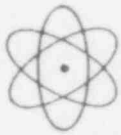
1982



Annual Report

Nebraska Public Power District

Nebraska Public Power District **Statement of Purpose**

The Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska. Control of the District and its operations is vested in a Board of Directors, consisting of 11 members popularly elected from districts comprising subdivisions of the District's chartered territory. These districts encompass 85 of the state's 93 counties and portions of two other counties. The District has the power, among other things, to acquire, construct, and operate generating plants, transmission lines, substations, and distribution systems, and to purchase, generate, distribute, transmit, and sell electric energy, both at wholesale and retail, for lighting, power, heating, and other sources. Management and operation of the District is accomplished with a staff of approximately 2,000 persons.

OFFICERS

Henry D. Kosman, **President**
Fred A. Herrington, **First Vice President**
Ralph J. Lubeck, **Second Vice President**
Leslie S. Taylor, **Secretary**
Ralph E. Holzfaster, **Treasurer**
Durwood W. Hill, **General Manager**
Theodore M. Kyster, **Assistant Treasurer**
Robert D. Malmstrom, **Controller**
Janet H. McQuistan, **Assistant Secretary**

Bernard M. DeLay
Norfolk, Banker

Alvie E. Payne
Kearney, Businessman

George H. Barber
Beatrice, Electrical Contra

The Nebraska Public Power District's BOARD OF DIRECTORS

Newly Elected Board Members

Bruce W. Gustafson

Thomas O. Michels

In November, 1982, two new members were elected to the Board of Directors. Bruce W. Gustafson of Holdrege, a farmer-rancher, was elected to replace Ralph J. Lubeck of Stamford. Thomas O. Michels of Kearney, a professional engineer, was elected to replace Alvie E. Payne of Kearney. Both new terms began in January, 1983.

In Memoriam

Jules W. Burbach of Hartington, a grain elevator owner-operator, began serving on the NPPD Board of Directors in January, 1979. He died February 27, 1982. Mr. Burbach was a former speaker of the Nebraska Legislature, director of the State Fair Board and the Nebraska Water Resources Association, and also a director of several agricultural and civic groups. Nebraska Governor Charles Thone appointed Wayne E. Boyd, an attorney from South Sioux City, to complete Burbach's term.

Jules W. Burbach

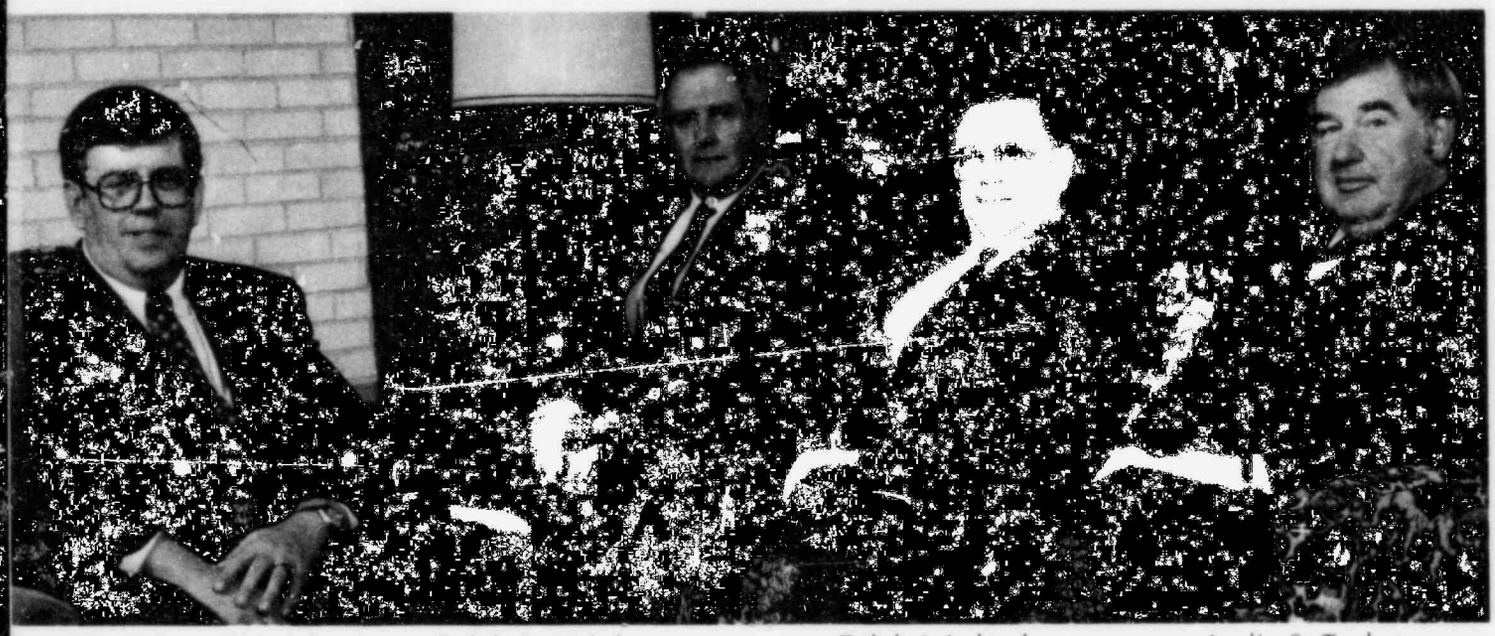
Reference Guide

Fred A. Herrington
Lincoln, Businessman

David L. Duren
Columbus, Certified Public Accountant

George W. Knight
Lincoln, Businessman

Henry D. Kosman
Scottsbluff, Banker



Wayne E. Boyd
South Sioux City, Attorney

Ralph E. Holzfaster
Paxton, Farmer-Agribusinessman

Ralph J. Lubeck
Stamford, Farmer-Livestock Feeder

Leslie S. Taylor
York, Businessman-Salesman

Message from the **Board of Directors**

Despite the sagging economy and low farm prices that prevailed during 1982, Nebraska Public Power District experienced a successful year.

Both electric sales and revenue showed increases from the preceding year and the District remains in a healthy financial situation.

During the year, the District, in conjunction with its financial advisor, completed a restructuring of an escrow agreement as well as purchasing outstanding bonds which saved the ratepayers nearly $3 million. The District called for and received tenders for $56.3 million of the 1976 Series A Power Supply System Revenue Bonds. Of the tenders received, $41.5 million were accepted and later delivered to the District. The savings results because the District was able to purchase the bonds at a discounted price and was able to purchase certain United States Treasury Securities which, together with interest income, generates cash surpluses of $2.9 million over the next ten years, over and above the amounts required to pay interest and principal.

In August, this Board approved an interim financing plan to pay for the construction costs of the Kingsley Hydroelectric Project. The 50,000 kilowatt facility is being built by the Central Nebraska Public Power and Irrigation District; however, NPPD will purchase the electrical output of the facility for use by our customers.

The Central Nebraska Board approved the sale of $75 million variable rate demand notes that will be used to pay for the construction of the facility including interest expense. Interest rates on the notes will be established on a weekly basis over a three-year period. During that time, the two Boards will consider issuing long-term bonds to replace the short-term notes based on the trend in interest rates.

In an effort to maintain the District's solid financial condition, this Board enacted a rate increase in late 1981 that became effective in the early part of 1982. The wholesale rate affected 71 municipalities and 26 public power districts and rural cooperatives. The retail rate affected approximately 107,000 customers.

The first full year of debt service and operating requirements for the Gerald Gentleman Station Unit 2 near Sutherland was the major ingredient causing the higher rates for 1982.

A two-year wholesale rate plan was based on total revenue requirements of $301.6 million in 1982 and $329.4 million in 1983. The 1982 retail rate was established to raise approximately $120.9 million for our retail division.

Late in 1982, we approved a retail rate increase for 1983. This increase was, on the average, the smallest since 1974. The 1983 rate is based on retail revenue requirements of $126.1 million. We were also able to slightly reduce the wholesale rate increase for 1983 because the deficit from the 1980-81 rate period was not as large as had been originally estimated.

We also approved a new rate schedule for Nebraska entities receiving power from the Western Area Power Administration (WAPA) over our transmission lines. The new rate, which is the first increase for the "wheeling" customers since 1954,

reflects higher costs for building and maintaining lines and dispatching the flow of electricity over the lines.

There was encouraging news concerning fuel costs during the year. In August, this Board approved credits on the District's electric billings due to an excessive accumulation of money as a result of Production Cost Adjustment (PCA) account billings. The PCA credit was intended to refund $4.9 million to electric customers by June, 1983. As a result, retail and wholesale customers' electric billings were reduced between one and two percent per month.

Excess collections from the PCA account again occurred at the end of the year and we were able to pass along an additional PCA credit to our customers to be effective during 1983. Lower than anticipated fuel costs used in the generation process and lower costs for certain other production items caused the excess collections in the PCA Fund.

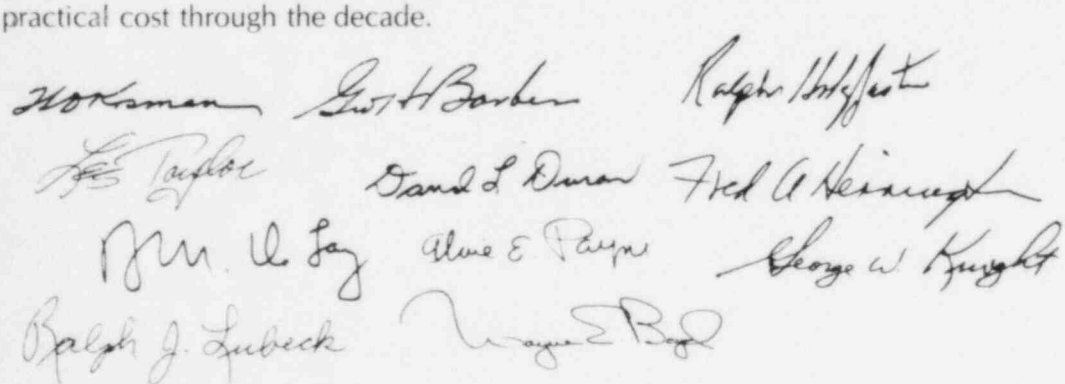
Cost control and spending reductions are always a paramount consideration for this Board.

During the year, we approved a revised capital additions (construction) budget which represented an 18 percent reduction in planned construction for the District's electric system. The budget was revised downward from an original estimate of $22.2 million to $18.3 million.

Major reductions were in the areas of transmission and subtransmission lines. Some projects in northeast Nebraska were delayed to 1983 because of the District's inability to complete the Hoskins to Raun, Iowa, 345,000 volt line due to litigation. One of the largest reductions, totaling nearly $2 million, was in the final cost of the 345,000 volt line between Axtell and Sweetwater in central Nebraska.

One of the most effective ways to reduce customer costs would be the improvement of our load factor. To help improve the system load factor, efforts to implement a systemwide load control program were accelerated during the year. In addition, we approved funds in the budget for both 1982 and 1983 to encourage our customers to consider electric heat in their homes and businesses. Nebraskans, similar to people in other parts of the nation, are faced with rapidly rising natural gas rates. Due to our ideal mix of generating fuels—including hydro—our winter rates can now place electric heat in a competitive position with natural gas.

None of us can predict the future, but we feel this utility is on a sound and progressive course to supply adequate electricity to our customers at the lowest practical cost through the decade.



Board of Directors

Message from the **General Manager**

If history is to attach labels on a year-by-year basis for Nebraska Public Power District, 1982 could well be remembered as an exciting and eventful year.

One of the highlights of the year certainly has to be the official dedication of our newest and largest power generating facility—the 1,300,000 kilowatt coal-fired Gerald Gentleman Station near Sutherland. In his address at the dedication ceremony, Nebraska Governor Charles Thone summed up the thoughts of many of us when he said, "Eleven years ago there was an idea; now dreams of such an accomplishment have become a reality."

As we reported to you a year ago, Gentleman Station Unit 2 went into commercial operation January 1, 1982, below budget. This accomplishment was particularly significant because the unit was being built during a period of rapidly rising inflation.

Having watched this plant grow from the first shovel of dirt back in 1973 to the dedication, no one could be prouder of this facility than I. Construction was not without its problems, but we worked through all of them and now have a power supply program second to none. As this utility continues to grow and expand, Gentleman Station will become a more valuable asset and we can continue to look back with pride.

The turnout of nearly 4,000 people during the employee and public open house the day following the dedication far surpassed the expectations of any of us.

But certainly the year's excitement was not limited to Gentleman Station.

It was an eventful year at Cooper Nuclear Station, our 800,000 kilowatt nuclear facility on the banks of the Missouri River in southeast Nebraska. Although every event was not pleasant, we are able to report that it was a record-setting year for the facility. During the year, the plant generated a record 5,276,082,000 net kilowatt-hours, an increase of 5.6 percent over the previous high total set in 1979.

In August, the Nuclear Regulatory Commission (NRC) filed a Notice of Violation and Proposed Imposition of Civil Penalty against the District, alleging violations involving the installation and operation of the Prompt Public Notification System for use in the event of an emergency, and charging "material false statements" were made by the District in regard to the installation and operability of the system.

Among sanctions proposed by the NRC were a $300,000 fine and a management appraisal of the District's corporate functions which support Cooper Station activities.

Citing the excessive and unwarranted fine, our response requested the NRC to substantially reduce the civil penalties by giving proper consideration to the supportive facts we presented. A difference of opinion exists between the District and the NRC staff over interpretation of NRC regulations pertaining to the Prompt Public Notification System. We preserved our right to a hearing in the event the matter could not be resolved to the mutual satisfaction of both parties. Early in 1983, the NRC issued an order reducing the fine to $112,000.

In March, 1983, the Board voted to pay the reduced fine as a matter of economics as opposed to an admission of guilt.

We made progress in our preliminary plans to transfer spent fuel rods from Cooper Station to the General Electric storage facility near Morris, Illinois, as was agreed upon in the interim settlement agreement of the nuclear fuel litigation with G.E. This subject, too, was not without controversy as several organizations and individuals focused their efforts on preventing these shipments of spent fuel.

Successful operation of Cooper Station was supported by two documents released during the year. The "Nuclear Power Safety Report 1981" released by the NRC listed the Station "above average" in nuclear power safety. A report released by the Institute of Nuclear Power Operations (INPO) revealed that the man-rem (rems per individual) exposure at the Station was 58.6 percent of the exposure average for all boiling water reactors nationwide.

