# WOLF CREEK
NUCLEAR OPERATING CORPORATION

Otto L. Maynard
President and Chief Executive Officer

MAY 2 2001

WM 01-0018

S. J. Collins, Director
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

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

Dear Mr. Collins:

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

Kansas City Power & Light Company, Kansas Electric Power Cooperative, Inc., and Western Resources, Inc., including its wholly-owned subsidiary Kansas Gas and Electric Company, have each provided an audited 2000 Consolidated Statement of Cash Flows. These Cash Flows demonstrate sufficient funds are available to meet their share of the deferred premiums.

If you have any questions concerning this matter, please contact me at (620) 364-4000 or Mr. Tony Harris at (620) 364-4038.

Very truly yours,

Otto L. Maynard

OLM/rlr

Enclosures (3)

cc: J. N. Donohew (NRC), w/e
W. D. Johnson (NRC), w/e
E. W. Mershcoff (NRC), w/e
Senior Resident Inspector (NRC), w/e
Document Control Desk (NRC), w/e

M004

KCPL℠

NEIL ROADMAN
CONTROLLER

March 7, 2001

Mr. Mark Larson
Wolf Creek Nuclear Operating Corporation
P.O. Box 411
Burlington, KS 66839

Dear Mark:

Pursuant to the requirements of 10 CFR140.21(e), Kansas City Power & Light Company is providing the attached audited Consolidated Statements of Cash Flows of it ability to make payment of its share of deferred premiums in an amount of $5 million.

The undersigned certifies that the foregoing memorandum with respect to Kansas City Power & Light Company's cash flow for the year 2000 is true and correct to the best of his knowledge and belief.

Sincerely,

Attachment

**KANSAS CITY POWER & LIGHT COMPANY**
**Consolidated Statements of Cash Flows**

| Year Ended December 31 | 2000 | 1999 | 1998 |
|---|---|---|---|
| | | (thousands) | |
| **Cash Flows from Operating Activities** | | | |
| Net income | $ 158,704 | $ 81,915 | $ 120,722 |
| Adjustments to reconcile income to net cash from operating activities: | | | |
| Cumulative effect of changes in accounting principles, net of income taxes | (30,073) | - | - |
| Depreciation and depletion | 132,378 | 123,269 | 117,913 |
| Amortization of: | | | |
| Nuclear fuel | 15,227 | 15,782 | 19,146 |
| Other | 11,940 | 12,263 | 9,071 |
| Deferred income taxes (net) | (29,542) | (26,784) | (2,468) |
| Investment tax credit amortization | (4,296) | (4,453) | (4,471) |
| Fuel contract settlement | - | (13,391) | - |
| Losses from equity investments | 19,441 | 24,951 | 11,683 |
| Asset impairments | 17,775 | 21,078 | 6,027 |
| Gain on sale of KLT Gas properties | (110,578) | - | - |
| Gain on sale of Nationwide Electric, Inc. stock | - | (19,835) | - |
| Kansas rate refund accrual | - | (14,200) | 14,200 |
| Allowance for equity funds used during construction | (4,001) | (2,657) | (3,816) |
| Other operating activities (Note 2) | 16,898 | (37,829) | 14,656 |
| Net cash from operating activities | 193,873 | 160,109 | 302,663 |
| **Cash Flows from Investing Activities** | | | |
| Utility capital expenditures | (401,041) | (180,687) | (119,540) |
| Allowance for borrowed funds used during construction | (12,184) | (3,378) | (2,474) |
| Purchases of investments | (55,531) | (35,072) | (55,154) |
| Purchases of nonutility property | (25,466) | (55,792) | (22,611) |
| Sale of KLT Gas properties | 225,958 | - | - |
| Sale of Nationwide Electric, Inc. stock | - | 39,617 | - |
| Sale of KLT Power | - | - | 53,033 |
| Hawthorn No. 5 partial insurance recovery | 50,000 | 80,000 | - |
| Other investing activities | 18,967 | (10,316) | 8,008 |
| Net cash from investing activities | (199,297) | (165,628) | (138,738) |
| **Cash Flows from Financing Activities** | | | |
| Issuance of long-term debt | 500,445 | 10,889 | 7,406 |
| Repayment of long-term debt | (179,858) | (109,060) | (102,680) |
| Net change in short-term borrowings | (183,099) | 228,699 | 8,757 |
| Dividends paid | (104,335) | (106,662) | (105,475) |
| Redemption of preferred stock | - | (50,000) | - |
| Other financing activities | (5,925) | 1,513 | (2,818) |
| Net cash from financing activities | 27,228 | (24,621) | (194,810) |
| **Net Change in Cash and Cash Equivalents** | 21,804 | (30,140) | (30,885) |
| **Cash and Cash Equivalents at Beginning of Year** | 13,073 | 43,213 | 74,098 |
| **Cash and Cash Equivalents at End of Year** | $ 34,877 | $ 13,073 | $ 43,213 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KEPCo

