obtaining necessary repairs for the generator-rotor.

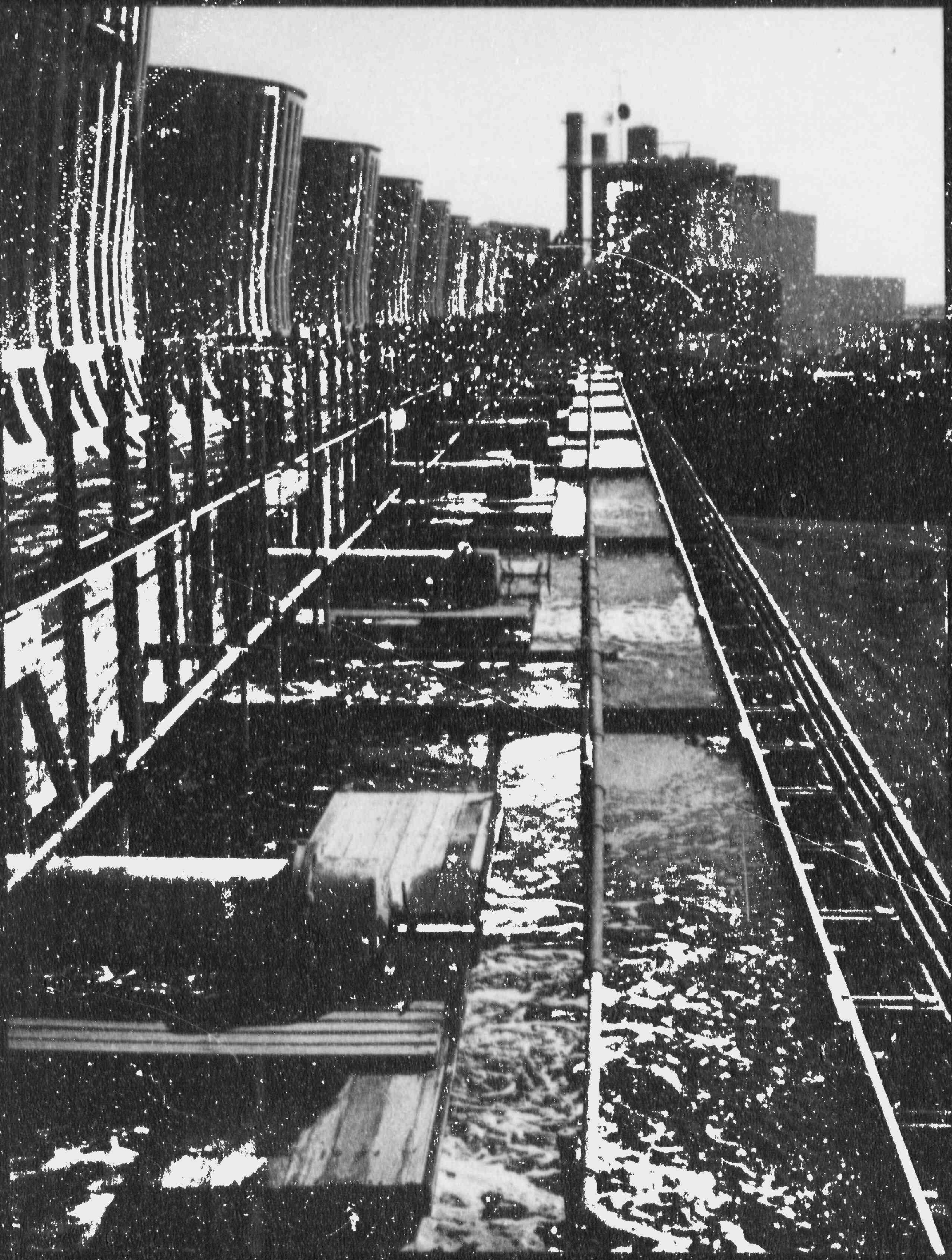
Gentleman Station's gross generation was 5.9 billion kilowatt-hours in 1990.

Our coal-fired Sheldon Station generated 1.1 billion kilowatt-hours (gross) during the year, and we are proud of the role it plays in our power supply. Modifications continue to be made to Sheldon Station to allow it to operate reliably while burning a lower BTU coal it was not designed to burn. One example of this redesigning is the new integrated system that was completed during 1990.

Gene D. Watson,
General Counsel

The District's General Counsel has general charge and supervision of the legal affairs of the District. The office prosecutes and defends actions and legal proceedings that arise in the course of the conduct of the District's affairs. The General Counsel acts as legal advisor to the District, acting through the Board of Directors, the officers, President and staff, by identifying legal risks and potential legal risks and causing an awareness among personnel of significant legal issues.





1990 was a successful year. We maintained our customer base and secured long-term contracts. Since the effort to acquire new contracts with existing wholesale customers began in 1988, there have been agreements signed with 40 municipalities; and 36 of these agreements are for a term of 25 years. Three others are for 10 years, and one other is for five years.

Twenty-six of the wholesale power supply contracts became effective during 1990, and three others were approved during 1990 to become effective January 1, 1991. One of the contracts signed was with the municipality of Lodgepole, which has another power supplier; and that contract will not be effective until October 1993, or on termination or assignment of the existing contract, whichever comes first.

Also completed during 1990 was the signing of a retail contract with the city of Norfolk, which means that all 201 cities and villages served at retail renewed their contracts. Norfolk is the largest retail city we serve.

Approximately 77% of our energy sales is to wholesale customers while 23% is to retail customers. Our transmission system delivers electricity to an estimated 760,000 Nebraskans. During the year we paid various Nebraska governmental entities $16.3 million in lease payments, gross revenue payments, and in-lieu-of-tax payments as required under contract and by law.

Success in maintaining the strong customer base can be attributed primarily to continuing emphasis on customer service and stable rates.

Although we are a statewide network in a totally public power state, there exists a competitive environment that makes service a vital link in maintaining our broad customer base.

There is a wide range of utility equipment, stationed at strategic locations, which is capable of responding to service calls--regardless of the disaster. We have also installed toll-free 800 numbers in key locations for the use of outage or service calls from either retail or wholesale customers.

For many years we have provided a wide array of utility services to wholesale and retail customers, including such services as economic and area development assistance, publication of site-specific industrial facts books, power analyses, energy management and energy conservation services, energy audits and load calculations, electric heat incentive programs, PCB oil sampling, preventative maintenance and customer and energy education assistance. During 1990 we dedicated ourselves to pursuing other related services that are of interest to customers. Such things as electrical maintenance for city equipment, central stores support, and construction services requiring special equipment are among services our customers seek.

We listen to our customers intently to discuss pertinent utility issues, and bi-monthly meetings are held with a wholesale customers' committee selected by all the wholesale customers. In addition to services, the wholesale customers' committee began pursuing a new wholesale rate philosophy which, if finalized, is expected to improve the efficiency of the overall system load factor by establishing differing winter and summer rates. This philosophy reflects the high summer loads on the system due to irrigation and air-conditioning, in contrast to winter, spring and fall loads.

During the summer of 1990, we waived demand charge on 73.3% of the on-peak hours. This allowed wholesale customers to provide more energy to their customers, and additional flexibility in their load control programs, without incurring additional cost. The demand waiver program is available to wholesale customers with load control programs.

Demand waiver is a means of waiving participating customers' hourly demands for billing purposes when the total system loads are not at or near peak levels and there are no operating constraints on the system.

We continue to supply low-cost service with electric rates that are well below the national average. Rates were reduced during 1990 because energy sales in 1989 were greater than budgeted. We were not only able to meet the requirements of customers in the state, but we were also able to sell excess capacity to out-of-state utilities.

Due to higher than anticipated costs for fuel and fuel related activities during 1990, there was a deficit in the Production Cost Adjustment (PCA) Account at the end of the year which will result in an increase in electric billings in 1991.

Even with that slight increase in electric billings at the beginning of 1991, electric costs for both wholesale and retail customers were less than in 1989.

Environmental issues continue to play important roles in utility decision making. The environment and its preservation has been identified as an "issue of the 1990s." Environmental care and preservation, and indeed enhancement, is a serious responsibility that we accept on a daily basis throughout Nebraska.

The new Federal Clean Air legislation, efforts to acquire new long-term licenses for our hydroelectric and related irrigation project from the Federal Energy Regulatory Commission, and the siting and construction of a low level radioactive waste disposal facility in Nebraska were among the major environmental issues in which we had considerable interest during 1990.

Congress, in enacting the Clean Air Act, recognized that our plants are among the cleanest in the country. Thus, the new Clean Air Act will have limited impact on our operations until well into the next century. The Act will establish new controls based on an allowance system that considers historical emissions in order to reduce contaminants released to the atmosphere.

Since our two major coal-fired plants, the 1,300-megawatt Gerald Gentlemen Station and the 225-megawatt Sheldon Station, already are burning low-sulfur western coal and operating at well below current emission limitations, we worked with the state's Congressional delegation and others to amend an earlier version of the bill; and the final result is equitable to Nebraska.

As amended, the law will allow our plants to operate at a normal capacity. Annual emission allowances not required for current generation can be used in future years or sold to other utilities.

Utilities that are unable to build new plants or remodel old plants within the Clean Air Act guidelines and time frame may need to purchase power from "clean utilities." We are in a position to supply some of this power, thereby keeping costs low for our customers.

We continue to actively pursue the long-term relicensing of our hydroelectric project and related irrigation facilities on the Platte River in western and central Nebraska. The Central Nebraska Public Power and Irrigation District owns a separate but related hydroelectric project, and the two Districts filed joint applications with the Federal Energy Regulatory Commission (FERC) for license renewal in 1984.

The Projects include more than 150 miles of supply canals and several lakes and reservoirs that provide water from the North and South Platte Rivers for recreation, wildlife habitat, cooling water for two fossil-fueled generating plants, water for irrigation, and hydroelectric generation. Since the 50-year licenses expired in 1987, the Projects have been operated on annual licenses.

