

Nebraska Public Power District

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May 9, 1985

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

ATTN: Document Control Desk

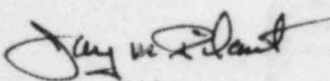
Subject: Nebraska Public Power District
1984 Annual Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements cited in 10 CFR Part 50.71(b), the Nebraska Public Power District submits its Annual Report for calendar year 1984. As specified in Regulatory Guide 10.1, we are enclosing ten (10) copies of the report.

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

Sincerely,

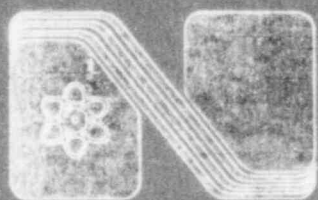

Jay M. Pilant
Manager, Technical Staff
Nuclear Power Group

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Enclosure (10)

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Nebraska Public Power District

1984 ANNUAL REPORT

Year At A Glance—Electric System

Kilowatt-hour Sales	9.16 Billion
Operating Revenues	\$327.9 Million
Operating Expenses	\$318.2 Million
Cost of Power Purchased and Generated (Including Nuclear and Power Supply Systems)	\$251.1 Million
Net Revenues	\$ 1.5 Million
Debt Service Coverage	1.46

Reference Guide

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Nebraska Public Power District **Statement of Purpose**

The Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska. Control of the District and its operations is vested in a Board of Directors, consisting of 11 members popularly elected from districts comprising subdivisions of the District's chartered territory. These districts encompass 85 of the state's 93 counties and portions of two other counties. The District has the power, among other things, to acquire, construct, and operate generating plants, transmission lines, substations, and distribution systems, and to purchase, generate, distribute, transmit, and sell electric energy, both at wholesale and retail, for lighting, power, heating, and other purposes. Management and operation of the District is accomplished with a staff of approximately 2,000 persons.

OFFICERS

Leslie S. Taylor, **President**
Ralph E. Holzfaster, **First Vice President**
David L. Duren, **Second Vice President**
Bernard M. DeLay, **Secretary**
George W. Knight, **Treasurer**

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

GENERAL COUNSEL

Gene D. Watson

Newly Elected Board Members



Ralph D. Johnson



Darrell J. Nelson

In November, 1984, two new members were elected to the Board of Directors. Ralph D. Johnson of Lincoln, an economics consultant, will succeed George W. Knight. Darrell J. Nelson of Oconto, farmer/cattle producer, will succeed Stephen A. Edwards. The new terms begin in January, 1985.

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



George H. Barber
Beatrice, Electrical Engineer



Wayne E. Boyd
South Sioux City, Attorney



Bernard M. DeLay
Norfolk, Banker



David L. Duren
Columbus, Certified Public Accountant



Stephen A. Edwards
Gering, Farmer/Agribusinessman



Bruce W. Gustafson
Holdrege, Farmer/Rancher



Fred A. Herrington
Lincoln, Businessman



Ralph E. Holzfaster
Paxton, Farmer/Agribusinessman



George W. Knight
Lincoln, Businessman



Thomas O. Michels
Kearney, Professional Engineer



Leslie S. Taylor
York, Salesman

Message From The **Board of Directors**

Despite the much publicized lagging economic conditions of the Midlands, primarily due to the agricultural economy, 1984 was certainly not a totally bleak year for this utility.

Both total kilowatt-hour sales and electric revenues for the year were slightly above 1983. Helping bolster the increase in kilowatt-hour sales was our ability to sell excess energy on our system through non-firm transactions to other utilities. Non-firm transactions were up 27.5 percent in 1984 over 1983.

The 2 percent total increase in kilowatt-hour sales for 1984 is an encouraging improvement over the 1.8 percent decrease in kilowatt-hour sales in 1983 compared to 1982. Operating revenues totaled \$327.9 million which is approximately one-half million more than 1983.

Wholesale sales to other public power districts and rural cooperatives were up 3.1 percent for 1984 compared to 1983 while there was a decrease of 2.3 percent from 1983 to 1984 in kilowatt-hour sales to wholesale municipalities. Retail sales were up 2.7 percent.

Although there were more crop acres available for irrigation in 1984 than in 1983 due to the removal of the Federal Payment-In-Kind Program (PIK), the summer peak demand on the system declined in that period. A variety of factors, however, contributed to that lower peak demand.

A weather pattern that provided timely moisture and moderate summer temperatures, pre-planned load control programs for both the rural and urban sectors, our own summer demand waiver program which reflects surplus generation on our system, and the continuing tendency toward conservation all contributed to the lower demand.

Reducing the peak has an overall positive effect for our customers. A short-term benefit of controlling the peak is a less costly system since we are able to rely on lower cost generating units to meet demand. This translates into lower overall costs for our ratepayers. Control of excessive peaks has a long-term benefit of delaying the addition of generating resources to the system, but an unanticipated decrease in peak demand is followed by a resultant lowering of both operating and net revenues.

We have worked closely with management in continuing a cost cutting program wherever practical in an effort to keep rates low. In this way we can do our part in helping improve agricultural profit margins.

When it became apparent that operating revenues were not keeping pace with budgeted projections, both the capital additions and operating budgets were revised downward while still maintaining a realistic balance of service and reliability. Salary levels for District employees were frozen for the 1984-85 wage year.

In this period of reduced coal prices, management is continuing to evaluate and purchase the lowest cost fuel available to supplement our contractual agreements for our coal-fired power plants. We are monitoring the need for certain offices and assignments of operating personnel throughout our service area to determine whether a strategic realignment would reduce costs without seriously affecting service.

The program of marketing excess energy to other utilities on a non-firm basis has resulted in excess revenue in the Production Cost Adjustment (PCA) account which results in credits on electric bills for firm requirements customers.

Electric energy is used on farms for irrigation pumping, grain handling, grain drying, livestock watering and feeding, heat for young animal survival, and a host of other production activities. The use of energy is one cost over which the producer can exercise some control, and when profit margins on crops are narrow and livestock population is down, the use of electric energy may be reduced.

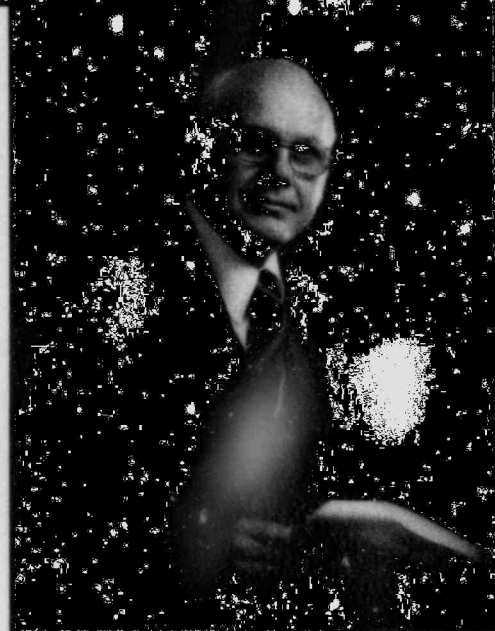
Up and down the main streets of many rural Nebraska towns, highly dependent on agricultural interests for their success, there are indications of a ripple effect from the economic conditions on the farm. Some economists predict it may be another year or two before the rural economy begins to rebound.

Supplying the electricity our customers need at as low a cost as is practical, consistent with sound business practices, is our continuing goal. We are dedicated to that objective.

Stephen A. Edwards Earl H. Barber Ralph Holtefer
Les Taylor Donald L. Duran Fred A. Hennings
Rm. U. Fay Ernest Gustafson George W. Knight
Tom Michael Wayne E. Boyd

Board of Directors

Message From The **General Manager**



I am content that we met challenges throughout 1984 with determination and innovation, producing many accomplishments that are worthy of mention.

It was a year in which economic uncertainty gradually gave way to cautious optimism. A listless economy tested our adaptability and resourcefulness. Our satisfactory financial performance reflects an ability to cope with adversity.

The smooth operation of the District is a particular tribute to our employees and I welcome this opportunity to thank them.

With cost-effective generating facilities utilizing an efficient mix of fuels, we are in an enviable situation where we are able to sell substantial quantities of non-firm energy to neighboring utilities. We appear to be in a position of more stable rates.

In 1984 and again in 1985 our average wholesale and retail rate increases are considerably below the national rate of inflation. In fact, the new retail residential rate schedule for 1985 reflects the smallest average percentage increase in 12 years.

Early in the year our Board of Directors approved the issuance of up to \$100 million in commercial paper to finance all or a part of the costs of several projects. Included is our share of the costs associated with the temporary overlay weld fix of the pipe cracking at Cooper Nuclear Station and our share of the pipe replacement and Plant Management Information System at that plant. Money will also be used to finance portions of the proposed MANDAN Project transmission line to Manitoba, Canada, and for other lawful purposes.

We issued \$65 million in long-term revenue bonds in early 1985 to prepay the capital cost associated with the purchase of capacity of the Kingsley Hydroelectric Project which was constructed by Central Nebraska Public Power and Irrigation District but which is a power supply resource totally available to the District.

Kingsley Hydro began operation late in the year and is an economic energy resource serving our customers.

We began the process of phasing in our computerized Customer Information System (CIS) during the year which will result in cost savings for our customers. Not only does CIS replace an antiquated billing system but it will provide a more leveled cash flow by facilitating monthly billings for all retail customers.

We successfully completed our first shipment of spent nuclear fuel from Cooper Station to the General Electric storage facility near Morris, Illinois. Additional shipments are planned after Cooper Station goes back on-line following the planned outage for replacement of the cracked pipes.

Also during the outage we will complete installation of the new Plant Management Information System to meet Nuclear Regulatory Commission requirements and will perform a wide array of maintenance and repair projects.

NPPD in 1980 filed suit against Austin Industries, Inc., and its subsidiary National Industrial Constructors, Inc., which built Gentleman Station Unit No. 1, seeking damages for cost overruns and completion delays, and counterclaims were filed against the District by the contractor. Following a lengthy trial during 1984 in United States District Court, a jury awarded NPPD a \$12 million judgment against Austin but also awarded Austin a \$26 million judgment against NPPD, a difference of \$14 million.

The judgment against the District concerning this coal-fired generating facility was appealed to the United States Eighth Circuit Court of Appeals, and is now pending.

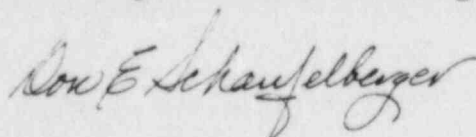
Participation by other utilities in the region has long been recognized as necessary to the feasibility of the MANDAN Project, a 500,000 volt transmission line linking Manitoba Hydro in Canada with the District's system for seasonal diversity exchange and associated sale of power and energy.

Although discussions continued, we had not entered into a contract with any utility with regard to participation and thus, by year's end, we had substantially reduced the on-going level of expenditures in connection with the Project. In December, management was directed by the Board to continue efforts to develop an appropriate contract, but if satisfactory additional participation by other United States utilities was not accomplished by July 1, 1985, as evidenced by reasonable, good faith cost sharing arrangements, management was directed to terminate all work on the Project and to develop a recommendation to the Board of the next preferable power supply resource.

