



Nebraska Public Power District

GENERAL OFFICE
P.O. BOX 499, COLUMBUS, NEBRASKA 68602-0499
TELEPHONE (402) 564-8561
FAX (402) 563-5551

NSD920462
April 28, 1992

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

Subject: Nebraska Public Power District
1991 Annual Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements cited in 10 CFR Part 50.71(b), Nebraska Public Power District submits its Annual Report for calendar year 1991. As specified in Regulatory Guide 10.1, we are enclosing ten (10) copies of the report.

Please contact me if you have any questions.

Sincerely,

G. R. Horn
Nuclear Power Group Manager

/r3
Enclosure (10)

cc: Regional Administrator
USNRC - Region IV

NRC Resident Inspector
Cooper Nuclear Station

Mr. J. T. Gilliland
Public Affairs Officer
USNRC - Region IV

590000
9205050263 911231
PDR ADDCK 05000298
R PDR

M 004
1/10

NEBRASKA PUBLIC
POWER DISTRICT
ANNUAL REPORT
NINETEEN HUNDRED
AND NINETY-ONE



Public Power.

Personal Pride

YEAR AT A GLANCE

Kilowatt-hour Sales (Electric System)	10.7 billion
Kilowatt-hour Sales to Iowa Power, Inc. (Nuclear Facility)	2.4 billion
Operating Revenues (Electric System)	\$877.1 million
Operating Revenues from Sales to Iowa Power, Inc. (Nuclear Facility)	\$76.8 million
Cost of Power Purchased and Generated (Including Nuclear Facility and Power Supply System)	\$279.8 million
Other Operating Expenses	\$85.8 million
Net Revenues	\$8.7 million
Debt Service Coverage	1.75

THE DISTRICT

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. In accordance with new statutory guidelines, in 1991 the District amended its petition for creation to redefine its chartered territory. In addition, the amendment realigned certain subdivisions to comply with the requirement, with certain exceptions, that such subdivisions have approximately equal population. The subdivisions now encompass 86 of the State's 93 counties and all of five other counties except for the corporate area of one first-class city not served directly or indirectly by the District in each of these five counties. Management and operation of the District is accomplished with a staff of approximately 2,250 employees. 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, at both wholesale and retail, for lighting, power, heating and other purposes. The District operates an integrated electric utility system, including facilities for generation, transmission and distribution of electric power and energy for sale at wholesale and retail, and a surface water irrigation service. There are no investor-owned utilities providing retail electric service in Nebraska.

NPPD BOARD OF DIRECTORS



Warren R. Cook - Chairman, Businessman, Norfolk, served since January 1987

Gwen M. Couper - First Vice Chairman, Home Economist/Homemaker, Beatrice, served since August 1988

Bruce W. Gustafson - Second Vice Chairman, Farmer/Rancher, Holdrege, served since January 1983

Darrell J. Nelson - Secretary, Farmer/Rancher, Oconto, served since January 1985



Wayne E. Boyd, Attorney, South Sioux City, served since March 1982

David L. Duren, CPA, Columbus, served since January 1973

John D. Hamilton, Railroad Employee, Lincoln, served since January 1991

Ralph E. Holzfaster, Agribusinessman/Farmer, Paxton, served since January 1981



Ralph D. Johnson, Economist, Lincoln, served since January 1985


Thomas O. Michels, Professional Engineer, Kearney, served since January 1983

Les S. Taylor, Businessman, York, served since January 1979

responsibility to exercise good judgment on whether the expenditures are appropriate. ¶ It is very likely that we will have to spend several million dollars on the environment in order to obtain a new license to operate our North Platte Hydro Project. We will probably have to reduce our hydro generation somewhat in order to increase water flows for wildlife use. We are buying land and developing habitat for threatened and endangered species. ¶ We are also committed to helping this state move forward with siting and construction of an environmentally secure facility to dispose of low-level radioactive waste. Since 1988, we have spent \$5 million as Cooper Nuclear Station's pro rata share of precicensing activities required to put this facility into operation. We believe such expenditures are appropriate, because it is vital to the operation of our nuclear plant that we have a place to safely and responsibly dispose of our waste. ¶ At the same time, utilities must consistently assess the cost-versus-benefit ratio of environmental improvements. Spending money unnecessarily would drive up electricity costs, and energy costs are a major determinant of a community's economic health. ¶ As the rest of the country struggles to recover from a recession, Nebraska's economy has remained strong, and we at NPPD are determined to do our part to keep it so. We have a responsibility to hold down our costs so

our businesses and, therefore, our communities may flourish.

¶ In 1991, we made several strides in holding down costs. A major accomplishment was the restructuring of our wholesale rates into summer and winter categories. We believe the restructuring will increase the efficiency of our total operations. ¶ We were again able to sell our excess generating capacity, and we had another excellent year financially. A long-term agreement to sell 100 megawatts of participation capacity will result in capacity sales revenues of more than \$10 million per year. ¶ Another major step forward was the formation of a Retail Community Customer Committee which functions in much the same way as our Wholesale Customer Committee. Both are excellent forums for us to communicate with our customers and get to know their needs. ¶ This utility and our employees have a serious commitment to our customers and all of our fellow Nebraskans. We take great pride in our role as power producers, as community leaders and as neighbors and friends. "Public Power, Personal Pride" is not just a theme. For us at NPPD, it is a way of life.



Ronald W. Watkins, President and C.E.O.

recreational interests. It is vital that we reach a conclusion that considers all of these concerns. ¶ Probably the most publicized and controversial issue which involves this Board is the siting of a facility to store Nebraska's low-level radioactive waste. The issue has stirred strong emotions among both supporters and opponents. NPPD is taking a leadership position regarding this issue. We feel it is in the best interest of all Nebraska that we proceed toward a satisfactory resolution of this matter. ¶ The third issue in which we were heavily immersed was the restructuring of both our wholesale and retail electric rates. Representatives of our Wholesale Customer Committee, a nationally recognized consulting firm and our management personnel spent countless hours developing a rate structure that incorporates a summer-winter seasonal rate concept. The Board conducted two public hearings for wholesale customers to voice their views. ¶ After many hours of discussion and 16 customer meetings he's. Throughout the story, the Board, in early 1992, approved the restructuring of retail electric rates.

We have had seasonal rates in place for most retail cus-

for many years, but the adjustments place stronger emphasis on customer usage patterns in summer and the costs necessary to serve various types of customers. Our intent is to level the peaks and valleys of electric demand and so we can use all of our facilities more efficiently. We are satisfied that these concepts are best for all of our customers over the long term. ¶ Many other issues involved this Board, and I can say unequivocally that all of the items presented to us were accorded extreme care and evaluation. This Board feels that NPPD has a good, sound management program. Our number one obligation is to provide Nebraskans with the best service and lowest rates that we can reasonably achieve. The customers of Nebraska Public Power District come first in all of our deliberations. We are a public service organization, and we take pride in our personal commitment to them.



Warren R. Cook, Chairman



Nebraska Public Power District

GENERAL OFFICE
P.O. BOX 499, COLUMBUS, NEBRASKA 68602-0499
TELEPHONE (402) 564-8561
FAX (402) 563-5551

NSD920462
April 28, 1992

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

Subject: Nebraska Public Power District
1991 Annual Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements cited in 10 CFR Part 50.71(b), Nebraska Public Power District submits its Annual Report for calendar year 1991. As specified in Regulatory Guide 1C.1, we are enclosing ten (10) copies of the report.

Please contact me if you have any questions.

Sincerely,

G. R. Horn
Nuclear Power Group Manager

/rg
Enclosure (10)

cc: Regional Administrator
USNRC - Region IV

NRC Resident Inspector
Cooper Nuclear Station

Mr. J. T. Gilliland
Public Affairs Officer
USNRC - Region IV

050000
9205050263 911231
PDR ADOCK 05000298
R PDR

M004
1/10

NEBRASKA PUBLIC
POWER DISTRICT
ANNUAL REPORT
NINETEEN HUNDRED
AND NINETY-ONE



Public Power,

Personal Pride

REFERENCE GUIDE

Year at a Glance	1
The District	1
1991 Statistical Review	2
Board of Directors	3
Message from the President	4
Message from the Chairman	6
1991 in Review	8
Electric System	17
Power Supply System	26
Nuclear Facility	30
Map	34
Charts & Graphs	37

On the Cover: Cole Hammond-Lineman, Ponca

When the lights go out on a stormy night, Ponca Lineman Cole Hammond is one of those responsible for restoring power. A love for the outdoors, learned growing up on a Nebraska farm, and a desire to work in a service-oriented profession inspired Cole to become a lineman for NPPD.

YEAR AT A GLANCE

Kilowatt-hour Sales (Electric System)	10.7 billion
Kilowatt-hour Sales to Iowa Power, Inc. (Nuclear Facility)	2.4 billion
Operating Revenues (Electric System)	\$377.1 million
Operating Revenues from Sales to Iowa Power, Inc. (Nuclear Facility)	\$76.8 million
Cost of Power Purchased and Generated (Including Nuclear Facility and Power Supply System)	\$279.8 million
Other Operating Expenses	\$85.8 million
Net Revenues	\$3.7 million
Debt Service Coverage	1.75

THE DISTRICT

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. In accordance with new statutory guidelines, in 1991 the District amended its petition for creation to redefine its chartered territory. In addition, the amendment realigned certain subdivisions to comply with the requirement, with certain exceptions, that such subdivisions have approximately equal population. The subdivisions now encompass 86 of the State's 93 counties and all of five other counties except for the corporate area of one first-class city not served directly or indirectly by the District in each of these five counties. Management and operation of the District is accomplished with a staff of approximately 2,250 employees. 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, at both wholesale and retail, for lighting, power, heating and other purposes. The District operates an integrated electric utility system, including facilities for generation, transmission and distribution of electric power and energy for sale at wholesale and retail, and a surface water irrigation service. There are no investor-owned utilities providing retail electric service in Nebraska.