Early in the year we released 77,164 acre-feet of water from Lake McConaughy to meet interim minimum flow requirements for wildlife downstream. FERC ordered the releases as part of its annual license conditions, but indefinitely stayed the order when it became apparent that we would run out of water for our surface irrigation customers. We borrowed water from the Central District to supplement our 125,000 acre-feet of storage water to meet irrigation demands. Unfortunately, the third year of a drought in much of the area including Colorado, Wyoming and Montana has reduced inflows into Lake McConaughy, thus depleting the available storage water to satisfy the competing needs on the river.

We are moving forward to install eight in-river islands to provide permanent least tern and piping plover habitat at an approximate cost of $1.2 million. These islands were also part of FERC's annual license conditions. As part of the environmental enhancement effort, we have volunteered to construct two experimental off-stream habitat islands which may prove to be a more cost-effective means of providing habitat.

Lines of communication have remained open with major interest groups including the Platte River Whooping Crane Critical Habitat Maintenance Trust, the U. S. Fish and Wildlife Service and the Nebraska Game and Parks Commission as well as other environmental, irrigation and recreational interests.

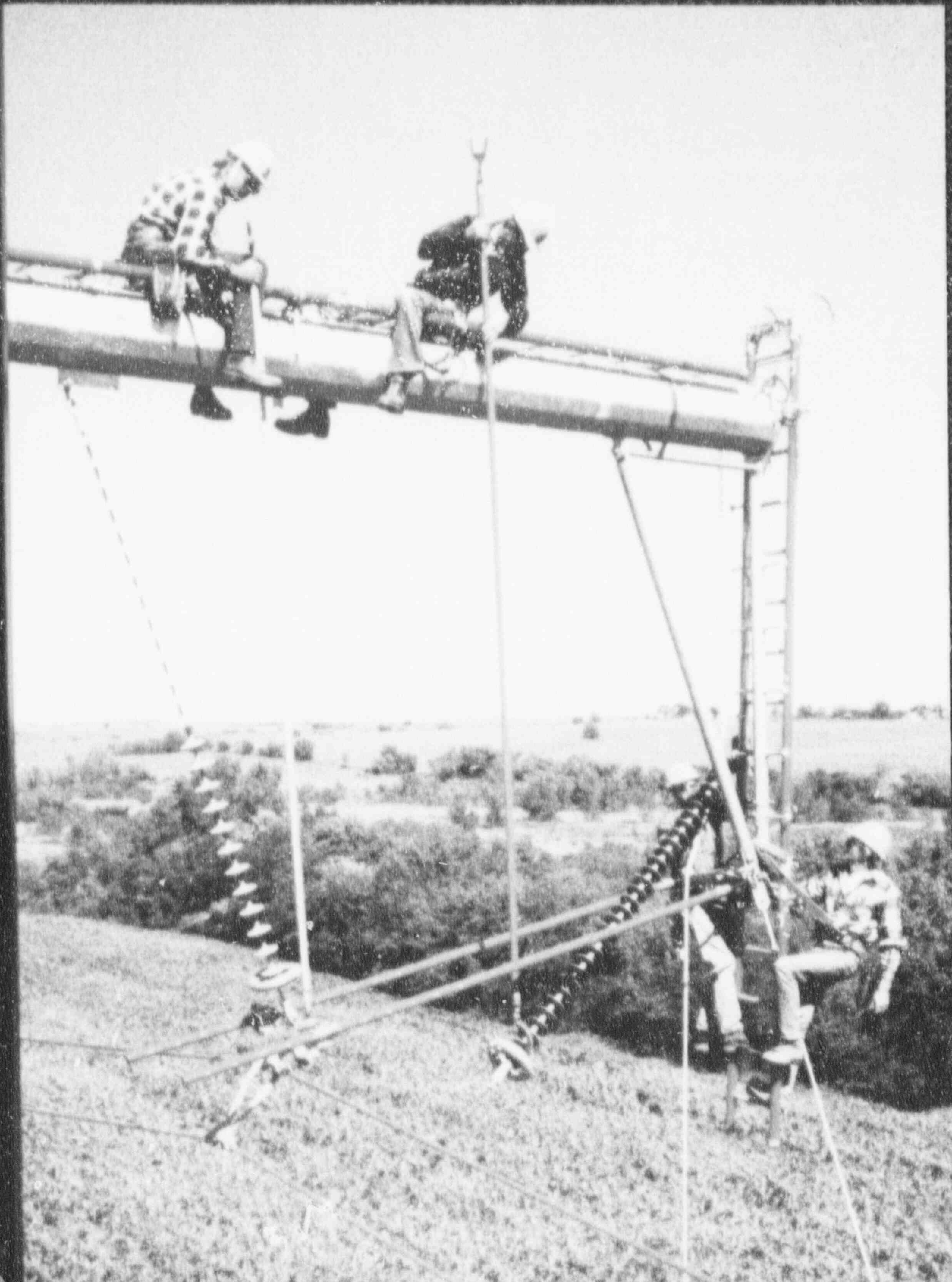
We consider it very important that negotiations lead to a "Nebraska solution." Such a solution must consider irrigation, threatened and endangered species and other wildlife habitat, hydro generation and recreation. A compromise solution would save all parties considerable dollars compared to litigating our differences and may provide FERC with conditions on which to issue new long-term licenses.

The two Districts have completed in-depth environmental and operational studies; and during 1990, FERC held a series of public hearings in the Project area to gather input for an Environmental Impact Statement.

There remains considerable concern in the state over the selection of a site in northern Nebraska (Boyd County) for the construction of a low level radioactive waste disposal facility. That location was chosen by members of the five-state Central Interstate Compact Commission.

Having nuclear experience with the operation of a nuclear plant, we are confident that such a facility can be built to protect the safety of the state's citizens and maintain the environmental integrity of the area.

The Nebraska Department of Environmental Control is scheduled to rule in 1991 on the license application to construct the facility, and there is one thing we can be sure of—the issue will continue to be debated.



There are more than 2,200 dedicated and trained people that make the District what it is today. Together, our mission is to emphasize service to customers and response to the public in an effort to maintain and even enhance our utility's image among Nebraskans.

In addition to trained professionals, we have a wide range of equipment strategically located around the state to provide service on short notice, day or night.

Emphasis is placed on training and safety, and it is with great pride that we continue to excel in both of these categories.

At our Cooper Nuclear Station, employees were presented the coveted Board of Directors' Gold Safety Award for working more than one million hours without a disabling injury between July 1989 and August 1990. At our York Operations Center and in the Northern Region, presentations of Silver Safety Awards were made during the year. Also during 1990, we were presented the American Public Power Association's first place Electric Safety Award for safe operating practices for public utilities with more than four million worker-hours of exposure annually. Our long history of safe work practices has resulted in cost savings to customers. Because of the good claim experience over the past 10 years, we have been eligible for a 50% discount on workers' compensation rates, equating to an approximate annual savings of $325,000.

Safety doesn't just happen. It is a condition promulgated by our dedication to continual safe work practices and our concern for one another. Effective training and repetitive emphasis help maintain our safety edge.

Training runs the gamut from routine line maintenance and major outage conditions to licensed nuclear plant operators facing actual plant situations on our control room simulator. Nothing is left to chance.

Communication is a key aspect contributing to employee satisfaction. Two-way communication is encouraged by our "Talk To The Top" program whereby employees can voice concern or seek answers to their questions. Two new communication techniques were implemented during the past year. Infoline is a daily telephone service whereby employees can access a prerecorded summary of major activities involving the District or utilities in general. On a monthly basis, written summaries of Board of Directors' meetings are sent to offices and facilities across our vast service area so we will all be aware of pertinent Board action.

A variety of educational programs helps us improve our health and fitness. Especially pleasing have been the results of the Back Power Program, designed to curtail the number and severity of back injuries. Another program that met with enthusiastic response was the Exercise Across Nebraska promotion in which we were challenged to complete an exercise regimen including walking. Each of us determined our own level of involvement from a list of options.

Interest in promoting and maintaining good health is twofold. When we are healthy we save money on health insurance costs and are more productive on the job.

Another emphasis is on facilities that help us to do our jobs more effectively. This may be as simple as the ability to send a message, route a memo, schedule a meeting or reserve a conference room on the mainframe computer using one of two office automation programs that allow electronic communication. Or, it may be as involved as constructing new facilities to allow for the orderly expansion of our operations. Work progressed satisfactorily during the year on construction of an addition to our General Office building and site selection for a new system control center.

Each year Mother Nature creates a challenge for many of us in the electric utility business. Tornados, high winds, freezing rain and snow can completely shut down an electrical system. During the year a severe ice storm hit Hemingford, and a tornado damaged Sutton's distribution system. Because both communities are wholesale customers, we responded immediately to help restore service and stayed around to clean up after service was restored. City personnel from both communities cited us for our prompt response and professionalism.

Were these heroic efforts? Probably not. This is just what we do, and do well.

Another indication of satisfaction is in length of service statistics. More than 15% of us have been with the District 20 or more years, contributing to the experience required to run an efficient utility.

Community involvement doesn't go unnoticed. Our Gentleman Station coal-fired plant was nominated by the nearby community of Sutherland and was presented the Nebraska Governor's Achievement Award that recognizes businesses that consistently provide reliable service, deliver superior products, create new jobs and contribute to the quality of life in communities and the state. We were also the recipient of one of six Private Sector Initiative Awards at the 1990 Nebraska Governor's Conference on Aging. We were recognized for our participation in the Gatekeeper Program which utilizes the customer-contact people who act as the "eyes and ears" of social service agencies by locating vulnerable elderly people in a community.

A Resource Utilization Study Group has been involved in analyzing and evaluating the District's strengths and weaknesses. The Study Group formulated recommendations to improve the efficiency and overall competitive position of our organization. With the involvement of the Strategic Planning Committee of the Board of Directors and senior management, the Group was also charged with making recommendations for a strategy for the future.

Key findings of a report and accompanying recommendations presented during the year dealt with marketing surplus generating capacity, developing the marketing function to provide improved and expanded services, and clarifying the needs for future power supply resources. Generating plant/system operating efficiency and the ramifications of the 1986 Tax Act on tax-exempt financing were also addressed. In addition, establishing a focal point to manage strategic planning issues was recommended.

