



Jaime H. McCoy
Site Vice President

May 7, 2020
WO 20-0047

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

Subject: Docket No. 50-482: Guarantee of Payment of Deferred Premiums

Commissioners and Staff:

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 (WCGS) are providing the enclosed documentation of their ability to pay deferred premiums in the amount of twenty million four hundred ninety-six thousand dollars, as determined by 10 CFR 140.11(a)(4).

Wolf Creek Nuclear Operating Corporation (WCNOC) holds the operating license for WCGS, which is jointly owned by Evergy Metro, Inc (formerly Kansas City Power & Light Company), Evergy Kansas South, Inc. (formerly Kansas Gas & Electric Company), and Kansas Electric Power Cooperative, Inc. (KEPCo). Entities Evergy Metro, Evergy Kansas South, and KEPCo have provided audited Consolidated Statements of Cash Flows in order to demonstrate sufficient funds are available to meet their share of the deferred premiums.

This letter contains no commitments. If you have any questions concerning this matter, please contact me at (620) 364-4156, or Ron-Benham at (620) 364-4204.

Sincerely,

A handwritten signature in black ink that reads "Jaime H. McCoy". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jaime H. McCoy

JHM/rlt

Enclosures: I Evergy Metro, Inc. and Evergy Kansas South, Inc. Statements of Cash Flows
II Kansas Electric Power Cooperative, Inc. Statement of Cash Flows

cc: S. A. Morris (NRC), w/e
N. O'Keefe (NRC), w/e
B. K. Singal (NRC), w/e
Senior Resident Inspector (NRC), w/e

Enclosure I to WO 20-0047

**Evergy Metro, Inc. and Evergy Kansas South, Inc. Statements of Cash Flows
(3 pages)**

May 4, 2020

Wolf Creek Nuclear Operating Corporation
PO Box 411
Burlington, KS 66839

Dear Todd:

Pursuant to the requirements of 10 CFR 140.21(e), Evergy Metro, Inc. and Evergy Kansas South, Inc. are each providing their attached audited Consolidated Statements of Cash Flows as evidence of their ability to make payment of each company's share of deferred premiums in the amount of \$9.633 million per company.

The undersigned certifies that the foregoing memorandum with respect to Evergy Metro, Inc.'s and Evergy Kansas South, Inc.'s cash flows for the year 2019 is true and correct to the best of their knowledge and belief.

Sincerely,

DocuSigned by:

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Steven P. Busser
Vice President – Risk Management and Controller

attachment

EVERGY METRO, INC.
Consolidated Statements of Cash Flows

| Year Ended December 31 | 2019 | 2018 | 2017 |
|--|--------------|-------------|--------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES: | | (millions) | |
| Net income | \$ 255.2 | \$ 162.9 | \$ 179.8 |
| Adjustments to reconcile income to net cash from operating activities: | | | |
| Depreciation and amortization | 318.4 | 281.3 | 266.3 |
| Amortization of nuclear fuel | 25.9 | 26.2 | 32.1 |
| Amortization of deferred refueling outage | 12.8 | 13.5 | 18.3 |
| Net deferred income taxes and credits | (30.6) | 48.6 | 82.5 |
| Allowance for equity funds used during construction | (2.2) | (1.4) | (6.0) |
| Payments for asset retirement obligations | (2.5) | (13.1) | (25.5) |
| Other | 0.3 | 3.9 | 7.5 |
| Changes in working capital items: | | | |
| Accounts receivable | 37.0 | 36.5 | 13.8 |
| Accounts receivable pledged as collateral | 12.0 | — | (20.0) |
| Fuel inventory and supplies | 14.6 | 19.4 | (5.2) |
| Prepaid expenses and other current assets | 28.0 | 7.2 | 8.4 |
| Accounts payable | 9.1 | (34.6) | 11.7 |
| Accrued taxes | (9.6) | 16.1 | 9.1 |
| Other current liabilities | (53.2) | 10.4 | (0.1) |
| Changes in other assets | 33.7 | 42.9 | 31.7 |
| Changes in other liabilities | (34.7) | 37.9 | 6.5 |
| Cash Flows from Operating Activities | 614.2 | 657.7 | 610.9 |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES: | | | |
| Additions to property, plant and equipment | (445.0) | (430.7) | (468.6) |
| Purchase of securities - trusts | (34.0) | (35.1) | (33.6) |
| Sale of securities - trusts | 25.7 | 27.1 | 30.3 |
| Other investing activities | 9.0 | 4.8 | 0.9 |
| Cash Flows used in Investing Activities | (444.3) | (433.9) | (471.0) |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES: | | | |
| Short term debt, net | 22.4 | 8.0 | 34.6 |
| Collateralized short-term debt, net | (12.0) | — | 20.0 |
| Proceeds from long-term debt | 393.2 | 465.6 | 296.2 |
| Retirements of long-term debt | (400.0) | (519.9) | (281.0) |
| Cash dividends paid | (175.0) | (180.0) | (212.0) |
| Other financing activities | 0.9 | 2.9 | — |
| Cash Flows used in Financing Activities | (170.5) | (223.4) | (142.2) |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (0.6) | 0.4 | (2.3) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH: | | | |
| Beginning of period | 2.6 | 2.2 | 4.5 |
| End of period | \$ 2.0 | \$ 2.6 | \$ 2.2 |