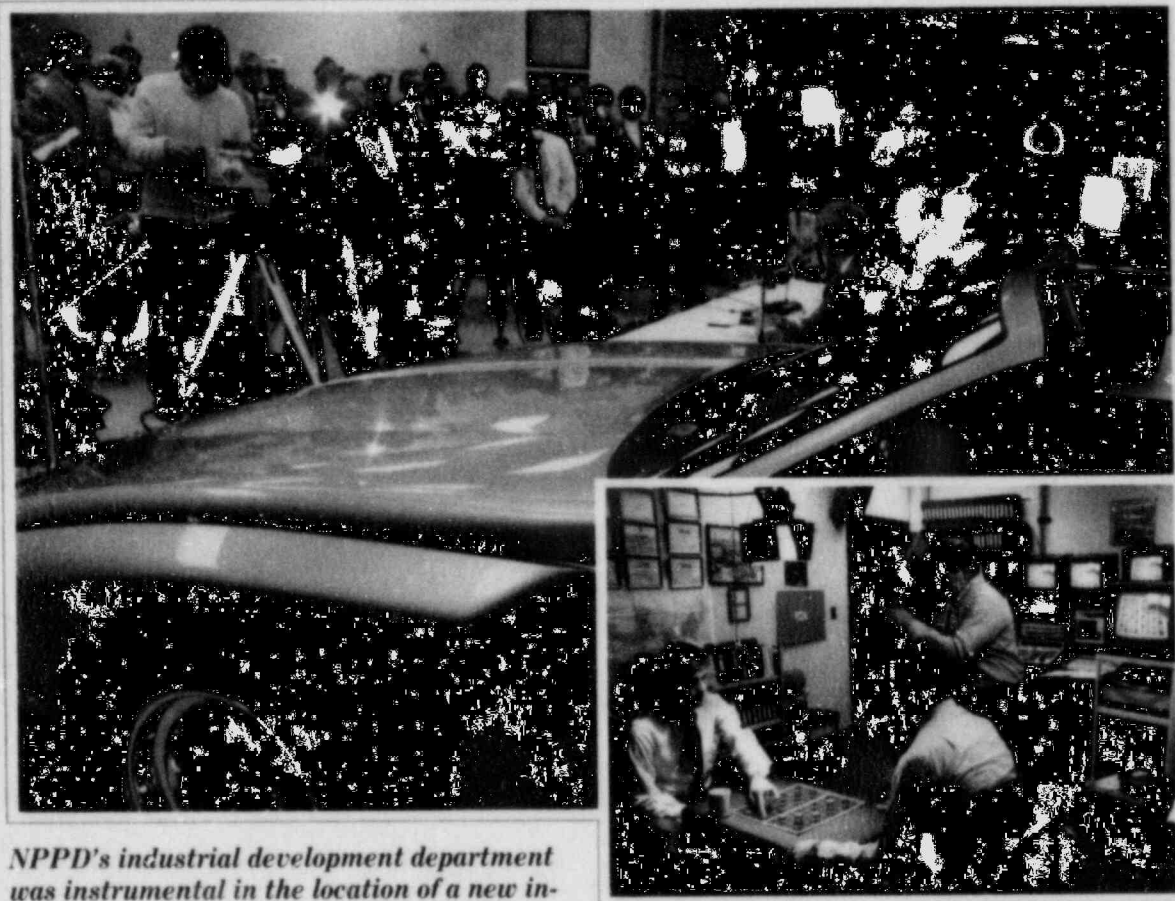
Because of a lack of participation by other utilities and the failure to finalize satisfactory contractual agreements with Manitoba Hydro, management recommended in March, 1985, and the Board concurred that all work on the MANDAN Project be terminated and the District pursue other power supply options.

We were encouraged by the results of a survey we commissioned during the year that revealed that 92 percent of our retail and wholesale customers surveyed rated their electrical service as good or excellent. NPPD was given a mean rating of 7.1 on a scale of 1 to 10 (with 10 the highest) when those responding were asked what kind of job we were doing in the state. Sixty-four percent of those polled thought their electric rates were reasonable when compared to items they regularly purchase.

We believe this survey shows that our customers are generally satisfied by the District's performance and that this public utility is responsive to its customer/owners. Continuing that degree of acceptance will be a challenge for all of us in the years ahead.



General Manager



NPPD's industrial development department was instrumental in the location of a new industry in South Sioux City, one of the District's wholesale municipalities. A news conference was held to announce the assembly plant for the new Tojan sports car. Taping video commercials for electric heat is only one of the many uses for the District's audio-visual department (inset).

Kilowatt-hour sales in 1984 totaled 9.16 billion compared to 8.98 billion in 1983. The kilowatt-hour sales were 2 percent above 1983.

Sales from non-firm transactions increased 27.5 percent over 1983. There was a 16.8 percent decrease in participation power sales largely due to our Cooper Nuclear Station being out of service for several months.

Firm wholesale deliveries to other public power districts and rural cooperatives in-

creased 3.1 percent in 1984 compared to 1983. Firm wholesale sales to municipalities declined 2.3 percent in 1984 compared to 1983.

The District's retail customers used 2.7 percent more electricity during 1984 than 1983. Our retail residential customers used nine-tenths of one percent more electric energy in 1984 than 1983.

Electric System operating revenues in 1984 rose to a new high of \$327.9 million while operating expenses also reached a new high of \$318.2 million. Operations of the Electric System resulted in net revenues of \$1.5 million for 1984 which, when adjusted for noncash items as provided in the District's Electric System Bond Resolution, resulted in a debt service coverage of 1.46.



T. M. Kyster

Assistant General Manager

NPPD

Payments Resulting From Law And Contractual Agreements

NPPD paid more than \$12.7 million to cities, towns, counties, and school districts in its service area during 1984. County treasurers in 70 counties received in-lieu-of-tax payments based on property in excess of \$203 thousand. In addition, \$3.9 million of in-lieu-of-tax payments based on gross retail revenue was distributed to county treasurers in 64 Nebraska counties where there are municipalities served at retail. The in-lieu-of-tax payments are required under state law. Distribution is made by county treasurers to counties, cities, villages, and school districts according to a prescribed formula relating to mill levies.

Two hundred seventeen cities and villages received approximately \$8.9 million as a result of agreements leasing their electrical distribution systems to the District.

At year's end, the District had lease agreements with 214 cities and towns, six electrical distribution systems within municipalities are owned by the District, and 11 municipalities have a Capacity Purchase Agreement with the District whereby the District leases the output of the municipalities' generating plants and serves at wholesale the municipalities' firm electrical requirements.

Marketing Of Off-Peak Energy

Due to the state of the economy and high interest rates, new residential con-

struction in our service area dropped off sharply in 1984. That same trend is expected to continue during 1985. Thus, our marketing campaign aimed at improving the system load factor by encouraging installation of electric heat is targeted toward the retrofit market.

Efforts to balance the winter load with the summer load resulted in the installation of 765 electric heat installations during 1984 on our retail system representing 12,493 kilowatts. At year's end we had a total of 17,069 electric heat installations in our retail system representing 309,486 kilowatts.

We continue to emphasize our co-op electric heat promotional campaign with our wholesale customers.

Energy Audits Expanded

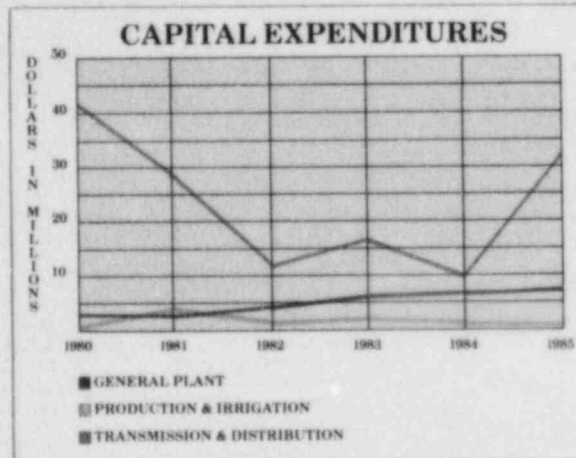
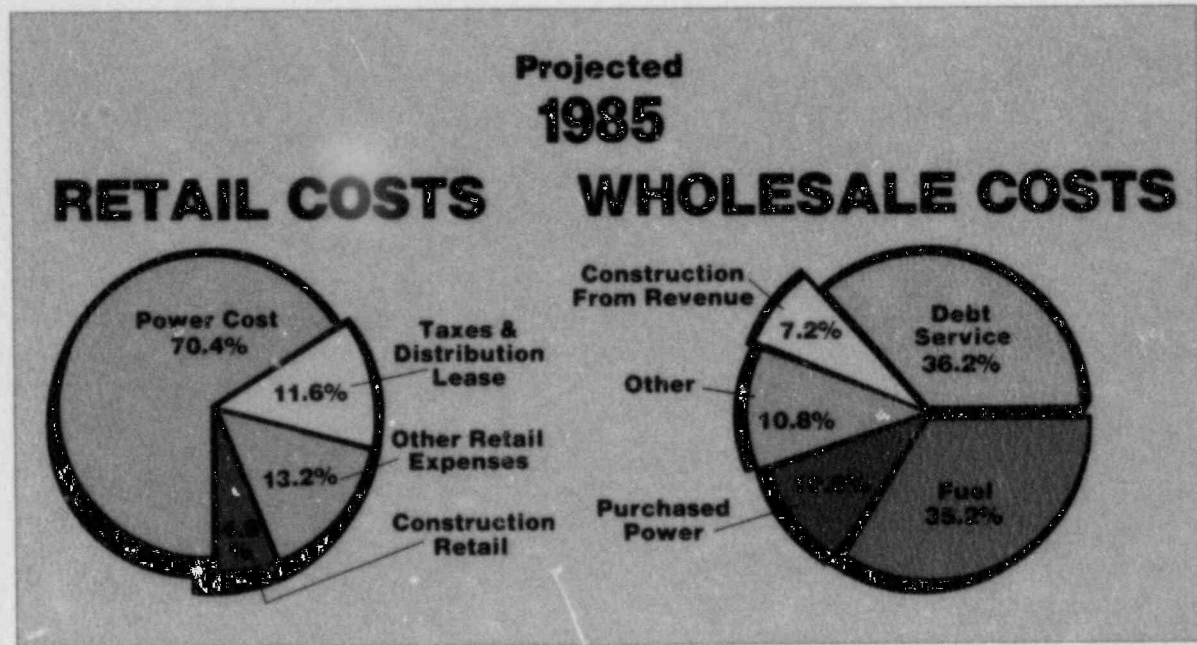
During the year, we finalized a plan for implementing a commercial and apartment conservation service audit program that is required under federal guidelines.

These guidelines require public utilities to make energy conservation audits available to apartment and commercial customers similar to the audits that are available for single family residences.

Safety Record Earns Honors

The District won two safety awards for achievements in reducing on-the-job injuries.

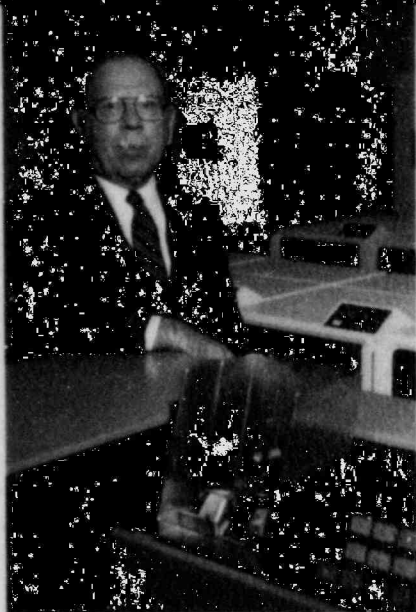
We were the recipient of the National Safety Council's "Award of Honor," the Council's highest award for improved safety performance and won the American Public Power Association's (APPA) first place safety award in the category of electric systems with more than two million man-hours of annual exposure. APPA represents more than 1,750 publicly owned electric utilities.



There was an average increase of approximately 3.3 percent, excluding the Production Cost Adjustment, in electric rates in 1984 over 1983 for a hypothetical "average" retail residential customer on our system. The District serves 107,636 retail customers. Rates were set to satisfy additional revenue requirements of \$4.1 million in the retail division in 1984 over 1983.

Wholesale customers received an average increase of approximately 1 percent in the 1984 rates over 1983 excluding the Production Cost Adjustment and these rates were set to raise approximately \$225 million in wholesale revenue. The District serves the total requirements of 52 municipalities and 26 other public power districts and rural cooperatives at wholesale. In addition the District serves at wholesale the partial requirements of 18 municipalities.

Approximately 76 percent of NPPD's kilowatt-hour sales is to wholesale customers and 24 percent to retail customers. Wholesale customers of NPPD determine their own retail rates for their customers.