The study took a broad, strategic look at our organization, and the 33 recommendations will provide a blueprint for future activities. It also lays some of the groundwork needed for our strategic and business plans. We are now in the process of formulating an action plan to implement the recommendations.

We have a lot going for us, and our future looks terrific. We are a leader among utilities in Nebraska, and we are increasing our national visibility as well. Our power supply situation is the envy of many utilities in the country.

We have ample resources to supply the needs of not only our own customers but to make short- and long-term sales of firm or nonfirm capacity and energy to utilities both within and outside of the state's borders. We are aggressively pursuing those options which help keep rates down for our total requirements customers.

Our rates are extremely competitive in the region and nationwide, and we use a balanced mix of available and low-cost fuel sources. In fact, during 1990, we supplied our customers with power and energy generated 57% from coal, 24% from nuclear, 17% from hydro and only 2% from higher cost and less available sources such as oil and gas.

Our in-state transmission system adequately handles our requirements. For out-state connections, we are members of the Mid-Continent Area Power Pool (MAPP). In addition, we are associated with neighboring utilities in the construction of major transmission access to the south, known as the Missouri-Iowa-Nebraska Transmission (line) or MINT.

The day of independent planning, development and use of individual electric systems is gone. From the generating plant to the customer meters, utilities have found that joint planning pays off in maintaining low rates while improving customer service levels. We continue to promote and participate in joint planning and joint use of the electric system with other utilities inside and outside the state. Currently we are involved in a formal program with wholesale customers to jointly plan, own and operate subtransmission lines. This successful program includes a long-range study of the joint system to determine if and when additions are required to supply projected loads.

We are a summer peaking utility, principally due to pump irrigation and air-conditioning. However, we and our wholesale customers have been pioneers in efforts to control summer loads and increase winter sales to improve the overall system efficiency. Load management equipment is used to reduce peak demand by controlling electric use of our wholesale customers' end users.

Because of the surplus winter generating capacity, when new electric heating loads are added, the fixed capacity costs are shared by more customers for the benefit of all. Our aggressive electric heat rebate promotion includes cash incentive payments to wholesale end users and retail customers who install space heating and electric water heating systems. During 1990, incentive payments totaled $1.5 million with additional new load of 35,527 kilowatts. Revenues generated will result in a payback period for the incentive payments of less than two years.

Our 1990 winter peak firm requirements load was within a few megawatts of our all-time winter peak demand. Our record winter peak firm demand of 1,369 megawatts was set on December 20, 1989; and, strangely enough, our 1990 winter peak of 1,361 megawatts also came on December 20. The highest summer firm demand on the system in 1990 was 1,730 megawatts in late July. The highest firm peak ever recorded was 1,743 megawatts on July 14, 1988.

Internal preparation for the future oftentimes requires innovative planning. During the year, we implemented a major organizational development program. We feel it is essential that management personnel have experience in a wide variety of areas, and the development program will accomplish that goal. More such interfacing is expected as we keep pace with the future.

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying balance sheets of the Electric System of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1990 and 1989, and the related statements of revenues and expenses and accumulated net revenues, and cash flows for each of the three years in the period ended December 31, 1990. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements and supplemental schedules as of and for the years ended December 31, 1989 and 1988, have been restated as described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric System of Nebraska Public Power District as of December 31, 1990 and 1989, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1990, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of the calculation of the debt service ratios in accordance with the Electric System Bond Resolution for each of the three years in the period ended December 31, 1990, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coopers & Lybrand

Omaha, Nebraska
March 1, 1991.

Nebraska Public Power District
ELECTRIC SYSTEM

Balance Sheets
December 31, 1990 and 1989

	1990	1989
	(Thousands of Dollars)	
ASSETS		
Utility Plant, at Cost	$751,121	$718,672
Less-Reserve for depreciation and amortization (Note 1)	360,816	328,696
	$390,305	$389,976
Debt Reserve Account	$ 30,132	$ 30,186
Receivables:		
Advance to Power Supply System (Note 3)	$ 6,100	$ 6,100
Sale of property	7,016	824
	$ 13,116	$ 6,924
Current Assets:		
Cash and investments (Note 1)	$124,170	$120,351
Receivables, less reserves	49,529	51,673
Materials and supplies, at average cost	9,661	9,984
Prepayments and other assets	488	528
	$183,848	$182,536
Deferred Compensation Plan Assets (Note 5)	$ 11,563	$ 11,250
Deferred Charges:		
Nuclear Facility billings (Note 1)	$ 16,737	$ 22,891
Unamortized financing costs	1,593	1,767
Other	2,330	3,613
	$ 20,660	$ 28,271
	$649,624	$649,143
LIABILITIES AND CAPITAL		
Accumulated Net Revenues, as restated (Note 1)	$216,853	$207,030
Long-Term Debt (Note 2)	$295,312	$307,483
Commercial Paper Notes (Note 3)	58,915	58,915
	$354,227	$366,398
Less-Current maturities (Note 2)	12,744	12,267
	$341,483	$354,131
Current Liabilities:		
Current maturities	$ 12,744	$ 12,267
Accounts payable	16,373	18,243
Accrued lease payments	6,819	5,616
Other	7,680	9,015
	$ 43,616	$ 45,141
Deferred Compensation Plan Liabilities (Note 5)	$ 11,563	$ 11,250
Deferred Revenue (Note 1)	$ 34,902	$ 30,203
Unamortized Payment Received for Refinancing Costs	$ 1,207	$ 1,388
	$649,624	$649,143

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Revenues and Expenses and Accumulated Net Revenues for each of the Three Years in the Period Ended December 31, 1990

	1990	1989	1988
		(Thousands of Dollars)	
Revenues and Expenses:			
Operating Revenues, as restated (Note 1)	$379,283	$369,660	$376,841
Operating Expenses:			
Power purchased—			
Nuclear Facility and Power Supply System (Note 1)	$223,622	$216,406	$218,617
Other	33,551	33,880	46,718
Production—			
Fuel	10,803	10,341	11,571
Operation and maintenance	14,707	14,208	11,500
Other operation and maintenance	35,775	38,619	35,057
Lease payments (Note 1)	12,657	10,363	9,965
Depreciation and amortization (Note 1)	25,555	24,424	22,931
Payments in lieu of taxes	4,984	4,941	4,800
Total operating expenses	$361,654	$353,182	$361,159
Net operating revenues	$ 17,629	$ 16,478	$ 15,682
Interest and Other Revenues:			
Allowance for funds used during construction	$ 995	$ 591	$ 558
Interest and other	12,903	13,855	12,771
Total interest and other revenues	$ 13,898	$ 14,446	$ 13,329
Net revenues before other deductions	$ 31,527	$ 30,924	$ 29,011
Other Deductions:			
Bond interest	$ 18,693	$ 19,305	$ 19,877
Other interest	3,011	3,206	2,927
Total other deductions	$ 21,704	$ 22,511	$ 22,804
Net Revenues, as restated (Note 1)	$ 9,823	$ 8,413	$ 6,207
Accumulated Net Revenues, as restated (Note 1):			
Beginning balance	207,030	198,617	192,410
Ending balance	$216,853	$207,030	$198,617

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Cash Flows for each of the Three Years in the Period Ended December 31, 1990

	1990	1989	1988
		(Thousands of Dollars)	
Cash flows provided by (used in) operating activities:			
Net revenues, as restated (Note 1)	$ 9,823	$ 8,413	$ 6,207
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	25,555	24,424	22,931
Depreciation charged to operations	842	825	982
Amortization of deferred charges- Nuclear Facility	20,300	12,287	13,100
Changes in current and deferred items:			
Receivables, less reserves	2,969	(5,975)	(10,798)
Materials and supplies	323	(567)	902
Prepayments and other assets	40	(59)	87
Addition to deferred charges- Nuclear Facility	(14,146)	(9,107)	(9,358)
Other deferred charges	1,457	1,893	(1,054)
Accounts payable and Accrued Lease Payments	(667)	(1,923)	1,182
Deferred revenue	4,699	19,475	5,309
Other liabilities	(1,401)	3,590	208
Net cash flows provided by operating activities	$ 49,794	$ 53,276	$ 29,698
Cash flows provided by (used in) investing activities:			
Utility plant additions	$(35,201)	$(33,303)	$(15,680)
Proceeds from sale of property	1,458	1,964	-
Net change in Debt Reserve Account	54	30	731
Sale of investment securities	320,926	188,705	226,[illegible]
Purchase of investment securities	(331,652)	(194,677)	(213,830)
Net cash flows used in investing activities	$(44,415)	$(37,281)	$ (2,002)
Cash flows provided by (used in) financing activities:			
Repayment of long-term debt	$(12,286)	$ (11,479)	$ (10,890)
Repayment of notes payable	-	(517)	(2,220)
Net cash flows used in financing activities	$(12,286)	$ (11,996)	$ (13,110)
Net increase (decrease) in cash	$ (6,907)	$ 3,999	$ 14,586
Cash beginning of year	36,919	32,920	18,334
Cash end of year	$ 30,012	$ 36,919	$ 32,920

Supplemental Schedule of Non-Cash Investing Activities:

The Electric System sold property and recognized a receivable of approximately $7 million in 1990.

