

# WOLF CREEK

NUCLEAR OPERATING CORPORATION

Otto L. Maynard  
President and Chief Executive Officer

**MAY 6 2002**

WM 02-0017

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

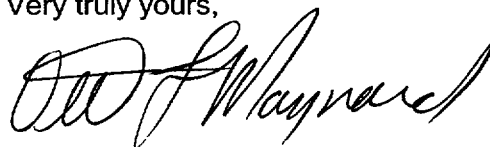
Dear Mr. Collins:

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 2001 Consolidated Statement of Cash Flows in order to demonstrate sufficient funds are available to meet their share of the deferred premiums.

If you have any questions concerning this matter, please contact me at (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  
D. N. Graves (NRC), w/e  
E. W. Mershcoff (NRC), w/e  
Senior Resident Inspector (NRC), w/e  
Document Control Desk (NRC), w/e

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# **Kansas Electric Power Cooperative, Inc.**

April 22, 2002

Mr. Mark Larson  
Comptroller  
Wolf Creek Nuclear Operating Corporation  
P.O. Box 411  
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 for the year ended 2001 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 2001 is true and correct to the best of her knowledge and belief.

Sincerely yours,

Sandy Abrahams  
Controller  
Enclosure (1)

Phone: 785.273.7010

Fax: 785.271.4888

[www.kepco.org](http://www.kepco.org)

P.O. Box 4877

Topeka, KS 66604-0877

600 Corporate View

Topeka, KS 66615

**Kansas Electric Power Cooperative, Inc.**

Statements of cash flows  
For the years ended December 31, 2001 and 2000

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net margin (deficit)	\$ (4,424,785)	\$ (651,747)
Adjustments to reconcile net margin (deficit) to net cash provided by operations-		
Depreciation and amortization	6,773,126	5,803,654
Amortization of nuclear fuel	2,197,183	1,838,316
Amortization of deferred charges	896,436	910,554
Amortization of deferred incremental outage costs	1,827,924	1,451,681
Wolf Creek nuclear operating investment loss	946,216	-
Increase in decommissioning liability	212,300	442,715
Increase in arbitrage rebate payable	163,445	164,785
Payment of arbitrage rebate payable	(798,087)	-
Payment to Department of Energy for decommissioning	(72,943)	(64,927)
Changes in assets and liabilities-		
Member accounts receivable	509,966	(735,035)
Materials and supplies inventory	(487,853)	(3,000)
Other assets and prepaid expenses	63,749	31,658
Accounts payable	706,146	321,023
Payroll and payroll-related liabilities	8,146	14,675
Accrued property taxes	114,552	(73,160)
Accrued interest payable	(1,996,220)	1,663,702
Other long-term liabilities	(61,133)	185,197
Net cash provided by operating activities	<u>6,578,168</u>	<u>11,300,091</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to electric plant, net	(1,846,293)	(6,950,929)
Additions to nuclear fuel	(2,523,632)	(2,251,251)
Additions to deferred refueling costs	(90,839)	(2,741,886)
Increase in cash surrender value of life insurance contracts	(304,836)	(115,426)
Increase in decommissioning fund assets	(212,300)	(442,715)
Decrease (increase) in other investments	(40,044)	667,392
Sales of other investments, net	7,459,150	782,688
Net cash provided (used) in investing activities	<u>2,441,206</u>	<u>(11,052,127)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings from cash surrender value of life insurance contracts	304,836	2,484,967
Repayment of long-term debt	(7,272,253)	(4,833,290)
Amortization of debt issue costs	399,747	411,024
Net cash used in financing activities	<u>(6,567,670)</u>	<u>(1,937,299)</u>
Net increase (decrease) in cash and cash equivalents	2,451,704	(1,689,335)
<b>CASH AND CASH EQUIVALENTS AT:</b>		
Beginning of year	3,203,938	4,893,273
End of year	<u>\$ 5,655,642</u>	<u>\$ 3,203,938</u>

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



LEE WAGES  
Controller

April 29, 2002

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 2001 is true and correct to the best of his knowledge and belief.

Sincerely,

Lee Wages  
Controller

Im  
attachment

818 South Kansas Avenue / P.O. Box 889 / Topeka, Kansas 66601  
Telephone: (785) 575-6320 / Fax: (785) 575-6496  
Mobile: (785) 554-6320  
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# WESTERN RESOURCES, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in Thousands)