D. A. Blatchford
Assistant General Manager

NPPD

Excluding the Production Cost Adjustment, the retail residential rate in 1985 will average approximately 1.9 percent more than in 1984 for a hypothetical "average" customer on our system which is the smallest percentage increase in basic retail electric rates in 12 years. The two-year wholesale rate adjustment approved in 1983 will increase wholesale rates an average of 1.5 percent in 1985 over the 1984 rates, excluding the Production Cost Adjustment.

In 1984 and again in 1985 the average rate increases are below the rate of inflation. A reduced demand for electricity has enabled the District to delay major transmission and generation construction, contributing to the small increases. Summer load control efforts, energy conservation, the weather and the state's economy are all believed to be playing a role in the reduced demand for electricity.

PCA Factor Remains A Credit

The Production Cost Adjustment (PCA) factor on retail and wholesale bills during 1984 continued to be a credit reflecting excesses in the PCA account accumulated during 1983 and 1984. On two occasions during 1984 the credit factor was increased when the PCA account accumulated funds in excess of \$4 million.

When the account reaches plus or minus \$4 million, an agreement with wholesale customers requires an adjustment in the factor reflecting excess or deficient collections.

We also began 1985 with a PCA credit to refund excess revenues collected during 1984.

The credits result from the inability to accurately project fluctuating fuel expenses and other production costs and reflect the sale to other utilities of current excess energy on a non-firm basis.

Surface Irrigation Rates Increase

Surface irrigation customers of the District experienced an overall increase averaging 4.4 percent in 1984 over 1983 rates. These customers will experience an average increase of 3.3 percent in water rates in 1985, although the increases will vary among customers in the three major canal systems.

NPPD has water storage appropriations which make available during an irrigation season approximately 185,000 acre feet of storage water to supplement the Platte River's normal summer flow. During the summer, the District releases storage water to irrigate approximately 75,000 acres of land in the Platte River Valley.

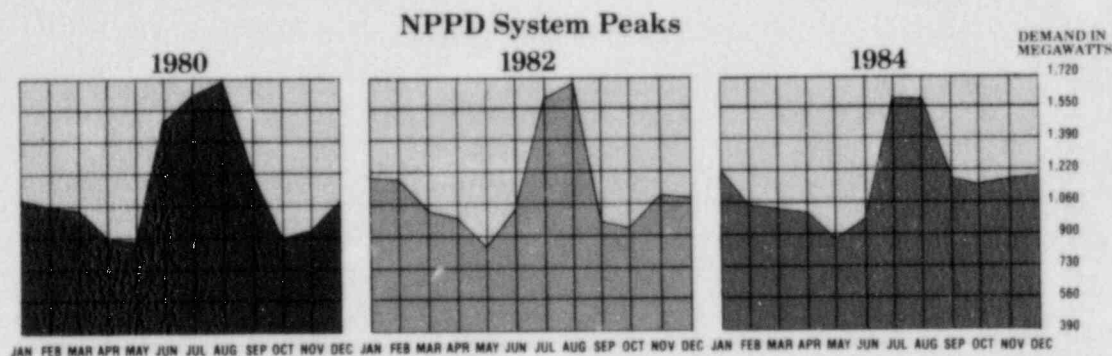
CIS Progressing On Schedule

Accountants, programmers, cashier/clerks, general clerks, office supervisors, communication technicians, supervisors, and other District personnel are bringing the new Customer Information System (CIS) to full utilization.

CIS will provide a number of benefits to the District and its customers, including expanded customer information and history, timely access to centralized customer records, complete customer billing functions, centralized accounts receivable, and timely and more comprehensive management information. Conversion of our retail regions will be completed during 1985.



At left is the coal yard and a portion of the coal handling equipment at Gentleman Station. At right is construction progress on the Kingsley Hydro.



For the fourth consecutive year the District's firm wholesale and retail customers did not set a new summer peak demand on the system. This generally reflects the state of the agricultural and industrial economy in our service area, summer weather patterns, and load control efforts.

The District's 1984 summer firm power demand of 1,578 megawatts was set on July 23 and is approximately 9 percent below the comparable record peak demand of 1,720 megawatts set in 1980. The highest winter peak of the year occurred in January as customers demanded 1,199 megawatts. This was 7 percent below the record winter peak of 1,288 megawatts that had been set in December of 1983.

We continue to rely heavily on coal to supply our power sales requirements. During 1984, approximately 60 percent of the District's energy supply was from coal-fired resources, 18 percent from nuclear resources, 21.5 percent from hydro (water) resources including our firm purchases from the Western Area Power Administration (WAPA), and the remaining .5 percent came from a variety of oil and gas fired resources.

Gentleman Station Provides Bulk Of Generation

Gerald Gentleman Station Units No. 1 and 2 provided 71.8 percent of the District's total generation during the year. Net gen-



C. R. Jones
Assistant General Manager

NPPD

eration from these coal-fired units was 5,413,818 megawatt-hours and the plant had a capacity factor of 50.25 percent which means that the units averaged running at accredited capacity a little more than half of the time.

NPPD had filed suit against Austin Industries, Inc., and its subsidiary National Industrial Constructors, Inc., (NIC) which built Gerald Gentleman Station Unit No. 1 seeking damages for cost overruns and completion delays, and counterclaims were filed against the District by the contractor. A jury awarded NPPD a \$12 million judgment against Austin but also awarded Austin a \$26 million judgment against the District, a difference of \$14 million.

The District appealed the U.S. District Court judgment against the District in the suit involving the construction of Unit No. 1. Our Board of Directors instructed management and legal counsel to file the appeal to the U.S. Eighth Circuit Court of Appeals.

Dedication Ceremonies For Kingsley Hydro

Representative Virginia Smith of Nebraska's Third Congressional District was principal speaker at the October 17 dedication of the Kingsley Hydroelectric plant at Kingsley Dam which impounds the waters of Lake McConaughy.

The plant was constructed and is being operated by Central Nebraska Public Power and Irrigation District, but the entire output of the 50 megawatt facility

will be purchased by NPPD for distribution to its customers. Maximum usage of the electric power produced at Kingsley Hydro will coincide with the summer irrigation season.

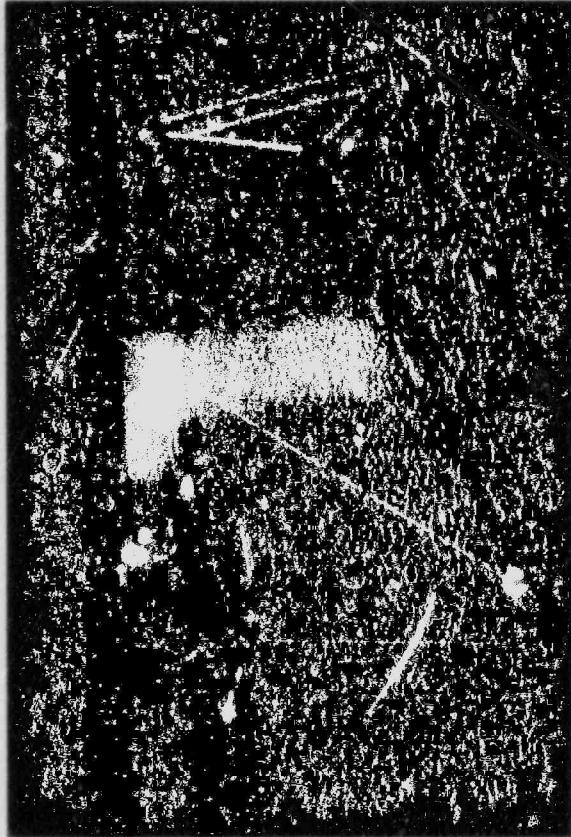
The \$49 million plant, a cooperative venture of the two utilities, was completed seven months ahead of schedule. The plant was declared to be in commercial operation on November 5.

License Renewal Applications Filed

NPPD and Central Nebraska Public Power and Irrigation District filed applications during the year asking license renewal to continue operating the two Districts' reservoirs and hydro power stations in the Platte River system.

The Districts' 50-year licenses, which date back to the construction of the Tri-County and Sutherland Projects in the 1930s and 1940s, will expire in mid-1987. The applications, filed with the Federal Energy Regulatory Commission, ask renewal for another 50 years. The projects generate electricity, irrigate a large area of agricultural land, create wildlife habitat, and provide recreation for outdoor enthusiasts.

Although NPPD and Central are applying for separate licenses, the two projects have interrelated operations. They share the use of the same water and NPPD purchases the entire output of Central's hydro power generating stations.



Top is water being funneled from an irrigation ditch to water a corn field as part of the District's surface irrigation system. Bottom is repair work in progress on the 345,000 volt transmission line damaged during a severe ice storm in 1984. At right is construction of the District's first concrete tower transmission line in western Nebraska.

At the time of originally undertaking pursuit of the MANDAN Project, a 600-mile 500,000 volt transmission line that was proposed to be constructed between substations in northeast Nebraska and Winnipeg, Manitoba, Canada, with switching stations in North Dakota and South



W. A. Merrill
Assistant General Manager

NPPD

Dakota, the District determined that additional participation by other utilities in the region was necessary to the feasibility of the Project.

While there have been discussions with various utilities in the region concerning participation, no contracts were finalized at the end of the year.

During 1984, the District and the Manitoba Hydro Electric Board continued to develop a definitive agreement for the seasonal exchange of power and the sale of associated energy to take advantage of the diversity between peak loading times of the District's system and Manitoba Hydro's system.

In late 1984, the District's Board of Directors adopted a resolution affirming that the MANDAN Project was the best resource available to the District to meet its future power supply needs but also recognized the need for participation by other utilities. The Board directed management to continue its efforts to develop appropriate contracts, provided, however that if satisfactory additional participation by other United States participants is not accomplished by July 1, 1985, as evidenced by reasonable, good faith cost sharing arrangements, management is to terminate all work on the Project and develop a recommendation of the next preferable power supply resource.

However, in March, 1985, the Board adopted a management recommendation that all work on the MANDAN Project be terminated and the District pursue other

power supply options. The recommendation was made because of a lack of participation by other utilities and the failure to finalize satisfactory contractual agreements with Manitoba Hydro.

South Dakota PUC Ruling Reversed

The South Dakota Supreme Court ruled during the year that the District's application for a South Dakota permit for the MANDAN Project was unconstitutionally rejected by the South Dakota Public Utilities Commission (PUC).

The PUC in 1982 denied the permit. NPPD appealed the PUC's action to circuit court, which reversed the PUC. The PUC and "Safe Energy Alternatives," a group opposed to the line, appealed the ruling to the Supreme Court.

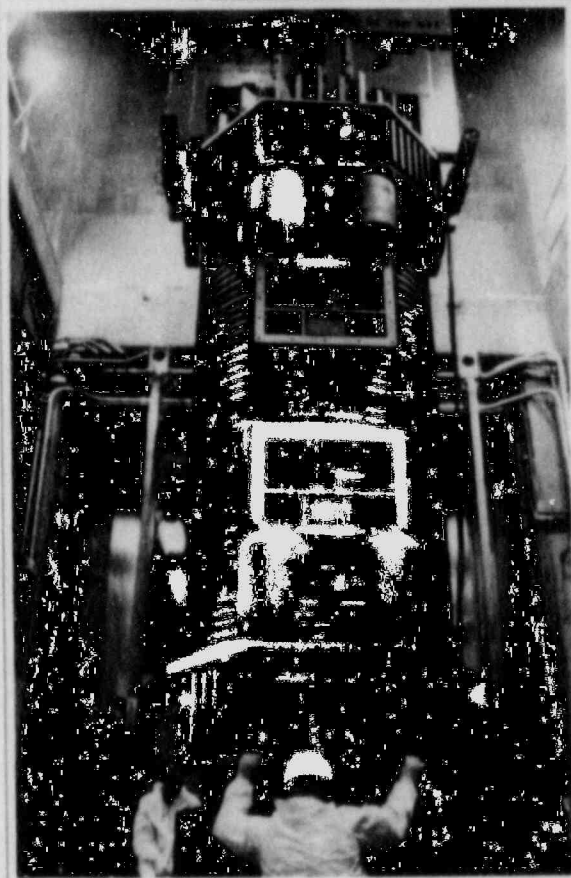
The Supreme Court remanded the case to the PUC to decide whether, as requested by the District, various zoning and local land use requirements should be preempted and whether a general variance to make minor location changes should be granted. The PUC had not ruled at year's end.