NPPD 1991 STATISTICAL REVIEW

Electric System, Power Supply System, and Nuclear Facility	Average Number of Customers	MWh Sales		Revenues (Thousands)	
		AMOUNT	%	AMOUNT	%
SALES					
Retail:					
Residential	80,605	824,835	7.7	\$ 53,732	14.2
Rural & Farm	4,898	82,606	0.8	5,981	1.6
Commercial	17,591	692,374	6.5	43,644	11.6
Industrial	67	748,414	7.0	28,385	7.5
Public Lighting	249	25,988	0.2	2,408	0.6
Municipal Power	191	40,698	0.4	2,581	0.7
Miscellaneous Municipal	2,630	96,290	0.9	4,892	1.3
Total Retail	106,231	2,510,705	28.5	\$ 141,623	37.5
Wholesale:					
48 Municipalities (Total Requirements)		1,278,980	12.0	\$ 47,170	12.5
20 Municipalities (Interconnections & Partial Requirements)		73,709	0.7	2,362	0.6
25 Public Power Districts & Cooperatives (Total Requirements)		3,706,553	34.8	126,127	33.5
Total Wholesale Sales (Including Non-Firm and Participation Sales)		5,059,242	47.5	\$ 175,659	46.6
Total Retail and Wholesale Sales (Excluding Non-Firm and Participation Sales)		7,569,947	71.0	\$ 317,282	84.1
Other Utilities (Firm and Non-Firm)		1,783,021	-	28,996	7.7
Participation Sales ⁽¹⁾		3,306,644	1. -	38,246	10.2
Total Revenues from Electric Energy Sales		10,659,612	100.0	\$ 384,524	102.0
Other Operating Revenues (Net of Deferred Revenues)				\$ (7,401)	(2.0)
Total Electric System Operating Revenues				\$ 377,123	100.0

	MWh		Production Costs (Thousands)	
	AMOUNT	%	AMOUNT	%
GENERATION				
Production:				
Electric System (Including Interchange)	1,116,016	10.0	\$ 24,840	8.9
Purchased:				
Power Supply System ⁽¹⁾	5,741,967	51.5	\$ 143,755	31.4
Nuclear Facility ⁽¹⁾	2,402,279	21.5	70,833	25.3
Other	1,899,190	17.0	40,383	14.4
Total Power Purchased	10,043,436	90.0	\$ 254,971	91.1
Total Power Produced and Purchased	11,159,452	100.0	\$ 279,811	100.0

⁽¹⁾ The Electric System purchases 100% of the net generation and power purchases of the Power Supply System and 50% of the Nuclear Facility based upon the total costs of the respective systems. Pursuant to the Power Sales Contract, Iowa Power, Inc. purchased 2,401,528 MWh. Iowa Power, Inc. participation is not included in the table.

GENERAL	1991	1990	Increase (Decrease) ⁽¹⁾
	(Thousands)		
Utility Plant (at cost):			
Electric System	\$ 743,900	\$ 751,121	\$ (7,221)
Power Supply System	719,597	711,279	8,318
Nuclear Facility	651,231	623,366	27,865
Total Utility Plant	\$ 2,114,728	\$ 2,085,766	\$ 28,962

	Number of Plants ⁽²⁾	Accredited Capability (MW)	Percent of Total
Production Plant Facilities:			
Steam--Conventional	3	1,511.0	58.0
Steam--Nuclear ⁽³⁾	1	778.0	29.9
Hydro	9	159.9	6.1
Diesel	8	37.9	1.5
Peaking Turbine	3	116.0	4.5
Total Production Plant Facilities	24	2,602.8	100.0

⁽¹⁾ Net of retirements.

⁽²⁾ Includes one steam plant, six hydro plants and eight diesel plants under contract to the District.

⁽³⁾ Includes 389 MW contracted to Iowa Power, Inc.

Transmission Facilities: Miles of Transmission Line in Service	6,359
Personnel: Number of Permanent Employees	2,256

NPPD BOARD OF DIRECTORS



Warren R. Cook-Chairman, Businessman, Norfolk, served since January 1987

Gwen M. Cooper-First Vice Chairman, Home Economist/Homemaker, Beatrice, served since August 1988

Bruce W. Gustafson-Second Vice Chairman, Farmer/Rancher, Holdrege, served since January 1983

Darrell J. Nelson-Secretary, Farmer/Rancher, Oconto, served since January 1985



Wayne E. Boyd, Attorney, South Sioux City, served since March 1982

David L. Duren, CPA, Columbus, served since January 1978

John D. Hamilton, Railroad Employee, Lincoln, served since January 1991

Ralph E. Holzfaster, Agribusinessman/Farmer, Paxton, served since January 1981



Ralph D. Johnson, Economist, Lincoln, served since January 1985

Thomas D. Michels, Professional Engineer, Kearney, served since January 1983

Les S. Taylor, Businessman, York, served since January 1979

MESSAGE FROM THE PRESIDENT & CEO

"Public Power, Personal Pride." These words on our cover emphatically sum up NPPD's covenant with our customers and fellow Nebraskans. In my messages the past two years, I emphasized NPPD's commitment to supplying our customers with a safe, low-cost and reliable supply of electricity. We have a very economical and well-balanced energy supply system in this state, and we at NPPD have a responsibility to protect Nebraska's valuable power supply mixture of coal, nuclear and hydroelectric generating resources. We take this obligation very seriously. Our challenge in recent years has been to renew contracts with both our retail and wholesale customer sectors. During 1991, we renewed contracts with five of our wholesale customers, and now have 73 wholesale contracts in place. We also have long-term arrangements with 206 communities that we serve at retail. These customers have placed an important part of their futures in our hands. Our emphasis can now be entirely focused on providing quality service to them, which we believe equates



with being sensitive to their needs. Studies indicate that the type of service customers expect is changing. And surveys show that customers want utilities to take a leadership role in protecting the environment and be concerned community leaders. NPPD stands ready to meet these challenges. In this report, we will introduce you to several NPPD employees. They represent the dedicated and talented work force we have throughout the state. NPPD employees are more than just utility workers in our communities. We are mayors, city councilmen, little league coaches and emergency medical technicians. We are community club officers, school board members, Sunday school teachers and scout leaders. We are national guardsmen and reservists, volunteer firemen and blood donors. We care about our communities, and we demand clean air and clean water. At NPPD, we believe utilities have to continue to be environmental stewards, even though at times that may be in conflict with keeping rates low. That's what our customers want, and we must be responsive. However, being sensitive to customers' desires means more than just throwing money at a problem. We have a

responsibility to exercise good judgment on whether the expenditures are appropriate. ¶ It is very likely that we will have to spend several million dollars on the environment in order to obtain a new license to operate our North Platte Hydro Project. We will probably have to reduce our hydro generation somewhat in order to increase water flows for wildlife use. We are buying land and developing habitat for threatened and endangered species. ¶ We are also committed to helping this state move forward with siting and construction of an environmentally secure facility to dispose of low-level radioactive waste. Since 1988, we have spent \$5 million as Cooper Nuclear Station's pro rata share of precertification activities required to put this facility into operation. We believe such expenditures are appropriate, because it is vital to the operation of our nuclear plant that we have a place to safely and responsibly dispose of our waste. ¶ At the same time, utilities must consistently assess the cost-versus-benefit ratio of environmental improvements. Spending money unnecessarily would drive up electricity costs, and energy costs are a major determinant of a community's economic health. ¶ As the rest of the country struggles to recover from a recession, Nebraska's economy has remained strong, and we at NPPD are determined to do our part to keep it so. We have a responsibility to hold down our costs so

our businesses and, therefore, our communities may flourish.

¶ In 1991, we made several strides in holding down costs. A major accomplishment was the restructuring of our wholesale rates into summer and winter categories. We believe the restructuring will increase the efficiency of our total operations. ¶ We were again able to sell our excess generating capacity, and we had another excellent year financially. A long-term agreement to sell 100 megawatts of participation capacity will result in capacity sales revenues of more than \$10 million per year. ¶ Another major step forward was the formation of a Retail Community Customer Committee which functions in much the same way as our Wholesale Customer Committee. Both are excellent forums for us to communicate with our customers and get to know their needs. ¶ This utility and our employees have a serious commitment to our customers and all of our fellow Nebraskans. We take great pride in our role as power producers, as community leaders and as neighbors and friends. "Public Power, Personal Pride" is not just a theme. For us at NPPD, it is a way of life.



Ronald W. Watkins, President and CEO

MESSAGE FROM THE CHAIRMAN OF THE BOARD

We had projected that the recessionary period troubling most of the nation would have only a modest effect on Nebraska's economy. As we review the events of 1991, we are pleased to report that the state's economy has, indeed, avoided much of the recession's adverse impact. ¶ It has been reported in various local and national publications that Nebraska led the nation in nonfarm employment growth for most of 1991. Our employment growth in the service, trade and manufacturing sectors remains high, and our overall unemployment rate continues to be the lowest of the 50 states. In concert with the growth in employment, personal-income growth in Nebraska also reflects our dynamic and growing economy. ¶ These are exciting times for the utility industry, and it is very satisfying to be able to serve Nebraskans by directing the state's largest public power district. This Board feels a deep responsibility to support the economic health of this state by providing the energy required to nourish it. We feel that Nebraska is in an excellent position to continue with the economic expansion of the past two years. We continue to work closely with other public and private agencies to help provide a climate in which businesses and industries can expand. ¶ Energy use patterns and economic strength have always been closely

intertwined. We continue to have abundant low-cost electric energy available. This Board is committed to not only keeping our rates low and stable, but to look out for the economic health of our communities by providing services that will help our customers remain competitive. Low rates help hold down costs for our industries and make them more competitive in national and international marketplaces. This makes Nebraska more attractive to new industry and enhances our customers' well-being through the creation of jobs and the resulting investment in our communities. ¶ Many complexities face the utility industry, and during 1991, these concerns required very serious deliberation. Space will not permit the citing of all the issues in which this Board has been involved, but I believe that three of them played a major part in the Board's activities. These are the relicensing of NPPD's North Platte Hydro Project on the Platte River, disposal of low-level radioactive waste, and the restructuring of our wholesale and retail electric rates. ¶ With regard to the matter of relicensing, a lot of time and effort has been put forth by our Board, our management and many others involved in this process. Relicensing is an entirely different program today than when the first license was issued some 50 years ago. It involves the storage and use of water for irrigation and hydroelectric generation and sensitivity to environmental and

recreational interests. It is vital that we reach a conclusion that considers all of these concerns. ¶ Probably the most publicized and controversial issue which involves this Board is the siting of a facility to store Nebraska's low-level radioactive waste. The issue has stirred strong emotions among both supporters and opponents. NPPD is taking a leadership position regarding this issue. We feel it is in the best interest of all Nebraskans that we proceed toward a satisfactory resolution of this matter. ¶ The third issue in which we were heavily immersed was the restructuring of both our wholesale and retail electric rates. Representatives of our Wholesale Customer Committee, a nationally recognized consulting firm and our management personnel spent countless hours developing a rate structure that incorporates a summer-winter seasonal rate concept. The Board conducted two public hearings for wholesale customers to voice their views. ¶ After many hours of discussion and 16 customer meetings held throughout the state, the Board, in early 1992, approved the restructuring of retail electric rates. We have had seasonal rates in place for most retail customers



for many years, but the adjustments place stronger emphasis on customer usage patterns in summer and the costs necessary to serve various types of customers. Our intent is to level the peaks and valleys of electric demand so we can use all of our facilities more efficiently. We are satisfied that these concepts are best for all of our customers over the long term. ¶ Many other issues involved this Board, and I can say unequivocally that all of the items presented to us were accorded extreme care and evaluation. This Board feels that NPPD has a good, sound management program. Our number one obligation is to provide Nebraskans with the best service and lowest rates that we can reasonably achieve. The customers of Nebraska Public Power District come first in all of our deliberations. We are a public service organization, and we take pride in our personal commitment to them.