	Year Ended December 31,		
	2001	2000	1999
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>			
Net income (loss).....	\$ (20,876)	\$ 136,481	\$ 14,296
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary gain .....	(23,156)	(49,241)	(11,742)
Cumulative effect of accounting change .....	(18,694)	3,810	—
Depreciation and amortization .....	413,642	426,369	403,669
Amortization of deferred gain from sale-leaseback .....	(11,828)	(11,828)	(11,828)
Net changes in energy trading assets and liabilities .....	6,552	7,497	(1,188)
Equity in earnings from investments .....	(4,721)	(11,219)	(8,199)
Loss on dispositions of monitored services operations .....	13,056	—	—
Impairment on investments .....	11,075	—	76,166
(Gain) loss on sale of marketable securities .....	1,861	(114,948)	26,251
Minority interests .....	(11,621)	(8,625)	(12,600)
Gain on sale of investments .....	—	(9,562)	(17,249)
Accretion of discount note interest .....	(2,247)	(6,237)	(6,799)
Net deferred taxes .....	(35,024)	(29,744)	(15,825)
Deferred merger costs .....	8,693	—	17,600
Changes in working capital items, net of acquisitions and dispositions:			
Restricted cash .....	(3,880)	(22,630)	(16,154)
Accounts receivable, net .....	36,213	77,873	(3,824)
Inventories and supplies, net .....	(45,572)	12,282	(15,024)
Prepaid expenses and other .....	231	(10,314)	(2,571)
Accounts payable .....	(26,865)	44,172	5,000
Accrued liabilities .....	(19,783)	(19,457)	(20,152)
Accrued income taxes .....	(14,064)	13,506	7,386
Deferred security revenues .....	(8,154)	(2,065)	3,479
Changes in other assets and liabilities .....	(20,006)	(14,358)	(42,251)
Cash flows from operating activities .....	<u>224,832</u>	<u>411,762</u>	<u>368,441</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>			
Additions to property, plant and equipment, net .....	(236,452)	(308,073)	(275,744)
Customer account acquisitions .....	(36,488)	(35,513)	(241,000)
Security alarm monitoring acquisitions, net of cash acquired .....	—	(11,748)	(27,409)
Purchases of marketable securities .....	—	—	(12,003)
Proceeds from sale of marketable securities .....	2,829	218,609	73,456
Proceeds from dispositions of monitored services operations .....	47,974	—	—
Proceeds from sale of other investments, net of purchases .....	<u>60,725</u>	<u>50,688</u>	<u>15,556</u>
Cash flows used in investing activities .....	<u>(161,412)</u>	<u>(86,037)</u>	<u>(467,144)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>			
Short-term debt, net .....	188,907	(670,421)	392,949
Proceeds of long-term debt .....	26,925	610,045	16,000
Retirements of long-term debt .....	(128,997)	(208,952)	(198,021)
Issuance of officer loans .....	(1,973)	—	—
Issuance of common stock, net .....	19,384	27,441	43,245
Cash dividends paid .....	(85,547)	(98,827)	(145,033)
Preferred stock redemption .....	(547)	—	—
Acquisition of treasury stock .....	(866)	(9,187)	(15,791)
Reissuance of treasury stock .....	<u>7,223</u>	<u>21,898</u>	<u>—</u>
Cash flows from (used in) financing activities .....	<u>24,509</u>	<u>(328,003)</u>	<u>93,349</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>87,929</b>	<b>(2,278)</b>	<b>(5,354)</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of period .....	<u>8,762</u>	<u>11,040</u>	<u>16,394</u>
End of period .....	<u>\$ 96,691</u>	<u>\$ 8,762</u>	<u>\$ 11,040</u>

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



NEIL ROADMAN  
CONTROLLER

April 16, 2002

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 its 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 2001 is true and correct to the best of his knowledge and belief.

Sincerely,

A handwritten signature in dark ink, appearing to read "Neil Roadman", with a long horizontal flourish extending to the right.

Attachment

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

<b>Year Ended December 31</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
	(thousands)		
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 119,691	\$ 158,704	\$ 81,915
Adjustments to reconcile income to net cash from operating activities:			
Early extinguishment of debt, net of income taxes	(15,872)	-	-
Cumulative effect of changes in accounting principles, net of income taxes	-	(30,073)	-
Depreciation and depletion	152,893	132,378	123,269
Amortization of:			
Nuclear fuel	17,087	15,227	15,782
Other	15,717	11,940	12,263
Deferred income taxes (net)	12,867	(29,542)	(26,784)
Investment tax credit amortization	(4,289)	(4,296)	(4,453)
Fuel contract settlement	-	-	(13,391)
Loss from equity investments	501	19,441	24,951
(Gain) Loss on property	(22,026)	(99,118)	1,200
Kansas rate refund accrual	-	-	(14,200)
Allowance for equity funds used during construction	(3,616)	(4,001)	(2,657)
Other operating activities (Note 2)	(35,322)	23,213	(37,786)
Net cash from operating activities	237,631	193,873	160,109
<b>Cash Flows from Investing Activities</b>			
Utility capital expenditures	(262,030)	(401,041)	(180,687)
Allowance for borrowed funds used during construction	(9,197)	(12,184)	(3,378)
Purchases of investments	(41,548)	(55,531)	(35,072)
Purchases of nonutility property	(49,254)	(25,466)	(55,792)
Proceeds from sale of assets	64,072	225,958	39,617
Hawthorn No. 5 partial insurance recovery	30,000	50,000	80,000
Loan to DTI prior to majority ownership	(94,000)	-	-
Other investing activities	8,087	18,967	(10,316)
Net cash from investing activities	(353,870)	(199,297)	(165,628)
<b>Cash Flows from Financing Activities</b>			
Issuance of long-term debt	249,597	500,445	10,889
Repayment of long-term debt	(93,099)	(179,858)	(109,060)
Net change in short-term borrowings	14,524	(183,099)	228,699
Dividends paid	(78,246)	(104,335)	(106,662)
Dividends paid to Great Plains Energy	(25,677)	-	-
Cash of KLT Inc. and GPP dividended to Great Plains Energy	(19,115)	-	-
Redemption of preferred stock	-	-	(50,000)
Equity contribution from Great Plains Energy	39,000	-	-
Other financing activities	(4,660)	(5,925)	1,513
Net cash from financing activities	82,324	27,228	(24,621)
<b>Net Change in Cash and Cash Equivalents</b>	(33,915)	21,804	(30,140)
<b>Cash and Cash Equivalents at Beginning of Year</b>	34,877	13,073	43,213
<b>Cash and Cash Equivalents at End of Year</b>	\$ 962	\$ 34,877	\$ 13,073

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