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
ELECTRIC SYSTEM

Supplemental Schedules--Calculation of Debt Service Ratios in accordance with the Electric System Bond Resolution for each of the Three Years in the Period Ended December 31, 1990

	1990	1989	1988
		(Thousands of Dollars)	
Operating revenues, as restated (Note 1)	$379,283	$369,660	$376,841
Operating expenses (Note 1)*	361,654	353,182	361,159
Net operating revenues	$ 17,629	$ 16,478	$ 15,682
Interest and other revenues	13,898	14,446	13,329
Interest deductions	21,704	22,511	22,804
Net revenues per financial statements	$ 9,823	$ 8,413	$ 6,207
Add:			
Deferred revenues excluded from operating revenues (Note 1)	$ 4,699	$ 19,475	$ 5,309
Interest deductions	21,704	22,511	22,804
Depreciation and amortization	26,397	25,249	23,913
	$ 52,800	$ 67,235	$ 52,026
Deduct:			
Provision for operating expense reserve (Note 1)**	$ 4,699	$ 19,475	$ 5,309
Allowance for funds used during construction	995	591	558
Investment income retained in construction funds	3,637	3,736	3,863
	$ 9,331	$ 23,802	$ 9,730
Net revenues available for debt service under the Electric System Bond Resolution, as restated (Note 1)*	$ 53,292	$ 51,846	$ 48,503
Amounts deposited in the Electric System Debt Service Account			
Principal	$ 11,767	$ 11,160	$ 10,595
Interest	18,693	19,305	19,877
	$ 30,460	$ 30,465	$ 30,472
Ratio of net revenues available for debt service to debt service deposits, as restated (Note 1)	1.75	1.70	1.59

** The amortization of deferred charges is included in these summary statements as Operating Expenses to avoid overstating Net Revenues. These deferred charges were funded by Commercial Paper Notes and other matured short-term indebtedness, which constitute subordinated indebtedness under the Electric System Bond Resolution. The Electric Resolution requires subordinated indebtedness to be paid from the General Reserve Fund created under the Electric Resolution.*

*** The Electric Resolution defines Operating Expenses to include payments into reserves in the Operating Fund for the payment of future operating expenses. The provision for operating expense reserve in this restatement of Supplemental Schedules, for each of the years 1988, 1989 and 1990, represents the net change in the accumulative surplus revenues in each respective year from both wholesale and retail service.*

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization*--

The District has three separate divisions for accounting purposes as follows:

Electric System
Power Supply System
Nuclear Facility

As required by Bond Resolutions, separate records are maintained for each division. The Electric System financial statements exclude the Nuclear Facility and Power Supply System, for which financial statements are presented separately herein. The Electric System financial statements should be read in conjunction with such other financial statements.

Nebraska Public Power District is an electric utility which sells electric energy to wholesale and retail customers in the midwest. The District's contracts and rate schedules specify the time period in which billings are to be paid after services are rendered.

B. *Depreciation, Amortization and Maintenance*--

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant was approximately 3.0% in each of the years 1990, 1989, and 1988.

The District has long-term lease agreements with approximately 200 municipalities. These lease agreements obligate the District to make lease payments and pay for normal property additions during the term of the lease. The District has recorded provisions for amortization of lease plant additions of $5.3 million in 1990, $4.9 million in 1989, and $3.9 million in 1988. These leased plant additions, which are fully reserved, totaled $57.7 million at December 31, 1990, and $53.0 million at December 31, 1989.

The District charges maintenance and repairs, including the cost of renewals and replacements of minor items of property, to maintenance expense accounts. Renewals and replacements of property (exclusive of minor items of property, as set forth above) are charged to utility plant accounts. Upon retirement of property subject to depreciation, the cost of property is removed from the plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

C. *Allowance for Funds Used During Construction (AFUDC)*--

This allowance, representing the cost of funds used to finance construction, is capitalized as a component of the cost of utility plant and is credited to Interest and Other Revenues. The capitalization rates for construction financed with revenue bonds are based on the interest cost of each issue less interest income. The capitalization rate for construction financed by revenues is based on the weighted average rate of interest of the current outstanding borrowings. For the periods presented herein, the AFUDC rates vary from 6.0% to 8.25%.

D. *Deferred Charges*--

Deferred charges as of December 31, 1990, represents $16.7 million of Nuclear Facility billings for certain capital additions. The District included amortization of these deferred charges of $20.3 million in 1990, $12.3 million in 1989, and $13.1 million in 1988 in power purchased expense. The above deferred charges are expected to be amortized as follows: 1991-$6.9 million; 1992-$7.1 million; 1993-$2.7 million.

E. *Unamortized Financing Costs*--

These costs represent issuance expenses on all bonds and the premium to retire the Electric System Revenue Bonds, 1975 Series, prior to their maturity date and are being amortized over the life of the respective bonds using the bonds outstanding method.

F. *Unamortized Payment Received for Refinancing Costs*--

This reimbursement from the Nuclear Facility was for certain refinancing costs of the Electric System incurred in 1968 and is being amortized over the life of the 1968 Revenue Bond issue using the bonds outstanding method.

G. *Cash and Investments*--

	December 31, 1990	1989
	(Thousands of Dollars)	
Revenue Fund	$ 17,440	$ 18,477
Operating Fund	12,149	18,012
Construction Funds	2,952	47,183
Commercial Paper Account	22,672	16,102
Debt Service Account	-	188
Reserve and Contingency Fund	1,237	1,236
General Reserve Fund	67,720	19,153
	$124,170	$120,351

Funds consist of $94.2 million of investment securities and $30.0 million of cash deposits at December 31, 1990, and $83.5 million of investment securities and $36.9 million of cash deposits at December 31, 1989. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1990, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1990, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

The Debt Reserve Account in the Debt Service Fund is valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Electric System Revenue Bond Resolution (Electric Resolution). The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Electric Resolution.

H. *Deferred Revenue*--

As provided in the Electric Resolution, the District covenants to charge rates for wholesale and retail electric service so that revenues will be sufficient to pay annual operating expenses including: 1) Nuclear Facility and Power Supply System charges, 2) operating expenses other than depreciation, 3) debt service, and 4) certain capital additions.

Variation between actual energy costs (primarily fuel) and the estimated energy costs included in the basic rates may be recovered by a Production Cost Adjustment (PCA). Billings for the PCA provide for the recovery of the variation in energy costs either in current or future years.

In the event the District's rates for wholesale and retail service, excluding the PCA, result in a surplus or deficit in revenues during a rate period, such surplus or deficit is taken into account in projecting

estimated revenue requirements for future rate periods. Such treatment of wholesale revenue is stipulated by the District's long-term wholesale power supply contracts.

The combined surplus which arose in 1990, 1989, and 1988 from the PCA, wholesale, and retail service has been accounted for in these financial statements by a deferral of revenue. The 1989 and 1988 financial statements and supplemental schedules have been restated to reflect the presentation of such amounts. In prior years, no deferral or accrual was made other than the PCA to reflect the obligation to adjust future rates for such surplus or deficit. The effect of such restatement is to reduce previously reported net revenues and net revenues available for debt service by $12.6 million and $17.4 million in 1989 and 1988, respectively.

The cumulative surplus at December 31, 1990, to be reflected in future revenue requirements is approximately $34.9 million.

I. *Revenue Recognition*--

Wholesale revenues are recorded in the period in which service is rendered, and, in accordance with industry practice, retail revenues are recorded in the month retail customers are billed. Consequently, revenues applicable to service rendered to retail customers from the period covered by the last billing in a year to the end of the year are not recorded as revenues until the following year. Operating revenues are also impacted by the surplus or deficit in revenues as described in Note (1)H.

J. *Accumulated Net Revenues*--

The accumulated net revenues consist primarily of cumulative operating revenues collected for utility plant additions net of related accumulated depreciation. The remaining accumulated net revenues will be fully offset by future depreciation expense. In addition, accumulated net revenues include cumulative interest income earned on Construction Funds.

K. *Classification of Costs*--

Certain amounts in 1989 and 1988, have been reclassified to conform with the 1990, presentation. This reclassification had no impact on Net Revenues.

(2) LONG-TERM DEBT:

	December 31, 1990	December 31, 1989
	(Thousands of Dollars)	
Revenue Bonds:		
Serial Bonds--		
2.00%, due 1990	$ -	$ 375
4.75%-6.30%, due 1990	-	9,530
4.90%-6.40%, due 1991 to 1995	34,010	34,010
5.00%-6.10%, due 1996 to 2000	39,850	39,850
5.00%-6.30%, due 2001 to 2005	49,740	49,740
5.75%-6.40%, due 2006 to 2009	27,820	27,820
Term Bonds, with annual sinking fund requirements--		
5.10%, due 1990 to 2002	34,495	36,545
6.60%, due 1993 to 2003	33,200	33,200
6.75%, due 1991 to 1995	17,100	17,100
7.00%, due 1996 to 2005	57,250	57,250
	$293,465	$305,420
Lease Purchase Payables--		
2.00%, due 1990 to 2005	2,912	3,243
Unamortized Bond Discount	(1,065)	(1,180)
	$295,312	$307,483

Principal payments of Electric System Long-Term Debt for the next five years are: 1991-$12.7 million; 1992-$13.4 million; 1993-$14.1 million; 1994-$14.9 million; 1995-$15.8 million.

(3) COMMERCIAL PAPER NOTES:

The District is authorized to issue up to $100 million of commercial paper notes. A letter of credit is maintained with a bank to support the sale of the commercial paper notes. This letter of credit expires in November, 1994. The effective interest rates on outstanding notes for 1990 and 1989 were 5.8% and 6.5%, respectively.

The proceeds of these notes are being used (1) to finance certain capital additions of the Nuclear Facility, and (2) for other lawful purposes of the District, including an Advance to the Power Supply System.

The notes are anticipated to be retired from repayment of the Advance to the Power Supply System and from Electric System revenues.

(4) RETIREMENT PLAN AND POSTRETIREMENT BENEFITS:

The District has a retirement income plan covering its regular full-time employees, substantially all of whom have elected to participate. Employee's contributions to the plan are based on salary, and the District's contributions are allocated to each employee's trust account based on the employee's contributions to the plan. The plan provides for retirement income equal to the total of the employee's trust account, including trust earnings. The District's contribution was $6.4 million for 1990, $5.6 million for 1989, and $5.3 million for 1988.

The District also provides certain health care, accident and life insurance benefits for retired employees. Substantially all of the District's retired employees are eligible for such benefits. The cost of providing these benefits was $995,000 for 1990, $1,041,000 for 1989, and $1,012,000 for 1988.