Warren R. Cook, Chairman

We reached our highest peak demand on record during 1991. Our customers used 1.819 million kilowatts of power on July 17 at 5 p.m. This surpassed the 1990 peak demand by 89,000 kilowatts. The previous demand record of 1.743 million kilowatts occurred in 1988. The system peaks in the summer due to irrigation and air-conditioner use. ¶ The highest peak demand reached during the winter months in 1991 was 1.297 million kilowatts, in January. An extreme cold spell contributed to the record winter peak demand on the system of 1.369 million kilowatts in December 1989. ¶ Our efforts to balance the winter/summer seasonal demand, and thus improve the system's overall efficiency, continued unabated during 1991. Normally, the system winter peak demand is about 70 to 75 percent of the summer peak demand and, to help offset this imbalance, we continue to encourage winter usage through several programs. These include incentive payment rebates to customers who install or convert to electric space heating/electric water heating, targeted media advertising, direct mail and dealer seminars. ¶ Two "Heating Up Winter



Sales" seminars were designed and conducted to assist our wholesale customers—rural power districts, cooperatives and municipalities—increase winter load. ¶ During 1991, we added 55,399 kilowatts of connected load through the electric space heating/water heating incentive program. The program is available to both retail and wholesale customers. There were 6,245 installations, and incentive payments for these totaled \$1,834,570. ¶ Primarily through our wholesale customers, aggressive load control measures continue to play an important role in efforts to lower the summer peak and more efficiently utilize our resources in summer. ¶ Since we currently are in a surplus capacity condition, aggressive marketing to balance the winter/summer load continues as a priority. A Customer Marketing Support (CMS) System, designed to utilize improved marketing information and communications capability to better serve our customers, was developed during 1991. The system will also benefit our marketing efforts in energy sales and load-building activity through contacts with industrial prospects, architects, engineers, contractors, economic development organizations and other

Chet Harger, Warehouseman, Gerald Gentleman Station

There are 39,000 repair parts in the warehouse at Gerald Gentleman Station, and Chet Harger can find every one. At other times, you can find him on the business end of a fire axe as a captain on the Madrid volunteer fire department.

customers. ¶ New locations of companies engaged in food processing and plastics manufacturing and expansions of existing Nebraska firms during 1991 contributed to job growth in our service area. ¶ Aggressive marketing efforts for our surplus capacity helped to better utilize resources and will help minimize future rate increases. Iowa Public Service (IPS) signed an agreement to purchase 100,000 kilowatts of capacity and associated energy from our Gerald Gentleman Station coal-fired plant. The long-term sale to IPS will result in capacity sales revenues of \$7.0 million in 1992 and more than \$10.0 million per year through 2000. By comparison, revenues from all of our surplus capacity sales during 1991 total \$3.5 million. ¶ We completed our portion of the work on the Missouri-Iowa-Nebraska Transmission (MINT) line project. The MINT project involves building a 105-mile, 345,000-volt transmission line starting at our Cooper Nuclear Station and ending near St. Joseph, Missouri. ¶ Other partners in the \$34.5 million project are Associated Electric Cooperative, Inc., St. Joseph Light and Power, Kansas City Power and Light, Iowa Power, Inc., Omaha Public Power



District and Lincoln Electric System. The contract is for 40 years. ¶ The MINT line will provide additional markets for the surplus capacity. The line is expected to be in service in June 1992. ¶ As a member of the Mid-Continent Area Power Pool (MAPP), the electric power grid for the upper Midwest, we have the opportunity to make nonfirm spot sales or firm contractual sales to utilities in that region. We continually sell electricity when surplus generation is available or buy from other power suppliers when their production costs are lower. ¶ Through MAPP, we also have the reserves of an entire region to call upon during emergencies and maintenance outages. ¶ This reduces the need for surplus capacity, saving millions of dollars annually, and increases the reliability of the power supply. ¶ Electric System operating revenues in 1991 were \$377.1 million, while operating expenses were \$365.6 million. Operations of the Electric System resulted in net revenues of \$3.7 million. These net revenues, when adjusted for noncash items and the provision for operating expense reserve, as provided in the Electric System Revenue Bond

Nick Reyes: Distribution Serviceman, Scottsbluff

On the job, you might see Nick Reyes in "the bucket," changing street lights around Scottsbluff. Off the job, he spends time teaching young Air Jordans to "sky." The personal high Nick gets from coaching youth leagues at the YMCA comes from watching kids grow and learn.

Resolution, resulted in debt service coverage of 1.75 times. ¶ A new method of determining wholesale rates was adopted in response to wholesale customer requests to review the previous method of setting rates. ¶ Wholesale rates were last adjusted in 1990 for the 1990-91 period at which time they were reduced an average of 2.0 percent.

¶ The Board of Directors approved the 1992-1993 wholesale rates during 1991 which will result in the average wholesale customer's power costs decreasing 1.8 percent, excluding the production cost adjustment. ¶ The new wholesale rates were developed using a new rate methodology that, for the first time, includes winter/summer rate differentials for wholesale customers. The new rate methodology is, in and of itself, revenue-neutral, but changes the way we will be collecting revenue from our wholesale customers. The new methodology places greater emphasis on the control of summer loads through higher rates and encourages growth in winter loads through lower rates. Controlling summer load and adding winter load helps us use resources more efficiently and defers construction of new power resources. ¶ Beginning in 1991, the cost of hydroelectric power

we purchased from the Western Area Power Administration (WAPA) increased 14 percent. Another rate increase of approximately 7 percent is scheduled for 1992. The revenue received from the sale of our excess capacity allowed us to actually reduce wholesale rates despite the significant increase in WAPA power costs. Approximately 7 percent of our energy requirements are supplied by WAPA.

¶ A retail cost-of-service study was completed in early 1992. Results of this study, which incorporates the same methodology used to establish wholesale rates, will aid us in a further refinement of our retail rate structure. An adjustment of basic retail rates, the first since 1988, will be put into effect in April 1992. ¶ Early in 1992, we issued \$149.0 million in Electric System revenue bonds to refinance some earlier borrowings and to finance some additional construction projects. The refinancing includes the retirement of \$13.0 million in commercial paper and the refunding of approximately \$71.4 million in 1976 Series A Bonds. By taking advantage of the lower interest rates in refinancing the 1976 Series A Bonds, we will save approximately \$4.8 million over the



Russ Nyffler-Environmental Supervisor, Columbus General Office

As an avid fisherman and camper, Russ Nyffler's love for the environment goes beyond his duties as environmental supervisor. He shares our commitment to preserving the land. "We're Nebraskans, too. We take pride in protecting our state's valuable resources."

next 14 years, which will result in annual savings to our customers of approximately \$340,000. § The 1992 bonds were issued, in part, to pay the construction costs of a new system

control center to be built near Doniphan, a new regional office center at Kearney and other additions and improvements. § The new revenue bonds were issued at an average interest rate of 6.169 percent with coupons ranging from 3.70 percent to 6.25 percent. § Two nationally recognized rating agencies, Standard and Poor's Corporation and Moody's Investor Service, rated the bonds at A+ and A1, respectively. According to the rating agencies, we have a strong operating record and sound financial position. Since our overall financial strength comes from long-term contracts with our wholesale and retail customers, Moody's commented that these contracts "provide some certainty to the District's future revenue stream."

§ Total kilowatt-hour sales in 1991 were a record 10.7 billion, surpassing the previous high of 10.6 billion kilowatt-hours set in 1988. The 106,231 retail customers used 2.5 billion kilowatt-hours which was 3.7 percent higher than the 1990 usage. Our retail division

includes 201 cities and villages in which we lease the distribution systems under long-term Lease Agreements and five communities in which we directly own the distribution systems.

§ Firm wholesale sales to 25 public power districts and rural cooperatives were 3.7 billion kilowatt-hours which was 5.9 percent higher than the previous year.

Firm wholesale sales to 48 total-requirements municipalities and 20 interconnected and partial-requirements municipalities were 1.4 billion kilowatt-hours, an increase of 3.8 percent from 1990. The remainder of the wholesale sales were nonfirm transactions and participation sales to other utilities. § During 1991, approximately 76.5 percent of our total kilowatt-hour sales were to wholesale customers and 23.5 percent to retail customers. § The power and energy generated to serve our customers' needs came 50 percent from coal, 23 percent from uranium, 15 percent from water (hydro) and only 2 percent from gas, oil or diesel. § A Retail Community Customer Committee was formed in 1991 to expand and enhance communications with the cities and villages we serve at retail. Although we already have good relationships with our customers, the Committee will give our customers



Maury Ruhter-Scheduler, Hastings Control Center

As a scheduler, Maury Ruhter-Scheduler buys and sells power to or from other utilities. Currently, NPPD is helping him complete something powerfully important to him—his education. Maury will receive a bachelor's degree in business this spring through our tuition reimbursement program.

direct access to us on a regular basis. The Committee has representation from communities in each of our four electric regions. The Committee provides a forum for retail customers to address issues or concerns they may have. ¶ As a result of the Lease Agreements, which provide for the lease of the distribution systems, the cities and villages received more than \$13.3 million in lease payments during 1991. ¶ County treasurers in 70 counties where we provide electric service to one or more communities or own other property received in-lieu-of-tax and gross-revenue tax payments of nearly \$5.0 million. These payments are required under state law, and distribution of the funds is made by county treasurers to counties, cities, villages and school districts according to a prescribed formula relating to mill levies. ¶ Two important ongoing projects which continued during 1991 were the relicensing of our North Platte hydroelectric facility associated with the Platte River and licensing of a facility for the disposal of low-level radioactive waste. These two issues demanded considerable commitment of our resources and continued to attract widespread media and citizen attention. ¶ We continued in our effort to obtain a long-term license for our North Platte Hydroelectric Project (Project

No. 1835) located along the North and South Platte Rivers between Lake McConaughy and North Platte. Along with the Central Nebraska Public Power and Irrigation District, which owns a separately licensed but related hydroelectric project, we have been working to obtain new licenses from the Federal Energy Regulatory Commission (FERC). Applications for new licenses were submitted in 1984, and annual licenses have been issued by FERC since expiration of the original 50-year licenses in 1987. ¶ During the year, we received additional data requests from FERC for their use in preparation of a draft Environmental Impact Statement (EIS) for the relicensing of these projects, and we conducted the necessary studies and provided responses in accordance with those requests. The draft EIS was subsequently issued early in 1992. ¶ Late in 1991, we submitted a settlement proposal to FERC for our project that provides for substantial environmental enhancement measures for endangered species, sandhill cranes, migratory waterfowl and other wildlife. We have always felt that a negotiated settlement to the relicensing issues is in the best interests of Nebraska and our customers. ¶ The settlement proposal provides that we would acquire land rights to develop and maintain wildlife habitat. In addition, the

Penny Vincent-General Clerk, Oshkosh

To the people of Oshkosh, our organization is a petite dynamo named Penny Vincent. As a general clerk, Penny talks with customers daily. And those conversations are just as likely to center on a customer's new grandchild as they are on power lines and electric lights.

proposal provides for bypass flows at the Keystone and Kearney Divisions to provide fishery maintenance flows; bypass flows to transport sediment sands downstream to the Kory Diversion; conservation studies to determine the feasibility, costs and impacts of water conservation measures along our hydro and irrigation supply systems and the on-farm application; monitoring studies to evaluate habitat enhancement activities; and a commitment to pursue additional habitat enhancement through cooperative joint measures with other public and private entities.

