

444 South 16th Street Mall
Omaha, NE 68102-2247

October 7, 2011
LIC-11-0108

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

- References: 1. Docket No. 50-285
2. Letter from OPPD (C. P. Moriarty) to NRC (R. S. Wood) dated June 29, 1990

**SUBJECT: Omaha Public Power District (OPPD) Fort Calhoun Station
Decommissioning External Trust Fund Audit**

Enclosed please find a copy of the subject audit dated September 9, 2011. The audit is of the statements of net assets available for decommissioning costs of OPPD's Fort Calhoun Station Decommissioning External Trust Fund as of June 30, 2011 and 2010, and the related statements of changes in net assets available for decommissioning costs for the years then ended. The Decommissioning Funding Plan Trust Agreement enclosed with Reference 2 requires that the NRC be notified of the audit results.

If you have any questions or require additional information, please contact Mr. John Thurber at (402) 636-3056.

Sincerely,

S. E. Baughn
Manager - Nuclear Licensing

SEB/mle

c: E. E. Collins, Jr., NRC Regional Administrator, Region IV (w/o enclosure)
L. E. Wilkins, NRC Project Manager (w/o enclosure)
J. C. Kirkland, NRC Senior Resident Inspector (w/o enclosure)

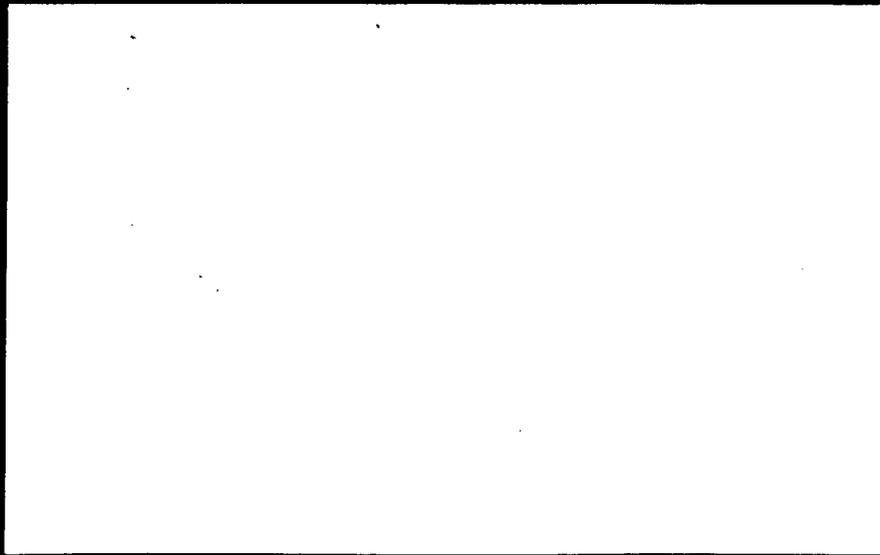
Enclosure

AOO/ NRC

LIC-11-0108
Enclosure

**Omaha Public Power District
Fort Calhoun Station
Decommissioning External Trust Fund
Annual Audit**

Deloitte.



Omaha Public Power District
Fort Calhoun Station
Decommissioning External Trust Fund

Financial Statements as of and for the
Years Ended June 30, 2011 and 2010, and
Independent Auditors' Report

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION
DECOMMISSIONING EXTERNAL TRUST FUND**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED JUNE 30, 2011 AND 2010	3-4
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2011 AND 2010	
Statements of Net Assets Available for Decommissioning Costs	5
Statements of Changes in Net Assets Available for Decommissioning Costs	6
Notes to Financial Statements	7-8
ADDITIONAL INFORMATION	9
Certification of Payments from the Fund Pursuant to Sections 5 and 6 of the Fort Calhoun Station Decommissioning Funding Plan for the Years Ended June 30, 2011 and 2010	10

INDEPENDENT AUDITORS' REPORT

Board of Directors
Omaha Public Power District
Omaha, Nebraska

We have audited the accompanying statements of net assets available for decommissioning costs of the Omaha Public Power District Fort Calhoun Station Decommissioning External Trust Fund (the "Fund") as of June 30, 2011 and 2010, and the related statements of changes in net assets available for decommissioning costs for the years then ended. These financial statements are the responsibility of the Omaha Public Power 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for decommissioning costs of the Omaha Public Power District Fort Calhoun Station Decommissioning External Trust Fund as of June 30, 2011 and 2010, and the changes in net assets available for decommissioning costs for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Omaha Public Power District's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The certification of payments from the Fund pursuant to Sections 5 and 6 of the Fort Calhoun Station Decommissioning Funding Plan on page 10 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Omaha Public Power District's management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

September 9, 2011

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION
DECOMMISSIONING EXTERNAL TRUST FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

Overview

The Fort Calhoun Station (the "Station") is a pressurized water reactor nuclear plant. The Station is owned by the Omaha Public Power District ("OPPD") and was placed in commercial operation in September 1973. It is located on the west bank of the Missouri River approximately 20 miles north of the City of Omaha in the vicinity of Fort Calhoun, Nebraska. The Nuclear Regulatory Commission ("NRC") issued a renewed operating license for the Fort Calhoun Station in November 2003 that enables the plant to continue operating until 2033.