(5) DEFERRED COMPENSATION PLAN:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are (until made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. The District has recorded the assets of its deferred compensation plan and the corresponding liability to reflect its fiduciary responsibility under the plan. In the past, the plan assets have been used for no purpose other than to pay benefits. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The plan is administered by The Equitable Life Assurance Society of the United States.

(6) LITIGATION:

On August 14, 1985, NUCOR Corporation (NUCOR), a large industrial customer, filed a lawsuit in the United States District Court of Nebraska alleging overcharges from August 1, 1972, to January 1, 1980, in an undetermined amount and $10 million from January, 1980, through December, 1984. The District's answer, among other things, denied that the District's rates charged NUCOR were unfair, unreasonable and discriminatory and further denied that NUCOR had been damaged as alleged and asserted various affirmative defenses.

Investigation and discovery indicated that revenue collected by the District from the HTS-2 rate class, of which NUCOR is a member, from September 1, 1973, to December 31, 1986, exceeded the revenue requirements by $1,527,301. This surplus was adjusted by a decrease in the HTS-2 electric rate schedule for service provided from March 1, 1987, through December 31, 1987.

At trial, NUCOR expanded their original claim of damages to include the years 1985 and 1986. On May 6, 1987, at the conclusion of trial, the jury returned a verdict in favor of NUCOR for $7,492,340. The judge then entered judgement against the District on May 15, 1987, reducing this amount as a result of the statute of limitations to $4,403,547. The District appealed the judgement to the Eighth Circuit Court of Appeals. NUCOR thereafter filed a cross-appeal, contending that judgement should have been entered on the full amount of the jury verdict, and that prejudgement interest should have been awarded. On December 13, 1989, a three-judge panel of the Eighth Circuit Court of Appeals filed an opinion which affirms the May 15, 1987 judgement in all respects. The District filed a petition for rehearing by the full Court, which was denied by the Court on March 16, 1990. The District thereafter filed a petition for writ of certiorari in the Supreme Court of the United States which was denied on October 1, 1990. On October 5, 1990, the District filed a motion for partial satisfaction of judgment in the District Court, requesting the Court to declare that the District is entitled to a credit against the judgment in the amount of $1,527,301 because of a rate refund that was made to NUCOR during 1987. Such motion remains pending. On October 19, 1990, the District made payment on the judgment to NUCOR in the amount of $2,876,246, plus $713,208 for interest thereon and taxable costs. The majority of this payment was reserved for in 1989.

On July 11, 1988, NUCOR filed a second lawsuit in the United States District Court for the District of Nebraska. Such action was stayed pending the outcome of the appeal of the previous lawsuit. On October 10, 1990, the District Court granted NUCOR leave to file a second amended complaint which requests judgment against the District for alleged overcharges in an undetermined amount for each of the years 1987, 1988, 1989, and 1990; treble damages in an undetermined amount and attorneys' fees for alleged violations of the federal Sherman Act; damages in an undetermined amount and attorneys' fees for alleged violations of the Nebraska Consumer Protection Act; and damages in an undetermined amount and attorneys' fees for alleged deprivations of NUCOR's property rights and liberty interests allegedly secured by the Fourteenth Amendment to the United States Constitution. The District has filed a motion to strike and to dismiss NUCOR's second amended complaint, in whole or in part, based on lack of jurisdiction, failure to state a claim, and other pleading irregularities. The District's answer to the second amended complaint, if any is required, will not be filed until after the Court's ruling on the motion.

NUCOR's second amended complaint also names as additional defendants ten current members and four former members of the District's Board of Directors, alleging that such individual defendants, from 1974 to the present, acted to deprive NUCOR of its substantive property right under the United States and Nebraska Constitutions to receive a fair and reasonable electric rate, and of its constitutionally protected liberty interests. NUCOR seeks damages against such individual defendants in an undetermined amount, including punitive damages and attorneys' fees, under both federal and state civil rights statutes. Motions to dismiss have been filed on behalf of such individual defendants based on the defense of the absolute legislative immunity of such defendants, the failure of NUCOR to state a claim, the statute of limitations, and other issues raised in the District's motion.

On July 12, 1988, NUCOR filed a lawsuit in the District Court of Stanton County, Nebraska, requesting judgement for alleged overcharges of at least $15,744,844 from August 1, 1972 to December 31, 1987, and for an undetermined amount of damages for excess payments after December 31, 1987. NUCOR also requests damages in an amount not yet ascertained for alleged violations of the Nebraska Consumer Protection Act. This lawsuit in state court covers the same rate periods as the two lawsuits filed in federal court by NUCOR against the District. For its preliminary response to the lawsuit, the District filed a motion to strike, and to require NUCOR to make more definite and certain, various allegations of NUCOR's petition, which motion remains pending before the court. The state court entered an order that stayed further proceedings in this action until the entry of the final decision by the Court of Appeals in the first federal lawsuit.

In 1988, NUCOR began withholding payment of a portion of its monthly billings. As of December 31, 1990, approximately $4.9 million has been withheld on total billings of $36.5 million. NUCOR continues to withhold on billings rendered in 1991. In July 1990, responding to NUCOR's first amended complaint filed in the second federal lawsuit, the District filed an answer and counterclaim to recover damages from NUCOR for breach of contract and to enjoin NUCOR from withholding payment. Also in July 1990, the District filed a motion for a preliminary injunction to require NUCOR to pay the unpaid principal balances and accrued interest on all billing statements for service provided since January 1988, to require NUCOR to make full payment of all billing statements rendered during the pendency of the action, and to authorize the District to discontinue service to NUCOR for any failure to make required payments. Such motion for preliminary injunctive relief was denied by the District Court on February 14, 1991. The District's counterclaim for damages and permanent injunctive relief remains pending.

(7) CAPITAL ADDITIONS:

The Electric System construction plan includes authorization for estimated expenditures of $39.4 million for 1991. These expenditures will be funded from revenues and other available funds.

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying special-purpose statements of assets and liabilities of the Power Supply System of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1990 and 1989, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1990. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying special-purpose financial statements have been prepared for the purpose of complying with, and on the basis of accounting requirements specified in the Power Supply System Revenue Bond Resolution adopted by the District on September 29, 1972, as supplemented, as described in Note (1)B, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the accompanying special-purpose financial statements of the Power Supply System of Nebraska Public Power District present fairly, in all material respects, the assets and liabilities as of December 31, 1990 and 1989, and its revenues and costs for each of the three years in the period ended December 31, 1990, on the basis of accounting described in Note (1)B.

Coopers & Lybrand

Omaha, Nebraska
March 1, 1991.

Nebraska Public Power District
POWER SUPPLY SYSTEM

Statements of Assets and Liabilities
December 31, 1990 and 1989
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution

ASSETS	1990	1989
	(Thousands of Dollars)	
Utility Plant, at Cost (Note 1)	$711,279	$717,464
Less--		
Reserve for depreciation (Note 1)	105,636	99,008
Amounts funded from revenue (Note 1)	13,753	13,750
	$591,890	$604,706
Prepaid Capital Costs (Note 3)	$ 67,830	$ 67,205
Cash and Investments (Note 1):		
Debt reserve account	$ 58,553	$ 58,566
Reserve and contingency fund	8,540	6,151
Additions and improvements account	6,015	4,290
Construction funds	36,495	34,248
Revenue fund	1,318	663
Operating fund	28,957	20,919
General reserve fund	47,157	53,358
	$187,035	$178,195
Accounts Receivable	$ 80	$ 2,507
Interest Receivable	$ 3,453	$ 4,787
Fuel Inventory, at average cost	$ 11,576	$ 12,386
Deferred Charges and Other Assets (Note 1)	$ 41,175	$ 41,850
	$903,039	$911,636
LIABILITIES		
Revenue Bonds (Note 4):		
Serial Bonds--		
5.00%-6.00%, due 1990	$ -	$ 15,605
5.50%-6.80%, due 1991 to 1995	92,545	92,545
5.70%-7.20%, due 1996 to 2000	75,240	75,240
6.00%, due 2001 to 2005	5,405	5,405
Term Bonds, with annual sinking fund requirements--		
5.80%, due 1998 to 2012	168,930	168,930
6.125%, due 1999 to 2016	239,635	239,635
6.75%, due 1999 to 2001	23,025	23,025
6.90%, due 2002 to 2008	75,345	75,345
7.10%, due 2009 to 2016	129,005	129,005
7.375%, due 2001 to 2006	11,595	11,595
7.50%, due 2007 to 2019	50,320	50,320
	$871,045	$886,650
Advance from Electric System	6,100	6,100
Accounts Payable and Other Accrued Liabilities	13,173	7,368
Operating Reserves (Note 1)	12,721	11,518
	$903,039	$911,636

The accompanying notes to financial statements are an integral part of these statements

Nebraska Public Power District
POWER SUPPLY SYSTEM

Statements of Revenues and Costs for each of the Three Years in the Period Ended December 31, 1990 Prepared Pursuant to Requirements of the Power Supply System Revenue Bond Resolution

	1990	1989	1988
		(Thousands of Dollars)	
Revenues (Notes 1 and 2):			
Sales to the Electric System	$139,781	$142,513	$145,294
Investment and other income	13,886	13,623	13,124
Total revenues	$153,667	$156,136	$158,418
Costs:			
Operating expenses--			
Production--			
Fuel	$ 53,739	$ 58,299	$ 60,480
Operation and maintenance (Note 3)	21,970	20,231	21,426
Provisions for operating reserves (Note 1)	--	--	--
General and administrative	6,096	5,740	4,643
	$ 81,805	$ 84,270	$ 86,549
Debt service--			
Principal (Note 1)	15,605	14,790	14,030
Interest	56,257	57,076	57,839
Total costs	$153,667	$156,136	$158,418

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
POWER SUPPLY SYSTEM

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization--*

The District has three separate divisions for accounting purposes as follows:

Electric System
Power Supply System
Nuclear Facility

As required by Bond Resolutions, separate records are maintained for each division. The Power Supply System financial statements exclude the Electric System and Nuclear Facility, for which financial statements are presented separately herein. The Power Supply System financial statements should be read in conjunction with such other financial statements.

