

Bart D. Withers President and Chief Executive Officer

May 3, 1988

WM 88-0117

Dr. Thomas E. Murley, Director Office of Nuclear Reactor Regulation U. S. Nuclear Regulatory Commission Washington, D. C. 20555

Subject: Docket 50-482: Guarantee of Payment of Deferred Premiums, 10 CFR 140.21

Dear Dr. Murley:

Pursuant to the requirements of 10 CFR 140.21, the owners of Wolf Creek Generating Station are providing the attached documentation of their ability to make payment of deferred premiums in an amount of ten million dollars. Kansas Gas and Electric Company's portion of the responsibility is being covered by a Revolving Credit and Term Loan Agreement. Kansas City Power & Light Company and Kansas Electric Power Cooperative, Inc. have elected to provide annual certified financial statements for their share of the responsibility.

If you have any questions concerning this submittal please contact me or Mr. O. L. Maynard of my staff.

Very truly yours,

Bart D. Withers President and

Chief Executive Officer

BDW/jad

Attachment

cc: B. L. Bartlett (NRC), w/a

R. D. Martin (NRC), w/a

P. W. O'Connor (NRC), 2 w/a

M004

KANSAS GAS AND ELECTRIC COMPANY
Guarantee of Payment of Deferred Premium
10CFR140.21

Kansas Gas and Electric Company's (KG&E) share of the \$10 million for "guarantee of payment of deferred premiums" corresponds to our percentage ownership of the Wolf Creek Generating Station (47%), which amounts to \$4.7 million. KG&E entered into a revolving Credit and Term Loan Agreement with a group of domestic banks, for whom Morgan Guaranty of New York City acts as agent. KG&E currently has a \$100 million unused balance until approximately December 19, 1992, as a source of long-term funding. Of this amount, \$4.7 million is being held in reserve by the Company to insure the payment of deferred premiums, if necessary.

A copy of the Revolving Credit and Loan Agreement is available upon request.

APPROVED

DATE

### KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P.O. BOX 418679

#### KANSAS CITY, MISSOURI 64141-9679

March 28, 1988

The attached statement for Kansas City Power & Light Company (Company) shows that internal projected cash flow for the year 1988 is calculated as \$150.6 million and on an average quarterly basis is \$37.6 million. The statement also shows that the Company's maximum total contingent liability will be \$4.7 million for "guarantee of payment of deferred premiums" under Secondary Financial Protection (SFP).

In accordance with the projections, it is expected that the Company's cash flow would be sufficient to cover the assessment under SFP. Furthermore, the Company's credit ratings allow access to the capital markets—both long-term and short-term—adequate to fund the maximum \$4.7 million assessment. In addition, the Company has short-term committed lines—of—credit totaling \$100 million with major commercial banks, along with \$100 million of non-committed lines—of—credit available with major commercial banks. Short-term borrowings outstanding at February 29, 1988 under the committed and non-committed lines—of—credit are \$22 million and \$24 million, respectively. The Company has a \$200 million Loan Agreement with foreign banks of which \$65 million was available at February 29, 1988. These credit ratings and credit arrangements provide for the means to raise additional capital in the amounts which may be required.

The Company has no generating plant under construction and expects cash needs for construction to be \$99.9 million to \$116.4 million per year during the next five years. The Company could, if necessary, delay certain of these construction costs.

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

neil Roadman

NAR:pas attach

# KANSAS CITY POWER & LIGHT COMPANY 1988 INTERNAL CASH FLOW PROJECTION FOR WOLF CREEK NUCLEAR POWER STATION (Dollars in Thousands)

|   | 1987<br>Actual                     | Projected Cash<br>Flow for 1988 |
|---|------------------------------------|---------------------------------|
| Net Income after Taxes<br>Less Dividends Declared   | \$103,982<br>74,658                |                                 |
| Retained Earnings   | 29,324                             |                                 |
| Adjustments: Depreciation and Amortization Deferred Income Taxes and Investment   | 97,016                             |                                 |
| Tax Credits Allowance for Funds Used During Construction Amortization - Deferred Wolf Creek Costs Deferred Wolf Creek Costs | 51,285<br>(20)<br>9,500<br>(8,700) |                                 |
| Phase-in deferrals  Total Adjustments   | (14,866)                           |                                 |
| Internal Cash Flow  | \$163,539                          | \$150,551*                      |
| Average Quarterly Cash Flow   | \$ 40,885                          | \$ 37,638                       |
| Percentage Ownership in All<br>Operating Nuclear Units  | Wolf Creek 47.00%                  |                                 |
| Maximum Total Contingent Liability  | \$ 4,                              | 700                             |

<sup>\*</sup> Projected income information is considered confidential but will be provided if necessary upon request.

. Attachment to WM 88-0117 Page 4 of 5

## CERTIFICATION

I, Richard M. Tyler, am Director of Finance and Accounting for Kansas Electric Power Cooperative, Inc.; I have reviewed the 1988 Internal Cash Flow Projection for Kansas Electric Power Cooperative, Inc. and certify to the best of my knowledge and belief that it accurately reflects the finanial position of Kansas Electric Power Cooperative, Inc., as indicated.

Signed: Shehard Might

Dated: April 18,1988

# Kansas Electric Power Cooperative, Inc. 1988 Internal Cash Flow Projection

|   | 1987<br>Prior Year<br>Actual Total | 1988<br>Projection<br>Total | Year  |
|---|------------------------------------|-----------------------------|-------|
| Net Income After Taxes<br>Less Dividends Paid   | (\$1,087,960)<br>\$0               | \$99,116                    |       |
| Retained Earnings   | (\$1,087,960)                      | \$99,116                    |       |
| Adjustments: Depreciation and Amortization Deferred Income Taxes and Income Tax Credits | \$2,426,436<br>\$0                 | \$2,733,104                 |       |
| Allowance for Funds Used<br>During Construction   |                                    | \$0                         |       |
|   | \$0                                | \$0                         |       |
| Total Adjustments   | \$2,426,43                         | \$2,733,104                 |       |
| Internal Cash Flow  | \$1,338,476                        | \$2,832,220                 |       |
| Average Quarterly Cash Flow   | \$334,619                          | \$708,055                   |       |
| Percentage Ownership in All Operating Nuclear Units Wolf Creek                          | Generating Station                 | Unit No. 1 -                | 6.00% |
| Maximum Total Contingent<br>Liability   |                                    | \$600,000                   | (1)   |

<sup>(1)</sup> KEPCo's share of NRC's contingent reserve premium liability.