¶ Work continued with regard to the development of nesting habitat for the endangered least tern and the threatened piping plover as required by a 1990 FERC order. We developed two sand pit sites for tern and plover nesting to compare usage, maintenance costs and durability of the sand pits and on-river islands. During 1991, we built and had available for nesting an island in the river and a leased sand pit in the same area. We are developing a seven-acre island as well as a nearby 70-acre sand pit site, both of which are expected to be completed for nesting in 1992. ¶ We continue to work with the Central Interstate Low-Level Radioactive Waste Compact Commission and the other nuclear utilities within the five-state

low-level waste compact to assure that a low-level waste disposal facility is available on a timely basis. Any such facility must meet strict requirements to protect the public health and safety.

¶ Events during 1991 continue to concern us and the other nuclear utilities in the five-state compact. These events include increasing costs for precensing activities, delays in the project schedule and the embezzlement conviction of the former Compact Commission executive director.

¶ Also concerning us is the issue of public acceptance of the project in the host county and the high level of political involvement in the process. ¶ Nebraska had previously been chosen as the host state. We have increased our efforts to facilitate the process, and are encouraged that our Compact was one of three in the nation to meet the federal milestone for a complete license application by January 1, 1992. Since the license application was certified as complete, we will be allowed continuing access, in 1992, to the existing disposal sites and avoid costly surcharges of shipments of low-level waste.

¶ Our waste is presently being shipped to Washington, Nevada and South Carolina. After 1993, those three states no longer are required to accept the waste from the nation's nuclear plants. In January 1996, Federal



Kurt Oates - Gas Turbine Specialist, Sheldon Station

Kurt Oates' skill with machinery keeps our gas turbines running smoothly. In September of 1991, Kurt may have given a woman the chance to run again. He used skills he perfected as a first aid instructor to save the leg of a construction worker injured at the McCook power plant.

law requires each state to accept the responsibility for its own waste. ¶ We remain committed to do everything reasonably possible to assure that a disposal facility is available to safely dispose of low-level radioactive waste for the benefit of all Nebraskans. ¶ Cooper Nuclear Station had a gross generation of 4,961 billion kilowatt-hours during 1991, and we met or exceeded performance goals in six of the ten performance areas for which 1991 goals were established. Three-year data indicates that we have met or exceeded the median industry performance in nine of the ten performance areas. This achievement is particularly significant in view of the substantial performance improvements made by the nuclear industry in recent years. ¶ The plant was shut down from October 4 to December 17 for a scheduled refueling and maintenance outage. The refueling outage was extended approximately two weeks, partly due to concerns associated with the reactor pressure-vessel-head studs, which were replaced. While the outage extension had a negative impact on performance for two of the stated goals—unit capability factor and collective radiation exposure—in total, the outage was considered to be very successful. ¶ There were no unplanned automatic scrams experienced



during the year at Cooper Station which is a first for any year of normal scheduled operation since the plant commenced commercial operation in 1974. ¶ Gerald Gentleman Station, a two-unit coal-fired plant and the largest generating facility on our system, had gross generation of 6,086 billion kilowatt-hours, which was the second highest since the second unit went on line in 1982. The two nominally rated 650,000-kilowatt units burned 3,315,000 tons of low-sulfur coal from Gillette, Wyoming, area mines. ¶ Gentleman Station is utilized as a primary-load-following plant, which means that the Station will be below the national average for capacity factor because the units are not always fully loaded. However, the cost per kilowatt-hour is very competitive with other facilities in the region. ¶ Major progress was made on the rail spur to connect the Station to the Union Pacific mainline in order to assure competitive transportation rates for a coal supply. Currently, the Station is a captive customer of Burlington Northern. ¶ The final route for the spur was selected, allowing initial contact with affected landowners. ¶ The application for the U.S. Corps of Engineers 404 permit was submitted during the year, and the permit was issued early in 1992. ¶ At our Sheldon Station coal-fired plant,

Ron Jones, Receipt Inspector, Cooper Nuclear Station

Called to duty in Operation Desert Storm, Ron Jones was proud to serve. "I've been in the reserves for 22 years with Uncle Sam paying me to do a job. It was time to pay him back." While in Saudi, Ron received extraordinary support from friends, family and NPPD.

gross generation during the year was 1,130 billion kilowatt-hours. This facility had its highest capacity factor since 1978, the year the first unit of Gentlemen Station went on line.

Sheldon burned 648,000 tons of coal. ⁵ Sheldon Station observed its 50th anniversary during the year with an open house attended by more than 3,000 people. ⁶ We had seven persons called to serve in Operation Desert Shield and Desert Storm. As an organization, we supported them by extending their pay for an extra month in addition to their military compensation. On the home front, we supported them by writing letters, sending care packages and spending time with the servicemen's families. Once their service was complete, we welcomed them home with individual receptions honoring each reservist or guardsman. Once they had all returned home, we held a formal reception featuring Nebraska's Congressional Representative Bill Barrett. We were honored for this support with an award from the Defense Department. ⁷ In other noteworthy activities for 1991, we: ⁸ Earned the first-place award in the American Public Power Association's 1991 Safety Contest for publicly owned utilities with more than four million workers

hours of annual exposure. This award is indicative of the high standards in the work place that are vital to safe and productive

utility operations. ⁹ Selected a site at Doniphan in south-central Nebraska as the location of a new system-wide control center which has an estimated cost of \$21.6 million, including the sophisticated computer network, hardened building, parking and land acquisition. ¹⁰ Purchased a new regional office building in York, a new district office building in Plattsmouth and neared completion on a new facility in Kearney to house regional operations, area transmission and substation crews and irrigation crews. ¹¹ Completed a new hardened Data Center housing our computer equipment as part of a new addition to the Columbus General Office. ¹² Initiated a program for in-house thermovision testing on transmission lines and purchased an infrared camera that we are also making available to our wholesale customers. ¹³ In the Red Willow substation, installed a completely rewound 345,000-volt transformer that failed in July of 1990. The transformer was returned to service in July 1991, which is a time frame well ahead of what is considered a normal schedule in the industry. The substation

Gaylord Sangster, District Superintendent, Geneva

Being superintendent of a six-county district should be enough responsibility for anyone. Not Gaylord Sangster. When he goes home, he starts his other full-time job as mayor of Geneva. Gaylord became mayor due to his love for the community and a desire to see Geneva grow.

provides a major tie with Sunflower Electric Cooperative in Kansas. ■ Completed the second year of a three-year program for a commercial testing company to perform comprehensive inspection of all hydraulic aerial equipment to ensure the safety and reliability of the equipment and safety of our people. ■ Continued to make progress in meeting our Affirmative Action goals in the hiring and

promotion of minorities and females.

■ Established a co-op lineman program with Northeast Community College and hired seven students from that program for summer employment. ■ Implemented a number of cost containment and managed-care modifications in our self-funded medical benefits plan and retained Blue Cross-Blue Shield of Nebraska as our hospital-medical claims administrator. ■ Provided training to those who are certified American Red Cross instructors who, in turn, trained more than 1,000 us in first aid and CPR techniques.

■ Solved ergonomic problems and solutions involving injuries for back strain, carpal tunnel syndrome and vibration injury and tested ergonomic aids such as back supports, wrist supports and vibration-damping gloves.

■ Adopted procedures assuring continued compliance with Environmental Protection Agency regulations on hazardous materials emergency response to protect those who may be required to respond to chemical spills. ■ Implemented a new management assessment center program utilizing the Development Dimensions International Program.

■ Developed a customer relations workshop to be offered to people throughout our organization and also developed a publication which lists all the workshops and resources we make available to our wholesale customers. † We

consider our commitment to serving our customers as more than just a job. We

believe in the concept of public power, and take personal pride in our efforts to serve customers. We carry this responsibility with us on the job and when we are finished working for the day.

‡ Our employees' willingness to serve their communities, both on the job and off, has contributed to the success of our organization. Through their efforts,

we have been able to achieve many of our organization's goals during the past year.



Nancy Hawkins-Consumer Education Specialist, Kearney

Going back to school keeps Consumer Education Specialist Nancy Hawkins on the run, but these days she goes to the head of the class. She travels throughout Central Nebraska educating students through senior citizens about the importance of electrical safety, natural resources and protecting the environment.

NPPD ELECTRIC SYSTEM

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District

We have audited the accompanying balance sheets of the Electric System of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1991 and 1990, and the related statements of revenues and expenses and accumulated net revenues, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric System of Nebraska Public Power District as of December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of the calculation of the debt service ratios in accordance with the Electric System Bond Resolution for each of the three years in the period ended December 31, 1991, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coopers & Lybrand

Omaha, Nebraska
March 3, 1992.

NPPD ELECTRIC SYSTEM

Balance Sheets — December 31, 1991 and 1990

Balance Sheets — December 31, 1991 and 1990	1991	1990
	(Thousands)	
ASSETS		
Utility Plant, at Cost	\$ 743,900	\$ 751,121
Less—Reserve for depreciation and amortization (Note 1)	336,038	360,816
	<u>\$ 407,862</u>	<u>\$ 390,305</u>
Debt Reserve Account	\$ 30,171	\$ 30,132
Receivables:		
Advance to Power Supply System (Note 3)	\$ 6,100	\$ 6,100
Sale of property	5,980	7,016
	<u>\$ 12,080</u>	<u>\$ 13,116</u>
Current Assets:		
Cash and investments (Note 1)	\$ 112,223	\$ 124,170
Receivables, less reserves	47,085	49,529
Materials and supplies, at average cost	11,236	9,661
Prepayments and other assets	515	488
	<u>\$ 171,059</u>	<u>\$ 183,848</u>
Deferred Compensation Plan Assets (Note 5)	\$ 12,422	\$ 11,563
Deferred Charges:		
Nuclear Facility billings (Note 1)	\$ 23,010	\$ 16,737
Unamortized financing costs	1,425	1,593
Other	694	2,330
	<u>\$ 25,129</u>	<u>\$ 20,660</u>
	<u>\$ 658,723</u>	<u>\$ 649,624</u>
LIABILITIES AND CAPITAL		
Accumulated Net Revenues (Note 1)	\$ 220,518	\$ 216,853
Long-Term Debt (Note 2)	\$ 282,690	\$ 295,312
Commercial Paper Notes (Note 3)	58,915	58,915
	<u>\$ 341,605</u>	<u>\$ 354,227</u>
Less—Current maturities (Note 2)	13,360	12,744
	<u>\$ 328,245</u>	<u>\$ 341,483</u>
Current Liabilities:		
Current maturities	\$ 13,360	\$ 12,744
Accounts payable	14,864	16,373
Accrued lease payments	6,860	6,819
Other	10,956	7,680
	<u>\$ 46,040</u>	<u>\$ 43,616</u>
Deferred Compensation Plan Liabilities (Note 5)	\$ 12,422	\$ 11,563
Deferred Revenues (Note 1)	\$ 50,461	\$ 34,902
Unamortized Payment Received for Refinancing Costs	\$ 1,037	\$ 1,207
	<u>\$ 658,723</u>	<u>\$ 649,624</u>

