

# WOLF CREEK

NUCLEAR OPERATING CORPORATION

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

April 23, 1996

WM 96-0051

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

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

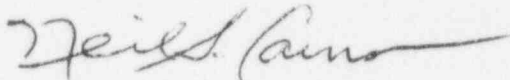
Dear Mr. Russell:

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

Kansas City Power & Light Company, Kansas Electric Power Cooperative, Inc., and Western Resources, Inc., including its wholly-owned subsidiary Kansas Gas and Electric Company, have provided an audited 1995 Consolidated Statement of Cash Flows in order to demonstrate sufficient funds are available to meet their share of the deferred premiums.

If you have any questions concerning this matter, please contact me at (316) 364-8831 extension 4000 or Mr. W. M. Lindsay at extension 8760.

Very truly yours,

  
Neil S. Carns

NSC/jad

## Attachments

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

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NEIL ROADMAN  
CONTROLLER

April 10, 1996

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

Dear Mike:

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

The undersigned certifies that the foregoing memorandum with respect to Kansas City Power & Light Company's cash flow for the year 1995 is true and correct to the best of his knowledge and belief.

Sincerely,

A handwritten signature in cursive script, appearing to read "Neil Roadman", written in dark ink.

Attachment

## Consolidated Statements of Cash Flows

Year Ended December 31

1995

1994

1993

(thousands)

**Cash Flows from Operating Activities**

Net income	\$ 122,586	\$ 104,775	\$ 105,772
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	97,225	94,361	91,110
Amortization of:			
Nuclear fuel	14,679	10,136	8,705
Deferred Wolf Creek costs	12,607	13,102	13,102
MPSC rate phase-in plan	—	—	7,072
Other	8,152	9,608	8,234
Deferred income taxes (net)	(3,268)	20,524	25,502
Investment tax credit amortization and reversals	(11,570)	(4,345)	(4,345)
Allowance for equity funds used during construction	(2,279)	(2,087)	(2,846)
Cash flows affected by changes in:			
Receivables	(17,551)	1,543	(10,245)
Fuel inventories	(5,533)	(2,020)	6,075
Materials and supplies	(2,222)	(796)	1,106
Accounts payable	(20,980)	14,065	(17,741)
Accrued taxes	15,042	(3,116)	7,936
Accrued interest	4,697	(3,366)	2,626
Wolf Creek refueling outage accrual	11,443	(5,142)	(5,338)
Pension and postretirement benefit obligations	(4,176)	32,203	1,905
Other operating activities	4,325	(2,860)	4,514
Net cash from operating activities	223,177	276,585	243,144

**Cash Flows from Investing Activities**

Utility capital expenditures	(134,070)	(124,965)	(129,199)
Allowance for borrowed funds used during construction	(1,963)	(1,844)	(2,542)
Purchases of investments	(56,759)	(67,560)	(7,351)
Other investing activities	9,046	5,624	7,657
Net cash used in investing activities	(183,746)	(188,745)	(131,435)

**Cash Flows from Financing Activities**

Issuance of long-term debt	111,055	133,793	324,846
Repayment of long-term debt	(33,428)	(170,170)	(271,480)
Special deposits	—	60,118	(60,118)
Premium on reacquired long-term debt	—	—	(4,077)
Net change in short-term borrowings	(13,000)	3,000	(4,000)
Dividends paid	(99,358)	(96,238)	(93,556)
Other financing activities	3,473	335	(1,913)
Net cash used in financing activities	(31,258)	(69,162)	(110,298)

**Net Change in Cash and Cash Equivalents**

	8,173	18,678	1,411
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**Cash and Cash Equivalents at Beginning of Year**

	20,217	1,539	126
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**Cash and Cash Equivalents at End of Year**

	\$ 28,390	\$ 20,217	\$ 1,539
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**Cash Paid During the Year for:**

Interest (net of amount capitalized)	\$ 48,200	\$ 48,246	\$ 47,361
Income taxes	\$ 67,053	\$ 53,720	\$ 40,141



**Kansas Electric  
Power Cooperative, Inc.**

MAR 29 1996

March 29, 1996

Mr. Michael A. Gayoso  
Chief Business Officer  
Wolf Creek Nuclear Operating Corp.  
P. O. Box 411  
Burlington, Kansas 66839

Dear Mike:

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

The undersigned certifies that the foregoing memorandum with respect to Kansas Electric Power Cooperative, Inc.'s cash flow for the year 1995 is true and correct to the best of his knowledge and belief.