B. *Basis of Accounting--*

Revenues are recognized and billed at an amount equal to costs as defined by the Power Supply System Revenue Bond Resolution (Power Supply Resolution) which include operating expenses (excluding depreciation), and debt service on the revenue bonds, less investment income. Revenues are computed and billed so that no equity is accumulated in the Power Supply System.

Revenues and costs as defined by the Power Supply Resolution differ in the following respects from generally accepted accounting principles:

(1) Amortization of the debt principal is included as a cost in the accompanying Statements of Revenues and Costs as "Debt service-Principal."

Depreciation is not recorded as a cost. Had the District provided straight-line depreciation over a 40-year life rather than including amortization of debt principal over the same period, costs would have increased $2.7 million in 1990, $3.6 million in 1989, and $4.3 million in 1988. Accumulated depreciation through December 31, 1990, would have increased costs approximately $66.2 million. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt. Upon retirement of property subject to depreciation, the cost of property is removed from plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

(2) Billings to provide capital for renewals and replacements of property and capital additions are included in the accompanying statements as "Operating Reserves" and "Provisions for operating reserves." Under generally accepted accounting principles, capital additions and provisions for renewals and replacements are not expenses but (exclusive of minor items of property) are charged to utility plant. Renewals and replacements of property and capital additions funded from revenues are fully reserved. Renewals and replacements and capital additions are currently being funded from existing bond proceeds that have been transferred [illegible] the General Reserve.

(3) Interest income on construction fund inve[illegible] ed-ited to utility plant. Under generally accepted ac[illegible] rin-ciples, such income would have increased revenues [illegible] llion in 1990, $2.7 million in 1989, and $2.5 million in 1988.

C. *Utility Plant*--

Interest expense, less interest earned on investment securities, all financing costs and all other costs related to construction projects are capitalized.

D. *Cash and Investments*--

Funds consist of $185.5 million of investment securities and $1.5 million of cash deposits at December 31, 1990, and $177.2 million of investment securities and $1.0 million of cash deposits at December 31, 1989. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1990, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1990, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

The Debt Reserve Account in the Debt Service Fund and the Reserve Account in the Reserve and Contingency Fund are valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Power Supply Resolution. Gains or losses on valuations are included in investment income. The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Power Supply Resolution.

E. *Deferred Charges*--

Costs arising from the termination of incomplete generation and transmission projects are being amortized over the life of the bonds, the proceeds of which were used in part to pay these costs. This amortization is included as part of debt service cost.

(2) RATE COVENANT:

The District is required under the Power Supply Resolution to charge rates for electric power and energy from the Power Supply System so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Power Supply System Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other charges or liens payable out of revenues of the Power Supply System. The debt service payments of the Power Supply System Revenue Bonds are $71.9 million per year through 1995 and principal payments, as a component of debt service payments, are $16.5 million, $17.4 million, $18.5 million, $19.5 million, and $20.7 million for each of the years 1991 through 1995, respectively.

(3) PREPAID CAPITAL COSTS:

Prepaid capital costs are associated with the purchase of the capacity of a 50 MW hydroelectric generating facility owned and operated by The Central Nebraska Public Power and Irrigation District (Central). The prepayment is being amortized over the life of the bonds, the proceeds of which were used to pay these costs. This amortization is included as part of debt service cost.

The District has an agreement whereby Central makes available all of the production of the facility and the District pays all costs of operating and maintaining the facility plus a charge based on the amount of energy delivered to the District. Costs of $683,000 in 1990, $498,000 in 1989, and $517,000 in 1988, are included in "Production-Operation and maintenance."

(4) DEFEASANCE OF DEBT:

In 1986, the District issued Power Supply System Revenue Bonds, 1986 Series, to advance refund the outstanding Power Supply System Revenue Bonds, 1985 Series. The 1985 Bonds were defeased by placing the proceeds of the 1986 Bonds in an irrevocable trust account with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At December 31, 1990, $62.7 million of bonds outstanding are considered defeased.

(5) CAPITAL ADDITIONS:

The Power Supply System construction plan includes authorization for estimated expenditures of $5.2 million for 1991. These expenditures will be funded from existing bond proceeds that have been transferred to the General Reserve.

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying special-purpose statements of assets and liabilities of the Nuclear Facility of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1990 and 1989, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1990. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting requirements specified in the Nuclear Facility Revenue Bond Resolution adopted by the District on August 22, 1968, as supplemented, as described in Note (1)B, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the accompanying special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District present fairly, in all material respects, the assets and liabilities as of December 31, 1990 and 1989, and its revenues and costs for each of the three years in the period ended December 31, 1990, on the basis of accounting described in Note (1)B.

Coopers & Lybrand

Omaha, Nebraska
March 1, 1991.

Nebraska Public Power District
NUCLEAR FACILITY

Statements of Assets and Liabilities
December 31, 1990 and 1989
Prepared Pursuant to Requirements of the
Nuclear Facility Revenue Bond Resolution

ASSETS

	1990	1989
	(Thousands of Dollars)	
Utility Plant, at Cost	$623,366	$595,886
Less--		
Reserve for depreciation (Note 1)	165,595	149,908
Amounts funded from revenue (Note 1)	222,637	201,757
	$235,134	$244,221
Nuclear Fuel--Net of Amortization (Note 1)	$ 76,293	$ 97,347
Cash and Investments (Note 1):		
Debt reserve account	$ 28,238	$ 28,[illegible]
Reserve and contingency fund	7,548	7,234
Additions and improvements account	12,762	5,319
General reserve fund	10,527	-
Construction fund	10,804	1,960
Fuel reserve account	39,306	48,978
Fuel disposal fund (Note 1)	-	3,628
Operating fund	7,039	6,743
Revenue fund	1,501	1,329
Decommissioning fund (Note 4)	12,427	15,661
	$130,152	$119,160
Accounts Receivable	$ 33,897	$ 38,541
Interest Receivable	$ 1,934	$ 1,763
Deferred Charges and Other Assets	$ 488	$ 549
External Decommissioning Fund (Note 4)	$ 7,385	$ -
	$485,283	$501,581

LIABILITIES

	1990	1989
Revenue Bonds:		
Serial Bonds--		
4.80%-7.50%, due 1990	$ -	$ 8,115
6.00%-8.80%, due 1991 to 1995	24,020	24,020
7.375%-9.20%, due 1996 to 2003	26,600	26,600
Term Bonds, with annual sinking fund requirements--		
5.10%, due 1990 to 2002	132,335	140,200
6.30%, due 1993 to 2003	68,430	68,430
6.60%, due 1992 to 2003	67,200	67,200
	$318,585	$334,565
Operating Reserves (Note 1)	139,024	131,520
Accounts Payable and Other Accrued Liabilities	20,289	35,496
External Decommissioning Fund (Note 4)	7,385	-
	$485,283	$501,581

The accompanying notes to financial statements are an integral part of these statements.

Nebraska Public Power District
NUCLEAR FACILITY

Statements of Revenues and Costs
for each of the Three Years in
the Period Ended December 31, 1990
Prepared Pursuant to Requirements of the
Nuclear Facility Revenue Bond Resolution

	1990	1989	1988
		(Thousands of Dollars)	
Revenues (Notes 1 and 2):			
Sales--			
Electric System	$ 77,422	$ 70,322	$ 69,282
Iowa Power Inc.	77,404	70,351	69,274
Investment and other income	20,401	11,911	10,293
Total revenues	$175,227	$152,584	$148,849
Costs (Note 1):			
Operating expenses--			
Production--			
Fuel	$ 29,069	$ 28,151	$ 25,954
Operation and maintenance	64,244	52,619	49,450
Provisions for operating reserves	35,607	27,371	31,781
General and administrative	10,044	8,199	5,425
	$138,964	$116,340	$112,610
Debt service--			
Principal	15,980	15,100	14,290
Interest	20,283	21,144	21,949
Total costs	$175,227	$152,584	$148,849

The accompanying notes to financial statements are an integral part of these statements

Nebraska Public Power District
NUCLEAR FACILITY

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization*--

The District has three separate divisions for accounting purposes as follows:

Electric System
Power Supply System
Nuclear Facility

As required by Bond Resolutions, separate records are maintained for each division. The Nuclear Facility financial statements exclude the Electric System and Power Supply System, for which financial statements are presented separately herein. The Nuclear Facility financial statements should be read in conjunction with such other financial statements.

B. *Basis of Accounting*--

Revenues are recognized and billed at an amount equal to costs as defined by the Nuclear Facility Revenue Bond Resolution (Nuclear Resolution) which include operating expenses (excluding depreciation), and debt service on the revenue bonds, less investment income. Revenues are computed and billed so that no equity is accumulated in the Nuclear Facility.

Revenues and costs as defined by the Nuclear Resolution differ in the following respects from generally accepted accounting principles:

(1) Amortization of the debt principal is included as a cost in the accompanying Statements of Revenues and Costs as "Debt service--Principal."

Depreciation is not recorded as a cost. Had the District provided straight-line depreciation over a 30-year life rather than including amortization of debt principal over the same period, costs would have decreased $2.7 million in 1990, $1.6 million in 1989, and $.6 million in 1988. Accumulated depreciation through December 31, 1990, would have increased costs approximately $41.6 million. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt. Upon retirement of property subject to depreciation, the cost of property is removed from plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

(2) Billings to provide capital for renewals and replacements of property, capital additions, and nuclear fuel are included in the accompanying statements as "Operating Reserves" and "Provisions for operating reserves." Under generally accepted accounting principles, capital additions and provisions for renewals and replacements are not expenses but (exclusive of minor items of property) are charged to utility plant. Provisions for working capital for nuclear fuel are not expenses under generally accepted accounting principles until the fuel is used. Renewals and replacements of property and capital additions funded from revenues are fully res[illegible]ed.

(3) Interest income on construction fund investments is credited to utility plant. Under generally accepted accounting principles, such income would have increased revenues $.7 million in 1990, $.6 million in 1989, and $.8 million in 1988.