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

NPPD ELECTRIC SYSTEM

Statements of Revenues and Expenses and Accumulated Net Revenues
for each of the Three Years in the Period Ended December 31, 1991

	1991	1990	1989
	(Thousands)		
Revenues and Expenses:			
Operating Revenues (Note 1)	\$ 377,123	\$ 379,283	\$ 369,660
Operating Expenses:			
Power purchased—			
Nuclear Facility and Power Supply System (Note 1)	\$ 214,588	\$ 223,622	\$ 216,406
Other	40,383	33,551	33,880
Production—			
Fuel	10,534	10,803	10,341
Operation and maintenance	14,306	14,707	14,208
Other operation and maintenance	37,213	35,775	38,619
Lease payments (Note 1)	13,354	12,657	10,363
Depreciation and amortization (Note 1)	30,029	25,555	24,424
Payments in lieu of taxes	5,203	4,984	4,941
Total operating expenses	\$ 365,610	\$ 361,654	\$ 353,182
Net operating revenues	\$ 11,513	\$ 17,629	\$ 16,478
Interest and Other Revenues:			
Allowance for funds used during construction	\$ 1,344	\$ 995	\$ 591
Interest and other	11,053	12,903	13,855
Total interest and other revenues	\$ 12,397	\$ 13,898	\$ 14,446
Net revenues before other deductions	\$ 23,910	\$ 31,527	\$ 30,924
Other Deductions:			
Bond interest	\$ 18,029	\$ 18,693	\$ 19,305
Other interest	2,216	3,011	3,206
Total other deductions	\$ 20,245	\$ 21,704	\$ 22,511
Net Revenues (Note 1)	\$ 3,665	\$ 9,823	\$ 8,413
Accumulated Net Revenues (Note 1):			
Beginning balance	216,853	207,030	198,617
Ending balance	\$ 220,518	\$ 216,853	\$ 207,030

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

NPPD ELECTRIC SYSTEM

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

	1991	1990	1989
	(Thousands)		
Cash flow provided by (used in) operating activities:			
Net revenues (Note 1)	\$ 3,665	\$ 9,823	\$ 8,413
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	30,029	25,555	24,424
Depreciation charged to operations	879	842	825
Amortization of deferred charges—			
Nuclear Facility	6,964	20,300	12,287
Changes in assets and liabilities:			
Receivables, less reserves	3,480	2,969	(5,975)
Materials and supplies	(1,575)	323	(567)
Prepayments and other assets	(27)	40	(59)
Addition to deferred charges—			
Nuclear Facility	(13,237)	(14,146)	(9,107)
Other deferred charges	1,804	1,457	1,893
Accounts payable and Accrued lease payments	(1,468)	(667)	(1,923)
Deferred revenues	15,559	4,699	19,475
Other liabilities	3,217	(1,401)	3,590
Net cash flows provided by operating activities	\$ 49,290	\$ 49,794	\$ 53,276
Cash flows provided by (used in) investing activities:			
Utility plant additions	\$ (49,472)	\$ (35,201)	\$ (33,303)
Proceeds from sale of property	1,008	1,458	1,964
Net change in Debt Reserve Account	(39)	54	30
Sale of investment securities	311,070	320,926	188,705
Purchase of investment securities	(287,723)	(331,652)	(194,111)
Net cash flows used in investing activities	\$ (25,156)	\$ (44,415)	\$ (37,281)
Cash flows provided by (used in) financing activities:			
Repayment of long-term debt	\$ (12,733)	\$ (12,286)	\$ (11,479)
Repayment of notes payable	—	—	(517)
Net cash flows used in financing activities	\$ (12,733)	\$ (12,286)	\$ (11,996)
Net increase (decrease) in cash	\$ 11,401	\$ (6,907)	\$ 3,999
Cash beginning of year	30,012	36,919	32,920
Cash end of year	\$ 41,413	\$ 30,012	\$ 36,919

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

Supplemental Schedule of Non-Cash Investing Activities:

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

NPPD ELECTRIC SYSTEM

Supplemental Schedules—Calculation of Debt Service Ratio in accordance with the Electric System Bond Resolution for each of the Three Years in the Period Ended December 31, 1991

	1991	1990	1989
	(Thousands)		
Operating revenues (Note 1)	\$ 377,123	\$ 379,263	\$ 369,660
Operating expenses (Note 1)*	365,610	361,654	353,182
Net operating revenues	\$ 11,513	\$ 17,629	\$ 16,478
Interest and other revenues	12,397	13,898	14,446
Interest deductions	20,245	21,704	22,511
Net revenues per financial statements	\$ 3,665	\$ 9,823	\$ 8,413
Add:			
Deferred revenues excluded from operating revenues (Note 1)	\$ 15,559	\$ 4,699	\$ 19,475
Interest deductions	20,245	21,704	22,511
Depreciation and amortization	30,908	26,397	25,249
	\$ 66,712	\$ 52,800	\$ 67,235
Deduct:			
Provision for operating expense reserve (Note 1)**	\$ 15,559	\$ 4,699	\$ 19,475
Allowance for funds used during construction	1,344	995	591
Investment income retained in construction funds	141	3,637	3,736
	\$ 17,044	\$ 9,331	\$ 23,802
Net revenues available for debt service under the Electric System Bond Resolution (Note 1)*	\$ 53,333	\$ 53,292	\$ 51,846
Amounts deposited in the Electric System Debt Service Account:			
Principal	\$ 12,425	\$ 11,767	\$ 11,160
Interest	18,029	18,693	19,305
	\$ 30,454	\$ 30,460	\$ 30,465
Ratio of net revenues available for debt service to debt service deposits (Note 1)	1.75	1.75	1.70

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

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

** The Electric Resolution defines Operating Expenses to include payments into reserves in the Operating Fund for the payment of future operating expenses. The provision for operating expense reserve represents the net change in the cumulative surplus revenues in each respective year from both wholesale and retail service.

NPPD 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
- Power Supply System
- Nuclear Facility

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

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

B. Depreciation, Amortization and Maintenance—

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant was approximately 3% in each of the years ended December 31, 1991, 1990, and 1989.

The District has long-term lease agreements with approximately 200 municipalities. These lease agreements obligate the District to make lease payments and pay for normal property additions during the term of the lease. The District has recorded provisions for amortization of leased plant additions of \$6.7 million in 1991, \$5.3 million in 1990, and \$4.9 million in 1989. These leased plant additions, which are fully reserved, totaled \$64.4 million at December 31, 1991, and \$57.7 million at December 31, 1990.

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

C. Allowance for Funds Used During Construction (AFUDC)—

This allowance, representing the cost of funds used to finance construction, is capitalized as a component of the cost of utility plant and is credited to Interest and Other Revenues. The capitalization rates for construction financed with revenue bonds are based on the interest cost of each issue less interest income. The capitalization rate for construction financed by revenues is based on the weighted average rate of interest of the current outstanding borrowings. For the periods presented herein, the AFUDC rates vary from 6.0% to 8.0%.

D. Deferred Charges—

Deferred charges as of December 31, 1991, represents \$23.0 million of Nuclear Facility billings for certain capital additions. The District included amortization of these deferred charges of \$7.0 million in 1991,

\$20.3 million in 1990 and \$12.3 million in 1989, in power purchased expense. The above deferred charges are expected to be amortized as follows: 1992-\$11.8 million; 1993-\$11.2 million.

E. Unamortized Issuance Costs—

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

F. Unamortized Payment Received for Refinancing Costs—

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

G. Cash and Investments—

December 31,	1991	1990
	(Thousands)	
Revenue Fund	\$ 20,794	\$ 17,440
Operating Fund	15,284	12,149
Construction Funds	202	2,952
Commercial Paper Account	16,817	22,672
Reserve and Contingency Fund	1,236	1,237
General Reserve Fund	57,890	67,720
	\$ 112,223	\$ 124,170

Funds consist of \$70.8 million of investment securities and \$41.4 million of cash deposits at December 31, 1991, and \$94.2 million of investment securities and \$30.0 million of cash deposits at December 31, 1990. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1991, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1991, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

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

H. Deferred Revenues—

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

NPPD ELECTRIC SYSTEM

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

In the event the District's rates for wholesale and retail service, excluding the PCA, result in a surplus or deficit in revenues during a rate period, such surplus or deficit is taken into account in projecting estimated revenue requirements for future rate periods. Such treatment of wholesale revenues is stipulated by the District's long-term wholesale power supply contracts.

The combined surplus which arose in 1991, 1990, and 1989 from the PCA, wholesale, and retail service has been accounted for in these financial statements by a deferral of revenue. The cumulative surplus at December 31, 1991, to be reflected in future revenue requirements is approximately \$50.5 million.

I. Revenue Recognition—

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

J. Accumulated Net Revenues—

The accumulated net revenues consist primarily of cumulative operating revenues collected for utility plant additions net of related accumulated depreciation. The remaining accumulated net revenues will be fully offset by future depreciation expense. In addition, accumulated net revenues include cumulative interest income earned on Construction Funds which is not subject to the deferred revenue accounting described in Note 1H. This interest income was \$0.1 million in 1991 and \$3.6 million in 1990.

2. LONG-TERM DEBT

December 31,	1991	1990
	(Thousands)	
Revenue Bonds:		
Serial Bonds—		
4.90%-6.40%, due 1991 to 1995	\$ 26,730	\$ 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—		
5.70%, due 1991 to 2002	32,840	34,495
6.60%, due 1993 to 2003	33,200	33,200
6.75%, due 1991 to 1995	14,110	17,100
7.00%, due 1996 to 2005	57,250	57,250
	\$ 281,040	\$ 293,465
Lease Purchase Payables—		
2.00%, due 1991 to 2075	2,604	2,912
Unamortized Bond Discount	(954)	(1,065)
	\$ 282,690	\$ 295,312

As of December 31, 1991, principal payments of Electric System Long-Term Debt for the next five years are: 1992-\$13.4 million; 1993-\$14.1 million; 1994-\$14.9 million; 1995-\$15.8 million; 1996-\$16.8 million.

In January 1992, the District issued \$140.0 million of Electric System Revenue Bonds, 1992 Series A. This issuance consisted of \$64.6 million of Serial Bonds with coupon rates of 5.70% to 5.70% and \$75.4 million of Term Bonds with coupon rates of 6.00% to 6.25%. The proceeds from this issue will be used to refund \$71.4 million of Electric System Revenue Bonds, 1976 Series A, and to retire \$13.0 million of commercial paper notes. The remaining \$55.6 million will be used to partially fund 1992 and 1993 capital projects.

