**Nebraska Public Power District**
*Nebraska's Energy Leader*

NLS2002078

50.71(b)

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

Subject: Nebraska Public Power District
2001 Annual Financial Report
NRC Docket No. 50-298, DPR-46

Gentlemen:

In accordance with the requirements of 10CFR50.71(b), the Nebraska Public Power District submits its Annual Financial Report for calendar year 2001. Copies of this report are being distributed in accordance with 10CFR50.4.

Should you have any questions or require additional information, please contact me.

Sincerely,

M. T. Coyle
Site Vice President

/nr
Enclosure

cc: Regional Administrator w/enclosure
USNRC - Region IV

Senior Project Manager w/enclosure
USNRC - NRR Project Directorate IV-1

Senior Resident Inspector w/enclosure
USNRC

NPG Distribution w/o enclosure

Rec'd 6/17/02
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**Cooper Nuclear Station**
*P.O. Box 98 / Brownville, NE 68321-0098*
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Correspondence Number: NLS2002078

The following table identifies those actions committed to by Nebraska Public Power District (NPPD) in this document. Any other actions discussed in the submittal represent intended or planned actions by NPPD. They are described for information only and are not regulatory commitments. Please notify the NL&S Manager at Cooper Nuclear Station of any questions regarding this document or any associated regulatory commitments.

| COMMITMENT | COMMITTED DATE OR OUTAGE |
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| None | |
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1931 1941 1951 1961 1971 1981 1991 2001 Always there when you need us.

## 2001 YEAR AT A GLANCE

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|---|---|
| Kilowatt-hour Sales (General System) | 14.7 Billion |
| Kilowatt-hour Sales to MidAmerican Energy Company (Nuclear Facility) | 2.6 Billion |
| Operating Revenues (General System) | $516.4 Million |
| Operating Revenues from Sales to MidAmerican Energy Company (Nuclear Facility) | $111.9 Million |
| Cost of Power Purchased and Generated (General System) | $284.3 Million |
| Other Operating Expenses (General System) | $173.8 Million |
| Net Revenues | $13.2 Million |
| Debt Service Coverage | 1.32 |

NEBRASKA PUBLIC POWER DISTRICT. Nebraska Public Power District (NPPD) is a public corporation and political subdivision of the State of Nebraska. Control of NPPD and its operations is vested in an eleven-member Board of Directors popularly elected from subdivisions within NPPD's chartered territory, which includes all or parts of 91 of the state's 93 counties. NPPD operates an integrated electric utility system, including facilities for generation, transmission and distribution of electric power and energy for sale at wholesale and retail, and a surface water irrigation system.

NPPD / 1414 15th Street / P.O. Box 499 / Columbus, NE 68602-0499 / www.nppd.com

"Volatile" might best describe the U.S. electric power industry in 2001; yet in Nebraska—the nation's only totally public power state—better descriptors would be "reliable," "dependable" and "low cost." Blackouts and bankruptcies were of no concern.

This is not to say that we did not have our challenges, but we are confident that our actions in 2001 will make our future more stable. Like the nation, our adversities made us stronger, and our accomplishments make us proud.

This report highlights NPPD's endeavors last year, including our actions to:

- Explore a different management approach for our nuclear station,
- File with the Federal Energy Regulatory Commission to be part of an independent transmission company with other transmission owners in our region,
- Renew contracts with our wholesale customers,
- Augment our Retail division's services to communities,
- Focus on the basics of what NPPD does best—generate and deliver electricity, and
- Partner in economic and environmental efforts that are related to Nebraska's natural opportunities and our customers' quality of life.

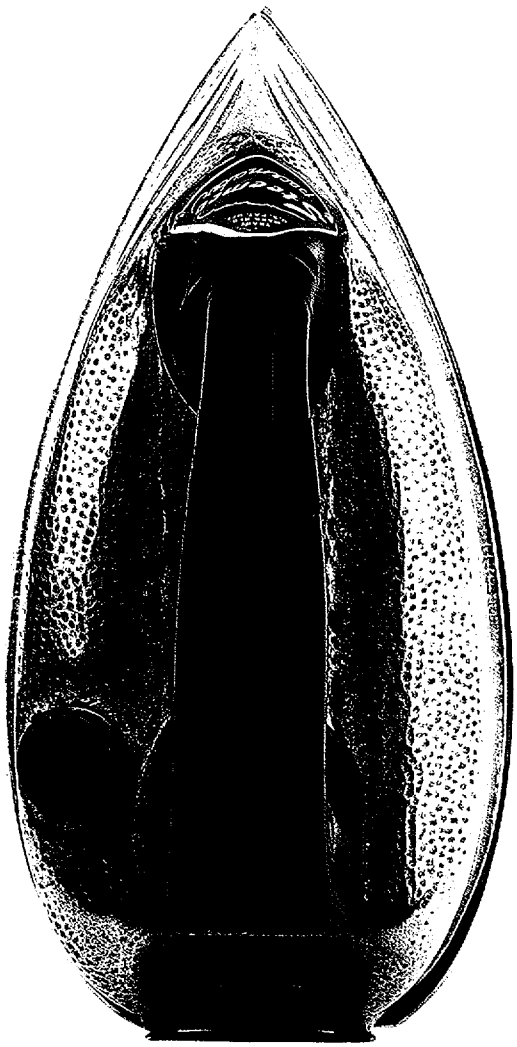
We are pleased to report that NPPD sold 14.7 billion kilowatt-hours of electricity, contributing to $516.4 million in total revenues. At the same time, costs increased, like those for greater security at our Cooper Nuclear Station after the World Trade Center attacks, an extended refueling outage and baghouse installation debt. In assessing our current and future costs, we were forced to raise the rates of our wholesale and retail customers for 2002.

This necessity was sobering, but it also made us take a good look at ourselves and reprioritize our strategies. It meant focusing on the basics of providing reliable, stable and low-cost power to our customers. We are also restoring our practice of funding a greater proportion of our capital improvement projects from revenues, and we began a company-wide cost containment plan that will extend into 2002 and beyond.

Our commitment to sound business practices reflects that we take the job of meeting customers' electric power needs seriously. Our brand, *Always There When You Need Us*, is a promise not only to our retail and wholesale customers but also to our state legislators, energy partners and bondholders.

For several decades, we have been highly regarded as a positive and successful example of public power, and we have every intention to "Be There" in decades to come.

Wayne Boyd, Chairman of the Board  Bill Mayben, President & CEO



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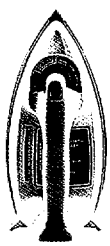

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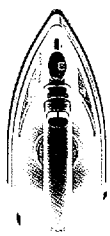

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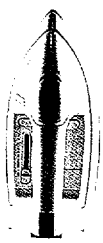

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NPPD'S RESOLVE AMIDST A NATIONAL ENERGY STORM HAS NOT COME ABOUT BY CHANCE. WE TAKE PRIDE IN OUR STRATEGIES FOR THE FUTURE AND THE DIVERSITY OF OUR GENERATION. PROVIDING ENOUGH ELECTRIC POWER TO MEET TODAY'S ENERGY DEMANDS WHILE ALWAYS PLANNING FOR TOMORROW IS MAINSTAY TO THE WAY WE OPERATE OUR BUSINESS.

Helping to assure NPPD's future are our fossil generation plants, which in 2001 surpassed their historical average for reliability. This was due mostly to the completion of new, particulate-removal systems (or baghouses) at NPPD's two coal-fired generating stations—Sheldon Station and NPPD's largest generating plant, Gerald Gentleman Station (GGS). GGS reported a record year for electric power generation. Prior to 2001, the most electric power this plant had generated in one year was 8.9 million megawatt-hours in 1997; in 2001, GGS generated 9.3 million megawatt-hours. Sheldon produced 1.4 million megawatt-hours, its fourth best generation year; and our Canaday gas/oil-fired plant produced 135,364 megawatt-hours, its second best year since 1998.

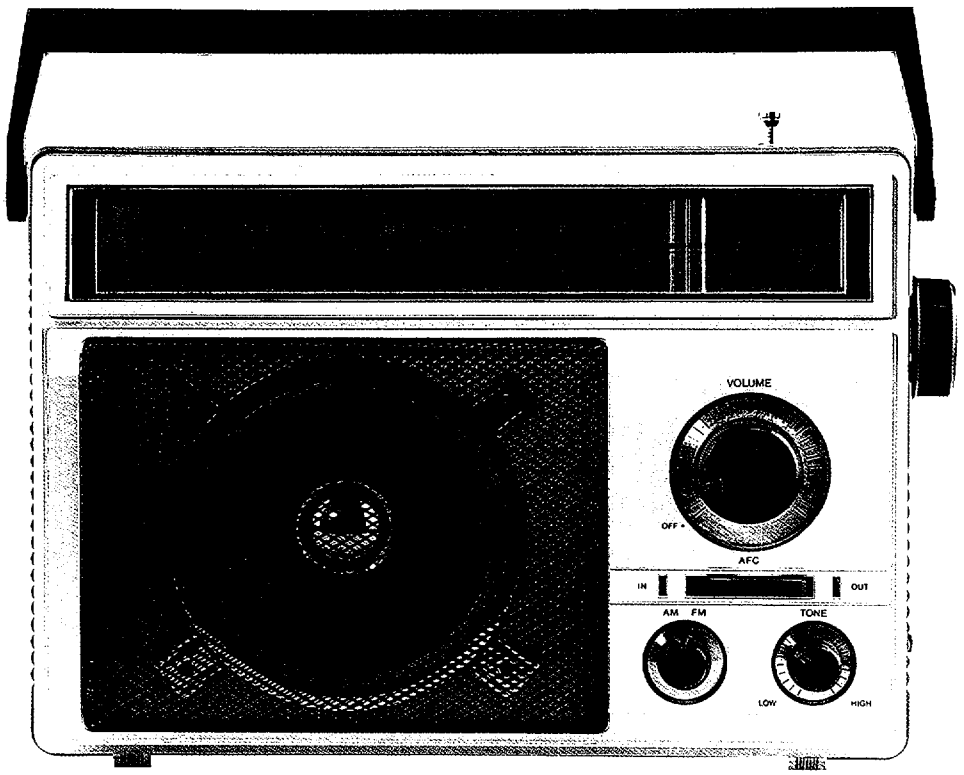
*Hydro, coal, gas, nuclear and wind provide NPPD's diverse energy supply. Future customers, like Elizabeth Chairez of Naper, Neb., can count on the stability of our coordinated generation assets.*

But we didn't stop there. Our Kearney Hydro plant is in operation after the installation of a new turbine; and we took advantage of anticipated low water levels to conduct maintenance at our hydro facilities, canals and waterways, ensuring reliable operations.

The future of Cooper Nuclear Station (CNS) has been discussed for several years, but our goal to improve its performance has remained unwavering. We took a new approach in September when we hired two experienced senior managers from the Nuclear Management Company of Hudson, Wis., to be part of NPPD's management team.

A significant part of our evaluation of CNS's future will be the outcome of ongoing litigation with our long-time energy participant, MidAmerican Energy Company. A trial date of early fall 2002 has been set, and irrespective of the outcome, litigation is expected to continue into the future. NPPD's management and Board of Directors remain dedicated to improving the performance of CNS, if it is to be a vital component of NPPD's energy supply beyond 2004.

Finally, we implemented an Energy Supply Strategy that illustrates our diversity and reliability. To meet Nebraska's growing energy needs, NPPD is considering increasing its participation in renewable fuel sources by building an additional five megawatts of wind power by 2004. We are also pursuing the construction of a gas-fired, 229-megawatt, combined-cycle generation unit and exploring the feasibility of building a coal-fired plant within the next decade.

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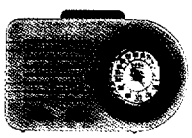

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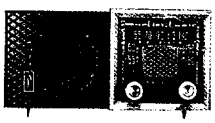

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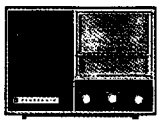

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ACKNOWLEDGING THAT IN TODAY'S WORLD, WE CAN'T OPERATE AS AN ELECTRICAL ISLAND, NPPD IS PREPARED TO BROADEN ITS REACH TO THE WHOLESALE POWER MARKET.