(4) As part of a settlement with General Electric Company (GE), relating to containment and spent nuclear fuel, the District will receive discounts on future purchases of certain equipment and services for Cooper Nuclear Station and will receive credits and discounts under an amendment to the fuel fabrication contract. The District is amortizing over a two-year period starting in 1990, the entire amount of the benefits allocated to operations. Under generally accepted accounting principles, such benefits would be recognized when received which in the case of the settlement would be over the next 18 years. This difference results in an increase in revenues during the two-year amortization period and increased costs thereafter. The agreement stipulates that the dollar value of the settlement should not be disclosed.

C. *Nuclear Fuel*--

Nuclear fuel in the reactor is being amortized on the basis of energy produced as a percentage of total energy expected to be produced.

The District has entered into contracts for various nuclear fuel components for fuel loadings as follows:

Nuclear Fuel Component	Suppliers	Year Through Which Requirements Are Provided
Uranium Concentrates	Various	1994 (Estimated)
Conversion	Allied - Signal	1995
Enrichment	U.S. Dept. of Energy	2014
Fabrication	General Electric Co.	2008

Fees for disposal of fuel in the reactor are being provided as part of the fuel cost and collected through revenues of the Nuclear Facility.

D. *Cash and Investments*--

Funds consist of $126.2 million of investment securities and $4.0 million of cash deposits at December 31, 1990, and $117.5 million of investment securities and $1.7 million of cash deposits at December 31, 1989. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1990, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1990, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

The Debt Reserve Account in the Debt Service Fund and the Reserve Account in the Reserve and Contingency Fund are valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Nuclear Resolution. Gains or losses on valuations are included in investment income. The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Nuclear Resolution.

(2) RATE COVENANT:

The District is required under the Nuclear Resolution to charge rates for electric power and energy from the Nuclear Facility so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Nuclear Facility Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other charges or liens payable out of revenues of the Nuclear Facility. The debt service payments of the Nuclear Facility Revenue Bonds are $36.3 million per year through 1995 and principal payments, as a component of debt service payments, are $16.9 million, $17.9 million, $18.9 million, $20.1 million, and $21.3 million for each of the years 1991 through 1995, respectively.

(3) POWER SALES CONTRACTS:

Under terms of a power sales contract with Iowa Power Inc. (Iowa Power), the District makes available one-half of the production of the Cooper Nuclear Station to Iowa Power with the balance available to the District's Electric System. Iowa Power and the District's Electric System each pay a proportionate share of the nuclear fuel costs (based on energy actually delivered) plus one-half of all other costs of the facility.

The District has also agreed to make available, through its Electric System, 12 1/2 % of the output of the Cooper Nuclear Station to the City of Lincoln.

(4) PLANT DECOMMISSIONING COSTS:

Pursuant to regulations promulgated by the Nuclear Regulatory Commission (NRC), the District established in July 1990, an external trust fund segregated from the District's assets in which amounts accumulated to pay the decommissioning costs are to be deposited. The NRC prescribed minimum amount to be accumulated by the District in said fund for decommissioning costs, in 1986 dollars, is approximately $125.4 million. This amount does not include the cost of removal and disposal of spent fuel or of nonradioactive structures and materials beyond that necessary to terminate the District's operating license. For purpose of accumulating amounts for complete dismantlement and site restoration of Cooper Nuclear Station, the District is estimating the total decommissioning costs, in 1988 dollars, to be approximately $316 million.

It is expected that the costs of decommissioning will be funded from revenues, certain reserve funds established under the Nuclear Resolution, and surplus funds derived from the ownership and operation of the Nuclear Facility. The District anticipates sufficient funds will be available in accordance with the NRC decommissioning rules to decommission Cooper Nuclear Station at the end of its useful life. The District will continue to review the costs and methods of funding as a result of changing conditions and requirements for decommissioning.

(5) CAPITAL ADDITIONS:

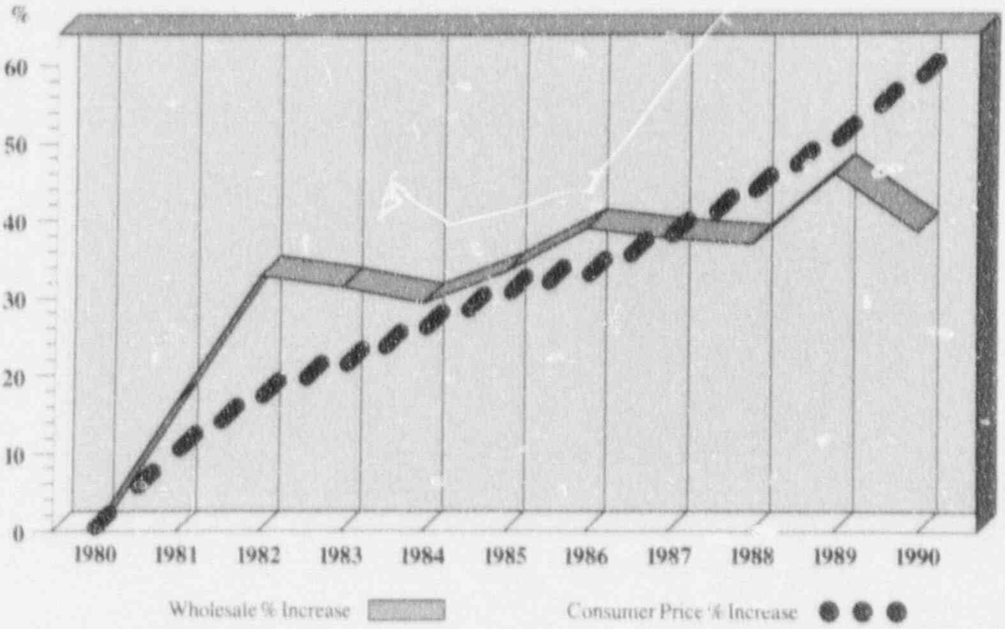
The Nuclear Facility construction plan includes authorization for estimated expenditures of $15.6 million for 1991. These expenditures will be billed to participants as "Provisions for operating reserves" on the basis of estimated cash flow requirements.

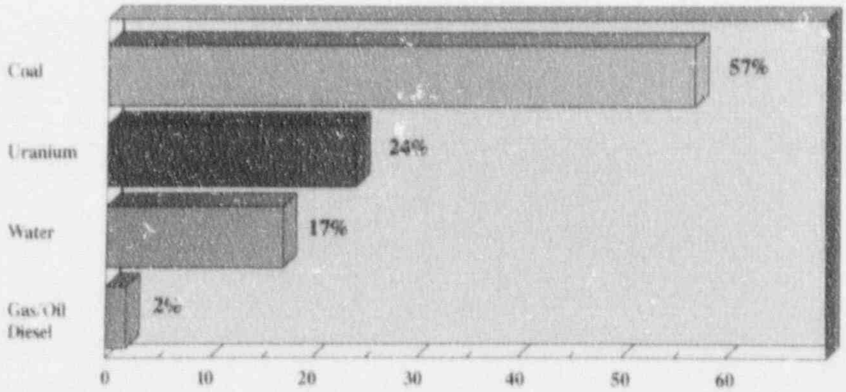
(6) CONTINGENCIES:

Under the provisions of the Federal Price-Anderson Act, the District and all other licensed nuclear power plant operators could each be assessed for claims in amounts up to $66.2 million per unit owned in the event of any nuclear incident involving any licensed facility in the nation, with a maximum of $10.0 million per year per incident per unit owned. Iowa Power would be liable to the District for one-half of such assessment under the Power Sales Contract. To satisfy the obligation, the District has obtained a $5.0 million line of credit and Iowa Power has demonstrated its financial integrity and responsibility for $5.0 million.

As part of a 1989 settlement agreement between GE and the District, GE has agreed to store at its facility at Morris, Illinois, the 1,056 spent nuclear fuel assemblies from the first two core loadings at no cost to the District until May, 2002, which is the expiration of the current license for the GE facility. After that date, storage will be at no cost to the District so long as GE can maintain without certain additional costs the NRC license for the facility. If after May, 2002, storage of the 1,056 bundles results in certain additional costs to GE then the District shall be responsible for such costs. Such costs would be collected through revenues of the Nuclear Facility as part of fuel costs.

