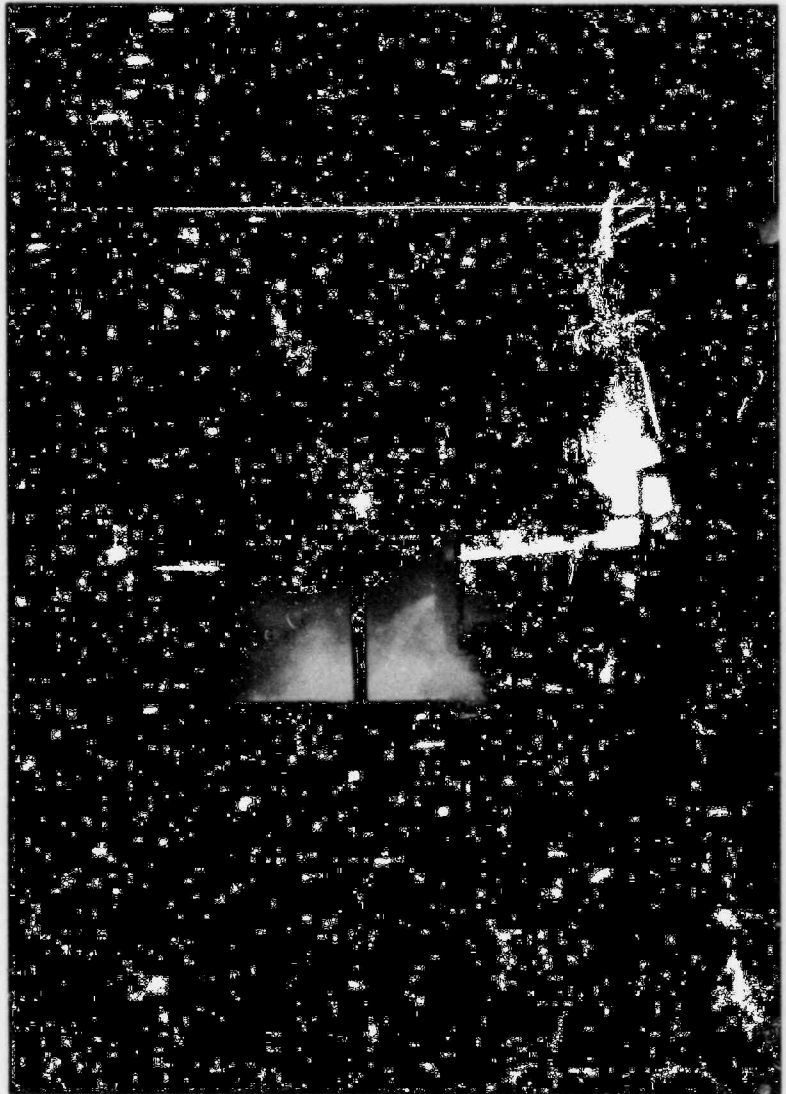
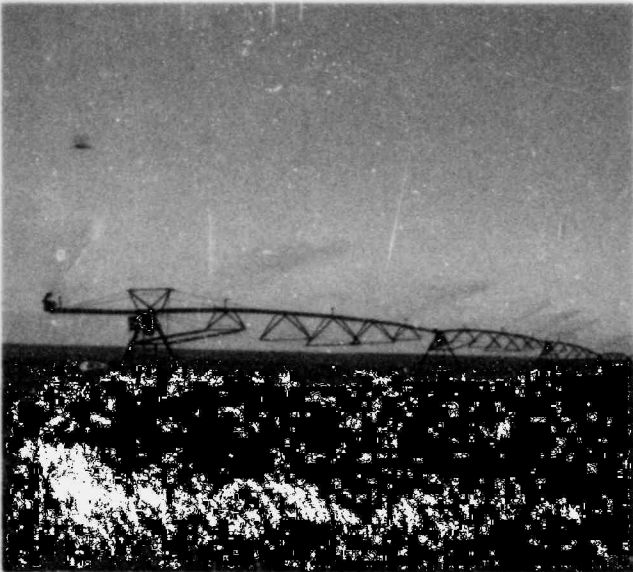


Nebraska Public Power District



1983 Annual Report

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Year At A Glance—Electric System

Kilowatt-Hour Sales	8.98 Billion
Operating Revenues	\$327.4 Million
Operating Expenses	\$301.3 Million
Cost Of Power Purchased And Generated (Including Nuclear and Power Supply Systems)	\$239.4 Million
Net Revenues	\$ 17.1 Million
Debt Service Coverage	1.77

Reference Guide

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Nebraska Public Power District **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 2,000 persons.

OFFICERS

Fred A. Herrington, **President**
Leslie S. Taylor, **First Vice President**
Ralph E. Holzfaster, **Second Vice President**
David L. Duren, **Secretary**
Bernard M. DeLay, **Treasurer**

Donald E. Schaufelberger, **General Manager**
Theodore M. Kyster, **Assistant Treasurer**
Robert D. Malmstrom, **Controller**
Janet H. McQuistan, **Assistant Secretary**

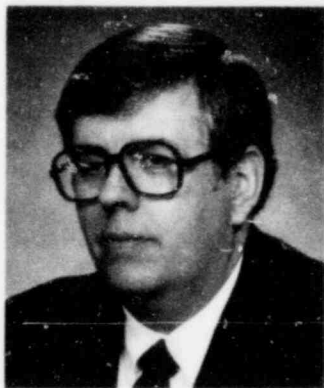
GENERAL COUNSEL

Gene D. Watson

The Nebraska Public Power District's **BOARD OF DIRECTORS**



George H. Barber
Beatrice, Electrical Contractor



Wayne E. Boyd
South Sioux City, Attorney



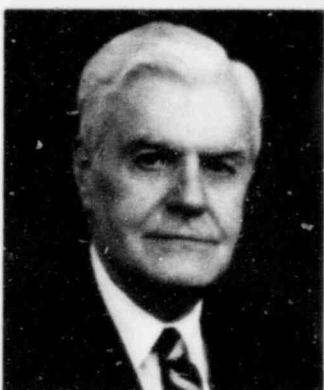
Bernard M. DeLay
Norfolk, Banker



David L. Duren
Columbus, Certified Public Accountant



Bruce W. Gustafson
Holdrege, Farmer-Rancher



Fred A. Herrington
Lincoln, Businessman



Ralph E. Holzfaster
Paxton, Farmer-Agribusinessman



George W. Knight
Lincoln, Businessman

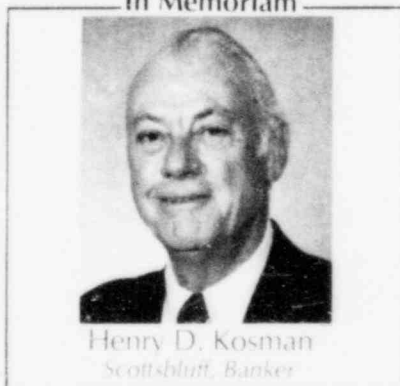


Thomas O. Michels
Kearney, Engineer



Leslie S. Taylor
York, Businessman

In Memoriam



Henry D. Kosman
Scottsbluff, Banker

Mr. Kosman died February 12, 1984.

Message from the **Board of Directors**

There are a variety of ways to gauge the degree of success of an electric utility during any particular year, but one of the measures that has survived the test of time is the rate structure.

Electric energy rates have been on a veritable roller coaster over the years. From the 30's through the mid 50's rates for electricity actually declined. Then through the 60's there was an era of relatively stable rates, but this period gave way to increasing rates due to the impact of the Arab oil embargo and an inflationary spiral where double digit rate increases were not uncommon.

With the trend toward conservation and a recession, energy demand has decreased from earlier expectations. This lends itself to the period of relative stability in the rate structure.

NPPD has followed this same industry pattern of rate change over the years, but we take particular pride in the fact that, among Nebraska's major electrical suppliers, rate increases the past two years for our wholesale and retail customers have been among the smallest. We have been able to hold down rate increases despite the fact that unexpected problems resulted in lower-than-projected generation from our low cost nuclear facility during 1983.

Debt service associated with new resources has a major effect on rates. Not since our Gerald Gentleman Station Unit No. 2 went into commercial operation in January, 1982, have we added a major power supply resource to our system nor do we anticipate adding a major resource until 1989 when the MANDAN transmission line is currently expected to be completed.

Foresight attributable to previous boards and management has also had a positive effect on rates. The District is in a temporary surplus condition due to the completion of Gentleman Station Units 1 and 2 which have proven to be low-cost resources when compared with similar coal-fired plants in the region.

The frugal, yet responsive, operation of this utility is a policy set by this board that has had the enthusiastic support of management. Other employees have followed the lead of management in responding to belt-tightening measures. A reduction in the number of employees—with the exception of our nuclear operations—and the consolidation of some offices during the year are partially due to the current trend toward a reduced growth in electrical demand.

Our 1983 retail rates increased at the smallest average level since 1974. The rates were based on revenue requirements of \$2.6 million more than 1982's requirements and resulted in an average 2.1 percent increase for retail residential customers. The 1983 firm wholesale rate increase averaged approximately 5.9 percent which was one percent less than had been anticipated when the two-year wholesale rate was originally established in 1981.

The 1984 retail rate increase, not including the Production Cost Adjustment (PCA), will average approximately 3.3 percent more than the 1983 rates. The 1984-85 Cost Analysis indicated that wholesale rates would need to be increased

an average of approximately one percent in 1984 over the 1983 rates and approximately 1.5 percent in 1985 over the 1984 rates not including PCA.

The rates are predicated on projected increases in kilowatt-hour sales of 4.8 percent from 1983 to 1984 and 3.4 percent from 1984 to 1985.

The PCA factor continued to be a credit on electric bills during the year. This is because there is excess revenue in the PCA Account which was established to accumulate excess or deficient funds collected from customers in the rate base for fuel or other related generation production costs. At the end of 1983, the accumulated balance in the PCA Account was a surplus of \$12.1 million which will again require a PCA credit during 1984.

Although cost control and spending reductions are always a paramount consideration for this Board, there are other effective methods to help reduce customer costs.

One primary method is the improvement of our system load factor. Efforts to implement a system wide load control program with our wholesale customers continued during the year. In addition to our existing retail off-peak promotion program, we implemented a cooperative advertising program with our wholesale customers to encourage the utilization of electric heat in homes and businesses throughout our service area. Nebraskans, like other people throughout the nation, are faced with uncertain and many times rapidly rising natural gas rates. Due to our ideal mix of generating fuels—including hydro—our winter rates place electric heat in a competitive position with other heating fuels.

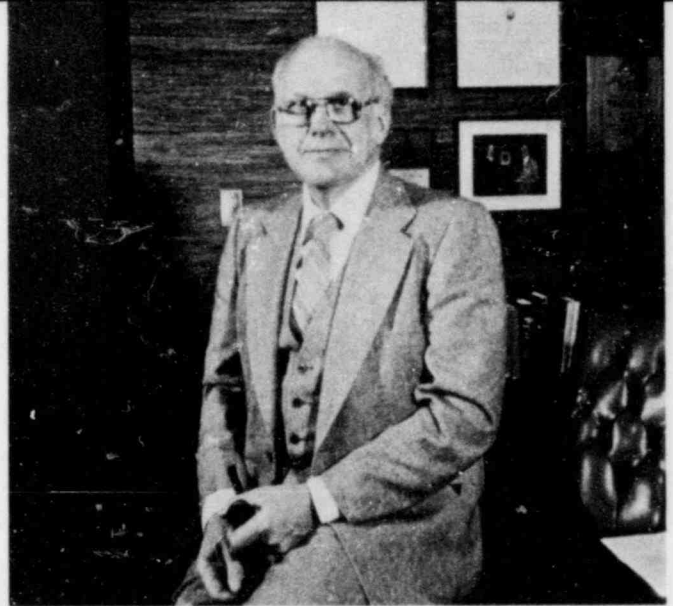
It is essential that we continue to monitor opportunities to reorganize and revitalize our utility in order to enhance the operation of the District to meet the needs of our business.

We will continue to work with management in evaluating our operations to determine what additional cost reduction measures we can take to lower our cash requirements with minimal impact on the services we provide to our customers.

Norman *Earl H. Barber* *Ralph Holte*
Les Taylor *David L. Duran* *Fred A. Hennrich*
Jim. U. Fay *Arvid Justesen* *George W. Knight*
Tom M. ... *Wayne E. ...*

Board of Directors

Message from the **General Manager**



1983 marked the first year of my tenure as General Manager of Nebraska Public Power District. It was a busy year, but also a very rewarding year. Many of the challenges and problems that developed during the year were successfully overcome, and this utility is well-prepared to face future challenges and successfully achieve its goals.

One of the truly exciting events occurred in October, when the Newcomen Society of the United States bestowed upon our utility an honor placing us among the nation's leading industries and institutions. We were honored at a dinner in Lincoln attended by hundreds of national and state business, industrial, professional, and political leaders. I know that the nearly 2,000 employees of NPPD shared in my pride, for they are the people who make our utility what it is today. We also remember those before us who had the foresight and perseverance to bring to fruition their dreams of electric power generation and irrigation in Nebraska.