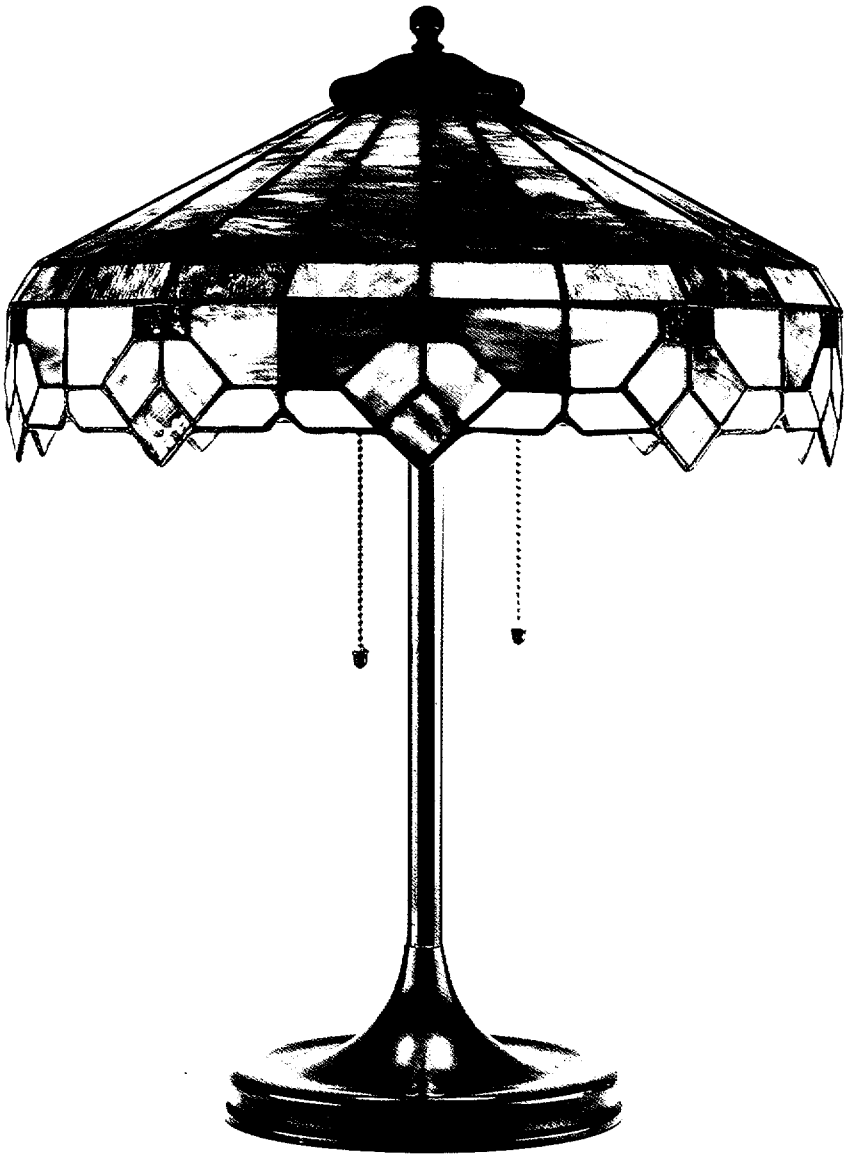
We joined five other Midwestern utilities in developing TRANSLink, a proposed independent transmission company that would link electricity generators and customers in 14 states with 26,000 miles of transmission lines and facilities. TRANSLink submitted a filing to the Federal Energy Regulatory Commission (FERC) in September and expects a response to the application by the second quarter of 2002.

If approved, NPPD and the other TRANSLink participants (Omaha Public Power District, Alliant Energy, Corn Belt Power Cooperative, MidAmerican Energy and Xcel Energy) would be able to integrate their transmission assets, creating one of the largest transmission companies in the nation. Due to state law governing public power, NPPD will not divest or lease its assets, but would enter into an operating agreement with TRANSLink. As a stand-alone entity, TRANSLink would fall under the umbrella of a FERC-approved regional transmission organization such as the Midwest Independent System Operator.

On a local level, NPPD continued making investments in its 4,262-mile, high-voltage transmission infrastructure, achieving 98.26 percent reliability and exceeding the 10-year, 98.08 percent reliability composite average for the Mid-Continent Area Power Pool region. We spent almost $18 million on planned transmission line refurbishment and substation maintenance projects in 2001. We also started two new programs to assess our substation and automated protection and control equipment. These ongoing maintenance programs keep NPPD's transmission backbone strong enough to tolerate Nebraska's harsh weather conditions.


*NPPD pushed 26.91 million megawatt-hours of electricity across the state in 2001. Like Konrad Reeder of the Kearney Storm hockey team, our focus is on the goal; and our goal is reliability.*

Due to growth in our service area's electrical load, NPPD undertook two major construction projects in 2001. We are building a 230-kilovolt, transmission line in Columbus, Neb., to support increasing electrical needs of local industry. The 4.6-mile line will begin operation in January 2002. NPPD also started a project to build a line spanning 40 miles from Crooked Creek substation near Lexington to the eastern edge of Broken Bow. Construction on the 115-kilovolt, transmission line begins in spring 2002 with plans to be operational by summer 2003.



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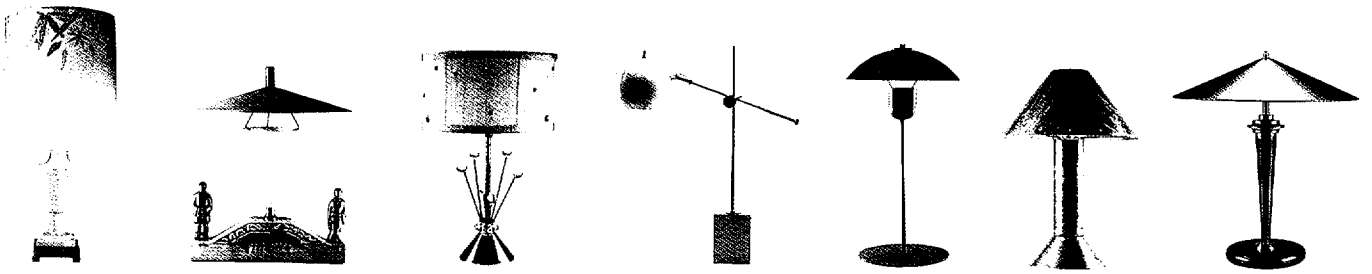

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FROM LONG-TERM COMMITMENTS TO NEW RATE METHODOLOGIES, 2001 WAS A YEAR FOR ILLUMINATING CHANGE OF WHICH NPPD AND ITS WHOLESALE PARTNERS CAN BE PROUD. FORTY-NINE WHOLESALE PARTNERS, REPRESENTING MORE THAN 42 PERCENT OF NPPD'S TOTAL ELECTRICAL LOAD, RENEWED SERVICE WITH OUR 20-YEAR GENERAL FIRM WHOLESALE POWER SERVICE CONTRACT.

These contracts take effect Jan. 1, 2002. While efforts to sign 100 percent of the load before year-end fell short, favorable discussions continue with the remaining customers. All indications show that most, if not all, of NPPD's wholesale partners will sign the new contract.

In addition to new contracts with existing customers, we also welcomed six new communities to the number of total requirement customers we serve directly or indirectly.

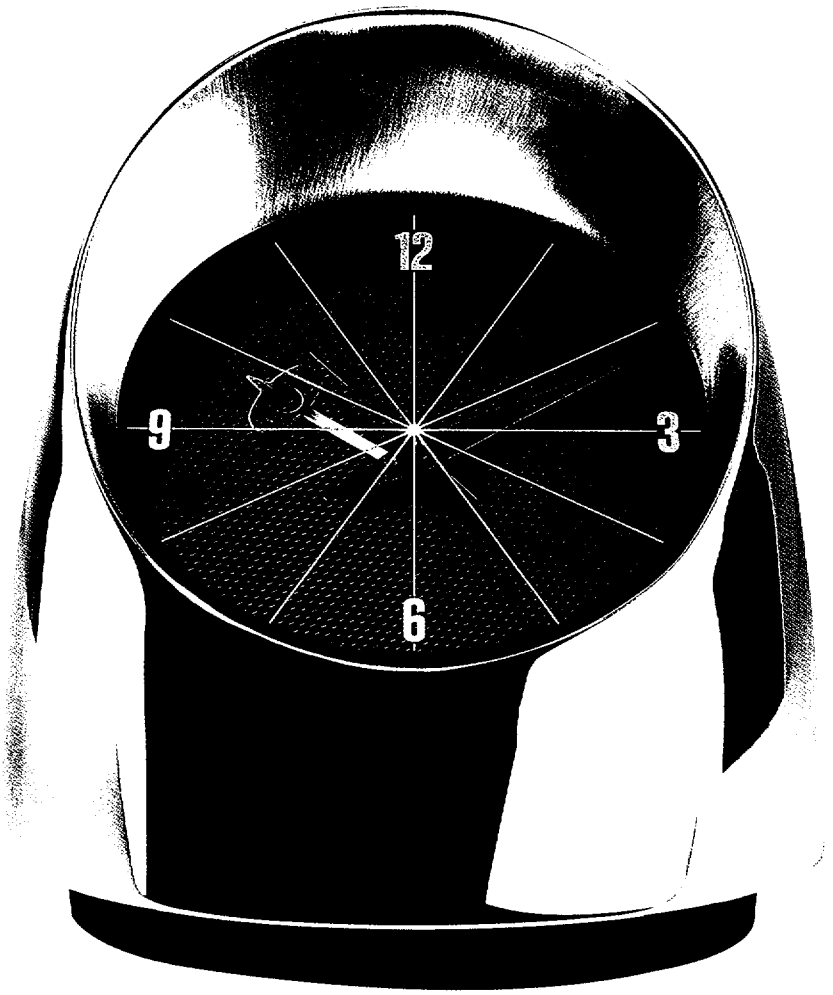
In November, our Board approved an eight percent increase in our base wholesale rate for 2002, but we are minimizing future rate changes by reducing costs and by creating a pricing signal that more accurately reflects the time-of-use cost of power supply.

At the same time, NPPD also made some changes in its rate structure. We increased our energy rate seasons from two to three and our time-of-use periods from four to eight. This results in a better match between our wholesale power rate and actual costs incurred by NPPD on behalf of its customers. Wholesale prices may also vary, depending on how and/or when customers elect to participate in voluntary programs such as peak load demand management or energy curtailment.

*Representing 7.9 percent of NPPD's wholesale native load, Norris Public Power District signed a 20-year contract in June. NPPD Wholesale Account Representative Mort Hough (left), Norris' Board Chairman Rodney Heinrichs (center) and Norris' General Manager Glen Schmieding (right) are pictured.*

During five peak load days in 2001, NPPD's native load was reduced 50 megawatts or more through our Energy Curtailment Program. This program—piloted in 2000 and pursued in 2001—pays wholesale and retail customers, who meet certain criteria, to voluntarily reduce load during high-peak periods. Additionally, NPPD's long-standing peak load demand management program reduced 450 megawatts of native load demand during our highest billable peak this summer.

Detailed coordination of these curtailment programs reduces our peak load and corresponding generation capacity needs by more than 25 percent. This kind of success can only be accomplished through committed relationships with our wholesale and retail customers.

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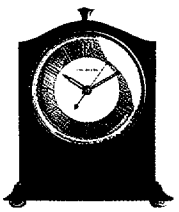

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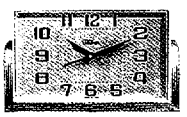

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NPPD'S RETAIL DIVISION CONTINUED ITS TIME-HONORED TRADITION OF DELIVERING RELIABLE ENERGY AT REASONABLE RATES TO APPROXIMATELY 87,000 CUSTOMERS IN THE COMMUNITIES WE SERVE.

