



KANSAS GAS AND ELECTRIC COMPANY

May 9, 1986

GLENN L. KOESTER
VICE PRESIDENT - NUCLEAR

Mr. Harold R. Denton, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

KMLNRC 86-085
Re: Docket No. STN 50-482
Subj: Guarantee of Payment of Deferred Premium,
10 CFR 140.21

Dear Mr. Denton:

Pursuant to the requirements of 10 CFR 140.21, the owners of Wolf Creek Generating Station, Unit No. 1, 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 and Light Company (KCPL) and Kansas Electric Power Cooperative, Inc. (KEPCo), have elected to provide an annual certified financial statement for their share of the responsibility. The financial statements were prepared in accordance with Regulatory Guide 9.4.

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

Yours very truly,

Glenn L. Koester
Vice President - Nuclear

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Enclosures

cc: PO'Connor (2), w/a
JCummins, w/a

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Kansas Gas & Electric Company
Guarantee of Payment of Deferred Premium
10CFR 140.21

Kansas Gas & 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 Bankers Trust Company of New York City acts as Agent. KG&E currently has a \$150 million unused balance until May 31, 1987, 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 Glenn L. Koester
VICE PRES.-NUCLEAR

KANSAS CITY POWER & LIGHT COMPANY

1330 BALTIMORE AVENUE

P. O. BOX 679

KANSAS CITY, MISSOURI 64141

NEIL ROADMAN
CONTROLLER

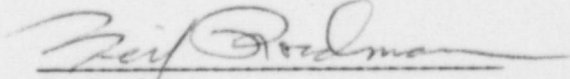
May 7, 1986

The attached statement for Kansas City Power & Light Company (Company) shows that internal projected cash flow for the year 1986 is calculated as \$100.2 million and on an average quarterly basis is \$25.0 million. The statement also shows that the maximum total contingent liability for previous assessments against the Company under Price-Anderson will be \$4.7 million.

In accordance with the projections, it is expected that the Company's cash flow would be sufficient to cover the assessment under Price Anderson. 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 \$150 million with major commercial banks. No short term borrowings were outstanding at March 31, 1986. The Company has a \$200 million Loan Agreement with foreign banks of which \$100 million was available at March 31, 1986. 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 \$72.3 million to \$100.0 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.



Controller

NAR:cc
attach

KANSAS CITY POWER & LIGHT COMPANY
INTERNAL CASH FLOW

(Dollars in Thousands)

	1985 Actual	Projected Cash Flow For 1986
Net Income after Taxes	\$155,121	\$96,000
Less Dividends Paid	<u>92,903</u>	<u>85,800</u>
Retained Earnings	<u>62,218</u>	<u>10,200</u>
Adjustments:		
Depreciation and Amortization	70,239	105,300
Deferred Income Taxes and Investment Tax Credits	60,163	61,300
Allowance for Funds Used During Construction	(110,652)	(500)
Deferred Wolf Creek Expenses and Carrying Costs	(56,866)	(59,400)
Phase-in deferrals	<u> </u>	<u>(16,700)</u>
Total Adjustments	<u>(37,116)</u>	<u>90,000</u>
Internal Cash Flow	<u>\$25,102</u>	<u>\$100,200</u>
Average Quarterly Cash Flow	<u>\$ 6,276</u>	<u>\$25,050</u>
Percentage Ownership in All Operating Nuclear Units		Wolf Creek 47.00%
Maximum Total Contingent Liability		<u>\$ 4,700</u>

C E R T I F I C A T I O N

I, Richard M. Tyler, am Director of Finance and Accounting for Kansas Electric Power Cooperative, Inc.; I have reviewed the 1986 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 financial position of Kansas Electric Power Cooperative, Inc., as indicated.

Signed:

Richard M. Tyler

Dated:

May 5, 1986