During the year, some difficult decisions were made. We made management and personnel changes that were required to assure the continued smooth functioning of the District. Additionally, there was a planned reduction in staff concurrent with the trend towards lower energy growth. Some of our smaller offices were consolidated, and this resulted in a further reduction of our work force. These changes were all made as part of the goal to achieve as efficient an organization as possible. We have the satisfaction of knowing that all of the actions taken were for the positive benefit of our ratepayers and customers.

The District commissioned a consultant to perform an appraisal of its nuclear organization and functions. As a result of this appraisal, a new division, called the Nuclear Power Group, was formed. One of our veteran employees, Larry Kunch, was named to head this division as Assistant General Manager/Nuclear. The decision to form a separate Nuclear Power Group was a commitment by our Board of Directors and management that their keen interest and support of the total operations of our nuclear facility would be maintained.

A direct result of the reorganization was a commitment by the District to increase the size of its nuclear staff, both at the plant site and in the General Office support groups. At year-end, the new organization was making significant progress, and the addition of staff personnel is expected to be completed during 1984. The District has an excellent nuclear operating record and intends to continue and enhance that record.

A significant item that occurred at our Cooper Nuclear Station was the discovery of what is commonly referred to as intergranular stress corrosion cracking during the annual refueling outage. These microscopic cracks were discovered in the pressure piping system and are a phenomenon that has been evident at other boiling water reactor plants. Weld overlays were used as a temporary repair for the pressure piping, and the plant was out of service from April 30 to September 4. The cost of the temporary repair was approximately \$7 million.

The plant is currently operating and will continue to operate until the fall of 1984 when a major shutdown will occur. During that shutdown, the pressure piping will be replaced with piping of improved material and design. Also during the shutdown, a Plant Management Information System will be installed, which involves the replacement of the process computer with a unit of significantly more capability to be used to perform additional, necessary functions.

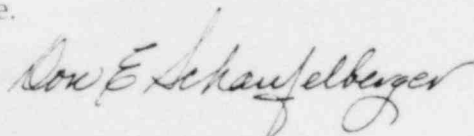
Fortunately, we are in a period of excess generation capability on our system and in the region. With this surplus capability, much of which uses low-cost fuel, the District met its peak demand with limited use of high-priced fuels and without expensive purchases from outside sources. Although August was extremely hot and dry, we feel existence of the federal government's Payment-in-Kind agricultural program, which removed irrigated acres from production, was instrumental in preventing us from reaching our projected 1983 summer peak demand.

Another important personnel change during the year was the appointment of William Merrill, a 24-year employee of the District with experience in engineering and system operations, to the position of Assistant General Manager/Operations. It is anticipated that Mr. Merrill's expertise will be of great assistance in accelerating the progress of the MANDAN Project. The MANDAN Project is a proposed 500 kV transmission line which will connect Manitoba, Canada, North Dakota, South Dakota, and Nebraska to permit participating utilities to exchange surplus power and energy on a seasonal basis.

The District's two 650 MW coal-fired units at Gerald Gentleman Station performed well during 1983, and several new records were set. The plant produced 8.4 percent more energy and burned 7.9 percent more coal than in 1982. The plant's heat rate improved 1.1 percent, and unit trips were reduced 32 percent from 1982. The plant is a valuable low-cost generation source for our ratepayers.

During the upcoming year we will continue to analyze and study various segments of the operation of the District in order to make short- and long-term improvements. A major emphasis will be on the study of organizational structure and procedures. I am convinced that such efforts will be of great value to all the employees and will enable them to better carry out their respective duties. Such efforts will also be of great value to the ratepayers and will enable the District to provide them with continued dependable electric service at reasonable rates.

I have seen tremendous growth during my 34-year career with this utility, and I am extremely proud to be associated with it. The District's employees, past and present, have made the District a leader in the utility industry because of their dedication and hard work. I anticipate that this tradition of service by the District's employees will continue into the future.


General Manager

1983 In Review



1983 Electric Heat Program (Retail)			
RETAIL HEAT CONNECTIONS	KW INSTALLED	CONVERSIONS	AVERAGE KW PER JOB
1982-726	11,385	249	15.7
10.7% CHANGE	22.9%	22.9%	10.8%

Type of Equipment Installed				
Residential	Heat Pump	Boiler	Coop	Other
1982-252	272	171	41	145
16.7%	54.0%	19.9%	-14.6%	59.3%

Note: Total equipment installed exceeds total installations because several heating devices are frequently installed in one job. For example, a motel is reported as one job but may have a separate heating system for each room.

At left, this telephone connection in the treasury department expedites fund transfers from outlying banks to a central banking facility by means of a computerized data printout as part of the District's cash management program. Below left, Assistant General Manager and Assistant Treasurer Ted Kyster attaches his signature to bonds by using a multiple signature machine while Board President Fred Herrington looks on.

Kilowatt-hour sales in 1983 totaled 8.98 billion compared to 9.15 billion in 1982.

The kilowatt-hour sales were 1.8 percent below 1982 due primarily to decreases in non-firm transactions and participation power sales.

Sales from non-firm transactions had increased a dramatic 80.8 percent in 1982 over 1981 and thus the 8.3 percent decrease in this category was not totally unexpected. Non-firm transactions fluctuate in part due to weather, maintenance outages, and forced outages. There was also an 18.8 percent decrease in participation power sales in 1983 compared to 1982.

Firm wholesale deliveries to other public power districts and rural cooperatives increased 2.2 percent in 1983 compared to 1982 and there was a 4.2 percent increase in firm wholesale sales to municipalities.

The District's retail customers used 6.8 percent more electricity during 1983 than 1982.



T. M. Kyster

*Assistant General Manager
Finance and Administration*

The largest percentage increases in use by retail customers came in irrigation—up 15.2 percent compared to the previous year—and industrial—up 12.5 percent. Generally, the increase in irrigation use was due to a hot and dry summer even though the Federal Payment-in-Kind (PIK) Program resulted in less irrigated acres. Mainly responsible for the increased industrial consumption was a turnaround in the economy.

Electric System operating revenues in 1983 rose to a new high of \$327.4 million which is an increase of 4.6 percent over the 1982 figure of \$313.1 million.

Electric System operating expenses for the year were \$301.3 million which represents a 5.6 percent increase over 1982's figure of \$285.4 million.

Operations of the Electric System resulted in net revenues of \$17.1 million for 1983 which, when adjusted for noncash items as provided in the District's revenue bond resolution, resulted in a debt service coverage of 1.77.

The proceeds from the sale of \$24.5 million in long-term revenue bonds during 1983 will be used in connection with construction at

Cooper Nuclear Station. The bonds, purchased by The First Boston Corporation, carried a net effective interest rate of 8.99 percent.

Money from the bond proceeds and other available funds will be used to complete construction of the nuclear facility and to repay \$22.8 million in two-year notes issued by Morgan Guaranty Trust Company in 1981. Proceeds of these notes were also used for construction of the nuclear facility.

NPPD paid more than \$12 million to cities, towns, counties, and school districts in its service area during 1983. County treasurers in 70 counties received in-lieu-of-tax payments in excess of \$205 thousand. In addition, \$3.7 million in gross revenue payments was distributed to county treasurers in 64 Nebraska counties where there are cities or villages served under lease agreements or at retail by NPPD. Money from the payments is distributed by county treasurers to the counties, cities, villages, and school districts according to a prescribed formula relating to mill levies.

Two hundred seventeen (217) Nebraska cities and villages received \$8.1 million as a result of agreements leasing their electrical distribution systems to the District.

An intensive promotional campaign aimed at improving the system load factor by encouraging installation of electric heat appears to be paying dividends. Efforts to balance the winter load with the summer load resulted in an 11 percent increase in the total number of electric heat installations in 1983 compared to 1982 among our retail customers. The heat pump continues to be the most popular method of electric heat installation with an increase of 54 percent in the number of heat pumps installed during 1983 over a year earlier.

At year's end, we had 16,304 total electric heating installations on our retail system representing 296,993 kilowatts. We also implemented a co-op electric heat promotional campaign with our wholesale customers.



D. A. Blatchford
*Assistant General Manager
Corporate Services*

Retail electric rates for the District's 107,511 retail customers in 1983 were approximately 2.1 percent above 1982 rate levels. Firm wholesale rates in 1983 were approximately 5.9 percent above 1982 rate levels.

During 1983, the District—in accordance with rate covenants in the firm wholesale power contracts—prepared a cost analysis for the rate period 1984-1985. This study resulted in a forecast of modest increases in wholesale rates for 1984 and 1985 and the Board of Directors approved new rates for 1984 and 1985 based on the cost analysis.

A Wholesale Customer Committee, comprised of 10 representatives of the District's firm wholesale electric customers, was quite active in 1983—particularly during the preparation of the cost analysis.

1983 Electric System revenues were \$327.4 million. Retail electric revenues were \$114.3 million, firm wholesale electric revenues were \$148.1 million, unit participation revenues were \$43.3 million, non-firm energy revenues were \$13.8 million, transmission rents and other such transmission service revenues were \$7.4 million, and surface irrigation revenues amounted to approximately \$0.5 million.

New power and energy forecasts were made in 1983. Forecasting of future power and energy requirements to supply customer demands is a very difficult task. Due to changing economic levels, weather extremes, interest rates, load management, government actions such as Payment-In-Kind (PIK), personal income, and the actions of the OPEC nations, forecasting can be very difficult. Notwithstanding these factors, it is necessary that planning for future generation and transmis-

sion facilities be made—based upon the best available information.

The District must look ahead five, ten, and even twenty years in order to plan for future facilities. Some facilities require up to 12 years from the decision to proceed with a project until the project is ready for service. Many changes take place within this time period.

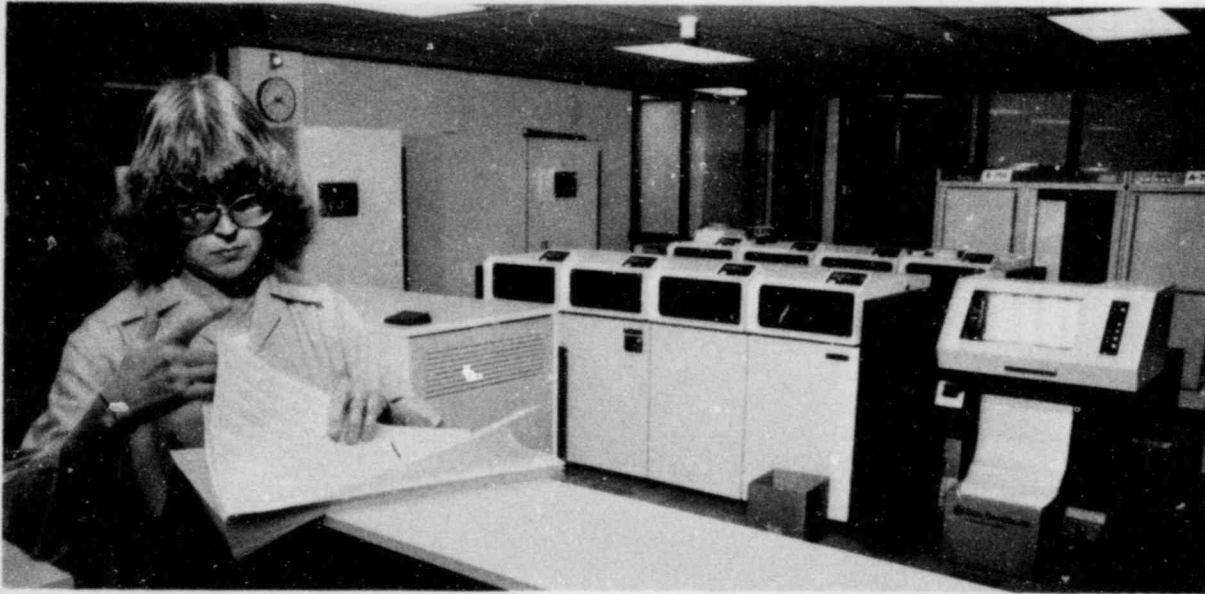
Reliability of electric service to the District's wholesale and retail customers continues to be important. This requires the coordination of operation between the generation and transmission personnel to maintain system reliability.

With current surplus capacity available, the District, during 1983, sold a block of participation power to Sunflower Electric Cooperative in Kansas during the summer season. Since other utilities are in the same position, the short-term market for the District's excess capacity was very limited.

Considerable time was required of District personnel active on various Mid-Continent Area Power Pool (MAPP) committees and other task forces.

MAPP is an organization of utilities in eight upper Midwest states which are interconnected by high voltage transmission lines that provide reliability for each system as well as permit the interchange of electricity among the various independent systems. The District also contributes resources to the Nebraska Power Association (NPA) for its activities including the Statewide Planning Study required by state statutes. The District is also a member of the Missouri Basin Systems Group, a group of public utilities associated with the joint use of the Western Area Power Administration (WAPA) transmission system.

During 1983, the District continued the major development of a new Customer Information System (CIS) to be completed during 1984. This system will more adequately maintain customer records and billing information for the retail customers. When the system is in full operation it will result in improved customer services and facilitate monthly billing to all retail customers.