The disclosures regarding Evergy Metro included in the accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

EVERGY KANSAS SOUTH, INC.
Consolidated Statements of Cash Flows
(Dollars in Thousands)

| | Year Ended December 31, | |
|--|-------------------------|------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Net income | \$ 151,881 | \$ 148,595 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 198,884 | 178,781 |
| Amortization of nuclear fuel | 25,598 | 26,031 |
| Amortization of deferred refueling outage | 12,765 | 13,701 |
| Amortization of deferred regulatory gain from sale leaseback | (5,495) | (5,495) |
| Amortization of corporate-owned life insurance | 17,781 | 20,634 |
| Net deferred income taxes and credits | (11,905) | 2,567 |
| Allowance for equity funds used during construction | (20) | (1,687) |
| Payments for asset retirement obligations | (4,245) | (3,331) |
| Income from corporate-owned life insurance | (28,408) | (1,815) |
| Changes in working capital items: | | |
| Accounts receivable | (4,531) | 87,376 |
| Fuel inventory and supplies | 6,458 | 7,123 |
| Prepaid expenses and other current assets | (2,025) | (10,393) |
| Accounts payable | (16,227) | 20 |
| Other current liabilities | (23,886) | (64,509) |
| Changes in other assets | 7,737 | (4,718) |
| Changes in other liabilities | (18,089) | 5,786 |
| Cash Flows from Operating Activities | <u>306,273</u> | <u>398,666</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES: | | |
| Additions to property, plant and equipment | (280,306) | (333,791) |
| Purchase of securities within the nuclear decommissioning trust fund | (21,848) | (99,421) |
| Sale of securities within the nuclear decommissioning trust fund | 19,265 | 101,070 |
| Investment in corporate-owned life insurance | (15,123) | (16,015) |
| Proceeds from investment in corporate-owned life insurance | 157,959 | 6,279 |
| Advance to parent | 76,168 | (73,426) |
| Other investing activities | (3,190) | (7,423) |
| Cash Flows used in Investing Activities | <u>(67,075)</u> | <u>(422,727)</u> |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | — | 46,440 |
| Retirements of long-term debt | (300,000) | (46,440) |
| Retirements of long-term debt of variable interest entity | (30,337) | (28,534) |
| Borrowings from affiliates | 160,043 | — |
| Borrowings against cash surrender value of corporate-owned life insurance | 56,477 | 56,486 |
| Repayment of borrowings against cash surrender value of corporate-owned life insurance | (125,381) | (3,891) |
| Cash Flows from (used) in Financing Activities | <u>(239,198)</u> | <u>24,061</u> |
| NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | <u>—</u> | <u>—</u> |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH: | | |
| Beginning of period | — | — |
| End of period | <u>\$ —</u> | <u>\$ —</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| CASH PAID FOR: | | |
| Interest on financing activities, net of amount capitalized | \$ 39,795 | \$ 50,590 |
| Interest on financing activities of variable interest entity | 1,589 | 2,294 |
| Income taxes, net of refunds | 35,720 | 16,715 |
| NON-CASH INVESTING TRANSACTIONS: | | |
| Property, plant and equipment additions (reductions) | 23,626 | (75,366) |