The 500,000 volt MANDAN Project transmission line to Manitoba, Canada, continued to progress during the year.

The North Dakota Public Service Commission has approved both line corridor and route permits. Upon appeal, the North Dakota Supreme Court affirmed the order issuing the corridor permit in February, 1983. The South Dakota Public Utilities Commission denied a route permit in January, 1982, but was reversed on appeal by the Circuit Court for Hughes County in November, 1982. The Circuit Court decision is on appeal to the South Dakota Supreme Court. In Nebraska, a permit was granted by the Nebraska Power Review Board in March, 1982. This decision is on appeal to the Nebraska Supreme Court.

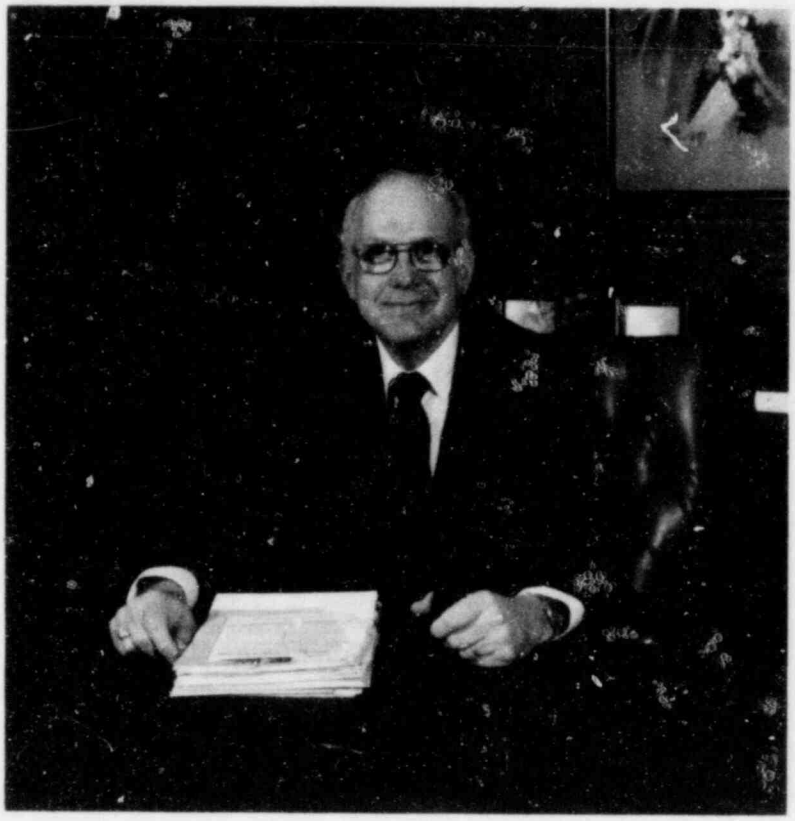
By the end of 1982, work on the powerhouse for the 50,000 kilowatt Kingsley Hydroelectric Project was 57 percent completed and modifications to the downstream Keystone Dam, required to handle fluctuations of water level during releases for generation, were 86 percent completed. Construction of this facility remains ahead of schedule.

Finally, because of my announced intention to retire as general manager of this utility at the end of 1982, the Board of Directors selected Don Schaufelberger to assume the leadership role effective January 1, 1983. Mr. Schaufelberger had been serving as deputy general manager, and my many years of association with him results in my complete confidence in his ability to guide this progressive utility.

It is with a complete sense of pride and satisfaction in the many accomplishments we have achieved that I leave NPPD after 19 years. I am content in the knowledge that the utility is thriving and will continue to be a dominant force, due primarily to the dedication of its employees and Board of Directors. NPPD's future is bright.

Dwstile

General Manager



Schaufelberger Succeeds Hill

The NPPD Board of Directors named Don Schaufelberger as the new general manager succeeding D. W. Hill who retired at the end of 1982. Schaufelberger had been serving as deputy general manager.

A native of Lincoln, Nebraska, Schaufelberger is a graduate of the University of Nebraska-Lincoln with a degree in electrical engineering. After serving in the U.S. Navy during World War II, Schaufelberger joined the former Consumers Public Power District as an engineer in 1949. In 1952, he became system planning engineer and was named chief engineer in 1958. In 1964, he was promoted to the position of operations director and in 1968 became assistant general manager.

When Consumers was merged to form the Nebraska Public Power District in 1970, Schaufelberger was retained as assistant general manager. He was promoted to deputy general manager in 1972.

Schaufelberger acted as the senior management official coordinating the proposed MANDAN Project. He was a leader in the formation of the Mid-Continent Area Power Pool (MAPP) in 1972. He served as the first chairman of the MAPP Management Committee and has continued to serve on that and other MAPP committees.

During the summer of 1982, Schaufelberger was the recipient of the highest honor awarded by the Nebraska Society of Professional Engineers (NSPE). The Society's award for Outstanding Engineering Achievement was presented to him at the NSPE annual meeting. Also in 1982, Schaufelberger was chosen to receive the prestigious Nikola Tesla Award, presented for meritorious service to the electric power industry by the Westinghouse Electric Corporation. He is the first Nebraskan to receive the award in its 15-year history.

Schaufelberger is active in the National Society of Professional Engineers, the Professional Engineers of Nebraska, the Institute of Electrical and Electronics Engineers, and the Illuminating Engineering Society. He is a member of the University of Nebraska College of Engineering and Technology Advisory Council. He participated in the formation of the Electric Information Council and served on that Board of Directors.

Hill is being retained as a special assistant to the general manager in order to accomplish as smooth a transition as possible, and will serve in that capacity until June of 1983.

A special Board committee was named to assist Schaufelberger in outlining the goals of the District. The committee will discuss organizational matters and long-range plans.

1982 In Review

Total kilowatt-hour sales during 1982 were up 8.1 percent compared to 1981.

By category, there was an 80.8 percent increase in non-firm transactions, a 16.5 percent increase in participation power, and a 2.4 percent increase in wholesale purchases by public power districts and rual cooperatives.

Decreases in kilowatt-hour sales were to wholesale municipalities—down 1.1 percent—and to retail customers—down 5.6 percent. Declines in retail sales were noted in the categories of irrigation power, industrial, municipal street and highway lighting, and municipal power. Increases in retail sales were recorded in residential, rural residential, rural commercial, commercial lighting and power, and miscellaneous municipal.

Troubled economic conditions are believed primarily responsible for a 25.3 percent decline in energy sales to retail industrial customers. Above-average summer rainfall was the principal factor involved in a 14.1 percent decrease in sales to retail irrigation customers.

Kilowatt-hour sales totaled 9.15 billion compared to 8.46 billion during 1981.

For the second consecutive year, the District's firm wholesale and retail customers did not set a new summer peak demand on the system. The summer's peak of 1,650,781 kilowatts was approximately 4 percent below the record peak demand of 1,719,899 kilowatts set in 1980. The cooler and wetter summer weather pattern decreased irrigation and air conditioner uses and kept the demand down.

District customers established a record winter peak demand on January 20, 1982. On that date, the system registered a peak one-hour load of 1,176,914 kilowatts, bettering the previous winter peak demand record set in 1981 of 1,172,161 kilowatts.

Electric system operating revenues in 1982 rose to a new high of $313.1 million, which is an increase of 14.3 percent over the 1981 figure of $273.9 million.

The larger operating revenues are the result

of an increase in sales and an increase in rates.

Electric system operating expenses amounted to $285.4 million which represents an 11.4 percent increase over 1981's figure of $256.1 million.

Operations of the Electric System resulted in net revenues of $21.6 million for 1982 which, when adjusted for non-cash items as provided in the District's revenue bond resolution, results in a debt service coverage of 1.84.

Using the 1981 load statistics as a more normal basis than 1982, the District's Planning Department is projecting an effective annual compound growth rate of 4.1 percent through 1992 in the summer peak demand, and an energy sales effective annual compound growth rate of 4.3 percent during the same time frame. These projections regularly are subject to routine re-evaluation.

New rates for wholesale and retail electric customers went into effect early in 1982. The wholesale rate affected customers of 71 municipalities and 26 public power districts and cooperatives. The rate was set to raise $301.6 million in total revenue in 1982.

The new rates for NPPD's 107,376 retail customers were set to supply revenues of $120.9 million for the retail division in 1982. The retail revenue requirements included nearly $3.3 million in deficits from the 1981 rate period which were carried forward and collected during 1982.

A retail customer consuming 750 kilowatt-hours per month paid approximately $7.90 more per month during the winter months and approximately $9.70 more per month during the summer months in 1982 compared to 1981.

The first full year of debt service and operating requirements for the Gerald Gentleman Station Unit 2 coal-fired plant near Sutherland was the major ingredient causing the higher electric rates for 1982.

Late in the year, the Board of Directors approved new retail rates for 1983 that provide the smallest overall annual increase since 1974.

The 1983 rates were set to provide a 2 percent increase in revenues over what the 1982 rates would have provided—approximately $2.6 million.

The second part of the two-year wholesale rate increase, to become effective in 1983, is smaller than had been anticipated when the rate was set late in 1981. The 1983 revenue requirements are projected to be $329.4 million.

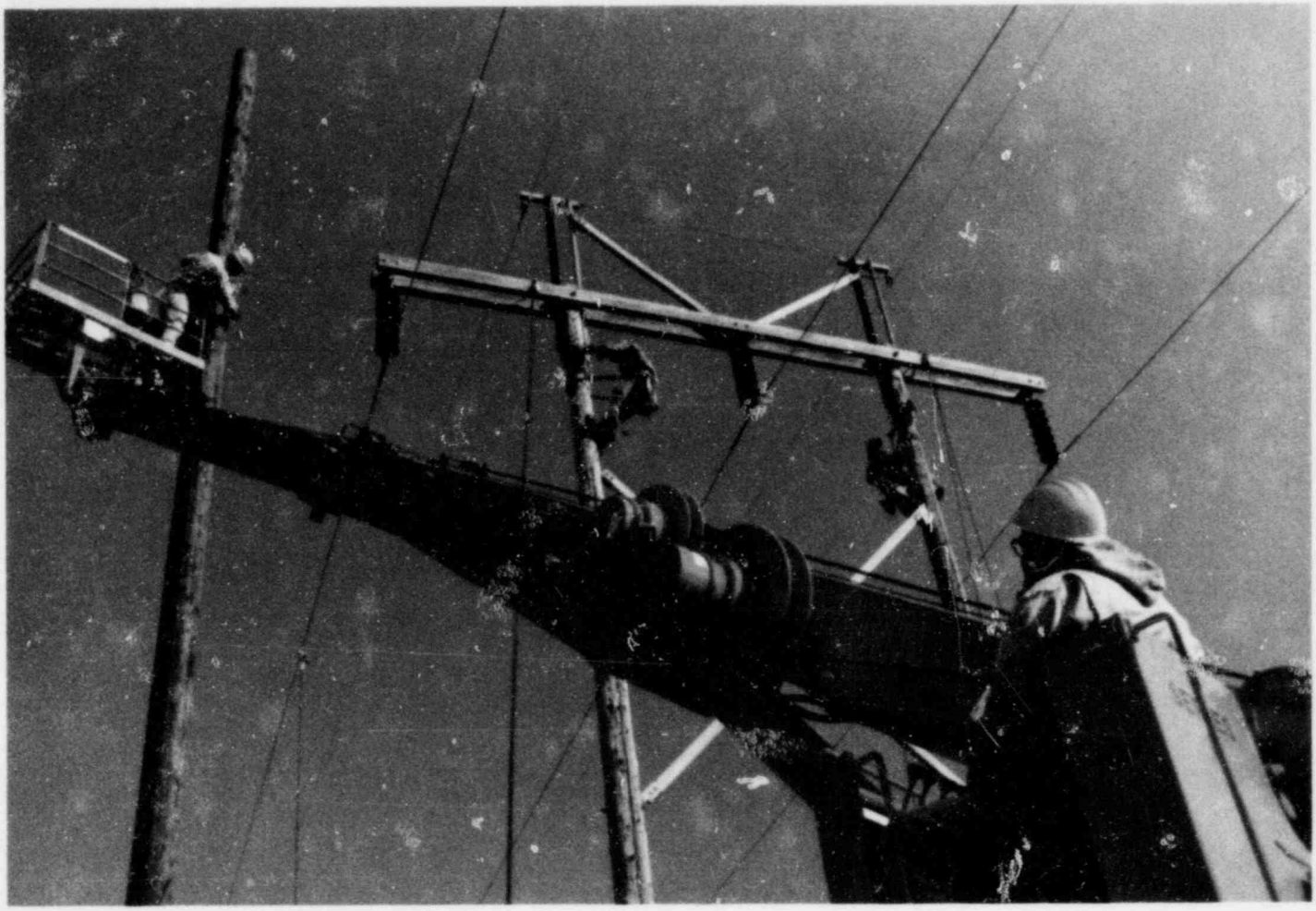
New 1983 rates are expected to translate into an average increased cost of $10 per year for each of the District's retail residential customers.

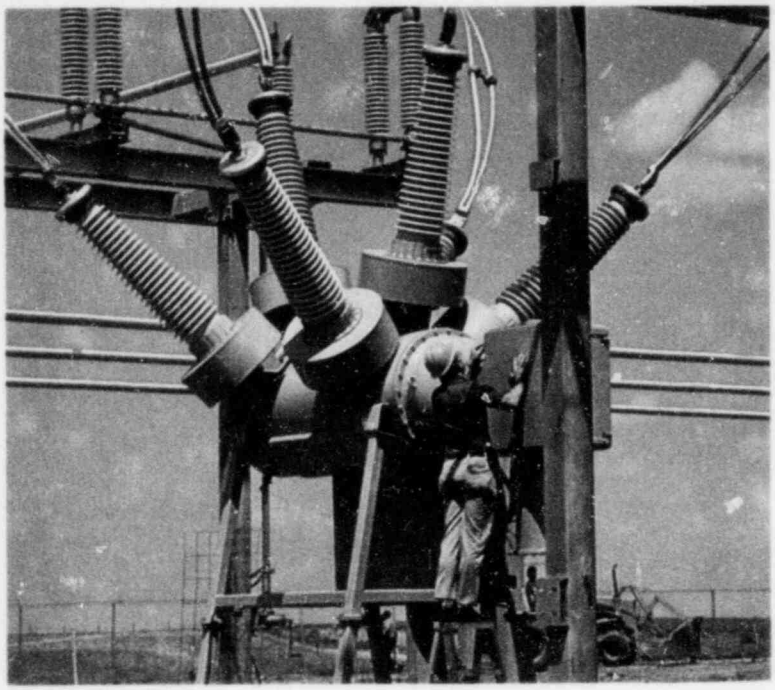
Also approved during the year was a new rate schedule for Nebraska entities receiving power from the Western Area Power Administration (WAPA) over NPPD's transmission lines, the first for WAPA "wheeling" customers since 1954. The new rate reflects the current cost base for building and maintaining lines and dispatching the flow of electricity over the lines.