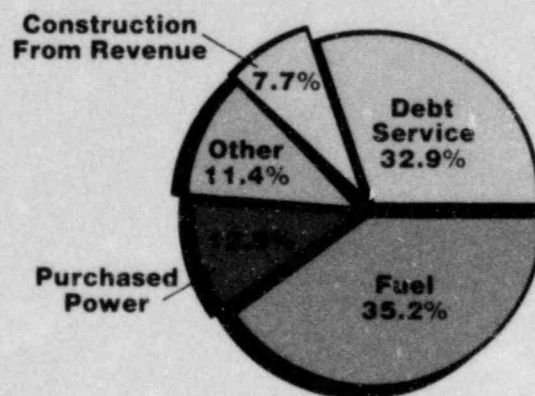
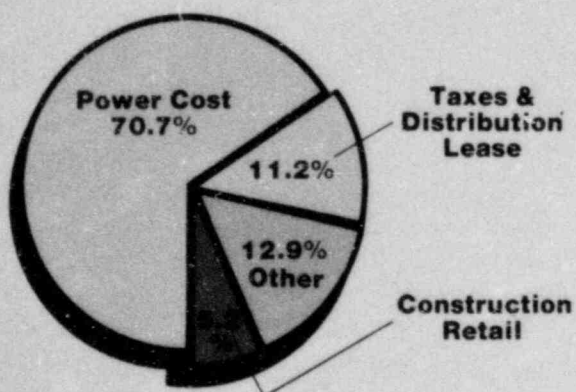


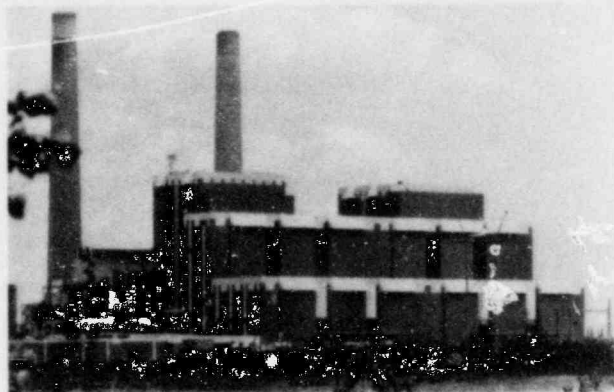
NPPD has three main computer systems in the General Office servicing about 130 terminals in Columbus and 33 remote terminals at other locations in the state.

Projected 1984

RETAIL COSTS

WHOLESALE COSTS





Gerald Gentleman Station near Sutherland set several new generation records during 1983. The two photos above record progress on the construction of the Kingsley Hydro Project.

For the third consecutive year, the District's firm wholesale and retail customers did not set a new summer peak demand on the system, despite hot temperatures and dry conditions during August.

The District's 1983 summer peak firm power demand of 1,691 megawatts was set on August 17 and is approximately two percent below the comparable peak load demand of 1,720 megawatts set in 1980.

Idle production acres attributable to the Federal Payment-In-Kind (PIK) Program decreased the irrigation load of our wholesale public power districts and rural cooperatives—even though this was not the case with irrigation customers in our retail division.



C. R. Jones
*Assistant General Manager
Fossil Generation*

One of the coldest Decembers on record in Nebraska accounted for an all-time winter peak demand on our system. On three consecutive days from December 19 through 21, our combined wholesale and retail customers set record winter peak demands. The highest winter one-hour demand was set on December 21 when customers used 1,288 megawatts, shattering the old mark of 1,177 megawatts set in January of 1982 by nine percent.

The two 650 MW coal-fired units at Gerald Gentleman Station near Sutherland set several new records during 1983. A new single month generation record was set for the plant during December's bitterly cold weather. The Station generated 682,766 megawatt-hours net during the month. The Station's previous high record of 625,312 megawatt-hours net was established in July, 1983. The plant had a 74.6 percent capacity factor in December which means the units averaged running at accredited capacity nearly three-fourths of the time. The total annual generation increased

8.4 percent over 1982. The overall plant performance was improved, accomplishing a 1.1 percent improvement in heat rate. The number of unit trips was decreased by 32 percent from 1982. Because the District's Cooper Nuclear Station was out of service during the summer's heavy air conditioning and irrigation demand months, Gentleman Station produced approximately 69 percent of the District's total generation for 1983. That generation resulted in Gentleman Station supplying 55.3 percent of the District's total energy requirements during the year.

We relied heavily on coal to supply our power sales requirements during the year. Approximately 62.9 percent of the District's energy supply was from coal-fired resources, 15.6 percent from nuclear resources, 21.2 percent from hydro (water) resources including our firm purchases from the Western Area Power Administration, and the remaining .3 percent came from a variety of oil and gas-fired resources.

The Kingsley Hydro Project, a 50 megawatt hydroelectric facility being built at Lake McConaughy's Kingsley Dam in western Nebraska, was approximately 85 percent complete by year's end. Construction began in 1981. The plant is expected to be in commercial operation in the fall of 1984. NPPD will be financing the project, which is being constructed by Central Nebraska Public Power and Irrigation District. NPPD will purchase the output of the facility.

Also completed during the year were modifications to Lake Ogallala, below the Kingsley powerhouse; raising and extending about 8,000 feet of dike; modifications to the Keystone Dam, canal, and sluice gates; and installation of gate control equipment.

We continued to participate, during the year, in industry environmental studies on the effects that the burning of fossil fuels may have on producing acid rain which is a growing concern.



W. A. Merrill

*Assistant General Manager
T&D Engineering and Operations*

The MANDAN Project continued to progress during 1983.

The MANDAN Project is a proposed 600-mile, 500,000-volt transmission line which will connect summer-peaking utilities, such as NPPD, with winter-peaking utilities serving Manitoba, Canada, North Dakota, and a portion of South Dakota. The line's primary purpose is to allow cooperating utilities to exchange surplus electricity on a seasonal basis.

The Supreme Courts of North Dakota and Nebraska handed down decisions in favor of the MANDAN Project in 1983.

The North Dakota Supreme Court on February 7 unanimously upheld the decision of the North Dakota Public Service Commission (PSC) granting a corridor permit for the Project. A landowners group had appealed the corridor approval to a District Court. When that court affirmed the PSC's actions, the group took the case to the North Dakota Supreme Court. The PSC, while the corridor appeal was pending, approved a line route for the Project. The line route approval was not appealed.

The Nebraska Supreme Court, in a unanimous decision, affirmed on July 29 the order of the Nebraska Power Review Board (PRB) approving construction of the Project's Nebraska segment. The PRB's approval of the line was appealed by a landowners group. Early in 1984 the Nebraska Public Service Commission also approved the Project.

In South Dakota, the Public Utilities Commission (PUC) and a citizens' group opposing the MANDAN Project filed in the South Dakota Supreme Court an appeal from a lower court's ruling that the PUC erred in denying the MANDAN Project permit application in 1982. NPPD has also appealed to the South Dakota Supreme Court, challenging some construction conditions set forth by the PUC if a permit were granted and which were affirmed by the lower court. The South Dakota Supreme Court ruling on the matter is pending.

Preliminary survey work began in 1983 in North Dakota, South Dakota and Nebraska along the MANDAN Project route. Some of the work employed space age technology, utilizing a constellation of satellites orbiting the earth. By receiving signals from the satellites 11,000 miles in space, measuring the slight delay between signal receptions at different locations, and feeding this information into a computer, surveyors could determine the location of survey control points to within one inch in 10-20 miles. One man and a receiver could do the work of a 20-man team employing conventional surveying techniques. NPPD estimated the satellite surveying saved approximately \$80,000 and the work was completed much faster.

The MANDAN Project is proposed to be the District's next major power supply resource and is scheduled to be in service in 1989. Contract negotiations continued between the District, Manitoba Hydro Electric Board, the Canadian utility cooperating in the Project, and other utilities.

Runoff from unusually heavy mountain snows in Wyoming and Colorado caused flooding in the Platte River Valley during the spring and resulted in an estimated \$41,000 in damage to our canal and diversion systems. Adequate repairs were made in time for us to supply water to our surface irrigation customers.

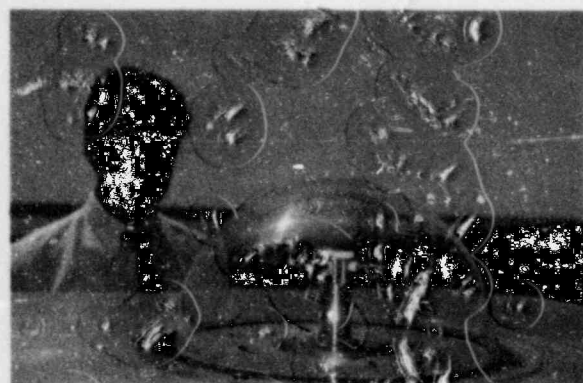
A snow and ice storm in southeastern Nebraska in November damaged more than 100 structures on our 345 kV line connecting Cooper Nuclear Station with Sheldon Station.

The damage area covered about 16 miles and rebuilding will cost an estimated \$3.4 million. There was also considerable damage to some subtransmission and distribution lines in the area.

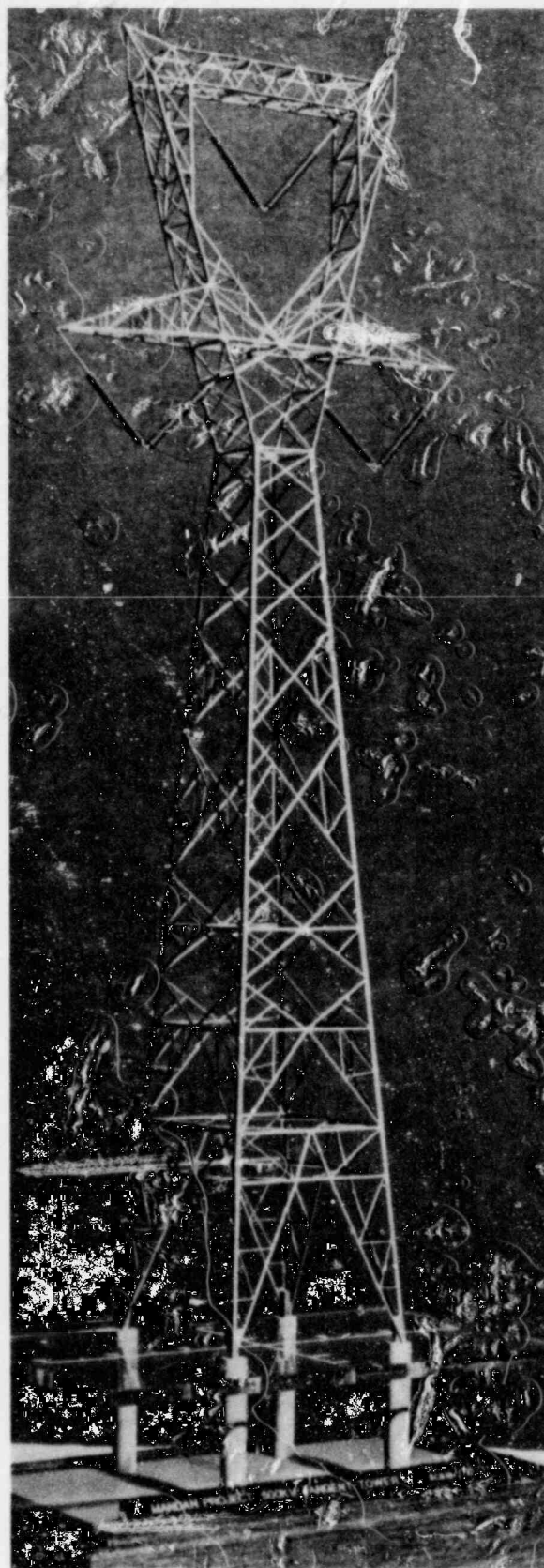
During the year we began the first phase of a five-year program to rid the distribution system of capacitors containing the environmentally suspect chemical polychlorinated biphenyl (PCB). The program calls for the eventual elimination of approximately 1,720 PCB capacitors and must be completed by October 1, 1988, as required by the Environmental Protection Agency under rules and regulations now in effect.

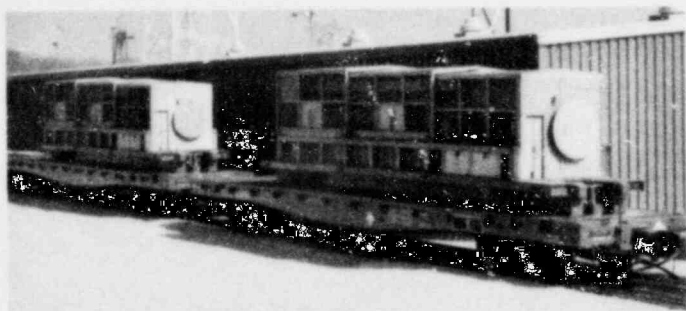


A snow and ice storm in Nebraska caused damage to several 345 kV transmission lines.



Preliminary survey work on the MANDAN Project involved space age technology utilizing a constellation of satellites orbiting the earth. At right is a mock-up of a proposed typical tower for the MANDAN line.