In February 1983, OPPD's Board of Directors authorized a plan for the decommissioning of the Station at the end of its operating license. The plan called for the allocation of the cost of decommissioning during the Station's life to the customers receiving the benefits. Accordingly, OPPD began funding for the Station in July 1983.

In 1990, pursuant to NRC regulations, OPPD established an external trust fund based upon the NRC's minimum funding requirements. To ensure that additional funds are available to pay decommissioning costs, a supplemental trust fund was established in 1992. The funds in the 1992 Fund are in excess of the NRC's minimum funding requirements and are not included in these audited financial statements. The net assets available for decommissioning costs in the 1992 Fund were \$76.7 million and \$74.1 million at June 30, 2011 and 2010, respectively.

The unaudited Management's Discussion and Analysis should be read in conjunction with the financial statements and related notes. This document contains forward-looking statements based on OPPD's current plans.

Financial Position and Results of Operations

The following were the Net Assets of the Omaha Public Power District Fort Calhoun Station Decommissioning External Trust Fund (the "Fund") at June 30 (dollar amounts in thousands):

	2011	2010
Net assets available for decommissioning costs	<u>\$ 252,293</u>	<u>\$ 243,183</u>

The following were the revenues of the Fund for the years ended June 30 (dollar amounts in thousands).

	2011	2010
Investment income	\$ 7,167	\$ 8,536
Increase in fair value of investments	<u>1,943</u>	<u>13,162</u>
Total revenues	<u>\$ 9,110</u>	<u>\$21,698</u>

2011 Compared to 2010

Total revenues were \$9.1 million for the twelve-month period ended June 30, 2011, with \$7.2 million from investment income and \$1.9 million from an overall net increase in the fair value of investments due to favorable market conditions. Total revenues were \$21.7 million for the twelve-month period ended June 30, 2010, with \$8.5 million from investment income and \$13.2 million from an overall net increase in the fair value of investments due to favorable market conditions.

Funding Policy

OPPD annually reviews the funding requirements and cost projections for decommissioning activities. Cost projections are based on NRC formulas and indices and an independent engineering firm's estimates. Earnings rate projections are based on forecasts for three to five year government bonds. Inflation rate projections are based on forecasts for the consumer price index. All investment income earned is reinvested in the decommissioning fund.

The present value of the minimum decommissioning amount ("MDA") required by the NRC was estimated at \$397.4 million as of June 30, 2011. Given current escalation indices and projected earnings rates, the balance of OPPD's Fort Calhoun Station Decommissioning External Trust Fund and the present value of future earnings in this Fund are estimated to exceed the MDA, partly due to the Station's 20-year license extension. Accordingly, no funding was required for the fiscal years presented. The amount deemed in excess of the MDA will remain in the Fund to cover possible changes in escalation indices and projected earnings rates.

Summary of the Financial Statements

The financial statements, related notes, and Management's Discussion and Analysis provide information about the Fort Calhoun Station Decommissioning External Trust Fund's financial position and activities. The Statements of Net Assets Available for Decommissioning Costs present the Fund's net assets as of June 30, 2011 and 2010. The Statements of Changes in Net Assets Available for Decommissioning Costs present the Fund's revenues and expenditures for the years ended June 30, 2011 and 2010. The Notes to Financial Statements provide additional detailed information.

The basic financial statements, notes, and Management's Discussion and Analysis are designed to provide a general overview of the Fund's finances. Questions concerning any of the information provided in this report should be directed to Investor Relations, 402-636-3286.

* * * * *

OMAHA PUBLIC POWER DISTRICT		
FORT CALHOUN STATION		
DECOMMISSIONING EXTERNAL TRUST FUND		
STATEMENTS OF NET ASSETS		
AVAILABLE FOR DECOMMISSIONING COSTS AS OF JUNE 30, 2011 AND 2010		
(Dollar amounts in thousands)		
	2011	2010
ASSETS		
Investments, at fair value (Note 2)	\$251,833	\$242,638
Accrued interest receivable	<u>460</u>	<u>545</u>
NET ASSETS AVAILABLE FOR DECOMMISSIONING COSTS	<u>\$252,293</u>	<u>\$243,183</u>
The accompanying notes are an integral part of the financial statements.		

