

# WOLF CREEK

NUCLEAR OPERATING CORPORATION

Annette F. Stull  
Vice President and Chief Administrative Officer

May 8, 2014

CO 14-0003

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555

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

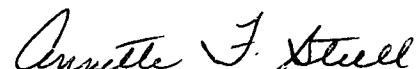
Gentlemen:

Pursuant to the requirements of 10 CFR 140.21, each operating reactor licensee is required to maintain financial protection through guarantees of payment of deferred premiums. The owners of Wolf Creek Generating Station (WCGS) are providing the enclosed documentation of their ability to pay deferred premiums in the amount of eighteen million nine hundred sixty-three thousand dollars, as determined by 10 CFR 140.11(a)(4).

Kansas Gas and Electric Company (KGE), a wholly-owned subsidiary of Westar Energy, Inc., Kansas City Power & Light Company (KCPL), a wholly-owned subsidiary of Great Plains Energy Incorporated, and Kansas Electric Power Cooperative, Inc. (KEPCo), have each provided audited Consolidated Statements of Cash Flows in order to demonstrate sufficient funds are available to meet their share of the deferred premiums.

This letter contains no commitments. If you have any questions concerning this matter, please contact me at (620) 364-4004, or Mr. Michael J. Westman at (620) 364-4009.

Sincerely,



Annette F. Stull

AFS/rit

Enclosures: I Kansas Gas and Electric Company Consolidated Statements of Cash Flows  
II Kansas City Power & Light Company Consolidated Statements of Cash  
Flows  
III Kansas Electric Power Cooperative, Inc. Statement of Cash Flows

cc: M. L. Dapas (NRC) w/e  
C. F. Lyon (NRC), w/e  
N. F. O'Keefe (NRC), w/e  
Senior Resident Inspector (NRC), w/e

M001  
NRC

Enclosure I to CO 14-0003

**Kansas Gas and Electric Company Consolidated Statements of Cash Flows**  
(6 pages)



May 6, 2014

Mr. Todd N. Laffin  
Wolf Creek Nuclear Operating Corporation  
PO Box 411  
Burlington, KS 66839

Dear Todd:

Pursuant to the requirements of 10 CFR 140.21, we are providing the attached audited 2013 Consolidated Statements of Cash Flows, with independent auditor's opinion, for Kansas Gas & Electric. The statement is provided to assess Kansas Gas & Electric's ability to make payment of its share of deferred premiums in an amount of \$8,912,610.

Sincerely,

Kevin L. Kongs  
Vice President, Controller  
Westar Energy, Inc.

lms

attachments

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholder of  
Kansas Gas and Electric Company  
Topeka, Kansas

We have audited the accompanying consolidated financial statements of Kansas Gas and Electric Company and its subsidiaries (the "Company"), a wholly-owned subsidiary of Westar Energy, Inc., which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kansas Gas and Electric Company and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Kansas City, Missouri  
February 26, 2014



