

WOLF CREEK

NUCLEAR OPERATING CORPORATION

Neil S. "Buzz" Carns
Chairman, President and
Chief Executive Officer

April 14, 1995

WM 95-0072

W. T. Russell, Director
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Subject: Docket No: 50-482: Guarantee of Payment of Deferred
Premiums, 10 CFR 140.21

Dear Mr. Russell:

Pursuant to the requirements of 10 CFR 140.21, each operating reactor licensee is required to maintain financial protection through guarantees of payment of deferred premiums. The Owners of Wolf Creek Generating Station are providing the attached documentation of their ability to pay deferred premiums in the amount of ten million dollars, as required by federal regulation 10 CFR 140.21 (e).

Western Resources, Incorporated, including its wholly-owned subsidiary Kansas Gas and Electric Company, Kansas City Power & Light Company, and Kansas Electric Power Cooperative, Incorporated have provided an audited 1994 Consolidated Statement of Cash Flows in order to demonstrate sufficient funds are available to meet their share of the deferred premiums.

If you have any questions concerning this matter, please contact me at (316) 364-8831 extension 4000 or Mr. Richard D. Flannigan at extension 4500.

Very truly yours,



Neil S. Carns

NSC/jad

Attachments

cc: L. J. Callan (NRC), w/a
D. F. Kirsch (NRC), w/a
J. F. Ringwald (NRC), w/a
J. C. Stone (NRC), w/a
Document Control Desk (NRC), w/a

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PO Box 411 / Burlington, KS 66839 / Phone (316) 364-8831

An Equal Opportunity Employer M/F/HG/VET

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Western
Resources

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Jerry D. Courington
Controller

818 Kansas Avenue
Topeka, Kansas 66612
Phone (913) 575-6365

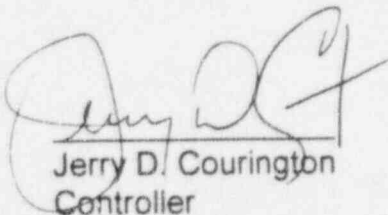
March 20, 1995

Mr. Mike Gayoso
Wolf Creek Nuclear
Operating Corporation
PO Box 411
Burlington, KS 66839

Dear Mike:

Pursuant to the requirements of 10 CFR 140.21(e), Western Resources, Inc., including its wholly-owned subsidiary Kansas Gas and Electric Company since March 31, 1992, is providing the attached audited Consolidated Statements of Cash Flows of its ability to make payment of its share of deferred premiums in an amount of \$4.7 million.

The undersigned certifies that the foregoing memorandum with respect to Western Resources, Inc.'s cash flow for the year 1994 is true and correct to the best of his knowledge and belief.



Jerry D. Courington
Controller

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,

1994⁽¹⁾

1993

1992⁽²⁾

(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 187,447	\$177,370	\$127,884
Depreciation and amortization	151,630	164,364	144,013
Other amortization (including nuclear fuel)	10,905	11,254	8,930
Gain on sales of utility plant (net of tax)	(19,296)	—	—
Deferred taxes and investment tax credits (net)	(16,555)	27,686	26,900
Amortization of phase-in revenues	17,844	17,545	13,158
Corporate-owned life insurance	(17,246)	(21,650)	(14,704)
Amortization of gain from sale-leaseback	(6,640)	(9,640)	(7,231)
Changes in other working capital items (net of effects from the sales of the Missouri Properties):			
Accounts receivable and unbilled revenues (net) (Note 1)	(75,630)	(15,536)	(12,227)
Fossil fuel	(7,828)	18,073	14,990
Gas stored underground	(6,403)	(37,144)	4,522
Accounts payable	(41,682)	(43,169)	(10,194)
Accrued taxes	20,756	7,485	(52,185)
Other	12,813	(3,165)	(19,433)
Changes in other assets and liabilities	60,964	(18,569)	21,508
Net cash flows from operating activities	268,779	274,904	245,931

CASH FLOWS USED IN INVESTING ACTIVITIES:

Additions to utility plant	237,896	237,631	202,493
Merger with KG&E	—	—	473,752
Utility investment	—	2,500	—
Sales of utility plant	(402,076)	—	—
Non-utility investments (net)	9,041	14,271	29,099
Corporate-owned life insurance policies	26,418	27,268	20,233
Death proceeds of corporate-owned life insurance policies	—	(10,160)	(6,789)
Net cash flows (from) used in investing activities	(128,921)	271,510	718,788

CASH FLOWS FROM FINANCING ACTIVITIES:

Short-term debt (net)	(132,698)	218,670	42,825
Bank term loan issued for Merger with KG&E	—	—	480,000
Bank term loan retired	—	(230,000)	(250,000)
Bonds issued	235,923	223,500	485,000
Bonds retired	(223,906)	(366,466)	(236,966)
Revolving credit agreements (net)	(115,000)	(35,000)	—
Other long-term debt (net)	(67,893)	7,043	14,498
Borrowings against life insurance policies (net)	42,175	183,260	(5,649)
Common stock issued (net)	—	125,991	—
Preference stock issued (net)	—	—	50,000
Preference stock redeemed	—	(2,734)	(2,600)
Bank term loan issuance expenses	—	—	(10,753)
Dividends on preferred, preference, and common stock	(134,806)	(127,316)	(99,440)
Net cash flows from (used in) financing activities	(396,202)	(3,052)	466,915

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS:

Beginning of the period	1,217	875	6,817
End of the period	\$ 2,715	\$ 1,217	\$ 875

COMPONENTS OF MERGER WITH KG&E:

Assets acquired	\$3,142,455
Liabilities assumed	(2,076,821)
Common stock issued	(589,920)
Cash paid	475,714
Less cash acquired	(1,962)
Net cash paid	\$ 473,752

(1) Information reflects the sales of the Missouri Properties (Note 2).

(2) Information reflects the merger with KG&E on March 31, 1992 (Note 3).

The Notes to Consolidated Financial Statements are an integral part of this statement.



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NEIL ROADMAN
CONTROLLER

March 10, 1995

Mr. Mike Gayoso
Wolf Creek Nuclear Operating Corporation
P.O. Box 411
Burlington, KS 66839

Dear Mike:

Pursuant to the requirements of 10 CFR 140.21(e), Kansas City Power & Light Company is providing the attached audited Consolidated Statements of Cash Flows of its ability to make payment of its share of deferred premiums in an amount of \$4.7 million.

The undersigned certifies that the foregoing memorandum with respect to Kansas City Power & Light Company's cash flow for the year 1994 is true and correct to the best of his knowledge and belief.

Sincerely,

A handwritten signature in dark ink, appearing to read "Neil Roadman", is written over a horizontal line.

Attachment

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year Ended December 31		
		1994	1993 (thousands)	1992
Cash Flows from Operating Activities	Net income	\$ 104,775	\$ 105,772	\$ 86,334
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation	94,361	91,110	88,768
	Amortization of:			
	Nuclear fuel	10,136	8,705	9,583
	Deferred Wolf Creek costs	13,102	13,102	13,102
	MPSC rate phase-in plan	—	7,072	7,072
	Other	9,608	8,234	5,921
	Deferred income taxes (net)	20,524	25,502	23,979
	Deferred investment tax credits (net)	(4,345)	(4,345)	(4,521)
	Allowance for equity funds used during construction	(2,087)	(2,846)	(1,073)
	Cash flows affected by changes in:			
	Receivables	1,543	(10,245)	2,848
	Fuel inventories	(2,020)	6,075	(859)
	Materials and supplies	(796)	1,106	654
	Accounts payable	14,065	(17,741)	4,838
	Accrued taxes	(3,116)	7,936	2,404
	Accrued interest	(3,366)	2,626	488
	Wolf Creek refueling outage accrual	(5,142)	(5,338)	12,600
	Pension and postretirement benefit obligations (Note 2)	32,203	1,905	(2,753)
	Other operating activities	(2,860)	4,514	4,352
Net cash provided by operating activities		276,585	243,144	253,737
Cash Flows from Investing Activities	Construction expenditures	(124,965)	(129,199)	(129,559)
	Allowance for borrowed funds used during construction	(1,844)	(2,542)	(1,785)
	Purchases of investments	(67,560)	(7,351)	(2,396)
	Other investing activities	5,624	7,657	(2,193)
	Net cash used in investing activities	(188,745)	(131,435)	(135,933)
Cash Flows from Financing Activities	Issuance of long-term debt	133,793	324,846	134,750
	Issuance of preferred stock	—	—	50,000
	Retirement of long-term debt	(170,170)	(271,480)	(143,230)
	Retirement of preferred stock	—	—	(13,000)
	Special deposit for the retirement of debt	60,118	(60,118)	—
	Premium on reacquired stock and long-term debt	—	(4,077)	(2,321)
	Increase (decrease) in short-term borrowings	3,000	(4,000)	(53,000)
	Dividends paid	(96,238)	(93,556)	(91,277)
	Other financing activities	335	(1,913)	274
	Net cash used in financing activities	(69,162)	(110,298)	(117,804)
Net increase in cash and cash equivalents		18,678	1,411	—
Cash and cash equivalents at beginning of year		1,539	128	128
Cash and cash equivalents at end of year		<u>\$ 20,217</u>	<u>\$ 1,539</u>	<u>\$ 128</u>
Cash paid during the year for:				
Interest (net of amount capitalized)		\$ 48,246	\$ 47,361	\$ 55,223
Income taxes		\$ 53,720	\$ 40,141	\$ 32,995



Kansas Electric Power Cooperative, Inc.