This rate will remain in effect through the 1983 rate period. Beginning with the 1984-85 rate period, the WAPA customers will pay the same rate for "wheeling" power that the District's wholesale customers pay for transmission service under the wholesale rate charges.

All the news on the rate front was not bad during the year.

In July, the Board of Directors approved additional credits on retail and wholesale electric bills to reduce a $4.9 million excess in the Production Cost Adjustment (PCA) account. When NPPD's fuel and purchased energy costs vary from what had been anticipated during a current rate period, the deficit or surplus funds are accumulated in the PCA account. Agreements with firm wholesale customers provide for a change in the PCA factor on electric bills when that account exceeds $4 million—either positive or negative. The PCA factor credit approved in July will refund the $4.9 million by June, 1983. The





Tools of the trade...To offer reliable service to customers, NPPD equips its personnel with modern, efficient machinery that results in low overall maintenance costs. At left, the bushings on a power substation circuit breaker appear to give the effect of an extraterrestrial creature. Huge components are required to maintain the heavy flow of electricity to meet customer requirements.

credit in the PCA factor has the effect of reducing electric bills.

Customers were already receiving a PCA credit on their bills for 1982, reflecting an excess in the PCA account at the end of the 1980-81 rate period.

At the end of 1982, the Board approved another PCA factor credit to be applied to billings during 1983 that will refund a surplus of approximately $13 million in the PCA account.

The Board gave its approval during the year to an interim financing plan to pay for the construction costs of the Kingsley Hydroelectric Project below Lake McConaughy. The 50,000 kilowatt facility is being constructed by Central Nebraska Public Power and Irrigation District, but NPPD will purchase the electrical output of the facility for use by NPPD's customers.

The Central Nebraska Board approved the sale of $75 million in variable rate demand notes that will be used to pay for the construction of the facility including interest expense. Interest rates on the notes will be established on a weekly basis over a three-year period. During that time, NPPD and Central will consider issuing long-term bonds to replace the short-term notes based on the trend in interest rates.

Savings to ratepayers will be the result of outstanding bonds being purchased and the restructuring of an escrow agreement established in 1976 when a bond issue was refunded. NPPD worked through its financial consultant, Smith Barney, Harris Upham & Company, Inc., who requested that tenders for the outstanding bonds be made to the District. The District received tenders for $56.3 million of its 1976 Series A Power Supply System Revenue Bonds. Of the tenders received, $41.5 million were accepted and delivered to the District.

In order to pay for the bonds and generate surpluses, certain United States Treasury Securities held in escrow were redeemed. The proceeds were used to pay for the tendered bonds and buy open-market United States Treasury Securities. The investment income on those newly purchased securities and the reinvestment of certain monies that cannot be withdrawn from the portfolio generate a total cash surplus of $2.9 million over the next ten years.

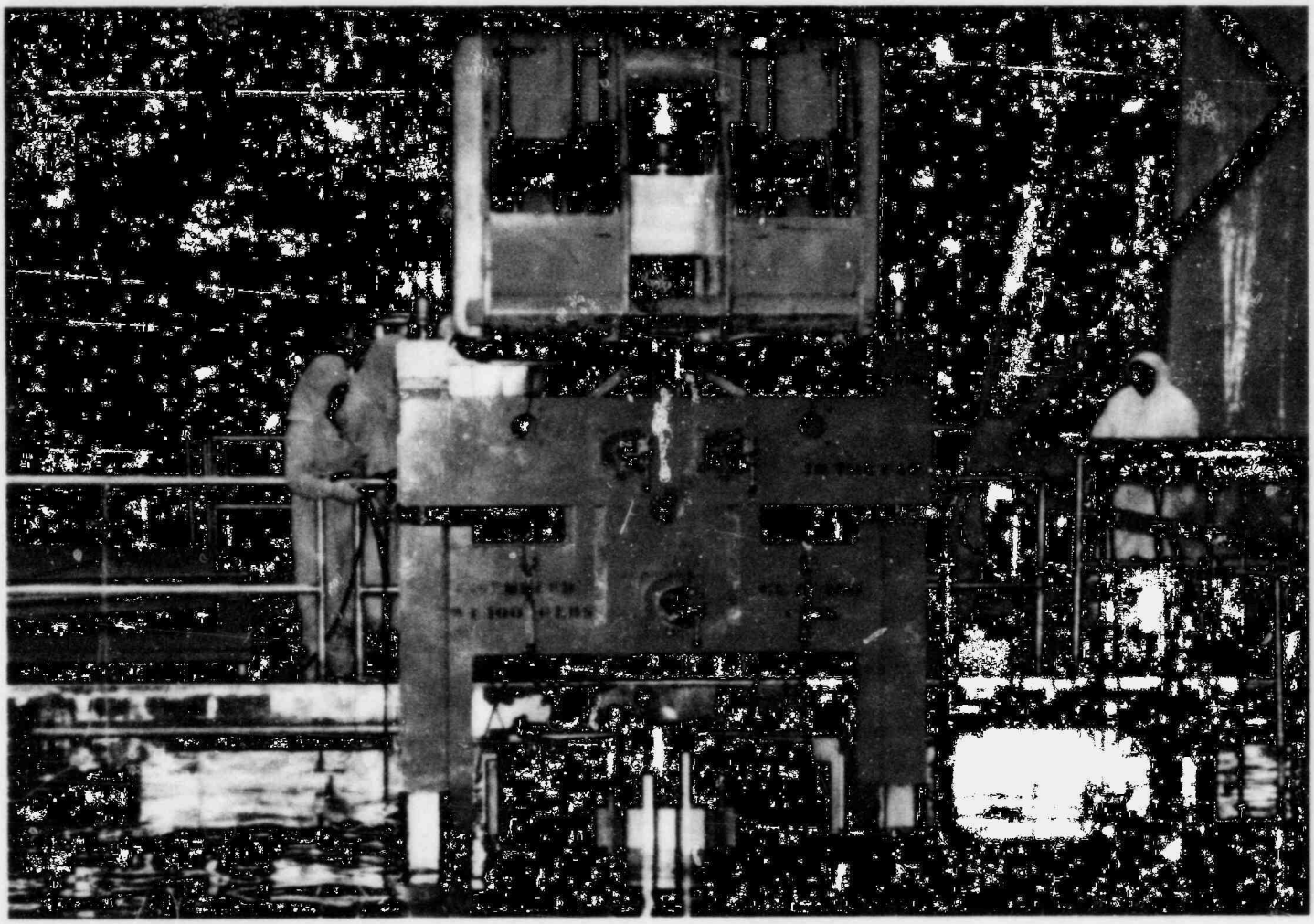
NPPD distributed more than $10.6 million to cities, towns, counties, and school districts in its service area during 1982. County treasurers in 70 counties in which NPPD has property received in-lieu-of-tax payments totaling $205,318. In addition $3,093,188 in gross revenue payments was distributed to county treasurers in 64 Nebraska counties where there are cities or villages served under lease agreement or at retail by NPPD. Money from the payments is distributed by county treasurers to the counties, cities, villages, and school districts according to a prescribed formula relating to mill levies.

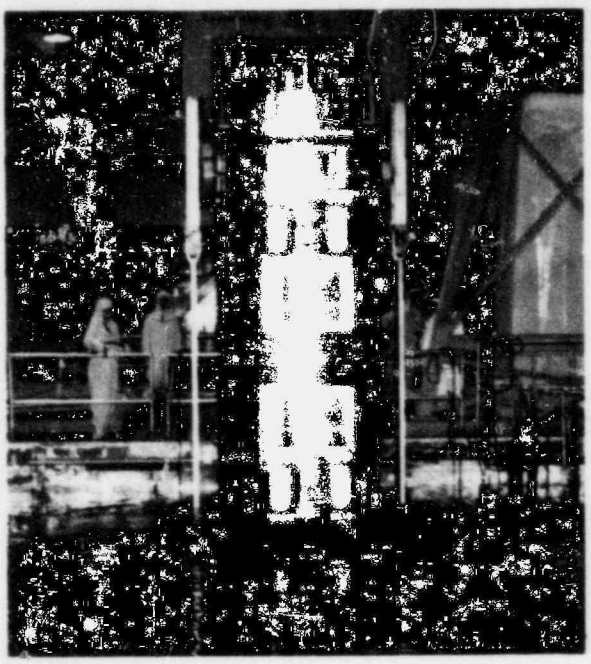
Two hundred eighteen Nebraska cities and villages received $7,360,601 as a result of agreements leasing their electrical distribution systems to the District.

Cooper Nuclear Station, which supplied approximately 27 percent of the electrical requirements of the District's customers during 1982, set a generating record during the year. The plant generated a total of 5,276,082,000 net kilowatt-hours, an increase of 5.6 percent over the previous high total set in 1979.

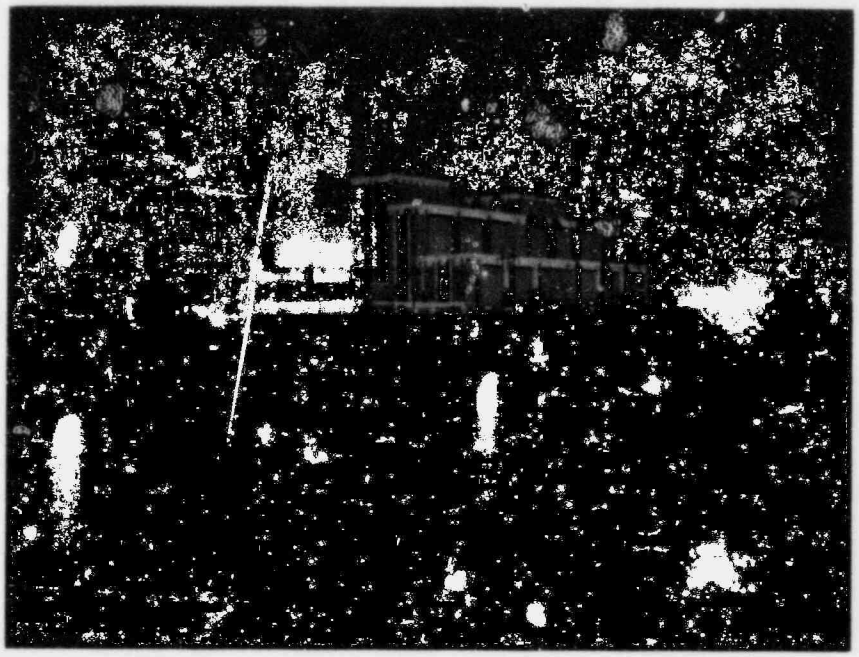
Cooper Station, which is Nebraska's largest nuclear generating facility, was capable of operating at its nominal net capability 77.4 percent of the time during the year. The plant went into commercial operation July 1, 1974, and its output is shared by NPPD, Iowa Power and Light Company, and Lincoln Electric System.

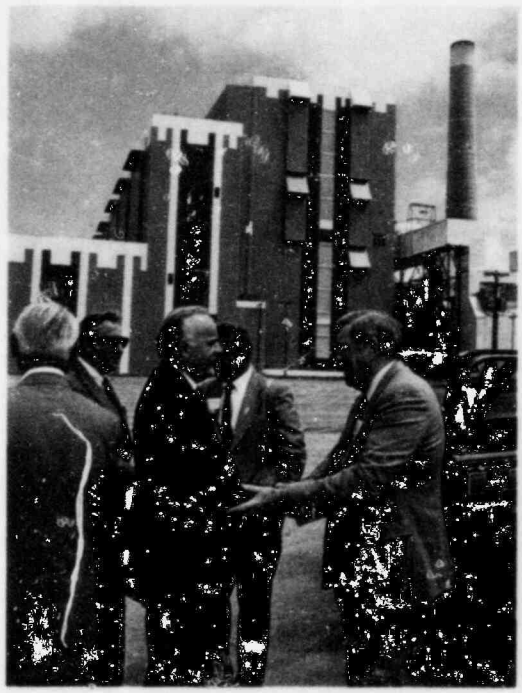
A report released during the year by the Institute of Nuclear Power Operations (INPO) revealed that the employees at Cooper Station experience less radiation exposure than employees of other large, fully operational boiling water reactor (BWR) plants in the nation. The report noted that the man-rems (rems per individual) exposure taken at Cooper Station was 58.6 percent of the exposure average for all BWR's and was 20 percent lower than the next lowest BWR. The



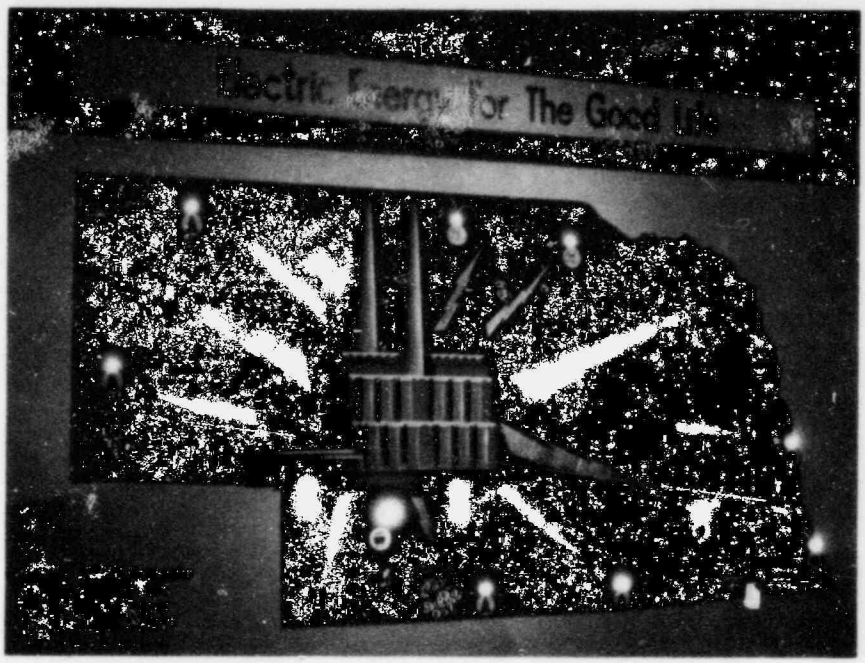


Specialists train to safely load and ship spent fuel from the Cooper Nuclear Station to the General Electric facility near Morris, Illinois. At left, the shipping cask is being prepared for descent into the spent fuel pool. The small photo is the specially built railroad cask car.