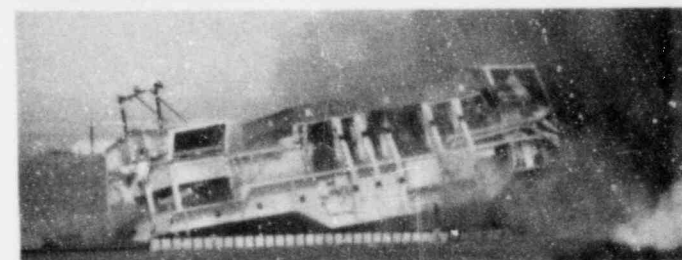
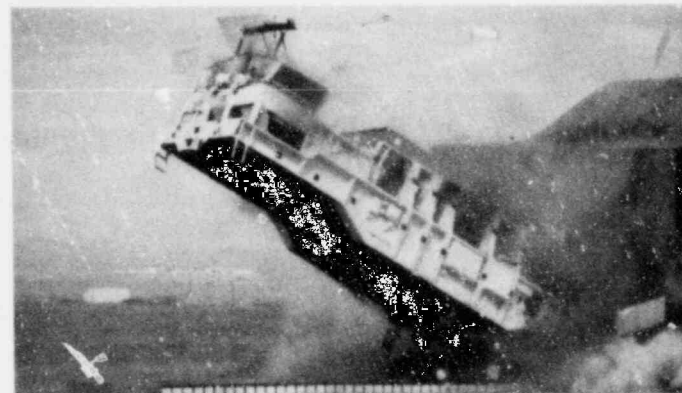
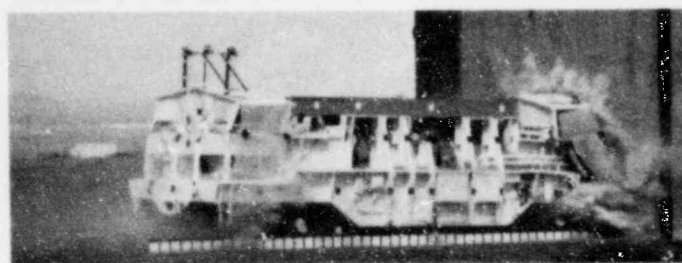
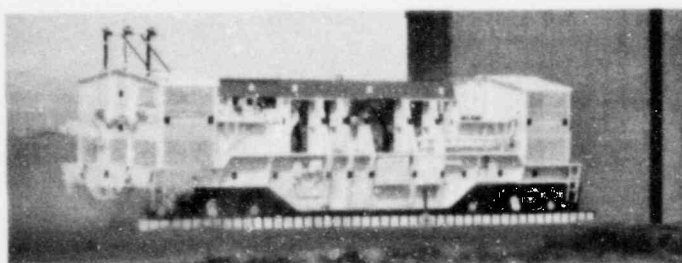




Full scale impact testing of a type of rail cask used for shipment of spent nuclear fuel was conducted by Sandia National Laboratories, New Mexico, during September of 1977. During the crash test, a 74 ton rail cask was projected into a 690 ton concrete block at a speed of 81 miles per hour. In the fire test the same cask and rail car were subjected to a jet fuel fire lasting 90 minutes. Surface temperature of the cask reached 1400° F. The integrity of the cask was not compromised. These tests demonstrate just how robust spent nuclear fuel transportation casks really are. (Sandia National Laboratory Photos)

Cooper Nuclear Station, the 800 megawatt boiling water reactor (BWR) nuclear power plant located on the west bank of the Missouri River near Brownville, was out of service in 1983 from April 30 to September 4 due to the discovery of what is commonly referred to as intergranular stress corrosion cracking in the recirculation system, water cleanup system, and core spray system piping.

Approximately 40 pipe cracks required temporary repair with a weld overlay. The



phenomenon was not unique to Cooper Station. Several other BWR plants in the nation experienced the same problem. Cost to complete the temporary repairs was approximately \$7 million.

The cracking was discovered during routine maintenance work when the plant was shut down for annual refueling.

The Nuclear Regulatory Commission (NRC) is requiring eventual replacement of the piping and plans are to take Cooper Station off the line this year after the summer peak demand period—probably about October—



L. G. Kuncel
*Assistant General Manager
Nuclear*

and replace the cracked piping. Preliminary estimates place the cost of replacement at approximately \$48 million.

In addition, a Plant Management Information System will be installed during this outage which will replace the present process computer and perform other necessary functions. Also, a major turbine overhaul will be performed and other major maintenance and modifications to the plant will be performed.

Contractual agreements provide for Iowa Power and Light Company and Lincoln Electric System to share in these costs in the same proportion as their respective purchases from the output of the facility.

The 1983 prolonged outage resulted in a substantial decrease in generation during the year. Cooper Station generated a total of 3.3 billion kilowatt-hours net during 1983 compared to 5.3 billion in 1982. The plant operated about 5,546 hours during the year compared to 7,414 hours in 1982. Kilowatt-hour generation during 1982 was a plant record.

Plans continued during the year for the proposed transfer of spent nuclear fuel rods from

Cooper Station to the General Electric storage facility near Morris, Illinois. We currently plan to begin the series of some 30 rail shipments during 1984. The proposed shipments have attracted nationwide media exposure and have met opposition from certain groups and individuals.

Cooper Station received, during the year, high marks from an independent evaluation by the Institute of Nuclear Power Operations (INPO). The report concluded that the plant "is being operated in a safe manner by qualified personnel." The evaluation by INPO—an independent, nonprofit organization made up of utilities that own nuclear plants—was to make an overall determination of plant safety, to evaluate management systems and controls, and to identify areas needing improvement.

During the year, the District became a participant in two voluntary assistance agreements relating to nuclear incidents. The agreements provide for voluntary assistance from other nuclear plant operators in the event of a nuclear-related incident. The District could also be asked to supply personnel and equipment to other utilities in the event of nuclear-related incidents.

Completed during the year was the updating of the Cooper Station Safety Analysis Report to satisfy NRC requirements. Dubbed the "USAR", the report contains about 2,000 pages of technical information concerning the design and safety features of the plant. In 1980, the NRC required all utilities to update their reports to reflect current plant status.

Approximately 250 state, federal, and utility personnel participated in a "nuclear accident" drill during the year. The drill, an annual requirement of the NRC, tested the Station's early warning system, emergency broadcast system, protective planning for the public, and the personnel's ability to respond to an emergency.



General Manager Don Schaufelberger accepts citation from Pete Hayes of the Newcomen Society.

The Newcomen Society of the United States honored the District at a dinner in Lincoln October 12.

A crowd of about 300 heard General Manager Don Schaufelberger present a paper on the history, growth, influence, and standing of the District.

The Newcomen Society was founded in North America in 1923. With a membership of more than 17,000 business and professional leaders, the society maintains an awards and grants program at undergraduate and graduate levels in a number of colleges and universities to promote research and writing in business history.

The society is named after Thomas Newcomen of Dartmouth, England. During his life (1663-1729), Newcomen laid the foundation for the Industrial Revolution with his steam engine, which advanced mining and other industry around the world.

Fred Herrington, President of the Board of Directors, introduced Schaufelberger as "one of the key spokes in this wheel of progress" that characterizes NPPD and the state's public power system.

Schaufelberger told the audience that, "We of NPPD are honored by the Newcomen Society's decision to bestow upon this utility a place among the nation's leading industries and institutions. We are also grateful that those before us had the foresight and perseverance to bring to fruition their dreams of electrical power generation and irrigation."

"It is to these public power pioneers, as well as all past and present Board members and employees, that we express our deepest gratitude."

Schaufelberger reviewed "NPPD's roots... the movement, born decades ago in dust, drought, and desperation...which resulted in the only wholly public power state in the nation." He spoke of the development of the Depression era power and irrigation districts, their growth, and the eventual merger in 1970 of Consumers Public Power District, Platte Valley Public Power and Irrigation District, portions of the Loup Public Power District, and the Nebraska Public Power System to form NPPD.

"NPPD today is the major power supplier for the state. It provides the electrical needs for approximately 760,000 Nebraskans in an area of more than 67,000 square miles, about 88 percent of the state," he said.

Schaufelberger also outlined NPPD's plans for the future, including the MANDAN Project, a 600-mile transmission line which would link summer-peaking and winter-peaking utilities in the U.S. and Canada for the seasonal exchange of electricity. Another coal-fired generation station in central Nebraska is being considered for construction in the mid-1990's and NPPD is monitoring development of other potential generation sources as alternatives to meet customers' needs in the future.

He concluded his speech with the words of Guy L. Cooper, Consumers Public Power President in 1951, to the Nebraska Legislature:

"We...are public servants first, last and always...Serving the public is more than a form of employment. It is a mass confidence, a trust, almost sacred, that the people depending upon us and the services we render have placed in us..."

Schaufelberger's speech was reprinted by the Newcomen Society.

NPPD joins a number of other organizations, such as Allstate, the University of Southern California, TRW, Inc., and the Armstrong Rubber Co. to be selected for the honor.

About the Cover

The High Plains Study of the Ogallala Aquifer finds that Nebraska's irrigated acreage will nearly double over the next 20 years. This would indicate that the state's farmers will need more electric energy to power the pumps.

Electricity now shares the pump irrigation market with diesel fuel and natural gas but some experts predict that, since electric rates are projected to increase less rapidly than the other fuels, the electric share of the irrigation market is likely to increase.

Discounting the weather sensitive nature of irrigation and the future of federal farm assistance programs, NPPD projects that electricity required to meet the irrigation demands of the state's agricultural needs will more than double by the end of this century. This is despite the fact that most electric irrigators will be on load management systems.

NPPD serves 217 cities and towns in the state under lease agreements (retail), owns the distribution system in six towns, serves the total requirements of 52 cities and towns at wholesale, has interconnections with 18 municipalities for partial requirements, and serves 26 other public power districts and rural cooperatives at wholesale.

With the advent of the heat pump, the promotion of electric heat is the basis of our efforts to balance winter and summer loads which improves our overall system load factor. Installation of heat pumps among our retail customers increased 54 percent in 1983 compared to 1982.



Many industries, such as the Nucor Steel Plant near Norfolk, not only have large electrical requirements but provide the system with a balanced usage pattern. Thus, we continue to work diligently with other agencies in efforts to attract industry to our state. Although current economic conditions undoubtedly contributed to a slight decrease in the number of industrial customers on our retail system in 1983 compared to 1982, our retail industrial load was up 12.5 percent from the previous year.

(Nucor photo by Christian Studio.)

FINANCIAL COMMENTARY

Review of the District's Electric System financial statements (which is the revenue source for payment of the District's share of the Power Supply System, Nuclear Facility and the Electric System operating and maintenance, debt service and certain construction costs) for 1983 reveals an increase in operating revenues of \$14.3 million or 4.6% over 1982. These revenues, after deducting operating expenses and taking into consideration interest income, provided net revenues of \$17.1 million. These net revenues are slightly below the year 1982 and were impacted by unanticipated expenses associated with the pipe cracking problem at Cooper Nuclear Station, weather conditions and the Federal Payment-in-Kind (PIK) Program. These problems were not of the magnitude which would keep us from viewing 1983 as a successful year. Various portions of the District's financial statements are summarized below.

Operating Revenues and KWH Sales

The 1983 operating revenues reflect an increase of \$14.3 million or 4.6% over the year 1982. The exclusion of non-firm, participation and non-electric sales indicate that operating revenues from the District's retail and wholesale customers increased \$13.3 million or 5.4% from 1982. Revenues from retail, wholesale and non-firm/participation sales are 35.8%, 46.3% and 17.9%, respectively, of total sales.

The KWH sales decreased 1.8% in comparison to the year 1982, however, there was an increase in retail and wholesale sales of 1.5%. The overall decrease in sales can be attributed to a reduction in participation and non-firm sales.

Operating Expenses

Power purchased and power production represents 79.5% of the total operating expenses. Power purchased expense amounted to \$222 million which is an increase of \$12.1 million or 5.8% over 1982. The extended outage at the District's Cooper Nuclear Station resulted in increased costs for (1) purchased power from others and (2) greater utilization of Gerald Gentleman Station. The District also depended on increased production from other generating facilities resulting in increased costs above costs originally anticipated.

Net Revenues

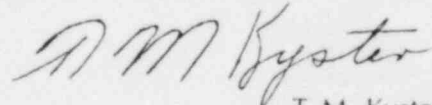
Net revenues from the Electric System total \$17.1 million which is a decrease of \$4.5 million from 1982.

Debt Service Coverage

Net revenues under the Electric System Bond Resolution provide 1.77 times the Debt Service requirements.

General

Debt service coverage for the last three years ranged from 1.62 to 1.84 and it is expected that the debt service coverage will continue at approximately this level. Rate increases for 1984 were minimal. This trend is expected to continue since debt service, a major component of rates, is not expected to increase substantially in the near future.



T. M. Kyster
Assistant General Manager & Assistant Treasurer

Nebraska Public Power District
ELECTRIC SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the 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, 1983 and 1982, and the related statements of revenues and expenses and accumulated net revenues and changes in financial position for each of the three years in the period ended December 31, 1983. We have also examined the supplemental schedules of the calculation of the debt service ratios for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Electric System of Nebraska Public Power District as of December 31, 1983 and 1982, and the results of its operations and changes in its financial position for each of the three years in the period ended December 31, 1983, and the supplemental schedules of the calculation of the debt service ratios for each of the three years in the period ended December 31, 1983, present fairly the information set forth therein, all in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 2, 1984.