• CHARLES W. TERRILL — EXECUTIVE VICE PRESIDENT
& CHIEF EXECUTIVE OFFICER

MAR 10 1995

March 9, 1995

Mr. Michael A. Gayoso
Controller/Treasurer
Wolf Creek Nuclear Operating Corp.
P. O. Box 411
Burlington, Kansas 66839

Dear Mike:

Pursuant to the requirements of 10 CFR 140.21(e), Kansas Electric Power Cooperative, Inc. is providing the attached audited Statements of Cash Flows to show its ability to make payment of its share of deferred premiums in an amount of \$600,000.

The undersigned certifies that the foregoing memorandum with respect to Kansas Electric Power Cooperative, Inc.'s cash flow for the year 1994 is true and correct to the best of his knowledge and belief.

Sincerely,

Richard M. Tyler
Director, Finance and
Accounting

Enc.

KANSAS ELECTRIC POWER COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
CASH FLOWS FROM OPERATIONS:		
Cash received from member sales	\$71,824,160	\$69,319,804
Cash received from nonmember sales	597,638	705,340
Cash paid for purchased power	(32,110,186)	(31,341,538)
Cash paid for Wolf Creek operations	(8,836,919)	(7,664,034)
Cash paid for KEPCo operations	(2,318,719)	(2,130,643)
Interest paid	(16,899,177)	(14,749,319)
Property taxes paid	(2,991,557)	(2,724,225)
Interest received	962,008	716,194
Cash paid to decommissioning trust	(266,336)	(266,336)
Miscellaneous cash received	214,956	2,364
Net cash from operations	<u>10,175,868</u>	<u>11,867,607</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Nuclear fuel purchases	(2,545,968)	(672,514)
Plant additions	(1,698,981)	(1,667,316)
Wolf Creek Nuclear Operating Corp. investments	(222,005)	(181,750)
Cash paid for purchase of temporary investments	(1,018,451)	
Increase (decrease) in investments in associated organizations	(92,509)	1,751
Net cash from investing activities	<u>(5,577,914)</u>	<u>(2,519,829)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(3,596,862)	(2,820,291)
Fees paid for repricing long-term debt	(966,034)	
Net cash from financing activities	<u>(4,562,896)</u>	<u>(2,820,291)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	35,058	6,527,487
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,767,980</u>	<u>3,240,493</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,803,038</u>	<u>\$ 9,767,980</u>

(Continued)

KANSAS ELECTRIC POWER COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net margin	\$ 4,514,082	\$ 3,413,540
Adjustments to reconcile net margin to net cash from operating activities:		
Depreciation	3,878,269	3,762,844
Amortization of nuclear fuel	1,453,045	1,512,726
Amortization of deferred charges	709,831	685,857
Amortization of deferred incremental outage costs	1,383,604	1,657,783
Amortization of bond issue costs	105,114	61,514
Accretion of discount/amortization of premium	(2,255)	(2,255)
Loss on sales of assets	15,760	3,645
(Increase) decrease in restricted cash and cash equivalents	214,956	(5,098)
(Increase) in Wolf Creek Nuclear Operating Corp. investments	(147,309)	(164,573)
(Increase) in decommissioning fund assets	(333,604)	(330,039)
Increase in decommissioning liability	333,604	330,039
(Increase) in deferred charges	(21,387)	(919,407)
(Increase) in deferred incremental outage expense	(2,045,580)	(2,294,252)
Increase in arbitrage payable	184,923	162,410
Increase in Wolf Creek Nuclear Operating Corp. liabilities	278,719	1,177,777
Other		(30,297)
Net change in current assets and liabilities:		
Accounts receivable	51,812	(43,210)
Materials and supplies inventory	(23,241)	(126,920)
Other assets and prepaid expenses	(114,579)	(17,858)
Accounts payable	(310,733)	443,400
Payroll and payroll related liabilities	5,372	6,144
Accrued property taxes	173,984	90,048
Accrued interest payable	(128,519)	2,493,789
Total adjustments	5,661,786	8,454,067
Total cash from operations	\$ 10,175,868	\$ 11,867,607

See notes to financial statements.

(Concluded)