Agreement Reached On Right-Of-Way

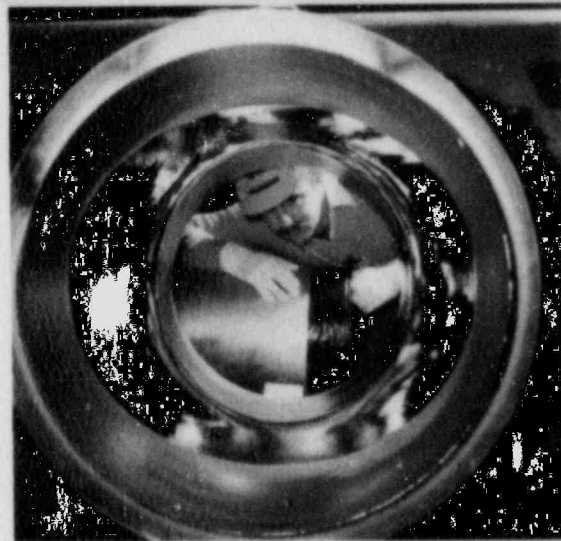
A right-of-way agreement signed by NPPD and the Winnebago Indian Nation during the year will permit the District to complete construction of a vital 345,000 volt transmission line in northeast Nebraska.

The line from the Raun Substation in Iowa, owned by Iowa Public Service, to NPPD's Hoskins Substation will cross the Winnebago Reservation. The line is required to stabilize the transmission system in northeast Nebraska.

Under terms of the agreement, NPPD has been granted right-of-way easements across 30 tracts of Indian land.



The specially designed spent fuel cask and rail car preparatory to a spent nuclear fuel shipment.



Inspection of the bright interior of a stainless steel joint, part of the new piping being installed at Cooper Station.

In the 10 years since the power reactor at our 800 megawatt Cooper Nuclear Station went into commercial operation on July 1, 1974, the plant had net generation of more than 42 million megawatt-hours of electricity. During 1984 the facility had net generation of 3.5 million megawatt-hours.



L. G. Kuncel

Assistant General Manager

NPPD

Cooper Station, one of 22 boiling water reactor (BWR) units in the nation, was available to generate electricity 80 percent of the time during its first 10 years of commercial operation.

Pipe Replacement, Other Projects

In order to correct a pipe cracking problem at Cooper Station, discovered during a routine outage for maintenance and refueling during 1983, the District is replacing the recirculation, core spray, and reactor water clean-up system piping and associated connections. The replacement began during 1984 and the plant is expected to be out of service until early June, 1985.

The estimated cost of the replacements and related costs is \$50.3 million. Included in the cost is a multipurpose facility which was constructed for use as a machine shop for radioactive materials, decontamination activities, equipment storage, and other uses. The facility could be modified to temporarily store low level radioactive waste.

In response to concerns raised by the accident at Three Mile Island, the Nuclear Regulatory Commission (NRC) has promulgated additional requirements relating to the design, construction, and operation of nuclear plants, including design modification, accident analysis, state and local emergency evacuation programs, and procedural changes. Many of these requirements impose more stringent training, maintenance, and operating standards.

The District expects substantial expenditures will be required to bring Cooper Station into compliance with the additional requirements. The District spent approximately \$7 million on such projects through 1984.

The District is complying with NRC requirements by installing a new Plant Management Information System at Cooper Station. The total cost of this system is expected to be \$20 million. Additional administrative facilities are also being planned.

Initial Spent Nuclear Fuel Shipment Made

Fifty-four bundles of spent nuclear fuel from Cooper Station were successfully transported to a General Electric storage facility near Morris, Illinois, in specially designed fuel casks and rail cars. The initial shipment was completed in August.

A Burlington Northern train carried the 11.4 tons of spent fuel in three cask cars and the District plans to make about 30 more shipments over the next five or six years. In all, the District is planning to ship 1,056 fuel assemblies from the first two core loadings, supplied to Cooper Station by General Electric.

FEMA Approves States' Emergency Plans

Emergency preparedness at Cooper Station was approved during the year by the Federal Emergency Management Agency (FEMA). FEMA is required under federal regulations to review and evaluate state emergency plans and exercises in the vicinity of nuclear power plants.

Based on its evaluations and review, FEMA found that the state and local plans both for Nebraska and Missouri for Cooper Station "are adequate to protect the health and safety of the public living in the vicinity of the plant."

FINANCIAL COMMENTARY

During February, 1984, the District's Board of Directors authorized the sale of up to \$100,000,000 of Commercial Paper notes (the "Series A Notes"). Only \$80,000,000 of the amount authorized has been issued and was outstanding as of December 31, 1984. The Series A Notes were issued (1) to finance a portion of the District's costs in developing the MANDAN Project (a proposed transmission line between Nebraska and Canada), (2) to finance a portion of the costs relating to a plant management information system and repairs and replacement of piping at the District's Cooper Nuclear Station, and (3) for other lawful purposes of the District. The average interest rate for the Series A Notes issued during 1984 was approximately 5.9 percent. These interest rates equate to a significant savings to our customers when compared to most other conventional methods of financing.

Another significant improvement which will result in a savings to our customers is the new Customer Information System. The new system will provide for monthly billings to all retail customers (previously most billings were on a bi-monthly basis), more timely answers to customer inquiries, a more leveled cash flow from retail customers, and improved cash management.

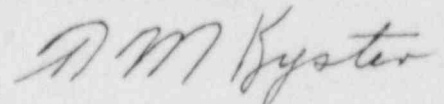
Total kilowatt-hour sales in 1984 were 9.16 billion compared to 8.98 billion in 1983, an overall increase of 2.0 percent. Sales from non-firm transactions increased 27.5 percent over 1983. Sales to participation customers declined 16.8

percent due to (1) a reduction in sales to Lincoln Electric System as a result of the Cooper Nuclear Station outage, (2) the termination of a participation power sales contract with Sunflower Electric Cooperative, Inc., and (3) a participation power sales contract with Omaha Public Power District providing for zero sales from May 1 through October 31, 1984. Firm sales for retail and wholesale service increased 2.7 percent and 1.7 percent, respectively, over 1983.

Electric System operating revenues were \$327.9 million in 1984, showing a very slight increase over 1983 due primarily to the effects of nominal increases in rates and megawatt-hour sales, which were offset by the effects of a significant decrease in the peak demand.

Electric System operating expenses in 1984 totalled \$318.2 million, which is an increase of \$16.9 million over the year 1983. The increase is primarily associated with increased purchased power costs which includes purchases from both the Nuclear Facility and the Power Supply System.

Net revenues of the Electric System decreased to \$1.5 million for the year 1984. The reduction from 1983 is significant and can be attributed to operating revenues remaining near the 1983 level and the continued increase in purchased power costs. These net revenues, when adjusted for noncash items as provided in the District's Electric System revenue bond resolution, resulted in a debt service coverage of 1.46.



T. M. Kyster

Assistant General Manager & Assistant Treasurer

Nebraska Public Power District ELECTRIC SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the balance sheet of the Electric System of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1984, and the related statements of revenues and expenses and accumulated net revenues and changes in financial position for the year then ended. We have also examined the supplemental schedule of the calculation of the debt service ratio for the year ended December 31, 1984. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the Electric System of Nebraska Public Power District as of December 31, 1983, and for each of the two years in the period ended December 31, 1983, were examined by other auditors, whose report, dated March 2, 1984, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly the financial position of the Electric System of Nebraska Public Power District as of December 31, 1984, and the results of its operations and changes in its financial position for the year then ended, and the supplemental schedule of the calculation of the debt service ratio for the year ended December 31, 1984, presents fairly the information set forth therein, all in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Omaha, Nebraska,
March 15, 1985, except for Note (9)
as to which the date is March 29, 1985.

Nebraska Public Power District
ELECTRIC SYSTEM

Balance Sheets
December 31, 1984 and 1983

	1984	1983
	(Thousands of Dollars)	
ASSETS		
Utility Plant, at Cost	\$628,120	\$608,325
Less—Reserve for depreciation and amortization (Note 1)	232,945	211,464
	<u>\$395,175</u>	<u>\$396,861</u>
Debt Reserve Account	\$ 30,732	\$ 30,695
Receivables:		
Advance to Power Supply System (Note 5)	\$ 30,000	\$ —
Sale of property	1,649	1,385
	<u>\$ 31,649</u>	<u>\$ 1,385</u>
Current Assets:		
Cash and investment securities (Note 6)	\$115,733	\$ 93,734
Receivables, less reserves	40,563	43,050
Materials and supplies, at average cost	17,834	9,895
Prepayments and other assets	357	270
	<u>\$174,487</u>	<u>\$146,949</u>
Deferred Charges:		
Nuclear Facility billings (Note 1)	\$ 30,965	\$ 28,150
Unamortized financing costs	2,727	2,935
Other	3,818	3,650
	<u>\$ 37,510</u>	<u>\$ 34,735</u>
	<u>\$669,553</u>	<u>\$610,625</u>
LIABILITIES AND CAPITAL		
Accumulated Net Revenues	\$160,398	\$158,910
Long-Term Debt (Note 4)	\$359,071	\$367,932
Notes Payable (Note 4):		
57% of prime, due 1983 to 1984	—	322
72½% of prime, due 1983 to 1986	12,000	18,000
67% of prime, due 1983 to 1989	12,480	15,172
Commercial paper notes (Note 5)	71,848	—
	<u>\$455,399</u>	<u>\$401,426</u>
Less—Current maturities	18,680	18,012
	<u>\$436,719</u>	<u>\$383,414</u>
	<u>\$597,117</u>	<u>\$542,324</u>
Current Liabilities:		
Commercial paper notes (Note 5)	\$ 8,152	\$ —
Current maturities	18,680	18,012
Accounts payable	16,253	19,561
Accrued lease payments	8,669	11,138
Accrued interest	605	193
Other	17,651	16,739
	<u>\$ 70,010</u>	<u>\$ 65,643</u>
Unamortized Payment Received for Refinancing Costs	\$ 2,426	\$ 2,658
	<u>\$669,553</u>	<u>\$610,625</u>

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

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Revenues and Expenses and Accumulated
Net Revenues for each of the Three Years in the
Period Ended December 31, 1984

	1984	1983	1982
	(Thousands of Dollars)		
Revenues and Expenses:			
Operating Revenues (Note 2)	\$327,931	\$327,382	\$313,119
Operating Expenses:			
Power purchased—			
Nuclear Facility and Power Supply System (Note 1)	\$195,868	\$179,940	\$173,014
Other	42,330	42,092	36,883
Production—			
Fuel	6,795	11,386	11,132
Operation and maintenance	6,116	6,019	5,835
Other operation	22,086	21,121	20,239
Other maintenance	6,961	6,564	6,387
Lease payments (Note 1)	8,940	8,610	8,028
Depreciation and amortization (Note 1)	22,759	19,631	18,217
Payroll taxes and payments in lieu of taxes	6,317	5,981	5,701
Total operating expenses	\$318,172	\$301,344	\$285,436
Net operating revenues	\$ 9,759	\$ 26,038	\$ 27,683
Interest and Other Revenues:			
Allowance for funds used during construction	\$ 1,180	\$ 1,878	\$ 2,160
Interest and other	17,388	15,170	18,498
Total interest and other revenues	\$ 18,568	\$ 17,048	\$ 20,658
Net revenues before other deductions	\$ 28,327	\$ 43,086	\$ 48,341
Other Deductions:			
Bond interest	\$ 21,789	\$ 22,199	\$ 22,582
Other interest	4,524	3,281	3,910
Miscellaneous, net	526	555	224
Total other deductions	\$ 26,839	\$ 26,035	\$ 26,716
Net Revenues (Note 2)	\$ 1,488	\$ 17,051	\$ 21,625
Accumulated Net Revenues:			
Beginning balance	158,910	141,859	120,234
Ending balance	\$160,398	\$158,910	\$141,859