Our average Retail rate for 2001 was 5.43 cents per kilowatt-hour, remaining well below the national average.

In December, NPPD's Board of Directors approved a 10.8 percent increase in our retail base rate for 2002, yet NPPD Retail also initiated opportunities to minimize future rate increases. In addition, we were active in enhancing our service and reliability.

In the spring, NPPD Retail began offering customers around-the-clock services via the Internet. Computer-connected customers can now visit www.nppd.com and request service, view their accounts, pay their bills, set up automatic bill payment and more. While providing expanded ways for customers to contact NPPD, the Web-based process has the potential to reduce the cost of serving customers in the future.

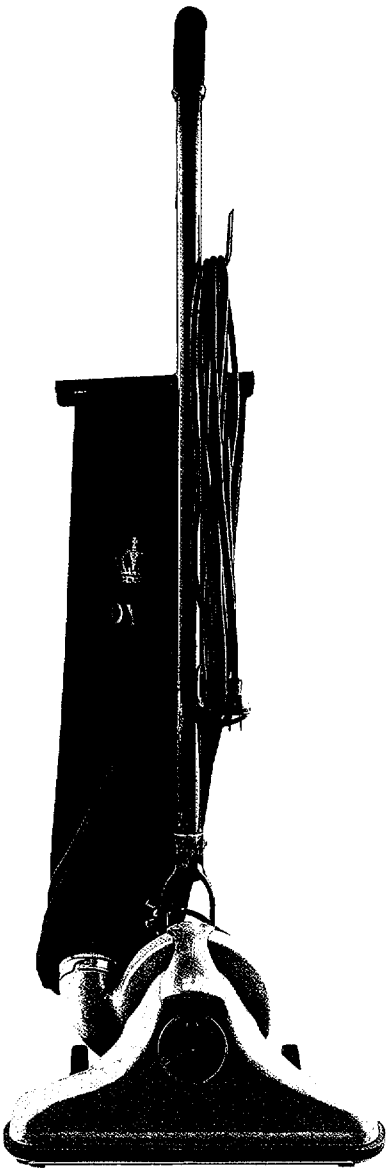
*Sandra Richards is shift supervisor at the Big Springs Bosselmans truck stop where NPPD Retail installed and now maintains 12, 1500-watt metal halide fixtures. We also installed an uninterruptible power supply system to ensure the truck stop's operability at all times.*

In addition to South Sioux City, the city of Minden signed a contract for NPPD Retail to operate and maintain their city-owned electrical distribution system. NPPD Retail also continued its Retail Realignment Initiative, which, when complete, will have transferred 126 small communities to other electric distributors served at wholesale by NPPD.

Besides serving our own retail customers, NPPD Retail's Centralized Customer Care Center and System Control Center began providing after-hours call-answering and dispatching services for 65,000 customers served by eleven other public power utilities.

Seward County Rural Public Power District is one such customer. In March of 2001, Seward County signed a first-of-its-kind agreement to have NPPD Retail provide holiday, weekend and after-hours answering service, as well as dispatching and storm-tracking services.

In 2002, NPPD Retail will launch a project to install an asset information and outage management system. These tools will help automate the mapping and management of NPPD Retail's distribution system assets, as well as the engineering and construction planning processes. As in 2001, innovation and controlling costs will be part of doing business in the years to come.



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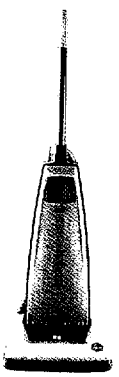

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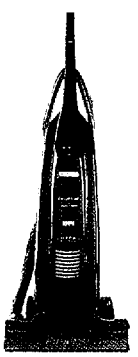

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BEING NOT-FOR-PROFIT MEANS RATES ARE SET TO ONLY RECOVER OUR COSTS. TO HELP BALANCE OUR EXPENSES AND COSTS, WE TRACK OUR RATES, USE SMART TECHNOLOGY AND CUT OVERHEAD WHERE NEEDED. AS A PUBLIC POWER UTILITY, NPPD PLANS FOR FINANCIAL SUCCESS BY SETTING COST-BASED RATES, WHICH MEANS BRINGING IN ENOUGH REVENUE TO COVER THE COST OF DOING BUSINESS.

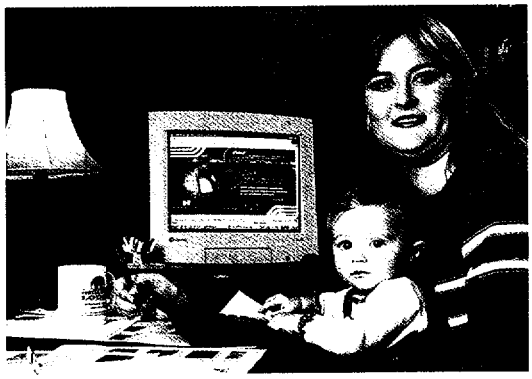
We also make sure that our rates remain competitive in the wholesale power market.

We use a system called "rate track" for projecting and measuring NPPD's expenditures. It compares our revenue requirements seven years out against our target price and our revenue under our current rates. This analysis keeps us aware of how close our rates approach regional energy market prices.

Our rates are a direct result of our costs. And while NPPD has had a total compounded wholesale rate increase of only 1.3 percent between 1990 and 2001, there have been yearly fluctuations. Using rate track, we are committed to providing more rate stability from year to year.

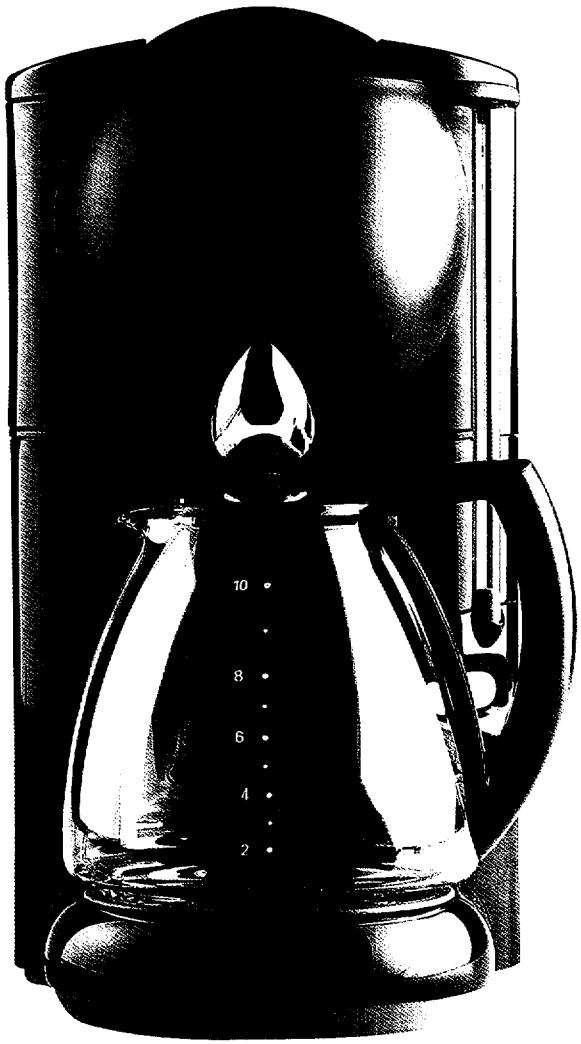
This year, with the support of our wholesale partners, we created a Rate Stabilization Account, a fund established as part of our new wholesale power contracts that will mitigate rate swings and create more stability in our rate structure.

In July, we began a corporate-wide assessment of everything—from equipment to personnel—to further reduce our costs. These reductions will decrease the need to raise rates in the future. Restructuring and reengineering our business units is necessary to assure proper focus on our core activities. The mission to reduce costs will be ongoing.



*We are doing what is necessary to assure customers, like Deana Magnussen and her daughter, Payten, that our rates will remain low and our service reliable.*

Management and employees alike are using an enterprise software system to better manage their departmental expenses. Real-time information makes budgeting easier and fiscal planning more accurate. In 2002, we will begin using the system's module for payroll, training and benefits. This will streamline many human resource tasks and empower employees to manage more of their personal and benefit information.

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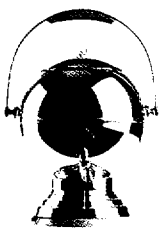

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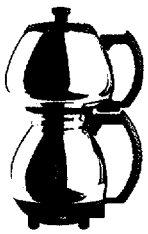

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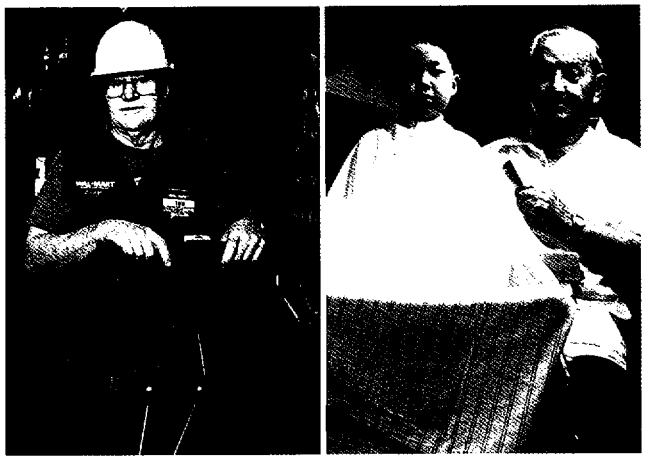
WHILE NPPD REMAINS STEADFAST IN ITS PROMISE TO BE "ALWAYS THERE WHEN YOU NEED US," OUR CUSTOMERS ARE ON THE MOVE. COMMUNITY POPULATION, BUSINESS GROWTH AND SERVICE INNOVATION CONTINUE TO ALTER, EXPAND AND CHANGE THE FACE OF NEBRASKA.

Our economic development staff kept in constant motion assisting with 19 development projects that created 1,987 direct jobs and an estimated 2,642 indirect jobs. The nature of these projects varied as much as their locations. Innovative businesses—such as a digital audio software company in Ogallala, an outbound marketing and sales enterprise in Ord, a product distribution center in North Platte and ethanol production facilities throughout the state—strengthened and diversified Nebraska's agricultural economy.



*Wal-Mart employees, like Tom Connelly here, will receive deliveries from an 880,000-square-foot Wal-Mart distribution center being built in North Platte. The Center will employ 600 people and supply stores in three states.*

*We are aware of, and planning for, the needs of customers as experienced as Harold Handschew and as explorative as Baeley Pelster.*

We were active in cooperative studies and activities regarding the protection of endangered species like least terns, piping plovers and whooping cranes at our Cottonwood Ranch property.

We bolstered our partnership with the Nebraska Department of Environmental Quality. Our collective efforts explored the use of alternative energy sources such as methane from livestock operations. This joint venture will continue into 2002 with a promotional outreach program about environmental issues.

Our customers are transforming, too. Population—in the state's non-metropolitan areas that comprise NPPD's service territory—grew three percent during the past decade, the second largest growth since the 1920s. This growth included a 131 percent increase in the Hispanic, Latino and non-white population and a 2.1 percent decline in the white, non-Hispanic population.

Yet, no matter the heritage, electricity continues to expand and enhance the lives of our customers. Fifty-nine percent of our residential customers own a home computer. Twenty percent of our retail residential consumers operate a home-based business with six percent of them telecommuting on a fairly regular basis.

The decades have shown the diversity of change; yet, our focus on customers has remained constant. NPPD has been—and will be—*Always There When You Need Us*.