Sincerely,

Richard M. Tyler  
Director, Finance and  
Accounting

Enc.

# KANSAS ELECTRIC POWER COOPERATIVE, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
<b>CASH FLOWS FROM OPERATIONS:</b>		
Cash received from member sales	\$72,315,163	\$71,824,160
Cash received from nonmember sales	617,383	597,638
Cash paid for purchased power	(30,321,711)	(32,110,186)
Cash paid for Wolf Creek operations	(6,745,283)	(8,836,919)
Cash paid for KEPCo operations	(2,363,555)	(2,318,719)
Interest paid	(17,202,258)	(16,899,177)
Property taxes paid	(3,131,294)	(2,991,557)
Interest received	1,253,101	962,008
Cash paid to decommissioning trust	(266,330)	(266,336)
Miscellaneous cash received		214,956
Net cash from operations	<u>14,155,216</u>	<u>10,175,868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Nuclear fuel purchases	(3,427,459)	(2,545,968)
Plant additions	(1,187,072)	(1,698,981)
Wolf Creek Nuclear Operating Corp. investments	(236,324)	(222,005)
Purchases of short-term investments	(2,567,429)	(1,018,451)
Purchases of other investments	(1,454,740)	
Increase (decrease) in investments in associated organizations	<u>7,666</u>	<u>(92,509)</u>
Net cash used by investing activities	<u>(8,865,358)</u>	<u>(5,577,914)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(3,820,150)	(3,596,862)
Penalties paid for repricing long-term debt	(2,187,394)	(966,034)
Financed penalties for repricing long-term debt	<u>2,134,043</u>	
Net cash used by financing activities	<u>(3,873,501)</u>	<u>(4,562,896)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>1,416,357</u>	<u>35,058</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>9,803,038</u>	<u>9,767,980</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$11,219,395</u>	<u>\$ 9,803,038</u>

(Continued)

# KANSAS ELECTRIC POWER COOPERATIVE, INC.

## STATEMENTS OF CASH FLOWS

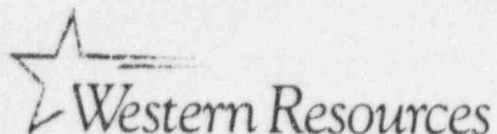
YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net margin	\$ 5,892,753	\$ 4,514,082
Adjustments to reconcile net margin to net cash from operating activities:		
Depreciation	4,223,012	3,878,270
Amortization of nuclear fuel	1,921,927	1,453,045
Amortization of deferred charges	766,170	709,831
Amortization of deferred incremental outage costs	1,352,932	1,383,604
Amortization of bond issue costs	104,761	105,114
Accretion of discount/amortization of premium	(2,255)	(2,255)
Loss on sales of assets	583	15,760
Decrease in restricted cash and cash equivalents		214,956
(Increase) in Wolf Creek Nuclear Operating Corp. investments	(158,610)	(147,309)
(Increase) in decommissioning fund assets	(404,936)	(333,604)
Increase in decommissioning liability	404,936	333,604
(Increase) decrease in deferred charges	28,059	(21,387)
(Increase) in deferred incremental outage expense		(2,045,580)
Increase in arbitrage payable	88,139	184,923
Increase in Wolf Creek Nuclear Operating Corp. liabilities	325,507	278,719
Net change in current assets and liabilities:		
Accounts receivable from members	(285,166)	51,811
Materials and supplies inventory	(32,079)	(23,241)
Other assets and prepaid expenses	32,949	(114,579)
Accounts payable	314,824	(310,733)
Payroll and payroll related liabilities	(8,505)	5,372
Accrued property taxes	(21,115)	173,984
Accrued interest payable	(388,670)	(128,519)
Total adjustments	8,262,463	5,661,786
Total cash from operations	\$14,155,216	\$10,175,868

See notes to financial statements.