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

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Changes in Financial
Position for each of the Three Years
in the Period Ended December 31, 1984

	1984	1983	1982
	(Thousands of Dollars)		
Funds Provided by Operations:			
Net revenues	\$ 1,488	\$17,051	\$21,625
Add items which require no current outlay of working capital—			
Depreciation and amortization (Note 1)	22,759	19,631	18,217
Amortization of deferred charges (Note 1)	12,769	6,514	6,514
Other	633	596	550
Total funds provided by operations	\$37,649	\$43,792	\$46,906
Other Sources of Funds:			
Proceeds from notes	80,000	—	—
Contribution from Basin Electric	776	—	12
(Increase) decrease in fund balances	(22,036)	2,692	9,500
Proceeds from sale of property	12	30	1,233
Total funds provided	\$96,401	\$46,514	\$57,651
Funds Applied:			
Utility plant additions	\$23,170	\$28,490	\$36,880
Increase (decrease) in receivables from sale of property	264	(971)	(219)
Increase (decrease) in receivables	(2,487)	2,726	6,262
Increase (decrease) in materials and supplies	7,939	(7,271)	1,888
Advance to Power Supply System (Note 5)	30,000	—	—
Addition to deferred charges for Nuclear Facility	15,584	517	3,797
Repayment of notes payable	9,014	17,688	14,585
Retirements of long-term debt	8,998	8,766	8,221
(Increase) decrease in accounts payable	3,308	607	(2,384)
Other working capital changes	1,230	(21)	(16,128)
Other	(619)	(4,017)	4,749
Total funds applied	\$96,401	\$46,514	\$57,651

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

Nebraska Public Power District ELECTRIC SYSTEM

Supplemental Schedules—Calculation of Debt Service Ratios for each of the Three Years in the Period Ended December 31, 1984

	1984	1983	1982
	(Thousands of Dollars)		
Operating revenues	\$327,931	\$327,382	\$313,119
Operating expenses, excluding depreciation and amortization of \$23,392,000, \$20,227,000, and \$18,767,000	294,780	281,117	266,669
	\$ 33,151	\$ 46,265	\$ 46,450
Interest and other revenues, excluding interest on construction funds of \$6,041,000, \$6,424,000, and \$8,989,000	11,347	8,746	9,509
Net revenues available for debt service	\$ 44,498	\$ 55,011	\$ 55,959
Amounts deposited in the Electric System Debt Service Account—			
Principal	\$ 8,727	\$ 8,832	\$ 7,955
Interest	21,789	22,199	22,422
	\$ 30,516	\$ 31,031	\$ 30,377
Ratio of net revenues available for debt service to debt service deposits	1.46	1.77	1.84

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

Nebraska Public Power District ELECTRIC SYSTEM

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization—

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

- Electric System
- Nuclear Facility
- Power Supply System

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

B. Depreciation, Amortization and Maintenance—

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant in Service was approximately 3 % in each of the years 1984, 1983, and 1982.

The District has long-term lease agreements with 214 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 \$4,024,000 in 1984, \$3,863,000 in 1983, and \$3,712,000 in 1982. Leased plant additions, which are fully reserved, totaled \$36,151,000 at December 31, 1984, and \$32,851,000 at December 31, 1983.

Certain municipal lease agreements included an obligation requiring the District to make property additions associated with the electric service being provided to such municipalities in an amount equal to a percentage of revenues of the respective leased systems. The District has completed negotiations with all but one of the municipalities which resulted in, among other things, the modification of the obligation to make such improvements. During 1984, the District paid these municipalities \$1,980,000 which was charged to depreciation and amortization. The balance of \$3,417,000 will be paid during the years 1985 through 1987. Negotiations are continuing with the other municipality.

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

C. Allowance for Funds Used During Construction —

This allowance, representing the cost of funds used to finance construction, is capitalized as a component of the cost of utility plant and is credited to Interest and Other Revenues. The capitalization rates for construction financed with revenue bonds are based on the interest cost of each issue less interest income. The rate for construction financed by revenues is based on a projected rate of borrowing. For the periods presented herein, the rates vary from 6.1% to 10.5%.

D. Deferred Charges —

Deferred charges for Nuclear Facility billings are as follows:

Description	Balance December 31, 1984	Monthly Amortization	Amortize Through
	(Thousands of Dollars)		
Fuel cost	\$10,500	\$500	9/30/86
Fuel cost	6,600	185	12/31/87
Replacement rotors ...	2,968	86	12/31/87
Plant management information system (partial cost)	4,655	122 (Est.)	12/31/89
Pipe replacement (partial cost)	6,244	217 (Est.)	12/31/89

The carrying costs of the nuclear fuel advances are included in the above amounts. The District included \$12,769,000 in 1984, \$6,514,000 in 1983, and \$6,514,000 in 1982 of amortization in power purchased expense for these items.

E. Unamortized Financing Costs —

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

F. Unamortized Payment Received for Refinancing Costs —

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

G. Investment Securities —

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund is valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Electric System Revenue Bond Resolution (Electric Resolution). The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Electric Resolution.

H. Deferred Production Costs —

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

I. Revenue Recognition —

Substantially all 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 last billing in a year to the end of the year are not recorded as revenues until billed.

(2) RATES:

The District designs its wholesale and retail electric service rates to cover cost of service, including: 1) operating expenses other than depreciation, 2) debt service, and 3) certain capital additions. In the event the District's rates for wholesale service are estimated to result in a surplus or deficiency in net revenues during a rate period, such surplus or deficiency is taken into account in projecting estimated revenue requirements in the next two-year rate period. The following table illustrates the effect of these adjustments in revenue requirements on the Statements of Revenues and Expenses.

Adjustments in Revenue Requirements

	Rate Period				
	1976-1977	1978-1979	1980-1981	1982-1983	1984 (Estimated)
	(Millions of Dollars)				
Surplus or (Deficit) in Rate Period ..	\$(2.1)	\$9.4	\$(10.7)	\$(7.3)	\$(5.8)
Adjustment in Subsequent Rate Periods:					
1978-1979	0.6	—	—	—	—
1980-1981	0.6	(9.4)	—	—	—
1982-1983	0.9	—	10.7	—	—
1984-1985	—	—	—	2.9	(1.0)
1986-1987 (Projected) ...	—	—	—	4.4	6.8

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

New rates for firm wholesale and retail service, including the PCA rate, which were placed in effect in 1985, are expected to increase revenues by approximately \$8.8 million for the year.

(3) RETIREMENT PLAN AND POSTRETIREMENT BENEFITS:

The District has a retirement income plan covering its 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 \$4,187,000 for 1984, \$3,663,000 for 1983, and \$3,453,000 for 1982.

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 \$654,000 for 1984, \$764,000 for 1983, and \$452,000 for 1982.

(4) LONG-TERM DEBT AND NOTES PAYABLE:

	December 31,	
	1984	1983
(Thousands of Dollars)		
Revenue Bonds:		
Serial Bonds—		
2.00%, due 1984 to 1990	\$ 3,270	\$ 3,945
4.75%-6.00%, due 1984 to 1985 ..	8,460	16,505
4.75%-6.30%, due 1986 to 1990 ..	44,465	44,465
4.90%-6.40%, due 1991 to 1995 ..	34,010	34,010
5.00%-6.10%, due 1996 to 2000 ..	39,850	39,850
5.00%-6.30%, due 2001 to 2005 ..	49,740	49,740
5.75%-6.40%, due 2006 to 2009 ..	27,820	27,820
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1987 to 2002	41,000	41,000
6.60%, due 1993 to 2003	33,200	33,200
6.75%, due 1991 to 1995	17,100	17,100
7.00%, due 1996 to 2005	57,250	57,250
	<u>\$356,165</u>	<u>\$364,885</u>
Lease Purchase Payables—		
2.00%, due 1984 to 2005	4,716	4,992
Unamortized Bond Discount	(1,810)	(1,945)
	<u>\$359,071</u>	<u>\$367,932</u>

Principal payments of Electric System Long-Term Debt and Notes Payable for the next five years are: 1985 — \$18,680,000; 1986 — \$18,843,000; 1987 — \$13,450,000; 1988 — \$12,810,000; 1989 — \$11,725,000.

(5) COMMERCIAL PAPER NOTES:

The District authorized the issuance of up to \$100,000,000 of commercial paper notes in 1984. As of December 31, 1984, \$80,000,000 of the notes were issued and outstanding. The average interest rate for the commercial paper notes issued during 1984 was approximately 5.9%. A credit agreement is maintained with a bank to support the sale of the commercial paper notes. This credit agreement expires in March, 1987.

The proceeds of this issue are being used (1) to finance a portion of the District's costs in developing the MANDAN Project (a proposed transmission line between Nebraska and Canada), (2) to finance a portion of the costs relating to a plant management information system and repairs and replacement of piping at the District's Cooper Nuclear Station, and (3) for other lawful purposes of the District.

The notes are anticipated to be retired from the proceeds of future Power Supply and Electric System Revenue Bonds and from revenues to be collected by the District's Electric System.

(6) CASH AND INVESTMENT SECURITIES:

	December 31,	
	1984	1983
(Thousands of Dollars)		
Revenue Fund	\$ 16,211	\$10,923
Operating Fund	6,975	12,837
Construction Funds	51,882	49,269
Commercial Paper Account	19,953	—
Debt Service Account	345	338
Reserve and Contingency Fund	1,236	1,236
General Reserve Fund	19,131	19,131
	<u>\$115,733</u>	<u>\$93,734</u>

Funds consist of \$98,775,000 of investment securities and \$16,958,000 of cash at December 31, 1984, and \$81,878,000 of investment securities and \$11,856,000 of cash at December 31, 1983.

(7) LONG-TERM OBLIGATIONS:

The District has an agreement for the purchase of the entire output of a 100 MW steam electric generating plant through 1991. Under the agreement, the District must (with limited exceptions) make minimum payments monthly. The annual aggregate amount of such required payments is \$968,000 for each of the years 1985 through 1991. These payments will be reduced in the later years of the agreement by payments made from reserve funds of the owner. In addition, the District is required to pay the variable operating expenses of the plant. The District's total payments under the agreement were \$2,987,000 in 1984, \$2,586,000 in 1983, and \$2,421,000 in 1982.

The District has exercised its right to finance the Kingsley Project, which is a nominally rated 50 MW hydroelectric generating facility constructed and operated by another utility, through the issuance of the Power Supply System Revenue Bonds, 1985 Series. The District's Power Supply System will purchase all of the output of the facility and also be obligated to pay all costs of operating and maintaining the facility plus a management fee.

(8) CONSTRUCTION AND FINANCING:

The 1985 construction plan for the Electric System includes authorization for estimated expenditures of \$39 million for 1985 and subsequent years. These expenditures will not require the issuance of long-term debt in 1985.

(9) SUBSEQUENT EVENT:

On March 29, 1985, the Board of Directors adopted a resolution which terminated the District's work on the MANDAN Project. See Note (2) of notes to the financial statements of the Power Supply System.

Nebraska Public Power District POWER SUPPLY SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the special-purpose 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, 1984, and the related special-purpose statement of revenues and costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The special-purpose financial statements of the Power Supply System of Nebraska Public Power District as of December 31, 1983, and for each of the two years in the period ended December 31, 1983, were examined by other auditors, whose report, dated March 2, 1984, expressed an unqualified opinion on those special-purpose statements.