## 2001 STATISTICAL REVIEW

*General System and Nuclear Facility Combined*

| SALES | Average Number of Customers | Electric Energy MWH Sales Amount | % | Revenues from Electric Sales (Thousands) Amount | % | Revenue Per KWH |
|---|---|---|---|---|---|---|
| Retail: | | | | | | |
| Residential | 68,088 | 756,131 | 5.2 | $ 60,927 | 11.8 | 8.06¢ |
| Rural & Farm | 2,724 | 54,179 | 0.4 | 4,340 | 0.8 | 8.01¢ |
| Commercial | 14,392 | 834,444 | 5.7 | 49,345 | 9.6 | 5.91¢ |
| Industrial | 56 | 1,092,932 | 7.4 | 34,094 | 6.6 | 3.12¢ |
| Public Lighting | 201 | 19,225 | 0.1 | 1,812 | 0.4 | 9.43¢ |
| Municipal Power | 74 | 30,836 | 0.2 | 1,859 | 0.4 | 6.03¢ |
| Miscellaneous Municipal | 1,798 | 115,702 | 0.8 | 5,420 | 1.0 | 4.68¢ |
| Total Retail Sales | 87,333 | 2,903,449 | 19.8 | 157,797 | 30.6 | 5.43¢ |
| Wholesale: | | | | | | |
| 52 Municipalities (Total Requirements) | | 1,702,403 | 11.6 | 62,731 | 12.1 | 3.68¢ |
| 2 Municipalities (Partial Requirements) | | 41,306 | 0.3 | 1,430 | 0.3 | 3.46¢ |
| 24 Public Power Districts & Cooperatives (Total Requirements) | | 5,440,562 | 37.0 | 181,212 | 35.1 | 3.33¢ |
| Total Wholesale Sales (Excluding Nonfirm and Participation Sales) | | 7,184,271 | 48.9 | 245,373 | 47.5 | 3.42¢ |
| Total Retail and Wholesale Sales (Excluding Nonfirm and Participation Sales) | | 10,087,720 | 68.7 | 403,170 | 78.1 | 4.00¢ |
| Other Utilities (Firm and Nonfirm) | | 1,928,986 | 13.2 | 44,025 | 8.5 | 2.28¢ |
| Participation Sales (1) | | 2,660,359 | 18.1 | 67,207 | 13.0 | 2.53¢ |
| Total Revenues from Electric Energy Sales | | 14,677,065 | 100.0 | 514,402 | 99.6 | 3.50¢ |
| Other Operating Revenues (Net of Deferred) | | | | 1,979 | 0.4 | |
| Total General System Operating Revenues | | | | $ 516,381 | 100.0 | |

| GENERATION | MWH Amount | % | Production Costs (Thousands) Amount | % |
|---|---|---|---|---|
| Production: | | | | |
| General System (Including Interchange) | 11,029,378 | 72.5 | $ 126,641 | 44.6 |
| Purchased: | | | | |
| Nuclear Facility (1) | 2,604,240 | 17.1 | 113,192 | 39.8 |
| Other | 1,588,185 | 10.4 | 44,463 | 15.6 |
| Total Power Purchased | 4,192,425 | 27.5 | 157,655 | 55.4 |
| Total Power Produced and Purchased | 15,221,803 | 100.0 | $ 284,296 | 100.0 |

(1) The General System purchases 50% of the net generation of the Nuclear Facility based upon the total costs of the system. Pursuant to the Power Sales Contract, MidAmerican Energy Company purchased 2,602,301 MWH from the Nuclear Facility. MidAmerican Energy Company participation is not included in the table.

| GENERAL (Thousands) | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|
| Utility Plant (at cost): (1) | | | | | |
| General System | $2,183,108 | $2,124,731 | $1,997,949 | $1,939,282 | $1,894,735 |
| Nuclear Facility | 791,729 | 782,068 | 768,818 | 756,228 | 743,097 |
| Total Utility Plant | $2,974,837 | $2,906,799 | $2,766,767 | $2,695,510 | $2,637,832 |
| Outstanding Debt: | | | | | |
| General System (2) | $1,228,194 | $1,254,887 | $1,319,250 | $1,168,092 | $1,177,607 |
| Nuclear Facility | 73,890 | 103,640 | 131,935 | 158,865 | 184,520 |
| Total Outstanding Debt | $1,302,084 | $1,358,527 | $1,451,185 | $1,326,957 | $1,362,127 |

| PRODUCTION PLANT FACILITIES: | Number of Plants (3) | Accredited Capability (MW) | Percent of Total |
|---|---|---|---|
| Steam — Conventional | 3 | 1,709.0 | 58.9 |
| Steam — Nuclear (4) | 1 | 776.0 | 26.7 |
| Combustion Turbine | 3 | 166.0 | 5.7 |
| Hydro | 9 | 162.8 | 5.6 |
| Diesel | 14 | 90.4 | 3.1 |
| Total Production Plant Facilities | 30 | 2,904.2 | 100.0 |

(1) Net of retirements
(2) Includes Taxable and Tax-Exempt Commercial Paper
(3) Includes six hydro plants and fourteen diesel plants under contract to the District
(4) Includes 50% of MW contracted to MidAmerican Energy Company

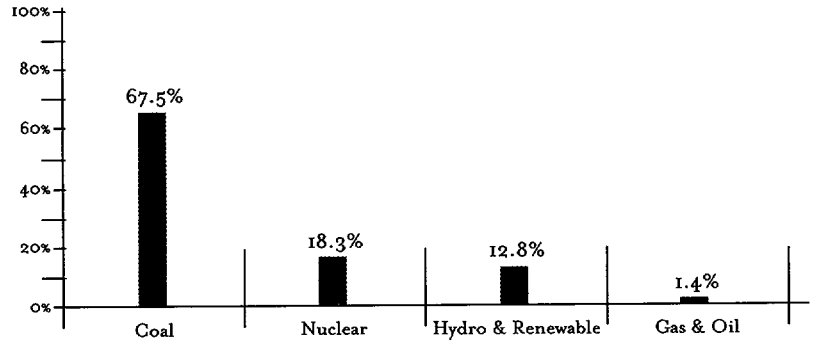
| | |
|---|---|
| Miles of Transmission Line in Service | 5,133 |
| Number of Permanent Employees | 2,314 |
| 2001 Contractual and Tax Payments (Thousands): | |
| Lease Payments to Retail Towns | $14,448 |
| 5% Gross Revenue Tax | $ 5,613 |
| In Lieu of Tax Payments | $ 231 |

HOW NPPD'S DOLLAR WORKS FOR ITS CUSTOMERS—2001

1. Cost of Production – General System.....24.6%
2. Cost of Production – Nuclear Facility.....21.9%
3. Cost of Other Operation and Maintenance Expenses.....18.2%
4. Bond Retirements, Construction from Revenues, etc.....16.9%
5. Interest, Other Income Deductions and Taxes.....9.8%
   (net of interest income and other revenues)
6. Cost of Purchased Power – Other.....8.6%

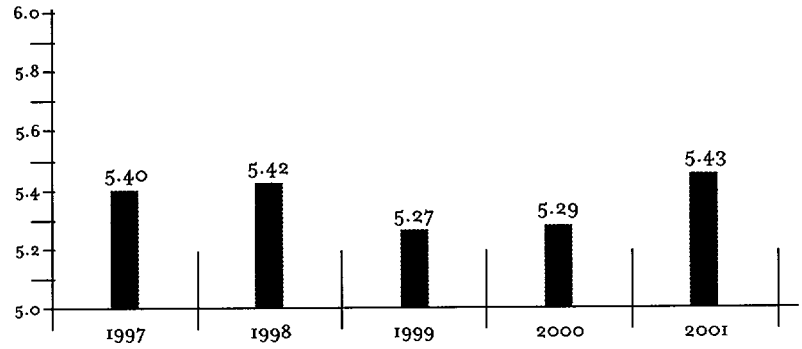
## SOURCES OF ENERGY

In 2001



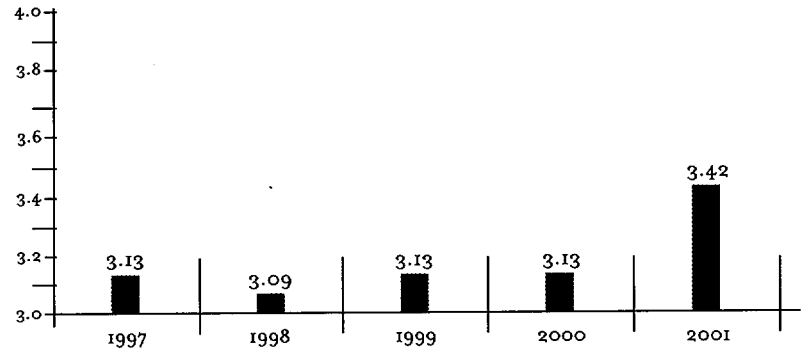

## AVERAGE REVENUE PER KWH SOLD

(Retail–All Classes) Cents per KWh




## AVERAGE REVENUE PER KWH SOLD

(Firm Wholesale Customers Only) Cents per KWh

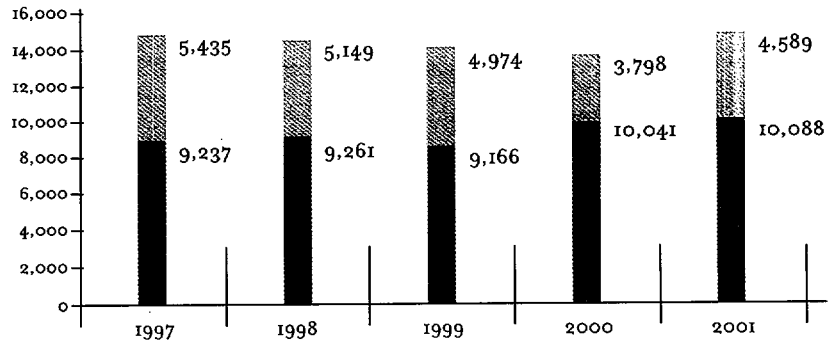



## GENERAL SYSTEM ENERGY SALES

(Gigawatt Hours)

Additional Energy Sales

Firm Energy Sales



Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses and accumulated net revenues, and cash flows present fairly, in all material respects, the financial position of the General System of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska, "the District") at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the District's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of the calculation of debt service ratios in accordance with the General Revenue Bond Resolution for the years ended December 31, 2001, 2000 and 1999, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2002 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2001.

PricewaterhouseCoopers LLP

Kansas City, Missouri
March 1, 2002

| Balance Sheets – December 31, 2001 and 2000 (000's) | 2001 | 2000 |
|---|---|---|
| **ASSETS** | | |
| Utility Plant, at Cost | $ 2,183,108 | $ 2,124,731 |
| Less – Reserve for depreciation | 959,048 | 919,682 |
| | 1,224,060 | 1,205,049 |
| Prepaid Capacity Costs | 50,930 | 52,996 |
| Investment in The Energy Authority | 6,429 | 5,175 |
| Debt Reserve Fund | 81,563 | 79,750 |
| Receivables from Sale of Property | 2,857 | 5,273 |
| Current Assets: | | |
| Cash and investments | 64,732 | 109,185 |
| Receivables | 64,410 | 61,112 |
| Materials and supplies, at average cost | 57,467 | 55,222 |
| Prepayments and other current assets | 1,857 | 2,119 |
| | 188,466 | 227,638 |
| Other Assets: | | |
| Deferred charges | 8,029 | 27,820 |
| Deferred Nuclear Facility billings | 6,252 | 6,396 |
| Unamortized financing costs | 7,594 | 8,510 |
| Other | 321 | 259 |
| | 22,196 | 42,985 |
| TOTAL ASSETS | $ 1,576,501 | $ 1,618,866 |
| **LIABILITIES AND CAPITAL** | | |
| Accumulated Net Revenues | $ 283,531 | $ 270,357 |
| Long-Term Debt | 1,059,754 | 1,126,447 |
| Commercial Paper Notes | 168,440 | 128,440 |
| | 1,228,194 | 1,254,887 |
| Less – Current maturities of long-term debt | 69,165 | 66,796 |
| | 1,159,029 | 1,188,091 |
| Current Liabilities: | | |
| Current maturities of long-term debt | 69,165 | 66,796 |
| Accounts payable | 39,297 | 65,592 |
| Accrued lease payments | 3,025 | 3,324 |
| Other | 22,454 | 24,706 |
| | 133,941 | 160,418 |
| TOTAL LIABILITIES AND CAPITAL | $ 1,576,501 | $ 1,618,866 |