Nebraska Public Power District
ELECTRIC SYSTEM

Balance Sheets
December 31, 1983 and 1982

	1983	1982
	(Thousands of Dollars)	
ASSETS		
Utility Plant, at Cost	\$608,325	\$583,260
Less—Reserve for depreciation and amortization (Note 1)	211,464	195,234
	<u>\$396,861</u>	<u>\$388,026</u>
Debt Reserve Account:		
Cash	\$ 1	\$ 4
Investment securities	30,694	30,834
	<u>\$ 30,695</u>	<u>\$ 30,838</u>
Receivables from Sale of Property	\$ 1,385	\$ 2,356
Current Assets:		
Cash and investment securities (Note 5)	\$ 93,734	\$ 96,282
Receivables, less reserves	43,050	40,324
Materials and supplies, at average cost	9,895	17,166
Prepayments and other assets	270	288
	<u>\$146,949</u>	<u>\$154,060</u>
Deferred Charges (Note 1):		
Nuclear fuel	\$ 24,157	\$ 29,641
Replacement rotors	3,993	4,507
Unamortized financing costs	2,935	3,147
Other	3,650	8,157
	<u>\$ 34,735</u>	<u>\$ 45,452</u>
	<u>\$610,625</u>	<u>\$620,732</u>
LIABILITIES AND CAPITAL		
Accumulated Net Revenues	<u>\$158,910</u>	<u>\$141,859</u>
Long-Term Debt (Note 4)	\$367,932	\$376,560
Notes Payable (Note 4):		
57% of prime, due 1983 to 1984	322	2,546
72½% of prime, due 1983 to 1986	18,000	24,000
67% of prime, due 1983 to 1989	15,172	24,636
	<u>\$401,426</u>	<u>\$427,742</u>
Less—Current maturities	18,012	26,454
	<u>\$383,414</u>	<u>\$401,288</u>
	<u>\$542,324</u>	<u>\$543,147</u>
Current Liabilities:		
Current maturities	\$ 18,012	\$ 26,454
Accounts payable	19,561	20,168
Accrued lease payments	11,138	10,079
Accrued interest	193	608
Other	16,739	17,379
	<u>\$ 65,643</u>	<u>\$ 74,688</u>
Unamortized Payment Received for Refinancing Costs	\$ 2,658	\$ 2,897
	<u>\$610,625</u>	<u>\$620,732</u>

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

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, 1983

	1983	1982	1981
	(Thousands of Dollars)		
Revenues and Expenses:			
Operating Revenues (Note 2)	\$327,382	\$313,119	\$273,886
Operating Expenses:			
Power purchased—			
Nuclear Facility and Power Supply System	\$179,940	\$173,014	\$126,738
Other	42,092	36,883	48,858
Production—			
Fuel	11,386	11,132	19,506
Operation and maintenance	6,019	5,835	7,064
Other operation	21,121	20,239	19,634
Other maintenance	6,564	6,387	5,776
Leased plant payments (Note 1)	8,610	8,028	6,696
Depreciation and amortization	19,631	18,217	16,789
Payroll taxes and payments in lieu of taxes	5,981	5,701	5,004
Total operating expenses	\$301,344	\$285,436	\$256,065
Net operating revenues	\$ 26,038	\$ 27,683	\$ 17,821
Interest and Other Revenues:			
Allowance for funds used during construction	\$ 1,878	\$ 2,160	\$ 2,003
Interest and other	15,170	18,498	16,745
Total interest and other revenues	\$ 17,048	\$ 20,658	\$ 18,748
Net revenues before other deductions	\$ 43,086	\$ 48,341	\$ 36,569
Other Deductions:			
Bond interest	\$ 22,199	\$ 22,582	\$ 22,878
Other interest	3,281	3,910	4,810
Miscellaneous, net	555	224	126
Total other deductions	\$ 26,035	\$ 26,716	\$ 27,814
Net Revenues (Note 2)	\$ 17,051	\$ 21,625	\$ 8,755
Accumulated Net Revenues:			
Beginning balance	141,859	120,234	111,479
Ending balance	\$158,910	\$141,859	\$120,234

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

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Changes in Financial
Position for each of the Three Years
in the Period Ended December 31, 1983

	1983	1982	1981
	(Thousands of Dollars)		
Funds Provided by Operations:			
Net revenues	\$17,051	\$21,625	\$ 8,755
Add items which require no current outlay of working capital—			
Depreciation and amortization	19,631	18,217	16,789
Amortization of deferred charges (Note 1)	6,514	6,514	1,500
Other	596	550	588
Total funds provided by operations	\$43,792	\$46,906	\$27,632
Other Sources of Funds:			
Proceeds from notes payable	—	—	15,000
Contribution from Basin Electric	—	12	82
Decrease in fund balances	2,692	9,500	16,102
Proceeds from sale of property	30	1,233	569
Total funds provided	\$46,514	\$57,651	\$59,385
Funds Applied:			
Utility plant additions	\$28,490	\$36,880	\$40,057
Decrease in receivables from sale of property	(971)	(219)	(36)
Increase in receivables	2,726	6,262	3,726
Increase (decrease) in materials and supplies	(7,271)	1,888	(5,015)
Additions to deferred charges for Nuclear Facility (Note 1)—			
Nuclear fuel	517	3,797	9,030
Replacement rotors	—	—	4,139
Repayment of notes payable	17,688	14,585	—
Retirements of long-term debt	8,766	8,221	7,031
(Increase) decrease in accounts payable	607	(2,384)	5,047
Other working capital changes	(21)	(16,128)	(4,788)
Other	(4,017)	4,749	194
Total funds applied	\$46,514	\$57,651	\$59,385

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 for each of the Three
Years in the Period Ended December 31, 1983

	1983	1982	1981
	(Thousands of Dollars)		
Operating revenues	\$327,382	\$313,119	\$273,886
Operating expenses, excluding depreciation and amortization of \$20,227,000, \$18,767,000, and \$17,377,000	281,117	266,669	238,688
	\$ 46,265	\$ 46,450	\$ 35,198
Interest and other revenues, excluding interest on construction funds of \$6,424,000, \$8,989,000, and \$10,378,000	8,746	9,509	6,367
Net revenues available for debt service	<u>\$ 55,011</u>	<u>\$ 55,959</u>	<u>\$ 41,565</u>
Amounts deposited in the Electric System Debt Service Account—			
Principal	\$ 8,832	\$ 7,955	\$ 6,770
Interest	22,199	22,422	18,952
	<u>\$ 31,031</u>	<u>\$ 30,377</u>	<u>\$ 25,722</u>
Ratio of net revenues available for debt service to debt service deposits	<u>1.77</u>	<u>1.84</u>	<u>1.62</u>

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

Nebraska Public Power District ELECTRIC 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
- Nuclear Facility
- Power Supply System

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.

B. Depreciation, Amortization and Maintenance—

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant in Service was approximately 3.0% in each of the years 1983, 1982, and 1981.

The District has signed long-term lease agreements with approximately 215 municipalities. These lease agreements obligate the District to pay for normal property additions during the term of the lease. The District has recorded provisions for amortization of \$3,863,000 in 1983, \$3,712,000 in 1982, and \$3,796,000 in 1981. Leased plant additions, which are fully reserved, totaled \$32,851,000 at December 31, 1983, and \$29,528,000 at December 31, 1982.

Six of the municipal lease agreements include an obligation requiring the District to make property additions associated with the electric service being provided to such municipalities in an amount equal to a percentage of revenues of the respective leased systems. The District has completed negotiations with four of the municipalities which resulted in, among other things, the modification of the obligation to make such improvements. The District will pay these municipalities approximately \$5.4 million during the years 1984 through 1987. Negotiations are continuing with the two other municipalities.

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—

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 rate for construction financed by revenues is based on a projected rate of borrowing. For the periods presented herein, the rates vary from 6.1% to 9.625%.

D. Deferred Charges—

Deferred charges include amounts paid to the Nuclear Facility for working capital for nuclear fuel and replacement rotors. The carrying costs of the nuclear fuel advances are also included.

The deferred charges are being amortized on a monthly basis to Power purchased — Nuclear Facility as follows:

Description	Annualized Amortization	Commencing
Fuel costs of \$30,000,000 ...	\$6,000,000	October, 1981
Fuel costs of \$11,100,000 ...	\$2,220,000	April, 1984
Replacement rotor costs of \$1,032,000	\$ 516,000	January, 1982
Replacement rotor costs of \$4,068,000	\$1,032,000	January, 1984

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. Investment Securities—

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. 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 Production Costs—

Actual energy (fuel) costs in excess of those included in the basic rates are recovered by a Production Cost Adjustment (PCA) which is billed to all customers except non-firm and participation customers. When the basic rates do not provide sufficient revenues to recover the energy costs, the excess cost is deferred. When the basic rates provide revenues in excess of the energy costs, the excess is excluded from revenues. Present District policy requires that billings for the PCA be made using rates adjusted from time to time so that the variations in actual energy costs from energy revenues to be derived from the basic rates are recovered by PCA billings either in the current rate period or future rate periods.

I. Revenue Recognition—

In accordance with industry practice, the District recognizes revenues for retail service in the month the meters are read. Since retail meters are read on a cycle basis, substantial revenues applicable to service rendered between the last billing and the end of the year are not recorded. Substantially all wholesale revenues are recorded in the period in which service is rendered.

(2) RATES:

The District designs its wholesale and retail electric service rates to cover cost of service, including: 1) operating expenses other than depreciation, 2) debt service, and 3) certain capital additions. All costs are recovered from customers in the current rate period or in future rate periods by increasing or reducing revenue requirements in such future rate periods. The following table illustrates the effect of these adjustments in revenue requirements on the Statements of Revenues and Expenses.

	Adjustments in Revenue Requirements			
	Rate Period			
	1976-1977	1978-1979	1980-1981	1982-1983
Surplus or (Deficit) in Rate Period	\$(2.1)	\$ 9.4	\$(10.7)	\$(6.9)
Adjustment in Subsequent Rate Periods:				(Estimated)
1978-1979	0.6	—	—	—
1980-1981	0.6	(9.4)	—	—
1982-1983	0.9	—	10.7	—
1984-1985 (Projected)	—	—	—	3.3
1986-1987 (Projected)	—	—	—	3.6

As provided in the Electric Resolution, the District covenants to charge rates for electric and other services so that revenues will be sufficient to pay annual operating expenses, including Nuclear Facility and Power Supply System charges, debt service and other charges payable out of Electric System revenues.

New rates for firm wholesale and retail service, including the PCA rate, which were placed in effect in 1984, are expected to increase revenues by approximately \$10.1 million for the year.

(3) PENSION PLAN:

The District has a retirement income plan covering substantially all of its full-time employees. Employee's contributions to the plan are based on salary, and the District's contributions are allocated to employee's trust accounts based partially on the employee's contributions and partially on years of service and annual salary. The plan provides for retirement income equal to the total of the employee's trust account, including trust earnings. The District's contribution was \$3,663,000 for 1983, \$3,453,000 for 1982, and \$3,166,000 for 1981.

(4) LONG-TERM DEBT AND NOTES PAYABLE:

Revenue Bonds:	December 31,	
	1983	1982
Serial Bonds—	(Thousands of Dollars)	
2.00%, due 1983 to 1990	\$ 3,945	\$ 4,960
4.60%-6.00%, due 1983 to 1985	16,505	23,985
4.75%-6.30%, due 1986 to 1990	44,465	44,465
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 1987 to 2002	41,000	41,000
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
	\$364,885	\$373,380
Lease Purchase Payables—		
2.00%, due 1983 to 2005	4,992	5,263
Unamortized Bond Discount	(1,945)	(2,083)
	\$367,932	\$376,560

Maturities of Electric System Long-Term Debt and Notes Payable for the next five years are: 1984 — \$18,012,000; 1985 — \$18,398,000; 1986 — \$18,843,000; 1987 — \$13,450,000; 1988 — \$12,810,000.

(5) CASH AND INVESTMENT SECURITIES:

	December 31,	
	1983	1982
	(Thousands of Dollars)	
Revenue Fund	\$10,923	\$16,594
Operating Fund	12,837	11,525
Construction Funds	49,269	59,192
Debt Service Account	338	—
Reserve and Contingency Fund	1,236	1,236
General Reserve Fund	19,131	7,735
	\$93,734	\$96,282

Funds consist of \$81,878,000 of investment securities and \$11,856,000 of cash at December 31, 1983, and \$79,257,000 of investment securities and \$17,025,000 of cash at December 31, 1982.

(6) LONG-TERM OBLIGATIONS:

The District has an agreement for the purchase of the entire output of a 100 MW steam electric generating plant through 1991. Under the agreement, the District must (with limited exceptions) make minimum payments monthly. The aggregate amount of such required payments at December 31, 1983, is as follows:

1984	\$ 968,000
1985	968,000
1986	968,000
1987	968,000
1988	968,000
1989-1991	2,904,000
Total	\$7,744,000

The minimum payments will be reduced in the later years of the agreement by payments made from reserve funds of the owner. In addition, the District is required to pay the variable operating expenses of the plant. The District's total payments under the agreement were \$2,586,000 in 1983, \$2,421,000 in 1982, and \$5,041,000 in 1981.

The District has entered into an agreement to purchase all the output of a 50 MW hydroelectric generating facility. The District is obligated to pay all costs of operating and maintaining the plant plus a management fee. The plant is currently under construction by another utility and is estimated to cost approximately \$49.7 million excluding interest during construction and financing costs. Short-term indebtedness in the amount of \$75 million has been issued in connection with the hydroelectric generating facility. The District expects to issue approximately \$65 million Power Supply System Revenue Bonds in 1984 to refund the short-term indebtedness.