The 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, 1972, as supplemented, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the special-purpose financial statements are not intended to present and do not present fairly the financial position, results of operations, and changes in financial position of the Power Supply System of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the aforementioned special-purpose financial statements of the Power Supply System of Nebraska Public Power District are presented fairly pursuant to the requirements of the Power Supply System Revenue Bond Resolution described in Note 1(B), applied in a manner consistent with that of the preceding year.

Coopers & Lybrand

Omaha, Nebraska,
March 15, 1985, except for Note (2) as to
which the date is March 29, 1985.

Nebraska Public Power District POWER SUPPLY SYSTEM

Statements of Assets and Liabilities December 31, 1984 and 1983 Prepared Pursuant to Requirements of the Power Supply System Revenue Bond Resolution

	1984	1983
	(Thousands of Dollars)	
ASSETS		
Utility Plant in Service	\$681,397	\$688,233
Less —		
Reserve for depreciation (Note 1)	41,155	31,124
Amounts funded from revenue (Note 1)	1,740	1,173
	<u>\$638,502</u>	<u>\$655,936</u>
Construction Work in Progress (Note 2)	\$ 59,838	\$ 43,064
Less — Amounts funded from revenue (Note 1)	8,347	1,932
	<u>\$ 51,491</u>	<u>\$ 41,132</u>
Special Funds:		
Debt reserve account	\$ 56,234	\$ 56,234
Reserve and contingency fund	16,066	11,081
Additions and improvements account	1,817	—
Construction fund	62,834	69,767
Development fund	31,080	9,358
Revenue fund	160	—
Operating fund	11,606	14,299
General reserve fund	28,844	28,605
	<u>\$208,641</u>	<u>\$189,344</u>
Accounts Receivable	\$ 445	\$ 559
Interest Receivable	\$ 6,449	\$ 4,414
Fuel Inventory, at average cost	\$ 17,037	\$ 13,167
Prepayments and Other Assets	\$ 980	\$ 880
	<u>\$923,545</u>	<u>\$905,432</u>
LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
4.70%-5.60%, due 1984 to 1985	\$ 11,405	\$ 22,255
4.90%-6.00%, due 1986 to 1990	66,780	66,780
5.50%-6.40%, due 1991 to 1995	87,775	87,775
5.70%-6.60%, due 1996 to 2001	74,050	74,050
Term Bonds, with annual sinking fund requirements—		
5.80%, due 1998 to 2012	168,930	168,930
6.13%, due 1999 to 2016	239,635	239,635
6.75%, due 1999 to 2001	23,025	23,025
6.90%, due 2002 to 2008	75,345	75,345
7.10%, due 2009 to 2016	129,005	129,005
	<u>\$875,950</u>	<u>\$886,800</u>
Advance from Electric System (Note 2)	30,000	—
Accounts Payable and Other Accrued Liabilities	8,147	5,759
Operating Reserves (Note 1)	9,448	12,873
	<u>\$923,545</u>	<u>\$905,432</u>

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

Nebraska Public Power District POWER SUPPLY SYSTEM

**Statements of Revenues and Costs
for each of the Three Years in
the Period Ended December 31, 1984
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution**

	1984	1983	1982
	(Thousands of Dollars)		
Revenues (Notes 1 and 4):			
Sales to the Electric System	\$131,785	\$121,085	\$113,676
Investment and other income	11,129	19,445	14,866
Total revenues	<u>\$142,914</u>	<u>\$140,530</u>	<u>\$128,542</u>
Costs:			
Operating expenses—			
Production—			
Fuel	\$ 60,850	\$ 54,298	\$ 47,795
Operation and maintenance	14,407	15,298	14,990
Provisions for operating reserves (Note 1)	1,384	4,399	2,374
General and administrative	2,702	2,819	2,597
Insurance	828	757	851
	<u>\$ 80,171</u>	<u>\$ 77,571</u>	<u>\$ 68,607</u>
Debt service (Note 1)—			
Principal	10,850	10,340	5,660
Interest	51,893	52,619	54,275
Total costs	<u>\$142,914</u>	<u>\$140,530</u>	<u>\$128,542</u>

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

Nebraska Public Power District POWER SUPPLY SYSTEM

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization—

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

- Electric System
- Nuclear Facility
- Power Supply System

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

B. Basis of Accounting—

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

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

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

Depreciation is not recorded as a cost. Had the District provided straight-line depreciation over a 40-year life rather than including amortization of debt principal over the same period, costs would have increased \$6,300,000 for 1984, \$6,900,000 for 1983, and \$8,100,000 for 1982. Accumulated depreciation through December 31, 1984, would have increased costs approximately \$36,500,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property and capital additions are included in the accompanying statements 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. Utility Plant in Service and Construction Work in Progress funded from revenues are fully reserved.

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

C. Utility Plant—

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

D. Special Funds—

Special funds consist of \$208,126,000 of investment securities and \$515,000 of cash at December 31, 1984, and \$188,862,000 of investment securities and \$482,000 of cash as of December 31, 1983.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund and the Reserve Account in the Reserve and Contingency Fund are valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Power Supply Resolution. Gains or losses on valuations are included in investment income. The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Power Supply Resolution.

(2) CONSTRUCTION AND FINANCING:

The 1985 construction plan for the Power Supply System includes authorization for estimated expenditures of \$2.8 million for 1985 and subsequent years. These expenditures will not require the issuance of long-term debt in 1985.

The District has exercised its right, in accordance with the Kingsley Project Power Sales Agreement, to finance the Kingsley Project, which is a nominally rated 50 MW hydroelectric generating facility constructed and operated by The Central Nebraska Public Power and Irrigation District (Central). The Kingsley Project was declared to be in commercial operation on November 5, 1984. The \$65 million Power Supply System Revenue Bonds, 1985 Series, were issued for the principal purpose of prepaying the capital cost associated with the purchase of the capacity of the Kingsley Project. The total cost of the Kingsley Project, excluding interest during construction, financing expenses and reserves, is approximately \$49 million.

Under terms of the Kingsley Project Construction, Operation and Power Purchase Agreement, Central makes available all of the production of the Kingsley Project and the District pays all costs of operating and maintaining the facility plus a management fee.

During 1984 work continued on the MANDAN Project, a high voltage transmission line, which, among other things, would permit the seasonal exchange of power and the sale of associated energy. As of December 31, 1984, approximately \$34 million, including interest and other costs, had been expended on this Project. Proceeds from the "Advance from Electric System" were used to finance the development of the MANDAN Project.

On March 29, 1985, the Board of Directors of the District adopted a resolution which directed management to immediately terminate all work on the MANDAN Project and to develop a recommendation to the Board of Directors regarding the next preferable power supply resource for the District. The expended costs will be either capitalized as a part of the cost attributable to the next power supply project

undertaken by the District which is funded by debt or funded from revenues in a single year or over a period of years.

(3) LITIGATION:

In 1980, the District filed suit to recover amounts totaling in excess of \$50 million from National Industrial Constructors, Inc. (National), Austin Industries, Inc. (Austin) and Federal Insurance Company (Federal). During construction, National was merged with another company to form another wholly-owned subsidiary of Austin, named Austin Power, Inc. (Austin Power). The suit alleges damages from delays, cost overruns, and for other damages and expenses associated with the construction of Gerald Gentleman Station Unit No. 1. Austin Power counter-claimed against the District to recover amounts totaling in excess of \$32 million as a result, among other things, of the alleged failure of the District to effectively coordinate and administer the construction of Unit No. 1. Prior to commencement of the trial, Austin Power amended its damage claim to \$55 million.

On August 22, 1984, the jury rendered a verdict that the District is entitled to recover damages of \$12,065,180 from Austin Power, Austin and Federal and that Austin Power is entitled to recover damages of \$26,153,505 from the District. On the same day, judgment was entered in accordance with the verdict with interest thereon at the rate of 11.93%, and for costs of the action. On December 31, 1984, the District Court awarded Austin Power costs of \$797,386. NPPD has appealed from the judgment and award of costs and Austin Power, Austin and Federal have cross-appealed. Briefing of both appeals is scheduled to be complete by the end of May, 1985 and oral argument before the United States Court of Appeals for the 8th Circuit is currently scheduled for June, 1985.

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

(4) RATE COVENANT:

The District is required under the Power Supply Resolution to charge rates for electric power and energy from the Power Supply System so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Power Supply System Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other liens payable out of revenues of the Power Supply System. The debt service payments are approximately \$65.6 million per year through 2012 and approximately \$33.8 million per year for the period 2013 through 2016. Principal payments of Power Supply System Revenue Bonds, as a component of such debt service payments, for the next five years are: 1985—\$11,405,000; 1986—\$11,995,000; 1987—\$12,635,000; 1988—\$13,310,000; 1989—\$14,035,000.

Nebraska Public Power District NUCLEAR FACILITY

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the special-purpose statement 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, 1984, and the related special-purpose statement of revenues and costs for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District as of December 31, 1983, and for each of the two years in the period ended December 31, 1983, were examined by other auditors, whose report, dated March 2, 1984, expressed an unqualified opinion on those special-purpose statements.

The special-purpose financial statements referred to above have been prepared for the purpose of complying with, and on the basis of, accounting requirements specified in the Nuclear Facility Revenue Bond Resolution adopted by the District on August 22, 1968, as supplemented, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the special-purpose financial statements are not intended to present and do not present fairly the financial position, results of operations, and changes in financial position of the Nuclear Facility of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the aforementioned special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District are presented fairly pursuant to the requirements of the Nuclear Facility Revenue Bond Resolution described in Note 1(B), applied in a manner consistent with that of the preceding year.

Coopers & Lybrand

Omaha, Nebraska,
March 15, 1985.

Nebraska Public Power District
NUCLEAR FACILITY

Statements of Assets and Liabilities
December 31, 1984 and 1983
Prepared Pursuant to Requirements of the
Nuclear Facility Revenue Bond Resolution

	1984	1983
	(Thousands of Dollars)	
ASSETS		
Utility Plant in Service	\$411,259	\$392,583
Less—		
Reserve for depreciation (Note 1)	85,874	74,397
Amounts funded from revenue (Note 1)	27,748	8,974
	<u>\$297,637</u>	<u>\$309,212</u>
Construction Work in Progress	\$ 75,874	\$ 60,055
Less—Amounts funded from revenue (Note 1)	48,968	33,278
	<u>\$ 26,906</u>	<u>\$ 26,777</u>
Nuclear Fuel—Net of Amortization (Note 1)	<u>\$107,326</u>	<u>\$109,346</u>
Special Funds:		
Debt reserve account	\$ 28,342	\$ 28,342
Reserve and contingency fund	13,104	8,728
Additions and improvements account	10,119	2,216
Construction fund	12,253	10,675
Fuel reserve account	14,944	11,366
Fuel disposal fund (Note 2)	39,394	33,651
Operating fund	7,568	882
Revenue fund	778	121
Decommissioning fund (Note 4)	1,879	—
	<u>\$128,381</u>	<u>\$ 95,981</u>
Accounts Receivable	\$ 4,490	\$ 11,071
Interest Receivable (Note 2)	\$ 3,346	\$ 3,039
Deferred Charges and Other Assets	\$ 1,567	\$ 7,064
	<u>\$569,653</u>	<u>\$562,490</u>

LIABILITIES

Revenue Bonds:		
Serial Bonds—		
4.75%-7.20%, due 1984 to 1985	\$ 12,185	\$ 23,760
4.80%-7.50%, due 1986 to 1990	49,090	49,090
6.00%-8.80%, due 1991 to 1995	24,020	24,020
7.38%-9.20%, due 1996 to 2003	26,600	26,600
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1987 to 2002	155,000	155,000
6.30%, due 1993 to 2003	68,430	68,430
6.60%, due 1992 to 2003	67,200	67,200
	<u>\$402,525</u>	<u>\$414,100</u>
Operating Reserves (Note 1)	117,465	104,435
Nuclear Fuel Disposal Costs (Note 2)	40,455	41,243
Accounts Payable and Other Accrued Liabilities	9,208	2,712
	<u>\$569,653</u>	<u>\$562,490</u>