**KANSAS GAS AND ELECTRIC COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

	As of December 31, 2013	As of December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Accounts receivable, net of allowance for doubtful accounts of \$2,412 and \$2,614, respectively.....	\$ 98,716	\$ 88,164
Fuel inventory and supplies .....	96,860	99,600
Deferred tax assets .....	24,143	—
Prepaid expenses .....	5,404	5,997
Regulatory assets .....	63,996	28,125
Other .....	3,740	12,486
Total Current Assets.....	292,859	234,372
PROPERTY, PLANT AND EQUIPMENT, NET.....	3,627,331	3,263,831
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITY, NET.....	204,739	211,854
<b>OTHER ASSETS:</b>		
Regulatory assets .....	277,352	317,169
Nuclear decommissioning trust.....	175,625	150,754
Other .....	65,918	71,138
Total Other Assets.....	518,895	539,061
<b>TOTAL ASSETS.....</b>	<b>\$ 4,643,824</b>	<b>\$ 4,249,118</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt of variable interest entity .....	\$ 22,332	\$ 21,005
Accounts payable .....	95,211	96,617
Payable to affiliate .....	105,968	63,724
Accrued interest .....	38,735	40,039
Accrued taxes.....	23,145	21,343
Regulatory liabilities.....	5,562	5,732
Customer deposits.....	15,511	13,993
Other .....	7,033	7,056
Total Current Liabilities.....	313,497	269,509
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net.....	898,644	998,590
Long-term debt of variable interest entity, net.....	185,791	208,123
Deferred income taxes .....	779,010	712,492
Unamortized investment tax credits.....	32,676	34,563
Regulatory liabilities.....	205,725	198,336
Asset retirement obligations .....	152,747	144,418
Other .....	95,686	125,280
Total Long-Term Liabilities.....	2,350,279	2,421,802
<b>COMMITMENTS AND CONTINGENCIES (See Notes 12 and 14)</b>		
<b>EQUITY:</b>		
Kansas Gas and Electric Company Shareholder's Equity:		
Common stock, without par value, authorized, issued and outstanding 1,000 shares.....	1,065,634	1,065,634
Paid-in capital .....	680,457	380,457
Retained earnings.....	305,839	184,858
Total Kansas Gas and Electric Company Shareholder's Equity.....	2,051,930	1,630,949
Noncontrolling Interest.....	(71,882)	(73,142)
Total Equity.....	1,980,048	1,557,807
<b>TOTAL LIABILITIES AND EQUITY.....</b>	<b>\$ 4,643,824</b>	<b>\$ 4,249,118</b>

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



**KANSAS GAS AND ELECTRIC COMPANY  
CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in Thousands)**

	Year Ended December 31,	
	2013	2012
REVENUES .....	\$ 1,001,538	\$ 946,341
OPERATING EXPENSES:		
Fuel and purchased power .....	241,545	216,686
SPP transmission network costs .....	89,302	83,274
Operating and maintenance .....	196,756	188,867
Depreciation and amortization .....	116,808	119,929
Selling, general and administrative .....	111,008	112,516
Taxes other than income tax .....	43,139	42,119
Total Operating Expenses .....	798,558	763,391
INCOME FROM OPERATIONS .....	202,980	182,950
OTHER INCOME (EXPENSE):		
Other income .....	32,209	29,611
Other expense .....	(18,098)	(19,987)
Total Other Income .....	14,111	9,624
Interest expense .....	60,448	68,675
INCOME BEFORE INCOME TAXES .....	156,643	123,899
Income tax expense .....	34,402	25,453
NET INCOME .....	122,241	98,446
Less: Net income (loss) attributable to noncontrolling interests .....	1,260	(442)
NET INCOME ATTRIBUTABLE TO KANSAS GAS AND ELECTRIC COMPANY .....	\$ 120,981	\$ 98,888

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



**KANSAS GAS AND ELECTRIC COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in Thousands)

	Year Ended December 31,	
	2013	2012
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>		
Net income .....	\$ 122,241	\$ 98,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	116,808	119,929
Amortization of nuclear fuel .....	22,690	24,369
Amortization of deferred regulatory gain from sale leaseback .....	(5,495)	(5,495)
Amortization of corporate-owned life insurance .....	18,179	20,000
Net deferred income taxes and credits .....	34,236	25,964
Allowance for equity funds used during construction .....	(11,168)	(7,049)
Changes in working capital items:		
Accounts receivable .....	(10,552)	(2,110)
Fuel inventory and supplies .....	2,765	(6,990)
Prepaid expenses and other .....	(9,472)	19,785
Accounts payable .....	(32,118)	19,728
Other current liabilities .....	(47,861)	(61,826)
Changes in other assets .....	(13,709)	(4,755)
Changes in other liabilities .....	6,734	(1,737)
Cash Flows from Operating Activities .....	<u>193,278</u>	<u>238,259</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment .....	(455,624)	(431,388)
Purchase of securities - trust .....	(64,602)	(19,417)
Sale of securities - trust .....	64,656	18,527
Investment in corporate-owned life insurance .....	(17,408)	(18,167)
Proceeds from investment in corporate-owned life insurance .....	85,228	32,718
Other investing activities .....	(2,913)	890
Cash Flows used in Investing Activities .....	<u>(390,663)</u>	<u>(416,837)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Retirements of long-term debt .....	(100,000)	(13,318)
Retirements of long-term debt of variable interest entity .....	(21,005)	(19,186)
Borrowings from parent .....	42,244	14,425
Investment by parent .....	300,000	160,457
Borrowings against cash surrender value of corporate-owned life insurance .....	59,565	67,791
Repayment of borrowings against cash surrender value of corporate-owned life insurance .....	(83,419)	(31,591)
Cash Flows from Financing Activities .....	<u>197,385</u>	<u>178,578</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS .....	—	—
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period .....	—	—
End of period .....	<u>\$ —</u>	<u>\$ —</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>CASH PAID FOR:</b>		
Interest on financing activities, net of amount capitalized .....	\$ 46,646	\$ 52,942
Interest on financing activities of variable interest entity .....	12,346	14,022
<b>NON-CASH INVESTING TRANSACTIONS:</b>		
Property, plant and equipment additions .....	77,140	41,546