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

| Statements of Revenues and Expenses and Accumulated Net Revenues for the year ended December 31, (000's) | 2001 | 2000 | 1999 |
|---|---|---|---|
| Revenues and Expenses: | | | |
| Operating revenues | $ 516,381 | $ 513,894 | $ 496,577 |
| Operating Expenses: | | | |
| Power purchased – | | | |
| Nuclear Facility | 113,192 | 103,154 | 105,061 |
| Other | 44,463 | 82,118 | 52,248 |
| Production – | | | |
| Fuel | 74,382 | 65,335 | 58,263 |
| Operation and maintenance | 52,259 | 48,552 | 46,693 |
| Other operation and maintenance | 79,491 | 76,717 | 70,527 |
| Lease payments | 14,646 | 15,592 | 15,850 |
| Depreciation and amortization | 74,059 | 63,581 | 63,615 |
| Payments in lieu of taxes | 5,556 | 5,773 | 6,102 |
| Total operating expenses | 458,048 | 460,822 | 418,359 |
| Net operating revenues | 58,333 | 53,072 | 78,218 |
| Investment Income and Other Revenues | 14,226 | 20,388 | 16,748 |
| Net revenues before other deductions | 72,559 | 73,460 | 94,966 |
| Other Deductions: | | | |
| Bond interest | 56,211 | 58,767 | 56,816 |
| Allowance for funds used during construction | (2,207) | (2,914) | (1,669) |
| Other interest and deductions | 5,381 | 14,138 | 8,156 |
| Total other deductions | 59,385 | 69,991 | 63,303 |
| Net Revenues | 13,174 | 3,469 | 31,663 |
| Accumulated Net Revenues: | | | |
| Beginning balance | 270,357 | 266,888 | 235,225 |
| Ending balance | $ 283,531 | $ 270,357 | $ 266,888 |

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

| Statements of Cash Flows for the year ended December 31, (000's) | 2001 | 2000 | 1999 |
|---|---|---|---|
| Cash flows provided by operating activities: | | | |
| Net operating revenues | $ 58,333 | $ 53,072 | $ 78,218 |
| Adjustments to reconcile net operating revenues to net cash provided by operating activities: | | | |
| Depreciation and amortization | 74,059 | 63,581 | 63,615 |
| Vehicle depreciation charged to operations and capital | — | — | 133 |
| Undistributed net revenue – The Energy Authority | (1,254) | (278) | — |
| Decrease (Increase) in deferred charges – Nuclear Facility | 144 | (6,396) | — |
| Changes in assets and liabilities: | | | |
| Receivables | (4,113) | (7,035) | 5,293 |
| Materials and supplies | (2,245) | (3,355) | (12,876) |
| Prepayments and other current assets | 262 | 1,161 | (2,304) |
| Deferred charges | 19,791 | (12,482) | (21,701) |
| Other assets | (62) | 421 | 348 |
| Accounts payable and accrued leased payments | (26,594) | 35,777 | (5,557) |
| Other liabilities | (2,252) | 6,125 | 2,793 |
| Net cash flows provided by operating activities | 116,069 | 130,591 | 107,962 |
| Cash flows used in capital and related financing activities: | | | |
| Utility plant additions | (90,795) | (167,125) | (140,390) |
| Proceeds from sale of plant under realignment | 1,261 | 3,415 | 2,612 |
| Other non-operating revenues | 99 | 260 | 541 |
| Proceeds from repayment of notes receivable for sale of property | 3,960 | 2,030 | 1,071 |
| Repayment of long-term debt – principal | (66,796) | (54,858) | (45,078) |
| Repayment of notes payable – principal | — | (9,275) | (4,140) |
| Payment of interest on long-term debt | (53,320) | (56,007) | (58,579) |
| Payment of interest on notes payable | (5,374) | (6,888) | (6,019) |
| Net change in debt reserve fund | 23 | (2,696) | 22 |
| Issuance of long-term debt | — | — | 194,505 |
| Issuance of notes payable | 40,000 | — | 5,000 |
| Other | — | — | (2,137) |
| Net cash flows used in capital and related financing activities | (170,942) | (291,144) | (52,592) |
| Cash flows provided by (used in) investing activities: | | | |
| Investment in The Energy Authority | — | (444) | (4,453) |
| Interest from investments | 10,759 | 13,946 | 17,270 |
| Sale of securities | 300,155 | 659,476 | 622,738 |
| Purchase of securities | (245,397) | (536,517) | (687,642) |
| Net cash flows provided by (used in) investing activities | 65,517 | 136,461 | (52,087) |
| Net (decrease) increase in cash | 10,644 | (24,092) | 3,283 |
| Cash, beginning of year | 3,027 | 27,119 | 23,836 |
| Cash, end of year | $ 13,671 | $ 3,027 | $ 27,119 |
| Supplemental Information – Cash paid for interest | $ 58,725 | $ 63,099 | $ 60,462 |

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

| Supplemental Schedule – Calculation of Debt Service Ratios in accordance with the General Revenue Bond Resolution for the year ended December 31, (000's) | 2001 | 2000 | 1999 |
|---|---|---|---|
| Operating revenues | $ 516,381 | $ 513,894 | $ 496,577 |
| Operating expenses | (458,048) | (460,822) | (418,359) |
| Net operating revenues | 58,333 | 53,072 | 78,218 |
| Interest and other revenues | 14,226 | 20,388 | 16,748 |
| Interest deductions | (59,385) | (69,991) | (63,303) |
| Net revenues | 13,174 | 3,469 | 31,663 |
| Add: | | | |
| Interest deductions | 59,385 | 69,991 | 63,303 |
| Depreciation and amortization | 74,059 | 63,581 | 63,748 |
| Lease payments | 14,646 | 15,592 | 15,850 |
| | 148,090 | 149,164 | 142,901 |
| Deduct: | | | |
| Amortization of bond premium | 1,871 | 2,153 | 3,045 |
| Gain on sale of property | 61 | 236 | 367 |
| Interest on debt service funds used for capitalized interest | — | 479 | — |
| Investment income retained in construction funds | 885 | 6,678 | 5,036 |
| | 2,817 | 9,546 | 8,448 |
| Net revenues available for debt service under the General Revenue Bond Resolution | $ 158,447 | $ 143,087 | $ 166,116 |
| Amounts deposited in the General System Debt Service Account: | | | |
| Principal | $ 66,600 | $ 54,665 | $ 44,890 |
| Interest | 53,229 | 49,714 | 50,453 |
| | $ 119,829 | $ 104,379 | $ 95,343 |
| Ratio of net revenues available for debt service to debt service deposits | 1.32 | 1.37 | 1.74 |

Notes to Financial Statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization* –

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

General System
Nuclear Facility

As required by Bond Resolutions, separate records are maintained for each division. The General System financial statements exclude the Nuclear Facility, for which financial statements are presented separately herein. As of December 31, 2001, included in the General System Receivables is $11.6 million receivable from the Nuclear Facility which is also included in Accounts Payable and Other Accrued Liabilities in the Nuclear Facility financial statements. As of December 31, 2000, included in the General System Accounts Payable is $.6 million payable to the Nuclear Facility which is also included in Accounts Receivable in the Nuclear Facility. The General System financial statements should be read in conjunction with such other financial statements.

Nebraska Public Power District, a public corporation and a political subdivision of the State of Nebraska, is an electric utility which sells electric energy to wholesale and retail customers in the Midwest. The District's contracts and rate schedules specify the time period in which billings are to be paid after services are rendered.

The General System financial statements are prepared in accordance with generally accepted accounting principles and follow accounting guidance provided by the Governmental Accounting Standards Board (GASB). Absent GASB standards on any particular situation, the pronouncements of the Financial Accounting Standards Board (FASB) are presumed to apply.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to current year presentation.

B. *Depreciation, Amortization and Maintenance* –

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant was approximately 3% in each of the years ended December 31, 2001, 2000 and 1999.

The District has long-term operating lease agreements with 77 municipalities for certain distribution facilities. These lease agreements obligate the District to make lease payments based on gross revenues from the municipalities and pay for normal property additions during the term of the leases. The District has recorded provisions, net of retirements, for amortization of leased plant additions of $6.1 million in 2001, $4.6 million in 2000, and $7.2 million in 1999. These leased plant additions, which are fully reserved, totaled $73.5 million at December 31, 2001 and $88.5 million at December 31, 2000.

The District charges maintenance and repairs, including the cost of renewals and replacements of minor items of property, to maintenance expense account. 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. *Cash and Investments* –

| December 31, (000's) | 2001 | 2000 |
|---|---|---|
| Cash and Investments: | | |
| Revenue Fund | $55,813 | $60,599 |
| Construction Funds | 3,103 | 44,605 |
| Commercial Paper Fund | 5,816 | 3,981 |
| | 64,732 | 109,185 |
| Debt Reserve Fund | 81,563 | 79,750 |
| Total Cash & Investments | $146,295 | $188,935 |

Cash and investments consist of $51.0 million of investment securities and $13.7 million of cash deposits at December 31, 2001, and $106.2 million of investment securities and $3.0 million of cash deposits at December 31, 2000. The Debt Reserve Fund consists of $80.8 million of investment securities and $0.8 million of cash deposits at December 31, 2001 and $52.4 million of investment securities and $27.3 million of cash deposits at December 31, 2000.

The District follows GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". GASB 31 requires the District's investments to be recorded at market value with the changes in the market value of investments reported as Investment Income and Other Revenues in the Statements of Revenues and Expenses and Accumulated Net

Revenues. Investments are recorded at market value as determined by quoted market prices.

The approximate market values by investment types are summarized in the following table (000's).

| | 2001 | 2000 |
|---|---|---|
| Investments: | | |
| Money market funds | $ 6,670 | $ 21,537 |
| Certificate of Deposit | 5,000 | - |
| Government securities | 39,391 | 43,799 |
| Repurchase agreement | - | 40,822 |
| | $ 51,061 | $106,158 |
| Debt Reserve Fund: | | |
| Government securities | $ 80,739 | $ 52,404 |

Cash deposits, primarily interest bearing, at December 31, 2001 and 2000, and throughout much of the year, were covered by federal depository insurance or unregistered U.S. Government and municipal securities held by various depositories. Investments at December 31, 2001 and 2000, were in unregistered U.S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

D. *Deferred Charges –*

The District is required under the General Resolution to charge rates for electric power and energy from the General System so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the General Revenue bonds, amounts to be paid into the Debt Reserve Fund, and all other charges or liens payable out of revenues of the General System.

In the event the District's rates for wholesale service result in a surplus or deficit in revenues during a rate period, such surplus or deficit within certain limits set forth in the new wholesale power contract, may be retained in a rate stabilization account. Any amounts in excess of the limits will be taken into account in projecting revenue requirements and establishing rates in future rate periods. Such treatment of wholesale revenues is stipulated by the District's long-term wholesale power supply contracts. The District accounts for any surplus or deficit in revenues for retail service in a similar manner.

The surpluses and deficits which arose in prior years have been accounted for in these financial statements by either a deferral or an accrual of revenue. The cumulative deficit at December 31, 2001, to be reflected in future revenue requirements is approximately $8.0 million.

E. *Deferred Nuclear Facility Billings -*

The District has deferred $6.3 million of Nuclear Facility billings as of December 31, 2001, representing charges for certain capital additions. Future allocations of these billings will be to Power Purchased expense.

F. *Unamortized Financing Costs –*

These costs represent issuance expenses on all bonds and are being amortized over the life of the respective bonds using the bonds outstanding method.

G. *Revenue Recognition –*

Wholesale revenues are recorded in the period in which service is rendered, and retail revenues are recorded in the month retail customers are billed. Consequently, revenues applicable to service rendered to retail customers from the period covered by the last billing in a year to the end of the year are not recorded as revenues until the following year. Operating revenues are also impacted by the surplus or deficit in revenues as described in Note 1D.