Official dedication of Gerald Gentleman Station, Nebraska's largest generating facility, took place June 25, 1982. Above is the plant at dusk. At the right, General Manager D. W. Hill welcomes Nebraska Governor Charles Thone to the site. Below right is a symbolic map highlighting NPPD's major generating resources. Below left is Governor Thone addressing the dedication luncheon.



average exposure for BWR's nationwide decreased from 1,136 rems to 988 rems during the study period. Cooper Station's man-rems were 579.

During 1982, the District and General Electric continued making plans to transfer spent nuclear fuel from Cooper Nuclear Station to General Electric's storage facility near Morris, Illinois. The proposed shipments are related to an interim settlement agreement between the District and General Electric which deferred a lawsuit against General Electric regarding, among other things, buyback payments and removal from Cooper Nuclear Station of spent fuel supplied by General Electric under a nuclear fuel supply contract. The parties reached this interim settlement agreement in June of 1981; however, both parties have a full reservation of rights if the matter is litigated again in the future.

The District and General Electric contemplate approximately 30 rail shipments will be made over a five- or six-year period in order to transfer the fuel from Cooper Station to General Electric's storage facility.

At a hearing before the Nebraska Legislature's Agriculture and Environment Committee, NPPD testified that customers of the District and other participants in Cooper Station would have to pay upwards of $30 million more in electric bills if the spent fuel is not shipped to the Morris facility. By shipping the spent fuel, there would be sufficient storage on site for the remainder of the plant's operating license period. Proposed city ordinances that would have made shipments extremely difficult, if not impossible, were defeated in Burlington, Iowa, and Lincoln, Nebraska.

In March, 1983, the Board and management agreed to pay a $112,000 fine assessed by the Nuclear Regulatory Commission (NRC) which alleged the District violated certain NRC regulations and made material false statements regarding the operability and installation of the Prompt Public Notification System at Cooper Station.

The decision to pay the fine was made as a matter of economics as opposed to an admission of guilt.

The original Notice of Violation and Proposed Imposition of Civil Penalties from the NRC in August, 1982, proposed a fine of $300,000. In the District's response to the NRC, it was the District's position that the civil penalties imposed, including the proposed $300,000 fine, were excessive and unwarranted.

The NRC ordered the District to conduct a management appraisal of the corporate functions which support the activities at Cooper Station.

NPPD had asked the NRC to give consideration to the facts as presented by the District which supported a substantial reduction in the civil penalty. NPPD reserved the right to a hearing on the matter in the event it could not be resolved to the mutual satisfaction of both entities.

Although acknowledging that a statement made to the NRC was later determined to be inaccurate, NPPD contended that there was no evidence that false information was deliberately transmitted or that a material false statement was made.

The consensus of the Board and management was that NPPD pay the reduced fine rather than subject ratepayers to potentially large staff and consultant costs that could exceed the size of the fine if a hearing and litigation were pursued.

The matter involved the distribution and operation of mobile sirens in the area of Cooper Station as part of the Prompt Public Notification System.

Gerald Gentleman Power Station, the District's newest and largest commitment to the energy needs of the citizens of Nebraska, was officially dedicated to the state and to the region in ceremonies held at the plant June 25, 1982.

Located on the south shore of Sutherland Reservoir in west central Nebraska, the plant consists of twin 650,000 kilowatt units.

The ceremony completed more than ten years of planning, negotiations, and construction. Although the District experienced

problems during construction, completion of the coal-fired facility provided NPPD with a sound power supply program.

Following a noon luncheon, NPPD Board President Henry Kosman, of Scottsbluff, addressed the some 280 dignitaries and media personnel in attendance. Kosman said when people look at Gerald Gentleman Station today, many see "bricks and mortar, steel and concrete, large machinery and equipment. But to those close to the project, it represents many years of planning, far-reaching decisions, financing, building and... a commitment in energy to the future prosperity of this state."

Nebraska Governor Charles Thone was the featured speaker of the day. Thone said the dedication ceremony had "special meaning in these fiscally-troubled times when we realize that this modern coal-fired facility will help to provide not only an adequate electrical supply for Nebraska, but also a vital new industry for the surrounding area."

Not only does Gentleman Station supply NPPD's customers, it supplies Omaha Public Power District and Lincoln Electric System with additional capacity.

The plant's location in the western part of the state is strategic for stabilizing the transmission system and has provided NPPD customers with 1,300 megawatts of coal generation. It is among the least expensive of its type in the region.

During construction, the plant provided $135 million in wages for 1,800 employees... a significant economic boost for the area.

The use of low sulfur coal from Wyoming as fuel for the plant has greatly reduced discharges of sulfur-dioxide gases to meet air quality standards and has reduced the need to use costly natural gas and oil.

Thone called the naming of the plant after the late Gerald Gentleman a fitting tribute to a great Nebraskan. Gerald Gentleman aided in the initial organization of the Platte Valley Public Power and Irrigation District and served that District for 36 years. During his service as general manager of Platte Valley, Mr. Gentleman took an active part in the formation and statewide expansion of the Nebraska Public Power System and Consumers Public Power District. After his retirement, he assisted in the merger of Platte, Consumers, and NPPS properties into the Nebraska Public Power District.

On the day following the dedication, nearly 4,000 people toured the plant during an open house held for employees and the general public. Nebraskans came from more than 100 miles away and several out-of-staters came to visit the generating complex.

Gerald Gentleman Station Unit 1 went into commercial operation on April 2, 1979. Unit 2 began commercial operation on January 1, 1982.

The MANDAN Project reached several important milestones during 1982.

The MANDAN Project is a 600-mile, 500,000 volt transmission line which will link summer-peaking utilities, such as NPPD, with winter-peaking utilities in Manitoba, Canada, and North Dakota. The primary purpose of the line is to allow cooperating utilities to exchange seasonally surplus electricity.

The North Dakota Public Service Commission (PSC) and the Nebraska Power Review Board (PRB) both approved line route permits for their respective states during 1982. The Nebraska permit has been appealed to the Nebraska Supreme Court and the time for appeal of the order in North Dakota has not yet expired.

The North Dakota PSC, in granting NPPD a route permit, said that the MANDAN Project will alleviate the need to build additional generating units by providing for seasonal diversity exchange of power between summer and winter-peaking utilities.

"The MANDAN Project will provide for additional power now and in the future, and it helps stabilize the regional power capacity with reliable and economical service with very few adverse environmental effects," the North Dakota commission said.

The North Dakota PSC, in 1981, approved a

Construction of the Kingsley Hydroelectric Project was 57 percent complete at the end of 1982. The powerhouse excavation — 60 feet deep — was completed by year's end. Thirty percent of the powerhouse concrete had been poured. During 1983, the powerhouse is expected to be completed and workers will begin installation of the turbine generator and build the penstock to bring water to the turbine generator.

corridor for the line. A landowners' group appealed this action to a North Dakota District Court, which upheld the PSC's action. The opponents then appealed to the North Dakota Supreme Court. The Supreme Court early in 1983 affirmed the action of the PSC in approving the corridor and upheld the lower court's ruling.

The Nebraska Power Review Board early in 1982 approved an application by NPPD to build the Nebraska segment of the line. The PRB rejected arguments by a group opposing the line, who said that Nebraska should be bound by a South Dakota Public Utilities Commission (PUC) ruling which denied a route application for the line in that state.

Speaking in support of the MANDAN Project at the PRB hearing, were representatives of several other Nebraska utilities. The opposition group appealed the line approval to the Nebraska Supreme Court, where the matter is pending.

In South Dakota, the District in 1982 appealed to the Circuit Court at Pierre the Public Utilities Commission's denial of a permit. The court reversed the PUC and ordered it to approve the line permit. However, the court upheld the PUC on several construction provisions set by the PUC. The PUC and NPPD both appealed portions of the ruling to the South Dakota Supreme Court; the PUC is appealing the order that it must grant the permit and NPPD is appealing other portions, including construction provisions which NPPD feels would substantially increase costs without commensurate benefits. The case is pending.

The MANDAN Project, which is the District's next major power supply resource, is scheduled to be in service in 1988. Negotiations are nearing finalization between the District and Manitoba Hydro, the Canadian utility cooperating in the Project, on details of a contract.

MANDAN is an acronym for Manitoba, Dakotas, and Nebraska. The line will run between substations near Hoskins, Nebraska, and Winnipeg, Manitoba, with substations in North Dakota and South Dakota to allow utilities serving those states to interconnect. Otter Tail Power Company of Fergus Falls, Minnesota, and Minnkota Power Cooperative of Grand Forks, North Dakota, which serve areas in the Dakotas, are interested in the project as are other utilities in Iowa, Missouri, and Kansas.

A computerized data system which will link District field offices with the General Office in Columbus was approved by the Board of Directors in 1982.

The "Customer Information System" (CIS) is expected to result in net annual savings of about $100,000, while providing immediate customer information to NPPD offices around the state. Such a system had been recommended in a management study by an outside consulting firm.

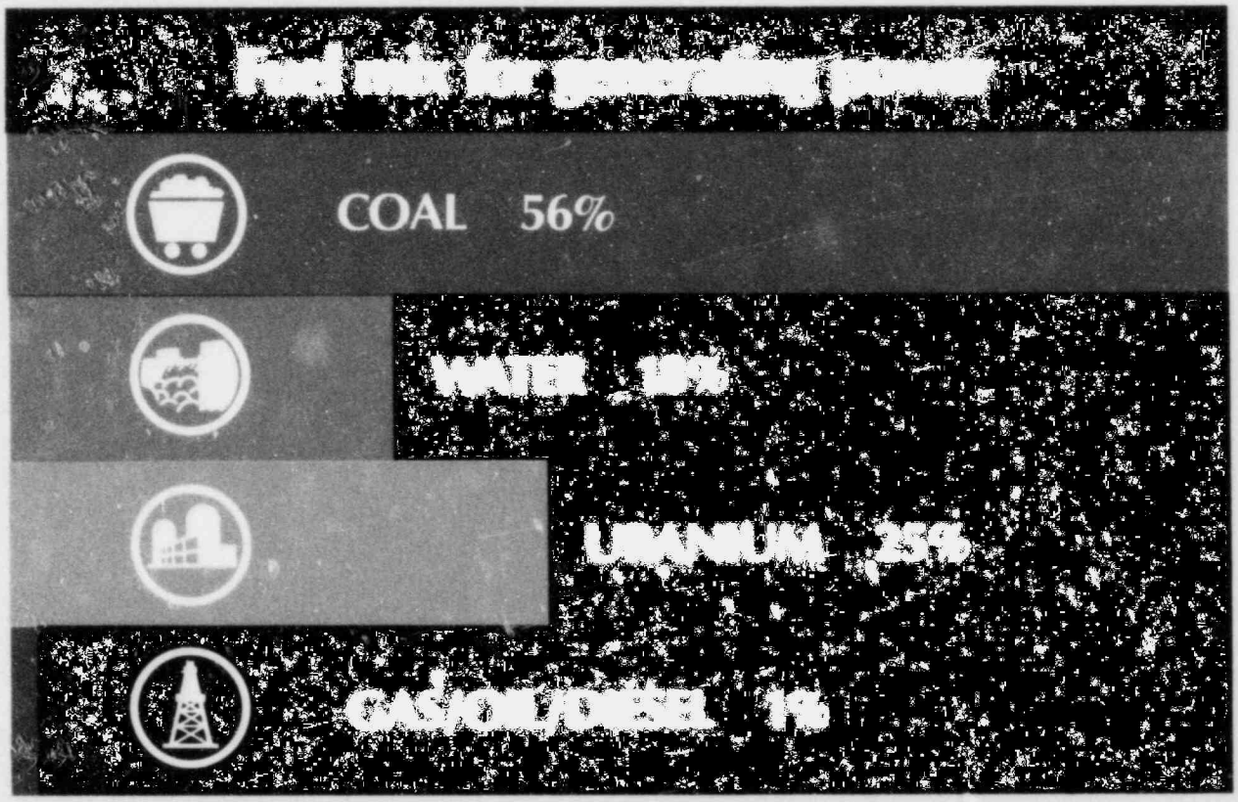
District personnel examined a number of systems and recommended that the TRES system, designed specifically for utilities and used by about 40 utilities, be acquired by NPPD.

The system will benefit the District and its customers in a number of ways, including providing nearly instantaneous customer information to local offices and allowing monthly billing for all customers, many of which are now billed bimonthly. It will also free local office personnel from much paperwork so they may attend to customers' needs and will provide management with an improved information base regarding cash flow, revenue forecasting, and analysis data.

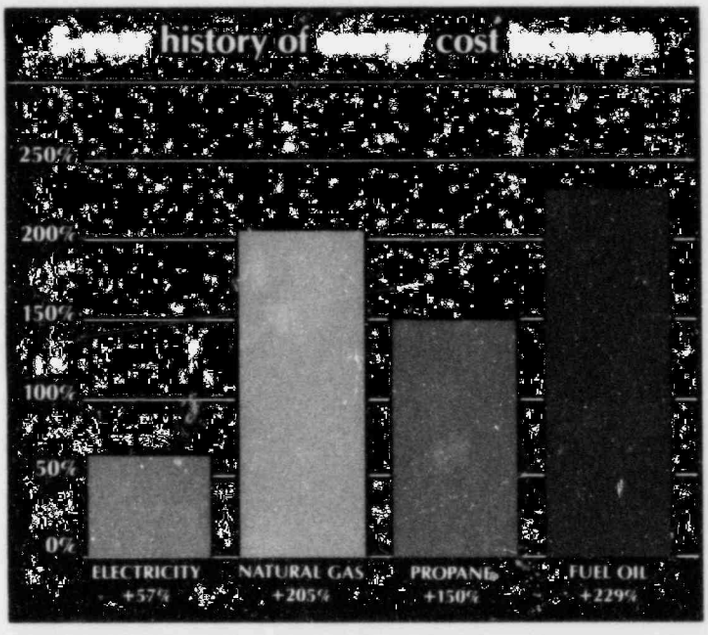
The District's communications capabilities will be expanded to accommodate the new information system.