(7) CONSTRUCTION AND FINANCING:

The 1984 construction plan for the Electric System includes authorization for estimated expenditures of \$25.9 million for 1984 and subsequent years. These expenditures will not require the issuance of long-term debt in 1984.

The District is currently in the process of issuing up to \$100,000,000 of Tax Exempt Commercial Paper Notes, Series A. The Notes are being issued (1) to finance a portion of the District's costs in developing the MANDAN Project, (2) to finance a portion of the costs relating to a plant management information system and repairs and replacement of piping at the District's Cooper Nuclear Station, and (3) for other lawful purposes of the District.

Supplementary Information To Disclose The Effects Of Changing Prices (Unaudited)

The following supplementary information is supplied in accordance with the requirements of the Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices", for the purpose of providing certain information about the effects of changing prices. It should be viewed as an estimate of the approximate effect of inflation, rather than as a precise measure.

Constant dollar amounts represent historical costs stated in terms of dollars of equal purchasing power, as measured by the Consumer Price Index for All Urban Consumers (CPI-U). Current cost amounts reflect the changes in specific prices of plant from the date the plant was acquired to the present, and differ from constant dollar amounts to the extent that specific prices have increased more or less rapidly than prices in general.

The current cost of property, plant, and equipment represents the estimated cost of replacing existing plant assets and was determined by indexing the surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. The current year's provision for depreciation on the constant dollar and current cost amounts of property, plant, and equipment was determined by applying the District's depreciation rates to the indexed plant amounts.

Fuel inventories and the cost of fuel used in production have not been restated from their historical cost in nominal dollars. Wholesale power contracts limit the recovery of fuel costs through the operation of adjustment clauses or adjustments in basic rate schedules to actual costs. For this reason, fuel inventories are effectively monetary assets.

Charges to the District's customers are based on historical cost. Consequently, the excess of the cost of plant stated in terms of constant dollars or current cost over the historical cost of plant is reflected as a reduction to net recoverable cost.

To properly reflect the economics of historical cost rate methodology in the Statement of Revenues and Expenses, the reduction of net property, plant, and equipment should be offset by the gain from the decline in purchasing power of net amounts owed. During a period of inflation, holders of monetary assets suffer a loss of general purchasing power while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used to finance property, plant, and equipment. Since the District is limited to the recovery of historical costs, the District does not realize a holding gain on debt. The benefit of any holding gain on debt accrues to the customers.

Nebraska Public Power District ELECTRIC SYSTEM

Statement of Revenues and Expenses Adjusted for Changing Prices for the Year Ended December 31, 1983

	Conventional Historical Cost	Constant Dollar Average 1983 Dollars	Current Cost Average 1983 Dollars
(Thousands of Dollars)			
Operating Revenues	\$327,382	\$327,382	\$327,382
Power Purchased	\$222,032	\$222,032	\$222,032
Fuel Used in Production	11,386	11,386	11,386
Amortization of Lease-Operated Plant	3,863	3,863	3,863
Depreciation Expense	15,768	28,977	29,743
Other Operating and Maintenance Expense	48,295	48,295	48,295
Other Deductions	26,035	26,035	26,035
Interest and Other Revenues	(17,048)	(17,048)	(17,048)
	<u>\$310,331</u>	<u>\$323,540</u>	<u>\$324,306</u>
Net Revenues from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	<u>\$ 17,051</u>	<u>\$ 3,842*</u>	<u>\$ 3,076</u>
Increase in Specific Prices (Current Cost) of Property, Plant, and Equipment Held During the Year**			\$ 23,009
Reduction to Net Recoverable Cost		\$ 40	271
Effect of Increase in General Price Level			(22,473)
Excess of Increase in Specific Prices After Reduction to Net Recoverable Cost Over Increase in General Price Level			\$ 807
Gain from Decline in Purchasing Power of Net Amounts Owed		9,050	9,050
Net		<u>\$ 9,090</u>	<u>\$ 9,857</u>

*Including the reduction to net recoverable cost, the net revenues from continuing operations on a constant dollar basis would have been \$3,883 for 1983.

**At December 31, 1983, current cost of property, plant, and equipment, excluding construction work in progress, net of accumulated depreciation, was \$658,544, while historical cost or net cost recoverable through depreciation was \$377,288.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

	Year Ended December 31,				
	1983	1982	1981	1980	1979
(In Thousands of Average 1983 Dollars)					
Operating Revenues	\$327,382	\$323,191	\$300,027	\$292,248	\$308,367
Historical Cost Information					
Adjusted for General Inflation:					
Net Revenues (Expenses) from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	\$ 3,842	\$ 10,796	\$ 692	\$ (19,557)	\$ 8,010
Net Assets at Year-end at Net Recoverable Cost	\$156,240	\$144,769	\$128,343	\$128,735	\$157,877
Current Cost Information:					
Net Revenues (Expenses) from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	\$ 3,076	\$ 9,177	\$ (488)	\$ (21,135)	\$ 6,202
Excess of Increase in General Price Level Over Increase in Specific Prices After Reduction to Net Recoverable Cost	\$ (807)	\$ (981)	\$ 13,669	\$ 20,644	\$ 23,744
Net Assets at Year-end at Net Recoverable Cost	\$156,240	\$144,769	\$128,343	\$128,735	\$157,877
General Information:					
Gain from Decline in Purchasing Power of Net Amounts Owed	\$ 9,050	\$ 9,874	\$ 23,008	\$ 30,807	\$ 32,973
Average Consumer Price Index	298.4	289.1	272.4	246.8	217.4

Nebraska Public Power District
POWER SUPPLY SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the 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, 1983 and 1982, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the financial statements are not intended to present and, in our opinion, do not present the financial position and results of operations of the Power Supply System of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the special-purpose financial statements of the Power Supply System of Nebraska Public Power District referred to above are presented fairly pursuant to the requirements of the Power Supply System Revenue Bond Resolution described in Note 1(B), applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 2, 1984.

Nebraska Public Power District
POWER SUPPLY SYSTEM

Statements of Assets and Liabilities
December 31, 1983 and 1982
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution

	1983	1982
	(Thousands of Dollars)	
ASSETS		
Utility Plant in Service (Note 2)	\$688,233	\$691,761
Less—		
Reserve for depreciation (Note 1)	31,124	20,780
Amounts funded from revenue (Note 1)	1,173	380
	<u>\$655,936</u>	<u>\$670,601</u>
Construction Work in Progress (Note 2)	\$ 43,064	\$ 31,359
Less—Amounts funded from revenue (Note 1)	1,932	1,288
	<u>\$ 41,132</u>	<u>\$ 30,071</u>
Special Funds:		
Debt reserve account	\$ 56,234	\$ 57,247
Reserve and contingency fund	11,081	8,122
Construction fund	69,767	66,556
Development funds	9,358	15,776
Revenue fund	—	845
Operating fund	14,299	12,934
General reserve fund	28,605	32,166
	<u>\$189,344</u>	<u>\$193,646</u>
Accounts Receivable	\$ 559	\$ 554
Interest Receivable	\$ 4,414	\$ 3,611
Fuel Inventory, at average cost	\$ 13,167	\$ 17,092
Prepayments and Other Assets	\$ 880	\$ 898
	<u>\$905,432</u>	<u>\$916,473</u>
LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
4.55%-5.60%, due 1983 to 1985	\$ 22,255	\$ 32,595
4.90%-6.00%, due 1986 to 1990	66,780	66,780
5.50%-6.40%, due 1991 to 1995	87,775	87,775
5.70%-6.60%, due 1996 to 2001	74,050	74,050
Term Bonds, with annual sinking fund requirements—		
5.80%, due 1998 to 2012	168,930	168,930
6.13%, 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
	<u>\$886,800</u>	<u>\$897,140</u>
Accounts Payable and Other Accrued Liabilities	5,759	10,576
Operating Reserves (Note 1)—		
Renewals and Replacements	10,896	6,899
Coal Car Maintenance	1,977	1,858
	<u>\$905,432</u>	<u>\$916,473</u>

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, 1983
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution

	1983	1982	1981
	(Thousands of Dollars)		
Revenues (Notes 1 and 4):			
Sales to the Electric System	\$121,085	\$113,676	\$ 72,825
Investment and other income	19,445	14,866	4,555
Total revenues	<u>\$140,530</u>	<u>\$128,542</u>	<u>\$ 77,380</u>
Costs:			
Operating expenses—			
Production—			
Fuel	\$ 54,298	\$ 47,795	\$ 28,338
Operation and maintenance	15,298	14,990	8,207
Insurance	757	851	873
Provisions for operating reserves (Note 1)	4,399	2,374	1,712
General and administrative	2,819	2,597	1,547
	<u>\$ 77,571</u>	<u>\$ 68,607</u>	<u>\$ 40,677</u>
Debt service (Note 1)—			
Principal	10,340	5,660	5,405
Interest	52,619	54,275	31,298
Total costs	<u>\$140,530</u>	<u>\$128,542</u>	<u>\$ 77,380</u>

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
- Nuclear Facility
- Power Supply System

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.

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 \$6,900,000 for 1983, \$8,100,000 for 1982, and \$4,900,000 for 1981. Accumulated depreciation through December 31, 1983, would have increased costs approximately \$30,200,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property and capital additions are included in the accompanying Statements of Revenues and Costs as "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.

(3) Interest income on construction fund investments for Gerald Gentleman Station Unit No. 1 and Unit No. 2 is capitalized although commercial operation began in April, 1979 and January, 1982, respectively. Such income would be included in income of the period under generally accepted accounting principles.

(4) Charges for Power Supply System services are based on cost and facilities are financed with debt securities. Therefore, there are no significant unrecorded costs of inflation in the financial statements.

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. Special Funds—

Special funds consist of \$188,862,000 of investment securities and \$482,000 of cash as of December 31, 1983, and \$192,481,000 of investment securities and \$1,165,000 of cash at December 31, 1982.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. 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.

(2) CONSTRUCTION AND FINANCING:

The 1984 construction plan for the Power Supply System includes authorization for estimated expenditures of \$16.7 million for 1984 and subsequent years. These expenditures will not require the issuance of long-term debt in 1984. However, the District does expect to issue approximately \$65 million Power Supply System Bonds in 1984 to refund the short-term indebtedness issued by another utility to finance the Kingsley Project.

Work has continued on the MANDAN Project which is a high voltage transmission line planned for, among other things, the seasonal exchange of power and associated energy. Meetings with The Manitoba Hydro-Electric Board of Winnipeg, Manitoba, Canada are being held to develop a seasonal exchange agreement. The Project is expected to be in commercial operation in 1989. Applications for state and federal permits are in progress. The District plans to pay a portion of its costs in developing the Project from the issuance of Electric System Tax Exempt Commercial Paper Notes.

(3) LITIGATION:

In 1980, the District filed suit to recover amounts totaling in excess of \$50 million from National Industrial Constructors, Inc. (NIC), Austin Industries, Inc., and Federal Insurance Company. The suit alleges damages from delays, cost overruns, and for other damages and expenses associated with the construction of Gerald Gentleman Station Unit No. 1. The general contractor, NIC, counter-claimed against the District to recover amounts totaling in excess of \$32 million as a result, among other things, of the alleged failure of the District to effectively coordinate and administer the construction of Unit No. 1. Prior to commencement of the trial, NIC amended its damage claim to \$55 million. Trial of this matter commenced on January 4, 1984, and is proceeding.

The suit filed by NIC against the District in District Court of Lancaster County, Nebraska, has been stayed, pending the outcome of the suit described in the preceding paragraph.

(4) 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 liens payable out of revenues of the Power Supply System. The debt service payments are approximately \$65.6 million per year through 2012 and a total of approximately \$135.3 million for the period 2013 through 2016. Maturities of Power Supply System Revenue Bonds as a component of such debt service payments for the next five years are: 1984 — \$10,850,000; 1985 — \$11,405,000; 1986 — \$11,995,000; 1987 — \$12,635,000; 1988 — \$13,310,000.

Nebraska Public Power District
NUCLEAR FACILITY

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the 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, 1983 and 1982, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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 Nuclear Facility Revenue Bond Resolution adopted by the District on August 22, 1968, as supplemented, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the financial statements are not intended to present and, in our opinion, do not present the financial position and results of operations of the Nuclear Facility of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District referred to above are presented fairly pursuant to the requirements of the Nuclear Facility Revenue Bond Resolution described in Note 1(B), applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 2, 1984.