**Kansas Electric Power Cooperative, Inc.**

April 24, 2001

Mr. Mark Larson
Comptroller
Wolf Creek Nuclear Operating Corporation
Burlington, KS 66839

Dear Mark:

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

The undersigned certifies that the foregoing memorandum with respect to Kansas Electric Power Cooperative, Inc.'s. cash flow for the year 2000 is true and correct to the best of her knowledge and belief.

Sincerely yours,

Sandy Abrahams

Sandy Abrahams
Controller
Enclosure (1)

Phone: 785.273.7010
Fax: 785.271.4888
www.kepco.org

P.O. Box 4877
Topeka, KS 66604-0877

600 Corporate View
Topeka, KS 66615

A Touchstone Energy Cooperative

**Kansas Electric Power Cooperative, Inc.**

Statements of cash flows
For the years ended December 31, 2000 and 1999

| | 2000 | 1999 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net margin (deficit) | $ (651,747) | $ 1,042,402 |
| Adjustments to reconcile net margin (deficit) to net cash provided by operations- | | |
| Depreciation and amortization | 5,803,654 | 5,330,137 |
| Amortization of nuclear fuel | 1,838,316 | 1,882,179 |
| Amortization of deferred charges | 910,554 | 868,373 |
| Amortization of deferred incremental outage costs | 1,451,681 | 1,527,515 |
| Gain on sale of Homestead funds | - | (833,877) |
| Payment to Department of Energy for decommissioning | (64,927) | (67,178) |
| Increase in deferred incremental outage costs | (2,741,886) | (1,989,401) |
| Increase in decommissioning liability | 442,715 | 119,434 |
| Increase in arbitrage rebate payable | 164,785 | 143,797 |
| Change in other long-term liabilities | 185,197 | (57,879) |
| Changes in current assets and liabilities- | | |
| Member accounts receivable | (735,035) | (383,533) |
| Materials and supplies inventory | (3,000) | 1,413 |
| Other assets and prepaid expenses | 31,658 | (76,701) |
| Accounts payable | 321,023 | (337,454) |
| Payroll and payroll-related liabilities | 14,675 | 46,653 |
| Accrued property taxes | (73,160) | (9,563) |
| Accrued interest payable | 1,663,702 | 269,561 |
| Net cash provided by operating activities | 8,558,205 | 7,475,878 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to electric plant, net | (6,950,929) | (2,894,455) |
| Additions to nuclear fuel | (2,251,251) | (481,419) |
| Wolf Creek nuclear operating investment | (115,426) | (286,464) |
| Increase in decommissioning fund assets | (442,715) | (119,434) |
| Net change in unrealized loss in market value of investments | 587,798 | (952,550) |
| Cash received on sale of Homestead funds | - | 2,011,772 |
| Contribution to Cooperative Wireless investment | - | (362,076) |
| Increase in other restricted investments | 79,594 | (14,873) |
| Sales of short-term investments | - | 1,414,440 |
| Sales of other investments | 782,688 | 1,244,184 |
| Net cash used in investing activities | (8,310,241) | (440,875) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings from cash surrender value of life insurance contracts | 2,484,967 | - |
| Repayment of long-term debt | (4,833,290) | (6,711,941) |
| Amortization of debt issue costs | 411,024 | 426,614 |
| Deferred patronage dividends paid | - | (1,404,643) |
| Membership fees received | - | 100 |
| Net cash used in financing activities | (1,937,299) | (7,689,870) |
| Net decrease in cash and cash equivalents | (1,689,335) | (654,867) |
| CASH AND CASH EQUIVALENTS AT: | | |
| Beginning of year | 4,893,273 | 5,548,140 |
| End of year | $ 3,203,938 | $ 4,893,273 |

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

Western Resources®

LEE WAGES
*Controller*

April 6, 2001

Mr. Mark Larson
Wolf Creek Nuclear Operating
Corporation
PO Box 411
Burlington, KS 66839

Dear Mark:

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

The undersigned certifies that the foregoing memorandum with respect to Western Resources, Inc.'s cash flow for the year 2000 is true and correct to the best of his knowledge and belief.