The District's present customer billing system, which is several decades old, requires extensive field office paperwork which must be mailed to the General Office for processing. Customer information requests, which have been steadily increasing, often require record searches which result in a delay in providing the information to customers.

System design will begin early in 1983, followed by installation and testing of the initial pilot. Conversion to the new system is scheduled to be completed in 1984.



An ideal mix of fuels used in the generation process has long been a source of pride for the District and has helped maintain electric rates below the national average. The chart above depicts the fuels used in supplying customers with their electrical needs during 1982. It includes hydro power purchased from the Western Area Power Administration (WAPA) for re-sale to NPPD customers.



Electric costs for NPPD customers during a five-year period ending in 1982 have not increased as dramatically as the cost of other fuels used for heating. The District's winter rates result in electric heat being competitive with or lower than other commonly used heating fuels. Our accelerated efforts to encourage the use of electric heat is an effective way to improve the system load factor.

FINANCIAL COMMENTARY

Review of the District's financial statements for the year 1982 reveals an increase in operating revenue of $39.3 million or 14.3% over 1981. These revenues, after deducting operating expenses and taking into consideration interest income, provided net revenues of $21.6 million, an increase of $12.8 million over 1981 or 145.5%. The year 1982 could be considered as a rather uneventful year from the financial standpoint; however, the following items are worth noting: (1) There were no major or extraordinary operating failures which required large expenditures, (2) revenues were adequate, although impacted some by weather conditions, (3) there were no requirements for short or long term financing. The year 1982 can be termed a success. Various portions of the District's financial statement are summarized below.

Operating Revenues and KWH Sales

The 1982 operating revenues reflect an increase of $39.3 million or 14.3% over the year 1981. The exclusion of non-firm, participation and non-electric sales indicate that operating revenues from the District's retail and wholesale customers increased $33.1 million or 15.3% from 1981. Revenues from the retail, wholesale and non-firm/participation sales are 34.6%, 46.9% and 18.5% respectively of total sales.

The KWH sales increased 8.1% over the year 1981. The increase is primarily associated with increases in sales to non-firm and participation customers since the retail and wholesale sales increased only 0.5%. This increase for retail and wholesale customers was minimal and can be attributed to abnormal weather conditions which continue to have an unfavorable impact on electric energy consumption by the District's customers.

Operating Expenses

The major components of operating expenses are power purchased and power production. Power purchased expense amounted to $209.9 million which is an increase of $34.3 million or 19.5% over 1981. The increase reflects the first full year of debt service payments from revenues on bonds attributable to Gerald Gentleman Station Unit No. 2. Power production costs decreased $9.6 million or 36.1% due to a decrease in generating costs attributable to fuel.

Debt Service Coverage

Revenues under the Electric System Bond Resolution provide 1.84 times the debt service requirements.

Net Revenues

Net revenues from the Electric System total $21.6 million which is an increase from $8.8 million during 1981. The increase is a result of increased rates and increased sales during the year.

General

Continued improvement in the District's net revenues and debt service coverage is a result of good operations and a willingness of the Board of Directors to adjust rates which will satisfy the revenue requirements of the District. The District has completed all major construction, and debt service costs related to such construction are in the rates. Debt service is a major component of expenses, and since debt service is not expected to increase substantially in the near future, rate increases should be minimal allowing only for a normal increase in expenses.

T. M. Kyster

Assistant General Manager & Assistant Treasurer

Nebraska Public Power District
ELECTRIC SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the balance sheets of the ELECTRIC SYSTEM of NEBRASKA PUBLIC POWER DISTRICT (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1982 and 1981, and the related statements of revenues and expenses, accumulated net revenues and changes in financial position for each of the three years in the period ended December 31, 1982. We have also examined the supplemental schedules of the calculation of the debt service ratios for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Electric System of Nebraska Public Power District as of December 31, 1982 and 1981, and the results of its operations and changes in its financial position for each of the three years in the period ended December 31, 1982, and the supplemental schedules of the calculation of the debt service ratios for each of the three years in the period ended December 31, 1982, present fairly the information set forth therein, all in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 14, 1983.

Nebraska Public Power District
ELECTRIC SYSTEM

Balance Sheets
December 31, 1982 and 1981

ASSETS	1982	1981
	(Thousands of Dollars)	
Utility Plant, at Cost	$583,260	$549,013
Less—Reserve for depreciation and amortization (Note 1)	195,234	177,304
	$388,026	$371,709
Debt Reserve Account:		
Cash	$ 4	$ 2
Investment securities	30,834	30,730
	$ 30,838	$ 30,732
Receivables from Sale of Property	$ 2,356	$ 2,575
Current Assets:		
Cash and investment securities (Note 5)	$ 96,282	$105,888
Receivables, less reserves	40,324	34,062
Materials and supplies, at average cost	17,166	15,278
Prepayments and other assets	288	294
	$154,060	$155,522
Deferred Charges:		
Nuclear fuel (Note 1)	$ 29,641	$ 31,844
Replacement rotors (Note 1)	4,507	5,021
Unamortized financing costs	3,147	3,363
Other	8,157	2,746
	$ 45,452	$ 42,974
	$620,732	$603,512

LIABILITIES AND CAPITAL		
Accumulated Net Revenues	$141,859	$120,234
Long-Term Debt (Note 4)	$376,560	$384,640
Notes Payable:		
52½% of prime, due 1982	—	1,320
57% of prime, due 1982 to 1984	2,546	4,447
72½% of prime, due 1982 to 1986	24,000	30,000
Line of credit (Note 7)	24,636	30,000
	$427,742	$450,407
Less—Current maturities	26,454	28,458
	$401,288	$421,949
	$543,147	$542,183
Current Liabilities:		
Current maturities	$ 26,454	$ 28,458
Accounts payable	20,168	17,784
Accrued lease payments	10,079	3,587
Accrued interest	608	—
Other	17,379	8,357
	$ 74,688	$ 58,186
Unamortized Payment Received for Refinancing Costs	$ 2,897	$ 3,143
	$620,732	$603,512

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

Nebraska Public Power District

ELECTRIC SYSTEM

Statements of Revenues and Expenses and Accumulated Net Revenues for each of the Three Years in the Period Ended December 31, 1982

Revenues and Expenses:	1982	1981	1980
	(Thousands of Dollars)		
Operating Revenues (Note 2)	$313,119	$273,886	$241,712
Operating Expenses:			
Power purchased—			
Nuclear Facility and Power Supply System	$173,014	$126,738	$ 96,055
Other	36,883	48,858	59,767
Production—			
Fuel	11,132	19,506	23,611
Operation and maintenance	5,835	7,064	6,965
Deferred production cost, net (Note 1)	—	—	15,094
Other operation	20,239	19,634	17,435
Other maintenance	6,387	5,776	4,952
Leased plant payments (Note 1)	8,028	6,696	5,678
Depreciation and amortization	18,217	16,789	15,956
Payroll taxes and payments in lieu of taxes	5,701	5,004	4,430
Total operating expenses	$285,436	$256,065	$249,943
Net operating revenues (expenses)	$ 27,683	$ 17,821	$ (8,231)
Interest and Other Revenues:			
Allowance for funds used during construction	$ 2,160	$ 2,003	$ 2,047
Interest and other	18,498	16,745	23,648
Total interest and other revenues	$ 20,658	$ 18,748	$ 25,695
Net revenues before other deductions	$ 48,341	$ 36,569	$ 17,464
Other Deductions:			
Bond interest	$ 22,582	$ 22,878	$ 23,157
Other interest	3,910	4,810	3,853
Miscellaneous, net	224	126	610
Total other deductions	$ 26,716	$ 27,814	$ 27,620
Net Revenues (Expenses) (Note 2)	$ 21,625	$ 8,755	$ (10,156)
Accumulated Net Revenues:			
Beginning balance	120,234	111,479	121,635
Ending balance	$141,859	$120,234	$111,479

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

Nebraska Public Power District
ELECTRIC SYSTEM

Statements of Changes in Financial Position for each of the Three Years in the Period Ended December 31, 1982

	1982	1981	1980
	(Thousands of Dollars)		
Funds Provided by Operations:			
Net revenues (expenses)	$ 21,625	$ 8,755	$ (10,156)
Add items which require no current outlay of working capital—			
Depreciation and amortization	18,217	16,789	15,956
Amortization of deferred charges (Note 1)	6,514	1,500	—
Other	550	588	502
Total funds provided by operations	$ 46,906	$ 27,632	$ 6,302
Other Sources of Funds:			
Proceeds from notes payable	—	15,000	19,520
Contribution from Basin Electric	12	82	11,868
Decrease in fund balances	9,500	16,102	15,809
Proceeds from sale of property	1,233	569	698
Total funds provided	$ 57,651	$ 59,385	$ 54,197
Funds Applied:			
Utility plant additions	$ 36,880	$ 40,057	$ 55,449
Decrease in receivables from sale of property	(219)	(36)	(368)
Increase (decrease) in receivables	6,262	3,726	(30,152)
Increase (decrease) in materials and supplies	1,888	(5,015)	6,238
Additions to deferred charges for Nuclear Facility (Note 1)—			
Nuclear fuel	3,797	9,030	2,508
Replacement rotors	—	4,139	882
Repayment of notes payable	14,585	—	28,000
Retirements of long-term debt	8,221	7,031	6,760
(Increase) decrease in accounts payable	(2,384)	5,047	461
Other working capital changes	(16,128)	(4,788)	(15,390)
Other	4,749	194	(191)
Total funds applied	$ 57,651	$ 59,385	$ 54,197

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

Nebraska Public Power District

ELECTRIC SYSTEM

Supplemental Schedules—Calculation of Debt Service Ratios for each of the Three Years in the Period Ended December 31, 1982

	1982	1981	1980
	(Thousands of Dollars)		
Operating revenues	$313,119	$273,886	$241,712
Operating expenses, excluding depreciation and amortization of $18,767,000, $17,377,000 and $16,458,000	266,669	238,688	233,485
	$ 46,450	$ 35,198	$ 8,227
Interest and other revenues, excluding interest on construction funds of $8,989,000, $10,378,000 and $9,639,000	9,509	6,367	14,009
Net revenues available for debt service	$ 55,959	$ 41,565	$ 22,236
Amounts deposited in the Electric System Debt Service Account—			
Principal	$ 7,955	$ 6,770	$ 6,505
Interest	22,422	18,952	19,385
	$ 30,377	$ 25,722	$ 25,890
Ratio of net revenues available for debt service to debt service deposits	1.84	1.62	.86

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

Nebraska Public Power District
ELECTRIC SYSTEM

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization*—

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

Electric System
Nuclear Facility
Power Supply System

As required by Bond Resolutions, separate records are maintained for each division. The Electric System financial statements exclude the Nuclear Facility and Power Supply System, for which financial statements are presented separately herein. The Electric System financial statements should be read in conjunction with such other financial statements.

B. *Depreciation, Amortization and Maintenance*—

The District records depreciation over the estimated useful life of the property. Depreciation on Utility Plant in Service was approximately 3.0% in each of the years 1982, 1981, and 1980.

The District has signed long-term lease agreements with approximately 215 municipalities. These lease agreements obligate the District to pay for normal property additions during the term of the lease. The District has recorded provisions for amortization of $3,712,000 in 1982, $3,796,000 in 1981, and $4,323,000 in 1980. Leased plant additions, which are fully reserved, totaled $29,528,000 at December 31, 1982, and $26,529,000 at December 31, 1981.

Certain of the lease agreements include an obligation which requires the District to make property additions associated with the electric service being provided to such municipalities in an amount equal to a percentage of revenues of the respective leased systems. The District has been negotiating with such municipalities to, among other things, extend the term of the leases and to modify its obligation to make such improvements. The District could be obligated to pay approximately $5.0 million with respect to such lease agreements.

The District charges maintenance and repairs, including the cost of renewals and replacements of minor items of property, to maintenance expense accounts. 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. *Allowance for Funds Used During Construction*—

This allowance, representing the cost of funds used to finance construction, is capitalized as a component of the cost of utility plant and is credited to Interest and Other Revenues. The capitalization rates for construction financed with revenue bonds are based on the interest cost of each issue less interest income. The rate for construction financed by revenues is based on a projected rate for short-term borrowing. For the periods presented herein, the rates vary from 6.1% to 9.5%.

D. *Deferred Charges*—

Deferred charges include amounts paid to the Nuclear Facility for working capital for nuclear fuel and replacement rotors. The carrying costs of the nuclear fuel advances are also included.

The deferred charges are being amortized to Power purchased — Nuclear Facility as follows:

Description	Monthly Amortization	Commencing
Fuel costs of $30,000,000	$500,000	October, 1981
Fuel costs of $11,100,000	$185,000	April, 1984
Replacement rotor costs of $1,032,000	$ 43,000	January, 1982
Replacement rotor costs of $4,068,000	$ 86,000	January, 1984

E. *Unamortized Financing Costs*—

These costs represent issuance expenses on all bonds and the premium to retire the Electric System Revenue Bonds, 1975 Series, prior to their maturity date and are being amortized over the life of the respective bonds using the bonds outstanding method.

F. *Unamortized Payment Received for Refinancing Costs*—

This reimbursement from the Nuclear Facility was for certain refinancing costs of the Electric System incurred in 1968 and is being amortized over the life of the 1968 Revenue Bond issue using the bonds outstanding method.

G. *Investment Securities*—

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund is valued semi-annually at January 1 and July 1 at the lower of cost or market in accordance with requirements of the Electric System Revenue Bond Resolution (Electric Resolution). The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Electric Resolution.

