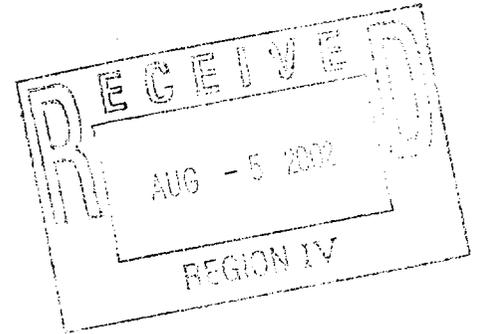




Nebraska Public Power District
Nebraska's Energy Leader

WILLIAM R. MAYBEN
President & CEO
Phone (402) 563-5556
Fax (402) 563-5145
wrmaybe@nppd.com



Via Facsimile Mail

August 2, 2002

Mr. Ellis Merschoff
Regional Administrator
US Nuclear Regulatory Commission
Region IV Suite 400
611 Ryan Plaza Drive
Arlington, TX 76011

Dear Mr. Merschoff:

On July 31, 2002, the Board of Directors of the Nebraska Public Power District took action on three significant initiatives affecting the future of Cooper Nuclear Station. The first two were to end the disputes between NPPD and the MidAmerican Energy Company and Lincoln Electric System and the third was to set in motion negotiations with the Nuclear Management Company for the ultimate transfer of the Cooper Operating License to NMC.

The Settlements with MidAmerican and LES resolved all issues concerning responsibilities for decommissioning and other Cooper funds held by NPPD and cancelled their respective power sales contracts for a portion of the output of Cooper. We replaced those Cooper output contracts with system dependable power sales contracts with comparable terms. We also agreed to end all existing litigation and to bring no further claims against one another regarding Cooper Station. These settlements lift the cloud that has been over the heads and minds of the Cooper workforce regarding continued operation of the plant after September 2004. It is now in the hands of NPPD Corporate Management and the Cooper workforce to accomplish all that will be set forth in the TIP Rev 2 and to strive for excellence going into the future.

The board directed corporate management to begin immediately to negotiate a long-term nuclear plant operating agreement with the Nuclear Management Company leading toward an application to the NRC to transfer the Cooper Operating License to NMC in mid 2003. The arrangement will include a "virtual" partial ownership share in the NMC by NPPD.

Mr. Ellis Merschoff
August 2, 2002
Page 2

The NPPD Board also authorized me to negotiate additional task authorizations to our current management services agreement with NMC to arrange for NMC to augment the current senior management at Cooper with a senior nuclear executive from NMC who has extensive experience in turn around of troubled nuclear stations. I expect to reach an accord with NMC on this matter within a week or two so as to have that person devoting a majority of his or her time to the finalization of Rev 2 of the TIP in the months of September and October. That assignment will continue under special agreement to direct the forces at Cooper to accomplish the action plans as identified in the TIP until the operating license is transferred to NMC next year. Thereafter, NMC will be responsible to satisfy the requirements of the improvement plan Confirmatory Action Letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "William R. Mayben".

William R. Mayben
President & CEO

WRM:mkp-752.doc

Cc: D. L. Wilson