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

Enclosure II to WO 20-0047

**Kansas Electric Power Cooperative, Inc. Statement of Cash Flows
(3 pages)**



**Kansas Electric
Power Cooperative, Inc.**

P.O. Box 4877, Topeka, KS 66604-0877
600 Corporate View, Topeka, KS 66615
Phone (785) 273-7010 Fax (785) 271-4888
www.kepc.org

April 10, 2020

Mr. Todd N. Laflin
Wolf Creek Nuclear Operating Corporation
P.O. Box 411
Burlington, KS 66839

Dear Todd:

Pursuant to the requirements of 10 CFR 140.21(e), Kansas Electric Power Cooperative, Inc. is providing the attached audited Statements of Cash Flows as evidence of the ability to make payment of its share of deferred premiums in an amount of \$1.230 million.

The undersigned certifies that the foregoing memorandum with respect to Kansas Electric Power Cooperative, Inc.'s cash flow for the year 2019 is true and correct to the best of their knowledge and belief.

Sincerely yours,

Coleen M. Wells
Sr. VP and CFO
Enclosure (1)

Kansas Electric Power Cooperative, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|--------------------|---------------------|
| Operating Activities | | |
| Net margin | \$ 2,796,459 | \$ 2,710,302 |
| Adjustments to reconcile net margin to net cash flows provided by operating activities | | |
| Depreciation | 9,131,591 | 9,259,655 |
| Amortization of nuclear fuel | 3,219,404 | 3,254,982 |
| Amortization of deferred charges | 619,924 | 619,926 |
| Amortization of deferred incremental outage costs | 1,623,886 | 1,714,963 |
| Amortization of debt issuance costs | - | 9 |
| Net periodic benefit costs | 1,617,453 | 1,818,228 |
| Patronage capital credits allocated | (525,298) | (534,773) |
| Loss on sale of property and equipment | 54,666 | 49,085 |
| Changes in | | |
| Member accounts receivable | 1,372,186 | 1,224,564 |
| Materials and supplies | 304,937 | 198,295 |
| Other long-term assets and prepaid expenses | (1,286,835) | (351,459) |
| Accounts payable | (890,768) | (799,598) |
| Payroll and payroll-related liabilities | 54,707 | 10,079 |
| Accrued property tax | (86,910) | (63,893) |
| Accrued interest payable | (22,316) | (21,458) |
| Accrued income taxes | - | (1,216) |
| Other long-term liabilities | (2,199,037) | (1,405,302) |
| Net cash provided by operating activities | <u>15,784,049</u> | <u>17,682,389</u> |
| Investing Activities | | |
| Additions to electrical plant | (5,065,919) | (8,122,948) |
| Additions to nuclear fuel | (2,941,349) | (2,630,814) |
| Proceeds from investments in decommissioning fund assets | 103,332 | 1,123,204 |
| Purchases of investments in decommissioning fund assets | (1,380,174) | (3,034,090) |
| Investments in associated organizations | 779,720 | 767,606 |
| Proceeds from sale of property | - | 32,428 |
| Net cash used in investing activities | <u>(8,504,390)</u> | <u>(11,864,614)</u> |
| Financing Activities | | |
| Principal payments on long-term debt | (9,033,456) | (8,489,349) |
| Proceeds from issuance of long-term debt | 4,110,126 | 2,057,401 |
| Principal payments on NRUCFC line of credit | (1,205,000) | (75,000) |
| Proceeds from draw downs on NRUCFC line of credit | 1,205,000 | 75,000 |
| Change in cushion of credit | 4,087,395 | 307,788 |
| Change in member investments | 1,968,243 | 871,510 |
| Net cash provided by (used in) financing activities | <u>1,132,308</u> | <u>(5,252,650)</u> |

See Notes to Consolidated Financial Statements

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| Increase in Cash and Cash Equivalents | \$ 8,411,967 | \$ 565,125 |
| Cash and Cash Equivalents, Beginning of Year | <u>11,957,905</u> | <u>11,392,780</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 20,369,872</u></u> | <u><u>\$ 11,957,905</u></u> |
| Supplemental Cash Flows Information | | |
| Interest paid | \$ 7,901,006 | \$ 8,277,000 |
| Change in defined benefit pension plans – losses | \$ (422,520) | \$ (611,562) |
| Change in fair value of decommissioning trust | \$ 4,244,837 | \$ (2,407,953) |