H. *Deferred Production Costs*—

Actual energy (fuel) costs in excess of those included in the basic rates are recovered by a Production Cost Adjustment (PCA) which is billed to all customers except non-firm and participation customers. When the basic rates do not provide sufficient revenues to recover the energy costs, the excess cost is deferred. When the basic rates provide revenues in excess of the energy costs, the excess is excluded from revenues. Present District policy requires that billings for the PCA be made using rates adjusted from time to time so that the variations in actual energy costs from energy revenues to be derived from the basic rates are recovered by PCA billings either in the current rate period or future rate periods.

I. *Revenue Recognition*—

In accordance with industry practice, the District recognizes revenues for retail service in the month the meters are read. Since retail meters are read on a cycle basis, substantial revenues applicable to service rendered between the last billing and the end of the year are not recorded. Substantially all wholesale revenues are recorded in the period in which service is rendered.

(2) RATES:

The District designs its wholesale and retail electric service rates to cover cost of service, including: 1) operating expenses other than depreciation, 2) debt service, and 3) certain capital additions. All costs are recovered from customers in the current rate period or in future rate periods by increasing or reducing revenue requirements in such future rate periods. The following table illustrates the effect of these adjustments in revenue requirements on the Statements of Revenues and Expenses.

Adjustments in Revenue Requirements

	Rate Period		
	1976-1977	1978-1979	1980-1981
	(Millions of Dollars)		
Surplus or (Deficit) in Rate Period	$(2.1)	$ 9.4	$(10.7)
Adjustment in Subsequent Rate Periods:			
1978-1979	0.6	—	—
1980-1981	0.6	(9.4)	—
1982-1983 (Projected)	0.9	—	10.7

As provided in the Electric Resolution, the District covenants to charge rates for electric and other services so that revenues will be sufficient to pay annual operating expenses, including Nuclear Facility and Power Supply System charges, debt service and other charges payable out of Electric System revenues.

New rates for firm wholesale and retail service, including the PCA rate, which were placed in effect in 1983, are expected to increase revenues by approximately $8.0 million for the year.

Preliminary estimates indicate that approximately $3.9 million of revenue requirements, after considering the effects of the above adjustments, were not recovered during 1982 and will increase revenue requirements in future rate periods.

(3) PENSION PLAN:

The District has a retirement income plan covering substantially all of its full-time employees. Employee's contributions to the plan are based on salary, and the District's contributions are allocated to employee's trust accounts based partially on the employee's contributions and partially on years of service and annual salary. The plan provides for retirement income equal to the total of the employee's trust account, including trust earnings. The District's contribution was $3,453,000 for 1982, $3,166,000 for 1981, and $2,834,000 for 1980.

(4) LONG-TERM DEBT:

	December 31,	
	1982	1981
	(Thousands of Dollars)	
Revenue Bonds:		
Serial Bonds—		
2.00%, due 1982 to 1990	$ 4,960	$ 5,955
4.50%-6.00%, due 1982 to 1985	23,985	30,945
4.75%-6.30%, due 1986 to 1990	44,465	44,465
4.90%-6.40%, due 1991 to 1995	34,010	34,010
5.00%-6.10%, due 1996 to 2000	39,850	39,850
5.00%-6.30%, due 2001 to 2005	49,740	49,740
5.75%-6.40%, due 2006 to 2009	27,820	27,820
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1987 to 2002	41,000	41,000
6.60%, due 1993 to 2003	33,200	33,200
6.75%, due 1991 to 1995	17,100	17,100
7.00%, due 1996 to 2005	57,250	57,250
	$373,380	$381,335
Lease Purchase Payables—		
2.00%, due 1982 to 1992	5,263	5,530
Unamortized Bond Discount	(2,083)	(2,225)
	$376,560	$384,640

(5) CASH AND INVESTMENT SECURITIES:

	December 31,	
	1982	1981
	(Thousands of Dollars)	
Revenue Fund	$ 16,594	$ 16,321
Operating Fund	11,525	3,539
Construction Funds	59,192	76,099
Debt Service Account	—	160
Reserve and Contingency Fund	1,236	1,200
General Reserve Fund	7,735	8,569
	$ 96,282	$105,888

Funds consist of $79,257,000 of investment securities and $17,025,000 of cash at December 31, 1982, and $86,494,000 of investment securities and $19,394,000 of cash at December 31, 1981.

(6) LONG-TERM OBLIGATIONS:

The District has an agreement for the purchase of the entire output of a 100 MW steam electric generating plant through 1991. Under the agreement, the District must (with limited exceptions) make minimum payments monthly. The aggregate amount of such required payments at December 31, 1982, is as follows:

1983	$ 968,000
1984	968,000
1985	968,000
1986	968,000
1987	968,000
1988-1991	3,872,000
Total	$8,712,000

The minimum payments will be reduced in 1988-1991 by payments made from reserve funds of the owner. In addition, the District is required to pay the variable operating expenses of the plant. The District's total payments under the agreement were $2,172,000 in 1982, $5,041,000 in 1981, and $11,981,000 in 1980.

The District has entered into an agreement to purchase all the output of a 50 MW hydroelectric generating facility. The District is obligated to pay all costs of operating and maintaining the plant plus a management fee. The plant is currently under construction by another utility and long-term financing has not yet been arranged. The plant is estimated to cost approximately $51.7 million excluding interest during construction and financing costs. Short-term indebtedness in the amount of $75 million has been issued in connection with the hydroelectric generating facility.

(7) CONSTRUCTION AND FINANCING:

The 1983 construction plan for the Electric System provides for estimated expenditures of $39 million. These expenditures will not require the issuance of long-term debt.

The $30,000,000 line of credit was renegotiated in 1982. Principal payments will be made in varying amounts to April 1, 1989. The payments in 1983 total $9.5 million. The largest total payment in any subsequent year is $3.2 million. The interest rate has been set at 65% of prime through December 31, 1983, and 67% of prime thereafter.

Supplementary Information To Disclose
The Effects Of Changing Prices (Unaudited)

The following supplementary information is supplied in accordance with the requirements of the Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices", for the purpose of providing certain information about the effects of changing prices. It should be viewed as an estimate of the approximate effect of inflation, rather than as a precise measure.

Constant dollar amounts represent historical costs stated in terms of dollars of equal purchasing power, as measured by the Consumer Price Index for All Urban Consumers (CPI-U). Current cost amounts reflect the changes in specific prices of plant from the date the plant was acquired to the present, and differ from constant dollar amounts to the extent that specific prices have increased more or less rapidly than prices in general.

The current cost of property, plant, and equipment represents the estimated cost of replacing existing plant assets and was determined by indexing the surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. The current year's provision for depreciation on the constant dollar and current cost amounts of property, plant, and equipment was determined by applying the District's depreciation rates to the indexed plant amounts.

Fuel inventories and the cost of fuel used in production have not been restated from their historical cost in nominal dollars. Wholesale power contracts limit the recovery of fuel costs through the operation of adjustment clauses or adjustments in basic rate schedules to actual costs. For this reason, fuel inventories are effectively monetary assets.

Charges to the District's customers are based on historical cost. Consequently, the excess of the cost of plant stated in terms of constant dollars or current cost over the historical cost of plant is reflected as a reduction to net recoverable cost.

To properly reflect the economics of historical cost rate methodology in the Statement of Revenues and Expenses, the reduction of net property, plant, and equipment should be offset by the gain from the decline in purchasing power of net amounts owed. During a period of inflation, holders of monetary assets suffer a loss of general purchasing power while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used to finance property, plant, and equipment. Since the District is limited to the recovery of historical costs, the District does not realize a holding gain on debt. The benefit of any holding gain on debt accrues to the customers.

Nebraska Public Power District
ELECTRIC SYSTEM

Statement of Revenues and Expenses Adjusted for Changing Prices for the Year Ended December 31, 1982

	Conventional Historical Cost	Constant Dollar Average 1982 Dollars	Current Cost Average 1982 Dollars
	(Thousands of Dollars)		
Operating Revenues	$313,119	$313,119	$313,119
Power Purchased	$209,897	$209,897	$209,897
Fuel Used in Production	11,132	11,132	11,132
Amortization of Lease-Operated Plant	3,712	3,712	3,712
Depreciation Expense	14,505	25,670	27,239
Other Operating and Maintenance Expense	46,190	46,190	46,190
Other Deductions	26,716	26,716	26,716
Interest and Other Revenues	(20,658)	(20,658)	(20,658)
	$291,494	$302,659	$304,228
Net Revenues from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	$ 21,625	$ 10,460*	$ 8,891
Increase in Specific Prices (Current Cost) of Property, Plant, and Equipment Held During the Year**			$ 26,360
Reduction to Net Recoverable Cost		$ (618)	(4,507)
Effect of Increase in General Price Level			(20,902)
Excess of Increase in Specific Prices After Reduction to Net Recoverable Cost Over Increase in General Price Level			$ 951
Gain from Decline in Purchasing Power of Net Amounts Owed		9,567	9,567
Net		$ 8,949	$ 10,518

*Including the reduction to net recoverable cost, the net revenues from continuing operations on a constant dollar basis would have been $9,842 for 1982.

**At December 31, 1982, current cost of property, plant, and equipment, excluding construction work in progress, net of accumulated depreciation, was $629,128, while historical cost or net cost recoverable through depreciation was $356,612.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

	Year Ended December 31,				
	1982	1981	1980	1979	1978
	(In Thousands of Average 1982 Dollars)				
Operating Revenues	$313,119	$290,677	$283,140	$298,757	$294,688
Historical Cost Information Adjusted for General Inflation:					
Net Revenues (Expenses) from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	$ 10,460	$ 671	$ (18,949)	$ 7,761	***
Net Assets at Year-end at Net Recoverable Cost	$140,258	$124,344	$124,723	$152,957	***
Current Cost Information:					
Net Revenues (Expenses) from Continuing Operations (Excluding Reduction to Net Recoverable Cost)	$ 8,891	$ (474)	$ (20,478)	$ 6,009	***
Excess of Increase in General Price Level Over Increase in Specific Prices After Reduction to Net Recoverable Cost	$ (951)	$ 13,243	$ 20,001	$ 23,004	***
Net Assets at Year-end at Net Recoverable Cost	$140,258	$124,344	$124,723	$152,957	***
General Information:					
Gain from Decline in Purchasing Power of Net Amounts Owed	$ 9,567	$ 22,291	$ 29,847	$ 31,946	***
Average Consumer Price Index	289.1	272.4	246.8	217.4	195.4

***This supplementary information disclosing the effects of changing prices was not required by the FASB until 1979.

Nebraska Public Power District
POWER SUPPLY SYSTEM

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the special-purpose statements of assets and liabilities of the POWER SUPPLY SYSTEM of NEBRASKA PUBLIC POWER DISTRICT (a public corporation and political subdivision of the State of Nebraska) as of December 31, 1982 and 1981, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying special-purpose financial statements have been prepared for the purpose of complying with, and on the basis of, accounting requirements specified in the Power Supply System Revenue Bond Resolution adopted by the District on September 29, 1972, as supplemented, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the financial statements are not intended to present and, in our opinion, do not present the financial position and results of operations of the Power Supply System of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the special-purpose financial statements of the Power Supply System of Nebraska Public Power District referred to above are presented fairly pursuant to the requirements of the Power Supply System Revenue Bond Resolution described in Note 1(B), applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 14, 1983.

Nebraska Public Power District

POWER SUPPLY SYSTEM

Statements of Assets and Liabilities
December 31, 1982 and 1981
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution

	1982	1981
ASSETS	(Thousands of Dollars)	
Utility Plant in Service (Note 2)	$691,761	$698,610
Less—		
Reserve for depreciation (Note 1)	20,780	15,116
Amounts funded from revenue (Note 1)	380	107
	$670,601	$683,387
Construction Work in Progress (Note 2)	$ 31,359	$ 24,621
Less—Amounts funded from revenue (Note 1)	1,288	596
	$ 30,071	$ 24,025
Special Funds:		
Debt reserve account	$ 57,247	$ 56,219
Reserve and contingency fund	8,122	6,692
Construction funds	66,556	138,043
Development funds	15,776	58,680
Revenue fund	845	1,713
Operating fund	12,934	9,313
General reserve fund	32,166	—
	$193,646	$270,660
Accounts Receivable, Insurance claim (Note 4)	$ —	$ 2,045
Accounts Receivable	$ 554	$ 1,885
Interest Receivable	$ 3,611	$ 9,075
Fuel Inventory, at average cost	$ 17,092	$ 7,752
Prepayments and Other Assets	$ 898	$ 452
	$916,473	$999,281
LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
4.40%-5.60%, due 1982 to 1985	$ 32,595	$ 38,255
4.90%-6.00%, due 1986 to 1990	66,780	66,780
5.50%-6.40%, due 1991 to 1995	87,775	87,775
5.70%-6.60%, due 1996 to 2001	74,050	74,050
Term Bonds, with annual sinking fund requirements—		
5.80%, due 1998 to 2012	168,930	168,930
6.13%, due 1999 to 2016	239,635	239,635
6.75%, due 1999 to 2001	23,025	23,025
6.90%, due 2002 to 2008	75,345	75,345
7.10%, due 2009 to 2016	129,005	129,005
	$897,140	$902,800
Development Notes, 8.25%, due 1982	—	80,000
Accrued Interest	—	1,100
Accounts Payable and Other Accrued Liabilities	10,576	9,511
Operating Reserves (Note 1)—		
Renewals and Replacements	6,899	4,443
Coal Car Maintenance	1,858	1,427
	$916,473	$999,281

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

Nebraska Public Power District

POWER SUPPLY SYSTEM

Statements of Revenues and Costs
for each of the Three Years in
the Period Ended December 31, 1982
Prepared Pursuant to Requirements of the
Power Supply System Revenue Bond Resolution

	1982	1981	1980
	(Thousands of Dollars)		
Revenues (Notes 1 and 5):			
Sales to the Electric System	$113,676	$ 72,825	$ 58,467
Investment and other income (Note 4)	14,866	4,555	5,691
Total revenues	$128,542	$ 77,380	$ 64,158
Costs:			
Operating expenses—			
Production—			
Fuel	$ 47,795	$ 28,338	$ 21,392
Operation and maintenance	14,990	8,207	8,068
Insurance	851	873	989
Provisions for operating reserves (Note 1)	2,374	1,712	695
General and administrative	2,597	1,547	1,212
	$ 68,607	$ 40,677	$ 32,356
Debt service (Note 1)—			
Principal	5,660	5,405	5,170
Interest	54,275	31,298	26,632
Total costs	$128,542	$ 77,380	$ 64,158

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

Nebraska Public Power District
POWER SUPPLY SYSTEM

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization*—

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

Electric System
Nuclear Facility
Power Supply System

As required by Bond Resolutions, separate records are maintained for each division. The Power Supply System financial statements exclude the Electric System and Nuclear Facility, for which financial statements are presented separately herein. The Power Supply System financial statements should be read in conjunction with such other financial statements.