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

**KANSAS GAS AND ELECTRIC COMPANY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Dollars in Thousands)

	Kansas Gas and Electric Company				
	Common stock	Paid-in capital	Retained earnings	Noncontrolling interest	Total equity
Balance as of December 31, 2011 .....	\$ 1,065,634	\$ 220,000	\$ 85,970	\$ (72,699)	\$ 1,298,905
Net income (loss) .....	—	—	98,888	(442)	98,446
Investment by parent company .....	—	160,457	—	—	160,457
Other .....	—	—	—	(1)	(1)
<b>Balance as of December 31, 2012 .....</b>	<b>\$ 1,065,634</b>	<b>\$ 380,457</b>	<b>\$ 184,858</b>	<b>\$ (73,142)</b>	<b>\$ 1,557,807</b>
Net income .....	—	—	120,981	1,260	122,241
Investment by parent company .....	—	300,000	—	—	300,000
<b>Balance as of December 31, 2013 .....</b>	<b>\$ 1,065,634</b>	<b>\$ 680,457</b>	<b>\$ 305,839</b>	<b>\$ (71,882)</b>	<b>\$ 1,980,048</b>

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





Enclosure II to CO 14-0003

**Kansas City Power & Light Company Consolidated Statements of Cash Flows**  
(2 pages)

May 7, 2014

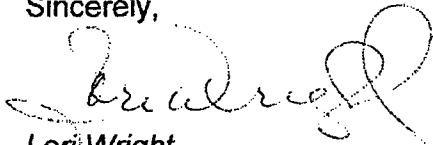
Wolf Creek Nuclear Operating Corporation  
PO Box 411  
Burlington, KS 66839

Dear Todd:

Pursuant to the requirements of 10 CFR 140.21(e), Kansas City Power & Light Company, is providing the attached audited Consolidated Statements of Cash Flows as evidence of the ability to make payment of its share of deferred premiums in an amount of \$8.9 million.

The undersigned certifies that the foregoing memorandum with respect to Kansas City Power & Light Company's cash flow for the year 2013 is true and correct to the best of their knowledge and belief.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wright", is written over a dotted line.

*Lori Wright*  
*Vice President – Business Planning and Controller*

attachment

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

<b>Year Ended December 31</b>	<b>2013</b>
<b>Cash Flows from Operating Activities</b>	(millions)
Net income	\$ 169.0
Adjustments to reconcile income to net cash from operating activities:	
Depreciation and amortization	198.3
Amortization of:	
Nuclear fuel	22.8
Other	34.3
Deferred income taxes, net	92.1
Investment tax credit amortization	(1.1)
Other operating activities	(9.2)
Net cash from operating activities	<u>506.2</u>
<b>Cash Flows from Investing Activities</b>	
Utility capital expenditures	(521.9)
Allowance for borrowed funds used during construction	(10.6)
Purchases of nuclear decommissioning trust investments	(73.5)
Proceeds from nuclear decommissioning trust investments	70.2
Other investing activities	(12.4)
Net cash from investing activities	<u>(548.2)</u>
<b>Cash Flows from Financing Activities</b>	
Issuance of long-term debt	412.5
Issuance fees	(5.7)
Repayment of long-term debt	(2.6)
Net change in short-term borrowings	(267.8)
Net money pool borrowings	(3.6)
Dividends paid to Great Plains Energy	(92.0)
Net cash from financing activities	<u>40.8</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1.2)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>5.2</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 4.0</b>