As a result of this issuance of Electric System Revenue Bonds, 1992 Series A, the revised principal payments of Electric System Long-Term Debt over the next five years are: 1992-\$14.0 million; 1993-\$14.7 million; 1994-\$16.7 million; 1995-\$17.5 million; 1996-\$18.3 million.

3. COMMERCIAL PAPER NOTES

The District is authorized to issue up to \$100.0 million of commercial paper notes. A letter of credit is maintained with a bank to support the sale of the commercial paper notes. This letter of credit expires in November, 1994. The effective interest rates on outstanding notes for 1991 and 1990 were 4.5% and 5.8%, respectively.

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

In 1992, \$13.0 million of commercial paper notes will be retired with proceeds from the 1992 Electric System Revenue Bonds, Series A, as described in Note 2. The remaining balance is anticipated to be retired from repayment of the Advance to the Power Supply System and from Electric System revenues.

4. RETIREMENT PLAN AND POSTRETIREMENT BENEFITS

The District has a retirement income plan covering its regular full-time employees, substantially all of whom have elected to participate. Employee's contributions to the plan are based on salary, and the District's contributions are allocated to each employee's trust account based on the employee's contributions to the plan. The plan provides for retirement income equal to the total of the employee's trust account, including trust earnings. The District's contribution was \$6.9 million for 1991, \$6.4 million for 1990, and \$5.6 million for 1989.

The District also provides certain health care, accident and life insurance benefits for retired employees. Substantially all of the District's retired employees are eligible for such benefits. The cost of providing these benefits was \$1.5 million for 1991, \$1.0 million for 1990, and \$1.0 million for 1989.

NPPD ELECTRIC SYSTEM

5. DEFERRED COMPENSATION PLAN

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

6. LITIGATION

In August 1985, Nucor Corporation ("Nucor"), a large industrial customer, filed a lawsuit against the District in the United States District Court for the District of Nebraska, requesting judgement for alleged overcharges in an undetermined amount from August 1, 1972, to January 1, 1980, and of \$10 million from January, 1980, through December, 1984. Nucor alleged in its complaint that the rates charged by the District were unfair, unreasonable and discriminatory as to Nucor. The District's answer denied Nucor's allegations and asserted various affirmative defenses. At trial, Nucor expanded the original claim of damages to include the years 1985 and 1986. In May 1987, a jury found that the rates charged Nucor were not fair, reasonable, and nondiscriminatory during each of the years 1974 through 1986 and it returned a verdict of damages in the total amount of \$7,492,340. In May 1987, the Court entered a judgement in the total amount of \$1,103,546.70, together with interest and taxable costs, after determining that the applicable statute of limitations barred any recovery of damages which occurred prior to August 14, 1980. The District appealed the verdict and judgement to the United States Court of Appeals for the Eighth Circuit. Nucor thereafter filed a cross-appeal, contending that judgement should have been entered on the full amount of the jury verdict, together with prejudgment interest. In June 1988, the Court of Appeals remanded the case to allow the District Court to address the question of whether the federal courts have subject matter jurisdiction over this action. In December 1988, the District Court entered an order finding that it had subject matter jurisdiction, and it later certified such finding to the Court of Appeals. In December 1989, a three-judge panel of the Court of Appeals filed an opinion that affirmed the judgement in all respects. The District's petition for rehearing was denied, and the District thereafter filed a petition for writ of certiorari in the Supreme Court of the United States, which was also denied. In October 1990, the District filed a motion for partial satisfaction of judgement in the District Court, requesting the Court to declare that the District is entitled to a credit against the judgement in the amount of \$1,527,301 because of a rate refund that was made to Nucor during 1987. Such motion was denied in July 1991. The District filed a motion for reconsideration of the ruling, which remains pending before the District Court. On October 19, 1990, the District made payment on the judgement to Nucor in the amount of \$2,876,245.70, plus \$713,207.73 for interest thereon and taxable costs.

In July 1988, Nucor filed a second lawsuit in the United States District Court for the District of Nebraska. Such action was stayed pending the outcome of the appeal of the previous lawsuit. In October, 1990, the District Court granted Nucor leave to file a second amended complaint which requests judgement against the District for alleged overcharges in an undetermined amount for each of the years 1987, 1988, 1989 and 1990; treble damages in an undetermined amount and attorneys' fees for alleged violations of the federal Sherman Act; damages in an undetermined amount and attorneys' fees for alleged violations of the Nebraska Consumer Protection Act; and damages in an undetermined amount and attorneys' fees for alleged deprivations of Nucor's property rights and liberty interests allegedly secured by the Fourteenth Amendment to the United States Constitution. The District has filed a motion to strike and to dismiss Nucor's second amended complaint, in whole or in part, based on lack of jurisdiction, failure to state a claim, and other pleading irregularities. The District's answer to the second amended complaint, if any is required, will not be filed until after the Court's ruling on the motion. Nucor's second amended complaint also named as additional defendants the eleven then-serving members and three former members of the District's Board of Directors, and alleged that such defendants, from 1974 to the present, acted to deprive Nucor of its substantive property right under the United States and Nebraska Constitutions to receive a fair and reasonable electric rate, and of its constitutionally protected liberty interests. Nucor seeks damages against such individual defendants in an undetermined amount, including punitive damages and attorneys' fees, under both federal and state civil rights statutes. In response to motions filed on behalf of such individual defendants, the District Court in July 1991 entered an order dismissing those portions of the second amended complaint which sought to impose liability against such defendants for their legislative acts. The District Court also dismissed Nucor's action against one former director based on the statute of limitations. Nucor voluntarily dismissed its action without prejudice against one former director, and it did not serve the third former director who was named as a defendant in the second amended complaint. The eleven individual defendants remaining in the action are not required to file an answer to the second amended complaint until such time as the District answers or is dismissed from the lawsuit.

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

NPPD ELECTRIC SYSTEM

Investigation and discovery conducted by the District before and during the Nucor litigation indicated that revenue collected from Nucor from September 1, 1973, to December 31, 1986, exceeded the revenue requirements for the service provided to Nucor during such period by the sum of \$1,527,301. This over collection was adjusted by a decrease in the electric rate applicable to Nucor for service provided during the period from March 1, 1987, through December 31, 1987. Although the rate was revised upward effective with service provided on and after January 1, 1988, Nucor has refused to make full payment of billing statements issued pursuant to the revised rate schedules, and it instead has been remitting partial payments based upon the reduced demand charge which was in effect during the period from March 1987 through December 1987. The amount of payments withheld by Nucor for service provided to it during the period from January 1988 through December 31, 1991, totals \$6,710,897, exclusive of interest. In July 1990, responding to Nucor's first amended complaint filed in the second federal lawsuit, the District filed an answer and counterclaim to recover damages from Nucor for breach of contract and to enjoin Nucor from withholding payment. At the same time, the District filed a motion for a preliminary injunction in the second federal lawsuit to require Nucor to pay the unpaid principal balances and accrued interest on all billing statements for service provided since January 1988, to require Nucor to make full payment of all billing statements rendered during the pendency of the action, and to authorize the District to discontinue service to Nucor for any failure to make required payments. Such motion was denied in February 1991. The District's counterclaim for damages and permanent injunctive relief remains pending.

7. CAPITAL ADDITIONS:

The Electric System construction plan includes authorization for estimated expenditures of \$63.1 million for 1992. These expenditures will be funded from revenues, 1992 bond proceeds and other available funds.

8. FERC HYDROELECTRIC PROJECT LICENSES:

In 1943, FERC issued a license for the District's hydroelectric Project No. 1835 for a period ending June 30, 1987. The license authorized the operation and maintenance of Project No. 1835, which includes Sutherland Reservoir, Lake Malone, certain canals and adjacent lands, the North Platte generating station consisting of two hydroelectric generating units with a combined maximum power capability of 26 K.W. and related facilities. Said North Platte generating station and related facilities are part of the Electric System. FERC has amended the license

from time to time, most significantly in 1975, when the District was authorized to construct, operate and maintain Gerald Gentleman Station partially utilizing lands and waters of Project No. 1835.

In 1937, FERC issued a 50-year license to Central Nebraska Public Power & Irrigation District (Central), authorizing the construction, operation and maintenance of FERC Project No. 1417, which includes Kingsley Dam, Lake McConaughy (impounded by Kingsley Dam), three additional hydroelectric power plants and an associated diversion dam, supply canals and related facilities. In 1979, the license for Project No. 1417 was amended to authorize the construction, operation and maintenance of the Kingsley hydroelectric generating project.

In anticipation of the 1987 expiration dates for their FERC licenses, the District and Central each filed an application for new license with FERC in 1984. FERC has accepted the applications for filing. Under the Federal Power Act FERC must, upon expiration of the original licenses, issue annual licenses pending decisions on the applications for new license.

It is anticipated that the costs of obtaining these new licenses will be incurred by the Electric System. Under current law, FERC is authorized to include terms and conditions in the new licenses designed to protect, mitigate damage to, and enhance fish and wildlife. The new licenses may also include terms and conditions relating to the endangered whooping crane and its designated critical habitat, as well as other listed threatened or endangered wildlife species, such as interior least terns, piping plovers, and bald eagles, which from time to time are found in the area of the projects or in areas downstream from the projects. These issues have resulted in a number of state and national environmental groups intervening in the proceeding, including, among others, the National Audubon Society, the National Wildlife Federation, and the Platte River Whooping Crane Critical Habitat Maintenance Trust. The District is unable to predict such costs or the nature of the terms or conditions that will be contained in a new license for Project No. 1835 or Project No. 1417. However, such terms and conditions could include requirements concerning water flows or releases or modifications to the works or operations of the projects which, in turn, could materially adversely affect the operations of Project No. 1835 which includes the reservoir and canal which is the cooling water source for the Gerald Gentleman Station, and of Project No. 1417, which includes the Kingsley Project. If FERC issued a new license for either project containing a term or condition opposed by the District, the District would have the right to judicial review of that term or condition.

POWER SUPPLY SYSTEM

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying special-purpose statement 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, 1991 and 1990, and the related special-purpose statement of revenues and costs for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The accompanying special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting requirements specified in the Power Supply System Revenue Bond Resolution adopted by the District on September 29, 1982, as supplemented, as described in Note 1E, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the accompanying special-purpose financial statements of the Power Supply System of Nebraska Public Power District present fairly, in all material respects, the assets and liabilities as of December 31, 1991 and 1990, and its revenues and costs for each of the three years in the period ended December 31, 1991, on the basis of accounting described in Note 1B.

Coopers & Lybrand

Omaha, Nebraska
March 3, 1992.