H. *Allowance for Funds Used During Construction (AFUDC)–*

This allowance, which represents the cost of funds used to finance construction, is capitalized as a component of the cost of the utility plant and is credited to interest expense. The capitalization rate depends on the source of financing. The rate for construction financed with revenue bonds is based upon the interest cost of each bond issue less interest income. The rate for construction financed by revenues is based upon the weighted average rate of interest of the current outstanding borrowings. Construction financed on a short-term basis with tax-exempt commercial paper (TECP) is charged a rate based upon the weighted average interest cost of TECP outstanding. For the periods presented herein, the AFUDC rates for construction funded by revenue bonds or revenues vary from 4.9% to 6.2%. For construction financed on a short-term basis with TECP, the rate charged was 4.4% in 2001, 3.8% in 2000 and 3.3% in 1999.

I. *Accumulated Net Revenues –*

Accumulated net revenues consist primarily of cumulative operating revenues collected for utility plant additions, net of related accumulated depreciation, and debt service principal payments. The remaining accumulated net revenues will be fully offset by future depreciation expense. In addition, accumulated net revenues include cumulative interest income received on Construction Funds. This interest

income was $0.9 million in 2001, $6.7 million in 2000, and $5.0 million in 1999.

## 2. PREPAID CAPACITY COSTS:

Prepaid capacity costs are associated with the purchase of the capacity of a 50 MW hydroelectric generating facility owned and operated by The Central Nebraska Public Power and Irrigation District (Central). The District is recording amortization on a straight-line basis over the estimated useful life of the capacity purchased of 40 years. Accumulated amortization was $31.7 million in 2001, $29.7 million in 2000 and $27.6 million in 1999.

The District has an agreement whereby Central makes available all the production of the facility and the District pays all costs of operating and maintaining the facility plus a charge based on the amount of energy delivered to the District. Costs of $1.1 million in each of the years 2001, 2000 and 1999 are included in Production – Operation and maintenance.

## 3. INVESTMENT IN THE ENERGY AUTHORITY:

The District is a member of The Energy Authority (TEA), a power marketing corporation. The Energy Authority assumes the wholesale power marketing responsibilities of its members with each member having ownership in the joint venture. The Energy Authority has access to approximately 14,000 megawatts of its members' generation located in Nebraska, Missouri, Florida, Georgia and South Carolina. The Energy Authority also provides procurement services to several of its members, including the District, for natural gas used in the generation of electricity.

The table below contains the condensed unaudited financial information for TEA as of December 31, 2001 (000's):

| | |
|---|---|
| Condensed Balance Sheet | |
| Current Assets | $75,545 |
| Noncurrent and Restricted Assets | 13,156 |
| Total Assets | $88,701 |
| | |
| Current Liabilities | $55,237 |
| Noncurrent Liabilities | 11,066 |
| Members' Capital | 22,398 |
| Total Liabilities and Capital | $88,701 |
| | |
| Condensed Statement of Operations | |
| Revenues | $487,757 |
| Energy Costs | (381,204) |
| Gross Margin | 106,553 |
| Operating Expenses | (13,759) |
| Operating Revenues | 92,794 |
| Non-Operating Income | 980 |
| Net Revenues | $93,774 |

As of December 31, 2001 and 2000, the District had a 21.4% ownership interest in TEA. Generally, the member's share of net revenue generated by TEA is not based on ownership percentage, rather each member's share of net revenue is based on their purchased power and power sales with TEA. The Energy Authority revenue generated from non-member transactions are distributed to members based on ownership percentage. The District's power purchases and sales are reflected in Purchased power and Operating revenues, respectively, on the Statements of Revenues and Expenses and Accumulated Net Revenues. The District recorded power purchases and sales with TEA of $7.3 million and $31.8 million, respectively, during 2001, $42.1 million and $16.6 million, respectively, during 2000, and $5.9 million and $17.0 million, respectively, during 1999. Included in Receivables is $1.6 million and $4.1 million due from TEA as of December 31, 2001 and 2000, respectively, related to December sales to TEA. Additionally, included in Accounts payable is $1.0 million and $0.4 million due to TEA as of December 31, 2001 and 2000, respectively, related to December purchases from TEA. Investment in The Energy Authority includes $3.2 million of contributed capital and TEA net revenue attributable to the District that has been retained by TEA, $3.2 million and $2.0 million at December 31, 2001 and 2000, respectively. The net change in undistributed net revenue reported in the Statements of Cash Flows of $1.3 million and $0.3 million for the years ended December 31, 2001 and 2000, respectively, have been recognized in Operating revenue.

In addition to the contributed capital, the District is providing certain guarantees not exceeding $38.3 million for electric and natural gas trading by TEA. In June 1999, the District paid a membership fee of $2.6 million which is being amortized over a five-year period.

## 4. COMMERCIAL PAPER NOTES:

The District is authorized to issue up to $80.0 million of taxable commercial paper (TCP) notes and up to $150.0 million of tax-exempt commercial paper (TECP) notes. The District has outstanding as of December 31, 2001, $60.4 million of TCP and $108.0 million of TECP. The proceeds of the TCP notes have been used to refund the District's long-term debt associated with prepaid capacity costs made to Central as described in Note 2. The proceeds of the TECP notes have been used (1) to finance the District's pro-rata share of certain capital additions of the Nuclear Facility, (2) to provide short-term financing for certain capital additions of the General System, and (3) for other lawful purposes of the District.

A credit agreement is maintained with a bank to support the sale of each of these commercial paper

notes. The District intends to refund the TCP notes with Tax Exempt debt before December 2002. The effective interest rates on outstanding TCP notes for 2001 and 2000 were 4.2% and 6.5%, respectively. The effective interest rates on outstanding TECP notes for 2001 and 2000 were 2.8% and 4.0%, respectively.

The $168.4 million of commercial paper notes outstanding at December 31, 2001, are anticipated to be retired by future collections through electric rates and long-term borrowings. The carrying value of commercial paper notes approximates market due to the short-term nature of the notes.

## 5. LONG-TERM DEBT:

Debt service payments and principal payments of the General Revenue Bonds as of December 31, 2001 are as follows (000's):

| Year | Debt Service Payments | Principal Payments |
|---|---|---|
| 2002 | $ 118,966 | $ 68,965 |
| 2003 | 115,298 | 68,650 |
| 2004 | 110,949 | 67,780 |
| 2005 | 105,186 | 65,515 |
| 2006 | 96,018 | 58,606 |
| Thereafter | 980,735 | 714,495 |
| Total payments | $1,527,152 | $1,044,011 |

Long-term debt consists of the following:

| December 31, (000's) | | 2001 | 2000 |
|---|---|---|---|
| General Revenue Bonds: | | | |
| 1998 Series A | | | |
| Serial Bonds | | | |
| 2001 – 2016 | 4.15%-5.25% | $548,345 | $590,345 |
| Term Bonds | | | |
| 2017 – 2027 | 5.00% | 13,485 | 13,485 |
| Capital Appreciation Bonds | | | |
| 2005 | 4.65% | 20,485 | 19,565 |
| 2006 | 4.70% | 21,106 | 20,148 |
| 2007 | 4.75% | 22,085 | 21,072 |
| 1998 Series B | | | |
| Serial Bonds | | | |
| 2001 – 2017 | 4.20%-5.25% | 151,010 | 168,515 |
| Term Bonds | | | |
| 2018– 2027 | 5.00% | 83,570 | 83,570 |
| 1999 Series A | | | |
| Serial Bonds | | | |
| 2001 – 2018 | 4.00%-5.125% | 183,925 | 191,020 |
| | | $1,044,011 | $1,107,720 |
| Lease Purchase Payables | | | |
| 2.00%, due 2001 to 2005 | | 767 | 963 |
| Unamortized Bond Premium | | 18,582 | 21,579 |
| Unamortized Bond Discount | | (3,606) | (3,815) |
| Total Long-Term Debt | | $1,059,754 | $1,126,447 |

The fair value of existing debt is determined using rates currently available to the District. The fair value is estimated to be $1,075.9 million and $1,114.3 million at December 31, 2001 and December 31, 2000, respectively.

## 6. RETIREMENT PLAN:

The District's Employees' Retirement Plan (Plan) is a defined contribution pension plan established by the District to provide benefits at retirement to regular full-time and part-time employees of the District. At December 31, 2001, there were 2,237 Plan members. Plan members are required to contribute a minimum of 2%, up to a maximum of 5%, of covered salary. The District is required to contribute two times the Plan member's contribution based on covered salary up to $40,000. On covered salary greater than $40,000, the District is required to contribute one times the Plan member's contribution. Plan provisions and contribution requirements are established and may be amended by the District's Board of Directors. The District's contribution was $9.8 million for 2001, $9.5 million for 2000 and $9.1 million for 1999.

Plan investments are valued at fair value. Short-term investments are valued at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are valued at estimated fair values.

Concentration of investments representing 5% or more of Plan net assets is as follows:

| | |
|---|---|
| American Express Trust Investment Contracts | 24.5% |
| American Express Trust Equity Index Fund III | 20.8% |
| T. Rowe Price Equity Income Fund | 11.9% |
| Franklin Small Cap Growth Fund A | 11.1% |
| AXP Growth Fund Y | 10.5% |
| PIMCO Total Return Fund | 10.0% |
| Templeton Foreign Fund | 5.1% |

## 7. POSTRETIREMENT BENEFITS:

The District, for employees hired on or prior to December 31, 1992, pays part of or the entire cost (determined by retirement age) of certain hospital-medical premiums when these employees retire.

The District amended the plan effective January 1, 1993. Employees hired on or after that date must participate in the plan as an active employee the last five years of employment in order to qualify for these benefits. In addition, employees hired on or after January 1, 1993, are subject to a contribution cap that limits the District's portion of the cost of such coverage to the full premium the year the employee or retired employee reached age 65, or the year in which the employee retires if older than age 65. Any increases in the cost of such coverage in subsequent years would be paid by the retired employee.

The District amended the plan effective January 1, 1999. Employees hired on or after January 1, 1999 are not eligible for postretirement hospital-medical benefits once they reach age 65 or Medicare eligibility.

The District also provides employees a life insurance benefit when they retire.

Substantially all of the District's retired and active employees are eligible for such benefits. Currently, the cost of these benefits is recognized as expense as the premiums are paid. The total cost of postretirement hospital-medical and life insurance benefits was $4.8 million for 2001, $4.5 million for 2000, and $3.7 million for 1999.

Statement 12, Disclosure of Information on Post-employment Benefits Other Than Pension Benefits by State and Local Governmental Employees (OPEB), issued by the GASB provides that entities should provide certain minimum disclosures regarding the OPEB provided. Additionally, Statement 12 provides for differing methods for financing OPEB. The District, as indicated above, currently funds OPEB on a "pay-as-you-go" basis and has not elected to fund OPEB through advance funding on an actuarially determined basis. The District does not contemplate any changes to the method for funding OPEB until results of the GASB's project on recognition and measurement of OPEB are available for analysis.

## 8. CAPITAL ADDITIONS:

The General System 2002 construction plan includes authorization for future expenditures of $66.7 million. These expenditures will be funded from existing bond proceeds, revenues, other available funds, and additional financings as deemed appropriate.

## 9. COAL SUPPLY AND RAIL TRANSPORATION CONTRACTS:

The District has two coal supply contracts for its two coal fired generating stations which permit the District to purchase between a designated minimum and maximum number of tons annually. Both coal supply contracts expire December 31, 2003. The District also has two rail transportation contracts for Gerald Gentleman Station and one rail transportation contract for Sheldon Station which provide for, among other things, transportation of coal to Gerald Gentleman Station and Sheldon Station. One of the Gerald Gentleman Station rail transportation contracts expires December 31, 2007 and the other rail transportation contract expires December 31, 2011. The Sheldon Station rail transportation contract also expires December 31, 2011. All three rail transportation contract rates are escalated or de-escalated pursuant to an index promulgated by the Surface Transportation Board.