**Kansas Electric Power Cooperative, Inc. Statement of Cash Flows**  
(2 pages)



**Kansas Electric  
Power Cooperative, Inc.**

P.O. Box 4877, Topeka, KS 66604-0877  
600 Corporate View, Topeka, KS 66615  
Phone (785) 273-7010 Fax (785) 271-4888  
[www.kepco.org](http://www.kepco.org)

April 17, 2014

Mr. Todd N. Laflin  
Wolf Creek Nuclear Operating Corporation  
P.O. Box 411  
Burlington, KS 66839

Dear Todd:

Pursuant to the requirements of 10 CFR 140.21(e), Kansas Electric Power Cooperative, Inc. is providing the attached audited Statement of Cash Flows as evidence of the ability to make payment of its share of deferred premiums in an amount of \$1.5 million.

The undersigned certifies that the foregoing memorandum with respect to Kansas Electric Power Cooperative, Inc.'s. Cash flow for the year 2013 is true and correct to the best of their knowledge and belief.

Sincerely yours,

Coleen M. Wells  
VP and CFO  
Enclosure (1)

KANSAS ELECTRIC POWER COOPERATIVE, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ending December 31,	
	2013	2012
<b>Cash Flows From Operating Activities</b>		
Net margin	\$ 2,593,780	\$ 11,916,571
Adjustments to reconcile net margin to net cash flows from operating activities		
Depreciation and amortization	6,540,599	6,417,670
Decommissioning	2,904,092	1,500,024
Amortization of nuclear fuel	2,819,442	3,004,990
Amortization of deferred charges	4,175,257	4,245,720
Amortization or deferred incremental outage costs	5,386,940	7,179,415
Amortization of debt issuance costs	77,813	86,953
Changes in		
Member accounts receivable	7,609,332	(5,624,402)
Materials and supplies	(485,950)	(899,836)
Other assets and prepaid expense	106,504	(305,776)
Accounts payable	599,854	2,607,180
Payroll and payroll-related liabilities	(102,839)	17,531
Accrued property tax	(67,149)	180,292
Accrued interest payable	12,556	(34,313)
Accrued income taxes	1,092	(847)
Other long-term liabilities	1,147,579	(106,340)
Prepaid pension cost	(1,545,694)	-
Deferred revenue	1,224,424	-
Net cash flows from operating activities	32,997,632	30,184,832
<b>Cash Flows From Investing Activities</b>		
Additions to electrical plant	(17,278,012)	(9,658,692)
Additions to nuclear fuel	(503,127)	(3,709,772)
(Reductions in)/additions to deferred charges	95,335	(280,455)
Additions to deferred incremental outage costs	(10,359,443)	(900,384)
Investments in decommissioning fund assets	(2,942,327)	(1,966,895)
Investments in associated organizations	17,442	304,392
Investments in bond reserve assets	(26,164)	(24,930)
Proceeds from the sale of property	41,837	7,958
Net cash flows from investing activities	(30,954,459)	(16,228,778)
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	(20,168,539)	(18,781,860)
Proceeds from issuance of long-term debt	11,594,273	1,048,000
Short term notes payable	6,500,000	-
Payments unapplied	2,388,503	(2,388,504)
Net cash flows from financing activities	314,237	(20,122,364)
Net increase (decrease) in cash and cash equivalents	2,357,410	(6,166,310)
Cash and Cash Equivalents, Beginning of Year	2,824,134	8,990,444
Cash and Cash Equivalents, End of Year	\$ 5,181,544	\$ 2,824,134
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	\$ 9,776,900	\$ 10,417,400

See Notes to the Consolidated Financial Statements