Nebraska Public Power District
NUCLEAR FACILITY

Statements of Assets and Liabilities
December 31, 1983 and 1982
Prepared Pursuant to Requirements of the
Nuclear Facility Revenue Bond Resolution

	1983	1982
	(Thousands of Dollars)	(Thousands of Dollars)
ASSETS		
Utility Plant in Service	\$392,583	\$392,029
Less—		
Reserve for depreciation (Note 1)	74,397	64,581
Amounts funded from revenue (Note 1)	8,974	7,671
	<u>\$309,212</u>	<u>\$319,777</u>
Construction Work in Progress	\$ 60,055	\$ 52,895
Less—Amounts funded from revenue (Note 1)	33,278	27,329
	<u>\$ 26,777</u>	<u>\$ 25,566</u>
Nuclear Fuel—Net of Amortization (Note 1)	\$109,346	\$110,454
Special Funds:		
Debt reserve account	\$ 28,342	\$ 26,250
Reserve and contingency fund	8,728	6,248
Additions and improvements	2,216	2,831
Construction fund	10,675	8,255
Bond anticipation notes	—	5,001
Fuel reserve account	11,366	8,175
Fuel disposal fund (Note 2)	33,651	20,263
Operating fund	882	1,980
Revenue fund	121	793
General reserve fund	—	589
	<u>\$ 95,981</u>	<u>\$ 80,385</u>
Accounts Receivable (Note 2)	\$ 11,071	\$ 10,532
Interest Receivable (Note 2)	\$ 3,039	\$ 1,732
Deferred Charges and Other Assets (Note 2)	\$ 7,064	\$ 16,483
	<u>\$562,490</u>	<u>\$564,929</u>
LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
4.70%-7.20%, due 1983 to 1985	\$ 23,760	\$ 33,325
4.80%-7.50%, due 1986 to 1990	49,090	45,685
6.00%-8.80%, due 1991 to 1995	24,020	18,780
7.38%-9.20%, due 1996 to 2003	26,600	11,745
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1987 to 2002	155,000	155,000
6.30%, due 1993 to 2003	68,430	68,430
6.60%, due 1992 to 2003	67,200	67,200
	<u>\$414,100</u>	<u>\$400,165</u>
Bond Anticipation Notes of 1981, 10%, due April 1, 1983	—	22,800
Operating Reserves (Note 1)	104,435	102,967
Nuclear Fuel Disposal Costs (Note 2)	41,243	35,964
Accounts Payable and Other Accrued Liabilities	2,712	3,033
	<u>\$562,490</u>	<u>\$564,929</u>

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, 1983 Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution

	1983	1982	1981
	(Thousands of Dollars)		
Revenues (Notes 1 and 3):			
Sales—			
Electric System	\$ 52,348	\$ 53,563	\$ 55,033
Iowa Power and Light Company	52,351	53,549	55,042
Investment income	10,187	7,907	5,683
Total revenues	<u>\$114,886</u>	<u>\$115,019</u>	<u>\$115,758</u>
Costs:			
Operating expenses—			
Production—			
Fuel	\$ 28,740	\$ 38,957	\$ 20,556
Operation and maintenance	28,756	21,330	18,054
Insurance	3,788	3,656	3,167
Provisions for operating reserves (Note 1)	13,489	13,319	36,190
Technical and administrative	4,925	4,147	4,173
	<u>\$ 79,698</u>	<u>\$ 81,409</u>	<u>\$ 82,140</u>
Debt service (Note 1)—			
Principal	10,565	10,060	9,595
Interest	24,623	23,550	24,023
Total costs	<u>\$114,886</u>	<u>\$115,019</u>	<u>\$115,758</u>

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
- Nuclear Facility
- Power Supply System

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.

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 increased \$2,500,000 for 1983, \$3,000,000 for 1982, and \$3,200,000 for 1981. Accumulated depreciation through December 31, 1983, would have increased costs approximately \$42,400,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property, capital additions, and nuclear fuel are included in the accompanying Statements of Revenues and Costs as "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.

(3) Interest income on construction fund investments is capitalized although commercial operation began in July, 1974. Such income would be included in income of the period under generally accepted accounting principles.

(4) Charges for Nuclear Facility services are based on cost and facilities are financed with debt securities. Therefore, there are no significant unrecorded costs of inflation in the financial statements.

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.

D. Special Funds—

Special funds consist of \$95,060,000 of investment securities and \$921,000 of cash as of December 31, 1983, and \$79,171,000 of investment securities and \$1,214,000 of cash at December 31, 1982.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. 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) NUCLEAR FUEL:

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	1986 (Estimated)
Conversion	Allied Corporation	1987
Enrichment	U.S. Department of Energy	2007
Fabrication	General Electric Company	1988

The District has expanded its capacity for storage of spent fuel and it is estimated that such capacity will be adequate for storage of spent fuel, including the fuel which General Electric Company (GE) is responsible for removing under contract with the District, until approximately 1990. The cost of disposal of spent fuel and fuel in the reactor is being provided as part of the fuel cost of the Nuclear Facility. The disposal cost estimated under provisions of the Nuclear Waste Policy Act of 1982 as of December 31, 1983 (\$41.2 million), has been recorded as a liability. A portion of the disposal cost (\$33.7 million) has been billed and deposited in the fuel disposal fund. The remaining portion of the disposal cost (\$7.5 million) is recorded as a deferred charge (\$4.9 million), which will be billed in 1984 and 1985, accounts receivable (\$1.2 million), and interest receivable (\$1.4 million). Some of these costs may ultimately be the responsibility of GE under the nuclear fuel supply contract for the initial fuel. GE has agreed to commence the removal of spent fuel related to the GE contract from Cooper Nuclear Station to GE's storage facilities at Morris, Illinois, as soon as legally possible and practicable, and will share certain costs associated with removal. Each party has a full reservation of rights with respect to buyback payments, all shared costs, and ultimate responsibility for disposition of the spent fuel and attendant costs. The District and GE have entered into an agreement setting out certain rights and responsibilities relating to the shipment of the spent fuel from Cooper Nuclear Station to Morris, Illinois. The District has also entered into a rail contract with Burlington Northern Railroad and the Elgin, Joliet & Eastern Railway for the shipment of the spent fuel.

(3) 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 included above is payable at approximately \$36.3 million annually until 2003. Maturities of Nuclear Facility Revenue Bonds as a component of such debt service payments for the next five years are: 1984 — \$11,575,000; 1985 — \$12,185,000; 1986 — \$12,845,000; 1987 — \$13,540,000; 1988 — \$14,290,000.

Under terms of a power sales contract with Iowa Power and Light Company (Iowa Power), the District makes available one-half of the production 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, 12½% of the output of the Cooper Nuclear Station to the City of Lincoln (Lincoln).

(4) PLANT DECOMMISSIONING COSTS:

The District recently completed a study on the estimated costs of and methods of funding for the eventual decommissioning of Cooper Nuclear Station. It is expected that the costs of decommissioning will be funded from (1) wholesale and retail revenues of the Electric System, commencing in 1984, including revenues from Lincoln for its purchase of power and energy from Cooper Nuclear Station; (2) the use of certain reserve funds established under the Nuclear Resolution; (3) revenues from Iowa Power, commencing in 1984, pursuant to its contract for the purchase of power and energy from Cooper Nuclear Station; and (4) any surplus funds derived from the ownership and operation of the Nuclear Facility. The District will continue to review such costs and methods of funding as a result of changing conditions and requirements for decommissioning.

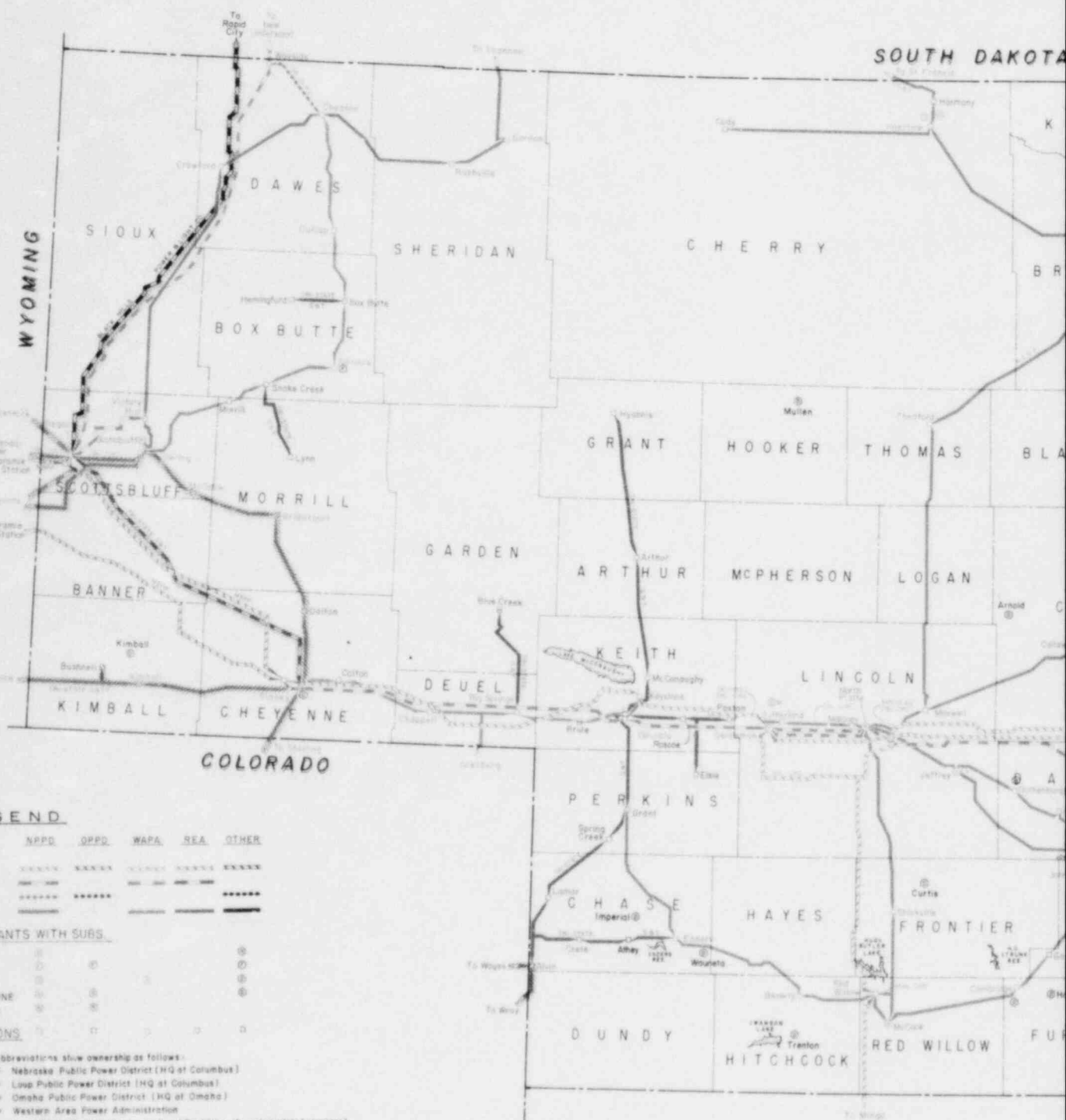
(5) CONSTRUCTION AND FINANCING:

As a result of certain additions and modifications to Cooper Nuclear Station required by the Nuclear Regulatory Commission (NRC), it is estimated that the remaining cost to complete the facility will approximate \$8.8 million. These costs will not require additional financing.

(6) OPERATIONS:

During a scheduled maintenance and refueling outage in April, 1983, hairline cracks were discovered on the interior surface of certain of the recirculation, core spray and reactor water clean-up system pipes in Cooper Nuclear Station. Temporary repairs of such pipes were made by the District at a cost of approximately \$7,000,000, in accordance with procedures approved by the NRC, and Cooper Nuclear Station returned to operation in September, 1983. In order to correct the cracking problem, the District plans to replace the recirculation, core spray and reactor water clean-up system piping and associated connections. The District expects that Cooper Nuclear Station will be out of service for approximately seven months commencing October 1, 1984, while such replacements are made. The estimated cost of such replacements and related costs is \$48,000,000. The Electric System's share of such estimated cost is \$24,000,000. The District is also planning to install a new computerized plant management information system to satisfy NRC requirements and the needs of the District. The total cost of such system is estimated to be \$20,000,000, and the Electric System's share of such estimated cost is \$10,000,000.

The District plans to pay the Electric System's share of such costs, including Lincoln's share of \$8,500,000, from the issuance of Electric System Tax Exempt Commercial Paper Notes. Lincoln's share will be repaid to the District through billings for monthly power costs.