B. *Basis of Accour g*—

Revenues are recognized and billed at an amount equal to costs as defined by the Power Supply System Revenue Bond Resolution (Power Supply 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 Power Supply System.

Costs as defined by the Power Supply Resolution differ in the following respects from generally accepted accounting principles:

(1) 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 40-year life rather than including amortization of debt principal over the same period, costs would have increased $8,100,000 for 1982, $4,900,000 for 1981, and $5,100,000 for 1980. Accumulated depreciation through December 31, 1982, would have increased costs approximately $23,300,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property and capital additions are included in the accompanying Statements of Revenues and Costs as "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.

(3) Interest income on construction fund investments for Gerald Gentleman Station Unit No. 1 and Unit No. 2 is capitalized although commercial operation began in April, 1979 and January, 1982 respectively. Such income would be included in income of the period under generally accepted accounting principles.

(4) Charges for Power Supply System services are based on cost and facilities are financed with debt securities. Therefore, there are no significant unrecorded costs of inflation in the financial statements.

C. *Utility Plant*—

Amounts borrowed for interest expense, less interest earned on investment securities, all financing costs and all other costs related to construction projects are capitalized.

D. *Special Funds*—

Special funds consist of $192,481,000 of investment securities and $1,165,000 of cash as of December 31, 1982, and $267,780,000 of investment securities and $2,880,000 of cash at December 31, 1981.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund 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 Power Supply Resolution. Gains or losses on valuations are included in investment income. The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Power Supply Resolution.

(2) CONSTRUCTION AND FINANCING:

The District formed the Power Supply System in 1972 to finance, construct, and operate additional power generation, transmission and related facilities. The entire output of the Power Supply System is sold to the Electric System.

Throughout 1982, work has continued on the MANDAN Project which is a high voltage transmission line planned for, among other things, the seasonal exchange of power and associated energy. Meetings with The Manitoba Hydro-Electric Board of Winnipeg, Manitoba, Canada are being held to develop a seasonal exchange agreement. The in-service date has been deferred from 1986 to 1988. Applications for state and federal permits are in progress.

(3) LITIGATION:

In 1980, the District filed suit to recover amounts totaling in excess of $50 million from National Industrial Constructors, Inc. (NIC), Austin Industries, Inc. and Federal Insurance Company. The suit alleges damages from delays, cost overruns, and for other damages and expenses associated with the construction of Gerald Gentleman Station Unit No. 1. The general contractor, NIC, counter-claimed against the District to recover amounts totaling in excess of $32 million as a result, among other things, of the alleged failure of the District to effectively coordinate and administer the construction of Unit No. 1. The parties are currently engaged in discovery proceedings.

The suit filed by NIC against the District in District Court of Lancaster County, Nebraska, has been stayed, pending the outcome of the suit described in the preceding paragraph.

(4) INSURANCE CLAIM:

In April, 1982, an agreement was reached by the District and its insurance carrier for the recovery of additional expenses totaling $2,522,000 associated with the December, 1979 outage of Gerald Gentleman Station Unit No. 1. A claim receivable of $2,045,000 was recorded in 1980,reducing billings to the Electric System by the same amount. The balance of the settlement ($477,000) was recorded as revenue in 1982, also reducing the billings to the Electric System.

(5) RATE COVENANT:

The District is required under the Power Supply Resolution to charge rates for electric power and energy from the Power Supply System so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the Power Supply System Revenue Bonds, amounts to be paid into the Debt Reserve Account and Reserve and Contingency Fund, and all other liens payable out of revenues of the Power Supply System. The debt service payments are $65.6 million per year through 2012 and a total of $135.3 million for the period 2013 through 2017.

Nebraska Public Power District
NUCLEAR FACILITY

Report of Independent Public Accountants

To the Board of Directors of
Nebraska Public Power District:

We have examined the 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) as of December 31, 1982 and 1981, and the related special-purpose statements of revenues and costs for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying special-purpose financial statements 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, securing the revenue bonds issued thereunder. As described in Note 1(B), these requirements differ from generally accepted accounting principles. Accordingly, the financial statements are not intended to present and, in our opinion, do not present the financial position and results of operations of the Nuclear Facility of Nebraska Public Power District in conformity with generally accepted accounting principles.

In our opinion, however, the special-purpose financial statements of the Nuclear Facility of Nebraska Public Power District referred to above are presented fairly pursuant to the requirements of the Nuclear Facility Revenue Bond Resolution described in Note 1(B), applied on a consistent basis.

Arthur Andersen & Co.

Omaha, Nebraska,
March 14, 1983.

Nebraska Public Power District

NUCLEAR FACILITY

Statements of Assets and Liabilities
December 31, 1982 and 1981
Prepared Pursuant to Requirements of the
Nuclear Facility Revenue Bond Resolution

ASSETS	1982	1981
	(Thousands of Dollars)	
Utility Plant in Service	$392,029	$390,350
Less—		
Reserve for depreciation (Note 1)	64,581	54,977
Amounts funded from revenue (Note 1)	7,671	6,602
	$319,777	$323,771
Construction Work in Progress	$ 52,895	$ 40,455
Less—Amounts funded from revenue (Note 1)	27,329	20,846
	$ 25,566	$ 19,609
Nuclear Fuel—Net of Amortization (Note 1)	$110,454	$116,680
Special Funds:		
Debt reserve account	$ 26,250	$ 26,529
Reserve and contingency fund	6,248	5,636
Additions and improvements	2,831	2,451
Construction fund	8,255	196
Bond anticipation notes	5,001	18,350
Fuel reserve account	8,175	77
Fuel disposal fund (Note 2)	20,263	6,928
Operating fund	1,980	2,969
Revenue fund	793	1,101
General reserve fund	589	—
	$ 80,385	$ 64,237
Accounts Receivable	$ 10,532	$ 8,571
Interest Receivable	$ 1,732	$ 1,121
Deferred Charges and Other Assets (Note 2)	$ 16,483	$ 1,392
	$564,929	$540,381

LIABILITIES		
Revenue Bonds:		
Serial Bonds—		
4.65%-7.20%, due 1982 to 1985	$ 33,325	$ 43,385
4.80%-7.20%, due 1986 to 1990	45,685	45,685
6.00%-7.30%, due 1991 to 1995	18,780	18,780
7.38%, due 1996 to 2003	11,745	11,745
Term Bonds, with annual sinking fund requirements—		
5.10%, due 1987 to 2002	155,000	155,000
6.30%, due 1993 to 2003	68,430	68,430
6.60%, due 1992 to 2003	67,200	67,200
	$400,165	$410,225
Bond Anticipation Notes of 1981, 10%, due April 1, 1983	22,800	22,800
Operating Reserves (Note 1)	102,967	97,226
Reserve for Nuclear Fuel Disposal Costs (Note 2)	35,964	6,853
Accounts Payable and Other Accrued Liabilities	3,033	3,277
	$564,929	$540,381

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

Nebraska Public Power District
NUCLEAR FACILITY

Statements of Revenues and Costs for each of the Three Years in the Period Ended December 31, 1982 Prepared Pursuant to Requirements of the Nuclear Facility Revenue Bond Resolution

	1982	1981	1980
	(Thousands of Dollars)		
Revenues (Notes 1 and 3):			
Sales—			
Electric System	$ 53,563	$ 55,033	$ 38,470
Iowa Power and Light Company	53,549	55,042	38,480
Investment income	7,907	5,683	4,608
Total revenues	$115,019	$115,758	$ 81,558
Costs:			
Operating expenses—			
Production—			
Fuel	$ 38,957	$ 20,556	$ 16,891
Operation and maintenance	21,330	18,054	16,222
Insurance	3,656	3,167	2,281
Provisions for operating reserves (Note 1)	13,319	36,190	8,352
Technical and administrative	4,147	4,173	4,173
	$ 81,409	$ 82,140	$ 47,919
Debt service (Note 1)—			
Principal	10,060	9,595	9,145
Interest	23,550	24,023	24,494
Total costs	$115,019	$115,758	$ 81,558

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

Nebraska Public Power District
NUCLEAR FACILITY

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization*—

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

Electric System
Nuclear Facility
Power Supply System

As required by Bond Resolutions, separate records are maintained for each division. The Nuclear Facility financial statements exclude the Electric System and Power Supply 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.

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

(1) 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 increased $3,000,000 for 1982, $3,200,000 for 1981, and $3,700,000 for 1980. Accumulated depreciation through December 31, 1982, would have increased costs approximately $39,900,000. The reserve for depreciation shown on the Statements of Assets and Liabilities was provided by recording amounts equal to repayment of debt.

(2) Billings to provide capital for renewals and replacements of property, capital additions, and nuclear fuel are included in the accompanying Statements of Revenues and Costs as "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.

(3) Interest income on construction fund investments is capitalized although commercial operation began in July, 1974. Such income would be included in income of the period under generally accepted accounting principles.

(4) Charges for Nuclear Facility services are based on cost and facilities are financed with debt securities. Therefore, there are no significant unrecorded costs of inflation in the financial statements.

C. *Nuclear Fuel*—

Nuclear fuel in the reactor is being amortized on the basis of energy produced as a percentage of total energy expected to be produced.

D. *Special Funds*—

Special funds consist of $79,171,000 of investment securities and $1,214,000 of cash as of December 31, 1982, and $62,743,000 of investment securities and $1,494,000 of cash at December 31, 1981.

Investments are made in U.S. Government securities, Federal Agency obligations, and bank certificates of deposit. The Debt Reserve Account in the Debt Service Fund 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. The securities in the remaining funds are valued at the lower of cost or principal amount in accordance with requirements of the Nuclear Resolution.

E. *Reclassification*—

Certain amounts were reclassified in the December 31, 1981, financial statements for consistency with the presentation in the December 31, 1982, financial statements.

(2) NUCLEAR FUEL:

The District has entered into contracts for various nuclear fuel components for fuel loadings as follows:

Nuclear Fuel Component	Suppliers	Year Through Which Requirements Are Provided
Uranium Concentrates	Various	1986 (Estimated)
Conversion	Allied Chemical Corporation	1987
Enrichment	U.S. Department of Energy	2007
Fabrication	General Electric	1988

The District has expanded its capacity for storage of spent fuel and it is estimated that such capacity will be adequate for storage of spent fuel, including the fuel which General Electric Company (GE) is responsible for removing under contract with the District, until approximately 1990. The cost of disposal of spent fuel and fuel in the reactor is being provided as part of the fuel cost of the Nuclear Facility. The disposal cost estimated under provisions of the Nuclear Waste Policy Act of 1982 as of December 31, 1982 ($36 million), has been recorded as an operating reserve. A portion of the disposal cost ($21 million) has been billed and deposited in the fuel disposal fund. The portion of the disposal cost ($15 million) which has not been billed is recorded as a deferred charge and will be billed in 1983 through 1985. Some of these costs may ultimately be the responsibility of GE under the nuclear fuel supply contract for the initial fuel. GE has agreed to commence the removal of spent fuel related to the GE contract from Cooper Nuclear Station to GE's storage facilities at Morris, Illinois, as soon as legally possible and practicable, and will share certain costs associated with removal. Each party has a full reservation of rights with respect to buyback payments, all shared costs, and ultimate responsibility for disposition of the spent fuel and attendant costs.

(3) 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. The debt service included above is payable at approximately $33.6 million annually until 2003. This will be increased about $2.7 million with the 1983 Series.

Under terms of a power sales contract with Iowa Power and Light Company (Iowa Power), the District makes available one-half of the production to Iowa Power with the balance available to the District's Electric System. Iowa Power and the District's Electric 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.

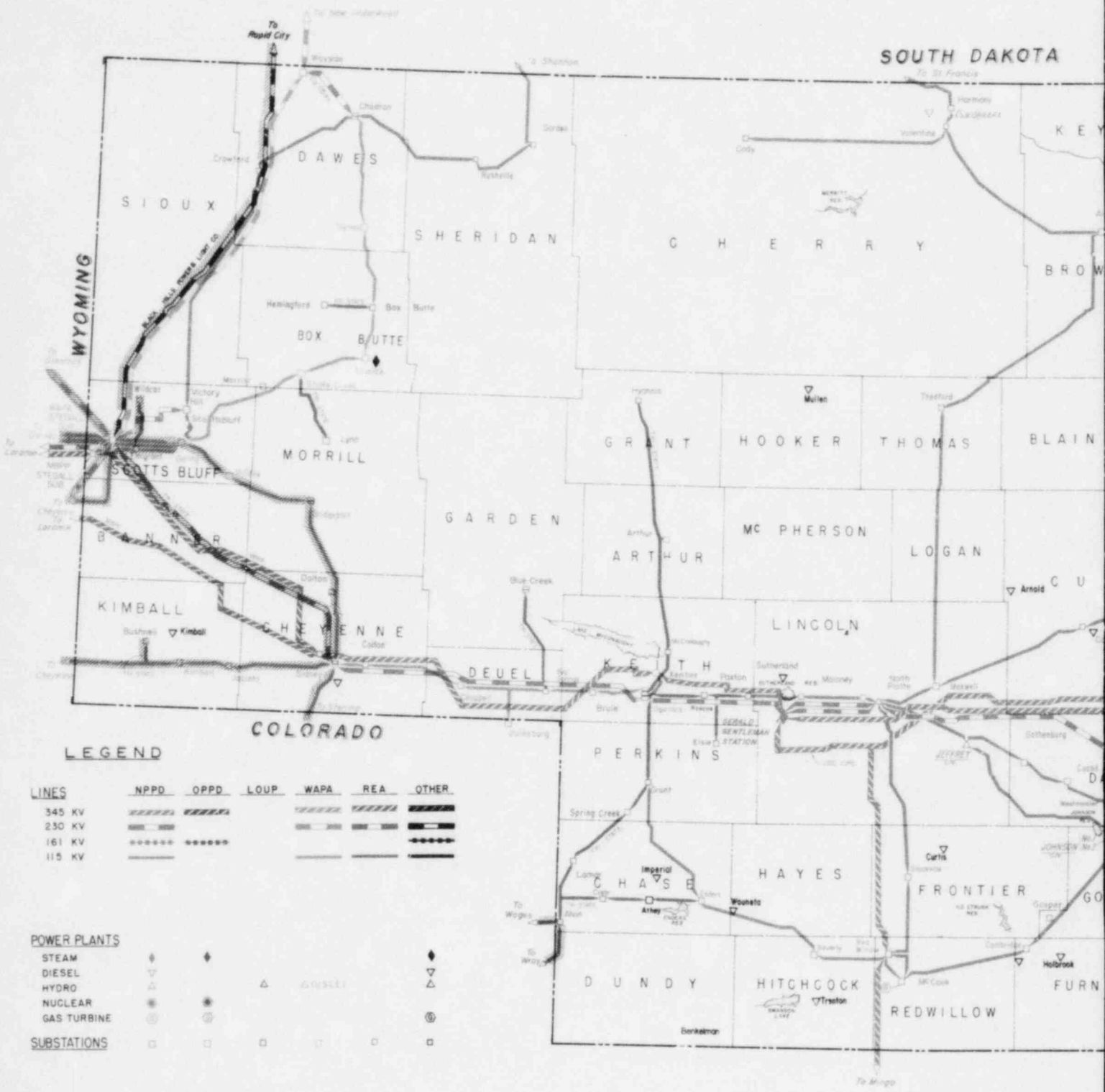
The District has also agreed to make available, through its Electric System, 12½% of the output of the Cooper Nuclear Station to the City of Lincoln.