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

Nebraska Public Power District NUCLEAR FACILITY

Statements of Revenues and Costs for each of the Three Years in the Period Ended December 31, 1984 Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution

	1984	1983	1982
	(Thousands of Dollars)		
Revenues (Notes 1 and 3):			
Sales—			
Electric System	\$ 66,114	\$ 52,348	\$ 53,563
Iowa Power and Light Company	66,116	52,351	53,549
Investment income	13,340	10,187	7,907
Total revenues	<u>\$145,570</u>	<u>\$114,886</u>	<u>\$115,019</u>
Costs:			
Operating expenses—			
Production—			
Fuel	\$ 21,876	\$ 28,740	\$ 38,957
Operation and maintenance	23,620	28,756	21,330
Provisions for operating reserves (Note 1)	52,477	13,489	13,319
Technical and administrative	7,748	4,925	4,147
Insurance	3,668	3,788	3,656
	<u>\$109,389</u>	<u>\$ 79,698</u>	<u>\$ 81,409</u>
Debt service (Note 1)—			
Principal	11,575	10,565	10,060
Interest	24,606	24,623	23,550
Total costs	<u>\$145,570</u>	<u>\$114,886</u>	<u>\$115,019</u>

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

Nebraska Public Power District NUCLEAR FACILITY

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization—

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

- Electric System
- Nuclear Facility
- Power Supply System

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

B. Basis of Accounting—

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

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

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

Depreciation is not recorded as a cost. Had the District provided straight-line depreciation over a 30-year life rather than including amortization of debt principal over the same period, costs would have increased \$1,800,000 for 1984, \$2,500,000 for 1983, and \$3,000,000 for 1982. Accumulated depreciation through December 31, 1984, would have increased costs approximately \$44,200,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property, capital additions, and nuclear fuel are included in the accompanying Statements of Revenues and Costs as "Provisions for operating reserves". Under generally accepted accounting principles, capital additions and provisions for renewals and replacements are not expenses but (exclusive of minor items of property) are charged to utility plant. Provisions for working capital for nuclear fuel are not expenses under generally accepted accounting principles until the fuel is used.

(3) Interest income on construction fund investments is capitalized although commercial operation began in July, 1974. Such income would be included

in income of the period under generally accepted accounting principles.

C. Nuclear Fuel—

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

D. Special Funds—

Special funds consist of \$127,262,000 of investment securities and \$1,119,000 of cash as of December 31, 1984, and \$95,060,000 of investment securities and \$921,000 of cash at December 31, 1983.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund and the Reserve Account in the Reserve and Contingency Fund are valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Nuclear Resolution. Gains or losses on valuations are included in investment income. The securities in the remaining funds are valued at the lower of the cost or principal amount in accordance with requirements of the Nuclear Resolution.

(2) NUCLEAR FUEL:

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

Nuclear Fuel Component	Suppliers	Year Through Which Requirements Are Provided
Uranium Concentrates . . .	Various	1987 (Est.)
Conversion	Allied Corp.	1987
Enrichment	U.S. Dept. of Energy	2014
Fabrication	General Electric	1994

The District has expanded its capacity for storage of spent fuel and it is estimated that such capacity will be adequate for storage of spent fuel, including the fuel which General Electric Company (GE) is responsible for removing under contract with the District, until approximately 1990. The fees for disposal of spent fuel and fuel in the reactor are being provided as part of the fuel cost and collected through revenues of the Nuclear Facility. The fuel disposal fees for fuel burned prior to April 7, 1983 are estimated to be approximately \$40 million, if paid in June 1985, under provisions of the Nuclear Waste Policy Act of 1982. Funds which have been collected including interest income are estimated to be sufficient to cover the fuel disposal fees for fuel burned prior to April 7, 1983. The disposal fees for fuel used to generate electricity after April 6, 1983, are paid quarterly to the Department of Energy. Some of these fees may ultimately be the responsibility of GE under the nuclear fuel supply contract for the initial fuel (1,056 fuel assemblies).

The District and GE have entered into an agreement setting out certain rights and responsibilities relating to the shipment of the spent fuel from Cooper Nuclear Station to Morris, Illinois. The initial shipment of spent fuel was accomplished in August, 1984. Each party has a full reservation of rights with respect to buyback payments, all shared costs, and ultimate responsibility for disposition of the spent fuel and attendant costs.

(3) RATE COVENANT:

The District is required under the Nuclear Resolution to charge rates for electric power and energy from the Nuclear Facility so that revenues will be at least sufficient

to pay operating expenses, aggregate debt service on the Nuclear Facility Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other charges or liens payable out of revenues of the Nuclear Facility. The debt service included above is payable at approximately \$36.3 million annually until 2003. Principal payments of Nuclear Facility Revenue Bonds as a component of such debt service payments for the next five years are: 1985—\$12,185,000; 1986—\$12,845,000; 1987—\$13,540,000; 1988—\$14,290,000; 1989—\$15,100,000.

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

The District has also agreed to make available, through its Electric System, 12½% of the output of the Cooper Nuclear Station to the City of Lincoln (Lincoln).

(4) PLANT DECOMMISSIONING COSTS:

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

(5) CONSTRUCTION AND FINANCING:

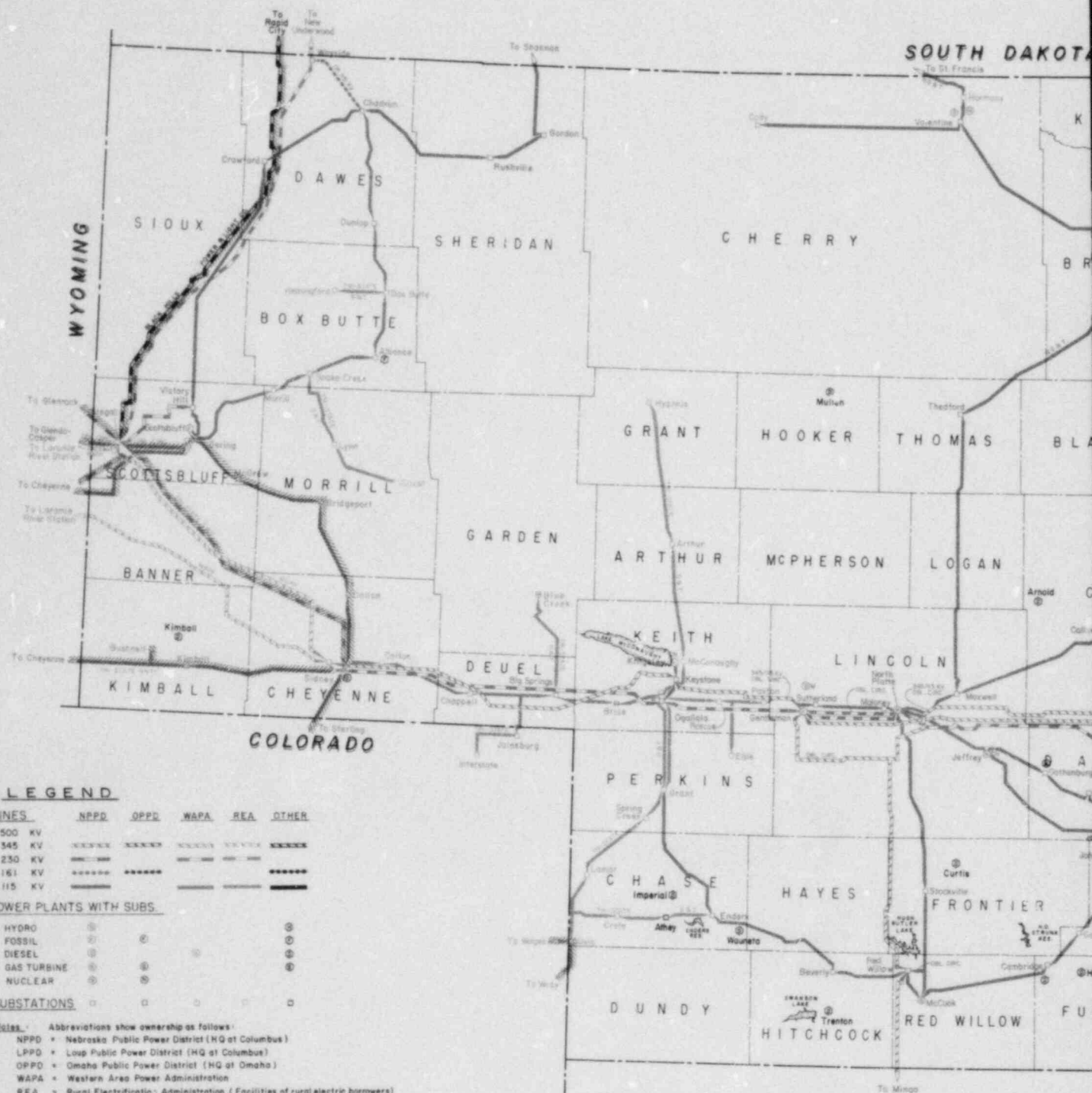
It is estimated that the remaining cost to complete the facility will approximate \$4.0 million. These costs will not require additional financing.

(6) OPERATIONS:

During a scheduled maintenance and refueling outage in April, 1983, hairline cracks were discovered on the interior surface of certain of the recirculation, core spray and reactor water clean-up system pipes in Cooper Nuclear Station. In order to correct the cracking problem, the District is replacing the recirculation, core spray and reactor water clean-up system piping and associated connections. The District expects that Cooper Nuclear Station will be out of service for approximately eight months commencing September 15, 1984, while such replacements are made. The estimated cost of such replacements and related costs is \$50 million and the Electric System's share of such estimated cost is \$25 million.

The District is also installing a new plant management information system in compliance with Nuclear Regulatory Commission regulations for nuclear plants. The total cost of such system is estimated to be \$20 million, and the Electric System's share of such estimated cost is \$10 million.

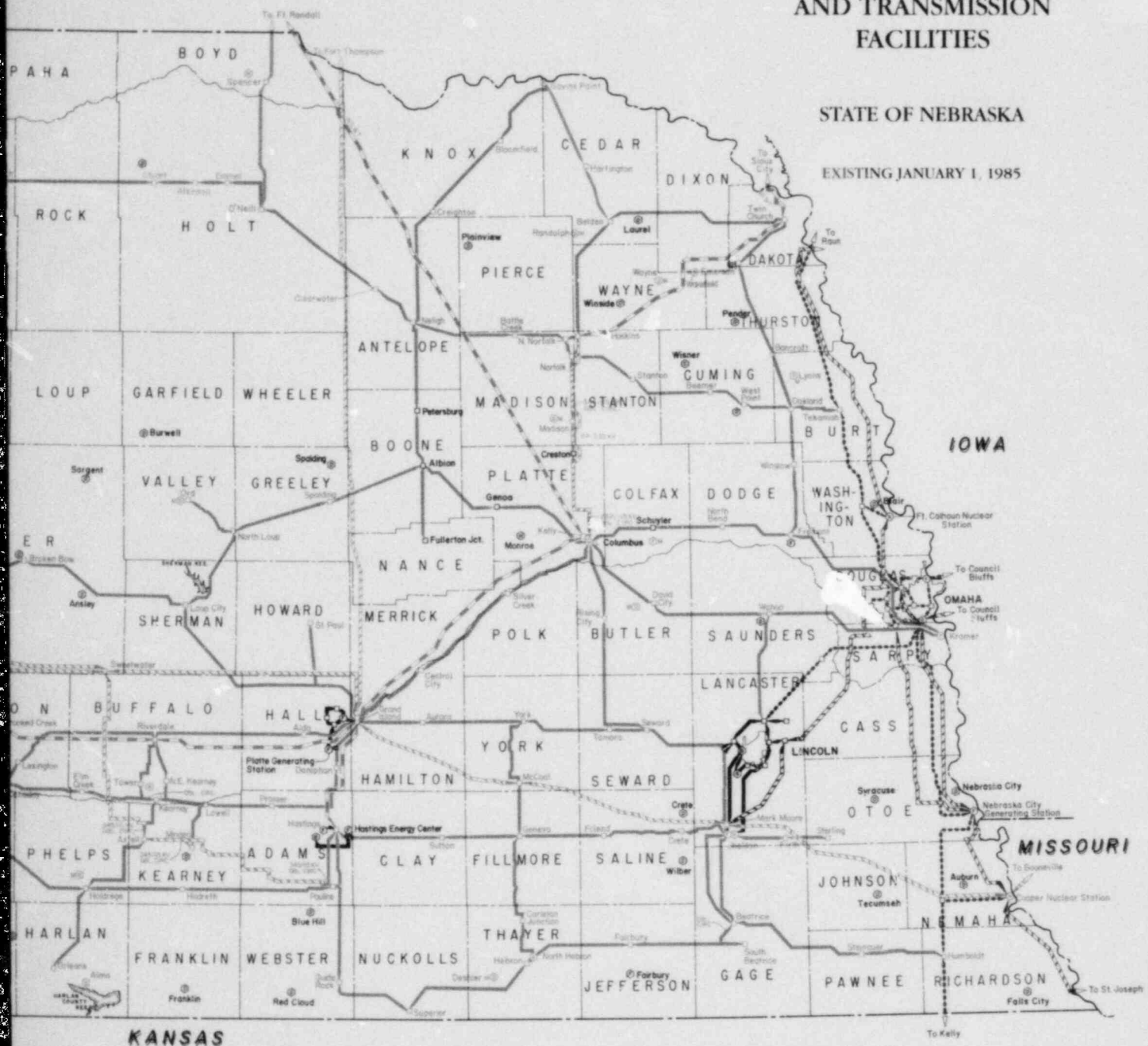
The District plans to pay the Electric System's share of such costs, including Lincoln's share of approximately \$8.8 million, from the proceeds of Electric System Tax Exempt Commercial Paper Notes issued in 1984. Lincoln's share will be repaid to the District through billings for monthly power costs.