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:

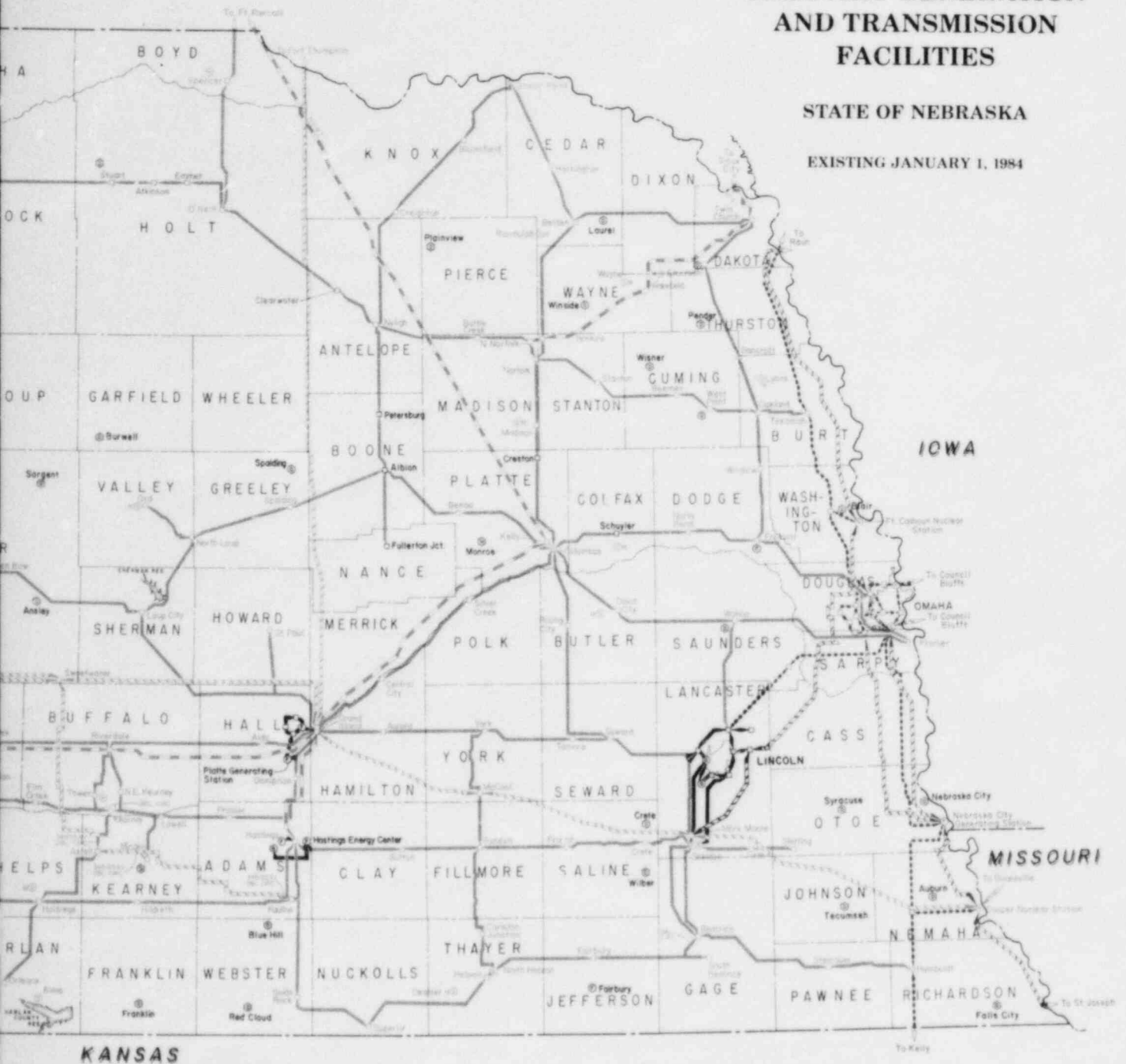
- NPPD - Nebraska Public Power District (HQ at Columbus)
- LPPD - Loup Public Power District (HQ at Columbus)
- OPPD - Omaha Public Power District (HQ at Omaha)
- WAPA - Western Area Power Administration
- REA - Rural Electrification Administration (Facilities of rural electric borrowers)
- MBPP - Missouri Basin Power Project
- CN - Central Nebraska Public Power and Irrigation District (HQ at Holdrege)
- NS&T - Nebraska S & T Lines Leased / Purchased To NPPD
- OTHER - Facilities owned by municipalities and others as shown
- ⊙ - Facilities west of East-West Transmission Tr.

- ⊙ - Multi-fuelled generator, under Letter Agreement with NPPD
- ⊙ - LPPD owned generator, under contract with NPPD
- ⊙ - OPPD owned generator, under contract with NPPD

ELECTRIC GENERATION AND TRANSMISSION FACILITIES

STATE OF NEBRASKA

EXISTING JANUARY 1, 1984



0 10 20 30 40 50
SCALE OF MILES



SALES

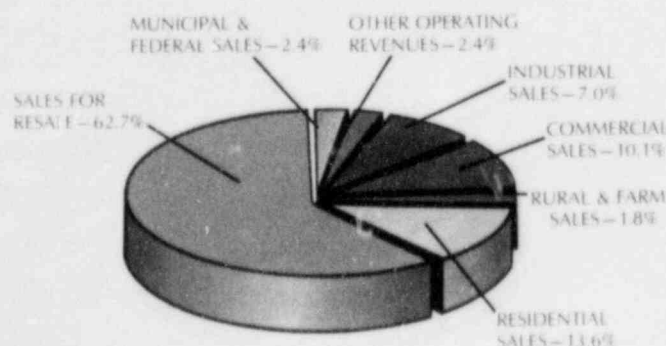
	Average Number of Customers	KWH Sales (Thousands)	%	Revenue From Sales (Thousands)	%
Retail:					
Residential	81,201	735,138	8.2	\$ 44,608	13.6
Rural & Farm	5,625	87,677	1.0	5,805	1.8
Commercial	17,469	554,064	6.2	33,164	10.1
Industrial	95	623,225	6.9	22,717	7.0
Municipal & Federal	3,121	144,636	1.6	7,971	2.4
Total Retail	107,511	2,144,740	23.9	\$114,265	34.9
Wholesale:					
52 Municipalities (Total Requirements)		1,110,466	12.4	\$ 39,425	12.0
18 Municipalities (Interconnection—Partial Requirements)		218,593	2.4	4,725	1.4
26 Public Power Districts & Cooperatives (Total Requirements)		3,178,132	35.4	103,939	31.8
Other Utilities—Non-Firm & Participation		2,331,190	25.9	57,127	17.5
Total Wholesale		6,838,381	76.1	\$205,216	62.7
Total Electric Revenues		8,983,121	100.0	\$319,481	97.6
Other Operating Revenues				7,901	2.4
Total Electric System Operating Revenues				\$327,382	100.0

GENERATION

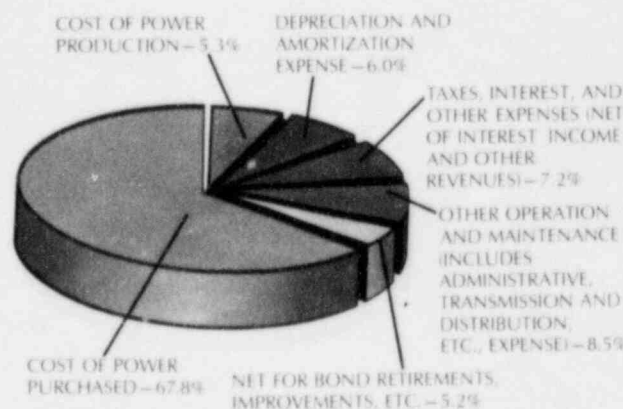
	KWH (Thousands)	%	Production Costs (Thousands)	%
Production:				
Electric System (Including Interchange)	598,378	6.3	\$ 17,405	7.3
Purchased:				
Power Supply System ⁽¹⁾	4,972,730	52.1	\$121,085	50.6
Nuclear Facility ⁽¹⁾	1,671,396	17.5	58,855	24.6
Other	2,306,604	24.1	42,092	17.5
Total Power Purchased	8,950,730	93.7	\$222,032	92.7
Total Power Produced and Purchased	9,549,108	100.0	\$239,437	100.0

(1) The Electric System purchases 100% of the net generation 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 and Light Company purchased 1,671,803,000 KWH; Iowa Power and Light participation is not included in the table.

NPPD's dollar comes from



NPPD's dollar was used for



Power Supply System | Year Ended December 31, 1983

GENERAL

Utility Plant (at cost):

	1983	1982	Increase (1)
	(Thousands of Dollars)		
Electric System	\$ 608,325	\$ 583,260	\$25,065
Power Supply System	731,297	723,120	8,177
Nuclear Facility	452,638	444,924	7,714
Total Utility Plant	\$1,792,260	\$1,751,304	\$40,956

Production Plant Facilities:

	Number of Plants (2)	Accredited Capability (KW)
Steam—Conventional	6	1,702,300
Steam—Nuclear	1	760,000(3)
Hydro	11	123,400
Diesel	11	39,300
Peaking Turbine	3	149,000
Total Production Plant Facilities	32	2,774,000

(1) Net of retirements

(2) Includes two steam plants, five hydro plants and ten diesel plants under contract to the District

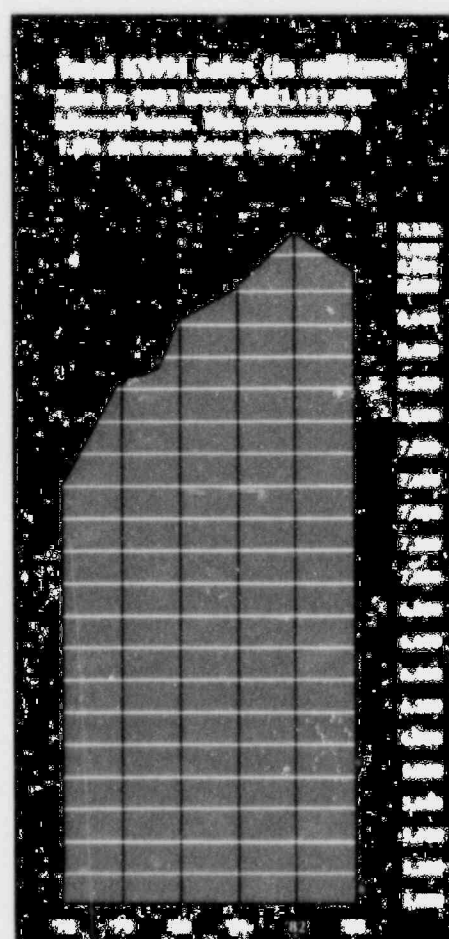
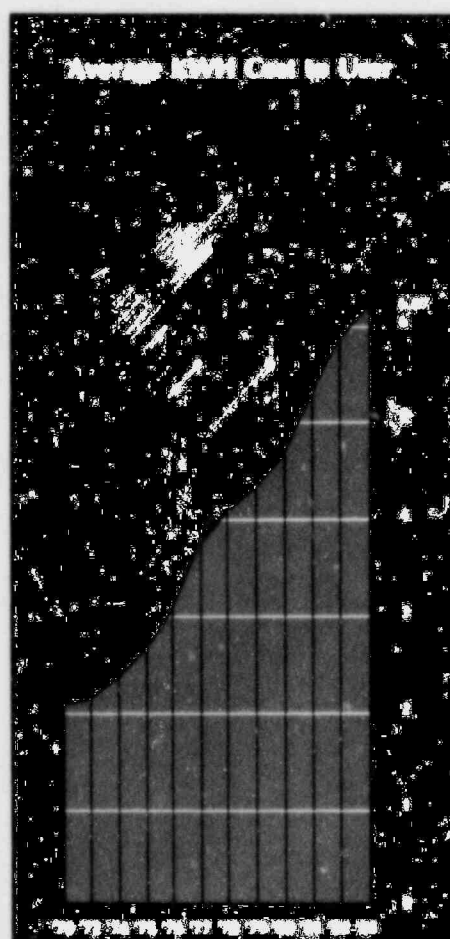
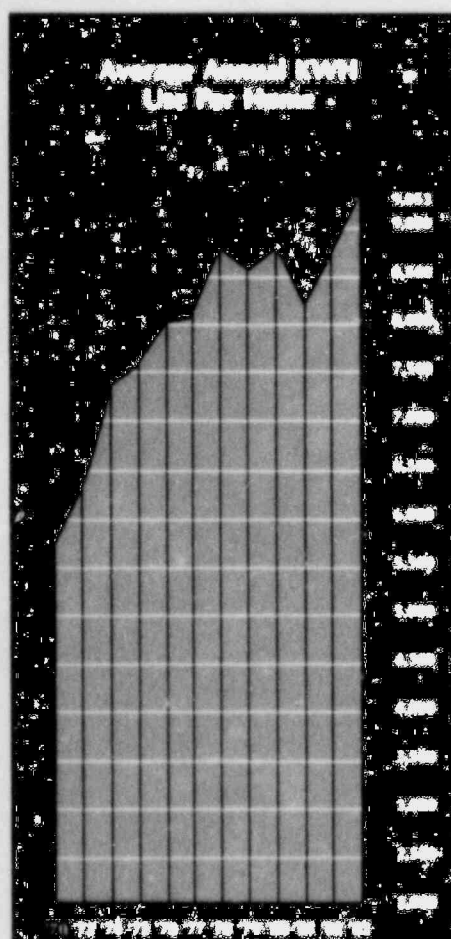
(3) Includes 380,000 KW contracted to Iowa Power and Light

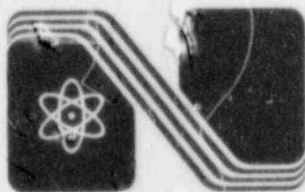
Transmission Facilities:

Miles of Transmission Line in Service	6,318
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Personnel:

Number of Permanent Employees	1,981
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General Offices
1414—15th Street
P.O. Box 499
Columbus, NE 68601



Nebraska Public Power District

GENERAL OFFICE
P.O. BOX 499, COLUMBUS, NEBRASKA 68601-0499
TELEPHONE (402) 564-8561

NLS8400129

May 2, 1984

Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555

ATTN: Document Control Desk

Subject: Nebraska Public Power District
1983 Annual Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements cited in 10 CFR Part 50.71(b), the Nebraska Public Power District submits its Annual Report for calendar year 1983. As specified in Regulatory Guide 10.1, we are enclosing ten (10) copies of the report.

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

Sincerely,

Jay M. Pilant
Manager, Technical Staff
Nuclear Power Group

/cmk

Enclosure

17004
1/10