(Concluded)

APR 09 1996



JERRY D. COURINGTON  
Controller

April 4, 1996

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

Dear Mike:

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

The undersigned certifies that the foregoing memorandum with respect to Western Resources, Inc.'s cash flow for the year 1995 is true and correct to the best of his knowledge and belief.

Jerry D. Courington  
Controller



Year ended December 31,

(dollars in thousands)

1995

1994<sup>(1)</sup>

1993

**Cash Flows from Operating Activities:**

Net income	\$ 181,676	\$ 187,447	\$ 177,370
Depreciation and amortization	150,186	151,630	164,364
Other amortization (including nuclear fuel)	15,193	10,905	11,254
Gain on sales of utility plant (net of tax)	(951)	(19,296)	—
Deferred taxes and investment tax credits (net)	14,972	(16,555)	27,686
Amortization of phase-in revenues	17,545	17,544	17,545
Corporate-owned life insurance	(28,548)	(17,246)	(21,650)
Amortization of gain from sale-leaseback	(9,640)	(9,640)	(9,640)
Amortization of acquisition adjustment	6,729	—	—
Changes in other working capital items (net of effects from the sales of the Missouri Properties):			
Accounts receivable and unbilled revenues (net) (Note 1)	(37,532)	(75,630)	(15,536)
Fossil fuel	(15,980)	(7,828)	18,073
Gas stored underground	17,116	(5,403)	(37,144)
Accounts payable	18,578	(41,682)	(43,169)
Accrued taxes	(19,024)	20,756	7,485
Other	8,179	41,309	25,400
Changes in other assets and liabilities	(11,555)	31,480	(45,927)
Net cash flows from operating activities	306,944	267,791	276,111

**Cash Flows Used in Investing Activities:**

Additions to utility plant	236,827	237,696	237,631
Utility investment	—	—	2,500
Sales of utility plant	(1,723)	(402,076)	—
Non-utility investments (net)	15,408	9,041	14,271
Corporate-owned life insurance policies	55,175	54,914	55,833
Death proceeds of corporate-owned life insurance policies	(11,187)	(1,251)	(10,590)
Net cash flows used in (from) investing activities	294,500	(101,676)	299,645

**Cash Flows from Financing Activities:**

Short-term debt (net)	(104,750)	(132,695)	218,670
Bank term loan retired	—	—	(230,000)
Bonds issued	—	235,923	223,500
Bonds retired	(105)	(223,906)	(366,466)
Revolving credit agreements (net)	50,000	(115,000)	(35,000)
Other long-term debt (net)	—	(67,893)	7,043
Other mandatorily redeemable securities	100,000	—	—
Borrowings against life insurance policies (net)	43,895	70,408	210,188
Common stock issued (net)	36,161	—	125,991
Preference stock redeemed	—	—	(2,734)
Dividends on preferred, preference, and common stock	(137,946)	(134,806)	(127,316)
Net cash flows (used in) from financing activities	(12,745)	(367,969)	23,876

**Net Increase (Decrease) in Cash and Cash Equivalents**

(301) 1,498 342

**Cash and Cash Equivalents:**

Beginning of the period	2,715	1,217	875
End of the period	\$ 2,414	\$ 2,715	\$ 1,217

**Supplemental Disclosures of Cash Flow Information****Cash Paid for:**

Interest on financing activities (net of amount capitalized)	\$ 136,548	\$ 134,785	\$ 171,734
Income taxes	84,811	90,229	49,108

<sup>(1)</sup> Information reflects the sales of the Missouri Properties (Note 2).

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