(4) PLANT DECOMMISSIONING COSTS:

Reserve funds established under the Nuclear Facility Revenue Bond Resolution, together with any surplus funds derived from the ownership and operation of the Nuclear Facility, are expected to be available for payment of decommissioning costs. As a result of changing conditions and requirements for decommissioning, the District intends to continue reviewing decommissioning costs and funding requirements in the future.

(5) CONSTRUCTION AND FINANCING:

As a result of certain additions and modifications to Cooper Nuclear Station required by the Nuclear Regulatory Commission, it is estimated that the remaining cost to complete the facility will approximate $10.1 million. The District intends to finance such requirements from the proceeds of Nuclear Facility Revenue Bonds, 1983 Series and other available funds.



Notes: Abbreviations in legend show ownerships as follows:
NPPD = Nebraska Public Power District. HQ at Columbus.
OPPD = Omaha Public Power District. HQ at Omaha.
LOUP = Loup Power District. (Serves "Four-County Area"). HQ at Columbus.
WAPA = Western Area Power Administration.
REA = Rural Electrification Administration. (Facilities of rural electric borrowers).
OTHER = Facilities owned by municipalities and others as shown.
USCE = U.S. Corps of Engineers. (Missouri River hydro plants).
MBPP = Missouri Basin Power Project.
CN = Central Nebraska Public Power and Irrigation. HQ at Holdrege.
TRI-STATE = Tri-State G. & T. Association, Inc. HQ at Denver, Colo.

Notes

= Facilities west of East-West Transmission Tie.

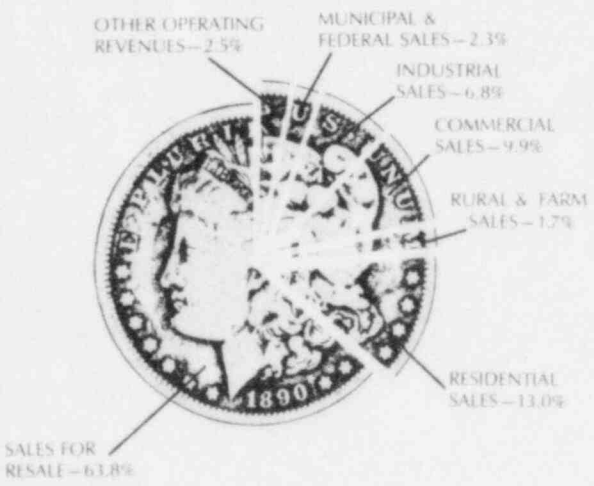

ELECTRIC GENERATION AND TRANSMISSION FACILITIES
STATE OF NEBRASKA
EXISTING JANUARY 1, 1983
B O Y D
H O L T
K N O X
C E D A R
DIXON
DAKOTA
To Ponca
THURSTON
ANTELOPE
PIERCE
WAYNE
CUMING
BURT
MADISON
STANTON
GARFIELD
WHEELER
BOONE
IOWA
COLFAX
DODGE
WASHINGTON
GREELEY
VALLEY
PLATTE
NANCE
SHERMAN
HOWARD
MERRICK
POLK
BUTLER
SAUNDERS
SARPY
DOUGLAS
OMAHA
To Iowa Power & Light Co.
KRAMER
BUFFALO
HALL
SEWARD
CASS
HAMILTON
YORK
LINCOLN
LANCASTER
Syracuse
Nebraska City
OTOE
MISSOURI
To Iowa Power & Light Co.
HELPS
KEARNEY
ADAMS
CLAY
FILLMORE
SALINE
Wilber
JOHNSON
Tecumseh
Auburn
COOPER NUCLEAR STATION
GAGE
NEMAHA
FRANKLIN
WEBSTER
NUCKOLLS
THAYER
JEFFERSON
RICHARDSON
Falls City
To St Joseph Light & Power Co
PAWNEE
To Kansas Gas & Electric Co
KANSAS
0 10 20 30 40 50
SCALE OF MILES
N
Nebraska Public Power District
Columbus, Nebraska

	Average Number of Customers	KWH Sales (Thousands)	%	Revenue From Sales (Thousands)	%
SALES					
Retail:					
Residential	81,066	691,315	7.6	$ 40,598	13.0
Rural & Farm	5,722	83,661	0.9	5,496	1.7
Commercial	17,383	540,242	5.9	30,912	9.9
Industrial	100	554,109	6.1	21,387	6.8
Municipal & Federal	3,105	138,965	1.5	7,279	2.3
Total Retail	107,376	2,008,292	22.0	$105,672	33.7
Wholesale:					
53 Municipalities (Total Requirements)		1,063,948	11.6	$ 35,714	11.4
18 Municipalities (Interconnection—Partial Requirements)		374,012	4.1	8,439	2.7
26 Public Power Districts & Cooperatives (Total Requirements)		3,108,626	34.0	99,206	31.7
Other Utilities—Non-Firm & Participation		2,595,310	28.3	56,384	18.0
Total Wholesale		7,141,896	78.0	$199,743	63.8
Total Electric Revenues		9,150,188	100.0	$305,415	97.5
Other Operating Revenues				7,704	2.5
Total Electric System Operating Revenues				$313,119	100.0

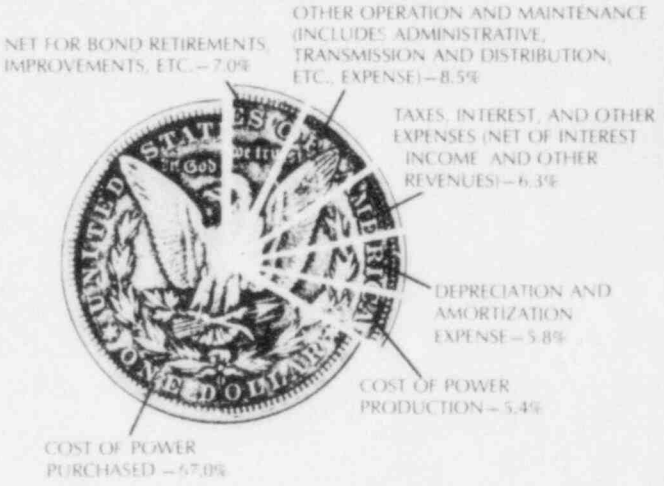
GENERATION	KWH (Thousands)	%	Production Costs (Thousands)	%
Production:				
Electric System (Including Interchange)	453,068	4.7	$ 16,967	7.5
Purchased:				
Power Supply System[1]	4,585,313	47.5	$113,676	50.1
Nuclear Facility[1]	2,638,997	27.4	59,338	26.2
Other	1,966,369	20.4	36,883	16.2
Total Power Purchased	9,190,679	95.3	$209,897	92.5
Total Power Produced and Purchased	9,643,747	100.0	$226,864	100.0

(1) The Electric System purchases 100% of the net generation of the Power Supply System and 50% of the net generation of the Nuclear Facility based upon the total costs of the respective systems. Pursuant to the Power Sales Contract, Iowa Power and Light Company purchased 2,637,085,000 KWHs. Iowa Power and Light participation is not included in the table.

NPPD's dollar comes from



NPPD's dollar was used for



Power Supply System | Year Ended December 31, 1982

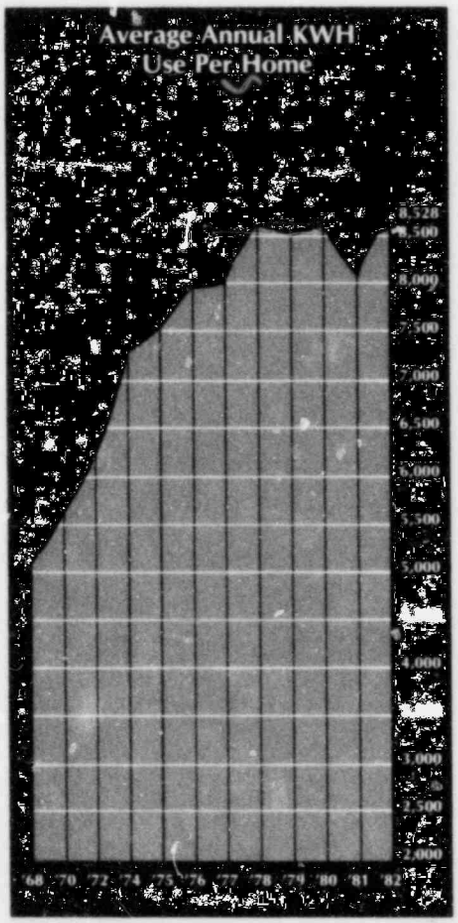
GENERAL	1982	1981	Increase (1)
		(Thousands of Dollars)	
Utility Plant (at cost):			
Electric System	$ 583,260	$ 549,013	$ 34,247
Power Supply System	723,120	723,231	(111)
Nuclear Facility	444,924	430,805	14,119
Total Utility Plant	$1,751,304	$1,703,049	$ 48,255

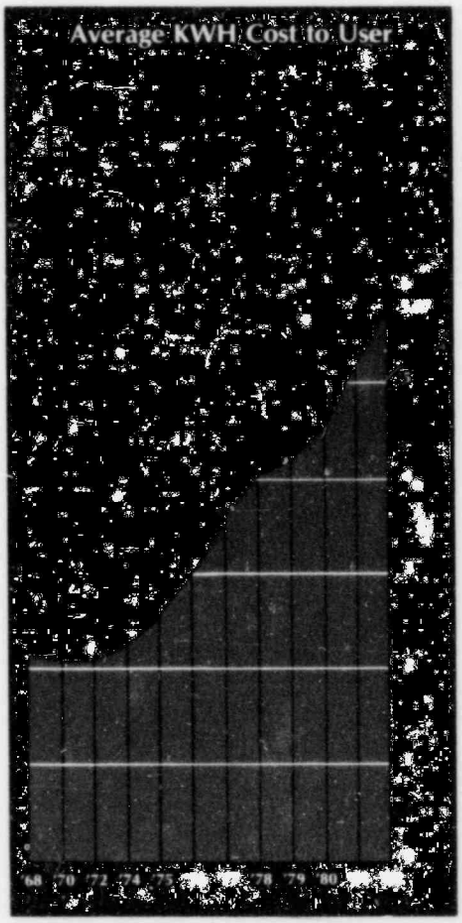
	Number of Plants (2)	Accredited Capability (KW)
Production Plant Facilities:		
Steam—Conventional	6	1,699,600
Steam—Nuclear	1	760,000(3)
Hydro	11	123,490
Diesel	12	40,460
Peaking Turbine	3	149,000
Total Production Plant Facilities	33	2,772,550

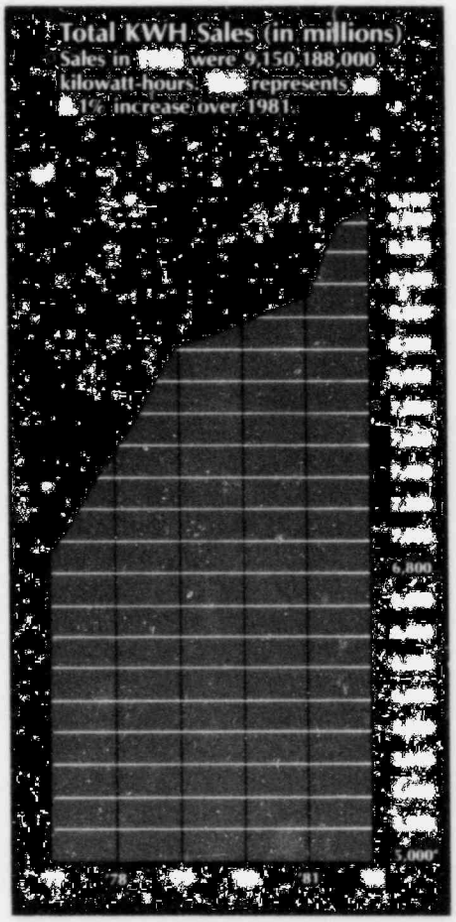
(1) Net of retirements
(2) Includes two steam plants, five hydro plants and ten diesel plants under contract to the District
(3) Includes 380,000 KW contracted to Iowa Power and Light

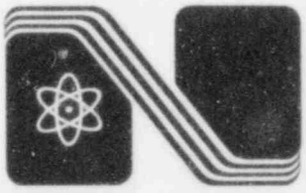
Transmission Facilities:
Miles of Transmission Line in Service 6,308

Personnel:
Number of Permanent Employees 1,970









General Offices
Columbus, Nebraska