## 10. RETAIL REALIGNMENT:

The District and its wholesale customers completed the process of realigning certain communities served at retail and the associated retail service areas in conjunction with an offer to the wholesale customers of a new wholesale power contract. The realignment process transferred to certain wholesale customers the right to provide electric service to retail customers of the District. By the end of 2000, the District had transferred approximately 26,000 retail customers, located in 126 of the 203 communities served at retail by the District, through professional retail operation agreements. The District's annual retail revenue has decreased by approximately $30 million dollars due to retail realignment. However, approximately $20 million of the retail revenue decrease will be recovered by NPPD through increased wholesale power sales to the wholesale customers now providing retail service to these customers. The District will also realize cost reductions and efficiencies in its retail operations as a result of such transfers. In addition to the transfer of retail customers, NPPD also sold approximately 1,300 miles of subtransmission line and 159 substations to these wholesale customers. Proceeds from the sale of such facilities amounted to approximately $16 million.

## 11. LITIGATION:

On May 23, 1995, Lincoln Electric System (LES), a 12.5 percent participant in CNS, filed a petition against the District, alleging, among other things, that the District failed to operate and maintain CNS in accordance with the Power Sales Contract (Contract), and that LES sustained damages as a result of two outages of CNS in 1993 and 1994-95. The trial in this matter commenced May 7, 2001, and was submitted to the jury on May 30, 2001. On June 1, 2001, the jury returned its verdict in favor of the District. LES has filed a notice of appeal from the judgment entered on the jury's verdict.

On July 23, 1997, the District filed a complaint in Federal District Court in Nebraska against MidAmerican Energy Company (MEC) for a declaratory judgment that MEC is obligated under the Contract to pay 50 percent of estimated decommissioning costs accumulated during the term of the Contract without a right of refund; that the District is properly collecting transition costs; and that the District's current method of investing decommissioning funds is proper. MEC filed its amended answer and ten counterclaims. MEC denied the District's claims; sought to have the Court declare that MEC has no duty under the contract to pay decommissioning costs unless the District ceases taking power from CNS when the Contract expires in 2004; and also asserted other claims concerning the existence and extent of its rights and obligations under the Contract. On October 6,

1999, the Court entered a partial summary judgment in favor of the District and against MEC on the District's claim and MEC's counterclaims relating to MEC's obligation to pay its 50% share of decommissioning costs accumulated since 1984 with no right of refund. MEC appealed that judgment to the Federal Court of Appeals. On December 12, 2000, the Court of Appeals entered its opinion that the Contract language does not obligate MEC to pay decommissioning costs accumulated by the District since 1984 unless the District ceases taking power from CNS when the Contract expires in 2004. The case has been remanded to the lower Court for resolution of remaining issues, including the terms and conditions under which MEC has paid decommissioning costs since 1984, and whether MEC has a right to restitution of any such payments.

Following the Court of Appeals decision, MEC notified the District that it will not pay additional decommissioning costs billed by the District, and has failed and refused to pay amounts for estimated decommissioning costs included by the District in monthly billing statements issued since December 2000. The District has amended its complaint to recover these payments, and to more fully set forth causes of action establishing that MEC has an unconditional obligation to pay its share of decommissioning costs, including that the parties modified the Power Sales Contract or entered into a separate agreement to provide for such payments. On December 11, 2001, MEC filed with the Court of Appeals a petition for a writ of mandamus to dismiss these causes of action, alleging that the Court of Appeals' earlier opinion disposed all issues concerning MEC's liability for decommissioning costs. The District submitted a response opposing MEC's petition on January 7, 2002. The trial has been scheduled to begin September 9, 2002.

MEC has also notified the District that it disputes other components of the 1998-2001 monthly billing statements, including those related to the cost of projects which have a useful life beyond September 21, 2004, any costs which could be reduced by application of appropriate credits under the Contract, charges related to the District's plan to fund the fuel and operations reserve fund beyond the current levels of such reserves, and numerous other costs. MEC has also amended its pleadings to recover these disputed charges, and to recover other damages allegedly resulting from outages of CNS after 1995, and other claims. The District has denied all such additional claims. Trial of these additional claims have been bifurcated for trial following the trial of the issues regarding MEC's liability of decommissioning costs.

Following the Court of Appeals decision, LES has also notified the District that it will not pay additional decommissioning costs billed by the District. On February 20, 2001, the District filed suit against LES in Platte County District Court to compel LES to pay all charges billed by the District for the output it receives from CNS, and to submit to arbitration any dispute LES might have concerning its obligation to pay such charges. The parties each moved for summary judgment and the matter was submitted to and taken under advisement by the court on December 21, 2001.

A number of other claims and suits are pending against the District for alleged damages to persons and property and for other alleged liabilities arising out of matters usually incidental to the operation of a utility such as the District. In the opinion of management, the exposure under these claims and suits would not materially affect the financial position, results of operations, and cash flows of the District as of December 31, 2001.

Report of Independent Accountants

To the Board of Directors
Nebraska Public Power District:

We have audited the accompanying special-purpose statements of assets and liabilities of the Nuclear Facility of Nebraska Public Power District (a public corporation and political subdivision of the State of Nebraska, "the District") as of December 31, 2001 and 2000, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying 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, as described in Note 1B, which is a comprehensive basis of accounting other than generally accepted accounting principles and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the assets and liabilities of the Nuclear Facility of Nebraska Public Power District as of December 31, 2001 and 2000, and its revenues and costs for each of the three years in the period ended December 31, 2001, on the basis of accounting described in Note 1B.

PricewaterhouseCoopers LLP

Kansas City, Missouri
March 1, 2002

Statements of Assets and Liabilities - December 31, 2001 and 2000
Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution (000's)

| | 2001 | 2000 |
|---|---|---|
| **ASSETS** | | |
| Utility Plant, at Cost | $ 791,729 | $ 782,068 |
| Less – | | |
| Reserve for depreciation | 404,400 | 374,210 |
| Amounts funded from revenue | 383,469 | 374,236 |
| | 3,860 | 33,622 |
| Nuclear Fuel – Net of Amortization | 81,462 | 77,835 |
| Cash and Investments: | | |
| Debt service fund | 8,551 | 8,219 |
| Debt reserve account | 19,739 | 19,832 |
| Reserve and contingency fund | 11,331 | 10,574 |
| Additions and improvements account | 2,359 | 2,445 |
| General reserve fund | 1,149 | — |
| Construction fund | 9,934 | 10,083 |
| Fuel reserve account | 88,420 | 82,075 |
| Operating fund | 8,832 | 7,733 |
| Revenue fund | 271 | 50 |
| Decommissioning fund | 11,847 | 14,504 |
| | 162,433 | 155,515 |
| Accounts Receivable | 27,777 | 13,773 |
| Interest Receivable | 1,402 | 2,087 |
| Deferred Charges | 11,567 | 13,705 |
| External Decommissioning Fund | 279,431 | 242,767 |
| TOTAL ASSETS | $ 567,932 | $ 539,304 |

| | | | | | |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| Revenue Bonds: | | | | | |
| 1992 Series | Serial | 2001-2003 | 5.40% - 5.70% | $ 59,605 | $ 75,760 |
| 1968 Series | Term | 2001-2002 | 5.10% | 14,285 | 27,880 |
| | | | | 73,890 | 103,640 |
| Operating Reserves | | | | 162,999 | 157,998 |
| Accounts Payable and Other Accrued Liabilities | | | | 40,045 | 21,194 |
| External Decommissioning Fund | | | | 279,431 | 242,767 |
| Department Of Energy Facilities Decommissioning Assessment | | | | 11,567 | 13,705 |
| TOTAL LIABILITIES | | | | $ 567,932 | $ 539,304 |

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

Statements of Revenues and Costs for the year ended December 31,
Prepared Pursuant to Requirements of the Nuclear Facility
Revenue Bond Resolution (000's)

| | 2001 | 2000 | 1999 |
|---|---|---|---|
| Revenues: | | | |
| Sales – | | | |
| General System | $ 111,949 | $ 108,266 | $ 104,056 |
| MidAmerican Energy Company | 111,940 | 108,245 | 104,051 |
| Investment and other income | 10,221 | 8,124 | 7,621 |
| Total revenues | $ 234,110 | $ 224,635 | $ 215,728 |
| Costs: | | | |
| Operating expenses – | | | |
| Production – | | | |
| Fuel | $ 27,937 | $ 26,223 | $ 38,176 |
| Operation and maintenance | 128,081 | 104,476 | 86,840 |
| Provisions for operating reserves | 28,484 | 44,423 | 38,486 |
| General and administrative | 14,215 | 14,122 | 16,838 |
| | 198,717 | 189,244 | 180,340 |
| Debt service – | | | |
| Principal | 30,190 | 28,692 | 27,297 |
| Interest | 5,203 | 6,699 | 8,091 |
| Total costs | $ 234,110 | $ 224,635 | $ 215,728 |

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

Notes to Financial Statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization –*

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

General System
Nuclear Facility

As required by Bond Resolutions, separate records are maintained for each division. The Nuclear Facility financial statements exclude the General 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.

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

(i) 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 decreased $16.6 million in 2001, $15.1 million in 2000 and $13.7 million in 1999. Accumulated depreciation through December 31, 2001, would have decreased approximately $62.1 million. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt principal. Upon retirement of property subject to depreciation, the cost of property is removed from plant accounts and charged to the reserve for depreciation, along with the removal costs, net of salvage.

(ii) Billings to provide capital for renewals and replacements of property, capital additions, nuclear fuel and decommissioning funds 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. Provisions for working capital for nuclear fuel are not expenses under generally accepted accounting principles until the fuel is used. Renewals and replacements of property and capital additions funded from revenues are fully reserved.

(iii) Interest income on construction fund investments is credited to utility plant. Under generally accepted accounting principles, such income would have increased revenues $0.7 million in 2001 and $0.3 million in 2000 and 1999.

(iv) Investment securities are recorded at cost except for the Debt Reserve Account and the Reserve Account in the Reserve and Contingency Fund as described in Note 1.D. Interest income on these investments is recognized ratably over the term of the securities. Under generally accepted accounting principles, the difference between the carrying value of the securities and the fair value is to be recognized as a net amount in investment income. Had this method been followed, Cash and Investments as of December 31, 2001 and 2000, would have increased by $2.2 million and $1.4 million, respectively, and Accounts Receivable would have decreased by $2.2 million and $1.4 million, respectively, as the Nuclear Facility has no equity as stated above. Additionally, the External Decommissioning Fund would have increased by $6.1 million had this method been followed.

(v) As part of a 1989 settlement agreement with General Electric Company (GE), the District will receive discounts on future purchases of certain equipment and services for Cooper Nuclear Station (CNS) and will receive credits and discounts under an amendment to the fuel fabrication contract. The District amortized over a two-year period ending in 1991 the entire amount of the benefits allocated to operations. Under generally accepted accounting principles, such benefits would be recognized when received which in the case of the settlement would be over the next 15 years. This difference results in a decrease in costs during the two-year amortization period and increased costs thereafter. Negotiations held with GE to determine the extension of discounts for future purchases of certain equipment and services that were to expire in 1994 resulted in a portion of the discounts being extended beyond 1994 and a write down of the related receivable for a portion of the unused discounts that expired in 1994. The agreement stipulates that the dollar value of the settlement should not be disclosed.

C. *Nuclear Fuel –*

The District has entered into several long-term contracts for the various nuclear fuel components of uranium concentrates, conversion, enrichment, and fabrication. These contracts do not obligate the District to purchase fuel components in excess of the requirements of operations. Nuclear fuel in the reactor is being amortized on the basis of energy produced as a percentage of total energy expected to be produced. Fees for disposal of fuel in the reactor are being

provided as part of the fuel cost and collected through revenues of the Nuclear Facility.

D. *Cash and Investments* –

Funds consist of $152.3 million of investment securities and $10.1 million of cash deposits at December 31, 2001, and $147.6 million of investment securities and $7.9 million of cash deposits at December 31, 2000.

