Omaha Public Power District

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June 18, 1980

Mr. Jerome Saltzman, Chief
Utility Finance Branch
Division of Engineering
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Docket No. 50-285 - June 30, 1980 to June 30, 1981
Guarantee for Payment of Deferred Retrospective Premiums
Section 140.21 of 10 CFR Part 140
Fort Calhoun Power Station, Unit No. 1

Dear Mr. Saltzman:

This is in response to your May 29, 1980 letter pointing out the deficit in the Omaha Public Power District quarterly cash flow projection for the twelve months ending June, 1981 submitted with our letter of May 20, 1980. Since receiving your letter we made a further analysis of our cash position due to an unanticipated extended outage at our Fort Calhoun Nuclear Plant.

As part of its rate structure the District has an established fuel and production cost adjustment schedule (FPA) for the recovery of fuel and production costs above a predetermined level. The procedure provides that monthly energy production costs are calculated on an accrual basis in arriving at the amount of adjustment to be recovered through operating revenues over the subsequent six month period. Under this procedure, the District experiences a six month cash flow lag in the recovery of the FPA revenue dollars.

In our May 20, 1980 filing for the retrospective premium guarantee our statement of cash flow reflected recoverable FPA revenue dollars based on actual expenditures through March, 1980 and budgeted expenditures for the remaining months through June, 1981. During April and May, 1980, the District experienced an unanticipated extended outage at its Fort Calhoun Nuclear Plant to satisfy NRC requirements. As of May 31, 1980, this extended outage has cost considerably more than was anticipated and budgeted. These additional expenses will be recovered through the FPA during the last half of 1980.

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After re-evaluating the District's cash position for 1980-1981 it was determined that the projected quarterly cash flow satisfies the required $10 million retrospective premium guarantee. Attached is a revised cash flow statement for the period ending June, 1981 which reflects the latest projections based on recent cost and revenue figures. We submit this revised statement to replace the one originally filed with the Commission with our letter of May 20, 1980. If there are any questions, please advise.

Sincerely,

H. E. Petersen

H. E. Petersen
Manager - Insurance

HEP/jr
Attachment

OMAHA PUBLIC POWER DISTRICT

(a) 1980/81 STATEMENT OF CASH FLOW FROM OPERATIONS

FORT CALHOUN POWER STATION UNIT NO. 1

(Dollars in Thousands)

	ACTUAL	PROJECTED	
	12 months ended 12/79	12 months ended 12/80	12 months ended 6/81
Operating Revenues	$ 190,210	$ 229,382	$ 240,474
Interest Receipts (b)	6,500	6,500	6,500
Total Cash Receipts	196,710	235,882	246,974
Less: Operating Expenses (c)	107,084	138,181	139,907
Payments in Lieu of Taxes (c)	4,835	5,252	6,906
Funds Available for Debt Service	84,791	92,449	100,161
Less: Debt Service Payments (d)	44,549	58,819	59,336
Funds Available for Other Valid Corporate Purposes (e)	40,242	33,630	40,825
Average Quarterly Cash Flow	$ 10,061	$ 8,408	$ 10,206

Percentage Ownership - Fort Calhoun Power Station Unit No. 1 - 100%

Maximum Total Contingent Liability Annually - $10,000,000

Notes to accompany "Statement of Cash Flow From Operations"

(a) The format of this cash flow statement is in accordance with the payment priorities as established by the Bond Resolution 1788. The payment priority scheduled for funds realized from operations is as follows:

First priority: Operation and maintenance expenses and payments in lieu of taxes.

Second priority: Debt service (principal and interest) on all outstanding bonds.

Third priority: All other valid corporate purposes. These purposes would include construction, nuclear fuel, working capital, and any other use of the funds to provide for an on-going utility business. The payment of any funds for the NRC guarantee would fall into the third priority.

(b) Interest collections have been normalized to reflect only the types of interest collections from normal on-going funds and do not reflect any interest collections made from special construction funds.

(c) Operating and Maintenance Expenses and Payments in Lieu of Taxes have first priority on the use of funds derived from operating revenues.

(d) Debt Service Payments have second priority on the use of funds derived from operating revenues.

(e) These funds represent the internal cash flow available for all other corporate purposes and have third priority on funds derived from operating revenues.

Supplementary General Statements:

The following statements are offered to explain some of the District's options and capabilities with respect to its financial management.

The District maintains a working fund balance of approximately $20 million in addition to special construction and restricted funds.

The District currently has a $30 million revolving credit agreement with a group of banks, and does have access to the long term municipal bond market on fairly short notice.

The District's Board of Directors is empowered to establish electric rates.

The State of Nebraska does not have a public utility commission.