NPPD POWER SUPPLY SYSTEM

Statements of Assets and Liabilities December 31, 1991 and 1990

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

Prepared Pursuant to Requirement of the Power Supply System Revenue Bond Resolution	1991	1990
	(Thousands)	
ASSETS		
Utility Plant, at Cost (Note 1)	\$ 719,597	\$ 711,279
Less--		
Reserve for depreciation (Note 1)	120,290	105,636
Amounts funded from revenue (Note 1)	13,754	13,753
	\$ 585,553	\$ 591,890
Prepaid Capital Costs (Note 3)	\$ 67,063	\$ 67,830
Cash and Investments (Note 1):		
Debt reserve account	\$ 58,594	\$ 58,553
Reserve and contingency fund	6,497	8,540
Additions and improvements account	5,656	6,015
Construction funds	38,436	36,495
Revenue fund	930	1,318
Operating fund	25,032	28,957
General reserve fund	39,321	47,157
	\$ 171,466	\$ 187,035
Accounts Receivable	\$ 118	\$ 80
Interest Receivable	\$ 2,684	\$ 3,453
Fuel Inventory, at average cost	\$ 15,275	\$ 11,576
Deferred Charges and Other Assets (Note 1)	\$ 40,462	\$ 41,175
	\$ 885,621	\$ 903,039
LIABILITIES		
Revenue Bonds (Note 4):		
Serial Bonds--		
5.50%-6.80%, due 1991 to 1995	\$ 76,060	\$ 92,545
5.70%-7.20%, due 1996 to 2000	75,240	75,240
6.00%, due 2001 to 2005	5,405	5,405
Term Bonds, with annual sinking fund requirements--		
5.86%, due 1998 to 2012	168,930	168,930
6.125%, due 1999 to 2016	239,635	239,635
6.75%, due 1999 to 2001	23,025	23,025
6.90%, due 2002 to 2008	75,345	75,345
7.10%, due 2009 to 2016	129,005	129,005
7.375%, due 2001 to 2006	11,595	11,595
7.50%, due 2007 to 2019	50,320	50,320
	\$ 854,560	\$ 871,045
Advance from Electric System	\$ 6,100	\$ 6,100
Accounts Payable and Other Accrued Liabilities	\$ 10,401	\$ 13,173
Operating Reserves (Note 1)	\$ 14,560	\$ 12,721
	\$ 885,621	\$ 903,039

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

NPPD POWER SUPPLY SYSTEM

Statements of Revenues and Costs for each of the Three Years in the Period Ended December 31, 1991. Prepared Pursuant to Requirements of the Power Supply System Revenue Bond Resolution

	1991	1990	1989
	(Thousands)		
Revenues (Notes 1 and 2):			
Sales to the Electric System	\$ 143,755	\$ 139,781	\$ 142,513
Investment and other income	11,764	13,886	13,623
Total revenues	\$ 155,519	\$ 153,667	\$ 156,136
Costs (Note 1):			
Operating expenses—			
Production—			
Fuel (Note 6)	\$ 51,914	\$ 53,739	\$ 53,299
Operation and maintenance (Note 3)	23,806	21,970	20,231
Provisions for operating reserves (Note 1)	—	—	—
General and administrative	7,938	6,096	5,740
	\$ 83,658	\$ 81,805	\$ 84,270
Debt service—			
Principal (Note 1)	16,485	15,605	14,790
Interest	55,376	56,257	57,076
Total costs	\$ 155,519	\$ 153,667	\$ 156,136

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

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization—

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

- Electric System
- Power Supply System
- Nuclear Facility

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

B. Basis of Accounting—

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

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

(i) 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 \$1.9 million in 1991, \$2.7 million in 1990, and \$3.6 million in 1989. Accumulated depreciation through December 31, 1991, would have increased costs approximately \$68.1 million. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt. Upon retirement of property subject to depreciation, the cost of property is removed from plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

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

NPPD POWER SUPPLY SYSTEM

(iii) Interest income on construction fund investments is credited to utility plant. Under generally accepted accounting principles, such income would have increased revenues \$2.6 million in 1991, \$2.9 million in 1990, and \$2.7 million in 1989.

C. Utility Plant—

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

D. Cash and Investments—

Funds consist of \$168.5 million of investment securities and \$6.0 million of cash deposits at December 31, 1991, and \$156.6 million of investment securities and \$30.4 million of cash deposits at December 31, 1990. Overnight deposits of \$28.9 million, included in the balance of investment securities in 1990, have been reclassified as cash deposits to conform with the 1991 presentation. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1991, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1991, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

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

E. Deferred Charges—

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

2. RATE COVENANT

The District is required under the Power Supply Resolution to charge rates for electric power and energy from the Power Supply System so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Power Supply System Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other charges or liens payable out of revenues of the Power Supply System. The debt service payments of the Power Supply System Revenue Bonds are \$71.9 million per year through 1996 and principal payments, as a component of debt service payments, are \$17.4 million, \$18.5 million, \$19.5 million, \$20.7 million, and \$21.9 million for each of the years 1992 through 1996 respectively.

3. PREPAID CAPITAL COSTS

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

The District has an agreement whereby Central makes available all of the production of the facility and the District pays all costs of operating and maintaining the facility plus a charge based on the amount of energy delivered to the District. Costs of \$1.0 million in 1991, \$0.7 million in 1990, and \$0.5 million in 1989, are included in "Production--Operation and maintenance."

4. DEFEASANCE OF DEBT

In 1986, the District issued Power Supply System Revenue Bonds, 1986 Series, to advance refund the outstanding Power Supply System Revenue Bonds, 1985 Series. The 1985 Bonds were defeased by placing the proceeds of the 1986 Bonds in an irrevocable trust account with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At December 31, 1991, the remaining principal amount of such defeased bonds was \$62.3 million.

5. CAPITAL ADDITIONS

The Power Supply System construction plan includes authorization for estimated expenditures of \$10.3 million for 1992. These expenditures will be funded from existing bond proceeds that have been transferred to the General Reserve Fund.

6. COAL SUPPLY AND TRANSPORTATION AGREEMENTS

The District has in existence a coal supply agreement which permits the District to purchase coal for an initial term ending December 31, 1996. The agreement provides for the District to purchase a minimum of 2,700,000 tons per year through 1996, and all requirements up to a maximum of 3,600,000 tons per year through the calendar year 1992, and all requirements up to a maximum of 3,800,000 tons per year during the calendar years 1993 through 1996. The District also has in existence an agreement which provides for, among other things, transportation of coal to Gerald Gentleman Station until December 31, 1996, at specified tariff rates which are to be escalated or de-escalated pursuant to an index promulgated by the Interstate Commerce Commission.

NPPD NUCLEAR FACILITY

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying special-purpose statements of assets and liabilities of the Nuclear Facility of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1991 and 1990, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The accompanying special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of accounting requirements specified in the Nuclear Facility Revenue Bond Resolution adopted by the District on August 22, 1983, as supplemented, as described in Note 1B, and are not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the accompanying special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District present fairly, in all material respects, the assets and liabilities as of December 31, 1991 and 1990, and its revenues and costs for each of the three years in the period ended December 31, 1991, on the basis of accounting described in Note 1B.

Coopers & Lybrand

Omaha, Nebraska
March 3, 1992.

NPPD NUCLEAR FACILITY

Statements of Assets and Liabilities December 31, 1991 and 1990
 Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution

Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution	1991	1990
	(Thousands)	
ASSETS		
Utility Plant, at Cost	\$ 651,231	\$ 623,366
Less—		
Reserve for depreciation (Note 1)	181,632	165,595
Amounts funded from revenue (Note 1)	245,392	222,637
	<u>\$ 224,207</u>	<u>\$ 235,134</u>
Nuclear Fuel—Net of Amortization (Note 1)	\$ 79,755	\$ 76,293
Cash and Investments (Note 1):		
Debt reserve account	\$ 28,342	\$ 28,238
Reserve and contingency fund	12,751	7,548
Additions and improvements account	11,414	12,762
General reserve fund	—	10,527
Construction fund	8,240	10,804
Fuel reserve account	45,146	39,306
Operating fund	10,180	7,039
Revenue fund	1,263	1,501
Decommissioning fund (Note 4)	9,278	12,427
	<u>\$ 126,614</u>	<u>\$ 130,152</u>
Accounts Receivable	\$ 25,682	\$ 33,897
Interest Receivable	\$ 1,610	\$ 1,934
Deferred Charges and Other Assets	\$ 1,403	\$ 488
External Decommissioning Fund (Note 4)	\$ 14,366	\$ 7,385
	<u>\$ 473,637</u>	<u>\$ 485,283</u>
LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
6.00%-8.80%, due 1991 to 1995	\$ 15,375	\$ 24,020
7.375%-9.20%, due 1996 to 2003	26,600	26,600
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1991 to 2002	124,070	132,335
6.30%, due 1993 to 2003	68,430	68,430
6.60%, due 1992 to 2003	67,200	67,200
	<u>\$ 301,675</u>	<u>\$ 318,585</u>
Operating Reserves (Note 1)	\$ 142,943	\$ 139,024
Accounts Payable and Other Accrued Liabilities (Note 1)	\$ 14,653	\$ 20,289
External Decommissioning Fund (Note 4)	\$ 14,366	\$ 7,385
	<u>\$ 473,637</u>	<u>\$ 485,283</u>

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

NPPD NUCLEAR FACILITY

Statements of Revenues and Costs for each of the Three Years in the Period Ended December 31, 1991. Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution

	1991	1990	1989
	(Thousands)		
Revenues (Notes 1 and 2):			
Sales—			
Electric System	\$ 76,826	\$ 77,422	\$ 70,322
Iowa Power, Inc.	76,822	77,404	70,351
Investment and other income	20,041	20,401	11,911
Total revenue—	<u>\$ 173,689</u>	<u>\$ 175,227</u>	<u>\$ 152,584</u>
Costs (Note 1):			
Operating expenses—			
Production—			
Fuel	\$ 26,318	\$ 29,069	\$ 28,151
Operation and maintenance	65,470	64,244	52,619
Provisions for operating reserves	33,209	35,607	27,371
General and administrative	12,416	10,044	8,199
	<u>\$ 137,413</u>	<u>\$ 138,964</u>	<u>\$ 116,340</u>
Debt service—			
Principal (Note 1)	16,910	15,980	15,100
Interest	19,366	20,283	21,144
Total costs	<u>\$ 173,689</u>	<u>\$ 175,227</u>	<u>\$ 152,584</u>

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

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization—

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

Electric System
Power Supply System
Nuclear Facility

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

B. Basis of Accounting—

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

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

(i) Amortization of the debt principal is included as a cost in the accompanying Statements of Revenues and Costs as "Debt Service—Principal."

Depreciation is not recorded as a cost. Had the District provided straight-line depreciation over a 30-year life rather than including

amortization of debt principal over the same period, costs would have decreased \$3.4 million in 1991, \$2.7 million in 1990, and \$1.6 million in 1989. Accumulated depreciation through December 31, 1991, would have increased costs approximately \$38.2 million. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt. Upon retirement of property subject to depreciation, the cost of property is removed from plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

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

(iii) Interest income on construction fund investments is credited to utility plant. Under generally accepted accounting principles, such income would have increased revenues \$6 million in 1991, \$7 million in 1990, and \$6 million in 1989.