Cash deposits, primarily interest bearing, at December 31, 2001 and 2000, and throughout much of the year, were covered by federal depository insurance or unregistered U. S. Government and municipal securities held by various depositories. Investments at December 31, 2001 and 2000, were in unregistered U. S. Government securities and Federal Agency obligations held in the District's name by the custodial banks.

The Debt Reserve Account 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.

E. *Operation and Maintenance* –

Beginning in 1996, the annual excess nuclear property insurance premium and beginning in 1998, the annual primary nuclear property insurance premium were paid directly by the District's General System and MidAmerican Energy Company (MEC) with each paying one-half the cost as described in Note 3 under terms of a power sales contract. Neither of these premiums is included in the Nuclear Facility's Statements of Revenues and Costs. Had the premiums been included, Revenues and Production – Operation and maintenance expense would have increased $2.6 million, $2.8 million and $2.4 million in 2001, 2000 and 1999, respectively.

## 2. 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.

## 3. POWER SALES CONTRACTS:

Under terms of a power sales contract with MEC, the District makes available one-half of the production of CNS to MEC with the balance available to the District's General System. MEC and the District's General 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. Included in Accounts Receivable is $6.5 million due from MEC for their share of decommissioning costs that have been billed to them since December 2000. See Note 11 of the General System financial statements.

The District has also agreed to make available, through its General System, 12.5% of the output of CNS to the City of Lincoln, Nebraska.

## 4. LONG-TERM DEBT:

The fair value of existing debt is determined using rates currently available to the District. The fair value is estimated to be $75.2 million and $105.7 million at December 31, 2001 and December 31, 2000, respectively.

The debt service accruals of the Nuclear Facility Revenue Bonds are $35.4 million for the year 2002 and $35.5 million for the year 2003. Principal payment accruals, as a component of debt service accruals, are $31.8 million for the year 2002 and $33.6 million for the year 2003. The Debt reserve account of $19.7 million will be used to reduce the 2003 debt service accrual.

## 5. PLANT DECOMMISSIONING COSTS:

Pursuant to regulations promulgated by the Nuclear Regulatory Commission (NRC), the District established in July 1990, an external trust fund segregated from the District's assets in which amounts accumulated to pay the decommissioning costs of CNS are to be deposited. Investment earnings of the external trust fund stay in the fund and are not included in the Statements of Revenues and Costs. The District is restricted from withdrawing any moneys from the fund. The NRC prescribed minimum amount to be accumulated by the District in said fund for decommissioning costs to be used at the time of decommissioning, in 2001 dollars, is approximately $401.7 million. This amount does not include the cost of removal and disposal of spent fuel or of nonradioactive structures and materials beyond that necessary to terminate the District's operating license. For purpose of accumulating amounts for complete dismantlement and site restoration of CNS, the District is estimating the total decommissioning costs, excluding transition costs, interim spent fuel storage costs and certain other post-shutdown costs, in 2001 dollars, to be approximately $473.7 million. The balance in the External Decommissioning Fund at December 31, 2001, is $279.4 million.

It is expected that the costs of decommissioning will be funded from revenues, certain reserve funds established under the Nuclear Resolution, and surplus funds derived from the ownership and operation of the Nuclear Facility. The District anticipates sufficient funds will be available in accordance with the NRC decommissioning rules to decommission CNS at the end

of the current operating license on January 18, 2014. The District intends to periodically review the costs and methods of funding as a result of changing conditions and requirements for decommissioning.

## 6. CAPITAL ADDITIONS:

The Nuclear Facility 2002 construction plan includes authorization for future expenditures of $13.1 million. These expenditures will be billed to participants as Provisions for operating reserves on the basis of estimated cash flow requirements.

## 7. CONTINGENCIES:

Under the provisions of the Federal Price-Anderson Act, the District and all other licensed nuclear power plant operators could each be assessed for claims in amounts up to $88.1 million per unit owned in the event of any nuclear incident involving any licensed facility in the nation, with a maximum of $10.0 million per year per incident per unit owned. MEC would be liable to the District for one-half of such assessment under the Power Sales Contract. To satisfy the obligation, the District has obtained a $5.0 million line of credit and MEC has demonstrated its financial integrity and responsibility for $5.0 million.

As part of the 1989 settlement agreement between GE and the District, GE has agreed to store at its facility at Morris, Illinois, the 1,056 spent nuclear fuel assemblies from the first two core loadings at no cost to the District until May 2002, which is the expiration of the current license for the GE facility. After that date, storage will be at no cost to the District so long as GE can maintain, without certain additional costs, the NRC license for the facility. GE has advised that they have submitted a request to the NRC for a facility license extension. If after May 2002, storage of the 1,056 assemblies results in certain additional costs to GE then the District shall be responsible for such costs. Such costs would be collected through revenues of the Nuclear Facility as part of fuel costs.

## 8. LOW-LEVEL RADIOACTIVE WASTE DISPOSAL:

The Low-Level Radioactive Waste Policy Amendments Act of 1985 (1985 Act) requires each state to be responsible for providing for the availability of capacity for the disposal of low-level radioactive wastes generated within its borders except for certain defense related radioactive wastes. Among other things, the 1985 Act authorizes and encourages states to enter into interstate compacts, subject to Congressional consent, to provide for the establishment and operation of regional disposal facilities for low-level radioactive waste generated within the states entering into a compact.

Pursuant to the 1985 Act, Nebraska has entered into the Central Interstate Low-Level Radioactive Waste Compact (Compact) with the states of Arkansas, Kansas, Louisiana, and Oklahoma. The Compact has been approved by each of said states and by Congress. In 1987, Nebraska was selected to be the host state for a disposal facility and in 1989 a site was selected. A license application for the facility was filed by U.S. Ecology Inc., the disposal facility contractor selected by the Compact, with the Nebraska Department of Environmental Quality. In December 1998, the license application was denied. Nebraska has been sued by the Compact, U.S. Ecology and others alleging improper interference with the licensing process. The matter is pending in a federal court.

In 1999, Nebraska enacted a law to withdraw Nebraska from the Compact which becomes effective in 2004.

The District is a party to an agreement under which partial funding for the prelicensing costs of the proposed disposal facility has been provided by the owners/operators of nuclear plants within the Compact. The District has fulfilled its obligation under the agreement and along with the other owners/operators has declined to provide funding for additional prelicensing costs after January 31, 1999.

Currently, the District has access to the low-level radioactive waste disposal facilities in Barnwell, South Carolina and Clive, Utah and ships its waste to these facilities. Future access to these facilities is uncertain.

## 9. DEPARTMENT OF ENERGY FACILITIES ASSESSMENT:

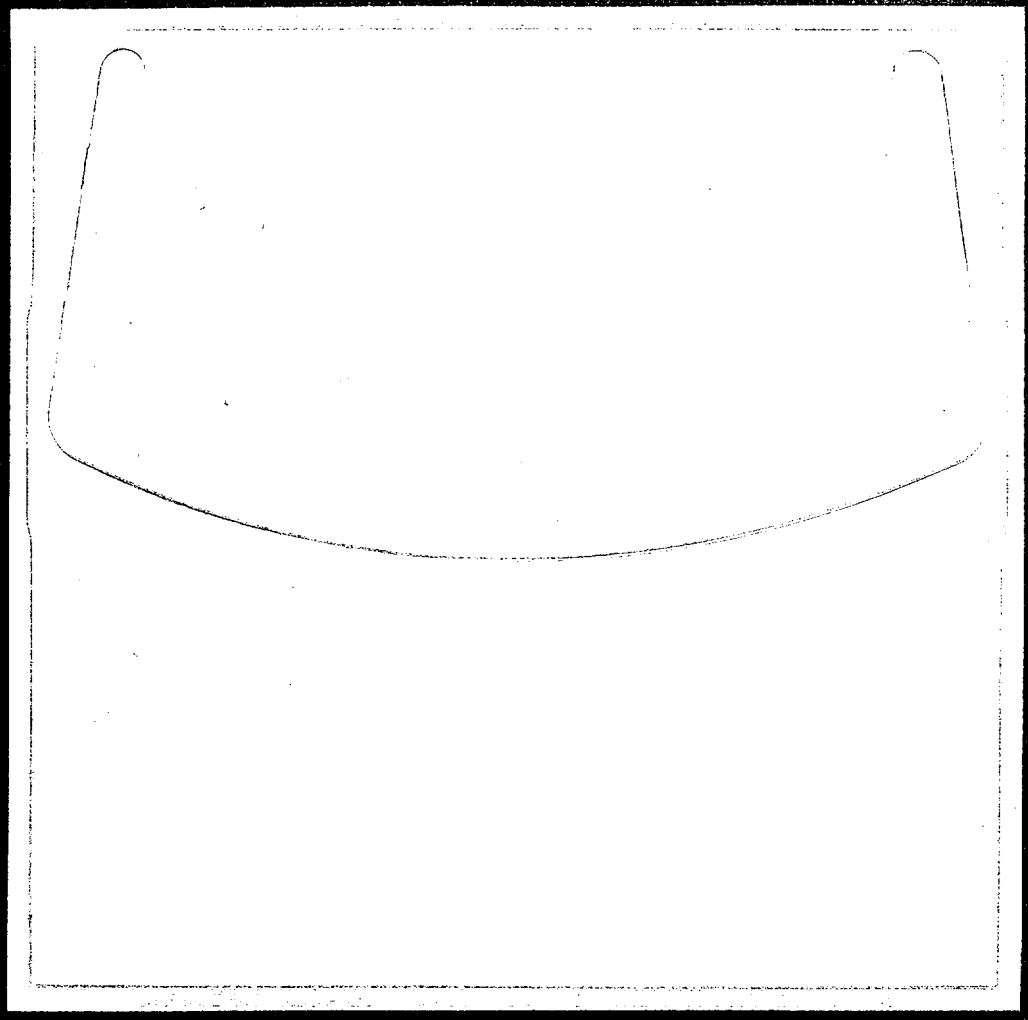
Under the provisions of the National Energy Policy Act adopted in 1992, the District is subject to assessments estimated to be $1.67 million per year (to be adjusted for inflation) for a period up to 15 years for the purpose of paying the costs of decontaminating and decommissioning Department of Energy operated uranium enrichment facilities. Such assessments commenced in 1993. The present value for such annual assessments for the 5 remaining years is approximately $11.6 million. The District has recorded on the Nuclear Facility financial statements, the present value of such annual assessments by recording a liability and a matching deferred charge of approximately $11.6 million as of December 31, 2001 and $13.7 million as of December 31, 2000.

## 10. LITIGATION:

A number of claims and suits are pending against the District for alleged damages to persons and property and for other alleged liabilities arising out of matters usually incidental to the operation of a utility such as the District. In the opinion of management, the exposure under these claims and suits would not materially affect the financial position and results of operations of the District as of December 31, 2001.

FRONT ROW, left to right: Les S. Taylor; Dennis L. Rasmussen, Second Vice Chairman; Larry G. Kuncl, First Vice Chairman; Bruce W. Gustafson. BACK ROW: Gary G. Thompson; Ralph D. Johnson; Ralph E. Holzfaster; Wayne E. Boyd, Chairman; Darrell J. Nelson, Secretary; Doralene Weed; Warren R. Cook.

FIRST ROW, left to right: Bill Mayben, President & CEO; Guy Horn, Senior VP Energy Supply; Dennis Grennan, Senior VP Customer Service; John McPhail, General Counsel. SECOND ROW: Ron Asche, VP Business Support Services; Beth Boesch, VP Marketing & Communications; Bill Fehrman, VP Fossil Energy; John McClure, VP Governmental Affairs & Strategic Planning; Bill Podraza, VP Human Resources. THIRD ROW: Pat Pope, VP Transmission Services; Dave Rich, VP Wholesale Power Sales; Marv Rief, VP Retail; Dave Wilson, VP Nuclear.



THANKS. A special thank you to Pioneer Village of Minden, Nebraska, for allowing us the opportunity to photograph a selection of their artifacts for our 2001 Annual Report.

2011 2021 2031 2041 2051 2061 2071 2081 2091 2101

Nebraska Public Power District