**OMAHA PUBLIC POWER DISTRICT
 FORT CALHOUN STATION
 DECOMMISSIONING EXTERNAL TRUST FUND**

**STATEMENTS OF CHANGES IN NET ASSETS
 AVAILABLE FOR DECOMMISSIONING COSTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
 (Dollar amounts in thousands)**

	2011	2010
REVENUES		
Investment income	\$ 7,167	\$ 8,536
Increase in fair value of investments	<u>1,943</u>	<u>13,162</u>
	9,110	21,698
EXPENDITURES (Note 3)	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	9,110	21,698
NET ASSETS AVAILABLE FOR DECOMMISSIONING COSTS		
Beginning of period	<u>243,183</u>	<u>221,485</u>
End of period	<u>\$ 252,293</u>	<u>\$ 243,183</u>

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

OMAHA PUBLIC POWER DISTRICT FORT CALHOUN STATION DECOMMISSIONING EXTERNAL TRUST FUND

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization of Fund — The Omaha Public Power District Fort Calhoun Station Decommissioning External Trust Fund (the “Fund” or the “1990 Fund”) was established in accordance with Nuclear Regulatory Commission (NRC) regulations, for the purpose of discharging the Omaha Public Power District’s (OPPD) obligation to decommission, as defined by the NRC, its Fort Calhoun Station. For 1990 and subsequent years, OPPD’s Board of Directors approved the collection of nuclear decommissioning costs based upon the NRC’s external minimum funding requirements. The NRC’s requirements are based on a generic estimate of the cost to decommission radioactive portions of a nuclear unit based on the size and type of reactor.

Beginning in 1993, OPPD commenced funding on the basis of new decommissioning estimates which resulted from a 1992 independent engineering study and which exceed NRC external minimum funding requirements. The resultant Fort Calhoun Station Decommissioning Supplemental External Trust Fund (the “1992 Fund”) was established to retain funds in excess of the NRC’s minimum funding requirements (not included herein). In 2003, the NRC granted a 20-year extension of the Fort Calhoun Station’s operating license which will allow the Station to operate until 2033. The accompanying financial statements are only for the 1990 Fund.

The present value of the total decommissioning cost estimate for the Fort Calhoun Station as of June 30, 2011 and 2010 was approximately \$717.5 million and \$673.7 million, respectively, of which the NRC present value of the minimum decommissioning amount was approximately \$397.4 million and \$343.5 million, respectively. OPPD will periodically review and adjust, if necessary, the funding level for changes in the estimated costs of decommissioning the station.

Fair Value of Financial Instruments — The Fund reports investments at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Investment Income — Investment income is recorded, as earned, on an accrual basis.

Use of Estimates — 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 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.

Risks and Uncertainties — The Fund utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for decommissioning costs.

2. INVESTMENTS

Investments — The Fund’s investments are held by the Fund’s trustee, the First National Bank of Omaha, in the Fund’s name in accordance with the trust agreement. Fair values were determined based on quotes received from the trustee’s market valuation service. The weighted average maturity was based on the fair value of individual investments and investment type. As of June 30, 2011 and 2010, the Fund’s investments were as follows (dollar amounts in thousands):

Investment Type	2011		2010	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Money market funds	\$ 34		\$ 36	
U.S. government securities	122,991	1.8	134,312	1.8
Corporate bonds	-		3,170	0.2
Mutual funds	<u>128,808</u>		<u>105,120</u>	
Total	<u>\$251,833</u>		<u>\$242,638</u>	
Portfolio Weighted Average Maturity		1.8		1.0

Interest Rate Risk — The Fund’s investment in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.8 and 1.0 years at June 30, 2011 and 2010, respectively.

Credit Risk — The Fund’s investment policy is to comply with the Nebraska state statutes for governmental entities, which limit investments to investment grade fixed income obligations. The majority of the investments held by the Fund at June 30, 2011 and 2010 were rated AAA by Standard & Poor’s Ratings Services and AAA by Moody’s Investors Service.

3. EXPENDITURES ON BEHALF OF THE FUND

Trustee fees of \$32,000 and \$30,000 were paid on behalf of the Fund by the Omaha Public Power District for the years ended June 30, 2011 and 2010, respectively.

* * * * *

ADDITIONAL INFORMATION

**ADDITIONAL INFORMATION
CERTIFICATION OF PAYMENTS FROM THE FUND
PURSUANT TO SECTIONS 5 AND 6 OF THE FORT CALHOUN STATION
DECOMMISSIONING FUNDING PLAN
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

No such payments were made during the years ended June 30, 2011 and 2010.