ELECTRIC GENERATION AND TRANSMISSION FACILITIES

STATE OF NEBRASKA

EXISTING JANUARY 1, 1985



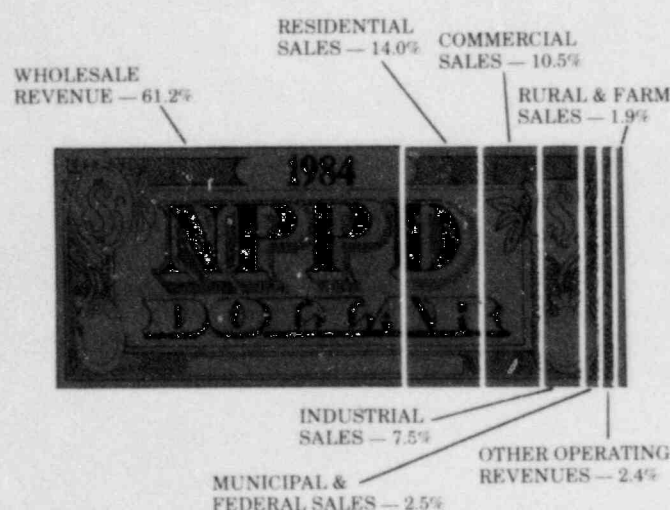
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SCALE OF MILES



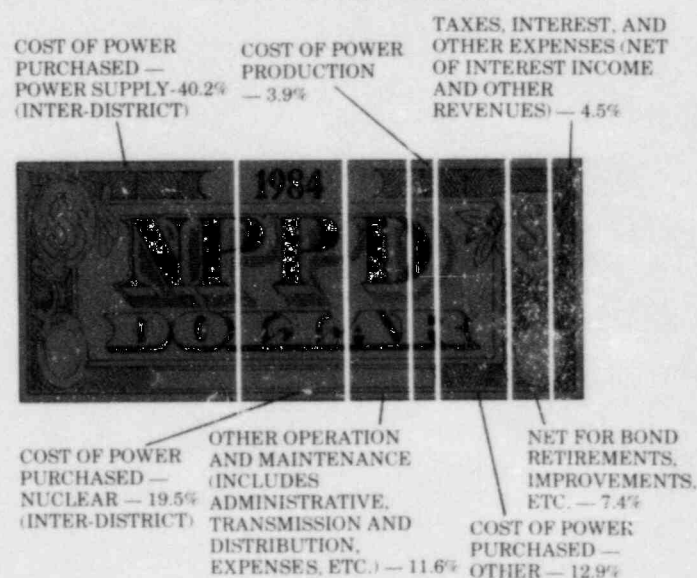
SALES	Average Number of Customers	KWH Sales (Thousands)	%	Revenue From Sales (Thousands)	%
Retail:					
Residential	81,448	741,434	8.1	\$ 45,685	14.0
Rural & Farm	5,560	91,868	1.0	6,252	1.9
Commercial	17,393	562,920	6.1	34,479	10.5
Industrial	91	661,950	7.2	24,665	7.5
Municipal & Federal	3,144	144,519	1.6	8,253	2.5
Total Retail	107,636	2,202,691	24.0	\$119,334	36.4
Wholesale:					
52 Municipalities (Total Requirements)		1,090,173	11.9	\$ 38,703	11.8
18 Municipalities (Interconnection—Partial Requirements)		180,962	2.0	4,081	1.2
26 Public Power Districts & Cooperatives (Total Requirements)		3,277,760	35.8	103,773	31.7
Other Utilities—Non-Firm & Participation		2,408,240	26.3	54,025	16.5
Total Wholesale		6,957,135	76.0	\$200,582	61.2
Total Electric Revenues		9,159,826	100.0	\$319,916	97.6
Other Operating Revenue				8,015	2.4
Total Electric System Operating Revenues				\$327,931	100.0
GENERATION					
Production:					
Electric System (Including Interchange)		441,421	4.6	\$ 12,911	5.1
Purchased:					
Power Supply System ⁽¹⁾		5,414,016	55.9	\$131,785	52.5
Nuclear Facility ⁽¹⁾		1,734,774	17.9	64,083	25.5
Other		2,088,912	21.6	42,330	16.9
Total Power Purchased		9,237,702	95.4	\$238,198	94.9
Total Power Produced and Purchased		9,679,123	100.0	\$251,109	100.0

(1) The Electric System purchases 100% of the net generation of the Power Supply System and 50% of the net generation of the Nuclear Facility based upon the total costs of the respective systems. Pursuant to the Power Sales Contract, Iowa Power and Light Company purchased 1,735,179,000 KWH. Iowa Power and Light participation is not included in the table.

NPPD's dollar came from



NPPD's dollar used for



and Power Supply System | Year Ended December 31, 1984

GENERAL

Utility Plant (at cost):

	1984	1983	Increase (1)
	(Thousands of Dollars)		
Electric System	\$ 628,120	\$ 608,325	\$19,795
Power Supply System	741,235	731,297	9,938
Nuclear Facility	487,133	452,638	34,495
Total Utility Plant	<u>\$1,856,488</u>	<u>\$1,792,260</u>	<u>\$64,228</u>

Production Plant Facilities:

	Number of Plants (2)	Accredited Capability (KW)
Steam—Conventional	6	1,702,300
Steam—Nuclear	1	760,000(3)
Hydro	12	161,400
Diesel	10	36,300
Peaking Turbine	3	149,000
Total Production Plant Facilities	<u>32</u>	<u>2,809,000</u>

(1) Net of retirements

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

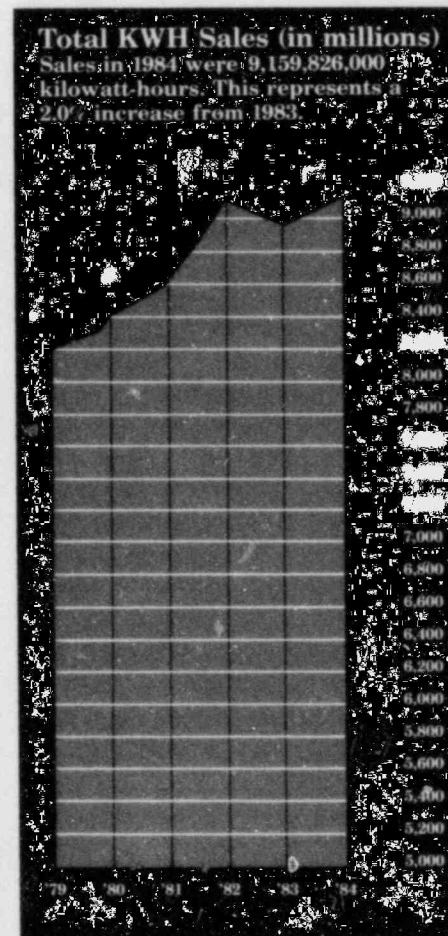
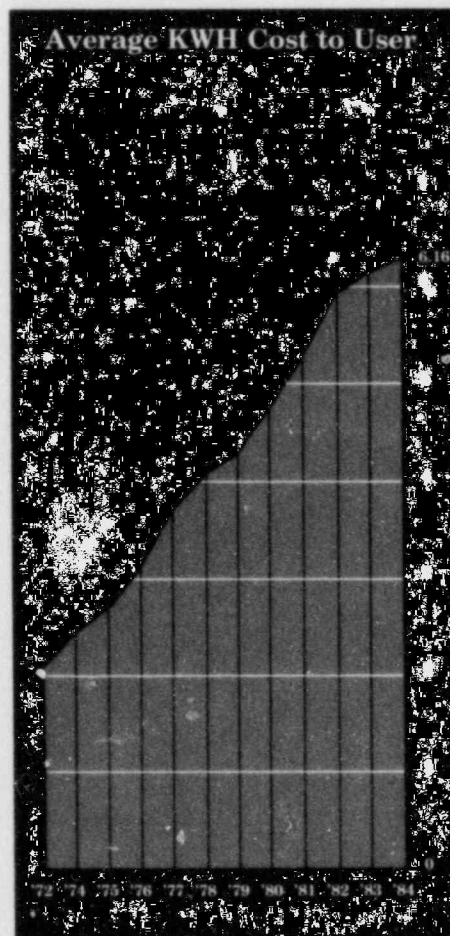
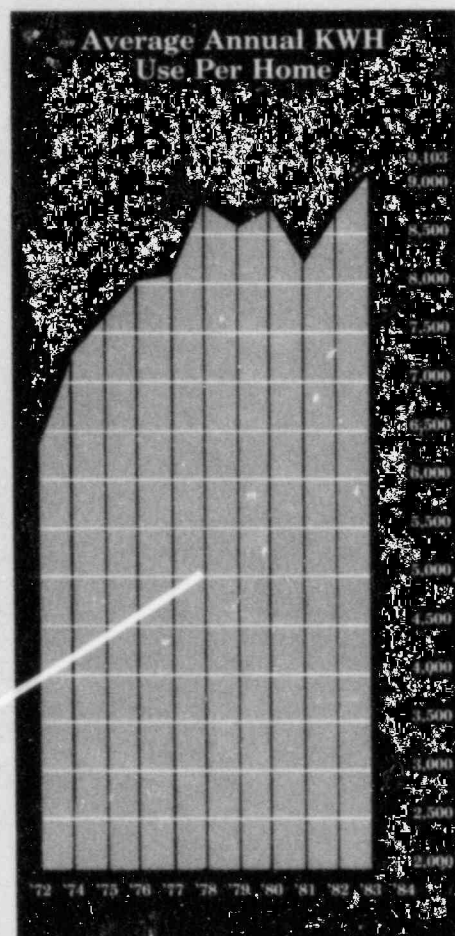
(3) Includes 380,000 KW contracted to Iowa Power and Light

Transmission Facilities:

Miles of Transmission Line in Service 6,431

Personnel:

Number of Permanent Employees 1,994





General Offices
1414 - 15th Street
P.O. Box 499
Columbus, NE 68601