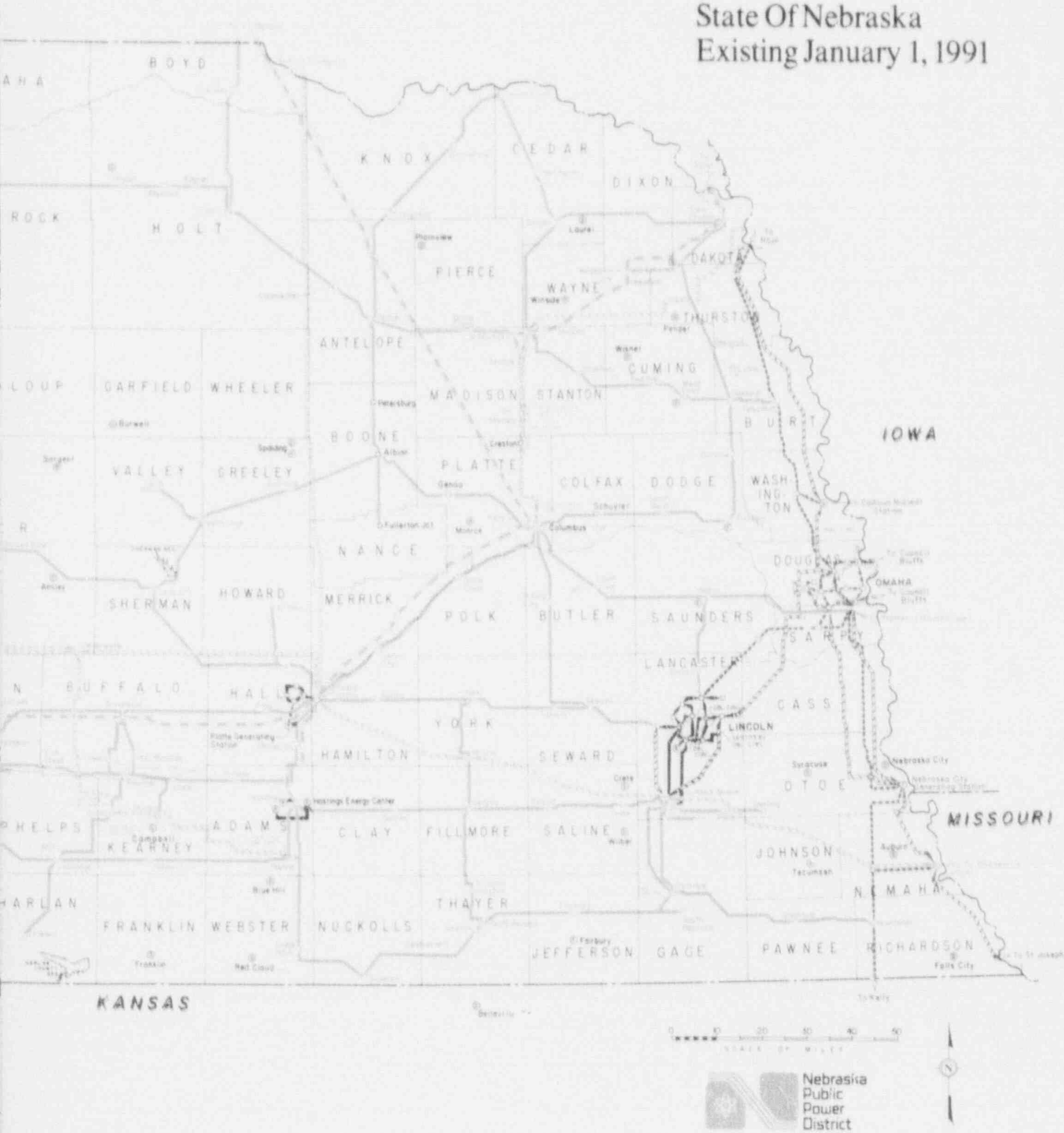
Percent Increase In NPPD Wholesale Revenues/KWH
Compared To Consumer Price Index
(Base Year = 1980)





Mix Of Fuels Used To Supply Customer Requirements in 1990


SOUTH DAKOTA
WYOMING
COLORADO
DAWES
SIOUX
SHERIDAN
CHERRY
KEY
BROW
BOX BUTTE
GRANT
HOOKER
THOMAS
BLAIN
SCOTTSBLUFF
MORRILL
GARDEN
ARTHUR
McPHERSON
LOGAN
BANNER
KEITH
LINCOLN
DEUEL
KIMBALL
CHEYENNE
PERKINS
CHASE
HAYES
FRONTIER
DUNDY
HITCHCOCK
RED WILLOW
FURNA
Imperial
Curtis
Benkelman
LEGEND
LINES
NPPD
OPPD
WAPA
REA
OTHER
500 KV
345 KV
230 KV
161 KV
115 KV
POWER PLANTS WITH SUBS.
HYDRO
FOSSIL
DIESEL
GAS TURBINE
NUCLEAR
SUBSTATIONS
Notes: Abbreviations show ownership as follows
NPPD = Nebraska Public Power District (HQ at Columbus)
LPPD = Loup Public Power District (HQ at Columbus)
OPPD = Omaha Public Power District (HQ at Omaha)
WAPA = Western Area Power Administration
REA = Rural Electrification Administration (Facilities of rural electric borrowers)
MBPP = Missouri Basin Power Project
CN = Central Nebraska Public Power and Irrigation District (HQ at Holdrege)
NGBT = Nebraska G.B.T. Lines Lease / Purchased To NPPD
OTHER = Facilities owned by municipalities and others as shown
= Facilities w East West Transmission Tie


State Of Nebraska
Existing January 1, 1991
BOYD
KNOX
CEDAR
DIXON
ROCK
HOLT
PIERCE
WAYNE
DAKOTA
THURSTON
ANTELOPE
CUMING
GARFIELD
WHEELER
MADISON
STANTON
BURT
IOWA
BOONE
PLATTE
VALLEY
GREELEY
COLFAX
DODGE
WASHINGTON
NANCE
Columbus
DOUGLAS
OMAHA
SHERMAN
HOWARD
MERRICK
POLK
BUTLER
SAUNDERS
SARPY
LANCASTER
BUFFALO
HALL
CASS
YORK
LINCOLN
HAMILTON
SEWARD
OTOE
Nebraska City
MISSOURI
PHELPS
ADAMS
KEARNEY
CLAY
FILLMORE
SALINE
JOHNSON
HARLAN
NEMAHA
FRANKLIN
WEBSTER
NUCKOLLS
THAYER
JEFFERSON
GAGE
PAWNEE
RICHARDSON
KANSAS
Nebraska
Public
Power
District

NPPD Electric System, Nuclear Facility, and Power Supply System/Year Ended December 31, 1990

SALES	Average Number of Customers	KWH Sales (Thousands)	%	Revenue From Sales (Thousands)	%
Retail:					
Residential	80,262	784,756	7.5	$ 51,949	13.7
Rural & Farm	4,935	77,936	0.8	5,696	1.5
Commercial	17,519	659,791	6.3	41,963	11.0
Industrial	68	765,222	7.3	28,716	7.6
Municipal & Federal	3,023	157,287	1.5	[illegible]	2.5
Total Retail	105,807	2,444,992	23.4	$ 137,860	36.3
Wholesale:					
48 Municipalities (Total Requirements)		1,216,866	11.7	$ 45,160	11.9
20 Municipalities (Interconnection--Partial Requirements)		86,126	0.8	2,520	0.7
25 Public Power Districts & Cooperatives (Total Requirements)		3,501,227	33.6	120,117	31.7
Other Utilities--Non-Firm & Participation		3,183,789	30.5	71,114	18.7
Total Wholesale		7,988,008	76.6	$ 238,911	63.0
Total Electric Revenues		10,433,000	100.0	$ 376,771	99.3
Other Operating Revenues				2,512	.7
Total Ele tric System Operating Revenues				$ 379,283	100.0

GENERATION	KWH (Thousands)	%	Production Costs (Thousands)	%
Production:				
Electric System (Including Interchange)	1,152,036	10.5	$ 25,510	9.0
Purchased:				
Power Supply System[1]	5,572,166	50.8	$ 139,781	49.4
Nuclear Facility[1]	2,557,240	23.3	83,841	29.7
Other	1,686,936	15.4	33,551	11.9
Total Power Purchased	9,816,342	89.5	$ 257,173	91.0
Total Power Produced and Purchased	10,968,378	100.0	$ 282,683	100.0

[1]The Electric System purchases 100% of the net generation and power purchases of the Power Supply System and 50% of the net generation of the Nuclear Facility based upon the total costs of the respective systems. Pursuant to the Power Sales Contract, Iowa Power Inc. purchased 2,554,140,000 KWH. Iowa Power Inc. participation is not included in the table.

GENERAL	1990	1989 (Thousands of Dollars)	Increase[1]
Utility Plant (at cost):			
Electric System	$ 751,121	$ 718,672	$ 32,449
Power Supply System	711,279	717,464	(6,185)
Nuclear Facility	623,366	595,886	27,480
Total Utility Plant	$ 2,085,766	$2,032,022	$53,744

	Number of Plants[2]	Accredited Capability (KW)
Production Plant Facilities:		
Steam--Conventional[4]	4	1,618,000
Steam--Nuclear	1	778,000[3]
Hydro	10	161,020
Diesel	9	37,900
Peaking Turbine	3	116,000
Total Production Plant Facilities	27	2,710,920

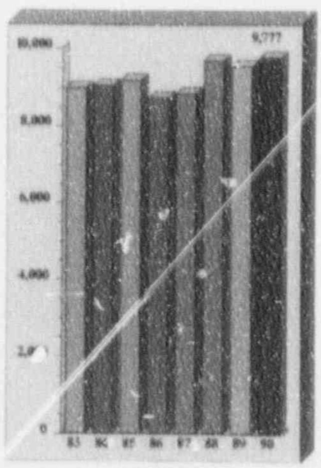
[1] Net of retirements
[2] Includes two steam plants, six hydro plants, and nine diesel plants under contract to the District
[3] Includes 389,000 KW contracted to Iowa Power Inc.
[4] The total Steam-Conventional indicated above does not include Kramer Station, for it at the present time has no accreditation

Transmission Facilities: Miles of Transmission Line in Service 6,342

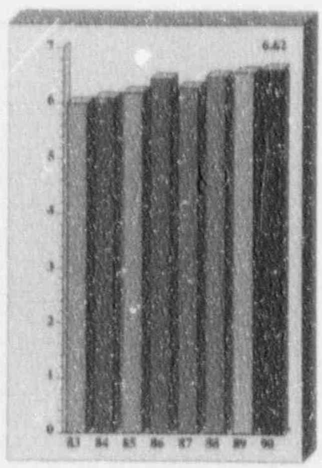
Personnel: Number of Permanent Employees 2,212

NPPD's dollar came from

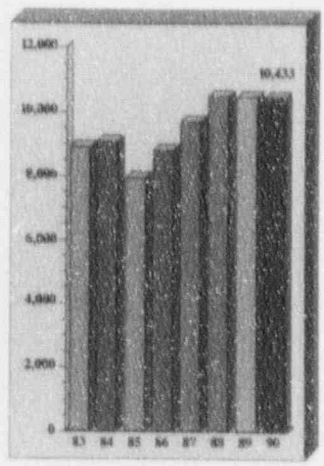
NPPD's dollar used for



Average Annual KWH Use Per Residential Customer



Average KWH Cost Per Residential Customer



Total KWH Sales (in millions)

Sales in 1990 were 10,433,000,000 kilowatt-hours. This represents an 0.3% decrease from 1989.

Nebraska
Public
Power
District

General Offices, 1414 15th Street
P.O. Box 499, Columbus, NE 68602

Nebraska
Public
Power
District

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