Sincerely,

Lee Wages
Controller

lms
attachment

818 South Kansas Avenue / P.O. Box 889 / Topeka, Kansas 66601
Telephone: (785) 575-6320 / Fax: (785) 575-6496
Mobile: (785) 554-6320
Internet: lee_wages@wr.com

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 136,481 | $ 14,296 | $ 35,649 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Extraordinary gain | (49,241) | (11,742) | (1,591) |
| Cumulative effect of accounting change | 3,810 | - | - |
| Depreciation and amortization | 426,369 | 403,669 | 288,125 |
| Amortization of gain on sale-leaseback | (11,828) | (11,828) | (11,828) |
| Equity in earnings from investments | (11,219) | (8,199) | (6,064) |
| Minority interests | (8,625) | (12,600) | (2,762) |
| (Gain)/loss on sale of marketable securities | (114,948) | 26,251 | 14,029 |
| Impairment of marketable securities | - | 76,166 | - |
| Gain on sale of investments | (9,562) | (17,249) | - |
| Accretion of debt premium | (6,237) | (6,799) | 3,034 |
| Write-off of international development activities | - | (5,632) | 98,916 |
| Net deferred taxes | (29,744) | (15,825) | (57,119) |
| Deferred merger costs | - | 17,600 | - |
| Changes in working capital items (net of effects from acquisitions): | | | |
| Restricted cash | (15,234) | (18,689) | (11,987) |
| Accounts receivable (net) | (37,127) | (3,824) | 118,844 |
| Inventories and supplies (net) | 12,282 | (15,024) | (8,000) |
| Accounts payable | 44,172 | 5,000 | (33,613) |
| Accrued liabilities | (19,457) | (20,152) | (42,411) |
| Accrued income taxes | 13,506 | 7,386 | 5,582 |
| Deferred security revenues | (2,065) | 3,479 | (2,237) |
| Other | (10,314) | (2,571) | 43,518 |
| Changes in other assets and liabilities | (24,875) | (35,272) | (29,873) |
| Net cash flows from operating activities | 286,144 | 368,441 | 400,212 |
| CASH FLOWS USED IN INVESTING ACTIVITIES: | | | |
| Additions to property, plant and equipment (net) | (308,073) | (275,744) | (182,885) |
| Customer account acquisitions | (35,513) | (241,000) | (277,667) |
| Security alarm monitoring acquisitions, net of cash acquired | (11,748) | (27,409) | (549,196) |
| Purchases of marketable securities | - | (12,003) | (261,036) |
| Proceeds from sale of marketable securities | 218,609 | 73,456 | 27,895 |
| Other investments (net) | 50,688 | 15,556 | (91,451) |
| Net cash flows used in investing activities | (86,037) | (467,144) | (1,334,340) |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES: | | | |
| Short-term debt (net) | (670,421) | 392,949 | 75,972 |
| Proceeds of long-term debt | 610,045 | 16,000 | 1,096,238 |
| Retirements of long-term debt | (208,952) | (198,021) | (167,068) |
| Proceeds from accounts receivable sale (net) | 115,000 | - | - |
| Proceeds from issuance of stock by subsidiary | - | - | 45,565 |
| Issuance of common stock (net) | 38,059 | 43,245 | 17,284 |
| Redemption of preference stock | - | - | (50,000) |
| Cash dividends paid | (98,827) | (145,033) | (144,077) |
| Acquisition of treasury stock | (9,187) | (15,791) | - |
| Reissuance of treasury stock | 21,898 | - | - |
| Net cash flows from (used in) financing activities | (202,385) | 93,349 | 873,914 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (2,278) | (5,354) | (60,214) |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 11,040 | 16,394 | 76,608 |
| End of year | $ 8,762 | $ 11,040 | $ 16,394 |

The Notes to Consolidated Financial Statements are an integral part of these statements.