(iv) As part of a 1989 settlement agreement with General Electric Company (GE), the District will receive discounts on future purchases of certain equipment and services for Cooper Nuclear Station and will receive credits and discounts under an amendment to the fuel

NPPD NUCLEAR FACILITY

fabrication contract. The District amortized over a two-year period ending in 1991, the entire amount of the benefits allocated to operations. Under generally accepted accounting principles, such benefits would be recognized when received which in the case of the settlement would be over the next 18 years. This difference results in an increase in revenues during the two-year amortization period and increased costs thereafter. The agreement stipulates that the dollar value of the settlement should not be disclosed.

C. Nuclear Fuel—

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

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

Nuclear Fuel Component	Suppliers	Year Through Which Requirements Are Provided
Uranium Concentrates	Various	1994 (estimated)
Conversion	Allied-Signal	1995
Enrichment	U.S. Dept. of Energy	2014
Fabrication	General Electric Co.	2010

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

D. Cash and Investments—

Funds consist of \$123.7 million of investment securities and \$2.9 million of cash deposits at December 31, 1991, and \$122.9 million of investment securities and \$7.3 million of cash deposits at December 31, 1990. Overnight deposits of \$3.3 million, included in the balance of investment securities in 1990, have been reclassified as cash deposits to conform with the 1991 presentation. The carrying value of investment securities approximates market.

Cash deposits, primarily interest bearing, at December 31, 1991, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 1991, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

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

2. RATE COVENANT:

The District is required under the Nuclear Resolution to charge rates for electric power and energy from the Nuclear Facility so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Nuclear Facility Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other charges or liens payable out of revenues of the Nuclear Facility. The debt service payments of the Nuclear Facility Revenue Bonds are \$36.3 million per year through 1996 and principal payments, as a component of debt service payments, are \$17.9 million, \$18.9 million, \$20.1 million, \$21.3 million, and \$22.6 million for each of the years 1992 through 1996 respectively.

3. POWER SALES CONTRACTS:

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

The District has also agreed to make available, through its Electric System, 12.5% of the output of the Cooper Nuclear Station to the City of Lincoln, Nebraska.

4. PLANT DECOMMISSIONING COSTS:

Pursuant to regulations promulgated by the Nuclear Regulatory Commission (NRC), the District established in July 1990, an external trust fund segregated from the District's assets in which amounts accumulated to pay the decommissioning costs are to be deposited. The NRC prescribed minimum amount to be accumulated by the District in said fund for decommissioning costs, in 1986 dollars, is approximately \$121.3 million. This amount does not include the cost of removal and disposal of spent fuel or of nonradioactive structures and materials beyond that necessary to terminate the District's operating license. For purpose of accumulating amounts for complete dismantlement and site restoration of Cooper Nuclear Station, the District is estimating the total decommissioning costs, in 1988 dollars, to be approximately \$316 million.

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

5. CAPITAL ADDITIONS:

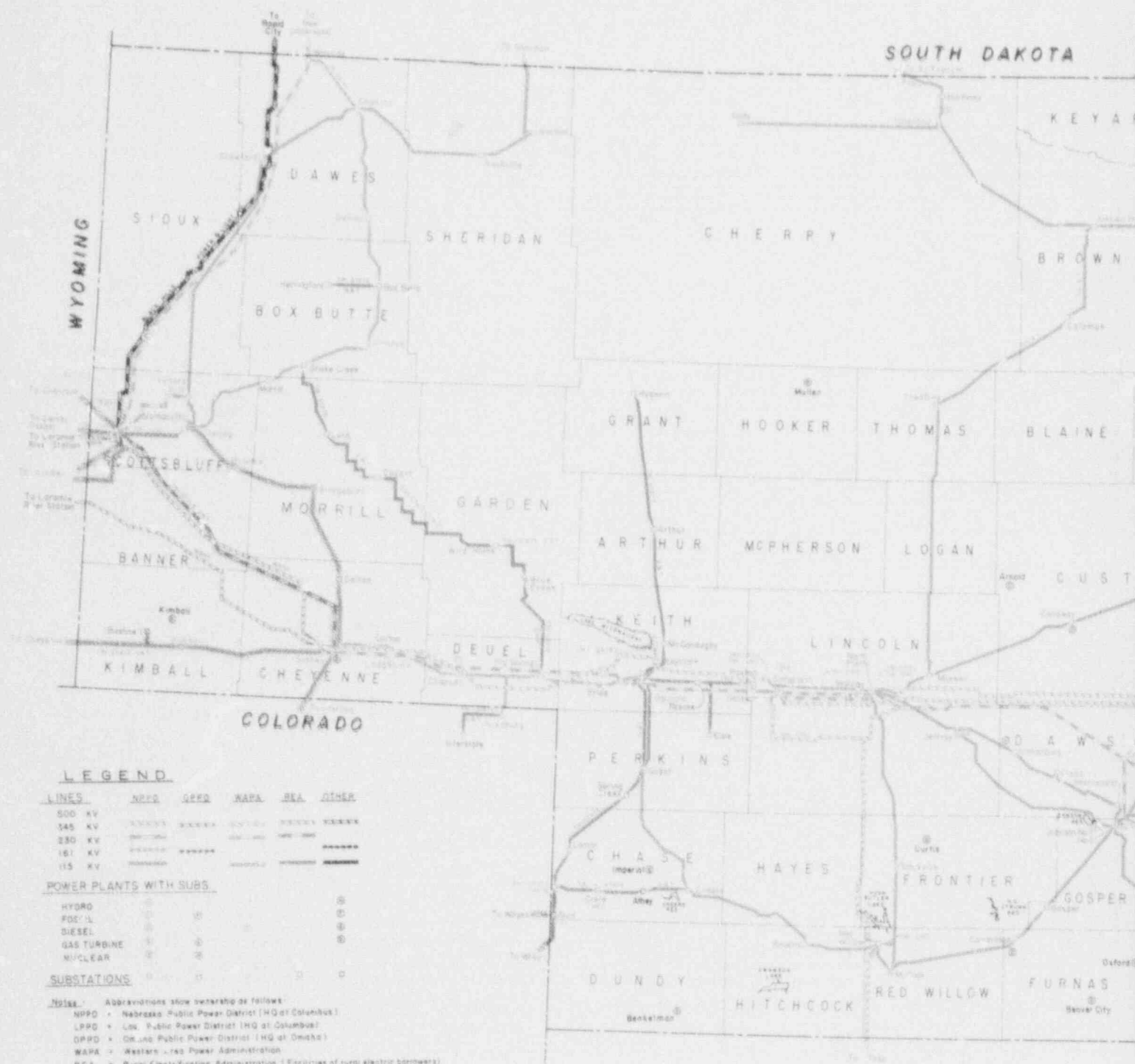
The Nuclear Facility construction plan includes authorization for estimated expenditures of \$28.7 million for 1992. These expenditures will be billed to participants as "Provisions for operating reserves" on the basis of estimated cash flow requirements.

6. CONTINGENCIES:

Under the provisions of the Federal Price-Anderson Act, the District and all other licensed nuclear power plant operators could each be assessed for claims in amounts up to \$56.2 million per unit owned in the event of any nuclear incident involving any licensed facility in the nation, with a maximum of \$10.0 million per year per incident per unit owned. Iowa Power would be liable to the District for one-half of such assessment under the Power Sales Contract. To satisfy the obligation, the District has obtained a \$5.0 million line of credit and Iowa Power has demonstrated its financial integrity and responsibility for \$5.0 million.

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

ELECTRIC GENERATION & TRANSMISSION FACILITIES



OW - Multi-joint generation under Lease Agreement with NPPD
 CL - CAPL owns generating assets, contract with NPPD
 CW - NPPD & CL owns generation under agreement with NPPD

SENIOR MANAGEMENT



Ronald W. Watkins President and Chief Executive Officer

Robert L. Gangel-Vice President, Finance & Administration

William A. Merrill Vice President, Operations



Hugh G. Parrix-Vice President, Production

Gene D. Watson-General Counsel

BOARD STAFF

Ronald W. Watkins-President and C.E.O.

Gene D. Watson-General Counsel

Ronald D. Asche-Treasurer and Controller

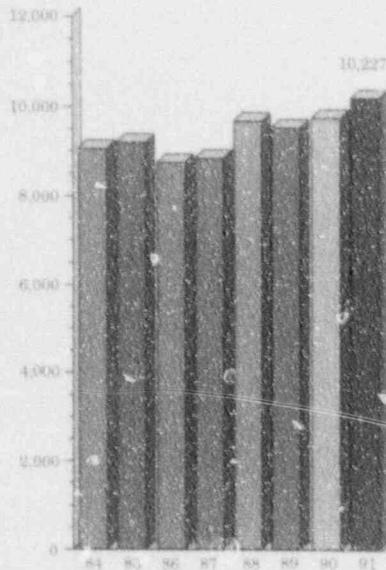
R. Annette Bailey-Assistant Secretary

T. Eugene Trauba-Assistant Treasurer

HOW NPPD'S DOLLAR WORKS FOR YOU

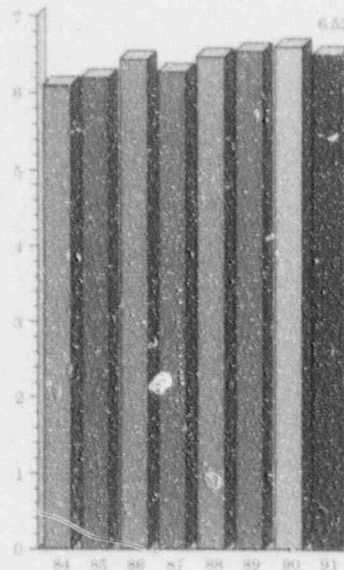


- Cost Of Production-Power Supply System, 38.1%
- Cost Of Production-Nuclear Facility, 18.8%
- Cost Of Other Operation And Maintenance Expenses, 13.4%
- Cost Of Purchased Power, 10.7%
- Bond Retirements, Construction From Revenues, Etc., 8.9%
- Cost Of Production-Other, 6.6%
- Interest, Other Income Deductions And Taxes (Net interest Income And Other Revenues), 3.5%



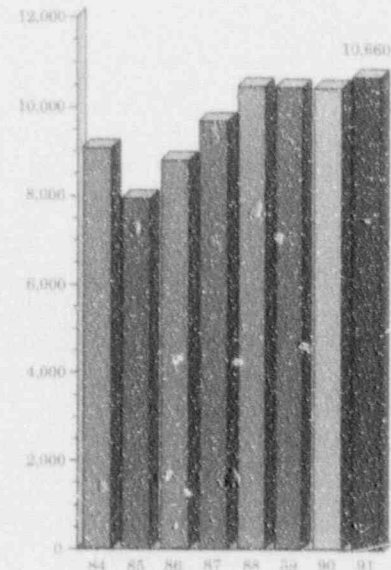
Average Annual KWH Use Per Residential Customer

This represents a 4.6% increase from 1990.



Average KWH Cost (cents) Residential Customer

This represents a 1.5% decrease from 1990.



Total KWH Sales (millions)

This represents a 2.2% increase from 1990.



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

Nebraska Public Power District is an
equal opportunity employer.